COVER SHEET

SEC Registration Number

A S O 9 2 - 0 0 7 0 5 9

Company Name

VANTAGE EQUITIES, INC. AND SUBSIDIARIES

Principal Office (No./Street/Barangay/City/Town/Province)

15th Floor, Philippine Stock Exchange Tower, 28th St. Corner 5th Ave., Bonifacio Global City, Taguig City, Metro Manila

Form Type	Department requiring the report	Secondary License Type, If Applicable
20IS		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
	250-8700	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Ma. Angelica Cabanit	angelica.cabanit@philequity.net	8250-8741	0917-590-7176

Contact Person's Address

15TH Floor Phil. Stock Exchange, 5th Ave. cor 28th St. Bonifacio Global City, Taguig

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

VANTAGE EQUITIES, INC.

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

TO: ALL STOCKHOLDERS

Notice is hereby given that the annual meeting of the stockholders of **Vantage Equities, Inc.** will be held on **Thursday, 30 September 2021**, at **3:00 p.m.** via virtual meeting at http://vantage.com.ph/2021ASM.

AGENDA

1. Call to Order
2. Proof of Notice of Meeting
3. Certification of Quorum
4. Approval of the Minutes of the Previous Meeting of Stockholders
5. Approval of 2020 Operations and Results
6. Ratification of all Acts of the Board of Directors and Officers
7. Election of Directors
8. Appointment of External Auditors
9. Amendment of By-Laws to Allow Notices of Board and Stockholders Meetings to be Delivered Through Electronic Means of Communication
10. Amendment of By-Laws to Allow Board and Stockholders Meetings to be Conducted Through Teleconferencing, Videoconferencing and Other Remote or Electronic Means of Communication
11. Amendment of the By-Laws to Move the Date of the Annual Stockholders meeting from last Friday of June to the Third Quarter of the Calendar Year
12. Other Matters
13. Adjournment

Given the restrictions posed by the COVID-19 pandemic and for the safety of stockholders, the company shall not conduct a physical meeting. Stockholders of record as of 1 September 2021 may attend/participate via proxy and remote communication, and vote in absentia.

In order that your stock may be represented at the meeting, please complete, sign and date the Voting Ticket and return it via mail or email on or before 20 September 2021 to the Office of the Corporate Secretary through the following:

Via Mail: 15th Floor, Philequity Management, Inc., PSE Tower, 5th Ave. corner 28th St. BGC, Taguig City
Via Email: asm@vantage.ph

Validation of the voting ticket will be on 21 September 2021.

Stockholders of record who intend to participate in the meeting through remote communication shall notify the Corporate Secretary by sending an email to asm@vantage.ph before 20 September 2021. Stockholders may exercise the right to vote through remote communication or *in absentia*, subject to validation.

Stockholders of record who intend to appoint a proxy shall submit their duly executed and signed proxies no later than September 20, 2021. All proxies should be received by the Corporation via mail or email at least ten (10) days before the meeting, or on or before 20 September 2021.For corporate stockholders, the proxies should be accompanied by a Secretary's Certification on the appointment of the corporation's authorized signatory.

Successfully registered stockholders can cast their votes and will be provided access to the meeting. All documents and information submitted shall be subject to verification and validation by the Office of the Corporate Secretary.

For complete information on the annual meeting, please visit http://vantage.com.ph/2021ASM.

City of Taguig, Metro Manila, 25 August 2021.

Jonathan P. Ong

JONATHAN P. ONG
Corporate Secretary

RATIONALE FOR AGENDA ITEMS

Agenda Item No. 4. Approval of the Minutes of the Previous Meeting of Stockholders held on 17 September 2020

Copies of the Minutes of the September 17, 2020 Annual Stockholders' Meeting will be made available during the 2020 Annual Stockholders' Meeting. It is likewise currently posted on the Corporation's website (www.vantage.com.ph) and can be viewed at any time. Stockholders will be asked to approve the Minutes of the 2020 Annual Stockholders' Meeting.

Agenda Item No. 5. Approval of 2020 Operations and Results

A report on the highlights of the financial performance of the Corporation for the year ended December 31, 2020 will be presented to the Stockholders. A summary of the Corporation's performance for the year is also provided in the "Management Discussion and Analysis or Plan of Operations" section on page 28 hereof.

The Corporation's Audited Financial Statements, for which the external auditors have issued an unqualified opinion, have likewise been reviewed by the Audit Committee and the Board of Directors. A summary of the 2020 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 September 17, 2020 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 2021 to 2022

The incumbent members of the Board of Directors, as reviewed, qualified and recommended by the Corporate Governance Committee, have been nominated for election. The nominees' proven expertise and qualifications, based on current regulatory standards and the Corporation's own norms, will help sustain the Company's solid performance that will result to its stockholders' benefit. The profiles of the Directors are further detailed in the Corporation's Information Statement. If elected, they shall serve as such from 17 September 2020 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 reappointment of SyCip Gorres Velayo & Company as the Corporation's External Auditor for 2021. SyCip Gorres Velayo & Company is one of the leading 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 external audit fee for 2021.

VANTAGE EQUITIES, INC.

Guidelines for Participating via Remote Communication and Voting in Absentia

The 2021 Annual Stockholders' Meeting (ASM) of Vantage Equities, Inc. (VEI or the Company) is scheduled on **30 September 2021 (Thursday) at 3:00 p.m.** with the end of trading hours of the Philippine Stock Exchange on **1 September 2021 (Record Date)** as the record date for the determination of stockholders entitled to the notice of, to attend, and to vote at such meeting and any adjournment thereof.

In light of the ongoing community quarantine imposed in several areas of the country and in consideration of health and safety concerns of everyone involved, VEI shall allow attendance, participation and voting by stockholders via remote communication or in absentia pursuant to Sections 23 and 57 of the Revised Corporation Code of the Philippines and SEC Memorandum Circular No. 6-2020.

Step 1. Pre- ASM Registration/Validation/Voting Procedures

Stockholder must notify the Office of the Corporate Secretary of their intention to participate in the ASM via remote communication or to exercise their right to vote in absentia by sending the documentary requirements with transmittal letter addressed to the Office of the Corporate Secretary, 15th Floor PSE Tower, 5th Avenue corner 28th Street, BGC, Taguig City 1634 VIA COURIER/PERSONAL DELIVERY **OR** scanned copies of these documents by EMAIL to asm@vantage.ph with return-receipt.
The following complete/accurate documentary requirements with transmittal letter MUST BE SENT TO AND RECEIVED by the Office of the Corporate Secretary no later than 20 September 2021:

- ***For Certificated Individual Stockholders***
  1. A clear copy of the stockholder's valid government-issued ID (such as passport, driver's license, or unified multipurpose ID) showing photo, signature and personal details, preferably with residential address
  2. Stock certificate number/s
  3. A valid and active e-mail address and contact number of the stockholder
  4. If appointing a proxy, duly accomplished and signed proxy indicating the votes on the agenda items. Proxy form can be downloaded from VEI's website http://vantage.com.ph/2021ASM.

  If sending via email, attachment/s should be clear copies in JPG or PDF format, with each file size no larger than 2MB.

- ***For Certificated Multiple Stockholders or Joint Owners***
  1. A clear copy of the ALL stockholders' valid government-issued IDs (such as passport, driver's license, or unified multipurpose ID) showing photo, signature and personal details, preferably with residential address
  2. Stock certificate number/s
  3. A valid and active email-address and contact number of the authorized representative
  4. Proof of authority of stockholder voting the shares signed by the other registered stockholders, for shares registered in the name of multiple stockholders (need not be notarized)
  5. If appointing a proxy, duly accomplished and signed proxy indicating the votes on the agenda items. Proxy form can be downloaded from VEI's website http://vantage.com.ph/2021ASM.

  If sending via email, attachment/s should be clear copies in JPG or PDF format, with each file size no larger than 2MB.
- **For Certificated Corporate/Partnership Stockholders**
  1. Secretary's Certification of Board resolution attesting to the authority of representative to participate by remote communication for, and on behalf of the Corporation/Partnership
  2. Stock certificate number/s
  3. A clear copy of the valid government-issued ID (such as passport, driver's license, or unified multipurpose ID) of stockholder's authorized representative showing photo, signature and personal details, preferably with residential address
  4. A valid and active email-address and contact number of the authorized representative

5. If appointing a proxy, duly accomplished and signed proxy indicating the votes on the agenda items. Proxy form can be downloaded from VEI's website http://vantage.com.ph/2021ASM.

If sending via email, attachment/s should be clear copies in JPG or PDF format, with each file size no larger than 2MB.

- **For Stockholders with Shares under PCD Participant/Broker Account**

1. Certification from broker as to the number of shares owned by the stockholder
2. A clear copy of the stockholder's valid government-issued ID (such as passport, driver's license, or unified multipurpose ID) showing photo, signature and personal details, preferably with residential address
3. A valid and active email-address and contact number of stockholder or proxy
4. If appointing a proxy, duly accomplished and signed proxy indicating the votes on the agenda items. Proxy form can be downloaded from VEI's website http://vantage.com.ph/2021ASM.

If sending via email, attachment/s should be clear copies in JPG or PDF format, with each file size no larger than 2MB.

Stockholders will receive an e-mail reply from VEI's Office of the Corporate Secretary within three (3) business days from receipt. The Office of the Corporate Secretary's email reply will either confirm successful registration and provide the link/meeting details to VEI's 2021 ASM OR require submission of deficient documents. If you have not received any email reply within three (3) business days from receipt, please call mobile no. 09175954785.

Important Reminder: Please refrain from sending duplicate and inconsistent information/documents as this can result in failed registration. All documents/information shall be subject to verification and validation by the Company.

Step 2: Voting in Absentia Procedure

Stockholders who have successfully registered shall be notified via email from the Office of the Corporate Secretary of their log-in credentials for the ASM. Registered stockholders can then cast their votes for specific items in the agenda by accomplishing the print-out of VEI's Voting Ticket. The Voting Ticket can be accessed and downloaded from VEI's website http://vantage.com.ph/2021ASM.

1. Upon accessing and downloading the Voting Ticket, the stockholder can vote on each agenda item on the Voting Ticket print-out.
   a. A stockholder has the option to vote "Approve", "Disapprove", or "Abstain" on each agenda item for approval.
   b. 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.

   ***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 (13 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.*

2. Once the stockholder has finalized his vote, he can proceed to submit his ballot by sending in JPG or PDF format to asm@vantage.ph no later than 20 September 2021.
   If sending via email, should be clear scanned copies in JPG or PDF format, with each file size no larger than 2MB.

Step 3: ASM Livestream

The ASM will be broadcasted live and stockholders who have successfully registered can participate via remote communication. Details of the meeting will be sent to stockholders in the emails provided by VEI.

Video recordings of the ASM will be adequately maintained by the Company and will be made available to participating stockholders upon request. Stockholders may access the recorded webcast of the ASM by sending an email request addressed to asm@vantage.ph.

Open Forum

During the virtual meeting, the Company will have an Open Forum, during which, the meeting's moderator will read and where representatives of the Company shall endeavor to answer as many of the questions and comments received from stockholders as time will allow.

Stockholders may send their questions in advance by sending an email bearing the subject "ASM 2021 Open Forum" to not later than 3:00 p.m. of 30 September 2021. A section for stockholder comments/questions or a "chatbox" shall also be provided in the livestreaming platform.

Questions/comments received but not entertained during the Open Forum due to time constraints will be addressed separately by VEI through the stockholders' email addresses.

For other ASM-related queries or any clarifications, stockholders may contact VEI at asm@vantage.ph.

VANTAGE EQUITIES, INC.

VOTING TICKET

2021 ANNUAL SHAREHOLDERS' MEETING OF THE VANTAGE EQUITIES INC.

PROPOSAL 1

For election of Directors:

1. Multiply the number of your shares as of September 1, 2021 by thirteen (13)
2. The result from number one (1) is the number of votes you may distribute among the thirteen (13) nominees.

For example, if you have 100 shares, you may distribute 1,300 votes among the nominees in whichever way you choose. Kindly write the number of votes you wish to confer upon each nominee on the blank space provided beside their names. If you wish to withhold the authority to vote for any nominee, kindly strikeout their nominee's name by lining through it.

Election of Directors	Number of Votes	Election of Directors	Number of Votes
Edmundo Marco P. Bunyi, Jr.		Timothy Bryce A. Sy	
Ignacio B. Gimenez		Valentino C. Sy	
Roberto Z. Lorayes		Wilson L. Sy	
Willy N. Ocier		Bert C. Hontiveros (Independent Director)	
Joseph L. Ong		Andy Co (Independent Director)	
Darlene Mae A. Sy		Gregorio T. Yu (Independent Director)	
Kevin Neil A. Sy			

For the proposals below, kindly place an "x" mark on the space provided whether you approve, disapprove or abstain from voting.

		Approve	Disapprove	Abstain
PROPOSAL 2	Ratification of the minutes of the previous Annual Stockholders' Meeting held on September 17, 2020			
PROPOSAL 3	Approval of the 2020 Annual Reports and Audited Financial Statements			
PROPOSAL 4	Ratification of all acts, proceedings, and resolutions of the Board of Directors and Officers for the year 2020			
PROPOSAL 5	Re-appointment of Sycip Gorres Velayo & Co. as the independent auditor for the year ending December 31, 2021			
PROPOSAL 6	Amendment of By-Laws to Allow Notices of Board and Stockholders Meetings to be Delivered Through Electronic Means of Communication			
PROPOSAL 7	Amendment of By-Laws to Allow Board and Stockholders Meetings to be Conducted Through Teleconferencing, Videoconferencing and Other Remote or Electronic Means of Communication			
PROPOSAL 8	Amendment of the By-Laws to Move the Date of the Annual Stockholders meeting from last Friday of June to the Third Quarter of the Calendar Year			

Note: Each holder of common stock is entitled to one (1) vote per share

Signature of Shareholder/s	
Printed Name of Shareholder/s	
Place	
Date	
Number of Shares Held	

PLEASE MAIL / EMAIL THIS VOTING TICKET ON OR BEFORE SEPTEMBER 20, 2021

MAIL: 15th Floor, Philequity Management, Inc., PSE Tower, 5th Ave. corner 28th St. BGC, Taguig City

EMAIL: asm@vantage.ph

Validation of the voting ticket will be on September 21, 2021

VANTAGE EQUITIES, INC.

PROXY FORM

PLEASE MAIL / EMAIL THIS PROXY FORM ON OR BEFORE SEPTEMBER 20, 2021
MAIL: 15th Floor, Philequity Management, Inc., PSE Tower, 5th Ave. corner 28th St. BGC, Taguig City
EMAIL: asm@vantage.ph

I/We, hereby nominate, constitute and appoint the Chairman of the Meeting as my/our continuing proxy, with right of substitution and revocation, to represent and vote all shares registered in my/our name or owned by me/us and/or such shares as I/we am/are authorized to represent and vote in my/our capacity as administrator/s, executor/s or attorney/s-in-fact at the annual stockholders' meeting on 30 September 2021, or any and all subsequent regular and special meetings of the stockholders of **Vantage Equities, Inc.** at all adjournments and postponements thereof, as fully to all intents and purposes of acting on the following matters:

PROPOSAL 1

For election of Directors:

1. Multiply the number of your shares as of September 1 by thirteen (13)
2. The result from number one (1) is the number of votes you may distribute among the thirteen (13) nominees.

For example, if you have 100 shares, you may distribute 1300 votes among the nominees in whichever way you choose. Kindly write the number of votes you wish to confer upon each nominee on the blank space provided beside their names. If you wish to withhold the authority to vote for any nominee, kindly strikeout their nominee's name by lining through it.

___ a) Vote equally for all nominees or distribute or cumulate my shares to nominee/s listed below:

Election of Directors	Number of Votes	Election of Directors	Number of Votes
Edmundo Marco P. Bunyi, Jr.		Timothy Bryce A. Sy	
Ignacio B. Gimenez		Valentino C. Sy	
Roberto Z. Lorayes		Wilson L. Sy	
Willy N. Ocier		Bert C. Hontiveros (Independent Director)	
Joseph L. Ong		Andy Co (Independent Director)	
Darlene Mae A. Sy		Gregorio T. Yu (Independent Director)	
Kevin Neil A. Sy			

___ b) Withhold authority to vote for all nominees listed above

For the proposals below, kindly place an "x" mark on the space provided whether you approve, disapprove or abstain from voting.

		Approve	Disapprove	Abstain
PROPOSAL 2	Ratification of the minutes of the previous Annual Stockholders' Meeting			
PROPOSAL 3	Approval of the Annual Reports and Audited Financial Statements for the previous year			
PROPOSAL 4	Ratification of all acts, proceedings, and resolutions of the Board of Directors and Officers for the previous year			
PROPOSAL 5	Re-appointment of Sycip Gorres Velayo & Co. as the independent auditor			
PROPOSAL 6	Amendment of By-Laws to Allow Notices of Board and Stockholders Meetings to be Delivered Through Electronic Means of Communication			
PROPOSAL 7	Amendment of By-Laws to Allow Board and Stockholders Meetings to be Conducted Through Teleconferencing, Videoconferencing and Other Remote or Electronic Means of Communication			
PROPOSAL 8	Amendment of the By-Laws to Move the Date of the Annual Stockholders meeting from last Friday of June to the Third Quarter of the Calendar Year			

Note: Each holder of common stock is entitled to one (1) vote per share

This proxy revokes all proxies which may have been previously executed by the undersigned. This proxy shall be effective until withdrawn by me through notice in writing, or superseded by subsequent proxy, delivered to the Secretary at least ten (10) days before any scheduled meeting, but shall not apply in instances where I personally attend the meeting, nor be effective beyond five (5) years from date hereof.

Executed on ___________________________________ at ______________________________________.
Date Place (City, Country)

Signature of Shareholder/s	
Printed Name of Shareholder/s	
Shareholder's Contact Number	
Account Number	
Account Name	

SECRETARY'S CERTIFICATE

I,_____________________, Filipino, of legal age and with office address at______________________________, do hereby certify that:

1. I am the duly appointed 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_______________________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 **Vantage Equities, Inc.** (Vantage) 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 Vantage 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 Vantage be furnished with a certified copy of this resolution and Vantage 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/her competent evidence of identity by way of________________________issued on at______________.

; Page No.___________________; Book No._______________; Series of______________.

SECURITIES AND EXCHANGE COMMISSION

1. Check the appropriate box:

[ ] Preliminary Information Statement [√] Definitive Information Statement

2. Name of Company as specified in its charter: **Vantage Equities, Inc.**

3, Province, country or other jurisdiction of incorporation or organization: **Metro Manila, Philippines**

3. SEC ldentrfication Number: **AS092-07059**

4. BIR Tax Identification Number: **002-010-620**

5. Address of Principal Office: 15TH FLOOR, PHILIPPINE STOCK EXCHANGE, 5TH AVE. **CORNER 28TH STREET, BONIFACIO GLOBAL CITY, TAGUIG CITY, METRO MANILA**

6. Registrant's telephone number, including area code: (02) 689-8090 to 689-8093

7. Date, time, and place of the meeting of security holders:

Date	**30 September 2021**
Time	**3:00 p.m.**
Venue	Via http://vantage.com.ph/2021ASM

8. Approximate date on which the Information Statement is first to be sent or given to security holders: **09 September 2021**

9. Securities registered pursuant to Sections 8 and 12 of the Code (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	**Number of Shares of Common Stock Outstanding {net of Treasury Shares) as of 31 July 2021**
Common Stock B 1**.00 par value**	**4,199,582,266** **Excluding Treasury Shares of 135,599,500**

10. Are any or all *qf* Registrant's securities listed on a Stock Exchange?

Yes [√] No [ ]

If yes, disclose the name of such Stock Exchange and lhe class of securities listed therein:

The Philippine Stock Exchange, Inc.
Common Stocks

WE ARE NOT ASKING OR REQUIRING YOU TO SEND US A PROXY

GENERAL INFORMATION

Item 1.Date, Time and Place of the Meeting of the Security Holders

Date: **30 September 2021**
Time: **3:00 pm.**
Place: **Via** http://vantage.com.ph/2021ASM

Complete address of the principal office of the Registrant:

15th Floor, Philippine Stock Exchange, 5th Avenue cor. 28th St., Bonifacio Global City, Taguig City, Metro Manila

The approximate date on which the Information Statement will be sent or given to security holders is on 09 September 2021.

Item 2. Dissenters' Right of Appraisal

The matters to be voted upon in the Annual Stockholders' Meeting of Vantage Equities, Inc. (hereinafter, the 'Company') are not among the instances enumerated in Sections 41 and 80 of the Revised Corporation Code whereby the right of appraisal, defined to be the right of any stockholder to dissent and demand payment of the fair value of his shares, may be exercised. The instances where the right of appraisal may be exercised are as follows:

a. 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;

b. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets;

c. In case the Company decides to invest its funds in another corporation or business outside of its primary purpose; and

d. 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.

Item 3. Interest of Certain Person in or Opposition to Matters to be Acted Upon

No person who has been a director, officer or nominee for election as Director of the Company, or an associate of such persons, have a substantial interest, direct or indirect, in any matter to be acted upon other than the election of Directors for the year 2021-2022.

No Director of the Company has informed the latter in writing that he intends to oppose any action to be taken by the Company at the meeting.

CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

(a) As of 31 July 2021, the Company has **4,199,582,266** outstanding common shares. Out of the **4,199,582,266** outstanding common shares, 17,657,567 common shares amounting to 0.42% are owned by foreigners. Each common share shall be entitled to one vote with respect to all matters to be taken up during the Annual Stockholders' Meeting.

(b) The record date for purposes of determining stockholders entitled to vote in the Annual Stockholders' Meeting to be held on **30 September 2021** is set on **1 September 2021.**

(c) In the forthcoming Annual Stockholders' Meeting, stockholders shall be entitled to elect thirteen (13) members of the Board of Directors. Each stockholder may vote such number of shares for as many as thirteen (13) 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 thirteen (13) 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 thirteen (13).

d) Security Ownership of Certain Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners as of July 31, 2021

Title of Class	Name and Address of Record/Beneficial Owner	Relationship with the Company	Record (r) Beneficial (b) Owner	Citizenship	Number of Shares	Percent of Class
Common	(*)PCD Nominee Corp. G/F MSE Building Ayala Avenue, Makati	Stockholder	r	Filipino	4,209,025,150	97.09%

Stockholders with more than 5% ownership(**)

Title of Class	Name and Address of Record/Beneficial Owner	Relationship with the Company	Record (r) Beneficial (b) Owner	Citizenship	Number of Shares	Percent of Class
Common	Creative Wisdom, Inc	Stockholder	r	Filipino	1,768,701,436	42.12%
Common	Wealth Securities, Inc.	Stockholder	r	Filipino	218,239,000	5.2%
Common	Lavenders and Blue Hydrangeas, Inc	Stockholder	R	Filipino	210,535,000	5.01%

(*)PCD Nominee Corporation (PCDNC) is a wholly-owned subsidiary of Philippine Central Depository, Inc. (PCD). The beneficial owners of the shares under the name of PCDNC are PCD's participants who hold the shares in their own behalf or in behalf of their respective clients.

(**)The Chairman of Record/Beneficial Owner shall vote the shareholdings.

(2) Security Ownership of Management

The following table shows the shares owned on record by the directors and executive officers of the Company as of 31 July 2021:

Title of Class	Name	No. of Shares	Citizenship	Percentage
Common	Valentino C. Sy	350,000	Filipino	0.01%
Common	Edmundo P. Bunyi, Jr.	12,525,000	Filipino	0.30%
Common	Joseph L. Ong	25,000	Filipino	-
Common	Ignacio B. Gimenez	25,000	Filipino	-
Common	Roberto Z. Lorayes	50,000	Filipino	-
Common	Willy N. Ocier	20,569,480	Filipino	0.49%
Common	Wilson L. Sy	133,300,000	Filipino	3.17%
Common	Timothy Bryce A. Sy	204,025,500	Filipino	4.86%
Common	Kevin Neil A. Sy	203,520,876	Filipino	4.85%
Common	Darlene Mae A. Sy	201,712,000	Filipino	4.80%
Common	Antonio R. Samson	125,000	Filipino	-
Common	Gregorio T. Yu	5,200,000	Filipino	0.12%
Common	Bert C. Hontiveros	1,946,000	Filipino	0.05%
Common	Jonathan P. Ong	-	Filipino	-
Common	Ma. Angelica D. Cabanit	-	Filipino	-
All Directors and Officers as a group		783,373,856		18.65%

(3) Voting Trust Holders of Five Percent (5%) or More

The Company is not aware of any party which holds any voting trust or any similar agreement for five percent (5%) or more of the Company's voting securities.

(4) Changes in Control

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

<u>Item 5. Directors and Executive Officers</u>

Material Pending Legal Proceedings

The Company is not aware of any pending legal proceedings involving the members of its Board of Directors and its Executive Officers material to an evaluation of their ability and integrity, except as provided in the subsequent portion on Involvement in Certain Legal Proceedings.

Directors, Executive Officers, Promoters, and Control Persons

Office	Period Served	Name	Citizenship	Age
Director	2003 to present	Ignacio B. Gimenez	Filipino	77
Director Chairman CEO	2002 to present 2005 to present 2005 to 2017	Valentino C. Sy	Filipino	66
Director / President CEO	2006 to present 2017 to present	Edmundo P. Bunyi, Jr.	Filipino	57
Director Treasurer	2003 to present 2005 to present	Joseph L. Ong	Filipino	69
Director	1999 to present	Willy N. Ocier	Filipino	65
Director	2003 to present	Roberto Z. Lorayes	Filipino	78
Director	1993 to 2000 & 2005 to present	Wilson L. Sy	Filipino	69
Director	2017 to present	Timothy Bryce A. Sy	Filipino	40
Director	2017 to present	Kevin Neil A. Sy	Filipino	37
Director	2017 to present	Darlene Mae A. Sy	Filipino	35
Independent Director	For Nomination	Andy O. Co	Filipino	69
Independent Director	2013 to present	Gregorio T. Yu	Filipino	63
Independent Director	2017 to present	Bert C. Hontiveros	Filipino	69
Corporate Secretary	May 2020 to present	Jonathan P. Ong	Filipino	53

In accordance with the Corporation's By-Laws, the members of the Board of Directors are elected annually and therefore serve for a year after election.

All present members of the Board of Directors were elected during the annual stockholders' meeting last year. The current members of the Board shall hold office until the next stockholders' meeting, or on until 30 September 2021.

In addition, the Company nominated Mr. Andy Co to serve as Independent Director to fill the expiring term of Mr. Antonio Samson.

The following are brief write-ups for each of the members of the Board of Directors and Executive Officers.

Valentino C. Sy

Mr. Sy is currently the Chairman of the Company. He is also the Chairman of Vantage Financial Corporation (formerly e-Business Services, Inc.). Concurrently, he is the Director of Wealth Securities (1998 to 2011) and the President of Equinox International Corp (1996 to present) and Wealth Securities (2011 to present). He holds a degree in Industrial Management Engineering from the De La Salle University.

Edmundo Marco P. Bunyi, Jr,

Mr. Bunyi is currently the President and Chief Executive Officer of Vantage Equities, Inc. He is the President and Chief Executive Officer of Vantage Financial Corporation (formerly e-Business Services, Inc.)., a Western Union franchisee (2006- August 2017), and was appointed as Chief Executive Officer of Vantage Financial Corp. effective August 2017 - present. He is also the President of Philequity Management, Inc., an investment company adviser, since October 2006. He is the former Senior Vice President and Treasurer of International Exchange Bank, Assistant Vice President and Head of FCDU & FX Sales of United Coconut Planters Bank, Assistant Manager for Corporate Banking Group of Far East Bank and Trust Company, and Assistant Manager for the Corporate Banking Department of Union Bank of the Philippines. He holds a degree in Management Engineering from the Ateneo de Manila University (1985).

Ignacio B. Gimenez

Mr. Gimenez became a Director of the Company in 2003. Mr. Gimenez is the Chairman of Philequity Management, Inc. He is also the Chairman and President of the following mutual fund: Philequity Fund, Inc., (1994 to present), Philequity Dollar Income Fund, Inc., and Philequity Peso Bond Fund, Inc., (1999 to present), Philequity Dividend Yield Fund (2012 to present), Philequity Balanced Fund, Inc., Philequity Foreign Currency Fixed Income, Philequity Resources Fund, Inc., and Philequity Strategic Growth Fund, Inc. (2008 to present). Concurrently, he is the Director of Vantage Equities Inc. and Vantage Financial Corporation (formerly e-Business Services, Inc.), (2007 to present). At the same time, he also holds positions as Director of PIFA-Philippine Investment Funds Association, and as the Corporate Secretary of I.B. Gimenez Securities, Inc. He is the Treasurer of I.
B. Gimenez Securities, Inc., a stock brokerage firm (1976 - present). He is the President of the following mutual funds, namely, Philequity Fund, Inc., Philequity Dollar Income Fund, Inc., Philequity PSE Index Fund, Inc. and Philequity Peso Bond Fund, Inc. (formerly Philequity Money Market Fund, Inc.). He is also the Sales and Marketing Manager of Society Publishing, Inc. (1991 - present). He holds a graduate degree in Business Administration from the Asian Institute of Management (1970) and a college degree from the University of the Philippines (1967)

Joseph L. Ong

Mr. Ong is the Treasurer of the Company. He became a Director of the Company in 2003. He is also the treasurer of Philequity Management, Inc., Independent Director of Vantage Equities, Inc, and a director Vantage Financial Corporation (formerly e-Business Services, Inc.). Currently, he is president of Chemcenter Corporation (1996 to present), a company engaged in import and distribution of industrial chemicals. Previously, he was connected with Exxon Chemical/Exxon Corp holding positions in sales, marketing, planning, and audit functions both here and abroad. He holds a degree in Chemical Engineering, Magna Cum Laude, from De La Salle University (1975)

Willy N. Ocier

Mr. Ocier has been a Director of the Company since 1999. He is also a Director of Philequity Management, Inc. At the same time, he is also the Chairman and President of Pacific Online Systems Corporation (1999 to present) and serves as Vice Chairman of Belle Corporation and Co-Vice Chairman of Highlands Prime, Inc. (1999 to present). Concurrently, he is the Chairman of the Boards of the following corporations: (a) APC Group, Inc. (2005 to present) (b) Sinophil Corporation (2005 to present), (c) Premium Leisure and Amusement, Inc (1999 to present), (d) Tagaytay Midlands Golf Club, Inc.

(1999 to present) and (e) Aragorn Power and Energy Corporation (1999 to present). He earned his Economics degree from the Ateneo de Manila University (1977).

Roberto Z. Lorayes

Mr. Lorayes is a Director of Vantage Equities, Inc. and Vantage Financial Corporation (formerly e-Business Services, Inc.) (1994 to present). In the past, he served as Chairman of the Philippine Stock Exchange (1993 to 1994) and Investment Companies Association of the Philippines (2005-2008). He also served as President of Manila Stock Exchange (1991-1992), UBP Securities (1989-1993), Citicorp (1987-1989), CT Corp, Scringeour, Vickers (1987-1989), and a Director of Philippine Central Depository (1995- 1996). He received his Bachelor of Science in Commerce degree and Bachelor of Liberal Arts degree in De La Salle University (1966). He holds a Masters degree in Business Management from Ateneo de Manila University (1969).

Wilson L. Sy

Mr. Sy is a Director of the Company. He is the Vice Chairman of Asian Alliance Holdings, Corp. and Director.; Vantage Financial Corporation (formerly e-Business Services, Inc.), Philequity Management, Inc., Xcell Property Ventures, Inc. (2005 to present), and Monte Oro Resources & Energy, Inc. (2005 to present) Mr. Sy is also an Independent Director of the reporting corporations: The Country Club at Tagaytay Highlands, Inc. (2011 to present), Tagaytay Highlands International Golf Club, Inc. (2011 to present), Tagaytay Midlands Golf Club, Inc. (2011 to present), and The Spa and Lodge at Tagaytay Highlands (2011 to present). He was a former Chairman of the Philippine Stock Exchange, Inc. (1994 to 1995) He holds a degree in Management Engineering from the Ateneo de Manila University (1975).

Timothy Bryce A. Sy

Timothy Bryce A. Sy, Filipino, served as Treasury Head for the organization since 2010. He is also a director of Asian Alliance Holdings Corp. (2015 to present). He holds an MBA from Kellogg School of Management (2010) and an undergraduate degree from Northwestern University (2003) in Illinois USA. He is currently the President of Vantage Financial Corporation (formerly e-Business Services, Inc.) from August 2017 to present.

Kevin Neil A. Sy

Kevin Neil Atienza Sy, Filipino, is the current Vice President and Associated Person of Wealth Securities Inc (2012-Present). He was Assistant Manager for the Treasury Group of Rizal Commercial Banking Corporation’s Foreign Interest Rate Risk Division (2010- 2012). He was Junior Trader and Sales Associate for the Treasury Group of East West Banking Corporation’s Global Debt Trading Desk (2008-2009). He holds a Bachelor’s Degree in Corporate Finance and Accounting from Bentley University (2007)..

Darlene Mae A. Sy

Darlene Mae A. Sy, Filipino is the Head of Sales and Marketing of Philequity Management, Inc. She also serves as a Director of Wealth Securities, Inc. She is licensed as a Fixed Income Salesman and as a Certified Investment Solicitor with the Securities and Exchange Commission. She holds a Bachelor’s Degree from the University of British Columbia..

Andy O. Co

Mr. Co, Filipino, is currently the President of Technicom Electronics Corp. and Poly-Technicom Corp., the largest distributor of Plantronics and Polycom products in the Philippines since 1990. Together, the companies powers authentic human connection and collaboration through unified communications. Mr. Co obtained his Bachelor of Science in Electrical Engineering from the University of the Philippines Diliman in 1975.

Bert C. Hontiveros

Mr. Hontiveros, Filipino, is the Independent Director of the Company . He is also the Independent Director of the following mutual funds, namely: (a) Philequity Dollar Income Fund, Inc. (b) Philequity PSE Index Fund, Inc. (c) Philequity Peso Bond Fund, Inc. and
(d) Vantage Financial Corporation (formerly e-Business Services Inc.) Concurrently, he is the General Manager of HB Design Power Systems (2000 to present). He obtained his Bachelor of Science in Industrial Engineering from University of the Philippines in 1975..

Gregorio T. Yu

Mr. Yu is the Independent Director of the Company. He is also the Independent Director of., Philequity Management, Inc. and Vantage Financial Corporation (formerly e-Business Services Inc,) At the same time, he is the Director of the following companies: Vantage Financial Corporation (formerly e-Business Services, Inc.), Philippine Airlines Inc., Philippine National Reinsurance Corporation, Iremit (2007 to present)., Unistar Credit and Finance Corporation, Glyph Studios, Inc., Prople BPO Inc, Jupiter Systems Inc., Nexus Technologies, Inc. (2001 to present),, Wordtext Systems Inc., Yehey Inc., CMB Partners Inc., Ballet Philippines, Manila Symphony Orchestra, Iripple Inc (2007 to present). Concurrently, he is also the chairman of the following companies: CATS Motors Inc., CATS Asian Cars Inc. and CATS Automobile Corp. Also (2000 to present), he is currently the Trustee of the Government Service Insurance System (2010 to present), as well as a Trustee of Xavier School, Inc. and Xavier School Educational and Trust Fund, Inc (1993 to present). He has been a Director and a Member of Executive Committee and Audit Committee of the International Exchange Bank (1995-2006). He graduated from De la Salle University with a Bachelor of Arts in Economics (Honors Program 1978), summa cum laude. Mr. Yu holds a graduate degree in Business Administration from Wharton School, University of Pennsylvania (1983) where he was in the Director's Honor List

Jonathan Ong

Atty. Jonathan P. Ong obtained his Bachelor of Science (Economics) degree from the U.P. School of Economics on April 2, 1989 and his Bachelor of Laws degree from the U.P. College of Law on April 24, 1993. He took the bar examinations in September 1993 and was admitted to the Philippine Bar on March 15, 1994. He joined the law firm of Atty. Mario E. Ongkiko sometime in 1994. In June 1996 he became in-house counsel of the erstwhile International Exchange Bank until August 31, 2006. He then joined Maybank Philippines (MPI) in May 2007, a position which he held until July 19, 2019. We was also the Corporate Secretary of the affiliates of MPI in the Philippines – Philmay Property, Inc. and Philmay Holdings, Inc. He is currently special counsel to the Disini Buted and Disini law offices, which he advises on matters involving banking and litigation, and a senior associate at the Valerio Law Offices. He is also currently the Corporate Secretary of Kinderheim, Inc., a small family owned educational institution

Ma. Angelica D. Cabanit

Ms. Cabanit is the Compliance Officer of Vantage Equities, Inc. Presently, she manages the Treasury Operations of Vantage Equities, Inc. as well as the settlement and transaction control of Business Services, Inc (2010 to present). Ms. Cabanit is a graduate of Bachelor of Science in Commerce major in Accounting from St. Scholastica's College (1989).

Independent Directors

The nomination, pre-screening and election of independent directors were made in compliance with the requirements of the Code of Corporate Governance for Listed Companies and the Securities and Exchange Commission's Guidelines on the Nomination and Election of Independent Directors which have been adopted and made part of the Corporation's By-Laws. The Corporate Governance Committee constituted by the Company's Board of Directors, endorsed the respective nominations given in favor of Mr. Co (by Mr.Wilson Sy), Mr. Yu (by Mr. Edmundo Marco P. Bunyi, Jr.) and Mr. Hontiveros (by Ms. Darlene Mae A. Sy) as Independent Directors.

The Corporate Governance Committee, composed of Ms. Samson, Mr. Yu, Mr. Hontiveros, Mr. Sy and Mr. Bunyi Mr. Lorayes (Chairman), Mr. Yu and Mr. Ong, has determined that these nominees for independent directors possess all the qualifications and have none of the disqualifications for independent directors as set forth in the Company's Revised Manual on Corporate Governance and Rule 38 of the Implementing Rules of the Securities Regulation Code (SRC).

The nominees, whose required information are discussed above, are in no way related to the stockholders who nominated them and have signified their acceptance of the nominations. These nominees are expected to attend the scheduled Annual Stockholders' Meeting.

Significant Employees

The Company has no significant employees.

Family Relationships Among Directors

Messrs. Valentino Sy and Wilson Sy are brothers.

Messrs. Timothy Bryce A. Sy, Kevin Neil A. Sy, and Darlene Mae A. Sy are siblings.

Mr. Valentino Sy is the uncle of Messrs. Timothy Bryce A. Sy, Kevin Neil A. Sy, and Darlene Mae A. Sy

Mr. Wilson Sy is the father of Timothy Bryce A. Sy, Kevin Neil A. Sy, and Darlene Mae A. Sy

Involvement in Certain Legal Proceedings

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.

Except as provided below, the Company 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 or 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.

In May, 2013, the BIR filed a P169.83M case for tax evasion against Philmay Property, Inc. (PPI) an affiliate of Maybank Philippines, Inc. Included in the case were its President and CEO – Mr. Ong Seet Joon, Treasurer – Atty. Rafael A. Morales, Corporate Secretary – Atty. Jonathan P. Ong, Sales and Marketing Head – Mr. Benjamin Q. Lira and Accounting Associate Michelle F. Reyes. The case arose from PPI's supposed tax deficiencies, as follows: tax deficiencies, including surcharge and interest: P37.81 million in income tax deficiency P73.13 million in value-added tax deficiencies P15.57 million in documentary stamp tax deficiency P43.32 million in expanded withholding tax. The proceedings in the DOJ were suspended because PPI questioned the assessments on which the tax evasion case was based on with the Court of Tax Appeals (CTA). On May 23, 2018 the CTA second division issued a decision cancelling and withdrawing the assessments on which the tax evasion case of the BIR was based on, but ordered PPI to pay the amount of P276,381.24 as deficiency DST for fiscal year 2009, plus interest and surcharges, which it did. The BIR filed a motion for reconsideration but it was denied. The BIR elevated the decision of the CTA 2nd division to the CTA en banc. On February 5, 2020 the CTA en banc affirmed with modification the decision of the CTA 2nd Division and declared the assessments on which the BIR's case for tax evasion was based on as null and void. The BIR appealed this to the Supreme Court in February 2020. As of August 24, 2020, PPI is waiting for Supreme Court's order

for them to comment.

Certain Relationships and Related Transactions

The Company has not been a party during the last two (2) years to any other transaction or proposed transaction, in which any director or executive officer of the Company, or any security holder owning 10% or more of the securities of the Company or any member of the immediate family of such persons, had a direct or indirect material interest.

Vantage Equities, Inc. is not under the control of any parent company.

The following table presents the balances of intercompany transactions of the Group as of and for the years ended December 31, 2020, 2019 and 2018.

		2020		
Related Party	**Category**	**Amount/ Volume**	**Outstanding Balance**	**Nature, terms and conditions**
FAUSI (Associate)	**Reimbursable expenses (Other receivables)**	**₱515,513**	**₱61,246**	**On demand, noninterest bearing and unsecured**

		2019		
Related Party	Category	Amount/ Volume	Outstanding Balance	Nature, terms and conditions
FAUSI (Associate)	Reimbursable expenses (Other receivables)	₱515,513	₱61,246	On demand, noninterest bearing and unsecured

		2018		
Related Party	Category	Amount/ Volume	Outstanding Balance	Nature, terms and conditions
FAUSI (Associate)	Reimbursable expenses (Other receivables)	₱515,513	₱61,246	On demand, noninterest bearing and unsecured

Remunerations of Directors and Other Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The Group considers the members of the Executive Committee to constitute key management personnel for purposes of PAS 24, *Related Party Disclosures*.

The remuneration of the Group's key management personnel are P19.15M, P18.47M and P31.8M for 2020, 2019 and 2018

Disagreement with Director

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

Item 6. Compensation of Directors and Executive Officers

Summary Compensation Table (Annual Compensation)

Except for Messrs. Edmundo P. Bunyi, Jr., all of the Company's directors and officers have not received any form of compensation from inception up to present other than a per diem of ₱10,000.00 (net of withholding tax) for each meeting attended and annual per diem during stockholders' meeting. There is no employment contract between the Company and the above-named executive officer or current executive officers. In addition, except as provided below, there are no compensatory plans or arrangements 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.

Summary Compensation Table (Annual Compensation)

Name and Principal Position	Year	Annual Compensation
Valentino C. Sy		
Chairman & CEO		
Edmundo P. Bunyi, Jr.		
President & COO		
Joseph L. Ong		
Treasurer		
All officers and directors as a group	2021	6,400,000
	2020	6,433,333
	2019	6,535,001

Item 7. Independent Public Accountants

The Company's Board of Directors reviews and approves the engagement of services of the Company's external auditors, who are appointed upon the recommendation of the Audit Committee, and which appointment shall be ratified by the stockholders during the annual stockholders' meeting. The Chairman of the Company's Audit and Risk Committee is Mr. Gregorio T. Yu, an independent director. The other members of the Committee are Messrs. Samson, Hontiveros, Sy and Bunyi.

The principal accountants and external auditors of the Company is the accounting firm of SyCip, Gorres, Velayo & Company ("SGV & Co.") with address at SGV Building, 6760 Ayala Avenue, Makati City. The Corporation has retained the services of SGV & Co. for several years now. There have been no changes in, and any disagreements with, said accountants in the last five (5) years on any accounting and financial disclosures.

In compliance with SRC Rule 68(3)(b)(iv), as amended, the assignment of SGV's engagement partner for the Company shall not exceed five (5) consecutive years. Mr. Michael C. Sabado was assigned as SGV's engagement partner from 2013 to 2017. A new engagement partner, Mr. Juan Carlo B. Maminta, was designated for 2018 onwards.

SGV is recommended for re-appointment as the Company's external auditors for 2021.

The aggregate fees billed for each of the last two years for professional services rendered by the Company's external auditors in connection with annual audit of the Consolidated and Parent Company Financial Statements for statutory and regulatory filings are summarized below:

	2020	2019
Audit fee	2,563,172	2,973,070
Tax Services	-	-
Other Fees	-	-
TOTAL	2,563,172	2,973,070

The Independent Auditor does not render tax accounting compliance, advice, planning and other forms of tax services for the Corporation. The Independent Accountant also does not render other services for the Corporation.

It is the policy of the Company that any draft audit report must first be reviewed by the Audit and Risk Committee, prior to said report being endorsed to the Board of Directors for approval.

Representatives of SGV are expected to be present at the Annual Stockholders' Meeting, with the opportunity to make a statement if they so desire and to answer appropriate questions from the stockholders.

OTHER MATTERS

Item 15. Action with Respect to Reports

The Company will seek the approval by the stockholders of the Minutes of the previous Stockholders' Meeting during which the following were taken up: (1) Call to Order, (2) Certification of Notice and Quorum, (3) Approval of the Minutes of the Previous Meeting of Stockholders, (4) Approval of 2019 Operations and Results, (5) Ratification of All Acts of the Board of Directors and Officers, (6) Election of Directors, (7) Appointment of External Auditor, (8) Delegation to the Board of Directors of the Power to Amend or Repeal Any By-Laws or Adopt New By-Laws, (9) Adjournment

Item 16. 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 security holders.

Item 17. Other Proposed Actions

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. Approval of 2020 Operations and Results
3. Ratification of all Acts of the Board of Directors and Officers
4. Election of Directors
5. Appointment of External Auditor
6. Amendment of By-Laws to Allow Notices of Board and Stockholders Meetings to be Delivered Through Electronic Means of Communication
7. Amendment of By-Laws to Allow Board and Stockholders Meetings to be Conducted Through Teleconferencing, Videoconferencing and Other Remote or Electronic Means of Communication
8. Amendment of the By-Laws to Move the Date of the Annual Stockholders meeting from last Friday of June to the Third Quarter of the Calendar Year

9. 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, such as renewal of credit/loan facilities with banks, opening of bank accounts, designation of authorized bank signatories, subscriptions to shares of stock of publicly listed corporations, transfer of motor vehicles, financing activities of the company and other requirements in connection with the Company's operation.

Management reports which summarize the acts of management for the year 2020 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. Accordingly, approval of the Annual Report will constitute approval and ratification of the acts of Management stated in the Annual Report during the period covered thereby.

The proposal to amend the Company's By-Laws to allow notices of Board and Stockholders Meetings to be delivered through electronic means of communication allows for a swifter and more accurate delivery process for Stockholders. Stockholders' are therefore informed ahead and are given ample time to decide whether to join said meeting.

The proposal to amend the Company's By-Laws to allow Board and Stockholders meetings to be conducted through teleconferencing, videoconferencing and other remote or electronic means of communication gives board members and stockholders reasonable opportunity to those who cannot physically attend the meeting.

The proposal to amend the Company's By-Laws to move the date of the annual Stockholders' meeting from the last Friday of June to the third quarter of the calendar year allows the company ample time to prepare for meetings.

Item 18. Voting Procedures

Given the restrictions posed by the COVID-19 pandemic and for the safety of stockholders, the company shall conduct its meeting virtually.

Stockholders of record who intend to participate in the meeting through remote communication shall notify the Corporate Secretary by sending an email to asm@vantage.ph before 20 September 2021. Stockholders may exercise the right to vote through remote communication or in absentia, subject to validation.

Stockholders of record who intend to appoint a proxy shall submit their duly executed and signed proxies no later than September 20, 2021. All proxies should be received by the Corporation via mail or email at least ten (10) days before the meeting, or on or before 20 September 2021. For corporate stockholders, the proxies should be accompanied by a Secretary's Certification on the appointment of the corporation's authorized signatory.

Successfully registered stockholders can cast their votes and will be provided access to the meeting. All documents and information submitted shall be subject to verification and validation by the Office of the Corporate Secretary.

Each stockholder shall be entitled to one (1) vote, in person or in absentia or thru proxy for each share with voting right. All elections, items on the meeting agenda and all questions, except as otherwise provided by law, shall be decided by the plurality vote of the stockholders present in person or in absentia or by proxy, a quorum (majority of the issued and outstanding capital stock having voting powers) being present. For the election of Directors, stockholders shall be entitled to elect thirteen (13) members to the Board of Directors. Each stockholder may vote such number of shares for as many as thirteen (13) 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 thirteen (13) 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 thirteen (13). The thirteen (13) nominees receiving the most number of votes will be elected to the Board of Directors.

The amendment of By-Laws is to be decided by a majority of the outstanding capital stock entitled to vote present in person or by proxy or voting in absentia, pursuant to Section 47 of the Revised Corporation Code and Article IX of the By-Laws of the Company.

Representatives from the Company's stock transfer agent and the Corporate Secretary are tasked to count votes manually.

Stockholders may pose questions prior to or during the meeting by sending an email to asm@vantage.ph

Items 8, 9, 10, 11, 12, 13, 14 and 17 are not responded to in this report, the Company having no intention to take any action with respect to the information required therein.

SIGNATURE

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized. This report is signed in the City of Pasig on 25 August 2021.

VANTAGE EQUITIES, INC.

By: Jonathan P. Ong

JONATHAN P. ONG
Corporate Secretary

<u>VANTAGE EQUITIES, INC.</u>

BUSINESS AND GENERAL INFORMATION

Vantage Equities, Inc. (the "Corporation"), formerly iVantage Corporation, was incorporated in 20 October 1992 and is organized as an investment and financial holding company. It has authorized capital stock of One Billion Nine Hundred Million Pesos(P1,900,000,000), all of which are in common shares with a par value of P1.00 per share. Of the authorized capital stock, 1,788,312,570 are outstanding and 111,687,430 remain unsubscribed. On 12 January 2009, Securities & Exchange Commission (SEC) approved the increase of authorized capital stock of the Corporation to Two Billion Two Hundred Fifty Million PesosP2,250,000,000.00. Furthermore, the SEC has authorized the Corporation to issue 447,078,142 common shares out of its authorized but unissued capital stock to cover the twenty five percent (25%) stock dividend declared by the Corporation's Board of Directors on 4 June 2008 and ratified by its shareholders on 27 June 2008. As of 31 March 2012, the Corporation has an authorized capital stock of Two Billion Two Hundred Fifty Million Pesos (P2,250,000,000.00) divided into 2,250,000,000 common shares with par value of P1.00 per share. Out of the authorized capital stock, 2,235,390,633 shares are issued, of which 135,599,500 shares are in treasury.

On August 1, 2015, the BOD and two-thirds (2/3) of the outstanding capital of the Company approved the increase in the authorized capital stock from 2,250,000,000 shares with par value of ₱1.00 per share in 2014 to 5,000,000,000 shares with par value of ₱1.00 per share in 2015. The SEC approved the increase in the authorized capital stock on October 27, 2015.

On May 19, 2015, the BOD approved the declaration of stock dividends equivalent to a total of ₱2.10 billion representing 2,099,791,133 shares at ₱1.00 par value per share, payable to all stockholders of record as of January 8, 2016. The said dividends were paid on February 3, 2016. The two-thirds (2/3) of the outstanding capital of the Company approved the dividend declaration on August 1, 2015.

The Corporation reverted to its original name by majority vote of the Board of Directors in November 2007, which the Securities and Exchange Commission subsequently approved in April 2008. The change in corporate name is consistent with the Company's re-alignment of its investment focus towards the broad financial sector vis-a-vis its information technology focus during the early 2000's.

On June 20, 2017, the Board of Directors (BOD) approved Article 3 of Articles of Incorporation to change its principal address from 2005 East Tower PSE Centre, Ortigas Center, Pasig City, Metro Manila, Philippines to 15th Floor Phil. Stock Exchange, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City, Metro Manila, Philippines. The Amended Articles of Incorporation was approved by the Securities and Exchange Commission on October 26, 2017.

Purpose

The Company was originally organized with the primary purpose of oil and gas exploration, and investments and developments as among its secondary purposes. On 3 October2000, the Securities and Exchange Commission (SEC) approved the change in the Corporation's primary purpose to financial holdings and investments, including but not limited to information technology companies and related ventures. Since the Registrant is an investment holding company, it is not competing in terms of sales and is not dependent upon a single customer or a few customers. Also, it needs no government approval of principal products or services and no cost and effect of compliance with environmental laws.

Investments

In June 2006, the Corporation divested its shareholdings in International Exchange Bank ("iBank"), its largest single investment at that time. The iBank sale generated ₱ 2.9 billion in cash and a ₱1.6 billion gain, capping an 11-year investment period that yielded a 16% compound annual return. The PSE Index, by comparison, only broke even during the same period. The divestment was timely in light of the substantial decline in financial markets in the following years.

The Corporation decided to invest its ₱2.9 billion "war chest" in portfolio of equity and fixed-income securities. The mandate is to attain above market returns while adhering to prudent risk parameters, i.e. credit, liquidity and market risk. For this purpose, the Company hired its current President in October 2006 along with a team of finance professionals. The current team is also tasked to further professionalize management of the Vantage Group of Companies.

The operating subsidiaries that comprise the Vantage Group are the following:

Vantage Financial Corporation (formerly e-Business Services, Inc) **- 100% ownership**

eBiz traces its beginnings as the first Asia-Pacific direct agent of Western Union, an International money transfer service provider. Aside from money transfer services, eBiz also offers Philequity Mutual Funds, eLoad, Bayad Center bills payment center and Cebu Pacific, Air Asia and FETA ticketing services. Starting from just 3 service centers in 1999, eBiz today operates 145 branches located in major cities and hubs throughout the country.

The company-owned branches are complemented by a network of sub-agents that effectively enables eBiz to extend its geographic reach to over 1,500 locations nationwide. eBiz agent-partners include some of the biggest commercial banks, supermarket chains and pawnshops in the country.

On January 23, 2018, the Securities and Exchange Commission approved the amendment of its Articles of Incorporation to change its company name from E-Business Services, Inc. to Vantage Financial Corporation.

iCurrencies – 100% ownership

iCurrencies, Inc. was incorporated on 3 February 2000 and started commercial operations on 31 May 2000. iCurrencies is organized primarily to engage in the business of buying and selling of foreign currencies.

In May 2001, the iCurrencies effectively stopped its business of buying and selling currencies as a result of Bangko Sentral ng Pilipinas Circular No. 264, issued on 26 October 2000. Among others, the new circular required additional documentation for sale of foreign currencies and required Foreign Exchange Corporations (FxCorps) to have a minimum paid-up capital of ₱50.0 million.

The Circular effectively aligned the regulations under which FxCorps are to operate to that of banks. To avoid duplication and direct competition with its previous major stockholder, iCurrencies decided to stop its business of buying and selling foreign currencies. The stockholders likewise decided not to increase its paid-up capital.

In the meantime, iCurrencies is sustained by income on its investments and interest income on its funds while awaiting for regulatory changes

Philequity Balanced Fund, Inc. – 100% ownership

The Fund is engaged in selling its capital to the public and investing the proceeds in diversified portfolio of peso-denominated fixed-income and equity securities.

On November 11, 2017, the Board of Directors (BOD) decided to shorten the corporate life of the Fund until December 31, 2017.

Philequity Foreign Currency Fixed Income, Inc. – 100% ownership

The Fund is engaged in selling its capital to the public and investing the proceeds in diversified portfolio of foreign currency denominated fixed-income securities.

On November 11, 2017, the Board of Directors (BOD) decided to shorten the corporate life of the Fund until December 31, 2017

Philequity MSCI Philippines Index Fund, Inc. (PMPI) – 100% ownership

PMIF was incorporated in the Philippines, and was registered with the SEC on December 15, 2017 under the Philippine ICA as an open-end mutual fund company. PMIF is engaged to subscribe for, invest and re-invest in, sell, transfer or otherwise dispose of securities of all kinds, including all types of stocks, bonds, debentures, notes, mortgages, or other obligations, commercial papers, acceptances, scrip, investment contracts, voting trust, certificates, certificates of interest, and any receipts, warrants, certificates, or other instruments representing any other rights or interests therein, or in any property or assets created or issued by any all persons, firms, associations, corporations, organizations, government agencies or instrumentalities thereof; to acquire, hold, invest and reinvest in, sell, transfer or otherwise dispose of, real properties of all kinds; and generally to carry on the business of an Open-End Investment Company in all the elements and details thereof as prescribed by law.

In January 2019, PMPI launched its shares to the public

Philequity Alpha One Fund, Inc. (PAOF) – 100% ownership

PAOF was incorporated in the Philippines, and was registered with the Securities and Exchange Commission (SEC) on February 13, 2019. The primary activities of the Fund are to subscribe for, invest and re-invest in, sell, transfer or otherwise dispose of securities of all kinds, to acquire, hold, invest and reinvest in, sell, transfer or otherwise dispose of real properties of all kinds; and generally to carry on the business of an open-end investment company in all the elements and details thereof as prescribed by law.

In December 9, 2019, PAOF launched its units to the public.

Philequity Global Fund Fund, Inc. (PGF) – 100% ownership

PGF was incorporated in the Philippines, and was registered with the Securities and Exchange Commission (SEC) on June 24, 2019. The primary activities of the Fund are to subscribe for, invest and re-invest in, sell, transfer or otherwise dispose of securities of all kinds, to acquire, hold, invest and reinvest in, sell, transfer or otherwise dispose of real properties of all kinds; and generally to carry on the business of an open-end investment company in all the elements and details thereof as prescribed by law.

As of December 31, 2019, the Fund has not yet started its commercial operations pending the registration under the Philippine Investment Company Act (Republic Act No. 2629) as an open-end mutual fund company with the SEC. .

Philequity Management, Inc. ("PEMI") – 51% ownership

Philequity Management, Inc. (PEMI) is an investment management company established in 1993. PEMI is proud to be the investment manager and principal distributor of Philequity Fund, Inc. (PEFI), the Philippines' best performing equity mutual fund. PEFI has been awarded by the Philippine Investment Funds Association (PIFA) as the best performing equity fund in the 10-year category, 2nd place in the 3 and 5-year categories. Philequity Peso Bond Fund, Inc. (PPBF) was also recognized by PIFA garnering 2nd place in the 5-year return category. Likewise, Philequity Dollar Income Fund, Inc. (PDIF) earned 1st place in the 5-year return category

Government Regulation and Environmental Compliance

The Corporation does not need any government approval for its principal products or services and is not required to comply with specific environmental laws.

Distribution Methods of Products and Services

The Corporation, being a financial holding and investment company, has no distribution methods of products and services.

<u>Competition</u>

Vantage Equities Inc. is a publicly-listed holding company whose main focus is to make strategic investments in companies that are in the financial services industry. Under the Philippine Stock Exchange (PSE) there are about fifteen companies that are classified as holding firms with about P1.4 Trillion in float-adjusted market capitalization. Most of the holding companies are owned by well-known families in the Philippines which have diversified investments ranging from properties, banking, food, power and retail. Most of the firms in this industry can be labeled as mature and have a long track record of existence, as such, there are not many changes in terms of additions in this industry.

Although the Corporation is not listed in this sector of the PSE, there are similar companies that we would consider its competitors and we think would be appropriate to do a comparison. Two main aspects where

firms in this industry compete on are pricing and services. Firms offering more competitive pricing coupled with excellent customer service normally increase the popularity of their brand and thus their appeal to retail and institutional clients. In addition, companies with complementary businesses often win clients by packaging themselves as a one-stop shop service provider.

The closest competitor of Vantage equities that have financial services business under their company is Aboitiz Equity Ventures (AEV) which has UnionBank and CitiSavings under its financial segment. It has also recently purchased PetNet, an agent of Western Union. AEV has a market capitalization of about P361-Billion as of March 31, 2016 and has three business segments namely power, financial services and food. In terms of size and market capitalization, Vantage Equities pales in comparison but the main advantage of Vantage Equities is its combination of two financial services business namely Philequity Management, Inc. and e-Business Services, Inc. Philequity Management Inc has one of the best performing mutual funds in the Philippines since 1994, Philequity Fund Inc. e-Business Services Inc, meanwhile has 145 branches nationwide and is one of the top players in a growing money remittance business.

Competition of Subsidiaries

<u>Vantage Financial Corporation - 100% ownership</u>

Vantage Financial Corporation has a relatively strong competition among Western Union's direct agents and sub-agents. Agents primarily compete through location and customer service. It appears that the competition with other money transfer companies like Moneygram, Xoom, iRemit does not substantially affect the business of the Corporation. Competition however with local money transfer companies like Cebuana Pera Padala and Palawan Pedala has increasingly been affecting the business of the Company in domestic money transfer.

<u>Philequity Management, Inc. (“PEMI”) – 51% ownership</u>

The Philippine mutual fund industry continues to grow with 60 funds as of December 2018 according to data tracked by the Philippine Investment Funds Association. The industry continues to benefit from the low interest rate environment with investors looking for higher yields apart from regular savings and time deposit accounts. It was however a challenging year for capital markets with net assets dropping 13% to P 255 billion from P 294 billion in net assets a year ago.

The industry is divided into 4 categories – stock, bond, balanced and money market funds. Majority of total assets under management (AUM) is invested in stock (42%) and bond (34%) funds which make up 76% of total market share. Philequity Management, Inc. (PEMI) only offers five funds to the public -- Philequity Fund, Inc. (PEFI), Philequity PSE Index Fund, Inc. (PPSE), Philequity Dividend Yield Fund, Inc. (PDYF), Philequity Peso Bond Fund, Inc. (PPBF), and Philequity Dollar Income Fund, Inc. (PDIF) which only competes in stock and bond funds.

Investors often use a funds' performance as a gauge for comparison when choosing a mutual fund. In terms of performance, investors look at funds that have the highest return in their respective category as the basis for choosing a fund-- the higher the return, the more attractive the fund. Investors also look to a funds' outperformance over the respective benchmark as a second form of comparison. The greater the outperformance over the benchmark, the more attractive the fund. It is important to note that not all benchmarks in a fund category are aligned. For instance, a stock fund uses 100% the Philippine Stock Exchange Index (PSEi) as its benchmark while another stockfund might use a 90-10 approach where 90% is composed of the PSEi and 10% is composed of a 91-day T-bill. As a result, investors tend to use consistency as the basis, where a fund (1) consistently outperforms its peers and (2) consistently outperforms its respective benchmark.

The industry does not have an aligned fee structure charged to their clients and as a result, investors look for the lowest sales load, management fee and exit fees and other fees involved that are charged by a mutual fund. Mutual funds that charge the lowest fees and have a lower minimum holding period are considered the main competitors of PEMI in terms of fees. Investors can also use a company's expense ratio to gauge the effectiveness of the fund's expense management. PEMI consistently monitors the fees charged by its competitors to ensure the mutual funds it offers remains in a competitive space amongst its peers.
In terms of distribution, PEMI's main competitors in the industry are Ayala Life Fund Management, First Metro Asset Management, ATR Kim Eng Asset Management, Philam Life Asset Management and Sun Life Asset Management. The former three are large banking institutions while the latter two are renowned insurance companies—all five companies have vast distribution channels through their network of branches or through their network of agents/financial advisors. PEMI on the other hand has agreed to partner with financial institutions such as stock brokerages to distribute the funds. This has proven a low- cost and effective strategy for fund distribution.

Financial Risk Management

The main risks arising from the Group's financial instruments are liquidity risk, credit risk and market risk. The BOD reviews and approves the policies for managing each risk and these are summarized below:

Credit Risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Group manages and controls credit risk by trading only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Since the Group trades only with recognized third parties, there is no requirement for collateral.

The Company's maximum exposure to credit risk is equal to the carrying values of its financial assets since it does not hold any collateral or other credit enhancements that will mitigate credit risk exposure.

The fair values of financial assets at FVPL and AFS investments represent the credit risk exposure as of the reporting date but not the maximum risk exposure that could arise in the future as a result of changes in fair value of the said instruments.

There are no significant concentrations of credit risk within the Group.

Liquidity Risk is the risk that the Group will be unable to meet its obligations when they fall due under normal and stress circumstances. To limit the risk, the Group closely monitors its cash flows and ensures that credit facilities are available to meet its obligations as and when they fall due. The Group also has a committed line of credit that it can access to meet liquidity needs. Any excess cash is invested in short- term investments. These placements are maintained to meet maturing obligations.

Market Risk is the risk of change in fair value of financial instruments from fluctuation in market prices (price risk), foreign exchange rates (currency risk) and market interest rates (interest rate risk), whether such change in price is caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The Group is exposed to the risk that the value of the Group's financial assets will be adversely affected by the fluctuations in the price level or volatility of one or more of the said assets. The two main components of the risks recognized by the Group are systematic risk and unsystematic risk.

Systematic risk is the variability in price caused by factors that affect all securities across all markets (e.g. significant economic or political events). Unsystematic risk, on the other hand, is the variability in price caused by factors which are specific to the particular issuer (corporation) of the debt or equity security. Through proper portfolio diversification, this risk can be minimized as losses on one particular debt or equity security may be offset by gains in another.

To further mitigate these risks, the Group ensures that the investment portfolio is adequately diversified taking into consideration the size of the portfolio.

Financial Performance

The Company derived its revenues from various activities:

	2020	2019	2018
Trading and investment securities gains (losses) - net	₱44,818,523	₱274,883,840	(₱312,387,555)
Money transfer service income	245,730,752	302,351,085	335,208,220
Service income	210,515,123	256,404,721	254,089,568
Share in foreign exchange differential	116,480,066	128,649,961	139,418,708
Interest income	295,040,671	367,150,269	188,539,505
Money changing gain	52,178,741	48,846,546	47,106,647
Income from business partners	11,845,355	19,209,368	19,961,170
Dividend income	9,743,567	5,576,266	5,863,058
	₱986,352,798	₱1,403,072,056	₱677,799,321

The breakdown of trading and investment securities gains (losses) - net follows:

	2020	2019	2018
Financial Assets at FVPL			
Realized gain (loss) on sale taken to profit or loss	₱55,383,816	₱ 53,059,698	₱174,006,676
Unrealized gains (losses) on changes in fair value	-10,565,293	221,824,142	(486,394,231)
	₱44,818,523	₱274,883,840	(₱312,387,555)

Total interest income follows

	2020	2019	2018
Cash and cash equivalents	₱31,340,781	₱112,809,095	₱132,282,743
Financial assets	263,699,890	249,207,196	56,256,762
Others	-	5,133,978	-
	₱295,040,671	₱367,150,269	₱ 188,539,505

As of December 31, 2020, the Company has a total of 475 employees as broken down below and is not subject to Collective Bargaining Agreements (CBA).

Position	No. Of Employees	Anticipated No. of Additional Employees
Executive/Senior Officer	9	-
Managers	13	-
Supervisors	19	-
Prof	8	
Specialist	54	-
Associate	372	
TOTAL	475	-

The Corporation believes that it has maintained amicable relationships with the rank and file and does not anticipate any labor-management issues to arise in the near term. The Corporation believes that its relationship with its employees have been consistently good and productive.

Properties

Vantage Equities, Inc. - Parent

Office Condominium - In December 2017 the acquired office units by the company were turned over, located at 15th floor Phil. Stock Exchange, 5th Avenue cor. 28th St. Bonifacio Global City, Taguig.

Office Improvements - These are improvements made to the Company's office space and being depreciated over an estimated useful life of 10 years accounted for on a straight line basis.

Furniture, Fixtures and Equipment - These equipments are used by the Company in conducting its daily operations and located at 15th floor Phil. Stock Exchange, 5th Avenue cor. 28th St. Bonifacio Global City, Taguig.. These assets are being depreciated over an estimated useful life of 3 to 5 years and accounted for on a straight line basis.

Transportation Equipment - These equipments are used by the Company in conducting its daily operations and depreciated over 5 years and accounted for on a straight line basis.

Vantage Financial Corporation - 100% ownership

Transportation Equipment - These equipments are used by the Company in conducting its daily operations and being depreciated over an estimated useful life of 4-5 years.

Leasehold Improvements - The Company leases the spaces occupied by its branches with varying period of up to fifteen (15) years and renewable on such terms and conditions as shall be mutually accepted by the Company and the lessors. These leases are accounted for on a straight-line basis over 2 to 5 years or over the lease term, whichever period is shorter.

Office Furniture and Equipment - This furniture and equipment are used by the Company in conducting its daily operations and being depreciated over an estimated useful life of 3 years. These assets are located at the Company's Head Office in 15th floor Phil. Stock Exchange, 5th Avenue cor. 28th St. Bonifacio Global City, Taguig. and various branches all over the Philippines.

Software License and Software Development – These pertains to the accounting software used by the company and amortized over a period 3 years accounted for on a straight line basis.

Philequity MSCI Philippines Index Fund, Inc. – 69.18% ownership

The Company does not own any properties .

Philequity Alpha One Fund, Inc. – 100% ownership

The Company does not own any properties .

Philequity Global Fund, Inc. – 100% ownership

The Company does not own any properties .

Vantage Financial Corporation (formerly eBiz Financial Services, Inc.) – 100% ownership
The Company does not own any properties and has already shortened its term of existence.

iCurrencies, Inc. – 100% ownership

The Company does not own any properties and already effectively stopped its business of buying and selling of currencies in May 2001 as a result of Bangko Sentral ng Pilipinas Circular No, 264, issued on October 26, 2000.

<u>Philequity Balanced Fund, Inc. – 100% ownership</u>

The Fund is not yet offered to the public and does not own any properties and has shortened its term of existence in 2017

<u>Philequity Foreign Currency Fixed Income Fund, Inc. – 100% ownership</u>

The Fund is not yet offered to the public and does not own any properties and has shortened its term of existence in 2017

<u>Philequity Management, Inc. – 51% ownership</u>

IT Equipment - These equipments are used by the Company in conducting its daily operations.

Office Condominium - In December 2017 the acquired office units by the company were turned over, located at 15^{th} floor Phil. Stock Exchange, 5^{th} Avenue cor. 28^{th} St. Bonifacio Global City, Taguig.

Office Equipment - These equipments are depreciated over the estimated useful life of 3 years. These office equipments are located at 15^{th} floor Phil. Stock Exchange, 5^{th} Avenue cor. 28^{th} St. Bonifacio Global City, Taguig.

Office Furniture - This furniture is used by the Company in conducting its daily operations and being depreciated over an estimated useful life of 3 years. Said office furniture are located in 15^{th} floor Phil. Stock Exchange, 5^{th} Avenue cor. 28^{th} St. Bonifacio Global City, Taguig.

Transportation equipment - This is used by the Company in conducting its daily operations and being depreciated over an estimated useful life of 5 years.

These properties are free from mortgage or lien. The Company has no plan of acquiring a property in the next twelve months.

<u>Legal Proceedings</u>

3.1.**Criminal Case No. MC-09-12289**,
captioned *"People of the Philippines vs.Noriel G.Requiso"*; for: Qualified Theft
RTC 214, Mandaluyong City

This is a criminal case filed by e-Business as private complainant against accused Noriel Requiso on December 9, 2008 after the latter unlawfully took the sum of Php 1,150,000.00 from the vault of E-Business' Edsa Market Place. On June 5, 2009, E-Business filed a Motion to Cancel Passport of the accused who was then known to be abroad. However, the Court denied aforesaid motion. Considering that the warrant of arrest cannot be implemented since accused whereabouts is unknown, the instant case is archived.

3.2. **NLRC NCR Case No. Sub-RAB 1-7-05-0343-15,**
captioned *"Emma Concepcion Antipuesto vs. e-Business Services, Inc., and/or Edmundo Bunyi, Jr.; NLRC, Dagupan City"*

Complainant Antipuesto filed this case against e-Business for alleged non-payment/underpayment of salaries and other benefits in the total amount of Php216,494,.68.
On the December 10, 2015, Labor Arbiter awarded the benefits being claimed by complainant prompting E-Business to file a partial appeal. NLRC granted the appeal and deleted the award of performance bonus for 2014 amounting to Php 106,800.00.

3.3. **NLRC NCR Case No. RAB IV-03000345-15L,**
captioned *"Nancy Zaran, et. al vs. e-Business Services, Inc., Atty. Vida Bocar, Jesus Maagma and Edmundo Bunyi Jr.; NLRC Calamba City"*

Complainant Zaran filed this case against e-Business for alleged illegal suspension and illegal dismissal.

3.4. **NLRC NCR Case No. RAB IV-03-003545-15L,**
captioned,*"Vantage Equities and e-Business Services, Inc. vs. Atty. Vida Bocar, Commission on Bar*

Discipline, Pasig City"

On August 3, 2015 e-Business together with Vantage Equities filed an administrative case against Atty. Vida Bocar, their former legal counsel for violation of the lawyer's Code of Professional Responsibility for appearing as lawyer/counsel for the opposing party in a labor case. E-Business and Vantage filed their Position Paper on March 30, 2016 while respondent Bocar filed her Position paper on April 29, 2016.

3.5 **NLRC - NCR** Case **No. 03-06308-19 Jeffrey R. Bote vs. Vantage Equities Inc et al**

Complainant Bote filed for illegal dismissal (actual) and other monetary claims. Labor Arbiter finds that the respondent validly and legally dismissed the complainant. Hence, monetary claims were also denied.

3.6 **NLRC - NCR NLRC Case No. 01-01912-19 Maria Luz Estrada vs. Vantage Financial Corporation et al.**

Complainant Estrada filed for illegal dismissal (constructive) and other monetary claims. It is still under an on-going appeal.

OPERATIONAL AND FINANCIAL PERFORMANCE

Market for Registrant's Common Equity and Related Stockholder Matters

	2020		2019		2018	
	Low	High	Low	High	Low	High
1st Quarter	1	1.17	1.13	1.19	1.19	1.29
2nd Quarter	1.02	1.08	1.12	1.23	1.18	1.26
3rd Quarter	1.1	1.12	1.1	1.19	1.18	1.24
4th Quarter	1	1.1	1.04	1.15	1.13	1.23

As of **31 July 31 2021**, there were 609 shareholders of the 4,199,582,266 common shares issued and outstanding. As of the **latest practicable trading date, 27 August 2021**, the Registrant's shares were traded at the **price of P0.90** per share in Philippine Stock Exchange.

On May 19, 2015, the BOD approved the declaration of stock dividends equivalent to a total of P=2.10 billion representing 2,099,791,133 shares at P=1.00 par value per share, payable to all stockholders of record as of January 8, 2016. The said dividends was paid on February 3, 2016. The two-thirds (2/3) of the outstanding capital of the Company approved the dividend declaration on August 1, 2015.

On August 1, 2015, the BOD and two-thirds (2/3) of the outstanding capital of the Company approved the increase in the authorized capital stock from 2,250,000,000 shares with par value of P=1.00 per share in 2014 to 5,000,000,000 shares with par value of P=1.00 per share in 2015. The SEC approved the increase in the authorized capital stock on October 27, 2015.

On November 10 2009, the BOD approved the proposal to buy back from the market up to Three Hundred Million Pesos (P300,000,000.00) worth of shares of the Corporation. As of Dcember 31, 2018, the total number of shares repurchased from the market is 135,599,500 worth P190.46 million.

On June 4, 2008, the BOD increased the Company's authorized capital stock from P1.9B to P2.25B, as well as the issuance of 25% stock dividend to all stockholders. This increase in capital stock was approved by the SEC on 12 January 2009, while the stock dividends were distributed to stockholders as of record date of 10 February 2009 on 06 March 2009.

In 2007, the Parent Company declared a five percent (5%) property dividend in favor of its shareholders-of-record as of

18 May 2007, payable in the form of common shares of Yehey! worth P89,415,629. In February 2008, the Parent Company distributed the property dividends declared.

There is no sale of unregistered securities within the past four (5) years. .

Top 20 shareholders as of July 31, 2021:

RECORD OWNER	NO. OF COMMON SHARES	% TO TOTAL
PCD NOMINEE CORP.	4,209,025,150	97.090
PCD NOMINEE CORPORATION (NON-FILIPINO)	16,253,883	0.375
EAST PACIFIC INVESTORS CORPORATION	9,040,000	0.209
A. BROWN COMPANY, INC.	6,882,500	0.159
LUCIO W. YAN &/OR CLARA YAN	6,812,500	0.157
WILLY NG OCIER	4,616,000	0.106
RICARDO L. NG	3,248,750	0.075
MICHAEL SYIACO	3,000,000	0.069
AGAPITO C. BALAGTAS, JR.	2,875,000	0.066
APRICINIA B. FERNANDEZ	2,875,000	0.066
SUZANNE LIM	2,875,000	0.066
CYGNET DEVELOPMENT CORPORATION	2,812,500	0.065
JERRY TIU	2,731,250	0.063
WILSON L. SY	2,300,000	0.053
BON S SYIACO	2,000,000	0.046
TRANS- ASIA SECURITIES, INC.	1,830,000	0.042
AVESCO MARKETING CORPORATION	1,437,500	0.033
MARY TAN DE JESUS	1,412,500	0.033
SEC ACCOUNT FAO: VARIOUS CUSTOMERS OF GUOCO SECURITIES (PHILIPPINES), INC.	1,265,000	0.029
ELLEN LAY	1,207,500	0.028

The Company currently only has Common Shares issued.

Dividends

The Company has declared 100% stock dividends with a record date and payment date of 8 January 2016 and 3 February 2016, respectively. There were no cash dividends declared for the past 3 years. The bylaws of the company prohibit the distribution of dividends that would impair the capital of theCompany.

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

In Millions (PHP)	2020	2019	2018
Balance Sheet			
Assets	11,167.82	10,891.30	9,928.05
Liabilities	504.42	660.79	578.88
Stockholder's Equity	10,663.40	10,230.51	9,349.17
Book Value Per Share	2.54	2.43	2.23
Income Statement			
Revenue	986.35	1,403.07	677.8
Expenses	563.67	628.16	556.43
Other Income/ (Charges)	3.6	0.16	-3.82
Net Income	426.28	775.07	117.55
Earnings per Share attributable to equity holders of the Parent Company	0.0915	0.1668	0.0127

	Formula	December 31, 2020	December 31, 2019
Current Ratio	Current Asset/Current Liabilities	2240.59%	1718.3%
Acid Test Ratio	(Cash Eq + Marketable Securities + Receivables)/ Current Liabilities	2239.77%	1716.63%
Solvency Ratio	Net Income/Total Liabilities	84.40%	116.66%
Debt-to-Equity Ratio	Total Liabilities/Total Equity	4.73%	6.49%
Debt Ratio	Total Liabilities/Total Assets	4.52%	6.10%
Asset-to-Equity Ratio	Total Assets/Total Equity	104.73%	106.49%
Interest Rate Coverag	EBIT/Interest Expense	N/A	N/A
Return on Assets	Net Income/Average Total Asset	3.86%	7.44%
Return on Equity	Net Income/Average Total Equity	4.08%	7.92%
Net Profit Margin	Gross Profit/Net Income	138.00%	124.04%

Financial Highlights

In Millions (PhP)		Unaudited 30-Jun-21	Audited 31-Dec-20	31-Dec-19
Balance Sheet				
	Assets	**11,471**	11,168	10,891
	Liabilities	**631**	504	661
	Stockholders' Equity	**10,840**	10,663	10,231
	Book Value per Share	**2.5813**	**2.5392**	**2.4361**
Income Statement				
	Revenues	**509**	1,038	1,498
	Expenses	**-225**	-616	-723
	Other Income / (Charges)	**-115**	4	0
	Net Income	**170**	426	775
	Earnings per Share	**0.0404**	0.1015	0.1846

Results of Operations for the Quarter Ended June 30, 2021

2Q21 was all still about COVID. As cases persist above 10k per day, NCR+ is put into hard lockdown which extends all the way into May. We go into GCQ with heightened restrictions afterwards but the threat rises again as globally the Delta variant is already hitting places like Israel where most of the population is already vaccinated. We are also monitoring the shift in language by the Fed about when it would start to taper and hike rates as it sees a recovery in the US already underway. With the anticipation of rate hikes, 10y UST moves all the way to around 1.70 but seems to have found a ceiling there. The Fed also moves up its timeline for rate hikes to as soon as 2023. Previously it had said that it would only begin in 2024. However, from a high of 1.70, 10y UST falls to 1.35 before finally settling around 1.50 levels as market digests the Fed news. In the Philippines, BSP remains very accommodative especially because of the COVID situation. BSP keeps key rate at 2% with no plans on raising anytime soon. However market players were on edge because oil prices continue to rise to $70/bbl. Inflation seems to have hit their highs however at 4.5% with pork prices in check due to more importation and price freezes. In the local bond space, bonds were being bought as market anticipates inflation already peaked and growth slowing down due to covid. BTR successfully reissues 5yr bonds at 3.3 and ends the quarter at 2.85. VEI during this time used some of its funds to pick up on the belly to longer end of the curve. Meanwhile in equities, US markets continue to make new highs but the PCOMP crashes to 6000 level due to COVID restrictions. But bargain hunters take advantage to eventually bring this back up to 6700. We also saw large issuances like the Monde Nissin IPO and some REITs coming out. VEI also used some funds to buy into some issues at this time.

Please refer to Annex “D” for the Company’s quarterly report for the period ended 30 June 2021.

<u>Results of Operations for the Year Ended 2019</u>

The Company posted a consolidated net income of P766 million as of December 31, 2019, increased by 552% compared to Php117 million in 2019. On a per share basis, the Company earned P0.16 as of December 31, 2019 compared to P0.01 centavos as of December 31, 2018

10Y UST falls to 2.64 from 2.80 as fears of economic slowdown to start 2019 at height of US China trade war. This becomes the headlines for much of 2019 as the back and forth between Trump and Xi affects all markets. Any news of some reconciliation and markets rally. Any news negatively has markets crash. By August the world believes the relationship is irreparable and Dow Jones slammed 800 points. Yield curve inverts in August, signaling a recession, with 10y UST yield at 1.57% below the 2Y yield. Fed starts reluctantly cutting rates but by end 2019 has changed its language that it may not be raising rates anytime soon.

Dealers looking to reinstate positions to start the year after panicking due to a spike in inflation to end 2018 due to rice prices and twin deficits. We see non monetary measures working to curb inflation and growth remains strong. BSP also probably done raising rates to fight inflation. New 10yr bond issued at 6.875 promptly snapped up along with the rest of the curve. 10yr was trading at 8% in December. BTR, emboldened, issues a 20yr bond at 6.75% to good demand. As inflation continues to fall throughout the year, fixed income continues to rally. We also saw a changing of the guard as Gov Espenilla passes away and Gov Diokno is appointed. Then we got surprise BBB+ rating from S&P with stable outlook, citing strong economic growth trajectory. With global growth in turmoil due to trade war, BSP starts cutting rates and reserve requirement. Eventually inflation reaches below 1%, which would be the bottom, but likely to remain low. Bonds continue to rally and 10-64 benchmark bond eventually finished the year at 4.50, an improvement of more than 200bp from the start of the year.

The company swung to larger gains in its trading portfolios in 2019, compared to 2018. We were able to reverse mark to market losses in our equity and mutual fund positions. The company was able to ride the rally in fixed income in 2019, even though its exposure was still on the more defensive side

.

Vantage Financial Corporation (formerly e-Business Services, Inc.)

Vantage Financial Corporation achieved a total revenue of PhP 522.12 million for the year as compared to last year's PhP 589.73 million, 11% decline. This was attributable to 10% decrease in money transfer income and foreign exchange valuation losses of dollar assets.

The Company's operating expenses had a slight increase of 3% at PhP 440.6 M versus last year. This resulted to an increase of 4.01% in operating income before taxes.

eBiz posted a total comprehensive income of PhP 41.32 million in 2019, compared to last year's PhP 113.21 or a decrease of 64%
.

Philequity Management, Inc.

Service Income for the year amounted to PhP 259.98 million, versus last year's PhP 254.1 million, 3% increase as a result higher management fees due to increase of assets being managed. Total cost of services for the year amounted to PhP 67.04 million, slight increase from PhP 66.63 million last year

As a result, total comprehensive income for the year increased by 12% with aggregate amount of P149.08 million previously at PhP 132.8 million.

Other Matters

The Parent Company and its wholly-owned subsidiary, Vantage Financial Corporation (formerly e- Business Services, Inc.), continuously enter into currency forward transactions with bank counterparties to

hedge their foreign exchange risk. The nominal amounts of these contracts are off-balance sheet while revaluation gains or losses are recognized as Miscellaneous Asset or Miscellaneous Liability, respectively.

Causes for any material changes (+/-5% or more) in the financial statements

Income Statement items - Y2020 versus Y2019

83% decrease in trading and investment securities gains
Mainly due to decrease in market value of FVPL securities

9% decrease in foreign exchange differential
Due to lesser international money transfer transactions

19% decrease in commission income
Due to decline of money changing transactions

18% decrease in service income
Due to decline of in asset under management

20% increase in interest income
Due to decrease in interest rate of money market placement

38% decrease in income from business partners
Decrease in income from ticketing transactions

21% decrease in commission expense
Due to decrease in commission paid to subagents from western union transactions

20% increase in general and administrative expenses
Due to decrease in utilities and other expenses as a result of work from home arrangement

Income Statement items - Y2019 versus Y2018

187% increase in trading and investment securities gains
Mainly due to increase in market value of FVPL securities

7% decrease in foreign exchange differential
Due to lesser international money transfer transactions

10% decrease in commission income
Due to decline of money changing transactions

10% decrease in commission income
Due to decline of money changing transactions

95% increase in interest income
Due to higher money market placement transactions

6% decrease in rent expense
Due to implementation of PFRS 16 wherein rent expenses are generally lodged as depreciation expense

6% increase in general and administrative expenses
Due to implementation of PFRS 16 wherein rent expenses are generally lodged as depreciation expense
.
33% increase in interest expense and bank charges
Due to implementation of PFRS 16 wherein leases are lodged as liabilities at a discounted amount

Balance Sheet items – Y2020 versus Y2019

29% increase in cash and cash equivalents
Due to higher outstanding investments in short-term placements at the end of the year

33% decrease in loans and receivables
Due to decrease in receivable from Western Union

62% decrease in prepayments and other current assets
Attributable to decrease in input VAT

57% decrease in Right of Use Assets
Due to depreciation of ROU assets

54% decrease in deferred tax assets
Due to lesser provision for impairment of receivables

13% increase in other noncurrent assets
Due to increase in security deposits

32% decrease in accounts payable
*d*ue to lower liability to sub-agents

524% increase in net assets attributable to unitholders
Due to increase in investors in one of the subsidiaries

40% decrease in income tax payable
Due to lower taxable income

42% decrease in retirement liabilities
Due to change in assumption of pension liabilities

Balance Sheet items – Y2019 versus Y2018

53% decrease in cash and cash equivalents
Due to lesser outstanding investments in short-term placements at the end of the year

9% decrease in loans and receivables
Due to maturity of receivables in 2019

100% decrease in investment in amortized cost
Due to maturity of investment in 2019

112% increase in FVTPL investment
Due to increase investment

47% increase in prepayments and other current assets
Attributable to higher input VAT

1563% increase in Right of Use Assets
Due to implementation of PFRS 16 wherein lease commitments are lodged as assets

100% increase in deferred tax assets
Due to provision for impairment losses from receivables

12% decrease in other noncurrent assets
Due to application of deferred input VAT

13% decrease in income tax payable
Due to lower taxable income

12% decrease in deferred tax liabilities
Due to decrease provision for future taxable income

193% increase in retirement liabilities
Due to change in assumption of pension liabilities

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

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

DIRECTORS AND EXECUTIVE DIRECTORS

Please refer to the discussion on "Directors and Executive Officers" in the main body of the Information Statement.

ANNEXES

Please refer to the following:

Annex A – Secretary's Certificate that no directors are connected with the government
Annex B - Certification of Independent Directors
Annex C – Annual Report and Company's audited financial statements as of the period 31 December 2020
Annex D - Company's second quarter operations results for 2021
Annex E- Minutes of the Annual Stockholders Meeting last Sept 17, 2020

CORPORATE GOVERNANCE

The Company has been monitoring compliance with SEC Memorandum Circular No. 6, Series of 2009, as well as other relevant SEC circulars and rules on good corporate governance. All directors, officers, and employees complied with all the leading practices and principles on good corporate governance as embodied in the Corporation's Manual. The Company complied with the appropriate performance self- rating assessment and performance evaluation system to determine and measure compliance with the Manual of Corporate Governance.

The Company is unaware of any non-compliance with or deviation from its Amended Manual of Corporate Governance during the previous year. The Company will continue to monitor compliance with the Revised Rules on Corporate Governance, and shall remain committed in ensuring the adoption of other systems and practices of good corporate governance to enhance its value to its shareholders.

*   *   *

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 INFORMATION STATEMENT (ON SEC FORM 20-IS) AND ANNUAL REPORT (ON SEC FORM 17-A) WITHOUT CHARGE. ANY SUCH WRITTEN REQUEST SHALL BE ADDRESSED TO:

JONATHAN P. ONG
THE CORPORATE SECRETARY
VANTAGE EQUITIES, INC.
15TH FLOOR, PHILIPPINE STOCK EXCHANGE
5TH AVE.CORNER 28TH STREET, BONIFACIO GLOBAL CITY,
TAGUIG CITY, METRO MANILA

ANNEX A

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

SECRETARY'S CERTIFICATE

ATTY. JONATHAN P. ONG, of legal age, Filipino, with office address at Valerio and Associates, 17F Petron Megaplaza Building, 358 Sen, Gil Puyat Avenue, Makati City, being duly elected and qualified Corporate Secretary of **VANTAGE EQUITIES, INC.,** (the "Corporation"), a corporation organized and existing under the laws of the Philippines, under oath, does hereby certify that based on the information provided to the Corporation by the members of the Board of Directors and principal executive officers, none of said members of the Board of Directors and principal executive officers of the Corporation are presently employed by any agency of the Philippine Government.

IN ATTESTATION OF THE ABOVE, this Certificate has been signed this 25th day of August 2021 in Makati City, Metro Manila.

Jonathan P. Ong
ATTY. JONATHAN P. ONG
Corporate Secretary

SUBSCRIBED AND SWORN to before me this AUG 2 5 2021 day of ____________ in Makati City, Metro Manila, affiant exhibiting to me his Driver's License No. DI-86-018179 issued on December 28, 2018 in Quezon City as competent evidence of his identity.

ATTY. HENRY D. ADASA
NOTARY PUBLIC CITY OF MANILA
UNTIL DECEMBER 31, 2021
NOTARIAL COMMISSION 2020-097 MLA
IBP NO. 141253 - 01/04/2021, PASIG
PTR NO. 9326148 - 01/05/2021 MLA
ROLL NO. 29679, TIN: 172-528-620
MCLE COMPL. NO. VII-0000165
URBAN DECA HOMES MANILA, B-2, UNIT 355

Doc No 17;
Page No 5;
Book No III;
Series 2021.

ANNEX B

REPUBLIC OF THE PHILIPPINES)
CITY OF MANILA)

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **BERT HONTIVEROS**, Filipino, of legal age and a resident of Unit 5G Cortijos Bldg. #25 Eisenhower Street, Greenhills, San Juan Metro Manila, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **VANTAGE EQUITIES, INC.** (the "Corporation") and have been its independent director since November 2017;

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Philequity Management, Inc.	Independent Director	2018 to present
HB Design Power System	General Manager	2000 to present
Vantage Financial Corporation	Independent Director	2017- Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Vantage Equities, Inc., as provided for in Section 38 of the Securities Regulations Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director/officer/substantial shareholder of Vantage Equities, Inc., as relationship is provided under Rule 38.2.3 of the Securities and Regulation Code.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not in government service or affiliated with a Government Agency or Government Owned and Controlled Corporation.

7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulation, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of Vantage Equities, Inc. of any changes in the abovementioned information within five (5) days from its occurrence.

AUG 25 2021 CITY OF MANILA

Done, this______day of_______________at_____________.

BERT HONTIVEROS
Affiant

AUG 25 2021

SUBSCRIBED AND SWORN to before me this_______day of_________________at
CITY OF MANILA, affiant personally appeared before me and exhibited to me his Tax Identification No. 139-584-952.

ATTY. HENRY D. ADASA
NOTARY PUBLIC CITY OF MANILA
UNTIL DECEMBER 31, 2021
NOTARIAL COMMISSION 2020-097 MLA
IBP NO. 141253 - 01/04/2021, PASIG
PTR NO. 9826148 - 01/05/2021 MLA
ROLL NO. 29679, TIN: 172-528-620
MCLE COMPL. NO. VI-0000165
URBAN DECA HOMES MANILA, B-2, UNIT 355

Doc. No. 11 ;
Page No. 4 ;
Book No. 14 ;
Series of 2021.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Gregorio T. Yu**, Filipino, of legal age and a resident of **10 Francisco Street, Corinthian Gardens, Quezon City**, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **VANTAGE EQUITIES, INC.** and have been its independent director since **13 August 2013**;

2. I am affiliated with the following companies or organizations:

Company/Organization	*Position/Relationship*	*Period of Service*
Auto Nation Group, Inc.	Chairman	Nov. 10, 2011 to present
CATS Automobile Corp.	Chairman	June 8, 2004 to present
American Motorcycles,Inc.	Chairman	Nov. 28, 2012 to present
Sterling Bank of Asia	Vice-Chairman and Director	April 18, 2017 to present
Glacier Megafridge, Incorporated	Director	January 28, 2021 to present
EEI Corporation	Director	April 19, 2021 to present
Alphaland Corporation	Director	May 1, 2018 to present
DITO CME Holdings Corporation	Director	December 1, 2016 to present
APO Agua Infrastructure	Director	January 1, 2014 to present
Glyph Studios, Inc.	Director	Dec. 1, 2011 to present
Philippine Bank of Communications	Director	July 1, 2011 to present
Unistar Credit and Finance Corporation	Director	Jan. 1, 2012 to present
CATS Asian Cars, Inc.	Director	June 25, 2004 to present
Philequity Management, Inc.	Director	Aug. 1, 2013 to present
Vantage Equities Inc.	Director	Aug. 1, 2013 to present
E-Business Services Inc.	Director	Aug. 1, 2015 to present
Prople BPO Inc.	Director	Aug. 1, 2006 to present
Nexus Technologies, Inc.	Chairman/Director	May 1, 2012 to present
Jupiter Systems Inc.	Director	Oct. 1, 2001 to present
Wordtext Systems Inc.	Director	Sept. 1, 2001 to present
Ballet Philippines	Board Member	Jan. 1, 2009 to present
Manila Symphony Orchestra	Board Member	Sept. 1, 2009 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **Vantage Equities, Inc.**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances;

4. I am not related to any of the following director/officer/substantial shareholder of Vantage Equities, Inc..

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligent comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its implementing rules and regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of **Vantage Equities, Inc.** of any changes in the abovementioned information within five days from its occurrence.

Done, this 18th day of August, 2021 at Metro Manila, Philippines.

Gregorio T. Yu
Affiant

CITY OF MANILA SUBSCRIBED AND SWORN to before me this AUG 25 2021 day of ________ at ________, affiant personally before me and exhibited to me his Competent Evidence of Philippine Passport ID number P4663180B issued at DFA, Manila on February 3, 2020.

ATTY. HENRY D. ADASA
NOTARY PUBLIC CITY OF MANILA
UNTIL DECEMBER 31, 2021
NOTARIAL COMMISSION 2020-097 MLA
IBP NO. 141253 - 01/04/2021, PASIG
PTR NO. 9826148 - 01/05/2021 MLA
ROLL NO. 29679, TIN: 172-528-620
MCLE COMPL. NO. VI-0000165
URBAN DECA HOMES MANILA, B-2, UNIT 354

Doc. No. 15;
Page No. 4;
Book No. 64;
Series of 2021.

REPUBLIC OF THE PHILIPPINES)
)

CERTIFICATION OF INDEPENDENT DIRECTORS

I, ANDY O. CO, Filipino, of legal age and a resident of 6 AVOCADO St., PASIG CITY Metro Manila, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **VANTAGE EQUITIES, INC.** (the "Corporation");

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
TECHMCOM ELECTRONICS CORP.	PRESIDENT	2011 - PRESENT
POLY - TECHNICOM CORP.	PRESIDENT	2019 - PRESENT
—		

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Vantage Equities, Inc., as provided for in Section 38 of the Securities Regulations Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director/officer/substantial shareholder of Vantage Equities, Inc., as relationship is provided under Rule 38.2.3 of the Securities and Regulation Code.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not in government service or affiliated with a Government Agency or Government Owned and Controlled Corporation.

7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulation, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of Vantage Equities, Inc. of any changes in the abovementioned information within five (5) days from its occurrence.

Done, this 1st day of SEPT. at 2021.

ATTY. HENRY D. ADASA
NOTARY PUBLIC CITY OF MANILA
UNTIL DECEMBER 31, 2021
NOTARIAL COMMISSION 097 MLA
IBP NO. 141253 - 01/04/2021, PASIG
PTR NO. 9925148 - 01/05/2021 MLA
ROLL NO. 25679, TIN: 172-538-670
MCLE COMPL. NO. VII-0009165
URBAN DECA HOME MANILA, B-2, UNIT 355

Affiant

SUBSCRIBED AND SWORN to before me this SEP 07 2021 day of ______ at ______, affiant personally appeared before me and exhibited to me his ______.

DOC. NO. 82
PAGE NO. 18
BOOK NO. 11
SERIES OF 2021

Doc. No.__; Page No.__; Book No._; Series of 2021.

ANNEX C

COVER SHEET

SEC Registration Number

A S O 9 2 - 0 0 7 0 5 9

Company Name

VANTAGE EQUITIES, INC. AND SUB
SIDIARIES

Principal Office (No./Street/Barangay/City/Town/Province)

15th Floor, Philippine Stock
Exchange Tower, 28th St. Corner
5th Ave., Bonifacio Global City
, Taguig City, Metro Manila

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-A		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
compliance@vantage.ph	**250-8700**	**09175954785**

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
611		

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Ma. Angelica Cabanit	**Angelica.cabanit@philequity.net**	**250-8741**	**0917-590-7176**

Contact Person's Address

15TH Floor Phil. Stock Exchange, 5th Ave. cor 28th St. Bonifacio Global City, Taguig City

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

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

2. SEC Identification Number: **ASO92-007059**

3. BIR Tax Identification No.: **002-010-620**

4. Exact name of registrant as specified in its charter:
VANTAGE EQUITIES, INC.

5. Province, Country or other jurisdiction of Incorporation or organization:
Philippines

6. (SEC Use Only)
Industry Classification Code

7. Address of Principal Office: **15TH Floor Phil. Stock Exchange, 5th Ave. cor 28th St. Bonifacio Global City, Taguig**

8. Registrant's telephone number, including area code: **(632) 250-8738**

9. Former name, former address, and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding
Common Stock, P1.00 par value	**4,199,582,266 (Net of Treasury Shares of 135,599,500)**

11. Are any or all of these securities listed on the Philippine Stock Exchange
Yes [**X**] No [ ]

12. Check whether the registrant:
a) has filed all reports required to be filed by Section 17 of the Securities Regulation Code (SRC) and SRC Rule 17 (a)-1 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports):
Yes [**X**] No [ ]

b) has been subject to such filing requirements for the past 90 days
Yes [**X**] No [ ]

13. Aggregate market value of the voting stock held by non-affiliates as of 31Dec 2020
P3,552,856,746

PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

Vantage Equities, Inc. (the "Corporation"), formerly iVantage Corporation, was incorporated in 20 October 1992 and is organized as an investment and financial holding company. It has authorized capital stock of One Billion Nine Hundred Million Pesos(P1,900,000,000), all of which are in common shares with a par value of P1.00 per share. Of the authorized capital stock, 1,788,312,570 are outstanding and 111,687,430 remain unsubscribed. On 12 January 2009, Securities & Exchange Commission (SEC) approved the increase of authorized capital stock of the Corporation to Two Billion Two Hundred Fifty Million PesosP2,250,000,000.00. Furthermore, the SEC has authorized the Corporation to issue 447,078,142 common shares out of its authorized but unissued capital stock to cover the twenty five percent (25%) stock dividend declared by the Corporation's Board of Directors on 4 June 2008 and ratified by its shareholders on 27 June 2008. As of 31 March 2012, the Corporation has an authorized capital stock of Two Billion Two Hundred Fifty Million Pesos (P2,250,000,000.00) divided into 2,250,000,000 common shares with par value of P1.00 per share. Out of the authorized capital stock, 2,235,390,633 shares are issued, of which 135,599,500 shares are in treasury.

On August 1, 2015, the BOD and two-thirds (2/3) of the outstanding capital of the Company approved the increase in the authorized capital stock from 2,250,000,000 shares with par value of ₱1.00 per share in 2014 to 5,000,000,000 shares with par value of ₱1.00 per share in 2015. The SEC approved the increase in the authorized capital stock on October 27, 2015.
On May 19, 2015, the BOD approved the declaration of stock dividends equivalent to a total of ₱2.10 billion representing 2,099,791,133 shares at ₱1.00 par value per share, payable to all stockholders of record as of January 8, 2016. The said dividends were paid on February 3, 2016. The two-thirds (2/3) of the outstanding capital of the Company approved the dividend declaration on August 1, 2015.

The Corporation reverted to its original name by majority vote of the Board of Directors in November 2007, which the Securities and Exchange Commission subsequently approved in April 2008. The change in corporate name is consistent with the Company's re-alignment of its investment focus towards the broad financial sector vis-a-vis its information technology focus during the early 2000's.

On June 20, 2017, the Board of Directors (BOD) approved Article 3 of Articles of Incorporation to change its principal address from 2005 East Tower PSE Centre, Ortigas Center, Pasig City, Metro Manila, Philippines to 15th Floor Phil. Stock Exchange, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City, Metro Manila, Philippines. The Amended Articles of Incorporation was approved by the Securities and Exchange Commission on October 26, 2017.

Purpose

The Company was originally organized with the primary purpose of oil and gas exploration, and investments and developments as among its secondary purposes. On 3 October2000, the Securities and Exchange Commission (SEC) approved the change in the Corporation's primary purpose to financial holdings and investments, including but not limited to information technology companies and related ventures. Since the Registrant is an investment holding company, it is not competing in terms of sales and is not dependent upon a single customer or a few customers. Also, it needs no government approval of principal products or services and no cost and effect of compliance with environmental laws.

Investments

In June 2006, the Corporation divested its shareholdings in International Exchange Bank ("iBank"), its largest single investment at that time. The iBank sale generated ₱ 2.9 billion in cash and a ₱1.6 billion gain, capping an 11-year investment period that yielded a 16% compound annual return. The PSE Index, by comparison, only broke even during the same period. The divestment was timely in light of the substantial decline in financial markets in the following years.

The Corporation decided to invest its ₱2.9 billion "war chest" in portfolio of equity and fixed-income securities. The mandate is to attain above market returns while adhering to prudent risk parameters, i.e. credit, liquidity and market risk. For this purpose, the Company hired its current President in October 2006 along with a team of finance professionals. The current team is also tasked to further professionalize management of the Vantage Group of Companies.

The operating subsidiaries that comprise the Vantage Group are the following:

Vantage Financial Corporation (formerly e-Business Services, Inc) **- 100% ownership**

eBiz traces its beginnings as the first Asia-Pacific direct agent of Western Union, an International money transfer service provider. Aside from money transfer services, eBiz also offers Philequity Mutual Funds, eLoad, Bayad Center bills payment center and Cebu Pacific, Air Asia and FETA ticketing services. Starting from just 3 service centers in 1999, eBiz today operates 145 branches located in major cities and hubs throughout the country.

The company-owned branches are complemented by a network of sub-agents that effectively enables eBiz to extend its geographic reach to over 1,500 locations nationwide. eBiz agent-partners include some of the biggest commercial banks, supermarket chains and pawnshops in the country.

On January 23, 2018, the Securities and Exchange Commission approved the amendment of its Articles of Incorporation to change its company name from E-Business Services, Inc. to Vantage Financial Corporation.

iCurrencies – 100% ownership

iCurrencies, Inc. was incorporated on 3 February 2000 and started commercial operations on 31 May 2000. iCurrencies is organized primarily to engage in the business of buying and selling of foreign currencies.

In May 2001, the iCurrencies effectively stopped its business of buying and selling currencies as a result of Bangko Sentral ng Pilipinas Circular No. 264, issued on 26 October 2000. Among others, the new circular required additional documentation for sale of foreign currencies and required Foreign Exchange Corporations (FxCorps) to have a minimum paid-up capital of ₱50.0 million.

The Circular effectively aligned the regulations under which FxCorps are to operate to that of banks. To avoid duplication and direct competition with its previous major stockholder, iCurrencies decided to stop its business of buying and selling foreign currencies. The stockholders likewise decided not to increase its paid-up capital.

In the meantime, iCurrencies is sustained by income on its investments and interest income on its funds while awaiting for regulatory changes.

Philequity Balanced Fund, Inc. – 100% ownership

The Fund is engaged in selling its capital to the public and investing the proceeds in diversified portfolio of peso-denominated fixed-income and equity securities.

On November 11, 2017, the Board of Directors (BOD) decided to shorten the corporate life of the Fund until December 31, 2017.

Philequity Foreign Currency Fixed Income, Inc. – 100% ownership

The Fund is engaged in selling its capital to the public and investing the proceeds in diversified portfolio of foreign currency denominated fixed-income securities.

On November 11, 2017, the Board of Directors (BOD) decided to shorten the corporate life of the Fund until December 31, 2017

Philequity MSCI Philippines Index Fund, Inc. (PMPI) – 69.18% ownership

PMIF was incorporated in the Philippines, and was registered with the SEC on December 15, 2017 under the Philippine ICA as an open-end mutual fund company. PMIF is engaged to subscribe for, invest and re-invest in, sell, transfer or otherwise dispose of securities of all kinds, including all types of stocks, bonds, debentures, notes, mortgages, or other obligations, commercial papers, acceptances, scrip, investment contracts, voting trust, certificates, certificates of interest, and any receipts, warrants, certificates, or other instruments representing any other rights or interests therein, or in any property or assets created or issued by any all persons, firms, associations, corporations, organizations, government agencies or instrumentalities thereof; to acquire, hold, invest and reinvest in, sell, transfer or otherwise dispose of, real properties of all kinds; and generally to carry on the business of an Open-End Investment Company in all the elements and details thereof as prescribed by law.

In January 2019, PMPI launched its shares to the public

Philequity Alpha One Fund, Inc. (PAOF) – 100% ownership

PAOF was incorporated in the Philippines, and was registered with the Securities and Exchange Commission (SEC) on February 13, 2019. The primary activities of the Fund are to subscribe for, invest and re-invest in, sell, transfer or otherwise dispose of securities of all kinds, to acquire, hold, invest and reinvest in, sell, transfer or otherwise dispose of real properties of all kinds; and generally to carry on the business of an open-end investment company in all the elements and details thereof as prescribed by law.

In December 9, 2019, PAOF launched its units to the public.

Philequity Global Fund Fund, Inc. (PGF) – 100% ownership

PGF was incorporated in the Philippines, and was registered with the Securities and Exchange Commission (SEC) on June 24, 2019. The primary activities of the Fund are to subscribe for, invest and re-invest in, sell, transfer or otherwise dispose of securities of all kinds, to acquire, hold, invest and reinvest in, sell, transfer or otherwise dispose of real properties of all kinds; and generally to carry on the business of an open-end investment company in all the elements and details thereof as prescribed by law.

As of December 31, 2020, the Fund has not yet started its commercial operations pending the registration under the Philippine Investment Company Act (Republic Act No. 2629) as an open-end mutual fund company with the SEC. In January 20, 2021, SEC issued to the Fund its permit to offer securities for sale.

Philequity Management, Inc. ("PEMI") – 51% ownership

Philequity Management, Inc. (PEMI) is an investment management company established in 1993. PEMI is proud to be the investment manager and principal distributor of Philequity Fund, Inc. (PEFI), the Philippines' best performing equity mutual fund. PEFI has been awarded by the Philippine Investment Funds Association (PIFA) as the best performing equity fund in the 10-year category, 2nd place in the 3 and 5-year categories. Philequity Peso Bond Fund, Inc. (PPBF) was also recognized by PIFA garnering 2nd place in the 5-year return category. Likewise, Philequity Dollar Income Fund, Inc. (PDIF) earned 1st place in the 5-year return category.

Government Regulation and Environmental Compliance

The Corporation does not need any government approval for its principal products or services and is not required to comply with specific environmental laws.

Distribution Methods of Products and Services

The Corporation, being a financial holding and investment company, has no distribution methods of products and services.

Competition of Subsidiaries

Vantage Financial Corporation - 100% ownership

eBiz has a relatively strong competition among Western Union's direct agents and sub-agents. Agents primarily compete through location and customer service. It appears that the competition with other money transfer companies like Moneygram, Xoom, iRemit does not substantially affect the business of the Corporation. Competition however with local money transfer companies like Cebuana Pera Padala and Palawan Pedala has increasingly been affecting the business of the Company in domestic money transfer.

Philequity Management, Inc. ("PEMI") – 51% ownership

The Philippine mutual fund industry continues to grow with 64 funds as of December 2020 according to data tracked by the Philippine Investment Funds Association. The industry continues to benefit from increased public interest on alternative investments that have higher yields over regular savings accounts and time deposits. While industry net assets grew 27% to P358 billion from P282 billion a year ago, it was nevertheless another challenging year for capital markets as volatility remained very high.

The industry is divided into 5 categories – stock, bond, balanced, money market, and feeder funds. Majority of total assets under management (AUM) is invested in money market funds (37%), stock funds (31%) and bond funds (23%) funds which make up 90% of total market share. Philequity Management, Inc. (PEMI) only offers seven funds to the public -- Philequity Fund, Inc. (PEFI), Philequity PSE Index Fund, Inc. (PPSE), Philequity Dividend Yield Fund, Inc. (PDYF), Philequity MSCI Philippines Index Fund, Inc. (PMPI), Philequity Alpha One Fund, Inc. (PAOF), Philequity Peso Bond Fund, Inc. (PPBF), and Philequity Dollar Income Fund, Inc. (PDIF) which only competes against other stock and bond funds.

Investors often use a funds' performance as a gauge for comparison when choosing a mutual fund. In terms of performance, investors look at funds that have the highest return in their respective category as the basis for choosing a fund-- the higher the return, the more attractive the fund. Investors also look to a funds' outperformance over the respective benchmark as a second form of comparison. The greater the outperformance over the benchmark, the more attractive the fund. It is important to note that not all benchmarks in a fund category are aligned. For instance, a stock fund uses 100% the Philippine Stock Exchange Index (PSEi) as its benchmark while another stock fund might use a 90-10 approach where 90% is composed of the PSEi and 10% is composed of a 91-day T-bill. As a result, investors tend to use consistency as the basis, where a fund (1) consistently outperforms its peers and (2) consistently outperforms its respective benchmark.

The industry does not have an aligned fee structure charged to their clients and as a result, investors look for the lowest sales load, management fee and exit fees and other fees involved that are charged by a mutual fund. Mutual funds that charge the lowest fees and have a lower minimum holding period are considered the main competitors of PEMI in terms of fees. Investors can also use a company's expense ratio to gauge the effectiveness of the fund's expense management. PEMI consistently monitors the fees charged by its competitors to ensure the mutual funds it offers remains in a competitive space amongst its peers.

In terms of distribution, PEMI's main competitors in the industry are BPI Asset Management, First Metro Asset Management, ATR Asset Management, Philam Asset Management and Sun Life Asset Management. The former two are large banking institutions while the latter two are renowned insurance companies—all five companies have vast distribution channels through their network of branches or through their network of agents/financial advisors. PEMI on the other hand has agreed to partner with financial institutions such as stock brokerages to distribute the funds. This has proven to be a low-cost and effective strategy for fund distribution.

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Financial Performance

The Company derived its revenues from various activities:

	2020	2019	2018
Trading and investment securities gains (losses) - net	**₱44,818,523**	₱274,883,840	(₱312,387,555)
Money transfer service income	**245,730,752**	302,351,085	335,208,220
Service income	**210,515,123**	256,404,721	254,089,568
Share in foreign exchange differential	**116,480,066**	128,649,961	139,418,708
Interest income	**295,040,671**	367,150,269	188,539,505
Money changing gain	**52,178,741**	48,846,546	47,106,647
Income from business partners	**11,845,355**	19,209,368	19,961,170
Dividend income	**9,743,567**	5,576,266	5,863,058
	₱986,352,798	₱1,403,072,056	₱677,799,321

The breakdown of trading and investment securities gains (losses) - net follows:

	2020	2019	2018
Financial Assets at FVPL			
Realized gain (loss) on sale taken to profit or loss	**₱55,383,816**	₱ 53,059,698	₱174,006,676
Unrealized gains (losses) on changes in fair value	**-10,565,293**	221,824,142	(486,394,231)
	₱44,818,523	₱274,883,840	(₱312,387,555)

Total interest income follows

	2020	2019	2018
Cash and cash equivalents	**₱31,340,781**	₱112,809,095	₱132,282,743
Financial assets	**263,699,890**	249,207,196	56,256,762
Others	**-**	5,133,978	-
	₱295,040,671	₱367,150,269	₱ 188,539,505

As of December 31, 2020, the Company has a total of 559 employees as broken down below and is not subject to Collective Bargaining Agreements (CBA).

Position	No. Of Employees	Anticipated No. of Additional Employees
Executive/Senior Officer	9	-
Managers	13	-
Supervisors	19	-
Prof	8	
Specialist	54	-
Associate	372	
TOTAL	**475**	**-**

Financial Risk Management

The main risks arising from the Group's financial instruments are liquidity risk, credit risk and market risk. The BOD reviews and approves the policies for managing each risk and these are summarized below:

Credit Risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Group manages and controls credit risk by trading only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Since the Group trades only with recognized third parties, there is no requirement for collateral.

The Company's maximum exposure to credit risk is equal to the carrying values of its financial assets since it does not hold any collateral or other credit enhancements that will mitigate credit risk exposure.

The fair values of financial assets at FVPL and AFS investments represent the credit risk exposure as of the reporting date but not the maximum risk exposure that could arise in the future as a result of changes in fair value of the said instruments.

There are no significant concentrations of credit risk within the Group.
Liquidity Risk is the risk that the Group will be unable to meet its obligations when they fall due under normal and stress circumstances. To limit the risk, the Group closely monitors its cash flows and ensures that credit facilities are available to meet its obligations as and when they fall due. The Group also has a committed line of credit that it can access to meet liquidity needs. Any excess cash is invested in short-term investments. These placements are maintained to meet maturing obligations.

Market Risk is the risk of change in fair value of financial instruments from fluctuation in market prices (price risk), foreign exchange rates (currency risk) and market interest rates (interest rate risk), whether such change in price is caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The Group is exposed to the risk that the value of the Group's financial assets will be adversely affected by the fluctuations in the price level or volatility of one or more of the said assets. The two main components of the risks recognized by the Group are systematic risk and unsystematic risk.

Systematic risk is the variability in price caused by factors that affect all securities across all markets (e.g. significant economic or political events). Unsystematic risk, on the other hand, is the variability in price caused by factors which are specific to the particular issuer (corporation) of the debt or equity security. Through proper portfolio diversification, this risk can be minimized as losses on one particular debt or equity security may be offset by gains in another.

To further mitigate these risks, the Group ensures that the investment portfolio is adequately diversified taking into consideration the size of the portfolio.

Item 2. Properties

Vantage Equities, Inc. - Parent

Office Condominium - In December 2017 the acquired office units by the company were turned over, located at 15th floor Phil. Stock Exchange, 5th Avenue cor. 28th St. Bonifacio Global City, Taguig.

Office Improvements - These are improvements made to the Company's office space and being depreciated over an estimated useful life of 10 years accounted for on a straight line basis.

Furniture, Fixtures and Equipment - These equipments are used by the Company in conducting its daily operations and located at 15th floor Phil. Stock Exchange, 5th Avenue cor. 28th St. Bonifacio Global City, Taguig.. These assets are being depreciated over an estimated useful life of 3 to 5 years and accounted for on a straight line basis.

Transportation Equipment - These equipments are used by the Company in conducting its daily operations and depreciated over 5 years and accounted for on a straight line basis.

Vantage Financial Corporation - 100% ownership

Transportation Equipment - These equipments are used by the Company in conducting its daily operations and being depreciated over an estimated useful life of 4-5 years.

Leasehold Improvements - The Company leases the spaces occupied by its branches with varying period of up to fifteen (15) years and renewable on such terms and conditions as shall be mutually accepted by the Company and the lessors. These leases are accounted for on a straight-line basis over 2 to 5 years or over the lease term, whichever period is shorter.

Office Furniture and Equipment - This furniture and equipment are used by the Company in conducting its daily operations and being depreciated over an estimated useful life of 3 years. These assets are located at the Company's Head Office in 15th floor Phil. Stock Exchange, 5th Avenue cor. 28th St. Bonifacio Global City, Taguig. and various branches all over the Philippines.

Software License and Software Development – These pertains to the accounting software used by the company and amortized over a period 3 years accounted for on a straight line basis.

eBiz Financial Services, Inc. – 100% ownership

The Company does not own any properties and has already shortened its term of existence.

iCurrencies, Inc. – 100% ownership

The Company does not own any properties and already effectively stopped its business of buying and selling of currencies in May 2001 as a result of Bangko Sentral ng Pilipinas Circular No, 264, issued on October 26, 2000.

Philequity Balanced Fund, Inc. – 100% ownership

The Fund is not yet offered to the public and does not own any properties and has shortened its term of existence in 2017

<u>Philequity Foreign Currency Fixed Income Fund, Inc. – 100% ownership</u>

The Fund is not yet offered to the public and does not own any properties and has shortened its term of existence in 2017

<u>Philequity MSCI Philippines Index Fund, Inc. – 69.18% ownership</u>

The Company does not own any properties .

<u>Philequity Alpha One Fund, Inc. – 100% ownership</u>

The Company does not own any properties .

<u>Philequity Global Fund, Inc. – 100% ownership</u>

The Company does not own any properties .

<u>Philequity Management, Inc. – 51% ownership</u>

IT Equipment - These equipments are used by the Company in conducting its daily operations.

Office Condominium - In December 2017 the acquired office units by the company were turned over, located at 15th floor Phil. Stock Exchange, 5th Avenue cor. 28th St. Bonifacio Global City, Taguig.

Office Equipment - These equipments are depreciated over the estimated useful life of 3 years. These office equipments are located at 15th floor Phil. Stock Exchange, 5th Avenue cor. 28th St. Bonifacio Global City, Taguig.

Office Furniture - This furniture is used by the Company in conducting its daily operations and being depreciated over an estimated useful life of 3 years. Said office furniture are located in 15th floor Phil. Stock Exchange, 5th Avenue cor. 28th St. Bonifacio Global City, Taguig.

Transportation equipment - This is used by the Company in conducting its daily operations and being depreciated over an estimated useful life of 5 years.
These properties are free from mortgage or lien. The Company has no plan of acquiring a property in the next twelve months.

Item 3. Legal Proceedings

3.1.**Criminal Case No. MC-09-12289**,
captioned *"People of the Philippines vs.Noriel G.Requiso"*; for: Qualified Theft
RTC 214, Mandaluyong City

This is a criminal case filed by e-Business as private complainant against accused Noriel Requiso on December 9, 2008 after the latter unlawfully took the sum of Php 1,150,000.00 from the vault of E-Business' Edsa Market Place. On June 5, 2009, E-Business filed a Motion to Cancel Passport of the accused who was then known to be abroad. However, the Court denied aforesaid motion. Considering that the warrant of arrest cannot be implemented since accused whereabouts is unknown, the instant case is archived.

3.2. **NLRC NCR Case No. Sub-RAB 1-7-05-0343-15,** captioned *"Emma Concepcion Antipuesto vs. e-Business Services, Inc., and/or Edmundo Bunyi, Jr.; NLRC, Dagupan City"*

Complainant Antipuesto filed this case against e-Business for alleged non-payment/underpayment of salaries and other benefits in the total amount of Php216,494,.68.
On the December 10, 2015, Labor Arbiter awarded the benefits being claimed by complainant prompting E-Business to file a partial appeal. NLRC granted the appeal and deleted the award of performance bonus for 2014 amounting to Php 106,800.00

3.3. **NLRC NCR Case No. RAB IV-03000345-15L,**
captioned *"Nancy Zaran, et. al vs. e-Business Services, Inc., Atty. Vida Bocar, Jesus Maagma and Edmundo Bunyi Jr.; NLRC Calamba City"*

Complainant Zaran filed this case against e-Business for alleged illegal suspension and illegal dismissal.

3.4. **NLRC NCR Case No. RAB IV-03-003545-15L,**
captioned,*"Vantage Equities and e-Business Services, Inc. vs. Atty. Vida Bocar, Commission on Bar Discipline, Pasig City"*

On August 3, 2015 e-Business together with Vantage Equities filed an administrative case against Atty. Vida Bocar, their former legal counsel for violation of the lawyer's Code of Professional Responsibility for appearing as lawyer/counsel for the opposing party in a labor case. E-Business and Vantage filed their Position Paper on March 30, 2016 while respondent Bocar filed her Position paper on April 29, 2016.

3.5 **NLRC - NCR** Case **No. 03-06308-19 Jeffrey R. Bote vs. Vantage Equities Inc et al**

Complainant Bote filed for illegal dismissal (actual) and other monetary claims. Labor Arbiter finds that the respondent validly and legally dismissed the complainant. Hence, monetary claims were also denied.

3.6 **NLRC - NCR NLRC Case No. 01-01912-19 Maria Luz Estrada vs. Vantage Financial Corporation et al.**

Complainant Estrada filed for illegal dismissal (constructive) and other monetary claims. It is still under an on-going appeal.

Item 4. Submission of Matters to a Vote of Security Holders

No matter was submitted to a vote of the security holders during the fourth quarter of 2018.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

	2020		2019		2018	
	Low	High	Low	High	Low	High
1st Quarter	1	1.17	1.13	1.19	1.19	1.29
2nd Quarter	1.02	1.08	1.12	1.23	1.18	1.26
3rd Quarter	1.1	1.12	1.1	1.19	1.18	1.24
4th Quarter	1	1.1	1.04	1.15	1.13	1.23

As of 31 December 2020, there were 611 shareholders of the 4,199,582,266 common shares issued and outstanding. As of the latest practicable trading date, 29 December 2020, the Registrant's shares were traded at the price of P1.04per share in Philippine Stock Exchange.

On May 19, 2015, the BOD approved the declaration of stock dividends equivalent to a total of ₱2.10 billion representing 2,099,791,133 shares at ₱1.00 par value per share, payable to all stockholders of record as of January 8, 2016. The said dividends was paid on
February 3, 2016. The two-thirds (2/3) of the outstanding capital of the Company approved the dividend declaration on August 1, 2015.

On August 1, 2015, the BOD and two-thirds (2/3) of the outstanding capital of the Company approved the increase in the authorized capital stock from 2,250,000,000 shares with par value of ₱1.00 per share in 2014 to 5,000,000,000 shares with par value of ₱1.00 per share in 2015. The SEC approved the increase in the authorized capital stock on October 27, 2015.
On November 10 2009, the BOD approved the proposal to buy back from the market up to Three Hundred Million Pesos (P300,000,000.00) worth of shares of the Corporation. As of Dcember 31, 2018, the total number of shares repurchased from the market is 135,599,500 worth P190.46 million.

On June 4, 2008, the BOD increased the Company's authorized capital stock from P1.9B to P2.25B, as well as the issuance of 25% stock dividend to all stockholders. This increase in capital stock was approved by the SEC on 12 January 2009, while the stock dividends were distributed to stockholders as of record date of 10 February 2009 on 06 March 2009.

In 2007, the Parent Company declared a five percent (5%) property dividend in favor of its shareholders-of-record as of 18 May 2007, payable in the form of common shares of Yehey! worth P89,415,629. In February 2008, the Parent Company distributed the property dividends declared.

There is no sale of unregistered securities within the past four (5) years.

Top 20 shareholders as of December 31, 2020:

	STOCKHOLDERS' NAME	NATIONALITY	TYPE OF SHARES	No. of Shares
1	PCD NOMINEE CORP.	FILIPINO	Common	4,074,931,026
2	PCD NOMINEE CORPORATION (NON-FILIPINO)	OTHERS	Common	14,019,133
3	EAST PACIFIC INVESTORS CORPORATION	FILIPINO	Common	9,040,000
4	A. BROWN COMPANY, INC.	FILIPINO	Common	6,882,500
5	LUCIO W. YAN &/OR CLARA YAN	FILIPINO	Common	6,812,500
6	WILLY NG OCIER	FILIPINO	Common	4,616,000
7	RICARDO L. NG	FILIPINO	Common	3,248,750
8	MICHAEL SYIACO	FILIPINO	Common	3,000,000
9	AGAPITO C. BALAGTAS, JR.	FILIPINO	Common	2,875,000
10	APRICINIA B. FERNANDEZ	FILIPINO	Common	2,875,000
11	SUZANNE LIM	FILIPINO	Common	2,875,000
12	CYGNET DEVELOPMENT CORPORATION	FILIPINO	Common	2,812,500
13	JERRY TIU	FILIPINO	Common	2,731,250
14	WILSON L. SY	FILIPINO	Common	2,300,000
15	BON S SYIACO	FILIPINO	Common	2,000,000
16	TRANS- ASIA SECURITIES, INC.	FILIPINO	Common	1,830,000
17	AVESCO MARKETING CORPORATION	FILIPINO	Common	1,437,500
18	MARY TAN DE JESUS	FILIPINO	Common	1,412,500
19	SEC ACCOUNT FAO: VARIOUS CUSTOMERS OF GUOCO SECURITIES (PHILIPPINES), INC.	FILIPINO	Common	1,265,000
20	ELLEN LAY	FILIPINO	Common	1,207,500

Dividends

The Company has declared 100% stock dividends with a record date and payment date of 8 January 2016 and 3 February 2016, respectively. There were no cash dividends declared for the past 3 years. The bylaws of the company prohibit the distribution of dividends that would impair the capital of the Company

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

In Millions (PHP)	2020	2019	2018
Balance Sheet			
Assets	11,167.82	10,891.30	9,928.05
Liabilities	504.42	660.79	578.88
Stockholder's Equity	10,663.40	10,230.51	9,349.17
Book Value Per Share	2.54	2.43	2.23
Income Statement			
Revenue	986.35	1,403.07	677.8
Expenses	563.67	628.16	556.43
Other Income/ (Charges)	3.6	0.16	-3.82
Net Income	426.28	775.07	117.55
Earnings per Share attributable to equity holders of the Parent Company	0.0915	0.1668	0.0127

	Formula	December 31, 2020	December 31, 2019
Current Ratio	Current Asset/Current Liabilities	2240.59%	1718.3%
Acid Test Ratio	(Cash Eq + Marketable Securities + Receivables)/ Current Liabilitie	2239.77%	1716.63%
Solvency Ratio	Net Income/Total Liabilities	84.40%	116.66%
Debt-to-Equity Ratio	Total Liabilities/Total Equity	4.73%	6.49%
Debt Ratio	Total Liabilities/Total Assets	4.52%	6.10%
Asset-to-Equity Ratio	Total Assets/Total Equity	104.73%	106.49%
Interest Rate Coverag	EBIT/Interest Expense	N/A	N/A
Return on Assets	Net Income/Average Total Asset	3.86%	7.44%
Return on Equity	Net Income/Average Total Equity	4.08%	7.92%
Net Profit Margin	Gross Profit/Net Income	138.00%	124.04%

Results of Operations for the Year Ended 2019

The Company posted a consolidated net income of P766 million as of December 31, 2019, increased by 552% compared to Php117 million in 2019. On a per share basis, the Company earned P0.16 as of December 31, 2019 compared to P0.01 centavos as of December 31, 2018

10Y UST falls to 2.64 from 2.80 as fears of economic slowdown to start 2019 at height of US China trade war. This becomes the headlines for much of 2019 as the back and forth between Trump and Xi affects all markets. Any news of some reconciliation and markets rally. Any news negatively has markets crash. By August the world believes the relationship is irreparable and

Dow Jones slammed 800 points. Yield curve inverts in August, signaling a recession, with 10y UST yield at 1.57% below the 2Y yield. Fed starts reluctantly cutting rates but by end 2019 has changed its language that it may not be raising rates anytime soon.

Dealers looking to reinstate positions to start the year after panicking due to a spike in inflation to end 2018 due to rice prices and twin deficits. We see non monetary measures working to curb inflation and growth remains strong. BSP also probably done raising rates to fight inflation. New 10yr bond issued at 6.875 promptly snapped up along with the rest of the curve. 10yr was trading at 8% in December. BTR, emboldened, issues a 20yr bond at 6.75% to good demand. As inflation continues to fall throughout the year, fixed income continues to rally. We also saw a changing of the guard as Gov Espenilla passes away and Gov Diokno is appointed. Then we got surprise BBB+ rating from S&P with stable outlook, citing strong economic growth trajectory. With global growth in turmoil due to trade war, BSP starts cutting rates and reserve requirement. Eventually inflation reaches below 1%, which would be the bottom, but likely to remain low. Bonds continue to rally and 10-64 benchmark bond eventually finished the year at 4.50, an improvement of more than 200bp from the start of the year.

The company swung to larger gains in its trading portfolios in 2019, compared to 2018. We were able to reverse mark to market losses in our equity and mutual fund positions. The company was able to ride the rally in fixed income in 2019, even though its exposure was still on the more defensive side

The following summarizes the operating results of the Company's subsidiaries:

eBusiness Services, Inc. ("eBiz")

eBiz achieved a total revenue of PhP 522.12 million for the year as compared to last year's PhP 589.73 million, 11% decline. This was attributable to 10% decrease in money transfer income and foreign exchange valuation losses of dollar assets.

The Company's operating expenses had a slight increase of 3% at PhP 440.6 M versus last year. This resulted to an increase of 4.01% in operating income before taxes.

eBiz posted a total comprehensive income of PhP 41.32 million in 2019, compared to last year's PhP 113.21 or a decrease of 64%.

Philequity Management, Inc.

Service Income for the year amounted to PhP 259.98 million, versus last year's PhP 254.1 million, 3% increase as a result higher management fees due to increase of assets being managed. Total cost of services for the year amounted to PhP 67.04 million, slight increase from PhP 66.63 million last year

As a result, total comprehensive income for the year increased by 12% with aggregate amount of P149.08 million previously at PhP 132.8 million.

Other Matters

The Parent Company and its wholly-owned subsidiary, Vantage Financial Corporation, continuously enter into currency forward transactions with bank counterparties to hedge their foreign exchange risk. The nominal amounts of these contracts are off-balance sheet while revaluation gains or losses are recognized as Miscellaneous Asset or Miscellaneous Liability, respectively.

Causes for any material changes (+/-5% or more) in the financial statements

Income Statement items - Y2020 versus Y2019

83% decrease in trading and investment securities gains
Mainly due to decrease in market value of FVPL securities

9% decrease in foreign exchange differential
Due to lesser international money transfer transactions

19% decrease in commission income
Due to decline of money changing transactions

18% decrease in service income
Due to decline of in asset under management

20% increase in interest income
Due to decrease in interest rate of money market placement

38% decrease in income from business partners
Decrease in income from ticketing transactions

21% decrease in commission expense
Due to decrease in commission paid to subagents from western union transactions

20% increase in general and administrative expenses
Due to decrease in utilities and other expenses as a result of work from home arrangement
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Income Statement items - Y2019 versus Y2018

187% increase in trading and investment securities gains
Mainly due to increase in market value of FVPL securities

7% decrease in foreign exchange differential
Due to lesser international money transfer transactions

10% decrease in commission income
Due to decline of money changing transactions

10% decrease in commission income
Due to decline of money changing transactions

95% increase in interest income
Due to higher money market placement transactions

6% decrease in rent expense
Due to implementation of PFRS 16 wherein rent expenses are generally lodged as depreciation expense

6% increase in general and administrative expenses
Due to implementation of PFRS 16 wherein rent expenses are generally lodged as depreciation expense
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33% increase in interest expense and bank charges
Due to implementation of PFRS 16 wherein leases are lodged as liabilities at a discounted amount

Balance Sheet items – Y2020 versus Y2019

29% increase in cash and cash equivalents
Due to higher outstanding investments in short-term placements at the end of the year

33% decrease in loans and receivables
Due to decrease in receivable from Western Union

62% decrease in prepayments and other current assets
Attributable to decrease in input VAT

57% decrease in Right of Use Assets
Due to depreciation of ROU assets

54% decrease in deferred tax assets
Due to lesser provision for impairment of receivables

13% increase in other noncurrent assets
Due to increase in security deposits

32% decrease in accounts payable
*d*ue to lower liability to sub-agents

524% increase in net assets attributable to unitholders
Due to increase in investors in one of the subsidiaries

40% decrease in income tax payable
Due to lower taxable income

42% decrease in retirement liabilities
Due to change in assumption of pension liabilities

Balance Sheet items – Y2019 versus Y2018

53% decrease in cash and cash equivalents
Due to lesser outstanding investments in short-term placements at the end of the year

9% decrease in loans and receivables
Due to maturity of receivables in 2019

100% decrease in investment in amortized cost
Due to maturity of investment in 2019

112% increase in FVTPL investment
Due to increase investment

47% increase in prepayments and other current assets
Attributable to higher input VAT

1563% increase in Right of Use Assets
Due to implementation of PFRS 16 wherein lease commitments are lodged as assets

100% increase in deferred tax assets
Due to provision for impairment losses from receivables

12% decrease in other noncurrent assets
Due to application of deferred input VAT

13% decrease in income tax payable

Due to lower taxable income

12% decrease in deferred tax liabilities
Due to decrease provision for future taxable income

193% increase in retirement liabilities
Due to change in assumption of pension liabilities

Item 7. Financial Statements and Other Information

The audited consolidated financial statements and schedules listed in the accompanying index to Financial Statements and Supplementary Schedules are filed as part of this Form 17-A.

Information on Independent Accountant

SGV & Co. is the external accountant of the Company. The aggregate fees billed for each of the last three years for professional services rendered by the Company's external auditors in connection with annual audit of the Consolidated and Parent Company Financial Statements for statutory and regulatory filings are summarized below:

	2020	2019	2018
Audit fee	**2,563,172**	**2,973,070**	**2,651,015**
Tax Services	**-**	**-**	-
Other Fees	**-**	**-**	-
TOTAL	**2,563,172**	**2,973,070**	**2,651,015**

The Independent Accountant does not render tax accounting compliance, advice, planning and other forms of tax services for the Corporation. The Independent Accountant also does not render other services for the Corporation.

Geographic Concentration of Investments

	Number of Investors	Percentage of Investment	Number of Shares
Philippines	600	99.63%	4,184,159,449
Foreign	11	0.37%	15,422,817

Level of FATCA Compliance

The fund has implemented standard procedures to be FATCA-compliant. Currently, the number of investors in the company qualifying as a US person is below 1% of the total investors.

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

There are no changes and matters of disagreement with accountants on any accounting & financial disclosures the last two (2) most recent fiscal years.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Registrant

Office	Period Served	Name	Citizenship	Age
Director	2003 to present	Ignacio B. Gimenez	Filipino	76
Director	2002 to present	Valentino C. Sy	Filipino	65
Chairman	2005 to present			
Director	2006 to present	Edmundo P. Bunyi, Jr.	Filipino	56
President & CEO				
Director	2003 to present	Joseph L. Ong	Filipino	67
Treasurer	2005 to present			
Director	1999 to present	Willy N. Ocier	Filipino	64
Director	2003 to present	Roberto Z. Lorayes	Filipino	77
Director	1993 to 2000 & 2005 to present	Wilson L. Sy	Filipino	68
Director	2005 to present	Antonio R. Samson	Filipino	75
Director	2013 to present	Gregorio T. Yu	Filipino	60
Director	2017 to present	Timothy Bryce A. Sy	Filipino	36
Director	2017 to present	Kevin Neil A. Sy	Filipino	35
Director	2017 to present	Darlene Mae A. Sy	Filipino	34
Director	2017 to present	Bert Hontiveros	Filipino	67
Corporate Secretary	May 2020 to present	Jonathan P. Ong	Filipino	54

In accordance with the Corporation's By-Laws, the members of the Board of Directors are elected annually and therefore serve for a year after election.

The following is a brief write-up of the Board of Directors and Executive Officers.

Valentino C. Sy

Mr. Sy is currently the Chairman of the Company. He is also the Chairman of eBusiness Services. Concurrently, he is the Director of Wealth Securities (1998 to 2011) and the President of Equinox International Corp (1996 to present) and Wealth Securities (2011 to present). He holds a degree in Industrial Management Engineering from the De La Salle University.

Edmundo P. Bunyi, Jr.

Mr. Bunyi is currently the President and Chief Executive Officer of Vantage Equities, Inc. He is the President and Chief Executive Officer of Vantage Financial Corp (formerly e-Business Services, Inc.)., a Western Union franchise (2006- August 2017) and was appointed as Chief Executive Officer of Vantage Financial Corp. effective August 2017 - present. He is also the President of Philequity Management, Inc., an investment company adviser, since October 2006. He is the former Senior Vice President and Treasurer of International Exchange Bank, Assistant Vice President and Head of FCDU & FX Sales of United Coconut Planters Bank, Assistant Manager for Corporate Banking Group of Far East Bank and Trust Company, and Assistant Manager for the Corporate Banking Department of Union Bank of the Philippines. He holds a degree in Management Engineering from the Ateneo de Manila University (1977).

Ignacio B. Gimenez

Mr. Gimenez became a Director of the Company in 2003. Mr. Gimenez is the Chairman of Philequity Management, Inc. He is also the Chairman and President of the following mutual fund: Philequity Fund, Inc., (1994 to present), Philequity Dollar Income Fund, Inc., and Philequity Peso Bond Fund, Inc., (1999 to present), Philequity Dividend Yield Fund (2012 to present), Philequity Balanced Fund, Inc., Philequity Foreign Currency Fixed Income, Philequity Resources Fund, Inc., and Philequity Strategic Growth Fund, Inc. (2008 to present). Concurrently, he is the Director of Vantage Equities Inc. and eBusiness Services Inc., (2007 to present). At the same time, he also holds positions as Director of PIFA-Philippine Investment Funds Association, and as the Corporate Secretary of I.B. Gimenez Securities, Inc. He is the Treasurer of I. B. Gimenez Securities, Inc., a stock brokerage firm (1976 - present). He is the President of the following mutual funds, namely, Philequity Fund, Inc., Philequity Dollar Income Fund, Inc., Philequity PSE Index Fund, Inc. and Philequity Peso Bond Fund, Inc. (formerly Philequity Money Market Fund, Inc.). He is also the Sales and Marketing Manager of Society Publishing, Inc. (1991 - present). He holds a graduate degree in Business Administration from the Asian Institute of Management (1970) and a college degree from the University of the Philippines (1967).

Joseph L. Ong

Mr. Ong is the Treasurer of the Company. He became a Director of the Company in 2003. He is also the treasurer of Philequity Management, Inc., Independent Director of Vantage Equities, Inc, and a director eBusiness Services, Inc. Currently, he is president of Chemcenter Corporation (1996 to present), a company engaged in import and distribution of industrial chemicals. Previously, he was connected with Exxon Chemical/Exxon Corp holding positions in sales, marketing, planning, and audit functions both here and abroad. He holds a degree in Chemical Engineering, Magna Cum Laude, from De La Salle University (1975)

Willy N. Ocier

Mr. Ocier has been a Director of the Company since 1999. He is also a Director of Philequity Management, Inc. and eBusiness Services, Inc. At the same time, he is also the Chairman and President of Pacific Online Systems Corporation (1999 to present) and serves as Vice Chairman of Belle Corporation and Co-Vice Chairman of Highlands Prime, Inc. (1999 to present). Concurrently, he is the Chairman of the Boards of the following corporations: (a) APC Group, Inc. (2005 to present) (b) Sinophil Corporation (2005 to present), (c) Premium Leisure and Amusement, Inc (1999 to present), (d) Tagaytay Midlands Golf Club, Inc. (1999 to present) and (e) Aragorn Power and Energy Corporation (1999 to present). He earned his Economics degree from the Ateneo de Manila University (1977).

Roberto Z. Lorayes

Mr. Lorayes is the Chairman of the company. He is also the Director of Vantage Equities, Inc. and eBusiness Services, Inc. (1994 to present). In the past he served as Chairman of the Philippine Stock Exchange (1993 to 1994) and Investment Companies Association of the Philippines (2005-2008). He also served as President of Manila Stock Exchange (1991-1992), UBP Securities (1989-1993), Citicorp (1987-1989), CT Corp, Scringeour, Vickers (1987-1989), and a Director of Philippine Central Depository (1995-1996). He received his Bachelor of Science in Commerce degree and Bachelor of Liberal Arts degree in De La Salle University (1966). He holds a Masters degree in Business Management from Ateneo de Manila University (1969).

Wilson L. Sy

Mr. Sy was reelected to the Board in 2005. He is the Vice Chairman of Asian Alliance Holdings, Corp. and Director of Vantage Equities, Inc.; eBusiness Services, Inc., Philequity Management, Inc., Xcell Property Ventures, Inc. (2005 to present), and Monte Oro Resources & Energy, Inc. (2005 to present) Mr. Sy is also an Independent Director of the reporting corporations: The Country Club at Tagaytay Highlands, Inc. (2011 to present), Tagaytay Highlands International Golf Club, Inc. (2011 to present), Tagaytay Midlands Golf Club, Inc. (2011 to present), and The Spa and Lodge at Tagaytay Highlands (2011 to present). He was a former Chairman of the Philippine Stock Exchange, Inc. (1994 to 1995) He holds a degree in Management Engineering from the Ateneo de Manila University (1975).

Antonio R. Samson

Mr. Samson is the Independent Director of the Company. He is also the Independent Director of Vantage Equities, Inc. and Philequity Management, Inc. and the Director of eBusiness Services, Inc. Concurrently (2005 to present), he is the President of the Manila Chamber Orchestra Foundation and the Metropolitan Museumand the Chairman of the Advertising Foundation (2001 to present). He is also a columnist of Business World and Business Day Magazine. He holds a Bachelor's degree in Economics from the Ateneo de Manila University (1966) and Masters of Business Administration from Asian Institute of Management (1971).

Gregorio T. Yu

Mr. Yu is the Independent Director of the Company. He is also the Independent Director of Vantage Equities, Inc. and Philequity Management, Inc. At the same time, he is the Director of the following companies: eBusiness Services, Inc., Philippine Airlines Inc., Philippine National Reinsurance Corporation, Iremit (2007 to present)., Unistar Credit and Finance Corporation, Glyph Studios, Inc., Prople BPO Inc, Jupiter Systems Inc., Nexus Technologies, Inc. (2001 to present),, Wordtext Systems Inc., Yehey Inc., CMB Partners Inc., Ballet Philippines, Manila Symphony Orchestra, Iripple Inc (2007 to present). Concurrently, he is also the chairman of the following companies: CATS Motors Inc., CATS Asian Cars Inc. and CATS Automobile Corp. Also (2000 to present), he is currently the Trustee of the Government Service Insurance System (2010 to present), as well as a Trustee of Xavier School, Inc. and Xavier School Educational and Trust Fund, Inc (1993 to present). He has been a Director and a Member of Executive Committee and Audit Committee of the International Exchange Bank (1995-2006). He graduated from De la Salle University with a Bachelor of Arts in Economics (Honors Program 1978), summa cum laude. Mr. Yu holds a graduate degree in Business Administration from Wharton School, University of Pennsylvania (1983) where he was in the Director's Honor List.

The following are brief write-ups for those nominated to fill the three (3) new Board seats to be created after the approval of the proposed amendment to the Corporation's Articles of Incorporation increasing the membership of the Board of Directors:

Timothy Bryce A. Sy

Timothy Bryce A. Sy, Filipino, served as Treasury Head for the organization since 2010. He is also a director of Asian Alliance Holdings Corp. (2015 to present). He holds an MBA from Kellogg School of Management (2010) and an undergraduate degree from Northwestern University (2003) in Illinois USA. He is currently the President of Vantage Financial Corp (formerly e-Business Services, Inc.) from August 2017 to present.

Kevin Neil A. Sy

Kevin Neil Atienza Sy, Filipino, 32, is the current Vice President and Associated Person of Wealth Securities Inc (2012-Present). He was Assistant Manager for the Treasury Group of Rizal Commercial Banking Corporation's Foreign Interest Rate Risk Division (2010-2012). He was Junior Trader and Sales Associate for the Treasury Group of East West Banking Corporation's Global Debt Trading Desk (2008-2009). He holds a Bachelor's Degree in Corporate Finance and Accounting from Bentley University (2007).

Darlene Mae A. Sy

Darlene Mae A. Sy, Filipino, 31, is the Head of Sales and Marketing of Philequity Management, Inc. She also serves as a Director of Wealth Securities, Inc. She is licensed as a Fixed Income Salesman and as a Certified Investment Solicitor with the Securities and Exchange Commission. She holds a Bachelor's Degree from the University of British Columbia.

A third independent member of the Board of Directors has likewise been nominated for election at the annual shareholders' meeting:

Bert Hontiveros

Mr. Hontiveros, 64, Filipino, is the Independent Director of the fund. He is also the Independent Director of the following mutual funds from 2013 to present, namely: (a)Philequity Dollar Income Fund, Inc. (b) Philequity PSE Index Fund, Inc. and (c) Philequity Peso Bond Fund, Inc. Concurrently, he is the General Manager of HB Design Power Systems (2000 to present). He obtained his Bachelor of Science in Industrial Engineering from University of the Philippines in 1975.

Jonathan P. Ong

Atty. Jonathan P. Ong obtained his Bachelor of Science (Economics) degree from the U.P. School of Economics on April 2, 1989 and his Bachelor of Laws degree from the U.P. College of Law on April 24, 1993. He took the bar examinations in September 1993 and was admitted to the Philippine Bar on March 15, 1994. He joined the law firm of Atty. Mario E. Ongkiko sometime in 1994. In June 1996 he became in-house counsel of the erstwhile International Exchange Bank until August 31, 2006. He then joined Maybank Philippines (MPI) in May 2007, a position which he held until July 19, 2019. We was also the Corporate Secretary of the affiliates of MPI in the Philippines – Philmay Property, Inc. and Philmay Holdings, Inc. He is currently special counsel to the Disini Buted and Disini law offices, which he advises on matters involving banking and litigation, and a senior associate at the Valerio Law Offices. He is also currently the Corporate Secretary of Kinderheim, Inc., a small family owned educational institution.

Independent Directors

The nomination, pre-screening and election of independent directors were made in compliance with the requirements of the Revised Code of Corporate Governance and the Securities and Exchange Commission's Guidelines on the Nomination and Election of Independent Directors which have been adopted and made part of the Corporation's By-Laws. The Nomination Committee constituted by the Company's Board of Directors, indorsed the respective nominations given in favor of Mr. Samson (by Mr. A. Bayani K. Tan),Mr. Yu (by Mr. Edmundo Marco P. Bunyi, Jr.) Mr. Bert Hontiveros and Mr. Kevin Sy as Independent Directors.

The Nomination Committee, composed of Mr. Lorayes (Chairman), Mr. Yu and Mr. Ong, has determined that these nominees for independent directors possess all the qualifications and have none of the disqualifications for independent directors as set forth in the Company's Amended Manual on Corporate Governance and Rule 38 of the Implementing Rules of the Securities Regulation Code (SRC).

The nominees, whose required information are discussed above, are in no way related to the stockholders who nominated them and have signified their acceptance of the nominations. These nominees are expected to attend the scheduled Annual Stockholders' Meeting

Family relationships among Directors:

Messrs. Valentino Sy and Wilson Sy are brothers.

Mr. Kevin Sy, Mr. Timothy Bryce Sy and Ms. Darlene Mae Sy are children of Mr.Wilson Sy

Independent Director
Mr. Gregorio T. Yu and Mr. Antonio R. Samson were re-elected as the independent directors of the Company in compliance with the requirements of Rule 38 of the Securities Regulation Code.

Involvement in Certain Legal Proceedings
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.

Except as provided below, the Company 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 or 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.

In May, 2013, the BIR filed a P169.83M case for tax evasion against Philmay Property, Inc. (PPI) an affiliate of Maybank Philippines, Inc. Included in the case were its President and CEO – Mr. Ong Seet Joon, Treasurer – Atty. Rafael A. Morales, Corporate Secretary – Atty. Jonathan P. Ong, Sales and Marketing Head – Mr. Benjamin Q. Lira and Accounting Associate Michelle F. Reyes. The case arose from PPI's supposed tax deficiencies, as follows: tax deficiencies, including surcharge and interest: P37.81 million in income tax deficiency P73.13 million in value-added tax deficiencies P15.57 million in documentary stamp tax deficiency P43.32 million in expanded withholding tax. The proceedings in the DOJ were suspended because PPI questioned the assessments on which the tax evasion case was based on with the Court of Tax Appeals (CTA). On May 23, 2018 the CTA second division issued a decision cancelling and withdrawing the assessments on which the tax evasion case of the BIR was based on, but ordered PPI to pay the amount of P276,381.24 as deficiency DST for fiscal year 2009, plus interest and surcharges, which it did. The BIR filed a motion for reconsideration but it was denied. The BIR elevated the decision of the CTA 2nd division to the CTA en banc. On February 5, 2020 the CTA en banc affirmed with modification the decision of the CTA 2nd Division and declared the assessments on which the BIR's case for tax evasion was based on as null and void. The BIR appealed this to the Supreme Court in February 2020.

Significant Employees

No employee is expected by the Corporation to make a significant contribution to the business

Item 10. Executive Compensation

Except for Messrs. Edmundo P. Bunyi, Jr., all of the Company's directors and officers have not received any form of compensation from inception up to present other than a per diem of ₱6,000.00 (net of withholding tax) for each meeting attended and annual per diem during stockholders' meeting. There is no employment contract between the Company and the above-named executive officer or current executive officers. In addition, except as provided below, there are no compensatory plans or arrangements 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.

Summary Compensation Table (Annual Compensation)

Name and Principal Position	Year	Annual Compensation
Valentino C. Sy		
Chairman & CEO		
Edmundo P. Bunyi, Jr.		

President & COO		
Joseph L. Ong		
Treasurer		
All officers and directors as a group	2020	6,433,333
	2019	6,535,001
	2018	6,209,408

Item 11. Security Ownership of Certain Beneficial Owners and Management

1. Security Ownership of Certain Record and Beneficial Owners

Title of Class	Name and Address of Record/Beneficial Owner	Relationship with the Company	Record (r) Beneficial (b) Owner	Citizenship	Number of Shares	Percent of Class
Common	PCD Nominee Corp. (*) G/F MSE Building Ayala Avenue, Makati	Stockholder	r	Filipino	4,088,950,159	97.37%

Stockholders with more than 5% ownership

Title of Class	Name and Address of Record/Beneficial Owner	Relationship with the Company	Record (r) Beneficial (b) Owner	Citizenship	Number of Shares	Percent of Class
Common	Creative Wisdom, Inc	Stockholder	r	Filipino	1,768,701,436	42.12%
Common	Wealth Securities, Inc.	Stockholder	r	Filipino	218,239,000	5.2%
Common	Lavenders and Blue Hydrangeas, Inc	Stockholder	R	Filipino	210,535,000	5.01%

(*)PCD Nominee Corporation (PCDNC) is a wholly-owned subsidiary of Philippine Central Depository, Inc. (PCD). The beneficial owners of the shares under the name of PCDNC are PCD's participants who hold the shares in their own behalf or in behalf of their respective clients.

2. Security Ownership of Management

The following table shows the share beneficially owned by the directors and executive officers of the Company as of 31 December 2020:

Title of Class	Name	No. of Shares	Citizenship	Percentage
Common	Ignacio B. Gimenez	25,000	Filipino	0
Common	Roberto Z. Lorayes	50,000	Filipino	0
Common	Valentino C. Sy	350,000	Filipino	0.01
Common	Edmundo P. Bunyi, Jr.	12,525,000	Filipino	0.3
Common	Joseph L. Ong	25,000	Filipino	0
Common	Willy N. Ocier	20,569,480	Filipino	0.49
Common	Wilson L. Sy	368,300,000	Filipino	3.17
Common	Antonio R. Samson	125,000	Filipino	0
Common	Gregorio T. Yu	5,200,000	Filipino	0.12
Common	Timothy Bryce A. Sy	204,025,500	Filipino	4.86
Common	Darlene Mae A. Sy	201,712,000	Filipino	4.8

Common	Kevin Neil A. Sy	203,520,876	Filipino	4.85
Common	Bert C. Hontiveros	1,946,000	Filipino	0.05
All Directors and Officers as a group		783,373,856		18.65

Voting Trust Holders of 5% or More

There is no party which holds any voting trust or any similar agreement for 5% or more of Vantage's voting securities.

Changes in Control

The Company is not aware of any arrangement that may result in a change in control of the Company.

Item 12. Certain Relationships and Related Transactions

The Company has not been a party during the last two (2) years to any other transaction or proposed transaction, in which any director or executive officer of the Company, or any security holder owning 10% or more of the securities of the Company or any member of the immediate family of such persons, had a direct or indirect material interest.

Vantage Equities, Inc. is not under the control of any parent company.

The following table presents the balances of intercompany transactions of the Group as of and for the years ended December 31, 2019, 2018 and 2017

		2020		
Related Party	**Category**	**Amount/ Volume**	**Outstanding Balance**	**Nature, terms and conditions**
FAUSI (Associate)	**Reimbursable expenses (Other receivables)**	**₱515,513**	**₱61,246**	**On demand, noninterest bearing and unsecured**

		2019		
Related Party	Category	Amount/ Volume	Outstanding Balance	Nature, terms and conditions
FAUSI (Associate)	Reimbursable expenses (Other receivables)	₱515,513	₱61,246	On demand, noninterest bearing and unsecured

		2018		
Related Party	Category	Amount/ Volume	Outstanding Balance	Nature, terms and conditions
FAUSI (Associate)	Reimbursable expenses (Other receivables)	₱515,513	₱61,246	On demand, noninterest bearing and unsecured

Remunerations of Directors and Other Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The Group considers the members of the Executive Committee to constitute key management personnel for purposes of PAS 24, *Related Party Disclosures*.

The remuneration of the Group's key management personnel are P19.15M in 2020 and 2019 P28.15 in 2018

PART IV – CORPORATE GOVERNANCE

The Company has been monitoring compliance with SEC Memorandum Circular No. 6, Series of 2009, as well as other relevant SEC circulars and rules on good corporate governance. All directors, officers, and employees complied with all the leading practices and principles on good corporate governance as embodied in the Corporation's Manual. The Company complied with the appropriate performance self-rating assessment and performance evaluation system to determine and measure compliance with the Manual of Corporate Governance.

PART V – EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

a. Exhibits – See accompanying index to exhibits.

The following exhibit is filed as a separate section of this report:
Subsidiaries of the Company

The other exhibits, as indicated in the Index to Exhibits are either not applicable to the Company or require no answer.

b. Reports on SEC Form 17 – C

- Filed on September 22 2020
Results of Annual Stockholder's Meeting held on September 17, 2020

- Filed on 7 August 2020
2020 Annual Stockholders' Meeting Record Date

VANTAGE EQUITIES, INC
INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

FORM 17 – A, Item 7

Part 1

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereto duly authorized, in the City of CITY OF MANILA on APR 13 2021

VANTAGE EQUITIES, INC.

VALENTINO SY (Apr 9, 2021 22:25 GMT+8)
VALENTINO C. SY
Chairman

Edmundo P. Bunyi, Jr. (Apr 9, 2021 22:29 GMT+8)
EDMUNDO MARCO P. BUNYI, JR.
President and CEO
Jta

Angelica Cabanit (Apr 12, 2021 04:30 GMT+8)
MA. ANGELICA D. CABANIT
Compliance Officer

Joseph Ong (Apr 9, 2021 22:43 GMT+8)
JOSEPH L. ONG
Treasurer

ATTY. JONATHAN P. ONG
Corporate Secretary

Name	
Valentino C. Sy	TIN: 122-335-536
Edmundo Marco P. Bunyi, Jr.	TIN: 107-184-956
Joseph L. Ong	TIN: 108-789-427
Ma. Angelica D. Cabanit	TIN: 107-184-956
Jonathan P. Ong	TIN: 162-906-632

SUBSCRIBED AND SWORN TO BEFORE ME THIS APR 13 2021 IN THE CITY OF MAKATI AFFIANT EXHIBITING WITH NO. ISSUED VALID UNTIL ISSUED AT

DOC. NO. 176
PAGE NO. 37
BOOK NO. III
SERIES OF 2021

ATTY. HENRY D. ADASA
NOTARY PUBLIC CITY OF MANILA
UNTIL DECEMBER 31, 2021
NOTARIAL COMMISSION 097 MLA
IBP NO. 141253 - 01/04/2021, PASIG
PTR NO. 9826148 - 01/05/2021 MLA
ROLL NO. 29679, TIN: 172-523-620
(21) MCLE COMPL. NO. VII-0006165
URBAN DECA HOME MANILA, B-2, UNIT 355

I	Schedule of Retained Earnings Available for Dividend Declaration *(Part 1 4C, Annex 68-D)*
II	Map showing relationships between and among parent, subsidiaries, an associate, and joint venture
III	Schedule Showing Financial Soundness Indicators in Two Comparative Periods

Part 2

A	Financial Assets *(Part II , Annex 68-J, A)*
B	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Affiliates) *(Part II, Annex 68-J, B)*
C	Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements *(Part II 6D, Annex 68-J, C)*
D	Long-Term Debt *(Part II , Annex 68-J, D)*
E	Indebtedness to Related Parties (included in the consolidated statement of financial position) *(Part II , Annex 68-J, E)*
F	Guarantees of Securities of Other Issuers *(Part II, Annex 68-J, F)*
G	Capital Stock (*Part II , Annex 68-J, G*)

These schedules, which are required by Part IV (a) of RSA Rule 48, have been omitted because they are either not required, not applicable or the information required to be presented is included in the Company's consolidated financial statements or the notes to consolidated financial statements.

INDEX TO EXHIBITS

Form 17-A

No.		**Page No.**
(3)	Plan of Acquisition, Reorganization, Arrangement, Liquidation, or Succession	*
(5)	Instruments Defining the Rights of Security Holders, Including Indentures	*
(8)	Voting Trust Agreement	*
(9)	Material Contracts	*
(10)	Annual Report to Security Holders, Form 17-Q or Quarterly Report to Security Holders	*
(13)	Letter re: Change in Certifying Accountant	*
(16)	Report Furnished to Security Holders	*
(18)	Subsidiaries of the Registrant	*
(19)	Published Report Regarding Matters Submitted to Vote of Security Holders	*
(20)	Consent of Experts and Independent Counsel	*
(21)	Power of Attorney	*
(29)	Additional Exhibits	*

- These exhibits are either or not applicable to the Company or require no answer.

TABLE OF CONTENTS

C O V E R   S H E E T

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	0	9	2	0	0	7	0	5	9

C O M P A N Y   N A M E

VANTAGE EQUITIES, INC. AND SUBSIDIARIES

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

15th Floor Philippine Stock Exchange, 28th St. Corner 5th Ave., Bonifacio Global City, Taguig City, Metro Manila

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	SEC	N/A

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
investorrelations@vantage.ph	8250-8750	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
611	08/31	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Ma. Angelica Cabanit	angelica.cabanit@philequity.net	8250-8741	0917-590-7176

CONTACT PERSON's ADDRESS

15th Floor, Philippine Stock Exchange Tower, 28th St. Corner 5th Ave., Bonifacio Global City, Taguig City, Metro Manila

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

VANTAGE
EQUITIES, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Vantage Equities, Inc. and its Subsidiaries** is responsible for the preparation and fair presentation of the financial statements including the schedules attached for the years ended December 31, 2020, 2019, and 2018 in accordance with the prescribed financial reporting framework indicated therein, and for such international control including the additional components attached therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to error or fraud.

In preparing the financial statements, management is responsible for accessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

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

Sycip, Gorres, Velayo and Co., the independent auditors, appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

VALENTINO SY (Apr 12, 2021 14:11 GMT+8)	Edmundo P. Bunyi, Jr. (Apr 8, 2021 13:12 GMT+8)	Joseph Ong (Apr 12, 2021 16:03 GMT+8)
VALENTINO C. SY	**EDMUNDO MARCO P. BUNYI JR**	**JOSEPH L. ONG**
Chairman	Vice Chairman/CEO	Treasurer
CTC No.:	CTC No.:	CTC No.:
TIN: 122-335-536	TIN: 107-184-956	TIN: 108-789-427

Signed this **8th** day of **April, 2021**.

SUBSCRIBED AND SWORN to me before this APR 13 2021 at CITY OF MANILA affiants exhibiting to me their Community Tax Certificates.

Doc. No. 188
Page No. 39
Book No. 111
Series of 2021

ATTY. HENRY D. ADASA
NOTARY PUBLIC CITY OF MANILA
UNTIL DECEMBER 31, 2021
NOTARIAL COMMISSION 097 MLA
IBP NO. 141253 - 01/04/2021, PASIG
PTR NO. 9826148 - 01/05/2021 MLA
ROLL NO. 29679, TIN: 172-528-620
(21) MCLE COMPL. NO. VII-0000165
URBAN DECA HOME MANILA, B-2, UNIT 355

Jingle Atasan <jingle.atasan@e-businessphil.ph>

Vantage Equities Inc and Subsidiaries_Consolidated AAFS_17May2021

ICTD Submission <ictdsubmission+canned.response@sec.gov.ph> Mon, May 17, 2021 at 4:46 PM
To: jingle.atasan@e-businessphil.ph

Dear Customer,

SUCCESSFULLY ACCEPTED
(subject to verification and review of the quality of the attached document)

Thank you.

SEC ICTD.

INDEPENDENT AUDITOR'S REPORT

The Stockholders and Board of Directors
Vantage Equities, Inc.
15th Floor, Philippine Stock Exchange Tower,
28th St. Corner 5th Ave., Bonifacio Global City
Taguig City, Metro Manila

Opinion

We have audited the consolidated financial statements of Vantage Equities, Inc. and its Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

Valuation and accounting of financial assets held at fair value through profit or loss (FVTPL)

As at December 31, 2020, the Group reported financial assets at FVTPL amounting to ₱7.13 billion which comprise 63.85% of the total assets of the Group. This consists of investments in corporate bonds (49.01%), government bonds (31.06%), mutual funds (12.79%), equity securities (7.12%), and derivative assets (0.02%). Trading gains from financial assets at FVTPL which consists of realized and unrealized gains amounted to ₱44.82 million which represents 4.54% of the Group's total revenues.

This is significant to our audit because the Group has a high volume of trade transactions, the valuation for certain types of investment securities will require elaborate calculations and the amounts are material to the consolidated financial statements.

The disclosures related to the financial assets at FVTPL are included in Note 9 of the consolidated financial statements.

Audit Response

We evaluated the design and tested the operating effectiveness of the relevant controls over the acquisition, disposal and valuation of the Group's financial assets at FVTPL.

We tested the existence of these investments by obtaining external confirmations from the broker of equity securities and custodians of debt securities and through inspection of relevant supporting documentations. We tested the completeness of the amounts recorded in the consolidated financial statements by performing detailed cut-off procedures around sales, purchases, trade receivables and trade payables. We also tested realized gains from disposal of financial assets at FVTPL by inspecting relevant supporting documentations, tracing the original acquisition costs of the investment securities and test computing the gains from the disposal. We tested the fair value of these investments as of December 31, 2020 by using independent sources and externally available market data such as quoted prices, BVAL reference rates and published net asset values and test computing the mathematical accuracy of the valuation.

We reviewed the disclosures relating to the financial assets at FVTPL based on the requirements of PFRS 13, *Fair value measurement* and PFRS 7, *Financial Instruments: Disclosures*.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

The engagement partner on the audit resulting in this independent auditor's report is
Juan Carlo B. Maminta.

SYCIP GORRES VELAYO & CO.

Juan Carlo Maminta

Juan Carlo B. Maminta
Partner
CPA Certificate No. 115260
Accreditation No. 115260-SEC (Group A)
  Valid to cover audit of 2020 to 2024
  financial statements of SEC covered institutions
Tax Identification No. 210-320-399
BIR Accreditation No. 08-001998-132-2020,
  November 27, 2020, valid until November 26, 2023
PTR No. 8534323, January 4, 2021, Makati City

April 8, 2021

VANTAGE EQUITIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents (Note 7)	**₱3,219,805,034**	₱2,504,042,772
Receivables (Note 8)	**574,234,132**	861,210,789
Financial assets at fair value through profit or loss (Note 9)	**7,130,825,537**	7,200,714,038
Prepaid expenses and other current assets (Note 11)	**3,993,305**	10,373,713
Total Current Assets	**10,928,858,008**	10,576,341,312
Noncurrent Assets		
Investment in associate (Note 12)	**119,228**	119,228
Property and equipment (Note 13)	**152,635,871**	181,433,855
Right-of-use assets (Note 22)	**27,531,404**	63,988,912
Deferred tax assets (Note 25)	**13,552,209**	29,367,920
Other noncurrent assets (Note 14)	**45,128,010**	40,050,769
Total Noncurrent Assets	**238,966,722**	314,960,684
	₱11,167,824,730	₱10,891,301,996
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 15)	**₱365,403,523**	₱536,990,993
Lease liabilities - current portion (Note 22)	**21,083,238**	34,820,315
Net assets attributable to unitholders of a mutual fund subsidiary (Note 16)	**82,966,013**	13,289,080
Income tax payable	**18,315,095**	30,405,565
Total Current Liabilities	**487,767,869**	615,505,953
Noncurrent Liabilities		
Lease liabilities - net of current portion (Note 22)	**8,858,065**	31,833,573
Retirement liabilities (Note 23)	**7,795,135**	13,450,798
Total Noncurrent Liabilities	**16,653,200**	45,284,371
Total Liabilities	**504,421,069**	660,790,324
Equity		
Equity attributable to equity holders of the Parent Company:		
Capital stock (Note 24)	**4,335,181,766**	4,335,181,766
Cumulative net unrealized gains on changes in fair value of financial assets at fair value through other comprehensive income	**70,000**	70,000
Remeasurement gains on retirement plan (Note 23)	**6,285,325**	683,709
Retained earnings	**5,912,712,787**	5,528,299,898
Treasury stock (Note 24)	**(190,460,934)**	(190,460,934)
	10,063,788,944	9,673,774,439
Non-controlling interests	**599,614,717**	556,737,233
Total Equity	**10,663,403,661**	10,230,511,672
	₱11,167,824,730	₱10,891,301,996

VANTAGE EQUITIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31		
	2020	2019	2018
REVENUES (Note 18)	**₱986,352,798**	₱1,403,072,064	₱677,799,321
COST OF SERVICES (Note 19)	**(398,827,951)**	(441,662,601)	(440,728,398)
GROSS INCOME	**587,524,847**	961,409,463	237,070,923
GENERAL AND ADMINISTRATIVE EXPENSES (Note 20)	**(95,091,476)**	(118,828,028)	(115,704,250)
INTEREST EXPENSE (Notes 17 and 22)	**(3,784,541)**	(5,547,032)	(8,261,190)
UNREALIZED FOREIGN EXCHANGE GAIN (LOSS) (Note 10)	**(40,163,240)**	(85,370,798)	32,265,215
REALIZED FOREIGN EXCHANGE GAIN (LOSS) (Note 10)	**52,102,007**	95,192,964	75,025,811
OTHER INCOME - NET (Note 21)	**3,596,697**	161,071	18,004,459
INCOME BEFORE INCOME TAX	**504,184,294**	847,017,640	238,400,968
PROVISION FOR INCOME TAX (Note 25)			
Current	**59,381,471**	85,122,985	99,379,602
Deferred	**12,265,948**	(35,498,585)	(2,277,967)
Final	**6,255,678**	22,318,285	23,748,681
	77,903,097	71,942,685	120,850,316
NET INCOME	**426,281,197**	775,074,955	₱117,550,652
Attributable to:			
Equity holders of the Parent Company (Note 27)	**₱384,412,889**	₱700,415,035	₱53,352,055
Non-controlling interest	**41,868,308**	74,659,920	64,198,597
	₱426,281,197	₱775,074,955	₱117,550,652
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company (Note 27)	**₱0.0915**	₱0.1668	₱0.0127

See accompanying Notes to Consolidated Financial Statements.

VANTAGE EQUITIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2020	2019	2018
NET INCOME	**₱426,281,197**	₱775,074,955	₱117,550,652
OTHER COMPREHENSIVE INCOME			
Item that do not recycle to profit or loss in subsequent periods:			
Remeasurement gains (losses) on retirement plan, net of tax (Note 23)	**5,712,747**	(8,030,798)	4,952,295
TOTAL COMPREHENSIVE INCOME	**₱431,993,944**	₱767,044,157	₱122,502,947
Attributable to:			
Equity holders of the Parent Company	**₱390,014,505**	₱692,863,628	₱58,304,350
Non-controlling interests	**41,979,439**	74,180,529	64,198,597
	₱431,993,944	₱767,044,157	₱122,502,947

See accompanying Notes to Consolidated Financial Statements.

VANTAGE EQUITIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2020

	Capital Stock (Note 24)	**Net Unrealized Gains on Changes in Fair Value of Financial Assets at FVOCI Investments**	**Remeasurement Gains (Losses) on Retirement Plan** (Note 23)	**Retained Earnings**	**Treasury Stock** (Note 24)	**Total**	**Non-controlling Interest** (Note 24)	**Total Equity**
Balance at January 1, 2020	**₱4,335,181,766**	**₱70,000**	**₱683,709**	**₱5,528,299,898**	**(₱190,460,934)**	**₱9,673,774,439**	**₱556,737,233**	**₱10,230,511,672**
Issuance of shares during the year	–	–	–	–	–	–	**898,045**	**898,045**
Total comprehensive income for the year	–	–	**5,601,616**	**384,412,889**	–	**391,014,505**	**41,979,439**	**431,993,944**
Balance at December 31, 2020	**₱4,335,181,766**	**₱70,000**	**₱6,285,325**	**₱5,912,712,787**	**(₱190,460,934)**	**₱10,063,788,944**	**₱599,614,717**	**₱10,663,403,661**

For the Years Ended December 31, 2019

	Capital Stock (Note 24)	Net Unrealized Gains on Changes in Fair Value of Financial Assets at FVOCI Investments	Remeasurement Gains (Losses) on Retirement Plan (Note 23)	Retained Earnings	Treasury Stock (Note 24)	Total	Non-controlling Interest (Note 24)	Total Equity
Balance at January 1, 2019	₱4,335,181,766	₱70,000	₱8,235,116	₱4,827,884,863	(₱190,460,934)	₱8,980,910,811	₱368,262,233	₱9,349,173,044
Issuance of shares during the year	–	–	–	–	–	–	114,294,471	114,294,471
Total comprehensive income for the year	–	–	(7,551,407)	700,415,035	–	692,863,628	74,180,529	767,044,157
Balance at December 31, 2019	₱4,335,181,766	₱70,000	₱683,709	₱5,528,299,898	(₱190,460,934)	₱9,673,774,439	₱556,737,233	₱10,230,511,672

For the Years Ended December 31, 2018

	Capital Stock (Note 24)	Net Unrealized Gains on Changes in Fair Value of Financial Assets at FVOCI/AFS Investments	Remeasurement Gains (Losses) on Retirement Plan (Note 23)	Retained Earnings	Treasury Stock (Note 24)	Total	Non-controlling Interest	Total Equity
Balance at January 1, 2018	₱4,335,181,766	₱70,000	₱3,282,821	₱4,774,532,808	(₱190,460,934)	₱8,922,606,461	₱304,063,636	₱9,226,670,097
Total comprehensive income for the year	–	–	4,952,295	53,352,055	–	58,304,350	64,198,597	122,502,947
Balance at December 31, 2018	₱4,335,181,766	₱70,000	₱8,235,116	₱4,827,884,863	(₱190,460,934)	₱8,980,910,811	₱368,262,233	₱9,349,173,044

See accompanying Notes to Consolidated Financial Statements.

VANTAGE EQUITIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before tax	**₱504,184,294**	₱847,017,640	₱238,400,968
Adjustments for:			
Trading gains (losses) (Notes 9 and 18)	**10,565,293**	(221,824,142)	448,073,804
Interest income (Notes 7, 8, 9, and 18)	**(295,040,671)**	(367,150,270)	(188,539,505)
Unrealized foreign exchange loss (gain) (Note 10)	**40,163,240**	85,370,798	(32,265,215)
Dividend income (Notes 9 and 18)	**(9,743,567)**	(5,576,266)	(5,863,058)
Depreciation and amortization (Notes 13, 19 and 20)	**73,330,707**	78,535,116	25,110,244
Interest expense (Notes 17 and 22)	**3,784,541**	5,547,032	8,261,190
Retirement cost (Notes 19, 20 and 23)	**2,505,406**	2,365,017	2,309,584
Discount from rent	**(3,596,697)**	–	–
Gain on sale of property and equipment (Notes 13 and 21)	–	–	(18,004,459)
Operating income before working capital changes	**326,152,546**	424,284,925	477,483,553
Changes in operating assets and liabilities:			
Decrease (increase):			
Receivables	**286,976,657**	120,170,982	(374,533,693)
Financial assets at fair value through profit or loss	**59,323,208**	(3,618,711,076)	2,252,387,305
Prepaid expenses and other current assets	**(6,380,408)**	29,392,872	(251,340,528)
Decrease in accounts payable and other current liabilities	**(171,587,470)**	(3,881,018)	(57,143,108))
Net cash provided by (used for) operations	**494,484,533**	(3,048,743,315)	2,046,853,529
Interest paid	**(34,416)**	–	(4,125)
Income tax paid	**(74,177,856)**	(112,139,882)	(129,055,132)
Dividends received	**9,615,084**	5,458,619	5,842,385
Interest received	**304,154,700**	343,013,882	184,449,607
Net cash provided by (used in) operating activities	**734,042,045**	(2,812,410,696)	2,108,086,264
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from:			
Maturity of investments at amortized cost (Note 9)	–	67,638,762	–
Sale of property and equipment	–	–	29,616,046
Acquisition of			
Property and equipment (Note 13)	**(5,225,366)**	(39,332,627)	(42,380,091)
Investments at amortized cost (Note 9)	–	(45,955,163)	–
Software	**(10,369,796)**	–	–
Net cash used in investing activities	**(15,595,162)**	(17,649,028)	(12,764,045)
CASH FLOWS FROM FINANCING ACTIVITY			
Proceeds from:			
Issuance of units (Note 16)	**73,246,898**	13,289,100	–
Issuance of subsidiary's share to NCI (Note 24)	**24,480,103**	116,714,501	–
Payment of:			
Notes payable (Note 17)	–	–	(2,850,957,067)
Redemption of capital stock (Note 24)	**(23,075,383)**	(1,801,138)	–
Redemption of units (Note 16)	**(3,569,965)**	(20)	–
Principal portion of lease liabilities (Note 22)	**(33,603,034)**	(41,072,162)	–
Cash provided by (used in) financing activities	**37,478,619**	87,130,281	(2,850,957,067)

(Forward)

	Years Ended December 31		
	2020	2019	2018
Effect of Changes in Exchange Rates	**(40,163,240)**	(85,370,798)	32,265,215
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**755,925,502**	(2,828,300,241)	(755,634,848)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**2,504,042,772**	5,332,343,013	6,055,712,646
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 7)	**₱3,219,805,034**	₱2,504,042,772	₱5,332,343,013

See accompanying Notes to Consolidated Financial Statements.

VANTAGE EQUITIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. **General Information**

Corporate Information
Vantage Equities, Inc. (the Parent Company) was incorporated in the Philippines and was registered with the Philippine Securities and Exchange Commission (SEC) on October 20, 1992. The primary business of the Company is to invest in, acquire by purchase, exchange, assignment or otherwise of the capital stock, bonds, debentures, promissory notes and similar financial instruments. The Company's shares are publicly traded in the Philippine Stock Exchange (PSE).

The Parent Company's principal address is 15th Floor Phil. Stock Exchange, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City, Metro Manila, Philippines.

The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries (collectively referred to as the "Group"):

Name of Subsidiaries	Place of Incorporation	Percentage of Ownership 2020	2019	2018
Vantage Financial Corporation (Formerly VFC Services, Inc.) (VFC)	Philippines	**100.00**	100.00	100.00
eBIZ Financial Services, Inc. (eBIZ Financial)*	Philippines	**100.00**	100.00	100.00
iCurrencies, Inc. (iCurrencies)	Philippines	**100.00**	100.00	100.00
Philequity Balanced Fund, Inc. (PBF)	Philippines	**100.00**	100.00	100.00
Philequity Foreign Currency Fixed Income Fund, Inc. (PFCFF)	Philippines	**100.00**	100.00	100.00
Philequity Alpha One Fund, Inc.(PAOF)**	Philippines	**100.00**	100.00	–
Philequity Global Fund, Inc.(PGF)***	Philippines	**100.00**	100.00	–
Philequity MSCI Philippines Index Fund, Inc. (PMIF)	Philippines	**68.57**	69.18	100.00
Philequity Management, Inc. (PEMI)	Philippines	**51.00**	51.00	51.00

** Indirectly owned through VFC*
*** Incorporated on February 13, 2019*
**** Incorporated on June 24, 2019*

The Parent Company is the ultimate parent of the Group.

As of December 31, 2020, the clearances for liquidation of ICurrrencies, PBF, and PFCFF are pending with the SEC.

VFC

VFC was incorporated in the Philippines and is engaged in the fund transfer and remittance services, both domestic and abroad, of any form or kind of currencies or monies, as well as in conducting money exchange transactions as may be allowed by law and other allied activities relative thereto. VFC has an existing International Representation Agreement (Agreement) with Western Union Financial Services, Inc. (Western Union) covering its fund transfer and remittance services until December 20, 2022. VFC receives remuneration for the services provided to Western Union in accordance with the terms stipulated in the Agreement.

On January 23, 2018, the SEC approved the amendment of its Articles of Incorporation to change its company name from VFC Services, Inc. to Vantage Financial Corporation.

eBiz Financial
eBiz Financial is wholly owned by VFC. eBiz Financial was incorporated on April 11, 2005 and started commercial operations on May 9, 2005. eBiz Financial is engaged in general financing business. On April 7, 2015, eBiz Financial's BOD decided to shorten its term of existence until October 31, 2015. This was approved by the stockholders on August 1, 2015.

iCurrencies
iCurrencies, Inc. was incorporated on February 3, 2000 and started commercial operations on May 31, 2000. iCurrencies is organized primarily to engage in the business of buying and selling of foreign currencies.

In May 2001, iCurrencies effectively ceased its business of buying and selling currencies as a result of Bangko Sentral ng Pilipinas Circular No. 264, issued on October 26, 2000. Among others, the circular required additional documentation for sale of foreign currencies and required Foreign Exchange Corporations (FxCorps) to have a minimum paid-up capital of ₱50.00 million.

The Circular effectively aligned the regulations under which FxCorps are to operate to that of banks. To avoid duplication and direct competition with its previous major stockholder, iCurrencies ceased its business of buying and selling foreign currencies.

As of December 31, 2020, management intends to retain the dormant status of the Company until a viable plan to revive its operations is drawn up. In the meantime, iCurrencies is sustained by interest income on its short-term deposits.

PBF
PBF was incorporated in the Philippines, and was registered with the SEC on May 6, 2008 under the Philippine Investment Company Act (ICA) (Republic Act 2629) as an open-end mutual fund company. PBF is engaged in selling its capital to the public and investing the proceeds in diversified portfolio of peso-denominated fixed-income and equity securities. The initial investment amounted to ₱25.00 million.

In 2019, the fund has obtained tax clearance from the BIR, however, clearance for liquidation is still pending with the SEC as of December 31, 2020.

PFCFF
PFCFF was incorporated in the Philippines, and was registered with the SEC on April 10, 2008 under the Philippine ICA as an open-end mutual fund company. PFCFF is engaged in selling its capital to the public and investing the proceeds in diversified portfolio of foreign currency denominated fixed-income securities. As of December 31, 2017, PFCFF has not yet launched its capital shares to the public. The initial investment amounted to ₱25.00 million.

In 2019, the fund has obtained tax clearance from the BIR, however, clearance for liquidation is still pending with the SEC as of December 31, 2020.

PAOF
PAOF was incorporated in the Philippines, and was registered with the SEC on February 13, 2019. The primary activities of the Fund are to subscribe for, invest and re-invest in, sell, transfer or otherwise dispose of securities of all kinds, to acquire, hold, invest and reinvest in, sell, transfer or otherwise dispose of real properties of all kinds; and generally to carry on the business of an open-end investment company in all the elements and details thereof as prescribed by law.

On August 30, 2019, the SEC approved the Fund's application to register the Offer Units under the provisions of the Securities Regulation Code of the Philippines (Republic Act No. 8799). On December 9, 2019, PAOF launched its units to the public.

PGF

PGF was incorporated in the Philippines, and was registered with the SEC on June 24, 2019. The primary activities of the Fund are to subscribe for, invest and re-invest in, sell, transfer or otherwise dispose of securities of all kinds, to acquire, hold, invest and reinvest in, sell, transfer or otherwise dispose of real properties of all kinds; and generally to carry on the business of an open-end investment company in all the elements and details thereof as prescribed by law.

As of December 31, 2020, the Fund has not yet started its commercial operations pending the registration under the Philippine Investment Company Act (Republic Act No. 2629) as an open-end mutual fund company with the SEC. On January 20, 2021, the SEC approved the Fund's registration as an open-end mutual fund company.

PMIF

PMIF was incorporated in the Philippines, and was registered with the SEC on December 15, 2017 under the Philippine ICA as an open-end mutual fund company. PMIF is engaged to subscribe for, invest and re-invest in, sell, transfer or otherwise dispose of securities of all kinds, including all types of stocks, bonds, debentures, notes, mortgages, or other obligations, commercial papers, acceptances, scrip, investment contracts, voting trust, certificates, certificates of interest, and any receipts, warrants, certificates, or other instruments representing any other rights or interests therein, or in any property or assets created or issued by any all persons, firms, associations, corporations, organizations, government agencies or instrumentalities thereof; to acquire, hold, invest and reinvest in, sell, transfer or otherwise dispose of, real properties of all kinds; and generally to carry on the business of an Open-End Investment Company in all the elements and details thereof as prescribed by law.

On January 2019, PMIF launched its shares to the public.

PEMI

PEMI was incorporated in the Philippines on March 15, 1994 and is primarily engaged in the management of mutual funds.

PEMI serves as the full fund manager of the following Mutual Funds (collectively referred to as "the Funds"):

- Philequity Fund, Inc. (PEFI)
- Philequity Dollar Income Fund, Inc. (PDIF)
- Philequity Peso Bond Fund, Inc. (PPBF)
- Philequity PSE Index Fund, Inc. (PPSE)
- Philequity Resource Fund, Inc. (PRF)
- Philequity Strategic Growth Fund, Inc. (PSGF)
- Philequity Dividend Yield Fund, Inc. (PDYF)
- Philequity MSCI Philippines Index Fund, Inc.(PMIF)
- Philequity Alpha One Fund, Inc.(PAOF)

2. Summary of Significant Accounting Policies

Basis of Preparation
The accompanying consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI), which are measured at fair value. The consolidated financial statements are presented in Philippine peso and all values are rounded to the nearest peso unit except when otherwise indicated.

The financial statements of the Group provide comparative information in respect of the previous period.

Statement of Compliance
The accompanying consolidated financial statements are prepared in compliance with the Philippine Financial Reporting Standards (PFRSs).

Basis of Consolidation
The financial statements of the subsidiaries are prepared based on the same reporting period as the Parent Company using consistent accounting policies. All significant intra-group balances, transactions, income, expenses and profits and losses resulting from intra-group transactions are eliminated in full in the consolidation.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Parent Company controls an investee if and only if the Parent Company has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure or rights to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other voting shareholders of the investee;
- rights arising from other contractual arrangements; and
- the Parent Company's voting rights and potential voting rights.

Assets, liabilities, income, expenses and other comprehensive income (OCI) of a subsidiary are included in the consolidated financial statements from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Parent Company loses control over a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- derecognizes the carrying amount of any non-controlling interest;
- derecognizes the cumulative translation differences recorded in equity;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained;
- recognizes any surplus or deficit in profit or loss; and
- reclassifies the Parent Company's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Parent Company had directly disposed of the related assets and liabilities.

Non-Controlling Interest

Non-controlling interest represents the portion of profit or loss and net assets not owned, directly or indirectly, by the Parent Company and are presented in the consolidated statement of income, consolidated statement of comprehensive income, and within equity in the consolidated statement of financial position, separately from equity attributable to the Parent Company.

Profit or loss and each component of OCI are attributed to the equity holders of the Parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2020. Adoption of these pronouncements did not have any significant impact on the Group's financial position or performance, unless otherwise indicated.

- Amendments to PFRS 3, *Business Combinations, Definition of a Business*
  The amendments to PFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs.

- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments, Interest Rate Benchmark Reform*
  The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

  Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*
  The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

- Conceptual Framework for Financial Reporting issued on March 29, 2018
  The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the standard-setters in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

  The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

- Amendments to PFRS 16, *COVID-19-related Rent Concessions*
  The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
  - There is no substantive change to other terms and conditions of the lease.

  A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

  The amendments are effective for annual reporting periods beginning on or after June 1, 2020. Early adoption is permitted.

<u>Current versus Noncurrent Classification</u>
The Group presents assets and liabilities in the consolidated statement of financial position based on current or noncurrent classification. An asset is current if:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as noncurrent.

Deferred tax assets and deferred tax liabilities are classified as noncurrent assets and liabilities, respectively.

Foreign Currency Transactions
Transactions in foreign currencies are initially recorded in the Group's functional currency using the exchange rates prevailing at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency using the Philippine peso based on the Bankers Association of the Philippines (BAP) closing rate, prevailing at the reporting date and foreign currency-denominated income and expenses, at prevailing exchange rates at the date of transaction. Foreign exchange differences arising from revaluation and translation of foreign currency denominated assets and liabilities are credited to or charged against operations in the year in which the rates change. All differences are taken to the consolidated statement of income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the prevailing closing exchange rate as of the date of initial transaction.

Unrealized foreign exchange gain (loss)
This account pertains to the unrealized foreign exchange gain earned by the Group from the revaluation of their US$ denominated short-term deposits and Non-Deliverable Forward (NDF) contracts. Any foreign exchange gain earned is lodged as unrealized since, upon maturity of the deposits, the entire proceed, including interest earned, is retained in the Group's US$ bank account. Unrealized foreign exchange gain is recognized for the valuation of foreign currency denominated short-term deposits and revaluation of the NDF at month-end.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from the date of acquisition and that are subject to an insignificant risk of change in value.

Fair Value Measurement
The Group measures financial instruments at fair value at each statement of financial position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated statement of financial position on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting date.

<u>Financial Instruments - Initial Recognition and Subsequent Measurement</u>

Date of recognition

The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial instruments that require delivery of assets and liabilities within the time frame established by regulation or convention in the marketplace are recognized on the trade date.

Initial recognition of financial instruments

Financial instruments are initially recognized at fair value of the consideration given. The initial measurement of financial instruments includes transaction costs, except for financial instruments at financial assets at FVTPL.

'Day 1' difference

Where the transaction price in a non-active market is different to the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a 'Day 1' difference) in profit or loss in the consolidated statement of income unless it qualifies for recognition as some other type of asset. In cases where transaction price used is made of data which is not observable, the difference between the transaction price and model value is only recognized in profit or loss in the consolidated statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' difference amount.

In 2020, 2019 and 2018, there were no 'Day 1' differences recognized in profit or loss in the consolidated statement of comprehensive income.

Classification and subsequent measurement of financial instruments

Financial assets

Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Group’s business model for managing financial assets. The Group classifies its financial assets into the following categories: financial assets at FVTPL, financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments), financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) and financial assets measured at amortized cost.

Contractual cash flows characteristics

The Group assesses whether the cash flows from the financial asset represent “solely payment of principal and interest” or “SPPI” on the principal amount outstanding. Instruments with cash flows that do not represent as such are classified at FVTPL.

‘Principal’ for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

In making this assessment, the Group determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Business model

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group 's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers, if any, of the business are compensated.

The business model assessment is based on reasonably expected scenarios without taking ‘worst case’ or ‘stress case’ scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

As of December 31, 2020 and 2019, the Group has financial assets at FVOCI amounting to ₱0.5 million included in the statement of financial position under ‘Other noncurrent assets’ (see Note 14).

Financial assets at FVTPL
Debt financial assets that do not meet the amortized cost criteria, or that meet the criteria but the Group has chosen to designate as at FVTPL at initial recognition, are measured at fair value through profit or loss. Equity investments are classified as at FVTPL, unless the FVTPL designates an investment that is not held for trading as at FVOCI at initial recognition. The Group's financial assets at FVTPL include equity securities held for trading purposes and equity investments not designated as at FVOCI.

A financial asset is held for trading if:

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

Financial assets at FVTPL are carried at fair value and gains and losses on these instruments are recognized as 'Trading and investment securities gain (losses) - net' in the consolidated statement of comprehensive income. Interest earned on these investments is reported in the consolidated statement of income under 'Interest income' while dividend income is reported in the consolidated statement of income under 'Dividend income' when the right of payment has been established.

As of December 31, 2020 and 2019, the Group's financial assets at FVTPL consists of investments in corporate bonds, government securities, equity securities, mutual funds and derivate assets.

Derivatives classified as FVTPL
Derivative financial instruments are initially recognized at fair value on the date in which a derivative transaction is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets at FVTPL when the fair value is positive and as financial liabilities at FVTPL when the fair value is negative. Any gains or losses arising from changes in fair values of derivatives (except those accounted for as accounting hedges) are taken directly to the consolidated statement of income under 'Unrealized foreign exchange gain'. The Group have currency forwards (NDF) which are considered as stand-alone derivatives as of December 31, 2020 and 2019.

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of PFRS 9 (e.g., financial liabilities and non-financial host contracts) are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

The Group assesses the existence of an embedded derivative on the date it first becomes a party to the contract, and performs re-assessment only where there is a change to the contract that significantly modifies the contractual cash flows.

Financial assets at amortized cost
Debt financial asset is measured at amortized cost if both of the following conditions are met:
(i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
(ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method less any impairment in value, with the interest calculated recognized as 'Interest income' in the statement of income. The Group's financial assets at amortized cost consist of 'Cash and cash equivalents', 'Receivables', and security deposits (included under 'Other noncurrent assets')

Reclassifications of financial assets
The Group reclassifies its financial assets when, and only when, there is a change in the business model for managing the financial assets. Reclassifications shall be applied prospectively by the Group and any previously recognized gains, losses or interest shall not be restated.

Financial liabilities
Financial liabilities are classified as financial liabilities at FVTPL and other financial liabilities. Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

As of December 31, 2020 and 2019 the Group financial liabilities at FVTPL amounted to ₱3.38 million and ₱0.32 million, respectively.

Other financial liabilities
This category pertains to financial liabilities that are not held for trading or not designated as at FVTPL at the inception of the liability. Other financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs.

This category includes 'Accrued expenses and other liabilities'.

<u>Derecognition of Financial Assets and Financial Liabilities</u>
Financial assets
A financial asset (where applicable, a part of a financial asset, or part of a group of financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred the control over the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control over the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

Offsetting Financial Instruments
Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties. This is not generally the case with master netting agreements where the related assets and liabilities are presented gross in the consolidated statement of financial position.

Impairment of Financial Assets
PFRS 9 requires the Group to record ECL for all loans and other debt financial assets not classified as at FVTPL, together with loan commitments and financial guarantee contracts. ECL represent credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. ECL allowances will be measured at amounts equal to either (i) 12-month ECL or (ii) lifetime ECL for those financial instruments which have experienced a SICR since initial recognition. The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECL are credit losses that results from all possible default events over the expected life of the financial asset.

Definition of default
Generally, the Group defines a financial asset as in default for purposes of calculating ECL when the contractual payments are past due for more than 90 days. As part of the qualitative assessment, the Group also considers and a variety of instances that may indicate unlikeliness to pay to determine if a counterparty has defaulted.

SICR
To determine whether there has been a significant increase in credit risk in the financial assets, the Group compares credit risk at initial reporting date against credit risk as at the reporting date. The Group uses judgment combined with relevant reasonable and supportable historical and forward-looking information which are available without undue cost and effort in calculating ECL. The Group assumes that instruments with an external rating of "investment grade" from published data providers or other reputable agencies and maturities of less than 1 year at reporting date are low credit risk financial instruments and accordingly, does not have SICR since initial recognition.

For treasury exposures, a downgrade of two notches for investment grade and one notch for non-investment grade security indicates SICR since origination. The Group also presumes a SICR for receivables that are past due for 30 days. Consideration of events which caused the downgrade is relevant. Evaluation should also include historical and forward-looking information.

Assessment of ECL on a collective basis
The Group evaluates impairment of financial assets individually for those that are individually significant and collectively for those that are not. The Group groups the financial assets based on profile of customer and its payment terms and history for the collective impairment.

Staging assessment
A three-stage approach for impairment of financial assets is used, based on whether there has been a significant deterioration in the credit risk of a financial asset. These three stages then determine the amount of impairment to be recognized.

For non-credit-impaired financial instruments:
- Stage 1 is comprised of all non-impaired debt financial assets which have not experienced a SICR since initial recognition. The Group recognizes a 12-month ECL for Stage 1 debt financial assets.
- Stage 2 is comprised of all non-impaired debt financial assets which have experienced a SICR since initial recognition. The Group recognizes a lifetime ECL for Stage 2 debt financial assets.

For credit-impaired financial instruments:
Financial instruments are classified as Stage 3 when there is objective evidence of impairment.

ECL parameters and methodologies
For financial assets such as "Receivables", the Group applied the simplified approach using provision matrix that considers historical loss experience adjusted for current conditions and forward-looking inputs and assumptions. For 'Cash and cash equivalents', the Group applied the general approach in measuring ECL that considers assessment of significant increase in credit risk and adjustments for forward-looking information.

Forward-looking information
The Group incorporates forward-looking information into both its assessment of whether the credit risk of a financial asset has increased significantly since initial recognition and its measurement of ECL. A broad range of forward-looking information are considered as economic outputs such as Consumer Price Index (CPI), exchange rates, Gross Domestic Product (GDP) growth rates, imports and exports, Philippine Stock Exchange index (PSEi), stock prices and unemployment rates. The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

The key forward-looking economic variables used in each of the economic scenarios for the ECL calculations are unemployment rate, household expenditure, PSE all shares index, interest rate benchmark for 3 months and 20 years.

<u>Write-off policy</u>
The Group writes off its financial assets when it has been established that all efforts to collect and/or recover the loss has been exhausted. This may include the other party being insolvent, deceased or the obligation being unenforceable.

<u>Investments in Subsidiaries and Associates</u>
Investment in subsidiaries
Subsidiaries pertain to all entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights.

Investment in associates
Associates are entities which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. In the consolidated financial statements, investments in associates are accounted for using the equity method.

Under the equity method, an investment in an associate is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share in the net assets of the associate, less any allowance for impairment losses. Goodwill relating to an associate is included in the carrying value of the investment and is not amortized nor tested for impairment. The Group's share in an associate's post-acquisition profits or losses is recognized in the consolidated statement of income, and its share of post-acquisition movements in the associate's equity reserves is recognized directly in consolidated statement of comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

Property and Equipment
Property and equipment are carried at cost less accumulated depreciation and amortization and any impairment in value. The initial cost of property and equipment consists of its construction cost or purchase price and any costs directly attributable to bringing the property and equipment to its working condition and location for its intended use.

Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to expense in the year in which such costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

The cost of an item of property and equipment also includes costs of dismantlement, removal or restoration and the related obligation that the Group incurs at the end of the useful life of property and equipment.

When each major repairs and maintenance is performed, its cost is recognized in the carrying amount of the item of property and equipment as a replacement if the recognition criteria are satisfied. Such costs are capitalized and amortized over the next major repairs and maintenance activity.

Depreciation and amortization commences once the property and equipment are available for use and are computed using the straight-line basis over the estimated useful lives of the property and equipment as follows:

Office condominium	20 years
Furniture and fixtures	3-10 years
Office improvements	10 years
Transportation equipment	4-5 years
Server and network equipment	3 years
Leasehold improvements	2-5 years or term of lease, whichever period is shorter

The useful lives, residual values, and depreciation and amortization method are reviewed periodically to ensure that the periods, residual values, and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment. Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation and amortization are charged to the consolidated statement of income.

When property and equipment are sold or otherwise disposed of, the cost and related accumulated depreciation, amortization and any impairment in value are eliminated from the accounts and any resulting gain or loss is credited to or charged against the consolidated statement of income.

Construction in progress represents properties under construction or development and is stated at cost. This includes costs of construction, equipment, borrowing costs directly attributable to such asset during the construction period and other direct costs. Construction in progress is not depreciated until such time when the relevant assets are substantially completed and available for its intended use.

Software
Development costs of software, which are included under 'Other noncurrent assets' account in the consolidated statement of financial position, are capitalized and treated as intangible assets because their costs are not an integral part of the related hardware. Amortization is computed using the straight-line method over their estimated useful life of 3 years for software and 2 years for website.

Impairment of Non-financial assets
The Group assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU's) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the CGU to which it belongs. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized in the consolidated statement of income in the expense category consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income. After such reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Goodwill
Goodwill acquired in a business combination is initially measured as the excess of the aggregate of the consideration transferred, the amount recognized for any non-controlling interest and the fair value of the acquirer's previously-held interest, if any, over the fair value of the net assets acquired. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the investment in PEMI, the cash-generating unit to which the goodwill relates. This requires an estimation of the value in use of the investment. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the investment and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The discount rate reflects management's estimate of the risks specific to the investment.

Where the recoverable amount of the investment is less than the carrying amount of the investment, an impairment loss is recognized. Impairment loss relating to goodwill cannot be reversed in future periods.

Revenue Recognition
Revenue is recognized to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as principal in all of its revenue arrangements.

PFRS 15, *Revenue from Contracts with Customers,* establishes a five-step model to account for revenue arising from contracts with customers. The five-step model is as follows:
a. Identify the contract(s) with a customer
b. Identify the performance obligations in the contract
c. Determine the transaction price
d. Allocate the transaction price to the performance obligation in the contract
e. Recognize revenue when (or as) the entity satisfies a performance obligation

Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires the Group to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

Service income
Service income comprises PEMI's management and other related income. Fees earned from management services provided by the Group to the managed funds over a period of time are recognized over time as the services are rendered and in accordance with the Management and Distribution Agreement. Management fees are computed using a fixed percentage based on the average NAV of the managed funds computed on a daily basis. The other fees such as commissions are recognized upon subscription and sale of the Group's common shares.

Money transfer service income
This represents the commission received by the Group from Western Union for every money transfer service provided by the former for the latter. Revenue is recognized when the money transfer service with the customer has been processed, which is when Western Union acknowledges the transaction. The Group concluded that it is acting as an agent on its remittance services with Western Union. The Group is providing to Western Union a series of distinct services that are substantially the same and have the same pattern of transfer. Accordingly, the revenue on remittance services is recognized at a point in time.

Share in foreign exchange differential
Western Union establishes the rates (on a daily basis) by which the currency in which money transfer service transaction at originating currency is converted to the payment currency. A foreign exchange differential gain arises when the rate set by Western Union at the date of receipt of the cash at the originating currency is different from the rate set on the date of the actual release of the cash under the payment currency. Share from foreign exchange differential based on the percentage as agreed with Western Union is recognized when remittance service is rendered and the originating currency is converted to the payment currency. The Group concluded that it is acting as an agent on its remittance services with Western Union. The Group is providing to Western Union a series of distinct services that are substantially the same and have the same pattern of transfer. Accordingly, the revenue on remittance services is recognized at point in time.

Money changing gain
Money changing gain is related to the Group's retail foreign exchange operations in the branches. Funds received from the customers denominated in the originating currency are translated to the payment currency based on the exchange rate set by the Western Union (WU). The difference from the specified exchange rate and the current Philippine Dealing and Exchange Corporation (PDEx) closing rate is recognized as money changing gain. Income from money changing is recognized when the money exchange service has been rendered.

Other income - net
Other revenues include web development and production, media sales, portal and E-commerce revenues and digital public relations (PR) and digital strategy revenues. Revenue from web development and production is recognized based on the percentage of completion method. The stage of completion is assessed by reference to the stage of completion of the development, including completion of services provided for post-delivery service support. Revenue from media sales, portal and E-commerce is recognized at the time that services are rendered. Revenue from PR and digital strategy is recognized when services are rendered in accordance with the provisions of the contracts.

Income from business partners
This represents fees received by the Group from partner companies for other retail services in the branches including over-the-counter payment collection and airline ticketing services. Income from business partners are recognized at the time the services are rendered.

The following specific recognition criteria must also be met before revenue is recognized outside the scope of PFRS 15:

Trading and investment securities gains (losses)- net
Trading and investment securities gains (losses) - net includes all gains and losses from changes in fair value of financial assets at FVTPL, derivatives and gains and losses from disposal of financial assets at FVOCI and financial assets at FVTPL and other financial instruments. Revenue recognized from disposal of financial assets at FVOCI is gross of the commission expense paid to the broker.

Revenue is recognized on trade date upon receipt of confirmation of sale of investments from counterparties.

Interest income
Interest income on interest-bearing placements is recorded on a time proportion basis taking into account the effective yield of the asset.

Dividend income
Dividend income is recognized when the right to receive payment is established.

Realized foreign exchange gain
Realized foreign exchange gain pertains to the realized gain from the settlement of US$ denominated NDF and from the buy and sell of US$ denominated currency. Realized gain from NDF pertains to the difference between the agreed upon forward rate and the fixing rate used in the actual settlement of the NDF, translated into Philippine peso. While realized gain from the buy and sell of US$ denominated currency is the difference between the spot rate from the day the currency was bought to the day it was sold. Realized foreign exchange gain is recognized when the transactions are settled and gains are translated into Philippine peso.

Expense Recognition
Expenses are recognized when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

Cost of services and sales
Cost of services and sales, which include personnel costs and other expenses incidental to the Group's primary services, are expensed as incurred.

General and administrative expenses
General and administrative expenses, which include the cost of administering the business and are not directly associated with the generation of revenue, are expensed as incurred.

Finance Costs
Finance costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Finance costs are calculated using the EIR method in accordance with PFRS 9 and recorded as interest expense once incurred.

Leases on or after January 1, 2019
The Group assesses at contract inception whether a contract is, or contains a lease. A contract contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and ROU assets representing the right-of-use the underlying assets.

(a) ROU assets
The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term as follow:

	Years
Head Office space	5 years
Branch Office space	1 to 10 years

Depreciation of ROU asset is presented under "Depreciation and amortization" in Cost of Services (Note 19) and General and Administrative Expenses (Note 20).

Right-of-use assets are subject to impairment. Refer to the accounting policies in section *Impairment of non-financial assets*.

(b) Lease liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expense (unless they are incurred to produce inventories) in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest, presented under "Interest expense", and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option, and low-value assets recognition exemption to its leases of branch spaces that are considered of low value (i.e., below ₱250,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Leases before January 1, 2019
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A reassessment is made after inception of the lease only if one of the following applies:

(a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
(b) A renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
(c) There is a change in the determination of whether fulfillment is dependent on a specified asset; or
(d) There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the re-assessment for scenarios (a), (c) or (d) above, and at the date of renewal or extension period for scenario (b).

Group as a lessee
Leases where the lessor retains substantially all the risks and benefits of ownership of the assets are classified as operating leases. Fixed operating lease payments are recognized as expense in the consolidated statement of income on a straight-line basis over the term of the lease agreement.

Group as a lessor
Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the year in which they are earned.

<u>Retirement Cost</u>
VFC has a funded, noncontributory defined benefit retirement plan and the Parent Company, and PEMI have unfunded, noncontributory defined benefit retirement plans covering substantially all of their regular employees.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial valuations are conducted with sufficient regularity, with option to accelerate when significant changes to underlying assumptions occur.

Defined benefit costs comprise of the following:

a. service cost;
b. net interest on the net defined benefit liability or asset; and
c. remeasurements of net defined benefit liability or asset.

Service costs, which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time, which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the consolidated statement of income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group’s right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Income Taxes

Current Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the statement of financial position date. The Group periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that future taxable income will be available against which the deductible temporary differences and carryforward of unused MCIT and unused NOLCO can be utilized, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each statement of financial position date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are applicable to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

Value-added Tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as a payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

Equity

Capital stock is measured at par value for all shares issued and outstanding. When the shares are sold at a premium, the difference between the proceeds and the par value is credited to ‘Capital paid-in excess of par value’ account. Direct costs incurred related to equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are chargeable to ‘Capital paid-in excess of par value’ account. If the ‘Capital paid-in excess of par value’ is not sufficient, the excess is charged against the ‘Retained earnings’.

When the Parent Company issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

Own equity instruments which are acquired (treasury shares) are deducted from equity and accounted for at weighted average cost. No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments.

'Retained earnings' represents accumulated earnings of the Group less dividends declared.

Redeemable Units
A puttable financial instrument is classified as an equity instrument if it has all of the following features:

It entitles the Group to a pro-rata share of a Fund's net assets in the event of a fund's liquidation;
- The instrument is in the class of instruments that is subordinate to all other classes of instruments;
- All financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- The instrument does not include any contractual obligation to deliver cash or another financial asset other than the Group's right to a pro-rata share of a Fund's net assets; and
- The total expected cash flows attributable to the instrument over the life of the instrument are based substantially on the profit or loss, the change in the recognized net assets or the change in the fair value of the recognized and unrecognized net assets of a fund over the life of the instrument.

In addition to the instrument having all the above features, a fund must have no other financial instrument or contract that has:

- Total cash flows based substantially on the profit or loss, the change in the recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the Fund; and
- The effect of substantially restricting or fixing the residual return to the puttable instrument holders.

The Group classified the redeemable units as financial liabilities presented as 'Net assets attributable to unitholders of a mutual fund subsidiary' in the liability section of the statement of financial position and measure them at fair value.

Dividends on Common Shares
Dividends on common shares are recognized as a liability and deducted from equity when approved by the respective BOD and shareholders of the Parent Company and its subsidiaries while stock dividends are deducted from retained earnings upon distribution. Dividends for the year that are approved after reporting are dealt with as subsequent events.

Basic/Diluted Earnings Per Share
Basic earnings per share (EPS) is determined by dividing net income (loss) attributable to common shareholders by the weighted average number of shares outstanding during the year with retroactive adjustments for any stock split and stock dividends declared.

Diluted EPS is calculated by dividing the net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the year adjusted for the effects of any dilutive potential common shares.

As of December 31, 2020 and 2019, the Parent Company does not have dilutive potential common shares.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain that the expense relating to any provision is presented in the consolidated statement of income, net of any reimbursement.

Contingent Liabilities and Contingent Assets
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to consolidated financial statements unless the probability of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Events After the Reporting Period
Any post year-end events after reporting date that provide additional information about the Group's financial position at the reporting date (adjusting events), if any, are reflected in the consolidated financial statements. Post year-end events that are not adjusting events, if any, are disclosed in the notes to consolidated financial statements, when material.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 6. The Group's assets producing revenues are located in the Philippines (i.e., one geographical location). Therefore, geographical segment information is no longer presented.

Standards Issued but Not Yet Effective
Pronouncements issued but not yet effective up to the date of issuance of the Group's consolidated financial statements are listed below. The listing consists of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the consolidated financial statements unless otherwise indicated.

Effective beginning on or after January 1, 2021

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform - Phase 2*
  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):
  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  The Company shall also disclose information about:
  - The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
  - Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

  The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Company is not required to restate prior periods.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
  The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations,* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* or Philippine-IFRIC 21, *Levies*, if incurred separately. It also clarified that contingent assets do not qualify for recognition at the acquisition date. The Company will apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2022.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

- Amendments to PAS 37, *Onerous Contract - Costs of Fulfilling a Contract*
  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Company will apply these amendments to contracts

for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements to PFRSs 2018-2020 Cycle*
    - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
      The amendments permit a subsidiary, joint venture or associate that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS.

      The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted

    - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition financial liabilities*
      The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

      The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

    - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*
      The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41. An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted.

Effective beginning on or after January 1, 2023

- PFRS 17, *Insurance Contracts*
  PFRS 17 provides updated information about the obligation, risks and performance of insurance contracts, increases transparency in financial information reported by insurance companies, and introduces consistent accounting for all insurance contracts based on a current measurement model. The standard is effective for annual periods beginning on or after January 1, 2023. Early application is permitted but only if the entity also applies PFRS 9 and PFRS 15.

- Amendments to PAS 1, *Classification of Liabilities as Current and Non-Current*
  The amendments clarify the following to specify the requirements for classifying liabilities as current or non-current:
    - What is meant by a right to defer settlement;
    - That a right to defer must exist at the end of the reporting period;
    - That classification is unaffected by the likelihood that an entity will exercise its deferral right;
    - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the FRSC postponed the original effective date of January 1, 2016 of the said amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires the management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets, and liabilities and the accompanying disclosures, as well as disclosure of contingent assets and contingent liabilities, if any. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

The following are the critical judgments and key assumptions that have a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year:

a. *Operating lease commitments - Group as a lessee*
   The Group has entered into lease contracts for its office spaces and branches. It has determined that it has not acquired all the significant risks and rewards of ownership of the leased properties because of the following factors: (a) the Group will not acquire the ownership of the leased assets upon termination of the lease; and (b) the Group has no option to purchase the asset at a price that is sufficiently lower than the fair value at the date of the option (c) the lease term is only for a period of one year renewable annually. The Group's lease commitments are discussed in Note 22.

b. *Determining the timing of satisfaction of performance obligations*
   Assessing when the Group satisfies a performance obligation, i.e. transfer control of a promised good or service to the customer, over time or point in time involves significant judgment. Accordingly, it affects the timing of revenue recognition for these performance obligations.

Based on management's assessment, performance obligations related to remittance services (money transfer service income, share in foreign exchange differential, income from business partners and income from money changing services), are series of distinct services that are satisfied over time. As the Group renders the services, the customers simultaneously receives and consumes the benefits provided by the Group's performance of these services.

In measuring the revenue to be recognized over time, management assessed that output method faithfully depicts the Group's performance in transferring control of the services to the customers. Since the Group bills a fixed price per transaction with the customers upon satisfaction of the performance obligations, management believes that this right to consideration from a customer corresponds directly with the value to the customer of the Group's performance completed to date. Accordingly, the Group has applied the "right to invoice" practical expedient in measuring the revenue recognized over time.

c. *Recognition of deferred tax assets*
Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which the differences can be utilized. Significant management judgment is required to determine the amount of deferred tax assets to be recognized, based upon likely timing and level of future taxable income.

The deductible temporary differences for which deferred tax assets and liabilities were recognized in the statements of financial position as of December 31, 2020 and 2019 are disclosed in Note 25.

Estimates
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

a. *Fair value of financial instruments*
The fair values of derivative assets and liabilities recognized or disclosed in the consolidated financial statements cannot be derived from active markets, these are determined using a valuation technique that include the use of mathematical model. The inputs to this model are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of liquidity and identification of comparable investments and applicable credit spreads to arrive at adjusted quoted market prices.

The carrying values and corresponding fair values of derivative asset and liabilities as well as the manner in which fair values were determined are discussed in more detail in Note 5.

Derivative assets and liabilities recognized in the statement of financial position as of December 31, 2020 and 2019 are disclosed in Note 9.

b. *Leases - Estimating the incremental borrowing rate*
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the

terms and conditions of the lease. The Group estimates the IBR using observable inputs such as market interest rates when available and is required to make certain entity-specific estimates.

The Group's lease liabilities amounted to ₱29.94 million and ₱66.65 million as of December 31, 2020 and 2019, respectively (see Note 22).

c. *Credit losses on financial assets*

The Group reviews its debt financial assets subject to ECL annually with updating provisions as necessary. The measurement of credit losses requires judgment, in particular, the estimation of amount and timing of future cash flows and collateral values when determining the credit losses and the assessment of SICR. Elements of the model used to calculate ECL that are considered accounting estimates and judgments, include among others:

- Segmentation of financial assets to determine appropriate ECL model and approach
- Criteria for assessing whether there has been SICR in the debt financial assets and so allowances be measured on a lifetime ECL basis and the qualitative assessment
- Segmentation of financial assets when ECL is calculated on a collective basis
- Development of ECL models, including formula and various inputs
- Selection of forward-looking macroeconomic variables and scenarios

The gross carrying amounts of financial assets subject to ECL as of December 31, 2020 and 2019 are disclosed in Note 4, while the related ECL allowances for credit losses are disclosed in Note 8. The allowance for credit losses on these financial assets amounted to ₱72.88 million and ₱116.88 million as of December 31, 2020 and 2019, respectively (see Note 8).

4. Financial Risk Management Objectives and Policies

The Group's principal financial instruments consist of cash and cash equivalents, receivables, financial assets at FVTPL, account payable and other liabilities. The Group also has various other financial assets and liabilities such as deposits.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risks. The BOD reviews and approves the policies for managing each risk and these are summarized below.

Credit risk

Credit risk is the risk that the Group will incur a loss because its customers or counterparties failed to discharge their contractual obligations. The Group manages and controls credit risk by trading only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis so that the Group's exposure to credit losses is not that significant. Since the Group trades only with recognized third parties, there is no requirement for collateral.

As of December 31, 2020 and 2019, the Group's maximum exposure to credit risk is equal to the carrying values of its financial assets since it does not hold any collateral or other credit enhancements that will mitigate credit risk exposure.

The fair values of financial assets at FVTPL and financial assets at FVOCI represent the credit risk exposure as of the reporting date but not the maximum risk exposure that could arise in the future as a result of changes in fair value of the said instruments.

The Group's trade and other receivables and are assessed for impairment based on its lifetime ECL. The allowance for credit losses amounting to ₱72.88 million and ₱116.88 million as of December 31, 2020 and 2019, respectively, pertain to fully-impaired trade and other receivables.

Credit quality per class of financial assets
The table below shows the credit quality of the Group's financial assets based on its stage classification as of December 31, 2020 and 2019. The amounts presented are gross of impairment allowances.

	2020				
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
Neither past due nor impaired					
Grade A					
Cash and cash equivalents*	**₱2,751,118,709**	**₱–**	**₱–**	**₱–**	**2,751,118,709**
Receivables	–	–	–	**647,117,079**	**647,117,079**
Deposits (included in "Other noncurrent assets")	**16,932,168**	–	–	–	**16,932,168**
Grade B	–	–	–	–	–
Grade C	–	–	–	–	–
Impaired	–	–	**72,882,947**	–	**72,882,947**
	₱2,768,050,877	–	**₱72,882,947**	**₱647,117,079**	**₱3,488,050,903**

**Excludes cash on hand*

	2019				
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
Neither past due nor impaired					
Grade A					
Cash and cash equivalents*	₱2,149,355,583	₱–	₱–	₱–	₱2,149,355,583
Receivables	–		–	861,210,789	861,210,789
Deposits (included in "Other noncurrent assets")	16,510,508	–	–	–	16,510,508
Grade B	–	–	–	–	–
Grade C	–	–	–	–	–
Impaired	–	–	118,041,284	–	118,041,284
	₱2,165,866,091	₱–	₱118,041,284	₱861,210,789	₱3,145,118,164

**Excludes cash on hand*

The table below shows the credit quality of the Group's neither past due nor impaired financial assets based on historical experience with the corresponding third parties.

	2020			
	Grade A	**Grade B**	**Grade C**	**Total**
Cash and cash equivalents*	**₱2,751,118,709**	**₱–**	**₱–**	**₱2,751,118,709**
Receivables:				
Due from:				
Western Union	**470,513,806**	–	–	**470,513,806**
Business partners	**9,702,394**	–	–	**9,702,394**
Brokers	**16,287,834**	–	–	**16,287,834**
Trade receivables	–	**25,643,342**	**34,051,036**	**59,694,378**
Interest receivable	**37,005,000**	–	–	**37,005,000**
Receivable from sale of investment	–	–	**44,837,926**	**44,837,926**
Receivable from related parties and employees	–	**1,532,331**	–	– **1,532,331**
Others	–	**7,543.410**	–	**7,543.410**
Deposits (included in "Other noncurrent assets")	–	**16,932,168**	–	**16,932,168**
	₱3,284,627,743	**₱51,651,251**	**₱78,888,962**	**₱3,415,167,956**

**Excludes cash on hand*

	2019			
	Grade A	Grade B	Grade C	Total
Cash and cash equivalents*	₱2,149,355,583	₱–	₱–	₱2,149,355,583
Receivables:				
Due from:				
Western Union	778,453,587	–	–	778,453,587
Business partners	265,306	–	–	265,306
Brokers	459,392	–	–	459,392
Trade receivables	–	23,485,769	34,051,035	57,536,804
Interest receivable	46,119,029	–	–	46,119,029
Receivable from sale of investment	–	–	82,592,600	82,592,600
Receivable from related parties and employees	–	1,989,344	–	1,989,344
Others	–	10,438,362	–	10,438,362
Deposits (included in "Other noncurrent assets")	–	16,510,508	–	16,510,508
	₱107,087,504,392	₱52,423,983	₱116,643,635	₱3,143,720,515

**Excludes cash on hand*

The Group rates its financial assets based on internal and external credit rating system. The credit quality of treasury exposures is generally monitored through the external ratings of eligible external credit assessment rating institutions.

Credit Quality	**External Rating**				
Investment Grade (Grade A)	Aaa	Aa	A	Baa	Ba
Non-Investment Grade (Grade B)	Ba	B	Caa	Ca	C
Impaired (Grade C)	D				

Grade A financial assets pertain to those investments with counterparties of good credit standing or receivables from clients or customers that consistently pay on or before the maturity date.

Grade B accounts are active accounts with minimal to regular instances of payment, default, due to collection issues. These accounts are typically not impaired as the counterparties generally respond to the Group's collection efforts and update their payment accordingly.

Grade C include those receivables being collected on due dates with varying collection efforts required, ranging from minimum to moderate that may require close monitoring.

Cash and cash equivalents are classified as Grade A because these are deposited with reputable banks.

Financial assets at FVTPL are classified as Grade A since these mostly pertain to investments in listed companies and government-issued bonds.

Liquidity risk
Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stressful circumstances. To limit this risk, the Group closely monitors its cash flows and ensures that credit facilities are available to meet its obligations as and when they fall due. Any excess cash is invested in short-term money market placements. These placements are maintained to meet maturing obligations.

Financial assets
Except for financial assets at FVTPL, the analysis into maturity groupings is based on the remaining period from the end of the reporting period to the contractual maturity. For financial assets at FVTPL, the analysis into maturity groupings is based on the expected dates on which the assets will be realized.

Financial liabilities

The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Group can be required to pay.

The table below shows the financial assets and financial liabilities' liquidity information which includes coupon cash flows categorized based on the expected date on which the asset will be realized and the liability will be settled.

	2020					
	On Demand	**Less than 3 Months**	**3 to 12 Months**	**1 to 5 years**	**More than 5 years**	**Total**
Financial Assets						
Cash and cash equivalents*	**₱2,124,549,685**	**₱1,097,993,487**	**₱–**	**₱–**	**₱–**	**₱3,222,543,172**
Receivables:						-
Due from:						-
Western Union	**470,513,806**	–	–	–	–	**470,513,806**
Business partners and brokers	**25,990,228**	–	–	–	–	**25,990,228**
Trade receivable	**25,643,342**	–	–	–	–	**25,643,342**
Receivable from related parties and employees	–	**1,532,331**	–	–	–	**1,532,331**
Others**		**9,075,741**	–	–	–	**9,075,741**
Financial assets at FVTPL:						
Derivative assets	–	**1,681,300**	–	–	–	**1,681,300**
Mutual funds	–	**912,120,746**	–	–	–	**912,120,746**
Equity securities	–	**507,345,643**	–	–	–	**507,345,643**
Corporate bonds*	–	**442,284,416**	**3,022,434,595**	–	–	**3,464,719,011**
Government bonds*	–	**100,285,611**	**3,737,682,715**	–	–	**3,837,968,326**
Other noncurrent assets:						
Deposits	–	**16,932,168**	–	–	–	**16,932,168**
	₱2,646,697,061	**₱3,089,251,443**	**₱6,760,117,310**	**₱–**	**₱–**	**12,496,065,814**
Financial Liabilities						
Accounts payable and other liabilities:						
Due to sub-agents and brokers	**₱128,597,170**	**₱–**	**₱–**	**₱–**	**₱–**	**₱128,597,170**
Accrued expenses	–	**133,976,840**	–	-	–	**133,976,840**
Trade payable	–	**63,071,022**	–	–	–	**63,071,022**
Others***	–	–	–	–	**1,836,000**	**1,836,000**
Financial liabilities at FVTPL:						
Derivative liability	–	**3,378,309**	–	–	–	**3,378,309**
Net assets attributable to unitholders	–	**82,966,013**	–	–	–	**82,966,013**
	₱128,597,170	**₱283,392,184**	**₱–**	**₱–**	**₱1,836,000**	**₱413,825,354**

**Includes future interest (excluding cash on hand).*
***Others include advances to suppliers and other non-trade receivables.*
****Excludes statutory payables.*

	2019					
	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 years	More than 5 years	Total
Financial Assets						
Cash and cash equivalents*	₱852,887,962	₱1,651,154,810	₱–	₱–	₱–	₱2,504,042,772
Receivables:						
Due from:						
Western Union	778,453,587	–	–	–	–	778,453,587
Business partners and brokers	724,698	–	–	–	–	724,698
Trade receivable	23,485,769	–	–	–	–	23,485,769
Receivable from related parties and employees	–	1,989,344	–	–	–	1,989,344
Others**		11,306,912	–	–	–	11,306,912
Financial assets at FVTPL:						
Derivative assets	–	2,491,000	–	–	–	2,491,000
Mutual funds	–	861,745,442	–	–	–	861,745,442
Equity securities	–	388,730,183	–	–	–	388,730,183
Corporate bonds*	–	390,893,343	3,882,736,427	–	–	4,273,629,770
Government bonds*	–	28,236,906	2,883,899,332	–	–	2,912,136,238

(Forward)

	2019					
	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 years	More than 5 years	Total
Other noncurrent assets:						
Deposits		₱28,163	₱–	₱5,960,938	₱10,521,407	₱16,510,508
	₱1,655,552,016	₱3,336,576,103	₱6,766,635,759	₱5,960,938	₱10,521,407	₱11,775,246,223
Financial Liabilities						
Accounts payable and other liabilities:						
Due to sub-agents and brokers	₱235,952,002	₱–	₱–	₱–	₱–	₱235,952,002
Accrued expenses	–	124,245,680	–	-	–	124,245,680
Trade payable	–	130,842,196	–	–	–	130,842,196
Others***	–	963,061	–	–	934,478	1,897,539
Financial liabilities at FVTPL:						
Derivative liability	–	322,000	–	–	–	322,000
Net assets attributable to unitholders	–	13,289,080	–	–	–	13,289,080
	₱235,952,002	₱269,662,017	₱–	₱–	₱934,478	₱506,548,497

**Includes future interest (excluding cash on hand).*
***Others include advances to suppliers and other non-trade receivables.*
****Excludes statutory payables.*

The Group has committed lines of credit that it can access to meet its liquidity needs. As of December 31, 2020 and 2019, the Group has available credit lines with various banks amounting to ₱1.70 billion and ₱2.34 billion, respectively.

Market risk

Market risk is the risk of change in fair value of financial instruments from fluctuation in market prices (price risk), foreign exchange rates (currency risk) and market interest rates (interest rate risk), whether such change in price is caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The Group is exposed to the risk that the value of the Group's financial assets will be adversely affected by the fluctuations in the price level or volatility of one or more of the said assets. The two main components of the risks recognized by the Group are systematic risk and unsystematic risk.

Systematic risk is the variability in price caused by factors that affect all securities across all markets (e.g. significant economic or political events). Unsystematic risk, on the other hand, is the variability in price caused by factors which are specific to the particular issuer (corporation) of the debt or equity security. Through proper portfolio diversification, this risk can be minimized as losses on one particular debt or equity security may be offset by gains in another.

To further mitigate these risks, the Group ensures that the investment portfolio is adequately diversified taking into consideration the size of the portfolio.

a. *Foreign currency risk*

The Group has transactional currency exposures. The Group's financial instruments which are denominated in foreign currency include cash and cash equivalents, receivables, financial assets at FVTPL. The Group maintains several United States dollar (US$) accounts to manage its foreign currency denominated transactions.

The Group's financial assets and liabilities denominated in U.S. dollar are as follows:

	2020	2019
Cash and cash equivalents	**US$15,446,915**	US$7,602,895
Receivables	**9,959,095**	15,498,625
Investments	**10,454,297**	9,281,019
	35,860,307	32,382,539
Due to sub-agents	**(743,276)**	(1,833,806)
Net foreign currency-denominated assets	**35,117,031**	30,548,733
Currency forwards	**(41,609,000)**	(29,004,000)
Net exposure	**(US$6,491,969)**	US$1,544,733

In translating the foreign currency denominated assets and liabilities into peso amounts, the exchange rates used are ₱48.49 to US$1 and ₱50.64 to US$1 as of December 31, 2020, and December 31, 2019, respectively.

The following table presents the impact on the Group's income before income tax due to change in the fair value of its monetary assets and liabilities, brought about by a reasonably possible change in the U.S. dollar to Peso exchange rate, with all other variables held constant. There is no other impact on equity other than those affecting earnings.

	2020		2019	
	Effect on Net Income before Tax	**Change in Foreign Exchange Rate**	Effect on Net Income before Tax	Change in Foreign Exchange Rate
Increase	**₱422,752**	**+3.07%**	₱834,333	+0.90%
Decrease	**(422,752)**	**-3.07%**	(834,333)	-0.90%

The increase in U.S. dollar to Peso rate means weaker Peso against the U.S. dollar while decrease in U.S. dollar to Peso exchange rate means stronger Peso against the U.S. dollar.

b. *Equity price risk*

Equity price risk is the risk that the fair value of quoted FVTPL equity investments will fluctuate as a result of changes in the value of individual stock investments.

The table below demonstrates the sensitivity to a reasonably possible change in Philippine stock index (PSEi), with all other variables held constant, of the Group's equity classified as FVTPL equity investments, as of December 31, 2020 and 2019:

	2020		2019	
	% Variance on Equity Price	**% Variance on Equity Price**	% Variance on Equity Price	% Variance on Equity Price
Increase	**+13.256%**	**₱61,107,024**	+14.281%	₱107,338,849
Decrease	**-13.256%**	**(61,107,024)**	-14.281%	(107,338,849)

The table below demonstrates how the change in the investment portfolio of the Group's mutual funds affects profit or loss with a reasonably possible change in the NAVPs for the years ended December 31, 2020 and 2019 with all other variables held constant:

	2020		2019	
	% Variance on Net Asset Value	**% Variance on Equity Price**	% Variance on Net Asset Value	% Variance on Equity Price
Increase	**+11.598%**	**₱106,658,794**	+10.650%	₱96,654,147
Decrease	**-11.598%**	**(106,658,794)**	-10.650%	(96,654,147)

c. *Interest rate risk*
Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Group's exposure to market risk for changes in interest rates relates primarily to the Group's investments.

The Group's market risk policy requires it to manage interest rate risk by maintaining appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest-bearing financial assets.

The following table demonstrates the sensitivity of the Group's FVTPL debt securities to a reasonably possible change in interest rates for the year ended December 31, 2020, and 2019:

	2020	2019
Change in Basis Points	**Effect on Profit/Loss**	Effect on Profit/Loss
Increase by 100	**(₱115,725,392)**	(₱123,073,702)
Decrease by100	**114,083,516**	119,823,151

Capital management
The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The management considers capital stock and retained earnings as core capital of the Group.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital on the basis of the debt-to-equity ratio. As of December 31, 2020 and 2019, the Group has no interest-bearing long-term debt.

The debt-to-equity ratio as of December 31, 2020 and 2019 are as follows:

	2020	2019
Total debt (a)	**₱504,421,069**	660,790,324
Total equity (b)	**10,663,403,661**	10,230,511,672
Debt-to-equity ratio (a/b)	**0.05:1:00**	0.06:1:00

5. **Fair Value of Financial Instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents, receivables, accounts payable and other current liabilities and notes payable
The carrying amounts approximate fair values due to the short-term nature of these financial instruments.

Financial assets and liabilities at FVTPL (except derivatives)
Fair values are generally based on quoted market prices. For the Group's equity investments, fair values are determined based on quoted closing prices or bid price in cases when the former is not available in the PSE for 2020 and 2019. For the Group's fixed income investments, fair values are determined based on BVAL reference rates for 2020 and 2019, respectively.

If market prices are not readily available or if the securities are not traded in an active market, fair values are estimated using either values obtained from independent parties offering pricing services or adjusted quoted market prices of comparable investments or using the discounted cash flow methodology. For unquoted equity securities for which no reliable basis for fair value measurement is available, these are carried at cost net of impairment, if any. For the Group's mutual funds, fair values are estimated using published net asset value (NAV).

Rental deposit
Fair values are estimated using the discounted cash flow methodology using the interpolated benchmark rates. The discount rate used in estimating the fair values of rental deposits ranges from 1.00% to 3.00% and 3.11% to 3.42% of December 31, 2020 and 2019, respectively.

Derivative instruments (included under financial assets and liabilities at FVTPL)
Fair values are calculated by reference to the prevailing interest differential and spot exchange rate as of the reporting date, taking into account the remaining term to maturity of the derivative instruments. For the stock warrants, fair values are determined based on quoted prices.

Net assets attributable to unitholders of a mutual fund subsidiary
Fair values are estimated using published net asset value (NAV).

The fair value hierarchy as of December 31, 2020 and 2019 follows:

	2020				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets measured at fair value					
Financial assets at FVTPL (Note 9):					
Corporate bonds	**₱3,495,088,751**	**₱3,495,088,751**	**₱–**	**₱–**	**₱3,495,088,751**
Government bonds	**2,214,589,097**	**2,214,589,097**	**–**	**–**	**2,214,589,097**
Equities	**507,345,643**	**507,345,643**	**–**	**–**	**507,345,643**
Mutual funds	**912,120,746**	**–**	**912,120,746**	**–**	**912,120,746**
Derivative assets	**1,681,300**	**–**	**1,681,300**	**–**	**1,681,300**
	₱7,130,825,537	**₱6,217,023,491**	**₱913,802,046**	**₱–**	**₱7,130,825,537**
Financial liabilities at FVTPL					
Derivative liabilities (Note 15)	**₱3,378,309**	**₱–**	**₱3,378,309**	**₱–**	**₱3,378,309**
Assets for which fair values are disclosed					
Rental deposits	**₱18,090,505**	**₱–**	**₱–**	**₱18,090,505**	**₱18,090,505**
Liabilities for which fair values are disclosed					
Net assets attributable to unitholders of a mutual fund subsidiary (Note 16)	**₱82,966,013**	**₱–**	**₱82,966,013**	**₱–**	**₱82,966,013**

	2019				
	Carrying Value	Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Financial assets at FVTPL (Note 9):					
Corporate bonds	₱4,001,002,532	₱4,001,002,532	₱–	₱–	₱4,001,002,532
Government bonds	1,946,744,882	1,946,744,882	–	–	1,946,744,882
Equities	388,730,183	388,730,183	–	–	388,730,183
Mutual funds	861,745,441	–	861,745,441	–	861,745,441
Derivative assets	2,491,000	–	2,491,000	–	2,491,000
	₱7,200,714,038	₱6,336,477,597	₱864,236,441	₱–	₱7,200,714,038
Financial liabilities at FVTPL					
Derivative liabilities (Note 15)	₱322,000	₱–	₱322,000	₱–	₱322,000
Assets for which fair values are disclosed					
Rental deposits	₱17,668,844	₱–	₱–	₱17,668,844	₱17,668,844
Liabilities for which fair values are disclosed					
Net assets attributable to unitholders of a mutual fund subsidiary (Note 16)	₱13,289,080	₱–	₱13,289,080	₱–	₱13,289,080

Fair value measurement of financial assets and liabilities under Level 2 were based on interest rates and yield curves, implied volatilities and foreign exchange spread. The Level 3 input used in the fair value measurement of the Company's rental deposits is the interpolated benchmark rates. Significant increases (decreases) in discount rate would result in a significantly lower (higher) fair value of rental deposits.

As of December 31, 2020 and 2019, there are no transfers into and out of Level 1, Level 2, and Level 3 fair value hierarchy.

6. Segment information

For management purposes, the Group is organized into major operating business segments as follows:

a. Investment holdings
The investment holdings segment deals in the acquisition and sale of financial instruments.

b. Remittance services
The remittance services segment provides the infrastructure and services as the largest direct agent for money transfer of Overseas Filipino Workers. Beyond the remittance business, this segment facilitates the fulfillment of e-commerce transactions and serves as a payment platform for any Business to Business (B2B) or Business to Customers (B2C) initiative.

c. Mutual fund management
This segment deals in the management of mutual funds. Subject to the management agreements with the respective funds, PEMI shall manage the resources and operations of the funds. The services contemplated include Investment and re-investment of the assets of the entities in accordance with the investment policies or guidelines and in conformity with the entities' prospectus(es) and applicable Philippine laws and regulations; Preparation and submission of such information and data relating to economic conditions, industries, business, corporations, or securities; Coordination of the activities of, and extension of all necessary cooperation or assistance to, the custodian bank, the auditors and the legal counsel of the entities, without prejudice to the direct responsibility of such firms to the entities; Representation with government offices, instrumentalities and agencies, including all work required in registering the funds' securities, obtaining proper licenses and permits-complying with other legal requirements including those requirements relevant to PEMI's own operations, and submitting regular reports to various government agencies; Accounting, bookkeeping, clerical and other administrative services in the ordinary conduct of the Funds' activities, other than those services provided by the custodian, the auditors and the legal counsel; Transactions with stockbrokers for the account of the entities in connection with PEMI's investment and reinvestment of the funds' assets. In addition, PEMI shall provide such office space and other administrative facilities as the entities shall reasonably require in the ordinary conduct of its business.

Management monitors the operating results of each segment. The measure presented to manage segment performance is the segment income before tax. Segment income before tax is based on the same accounting policies as the consolidated net income except that intersegment revenues are eliminated only at the consolidation level. Transfer pricing between segments are on arm's length basis in a manner similar to transactions with third parties.

The Executive Committee (Excom) is actively involved in planning, approving, reviewing, and assessing the performance of each Group's segment. The Excom oversees the Group's decision making process. The Excom's functions are supported by the heads of each of the segments, which provide essential input and advice in the decision-making process. The Chief Operating Decision Maker is the Chief Executive Officer.

The management income earned from various funds managed by the Group comprised 22.14%, 21.64%, and 37.49% of Group's total revenue in 2020, 2019 and 2018, respectively.

The following table presents earnings and other information of operating segments presented in accordance with PFRS:

	2020				
	Investment Holdings	**Remittance Services**	**Mutual Fund Management**	**Eliminations**	**Consolidated**
Earnings Information					
Revenues	**332,626,170**	**428,874,804**	**231,762,600**	**(6,910,776)**	**986,352,798**
Cost of services and sales	**4,276,782**	**338,087,392**	**56,463,777**	**–**	**398,827,951**
Depreciation and amortization	**4,462,263**	**64,873,562**	**8,327,429**	**(4,552,635)**	**73,110,619**
Interest expense	**–**	**5,663,509**	**–**	**(1,878,968)**	**3,784,541**
Segment income before tax	**308,862,209**	**41,902,798**	**154,403,889**	**(984,602)**	**504,184,294**
Provision for income tax	**16,743,530**	**18,482,269**	**42,677,194**	**104**	**77,903,097**
Net income attributable to continuing operations	**292,118,679**	**23,420,529**	**111,726,695**	**(984,706)**	**426,281,197**
Other Information					
Segment assets	**9,068,958,680**	**1,418,059,619**	**1,156,893,721**	**(476,087,290)**	**11,167,824,730**
Segment liabilities	**112,557,863**	**283,265,865**	**135,147,967**	**(26,550,626)**	**504,421,069**
Costs to acquire property and equipment	**96,000**	**5,501,812**	**1,307,779**	–	**6,905,591**
Net cash flows (used) provided by					
Operating activities	**437,365,446**	**178,982,861**	**117,693,738**	–	**734,042,045**
Investing activities	**(1,111,229)**	**(13,176,162)**	**(1,307,771)**	–	**(15,595,162)**
Financing activities	**71,081,652**	**(33,603,033)**	–	–	**37,478,619**

	2019				
	Investment Holdings	Remittance Services	Mutual Fund Management	Eliminations	Consolidated
Earnings Information					
Revenues	₱597,458,757	₱509,874,878	₱305,770,501	(₱10,032,072)	₱1,403,072,064
Cost of services and sales	5,242,202	369,368,903	67,051,496	–	441,662,601
Depreciation and amortization	5,383,275	65,448,270	12,341,452	(4,637,881)	78,535,116
Interest expense	–	7,753,846	–	(2,206,814)	5,547,032
Segment income before tax	556,054,702	81,509,614	209,067,360	385,964	847,017,640
Provision for income tax	(11,814,323)	24,415,178	59,021,066	320,764	71,942,685
Net income attributable to continuing operations	567,869,025	57,094,436	150,046,294	65,200	775,074,955
Other Information					
Segment assets	8,763,847,678	1,603,252,257	1,047,669,661	(519,890,000)	10,894,879,596
Segment liabilities	77,140,318	496,247,668	151,174,096	(61,843,415)	662,718,667
Costs to acquire property and equipment	745,032	33,556,990	5,030,611	–	39,332,633
Net cash flows (used) provided by					
Operating activities	(3,179,827,231)	29,474,524	167,268,655	–	(2,983,084,052)
Investing activities	(9,563,566)	–	(8,153,722)	–	(17,717,288)
Financing activities	93,253,518	(6,123,218)	–	–	87,130,300

	2018				
	Investment Holdings	Remittance Services	Mutual Fund Management	Eliminations	Consolidated
Earnings Information					
Revenues	(₱153,817,834)	₱549,844,055	₱282,155,350	(₱382,250)	₱677,799,320
Cost of services and sales	8,478,516	365,608,007	66,641,875	–	440,728,398
Depreciation and amortization	4,913,767	10,302,860	9,893,615	–	25,110,242
Interest expense	4,125	8,257,065	–	–	8,261,190
Segment income before tax	(108,186,552)	162,444,017	184,525,755	(382,250)	238,400,969
Provision for income tax	17,922,587	49,419,521	53,508,208	–	120,850,316
Net income attributable to continuing operations	(126,109,139)	113,024,496	131,017,546	(382,250)	117,550,652
Other Information					
Segment assets	8,065,462,189	1,420,516,842	892,725,816	(450,652,027)	9,928,052,820
Segment liabilities	117,929,090	334,037,221	132,009,067	(5,095,601)	578,879,777
Costs to acquire property and equipment	(17,911,741)	44,088,699	16,203,133	–	42,380,091
Net cash flows provided by					
Operating activities	1,853,506,919	46,325,473	137,003,942	–	2,036,836,334
Investing activities	(169,588,259)	59,336,800	(16,203,133)	187,500,000	61,045,408
Financing activities	–	(2,850,957,067)	–	–	(2,850,957,067)

Eliminating entries pertaining to revenue represents the elimination of accumulated market gains from the Parent Company's mutual fund investments in PMIF, PAOF, PGF, PBF and PFCFF. Eliminating entries for segment assets is the net effect of eliminating the cost of the Parent Company's investment in its subsidiaries, and any intercompany receivables. While eliminating entry for segment liabilities represent elimination of intercompany payables.

PEMI qualifies as a subsidiary with significant non-controlling interest. The financial information under the mutual fund management segment pertains solely to PEMI.

7. Cash and Cash Equivalents and Short-term Investments

This account consists of:

	2020	2019
Cash on hand	**₱468,686,325**	₱354,687,189
Cash in banks	**1,655,863,360**	498,200,773
Short-term investments	**1,095,255,349**	1,651,154,810
	₱3,219,805,034	₱2,504,042,772

Cash in banks earn interest at the prevailing bank deposit rates. Short-term investments are made for varying periods of one to three months depending on the immediate cash requirements of the Group. These short-term investments earn annual interest rates ranging from 0.25% to 4.5% in 2020, 0.50% to 6.98% in 2019 and 0.63% to 6.80% in 2018.

Interest income from cash and cash equivalents amounted to ₱31.34 million, ₱112.81 million and ₱132.28 million in 2020, 2019 and 2018 respectively (see Note 18).

8. Receivables

This account consists of:

	2020	2019
Due from:		
Western Union	**₱470,513,806**	₱778,453,587
Business partners	**9,702,394**	265,306
Brokers	**16,287,834**	459,392
Receivable from sale of investment	**44,837,926**	82,592,600
Trade receivables	**59,694,378**	57,536,804
Accrued interest receivable	**37,005,000**	46,119,029
Advances to employees	**1,532,331**	1,989,344
Others	**7,543,410**	10,677,674
	647,117,079	978,093,736
Less: Allowance for credit losses	**(72,882,947)**	(116,882,947)
	₱574,234,132	₱861,210,789

Due from Western Union represents pay-outs of VFC for fund transfers and remittance services, which were not yet reimbursed by Western Union as of December 31, 2020 and 2019.

Due from business partners include receivables from counterparty banks for cash to be delivered to the branches.

Since Management believes that there is significant uncertainty with respect to the recovery of its investment in Lucky Star as a result of the Supreme Court decision to shut down Jai-alai operations, the Parent Company sold its investment in Lucky Star for ₱96.59 million (a company incorporated to operate off-front on betting stations in the Philippines). The related receivable from the sale, which is collectible over ten years at certain pre-agreed installment terms until 2012, has been fully provided with allowance for impairment and credit losses. In 2020 and 2019, the Board of Directors approved the write-off of receivables from the sale of investment in Lucky Star amounting to ₱44.00 million and ₱14.00 million, respectively.

The terms and conditions of receivables are as follows:

- Due from Western Union, sub-agents, and business partners generally have one to four days' term.
- Due from broker is usually collectible within three days.
- Trade receivables include receivables from advertising and web development services which are normally collectible within two to four months after billing is made. This also includes management and commission income earned from the funds managed by the Group.
- Other receivables are all short-term in nature.

Details of allowance for credit losses as of December 31, 2020 and December 31, 2019 are as follows:

	2020	2019
Trade receivables	**₱34,051,035**	₱34,051,035
Receivable from sale of investment	**38,592,600**	82,592,600
Others	**239,312**	239,312
	₱72,882,947	₱116,882,947

In 2020 and 2019, receivables amounting to ₱72.88 million and ₱116.88 million were carried at stage 3 and there were no transfers into and out of stage 3.

The rollforward analysis of allowance for credit losses follow:

	2020			
	Trade receivables	**Receivable from sale of investment**	**Others**	**Total**
Balance at January 1	**₱34,051,035**	**₱82,592,600**	**₱239,312**	**₱116,882,947**
Write-off	**–**	**(44,000,000)**	**–**	**(44,000,000)**
Balance at December 31	**₱34,051,035**	**₱38,592,600**	**₱239,312**	**₱72,882,947**

	2019			
	Trade receivables	Receivable from sale of investment	Others	Total
Balance at January 1	₱34,051,035	₱96,592,600	₱239,312	₱130,882,947
Write-off	–	(14,000,000)	–	(14,000,000)
Balance at December 31	₱34,051,035	₱82,592,600	₱239,312	₱116,882,947

9. **Investment Securities**

Financial Assets at FVTPL

This account consists of investments in:

	2020	2019
Corporate bonds	**₱3,495,088,751**	₱4,001,002,532
Mutual funds	**912,120,746**	861,745,442
Government bonds	**2,214,589,097**	1,946,744,882
Equities	**507,345,643**	388,730,182
Derivative assets	**1,681,300**	2,491,000
	₱7,130,825,537	₱7,200,714,038

In 2020, 2019 and 2018, interest income from government and corporate bonds amounted to ₱263.20 million, ₱248.70 million and ₱55.71 million, respectively (see Note 18).

Government bonds
Government bonds include peso-denominated securities which earn interest ranging from 2.62% to 5.50% in 2020, 2.90% to 5.50% in 2019 and 2.90% to 3.70% in 2018. It also includes dollar-denominated bonds with interest rates ranging from 3.75% to 4.10% in 2020 and 2019 and 4.10% to 7.13% in 2018.

Corporate bonds
Corporate bonds include peso-denominated securities which earn interest ranging from 3.12% to 5.09% in 2020, 3.36% to 5.65% in 2019 and 3.36% to 5.44% in 2018. It also includes dollar-denominated securities with interest rates ranging from 3.28% to 7.38% in 2020 and 2019 and 2.75% to 7.36% in 2018.

Equity Securities
Quoted equity securities pertain to investments in stocks listed in the PSE.

Dividend income earned from FVTPL equity securities amounted to ₱9.74 million, ₱5.58 million and ₱5.84 million in 2020, 2019 and 2018, respectively (see Note 18).

Derivative instruments
The Group's outstanding currency forward contracts have an aggregate notional amount of $41.61 million and US$29.04 million as of December 31, 2020 and 2019, respectively.

As of December 31, 2020 and 2019, the weighted average forward contract rate is ₱48.12 to US$1 and ₱50.72 to US$1, respectively. As of December 31, 2020 and 2019, the Group is in a net sell US dollar position.

The movements in the Group's derivative instruments are as follows:

	2020	2019
Balance at beginning of year		
Derivative assets	**₱2,491,000**	₱22,761,867
Derivative liabilities	**(322,000)**	(914,000)
	2,169,000	21,847,867

(Forward)

	2020	2019
Fair value changes	**₱118,311,247**	₱76,590,081
Settled transactions (Note 10)	**(122,177,256)**	(96,268,948)
	(3,866,009)	(19,678,867)
Balance at end of year		
Derivative assets	**1,681,300**	2,491,000
Derivative liabilities (Note 15)	**(3,378,309)**	(322,000)
	(₱1,697,009)	₱2,169,000

In 2020, 2019 and 2018, settled transactions amounted to ₱122.18 million, ₱96.27 million and ₱77.14 million, respectively. Settled transactions are recognized in 'Realized foreign exchange gain (loss)' (see Note 10).

Trading and investment securities gain (loss) from financial assets at FVTPL consists of:

	2020	2019	2018
Realized gain (loss) from sale of:			
Unit investment trust fund	**₱–**	₱–	₱64,451,927
Equity securities	**(9,299,363)**	(5,641,910)	126,537,212
Bonds	**64,683,179**	58,701,608	(17,982,463)
	55,383,816	53,059,698	173,006,676
Changes in fair value of:			
Bonds	**(4,485,609)**	179,970,605	(27,145,068)
Equity securities	**65,416,338**	16,310,799	(145,513,918)
Mutual funds	**(71,496,022)**	25,542,738	(310,499,388)
Unit investment trust fund	**–**	–	(2,235,858)
	(10,565,293)	221,824,142	(485,394,232)
	₱44,818,523	₱274,883,840	(₱312,387,556)

Mutual Funds
Mutual funds represent investment in shares of:

	2020	2019
Philequity Fund, Inc. (PEFI)	**₱583,379,175**	₱635,850,046
Philequity Dividend Yield Fund, Inc. (PDYF)	**196,220,305**	210,861,383
Philequity PSE Index Fund, Inc. (PPSE)	**132,521,266**	15,034,013
	₱912,120,746	₱861,745,442

Movement in the Group's mutual fund investment is shown below:

	2020	2019
Beginning	**₱861,745,442**	₱833,020,454
Subscription	**121,871,326**	3,182,250
Revaluation	**(71,496,022)**	25,542,738
	₱912,120,746	₱861,745,442

Investment in shares of PEFI, PDYF, PBFI, PCFCI and PPSE are valued at net asset value per share (NAVPS). NAVPS is computed by dividing net assets (total assets less total liabilities) by the total number of redeemable shares issued and outstanding as of reporting date. The assets consist of equity shares listed in the Philippine Stock Exchange (PSE).

10. **Foreign Exchange Income**

Breakdown of the foreign exchange income is presented below:

	2020	2019	2018
Realized Foreign Exchange Gain (Loss)			
Derivative assets (Note 9)	**₱122,177,256**	₱96,268,948	₱77,144,645
Money changing	**(70,075,249)**	(1,075,984)	(2,118,834)
	₱52,102,007	₱95,192,964	₱75,025,811

	2020	2019	2018
Unrealized Foreign Exchange Gain (Loss)			
Cash and cash equivalents	**(₱17,758,964)**	(₱39,922,496)	₱122,128,178
Receivables	**498,439**	82,373	17,857,007
Debt Instruments	**(22,319,284)**	(21,334,695)	688,599
Due to Sub-Agent	**(1,149,353)**	266,696	22,049,937
Derivatives	**565,922**	(24,462,676)	(130,458,506)
	(₱40,163,240)	(₱85,370,798)	₱32,265,215

Realized foreign exchange gains (losses) pertains to the amount realized upon the settlement of the Group's derivative assets and realized gain from the buy and sell of US$ denominated currency.

Unrealized foreign exchange gain pertains to the translated gains from settlement of short-term deposits and the translated revaluation of derivative assets at FVTPL at year-end.

11. **Prepaid Expenses and Other Current Assets**

This account consists of:

	2020	2019
Input value added tax	**₱3,455,342**	₱11,188,921
Prepaid expenses	**1,324,291**	1,253,612
Others	**1,900,860**	618,368
	6,680,493	13,060,901
Less: Allowance for impairment losses	**(2,687,188)**	(2,687,188)
	₱3,993,305	₱10,373,713

Prepaid expenses pertain to prepayments for office rent, utilities, insurance and taxes. Others include leased branch spaces construction and renovation deposits paid by the Group in 2020 and 2019.

12. **Investment in Associate**

Details of investments in an associate follow:

Acquisition cost:	
Fifth Agency Unified Services, Inc. (FAUSI)	₱300,000
Allowance for impairment	(180,772)
	₱119,228

There are no movements in the allowance for impairment on investment in FAUSI. Investment in an associate represents VFC' 25.00% ownership in FAUSI. FAUSI was incorporated in the Philippines on August 10, 2004 and started commercial operations on April 4, 2005. FAUSI is engaged in electronic commerce and trading, through the internet-based facilities and other on-line transactions, including but not limited to the development and marketing of goods and services and electronic value or debit cards.

On February 4, 2008, the BOD has decided to stop and wind down FAUSI's operations effective March 2008. In 2012, the BOD approved the liquidation of FAUSI. On November 13, 2015, the BOD decided to shorten FAUSI's term of existence until November 15, 2015. This was approved by the stockholders on December 4, 2015.

The following table presents the financial information of FAUSI (amounts in thousands):

Year	Total Assets	Total Liabilities	Loss
2020	**₱916**	**₱641**	**(₱41)**
2019	916	641	(41)

FAUSI has no noncurrent assets and noncurrent liabilities as of December 31, 2019 and 2018.

FAUSI is a private company and there is no quoted market price available for its shares.

In June 2017, FAUSI has obtained their clearance from the Bureau of Internal Revenue (BIR) to distribute and settle remaining assets and liabilities.

As of December 31, 2020, FAUSI has not received SEC clearance to distribute and settle its remaining assets and liabilities.

13. **Property and Equipment**

This account consists of:

	2020						
	Office Condominium	**Leasehold Improvements**	**Transportation Equipment**	**Furniture and Fixtures**	**Server and Network Equipment**	**Office Improvements**	**Total**
Cost							
Balance at beginning of year	**₱124,147,287**	**₱207,682,912**	**₱36,792,800**	**₱165,350,683**	**₱16,762,179**	**₱11,266,837**	**₱562,002,698**
Additions	**–**	**–**	**–**	**1,146,415**	**5,938,996**	**920,617**	**8,006,028**
Disposals	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Balance at end of year	**124,147,287**	**207,682,912**	**36,792,800**	**166,497,098**	**22,701,175**	**12,187,454**	**570,008,726**
Accumulated Depreciation and Amortization							
Balance at beginning of year	**16,542,264**	**164,034,280**	**27,542,717**	**156,635,073**	**13,793,443**	**2,021,066**	**380,568,843**
Depreciation and amortization (Notes 19 and 20)	**8,270,359**	**13,560,514**	**3,452,587**	**4,066,840**	**5,145,800**	**2,307,912**	**36,804,012**
Disposals	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Balance at end of year	**24,812,623**	**177,594,794**	**30,995,304**	**160,701,913**	**18,939,243**	**4,328,978**	**417,372,855**
Net Book Value	**₱99,334,664**	**₱30,088,118**	**₱5,797,496**	**₱5,795,185**	**₱3,761,932**	**₱7,858,476**	**₱152,635,871**

	2019						
	Office Condominium	Leasehold Improvements	Transportation Equipment	Furniture and Fixtures	Server and Network Equipment	Office Improvements	Total
Cost							
Balance at beginning of year	₱124,147,287	₱191,805,379	₱33,173,157	₱157,043,751	₱8,099,460	₱8,401,037	₱522,670,071
Additions	–	15,877,533	3,619,643	8,306,932	8,662,719	2,865,800	39,332,627
Balance at end of year	124,147,287	207,682,912	36,792,800	165,350,683	16,762,179	11,266,837	562,002,698
Accumulated Depreciation and Amortization							
Balance at beginning of year	8,270,602	155,469,740	23,920,688	148,395,137	8,094,799	140,017	344,290,983
Depreciation and amortization (Notes 19 and 20)	8,271,662	8,564,540	3,622,029	8,239,936	5,698,644	1,881,049	36,277,860
Balance at end of year	16,542,264	164,034,280	27,542,717	156,635,073	13,793,443	2,021,066	380,568,843
Net Book Value	₱107,605,023	₱43,648,632	₱9,250,083	₱8,715,610	₱2,968,736	₱9,245,771	₱181,433,855

Office condominium pertains to office units acquired by the Group which were turned-over in December 2017.

Fully depreciated assets are retained in the account until they are no longer in use and no further depreciation and amortization are charged against current operations. As of December 31, 2020 and 2019, the cost of fully depreciated assets still being used in operations amounted to ₱358.73 million and ₱342.55 million, respectively.

Depreciation and amortization for the years ended December 31, 2020, 2019 and 2018 are as follows:

	2020	2019	2018
Property and equipment	**₱36,804,012**	₱36,277,860	₱19,542,657
Right-of-use assets (Note 22)	**33,369,471**	38,269,745	–
Software and website costs (Note 14)	**3,157,227**	3,987,511	5,560,227
	₱73,330,710	₱78,535,116	₱25,102,884

The table below presents the allocation of depreciation and amortization between cost of services and general and administrative expenses.

	2020			2019			2018		
	Cost of services (Note 19)	**General and administrative expenses** (Note 20)	**Total**	Cost of services (Note 19)	General and administrative expenses (Note 20)	Total	Cost of services (Note 19)	General and administrative expenses (Note 20)	Total
Property and equipment	**₱19,211,453**	**₱17,592,559**	**₱36,804,012**	₱17,557,795	₱18,720,065	₱36,277,860	₱7,868,824	₱11,673,833	₱14,213,731
Right-of-use assets (Note 22)	**33,369,471**	–	**33,369,471**	38,269,745	–	38,269,745	–	–	–
Software and website costs (Note 14)	**2,525,782**	**631,445**	**3,157,227**	474,720	3,512,791	3,987,511	373,464	5,186,763	5,489,187
	₱55,106,706	**₱18,224,004**	**₱73,330,710**	₱56,302,260	₱22,232,856	₱78,535,116	₱8,242,288	₱16,860,596	₱19,702,918

14. Other Noncurrent Assets

This account consists of:

	2020	2019
Rental and other deposits	**₱23,200,661**	₱22,794,002
Software and website costs	**15,834,000**	8,621,431
Deferred input VAT	**3,376,718**	5,918,689
Goodwill	**3,654,985**	3,654,985
Others	**722,398**	722,414
	46,788,762	41,711,521
Less: Allowance for credit and impairment losses	**(1,660,752)**	(1,660,752)
	₱45,128,010	₱40,050,769

Rental and other deposits represent payments required under the lease contracts of EBSI and PEMI's branches with the lessor as a security deposit for the rented premises. This will be returned upon termination of the lease agreement. In 2019, the Group has written off the allowance for uncollectible rental deposit amounting to ₱2.69 million.

The goodwill recognized in the consolidated statement of financial position pertains to the acquisition cost of PEMI in 1994. In 2020, 2019 and 2018, no provision for impairment was provided for the recognized goodwill.

The movements in software and website costs follow:

	2020	2019
Cost		
Balance at beginning of year	**₱39,487,337**	₱33,937,965
Additions	**10,369,796**	5,549,372
Balance at end of year	**49,857,133**	39,487,337
Accumulated Amortization		
Balance at beginning of year	**30,865,906**	26,878,395
Amortization (Notes 13, 19 and 20)	**3,157,227**	3,987,511
Balance at end of year	**34,023,133**	30,865,906
	₱15,834,000	₱8,621,431

15. **Accounts Payable and Other Current Liabilities**

This account consists of:

	2020	2019
Due to sub-agents and brokers	**₱128,597,170**	₱235,952,003
Accrued expenses	**133,976,840**	124,245,680
Trade payables	**64,907,022**	130,842,196
Documentary stamp tax	**14,486,384**	14,860,493
Output value added tax	**12,368,529**	22,384,298
Expanded withholding tax	**5,056,339**	4,430,828
Derivative liabilities (Note 9)	**3,378,309**	322,000
Others	**2,632,930**	3,953,495
	₱365,403,523	₱536,990,993

Nature of the liabilities follow:

- Due to sub-agents and brokers are noninterest-bearing and are normally settled on a two to four days' term. Due from sub-agents arises from money transfer services and are shown net of related payables to the same sub-agents. Sub-agent accounts with net payable balances are shown under 'Accounts payable and other current liabilities' in the consolidated statement of financial position.
- Accrued expenses consists of accruals for profit sharing costs, vacation leave and sick leave conversion, insurance, security services, cash delivery services, utilities, media buys and others.
- Trade payables, accrued expenses and other payables are normally settled on a 60 to 90-day term.
- Other payables include merchant deposits, sundry credits, Pag-ibig and Philhealth premiums and other dues.

Trade payables, accrued expenses and other payables are all short-term in nature. These are settled within one year after the reporting period.

16. Net Assets Attributable to Unitholders of a Mutual Fund Subsidiary

This account pertains to the net assets of the unitholders of PAOF consolidated in the financial statements of the Group. The movements in this account in 2020 and 2019 follow:

	2020	2019
Balance beginning of year	**₱13,289,080**	–
Subscriptions	**73,251,058**	₱13,289,100
Redemptions	**(3,574,125)**	(20)
Balance at end of year	**₱82,966,013**	₱13,289,080

The details of the net assets attributable to unitholders of a mutual fund subsidiary consolidated in the Group's financial assets follow:

	2020	2019
Assets		
Cash and cash equivalents	**₱16,730,080**	₱3,222,776
Financial assets at fair value through profit or loss	**73,130,536**	11,507,704
Other receivable	**7,566,761**	191
Liabilities		
Accrued expenses and other liabilities	**(1,228,295)**	(1,441,591)
Capital		
Accumulated earnings	**(13,233,069)**	–
	₱82,966,013	₱13,289,080

Financial assets at FVTPL consist of held-for-trading investments in shares of stock listed in the PSE.

17. Notes Payable

In 2019, the Group availed of various unsecured US$ denominated short-term loans from different counterparty banks with terms ranging from 1 to 30 days. Annual interest rates range from 2.30% to 4.00%.

The amount of short-term loans and their outstanding balances follows:

	2019
Loans outstanding at beginning of year	₱–
Loan availments	360,000,000
Loan payments	(360,000,000)
Loans outstanding at end of year	₱–

Interest expense incurred on short-term loans amounted to nil, ₱0.17 million, and ₱8.26 million in 2020, 2019 and 2018, respectively.

18. **Revenues**

Set out below is the disaggregation of the Group's revenues from contracts with customers and revenues not covered under PFRS 15 for the year ended December 31, 2020 and 2019:

			2020	
	Investment Holdings	**Remittance services**	**Mutual Fund Management**	**Total**
Revenues within the scope of PFRS 15:				
Money transfer service income	**₱–**	**₱245,730,752**	**₱–**	**₱245,730,752**
Service income	**–**	**–**	**210,515,123**	**210,515,123**
Share in foreign exchange differential	**–**	**116,480,066**	**–**	**116,480,066**
Money changing gain	**179,562**	**51,999,179**	**–**	**52,178,741**
Income from business partners	**–**	**11,498,468**	**–**	**11,498,468**
Revenues outside the scope of PFRS 15:				
Interest income (Notes 7, 8 and 9)	**276,051,828**	**2,818,469**	**16,170,374**	**295,040,671**
Trading and investment securities gains (losses) - net (Note 9)	**44,818,523**	**–**	**–**	**44,818,523**
Dividend income (Note 9)	**9,743,567**	**–**	**–**	**9,743,567**
Other income	**438**	**294,025**	**52,424**	**346,887**
	₱330,793,918	**₱428,820,959**	**₱226,737,921**	**₱986,352,798**

			2019	
	Investment Holdings	Remittance services	Mutual Fund Management	Total
Revenues within the scope of PFRS 15:				
Money transfer service income	₱–	₱302,351,085	₱–	₱302,351,085
Service income	–	–	256,404,723	256,404,723
Share in foreign exchange differential	–	128,649,961	–	128,649,961
Money changing gain	–	48,846,546	–	48,846,546
Income from business partners	–	18,282,276	–	18,282,276
Revenues outside the scope of PFRS 15:				
Interest income (Notes 7, 8 and 9)	312,756,299	11,590,162	42,803,809	367,150,270
Trading and investment securities gains (losses) - net (Note 9)	275,303,840	(420,000)	–	274,883,840
Dividend income (Note 9)	5,576,266	–	–	5,576,266
Other income	273,982	574,848	78,267	927,097
	₱593,910,387	₱509,874,878	₱299,286,799	₱1,403,072,064

			2018	
	Investment Holdings	Remittance services	Mutual Fund Management	Total
Revenues within the scope of PFRS 15:				
Money transfer service income	₱–	₱335,208,220	₱–	₱335,208,220
Service income	–	–	254,089,568	254,089,568
Share in foreign exchange differential	–	139,418,708	–	139,418,708
Money changing gain	–	47,106,647	–	47,106,647
Income from business partners	–	18,068,462	–	18,068,462
Revenues outside the scope of PFRS 15:				
Interest income (Notes 7, 8 and 9)	152,125,779	8,433,736	27,979,990	188,539,505
Trading and investment securities gains (losses) - net (Note 9)	(312,387,556)	–	–	(312,387,556)
Dividend income (Note 9)	5,863,058	–	–	5,863,058
Other income	764,570	1,042,346	85,793	1,892,709
	(₱153,634,149)	₱549,278,119	₱282,155,351	₱677,799,321

Total interest income follows:

	2020	2019	2018
Investments at amortized cost			
Cash and cash equivalents (Note 7)	**₱31,840,781**	₱112,809,095	₱132,282,743
Investment securities at amortized cost (Note 9)	–	510,563	548,246
Others (Note 8)	–	5,133,978	–
	31,840,781	118,453,636	132,830,989
Financial assets at FVTPL (Note 9)	**263,199,890**	248,696,634	55,708,516
	₱295,040,671	₱367,150,270	₱188,539,505

PEMI acts as the fund manager of the Funds. As fund manager of the Funds, PEMI is entitled to the following, pursuant to the Management and Distribution Agreement dated March 14, 2003 and entered into with the Funds which is effective year on year unless terminated by both parties:

a. Management income of a maximum of 1.50% per annum is computed based on daily net asset value (NAV) of the Funds. On a monthly basis, PEMI bills the Fund management fee based on the average monthly computed NAV, payable the following month. The NAV shall be determined in accordance with the procedures agreed upon by the parties.

b. The Funds shall remit to PEMI for sales commission of a maximum of 3.50% of the gross investment based on tiered-front end sales schedules charged to shareholders. This is recorded as ‘Receivables’ (Note 8) and collectible the following month.

PEMI recognized management and commission income (presented as ‘Service income’) amounting ₱210.52 million and ₱256.40 million and ₱254.09 million in 2020, 2019 and 2018, respectively.

19. Cost of Services

This account consists of:

	2020	2019	2018
Personnel costs	**₱130,642,016**	₱135,565,479	₱130,684,786
Service and commission expense	**93,226,446**	118,877,850	129,468,074
Depreciation and amortization (Note 13)	**55,106,706**	56,302,260	8,242,288
Outside services	**31,656,668**	36,579,158	36,514,942
Cash delivery services	**28,315,706**	27,484,339	27,786,404
Rent (Note 22)	**22,570,112**	22,039,146	61,714,420
Travel and transportation	**14,161,930**	11,811,958	1,637,406
Communication, light and water	**8,748,893**	12,062,061	19,295,675
Supplies	**5,689,674**	6,631,302	8,277,849
Taxes and licenses	**4,631,862**	5,391,873	10,927,176
Repairs and maintenance	**2,462,366**	5,401,942	2,394,034
Entertainment, amusement and recreation	**693,728**	1,474,167	1,199,253
Advertising	**552,138**	1,713,378	2,133,304
Retirement expense (Note 23)	**369,706**	327,688	383,757
Others	–	–	69,030
	₱398,827,951	₱441,662,601	₱440,728,398

Nature of the 'Cost of services' are as follows:

- Services and commission fees refer to sales load and trail commissions paid to distributors and agents of the Group. The trail commission is based on the average net asset value (NAV) held by the distributor or agent in the relevant fund managed by the Group. This also include amount paid to the Group's sub-agents as their share in the commission income earned by the Group from WU. Included herein as well is the commission fee paid by the Group to its broker upon sale of its equity securities.
- Branch personnel costs consist of trainings and seminar costs, basic salaries, overtime pay and other employee benefits.
- Outside services pertain to payroll payments for contracted security guards and utilities/maintenance workers of all branches.
- Rent represents short-term lease of branch offices.
- Cash delivery services represent charges paid to contracted banks for the delivery of cash to several branches of the Group.

20. General and Administrative Expenses

This account consists of:

	2020	2019	2018
Personnel costs	**₱28,845,667**	₱31,237,263	₱30,793,168
Depreciation and amortization (Note 13)	**18,224,004**	22,232,856	16,860,596
Legal and professional fees	**11,448,776**	13,248,140	6,209,408
Taxes and licenses	**10,343,543**	12,747,296	23,667,022
Transportation and communication	**9,259,361**	7,865,117	14,562,083
Indemnity cost	–	10,000,000	–
Membership fees and other dues	**4,802,321**	5,914,295	2,617,349
Repairs and maintenance	**2,110,254**	3,150,579	2,244,486
Retirement expense (Note 23)	**2,135,700**	2,037,329	1,925,827
Office supplies	**1,607,330**	2,056,594	2,646,776
Insurance	**1,126,188**	289,194	1,209,229
Entertainment, amusement and recreation	**757,810**	1,161,970	1,495,919
Commission expense	**470,743**	497,654	2,335,026
Outside services	**440,242**	1,174,212	762,805
Advertising	–	257,302	2,182,836
Utilities	**98,231**	203,286	1,431,168
Others	**3,421,306**	4,754,941	4,760,552
	₱95,091,476	₱118,828,028	₱115,704,250

Nature of the 'General and administrative expenses' are as follows:

- Head office personnel costs consist of trainings and seminar costs, basic salaries, overtime pay and other employee benefits.
- Utilities expense represents payments for the telephone and telefax expenses and internet charges of the Group.

21. **Other Income - Net**

This account consists of:

	2020	2019	2018
Gain from sale of property and equipment (Note 13)	**₱–**	₱–	₱18,004,459
Discount from rent (Note 22)	**3,596,697**	–	–
Miscellaneous income	–	161,071	–
	₱3,596,697	₱161,071	₱18,004,459

22. **Leases**

VFC leases their office spaces and the space occupied by VFC branches with varying periods of up to 5 years, and are renewable on such terms and conditions mutually acceptable to both parties Various lease contracts include escalation clauses, most of which bear annual rent increase ranging from 5.00% to 10.00%.

Right-of-use Assets
The rollforward analysis of right-of-use account follows:

Cost	**2020**	2019
Beginning Balance	**₱102,258,657**	₱58,805,444
Termination	**(5,643,971)**	–
Additions	**2,555,934**	43,453,213
Ending Balance	**99,170,620**	102,258,657
Accumulated Amortization		
Beginning Balance	**38,269,745**	–
Amortization	**33,369,471**	38,269,745
Ending Balance	**71,639,216**	38,269,745
Balances as of December 31, 2020	**₱27,531,404**	₱63,988,912

Lease Liabilities
The rollforward analysis of lease liabilities are as follows:

	2020	2019
Beginning Balance	**₱66,653,888**	58,898,930
Additions	**2,555,934**	43,453,213
Concession	**(3,596,697)**	–
Interest expense	**3,778,709**	5,373,907
Termination	**(5,847,497)**	–
Payments	**(33,603,034)**	(41,072,162)
	₱29,941,303	₱66,653,888

Lease liabilities are presented in the statement of financial position as follows:

	2020	2019
Current lease liabilities	**₱21,083,238**	₱34,820,315
Noncurrent lease liabilities	**8,858,065**	31,833,573
	₱29,941,303	₱66,653,888

The following are the amounts recognized in the statement of income:

	2020	2019
Depreciation expense of right-of-use assets	**₱33,369,471**	₱38,269,745
Interest expense on lease liabilities	**3,778,709**	5,373,907
Rent expense	**22,570,112**	22,039,146
Total amount recognized in statement of income	**₱59,718,292**	₱65,682,798

Shown below is the maturity analysis of the undiscounted future lease payments under non-cancelable leases:

	2020	2019
Within 1 year	**₱18,214,817**	₱41,455,242
More than 1 year to 2 years	**7,694,313**	21,002,064
More than 2 years to 3 years	**4,177,055**	10,141,908
More than 3 years to 4 years	**1,327,076**	5,660,981
	₱31,413,261	₱78,260,195

23. Retirement Plan

The Parent Company and PEMI have unfunded, noncontributory defined benefit pension plans covering substantially all of their qualified employees. VFC has a funded, noncontributory defined benefit pension plan. The funds of the plan of VFC are being administered and managed by the Trust and Investment Services Group of a commercial bank.

The breakdown of 'Retirement expense' follows:

	2020	2019	2018
General and administrative expenses (Note 20)	**₱2,135,700**	₱2,037,329	₱1,925,827
Cost of services and sales (Note 19)	**369,706**	327,687	383,757
	₱2,505,406	₱2,365,017	₱2,309,584

Remeasurement gains (losses) related to pension plans to be recognized in OCI follow:

	2020	2019
Actuarial changes in actuarial assumptions in the defined benefit obligation	**₱9,768,468**	(₱9,889,597)
Actuarial changes in actuarial assumptions in return on plan assets	**1,607,400**	456,855
Income tax effect	**(2,448,320)**	2,315,654
	₱5,712,747	(₱8,030,798)

The movement in the Group's retirement liability, present value of defined benefit obligation and fair value of plan assets in 2020 and 2019 follows:

	2020		
	Present value of DBO	**Fair Value of Plan Assets**	**Net Retirement Liability**
At January 1	**₱29,749,814**	**₱16,299,016**	**₱13,450,798**
Expense recognized in statements of income:			
Current service cost	**1,833,776**	**–**	**1,833,776**
Net interest cost	**1,489,839**	**818,211**	**671,628**
	3,323,615	**818,211**	**2,505,404**
Remeasurements in OCI			
Actuarial changes arising from:			
Return on plan assets	**–**	**(1,607,400)**	**1,607,400**
Changes in financial assumptions	**5,232,444**	**–**	**5,232,444**
Deviations of experience from assumptions	**(15,000,911)**	**–**	**(15,000,911)**
	(9,768,467)	**(1,607,400)**	**(8,161,067)**
At December 31	**₱23,304,962**	**₱15,509,827**	**₱7,795,135**

	2019		
	Present value of DBO	Fair Value of Plan Assets	Net Retirement Liability
At January 1	₱16,336,342	₱15,597,013	₱739,329
Expense recognized in statements of income:			
Current service cost	2,312,620	–	2,312,620
Net interest cost	1,211,255	1,158,858	52,397
	3,523,875	1,158,858	2,365,017
Remeasurements in OCI			
Actuarial changes arising from:			
Return on plan assets	–	(456,855)	456,855
Changes in financial assumptions	9,889,597	–	9,889,597
	9,889,597	(456,855)	10,346,452
At December 31	₱29,749,814	₱16,299,016	₱13,450,798

The fair values of plan assets of Vantage Financial only by each class as at the end of the reporting periods are as follows:

	2020	2019
Cash and cash equivalents:		
Time deposit	**₱5,801,084**	₱616,142
Savings deposit	**3,656**	92,004
Investment in Mutual Funds - FVTPL	**9,106,749**	10,015,307
Investment in private corporate debt - FVTPL		5,000,000
FVOCI investments:		
Investment in UITF	**593,055**	260,812
Accumulated market gains - UITF	**73,022**	332,242
Accrued interest income	**1,700**	22,361
	₱15,579,265	16,338,869
Trustee fee payable	**(69,439)**	(39,853)
	₱15,509,827	₱16,299,016

The carrying values of the plan assets approximate fair values as of December 31, 2020 and 2019.

The following table shows the actuarial assumptions as of December 31, 2020 and 2019 used in determining the retirement benefit obligation of the Group.

	December 31, 2020		
	Average remaining working life	**Discount rate**	**Future salary Increase**
Parent Company	**14.0 years**	**2.50%**	**3.50%**
VFC	**4.05 years**	**3.78%**	**3.50%**
PEMI	**6.42 years**	**3.80%**	**3.50%**

	December 31, 2019		
	Average remaining working life	Discount rate	Future salary Increase
Parent Company	5.02 years	4.95%	2.72%
VFC	3.70 years	5.02%	2.72%
PEMI	5.03 years	5.02%	2.72%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

	December 31, 2020					
	Parent Company		**VFC**		**PEMI**	
	Possible fluctuations	**Increase (decrease)**	**Possible fluctuations**	**Increase (decrease)**	**Possible fluctuations**	**Increase (decrease)**
Discount rate	**+1.00%**	**(₱193,193)**	**+1.00%**	**(₱2,112,190)**	**+1.00%**	**(₱390,743)**
	-1.00%	**204,840**	**-1.00%**	**2,565,876**	**-1.00%**	**476,350**
Future salary increase	**+1.00%**	**₱200,806**	**+1.00%**	**2,543,181**	**+1.00%**	**472,306**
	-1.00%	**(193,193)**	**-1.00%**	**(2,142,494)**	**-1.00%**	**(396,364)**
Estimated working lives	**+10.00%**	**(539,714)**	**+10.00%**	**(741,013)**	**+10.00%**	**(78,443)**
	-10.00%	**539,714**	**-10.00%**	**741,013**	**-10.00%**	**78,443**

	December 31, 2019					
	Parent Company		VFC		PEMI	
	Possible fluctuations	Increase (decrease)	Possible fluctuations	Increase (decrease)	Possible fluctuations	Increase (decrease)
Discount rate	+1.00%	(₱293,759)	+1.00%	(₱3,396,108)	+1.00%	(₱459,148)
	-1.00%	223,397	-1.00%	4,069,734	-1.00%	550,221
Future salary increase	+1.00%	₱337,416	+1.00%	1,788,897	+1.00%	209,434
	-1.00%	(330,734)	-1.00%	(1,753,473)	-1.00%	(205,286)
Estimated working lives	+10.00%	(6,792)	+10.00%	(402,262)	+10.00%	(36,486)
	-10.00%	6,792	-10.00%	402,262	-10.00%	36,486

Shown below is the maturity analysis of the Group's undiscounted benefit payments:

	December 31, 2020			December 31, 2019		
	Parent Company	**VFC**	**PEMI**	Parent Company	VFC	PEMI
Less than one year	**₱–**	**₱535,045**	**₱–**	₱–	₱599,703	₱–
More than 1 year up to 5 years	**5,922,172**	**2,882,191**	**–**	–	5,652,069	–
More than 5 years up to 10 years	**–**	**8,034,690**	**4,222,169**	6,964,616	8,197,025	3,149,815
More than 10 years up to 15 years	**–**	**12,634,394**	**–**	–	17,498,316	2,084,309
More than 15 years up to 20 years	**–**	**32,769,375**	**–**	–	20,983,528	–
More than 20 years	**–**	**59,916,262**	**17,138,967**	13,004,769	110,291,362	22,609,192

24. Capital Stock

The details of this account as of December 31, 2020 and 2019 are shown below:

	2020		2019		2018	
	Shares	**Amount**	Shares	Amount	Shares	Amount
Authorized shares (at par value of ₱1 per share)	**5,000,000,000**	**5,000,000,000**	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000
Issued shares, beginning	**4,335,181,766**	**₱4,335,181,766**	4,335,181,766	₱4,335,181,766	4,335,181,766	₱4,335,181,766
Treasury stock	**(135,599,500)**	**(190,460,934)**	(135,599,500)	(190,460,934)	(135,599,500)	(190,460,934)
Outstanding shares	**4,199,582,266**	**₱4,144,720,832**	4,199,582,266	₱4,144,720,832	4,199,582,266	₱4,144,720,832

The track record of the Parent Company's registration of securities in compliance with the Securities Regulation Code Rule 68 Annex 68-D 1(I) follows:

a. Authorized Shares

Date of SEC Approval	Type of Shares	Authorized Number of Shares
October 27, 2015	Common	5,000,000,000
January 12, 2009	Common	2,250,000,000
October 20, 1992	Common	1,900,000,000

b. Stock Dividends

Date of SEC Approval	Percentage
December 18, 2015	100%
January 12, 2009	25%

c. Number of Shareholders

Year End	Number of shareholders
December 31, 2020	611
December 31, 2019	613

Also, the Group's retained earnings corresponding to the cost of treasury stocks amounting to ₱190.46 million is not available for dividend declaration as of December 31, 2020 and 2019.

Increase in Authorized Capital Stock
On June 20, 2017, the BOD and two-thirds (2/3) of the outstanding capital of the Company approved the increase in the authorized capital stock from 400,000,000 shares with par value of ₱1.00 per share in 2016 to 800,000,000 shares with par value of ₱1.00 per share in 2017. The SEC approved the increase in authorized capital stock on January 23, 2018.

Of the said increase, 400,000,000 shares of capital stock has been actually subscribed and paid by the existing shareholders of the Corporation by way of stock dividends to be paid out of the retained earnings which was declared on June 20, 2017.

Issuance of shares to non-controlling interest
In 2020 and 2019, PMIF issued 24,475,303 and 113,957,597 shares from the unissued portion of its authorized capital stock to non-controlling interest. The ownership of minority increased by ₱3.21 million and ₱114.29 million in 2020 and 2019, respectively

As of December 31, 2020 and 2019, percentage of ownership interest of the Parent Company in PMIF is 68.57% and 69.18%, respectively.

Dividend declaration of subsidiaries
On January 19, 2019, the BOD and shareholders representing two-thirds (2/3) of the outstanding capital of PEMI approved the declaration of stock dividends equivalent to a total of 3,570,001 shares at ₱100.00 par value per share, payable to all stockholders of record as of January 31, 2019. The stock dividends were distributed on September 27, 2019.

25. Income Tax

Provision for (benefit from) income tax consists of:

	2020	2019	2018
Current:			
RCIT	**₱58,386,493**	₱83,819,580	₱99,923,515
Final	**6,255,578**	22,318,285	23,748,727
MCIT	**994,978**	1,303,405	1,209,672
	65,637,149	107,441,270	124,881,914
Deferred income tax	**12,265,948**	(35,498,585)	(4,031,598)
	₱77,903,097	₱71,942,685	₱120,850,316

Provision for current income tax represents the RCIT of the Parent Company, PEMI and VFC.

Components of the net deferred tax assets and liabilities of the Group follow:

	2020	2019
Deferred tax assets on:		
Allowance for impairment and credit losses	**₱12,900,847**	₱24,852,740
Lease liabilities	**837,049**	2,532,137
Retirement liability	**2,262,633**	1,883,078
Deferred tax assets through profit or loss	**16,000,529**	29,267,955
Deferred tax assets through OCI remeasurements on pension	**–**	99,965
Total deferred tax assets	**16,000,529**	29,367,920
Deferred tax liabilities on:		
Deferred tax liabilities through OCI remeasurements on pension	**(2,448,320)**	–
Total deferred tax liabilities	**(2,448,320)**	–
Net deferred tax asset	**₱13,552,209**	₱29,367,920

The details of deductible temporary differences and carryforward benefits of NOLCO and MCIT for which no deferred tax asset had been recognized in the consolidated statements of financial position as management believes that there will be no sufficient future taxable income against which these can be applied, are as follows:

	2020	2019
Allowance for impairment and credit losses	**₱33,486,336**	₱38,289,191
Unrealized foreign exchange loss	**40,163,240**	88,298,503
Retirement liabilities	**–**	3,518,068
NOLCO	**22,131,842**	14,085,441
MCIT	**3,508,055**	3,474,723
Others	**2,135,699**	126,000
	₱101,425,172	₱147,791,926

On September 30, 2020, the Bureau of Internal Revenue (BIR) has issued Revenue Regulations (RR) No. 25-2020 to implement Section 4 (bbbb) of Republic Act No. 11494, otherwise known as "Bayanihan to Recover as One Act", allowing qualified businesses or enterprises which incurred net operating loss for taxable years 2020 and 2021 to carry over the same as a deduction from its gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2020, the Group has available NOLCO before taxable year 2020 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years immediately following the year of such loss. Details are as follows:

Inception Year	Amount	Applied/ Expired	Balance	Expiry Year
2017	₱4,282,440	₱4,282,440	₱–	2020
2018	1,981,685	–	1,981,685	2021
2019	8,221,747	–	8,221,747	2022
	₱14,485,872	₱4,282,440	₱10,203,432	

As of December 31, 2020, the Group have incurred NOLCO in taxable year 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to Bayanihan 2. Details are as follows:

Inception Year	Amount	Applied/Expired	Balance	Expiry Year
2020	₱11,938,538	–	₱11,938,538	2025

Details of the Group's MCIT are as follows:

Inception Year	Amount	Applied/Expired	Balance	Expiry Year
2018	₱1,209,672	–	₱1,209,672	2021
2019	1,303,405	–	1,303,405	2022
2020	994,978	–	994,978	2023
	₱3,508,055	–	₱3,508,055	

The reconciliation of income before income tax computed at the statutory income tax rate to the provision for income tax as shown in the consolidated statements of income is as follows:

	2020	2019	2018
Statutory income tax	**30.00%**	30.00%	30.00%
Income tax effects of:			
Tax-paid income	**(19.28%)**	(9.37%)	(32.68%)
Changes in unrecognized deferred tax assets	**3.84%**	(2.61%)	(5.79%)
Nondeductible expenses	**2.38%**	0.19%	2.64%
Nontaxable expenses/Nontaxable income	**(1.01%)**	(12.01%)	60.78%
Excess MCIT over RCIT	**0.20%**	–	–
Others	**(0.52%)**	(2.61%)	(5.26%)
Effective income tax	**15.61%**	3.59%	49.69%

26. Related Party Transactions

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

Related party transactions with subsidiaries are eliminated in the consolidated financial statements. These transactions are based on terms similar to those offered to non-related parties and are settled in cash.

The following table presents the balances of intercompany transactions of the Group as of and for the years ended December 31, 2020, 2019 and 2018. Transactions with subsidiaries have been eliminated in the consolidated financial statements.

		2020		
Related Party	**Category**	**Amount/ Volume**	**Outstanding Balance**	**Nature, terms and conditions**
FAUSI (Associate)	**Reimbursable expenses (Other receivables)**	**₱515,513**	**₱61,246**	**On demand, noninterest bearing and unsecured**

		2019		
Related Party	Category	Amount/ Volume	Outstanding Balance	Nature, terms and conditions
FAUSI (Associate)	Reimbursable expenses (Other receivables)	₱515,513	₱61,246	On demand, noninterest bearing and unsecured

		2018		
Related Party	Category	Amount/ Volume	Outstanding Balance	Nature, terms and conditions
FAUSI (Associate)	Reimbursable expenses (Other receivables)	₱515,513	₱61,246	On demand, noninterest bearing and unsecured

Terms and conditions of transactions with other related parties
Outstanding balances at year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. An assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates. In 2020, 2019 and 2018, no provisions for credit losses were provided for the related parties' transactions.

Remunerations of Directors and Other Key Management Personnel
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The Group considers the members of the Executive Committee to constitute key management personnel for purposes of PAS 24, *Related Party Disclosures*.

Salaries and short-term benefits to the Group's key management personnel amounted to ₱19.15 million in 2020 and 2019 and ₱28.15 million in 2018. Post-employment benefits amounted to and ₱0.38 million in 2020 and 2019 and ₱0.43 million in 2018.

27. Basic/Diluted Earnings Per Share

	2020	2019	2018
(a) Net income attributable to equity holders of the Parent Company	**₱384,412,889**	₱700,415,035	₱53,352,055
(b) Divided by weighted average number of common shares	**4,199,582,266**	4,199,582,266	4,199,582,266
(c) Basic/Diluted earnings per share (a/b)	**₱0.0915**	₱0.1668	₱0.0127

As of December 31, 2020 and 2019, the Parent Company does not have dilutive potential common shares.

28. **Contingencies**

In the normal course of operations of the Group, there are outstanding commitments and contingent liabilities which are not reflected in the financial statements. The Group does not anticipate losses that will materially affect its assets and liabilities as a result of these transactions.

29. **Approval for the Release of the Financial Statements**

The accompanying consolidated financial statements were approved and authorized for issuance by the Parent Company's BOD on April 8, 2021.

30. **Events after the Reporting Period**

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act
President Rodrigo Duterte signed into law on March 26, 2021 the CREATE Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Group:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30.00% to 25.00% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5.00 million and with total assets not exceeding ₱100.00 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20.00%.

- Minimum corporate income tax (MCIT) rate reduced from 2.00% to 1.00% of gross income effective July 1, 2020 to June 30, 2023.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2011 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes. Applying the provisions of the CREATE Act, the Parent Company would have been subjected to lower minimum corporate income tax rate of 1.50% effective July 1, 2020.

Applying the provisions of the CREATE Act, the Parent Company would have been subjected to lower minimum corporate income tax rate of 1.50% effective July 1, 2020.

- Based on the provisions of Revenue Regulations (RR) No. 5-2021 dated April 8, 2021 issued by the BIR, the prorated MCIT rate of the Parent Company for CY2020 is 1.50%. This will result in lower provision for current income tax for the year ended December 31, 2020 and lower income tax payable as of December 31, 2020, amounting both to ₱0.75 million, or a reduction both of ₱0.25 million, respectively. The reduced amounts will be reflected in the Parent Company's

2020 annual income tax return. However, for financial reporting purposes, the changes will only be recognized in the 2021 financial statements.

- This will result in lower net deferred tax assets as of December 31, 2020 and provision for deferred tax for the year then ended both by ₱1.85 million. These reductions will be recognized in the 2021 financial statements.

31. **COVID-19 Pandemic**

In late 2019, a cluster of cases displaying the symptoms of a 'pneumonia of unknown cause' were identified in Wuhan, the capital of China's Hubei province. On December 31, 2019, China alerted the World Health Organization (WHO) of the coronavirus disease 2019 (COVID-19) or coronavirus outbreak. On January 30, 2020, the International Health Regulations Emergency Committee of the WHO declared the outbreak a 'Public Health Emergency of International Concern'. Since then, the virus has spread worldwide. On March 11, 2020, the WHO announced that the coronavirus outbreak can be characterized as a pandemic. The virus has greatly impacted the economic activities.

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine (ECQ) throughout the island of Luzon until April 12, 2020, unless earlier lifted or extended. The ECQ was subsequently extended until May 15, 2020. Subsequent to May 15, 2020, a modified enhanced community quarantine (MECQ) was imposed in NCR and other areas until May 31, 2020. On June 1, Metro Manila and selected provinces were downgraded to GCQ, while the rest of the country was placed under modified GCQ. On August 4, Metro Manila, and the provinces of Laguna, Cavite, Rizal, and Bulacan reverted back to modified ECQ amid the rising number of COVID-19 positive cases.

The MECQ lasted until August 18. As of April 8, 2021, different parts of the country remain to be under varying degrees of community quarantine.

Vantage Equities, Inc. is in close coordination with its subsidiaries to monitor their business operations under the new environment. Meantime, the Group has and will continue to abide by government-mandated policies and guidelines on the pandemic. Work-from-home arrangements are at the maximum possible. Physical travel and contact are kept to the barest minimum. Front line employees have been given protective equipment and continuous disinfection of client servicing areas has been implemented. These will remain in place until health risks subside.

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

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Fax: (632) 8819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and Board of Directors
Vantage Equities, Inc.
15th Floor, Philippine Stock Exchange Tower,
28th St. Corner 5th Ave., Bonifacio Global City
Taguig City, Metro Manila

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Vantage Equities, Inc. and Subsidiaries (the Group) as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, and have issued our report thereon dated April 8, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for the purpose of complying with Revised Securities Regulation Code Rule No. 68, and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Juan Carlo Maminta

Juan Carlo B. Maminta
Partner
CPA Certificate No. 115260
Accreditation No. 115260-SEC (Group A)
Valid to cover audit of 2020 to 2024
financial statements of SEC covered institutions
Tax Identification No. 210-320-399
BIR Accreditation No. 08-001998-132-2020,
November 27, 2020, valid until November 26, 2023
PTR No. 8534323, January 4, 2021, Makati City

April 8, 2021

SGV
Building a better working world

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BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and Board of Directors
Vantage Equities, Inc. and Subsidiaries
15th Floor, Philippine Stock Exchange Tower,
28th St. Corner 5th Ave., Bonifacio Global City
Taguig City, Metro Manila

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

SYCIP GORRES VELAYO & CO.

Juan Carlo Maminta

Juan Carlo B. Maminta
Partner
CPA Certificate No. 115260
Accreditation No. 115260-SEC (Group A)
Valid to cover audit of 2020 to 2024
financial statements of SEC covered institutions
Tax Identification No. 210-320-399
BIR Accreditation No. 08-001998-132-2020,
November 27, 2020, valid until November 26, 2023
PTR No. 8534323, January 4, 2021, Makati City

April 8, 2021

VANTAGE EQUITIES, INC. AND SUBSIDIARIES
INDEX TO THE FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2019

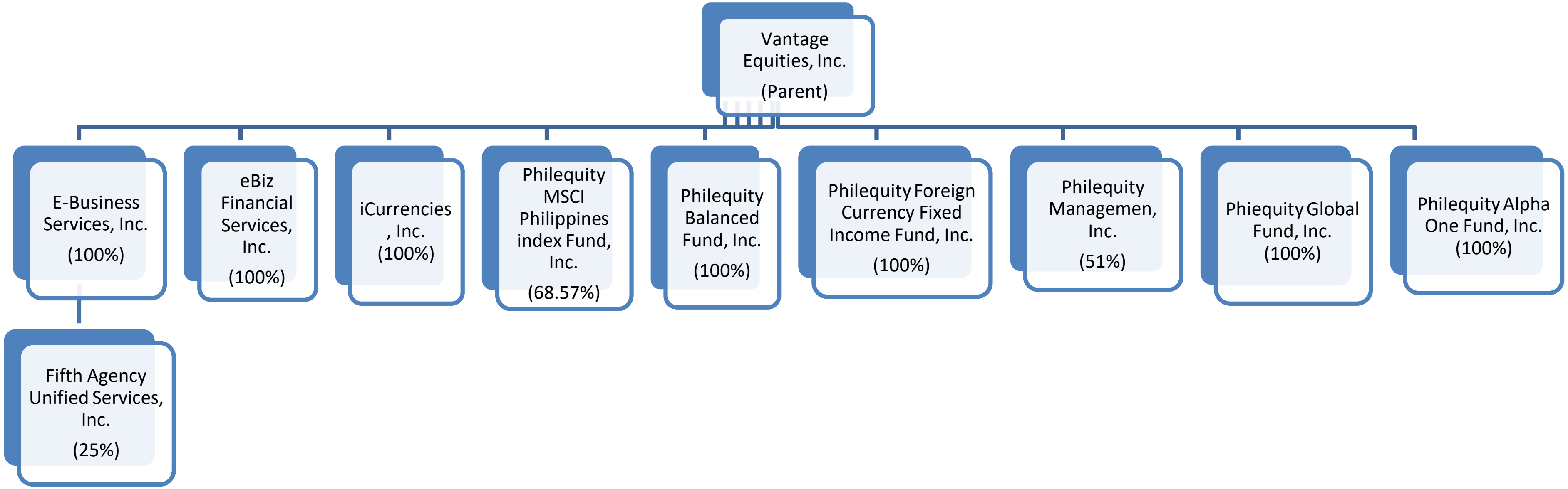
Schedules Required under Securities Regulation Code Rule 68

SCHEDULE I
RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2020

Vantage Equities, Inc.
15th Floor Philippine stock Exchange,
5th Avenue cor. 28th St. Bonifacio Global City,
Taguig City, Metro Manila, Philippines

Unappropriated retained earnings, beginning	**₱2,791,776,344**
Add: Net income actually earned/realized during the period	
Net income during the period closed to retained earnings	315,056,472
Less: Fair value adjustment (mark-to-market gains)	(3,056,702)
Net income actually earned during the period	311,999,770
Less: Treasury shares	(135,599,500)
Total retained earnings, end available for dividend declaration	**₱2,968,176,614**

SCHEDULE II
MAP SHOWING RELATIONSHIPS BETWEEN AND AMONG PARENT AND SUBSIDIARIES



VANTAGE EQUITIES, INC. and SUBSIDIARIES
Schedule Showing Financial Soundness Indicators in Two Comparative Periods

	Formula	December 31, 2020	December 31, 2019
Current Ratio	Current Asset/Current Liabilities	2240.61%	1718.3%
Acid Test Ratio	(Cash Eq + Marketable Securities + Receivables)/Current Liabilities	2239.77%	1717.17%
Solvency Ratio	Net Income/Total Liabilities	84.51%	116.66%
Debt-to-Equity Ratio	Total Liabilities/Total Equity	4.73%	6.49%
Debt Ratio	Total Liabilities/Total Assets	4.52%	6.10%
Asset-to-Equity Ratio	Total Assets/Total Equity	104.73%	106.49%
Interest Rate Coverage Ratio	EBIT/Interest Expense	N/A	N/A
Return on Assets	Net Income/Average Total Asset	3.86%	7.44%
Return on Equity	Net Income/Average Total Equity	4.08%	7.92%
Net Profit Margin	Gross Profit/Net Income	137.83%	124.04%
Book Value Per Share	(Total Shareholder Equity – Preferred Equity)/No. of Outstanding Shares	2.54	2.44

Vantage Equities, Inc. and Subsidiaries
Schedule A - Financial Assets
December 31, 2020

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds or notes	Amount shown on the balance sheet	Valued based on market quotation at balance sheet date	Income accrued
Financial Assets at FVPL:				
Quoted				
Government bonds	2,063,654,314	₱2,214,589,097	₱2,214,589,097	263,199,890
Corporate bonds	3,451,058,963	3,495,088,751	3,495,088,751	
Equity securities	22,764,113 shares	507,345,644	507,345,644	9,743,567
Mutual fund	177,782,867 shares	870,965,339	870,965,339	–
Derivative asset	1,681,300	1,681,300		–

Vantage Equities, Inc. and Subsidiaries
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2020

Name of Debtor	Balance at beginning of period	Additions	Amounts Collected	Amounts Written-off	Current	Non-Current	Balance at end of period

None to Report.

Receivables from Directors, Officers, Employees, Related Parties and Principal Stockholders are subject to usual terms in the normal course of business.

Vantage Equities, Inc. and Subsidiaries
Schedule C - Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements
December 31, 2020

Name of Debtor	Balance at beginning of period	Additions	Amounts Collected (i)	Amounts Written-off (ii)	Current	Non-Current	Balance at end of period
Vantage Financial Corporation	₱41,468,538	₱1,078,089	₱41,468,538		₱1,078,089		₱1,078,089
Philequity MSCI Index Fund, Inc.	295,463	282,491	295,463		282,491		282,491
Total	41,764,001	1,360,580	41,764,001		1,360,580		1,360,580

(i) If collected was other than in cash, explain.
(ii) Give reasons to write-off.

Vantage Equities, Inc. and Subsidiaries
Schedule D - Long-Term Debt
December 31, 2020

Title of issue and type of obligation [(i)]	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt' in related balance sheet [(ii)]	Amount shown under caption "Long-Term Debt" in related balance sheet [(iii)]	Interest Rate %	Maturity Date

None to Report.

(i) Include in this column each type of obligation authorized.
(ii) This column is to be totalled to correspond to the related balance sheet caption.
(iii) Include in this column details as to interest rates, amounts or numbers of periodic instalments, and maturity dates.

Vantage Equities, Inc. and Subsidiaries
Schedule E - Indebtedness to Related Parties
(included in the consolidated financial statement of position)
December 31, 2020

Name of Related Parties (i)	Balance at beginning of period	Balance at end of period (ii)

None to Report.

(i) The related parties named shall be grouped as in Schedule D. The information called shall be stated for any persons whose investments shown separately in such related schedule.
(ii) For each affiliate named in the first column, explain in a note hereto the nature and purpose of any material increase during the period that is in excess of 10 percent of the related balance at either the beginning or end of the period.

Vantage Equities, Inc. and Subsidiaries
Schedule F - Guarantees of Securities of Other Issuers
December 31, 2020

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

None to Report.

(i) Indicate in a note any significant changes since the date of the last balance sheet file. If this schedule is filed in support of consolidated financial statements, there shall be set forth guarantees by any person included in the consolidation except such guarantees of securities which are included in the consolidated balance sheet.
(ii) There must be a brief statement of the nature of the guarantee, such as "Guarantee of principal and interest", "Guarantee of Interest", or "Guarantee of Dividends". If the guarantee is of interest, dividends, or both, state the annual aggregate amount of interest or dividends so guaranteed.

Vantage Equities, Inc. and Subsidiaries
Schedule G - Capital Stock
December 31, 2020

(Absolute numbers of shares)

Title of Issue (i)	Number of shares authorized	Number of shares issued and outstanding as shown under the related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties (ii)	Directors, officers and employees	Others (iii)
Common	5,000,000,000	4,199,582,266	None to Report	None to Report	783,373,856	Directors sold 235,002,874 shares

---

(i) Include in this column each type of issue authorized
(ii) Related parties referred to include persons for which separate financial statements are filed and those included in the consolidated financial statements, other than the issuer of the particular security.
(iii) Indicate in a note any significant changes since the date of the last balance sheet filed.

VANTAGE EQUITIES, INC.

2020 SUSTAINABILITY REPORT

MESSAGE FROM THE CEO

Dear Stakeholders,

2020 was a pivotal year for Vantage Equities, Inc. 's operational journey and this year's Sustainability Report, highlights the strides made to embed sustainability into our culture and business operations.

For over 27 years, we have proudly served Clients around the country. We know the actions we take today will lay a foundation for generations to come. Our relentless focus on Clients is fueled by, and depends on, an organization that is competitive, forward thinking and sustainable for the long term. At VEI, we invest for the future - for our Clients, employees, shareholders and communities. We focused on a diverse and inclusive culture — one that fosters creativity and innovation, builds the best teams and drives value. We take pride in our inclusive environment and have heightened our focus with commitments to address gender and visible minority representation, specifically at the leadership level to better reflect our Clients and communities.

With this maiden report, we are presenting our 2020 sustainability efforts. We commit ourselves to be advocates of sustainability through our economic, environmental and social practices.

As we pledge to bring excellence to our operations, we shall treat sustainability with the same level of commitment and importance. Since we are just in the beginning

of our sustainability journey, we believe that there are still opportunities for improvement. Thus, with your invaluable trust and support, we at Vantage Equities, Inc. are confident that, working together, we can enhance our sustainability initiatives and thereby contribute to the improvement of the conditions prevailing in our developing country.

Edmundo Marco P. Bunyi Jr.
President and CEO

ABOUT VANTAGE

Vantage Equities, Inc. (VEI.) was incorporated in the Philippines and was registered with Philippine Securities and Exchange Commission (SEC) on October 20, 1992. Currently, located in 5th Ave. st. Cor. 28th St., PSE Tower, BGC, Taguig City. The primary business of the Company is to invest in, acquire by purchase, exchange, assignment or otherwise of the capital stock, bonds, debentures, promissory notes and similar financial instruments. The Company's shares are publicly traded in the Philippine Stock Exchange (PSE).

OUR VISION

To emerge as the premier investment holding company. We draw our strong team experience and the network of our principal investors to generate superior returns to our stakeholders thereby contributing to the sustainable development of our economies.

OUR MISSION

To contribute to the sustainable development of our economies by building market-leading businesses through our focused approach and continuous enhancement of our shareholder's value.

OUR VALUES

INTEGRITY, EXCELLENCE, TEAMWORK AND BELIEF IN PEOPLE.

GOVERNANCE OVERVIEW

Vantage Equities, Inc. and its Board of Directors, Officers and Employees are committed to sound, prudent and effective overall management, effective risk management, provision of efficient management information systems, providing access to reliable financial and operational information, cost-efficient and profitable business operations and compliance with laws, rules,

regulations and contracts.

GOVERNANCE STRUCTURE

Valentino C. Sy

CHAIRMAN OF THE BOARD

BOARD OF DIRECTORS

Valentino C. Sy
Edmundo Marco P. Bunyi Jr.
Joseph L. Ong
A. Bayani K. Tan
Ann Margaret Lorenzo

BOARD COMMITTEES

Corporate Governance Committee

Chairman	Antonio R. Samson
Member	Edmundo Marco P. Bunyi Jr.
Member	Gregorio T. Yu
Member	Bert C. Hontiveros
Member	Kevin Neil A. Sy

Audit and Risk Committee

Chairman	Gregorio T. Yu
Member	Edmundo Marco P.

	Bunyi Jr.
Member	Antonio R. Samson
Member	Bert C. Hontiveros
Member	Kevin Neil A. Sy

CORPORATE GOVERNANCE COMMITTEE

Is tasked to assist the Board in performing its responsibilities on corporate governance compliance. The Committee monitors corporate governance trends and makes recommendations to the Board of Directors. The Committee may source potential Board candidates through professional search firms and recommend candidates to fill vacancies. The Committee ensures that all candidates nominated shall possess the ideals and values that area aligned to the Company's vision and mission statements. It shall provide communications with the Board and with the shareholders and regulators as appropriate.

THE AUDIT RISK COMMITTEE

Due to Vantage Equities Inc.'s size, risk profile and less complex operations, the Board shall incorporate the functions of the Board Risk Oversight Committee (BROC) that is responsible for the oversight of a company's Enterprise Risk Management System to ensure its functionality and effectiveness to the Audit Committee. The functions of the Related Part Transaction (RPT) Committee, which shall be tasked with reviewing all material related party transactions of the Corporation, are also incorporated to the Audit Committee.

APPROACH TO RISK MANAGEMENT IN OPERATIONAL PLANNING

Vantage Equities, Inc. identifies and manages its risks to support the Company's vision, mission, goals and objectives as set out in the strategic plans. The Company recognizes that risks cannot be eliminated, rather it will ensure that existing and emerging risks are identified and managed within acceptable risk tolerances. The VEI Board of Directors is committed to establishing an organization that ensures risk management is an integral part of all activities and a core capability.

COVERAGE AND BOUNDARIES

This document represents the inaugural edition of Sustainability Reporting for Vantage Equities, Inc. The coverage of the report is the calendar year 2020, where necessary to provide historical or additional background about a program, project, activity or development that may have begun prior to 2019, other years may be cited within that context. Henceforth, the VEI. Sustainability Report is to be prepared and disseminated on an annual basis, using the calendar year as reporting period.

SUSTAINABILITY FRAMEWORK

We at Vantage Equities Inc. have been committed to nation-building through business excellence for several years. Embracing our business model, we place a premium on value creation and appreciation, strategic partnerships and synergistic growth in our business practices. While we continue to recognize the advantages of our model, we are compelled to explore a more appropriate approach specific to out sustainability operations. Looking beyond value creation and appreciation from the perspective of economic value, we also acknowledge that out business also significantly affects our society and the environment.

OUR MATERIALITY MATRIX

This report has been prepared in accordance with the GRI Standards: Core Option As a financial institution with a core business of managing investments, VEI.'s operations have direct impact on a broad range of sectors and geographical locations. In line with the boundaries set for this inaugural reporting effort, the process of determining material sustainability issues and weighing and ranking them according to significance was carried out primarily in Vantage Equities, Inc. Operations. A preliminary identification of significant sustainability issues affecting the Company and the industry was made through desktop research consisting of media and peer analysis, as well as stakeholder interviews and analysis.

Vision	Objectives	Focus	Performance	Result
To emerge as the premier investment holding company in	To create and deliver high quality of product or services to our customers	Inclusive Economic Performance	Job Creation Innovative Products and Services	Sustained Growth Positive Impact on Society

the communities we serve.	To lessen the consumption of resources that has impact on environment	Environmental Responsible	Efficient utilization of energy, water and materials	and Environment
	To Look after the welfare of the Employees	Positive Social Impact	Positive Management System Customer Service Program	

**Sustainability Framework*

**Materiality Matrix*

MATERIALITY AND ITS BOUNDARIES

Material Topic	Topic Boundary
Economic Performance How VEI delivers sustainable returns to its shareholders and attains consistent market growth.	Within VEI and with Customers
Market Presence How VEI forge partnerships with world-class organizations	Within VEI, Customers and Business Partners
Compliance How VEI adheres to government requirements and meets global industry standards	Within VEI and Communities
Corporate Governance and Risk Management How VEI anchors its policies and practices on good governance , observes local and global practices and mitigates its risks through periodic assessments and analysis	Within VEI and Regulators
Environmentally Responsible Business Operations How VEI practices efficient utilization of its resources such as water and energy, mitigates impact on the environment by measuring and monitoring its emissions and preserves the natural biodiversity where it operates	Within VEI and Host Communities
Human Resource Development Welfare How VEI develops and retains its employees, provides training and skills development, defines career path and succession planning for its employees and provides a secure and conducive working environment	Within VEI
Customer Care and Service How VEI addresses the concerns of its customers and protects their privacy and customer rights and engages its customers in VEI's sustainability and CSR initiatives	Within VEI, Regulators and Customers

REPORTING PROCESS

Steps Taken	1. Build Corporate Capacity	2. Materiality Assessment	3. Data Gathering	4. Management Review and Validation of

				Material
	GRI Standards training and workshops	Reviewed our vision, operating process and management approaches. Identified critical factors and impact that directly affect our value chain and performance	Collection of stories and databased on identified material topics	Validation exercise and approval process of material topics and disclosed data and information
GRI Reporting Principles Applied	Stakeholders Inclusiveness and Sustainability context	Materiality, sustainability Context, Stakeholder Inclusiveness and Completeness	Stakeholder Inclusiveness and Completeness	Stakeholder Inclusiveness and Completeness

STAKEHOLDER OVERVIEW AND ENGAGEMENT

We also engaged our stakeholders through online surveys and informal dialogues to understand what they consider to be material aspects of our businesses and how these issues impact them.

Stakeholder	Description	Channels of Engagement
Investors, Shareholders	Financial backers and sources of vital funding who allow VEI to achieve intended results, substantial returns and shared value	Annual Stockholders' Meetings, Websites
Customers, Clients	Patrons of VEI's products and services	Surveys, Newsletters
Employees	Pillars of VEI who embody, carry out and fulfill our corporate vision, mission and objectives	Internal Communications, Performance Reviews, Trainings
Communities	Partners in community development and local economic growth	Community Involvement

Business Partners, Suppliers	Suppliers and service providers who partner with VEI	Business Meetings, Contracts, Policies
Regulators, Socio-Civic Organizations, Media	Collaborators in the pursuit of social progress and environmental sustainability	Compliance, Meetings Media Briefs

OUR COMMITMENT TO OUR STAKEHOLDERS

Stakeholder	Relevant Issues	Our Commitment
Investors, Shareholders	Economic Performance Corporate Governance and Risk Management Environmentally Responsible Business Operations	Building a strategic and diverse portfolio that deliver steady economic returns
Customers, Clients	Customer Care and Service Environmentally Responsible Business Operations	Implementation of customer-centric operations and innovations that enhance experiences and overall satisfaction

Employees	Human Resource Development and Welfare Economic Performance Compliance Environmentally Responsible Business Operations	Empowerment of our employees across all levels and fulfillment of their career aspirations
Communities	Local Community Development Economic Performance Market Presence	Creation of strategic and purposeful social investments and self-help opportunities
Business Partners, Suppliers	Compliance Economic Performance Customer Care and Service	Maintenance of good governance, transparency and accountability practices in everything we do
Regulators, Socio-Civic Organizations, Media	Compliance Indirect Economic Performance Environmentally Responsible Business Operations Human Resource Development and Welfare	Working efficiently, harmoniously and in an aboveboard manner towards the achievement of shared goals and mutual benefits

ECONOMIC

We are committed to deliver sustained economic growth for our stakeholders through implementation of our business strategies, the promotion of environment sustainability and the creation of goodwill with our employees and communities. We aim to be catalysts of economic

CONTRIBUTION TO THE NATION

We continue pursuing our business because we know that we not only gain for ourselves, but also for our society. We are aware that our operations stimulate smaller economic activities that can eventually yield to productivity and profitability at the local level. As an investment company, our indirect economic impacts primarily occur through our component companies.

Component Companies	Total Number of Employees
E-Business Services, Inc. (eBiz)	458
Philequity Management, Inc. (PEMI)	16

We ensure that investment decisions made are consistent with our core values of integrity, excellence, teamwork and belief in people. We guarantee due diligence for new investments by considering our overall contribution and position. We undertake regular monitoring of already existing investments to determine their alignments to Vantage Equities Inc., corporate mission, vision and core values.

SERVING OVERSEAS FILIPINO WORKERS

As they strive to provide a better life for their families, the over 4-million strong Overseas Filipino Worker (OFW) community has become the backbone of the Philippine economy – sending back their hard-earned income abroad as remittance. E-business Services (eBiz) a subsidiary company of Vantage Equities Inc., cemented its commitment to helping OFWs acquire their basic needs through our Western Union services, OFWs are encouraged to remit and save regularly to someday get the dreams that they always wanted.

INVESTOR EDUCATION

When it comes to making good investment decisions, knowledge is key. Philequity Management, Inc. (PEMI) a subsidiary of VEI provides everyone various articles and tools designed to help you become better informed as an investor. We provide the materials that will help you as an investor understand what a mutual fund is and how it work as well as the benefits and risks of investing. Here in VEI we've started launching programs in regards to financial inclusion to help improve the financial literacy of underserved Filipinos. Under this program are two focus areas: financial education and investment-building for small time investors for as low as one thousand pesos.

PROMOTING GOOD GOVERNANCE

We do not tolerate corruption in the workplace as it may damage VEI's reputation which may eventually result in the low morale of our employees. It may have financial, legal and regulatory consequences. Our code of ethics also enjoins that all directors, officers and employees shall ensure the conduct of fair business transactions and guarantee that personal interest does not affect the exercise of their duties. Likewise, shall not use their position to profit or acquire benefits or advantage for themselves or related interests. We aim to continue our zero corruption-related violations. We also intend to have a refresher on policies for our employees, as well as a periodic review and adjustment of our Code of Discipline.

ECONOMIC VALUE TABLE

Direct Economic Value Generated and Distributed (Php)

Direct Economic Value Generated	**1,413,055,014**
Direct Economic Value Distributed	
Operating Costs	**302,153,478**
Employee Wages and Benefits	**135,565,479**
Other Operating Costs	**128,318,700**
Taxes given to Government	**79,655,526**
Economic Value Retained	**767,362,131**

DEFINED BENEFIT PLAN FOR EMPLOYEES

The Parent Company and PEMI have unfunded, noncontributory defined benefit pension plans covering substantially all of their qualified employees. e-Business has a funded, noncontributory defined benefit pension plan. The funds of the plan of e-Business are being administered and managed by the Trust and Investment Services Group of a commercial bank. *VEI's pension liabilities as of the end of the year amounted to ₱ 16 million.*

ENVIRONMENT

At Vantage Equities, Inc., we recognize the links between a healthy planet and a healthy economy, on which our company depends on. By improving our environmental, social and governance factors into our investment decisions, we are creating a more sustainable organization while supporting the transition to a lower carbon economy.

ENVIRONMENTAL IMPACTS

We recognize the impacts that a changing climate and climate-related risks can have on our operations, Clients and communities, and the importance of supporting the shift to a lower-carbon economy. Given the nature of our business as a wealth and asset management provider with locations around the country, we view the most significant aspects of our environmental footprint to be those related to energy consumption and the resulting greenhouse gas (GHG) emissions, which affects the climate. In the face of a changing climate and increasingly resource-constrained world, we recognize that the financial services industry has an important role to play in the transition to a low carbon economy. As buildings area a major contributor to GHG emissions, we strive to ensure our facilities are environmentally sound.

SUSTAINABILITY IN OUR WORKPLACES AND BEYOND

A major shift in our way of thinking and acting is leading us to change the way we work. We are creating a workplace that will better meet our needs today and in the future – and one that we believe will also reduce our environmental impact now

- Office environments are more eco-friendly and healthy, featuring improved air quality, enhanced thermal comfort, greater daylight exposure and low environmental-impact materials
- Greater choice and flexibility so our employees can select the space that will help them be their most productive on a

given day-whether in a traditional workspace. Collaboration setting or from home.

- More efficient use of space, which reduces the environmental impact of operating our office, since less space sits empty; and
- Greater collaboration, communication and innovation.

RESPONSIBLE USE OF PAPER

We support sustainable forest management and seek opportunities to reduce waste management and unnecessary use of resources. We ask employees to think before they print, and equip them with technology solutions that support choice and flexibility in where and how they work.

SUSTAINABLE INVESTING

We believe sustainable investing can improve long-term return on our assets, helping us achieve superior results while also benefiting the communities where we live and do business. Incorporating on environmental, social and governance (ESG) lens in investment decision-making also helps us manage risks in our investment portfolios and identify opportunities related to ESG trends. We are committed to building long-term, sustainable value, firmly rooted in investment practices, for our clients and VEI.'s own investments.

Vantage Equities Inc., operates (1) one asset management business, which manages 22.5M Pesos.

- Philequity Management Inc. (PEMI), an investment management company established in 1994. We are committed to helping you achieve your long-term financial objectives by offering an array of mutual funds suited to your unique needs.

- The company's funds has been recognized year after year by the Philippine Investment Funds Association (PIFA) for its excellent returns. In particular the flagship Philequity Fund, Inc. has garnered multiple awards from local and foreign agencies for its consistent track record of outstanding returns.
- Other Funds, Philequity Alpha One Fund, Philequity PSE Index Fund, Inc., Philequity Dividend Yield Fund, Inc., Philequity Peso Bond Fund, Inc., Philequity MSCI Philippines MSCI Index Fund and Philequity Dollar Income Fund, Inc. have likewise earned several awards in their respective categories.

The business develops investment strategies to achieve the specific goals of our clients and VEI.'s General Account, striving to ensure that:

- Our investments generate strong financial returns over the long term,
- Our Investment practices consider ESG factors and other non-financial risks and;
- Our actions as an organization will have a positive impact on the well-being of the communities in which we work and live, benefiting local schools, hospitals, public transit and other services.

SOCIAL

As a company with many connections to communities nationwide, we believe we play a role in their development and well-being. Our goal is to build sustainable, healthier communities where we all live and work, helping to improve the lives of individuals and families

PARTNERING WITH EMPLOYEES

EMPLOYMENT

We maintain healthy relationships with our employees through hiring of highly qualified candidates, provision of acceptable compensation packages, ensuring a healthy working environment, and ensuring employee satisfaction through surveys. We commit to hire, retain and develop talents. One of the goals and targets of our Human Resources Department is to achieve attrition and vacancy rates that are below the industry average. The Human Resources Head primarily manages the human resources administration and development processes. We also have payroll system that facilitates compensation and other benefits. The hiring and compensation processes are subject to regular internal audits in accordance with the Internal Audit Department's plan. Our Human Resources Department reviews and proposes changes and improvements to the compensation and benefits package every year subject to the approval of the Management Committee. The Department conducts continuous reviews on annual basis and proposes changes as necessary. Improvements identified relate to the documentation of leaves and acquisition of a timekeeping system to be able to incorporate the necessary adjustments in the management approach.

LABOR OR MANAGEMENT RELATIONS

VEI is committed to ensure sufficient information dissemination through active employee engagement. Which is done through one-on-one meetings or groups discussions. We aim to maintain healthy relationships with employees through full disclosure of plans that may affect employees' well-being. We also commit to provide employees with a reasonable notice period prior to operational changes

TRAININGS AND EDUCATION

Training presents a prime opportunity to expand the knowledge base of all employees, which will be beneficial not only to them, but to the company as well. We provide individual developmental plans (IDP) for our employees based on their competency assessments. The IDP includes career and succession planning.

We encourage our employees to improve their knowledge base through training programs relevant to their fields of expertise for 2019 VEI has 38.5 average training hours per employee having attended the following programs: New Employees Orientation, Management Leadership Development Program and Area Head Alignment Workshop

DIVERSITY AND EQUALITY

VEI value diversity across all ranks and aim to provide equal opportunity for all relevant stakeholders. We ensure that equal opportunity is provided to employees and no preference is given on the basis of gender, ethnicity or race. Our company commits to provide out employees and applicants equal opportunity on the bases of competencies and not on the basis of any discriminatory factor especially when it comes to diversify of governance bodies and employees and salary and remuneration of women to men. So far, there are no complaints from employees and applicants arising from issues related to diversity and equal opportunity.

NON-DISCRIMINATION

VEI aims to provide a safe and healthy working environment by ensuring that controls are in place to prevent and address incidents of discrimination through the provision of mechanisms to raise awareness on and to report incidents of discrimination. We aim to provide our employees and management a working environment free of discrimination. So far, we have zero incident of discrimination and corrective actions taken. Our company also implements a whistleblowing policy for any complaints against its employees, officers or directors.

PARTNERING WITH CUSTOMERS

MARKETING AND LABELLING

VEI ensures stakeholders' access to accurate and adequate information about our company and its transactions. Through timely and accurate disclosures of material information, we aim to mitigate the negative effects of inadequate marketing. VEI is committed to respect the stockholders' right to information based on prescribed rules and regulations. Our company also aims to provide stockholders accurate and timely information during the Annual Stockholder's Meeting to achieve non-violation of disclosure rules.

CUSTOMER PRIVACY

VEI process the personal data of our data subjects, including our stockholders in accordance to the Data Privacy Act of 2012. Our company manages the impacts on data privacy through implementation of security measures for organizational, physical and technical aspects. Part of our company goals and targets are related to privacy are zero breach and full compliance with the DPA and related laws and issuances as well as the requirements of the National Privacy Commission (NPC). The departments responsible for this are the Audit and Compliance Department and ICTG group, the company specifically aims for organizational security measures and physical security measures such as outlining of storage type and location of documents with personal data, rules on sharing of personal data with third parties, and technical security measures in the form of personal data back-up in electronic format, monitoring of security breaches and regular testing of security measures.

PARTNERING WITH THE GOVERNMENT

ENVIRONMENTAL AND SOCIOECONOMIC COMPLIANCE

Acting in an environmentally and socially responsible way is our duty to our stakeholders. VEI believes that doing so can positively affects its bottom line and long-term success as a conglomerate. With these, environmentally and social responsibility have been included as a covenant in our contracts. Our Compliance Department ensures that we adhere to laws and regulations while the Human Resources Department processes environmental-related government requirements such as sanitation certificates.

We strive to prevent and avoid violations of Philippine environmental laws and regulations and continues its compliance with all laws and regulations in the environmental, social and economic areas. We aim to formulate policies on environmental compliance including inclusion of the matter as a consideration in transactions as well as investment in sustainable companies. We set a zero-violation threshold on all applicable rules and regulations as our target and goal. We also have whistle blowing policy as part of our grievance mechanism.

APPENDICES

GRI CONTENT INDEX

GRI Standards		References
GRI 102: General Disclosures 2016		
102-1	Name of the organization	Page ii
102-2	Activities, brands, products and services	Page ii
102-3	Location of headquarters	Page ii
102-4	Location of operations	Philippines
102-5	Ownership and legal form	Page ii
103-6	Markets served	
102-7	Scale of the organization	Page 8
102-8	Information on employees and other workers	Page 8
102-9	Supply chain	*None to disclose*
102-10	Significant changes to the organization and its suppliers	*None to disclose*
102-11	Precautionary Principle or approach	Page 2
102-12	External Initiatives	-
102-13	Membership of associations	*Philippine Stock Exchange*
Strategy		
102-14	Statement from senior decision-maker	Page i
Ethics and Integrity		
102-16	Values, principles, standards and norms of behavior	Page iii
Governance		
102-18	Governance structure	Page 1
Stakeholder Engagement		
102-40	List of stakeholders groups	Page 6-7
102-41	Collective bargaining agreements	*None to disclose*
102-42	Identifying and selecting stakeholders	Page 6-7
102-43	Approach to stakeholder engagement	Page 6-7
102-44	Key topics concerns raised	Page 4-5
Reporting Practice		
102-45	Entities included in the consolidated financial statements	Page 9
102-46	Defining report content and topic Boundaries	Page 4-5
102-47	List of material topics	Page 4-5

102-48	Restatements of Information	This is the first GRI sustainability report of VEI
102-49	Changes in reporting	
102-50	Reporting Period	Annual
102-51	Date of most recent period	This is the first GRI sustainability report of VEI
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	-
102-54	Claims of reporting in accordance with the GRI Standards	Accordance with the GRI Standards: Core Option
102-55	GRI Content Index	Appendices
102-56	External assurance	This report has not been externally assured

Economic		
GRI 103: Management Approach 2016		
103-1 103-2 103-3	Explanation of material topics and boundaries The management approach and its components Evaluation of the management approach	Page 8-9
GRI 201: Economic Performance 2016		
GRI 201-1 GRI 201-3	Direct economic value generated and distributed Defined benefit plan obligation and retirement plans for employees	Page 9
GRI 201-4	Financial assistance received from the government	VEI did not receive any financial assistance from the government
Indirect Economic Impacts		
GRI 103: Management Approach 2016		
103-1 103-2 103-3	Explanation of material topics and boundaries The management approach and its components Evaluation of the management approach	Page 8
GRI 201: Economic Performance 2016		
GRI 201-1	Significant indirect economic impacts	Page 8

Environment		
GRI 103: Management Approach 2016		
103-1 103-2 103-3	Explanation of material topics and boundaries The management approach and its components Evaluation of the management approach	Page 10 -11
GRI 307: Environmental Compliance 2016		
	Reduction of energy consumption	-
Sustainable Investing		
GRI 103: Management Approach 2016		
103-1 103-2 103-3	Explanation of material topics and boundaries The management approach and its components Evaluation of the management approach	Page 11

Social : Employment		
GRI 103: Management Approach 2016		
103-1 103-2 103-3	Explanation of material topics and boundaries The management approach and its components Evaluation of the management approach	Page 12 - 17
GRI 401: Employment 2016		
GRI 401-1	New Employee hires and employee turnover	Page 12
GRI 401-2	Benefits provided to full-time employees	Page 13
Labor or Management Relations		
GRI 103: Management Approach 2016		
103-1 103-2 103-3	Explanation of material topics and boundaries The management approach and its components Evaluation of the management approach	Page 14
GRI 402: Labor/Management Relations 2016		
GRI 401-1	Minimum prior notice period regarding operational changes	30 days
Training and Education		
GRI 103: Management Approach 2016		
103-1 103-2 103-3	Explanation of material topics and boundaries The management approach and its components Evaluation of the management approach	Page 14
GRI 404: Training and Education 2016		
GRI	Ave. hours of training per year per employee	Page 14

404-1		
Diversity and Equal Opportunity		
GRI 103: Management Approach 2016		
103-1 103-2 103-3	Explanation of material topics and boundaries The management approach and its components Evaluation of the management approach	Page 15
GRI 405: Diversity and Equal Opportunity 2016		
GRI 405-1	Diversity of governance bodies and employees	Page 12
GRI 405-2	Ratio of basic salary and remuneration of women to men	0.97:1.00
Non-Discrimination		
GRI 103: Management Approach 2016		
103-1 103-2 103-3	Explanation of material topics and boundaries The management approach and its components Evaluation of the management approach	Page 15
GRI 406: Non-Discrimination		
GRI 406-1	Incidents of discrimination and corrective actions taken	No reports in 2019
Marketing and Labelling		
GRI 103: Management Approach 2016		
103-1 103-2 103-3	Explanation of material topics and boundaries The management approach and its components Evaluation of the management approach	Page 16
GRI 417: Marketing and Labelling 2016		
	Incidents of non-compliance concerning marketing communications	*None to disclose*
Customer Privacy		
GRI 103: Management Approach 2016		
103-1 103-2 103-3	Explanation of material topics and boundaries The management approach and its components Evaluation of the management approach	Page 17
GRI 418: Customer Privacy 2016		
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	*None to disclose*
Economic and Socioeconomic Compliance		
GRI 103: Management Approach 2016		
103-1	Explanation of material topics and boundaries	Page 17

103-2 103-3	The management approach and its components Evaluation of the management approach	
GRI 419: Socioeconomic Compliance 2016		
GRI 419-1	Non-compliance with laws and regulations in the social and economic area	No fines or non-monetary sanctions for non-compliance

ANNEX D

COVER SHEET

SEC Registration Number

A	S	O	9	2	-	0	0	7	0	5	9

Company Name

VANTAGE EQUITIES, INC. AND SUBSIDIARIES

Principal Office (No./Street/Barangay/City/Town/Province)

15th Floor, Philippine Stock Exchange Tower, 28th St. Corner 5th Ave., Bonifacio Global City, Taguig City, Metro Manila

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
	250-8700	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Ma. Angelica Cabanit	angelica.cabanit@philequity.net	**8250-8741**	**0917-590-7176**

Contact Person's Address

15TH Floor Phil. Stock Exchange, 5th Ave. cor 28th St. Bonifacio Global City, Taguig

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **June 30, 2021**

2. SEC Identification Number **AS-092-007059**

3. BIR Tax Identification No**.** **002-010-620**

4. Exact name of registrant as specified in its charter.
   VANTAGE EQUITIES, INC.

5. Province, Country or other jurisdiction of Incorporation or Organization:
   Philippines

6. [ ] (SEC Use Only)
   Industry Classification Code

Address of Principal Office:
15TH Floor Phil. Stock Exchange, 5th Ave. cor 28th St. Bonifacio Global City, Taguig

7. Registrant's telephone number, including area code: **(632) 250-8700**

8. Former name, former address, and former fiscal year, if changed since last report
   Not applicable

9. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding
Common Stock, P1.00 par value	**4,199,582,266**

10. Are any or all of these securities listed on the Philippine Stock Exchange.
    Yes [**X**] No [ ]

11. Check whether the registrant:

a) has filed all reports required to be filed by Section 11 of the Revised Securities Act (RSA) and RSA Rule 11(a)-1 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports):
   Yes [] No [**X**]

b) has been subject to such filing requirements for the past 90 days.
   Yes [ ] No [**X**]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

The Consolidated Financial Statements are filed as part of this Form 17-Q.

Item 2. Management's Discussion and Analysis or Plan of Operations

Financial Highlights

In Millions (PhP)		Unaudited 30-Jun-21	Audited 31-Dec-20	31-Dec-19
Balance Sheet				
	Assets	**11,471**	11,168	10,891
	Liabilities	**631**	504	661
	Stockholders' Equity	**10,840**	10,663	10,231
	Book Value per Share	**2.5813**	**2.5392**	**2.4361**
Income Statement				
	Revenues	**509**	1,038	1,498
	Expenses	**-225**	-616	-723
	Other Income / (Charges)	**-115**	4	0
	Net Income	**170**	426	775
	Earnings per Share	**0.0404**	0.1015	0.1846

Results of Operations for the Quarter Ended June 30, 2021

2Q21 was all still about COVID. As cases persist above 10k per day, NCR+ is put into hard lockdown which extends all the way into May. We go into GCQ with heightened restrictions afterwards but the threat rises again as globally the Delta variant is already hitting places like Israel where most of the population is already vaccinated. We are also monitoring the shift in language by the Fed about when it would start to taper and hike rates as it sees a recovery in the US already underway. With the anticipation of rate hikes, 10y UST moves all the way to around 1.70 but seems to have found a ceiling there. The Fed also moves up its timeline for rate hikes to as soon as 2023. Previously it had said that it would only begin in 2024. However, from a high of 1.70, 10y UST falls to 1.35 before finally settling around 1.50 levels as market digests the Fed news. In the Philippines, BSP remains very accommodative especially because of the COVID situation. BSP keeps key rate at 2% with no plans on raising anytime soon. However market players were on edge because oil prices continue to rise to $70/bbl. Inflation seems to have hit their highs however at 4.5% with pork prices in check due to more importation and price freezes. In the local bond space, bonds were being bought as market anticipates inflation already peaked and growth slowing down due to covid. BTR successfully reissues 5yr bonds at 3.3 and ends the quarter at 2.85. VEI during this time used some of its funds to pick up on the belly to longer end of the curve. Meanwhile in equities, US markets continue to make new highs but the PCOMP crashes to 6000 level due to COVID restrictions. But bargain hunters take advantage to eventually bring this back up to 6700. We also saw large issuances like the Monde Nissin IPO and some REITs coming out. VEI also used some funds to buy into some issues at this time.

The following summarizes the operating results of the Company's subsidiaries:

Vantage Financial Corporation ("eBiz")

In 2Q 2021, eBiz achieved Money Transfer volume of over 1.6 million transactions or USD 567 million versus USD 556 million in 2Q 2020. Revenue from Money Transfer is 21% lower Y/Y to PHP161 million. Other sources of revenue are the operations from Foreign Exchange and Ancillary Products. Revenue for this went up by 82% Y/Y to PHP 64.5 million in 2Q 2021 from PHP 35.5 million in 2Q 2020 due to significant increase in income from FX transactions. Meanwhile, the Company's operating expenses is P152 million versus P168.5 million SPLY. As of 2nd quarter of 2021, the company posted a net income of P35.5 million versus P11.2 million last year, 215% increase.

Philequity Management, Inc. ("PEMI")

For the second quarter of 2021, PEMI registered net sales amounting to P24 million, a 48% decrease from the previous quarter. Subscriptions amounted P394 million, down 22% from last quarter while redemptions amounted to P370 million, down 19% from last quarter. COVID-19 volatility continued to rattle capital markets with investors scramble back to cash after over a year of turmoil and no near end in sight. Despite rallying 4.12% for the month of June, the local bourse is down 3.33% for the year, closing at 6,901.91. Assets under management for the mutual funds increased by P1.1 billion or 7% to P17.3 billion. This was primarily due to the increase of the Philippine Stock Exchange Index which rose 7.12% from last quarter. We expect a continuation of subdued subscriptions and elevated redemptions as the COVID19 pandemic remains the headline and variants of concern such as the Delta variant are wreaking havoc in neighboring countries such as Indonesia, Malaysia and Vietnam

Key Performance Indicators

The Company sets certain performance measures to gauge its operating performance periodically to assess its overall state of corporate health. Listed below are the major performance measures, which the Company has identified as reliable performance indicators.

	Formula	June 30, 2021	December 31, 2020
Current Ratio	Current Asset/Current Liabilities	1823.96%	1864.01%
Acid Test Ratio	(Cash Eq + Marketable Securities + Receivables)/ Current Liabilities	1820.09%	1862.18%
Solvency Ratio	Net Income/Total Liabilities	26.89%	116.66%
Debt-to-Equity Ratio	Total Liabilities/Total Equity	5.82%	6.49%
Debt Ratio	Total Liabilities/Total Assets	6.10%	6.10%
Asset-to-Equity Ratio	Total Assets/Total Equity	105.82%	106.49%
Interest Rate Coverage	EBIT/Interest Expense	N/A	N/A
Return on Assets	Net Income/Average Total Asset	1.50%	7.44%
Return on Equity	Net Income/Average Total Equity	1.58%	7.92%
Net Profit Margin	Gross Profit/Net Income	167.64%	124.04%
Book Value Per Share	(Total Shareholder Equity – Preferred Equity)/No. of Outstanding Shares	2.58	2.54

Causes for any material changes (+/- 5% or more) in the financial statements

Income Statement items – six month period ending 30-June-2021 versus 30-June-2020

21% decrease in money transfer service
Brought by lower volume of remittance transactions year on year

44%decrease in interest income
Effect of lesser investment in money market placements and lower interest rates

224% increase in trading gain/loss
Due to increase in market value of investment holdings.

91% Increase in other income
From signing bonus received from business partner and gains on foreign exchange transactions

8.16% decrease in cost of services and sales
From decrease in commission from money remittances and impact of PFRS16 on leases

26 % decrease in depreciation and amortization
Due to impact of PFRS16 and lower depreciation

62% decrease in interest and bank charges
Lower charges by bank

Balance Sheet items – June, 2021 versus end 2020

15% increase in cash and cash equivalents
Primarily due to higher MMP outstanding as of reporting date

57% decrease in loans and receivables
Primarily due to lesser receivable from Western Union

498% increase in prepaid expenses and other current assets
Largely from prepaid taxes and creditable withholding taxes.

10% decrease in non-current assets
Due to amortization of software

9% decrease in accounts payable and other current liabilities
Mostly from lesser payable to sub-agents and settlement of 2020 liabilities

180% increase in net assets attributable to shareholders
Increased subscription of units by investors

55% increase in income tax payable
Higher tax due

Geographic Concentration of Investments

	Number of Investors	Percentage of Investment	Number of Shares
Philippines	600	99.58%	4,181,924,699
Foreign	9	0.42%	17,657,567

Level of FATCA Compliance

The fund has implemented standard procedures to be FATCA-compliant. Currently, the number of investors in the company qualifying as a US person is below 1% of the total investors.

PART II – OTHER INFORMATION

PFRS 9 – Financial Instruments: Recognition and Measurement

The implementation of PFRS 9 in 2018 resulted to a P1.2B impact on the Group's retained earnings as a result of reclassifying its investments from AFS to FVTPL considering that these financial instruments satisfy the criteria of FVTPL business model.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of CITY OF MANILA on AUG 20 2021.

VANTAGE EQUITIES, INC.

By:

VALENTINO SY (Aug 18, 2021 17:18 GMT+8)

VALENTINO C. SY
Chairman

Edmundo P. Bunyi, Jr. (Aug 18, 2021 14:49 GMT+8)

EDMUNDO MARCO P. BUNYI, JR.
President and CEO

Angelica Cabanit (Aug 19, 2021 13:21 GMT+8)

MA. ANGELICA D. CABANIT
Compliance Officer

Joseph Ong (Aug 18, 2021 15:30 GMT+8)

JOSEPH L. ONG
Treasurer

ATTY. JONATHAN P. ONG
Corporate Secretary

Name	
Valentino C.Sy	TIN: 122-335-536
Edmundo Marco P. Bunyi, Jr.	TIN: 107-184-956
Joseph L. Ong	TIN: 108-789-427
Ma. Angelica D. Cabanit	TIN: 107-184-956
Jonathan P. Ong	TIN: 162-906-632

AUG 20 2021

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BOOK NO. III
SERIES OF 2021

ATTY. HENRY D. ADASA
NOTARY PUBLIC CITY OF MANILA
UNTIL DECEMBER 31, 2021
NOTARIAL COMMISSION 097 MLA
IBP NO. 141253 - 01/04/2021, PASIG
PTR NO. 9826148 - 01/05/2021 MLA
ROLL NO. 29679, TIN: 172-528-620
MCLE COMPL. NO. VII-0000165
URBAN DECA HOME MANILA, B-2, UNIT 35

VANTAGE EQUITIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited	Audited
	June 30, 2021	December 31, 2020
ASSETS		
Current Assets		
Cash and cash equivalents (Note 6)	**3,703,024,225**	3,219,805,034
Loans and receivables (Note 7)	**244,632,134**	574,234,132
Financial assets at fair value through profit or loss (Note 8	**7,286,716,721**	7,130,825,537
Prepaid expenses and other current assets (Note 9)	**23,862,923**	3,993,305
Total Current Assets	**11,258,236,003**	10,928,858,008
Noncurrent Assets		
Available-for-sale investments (Note 10)		
Investments in an associate	**119,228**	119,228
Property and equipment (Note 10)	**139,765,527**	152,635,871
Right Of Use - Assets	**17,860,760**	27,531,404
Deferred tax asset	**14,077,631**	13,552,209
Other noncurrent assets (Note 11)	**40,823,372**	45,128,010
Total Noncurrent Assets	**212,646,518**	238,966,722
	11,470,882,521	11,167,824,730
	-	
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 12)	**334,113,349**	**365,403,523**
Lease Liabilities - Current Portion	**13,835,456**	21,083,238
Net Assets Attributable to unitholders	**232,249,405**	82,966,013
Income tax payable	**37,043,119**	18,315,095
Total Current Liabilities	**617,241,329**	487,767,869
Noncurrent Liabilities		
Deferred tax liabilities		-
Lease Liabilities	**5,488,910**	8,858,065
Retirement liabilities (Note 15)	**7,795,436**	7,795,135
Total Noncurrent Liabilities	**13,284,346**	16,653,200
Total Liabilities	**630,525,675**	504,421,069
Equity		
Equity attributable to equity holders of the Parent Company:		
Capital stock (Note 23)	**4,335,181,766**	4,335,181,766
Cumulative net unrealized gain on changes in fair value		
of FVOCI (Note 10)	**70,000**	70,000
Remeasurement gains on retirement plan (Note 22)	**6,285,325**	6,285,325
Retained earnings - Unappropriated	**6,057,986,539**	5,912,712,787
Treasury stock (Note 23)	**(190,460,934)**	(190,460,934)
	10,209,062,696	10,063,788,944
Non-controlling interests	**631,294,150**	599,614,717
Total Equity	**10,840,356,846**	**10,663,403,661**
	11,470,882,521	11,167,824,730

VANTAGE EQUITIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	For the Period Ended (Unaudited)		For the Quarter Ended (Unaudited)	
	June 30, 2021	June 30, 2020	**June 30, 2021**	June 30, 2020
REVENUES				
Money transfer service	**96,026,212**	121,866,639	**46,781,421**	54,458,512
Money changing	**32,451,841**	81,640,865	**15,036,064**	67,800,394
Interest income	**92,478,871**	166,270,149	**45,487,047**	79,525,604
Trading Gain/Loss	**55,174,889**	(44,404,656)	**259,627,652**	400,558,860
Income from Mutual Fund	**117,243,927**	108,680,027	**59,958,890**	50,813,504
Others	**115,665,935**	11,371,883	**35,931,760**	(30,341,921)
	509,041,674	445,424,908	**462,822,835**	622,814,953
EXPENSES				
General and administrative expenses (Note 14)	**146,564,193**	157,309,579	**68,592,503**	71,760,072
Cost of services and sales	**50,589,823**	55,082,875	**26,414,118**	22,446,575
Depreciation and amortization	**27,650,412**	37,138,170	**13,374,808**	17,265,416
	224,804,428	249,530,623	**108,381,429**	111,472,062
INCOME FROM OPERATIONS	**284,237,246**	195,894,285	**354,441,406**	511,342,890
OTHER INCOME (CHARGES)				
Interest and bank charges – net	**(1,040,406)**	(2,775,089)	**(464,520)**	(1,224,032)
Others	**(80,573,169)**	(53,474,568)	**(91,439,106)**	(51,086,211)
	(81,613,575)	(56,249,656)	**(91,903,626)**	(52,310,243)
Income/Expense	**202,623,671**	139,644,629	**262,537,780**	459,032,648
Extra-Ordinary Income/(Exp.)			-	
Impairment Loss	-	-	-	-
INCOME BEFORE INCOME TAX	**202,623,671**	139,644,629	**262,537,780**	459,032,648
PROVISION FOR INCOME TAX				-
Current	**33,070,662**	30,752,793	**22,245,119**	15,433,743
Deferred			-	-
	33,070,662	30,752,793	**22,245,119**	15,433,743
NET INCOME (LOSS)	**169,553,009**	108,891,836	**240,292,661**	443,598,905
Attributable to:				
Equity holders of the parent	**145,273,752**	106,238,789	**217,866,817**	417,648,661
Minority interests	**24,279,257**	2,653,046	**22,425,844**	25,950,244
	169,553,009	108,891,835	**240,292,661**	443,598,905
Attributable to Equity Holders of the Parent	**0.0346**	0.0253	**0.0519**	0.0995

VANTAGE EQUITIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	For the Period Ended (Unaudited)	
	June 30, 2021	June 30, 2020
CAPITAL STOCK - 1 par value		
Authorized - 5,000,000,000 shares		
Issued and outstanding - 4,199,582,266 shares		
Balance at beginning of year	**4,335,181,766**	4,335,181,766
Stock issuance cost of a subsidiary	**-**	-
Stock dividends issued	**-**	-
Balance at end of period	**4,335,181,766**	4,335,181,766
VALUE OF AVAILABLE-FOR-SALE SECURITIES		
Balance at beginning of year	**70,000**	70,000
Reclassification of Financial Instruments		
Unrealized Gain/(loss)		
Balance at end of period	**70,000**	**70,000**
REMEASUREMENT GAINS (LOSSES) ON RETIREMENT PLAN		
Balance at beginning of year	**6,285,325**	683,709
Comprehensive income	**-**	-
Balance at end of period	**6,285,325**	683,709
RETAINED EARNINGS (DEFICIT)		
Balance at beginning of year	**5,912,712,787**	5,528,299,898
Net income (loss)	**169,553,009**	108,891,835
Share in Minority Interest	**(24,279,257)**	(2,653,046)
Stock Dividend		
Balance at end of period	**6,057,986,539**	5,634,538,687
TREASURY SHARES (Note 17)	**(190,460,934)**	(190,460,934)
MINORITY INTEREST		
Balance at beginning of year	**599,614,717**	556,737,233
Additional non-controlling interests in subsidiaries	**7,400,176**	3,713,655
Total income and expenses recognized during the period	**24,279,257**	2,653,046
Balance at end of period	**631,294,150**	563,103,934
	10,840,356,845	10,343,117,161

VANTAGE EQUITIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Period Ended (Unaudited)	
	June 30, 2021	June 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before Tax	**202,623,671**	139,644,628
Trading Gains/Losses	**(55,174,889)**	149,241,865
Depreciation and amortization	**27,650,412**	37,138,170
Interest expense	**1,040,406**	2,775,089
Dividend income	**6,957,270**	(4,646,718)
Interest income	**(92,478,871)**	(166,270,149)
Operating income before working capital changes	**90,617,999**	157,882,884
Changes in operating assets and liabilities:	**-**	-
Decrease (increase):	**-**	-
Receivable	**323,016,866**	602,009,554
Prepaid expenses and other current assets	**(16,090,402)**	(4,470,965)
Increase (decrease) in accounts payable and other	**(41,906,809)**	(282,324,508)
Net cash provided by (used for) operations	**355,637,653**	473,096,966
Interest paid	**(1,040,406)**	(2,775,089)
Income tax paid	**(14,342,638)**	(48,518,461)
Dividends received	**6,731,912**	4,009,432
Interest received	**99,289,361**	167,256,220
Net cash provided by (used in) operating activities	**446,275,883**	593,069,068
CASH FLOWS FROM INVESTING ACTIVITIES	**-**	-
Decrease (increase) in:	**-**	-
Property and equipment	**(22,540,988)**	(7,761,219)
Decrease (increase) in FVPL/HTM	**(97,199,271)**	(25,526,315)
Net Proceeds from issuance/redemption of shares	**7,400,176**	3,713,655
Net Proceeds from issuance/redemption of units	**149,283,392**	50,846,354
Decrease (increase in) other assets	**-**	-
Net cash provided by (used in) investing activities	**36,943,309**	21,272,475
CASH FLOWS FROM FINANCING ACTIVITY	**-**	-
Increase/(decrease) in loans	**-**	-
Cash used in financing activities	**-**	-
NET INCREASE (DECREASE) IN CASH AND CASH	**483,219,191**	614,341,543
CASH AND CASH EQUIVALENTS AT BEGINNING	3,219,805,034	2,504,042,772
CASH AND CASH EQUIVALENTS AT END OF	**3,703,024,225**	3,118,384,315

See accompanying Notes to Financial Statements

1. General Information

Corporate Information

Vantage Equities, Inc. (the Parent Company) was incorporated in the Philippines and was registered with the Philippine Securities and Exchange Commission (SEC) on October 20, 1992. The primary business of the Company is to invest in, acquire by purchase, exchange, assignment or otherwise of the capital stock, bonds, debentures, promissory notes and similar financial instruments. The Company's shares are publicly traded in the Philippine Stock Exchange (PSE).

The Parent Company's shares are publicly traded in the Philippine Stock Exchange (PSE).

On June 20, 2017, the Board of Directors (BOD) approved Article 3 of Articles of Incorporation to change its principal address from 2005 East Tower PSE Centre, Ortigas Center, Pasig City, Metro Manila, Philippines to 15th Floor Phil. Stock Exchange, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City, Metro Manila, Philippines. The Amended Articles of Incorporation was approved by the Securities and Exchange Commission on October 26, 2017.

The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries (collectively referred to as the "Group"):

Name of Subsidiaries	Place of Incorporation	Percentage of Ownership 2021	2020	2019
Vantage Financial Corporation (Formerly VFC Services, Inc.) (VFC)	Philippines	**100.00**	100.00	100.00
eBIZ Financial Services, Inc. (eBIZ Financial)*	Philippines	**100.00**	100.00	100.00
iCurrencies, Inc. (iCurrencies)	Philippines	**100.00**	100.00	100.00
Philequity Balanced Fund, Inc. (PBF)	Philippines	**100.00**	100.00	100.00
Philequity Foreign Currency Fixed Income Fund, Inc. (PFCFF)	Philippines	**100.00**	100.00	100.00
Philequity Alpha One Fund, Inc.(PAOF)**	Philippines	**100.00**	100.00	100.00
Philequity Global Fund, Inc.(PGF)***	Philippines	**100.00**	100.00	100.00
Philequity MSCI Philippines Index Fund, Inc. (PMIF)	Philippines	**66.96**	68.57	69.18
Philequity Management, Inc. (PEMI)	Philippines	**51.00**	51.00	51.00

**Indirectly owned through VFC*
*** Incorporated on February 13, 2019*
**** Incorporated on June 24, 2019)*
**** Incorporated on December 15, 2017*

The Parent Company is the ultimate parent of the Group.

On November 11, 2017, the respective BOD of the corresponding Funds decided to shorten the corporate life of IC, PRF, PBF and PFCFF until December 31, 2017.

As of December 31, 2019, clearance for liquidation of these Funds is pending with the SEC.

VFC

VFC was incorporated in the Philippines and is engaged in the fund transfer and remittance services, both domestic and abroad, of any form or kind of currencies or monies, as well as in conducting money exchange transactions as may be allowed by law and other allied activities relative thereto. VFC has an existing International Representation Agreement (Agreement) with Western Union Financial Services, Inc. (Western Union) covering its fund transfer and remittance services until December 20, 2022. VFC receives remuneration for the services provided to Western Union in accordance with the terms stipulated in the Agreement.

On January 23, 2018, the SEC approved the amendment of its Articles of Incorporation to change its company name from eBusiness Services, Inc. to Vantage Financial Corporation.

eBiz Financial

eBiz Financial is wholly owned by VFC. eBiz Financial was incorporated on April 11, 2005 and started commercial operations on May 9, 2005. eBiz Financial is engaged in general financing business. On April 7, 2015, eBiz Financial's BOD decided to shorten its term of existence until October 31, 2015. This was approved by the stockholders on August 1, 2015.

iCurrencies

iCurrencies, Inc. was incorporated on February 3, 2000 and started commercial operations on May 31, 2000. iCurrencies is organized primarily to engage in the business of buying and selling of foreign currencies.

In May 2001, iCurrencies effectively ceased its business of buying and selling currencies as a result of Bangko Sentral ng Pilipinas Circular No. 264, issued on October 26, 2000. Among others, the circular required additional documentation for sale of foreign currencies and required Foreign Exchange Corporations (FxCorps) to have a minimum paid-up capital of ₱50.00 million.

The Circular effectively aligned the regulations under which FxCorps are to operate to that of banks. To avoid duplication and direct competition with its previous major stockholder, iCurrencies ceased its business of buying and selling foreign currencies.

As of June 30, 2021, the management intends to retain the dormant status of the Company until a viable plan to revive its operations is drawn up. In the meantime, iCurrencies is sustained by interest income on its short-term deposits.

PBF

PBF was incorporated in the Philippines, and was registered with the SEC on May 6, 2008 under the Philippine Investment Company Act (ICA) (Republic Act 2629) as an open-end mutual fund company. PBF is engaged in selling its capital to the public and investing the proceeds in diversified portfolio of peso-denominated fixed-income and equity securities. The initial investment amounted to ₱25.00 million.

On November 11, 2017, the BOD decided to shorten the corporate life of the Fund until December 31, 2017. This was ratified by the stockholders on September 1, 2018.

PFCFF

PFCFF was incorporated in the Philippines, and was registered with the SEC on April 10, 2008 under the Philippine ICA as an open-end mutual fund company. PFCFF is engaged in selling its capital to the public and investing the proceeds in diversified portfolio of foreign currency denominated fixed-income securities. As of December 31, 2017, PFCFF has not yet launched its capital shares to the public. The initial investment amounted to ₱25.00 million.

On November 11, 2017, the Board of Directors (BOD) decided to shorten the corporate life of the Fund until December 31, 2017. This was ratified by the stockholders on September 1, 2018.

PAOF

Philequity Alpha One Fund, Inc. (the Fund) was incorporated in the Philippines, and was registered with the Securities and Exchange Commission (SEC) on February 13, 2019. The primary activities of the Fund are to subscribe for, invest and re-invest in, sell, transfer or otherwise dispose of securities of all kinds, to acquire, hold, invest and reinvest in, sell, transfer or otherwise dispose of real properties of all kinds; and generally to carry on the business of an open-end investment company in all the elements and details thereof as prescribed by law.
On August 30, 2019, the SEC approved the Fund's application to register the Offer Units under the provisions of the Securities Regulation Code of the Philippines (Republic Act No. 8799). On December 9, 2019, PAOF launched its units to the public.

PGF

Philequity Global Fund, Inc. (the Fund) was incorporated in the Philippines, and was registered with the Securities and Exchange Commission (SEC) on June 24, 2019. The primary activities of the Fund are to subscribe for, invest and re-invest in, sell, transfer or otherwise dispose of securities of all kinds, to acquire, hold, invest and reinvest in, sell, transfer or otherwise dispose of real properties of all kinds; and generally to carry on the business of an open-end investment company in all the elements and details thereof as prescribed by law.

As of June 30, 2021, the Fund has not yet started its commercial operations pending the registration under the Philippine Investment Company Act (Republic Act No. 2629) as an open-end mutual fund company with the SEC. The Fund just got its SEC permit to offer securities for sale last January 20, 2021

PMIF

PMIF was incorporated in the Philippines, and was registered with the SEC on December 15, 2017 under the Philippine ICA as an open-end mutual fund company. PMIF is engaged to subscribe for, invest and re-invest in, sell, transfer or otherwise dispose of securities of all kinds, including all types of stocks, bonds, debentures, notes, mortgages, or other obligations, commercial papers, acceptances, scrip, investment contracts, voting trust, certificates, certificates of interest, and any receipts, warrants, certificates, or other instruments representing any other rights or interests therein, or in any property or assets created or issued by any all persons, firms, associations, corporations, organizations, government agencies or instrumentalities thereof; to acquire, hold, invest and reinvest in, sell, transfer or otherwise dispose of, real properties of all kinds; and generally to carry on the business of an Open-End Investment Company in all the elements and details thereof as prescribed by law.

On January 2019, PMIF launched its shares to the public.

PEMI

PEMI was incorporated in the Philippines on March 15, 1994 and is primarily engaged in the management of mutual funds.

PEMI serves as the full fund manager of the following Mutual Funds (collectively referred to as "the Funds"):

- Philequity Fund, Inc. (PEFI)
- Philequity Dollar Income Fund, Inc. (PDIF)
- Philequity Peso Bond Fund, Inc. (PPBF)
- Philequity PSE Index Fund, Inc. (PPSE)
- Philequity Resource Fund, Inc. (PRF)

- Philequity Strategic Growth Fund, Inc. (PSGF)
- Philequity Balanced Fund, Inc. (PBF)
- Philequity Foreign Currency Fixed Income Fund, Inc. (PFCFF)
- Philequity Dividend Yield Fund, Inc. (PDYF)
- Philequity MSCI Philippines Index Fund, Inc.(PMIF)
- Philequity Alpha One Fund, Inc.(PAOF)

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2. **Summary of Significant Accounting Policies**

Basis of Preparation
The accompanying consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVTPL), which are measured at fair value. The consolidated financial statements are presented in Philippine peso and all values are rounded to the nearest peso unit except when otherwise indicated.

The financial statements of the Group provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective restatement or reclassification of items in the financial statements. The Group adopted PFRS 9, *Financial Instruments* using the full retrospective approach.

Statement of Compliance
The accompanying consolidated financial statements are prepared in compliance with the Philippine Financial Reporting Standards (PFRSs).

Basis of Consolidation
The financial statements of the subsidiaries are prepared based on the same reporting period as the Parent Company using consistent accounting policies. All significant intra-group balances, transactions, income, expenses and profits and losses resulting from intra-group transactions are eliminated in full in the consolidation.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Parent Company controls an investee if and only if the Parent Company has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure or rights to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other voting shareholders of the investee;
- rights arising from other contractual arrangements; and
- the Parent Company's voting rights and potential voting rights.

Assets, liabilities, income, expenses and other comprehensive income (OCI) of a subsidiary are included in the consolidated financial statements from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Parent Company loses control over a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- derecognizes the carrying amount of any non-controlling interest;
- derecognizes the cumulative translation differences recorded in equity;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained;
- recognizes any surplus or deficit in profit or loss; and
- reclassifies the Parent Company's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Parent Company had directly disposed of the related assets and liabilities.

<u>Non-Controlling Interest</u>
Non-controlling interest represents the portion of profit or loss and net assets not owned, directly or indirectly, by the Parent Company and are presented in the consolidated statement of income, consolidated statement of comprehensive income, and within equity in the consolidated statement of financial position, separately from equity attributable to the Parent Company.

Profit or loss and each component of OCI are attributed to the equity holders of the Parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

<u>Changes in Accounting Policies and Disclosures</u>
The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2018. Except as otherwise indicated, these changes in the accounting policies did not have any significant impact on the financial position or performance of the Group:

- Amendments to PFRS 2, *Share-based Payment*, *Classification and Measurement of Share-based Payment Transactions*
- Amendments to PFRS 4, *Applying PFRS 9 Financial Instruments with PFRS 4 Insurance Contracts*
- Amendments to PAS 28, *Investments in Associates and Joint Ventures, Measuring an Associate or Joint Venture at Fair Value (Part of Annual Improvements to PFRSs 2014 - 2016 Cycle)*
- Amendments to PAS 40, *Investment Property, Transfers of Investment Property*
- Philippine Interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration*

Standard that has been adopted and that is deemed to have significant impact on the financial statements or performance of the Group is described below:

- PFRS 9, *Financial Instruments*
  PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement* and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. The Group and Parent Company has adopted PFRS 9 using the full retrospective approach.

  (a) Classification and Measurement

Under PFRS 9, debt financial assets are classified and measured at fair value through profit or loss (FVTPL), amortized cost (AC), or fair value through other comprehensive income (FVTOCI). The classification is based on the Company's business model for managing the financial assets and whether the financial instrument's contractual cash flows represent "solely payments of principal and interests" or "SPPI" on the principal amount outstanding.
The assessment of the Company's business model was made as at January 1, 2016. The assessment of whether the instruments' contractual cash flows are SPPI was made based on the facts and circumstances as at the initial recognition of the financial assets.

(b) *Impairment*
The adoption of PFRS 9 has fundamentally changed the Group's measurement of impairment losses for its financial assets – from PAS 39's incurred loss approach to a forward-looking expected credit loss (ECL) approach. Under PFRS 9, the Group is required to provide ECL for financial assets at AC and other debt instruments classified as financial assets at FVTOCI. The allowance is based on the ECLs associated with the risk of default in the next twelve months unless there has been a significant increase in credit risk (SICR) since origination or the financial assets are impaired where lifetime ECL is provided.

Upon the adoption of PFRS 9, the Group assessed that its cash and cash equivalents, receivables and investment in amortized costs are considered low credit risk financial assets as of January 1, 2017. Accordingly, the Group assessed that the impact of recognizing 12-month ECL for these financial assets is not significant.

- PFRS 15, *Revenue from Contracts with Customers*
PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with
customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to
which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs.

The Group adopted PFRS 15 using the full retrospective method, effective January 1, 2017. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date.

The Group's revenue from contracts with customers generally include service income, commission income, share in foreign exchange differential, money changing gains and income from business partners.

The Group undertook a comprehensive analysis of the impact of the new revenue standard based on a review of the contractual terms of its principal revenue streams with the primary focus being to understand whether the timing and amount of revenue recognized could differ under PFRS 15.

For all of the Company's revenue streams, the nature and timing of satisfaction of the performance obligations, and, hence, the amount and timing of revenue recognized under PFRS 15, is the same as that under PAS 18.

The adoption of PFRS 15 had no significant impact to the statements of financial position, statements of comprehensive income and statements of cash flows.

Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current or noncurrent classification. An asset is current if:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as noncurrent.

Deferred tax assets and deferred tax liabilities are classified as noncurrent assets and liabilities, respectively.

Foreign Currency Transactions
Transactions in foreign currencies are initially recorded in the Group's functional currency using the exchange rates prevailing at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency using the Philippine Dealing System (PDS) closing rate prevailing at the reporting date and foreign currency-denominated income and expenses, at prevailing exchange rates at the date of transaction. Foreign exchange differences arising from revaluation and translation of foreign currency denominated assets and liabilities are credited to or charged against operations in the year in which the rates change. All differences are taken to the consolidated statement of income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the prevailing closing exchange rate as of the date of initial transaction.

Unrealized foreign exchange gain
This account pertains to the unrealized foreign exchange gain earned by the Group from the maturity of their US$ denominated short-term deposits and the revaluation made for their NDF. Any foreign exchange gain earned is lodged as unrealized since, upon maturity of the deposits, the entire proceed, including interest earned, is retained in the Group's US$ bank account. Unrealized foreign exchange gain is recognized for the valuation of foreign currency denominated short-term deposits and revaluation of the NDF at month-end.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from the date of acquisition and that are subject to an insignificant risk of change in value.

Fair Value Measurement
The Group measures financial instruments at fair value at each statement of financial position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value

measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated statement of financial position on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting date.

<u>Financial Instruments - Initial Recognition and Subsequent Measurement</u>
Date of recognition
The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial instruments that require delivery of assets and liabilities within the time frame established by regulation or convention in the marketplace are recognized on the trade date.

Initial recognition of financial instruments
Financial instruments are initially recognized at fair value of the consideration given. The initial measurement of financial instruments includes transaction costs, except for financial instruments at financial assets at FVTPL.

'Day 1' difference
Where the transaction price in a non-active market is different to the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a 'Day 1' difference) in profit or loss in the consolidated statement of income unless it qualifies for recognition as some other type of asset. In cases where transaction price used is made of data which is not observable, the difference

between the transaction price and model value is only recognized in profit or loss in the consolidated statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' difference amount.

In 2020 and 2019, there were no 'Day 1' differences recognized in profit or loss in the consolidated statement of comprehensive income.

Classification and subsequent measurement of financial instruments

Financial assets

For purposes of classifying financial assets, an instrument is an 'equity instrument' if it is a non-derivative and meets the definition of 'equity' for the issuer (under PAS 32, *Financial Instruments: Presentation*), except for certain non-derivative puttable instruments presented as equity by the issuer. All other non-derivative financial assets are 'debt instruments'.

Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Group's business model for managing financial assets. The Group classifies its financial assets into the following categories: financial assets at FVTPL, financial assets at FVTOCI with recycling of cumulative gains and losses (debt instruments), financial assets designated at FVTOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) and financial assets measured at AC.

Contractual cash flows characteristics

The Group assesses whether the cash flows from the financial asset represent SPPI on the principal amount outstanding. Instruments with cash flows that do not represent as such are classified at FVTPL.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

In making this assessment, the Group determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Business model

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group 's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers, if any, of the business are compensated.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

As of June 30, 2021 and December 31, 2020 , the Group has financial assets at FVTOCI amounting to ₱0.57 million included in 'Other noncurrent assets' in the statement of financial position.

Financial assets at FVTPL
Debt financial assets that do not meet the amortized cost criteria, or that meet the criteria but the Group has chosen to designate as at FVTPL at initial recognition, are measured at fair value through profit or loss. Equity investments are classified as at FVTPL, unless the FVTPL designates an investment that is not held for trading as at FVTOCI at initial recognition. The Fund's financial assets at FVTPL include equity securities held for trading purposes and equity investments not designated as at FVTOCI.

A financial asset is held for trading if:

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

Financial assets at FVTPL are carried at fair value and gains and losses on these instruments are recognized as 'Trading and securities gain (losses) - net' in the consolidated statement of comprehensive income. Interest earned on these investments is reported in the consolidated statement of income under 'Interest income' while dividend income is reported in the consolidated statement of income under 'Dividend income' when the right of payment has been established. Quoted market prices, when available, are used to determine the fair value of these financial instruments. If a financial asset at FVTPL has a bid and ask price, the price within the bid-ask spread that is most representative of fair value in the circumstances shall be used to measure fair value. If quoted market prices are not available, their fair values are estimated based on market observable inputs. For all other financial instruments not listed in an active market, fair value is determined by using appropriate valuation techniques.

As of June 30, 2021 and December 31, 2020, the Group's financial assets at FVTPL consists of investments in corporate bonds, government securities, equity securities, mutual funds and derivate assets.

Derivatives classified as FVTPL
Derivative financial instruments are initially recognized at fair value on the date in which a derivative transaction is entered into or bifurcated, and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair values of derivatives (except those accounted for as accounting hedges) are taken directly to the consolidated statement of income under 'Unrealized foreign exchange gain'. The Group have currency forwards (NDF) which are considered as stand-alone derivatives as of June 30, 2019 and December 31, 2018.

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract, with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative is separated from the host contract and accounted for as derivative if all the following conditions are met:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristic of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of the derivative; and

- the hybrid or combined instrument is not measured at fair value with fair value changes charged through profit or loss.

Financial assets at amortized cost
A debt financial asset is measured at amortized cost if (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the effective interest rate (EIR) method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are integral part of the EIR. The amortization is included in 'Interest income' in profit or loss in the consolidated statement of comprehensive income and is calculated by applying the EIR to the gross carrying amount of the financial asset.

The Group's financial assets at amortized cost consist of 'Cash and cash equivalents', 'Loans and receivables' and 'Investments at amortized costs'.

Reclassifications of financial assets
The Company reclassifies its financial assets when, and only when, there is a change in the business model for managing the financial assets. Reclassifications shall be applied prospectively by the Company and any previously recognized gains, losses or interest shall not be restated.

Financial liabilities
Financial liabilities are classified as financial liabilities at FVTPL and other financial liabilities. The classification of financial liabilities at initial recognition depends on the purpose for which the financial liabilities are incurred and their characteristics.

As of June 30, 2021 and December 31, 2020, the Group has no financial liabilities at FVTPL.

Other financial liabilities
This category pertains to financial liabilities that are not held for trading or not designated as at FVTPL at the inception of the liability. Other financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs.

This category includes 'Accrued expenses and other liabilities'.

<u>Derecognition of Financial Assets and Financial Liabilities</u>
Financial assets
A financial asset (where applicable, a part of a financial asset, or part of a group of financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred the control over the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control over the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

Offsetting Financial Instruments
Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties. This is not generally the case with master netting agreements where the related assets and liabilities are presented gross in the consolidated statement of financial position.

Impairment of Financial Assets
Expected credit loss
PFRS 9 requires the Group to record ECL for all loans and other debt financial assets not classified as at FVTPL, together with loan commitments and financial guarantee contracts. ECL represent credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. ECL allowances will be measured at amounts equal to either (i) 12-month ECL or (ii) lifetime ECL for those financial instruments which have experienced a SICR since initial recognition. The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECL are credit losses that results from all possible default events over the expected life of the financial asset.
Definition of default
Generally, the Group defines a financial asset as in default for purposes of calculating ECL when the contractual payments are past due for more than 90 days. As part of the qualitative assessment, the Company also considers and a variety of instances that may indicate unlikeliness to pay to determine if a counterparty has defaulted.

SICR
To determine whether there has been a significant increase in credit risk in the financial assets, the Group compares credit risk at initial reporting date against credit risk as at the reporting date. The Group uses judgment combined with relevant reasonable and supportable historical and forward-looking information which are available without undue cost and effort in calculating ECL. The Group assumes that instruments with an external rating of "investment grade" from published data providers or other reputable agencies and maturities of less than 1 year at reporting date are low credit risk financial instruments and accordingly, does not have SICR since initial recognition.

For treasury exposures, a downgrade of two notches for investment grade and one notch for non-investment grade security indicates SICR since origination. The Group also presumes a SICR for receivables that are past due for 30 days. Consideration of events which caused the downgrade is relevant. Evaluation should also include historical and forward-looking information.

Assessment of ECL on a collective basis

The Group evaluates impairment of financial assets individually for those that are individually significant and collectively for those that are not. The Group groups the financial assets based on profile of customer and its payment terms and history for the collective impairment.

Staging assessment
A three-stage approach for impairment of financial assets is used, based on whether there has been a significant deterioration in the credit risk of a financial asset. These three stages then determine the amount of impairment to be recognized.

For non-credit-impaired financial instruments:

- Stage 1 is comprised of all non-impaired debt financial assets which have not experienced a SICR since initial recognition. The Group recognizes a 12-month ECL for Stage 1 debt financial assets.
- Stage 2 is comprised of all non-impaired debt financial assets which have experienced a SICR since initial recognition. The Group recognizes a lifetime ECL for Stage 2 debt financial assets.

For credit-impaired financial instruments:
Financial instruments are classified as Stage 3 when there is objective evidence of impairment.

ECL parameters and methodologies
For financial assets such as "Receivables", the Group applied the simplified approach using provision matrix that considers historical loss experience adjusted for current conditions and forward-looking inputs and assumptions. For 'Cash and cash equivalents' and 'Investments at amortized cost', the Group applied the general approach in measuring ECL that considers assessment of significant increase in credit risk and adjustments for forward-looking information.

Forward-looking information
The Group incorporates forward-looking information into both its assessment of whether the credit risk of a financial asset has increased significantly since initial recognition and its measurement of ECL. A broad range of forward-looking information are considered as economic outputs such as Consumer Price Index (CPI), exchange rates, Gross Domestic Product (GDP) growth rates, imports and exports, Philippine Stock Exchange index (PSEi), stock prices and unemployment rates. The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Write-off policy
The Group writes off its financial assets when it has been established that all efforts to collect and/or recover the loss has been exhausted. This may include the other party being insolvent, deceased or the obligation being unenforceable.

Investment in an Associate
Associates are entities which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. In the consolidated financial statements, investments in associates are accounted for using the equity method.

Under the equity method, an investment in an associate is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share in the net assets of the associate, less any allowance for impairment losses. Goodwill relating to an associate is included in the carrying value of the investment and is not amortized nor tested for impairment. The Group's share in an associate's post-acquisition profits or losses is recognized in the consolidated statement of income, and its share of post-acquisition movements in the associate's equity reserves is recognized directly in consolidated statement of comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization and any impairment in value. The initial cost of property and equipment consists of its construction cost or purchase price and any costs directly attributable to bringing the property and equipment to its working condition and location for its intended use.

Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to expense in the year in which such costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

The cost of an item of property and equipment also includes costs of dismantlement, removal or restoration and the related obligation that the Group incurs at the end of the useful life of property and equipment.

When each major repairs and maintenance is performed, its cost is recognized in the carrying amount of the item of property and equipment as a replacement if the recognition criteria are satisfied. Such costs are capitalized and amortized over the next major repairs and maintenance activity.

Depreciation and amortization commences once the property and equipment are available for use and are computed using the straight-line basis over the estimated useful lives of the property and equipment as follows:

Office condominium	20 years
Furniture and fixtures	3-10 years
Office improvements	10 years
Transportation equipment	4-5 years
Server and network equipment	3 years
Leasehold improvements	2-5 years or term of lease, whichever period is shorter

The useful lives, residual values, and depreciation and amortization method are reviewed periodically to ensure that the periods, residual values, and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment. Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation and amortization are charged to the consolidated statement of income.

When property and equipment are sold or otherwise disposed of, the cost and related accumulated depreciation, amortization and any impairment in value are eliminated from the accounts and any resulting gain or loss is credited to or charged against the consolidated statement of income.

Construction in progress represents properties under construction or development and is stated at cost. This includes costs of construction, equipment, borrowing costs directly attributable to such asset during the construction period and other direct costs. Construction in progress is not depreciated until such time when the relevant assets are substantially completed and available for its intended use.

Software

Development costs of software, which are included under 'Other noncurrent assets' account in the consolidated statement of financial position, are capitalized and treated as intangible assets because their costs are not an integral part of the related hardware. Amortization is computed using the straight-line method over their estimated useful life of 3 years for software and 2 years for website.

<u>Impairment of Non-financial assets</u>
The Group assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU's) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the CGU to which it belongs. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized in the consolidated statement of income in the expense category consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income. After such reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

<u>Goodwill</u>
Goodwill acquired in a business combination is initially measured as the excess of the aggregate of the consideration transferred, the amount recognized for any non-controlling interest and the fair value of the acquirer's previously-held interest, if any, over the fair value of the net assets acquired. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the investment in PEMI, the cash-generating unit to which the goodwill relates. This requires an estimation of the value in use of the investment. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the investment and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The discount rate reflects management's estimate of the risks specific to the investment.

Where the recoverable amount of the investment is less than the carrying amount of the investment, an impairment loss is recognized. Impairment loss relating to goodwill cannot be reversed in future periods.
<u>Revenue Recognition</u>
The Group follows a five-step model to account for revenue arising from the contracts with customers. The five-step model is as follows:

a. Identify the contract(s) with customer
b. Identify the performance obligations in the contract
c. Determine the transaction price
d. Allocate the transaction price to the performance obligation
e. Recognize revenue when (or as) the entity satisfies a performance obligation

Revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group exercises judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent.

The following specific recognition criteria must also be met before revenue is recognized for revenues:

Service income
Service income comprises PEMI's management and other related income. Fees earned from management services provided by the Company to the managed funds over a period of time are recognized over time as the services are rendered and in accordance with the Management and Distribution Agreement. Management fees are computed using a fixed percentage based on the average NAV of the managed funds computed on a daily basis. The other fees such as commissions are recognized upon subscription and sale of the Funds' common shares.

Money transfer service income
This represents the commission received by the Group from Western Union for every money transfer service provided by the former for the latter. Revenue is recognized when the money transfer service with the customer has been processed, which is when Western Union acknowledges the transaction. The Group concluded that it is acting as an agent on its remittance services with Western Union. The Group is providing to Western Union a series of distinct services that are substantially the same and have the same pattern of transfer. Accordingly, the revenue on remittance services is recognized over time.

Share in foreign exchange differential
Western Union establishes the rates (on a daily basis) by which the currency in which money transfer service transaction at originating currency is converted to the payment currency. A foreign exchange differential gain arises when the rate set by Western Union at the date of receipt of the cash at the originating currency is different from the rate set on the date of the actual release of the cash under
the payment currency. Share from foreign exchange differential based on the percentage as agreed with Western Union is recognized when remittance service is rendered and the originating currency is converted to the payment currency. The Group concluded that it is acting as an agent on its remittance services with Western Union. The Group is providing to Western Union a series of distinct services that are substantially the same and have the same pattern of transfer. Accordingly, the revenue on remittance services is recognized over time.

Money changing gain

Money changing gain is related to the Group's retail foreign exchange operations in the branches. Funds received from the customers denominated in the originating currency are translated to the payment currency based on the exchange rate set by the Western Union (WU). The difference from the specified exchange rate and the current Philippine Dealing and Exchange Corporation (PDEx) closing rate is recognized as money changing gain. Income from money changing is recognized when the money exchange service has been rendered.

Other income - net

Other revenues include web development and production, media sales, portal and E-commerce revenues and digital public relations (PR) and digital strategy revenues. Revenue from web development and production is recognized based on the percentage of completion method. The stage of completion is assessed by reference to the stage of completion of the development, including completion of services provided for post-delivery service support. Revenue from media sales, portal and E-commerce is recognized at the time that services are rendered. Revenue from PR and digital strategy is recognized when services are rendered in accordance with the provisions of the contracts.

Income from business partners

This represents fees received by the Group from partner companies for other retail services in the branches including over-the-counter payment collection and airline ticketing services. Income from business partners are recognized at the time the services are rendered.

Trading and investment securities gains- net

Trading and investment securities gains - net includes all gains and losses from changes in fair value of financial assets at FVPL, derivatives and gains and losses from disposal of AFS investments and financial assets at FVPL and other financial instruments. Revenue recognized from disposal of AFS equity investment is gross of the commission expense paid to the broker. Revenue is recognized on trade date upon receipt of confirmation of sale of investments from counterparties.

Interest income

Interest income on interest-bearing placements is recorded on a time proportion basis taking into account the effective yield of the asset. Interest on financial instruments is recognized based on the effective interest method of accounting.

Dividend income

Dividend income is recognized when the right to receive payment is established.

Realized foreign exchange gain

Realized foreign exchange gain pertains to the realized gain from the settlement of US$ denominated NDF and from the buy and sell of US$ denominated currency. Realized gain from NDF pertains to the difference between the agreed upon forward rate and the fixing rate used in the actual settlement of the NDF, translated into Philippine peso. While realized gain from the buy and sell of US$ denominated currency is the difference between the spot rate from the day the currency was bought to the day it was sold. Realized foreign exchange gain is recognized when the transactions are settled and gains are translated into Philippine peso.

<u>Expense Recognition</u>

Expenses are recognized when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

Cost of services and sales
Cost of services and sales, which include personnel costs and other expenses incidental to the Group's primary services, are expensed as incurred.

General and administrative expenses
General and administrative expenses, which include the cost of administering the business and are not directly associated with the generation of revenue, are expensed as incurred.

Finance Costs
Finance costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Finance costs are calculated using the EIR method in accordance with PAS 39, *Financial Instruments* and recorded as interest expense once incurred.

Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A reassessment is made after inception of the lease only if one of the following applies:

(a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
(b) A renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
(c) There is a change in the determination of whether fulfillment is dependent on a specified asset; or
(d) There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the re-assessment for scenarios (a), (c) or (d) above, and at the date of renewal or extension period for scenario (b).

Group as a lessee
Leases where the lessor retains substantially all the risks and benefits of ownership of the assets are classified as operating leases. Fixed operating lease payments are recognized as expense in the consolidated statement of income on a straight-line basis over the term of the lease agreement.

Retirement Cost
e-Business has a funded, noncontributory defined benefit retirement plan and the Parent Company, and PEMI have unfunded, noncontributory defined benefit retirement plans covering substantially all of their regular employees.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial valuations are conducted with sufficient regularity, with option to accelerate when significant changes to underlying assumptions occur.
Defined benefit costs comprise of the following:

a. service cost;

b. net interest on the net defined benefit liability or asset; and
c. remeasurements of net defined benefit liability or asset.

Service costs, which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time, which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset.Net interest on the net defined benefit liability or asset is recognized as expense or income in the consolidated statement of income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

<u>Income Taxes</u>

Current Tax

Current tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred Tax

Deferred tax is provided, using the liability method, on all temporary differences and carryforward benefits of excess minimum corporate income tax (MCIT) and unused net operating loss carryover (NOLCO) at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of MCIT and NOLCO to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits of MCIT and NOLCO can be utilized. Deferred income tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting period. Movements in deferred tax assets and liabilities arising from changes in tax rate are charged or credited to income for the year.

Deferred tax relating to items recognized directly in other comprehensive income are also recognized in other comprehensive income.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred taxes related to the same taxable entity and the same taxation authority.

Value-added Tax (VAT)
Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as a payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

Equity
Capital stock is measured at par value for all shares issued and outstanding. When the shares are sold at a premium, the difference between the proceeds and the par value is credited to 'Capital paid-in excess of par value' account. Direct costs incurred related to equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are chargeable to 'Capital paid-in excess of par value' account. If the 'Capital paid-in excess of par value' is not sufficient, the excess is charged against the 'Retained earnings'.

When the Parent Company issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

Own equity instruments which are acquired (treasury shares) are deducted from equity and accounted for at weighted average cost. No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments.

'Retained earnings' represents accumulated earnings of the Group less dividends declared.

Dividends on Common Shares
Dividends on common shares are recognized as a liability and deducted from equity when approved by the respective BOD and shareholders of the Parent Company and its subsidiaries while stock dividends are deducted from retained earnings upon distribution. Dividends for the year that are approved after reporting are dealt with as subsequent events.

Basic/Diluted Earnings Per Share
Basic earnings per share (EPS) is determined by dividing net income (loss) attributable to common shareholders by the weighted average number of shares outstanding during the year with retroactive adjustments for any stock split and stock dividends declared.

Diluted EPS is calculated by dividing the net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the year adjusted for the effects of any dilutive potential common shares. As of June 30, 2019 and December 31, 2018, the Parent Company does not have dilutive potential common shares.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain that the expense relating to any provision is presented in the consolidated statement of income, net of any reimbursement.

Contingent Liabilities and Contingent Assets

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to consolidated financial statements unless the probability of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Events After the Reporting Period

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

Segment Reporting

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 6. The Group's assets producing revenues are located in the Philippines (i.e., one geographical location). Therefore, geographical segment information is no longer presented.

Standards Issued but Not Yet Effective

Pronouncements issued but not yet effective up to the date of issuance of the Group's consolidated financial statements are listed below. The listing consists of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the consolidated financial statements unless otherwise indicated.

Effective beginning on or after January 1, 2021

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform - Phase 2*
  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):
  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  The Company shall also disclose information about:
  - The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
  - Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

  The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Company is not required to restate prior periods.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
  The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations,* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* or Philippine-IFRIC 21, *Levies*, if incurred separately. It also clarified that contingent assets do not qualify for recognition at the acquisition date. The Company will apply these amendments prospectively for annual reporting periods beginning on or after
  January 1, 2022.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

- Amendments to PAS 37, *Onerous Contract - Costs of Fulfilling a Contract*
  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements to PFRSs 2018-2020 Cycle*
  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards,*
    Subsidiary as a first-time adopter
    The amendments permit a subsidiary, joint venture or associate that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted

  - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition financial liabilities*
    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*
    The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41. An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted.

Effective beginning on or after January 1, 2023

- PFRS 17, *Insurance Contracts*
  PFRS 17 provides updated information about the obligation, risks and performance of insurance contracts, increases transparency in financial information reported by insurance companies, and introduces consistent accounting for all insurance contracts based on a current measurement model. The standard is effective for annual periods beginning on or after January 1, 2023. Early application is permitted but only if the entity also applies PFRS 9 and PFRS 15.

- Amendments to PAS 1, *Classification of Liabilities as Current and Non-Current*
  The amendments clarify the following to specify the requirements for classifying liabilities as current or non-current:
  - What is meant by a right to defer settlement;
  - That a right to defer must exist at the end of the reporting period;
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right;
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the FRSC postponed the original effective date of January 1, 2016 of the said amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

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3. Significant Accounting Judgement and Estimates

The preparation of the consolidated financial statements in accordance with PFRS requires the management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets, and liabilities and the accompanying disclosures, as well as disclosure of contingent assets and contingent liabilities, if any. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

The following are the critical judgments and key assumptions that have a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year:

a. Determination of whether the Group is acting as a principal or an agent in its revenue transactions

The Group assesses its revenue arrangements against the following criteria to determine whether it is acting as a principal or an agent:

- whether the Group has primary responsibility for providing the goods and services;
- whether the Group has inventory risk;
- whether the Group has discretion in establishing prices; and
- whether the Group bears the credit risk.

If the Group has determined it is acting as a principal, revenue is recognized on a gross basis with the amount remitted to the other party being accounted for as part of costs and expenses.

If the Group has determined it is acting as an agent, only the net amount retained is recognized as revenue.

The Group assessed that it is acting as an agent due to the following characteristics of its relationship with the Funds:

- The Group does not have significant ownership over the Funds.
- The Funds have the substantive and practical ability to exercise its kick-out rights held by the BOD. The Group can be terminated anytime without any grounds/cause and without payment of penalty by the majority vote of the BOD of the Funds or 2/3 votes of the outstanding capital.
- There are no interlocking directors between the Group and the Funds and only 1/7 BOD representation between the Funds and the Group.
- The remuneration agreement between the Group and the Funds are the customary arrangement for the services it renders and is negotiated on an arm's length basis.

b. *Determining the timing of satisfaction of performance obligations applicable after January 1, 2018*
Assessing when the Group satisfies a performance obligation, i.e. transfer control of a promised good or service to the customer, over time or point in time involves significant judgment. Accordingly, it affects the timing of revenue recognition for these performance obligations.
Based on management's assessment, performance obligations related to remittance services (money transfer service income, share in foreign exchange differential, income from business partners and income from money changing services), are series of distinct services that are satisfied over time. As the Company renders the services, the customers simultaneously receives and consumes the benefits provided by the Company's performance of these services.

In measuring the revenue to be recognized over time, management assessed that output method faithfully depicts the Company's performance in transferring control of the services to the customers. Since the Company bills a fixed price per transaction with the customers upon satisfaction of the performance obligations, management believes that this right to consideration from a customer corresponds directly with the value to the customer of the Company's performance completed to date. Accordingly, the Company has applied the "right to invoice" practical expedient in measuring the revenue recognized over time.

c. *Contractual cash flow characteristics test*
In determining the classification of financial assets under PFRS 9, the Group assesses whether the contractual terms of these financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk) does not meet the amortized cost criteria.

d. *Business model test*
The Group manages its financial assets based on business models that maintain adequate level of financial assets to match expected cash outflows and maintain adequate level of high quality liquid assets while maintaining a strategic portfolio of financial assets for trading activities.

The Group's business model can be to hold financial assets to collect contractual cash flows even when sales of certain financial assets occur. PFRS 9, however, emphasizes that if more than an infrequent number of sales are made out of a portfolio of financial assets carried at amortized cost and those sales are more than insignificant in value (either individually or in aggregate), the entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows.

Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

a. *Fair value of financial instruments*

The fair values of derivative assets and liabilities recognized or disclosed in the consolidated financial statements cannot be derived from active markets, these are determined using a valuation technique that include the use of mathematical model. The inputs to this model are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of liquidity and identification of comparable investments and applicable credit spreads to arrive at adjusted quoted market prices.

The carrying values and corresponding fair values of derivative asset and liabilities as well as the manner in which fair values were determined are discussed in more detail in Note 5.

b. *Credit losses on financial assets*

The Fund reviews its debt financial assets subject to ECL annually with updating provisions as necessary. The measurement of credit losses requires judgment, in particular, the estimation of amount and timing of future cash flows and collateral values when determining the credit losses and the assessment of SICR. Elements of the model used to calculate ECL that are considered accounting estimates and judgments, include among others:

- Segmentation of financial assets to determine appropriate ECL model and approach
- Criteria for assessing whether there has been SICR in the debt financial assets and so allowances be measured on a lifetime ECL basis and the qualitative assessment
- Segmentation of financial assets when ECL is calculated on a collective basis
- Development of ECL models, including formula and various inputs
- Selection of forward-looking macroeconomic variables and scenarios

c. *Recognition of deferred tax assets*

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which the differences can be utilized. Significant management judgment is required to determine the amount of deferred tax assets to be recognized, based upon likely timing and level of future taxable income.

4. **Fair Value of Financial Assets**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents, receivables, accounts payable and other current liabilities and notes payable

The carrying amounts approximate fair values due to the short-term nature of these financial instruments.

Investments in amortized costs, financial assets and liabilities at FVTPL (except derivatives)
Fair values are generally based on quoted market prices. For the Group's equity investments classified as financial assets at FVTPL, fair values are determined based on quoted closing prices or bid price in cases when the former is not available in the PSE for 2018 and 2017, respectively. For the Group's fixed income investments classified as financial assets at FVTPL, fair values are determined based quoted market prices, if available. If market prices are not readily available or if the securities are not traded in an active market, as in the case of fixed income investments classified as investment in amortized costs, fair values are estimated using adjusted quoted market prices of comparable investments or using the discounted cash flow methodology. For the Group's UITFs and mutual funds classified as financial assets at FVTPL, fair values are estimated using published net asset value (NAV).

Derivative instruments (included under financial assets and liabilities at FVPL)
Fair values are calculated by reference to the prevailing interest differential and spot exchange rate as of the reporting date, taking into account the remaining term to maturity of the derivative instruments. For the stock warrants, fair values are determined based on quoted prices.

Financial Risk Management Objectives and Policies

The Group's principal financial instruments consist of cash and cash equivalents, receivables, financial assets at FVTPL, account payable and other liabilities. The Group also has various other financial assets and liabilities such as deposits.
The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risks. The BOD reviews and approves the policies for managing each risk and these are summarized below.

Credit risk
Credit risk is the risk that the Group will incur a loss because its customers or counterparties failed to discharge their contractual obligations. The Group manages and controls credit risk by trading only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis so that the Group's exposure to credit losses is not that significant. Since the Group trades only with recognized third parties, there is no requirement for collateral.

As of June 30, 2021 and December 31, 2020, the Group's maximum exposure to credit risk is equal to the carrying values of its financial assets since it does not hold any collateral or other credit enhancements that will mitigate credit risk exposure.

The fair values of financial assets at FVPL and AFS investments represent the credit risk exposure as of the reporting date but not the maximum risk exposure that could arise in the future as a result of changes in fair value of the said instruments.

5. Segment Information

For management purposes, the Group is organized into major operating business segments as follows:

a. Investment holdings

The investment holdings segment deals in the acquisition and sale of financial instruments.

b. Remittance services
   The remittance services segment provides the infrastructure and services as the largest direct agent for money transfer of Overseas Filipino Workers. Beyond the remittance business, this segment facilitates the fulfillment of e-commerce transactions and serves as a payment platform for any Business to Business (B2B) or Business to Customers (B2C) initiative.

c. Internet online-related products and services
   This segment engages in the business of internet online-related products relating to database search engine, such as, but not limited to, conceptualizing, designing, illustrating, processing and editing web sites; to engage in other pre-production and post-production work on web sites in the internet; and to sell and market said products in the form of advertising of finished products in the domestic or export market.

d. Mutual fund management
   This segment deals in the management of mutual funds.

Management monitors the operating results of each segment. The measure presented to manage segment performance is the segment income before tax. Segment income before tax is based on the same accounting policies as the consolidated net income except that intersegment revenues are eliminated only at the consolidation level. Transfer pricing between segments are on arm's length basis in a manner similar to transactions with third parties.

The Executive Committee (Excom) is actively involved in planning, approving, reviewing, and assessing the performance of each Group's segment. The Excom oversees the Group's decision making process. The Excom's functions are supported by the heads of each of the segments, which provide essential input and advice in the decision-making process. The Chief Operating Decision Maker is the Chief Executive Officer.

The Group mainly operates and generates revenue in the Philippines. Thus, geographical segment information is not presented.

The Group has no significant customers which contribute 10.00% or more of the consolidated revenues.

6. Cash and Cash Equivalents

This account consists of:

	June 30, 2021	December 31, 2020
Cash on hand	**189,107,795**	468,686,325
Cash in banks	**2,150,099,740**	1,655,863,360
Short-term placements	**1,363,816,690**	1,095,255,349
Total	**3,703,024,225**	3,219,805,034

Cash in banks earn interest at the prevailing bank deposit rates. Short-term investments are made for varying periods of one to three months depending on the immediate cash requirements of the Group, and earn interest at the prevailing short-term investment rates.

7. Loans and receivables

This account consists of:

	June 30, 2021	December 31, 2020
Due from:		
Western Union	**103,050,214**	470,513,806
Broker		16,287,834
Business partners	**76,954,281**	9,702,394
Accrued interest	**30,194,509**	37,005,000
Receivable from sale of investment	**38,592,600**	38,592,600
Receivable from related parties and employees	**1,714,499**	1,532,331
Trade Receivables	**66,769,666**	73,483,114
	317,275,769	647,117,079
Less allowance for credit losses	**(72,643,635)**	**(72,882,947)**
Total	**244,632,134**	574,234,132

Aging of loans receivable is presented below:

No. of Days	Due from WU, Brokers, Subagents and Affiliates	Others	Total
Current (1-30 days)	211,913,503	105,362,266	**317,275,769**
31 – 60 days	-		**-**
61 – 90 days	-		**-**
Over 90 days	-		**-**
TOTAL	**211,913,503**	**105,362,266**	**317,275,769**

Due from Western Union represents pay-outs of e-Business for fund transfers and remittance services, which were not yet reimbursed by Western Union as of June 30, 2021 and December 31, 2020.

Due from business partners include receivables from counterparty banks for cash to be delivered to the branches.

The terms and conditions of loans and receivables are as follows:

- Due from Western Union, sub-agents, and business partners generally have one to four days' term.
- Due from broker is usually collectible within three days.

  Trade receivables include receivables from advertising and web development services which are normally collectible within two to four months after billing is made. This also includes management and commission income earned from the funds managed by the Group.
- Other receivables are all short-term in nature.

8. Financial Assets at FVPL

This account consists of investments in:

	June 30, 2021	December 31, 2020
Quoted		
Bonds	**5,541,870,211**	5,709,677,848
Mutual Funds	**893,520,515**	912,120,746
Equities	**851,325,995**	507,345,643
Derivatives	**-**	1,681,300
	7,286,716,721	7,130,825,537

Equity Securities
Quoted equity securities pertain to investments in stocks listed in the PSE.

Mutual Funds
Mutual funds represent investment in an open-end mutual fund. These investments are valued at net asset value per share (NAVPS) which is computed by dividing the mutual funds' net assets (total assets less total liabilities) by the total number of redeemable shares issued and outstanding as of reporting date.

Debt Securities
Debt Securities consists of government bonds, mostly FXTNs ,PSALM and RTBs, and corporate bonds.

Derivative instruments
These are outstanding currency forward contracts entered by the company.

Mutual Funds
Mutual funds represent investment in an open-end mutual fund. These investments are valued at net asset value per share (NAVPS) which is computed by dividing the mutual funds' net assets (total assets less total liabilities) by the total number of redeemable shares issued and outstanding as of reporting date.

9. Prepaid Expenses and Other Current Assets

This account consists of:

	June 30, 2021	December 31, 2020
Prepaid expenses	**4,342,962**	1,324,291
Input value-added tax	**19,190,289**	3,455,342
Others	**1,780,243**	1,900,860
Less Allowance for Impairment	**(1,450,571)**	(2,687,188)
	23,862,923	3,993,305

Prepaid expenses comprise rent, insurance, taxes and uniforms.

10. Property and Equipment

Details of this account are presented below:

	June 30, 2021	December 31, 2020
Cost	**615,585,320**	570,008,726
Less: Accumulated Depreciation	**475,819,793**	417,372,855
	139,765,527	152,635,871

11. Other Noncurrent Assets

This account consists of:

	June 30, 2021	December 31, 2020
Rental and other deposits	**22,852,762**	23,200,661
Software and website - net	**13,611,908**	15,834,000
Others	**7,268,304**	7,754,101
	43,732,974	46,788,762
Less: Allowance for credit losses	**(2,909,603)**	(1,660,752)
	40,823,372	45,128,010

In 2001, the Parent Company sold its investment in Lucky Star at 96.59 million (a company incorporated to operate off-front on betting stations in the Philippines) since management believes that there is a significant uncertainty with respect to the recovery of this investment due to the Supreme Court decision to shut down Jai-alai operations. The related receivable from the sale, which is collectible over ten years at certain pre-agreed installment terms until 2012, has been fully provided with allowance for credit losses. As collections are actually received, an equivalent amount of the allowance will be reversed and credited to income.

The goodwill recognized in the consolidated statement of financial position pertains to the excess of the acquisition cost of the Parent Company over the book value (BV) per share of the investment in PEMI in 1994. The Group performed its annual impairment test on December 31, 2016. The relationship between the investment's current BV per share (considered as the recoverable amount) and its original carrying value (CV) per share, among other factor, when reviewing for indicators of impairment. As of December 31, 2018, the current BV per share of PEMI is above the investment cost per share. There is no impairment loss recognized on goodwill as at 2019.

12. **Accounts Payable and Other Current Liabilities**

This account consists of:

	June 30, 2021	December 31, 2020
Due to sub-agents and brokers	**106,161,010**	128,597,170
Accrued expenses	**157,291,645**	133,976,840
Trade	**16,668,995**	64,907,022
Output value added tax	**7,705,835**	12,368,529
Documentary stamp tax	**5,387,086**	14,486,384
Expanded withholding tax	**4,972,459**	5,056,339
Derivative liabilities	**29,950,003**	3,378,309
Others	**5,976,317**	2,632,930
	334,113,349	365,403,523

Terms and conditions and nature of the liabilities follow:

- Due to sub-agents and brokers are noninterest-bearing and are normally settled on a two to four days' term.
- Accrued expenses consists of accruals for profit sharing costs, vacation leave and sick leave conversion, insurance, security services, cash delivery services, utilities, media buys and others.
- Trade payables include amounts due for purchase of government bonds.
- Other payables include withholding taxes payable, documentary stamp tax payable, merchant deposits, sundry credits and others.

Trade payables, accrued expenses and other payables are all short-term in nature. These are settled within one year after the reporting period.

13. **Revenues**

This account consists of:

	June 30, 2021	**June 30, 2020**
Money transfer service	**96,026,212**	121,866,639
Money changing	**32,451,841**	81,640,865
Interest income	**92,478,871**	166,270,149
Trading Gain/Loss	**55,174,889**	-44,404,656
Income from Mutual Fund	**117,243,927**	108,680,027
Others	**115,665,935**	11,371,883
	509,041,674	445,424,908

14. General and Administrative Expenses

This account consists of:

	June 30, 2021	June 30, 2020
Salaries, wages and allowances	**71,434,311**	80,064,081
Outside services	**30,428,705**	27,233,030
Rent and utilities	**18,268,575**	14,479,931
Taxes and licenses	**7,867,151**	8,487,832
Office supplies	**3,062,399**	3,831,699
Transportation and travel	**7,022,913**	9,930,914
Professional fee	**1,844,748**	1,854,388
Representation	**454,464**	1,072,796
Advertising	**63,602**	171,252
Others	**6,117,326**	10,183,656
	146,564,193	157,309,579

15. Retirement Costs

The Parent Company and PEMI have unfunded, noncontributory defined benefit pension plans covering substantially all of their qualified employees. Vantage Financial Corp. has a funded, noncontributory defined benefit pension plan. The funds of the plan of Vantage Financial Corp are being administered and managed by the Trust & Investment Services Group of Union Bank of the Philippines.

16. Equity

The details of this account as of June 30, 2021 and December 31, 2020 are shown below:

	June 30, 2021		December 31, 2020	
	Shares	**Amount**	Shares	Amount
Authorized shares (at par value*)	**5,000,000,000**	**5,000,000,000**	5,000,000,000	5,000,000,000
Issued shares	**4,335,181,766**	**4,335,181,766**	4,335,181,766	4,335,181,766
Treasury stock	**(135,599,500)**	**(190,460,934)**	(135,599,500)	(190,460,934)
Outstanding shares	**4,199,582,266**	**4,144,720,832**	4,199,582,266	4,144,720,832

The track record of the Parent Company's registration of securities in compliance with the Securities Regulation Code Rule 68 Annex 68-D 1(I) follows:

a. Authorized Shares

Date of SEC Approval	Type of Shares	Authorized Number of Shares
October 27, 2015	Common	5,000,000,000
January 12, 2009	Common	2,250,000,000
October 20, 1992	Common	1,900,000,000

b. Stock Dividends

Date of SEC Approval	Percentage

December 18, 2015	100%
January 12, 2009	25%

c. Number of Shareholders

Year End	Number of shareholders
December 31, 2020	611
December 31, 2019	613

On May 19, 2015, the BOD of the Parent Company approved the declaration of stock dividends equivalent to a total of 2.10 billion representing 2,099,791,133 shares at 1.00 par value per share, payable to all stockholders of record as of January 8, 2016. The said dividends were distributed on February 3, 2016.

Dividend declaration of subsidiaries
On February 3, 2016, the BOD and two-thirds (2/3) of the outstanding capital of the PEMI approved the declaration of stock dividends equivalent to a total of 1,785,000 shares at 100.00 par value per share, payable to all stockholders of record as of February 15, 2016. The said dividends is paid on March 14, 2016.

On December 11, 2013, the BOD of e-Business approved the declaration of stock dividends worth 150.00 million to stockholders of record as of December 30 ,2013. Stock dividends were distributed on October 10, 2014.

On January 19, 2019, the BOD and shareholders representing two-thirds (2/3) of the outstanding capital of PEMI approved the declaration of stock dividends equivalent to a total of 3,570,001 shares at ₱100.00 par value per share, payable to all stockholders

Increase in Authorized Capital Stock of Subsidiaries
On June 20, 2017, the BOD and two-thirds (2/3) of the outstanding capital of Ebusiness Services, Inc. approved the increase in the authorized capital stock from 400,000,000 shares with par value of 1.00 per share in 2016 to 800,000,000 shares with par value of 1.00 per share in 2017. The SEC approved the increase in authorized capital stock on January 23, 2018.

Of the said increase, 400,000,000 shares of capital stock has been actually subscribed and paid by the existing shareholders of the Corporation by way of stock dividends to be paid out of the retained earnings which was declared on June 20, 2017.

17. Related Party Transactions

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

Related party transactions with subsidiaries are eliminated in the consolidated financial statements. These transactions are based on terms similar to those offered to non-related parties and are settled in cash.

18. **Basic/Diluted Earnings Per Share**

		June 30, 2021	December 31, 2020
(a)	Net income (loss) attributable to equity holders of the Parent Company	**145,273,752**	P384,412,889
(b)	Weighted average outstanding shares	**4,199,582,266**	4,199,582,266
(c)	Basic/Diluted earnings per share (a/b)	**0.0346**	0.0915