



ANNUAL REPORT FAR EASTERN UNIVERSITY 2022





DR. NICANOR REYES SR.
Founder and First President

ANNUAL
REPORT
FAR EASTERN UNIVERSITY
2022





VISION

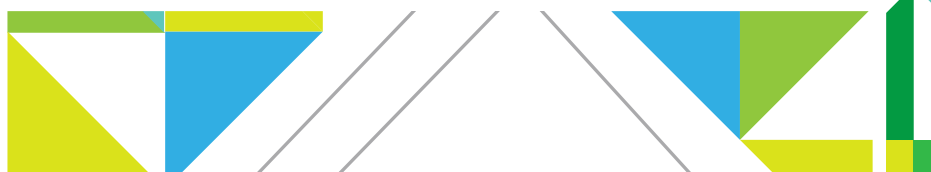
Guided by the core values of Fortitude, Excellence, and Uprightness
Far Eastern University aims to be a university of choice in Asia.

MISSION

Far Eastern University provides quality higher education
through industry-responsive and outcomes-based
curricular programs.

FEU produces globally competitive graduates
who exhibit the core values of fortitude,
excellence, and uprightness.

FEU promotes sustainable and responsive research,
extension, heritage and environment stewardship
towards national and global development.



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CHAIRMAN'S MESSAGE

Dear Fellow Shareholders

After two pandemic years, vaccinations are almost universal. FEU was among the first schools to return to limited face-to-face classes in the second semester of 2022, and this was happily embraced by our students. Our core academic strength has been an effective blend of both online and onsite instruction, plus a conscious emphasis on what provides a meaningful education experience for our students - our beautiful campuses, and our continuing emphasis on sports and culture even in trying times.

Pre-pandemic enrollment has been reached, with over 44,000 students across our three main brands - Far Eastern University, FEU Tech, and FEU Roosevelt.

Financial results remain strong, with Php 4.1 billion in Revenues and Php 1.5 billion in Net Income.

We renewed our Annual Strategic Planning exercise, this time focusing on Aspirations 2020-2025.

We also finalized two new joint ventures - a nursing school in Brunei with Jerudong Park Medical Center Sendirian Berhad, and a partnership with Good Samaritan Colleges in Cabanatuan City, Nueva Ecija.

Strategic Plan

After two years of absence, we restarted our Annual Strategic Planning Exercise with a well-attended two-day conference at the Conrad Hotel in Manila.

Having successfully completed our 5-year Aspirations 2015-2020 Strategic Plan, we enthusiastically discussed what our next Aspirations 2020-2025 Strategic Plan should be. Interesting contrast would be the mostly online actions in the first two pandemic years and our pivot back to a mostly face-to-face, hybrid learning journey these next three years.

We have rationalized into three main brands, each with three campuses - a Value offering in FEU Roosevelt, a Multi-Discipline offering at Far Eastern University, and a Specialized offering at FEU Tech. We also have FEU High School and Basic Education offerings in five other schools.



Green shoots and new beginnings emerged for FEU in School Year 2021-2022

Financial Results

Educational revenues increased by 16% and total revenues grew 17% to Php 4.1 billion, as student enrollment reached pre-pandemic levels with a No Tuition Increase policy.

Net Income grew 57% to Php 1.5 billion, primarily due to careful management of operations' expenses.

Balance Sheet remained healthy with Php 16 billion in consolidated assets, and a Debt-to-Equity ratio of 32%.

FEU manages 2072 employees group-wide, 60% of whom are full-time equivalent faculty.

Student Support, Faculty Development, and Employee Care

FEU always strives to be cognizant and responsive to student, faculty, and employee needs. Student Scholarships amounted to Php 338 million, impacting 16% of the total population. An additional 9% of the population were supported with Promissory Notes with liberal payment terms.

In addition to Faculty training programs, Faculty credentials were further strengthened with Php 40 million committed for the attainment of PhD degrees.

“Our core academic strength has been an effective blend of both online and onsite instruction, plus a conscious emphasis on what provides a meaningful education experience for our students - our beautiful campuses, and our continuing emphasis on sports and culture even in trying times.”

New 3-Year Collective Bargaining Agreements were secured with both the Employees and Faculty Unions within a short timeframe. We continuously dialogue and aspire for all to have meaningful careers.

Academic Achievements

Our President, Dr. Michael Alba, will elaborate on this in his President's Report.

Of interest is that we have successfully delivered an online education delivery system in the first semester and a limited face-to-face delivery system in the second semester.

FEU Manila continued to add to its Accreditation levels, primarily through the ASEAN University Network process. From 8 accreditations in 2021, we now have 12; our latest accreditations are for BS Nursing, BS Architecture, BA International Studies, and BS Applied Mathematics. FEU Tech gained PAASCU Level 3 accreditation for Information Technology and Computer Science.

As in the past, we outperformed the National Average in the limited board exams available during the pandemic years.

Facilities and Information Technology

We successfully secured Safety Seals from all Local Government Units (LGUs) we deal with. We instituted a Flood Control barrier in Roosevelt Marikina and integrated a Bipolar Ionization system for better air quality in FEU Manila. Renovation of the Arts Building commenced with students excitedly anticipating a new bouldering wall in its renovated gym.

We continue to work on IT Technology Resiliency projects, particularly on the cyber security front. We have constituted a group-wide Information Technology council to work together where appropriate. FEU Manila (Tams Go) and FEU Tech (MILES) have launched student-based applications (apps) to simplify online access to a wide variety of administration-student interconnections.

Student Accomplishments

The FEU Cheering Squad ended years of "Almost" by decisively winning the gold medal at the UAAP Cheerdance Competition Season 84. The nearly flawless performance garnered 728 points - 39 better than their nearest competitor.

Our Audrey Nicole Tape placed first in the 2022 March Medical Technology exams, Johnlem D. Paden placed second in the 2022 May Electronics Engineering exam, and Mervynn Reyes was an Excellent Passer in the 2022 February Bar exams.

We had a total of 7 Topnotchers in the Board exams.

Community Service and Cultural Programs

We continue to be active in the Volunteerism space, primarily through three programs to assist inmates in the Manila City jail, a coastal community livelihood project in Calatagan, a Project Mangyan Empowerment in Mindoro, and a Project San Agustin Museum in Intramuros.

As always, we have been active participants in the annual Hands On Manila event. This year, it focused on helping public school students get back to school safely.



Significant Achievements

Far Eastern University improved its ranking from a No. 79 to No. 74 in a World Universities of Real Impact (WURI) study of 100 Top Universities globally. Moreover, FEU Institute of Technology entered the WURI rankings for the first time, with No. 99 overall rank.

FEU Manila won a total of 26 awards in the recent 19th Philippine Quill awards, including two out of the top three student awards - Communication Management and Communication Skill - and a runner-up in School of the Year.

FEU Publications topped two categories in the 39th National Book Awards - Best Anthology in English with *Mindanao Harvest 4* edited by Jaime An Lim, Christine Godinez-Ortega, and Ricardo Ungria, as well as Best Book on Humor, Sports, and Lifestyle with *Walk Manila* by Lorelei DC de Viana. FEU also published *Braving the Odds: Far Eastern University's Journey and Legacies* by Alfredo R. Roces, with 90 years of history of Philippine education and FEU's role in it. *BRAVO*, a documentary narrating the role and contribution of the FEU Auditorium, premiered in November 2021.



The Tamaraw alumni athletes who competed in the 31st Southeast Asian Games in Hanoi, Vietnam last May 2022.

Seated (L-R): Director for Alumni Relations Celmer L. Santos, Senior Vice President for Corporate Affairs Gianna R. Montinola, Director for Sports Development Antonio R. Montinola, FEU Chairman of the Board of Trustees Aurelio R. Montinola III, Director for Athletics Mark Oliver P. Molina, and Chief Finance Officer Juan Miguel R. Montinola

By maintaining its SEC Golden Arrowhead status, FEU preserved its standing as the best education listed company in the governance space.

On the Alumni front, FEU honored 30 Southeast Asian Games athletes who contributed 4 golds, 7 silvers, and 9 bronze medals to the Philippine cause in Hanoi, Vietnam. A minute of silence was also held for Lydia de Vega, one of FEU's and Asia's most renowned sprinters, who passed away in August.

Looking Forward

We have a new Philippine President in Ferdinand "Bongbong" Marcos, Jr., and a new Vice President in Sara Duterte who is concurrently our new Department of Education Secretary.

"Learning Poverty" has become the new buzzword, given abysmal last-place scores in reading, math, and science International Surveys, plus the detrimental effects of two years of pandemic learning. Policymakers recognized this by creating a Congressional Edcom 2 (Education Commission 2) to analyze, together with Private Sector consultants, what to do next for the Education sector. We hope that the Government will actively encourage private sector schools as partners in our nation-building education efforts.

"Sustainability" has become another major theme. FEU recently submitted its 2021-2022 SEC-required Sustainability Report. Aside from financial strength to continue, FEU reported major strides in Climate-related Risk mitigation, 50-50 male-female employee diversity, local community assistance, and statutory compliance with all relevant laws. FEU also provided best practice information, containment, and vaccination procedures during the pandemic.

"Hybrid Learning" hopefully will continue to be allowed by the regulatory authorities. Face-to-face Learning is clearly superior for social and educational purposes, particularly in interactive class discussions promoting Outcomes-based Learning. We believe that Online Learning can be complementary, both for (anytime) lecture absorption and for tutorial lesson enhancement. Given its superior Canvas learning platform, and its openness to best practice changes, FEU is in a position to provide its students with the best of both worlds.

We have successfully weathered the pandemic year. Now is the time to enhance these gains by continuing our Value Education mission, our Outcomes-based Learning, and our complementary Campus Activities approach to generate a meaningful student experience for our now 51,000 students for SY 2022-2023.

In closing, we would particularly wish to thank Dr. Edilberto de Jesus for his wise counsel and dedicated service as an Independent Director for the past 10 years.

And as always, we thank our FEU stakeholders - our students, their parents, our employees, our Board of Trustees, our shareholders, our communities, and our regulators- for their role in the past two (mostly pandemic) years supporting our initiatives.

Fortitude, Excellence, Uprightness!

Future Ready Learning! Onwards and Upwards!

AURELIO REYES MONTINOLA, III
Chairman, Board of Trustees
October 15, 2022



PRESIDENT'S REPORT

Introduction

July 2021 to July 2022 – the months spanning School Year (SY) 2021-2022 for the FEU Group of Schools¹ – was a disquieting time for many Filipinos. On the health front, they had to decide whether to be vaccinated and, if so, using which brand. Then, they had to (im)patiently wait for the vaccine rollout to reach their priority category and residential area. Not least among their concerns were: (a) the logistics of vaccination – from registering for the procedure to showing up at the vaccination site; queuing for the shot; and ensuring that the data generated were accurately recorded in the government database (in case the information would be required for travel and other purposes) – all of which, with the exception of the Janssen vaccine, had to be undergone twice and at least roughly a month apart; and (b) surges in (breakthrough) infections, which resurrected concerns about the whole ordeal, this time with respect to booster shots.

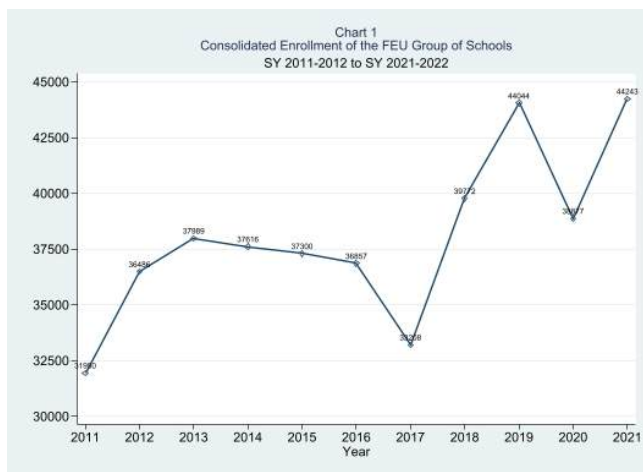
On the political front, from around the third quarter of 2021 Filipinos became increasingly preoccupied with the May 2022 national elections, initially with respect to voter registration problems due to the pandemic, then with the slates of candidates, the campaigns, and finally with the voting and vote counting.

Meanwhile in the education sector, SY 2021-2022 was the second year during which in-person schooling was disallowed with few exceptions by the regulatory authorities and remote learning modes remained the norm. Given the helter-skelter fashion in which they had rushed into online, off-campus modalities of education delivery in SY 2020-2021, it was perhaps to be expected that, with just two semesters or three trimesters worth of experience, education institutions still needed to make some adjustments.

Surprisingly, though, it was a relatively quiet time in the FEU schools. By SY 2021-2022, operations had gained a semblance of smooth normality with many of the client touchpoints conducted in on-line platforms. Indeed, by then the schools had resumed their march toward academic excellence in furtherance of their shared education mission.

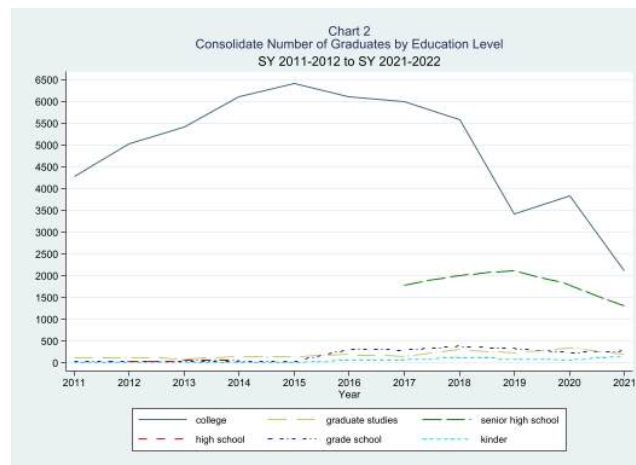
1. Enrollment

One evidence of the FEU Group's successful handling of education delivery under pandemic conditions was its consolidated enrollment figures (Chart 1). The student population had dipped in SY 2016-2017 and SY 2017-2018 when, because of RA 10533 (The Enhanced Basic Education Act of 2013), Grade-10 completers had to detour to senior high school. But enrollment levels had picked up with a vengeance in SY 2018-2019 and SY 2019-2020 (to 39,772 and 44,000, respectively) with the entry into college of the first two cohorts of K-12 graduates, before being stifled by the pandemic in SY 2020-2021 (to 38,877). In SY 2021-2022, however – the public health crisis notwithstanding – the students returned, perhaps buoyed by the favorable feedback on the FEU schooling experience of the previous year. The result was an increase in enrollment to 44,243, its highest level ever in the last decade.



2. Graduates

But the pandemic did have an adverse effect on the consolidated number of graduates in SY 2021-2022 (Chart 2). Comparing Charts 1 and 2, one may glean that the historical trend in the size of the college graduating class roughly corresponds to that of enrollment with a four-year lag. In SY 2020-2021, however, the number of college graduates exceeded that of the previous year, despite SY 2017-2018 being the trough of the enrollment timeline. This possibly suggests the smaller college populations during the years of transition of RA 10533 resulted in the higher graduation rate – an outcome of improved education quality and throughput efficiency. Unfortunately, this trend was arrested by the pandemic for SY 2021-2022.

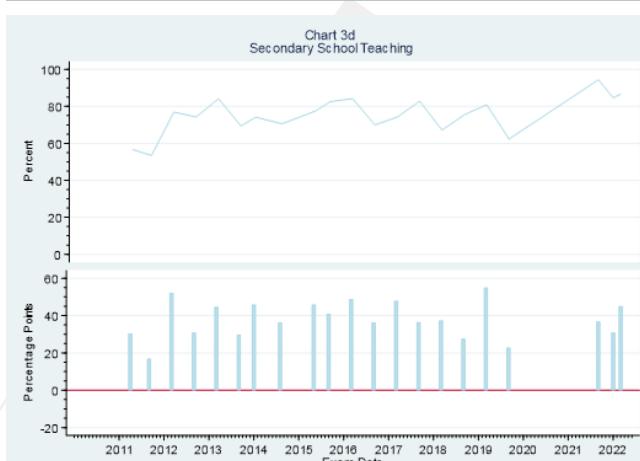
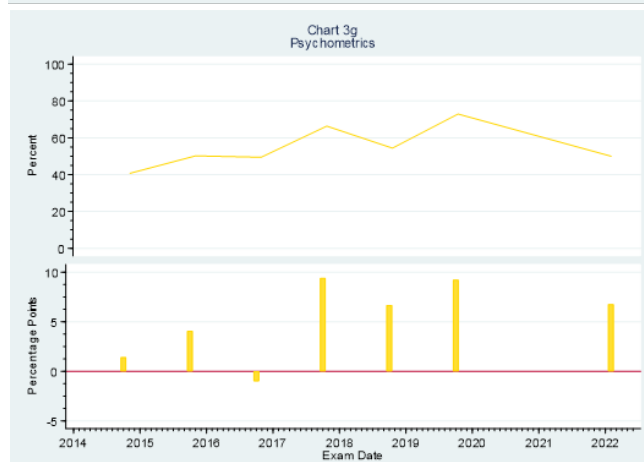
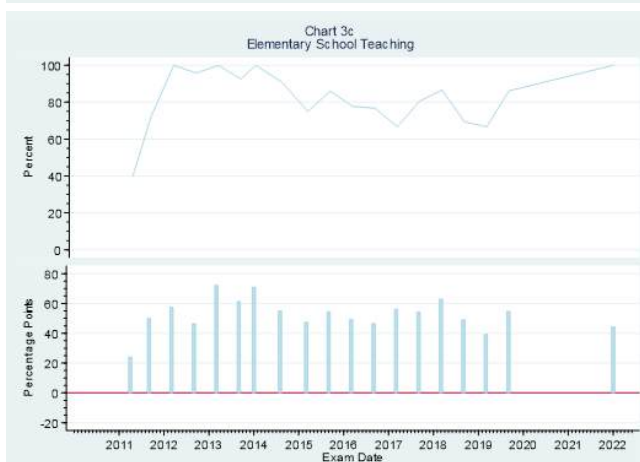
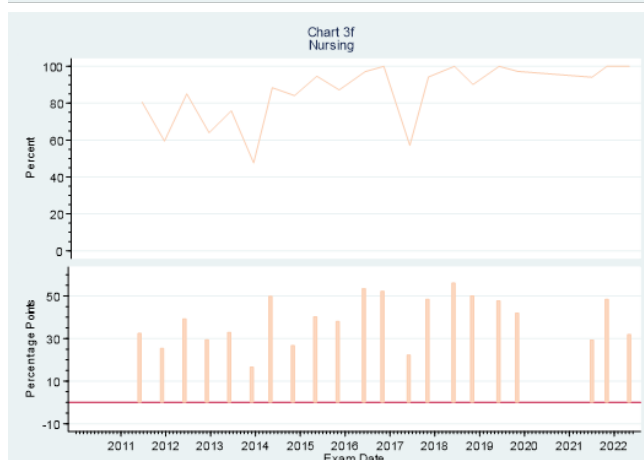
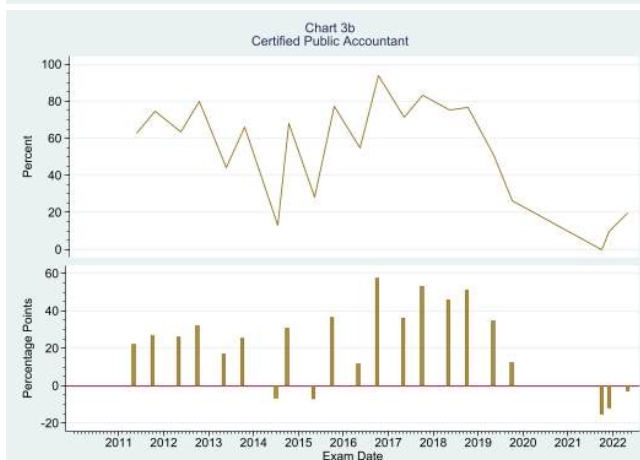
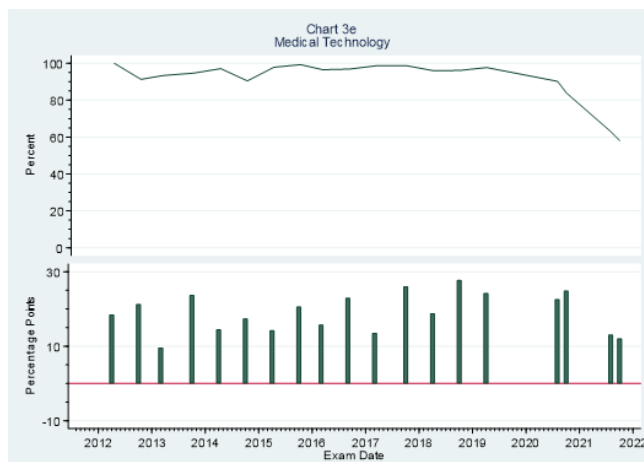


(An aside: From Chart 2, it can also be seen that the FEU Group of Schools still predominantly serves higher- rather than basic-education students. But since SY 2017-2018 its senior high school programs have produced the second largest number of graduates, and since SY 2016-2017 modest increases have been observed in the numbers of kindergarten and grade-school graduates due to the FEU Roosevelt schools.)

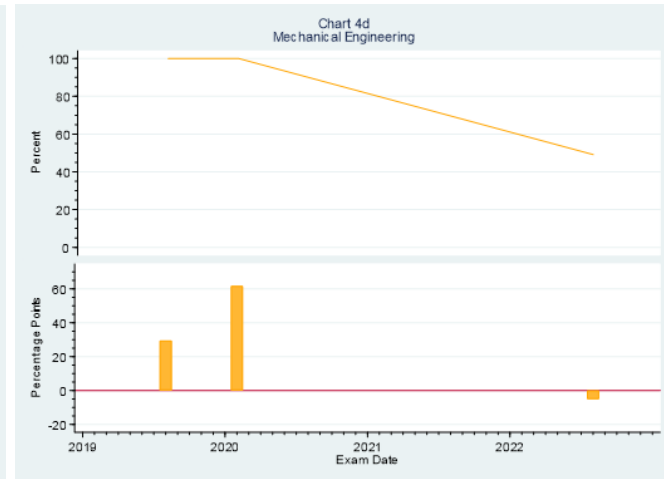
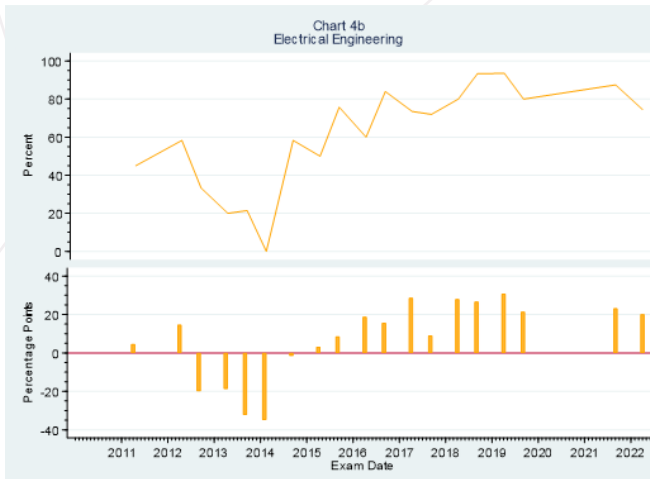
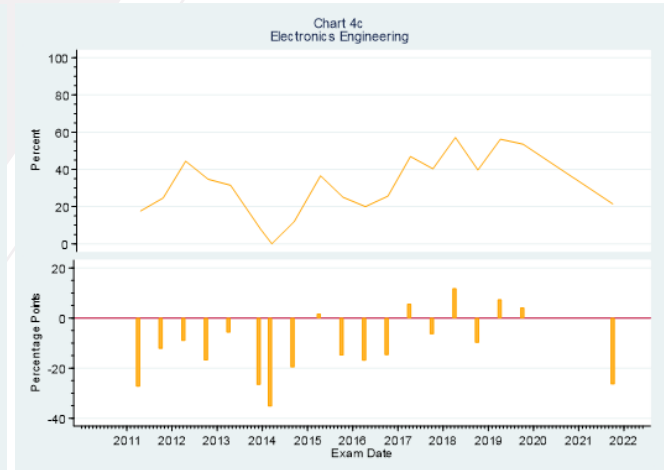
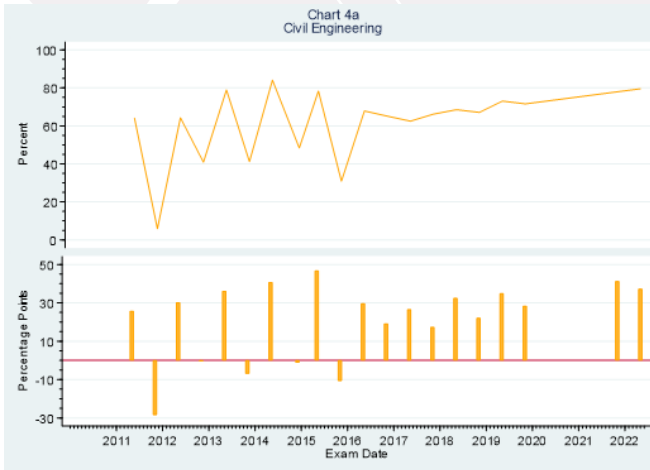
3. Licensure Exam Performance

An indicator of the education quality of the FEU Group of Schools is the licensure exam performance of its graduates. Charts 3a to 3g review the passing rates of FEU Manila's first-time examinees, with the top chart showing the graph of FEU's percentage of successful takers and the bottom chart showing the percentage-point difference between the passing rates of FEU examinees and all examinees.²

The following observations may be made on the charts: It is a rare event that the FEU passing rate is below the national rate. Indeed, in the last decade it hasn't happened at all in the licensure exams for elementary and secondary school teachers, medical technologists, and nurses. It has occurred only once in the psychometrician exam, five times in the CPA exam (though the last three were during the pandemic), and a bit more frequently in architecture (though not since 2019).



Tracking the same statistics for the engineering programs of FEU Tech, Charts 4a to 4d show that, except in electronics engineering (which has yet to gain its footing), the first-time examinees of the school have done quite well since 2016, with their passing rates well beyond those of the national averages.³




4. Distinctions, Recognitions, and Accreditations

That the FEU Group of Schools continues to scale the heights of academic excellence is validated by the inclusion of its two best schools in the 2022 Global Top 100 Innovative Universities of the World's Universities with Real Impact (WURI). FEU Manila placed 74th (from 79th last year and 97th in 2020), while FEU Tech placed 98th. They were the only Philippine higher-education institutions to make the top 100 list.

Moreover, FEU Manila ranked in the top 50 in four of the six categories of the WURI assessment: 13th in Crisis Management, 15th in Ethical Value, 28th in the Fourth Industrial Revolution, and 38th in Entrepreneurial Spirit. It was also slotted in the 51-100 grouping in Industrial Application.

For its part, FEU Tech garnered the 19th place in the Fourth Industrial Revolution category, 30th in Entrepreneurial Spirit, 37th in Crisis Management, 44th in Social Mobility and Openness, and 51-100 in Ethical Values and in Industrial Application.



As may be expected, FEU Manila is recognized by the Philippine Commission on Higher Education (CHED) as one of the country's top universities. Since 2012 it has continuously enjoyed the Autonomous University status, with its latest term expiring in May 2023. In addition, the teacher education programs of the Institute of Education are a CHED Center of Excellence, while the BS Business Administration program of the Institute of Accountancy, Business, and Finance is a CHED Center of Development.

FEU Manila's laser focus on academic excellence has been such that, even during the pandemic, it had 12 of its academic programs successfully hurdle the tough ASEAN University Network-Quality Assurance (AUN-QA) assessment exercises. These included BS Accountancy, BS Biology, BS Business Administration, and BS Medical Technology in November 2020; the Bachelor of Elementary Education and Bachelor of Secondary Education as well as BA Communication and BS Psychology in March 2021; and BS Architecture, BS International Studies, BS Applied Mathematics, and BS Nursing in August 2021.

Most of FEU Manila's academic programs are accredited by local agencies as well. Eight – the Bachelor of Elementary Education, Bachelor of Secondary Education, BA Communication, BS Accountancy, BS Applied Mathematics, BS Biology, BS Business Administration, and BS Psychology – have Level IV (the highest) accreditations from the Philippine Association

of Colleges and Universities Commission on Accreditation (PACUCOA); three – the Doctor of Education, MA Education, and MA Psychology – are Level III reaccredited; and eight – the Bachelor of Fine Arts, BA International Studies, BA Language and Literature Studies, BA Political Science, BS Architecture, BS Hotel and Restaurant Management, BS Medical Technology, and BS Tourism Management – are Level II reaccredited. Two graduate programs – MA Communication and MS Biology – have Candidate status.

BS Nursing, the only program of FEU Manila that is accredited by the Philippine Accrediting Association of Schools, Colleges, and Universities (PAASCU), has Level III reaccreditation. MA Nursing has Candidate status.

In the case of FEU Tech, its BS Computer Science and BS Information Technology have Level III accreditations from the PAASCU, its BS Civil Engineering and BS Computer Engineering have Level I reaccreditations, and its BS Electrical Engineering has Level I accreditation, while its BS Electronics Engineering has Candidate status.

Five of the FEU Tech programs have also passed the quality standards of the Philippine Technological Council Accreditation and Certification Board for Engineering and Technology: BS Civil Engineering, BS Computer Engineering, BS Electrical Engineering, BS Electronics Engineering, and BS Mechanical Engineering.



5. Teaching and Learning Innovations

Starting in SY 2016-2017 (when the college faculty did not have teaching loads because of the then-new rule that required students to have graduated from senior high school to enter college), FEU Manila offered DLECCT training rather than retrench its teaching staff. The acronym for digital literacy, effective communication, and critical thinking, DLECCT was a semester-long program that fully deloaded participants from their teaching duties and instructed them not only in the aforementioned skills but also on student-centered pedagogies as well as on education technologies, such as the Canvas learning management system. Thus far, the program has had eight runs and certified 219 faculty members. The anecdotal feedback from students is that the skills passed on to them have been instrumental in changing their outlooks and behaviors as well as their achievements.

Not to be outdone, in SY 2020-2021 FEU Tech, FEU Diliman, and FEU Alabang jointly took on the ambitious project of developing and implementing the futuristic Mastery-based Individualized Learning Enhancement System (MILES), a virtual campus ecosystem in which (a) course topics were organized in learning modules that branched out from the foundational concepts to the advanced materials and that students could learn at their own pace, (b) provided on-demand special mentoring and tutoring sessions to students, and (c) made access to academic support services, such as guidance and counseling, career placement, library assistance, available with a click of a button in the Canvas learning management system.

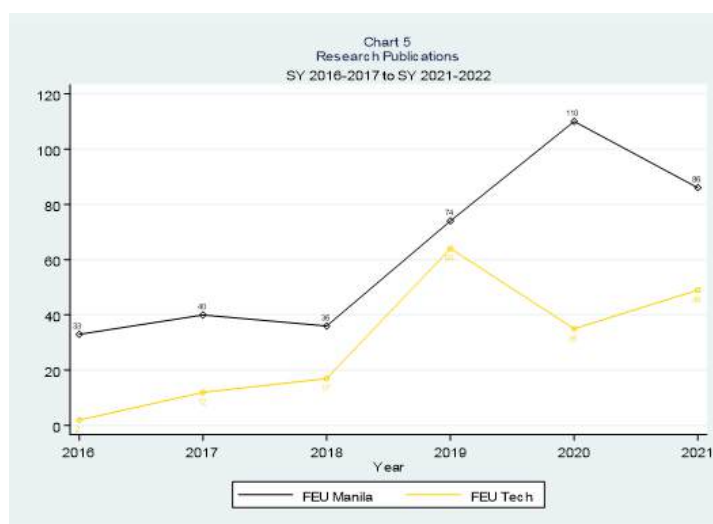
In basic education, on the other hand, FEU Alabang, FEU Diliman, and FEU High School incorporated computer programming into their curriculums on the thesis that coding trains students to think linearly and systematically and develops their critical- and creative-thinking skills as well as their problem-solving faculties.

In the case of the Roosevelt schools (as in the basic education departments of FEU Diliman, FEU High School, and FEU Cavite), the strategy was to adopt off-the-shelf learning resources, such as, among others, educational video libraries, an app for individualized mastery paths in junior and senior high school math, digital assessment tools, vocabulary building and reading comprehension programs, and a virtual laboratory for science experiments.

6. Faculty Research Outputs


Becoming a research university is not an aspiration of the FEU Group of Schools. FEU founder Dr. Nicanor Reyes Sr. envisioned his schools to provide mass access to quality education in order to open career opportunities for graduates and help in the country's development (rather than give license to highly trained faculty to advance the boundaries of their academic disciplines, unburdened by constraints of the immediate practical applicability of their research pursuits). Nonetheless, FEU regards faculty research publications as an important output in that they validate the depth of understanding and range of interests of the teaching staff; these in turn enhance both the credibility and quality of teaching of the faculty.

Chart 5 reports the number of peer-reviewed research publications of the FEU Manila and FEU Tech faculty from SY 2016-2017 to SY 2021-2022. Over this six-year period, the outputs have significantly increased, even if still a bit low. But it is an area that will be seeing further improvements sooner rather than later.



7. Community Extension Projects

FEU Manila's flagship community extension project is to Save the Tamaraws. In 2022, project activities included providing financial support for the repair of the ecolodge in Station 2, which houses the Mount Iglit-Baco National Park (MIBNP) Tamaraw Rangers and implementing the *TAMGabay Pangkabuhayan* for the *Tau-Buid* Community in Calintaan, Occidental Mindoro. The livelihood projects for the latter program consisted of hog farming, carabao production dispersal, and bamboo and nito planting.



To improve the quality of life of persons deprived of liberty (PDLs) who are housed at the Manila City Jail Female Dormitory (MCJFD), the Community Extension Services (CES) team developed Project HOPE (Harnessing Offenders' Personal Empowerment) with the administrators of the facility. The intent was to train participants in livelihood projects. Supervised by the Institute of Tourism and Hotel Management's Chef John Lester Tuason, *Pandesal tungo sa Pag-asa* taught participating inmates how to bake pandesal as well as other Filipino sweet breads. The Bread of Hope bakery was then set up at the MCJFD so that its products may be sold at FEU's Café Alfredo.

Two webinars were conducted as a result: The mobile photography workshop, conducted by Babsie Morabe of Media Center and Corporate Affairs, imparted the basics of photography which the officers found helpful for their line of work. The psychological well-being awareness workshop, on the other hand, taught the officers how to take care of their own mental health and how to be sensitive to symptoms of emotional distress that may be exhibited by the PDLs under their care.

With limited fieldwork being allowed, the CES team resurrected the activities of Project Calatagan. Working with the National Fisheries Development Center of the Bureau of Fisheries and Aquatic Resources, the group completed the first phase of assessing whether oyster aquaculture development is viable in Barangay Quilitisan. The Quilitisan Cooperative is now being organized; a backyard poultry project is being undertaken with Youmanitarian International, a nongovernmental organization; and training is ongoing on oyster mushroom cultivation.

In addition, Project Mangyan which works with the Hanunuo community was reactivated. The Department of Psychology created modules for the Mangyan Empowerment Camp, a self-esteem development program. The Communication, Language and Literature, and Fine Arts Departments collaborated on putting together the Mangyan Children's Storybook to build on the health programs started by the Department of Medical Technology on the importance of handwashing and clean drinking water. And Chef Aleli Jihan Aseremo of the Institute of Tourism and Hotel Management taught Mangyan scholars how to bake pandesal using a *pugon* oven as an initial project. The plan is to eventually train them to make other types of bread using only locally available ingredients and following a signature recipe developed by Chef Aseremo.

In the case of the Department of Fine Arts, faculty member Julieta Gonzales gave online lectures on painting techniques, color theory, and other fine-arts concepts, and Fine Arts student-volunteers shared their art works as a way to inspire inmates on how to develop their artistic talents. The initiative, named "Mistula: A Painting Workshop," has led to a successful sale of the PDLs' initial art works. A bigger public exhibit is now planned; it is being organized by the CES team with the Marketing faculty of the Department of Business Management and artists of the Department of Fine Arts.

To address the expressed needs of the jail officers themselves, the CES team conceived of Project JOInT (Jail Officers In-Training).



Two projects stand out in the case of FEU Tech. First, to provide an emergency lighting facility as well as a charging station for residents of Barangay Pila-Pila, a small community in Binangonan, Rizal, the school donated a concentration-photovoltaics (CPV) enhanced solar panel developed by Electrical Engineering students, Emmanuel L. Paralejas and Immanuel John L. Ukhilam, with the Electrical and Electronics Engineering Department faculty. The technology uses a smart tracking system to follow the sun and continuously focus sunlight onto the solar panel (at a 90° angle) to more efficiently generate electricity.

Second, FEU Tech developed a website for the Sisters of the Poor of St. Catherine of Siena to help feature and promote the congregation's activities in and programs for poor communities. To ensure the proper maintenance of the website, the school's College of Computer Studies and Multimedia Arts conducted a training session with the religious community to enhance their knowledge of and skills in web technology.

8. Student Achievements

Perhaps the most outstanding student achievement in terms of impact in SY 2021-2022 was the *TAMang Boto*: FEU Campus Tour, a voters' education campaign undertaken by the Political Science Society for the May 2022 elections. Led by Rigel Alvaran, Jonathan Suguitan Jr., and Dianne Nicole De Leon, the organization conducted seminars and roundtable discussions for each member of the FEU Group of Schools on voters' registration, the voting process, how to choose the right leaders, and the importance of youth participation in the elections. For its initiative, the group was declared the winner in Community Relations (Division 1, Category 10) and Social Media (Division 4, Category 23) of the 9th Philippine Student Quill Awards and was a strong contender for the Top Award for Communication Management and Communication Skill. The recognition, however, was just icing on the cake; by their work alone, the students conferred honor on FEU in that they showed that they were developing into upstanding citizens in a democracy, concerned about their civic responsibilities.



For its part, the FEU Oratorical and Debate Council (ORADEC), represented by Isaac Bagalawis, Remle Kate Cadelina, and Johanna Trisha Cinco, bagged the 2021 Philippine Intercollegiate Debating Championship (PIDC) Sinag Cup. The premier student debate tournament in the Philippines, the PIDC has a nationwide reach that in the 2021 edition included 350 participants. After seven grueling preliminary rounds, four of the best teams – one each from Luzon, Visayas, Mindanao, and the National Capital Region – competed in the championship round. This achievement by the ORADEC was evidence of the FEU students' critical thinking and communication skills.

FEU tends to get its share of delegates to the prestigious Ayala Young Leaders' Congress, a nationwide search for "student leaders who embody effective, principle-based leadership skills and potential; promote service as the value orientation of leadership; and possess a deep sense of idealism, societal responsibility, and nation building." The official representatives of FEU in 2022 included: Gebrel Al Bari (BA Communication), Christian Emmanuel Fampulme (BA International Studies), Joshua Mague (BS Medical Technology), and Pauline Palad (BS Nursing).

Finally, the following students had outstanding rankings in the licensure exams:

Name	Exam	Date	Rank
Joshua P. Mangila	Electronics Engineering	November 2021	4th
Allyn Grace Amor R. Bada	Nursing	November 2021	4th
Czarina Joy Ilete	Architecture	January 2022	8th
Audrey Nicole Tape	Medical Technology	March 2022	1st
Mervynn Reyes	Bar	February 2022	Excellent
John Maynard L. Torres	Electrical Engineering	April 2022	8th
Johnlarn D. Paden	Electronics Engineering	May 2022	2nd

9. Academic Services

In SY 2021-2022, the outstanding achievement in academic services was gained by the Career and Placement Office. In the 19th Philippine Quill Awards for Business Communication, three of its activities – the Pre-Employment Preparation (PEP) Talk webinar series, Online Mock Interview with Coaching, and Student Exposure to Partner Organizations (Student EXPO) – won in Communication Skills (Division 4). In addition, PEP Talk also won in Communication Education and Training (Division 3).

10. Initiatives for the Future

In April 2022, the FEU Group of Schools became the first and, thus far, only set of education institutions in Asia to sign up for the offerings of the World Bank Group's International Finance Corporation (IFC) in the education sector – a strategic move that would draw on the deep resources and international expertise of the World Bank to accelerate FEU's institutional development, improve the schooling experience of its students, enhance the relevance of its program offerings, and signify its commitment to environmental sustainability.

The Digital for Tertiary Education Program (D4TEP) is an IFC-Deloitte collaboration initiative that would locate a school's bearings in a digitalization map and work with the school to design and execute a customized digital transformation journey, thereby improving the schooling experience of students.

Vitae is a 360° assessment of the employability of a school's graduates, which considers five dimensions: the world-of-work relevance of the intended outcomes of the academic program, the alignment of school's governance infrastructure and strategies with graduate employability, the school's relationship with its graduates' employers, career guidance and services, and alumni management. Its objective is to empower a school to be more responsive to the fast-changing demand for skilled manpower and connect graduates to career opportunities by providing best-in-class employability support services using data analytics.

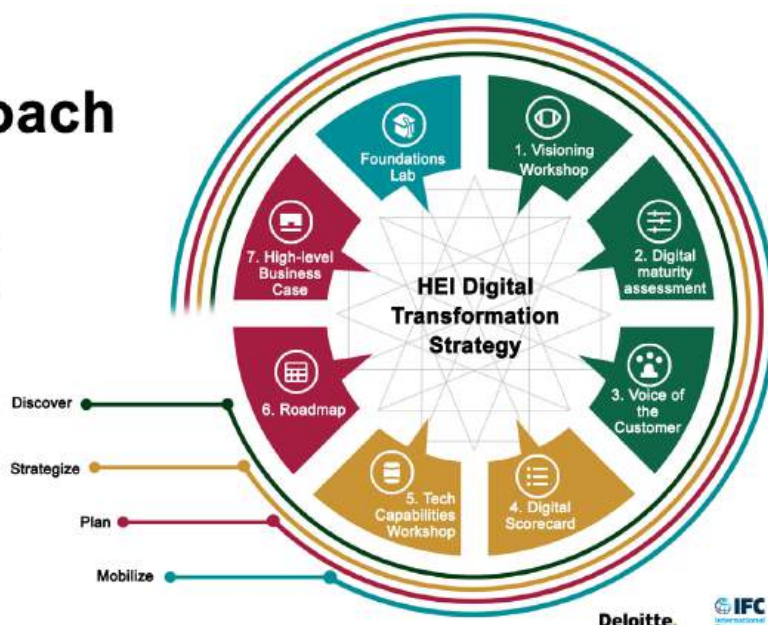
EDGE is the IFC's green-building certification program. It helps building owners identify cost-effective strategies that would reduce their carbon footprint.

D4TEP program approach

This program dives deep to build a comprehensive strategy and roadmap in collaboration with your institution. The program uses eight core accelerators that will be facilitated by an IFC team to ensure the institution has assessed its current capabilities, explored the digital possibilities, and designed for the future.

D4TEP

To know more, visit www.ifc.org



Vitae Brings Value to Your Institution

Unique in the world, Vitae empowers higher education institutions to improve their graduate employability through a data-driven approach.

With Vitae, your university can identify areas of strength and weakness and receive recommendations (with the option for IFC's support).



VITAE

To know more, visit www.vitaeready.org/

EDGE

To know more, visit <https://edgebuildings.com>



CONCLUDING REMARKS

Due to the persistence of the Covid-19 pandemic, in SY 2021-2022 in-person schooling was generally still disallowed by regulatory authorities. But by then, with one school-year's experience in online modes of education delivery, the FEU schools had adapted and resumed their pursuit of institutional aspiration goals. The achievements documented in this report speak of FEU's resilience at this difficult time and unwavering commitment to its education mission. In the last ten years, through regulatory, legislative, and natural-calamity shocks, it

persisted in making inroads toward academic excellence and relevance; but not resting on its laurels, it continues to lay the groundwork for its transformation journey. Its future prospects – institutionally and for students, faculty and staff, and shareholders – remain as bright as ever.

Michael M. Alba
President
October 2022
Manila

¹ The schools don't follow the same calendar. SY 2021-2022 went from August 2021 to July 2022 in FEU Manila, FEU Cavite, and FEU Roosevelt as well as FEU Tech, FEU Alabang, and FEU Diliman; and July 2021 to June 2022 in FEU High School.

² The line and bar charts use the colors of the academic programs: blue violet for architecture, drab for business, light blue for education, kelly green for medical technology, apricot for nursing, and yellow for psychometrics.

³ The line graph and histograms use the academic colors of engineering, which is orange.

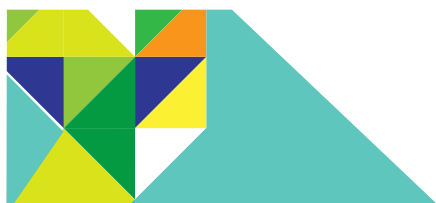
In thy happy halls, again...



Last February of 2022, the University welcomed back students to its campus as it started limited face-to-face classes after almost two years. For the second semester of S.Y. 2021-2022, FEU offered physical classes for the third-year to fifth-year students, and Art Appreciation and Readings in Philippine History courses, following a blended learning format. On the first day of class, the FEU Drummers performed early in the morning to welcome back the Tamaraws on campus.



HAPPY HALLS, AGAIN.



AWARDS & ACHIEVEMENTS



FEU Publications brought home two recognitions in the 39th National Book Awards which is a first for the University.

Mindanao Harvest 4 by Jaime An Lim, Christine F. Godinez-Ortega, Ricardo M. De Ungria (editors) was awarded Best Anthology in English. The book gathers the poetry, fiction, essays, and drama of sixty established but mostly young emerging writers addressing Mindanao themes like war and conflict, cultural beliefs and practices, Muslim-Christian interrelations, folk traditions, ecological degradation, and ethnic identity issues.

Meanwhile, *Walk Manila* by Lorelei DC de Viana bagged the Best Book on Humor, Sports, and Lifestyle. The walking tour book showcases the buildings, houses, monuments, and other architectural sites that capture Manila's history, influence, and culture. It comes with maps and tours developed by the FEU Guides. FEU Senior Vice President for Corporate Affairs Gianna R. Montinola and FEU Center of the Arts Director Martin Lopez supervised the book's design.



FEU's Career and Placement Office (CAPO) has been awarded by the prestigious 19th Philippine Quill Awards for Business Communication in recognition of its outstanding programs and activities which support FEU students and graduates in their career goal setting and preparation for the world of work:

- PEP Talk (Pre-Employment Preparation) Talk webinar series
- Excellence Award, Division 3 (Communication Education and Training)
- Excellence Award, Division 4 (Communication Skills)
- Online Mock Interview with Coaching (OMIC)
- Excellence Award, Division 4 (Communication Skills)
- Student Exposure to Partner Organization (Student EXPO)
- Merit Award, Division 4 (Communication Skills)

ARISE

STUDENT SUCCESS

FEU

bags gold in the UAAP Cheerdance Competition



The FEU Cheering Squad of FEU finally won the gold in the UAAP Season 84 Cheerdance Competition and dethroned two-time defending champion National University.

They impressed the judges with their dominantly dark green outfits and with their brilliant performance inspired and in honor of the band, "Queen."

INITIATIVES and INNOVATIONS



Institute of Health Sciences and Nursing (IHSN) officially launched in June 2022

With the Institute of Health Sciences and Nursing (IHSN), FEU seeks to bring together faculty members and students from the different departments to better collaborate and explore the general health concerns and issues in the Philippines.



First-ever Graduate Studies' Hooding Ceremony

Ninety-six candidates from the Master of Business Education program, Master of Arts in Nursing program, Master of Arts in Education program, and the Doctor of Education program under the Graduate Studies were honored for their academic achievements during the first Hooding Ceremony held at the FEU Auditorium last June 25, 2022.



Far Eastern University (FEU) and St. Luke's Medical Center (SLMC) expand their partnership

Far Eastern University and St. Luke's Medical Center (SLMC) expand their partnership under a new agreement signed on May 25, 2022. Under the two-year contract, SLMC will have wider access to the school's graduating class, conduct various career-related activities, and promote its employment opportunities in FEU's official communications channels.

INFRASTRUCTURE



The Huddle:

FEU Student Leadership Development Center

Launched last March 31, 2022, The Huddle is a shared space for collaboration, creativity, and connectedness among student leaders and potential student leaders.

It is located at the ground floor of the Education Building.



Flood Control barrier

in Roosevelt Marikina

Hello, PICC!

A total of 4,093 graduates of FEU Manila finished their programs and celebrated their feats in in-person commencement rites last June 30 and July 1, 2022, at the Philippine International Convention Center (PICC) Plenary Hall after holding virtual graduation ceremonies for the last two years.



IN MEMORIAM

Maria Lydia de Vega-Mercado
1964 -2022

Asia's Sprint Queen of the 1980s, Lydia de Vega-Mercado, passed away in August after a courageous battle with breast cancer. The beloved alumna was one of the first to be inducted into the FEU Sports Hall of Fame in 2008. One of the most renowned athletes, she won multiple gold medals in the Asian Games and SEA Games for a decade. A highly-respected figure, Lydia de Vega-Mercado's legacy will remain an inspiration to all FEU athletes onwards.





SUSTAINABILITY REPORT

Far Eastern University (FEU) reaffirms its commitment to providing quality education through a sustainable and industry-responsive outcomes-based curriculum, heritage, and environmental stewardship towards national and global development.

In the annual assessment of the economic, environmental, social impact, and governance (EESG) of its operations as well as their corresponding risks and opportunities vis-à-vis the sustainability of the institution, FEU looks at the different UN Development Goals as guideposts.



Economic

Prudent management resulted in FEU's financial soundness. This allowed the University to provide quality education driven by state-of-the-art facilities, best-in-class learning platforms, and competitively compensated highly qualified faculty.

Standing on these strengths, FEU was able to respond to the challenges of families who were financially burdened by the Covid lock-down through a NO Tuition fee increase in the past 2 years. Furthermore, the investments in both technology and faculty allowed FEU to provide Flexible Learning Modalities to the students for continuity of education. Work-From-Home Policy for the employees and faculty ensured continuity of operations.



Environment

FEU continually initiated programs to improve efficiency in its operations. Power is the core cost of operations, so energy efficiency was identified as a priority.

A major initiative in 2012 was the installation of centralized district cooling systems in 3 of 12 buildings on campus. By 2019, the system yielded positive energy efficiency results significantly reducing energy consumption by 35%. To date, 8 of these 12 buildings are on this system and full expansion to all 12 is expected by 2023.

Diversification of power from clean and renewable sources as prescribed by the EPIRA Law was also pursued. A deal with First Gen was executed in 2017 until present and 50 % of the power requirements in the Manila campus are coming now from clean and renewable sources.

It is also worth noting that other subsidiary campuses like Rodriguez have installed solar panels and Marikina is scheduled for installation of such panels in 2023. Parallel initiatives were put in place to recycle water, reduce waste, and enhance operational protocols for efficiency through reduced consumption and generation of waste.

Needless to say, FEU has complied with all environmental laws and regulations, showing once more, the commitment of FEU to efficient and effective operations.





Social

FEU aspires to be the educational institution on sustainability, incorporating the United Nations' 17 Sustainability Development Goals on Environment, Social and Governance or ESG principles for a safe and inclusive work and study domain.

Management ensures fair, non-discriminatory, and equal opportunity through its hiring process and reasonable and just compensation and benefits for all its employees.

The congenial workplace for employees and conducive learning environment for students affirm the commitment of management to the holistic wellness and well-being of its community. Employees and students who report are Covid positive are monitored and assisted until full recovery.

FEU ensures inclusivity and equal opportunity by establishing offices, policies, programs and activities, to name a few:

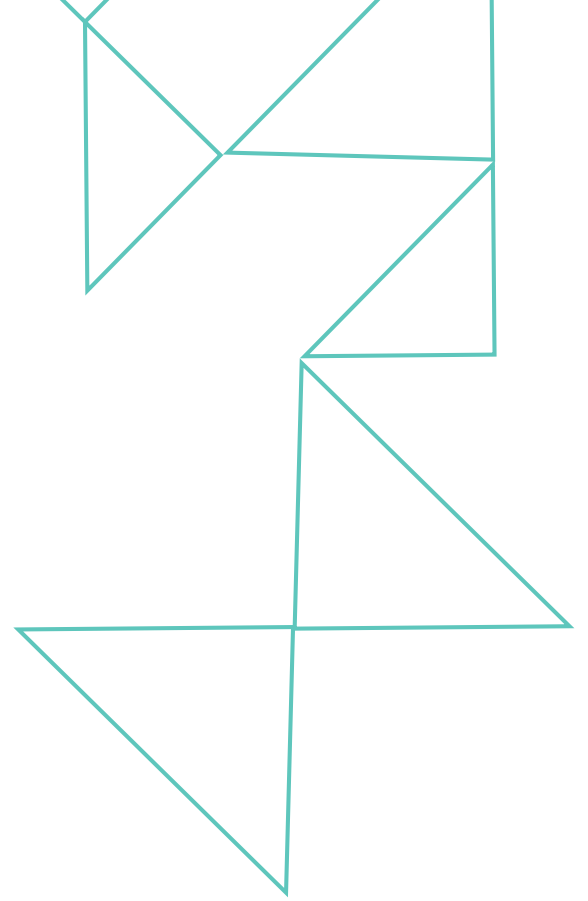
- Gender Development Office
- Gender Sensitivity Activities
- Hiring / employment of vulnerable groups such as the elderly and people with disabilities

- Compliant procedures with the laws on equality and anti-discrimination
- All-Gender Restroom Policy
- Multi-Faith Room Policy
- FEU Policy on Diversity and Inclusion in the FEU Community

FEU further supports the learning and development of its employees through the different training programs that employees participate in.

Customer management through feedback is conducted via surveys. The SY 2021-2022 Student Survey administered by the FEU Manila Office of Student Discipline which focused on the conduct of the flexible learning modes received Excellent rating.

For FEU, sustainability takes root in best practices and in improving what it already has.



BOARD OF TRUSTEES 2021-2022





Lourdes R. Montinola, 94, Filipino
Chair Emeritus (August 2013 to present),
Chair (June 1989 to August 2013), Far Eastern University, Inc.

Other Corporate Affiliations: Chair, Board of Directors, FERN Realty Corporation; Chair and President, FEU Educational Foundation, Inc.; Chair Emeritus, Nicanor Reyes Educational Foundation, Inc.; Governor, Nicanor Reyes Memorial Foundation; Trustee, FEU-Dr. Nicanor Reyes Medical Foundation, Inc.; and Board Member, The English Speaking Union. She is also a Member of the Oriental Ceramic Society, and HABI: The Philippine Textile Council, Inc.

Dr. Montinola was Chairman of MEMORARE-Manila 1945 Foundation, Inc. until 2017.

Dr. Montinola holds a Bachelor of Arts degree (cum laude) from Marymount College, New York, U.S.A., and an M.A. in Cultural History from the Asean Graduate Institute of Arts. She completed the Management Development Program for College and University Administrators at the Institute for Educational Management, Graduate School of Education, Harvard University, U.S.A. She obtained her Ph.D. in English: Creative Writing from the University of the Philippines.



Aurelio R. Montinola III, 71, Filipino
Chairman of the Board of Trustees (August 2013 to present),
Vice Chairman (June 1989 to August 2013), Far Eastern University, Inc.

Other Corporate Affiliations: Chairman, Amon Trading Inc., East Asia Computer Center, Inc., Far Eastern College Silang, Inc. ("FEU Cavite"), Nicanor Reyes Educational Foundation, Inc., FEU High School, Inc., FEU Alabang, Inc., Roosevelt College, Inc., Ramon Magsaysay Award Foundation, and National Golf Association of the Philippines; Vice Chairman, Philippine Business for Education Foundation (PBED). He was President of BPI from 2005-2013 and was a former President of the Bankers Association of the Philippines and Management Association of the Philippines (MAP).

He is currently a Director of the Bank of the Philippine Islands, and Independent Director of Roxas and Company Incorporated, both listed corporations.

He graduated with a BS Management Engineering degree at the Ateneo de Manila University in 1973, and received his MBA at Harvard Business School, U.S.A. in 1977. He was awarded the 2005 and 2010 Asian Banker Leadership Award for the Philippines and the MAP Management Man of the Year Award in 2012.



Michael M. Alba, 65, Filipino
President and Trustee (October 2012 to present), Far Eastern University, Inc.

In the FEU Group of Schools, he is President concurrently of East Asia Computer Center, Inc.; Far Eastern College Silang, Inc. ("FEU Cavite"); FEU Alabang, Inc.; FEU High School, Inc.; Roosevelt College, Inc.; East Asia Educational Foundation, Inc.; and Nicanor Reyes Educational Foundation, Inc. He is also the Chairman of Edustria, Inc., a Governor of the Nicanor Reyes Memorial Foundation, and the President of the Foundation for Information Technology Education and Development. His affiliations include, among others: FEU Public Policy Center (President); Philippine Association of Colleges and Universities (Board Member); Coordinating Council of Philippine Educational Associations (Trustee, 2020-2022); Southeast and South Asia and Taiwan Universities (Member, Steering Committee); Philippine Economic Society (Lifetime Member and President, 2007); Action for Economic Reforms (Fellow); Management Association of the Philippines (Member); and Leadership Council of Sustainability Development Solutions Network, Philippines (Member 2020-2023).

He obtained his AB (Economics) degree from the Ateneo de Manila University in 1978, MA (Economics) degree from the University of the Philippines (Diliman) School of Economics in 1987, and PhD (Applied Economics) degree from Stanford University in 1993.



Paulino Y. Tan, 76, Filipino

Trustee (June 1991 to present), Far Eastern University, Inc.

Other Corporate Affiliations: At present, Member of the Board of Directors/Trustees of the following companies: Nicanor Reyes Educational Foundation, Inc., FEU Educational Foundation, Inc., East Asia Educational Foundation, Inc., East Asia Computer Center, Inc., Lyceum of Batangas, Lyceum of Laguna, SM Foundation, Inc., Asia Pacific Technology Educational Foundation, Asia Pacific Computer Technology Center, Inc., FERN Realty Corporation, Far Eastern College Silang, Inc. ("FEU Cavite"), FEU High School, Inc., FEU Alabang, Inc., Roosevelt College, Inc. and Foundation for Information Technology Education and Development, Inc., MFI Polytechnic Institute, Inc.

Dr. Tan obtained the Degree of Bachelor of Science in Chemical Engineering from De La Salle University. He obtained both his M.S. and Ph.D. in Chemical Engineering from the University of Notre Dame, U.S.A.



Sherisa P. Nuesa, 67, Filipino

Trustee (October 2021 to present),

Independent Trustee (August 2010 to September 2021), Far Eastern University, Inc.

Other Corporate Affiliations: Independent Director, FERN Realty Corporation and ACEN International Corporation. She is also an Independent Director of Ayala Land, Inc., ACEN Corporation (formerly AC Energy, Inc.), Integrated Micro-Electronics, Inc., and Manila Water Company, all publicly-listed corporations. She also serves as a Senior Adviser to the Boards of Vicsal Development Corporation and Metro Retail Stores Group, Inc.

A former Managing Director of conglomerate Ayala Corporation, she held various senior management positions in Ayala subsidiaries: Ayala Land, Inc., Manila Water Company and Integrated Micro Electronics Inc.

Ms. Nuesa is a Trustee of the Financial Executives Institute of the Philippines (FINEX) Foundation and the Justice Reform Initiative, where she also serves as Vice-Chair. She was President and Board Director of the ALFM Mutual Funds Group, and a Trustee of the Institute of Corporate Directors both for nine years until March and June 2021, respectively.

She graduated with the degree of Bachelor of Science in Commerce (summa cum laude) at Far Eastern University in 1974 and received her Master of Business Administration degree from the Ateneo - Regis Graduate School of Business in 2011. She also attended post-graduate management programs at Harvard Business School and Stanford University, U.S.A. She received the ING -FINEX CFO of the Year award in 2008.



Antonio R. Montinola, 69, Filipino

Trustee (November 2013 to present), Far Eastern University, Inc.

Other Corporate Affiliations: President and Director FERN Realty Corporation and Monti-Rey, Inc. Vice Chairman, Treasurer and Director, AMON Trading Corp., Director, Far Eastern College Silang, Inc. ("FEU Cavite"), and Nicanor Reyes Educational Foundation, Inc.; and Trustee, FEU Educational Foundation, Inc.

Sports Affiliations: Member, Board of Managing Directors, Universities Athletic Association of the Philippines (UAAP); Team Manager, FEU Tamaraws; Member

He worked with Procter & Gamble and Jardine Davies, Inc. in the Philippines and with General Mills Corp., based in Minneapolis, Minnesota, U.S.A.

Mr. Montinola holds an A. B. Economics Degree (honors course) from Ateneo de Manila University (1973) and an M.B.A. from Stanford University, U.S.A. (1978).



Edilberto C. De Jesus 80, Filipino
Independent Trustee (August 2012 to present), Far Eastern University, Inc.

Other Corporate Affiliations: Chairman, FEU Public Policy Center; Member, Board of Directors of Phinma, Inc., Cagayan de Oro College (a member of the Phinma Education Network); Independent Director of Far Eastern College-Silang, Inc. and Summer Institute of Linguistics (SIL) Philippines; Independent Trustee of Roosevelt College, Inc. and Nicanor Reyes Educational Foundation, Inc.; Member, Board of Trustees of InciteGov, Foundation for Liberty and Prosperity; Advisory Board of Integrity Initiative, Inc. and Philippine Business for Education; Professor Emeritus, Asian Institute of Management; Non-Resident Senior Research Fellow, Ateneo School of Government. Fellow, Institute of Corporate Directors, and Institute for Solidarity in Asia; Member, Makati Business Club.

He obtained a BA Honors Degree in the Humanities, cum laude at the Ateneo de Manila University in 1962, and received his M. Phil. (1969) and Ph.D. degrees (1972) from Yale University. He served as president of: Far Eastern University (1995-2002); University of the Cordilleras (2008-2009); Asian Institute of Management (2009-2012); and Secretariat Director, Southeast Asia Ministers of Education Organization in Bangkok (2005-2007). He also served in the Cabinet of President Corazon Aquino as Deputy Peace Commissioner and Presidential Adviser on Rural Development (1987-1992) and as Secretary of Education in the Cabinet of President Gloria Arroyo (2002-2004).



Jose T. Sio, 82, Filipino
Independent Trustee (April 2019 to present), Far Eastern University, Inc.

Other Corporate Affiliations: Chairman of the Board of Directors of SM Investments Corporation; Director of Ortigas Land Corporation, Atlas Consolidated Mining and Development Corporation, NLEX Corporation, Belle Corporation, China Bank; Trustee of Asia Pacific Technology Educational Foundation, Inc. (Asia Pacific College); Chairman and President of SM Foundation, Inc.

Previous Affiliations: Senior Partner of SGV & Co., Consultant at T. N. Soong & Co., CPA in Taipei, Taiwan and Audit Associate at Ernst and Whinney, CPA in New York, U.S.A.

Mr. Sio was voted as CFO of the year in 2009 by the Financial Executives of the Philippines (FINEX). In various years, he received Asia's Best CFO Award from Hong Kong-based publications such as Alpha Southeast Asia, Corporate Governance Asia, Finance Asia and The Asset. In 2018, he received the Asian Corporate Director Award from Corporate Governance Asia.

Mr. Sio is a Certified Public Accountant. He obtained his Bachelor of Science in Commerce Major in Accounting from University of San Agustin, Iloilo City. He completed his Master of Business Administration Major in Corporate Finance and Management in New York University, New York, U.S.A.



Consuelo D. Garcia, 67, Filipino
Independent Trustee (October 2021 to present), Far Eastern University, Inc.

Other Corporate Affiliations: Independent Director of The Philippine Stock Exchange Inc, GT Capital Holdings Inc., ACEN CORPORATION, all publicly-listed corporations. She also serves as Independent Director of Sunlife Investment Management and Trust Corporation and ING Foundation Philippines, Inc.

Ms. Garcia is also a Member of the Board of Directors of the Financial Executives Institute of the Philippines (FINEX) and Liaison Director to the Finex Capital Markets Development Committee, and the Information, Communications and Technology Committee and member of the Capital Markets Development Council; and a Fellow of the Institute of Corporate Directors.

She was formerly the Country Manager and Head of Clients of ING Bank N.V. Manila from September 2008 - November 15, 2017. Ms. Garcia previously worked in SGV and in Bank of Boston, Philippine Branch.

Ms. Garcia is a Certified Public Accountant and she graduated Magna Cum Laude, Bachelor of Science in Business Administration, major in Accounting from University of the East.

EXECUTIVE COMMITTEE 2021-2022



Aurelio R. Montinola III
Chairman



Michael M. Alba
Member



Paulino Y. Tan
Member



Sherisa P. Nuesa
Member



Juan Miguel R. Montinola
Member



FINANCIAL HIGHLIGHTS 2022





FAR EASTERN UNIVERSITY

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS


The management of **Far Eastern University, Incorporated and Subsidiaries (the Group)** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended May 31, 2022, 2021 and 2020 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Trustees is responsible for overseeing the Group's financial reporting process.

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

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


AURELIO R. MONTINOLA III
Chairman of the Board and
Chief Executive Officer


MICHAEL M. ALBA
President and Chief Operating Officer


JUAN MIGUEL R. MONTINOLA
Chief Finance Officer

Signed this 16th day of August, 2022.

SUBSCRIBED AND SWORN to before me this AUG 17 2022 day of August, 2022, affiants exhibiting their Tax Identification Numbers (TIN) as follows:

Name	TIN	Place Issued
Aurelio R. Montinola III	135-558-086	Philippines
Michael M. Alba	157-483-273	Philippines
Juan Miguel R. Montinola	115-203-243	Philippines

Doc. No. 42
Page No. 4
Book No. 19
Series of 2022

NOTARY PUBLIC


ATTY. ANTONIO G. MALAR
NOTARY PUBLIC
8877, Peredes Street, Sampaloc, Manila
Telephone No. 8735-45-26
Roll No. 28470 April 26, 1978
IBP No. 184073 for the year 2022
Issued on 2-3-2022
TIN ID No. 106-187-030
PTR No. 0132628 1-4-2022-Mia.
Commission No. 2021-021 3-2-202
MCLE VI-0011185 Ermita, Manila
March 17-20-April 21-28,

Nicanor Reyes Street
Sampaloc, Manila
P.O. Box 609 Philippines 1015
(+632) 87777-FEU (338)
(+632) 8849-4000

Report of Independent Auditors

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

T +63 2 8988 2288

The Board of Trustees and the Stockholders
Far Eastern University, Incorporated and Subsidiaries
Nicanor Reyes Street
Sampaloc, Manila

Opinion

We have audited the consolidated financial statements of Far Eastern University, Incorporated (the University) and subsidiaries (together hereinafter referred to as the Group), which comprise the consolidated statements of financial position as at May 31, 2022, 2021 and 2020 and the consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended May 31, 2022, and the notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at May 31, 2022, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended May 31, 2022 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Certified Public Accountants
Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd.

Offices in Cavite, Cebu, Davao
BOA/ PRC Cert of Reg. No. 0002
SEC Accreditation No. 0002

grantthornton.com.ph

Key Audit Matters

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

Recognition of Tuition and Other School Fees*Description of the Matter*

Tuition and other school fees amounted to P4.1 billion, which accounts for 99% of the total revenues of the Group for the year ended May 31, 2022, as shown in the Group's consolidated statements of profit or loss and in Note 15 to the consolidated financial statements. It involves significant volume of transactions and the Group is dependent on its information technology infrastructure in processing such voluminous transactions. Relative to this, any potential misstatements on tuition and other school fees could be material to the consolidated financial statements. Growth in tuition and other school fees is also one of the key performance measures used to assess the Group's performance. We therefore identified the recognition of tuition and other school fees as a significant risk requiring special audit consideration.

The Group's policy for revenue recognition and significant judgements used by management related to revenue recognition are more fully described in Notes 25 and 26 to the consolidated financial statements.

How the Matter was Addressed in the Audit

Our audit procedures included, among others, the following:

- Obtaining an understanding of the tuition and other school fees revenue recognition policy of the Group and the related processes and controls, and evaluating the Group's compliance with the requirements of PFRS 15, *Revenue from Contracts with Customers*;
- Testing of design and operating effectiveness of internal controls, including information technology general controls (i.e., security administration, program maintenance and program execution) and application controls, related to the Group's recognition and measurement of tuition and other school fees, including the related scholarship merits and tuition fee discounts, and payments from students;
- Examining students' enrollment transactions (i.e., through examination of tuition bills) and grant of scholarships merits and tuition fee discounts on a sampling basis during the school year;

- Performing revenue cut-off test procedures including, among others, examining tuition bill transactions near period end, and analyzing and reviewing revenue adjustments subsequent to period end to determine whether tuition and other school fees are appropriately recognized in the proper period; and,
- Performing substantive analytical review procedures over tuition and other school fees such as, but not limited to, current year's components of tuition and other school fees (e.g., by student population and by institute or college) as a percentage of total revenues, and yearly and monthly analyses of enrolment transactions based on our expectations, which include corroborating evidence from other audit procedures, and verifying the underlying data used in the analyses are valid and complete.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement) and SEC Form 17-A (but does not include the consolidated financial statements and our auditors' report thereon) and Annual Report for the year ended May 31, 2022. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended May 31, 2022 are expected to be made available to us after the date of this auditors' report.

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audits resulting in this independent auditors' report is Mailene Sigue-Bisnar.

PUNONGBAYAN & ARAULLO


By: Mailene Sigue-Bisnar
Partner

CPA Reg. No. 0090230
TIN 120-319-128
PTR No. 8852327, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 90230-SEC (until December 31, 2025)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-20-2020 (until Dec. 21, 2023)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

August 16, 2022

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MAY 31, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>A S S E T S</u>			
CURRENT ASSETS			
Cash and cash equivalents	P 1,600,121,325	P 1,191,146,185	P 1,798,366,234
Trade and other receivables - net	897,783,648	799,367,504	990,599,625
Financial assets at fair value through profit or loss	1,830,571,990	1,605,507,781	888,517,158
Financial assets at fair value through other comprehensive income	547,401,071	231,920,855	329,290,221
Investment securities at amortized cost	106,110,590	83,206,231	227,576,146
Other current assets - net	279,764,767	250,177,408	297,496,906
Total Current Assets	<u>5,261,753,391</u>	<u>4,161,325,964</u>	<u>4,531,846,290</u>
NON-CURRENT ASSETS			
Financial assets at fair value through other comprehensive income	1,198,965,979	1,179,709,098	387,166,693
Investment securities at amortized cost	536,853,247	501,560,477	303,042,121
Property and equipment - net	8,605,591,276	8,887,089,812	9,363,421,490
Investment properties - net	220,098,346	277,070,909	194,193,727
Goodwill	186,487,019	186,487,019	186,487,019
Deferred tax assets - net	3,921,618	24,756,321	29,533,238
Other non-current assets - net	260,913,615	203,369,377	190,915,174
Total Non-current Assets	<u>11,012,831,100</u>	<u>11,260,043,013</u>	<u>10,654,759,462</u>
TOTAL ASSETS	<u>P 16,274,584,491</u>	<u>P 15,421,368,977</u>	<u>P 15,186,605,752</u>
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Trade and other payables	P 1,517,457,628	P 1,527,355,514	P 1,902,035,050
Interest-bearing loans	473,163,265	187,619,048	868,571,429
Deferred revenues	73,185,176	33,672,454	94,744,453
Provisions	18,647,254	18,698,054	18,698,054
Income tax payable	4,608,544	494,027	29,528,758
Total Current Liabilities	<u>2,087,061,867</u>	<u>1,767,839,097</u>	<u>2,913,577,744</u>
NON-CURRENT LIABILITIES			
Lease liabilities	13,084,637	24,512,241	34,507,453
Interest-bearing loans	1,811,598,640	2,284,761,905	1,736,666,667
Post-employment benefit obligation	49,808,248	47,010,188	61,917,618
Deferred tax liabilities - net	20,314,780	15,116,765	14,659,400
Other non-current liabilities	8,869,958	16,995,892	7,440,467
Total Non-current Liabilities	<u>1,903,676,263</u>	<u>2,388,396,991</u>	<u>1,855,191,605</u>
Total Liabilities	<u>3,990,738,130</u>	<u>4,156,236,088</u>	<u>4,768,769,349</u>
EQUITY			
Equity attributable to owners of the parent company			
Capital stock	2,406,799,300	2,406,799,300	1,651,435,400
Stock dividends distributable	-	-	755,431,300
Treasury stock - at cost	(76,660,836)	(67,194,836)	(67,194,836)
Revaluation reserves	(5,358,290)	42,988,357	18,041,175
Other reserves	(57,785,452)	(57,785,452)	(57,785,452)
Retained earnings			
Appropriated	1,184,853,389	844,233,100	1,909,733,100
Unappropriated	5,917,341,539	5,186,533,818	3,346,821,184
Total equity attributable to owners of parent company	<u>9,369,189,650</u>	<u>8,355,574,287</u>	<u>7,556,481,871</u>
Non-controlling interests	<u>2,914,656,711</u>	<u>2,909,558,602</u>	<u>2,861,354,532</u>
Total Equity	<u>12,283,846,361</u>	<u>11,265,132,889</u>	<u>10,417,836,403</u>
TOTAL LIABILITIES AND EQUITY	<u>P 16,274,584,491</u>	<u>P 15,421,368,977</u>	<u>P 15,186,605,752</u>

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED MAY 31, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)

	<u>2022</u>	<u>2021</u>	<u>2020</u>
REVENUES			
Educational			
Tuition fees - net	P 3,910,844,007	P 3,336,317,446	P 3,221,389,820
Other school fees	<u>179,221,819</u>	<u>186,108,760</u>	<u>334,923,888</u>
	4,090,065,826	3,522,426,206	3,556,313,708
Rental	<u>43,242,605</u>	<u>10,381,563</u>	<u>33,430,485</u>
	4,133,308,431	3,532,807,769	3,589,744,193
IMPAIRMENT LOSS ON FINANCIAL ASSETS	(58,908,684)	(254,842,087)	(81,673,482)
OTHER OPERATING EXPENSES	(2,690,747,051)	(2,485,285,169)	(2,777,758,711)
OTHER OPERATING INCOME	<u>7,403,327</u>	<u>1,447,139</u>	<u>41,633,237</u>
OPERATING INCOME	1,391,056,023	794,127,652	771,945,237
FINANCE INCOME	134,066,448	190,258,064	136,080,528
FINANCE COSTS	(63,603,488)	(106,575,649)	(246,065,317)
OTHER INCOME - NET	<u>146,629,063</u>	<u>138,482,282</u>	<u>122,603,549</u>
INCOME BEFORE TAX	1,608,148,046	1,016,292,349	784,563,997
TAX EXPENSE	(70,319,366)	(36,976,292)	(101,572,455)
NET INCOME	P <u>1,537,828,680</u>	P <u>979,316,057</u>	P <u>682,991,542</u>
Net Income Attributable to:			
Owners of the parent company	P 1,503,734,824	P 965,682,303	P 621,398,818
Non-controlling interests	<u>34,093,856</u>	<u>13,633,754</u>	<u>61,592,724</u>
	P <u>1,537,828,680</u>	P <u>979,316,057</u>	P <u>682,991,542</u>
Earnings Per Share			
Basic and Diluted	P <u>62.74</u>	P <u>40.28</u>	P <u>25.92</u>

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED MAY 31, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)

	<u>2022</u>	<u>2021</u>	<u>2020</u>
NET INCOME	<u>P 1,537,828,680</u>	<u>P 979,316,057</u>	<u>P 682,991,542</u>
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will be reclassified subsequently to profit or loss			
Net fair value gains (losses) reclassified to profit or loss on debt securities classified as financial assets at fair value through other comprehensive income	742,189	(6,722,480)	(1,786,872)
Net fair value gains (losses) during the year	(25,192,316)	24,499,049	23,059,541
Tax effect	<u>244,501</u>	<u>(311,090)</u>	<u>(2,127,267)</u>
	<u>(24,205,626)</u>	<u>17,465,479</u>	<u>19,145,402</u>
Item that will not be reclassified subsequently to profit or loss			
Net fair value gains (losses) on equity securities classified as financial assets at fair value through other comprehensive income	(28,114,783)	5,602,115	898,729
Gains (losses) on remeasurement of post-employment benefit plan	4,745,233	4,629,577	(8,463,371)
Tax effect	<u>233,695</u>	<u>(179,055)</u>	<u>756,464</u>
	<u>(23,135,854)</u>	<u>10,052,637</u>	<u>(6,808,178)</u>
Other Comprehensive Income (Loss) - net of tax	<u>(47,341,480)</u>	<u>27,518,116</u>	<u>12,337,224</u>
TOTAL COMPREHENSIVE INCOME	<u>P 1,490,487,200</u>	<u>P 1,006,834,173</u>	<u>P 695,328,766</u>
Total Comprehensive Income Attributable to:			
Owners of the parent company	P 1,455,388,177	P 990,629,485	P 636,175,131
Non-controlling interests	<u>35,099,023</u>	<u>16,204,688</u>	<u>59,153,635</u>
	<u>P 1,490,487,200</u>	<u>P 1,006,834,173</u>	<u>P 695,328,766</u>

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED MAY 31, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)

	Capital Stock	Stock Dividends Distributable	Treasury Stock - at Cost	Attributable to Owners of the Parent Company				Retained Earnings	Total	Non-controlling Interests	Total Equity
				Revaluation Reserves	Other Reserves	Appropriated	Unappropriated				
Balance at June 1, 2021	P 2,406,799,300	P -	(P 67,194,836)	P 42,988,357	(P 57,785,452)	P 844,233,100	P 5,186,533,818	P 6,030,766,918	P 8,355,574,287	P 2,909,558,602	P 11,265,132,889
Transactions with owners											
Acquisition of treasury stock	-	-	(9,466,000)	-	-	-	-	-	(9,466,000)	-	(9,466,000)
Cash dividends	-	-	-	-	-	-	(432,306,814)	(432,306,814)	(432,306,814)	(30,000,914)	(462,307,728)
	-	-	(9,466,000)	-	-	-	(432,306,814)	(432,306,814)	(441,772,814)	(30,000,914)	(471,773,728)
Appropriation during the year	-	-	-	-	-	340,620,289	(340,620,289)	-	-	-	-
Total comprehensive income (loss)											
Net income for the year	-	-	-	-	-	-	1,503,734,824	1,503,734,824	1,503,734,824	34,093,856	1,537,828,680
Other comprehensive income (loss)	-	-	-	(48,346,647)	-	-	-	-	(48,346,647)	1,005,167	(47,341,480)
	-	-	-	(48,346,647)	-	-	1,503,734,824	1,503,734,824	1,455,388,177	35,099,023	1,490,487,200
Balance at May 31, 2022	P 2,406,799,300	P -	(P 76,660,836)	(P 5,358,290)	(P 57,785,452)	P 1,184,853,389	P 5,917,341,539	P 7,102,194,928	P 9,369,189,650	P 2,914,656,711	P 12,283,846,361
Balance at June 1, 2020	P 1,651,435,400	755,431,300	(P 67,194,836)	P 18,041,175	(P 57,785,452)	P 1,909,733,100	P 3,346,821,184	P 5,256,554,284	P 7,556,481,871	P 2,861,354,532	P 10,417,836,403
Transactions with owners											
Issuance of shares of stock	755,363,900	(755,431,300)	-	-	-	-	67,400	67,400	-	62,000,000	62,000,000
Cash dividends	-	-	-	-	-	-	(191,537,069)	(191,537,069)	(191,537,069)	(30,000,618)	(221,537,687)
	755,363,900	(755,431,300)	-	-	-	-	(191,469,669)	(191,469,669)	(191,537,069)	31,999,382	(159,537,687)
Appropriations of retained earnings											
Reversal of appropriations during the year	-	-	-	-	-	(1,155,500,000)	1,155,500,000	-	-	-	-
Appropriation during the year	-	-	-	-	-	90,000,000	(90,000,000)	-	-	-	-
	-	-	-	-	-	(1,065,500,000)	1,065,500,000	-	-	-	-
Total comprehensive income											
Net income for the year	-	-	-	-	-	-	965,682,303	965,682,303	965,682,303	13,633,754	979,316,057
Other comprehensive income	-	-	-	24,947,182	-	-	-	-	24,947,182	2,570,934	27,518,116
	-	-	-	24,947,182	-	-	965,682,303	965,682,303	990,629,485	16,204,688	1,006,834,173
Balance at May 31, 2021	P 2,406,799,300	P -	(P 67,194,836)	P 42,988,357	(P 57,785,452)	P 844,233,100	P 5,186,533,818	P 6,030,766,918	P 8,355,574,287	P 2,909,558,602	P 11,265,132,889

	Attributable to Owners of the Parent Company									
	Capital Stock	Stock Dividends Distributable	Treasury Stock - at Cost	Revaluation Reserves	Other Reserves	Retained Earnings		Total	Non-controlling Interests	Total Equity
						Appropriated	Unappropriated			
Balance at June 1, 2019	P 1,651,435,400	P -	(P 65,159,830)	P 3,264,862	(P 57,785,452)	P 2,170,733,100	P 3,548,864,966	P 7,251,353,046	P 2,616,721,417	P 9,868,074,463
Transactions with owners										
Issuance of shares of stock	-	-	-	-	-	-	-	-	86,000,125	86,000,125
Investment of non-controlling interest in a new subsidiary	-	-	-	-	-	-	-	-	171,500,000	171,500,000
Acquisition of treasury stock	-	-	(2,035,006)	-	-	-	-	(2,035,006)	(32,110,055)	(34,145,061)
Stock dividends distributable	-	755,431,300	-	-	-	-	(755,431,300)	(755,431,300)	-	-
Stock dividends	-	-	-	-	-	-	(329,011,300)	(329,011,300)	(39,910,590)	(368,921,890)
	-	755,431,300	(2,035,006)	-	-	-	(1,084,442,600)	(331,046,306)	185,479,480	(145,566,826)
Appropriations of retained earnings										
Reversal of appropriations during the year	-	-	-	-	-	(336,000,000)	336,000,000	-	-	-
Appropriations during the year	-	-	-	-	-	75,000,000	(75,000,000)	-	-	-
	-	-	-	-	-	(261,000,000)	261,000,000	-	-	-
Total comprehensive income (loss)										
Net income for the year	-	-	-	-	-	-	621,398,818	621,398,818	61,592,724	682,991,542
Other comprehensive income (loss)	-	-	-	14,776,313	-	-	-	14,776,313	(2,439,089)	12,337,224
	-	-	-	14,776,313	-	-	621,398,818	636,175,131	59,153,635	695,328,766
Balance at May 31, 2020	P 1,651,435,400	P 755,431,300	(P 67,194,836)	P 18,041,175	(P 57,785,452)	P 1,909,733,100	P 3,346,821,184	P 7,556,481,871	P 2,861,354,532	P 10,417,836,403

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MAY 31, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)

	<u>2022</u>	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before tax	P 1,608,148,046	P 1,016,292,349	P 784,563,997
Adjustments for:			
Depreciation and amortization	558,923,063	555,516,561	471,828,849
Other investment loss (income) from financial assets at fair value through profit or loss (FVTPL) and other comprehensive income (FVOCI) - net	(92,237,733)	(50,432,986)	75,337,578
Fair value losses (gains) from financial assets at FVTPL	62,633,193	(85,961,962)	77,384,209
Unrealized foreign exchange loss (gain) - net	(57,976,038)	30,320,827	38,285,826
Impairment loss on receivables	58,908,684	254,842,087	81,673,482
Interest expense	50,971,138	62,611,910	113,078,062
Interest income	(44,785,235)	(51,772,411)	(108,384,256)
Impairment loss on investments	151,944	-	24,162
Impairment loss on non-financial assets	-	27,525,652	-
Reversal of impairment loss	-	(2,090,705)	-
Gain on sale of investment property	-	-	(37,988,903)
Fair value gains on derivative liability	-	-	(5,060,766)
Gain on sale of property and equipment	-	-	(2,057,151)
Operating income before working capital changes	2,144,737,062	1,756,851,322	1,488,685,089
Increase in trade and other receivables	(145,270,689)	(74,719,976)	(444,184,020)
Decrease (increase) in other assets	(1,469,129)	14,968,032	20,722,729
Increase (decrease) in trade and other payables	(93,157,079)	(220,146,907)	424,450,175
Decrease in derivative liability	-	-	(31,660,100)
Increase (decrease) in deferred revenues	39,512,722	(61,071,999)	(163,624,529)
Increase (decrease) in post-employment benefit obligation	7,495,841	(10,250,896)	14,604,039
Decrease in provisions	(50,800)	-	(30,067,534)
Increase (decrease) in other non-current liabilities	(8,125,934)	9,555,425	1,269,067
Cash generated from operations	1,943,671,994	1,415,185,001	1,280,194,916
Income taxes paid	(55,312,201)	(120,063,874)	(111,464,969)
Net Cash From Operating Activities	<u>1,888,359,793</u>	<u>1,295,121,127</u>	<u>1,168,729,947</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at FVTPL	(3,260,044,391)	(3,737,884,125)	(1,267,039,964)
Proceeds from disposal of financial assets at FVTPL	3,021,056,480	3,088,266,602	1,048,518,806
Acquisition of financial assets at FVOCI	(951,288,741)	(978,136,132)	(239,304,955)
Proceeds from disposal of financial assets at FVOCI	558,331,837	299,828,786	245,059,480
Acquisition of property and equipment	(207,442,131)	(194,576,931)	(1,029,365,136)
Acquisition of investment securities at amortized cost	(150,840,182)	(306,662,439)	(41,769,449)
Interest received	137,022,968	102,205,397	111,964,125
Proceeds from maturities of investment securities at amortized cost	106,504,132	248,095,439	287,357,470
Decrease (increase) in advances to suppliers and developers	(70,481,121)	(7,628,389)	13,338,144
Acquisition of investment properties	(14,122,745)	(26,719,418)	(87,639,288)
Net advances granted to related parties	(11,364,248)	(3,938,577)	(8,845,364)
Proceeds from disposal of property and equipment	1,014,867	-	2,678,571
Proceeds from disposal of investment property	-	-	53,571,429
Net Cash Used in Investing Activities	<u>(841,653,275)</u>	<u>(1,517,149,787)</u>	<u>(911,476,131)</u>
Balance carried forward	<u>P 1,046,706,518</u>	<u>(P 222,028,660)</u>	<u>P 257,253,816</u>

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>Balance brought forward</i>	<u>P 1,046,706,518</u>	(<u>P 222,028,660</u>)	<u>P 257,253,816</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	(386,362,549)	(239,359,822)	(323,553,105)
Repayments of interest-bearing loans	(187,619,048)	(1,275,714,286)	(948,333,333)
Interest paid	(45,549,028)	(62,802,729)	(115,687,250)
Repayment of lease liability	(9,478,932)	(12,061,585)	(1,597,281)
Acquisition of treasury shares	(9,466,000)	-	(34,145,061)
Proceeds from additional interest-bearing loans	-	1,142,857,143	1,195,000,000
Proceeds from issuance of preferred shares to a related party under common management	-	<u>62,000,000</u>	<u>86,000,000</u>
Net Cash Used in Financing Activities	(<u>638,475,557</u>)	(<u>385,081,279</u>)	(<u>142,316,030</u>)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	<u>744,179</u>	(<u>110,110</u>)	(<u>8,264,042</u>)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	408,975,140	(607,220,049)	106,673,744
NET INCREASE IN CASH DUE TO CONSOLIDATION OF A NEW SUBSIDIARY	-	-	171,500,000
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>1,191,146,185</u>	<u>1,798,366,234</u>	<u>1,520,192,490</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>P 1,600,121,325</u>	<u>P 1,191,146,185</u>	<u>P 1,798,366,234</u>

Report of Independent Auditors on Components of Financial Soundness Indicators


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The Board of Trustees and the Stockholders
Far Eastern University, Incorporated
Nicanor Reyes Street
Sampaloc, Manila

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Far Eastern University, Incorporated and subsidiaries (the Group) for the years ended May 31, 2022, 2021 and 2020, on which we have rendered our report dated August 16, 2022. Our audit was made for the purpose of forming an opinion on the basic consolidated 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 purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at May 31, 2022, 2021 and 2020 and for each of the three years in the period ended May 31, 2022 and no material exceptions were noted.

PUNONGBAYAN & ARAULLO


By: **Mailene Sigue-Bisnar**
Partner

CPA Reg. No. 0090230
TIN 120-319-128
PTR No. 8852327, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 90230-SEC (until December 31, 2025)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-20-2020 (until Dec. 21, 2023)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

August 16, 2022

Certified Public Accountants
Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd.

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Offices in Cavite, Cebu, Davao
BOA/ PRC Cert of Reg. No. 0002
SEC Accreditation No. 0002

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Supplemental Schedule of Financial Soundness Indicators
May 31, 2022, 2021 and 2020

Indicators	Formula	Ratios / Percentages/ Amounts		
		2022	2021	2020
Current ratio	$\frac{\text{Total Current Assets}}{\text{Total Current Liabilities}}$	2.52	2.35	1.56
Acid test ratio	$\frac{\text{Cash and cash equivalents} + \text{Trade and other receivables - net} + \text{Investments}}{\text{Total Current Liabilities}}$	2.40	2.23	1.48
Debt-to-asset ratio	$\frac{\text{Total Liabilities}}{\text{Total Assets}}$	0.25	0.27	0.31
Equity-to-asset ratio	$\frac{\text{Total Equity}}{\text{Total Assets}}$	0.75	0.73	0.69
Debt-to-equity ratio	$\frac{\text{Total Liabilities}}{\text{Total Equity}}$	0.32	0.37	0.46
Assets-to-equity ratio	$\frac{\text{Total Assets}}{\text{Total Equity}}$	1.32	1.37	1.46
Interest rate coverage ratio	$\frac{\text{Earnings before Interest and Taxes}}{\text{Interest Expense}}$	32.55	17.23	7.94
Return on equity	$\frac{\text{Net Profit}}{\text{Total Equity}}$	13%	9%	7%
Return on assets	$\frac{\text{Net Profit}}{\text{Total Assets}}$	10%	6%	5%
Earnings per share	$\frac{\text{Net Profit}}{\text{Average outstanding shares}}$	P 62.74	P 40.28	P 25.92

CORPORATE INFORMATION



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Investor Relations

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CORE VALUES

Fortitude

Fortitude refers to the ability to persevere, not give in or give up, to be committed to an ideal, and to pursue it with hard work and courage.

Excellence

Excellence refers to the ability to do rigorous, meticulous, innovative, creative, and relevant endeavors that are comparable to the highest standards, effectively communicated to the stakeholders, and steeped in critical thinking.

Uprightness

Uprightness refers to moral and ethical integrity, selflessness, fairness, and a commitment to the greater good.



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