



FAR EASTERN UNIVERSITY



ANNUAL REPORT

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Dr. Nicanor Reyes Sr.
Founder and First President

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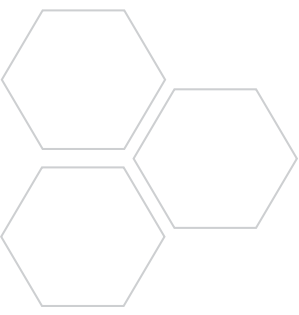
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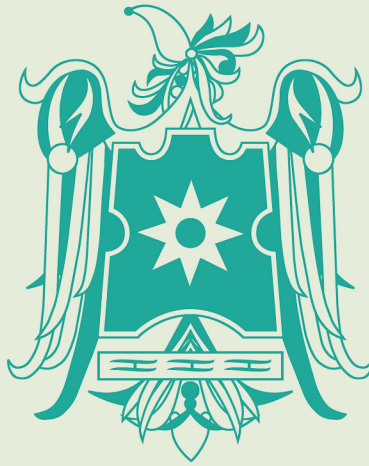
FAR EASTERN UNIVERSITY

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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.



CHAIRMAN'S MESSAGE



Dear Fellow Shareholders

If ever there was a time to BE BRAVE, it was Covid-19 Pandemic School Year 2020 - 2021.

The previous School Year 2019 - 2020 was half Face-to-Face, and half Remote Learning. Unfortunately, by government mandate, School Year 2020 - 2021 was a Full Remote Learning Year for our almost 40,000 students spread across 10 campuses.

Fortunately, thanks to a sufficiently prepared and forward-looking management team, FEU was able to offer fully functioning Online and Offline Learning Offerings across its three main brands - Far Eastern University, FEU Tech, and FEU Roosevelt - and its various Senior High Schools.

Despite flat tuition, consolidated enrollment declined by 10% to approximately 39,000 students.

Senior High School with a drop of 26%, was particularly hard hit as some parents conserved their financial resources or shifted to Free Tuition Public Senior High Schools. Comparative Revenues however only dropped by 1% due to the uncompleted third trimester at FEU Tech last year. Net Income grew to Php 979 million due to judicious operational cost savings and a favorable swing in investment income.

Strategic Plan

Last year, we reported the completion of our Five-Year Aspirations 2020 Strategic Plan with positive results in the Regulatory, Matched, and Adaptive Excellence fields.

Our efforts to convene for our Annual Strategic Planning Exercises were sadly interrupted by Covid-19 in 2020 and now 2021.

Given that, Management shifted to a nimble, 180 degrees turn to a Remote Learning New Normal Execution Plan given ever-changing health and worsening economic statistics.

In the absence of anything concrete, FEU stuck to its VISION and CORE VALUES.

Fortitude

Keeping the school operational during the entire school year across all 10 campuses was already an achievement in itself. More importantly, our Academic Team improved content, and delivery of content, on our already robust Remote Learning systems with improved Wi-Fi bandwidth capability. Our Administration team simplified logistic and payment processes to predominantly online so that parents and students could continue transacting with FEU from their laptops and mobile phones.

Excellence

We continued to upgrade our accreditation status, this time at the Asean level. We joined an AUN-QA (Asean University Network Quality Assurance) network, and successfully earned peer accreditations in eight program areas - Accountancy, Business Administration, Biology, Medical Technology, Psychology, Communications, and Elementary and Secondary Education.

We were also pleasantly surprised with a


no 12 ranking

in Crisis Management, and a Top 100 Overall Ranking in a WURI (World Universities with Real Impact) 2021 Survey.

This validated our internal feeling that we had effected a relatively seamless, value-added shift to a 100% Remote Learning Platform.

Uprightness

Locally, we continue to be the highest-ranked Educational Institution in the PSE (Philippine Stock Exchange) and Annual Corporate Governance



In the absence of anything concrete, FEU stuck to its VISION and CORE VALUES.

Scorecard (AGCS) Golden Arrow Recognition Ceremony. Internationally, we are honored by a WURI ranking of No. 16 in Ethics.

Financial Results

Given the 10% drop in enrollment and a decision to maintain flat tuition during the pandemic, FEU utilized pre-pandemic digitization moves and decisive early cost-cutting to generate an Educational Income increase of 3%.

Fortunately, its investment portfolio grew, Fair Value gains shifted from negative the previous year to positive this year, significant Loans were settled, and the CREATE-related corporate income tax dropped temporarily. FEU used some of these gains to privately purchase sufficient Moderna vaccines for all its full-time faculty and employees.

This resulted in a 43% increase in overall Net Income despite the challenges of SY 2020-21.

IT Enhancements

Continuing Information Technology investments and Wi-Fi bandwidth in digitalized business processes contributed to near-seamless delivery of enrollment, academic instruction, and administrative processes.

Online delivery for all students was challenging, but thankfully, our robust pre-pandemic preparation paid off in a major operational manner.

Looking forward, we will additionally strengthen cyber security and data analytics and will strive to further improve our user interfaces at both the academic and administrative levels, for students and parents.

Facilities Improvement

Our two new buildings in Manila and Marikina are yet to be occupied. Both will be ready for the return of Face-to-Face learning, hopefully in early 2022.

Capital was also made available to keep our current buildings in top condition. Among others, roofs were refurbished, CCTV and Fire Detection Alarms were upgraded, two elevators were completely replaced, and additional earthquake monitoring accelerographs were installed.

Faculty and Student Accomplishments

Dr. Michael Alba, our President, will elaborate on the academic achievements of the various FEU schools under his wing.

Faculty accomplishments centered on 80 University Research Center research papers, exceeding last year's

74 and bringing total publications to 154. Twenty faculty completed their PhDs and Doctor Degrees, bringing total Ph.D./Doctors to 161, or 35% of full-time faculty and considerably above our Aspirational Goal of 20% of faculty.

Given full remote learning, student activity on-campus had to shift from physical to virtual. The highlight was six FEU student leaders selected to the Ayala Young Leaders Council (AYLC); the highest number of delegates chosen since FEU joined the AYLC search.

Community Service and Cultural Programs

FEU, through its Volunteerism Services Office (VSO), in collaboration with Student Development and the FEU Central Student Organisation, participated in Brigada Eskwela. Focus this year was on Online Learning, and our Institute of Education crafted modules for both "GabayBasa" and "GabayBilang".

TAMGabay Aral was also launched to provide electronic gadgets, internet access, and other support needed to financially challenged senior high school students.

Another annual activity is volunteer participation through Hands On Manila's Servathon, whose 2020 theme was "Covid-19 Sustainable Food Security." FEU volunteers helped establish a vegetable garden in a public school and prepared plant holders for this.

October remains a special month for the conservation and protection of the Tamaraw in Mindoro. Our Volunteer Office and our Alumni Office have collaborated for a webinar "Strengthening Tamaraws and Biodiversity Conservation amidst the Pandemic," as well as a roving Online Tams World exhibit.

Significant Awards

The primary local award includes retention of a One Golden Arrowhead recognition in the Asean Corporate Governance Scorecard (ACGS) for being a top-performing publicly listed company in the Philippines.

Next, FEU scored twice in the 18th Philippine Quill Awards - an Award of Excellence in Communication Skills, Customer Relations for its "Tatak Tamaraw



FEU partnered with Hands On Manila's Servathon 2020 to help establish vegetable gardens in public schools



Various modules were developed by the Institute of Education for both “GabayBasa” and “GabayBilang”

Freshman Orientation” initiative, and an Award of Merit for its “FEU Learning Journey” in the same category. Separately, FEU Cavite’s Basic Education Building was named “People’s Choice” of the Haliging Dangal Awards 2020 for its safe, secure, and beautifully designed building conducive to learning. Internationally, FEU improved on its World Universities with Real Impact (WURI) rankings, which measure universities’ flexible and innovative efforts to foster a workforce that meets the needs of industry and society. Key 2021 rankings include No 12 in Crisis Management, No 16 in Ethical Value, No 42 in Entrepreneurial Spirit, and No 79 in the Top 100 Most Innovative Universities in the world.

Looking Forward

Last year, we highlighted a new decade with three main macro themes going forward:

- “Education Must Continue”
- “Future Ready Learning”
- “A Distinctive Education Experience”

This year, we reiterate and re-stress those three policy thrusts, but added three more as major food for thought.

“Learning Crisis” - Never before, due to the pandemic, child malnutrition, and improving but still underfunded government support for the education sector, have we faced an Education Learning Crisis as bad as we have one today. Sadly, abysmal near-bottom scores in science, math, and language in international surveys have been repeatedly publicized. It is our hope that the next Philippine administration will have an “Educate, Educate, Educate” theme as a major priority.

“Face-to-Face Learning in 2022” - Worldwide studies have shown, that for the good of both students and parents, Face-to-Face Learning is necessary for children and students, subject to stringent health protocols. Remote Learning was probably the right thing to do in 2020-2021, but with increased vaccination rates and better knowledge as to how to live with Covid-19, Face-to-Face Learning should be the norm in 2022. For FEU, this will be a Hybrid Learning, combining the strengths of both limited Face-to-Face learning with bursts of Online Learning.

“Incentives for the Vaccinated” - Fortunately, we are in a geographic area (NCR + 4) where vaccination rates will have crossed the 75% threshold for fully dosed and 85% one dosed of the eligible population.



(World Universities
with Real Impact)

WURI key rankings 2021

12th
Crisis
Management

16th
Ethical Value

42nd
Entrepreneurial
Spirit

79th
in the Top 100
Most Innovative
Universities
in the world



Trustee and former Corporate Secretary,
Angelina "Boots" Palanca Jose⁺ (1952-2021)

Given this, and subject to the usual sanitation, social distancing, and mask protocols, we should be ready to reopen Face-to-Face for the fully vaccinated. FEU itself hopes to have vaccinated almost 100% of its employees by yearend, will encourage students to get LGU-jabbed, and is formulating policies to prioritize students who are already fully vaccinated.

Looking back, the Spanish Flu crisis took three years, from 1918-20. Next year will be the third year for our Covid-19, and hopefully, we can move back to an almost pre-pandemic normal stage.

Sadly, we lost our long serving, faithful Trustee and former Corporate Secretary, Angelina "Boots" Palanca Jose early in 2021.

In closing, we thank our loyal stakeholders - our faculty and employees, our students and their parents, our regulators, and alumni, and our shareholders and the entire FEU Community - for keeping the faith and continuously operating in these difficult times.

Good luck to us all!

Aurelio Reyes Montinola III
Chairman of the Board
October 2021
Manila



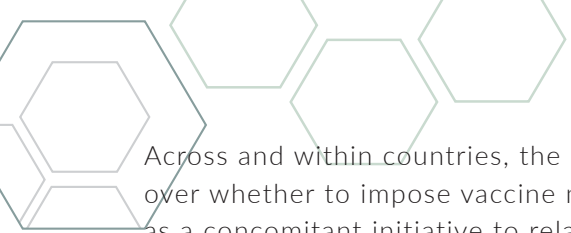
PRESIDENT'S REPORT



Twenty-one months after the Covid-19 outbreak was first recognized in Wuhan, China, in December 2019, the world remains in the throes of the pandemic that ensued. As of this writing, Johns Hopkins University's Center for Systems Science and Engineering (CSSE) has tallied 237.8 million confirmed cases and 4.9 million confirmed deaths with the Philippines contributing 2.7 million to the former and 39.6 thousand to the latter. Vaccinations, the primary public health countermeasure, have been unevenly dispensed both across and within countries: on the one hand, practicing vaccine nationalism, rich countries have hogged most of the still limited vaccine supplies, ordering quantities that are several multiples of their populations; on the other, vaccination campaigns have been slowed by anti-vaxxers and disinformation meant to sow political discord. Our World in Data (ourworldindata.org) reports that

6.5 billion vaccine doses have been administered thus far, which translates to 35% of the world's 7.9 billion people having been fully vaccinated and an additional 12% having been partially vaccinated – estimates that are still far below any possibility of attaining herd immunity, particularly with the more transmissible Delta variant having become the dominant strain. The comparable statistics for the Philippines according to data from the Department of Health are 48.9 million vaccinations, or 21% of the country's 110.1 million people having been fully vaccinated and 24% having been partially vaccinated.

On recent trends, the last two weeks ending in 10 October 2021 saw the world's average daily cases and average daily deaths at 432.9 thousand and 7.4 thousand, respectively, representing declines of 13% and 12% over the previous two weeks, while in the Philippines, the average daily cases are at 13.2 thousand, representing a welcome 30% 14-day decrease, with daily average deaths at 150.0, a 7% decline.



Across and within countries, the debate rages over whether to impose vaccine mandates as a concomitant initiative to relaxing social distancing rules and thereby open up the economy or to extend the lockdowns in places where resurgence has been observed.

Unsurprisingly, the education sector has not been spared. The UNESCO reports that the pandemic caused the largest schooling disruption in human history, affecting as it did 1.6 billion learners worldwide. Between 1 April 2020 and 31 August 2021, for the 210 countries on which data were available, the average duration of school closures (i.e., no in-person schooling was allowed and only remote learning modes were used) was 16.5 weeks; of academic breaks, 19.1 weeks; of partial in-person schooling, 15.4 weeks; and of full in-person schooling, 23.1 weeks. Only in four countries was there no in-person schooling throughout the entire period: Bangladesh, Kuwait, the Philippines, and Venezuela. Sadly, the Philippines was the worst performer with 46.4 weeks of school closures (meaning the country had the shortest duration of schooling) and 27.7 weeks of academic breaks. The comparable estimates for the other countries were: Bangladesh, 59.1 and 15.0 weeks; Kuwait, 53.0 and 21.1 weeks; and Venezuela 58.4 and 15.7 weeks.¹

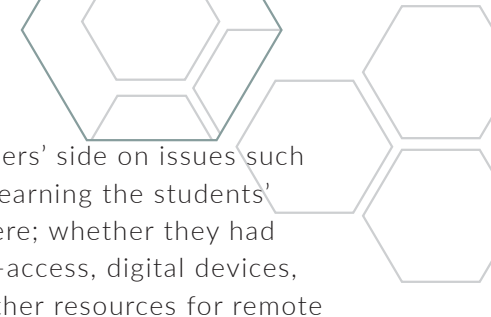
Fortunately, the FEU Group of Schools was better prepared than most other schools in the country to handle the dire consequences of the pandemic. Exercised by a decade's worth of regulatory and legislative impositions and the challenges posed by the onrushing disruptive future for the Philippine education sector,² FEU and its sister schools had already begun their institutional transformation odysseys.

While aspiring for excellence in education quality, the FEU Group of Schools defined the goal not in the metrics of international research university rankings, but in terms of successful student outcomes and of the students' "user experience" of the schooling process – that, above all, the students' time in the schools would be a capacitating journey for their post-schooling careers and lives; the campuses would be inclusive, accepting, nurturing, and safe spaces conducive for learning; and, not least, the service touchpoints (of admissions, enrollment registrations, graduations and commencement exercises, bookstore purchases, library utilizations, guidance and counseling, and university health services, among others) would be mindful of the students' "customer experience."

To facilitate online registrations, the schools had started their transitions to the cloud-based NetSuite enrollment system, with some having already used the enterprise software for several school years. To organize schoolwork and make course resources accessible anywhere, anytime for both students and faculty as long as an internet bandwidth was available, they had subscribed to the best-in-class Canvas learning management system and complemented the platform with apps such as Microsoft's Office 365 (which includes Word, Excel, PowerPoint, Outlook, and Teams, among others); McGraw-Hill's personalized learning software packages (including ALEKS, Connect, and Redbird); and Cengage's MindTap. To ensure fast and uninterrupted access to the internet, they had installed information-technology (IT) infrastructure in their campuses as well as significantly increased and built redundancy in their internet bandwidths. To complement the

¹ Raw data were downloaded from <https://en.unesco.org/covid19/educationresponse#durationschoolclosures>. Computations are mine.

² The regulatory shock came in the form of CHED Memorandum Order 46 series of 2012, which specified stricter quality-assurance criteria for private colleges and universities; the legislative setbacks consisted of Republic Act 10533 [The Enhanced Basic Education Act of 2013], which disrupted college enrollment flows for five years, as starting 2016 Grade-10 completers had to detour to senior high school, and Republic Act 10931 [The Universal Access to Quality Tertiary Education Act], which provided for free tuition and other fees in state colleges and universities, causing student migration away from private higher education institutions; and the challenges of the future were the onus on the education sector to help the country maximize its demographic dividend and to prepare students, faculty, and the schools themselves for the disruptive impacts of new technologies on the world of work and life as well as on education delivery in the 21st century.

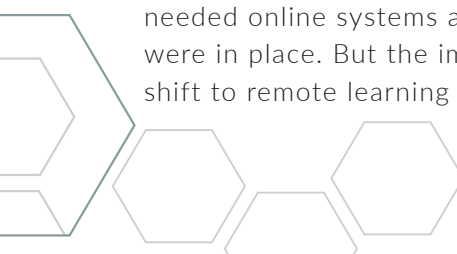


education technology and IT resources, the faculty were provided extensive and sustained training on the features of Canvas as well as on student-centered pedagogies to nudge them into becoming “guides on the (students’) side” rather than persist in being less effective and time-worn “sages on the stage.”

To enhance the quality of the faculty, Far Eastern University (the main campus) and the FEU Institute of Technology turned the adversity caused by the 5-year downturn in college enrollments into an opportunity for the faculty to enhance their academic credentials. A total of 49 faculty members – 41 from FEU and 8 from FEU Tech – were given time-off to pursue their master’s and doctoral degrees in disciplines allied to their academic departmental affiliations.

Seriously thinking through the students’ user experience of schooling, the main campus designed the FEU Learning Journey (FLJ), a one-unit course per semester that all student cohorts had to be enrolled in throughout their college years. Providing a formal structure for mentoring students, the FLJ helps them to (a) navigate their academic lifecycle, (b) develop their inner resources to handle changes and challenges, and (c) articulate and shape their career and life goals. In large part due to the FLJ, FEU Manila was ranked 91st in the inaugural (2020) run of the World Universities with Real Impact’s (WURI’s) Global Top 100 Universities and 19th in the ethical value category.

Schooling in the Year of Cov-Ed



And so it came to pass that in the summer of 2020, with the community quarantines newly imposed, the world plunged in uncharted waters, and the immediate future shrouded in uncertainty, the FEU schools were able to navigate their way and continue to perform their education missions even as government regulations disallowed all forms of in-person schooling. On the side of the schools, the needed online systems and faculty capabilities were in place. But the imperative to abruptly shift to remote learning modes ran into a wall of

unknowns on the learners’ side on issues such as how conducive for learning the students’ home environments were; whether they had the necessary internet-access, digital devices, learning spaces, and other resources for remote learning; and what features of remote learning modes they preferred or would find feasible given their circumstances.

To understand the students’ situations, the FEU schools conducted online surveys of students and their parents on their home environments and resources for “schooling in the new environment” as the surveys were dubbed. The results gave the academic personnel invaluable insights on designing learning modes that would be appropriate to their student populations.

For the higher education levels, FEU Manila (including Makati) and Cavite adopted three modes: mixed online learning, which involved synchronous and asynchronous activities; asynchronous online learning, which did not have synchronous activities; and total analog learning, which involved physically sending all course materials to the students in thumb drives. FEU Tech, Diliman, and Alabang, on the other hand, developed the Mastery-based Individualized Learning Enhancement System (MILES), which designed each subject as a series of stepladder online modules for each student to master with the option of calling on the faculty for mentoring sessions in content areas they find to be particularly difficult. Being the more technologically savvy set of schools, they also set up the virtual campus, where all offices of the schools could conduct their business on the Canvas platform for the ease and convenience of students. For its part, FEU Roosevelt set up the remote online learning and remote offline learning (drive-thru) models.

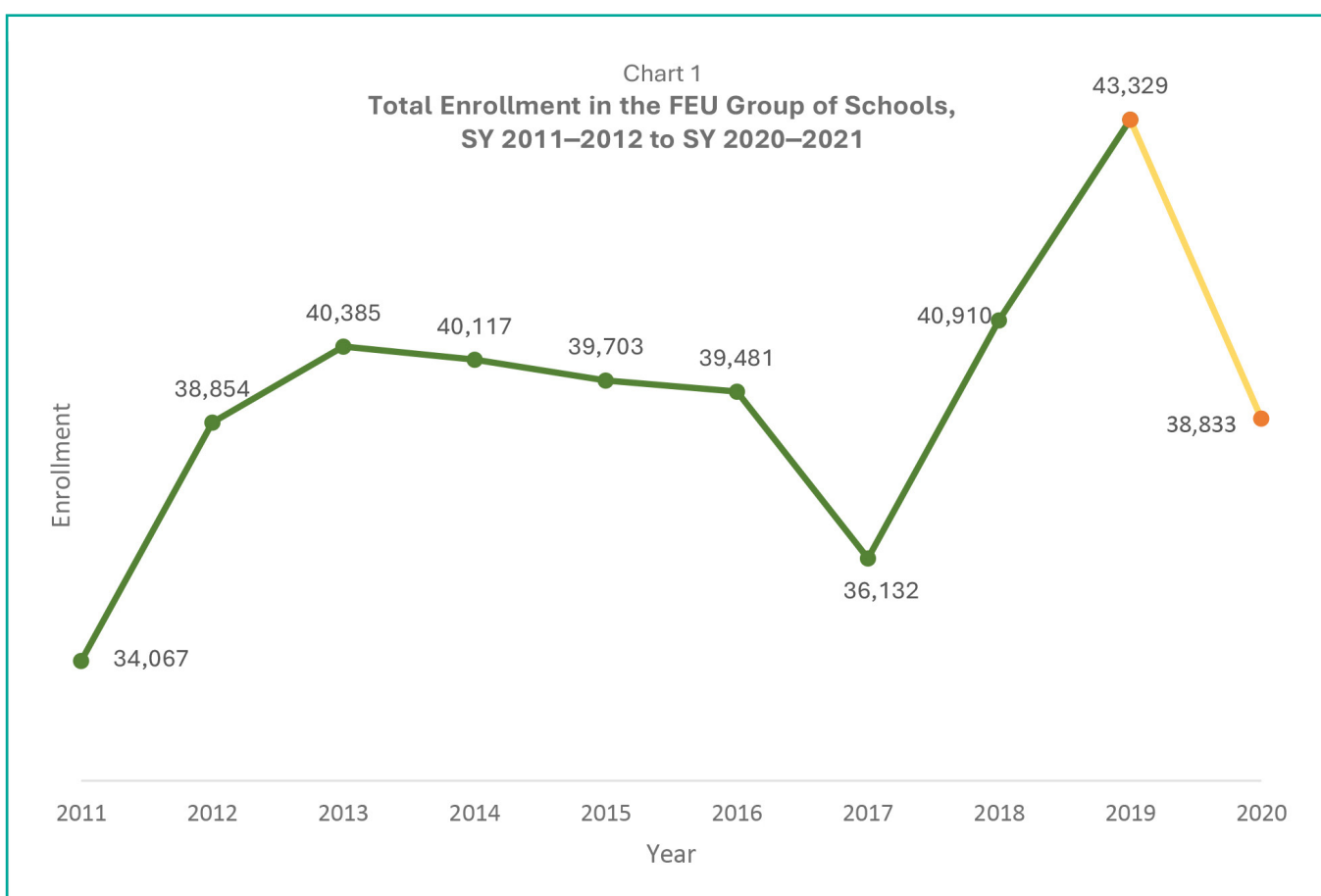
In the senior high school grades, the delivery modes were asynchronous, self-paced learning with synchronous check-in sessions with instructors (FEU High School and Cavite), MILES (FEU Alabang and Diliman), and remote online and offline learning (FEU Roosevelt). FEU Cavite and Roosevelt also used these same

delivery modes in the rest of the basic-education grade levels, while FEU Diliman opted to use synchronous learning sessions for kindergarten to Grade 10.


Perhaps due to the alignment of their remote learning modes with the students' learning environment and their and their parents' preferences as well as the confidence of various publics that the FEU schools would be able to deliver quality remote learning during the pandemic, enrollment in SY 2020-2021 declined by 10% from the level of the previous school

year, a smaller contraction than what many other schools experienced (Chart 1).

But in order to ensure that the learning modes were being implemented as promised as well as to get feedback on the students' experiences in their new schooling environments, the schools conducted two online surveys during the school year. The remote learning survey looked into the implementation of the remote learning modes³ and inquired about the students' overall satisfaction with their chosen mode. In addition, the same survey delved into how the teachers



³ The students were asked to assess whether the features of the remote learning modes were well-explained prior to the start of the school term and implemented as described with well-planned modules; whether the chosen mode suited the student's learning preference and home environment, and facilitated effective learning; and whether learning resources were made available in a timely manner on Canvas and the course requirements were reasonable.



conducted classes as well as the students' overall satisfaction with their teachers' performance.⁴ Resoundingly, the students gave better-than-expected favorable responses, especially for a first run of the quickly designed learning modes. Nonetheless, the survey results were used to improve the designs of the learning modes in their next implementations.

The second survey explored the internet connectivity of the students, the primary information-technology device they used for remote learning, and their assessment of the adequacy of their internet connection with their study needs.⁵ The survey results provided insights on the disparity between subscribed and actual speeds, the wide range of prices, and the segmentation of the market between national-coverage ISPs and those with more limited and localized coverage. Ultimately, though, only a small percentage of students indicated that they were dissatisfied with their internet service, which meant that internet connectivity was not an insurmountable obstacle in the implementation of remote learning modes.

As the survey data when combined with other data sets (e.g., from the office of the university registrar) provided opportunities to show how digital transformation and data analytics may assist in drawing deeper insights on improving student success, the office of the president conducted sophisticated statistical analyses (using econometric qualitative response models) to explore the factors behind the students' overall satisfaction with their learning modes, their teachers' conduct of classes, and the adequacy of their internet connection for

their study needs. Thus began the digital transformation journey of the FEU Group of Schools that has resulted in the creation of a data warehouse for all sources of data (from different offices as well as Canvas).

The upshot of all these efforts at least for FEU (Manila) was that its WURI rankings for 2021 improved to 79th overall – the only Philippine higher education institution in the top 100 innovative universities for the second year in a row – as well as 16th in ethical value, 42nd in entrepreneurial spirit, and 12th in crisis management. For its part, the FEU Institute of Technology placed in WURI's top 101 to 200 rankings and 24th in entrepreneurial spirit.

Academic Administration, Development, and Services: Unevenly Affected

The management of schooling under cov-ed and the successful outcomes described in the preceding section notwithstanding, navigating through the gamut of problems presented by the pandemic was neither easy nor straightforward. The primary challenge came down to how to transpose to a virtual setting the rich and vibrant in-person schooling experience that students had been used to and craved, mainly because not all activities, processes, and events could be readily moved to cyberspace and even those that could had a different “feel.” But ultimately what stood out was the dedication and commitment of the FEU administrators, faculty, and staff to “business continuity,” i.e., the delivery of FEU's education mission even under the trying circumstances.

⁴ The students were asked whether their teachers (a) explained the modules, requirements, and classroom policies at the start of the school term, and gave a clear schedule of class activities; (b) exhibited an encouraging tone in interactions with students, were considerate of the students' circumstances, and accommodating in answering the students' concerns; (c) displayed mastery of the subject matter; (d) encouraged opportunities for interactions and sharing of ideas with classmates; (e) explained the grading policies clearly, used rubrics, and provided qualitative comments on the students' submitted outputs; (f) used a variety of learning resources and instructional materials to advance the course narrative; and (g) provided challenging tasks to foster critical thinking, draw out ideas, and apply what was learned.

⁵ The students were asked about their type of internet connection, internet service provider, and subscribed speed, which was compared to a speed test when uploading and downloading files to and from Canvas as the student answered the survey. They were also asked about other persons in their home environment who use the internet during the students' study periods and the purposes of these other persons for using the internet, the monthly expense for their internet connection, and the gadgets they use for studying.



Academic Administration


In all FEU schools, the academic units exerted valiant efforts to bring the lively co-curricular campus life online. In FEU Manila, a sampling of these activities and events included the Virtual Activities Supporting Education (VASE) program of the Institute of Arts and Sciences (IAS) and the Undergraduate Studies Cross-Program Lecture Series, Teacher Education Online Forum, and Pecha Kucha on Education Advocacy of the Institute of Education. The VASE series regularly hosted practitioners, experts, and scholars of IAS disciplines to discuss social issues with students; it was also used by the Psychology Department to raise mental health awareness and teach problem-coping strategies. The UGS lecture series simulated master classes, which allowed students of different teacher-education programs and year-levels to engage IE faculty members in discussions as well as to interact with each other. Organized as panel discussions, the Teacher Education Online Forum focused on the theme, The New Platforms in Education: Responding to the Changing Needs of Society. The Pecha Kucha, for its part, brought together IE's distinguished faculty members to share their research specializations, interests, and advocacies.

In addition, highlight events in the academic calendar were held online, such as the Alejandro Roces professorial lecture series of IAS and the Teacher Education Summit and Alumni Stories of IE. Held to celebrate the National Teachers' Month, the Teacher Education Summit hosted a series of webinars for teachers, teacher-education students, and aspiring professionals on education issues and was capped by a town hall forum on teachers' welfare amid the pandemic. To commemorate the university's 93rd founding anniversary, Alumni Stories were narratives of fortitude, excellence, and uprightness exhibited by IE graduates, which enabled them to surmount professional and life challenges after graduating from college.

Other notable initiatives were the IAS's and Institute of Law's (IL) schemes to engage students in institute activities. In the case of the former, administrators regularly held IAS Conversations with the IAS Student Council and IAS-based student organizations to develop and disseminate guidelines and policies; in the case of the latter, administrators leaned on the student-led Bar Operations Group to help prepare the institute's barristers for the bar exams using online resources and on the IL Student Council to guide students through the enrollment process made trickier by the special requirements of the Legal Education Board.



Fortunately, the FEU Group of Schools was better prepared than most other schools in the country to handle the dire consequences of the pandemic.



Similarly, the FEU Institute of Technology, FEU Diliman, and FEU Alabang transposed campus life to the virtual space, conducting more than 200 events. These spanned welcoming students at the start of each trimester, holding a student congress, hosting technology webinars, and maintaining the TamBayan TV where students could showcase their showbiz talents and artistic performance skills or simply hang out and “chill.”

Academic Development and Faculty Research

Regulatory excellence – meeting the highest regulatory and accreditation standards – is an institutional aspiration of the FEU Group of Schools. Given the history and circumstances of each, however, the schools are at different stages of reaching this goal. As may be expected, the furthest along is Far Eastern University, which since July 2012 has been an autonomous university (the highest category) in the higher-education-institutions typology of the Commission on Higher Education (CHED), with CHED Memorandum Order 7 series of 2021, the latest issuance, extending the term of this distinction to May 2023.

The university’s high standard of quality is also substantiated by recognitions of its academic programs by, among others, the CHED; accrediting bodies such as the Philippine Association of Colleges and Universities Commission on Accreditation (PACUCOA) and the Philippine Accrediting Association of Schools, Colleges, and Universities (PAASCU); and the ASEAN University Network – Quality Assurance (AUN-QA) system.

The teacher education programs of the IE are a CHED Center of Excellence, while the Bachelor of Science in Business Administration of the Institute of Accounts, Business, and Finance is a CHED Center of Development.

Almost all academic programs of FEU Manila are accredited by the PACUCOA. The following programs had PACUCOA Level IV accreditation

status (the highest) for the period December 2015 to December 2020 and, due to the Covid-19 pandemic, have had to undergo their first Level IV Reaccreditation Visit in April 2021 as a virtual exercise, the official results of which are still pending: Bachelor of Elementary Education, Bachelor of Secondary Education, Bachelor of Arts in Communication, Bachelor of Science in Accountancy, Bachelor of Science in Applied Mathematics with Information Technology, Bachelor of Science in Biology, Bachelor of Science in Business Administration, and Bachelor of Science in Psychology.

The programs with PACUCOA Level III Reaccredited status from January 2020 to January 2022 include the Doctor of Education, Master of Arts in Education, and Master of Arts in Psychology. Those with PACUCOA Level II Reaccredited status from January 2020 to January 2025 are the Bachelor of Fine Arts, Bachelor of Arts in International Studies, Bachelor of Science in Architecture, Bachelor of Science in Medical Technology, and Bachelor of Science in Tourism Management, while the programs with the same status from May 2018 to May 2023 are the Bachelor of Arts in Language and Literature Studies, Bachelor of Arts in Political Science, and Bachelor of Science in Hotel and Restaurant Management.

The Bachelor of Science in Nursing is the only academic program in the Manila campus that is accredited by the PAASCU. It has Level III Reaccredited status for the period August 2018 to November 2021.

Three graduate programs have Candidate status. The Master of Arts in Communication and Master of Science in Biology were so accorded by the PACUCOA for the period May 2018 to May 2020, while the Master of Arts in Nursing enjoyed the same status with the PAASCU from December 2018 to November 2020. Their accreditation exercises for Level I status have had to rescheduled, however, due to the pandemic.

In addition, a significant achievement of the university during the school year was the successful hurdling of the assessment exercises of the AUN-QA for the Bachelor of Science in Accountancy, Bachelor of Science in Biology, Bachelor of Science in Business Administration, and Bachelor of Science in Medical Technology in November 2020 and for the Bachelor of Elementary Education, Bachelor of Secondary Education, Bachelor of Arts in Communication, and Bachelor of Science in Psychology in March 2021.

Finally, the Bachelor of Science in Tourism Management program was accredited as a Center of Excellence by the Asia-Pacific Institute for Events Management (APIEM) for the period February 2017 to January 2022.

In the case of the FEU Institute of Technology, four of its academic programs attained the PAASCU Level II Reaccredited status during the school year: the Bachelor of Science in Computer Science, Bachelor of Science in Information Technology, Bachelor of Science in Civil Engineering, and Bachelor of Science in Computer Engineering. On the other hand, the Bachelor of Science in Electrical Engineering and Bachelor of Science in Electronics Engineering have the Candidate status.

In addition, five of its academic programs passed the Philippine Technological Council Accreditation and Certification Board for Engineering and Technology: the Bachelor of Science in Civil Engineering, Bachelor of Science in Computer Engineering, Bachelor of Science in Electrical Engineering, Bachelor of Science in Electronics Engineering, and Bachelor of Science in Mechanical Engineering.

That these achievements – in particular, the successful passing of the challenging AUN-QA assessments – were attained during the pandemic, with the exercises made more difficult because they were done virtually and with much of the coordination work among the offices undertaken in quarantine conditions, speaks volumes about the FEU Group of Schools' information-technology resources and capabilities but even more about the commitment of its faculty and staff to showcase the schools' high standard of quality.

A second marker of education quality, which also goes into regulatory excellence, is the faculty research output. For SY 2020–2021, the faculty of FEU Manila published 80 articles – 49 in ISI/Scopus indexed journals, 23 in international refereed journals, and 8 in national refereed journals (Table 1). This was the highest number of publications in a school year in the university's history.

As for FEU Tech, the research output of its faculty consisted of 33 published articles: 28 in ISI/Scopus indexed journals and 5 in international refereed journals.

Also notable was the published output of FEU Cavite Senior High School: 2 articles in international refereed journals and 3 in national refereed journals.

Table 1

Published Research Outputs, SY 2020–2021

School/Institute	Total	ISI/Scopus Indexed	International Refereed	National Refereed
FEU Manila	80	49	23	8
Institute of Accounts, Business, and Finance	1	1		
Institute of Arts and Sciences	38	29	4	5
Institute of Education	8	4	2	2
Institute of Nursing	28	13	14	1
Institute of Tourism and Hotel Management	2		2	
Non-Teaching Personnel	3	2	1	
FEU Institute of Technology	33	28	5	
College of Computer Studies and Multimedia Arts	13	13		
College of Engineering	20	15	5	
FEU Cavite (Senior High School)	5		2	3

A third indicator of education quality is the licensure exam results. Unfortunately, in SY 2020–2021 most of the exams were canceled because of the pandemic. But for those that were held, FEU examinees performed significantly better than their peers from other schools, on average (Table 2).

Table 2

Licensure Examination Results, SY 2020–2021

Academic Program	Date	First Time Takers			All Takers			National Passing Rate
		Examinees	Passers	Passing Rate	Examinees	Passers	Passing Rate	
Nursing	July 2021	17	16	94.1%	29	27	93.1%	64.7%
Medical Technology	March 2021	193	162	83.9%	201	167	83.1%	59.1%
Medical Technology	January 2021	123	111	90.2%	126	112	88.9%	67.7%
Architecture	August 2021	5	5	100.0%	5	5	100.0%	66.0%

Student, Extension, and Other Services

Among all the services provided by the FEU schools, the most unevenly impacted by the pandemic were the student and community extension services. On the one hand, fun activities (e.g., esports in FEU Roosevelt schools and concerts for students and employees), milestone events in the school calendar (e.g., commencement exercises), guidance and counseling programs and services, and health consultations could be readily moved online. On the other, library services; textbook procurement and deliveries; the standards-based achievement tests in English, mathematics, and science for basic education students; student-discipline investigations; and extension projects with partner communities were more difficult to implement.

In addition, the health protocols – from having to adapt work-from-home and report-to-office schedules to the constantly changing quarantine restrictions to monitoring and tracking Covid-19 cases in the FEU community and implementing safe office spaces (e.g., deep cleaning areas that Covid-19 patients had been in and ensuring that air flows reduced transmission risks) – meant additional work for the Human Resources Division, University Health Services, and Facilities and Technical Services.

Designing a vaccination plan for the FEU schools also weighed heavily on the team involved. A survey had to be quickly designed and implemented to understand the employees' views about the vaccines and vaccinations. A vaccination campaign had to be undertaken to overcome vaccine hesitancy. A registry had to be developed to keep track of the employees' vaccination status. And arrangements had to be made with other parties to procure vaccines and administer them.

The response of FEU to these challenges is perhaps best captured by one notable extension activity that deserves special mention as it serves to underscore FEU's preparedness for and can-do spirit in facing the pandemic. Early in the school year, the CHED called on FEU to participate in the commission's Hi-Ed

Bayanihan Project, which aimed to quickly train college faculty in the pedagogical and education technology requirements of online flexible learning modes that would have to be adopted with in-person schooling being disallowed. Over 300 faculty members from different colleges and universities nationwide participated in the FEU project, which enabled them to be better prepared for the new teaching and learning environment brought on by the pandemic.

What I personally would like to highlight is that all of the adaptations and additional work were done not only capably but with grace and distinction, which are at the very heart of FEU's corporate character and culture.

Concluding Remarks

Beset by the Covid-19 pandemic that still continues to rage, SY 2020–2021 will possibly be remembered in the education sector as the watershed year when schools were compelled to finally drop the one-size-fits-all in-person schooling model that had not changed much since its invention as a concomitant development of the industrial revolution in the late 1700s. Luckily for the FEU Group of Schools, regulatory and legislative interventions of the past decade had pushed the schools to a quality-transformation journey, thus enabling them to be better prepared than most schools to deal with the stresses brought on by the pandemic. Their journeys are not complete. Their management of schooling under the pandemic can still be improved. But even now the words of praise President Manuel L. Quezon gave to FEU founder Dr. Nicanor Reyes Sr. can be said to ring true: "Dr. Reyes, I am proud of your university! ... I do not mind telling you that I believe your university to be the best non-sectarian institution in the country. ... I congratulate you!"⁶


Michael M. Alba
President
October 2021
Manila

⁶ Nick Joaquin, *Mr. FEU: The Culture Hero That was Nicanor Reyes* (Manila: Far Eastern University, 1995), 11–12.



AWARDS & ACHIEVEMENTS

One Golden Arrowhead Recognition in the ASEAN Corporate Governance Scorecard (ACGS)

On 19 February 2021, FEU received the *One Golden Arrowhead Recognition* in the ASEAN Corporate Governance Scorecard (ACGS) for being a top performing publicly listed company in the Philippines.



Award of Excellence at the 18th Philippine Quill Awards

On 25 March 2021, FEU won the *Award of Excellence* at the 18th Philippine Quill Awards (Division 1: Communication Skills, Category 8: Customer Relations) for its “Tatak Tamaraw Freshmen Orientation” initiative and received the *Award of Merit* for its FEU Learning Journey (FLJ) in the same category.

FEU (Silang)

Cavite Campus Basic Education Building was named People's Choice Awardee of the Haligi ng Dangal Awards 2020

FEU takes a holistic approach to education, which includes ensuring a safe, secure, and beautifully designed environment conducive for learning. As a testament of the University's efforts, the FEU (Silang) Cavite Campus Basic Education Building was named *People's Choice Awardee* of the Haligi ng Dangal Awards 2020.



FEU moves up in the World Universities with Real Impact (WURI) rankings



FEU moves up in the World Universities with Real Impact (WURI) rankings, which evaluates universities' flexible and innovative efforts to foster a workforce that meets the demand from industry and society. In the 2021 WURI, FEU placed 79th in the *Top 100 Most Innovative Universities* and ranked 16th on Ethical Value, 42nd on Entrepreneurial Spirit, and 12th on Crisis Management.



STUDENT SUCCESS

6TAMS make Ayala Young Leaders 2021

Six FEU student leaders made the cut out of almost 700 applicants nationwide. This is the highest number of FEU delegates in AYLC.



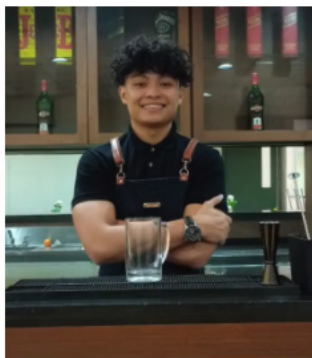
FEU wins gold in NFTE World Series of Innovation competition



Far Eastern University represented by Business Administration students Ernest Bernstein Zarate, John Kevin Genova, and Clarence Louise Caperal won first place in the Mary Kay Textiles Upcycle Challenge category in the NFTE World Series of Innovation.

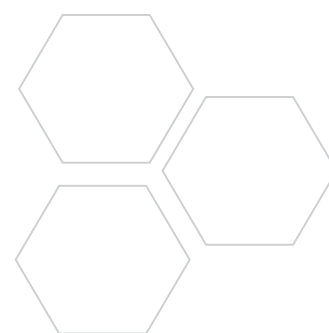
FEU ITHM

wins big in Amity Youth Fest 2021



FEU-ITHM

Students from the FEU Institute of Tourism and Hotel Management dominated two categories in the recently held Amity Youth Fest 2021 organized by Amity University's School of Hospitality, one of the top hotel schools in India. For the AmiChef, HRM junior Frangelico Adam Lopez, who was coached by Chef Racky Masa grabbed the silver medal, while freshman Sophia Bernardo mentored by Chef John Lester Tuason bagged the bronze.



FEU Advocate

won five recognitions at the collegiate level of The Manila Times 2020 Campus Press Awards

FAR EASTERN UNIVERSITY
ADVOCATE
THE OFFICIAL STUDENT PUBLICATION OF FAR EASTERN UNIVERSITY, MANILA

FEU Advocate won five recognitions at the collegiate level of The Manila Times 2020 Campus Press Awards including bagging the Best Feature Story in Filipino, "Nakahanda na ang Piging: Paglasap sa Tamis at Pait ng Marcos Day" by Nina Grace Roscia O. Estuesta and Luddie Trixie C. Salcedo.

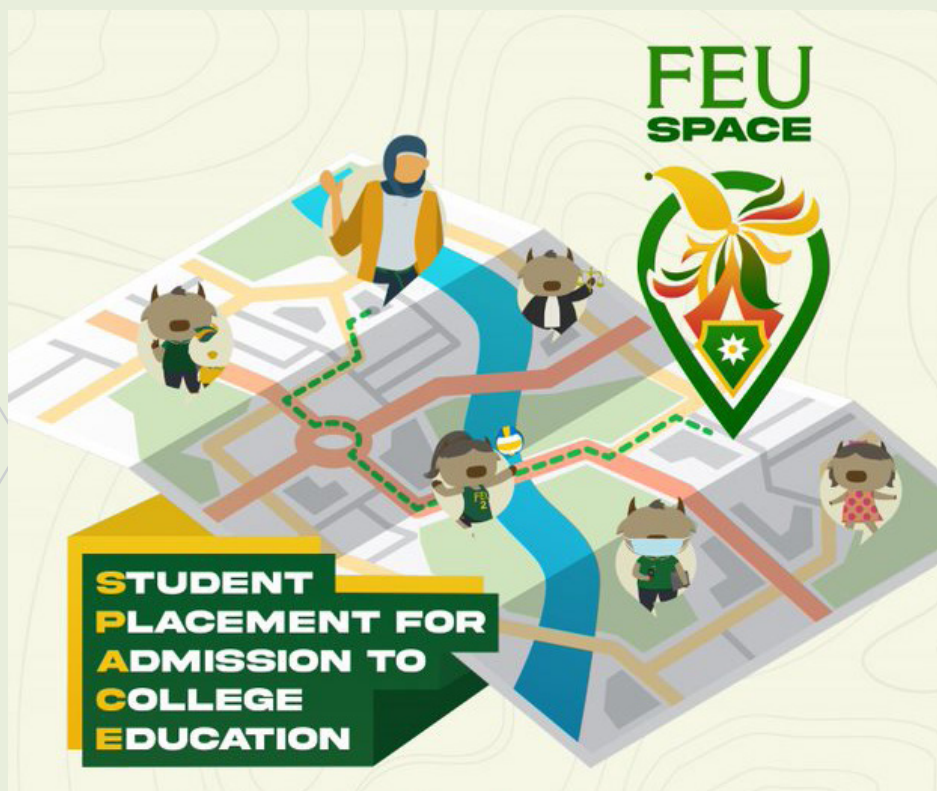




INITIATIVES AND INNOVATIONS

FEU Student Placement for Admission to College Education (SPACE)

For SY 2021-2022, FEU Student Placement for Admission to College Education (SPACE) will replace the FEU College Admission Test (FEUCAT). Academic performance in Grades 11 and 12 will instead be the basis for admission.



FEU launches

Program for the Advancement in Mathematics to boost Math education



FEUIE launches new graduate programs for 2021

FEU launched nine new graduate programs under the Institute of Education and the Institute of Education Graduate Studies and Transnational Education.

The new offerings include specialized tracks for Master of Arts in Education, Master in Learning and Teaching, Master in School Guidance and Counseling, and Master of Arts in Education in Educational Technology and Online Learning. New doctoral programs include PhD in Educational Linguistics, and specialized tracks under Doctor of Philosophy in Education and Doctor of Education. In addition, FEU will offer graduate degrees by research, particularly MA Education by Research and PhD Education by Research.

Far Eastern University launched the Program for the Advancement in Mathematics (PAM) in response to the crisis in mathematics education in the Philippines. PAM aims to create a community of teachers and teacher educators who will focus on the continued development of mathematicians in the country through training, research, and service.



NEW TAMS Tracker App

The TAMS Tracker App monitors the daily health status of all FEU employees and faculty whether at the office premises or on work from home (WFH) status.

INFRASTRUCTURE

FEU Manila



SPORTS HALL OF FAME ROOM

The FEU Sports Hall of Fame Room is located on the ground floor of the Admissions Building.

It houses memorabilia from the school's past athletes and notable trophies from various sporting events. On the walls outside the room are photos of athletes who have been inducted into the FEU Sports Hall of Fame.



FEU Roosevelt

Marikina Building

A peek inside the new FEUTURE Center

(FEU Transformative University Resource Center)





SUSTAINABILITY REPORT

FOR SY 2020-2021, Far Eastern University (FEU) continued to deliver sustainable programs that are in line with the UN Developments Goals -- 4 Quality Education and Decent Work and Economic Growth -- while addressing the challenges of community lockdown directives of the government due to the increase in Covid-19 infection risks.

FEU, like many other educational institutions, was not allowed to deliver face-to-face classes and had to follow IATF work guidelines with only 50% of office personnel on campus when the lockdowns were lifted with the rest working from home.

Commitment to improving the learning experiences

FEU was fortunate to have had the foresight to start its digitalization initiatives early, investing extensively not only in IT infrastructure and systems and education technology but also in complementary faculty training that would optimize the utilization and effectiveness of the new resources.

FEU started using the Canvas learning management system (LMS) in 2015, allowing the university to better prepare to continue

its education mission in spite of the problems caused by Covid-19 for education. Three modes of learning were offered to students - Mixed Online Learning (MOL), Asynchronous Online Learning (AOL), and Total Analogue Learning (TAL), the latter being via USBs to students with poor connectivity.

FEU faculty were trained to have the new skills needed to effectively guide and motivate students to achieve the learning outcomes of their courses and to assess students even in a remote online learning environment.

More importantly, through regular surveys that measured the delivery of education, the university recognized the students' "user experience" of the schooling process as a key factor to it becoming a transformative learning journey. The insights led to the development of structured digital mentoring programs intended to help students navigate their academic lifecycle, develop their inner resources to handle challenges, and shape their career and life goals.

FEU's readiness to meet the demands of the new normal was recognized by the World's Universities with Real Impact (WURI), an international university rankings system that evaluates university programs for their social impact.

In the WURI Rankings for 2021, FEU placed 79th in the Global Top 100 Innovative Universities, improving its standing from last year's 91st spot.

WURI considers a university's qualitative innovations that best meet the changing needs of its students. It highlights five areas: industrial application, entrepreneurial spirit, ethical value, student mobility and openness, and crisis management. In the roster of top 50 universities, FEU ranked 16th on ethical value, 42nd on entrepreneurial spirit, and 12th on crisis management

Ensuring the safety and wellbeing of its community

FEU had to cope with the ever-changing guidelines of the government on the community quarantine, as it adjusted work and health protocols to ensure the safety of 2000 employees in a non-essential industry.

Despite the cessation of all onsite campus activities for seven months, FEU marshaled all its resources to fully support its faculty and employees, but also its contractual services personnel (janitors and guards).

When limited on-campus attendance was allowed, health protocols were set up. Administrative personnel were divided into Team A and

Team B, partially working onsite, but mostly offsite. Thermometer checks, frequent sanitation, mask wearing, social distancing, and intensified University Health Service (UHS) monitoring were observed. The Tams Tracker App, which monitors the daily health status of all its employees and faculty whether at the office premises or on work from home status, was launched.

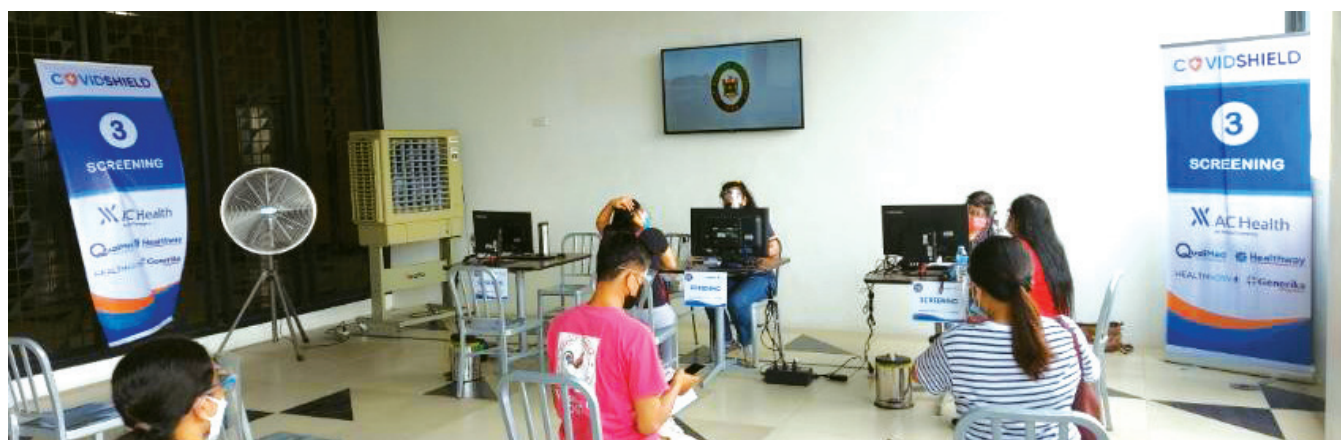
To ensure that all faculty and employees are protected from having severe-illness episodes, FEU partnered with Zuellig Pharma Corporation and Ayala Healthcare Holdings, Inc. (AC Health) to procure and administer the Moderna vaccines.

Vaccination of the FEU priority group commenced last July 8, 2021. The rate of vaccination is still low, however, as FEU is dependent on the arrival of vaccine orders. The priority group includes the faculty members, both full-time regulars and lecturers.

Through this partnership, a portion of the FEU Alabang campus became a vaccination center not only for the FEU community, but for the public as well.

FEU is preparing to welcome back some of its students to limited face-to-face classes, and it can only do so with the proper safeguards in place.

While the pandemic has transformed the delivery of learning and the work setup, FEU is confident it will still be able to provide quality education and a safe and conducive place for work.



FEU ALABANG: COVID-19 VACCINATION PROGRAM



BOARD OF
TRUSTEES
2021





Lourdes R. Montinola

93, 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 in 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

70, 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., 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); President, Management Association of the Philippines; Director, BPI/MS Insurance Corporation; and Member, Makati Business Club. He was President of BPI from 2005-2013 and was a former President of the Bankers Association of the Philippines.

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 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

64, 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 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., 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); Association of Southeast Asian Institutions of Higher Learning–National Council of the Philippines (President, 2018–2020); 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.



Antonio R. Montinola

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

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., 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, Manila Golf Club; Member, Tagaytay Midlands Golf Club; Member, The Rockwell Club.

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, Palo Alto, California, U.S.A. (1978).



Paulino Y. Tan

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

Other Corporate Affiliations: At present, Member of the Board of Directors/Trustees of the following companies: Nicanor Reyes 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 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, Indiana, U.S.A.



Sherisa P. Nuesa

67, Filipino: Independent Trustee, Far Eastern University, Inc. (August 2010 to present)
Nominee, Trustee (October 2021), Far Eastern University, Inc.

Other Corporate Affiliations: Independent Director, East Asia Computer Center, Inc., and FERN Realty Corporation, Inc. She is also an Independent Director of Ayala Land, Inc., 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.

Ms. Nuesa is a Trustee of the Financial Executives Institute of the Philippines (FINEX) Foundation and the Judicial Reform Initiative, where she also serves as Chairperson.

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. She was President and Board Director of the ALFM Mutual Funds Group for nine years until March 2021.

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 2010. She also attended post-graduate management programs at Harvard Business School and Stanford University. She received the ING -FINEX CFO of the Year award in 2008.



Edilberto C. de Jesus

79, Filipino: Independent Trustee, Far Eastern University, Inc. (August 2012 to present)
Nominee, Trustee (October 2021), 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

81, Filipino: Independent Trustee, Far Eastern University, Inc. (April 2019 to Present)

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); 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, USA.

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, USA.



Consuelo D. Garcia

67, Filipino: Nominee, Independent Trustee (October 2021), Far Eastern University, Inc.

Other Corporate Affiliations: Independent Director, FEU Alabang, Inc., She is also an Independent Director of GT Capital Holdings and AC Energy Corporation, both are publicly-listed corporations. She also serves as Independent Director of The Philippine Stock Exchange, Inc., Sunlife Investment Management and Trust Corporation, and ING Foundation Philippines, Inc.

Ms. Garcia is also Senior Consultant for Challengers and Growth Markets, ING Bank, N.V., Manila Branch. 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; Member of the Board of Trustees of the Finex Academy of the Philippines; 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 with SGV in audit and in the 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 the University of the East.

EXECUTIVE COMMITTEE 2021



Aurelio R. Montinola III
Chairman



Michael M. Alba
Member



Sherisa P. Nuesa
Member



Paulino Y. Tan
Member



Juan Miguel R. Montinola
Member



FINANCIAL HIGHLIGHTS 2021





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, 2021, 2020 and 2019 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 and Chief Risk Officer

Signed this SEP 08 2021 day of 2021.

SUBSCRIBED AND SWORN to before me this SEP 08 2021 day of 2021 by the affiants exhibiting their Identification Numbers (TIN) as follows:

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

Doc. No. 365
Page No. 28
Book No. 17
Series of 2021.

ATTY. ANTONIO O. MALONZO

NOTARY PUBLIC

887 P. Paredes Street, Sampaloc, Manila
Telephone No. 8735-45-26

Roll No. 28170 April 20, 1978

RRP NO. 9783229 Mla. dated 9-29-20 for 2021

TIN No. 135-137-050

PTR No. 9783229 1-4-2021 Mla.

Commission No. 2021-021 3-2-2021

Until December 31, 2022

MCLE VI-0011183 Ermita, Manila

NOTARY PUBLIC
Valid 17-28 April 21-28, 2018

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(+632) 8849-4000

Report of Independent Auditors

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, 2021, 2020 and 2019 and the consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended May 31, 2021, and the notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at May 31, 2021, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended May 31, 2021 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

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



Emphasis of Matter

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

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.

(a) Recognition of Tuition and Other School Fees

Description of the Matter

Tuition and other school fees amounted to P3.5 billion, which accounts for 99% of the total revenues of the Group, for the year ended May 31, 2021 as shown in the Group's consolidated statements of profit or loss and in Note 18 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 2 and 3 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.

(b) Assessment of Goodwill Impairment

Description of the Matter

As at May 31, 2021, the balance of goodwill amounts to P186.5 million, which arose from the acquisition of Roosevelt College, Inc. (RCI) in May 2016 as disclosed in Note 3 to the consolidated financial statements. Under PFRS, goodwill, having indefinite useful life, is not subject to amortization but is required to be tested for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value of goodwill may be impaired. We have identified assessment of goodwill impairment as a key audit matter in our audit because management's assessment process is highly subjective being based on significant assumptions, such as revenue growth rate and discount rate, to determine the recoverable amount of the cash generating units (CGUs) where goodwill is allocated to and the future cash flows of that particular CGUs which are affected by expected future market or economic conditions. The more significant management's assumptions include:

- RCI, the CGU on which the goodwill is allocated to, will continue as a going concern;
- RCI will have sufficient financial resources to finance its working capital requirements to achieve its projected forecast and to support the business needs; and,
- RCI's growth in student population and viability of its performance forecasts for the next five years.

The Group's accounting policy on impairment of goodwill is included in Note 2 to the consolidated financial statements and the related disclosures are included in Note 3.

How the Matter was Addressed in the Audit

With the firm's valuation specialists, we independently checked the reasonableness of the assumptions and methodologies (i.e., discounted cash flows method) used by management, particularly those relating to the forecasted tuition fee rates and number of students assumed to project revenue growth and profit margins of RCI. In doing so, we have considered historical and environmental trends. We also focused on the adequacy of the Group's disclosure about those assumptions to which the outcome of the impairment test is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of goodwill.



(c) Conduct of Audit Remotely

Description of the Matter

As disclosed in Note 1 to the consolidated financial statements, a novel strain of coronavirus (COVID-19) started to become widespread in the Philippines in early March 2020. This caused the government to declare the country in a state of public health emergency followed by implementation of enhanced community quarantine (ECQ) and social distancing measures and restrictions within the Luzon area with other cities and provinces in the country enacting similar measures thereafter. The ECQ and social distancing measures implemented by the government resulted in performing the engagement remotely.

The change in working conditions is relevant and significant to our audit since it creates an increased risk of misstatements due to less in-person access to the Group's management and personnel, and lack of access to the physical records and original documents. Given the changes in how the audit will be performed, the audit requires exercising enhanced professional skepticism.

How the Matter was Addressed in the Audit

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

- Considering the nature of the engagement and the engagement team's knowledge of the entity and its environment when determining whether it is possible to perform a significant portion, if not all, of the engagement remotely;
- Following the requirements of PSA including providing proper supervision and review, even when working remotely;
- Obtaining information through electronic means, which includes sending and receiving of confirmation electronically, obtaining calculation in electronic form to check the mathematical accuracy, scanning of hard-copy items for review and using real-time inspection technology such as video and screen-sharing;
- Determining the reliability of audit evidence provided electronically using professional skepticism;
- Performing inquiries through video call in order to judge body language and other cues and to have a more interactive audit engagement; and,
- Examining critical electronic copy documents (e.g., contracts, progress billings, billing invoices, purchases invoices, and official receipts) in response to the risk in revenues and costs, which is considered to be significant.



Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement) 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, 2021. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended May 31, 2021 are expected to be made available to us after the date of this auditors' report.

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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



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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. 8533222, January 4, 2021, Makati City
SEC Group A Accreditation
Partner - No. 0396-AR-3 (until Oct. 1, 2021)
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 17, 2021

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

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MAY 31, 2021, 2020 AND 2019
(Amounts in Philippine Pesos)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>A S S E T S</u>			
CURRENT ASSETS			
Cash and cash equivalents	P 1,191,146,185	P 1,798,366,234	P 1,520,192,490
Trade and other receivables - net	799,367,504	990,599,625	620,161,736
Financial assets at fair value through profit or loss	1,605,507,781	888,517,158	837,414,512
Financial assets at fair value through other comprehensive income	231,920,855	329,290,221	277,750,721
Investment securities at amortized cost	83,206,231	227,576,146	263,808,437
Real estate held-for-sale	122,880,159	123,533,559	123,533,559
Other current assets - net	<u>127,297,249</u>	<u>173,963,347</u>	<u>206,017,421</u>
Total Current Assets	<u>4,161,325,964</u>	<u>4,531,846,290</u>	<u>3,848,878,876</u>
NON-CURRENT ASSETS			
Financial assets at fair value through other comprehensive income	1,179,709,098	387,166,693	428,946,151
Investment securities at amortized cost	501,560,477	303,042,121	523,684,713
Property and equipment - net	8,887,089,812	9,363,421,490	8,708,590,224
Investment properties - net	277,070,909	194,193,727	154,874,322
Goodwill	186,487,019	186,487,019	186,487,019
Deferred tax assets - net	24,756,321	29,533,238	25,673,121
Other non-current assets - net	<u>203,369,377</u>	<u>190,915,174</u>	<u>202,823,408</u>
Total Non-current Assets	<u>11,260,043,013</u>	<u>10,654,759,462</u>	<u>10,231,078,958</u>
TOTAL ASSETS	<u>P 15,421,368,977</u>	<u>P 15,186,605,752</u>	<u>P 14,079,957,834</u>
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Trade and other payables	P 1,527,355,514	P 1,902,035,050	P 1,405,750,972
Interest-bearing loans	187,619,048	868,571,429	1,393,571,429
Derivative liability	-	-	36,720,866
Deferred revenues	33,672,454	94,744,453	258,368,982
Provisions	18,698,054	18,698,054	48,765,588
Income tax payable	<u>494,027</u>	<u>29,528,758</u>	<u>27,535,754</u>
Total Current Liabilities	<u>1,767,839,097</u>	<u>2,913,577,744</u>	<u>3,170,713,591</u>
NON-CURRENT LIABILITIES			
Lease liabilities	24,512,241	34,507,453	-
Interest-bearing loans	2,284,761,905	1,736,666,667	965,000,000
Post-employment benefit obligation	47,010,188	61,917,618	47,313,579
Deferred tax liabilities - net	15,116,765	14,659,400	22,684,801
Other non-current liabilities	<u>16,995,892</u>	<u>7,440,467</u>	<u>6,171,400</u>
Total Non-current Liabilities	<u>2,388,396,991</u>	<u>1,855,191,605</u>	<u>1,041,169,780</u>
Total Liabilities	<u>4,156,236,088</u>	<u>4,768,769,349</u>	<u>4,211,883,371</u>
EQUITY			
Equity attributable to owners of the parent company			
Capital stock	2,406,799,300	1,651,435,400	1,651,435,400
Stock dividends distributable	-	755,431,300	-
Treasury stock - at cost	(67,194,836)	(67,194,836)	(65,159,830)
Revaluation reserves	42,988,357	18,041,175	3,264,862
Other reserves	(57,785,452)	(57,785,452)	(57,785,452)
Retained earnings			
Appropriated	844,233,100	1,909,733,100	2,170,733,100
Unappropriated	<u>5,186,533,818</u>	<u>3,346,821,184</u>	<u>3,548,864,966</u>
Total equity attributable to owners of parent company	<u>8,355,574,287</u>	<u>7,556,481,871</u>	<u>7,251,353,046</u>
Non-controlling interests	<u>2,909,558,602</u>	<u>2,861,354,532</u>	<u>2,616,721,417</u>
Total Equity	<u>11,265,132,889</u>	<u>10,417,836,403</u>	<u>9,868,074,463</u>
TOTAL LIABILITIES AND EQUITY	<u>P 15,421,368,977</u>	<u>P 15,186,605,752</u>	<u>P 14,079,957,834</u>

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED MAY 31, 2021, 2020 AND 2019
(Amounts in Philippine Pesos)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
REVENUES			
Educational			
Tuition fees - net	P 3,336,317,446	P 3,221,389,820	P 3,028,259,008
Other school fees	<u>186,108,760</u>	<u>334,923,888</u>	<u>286,993,109</u>
	3,522,426,206	3,556,313,708	3,315,252,117
Rental	<u>10,381,563</u>	<u>33,430,485</u>	<u>43,782,587</u>
	3,532,807,769	3,589,744,193	3,359,034,704
IMPAIRMENT LOSS			
ON FINANCIAL ASSETS	(254,842,087)	(81,673,482)	(27,028,023)
OTHER OPERATING EXPENSES	(2,485,285,169)	(2,777,758,711)	(2,666,530,435)
OTHER OPERATING INCOME	<u>1,447,139</u>	<u>41,633,237</u>	<u>2,720,649</u>
OPERATING INCOME	794,127,652	771,945,237	668,196,895
FINANCE INCOME	190,258,064	136,080,528	152,094,620
FINANCE COSTS	(106,575,649)	(246,065,317)	(98,276,377)
OTHER INCOME - NET	<u>138,482,282</u>	<u>122,603,549</u>	<u>212,567,714</u>
INCOME BEFORE TAX	1,016,292,349	784,563,997	934,582,852
TAX EXPENSE	(<u>36,976,292</u>)	(<u>101,572,455</u>)	(<u>126,111,125</u>)
NET INCOME	P <u>979,316,057</u>	P <u>682,991,542</u>	P <u>808,471,727</u>
Net Income Attributable to:			
Owners of the parent company	P 965,682,303	P 621,398,818	P 753,271,625
Non-controlling interests	<u>13,633,754</u>	<u>61,592,724</u>	<u>55,200,102</u>
	P <u>979,316,057</u>	P <u>682,991,542</u>	P <u>808,471,727</u>
Earnings Per Share			
Basic and Diluted	P <u>40.28</u>	P <u>25.92</u>	P <u>31.41</u>

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED MAY 31, 2021, 2020 AND 2019
(Amounts in Philippine Pesos)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
NET INCOME	P 979,316,057	P 682,991,542	P 808,471,727
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 fair value through other comprehensive income	(6,722,480)	(1,786,872)	14,833,998
Net fair value gains during the year	24,499,049	23,059,541	4,382,957
Tax effect	(311,090)	(2,127,267)	(1,921,696)
	<u>17,465,479</u>	<u>19,145,402</u>	<u>17,295,259</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	5,602,115	898,729	(15,525,963)
Gains (losses) on remeasurement of post-employment benefit plan	4,629,577	(8,463,371)	(8,557,937)
Tax effect	(179,055)	756,464	2,408,390
	<u>10,052,637</u>	<u>(6,808,178)</u>	<u>(21,675,510)</u>
Other Comprehensive Income (Loss) - net of tax	<u>27,518,116</u>	<u>12,337,224</u>	<u>(4,380,251)</u>
TOTAL COMPREHENSIVE INCOME	P 1,006,834,173	P 695,328,766	P 804,091,476
Total Comprehensive Income Attributable to:			
Owners of the parent company	P 990,629,485	P 636,175,131	P 749,527,120
Non-controlling interests	<u>16,204,688</u>	<u>59,153,635</u>	<u>54,564,356</u>
	P 1,006,834,173	P 695,328,766	P 804,091,476

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED MAY 31, 2021, 2020 AND 2019
(Amounts in Philippine Pesos)

	Capital Stock	Stock Dividends Distributable	Treasury Stock - at Cost	Attributable to Owners of the Parent Company					Total	Non-controlling Interests	Total Equity
				Revaluation Reserves	Other Reserves	Appropriated	Unappropriated	Retained Earnings			
Balance at June 1, 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 5,256,554,284	P 7,556,481,871	P 2,861,354,532	P10,417,836,403
Transactions with owners											
Issuance of shares of stock	755,363,900	(755,431,300)	-	-	-	-	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)
	<u>755,363,900</u>	<u>(755,431,300)</u>					<u>(191,469,669)</u>	<u>(191,469,669)</u>	<u>(191,537,069)</u>	<u>31,999,382</u>	<u>(159,537,687)</u>
Appropriations of retained earnings											
Reversal of appropriations during the year	-	-	-	-	-	(1,155,500,000)	1,155,500,000	-	-	-	-
Appropriations during the year	-	-	-	-	-	90,000,000	(90,000,000)	-	-	-	-
						<u>(1,065,500,000)</u>	<u>1,065,500,000</u>				
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	24,947,182	2,570,934	27,518,116
				<u>24,947,182</u>			<u>965,682,303</u>	<u>965,682,303</u>	<u>990,629,485</u>	<u>16,204,688</u>	<u>1,006,834,173</u>
Balance at May 31, 2021	<u>P 2,406,799,300</u>	<u>P -</u>	<u>(P 67,194,836)</u>	<u>P 42,988,357</u>	<u>(P 57,785,452)</u>	<u>P 844,233,100</u>	<u>P 5,186,533,818</u>	<u>P 6,030,766,918</u>	<u>P 8,355,574,287</u>	<u>P 2,909,558,602</u>	<u>P 11,265,132,889</u>
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 5,719,598,066	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)	-	-	-
Cash dividends	-	-	-	-	-	-	(329,011,300)	(329,011,300)	(329,011,300)	(39,910,590)	(368,921,890)
		<u>755,431,300</u>	<u>(2,035,006)</u>				<u>(1,084,442,600)</u>	<u>(1,084,442,600)</u>	<u>(331,046,306)</u>	<u>185,479,480</u>	<u>(145,566,826)</u>
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)	-	-	-	-
						<u>(261,000,000)</u>	<u>261,000,000</u>				
Total comprehensive income (loss)											
Net income for the year	-	-	-	-	-	-	621,398,818	621,398,818	621,398,818	61,592,724	682,991,542
Other comprehensive loss	-	-	-	14,776,313	-	-	-	-	14,776,313	(2,439,089)	12,337,224
				<u>14,776,313</u>			<u>621,398,818</u>	<u>621,398,818</u>	<u>636,175,131</u>	<u>59,153,635</u>	<u>695,328,766</u>
Balance at May 31, 2020	<u>P 1,651,435,400</u>	<u>P 755,431,300</u>	<u>(P 67,194,836)</u>	<u>P 18,041,175</u>	<u>(P 57,785,452)</u>	<u>P 1,909,733,100</u>	<u>P 3,346,821,184</u>	<u>P 5,256,554,284</u>	<u>P 7,556,481,871</u>	<u>P 2,861,354,532</u>	<u>P 10,417,836,403</u>

	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, 2018	P 1,651,435,400	P -	(P 63,265,755)	P 7,009,367	(P 57,785,452)	P 2,843,733,100	P 2,468,633,785	P 5,312,366,885	P 2,179,210,844	P 9,028,971,289
Transactions with owners										
Issuance of shares of stock	-	-	-	-	-	-	-	-	335,500,000	335,500,000
Acquisition of treasury stock	-	-	(1,894,075)	-	-	-	-	-	-	(1,894,075)
Cash dividends	-	-	-	-	-	-	(262,805,944)	(262,805,944)	(35,788,283)	(298,594,227)
Stock dividends	-	-	-	-	-	-	(83,234,500)	(83,234,500)	83,234,500	-
	-	-	(1,894,075)	-	-	-	(346,040,444)	(346,040,444)	382,946,217	35,011,698
Appropriations of retained earnings										
Reversal of appropriations during the year	-	-	-	-	-	(673,000,000)	673,000,000	-	-	-
Total comprehensive income (loss)										
Net income for the year	-	-	-	-	-	-	753,271,625	753,271,625	55,200,102	808,471,727
Other comprehensive loss	-	-	-	(3,744,505)	-	-	-	-	(635,746)	(4,380,251)
	-	-	-	(3,744,505)	-	-	753,271,625	753,271,625	54,564,356	804,091,476
Balance at May 31, 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 5,719,598,066	P 2,616,721,417	P 9,868,074,463

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MAY 31, 2021, 2020 AND 2019
(Amounts in Philippine Pesos)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before tax	P 1,016,292,349	P 784,563,997	P 934,582,852
Adjustments for:			
Depreciation and amortization	555,516,561	471,828,849	372,058,239
Impairment loss on financial assets	254,842,087	81,673,482	27,078,161
Fair value losses (gains) from financial assets at fair value through profit or loss (FVTPL)	(85,961,962)	77,384,209	(38,473,202)
Interest expense	62,611,910	113,078,062	95,072,981
Interest income	(51,772,411)	(111,655,911)	(121,134,236)
Other investment loss (income) from financial assets at FVTPL and other comprehensive income (FVOCI) - net	(50,432,986)	75,337,578	(27,864,048)
Unrealized foreign exchange loss - net	30,320,827	38,285,826	3,153,258
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)	(3,096,336)
Gain on sale of property and equipment	-	(2,057,151)	-
Gain on sale of investment in an associate	-	-	(140,509,075)
Operating income before working capital changes	1,756,851,322	1,485,389,272	1,100,868,594
Increase in trade and other receivables	(74,719,976)	(444,184,020)	(113,570,226)
Decrease in real estate held-for-sale	653,400	-	-
Decrease in other assets	14,314,632	20,722,729	889,595,244
Increase (decrease) in trade and other payables	(220,146,907)	424,450,175	42,958,559
Decrease in derivative liability	-	(31,660,100)	(3,098,063)
Increase (decrease) in deferred revenues	(61,071,999)	(163,624,529)	81,461,504
Increase (decrease) in post-employment benefit obligation	(10,277,853)	14,604,039	1,174,947
Increase (decrease) in provisions	-	(30,067,534)	28,689,045
Increase in other non-current liabilities	9,555,425	1,269,067	1,834,489
Cash generated from operations	1,415,158,044	1,276,899,099	2,029,914,093
Income taxes paid	(120,063,874)	(111,464,969)	(120,871,832)
Net Cash From Operating Activities	<u>1,295,094,170</u>	<u>1,165,434,130</u>	<u>1,909,042,261</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of financial assets at FVTPL	(3,737,884,125)	(1,267,039,964)	(1,690,108,239)
Proceeds from disposal of financial assets at FVTPL	3,088,266,602	1,048,518,806	1,935,011,835
Acquisition of financial assets at FVOCI	(978,109,175)	(239,304,955)	(2,741,291,123)
Acquisitions of investment securities at amortized cost	(306,662,439)	(41,769,449)	(130,119,203)
Proceeds from disposal of financial assets at FVOCI	299,828,786	245,059,480	2,852,453,988
Proceeds from maturities of investment securities at amortized cost	248,095,439	290,653,287	102,167,384
Acquisition of property and equipment	(194,576,931)	(1,029,365,136)	(1,798,703,265)
Interest received	102,205,397	111,964,125	120,173,787
Acquisition of investment properties	(26,719,418)	(87,639,288)	(30,236,767)
Decrease (increase) in advances to supplier and developers	(7,628,389)	13,338,144	196,037,010
Net advances received from (granted to) related parties	(3,938,577)	(8,845,364)	(9,463,638)
Proceeds from disposal of investment property	-	53,571,429	-
Proceeds from disposal of property and equipment	-	2,678,571	-
Proceeds from sale of investment in an associate	-	-	147,000,000
Net Cash Used in Investing Activities	<u>(1,517,122,830)</u>	<u>(908,180,314)</u>	<u>(1,047,078,231)</u>
<i>Balance carried forward</i>	<u>(P 222,028,660)</u>	<u>P 257,253,816</u>	<u>P 861,964,030</u>

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Balance brought forward</i>	(P 222,028,660)	P 257,253,816	P 861,964,030
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of interest-bearing loans	(1,275,714,286)	(948,333,333)	(428,571,429)
Proceeds from additional interest-bearing loans	1,142,857,143	1,195,000,000	270,000,000
Dividends paid	(239,359,822)	(323,553,105)	(249,095,841)
Interest paid	(62,802,729)	(115,687,250)	(125,827,490)
Proceeds from issuance of preferred shares to a related party under common management	62,000,000	86,000,000	335,500,000
Repayment of lease liability	(12,061,585)	(1,597,281)	-
Acquisition of treasury shares	-	(34,145,061)	(1,894,075)
Net Cash Used in Financing Activities	(385,081,279)	(142,316,030)	(199,888,835)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(110,110)	(8,264,042)	2,785,794
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(607,220,049)	106,673,744	664,860,989
NET INCREASE IN CASH DUE TO CONSOLIDATION OF A NEW SUBSIDIARY	-	171,500,000	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,798,366,234</u>	<u>1,520,192,490</u>	<u>855,331,501</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>P 1,191,146,185</u>	<u>P 1,798,366,234</u>	<u>P 1,520,192,490</u>

Supplemental Information on Noncash Investing and Financing Activities:

- 1.) In 2020, the Group recognized right-of-use asset and lease liability both amounting to P13.5 million as at June 1, 2019 in relation to adoption of PFRS 16, Leases. Additional right-of-use asset and lease liability were recognized during the year both amounting to P34.7 million due to a lease agreement entered by the Group as a lessee. There were no similar transaction in 2021 and 2019.
- 2.) In 2020, the University acquired 51% of the outstanding shares of Edustria, Inc. for a subscription price amounting to P255.0 million. There were no similar transaction in 2021 and 2019.
- 3.) In 2021, 2020 and 2019, the Group capitalized borrowing costs amounting to P6.8 million, P17.0 million and P38.4 million, representing the actual borrowing costs incurred on loans obtained to fund the construction project are recognized as part of Property and Equipment - net in the statements of financial position.
- 4.) In 2019, certain assets amounting to P8.5 million was reclassified from Investment Property to Property and Equipment.
- 5.) The Group declared cash dividends amounting to P191.5 million in 2021, P329.0 million in 2020 and P262.8 million in 2019, of which, P55.0 million, P10.8 million and P17.2 million for years 2021, 2020 and 2019, respectively, were not paid in the year of declaration. The outstanding liabilities are presented as part of Trade and other payables in the statements of financial position.
- 6.) In 2021, FEU High School, Inc. and Fern Realty Corporation declared stock dividends totalling to P755.4 million consisting of 75,536 shares at par. No similar transaction occurred in 2020 and 2019.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Supplemental Schedule of Financial Soundness Indicators
May 31, 2021, 2020 and 2019

Indicators	Formula	Ratios / Percentages / Amounts		
		2021	2020	2019
Current ratio	$\frac{\text{Total Current Assets}}{\text{Total Current Liabilities}}$	2.35	1.56	1.21
Acid test ratio	$\frac{\text{Cash and cash equivalents} + \text{Trade and other receivables - net} + \text{Investments}}{\text{Total Current Liabilities}}$	2.23	1.48	1.13
Debt-to-asset ratio	$\frac{\text{Total Liabilities}}{\text{Total Assets}}$	0.27	0.31	0.30
Equity-to-asset ratio	$\frac{\text{Total Equity}}{\text{Total Assets}}$	0.73	0.69	0.70
Debt-to-equity ratio	$\frac{\text{Total Liabilities}}{\text{Total Equity}}$	0.37	0.46	0.43
Assets-to-equity ratio	$\frac{\text{Total Assets}}{\text{Total Equity}}$	1.37	1.46	1.43
Interest rate coverage ratio	$\frac{\text{Earnings before Interest and Taxes}}{\text{Interest Expense}}$	17.23	7.94	10.83
Return on equity	$\frac{\text{Net Profit}}{\text{Total Equity}}$	9%	7%	9%
Return on assets	$\frac{\text{Net Profit}}{\text{Total Assets}}$	6%	5%	6%
Earnings per share	$\frac{\text{Net Profit}}{\text{Average outstanding shares}}$	P 40.28	P 25.92	P 31.41

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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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