

Re: Submission of 2023 Annual Audited Financial Statements - J.P. Morgan Securities Philippines, Inc.

ICTD Submission <ictdsubmission+canned.response@sec.gov.ph>

Tue 4/30/2024 5:06 PM

To:JP Morgan Securities LEC <jp.morgan.securities.lec@jpmorgan.com>

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3. 17-L 8. 23-B 13. NPM 18. PNFS 23. Letters
4. 17-Q 9. GIS-G 14. NPAM 19. MCG 24. OPC (Alternate Nominee)
5. ICASR 10. 52-AR 15.BP-FCLC 20.S10/SEC-NTCE-EXEMPT

Further, effective 01 July 2023, the following reports shall be submitted through <https://efast.sec.gov.ph/user/login>.

1. FORM MC 18 7. Completion Report
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3. FORM 2- MC 19 9. Certificate-SEC Form MCG- 2002, 2020 ETC.
4. ACGR 10. Certification of Attendance in Corporate Governance
5. I-ACGR 11. Secretary's Certificate Meeting of Board Directors (Appointment)
6. MRPT

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3. BDFS 9. LCIF 15. AFS with NSPO Form 1,2, and 3
4. FCFS 10. OPC_AO 16. AFS with NSPO Form 1,2,3 and 4,5,6
5. FCIF 11. PHFS 17. FS - Parent
6. GFFS 12. SFFS 18. FS – Consolidated

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Thank you.

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Hi J.P. MORGAN SECURITIES PHILIPPINES, INC.,

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Transaction Code: **AFS-0-MY2ZS4VY0A5AG9HC8PSSPR4WZ0B6B7L85L**
Submission Date/Time: **Apr 30, 2024 04:33 PM**
Company TIN: **000-125-851**

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- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
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Independent Auditor's Report

To the Board of Directors and Shareholder of
J.P. Morgan Securities Philippines, Inc.
25th Flr JPMorgan Chase & Co Tower Manila
9th Ave corner 38th Street Uptown Bonifacio
Taguig City Philippines 1635

Report on the Audits of the Financial Statements

Our Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of J.P. Morgan Securities Philippines, Inc. (the "Company") as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

What we have audited

The financial statements of the Company comprise:

- the statements of financial position as at December 31, 2023 and 2022;
- the statements of total comprehensive income for the years ended December 31, 2023 and 2022;
- the statements of changes in equity for the years ended December 31, 2023 and 2022;
- the statements of cash flows for the years ended December 31, 2023 and 2022; and
- the notes to the financial statements, including material accounting policy information.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

Isla Lipana & Co., 29th Floor, AIA Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
T: +63 (2) 8845 2728, www.pwc.com/ph



Independent Auditor's Report
To the Board of Directors and Shareholder of
J.P. Morgan Securities Philippines, Inc.
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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 PSAs 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 financial statements.



Independent Auditor's Report
To the Board of Directors and Shareholder of
J.P. Morgan Securities Philippines, Inc.
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As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Independent Auditor's Report
To the Board of Directors and Shareholder of
J.P. Morgan Securities Philippines, Inc.
Page 4

Report on the Bureau of Internal Revenue Requirement

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 22 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Isla Lipana & Co.

A handwritten signature in black ink that reads "John John Patrick V. Lim". The signature is written in a cursive style with a large, stylized "L" at the end.

John John Patrick V. Lim
Partner

CPA Cert. No. 83389

P.T.R. No. 0007706; issued on January 12, 2024 at Makati City

T.I.N. 112-071-386

BIR A.N. 08-000745-017-2021, issued on November 23, 2021; effective until November 22, 2024

BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
April 26, 2024



**Statement Required by Rule 68
Securities Regulation Code (SRC)**

To the Board of Directors and Shareholder of
J.P. Morgan Securities Philippines, Inc.
25th Flr JPMorgan Chase & Co Tower Manila
9th Ave corner 38th Street Uptown Bonifacio
Taguig City Philippines 1635

We have audited the financial statements of J.P. Morgan Securities Philippines, Inc. (the "Company") as at and for the year ended December 31, 2023, on which we have rendered the attached report dated April 26, 2024.

In compliance with SRC Rule 68 and based on the certification received from the Company's corporate secretary and the results of our work performed, as at December 31, 2023, the said Company has one (1) shareholder owning one hundred (100) or more shares.

Isla Lipana & Co.

A handwritten signature in black ink that reads "John John Patrick V. Lim". The signature is written in a cursive style with some loops and flourishes.

John John Patrick V. Lim
Partner

CPA Cert. No. 83389

P.T.R. No. 0007706; issued on January 12, 2024 at Makati City

T.I.N. 112-071-386

BIR A.N. 08-000745-017-2021, issued on November 23, 2021; effective until November 22, 2024

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Makati City
April 26, 2024

Isla Lipana & Co., 29th Floor, AIA Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
T: +63 (2) 8845 2728, www.pwc.com/ph



Statements Required by Rule 52.1.5 Securities Regulation Code (SRC)

To the Board of Directors and Shareholder of
J.P. Morgan Securities Philippines, Inc.
25th Flr JPMorgan Chase & Co Tower Manila
9th Ave corner 38th Street Uptown Bonifacio
Taguig City Philippines 1635

We have audited the financial statements of J.P. Morgan Securities Philippines, Inc. as at and for the year ended December 31, 2023, on which we have rendered the attached report dated April 26, 2024. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information shown in Schedules I to V is presented for purposes of complying with SRC Rule 52.1.5 and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the supplementary information has been prepared in accordance with SRC Rule 52.1.5.

Isla Lipana & Co.

A handwritten signature in black ink, appearing to read "John John Patrick V. Lim".

John John Patrick V. Lim
Partner

CPA Cert. No. 83389

P.T.R. No. 0007706; issued on January 12, 2024 at Makati City

T.I.N. 112-071-386

BIR A.N. 08-000745-017-2021, issued on November 23, 2021; effective until November 22, 2024

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Makati City
April 26, 2024

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Statement Required by Rule 68, Part I, Section 5 Securities Regulation Code (SRC)

To the Board of Directors and Shareholder of
J.P. Morgan Securities Philippines, Inc.
25th Flr JPMorgan Chase & Co Tower Manila
9th Ave corner 38th Street Uptown Bonifacio
Taguig City Philippines 1635

We have audited the financial statements of J.P. Morgan Securities Philippines, Inc. as at and for the year ended December 31, 2023, on which we have rendered the attached report dated April 26, 2024. The supplementary information shown in the Reconciliation of Retained Earnings Available for Dividend Declaration for the year ended December 31, 2023, as an additional component required by Part I, Section 5 of Rule 68 of the SRC, is presented for purposes of filing with the Securities and Exchange Commission and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion, the supplementary information has been prepared in accordance with Part 1, Section 5 of Rule 68 of the SRC.

Isla Lipana & Co.

A handwritten signature in black ink that reads "John John Patrick V. Lim".

John John Patrick V. Lim
Partner

CPA Cert. No. 83389

P.T.R. No. 0007706; issued on January 12, 2024 at Makati City

T.I.N. 112-071-386

BIR A.N. 08-000745-017-2021, issued on November 23, 2021; effective until November 22, 2024

BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
April 26, 2024

Isla Lipana & Co., 29th Floor, AIA Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
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This report contains:

1. SEC Form 52-AR
2. Statement of Management's Responsibility
3. Statements of Financial Position
4. Statements of Total Comprehensive Income
5. Statements of Changes in Equity
6. Statements of Cash Flows
7. Notes to Financial Statements
8. Statement of changes in liabilities subordinated to claims of general creditors ^(a)
9. Computation of Risk Based Capital Adequacy (RBCA) Requirement pursuant to SRC Rule 49.1-A (Schedule 1)
10. Computation for Determination of Reserve Requirements under SRC Rule 49.2-B (Schedule 2)
11. Information relating to the Possession of Control Requirements under SRC Rule 49.2 (Schedule 3)
12. A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit (Schedule 4)
13. Results of the Monthly Securities Count conducted pursuant to SRC Rule 52.1.10 (Schedule 5)

^(a)None as at December 31, 2023

REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
Metro Manila, Philippines

ANNUAL AUDITED FINANCIAL REPORT

Information Required of Brokers and Dealers Pursuant to Rule 52.1 of the Securities Regulation Code.

Report for the period beginning January 1, 2023 and ended December 31, 2023.

IDENTIFICATION OF BROKER OR DEALER			
Name of Broker/Dealer:	J.P. Morgan Securities Philippines, Inc.		
Address of Principal Place of Business:	25th Flr JPMorgan Chase & Co Tower Manila, 9th Ave corner 38th Street Uptown Bonifacio, Taguig City, Philippines 1635		
Name and Phone Number of Person to Contact in regard to this report:			
Name: Milagros Cecilia D. Suarez	Tel. No.	8575-1199	
	Fax No.	885-7056; 885-7910	

IDENTIFICATION OF ACCOUNTANT			
Name of Independent Certified Public Accountant whose opinion is contained in this report:			
Name: John-John Patrick V. Lim	Tel. No. 8845-2728 loc 3023		
Partner			
Isla Lipana & Co.	Fax No. 8845-2806		
Address: 29th Floor, AIA Tower, 8767 Paseo de Roxas 1226 Makati City, Philippines			
CPA Cert. No:	83389		
PTR Number:	0007706	Date Issued: January 12, 2024	

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **J.P. Morgan Securities Philippines, Inc.** (the "Company") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2023 and 2022, 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 Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

Isla Lipana & Co., the independent auditor, appointed by the stockholder, has audited the financial statements of the Bank in accordance with Philippine Standards on Auditing, and in its report to the stockholder, has expressed its opinion on the fairness of presentation upon completion of such audit.



Signature: Milagros Cecilia D. Suarez, President and Chairman of the Board



Signature: Jeanette G. Yutan, Treasurer



Signature: Jeffrey Z. Santos, Finance Associate

Signed this 26th day of April 2024

J.P. Morgan Securities Philippines, Inc.

Statements of Financial Position
As at December 31, 2023 and 2022
(All amounts in Philippine Peso)

	Notes	2023			2022		
		Carrying amount	Security valuation		Carrying amount	Security valuation	
			Long	Short		Long	Short
Assets							
Current assets							
Cash	2	1,282,535,113			1,461,880,748		
Trade receivables from customers	3	95,775,014	97,620,704	1,773,975	98,445,331	395,305,513	303,538,531
Trade receivables from clearing house	3	160,211,254			-		
Other current assets		5,682,310			6,283,414		
Total current assets		1,544,203,691	97,620,704	1,773,975	1,566,609,493	395,305,513	303,538,531
Non-current assets							
Financial assets at fair value through profit or loss	4	4,000,000	4,000,000	-	2,800,000	2,800,000	-
Property and equipment, net	5	21,392,421			22,532,365		
Trading right	6	1,100,000			1,100,000		
Pension asset	16	-			850,484		
Deferred income tax asset	17	1,335,423			1,108,451		
Other non-current assets	7	53,029,701			49,325,094		
Total non-current assets		80,857,545	4,000,000	-	77,716,394	2,800,000	-
Total assets		1,625,061,236	101,620,704	1,773,975	1,644,325,887	398,105,513	303,538,531
Securities in vault				4,000,000			2,800,000
Securities with Philippine Depository and Trust Corp. (including in-transit securities)			420,759,204	259,983,985		390,297,928	444,108,952

(forward)

The notes on pages 1 to 30 are an integral part of these financial statements.

J.P. Morgan Securities Philippines, Inc.

Statements of Financial Position
As at December 31, 2023 and 2022
(All amounts in Philippine Peso)

	Notes	2023			2022		
		Carrying amount	Security valuation		Carrying amount	Security valuation	
			Long	Short		Long	Short
Liabilities and Equity							
Current liabilities							
Trade payables to Customers	3	251,768,232	162,363,281	418,985,229	36,319,736	48,803,440	86,759,398
Trade payables to Clearing house	3	-			52,866,763		
Income tax payable		3,856,174			5,997,210		
Lease liabilities	15	1,233,974			1,341,960		
Other current liabilities	8	31,361,386			29,249,142		
Total current liabilities		288,219,766	162,363,281	418,985,229	125,774,811	48,803,440	86,759,398
Non-current liabilities							
Lease liabilities	15	11,380,789			14,459,819		
Pension liability	16	-			-		
Total non-current liabilities		11,380,789			14,459,819		
Total liabilities		299,600,555	162,363,281	418,985,229	140,234,630	48,803,440	86,759,398
Equity							
Share capital	9	154,180,000			154,180,000		
Retained earnings	10	1,175,286,950			1,353,236,606		
Accumulated other comprehensive loss	11	(4,006,269)			(3,325,349)		
Total equity		1,325,460,681			1,504,091,257		
Total liabilities and equity		1,625,061,236	684,743,189	684,743,189	1,644,325,887	837,206,881	837,206,881

The notes on pages 1 to 30 are an integral part of these financial statements.

J.P. Morgan Securities Philippines, Inc.

Statements of Total Comprehensive Income
For the years ended December 31, 2023 and 2022
(All amounts in Philippine Peso)

	Notes	2023	2022
Commission income	18	305,793,067	363,790,304
Cost of services	12	107,916,359	105,382,026
Gross profit		197,876,708	258,408,278
Operating expenses	13	125,063,286	147,038,669
Operating profit		72,813,422	111,369,609
Other operating income, net	14	35,259,261	17,303,155
Income before income tax		108,072,683	128,672,764
Income tax expense	17	36,022,339	40,979,315
Net income for the year		72,050,344	87,693,449
Other comprehensive (loss) income			
Item that will not be reclassified to profit or loss			
Remeasurement (loss) gain on pension asset/liability, net of tax	16	(680,920)	868,917
Total comprehensive income for the year		71,369,424	88,562,366

The notes on pages 1 to 30 are an integral part of these financial statements.

J.P. Morgan Securities Philippines, Inc.

Statements of Changes in Equity
For the years ended December 31, 2023 and 2022
(All amounts in Philippine Peso)

	Share capital (Note 9)	Accumulated other comprehensive loss (Note 11)	Retained earnings (Note 10)			Total equity
			Unappropriated	Appropriated	Total	
Balance at January 1, 2022	154,180,000	(4,194,266)	404,180,000	1,111,363,157	1,515,543,157	1,665,528,891
Comprehensive income						
Net income for the year	-	-	87,693,449	-	87,693,449	87,693,449
Other comprehensive income	-	868,917	-	-	-	868,917
Total comprehensive income for the year	-	868,917	87,693,449	-	87,693,449	88,562,366
Transactions with owners						
Cash dividends paid	-	-	(250,000,000)	-	(250,000,000)	(250,000,000)
Appropriation for legal reserve	-	-	(8,769,345)	8,769,345	-	-
Release of appropriation for special reserves	-	-	171,075,896	(171,075,896)	-	-
Total transactions with owners	-	-	(87,693,449)	(162,306,551)	(250,000,000)	(250,000,000)
Balance at December 31, 2022	154,180,000	(3,325,349)	404,180,000	949,056,606	1,353,236,606	1,504,091,257
Comprehensive income						
Net income for the year	-	-	72,050,344	-	72,050,344	72,050,344
Other comprehensive loss	-	(680,920)	-	-	-	(680,920)
Total comprehensive income for the year	-	(680,920)	72,050,344	-	72,050,344	71,369,424
Transactions with owners						
Cash dividends paid	-	-	(250,000,000)	-	(250,000,000)	(250,000,000)
Appropriation for legal reserve	-	-	(7,205,034)	7,205,034	-	-
Appropriation for special reserves	-	-	(64,845,310)	64,845,310	-	-
Total transactions with owners	-	-	(322,050,344)	72,050,344	(250,000,000)	(250,000,000)
Balance at December 31, 2023	154,180,000	(4,006,269)	154,180,000	1,021,106,950	1,175,286,950	1,325,460,681

The notes on pages 1 to 30 are an integral part of these financial statements.

J.P. Morgan Securities Philippines, Inc.

Statements of Cash Flows
For the years ended December 31, 2023 and 2022
(All amounts in Philippine Peso)

	Notes	2023	2022
Cash flows from operating activities			
Income before income tax		108,072,683	128,672,764
Adjustments for:			
Fair value gain	4	(1,200,000)	(1,040,000)
Interest income	2	(24,958,396)	(5,886,314)
Retirement expense	16	5,576,209	5,392,148
Depreciation	5	3,314,205	3,869,766
Write-offs	5	-	18,574
Unrealized foreign exchange (gain) loss		(24,715)	346,384
Interest expense on lease liabilities	15	889,217	763,570
Operating income before changes in operating assets and liabilities		91,669,203	132,136,892
Changes in operating assets and liabilities			
Decrease (increase) in:			
Trade receivables from			
Customers		2,670,317	634,323,915
Clearing house		(160,211,254)	-
Other current assets		601,104	4,991,751
Other non-current assets		(3,704,606)	(1,883,045)
(Increase) decrease in:			
Trade payables to			
Customers and other broker		215,448,496	(557,967,238)
Clearing house		(52,866,763)	(79,031,107)
Other current liabilities		2,136,970	(80,976,377)
Cash generated from operations		95,743,467	51,594,791
Interest received		24,958,396	5,886,314
Income taxes paid		(38,163,376)	(44,273,485)
Contributions to retirement fund	16	(5,633,617)	(5,378,881)
Net cash from operating activities		76,904,870	7,828,739
Cash flows from investing activity			
Acquisition of property and equipment	5	(4,012,378)	(10,004,647)
Net cash used in investing activity		(4,012,378)	(10,004,647)
Cash flows from financing activities			
Payment of dividends	10	(250,000,000)	(250,000,000)
Principal payments of lease liabilities	15	(1,348,899)	(1,899,976)
Interest payments of lease liabilities	15	(889,217)	(763,570)
Net cash used in financing activities		(252,238,116)	(252,663,546)
Net decrease in cash		(179,345,624)	(254,839,454)
Cash			
January 1		1,461,880,748	1,716,720,097
Effect of exchange rate changes on cash		(11)	105
December 31	2	1,282,535,113	1,461,880,748

The notes on pages 1 to 30 are an integral part of these financial statements.

J.P. Morgan Securities Philippines, Inc.

Notes to the Financial Statements

As at and for the years ended December 31, 2023 and 2022

(In the notes, all amounts are shown in Philippine Peso unless otherwise indicated)

1 General information

J.P. Morgan Securities Philippines, Inc. (the “Company”) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on November 9, 1990 to engage in the business of buying, selling of, or otherwise dealing in stocks, bonds, debentures and other securities or commercial papers, whether such securities be of domestic or foreign origin, of any person, partnership, association, syndicate, corporation or governmental body, agency or instrumentality, local or national, for its own account as dealer or for the account of others as a stockbroker and financial activities, directly or indirectly, connected therewith or incidental thereto, to be a member of any stock exchange, and to render financial advisory services to any person, partnership, association, corporation or syndicate.

The Company is a wholly-owned subsidiary of J.P. Morgan International Finance Limited (the “Parent Company”), an entity domiciled in the United States of America (USA). The Company’s ultimate parent company is JPMorgan Chase & Co., a company likewise domiciled in the USA.

In 2022, the Company’s registered office address, which is also its principal place of business, was transferred from 30th Floor Zuellig Building, Makati Avenue corner Paseo de Roxas Streets, 1225 Makati City to 25th Floor JPMorgan Chase & Co Tower Manila, 9th Ave corner 38th Street, Uptown Bonifacio Taguig City Philippines 1635.

As at December 31, 2023 and 2022, the Company has 10 employees.

These financial statements have been approved and authorized for issuance by the Company’s Board of Directors (BOD) on April 26, 2024.

2 Cash

The account at December 31 consists of cash in banks denominated in the following currencies:

	2023	2022
Philippine Peso	1,282,533,853	1,461,879,512
US Dollar	1,260	1,236
	1,282,535,113	1,461,880,748

US Dollar deposits are maintained with a related entity under common control and are translated using the closing exchange rate of P55.37 as at December 31, 2023 (2022 - P55.76). The Company also has Philippine Peso deposits with the same related entity amounting to P1.02 billion as at December 31, 2023 (2022 - P1.30 billion) (Note 18). Interest income recognized in the statement of total comprehensive income for the year ended December 31, 2023 amounts to P24.96 million (2022 - P5.89 million) (Note 14).

In compliance with the Securities Regulation Code (SRC) Rule 49.2 covering customer protection and custody of securities, the Company maintains a special reserve bank account for the exclusive benefit of its customers. The Company’s reserve requirement is determined weekly based on the SEC’s prescribed computations. The reserve requirement as at December 31, 2023 based on the audited financial statements amounts to a net debit of P1.5 million (2022 - net debit P1.66 million). The Company’s special reserve bank account, maintained with the same related entity, which amounts to P60.09 million as at December 31, 2023 (2022 - P60.10 million) and which earns annual interest rate of 1.50% and 2.25% at the beginning and end of 2023, respectively (2022 - 0.10% and 1.50%, respectively) is part of Philippine Peso deposits.

3 Trade receivables from/payables to customers, clearing house

These accounts include amounts arising from securities transactions. Securities owned by customers are used as collateral for amounts receivable from them. The fair value of such collateral is presented in the statement of financial position under 'Security valuation'.

Trade receivables from/payables to customers at December 31 consist of:

	2023		
	Book value	Security valuation	
		Long	Short
Fully secured accounts	-	-	-
More than 250%	-	-	-
Between 200% and 250%	-	-	-
Between 150% and 200%	-	-	-
Between 100% and 150%	35,763,717	37,761,314	1,773,975
Partially secured accounts	60,011,297	59,859,390	-
Trade receivables from customers	95,775,014	97,620,704	1,773,975
Trade receivables from clearing house	160,211,254	-	-

	2022		
	Book value	Security valuation	
		Long	Short
Fully secured accounts	-	-	-
More than 250%	-	-	-
Between 200% and 250%	-	-	-
Between 150% and 200%	-	-	-
Between 100% and 150%	-	-	-
Partially secured accounts	98,445,331	395,305,513	303,538,531
Trade receivables from customers	98,445,331	395,305,513	303,538,531
Trade receivables from clearing house	-	-	-

	2023		
	Book value	Security valuation	
		Long	Short
Trade payables to customers			
With money balance	251,768,232	162,363,281	418,985,229
Without money balance	-	-	-
Trade payables to customers	251,768,232	162,363,281	418,985,229
Trade payables to clearing house	-	-	-
	251,768,232	162,363,281	418,985,229

	2022		
	Book value	Security valuation	
		Long	Short
Trade payables to customers			
With money balance	36,319,736	48,803,440	86,759,398
Without money balance	-	-	-
Trade payables to customers	36,319,736	-	-
Trade payables to clearing house	52,866,763	-	-
	89,186,499	48,803,440	86,759,398

The breakdown of the trade receivables from/payables to customers account are as follows:

	Note	2023	2022
Trade receivables from third parties		95,775,014	41,610,860
Trade receivables from related parties	18	-	56,834,471
		95,775,014	98,445,331
	Note	2023	2022
Trade payables to third parties		70,957,320	72,399,899
Trade payables to related parties	18	180,810,912	16,786,600
		251,768,232	89,186,499

As at December 31, 2023, net receivable to clearing house of P160.21 million (2022 - net payable of P52.87 million) represents the net amount receivable from (2022 - net amount payable to) the Securities Clearing Corporation of the Philippines (SCCP) arising from securities transactions during the last two trading days of the year.

Trade receivables from customers at December 31, 2023 and 2022 are all considered current and fully collectible. These are normally collected within two days from trade date.

Information on the credit quality of trade receivables from customers is presented in Note 20.1.1. Also, the detailed accounting policy for credit losses is disclosed in Note 21.2

4 Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVTPL as at December 31, 2023 consist of club shares amounting to P4.0 million (2022 - P2.8 million).

The movements in financial assets at FVTPL for the years ended December 31 are summarized as follows:

	Note	2023	2022
At January 1		2,800,000	1,760,000
Fair value gain	14	1,200,000	1,040,000
At December 31		4,000,000	2,800,000

5 Property and equipment, net

The account at December 31 consists of:

	Furniture and fixtures	Computer and other equipment	Office space	Asset in Progress	Total
Cost					
January 1, 2023	2,396,127	-	29,909,661	616,641	32,922,429
Additions	-	-	-	4,012,378	4,012,378
Capitalized	1,430,766	861,451	2,336,802	(4,629,019)	-
Write-off	-	-	-	-	-
Remeasurement	-	-	(1,838,117)	-	(1,838,117)
Change in estimate of lease restoration obligation	-	-	-	-	-
December 31, 2023	3,826,893	861,451	30,408,346	-	35,096,690
Accumulated depreciation					
January 1, 2023	277,003	-	10,113,061	-	10,390,064
Depreciation	426,348	191,434	2,696,423	-	3,314,205
Write-off	-	-	-	-	-
December 31, 2023	703,351	191,434	12,809,484	-	13,704,269
Net book value, December 31, 2023	3,123,542	670,017	17,598,862	-	21,392,421

	Furniture and fixtures	Computer and other equipment	Office space	Asset in Progress	Total
Cost					
January 1, 2022	219,035	8,371,825	25,205,666	-	33,796,526
Additions	-	-	1,133,652	8,870,995	10,004,647
Capitalized	2,239,005	-	6,015,349	(8,254,354)	-
Write-off	(61,913)	(8,371,825)	(102,937)	-	(8,536,675)
Change in estimate of lease restoration obligation	-	-	(2,342,069)	-	(2,342,069)
December 31, 2022	2,396,127	-	29,909,661	616,641	32,922,429
Accumulated depreciation					
January 1, 2022	190,858	8,300,554	6,546,987	-	15,038,399
Depreciation	129,484	71,271	3,669,011	-	3,869,766
Write-off	(43,339)	(8,371,825)	(102,937)	-	(8,518,100)
December 31, 2022	277,003	-	10,113,061	-	10,390,064
Net book value, December 31, 2022	2,119,124	-	19,796,600	616,641	22,532,365

Office space mainly pertains to right-of-use asset (Note 15).

In 2023, there were no property and equipment written off (2022 - P18,574 net book value).

The Company has executed an amendment to the contract of lease for JPMorgan Chase & Co Tower, Manila in March 2023 which modified the lease and rent commencement date from July 1, 2022 to May 1, 2022 and lease termination date from June 30, 2033 to April 30, 2032. The amendment resulted in a reduction of right-of-use assets and lease liabilities (Note 15) in 2023.

6 Trading right

Trading right is granted by the Philippine Stock Exchange (PSE) to the Company being a trading participant. Under the PSE rules, the full value of the trading right is pledged to the PSE to secure the payment of all debts to other members of the PSE arising out of or in connection with the present or future's members' contracts. There are no other assets of the Company pledged as collateral for liabilities.

The market value of the trading right, based on the recent sale approved by the PSE BOD on November 16, 2022, is P8.00 million. There is no impairment needed to be recognized in the Company's trading right as at December 31, 2023 and 2022.

7 Other non-current assets

The account at December 31 consists of:

	Note	2023	2022
Receivable on excess contributions to the clearing and trade guaranty fund (CTGF)		50,176,567	48,297,518
Input value-added tax (VAT)		2,247,595	524,254
Security deposits	15	469,653	461,253
Creditable withholding taxes		135,886	42,069
		53,029,701	49,325,094

Effective August 1, 2018, the SEC approved the amendments to SCCP Rule 5.2 and Operations Procedure 4.3.1.3, through Memo for Brokers No. 01-0718, which allows refund of any excess of the initial required contributions to the CTGF.

In 2023, the Company made refundable contributions amounting to P1.88 million (2022 - P2.33 million). The said refundable contributions have formed part of receivables on excess contributions to the CTGF, which are expected to be collected at the cessation of the Company's operations and/or upon termination of its membership with SCCP, provided that all liabilities owing to SCCP at the time of termination shall have been satisfied or paid in full.

8 Other current liabilities

The account at December 31 consists of:

	Notes	2023	2022
Provision for management bonus	18	10,757,574	12,229,409
Due to the Bureau of Internal Revenue (BIR)		12,337,067	7,523,150
Stock compensation payable	16,18	2,880,853	4,061,921
Accruals for professional fees		2,140,795	1,730,532
PSE transaction fee payable		898,201	1,117,894
SCCP payable		646,442	913,749
Payable to related party	18	125,791	1,115,845
Miscellaneous payables		1,574,663	556,642
		31,361,386	29,249,142

Due to the BIR includes output VAT, withholding tax, fringe benefit taxes, and stock transaction tax payables.

In 2023, payable to related party includes marketing, training, and events related expenses paid by the related party. In 2022, payable to related party includes outstanding payable to contractor which will be paid by the related party.

Miscellaneous payables include accruals for operating costs incurred.

9 Share capital

Details of share capital as at December 31, 2023 and 2022 are as follows:

	Number of shares	Amount
Share capital - P100 par value		
Authorized	2,000,000	200,000,000
Issued and outstanding	1,541,800	154,180,000

10 Retained earnings

The Company has appropriated retained earnings for the years ended December 31 as follows:

	2023	2022
At January 1	949,056,606	1,111,363,157
Legal reserve (SRC Rule 49.1)	7,205,034	8,769,345
Special reserve for probable contingencies	64,845,310	-
Release of appropriation for Special reserve	-	(171,075,896)
	72,050,344	(162,306,551)
At December 31	1,021,106,950	949,056,606

On April 26, 2024, the BOD approved the appropriation of legal reserve amounting to P7.21 million for the year ended December 31, 2023 to comply with SRC 49.1 issued by the SEC. On the same date, the BOD approved the appropriation of special reserve amounting to P64.85 million to serve as an additional cash reserve for the year ended December 31, 2023 to settle trades in the event of third party settlement delays or failures involving significant amounts and to provide additional capacity to broker large securities transactions for the following year.

As at December 31, 2023, the unappropriated retained earnings amounted to P154,180,000 (2022 - P404,180,000).

On April 26, 2023, the BOD approved the appropriation of legal reserve amounting to P8.77 million for the year ended December 31, 2022 to comply with SRC 49.1 issued by the SEC. On the same date, the BOD approved the dividend declaration amounting to P250 million to be paid upon completion of internal and external documentation requirements, notifications, and approvals.

On the same date, the BOD approved the release of appropriation from special reserves of P171.08 million as at December 31, 2022.

On April 26, 2021, the BOD approved the dividend declaration amounting to P250 million. This was subsequently approved by the SEC on January 28, 2022 and paid on March 15, 2022.

11 Accumulated other comprehensive loss

Accumulated other comprehensive loss at December 31 pertains to remeasurements on pension liability/asset. The movement in the account for the years ended December 31 is summarized as follows:

	Notes	2023	2022
Remeasurements			
At January 1, gross of tax		(4,433,800)	(5,592,356)
Remeasurement (loss) gain	16	(907,892)	1,158,556
		(5,341,692)	(4,433,800)
Deferred income tax effect	17	1,335,423	1,108,451
At December 31, net of tax		(4,006,269)	(3,325,349)

12 Cost of services

Details of the account for the years ended December 31 follow:

	Note	2023	2022
Compensation and fringe benefits	16	64,621,634	62,164,928
Stock exchange dues and fees		25,810,751	29,955,495
Research fees		15,418,157	11,348,618
Central depository fees expense		1,986,387	1,897,280
Commission expense		79,430	15,705
		107,916,359	105,382,026

Stock exchange dues and fees include PSE transaction fees, SEC and SCCP fees, Securities Investor Protection Fund fees and other stock exchange charges.

Commission expense includes costs incurred for the trade transactions that are entered into with external brokers.

13 Operating expenses

Details of the account for the years ended December 31 follow:

	Notes	2023	2022
Shared costs	18	77,176,455	99,464,057
Compensation and fringe benefits	16	18,667,905	18,941,673
Postage, telephone and communication		10,425,003	6,358,511
Depreciation	5	3,314,205	3,869,766
Utilities and other occupancy costs		3,170,635	2,355,268
Outside service		2,518,455	2,419,315
Professional fees		2,487,695	2,798,693
Entertainment, amusement and recreation		1,376,202	542,143
Transportation and travel		1,261,099	2,958,647
Interest expense on lease liabilities	15	889,217	763,570
Repairs and maintenance		821,503	1,567,081
Office supplies and printing		665,001	419,984
Taxes and licenses		593,995	1,812,960
Directors' fees		345,000	225,000
Security, messengerial, and janitorial		170,351	179,972
VAT expense on income from government		71,451	79,420
Advertising and promotion		-	5,860
Miscellaneous		1,109,114	2,276,749
		125,063,286	147,038,669

Shared costs represent shared expenses such as technical services, communication network and operational charges billed by related entities under common control. This also includes transactional fees paid to related parties.

Miscellaneous expenses includes bank charges billed by related entities amounting to P0.54 million (2022 - P0.60 million) (Note 18).

14 Other operating income, net

Details of the account for the years ended December 31 follow:

	Notes	2023	2022
Interest income	2,18	24,958,396	5,886,314
SCCP fee income		10,564,404	12,521,899
Fair value gain on financial assets at FVTPL	4	1,200,000	1,040,000
Foreign exchange loss, net		(1,463,539)	(2,145,058)
		35,259,261	17,303,155

SCCP fee income pertains to clearing dues and fees usually charged by the Company to its customers and remitted to SCCP.

15 Lease commitment

On November 1, 2014, the Company has transferred its official business address from AIA Tower to Zuellig Building. A sub-lease agreement was executed between a related party and the Company which was supposed to expire in September 2019. On November 15, 2018, the sub-lease agreement was terminated and a new contract of lease was executed between a third party lessor and the Company, which is effective from November 1, 2018 to September 30, 2019. Under the agreement, the Company was given an option to renew the lease for another three (3) years. The Company renewed the lease in June 2019 which was terminated on September 30, 2022. In 2023, related security deposits have been fully collected (2022 - P0.66 million) presented under other current assets.

In December 2021, the Company entered into a 10-year lease contract with a third party in relation to its new office premises with lease period commencing in May 1, 2022. The Company has the option to renew for a maximum of three separate renewal terms of three or five years. Related security deposits equivalent to three months' rental amount to P0.40 million for the office space and P0.07 million for office parking as at December 31, 2023 (2022 - P0.39 million for the office space and P0.07 million for office parking).

The lease term is negotiated by the Company. The lease agreement does not impose any covenants other than the security interests in the leased assets that are held by the lessor. The leased asset cannot be used as security for borrowing purposes.

In April 2022, the Company entered into an office service agreement with a third party in relation to the office space for disaster recovery program with lease period commencing in May 2022 until December 2024.

The lease liabilities are measured at the present value of the remaining lease payments, discounted using the incremental borrowing rates that range from 4.67% to 7.30% (2022 - 4.67% to 6.02%).

Details of ROU asset and lease liabilities at December 31 are as follows:

	Note	2023	2022
<i>ROU asset (included within Property and equipment, net)</i>			
Office space	5	10,636,935	14,154,766
<i>Lease liabilities</i>			
Current		1,233,974	1,341,960
Non-current		11,380,789	14,459,819
		12,614,763	15,801,779

Movements in lease liabilities for the years ended December 31 follow:

	2023	2022
At January 1	15,801,779	16,955,104
Add: Interest accretion on lease liabilities	889,217	763,570
Additional lease liabilities	-	746,651
Less: Principal and interest payments	(2,238,116)	(2,663,546)
Asset remeasurement	(1,838,117)	-
At December 31	12,614,763	15,801,779

The statement of total comprehensive income for the years ended December 31 shows the following amounts relating to leases:

	2023	2022
Depreciation expense on ROU asset	1,679,714	3,257,370
Interest expense on lease liabilities	889,217	763,570

The total cash outflow arising from the said lease as at December 31, 2023 amounts to P2.24 million (2022 - P2.66 million).

16 Compensation and other benefits

(a) Compensation and short-term benefits

Details of compensation and fringe benefits for the years ended December 31 follow:

	Notes	2023	2022
Salaries and wages		65,273,876	62,233,182
Bonuses		10,757,575	12,229,409
Retirement expense		5,576,209	5,392,148
Other benefits		1,681,879	1,251,862
	12,13	83,289,539	81,106,601

(b) Share-based compensation

The Company grants certain employees with share-based awards and share options out of JPMorgan Chase & Co. shares, from time to time, on a discretionary basis.

The exercise price of the options and awards are based on the market value of the shares at grant date. They generally vest 50% after two years and 50% after three years and are converted to shares of common stock as of the vesting date.

The following table illustrates the number of, and movements in, share-based awards for the years ended December 31:

	2023		2022	
	Number of shares	Weighted average fair value (in USD)	Number of shares	Weighted average fair value (in USD)
Outstanding at January 1	558	144.93	607	125.66
Granted	54	140.38	239	153.16
Vested	(200)	(138.47)	(288)	111.15
Outstanding at December 31	412	147.47	558	144.93

For the year ended December 31, 2023, the total share-based compensation expense, included in salaries and wages, amounts to P0.38 million (2022 - P0.62 million), of which the unpaid portion amounts to P2.88 million (2022 - P4.06 million) (Note 8).

A total of 200 share awards were vested during the year ended December 31, 2023 (2022 - 288 share awards). The fair value of share awards outstanding in 2023 amounts to P3.35 million (2022 - P4.51 million).

(c) *Retirement benefits*

As discussed in Note 21.12, the Company maintains a defined contribution plan which is accounted for as a defined benefit plan with minimum guarantee.

Following are the details of the Company's pension-related balances as at December 31 for the minimum defined benefit guarantee.

	2023	2022
Present value of defined benefit obligation	(68,384,498)	(57,101,267)
Fair value of plan assets	68,384,498	57,951,751
Pension asset	-	850,484

The following table summarizes the components of retirement expense recognized in profit or loss for the years ended December 31:

	2023	2022
Current service cost	5,633,617	5,378,881
Net interest cost		
Interest expense on defined benefit obligation	3,957,821	2,150,772
Interest income on plan assets	(4,015,229)	(2,137,505)
Retirement expense	5,576,209	5,392,148

Amounts of remeasurement recognized in the statement of total comprehensive income for the years ended December 31 follow:

	2023	2022
Remeasurement (loss) gain during the year	(907,892)	1,158,556
Deferred income tax effect	226,972	(289,639)
	(680,920)	868,917

The movements in the fair value of plan assets for the years ended December 31 are as follows:

	2023	2022
Beginning of the year	57,951,751	52,549,373
Contributions	5,633,617	5,378,881
Interest income	4,015,229	2,137,505
Remeasurement gain (loss)	783,901	(2,114,008)
End of the year	68,384,498	57,951,751

The plan is being administered by a trustee-bank which is authorized to invest the available funds based on the mandate provided by the Company and covered by local regulations and practices in the Philippines.

The movements in the present value of defined benefit obligation for the years ended December 31 are as follows:

	2023	2022
Beginning of the year	57,101,267	52,844,178
Current service cost	5,633,617	5,378,881
Interest cost	3,957,821	2,150,772
Remeasurement loss (gain)	1,691,793	(3,272,564)
End of the year	68,384,498	57,101,267

The composition of plan assets at December 31 is as follows:

	2023		2022	
	Amount	%	Amount	%
Debt securities	52,471,425	76.73	45,944,148	79.28
Cash and cash equivalents	3,056,787	4.47	6,623,885	11.43
Equity securities	12,856,286	18.80	5,383,718	9.29
	68,384,498	100.00	57,951,751	100.00

The assumptions used to determine retirement benefits for the years ended December 31 are as follows:

	2023	2022
Discount rate	6.00%	6.75%
Salary increase rate	6.00%	6.00%

Assumptions regarding future mortality and disability experience are based on published statistics generally used for local actuarial valuation purposes.

The retirement plan typically exposes the Company to a number of risks such as investment risk, interest rate risk and salary risk. The most significant of which relate to investment and interest rate risk. The present value of the retirement obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. A decrease in government bond yields will increase the retirement obligation although this will also be partially offset by an increase in the value of the plan's fixed income holdings. Hence, the present value of retirement obligation is directly affected by the discount rate to be applied by the Company.

However, the Company believes that due to the long-term nature of the pension liability and the strength of the Company itself, the mix of debt and equity securities holdings of the plan is an appropriate element of the Company's long-term strategy to manage the plan efficiently.

The Company ensures that the investment positions are managed within an asset-liability matching framework that has been developed to achieve long-term investments that are in line with the obligations under the plan. The Company's main objective is to match assets to the retirement obligation by investing primarily in long-term debt securities with maturities that match the benefit payments as they fall due. The asset-liability matching is being monitored on a regular basis and potential change in investment mix is being discussed with the trustor, as necessary to better ensure the appropriate asset-liability matching.

The weighted average duration of the pension liability as at December 31, 2023 is 6.34 years (2022 - 6.24 years). The expected contributions to the plan for the year ending December 31, 2024 amount to P6,035,467.

The projected maturity analysis of retirement benefit payments as at December 31 follows:

	2023	2022
Less than a year	8,483,529	3,019,080
Between 1 to 3 years	8,515,820	11,682,224
Between 3 to 10 years	68,238,234	56,224,552

The sensitivity of the retirement obligation to changes in the weighted principal assumptions for the years ended December 31, 2023 and 2022 is both nil based on the analysis performed. The difference between the Company's defined benefit obligation and the requirements of RA 7641 is minimal. Hence, possible changes at the reporting date to the discount rate and future salary growth rate assumptions, holding other assumptions constant, would not significantly affect the retirement obligation.

17 Income taxes

Income tax expense represents current income tax which amounts to P31.03 million for the year ended December 31, 2023 (2022 - P40.98 million).

Current income tax expense includes final withholding taxes on interest income amounting to P4.99 million in 2023 (2022 - P1.18 million).

Deferred tax asset as at December 31, 2023 amounting to P1.34 million (2022 - P1.11 million) arises from remeasurement of pension asset/liability.

The movements in deferred income tax asset for the years ended December 31 are as follows:

	2023	2022
At January 1	1,108,451	1,398,090
Amounts credited (charged) to other comprehensive income	226,972	(289,639)
At December 31	1,335,423	1,108,451

A reconciliation between the income tax computed at the statutory income tax rate to the effective income tax expense for the years ended December 31 follows:

	2023		2022	
	Amount	%	Amount	%
Statutory income tax	27,018,171	25.00	32,168,191	25.00
Effect of items not subject to statutory tax rate				
Deficiency of optional standard deduction (OSD) over itemized deduction	10,433,182	9.65	10,050,100	7.81
Income subjected to lower tax rates, net	(1,247,920)	(1.15)	(294,316)	(0.23)
Others, net	(181,094)	(0.17)	(944,660)	(0.73)
Effective income tax expense	36,022,339	33.33	40,979,315	31.85

18 Related party transactions

The table below summarizes the Company's transactions with its related parties as at and for the years ended December 31:

		2023		
	Transactions	Outstanding balances - Receivable (Payable)		Terms and conditions
Cash in bank				
Entity under common control	(287,432,122)	1,017,875,977	-	These are savings deposits for use in current operations (Note 2) earning an interest ranging from 1.50% to 2.25% on an annual basis.
Trade receivables				
Entity under common control	(56,834,471)		-	Collectible in cash at gross amount within two days from transaction date; partly secured by the underlying equity shares and non-interest bearing (Note 3).
Other receivables				
Entity under common control	120,815	5,654,588	-	Unsecured, non-interest bearing and collectible in cash at gross amount or offset against other payables, if any on a weekly basis.
Trade payables				
Entity under common control	(164,024,312)	(180,810,912)	-	Payable in cash at gross amount within two days from transaction date; partly secured by the underlying equity shares and non-interest bearing (Note 3).
Other payables				
Entities under common control	990,054	(125,791)	-	Unsecured, non-interest bearing and payable in cash (Note 8).
	1,181,068	(2,880,853)	-	Share-based compensation payable in cash at gross amount (Note 8). - Unsecured, non-interest bearing
Key management personnel	807,336	(9,518,674)	-	Incentive corporate plan payable in cash on the first month following the end of the calendar year. - Unsecured, non-interest bearing.

		2022		
		Transactions	Outstanding balances - Receivable (Payable)	Terms and conditions
Cash in bank				
Entity under common control	(80,479,208)	1,305,308,099	-	These are savings deposits for use in current operations (Note 2) earning an interest ranging from 0.10% to 1.50% on an annual basis.
Trade receivables				
Entity under common control	(602,204,999)	56,834,471	-	Collectible in cash at gross amount within three days from transaction date; partly secured by the underlying equity shares and non-interest bearing (Note 3).
Other receivables				
Entity under common control	(5,559,231)	5,533,773	-	Unsecured, non-interest bearing and collectible in cash at gross amount or offset against other payables, if any on a weekly basis.
Trade payables				
Entity under common control	203,450	(16,786,600)	-	Payable in cash at gross amount within three days from transaction date; partly secured by the underlying equity shares and non-interest bearing (Note 3).
Other payables				
Entities under common control	73,496,381	(1,115,845)	-	Unsecured, non-interest bearing and payable in cash (Note 8).
	633,910	(4,061,921)	-	Share-based compensation payable in cash at gross amount (Note 8), - Unsecured, non-interest bearing
Key management personnel	2,979,058	(10,326,010)	-	Incentive corporate plan payable in cash on the first month following the end of the calendar year. - Unsecured, non-interest bearing.

There is no provision for impairment needed to be recognized on amounts due from related parties as at December 31, 2023 and 2022. Management determines that the related amounts are fully collectible.

The aggregate amounts included in the determination of income before income tax that resulted from transactions with each class of related parties for the years ended December 31 are as follows:

	2023	2022
Commission income		
Entity under common control	271,097,175	309,897,941
Interest income		
Entity under common control	24,771,645	5,712,794
Shared costs		
Entity under common control	77,176,455	99,464,057
Bank charges		
Entity under common control	536,932	602,798
Salaries, other short-term employee benefits and retirement benefits		
Key management personnel	69,856,505	64,425,694

As at December 31, 2023, commission income from third parties amounted to P34.70 million (2022 - 53.90 million)

On April 16, 2024, the SEC issued Memorandum Circular No. 7 series of 2024, for the removal of the minimum commission charged by PSE stockbrokers from the previous minimum commission rates ranging from 0.25% to 0.05% of the value of the trade transaction.

19 Critical accounting estimates, assumptions and judgments

The Company makes estimates, assumptions and judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

19.1 Critical accounting estimates and assumptions

(a) Fair value of financial instruments (Note 4)

Fair value is based upon quoted market prices, where available. If listed prices or quotes are not available, fair value is based upon internally developed models that primarily use as inputs market-based or independently sourced market parameters. The Company's financial assets at FVTPL as at December 31, 2023 and 2022 pertain to club shares, which derives fair value from a third-party provider (Note 21.2).

(b) Determination of retirement benefits (Note 16)

The Company estimates its retirement benefit obligation and expense as the higher of the defined benefit obligation relating to the minimum guarantee and the obligation arising from the defined contribution plan. The calculation is based on the selection of certain assumptions used by the actuary. Those assumptions are described in Note 16 which include, among others, the discount rate and future salary increases. The present value of the defined benefit obligations of the Company at December 31, 2023 and 2022 is determined using a discount rate that reflects the market yields on Philippine government bonds with terms consistent with the expected payments of employee benefits. Plan assets are invested primarily in debt and equity securities.

Actual results that differ from the Company's assumptions are reflected as remeasurements in other comprehensive income. The Company's assumptions are based on actual historical experience and external data regarding compensation and average remaining service lives of the employees. The sensitivity analysis on key assumptions is disclosed in Note 16.

(c) Determination of incremental borrowing rate (Note 15)

The lease payments for lease of office space are discounted using the Company's incremental borrowing rate, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company uses recent third-party financing received by the lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received. Where third party financing cannot be obtained, the Company uses the government bond yield, adjusted for the (1) credit spread specific to the Company and (2) security using the ROU.

The Company applied incremental borrowing rates that range from 4.67% to 6.02% in 2023 and 2022. The Company considers that it is impracticable to disclose with sufficient reliability the possible effects of sensitivities surrounding its lease liabilities.

19.2 Critical judgments in applying the entity's accounting policies

(a) Determination of lease term (Note 15)

In determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension option is only included in the lease term if the lease is reasonably certain to be extended.

(b) Recoverability of trade and other receivables (Note 3)

The Company determines the recoverable amount of receivables based on the expected credit losses (ECL) of the portfolio of receivables, as a whole. In arriving at the ECL for a particular period, management considers both historical loss experience and certain macroeconomic factor. In these cases, management uses judgments based on the best available facts and circumstances, including but not limited to the length of relationship with the counterparties and whether there had been payment defaults in the past. An evaluation of receivables designed to identify potential charges to the provision is performed on a continuous basis throughout the year. The carrying value of receivables at the end of each reporting period and the amount and timing of recorded provision for any period could differ based on actual experience and changes.

The Company's trade receivables are composed mainly of receivables from customers which are normally settled within two days (2022 - three days) from trade date. The Company has no history of uncollected receivables. The Company's receivables are considered current as at December 31, 2023 and 2022. There is no impairment recognized on the Company's receivables as at December 31, 2023 and 2022.

(c) Recoverability of deferred tax assets (Note 17)

The recognition of deferred income tax assets depends on management's assessment of the probability of available future taxable income against which the temporary differences can be applied. The Company reviews the carrying amounts of deferred income tax assets at the end of each reporting period and reduces the amounts to the extent that it is no longer probable that sufficient taxable profit will allow all or part of its deferred income tax assets to be utilized. Where the outcome of these judgments differs based on actual experience, changes in those estimates and judgments could have a significant effect on the carrying value of deferred tax assets and the amount and timing of recorded provision for any period.

The carrying amount of the Company's deferred income tax asset amounts to P1.34 million as at December 31, 2023 (2022 - P1.11 million).

20 Financial risk and capital management

20.1 Financial risk management

Risk is an inherent part of the Company's business activities. The Company's risk management objectives and policies are consistent with those observed by its Parent Company. The overall objective is to manage its businesses, and the associated risks in a manner that balances serving the interests of its clients, customers and investors and protects the safety and soundness of the Company.

Effective risk management requires, among other things:

- a) Acceptance of responsibility, including identification and escalation of risk issues, by all individuals within the company
- b) Ownership of risk identification, assessment, data and management within each line of business and corporate functions: and
- c) A firm-wide risk governance and oversight structure

The most important types of risk the Company faces are credit risk, liquidity risk, and market risk. Market risk includes foreign exchange risk, price risk and interest rate risk.

20.1.1 Credit risk

Credit risk is the risk associated with the default or change in credit profile of a client, counterparty or customer.

The Company's significant credit risk arises mainly from securities transactions with a related entity under common control (Note 18), and other customers. The amounts due from counterparties for securities transactions are settled using a transaction date plus 2-day (2022 - 3-day) market convention. In addition, the Company has policies that limit the amount of credit exposure to counterparties. Local or foreign customers are allowed to open securities account only upon thorough review and evaluation of the Company. Annual review of customer's financial standing is conducted to determine if there had been material changes since the last review.

To manage its exposures with counterparty banks, the Company's cash and deposit transactions should be limited only to highly rated universal and commercial banks. Furthermore, to control and sustain minimal exposure to credit risk from its trade receivables from customers and brokers, purchase transactions of clients will be allowed against available cash position or earmarked against current stock position. The Company shall not maintain margin accounts.

The Company's maximum credit risk exposure relating to financial assets as at December 31 follows:

	Notes	2023	2022
Cash	2	1,282,535,113	1,461,880,748
Trade receivables from:	3		
Customers		95,775,014	98,445,331
Clearing house		160,211,254	-
Other current assets		5,682,310	6,283,414
Other non-current assets	7	50,646,220	48,758,770
		1,594,849,911	1,615,368,263

Other financial assets mainly include other receivables from related parties, security deposits and receivable on excess contribution to the CTGF.

All financial assets are current and fully performing as at December 31, 2023 and 2022 with no history of counterparty default. Likewise, there was no history of missed payment or write-offs as at December 31, 2023 and 2022. Accordingly, management's ECL assessment did not result into a recognition of allowance for impairment as at December 31, 2023 and 2022.

20.1.2 Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its contractual and contingent financial obligations as they arise or that it does not have the appropriate amount, composition and tenor of funding and liquidity to support its assets and liabilities.

Prudent liquidity risk management implies maintaining a balance between continuity and flexibility of funding through the use of the Company's bills purchased (BP) lines with universal banks.

Specifically, the Company has established control procedures which include monitoring of total trades during the trading session to determine in advance if the said trades are in excess of BP lines. If there are expected trades in excess of BP lines, arrangements are made in advance for temporary increase in BP lines.

Furthermore, strict monitoring of receivables should be made to ensure that collections are made on a timely basis to fund current obligations to customers on a transaction date plus two-day policy (2022 - three-day).

Details of the Company's financial liabilities at December 31 follow:

	Notes	2023	2022
Trade payables to			
Customers	3	251,768,232	36,319,736
Clearing house		-	52,866,763
Other Brokers		-	-
Other current liabilities	8		
Stock compensation payable		2,880,853	4,061,921
Accruals for professional fees		2,140,795	787,500
PSE transaction fee payable		898,201	1,117,894
SCCP payable		646,442	913,749
Payable to related party		125,791	1,115,845
Miscellaneous payables		1,574,663	1,449,674
Lease liabilities	15	12,614,761	15,801,779
		272,649,738	114,434,861

The financial liabilities disclosed above are presented at their carrying amounts which approximate the undiscounted cash flows payable by the Company. These financial liabilities will mature within a period of one year from reporting date except for the non-current portion of lease liabilities amounting to P14.64 million (2022 - P17.56 million).

20.1.3 Market risk

The Company is exposed to market risk which is the risk associated with the effect of changes in market factors such as interest and foreign exchange rates, equity and commodity prices, on the value of asset and liabilities held for both the short and long term.

(i) Foreign exchange risk

The Company is exposed to foreign exchange risk primarily with respect to the US Dollar. Foreign exchange risk arises principally from its cash in bank (Note 2) and stock compensation payable denominated in US Dollar. The Company's exposure in US Dollar does not present a significant risk to the Company, and from the Parent Company's standpoint which has US Dollar as its functional currency.

(ii) Price risk

The Company does not trade for its own account (proprietary trading) and is exposed only to equity price risk in respect of its investments classified as financial assets at FVTPL (Note 4). As at December 31, 2023 and 2022, the Company is exposed to minimal price risk as the Company's financial assets at FVTPL pertain only to club shares.

(iii) Interest rate risk

Interest rate risk represents exposure to instruments whose values fluctuate with the level, slope and curvature of the yield curve and volatility of interest rates. The Company is not exposed to significant interest rate risk as most of its financial instruments are non-interest bearing or short-term in nature and subject to insignificant risk of changes in value.

20.2 Fair value hierarchy

In 2023, the Company's financial assets at FVTPL consist of club shares amounting to P4.0 million (2022 - P2.80 million), which fall under the Level 3 category of the fair value hierarchy. For club shares, the Company derives the fair value from a third-party pricing provider and will only make use of an internal pricing model if the third-party prices are not available. The unobservable inputs in determining the fair value of club shares include the counterparty's credit spread and the price volatilities as the market may be inactive. A change in the unobservable inputs may result in a higher (lower) fair value measurement. However, any change is not considered to materially affect the financial statements considering the balance of investment in club shares as at December 31, 2023 and 2022.

The fair values of cash in banks, trade and other receivables, other non-current assets (except creditable withholding taxes and input VAT), trade payables and other current liabilities (except due to the BIR) are approximately equal to their carrying amounts due to their generally short term nature.

The fair values of lease liabilities are determined using a present value model on the basis of contractually agreed cash flows, mainly taking into account the credit quality. Fair value of lease liabilities as at December 31, 2023 amounts to P16.88 million (2022 - P19.60 million).

20.3 Offsetting of financial assets and liabilities

The following financial assets and liabilities as at December 31 are subject to offsetting:

	2023	2022
Trade receivable from customers		
Gross amount of financial assets before set off	260,218,146	446,300,175
Gross amount of financial liabilities set off	(164,443,132)	(347,854,844)
	95,775,014	98,445,331
Trade receivables from clearing house		
Gross amount of financial assets set off	160,211,254	-
Gross amount of financial liabilities before set off	-	-
	160,211,254	-
Net amount of financial assets presented in the statement of financial position	255,986,268	98,445,330
	2023	2022
Trade payables to customers		
Gross amount of financial liabilities before set off	416,211,364	384,174,580
Gross amount of financial assets set off	(164,443,132)	(347,854,845)
	251,768,232	36,319,735
Trade payables to clearing house		
Gross amount of financial liabilities before set off	-	29,220,912
Gross amount of financial assets set off	-	(82,087,675)
	-	52,866,763
Net amount of financial liabilities presented in the statement of financial position	251,768,232	89,186,498

For the financial assets and liabilities subject to offsetting above, each agreement between the Company and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis.

20.4 Capital management

The Company's objectives when managing capital are to comply with the capitalization requirement set by the SEC for the Company to continue as a going concern so that it can continue to provide returns to shareholders and benefits to other stakeholders and to maintain strong capital base to support the development of its business.

(a) Minimum capitalization requirement

SRC Rule 28.1 provides the terms and conditions for registration and subsequent renewal of license applicable to both Exchange trading participants and non-Exchange broker-dealers. One of the requirements includes unimpaired paid-up capital of P100 million for broker-dealers, which are either first time registrants who will be participating in a registered clearing agency upon the effectivity of the rule or those acquiring the business of existing broker-dealer firms. Unimpaired paid-up capital pertains to the Company's paid-up capital less any deficit.

The Company has paid-up capital of P154.18 million as at December 31, 2023 and 2022 and therefore, has fully complied with the minimum capitalization requirement of the SEC.

Furthermore, the Company adheres to SRC Rule 49.1 issued by the SEC requiring all broker-dealers to annually appropriate a certain minimum percentage of its audited profit after tax based on the level of unimpaired paid-up capital as follows:

Unimpaired paid-up capital	Minimum % of profit after tax to be transferred in the appropriated retained earnings
Between P10 million - P30 million	30%
Between P30 million - P50 million	20%
More than P50 million	10%

In compliance with the above requirement, the Company appropriated a portion of its retained earnings amounting to P7.21 million in 2023 (2022 - P8.77 million) (Note 10).

(b) Risk-Based Capital Adequacy (RBCA) requirements

The Company manages its capital following the guidelines set by the SEC through its Memorandum Circular No. 16 - "Adoption of the Risk-Based Capital Adequacy Requirement ("RBCA")/Ratio for Broker Dealers", Series of 2004, which requires all broker-dealers to maintain its RBCA Ratio at least 1.1.

RBCA is the ratio linking the net liquid capital (NLC) to the broker-dealer's total risk exposure calculated as the NLC divided by total risk capital requirements (TRCR). TRCR is the sum of the following risks: (a) operational risk requirement (ORR); (b) credit risk requirement which include requirements for counterparty risk, settlement risk, large exposure risk and margin financing risk; and (c) position or market risk requirement.

As a rule for every trading participant, the Company is required to maintain a net liquid capital of at least P5 million or five percent (5%) of its aggregate indebtedness (AI), whichever is higher. Its AI should also not exceed two thousand percent (2,000%) of its NLC. In addition, the Company's core equity (CE) shall be at all times greater than its ORR. Core equity refers to the sum of paid-up common stock, common stock dividends distributable, additional paid-in capital, opening retained earnings adjusted for all current year movements, and surplus reserves excluding revaluation reserves or appraisal capital, treasury shares, unbooked valuation reserves and other capital adjustments.

In the event that the minimum RBCA ratio of 110% or the minimum NLC is breached, the trading participant shall immediately cease doing business as a broker and shall notify the Capital Markets Integrity Corporation and the SEC. In addition, the trading participant shall notify the SEC in writing within 24 hours if (a) AI exceeds 1700% of NLC; and (b) the RBCA ratio is lower than 120%. In cases wherein CE is less than ORR, the trading participant can continue operations but should submit a capital build-up plan which should be realized within 90 days from time of breach.

Relevant information relating to the RBCA ratio calculation at December 31 follows:

	2023	2022
NLC	1,238,356,860	1,417,171,475
TRCR	78,392,018	85,709,911
RBCA ratio	1,580%	1,653%

As at December 31, the Company's compliance with the other RBCA requirements is summarized as follows:

	2023	2022
NLC	1,238,356,860	1,417,171,475
NLC as a percentage of AI	413%	1,011%
AI as a percentage of NLC	24%	10%
CE	1,329,466,948	1,507,416,606
ORR	78,391,917	85,657,036

The Company has fully complied with the RBCA requirements of the SEC as at December 31, 2023 and 2022.

21 Summary of material accounting policies

The material information of the principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to both years presented, unless otherwise stated.

21.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs). The term PFRSs, in general, includes all applicable PFRSs, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC), which have been approved by the Financial and Sustainability Reporting Standards Council and adopted by the SEC. PFRSs are substantially aligned with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB).

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at FVTPL.

The preparation of these financial statements in conformity with PFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 19.

Changes in accounting policy and disclosures

(a) Amendments to existing standard adopted by the Company

The Company has adopted the following amendments to existing standard effective January 1, 2023:

- Amendment to PAS 1, '*Presentation of Financial Statements*' and PFRS Practice Statement 2

The amendments require entities to disclose their material rather than their significant accounting policies. The amendments define what is a 'material accounting policy information' and explain how to identify when accounting policy information is material. It further clarifies that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

To support these amendments, PFRS Practice Statement 2 Making Materiality Judgements was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The adoption of the amendments of PAS 1 was considered by the Company in the December 31, 2023 financial statements by disclosing material accounting policy information rather than significant accounting policies. All other amendments to existing standards are not expected to have a material impact on the financial statements of the Company.

There are no other new standards, amendments to existing standards or interpretations effective subsequent to January 1, 2023 that may be relevant or have a material impact on to the Company's financial statements.

21.2 Financial assets

(a) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through other comprehensive income (FVOCI),
- those to be measured subsequently at FVTPL, and
- those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

The Company does not hold financial assets at FVOCI and debt securities at FVTPL as at December 31, 2023 and December 31, 2022.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset.

Financial assets - amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other operating income, net, using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other operating income, net, together with foreign exchange gains and losses, if any. Impairment losses, if any, are presented in operating expenses in the statement of total comprehensive income.

The Company's financial assets at amortized cost consist of cash (Note 2), trade receivables from customers and clearing house (Note 3), other receivables from related parties which are included in other current assets and receivable on excess contributions to the CTGF and security deposits which are included in other non-current assets (Note 7) in the statement of financial position.

Equity instruments

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Company's equity instruments, which pertain to club shares, are measured at FVTPL as at December 31, 2023 and 2022.

(c) Impairment and write-off

The Company applies the simplified approach in measuring ECL which uses a lifetime expected loss allowance for all receivables. To measure the ECL, receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of counterparties over a period of 36 months and the corresponding historical credit losses experienced by the Company. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the inflation rate of the country in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 90 days past due. Impairment losses on receivables, if any, are presented as part of Operating expenses in the statement of total comprehensive income. Subsequent recoveries of amounts previously written off, if any, are credited to Other operating income, net.

21.3 Financial liabilities

The Company classifies its financial liabilities in the following categories: (a) at FVTPL; and (b) at amortized cost. As at December 31, 2023 and 2022, the Company has only liabilities at amortized cost.

Financial liabilities measured at amortized cost pertain to financial liabilities that are not held for trading or not designated as at FVTPL upon the inception of the liability. These are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Current financial liabilities consist of trade payables to customers, clearing house and other broker (Note 3), other current liabilities (excluding due to the BIR and provision for management bonus) (Note 8) and lease liabilities (Note 15).

21.4 Determination of fair values

The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Company classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The Company classifies its fair value measurement of financial assets at FVTPL as Level 3.

21.5 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

The financial assets and liabilities subject to offsetting as at December 31, 2023 and 2022 are disclosed under Note 20.3.

21.6 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and amortization and impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Depreciation is calculated using the straight-line method to allocate cost to residual values over the estimated useful lives of the assets. Leasehold improvements are amortized over the term of the lease or estimated useful life of the improvements, whichever is shorter. The useful lives of the assets are as follows:

Furniture and fixtures	10 years
Office space	3 to 10 years
Computer and other equipment	3 to 5 years

The assets' residual values and useful lives are reviewed at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 21.8).

Asset in progress is initially recognized at cost and will be depreciated once completed and available for use. The cost of asset in progress includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items on the site on which it is located.

The Company derecognizes the carrying amount of an item of property and equipment on disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss.

21.7 Trading right

Trading right, which is an intangible asset with an indefinite useful life, is carried at cost. Trading right is derecognized when the asset has no future economic benefits or the asset has been extinguished. The carrying amount of trading right is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount (Note 21.8).

21.8 Impairment of non-financial assets

Non-financial assets that have finite useful lives, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that carrying amounts may not be recoverable. Intangible assets with indefinite lives, such as trading right, are reviewed for impairment annually and whenever events or changes in circumstances indicate that carrying amounts may not be recoverable.

An impairment loss is recognized in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets for which an impairment loss has been recognized are reviewed for possible reversal of impairment at each reporting date.

As at December 31, 2023 and 2022, there are no indications of impairment or changes in circumstances that may suggest that the Company's non-financial assets may not be recoverable.

21.9 Income recognition

Commission income

The Company generates revenue from providing broking services in its normal course of business.

The Company recognizes revenue when the Company satisfies a performance obligation by transferring a promised service to a customer.

The services being provided by the Company represent a single performance obligation. Thus, revenue is recognized once service is rendered to various parties over time.

No element of significant financing is deemed present as the services are rendered and settlement happens after two days (2022 - three days) from the trade date, which is consistent with the market practice.

On August 11, 2023, the SEC issued amendments to shorten the settlement cycle as per Memorandum Circular No. 11-2023. The amendments shortened the settlement cycle to T+2 from the previous T+3 settlement cycle.

Interest income

Interest income on bank deposits, which is presented gross of tax paid or withheld, is recognized on a time proportion basis using the effective interest rate method.

21.10 Foreign currency transactions and translation

(a) Functional and presentation currency

Items in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in Philippine Peso, which is the functional currency of the Company.

(b) Transactions and balances

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at transaction dates. Monetary balances are subsequently revalued using the exchange rate prevailing at reporting date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

21.11 Income tax

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date.

For the purposes of income tax calculation in 2023 and 2022, the Company has decided to avail the OSD as provided for under Revenue Regulations No. 16-2008 and No. 2-2010.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (net operating loss carryover or NOLCO) and unused tax credits (excess minimum corporate income tax or MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences, NOLCO and MCIT can be utilized. The Company reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

Deferred income tax liabilities are recognized in full for all taxable temporary differences, except to the extent that the deferred income tax liability arises from the initial recognition of goodwill.

21.12 Employee benefits

(a) Short-term employee benefits

Salaries, wages, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the financial year in which the associated services are rendered by the employees of the Company.

Equity compensation benefits

Salaries and wages include equity compensation expenses arising from the grant of stock-based awards to the employees of the Company. The details of the stock-based awards available are described in Note 16.

The fair value of the employees services received in exchange for the grant of stock-based awards is recognized as an expense in the statement of total comprehensive income with a corresponding increase in the liability of the Company. The total amount to be recognized over the vesting period is determined by reference to the fair value of the stock-based awards on the date of grant. Non-market vesting conditions are included in the estimation of the number of shares that are expected to become exercisable on the vesting date.

(b) Retirement benefits

A defined contribution plan is a pension plan under which the Company pays fixed contributions to a Trustee-administered fund.

The Company has a funded non-contributory defined contribution retirement plan covering all its full-time regular employees. Under the plan, the normal retirement age is 60 years. However, any qualified employee may elect to retire on the first day of the month following the attainment of the age of 50 years, provided that he/she has rendered at least 10 years of credited service.

The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The Company, however, is covered under Republic Act (RA) No. 7641, *The Retirement Pay Law*, which provides for its qualified employees a defined benefit with minimum guarantee. The defined benefit minimum guarantee is equivalent to a certain percentage of the monthly salary payable to an employee at normal retirement age with the required credited years of service based on the provisions of RA No. 7641.

Accordingly, the Company accounts for its retirement obligation using the higher of the defined benefit obligation relating to the minimum guarantee, and the obligation arising from the defined contribution plan.

For the defined benefit minimum guarantee plan, the liability is determined based on the present value of the excess of the projected defined benefit obligation over the projected defined contribution obligation at the end of the reporting period. The defined benefit obligation is calculated annually by a qualified independent actuary using the projected unit credit method. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognized in profit or loss.

The defined contribution liability, on the other hand, is measured at the fair value of the defined contribution assets upon which the defined contribution benefits depend, with an adjustment for margin on asset returns, if any, where this is reflected in the defined contribution benefits.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income.

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The amount of pension asset recognized in the books is reduced by the amount of asset ceiling, as applicable.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains or losses on the settlement of a defined benefit plan when the settlement occurs.

(c) Bonus plans

The Company recognizes a liability and an expense for bonuses based on the discretion of local and regional management. The Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

21.13 Leases

The Company recognizes lease ROU asset and lease liability at the lease commencement date. The ROU asset is included in Property and equipment, net, particularly in office space, and the lease liability is included in current and non-current liabilities in the statement of financial position.

The ROU asset is initially measured at cost, which comprises the initial amount of the lease liabilities adjusted for any lease payments made at or before the lease commencement date plus any initial direct costs incurred, less any lease incentives received. The ROU asset is subsequently depreciated on a straight-line basis from the commencement date to the earlier of the useful life of the ROU asset or the lease term. In addition, the ROU asset may be reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liabilities.

The lease liabilities is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. The lease liabilities is measured at amortized cost using a constant periodic rate of interest. When the lease liabilities is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset or is recorded in earnings if the carrying amount of the ROU asset has been reduced to zero.

22 Supplementary information required by the Bureau of Internal Revenue (BIR)

The following information, as required by Revenue Regulations No. 15-2010, is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

(i) Output value-added tax (VAT)

Output VAT declared for the year ended December 31, 2023 consists of:

	Gross amount of revenues	Output VAT
Sale of services Subject to 12% VAT	316,357,472	37,962,897

Output VAT payable as at December 31, 2023 amounts to P7.31 million and included as part of due to the BIR under other current liabilities (Note 8) in the statement of financial position.

(ii) Input VAT

Movements of input VAT for the year ended December 31, 2023 follow:

	Amount
Beginning of the year	524,254
Current year's domestic purchases/payments for:	
Services lodged under cost of services	3,925,243
Services lodged under other accounts	3,052,339
Input VAT claimed against output VAT	(5,254,242)
At end of the year	2,247,594

Unutilized input VAT is presented as part of other non-current assets (Note 7) in the statement of financial position.

(iii) Documentary stamp tax (DST)

There was no paid and/or accrued documentary stamp taxes as at and for the year ended December 31, 2023.

(iv) Withholding taxes

Withholding taxes paid and accrued as at and for the year ended and December 31, 2023 consist of:

	Paid	Accrued	Total
Withholding taxes on compensation	21,124,301	1,195,806	22,320,107
Final withholding tax	53,181,823	29,046	53,210,869
Expanded withholding tax	6,658,098	1,387,739	8,045,837
Fringe benefit tax	-	-	-
VAT input withheld	1,527,280	13,942	1,541,222
	82,491,502	2,626,533	85,118,035

Creditable withholding taxes, included as part of other non-current assets (Note 7), amount to P0.14 million as at December 31, 2023.

Withholding taxes accrued are included as part of due to the BIR under Other current liabilities (Note 8) in the statement of financial position.

(v) *All other local and national taxes*

All other local and national taxes paid for the year ended December 31, 2023 consist of:

	Amount
Municipal taxes and mayor's permit	487,920
Fringe benefit tax	-
Others	106,075
	<u>593,995</u>

The local and national taxes are charged to Taxes and licenses under Operating expenses (Note 13) in the statement of total comprehensive income.

Stock transaction taxes

Stock transaction taxes paid for the year ended December 31, 2023 amount to P373.29 million. Accrued stock transaction taxes as at December 31, 2023 amount to P2.40 million and presented under other current liabilities (Note 8). These stock transaction taxes were for the account of counterparties.

(vi) *Tax assessments and tax cases*

On November 29, 2021, the Company received a Letter of Authority (LOA) dated November 5, 2021, covering all internal revenue taxes for the period January 1 to December 31, 2018. This LOA replaces LOA No. 125-2020-00000172 dated August 3, 2020. On January 16, 2024, the Company received a Final Decision on Disputed Assessment (FDDA) and paid a total amount of P649,470, including penalties, on January 19, 2024.

There are no outstanding tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the BIR as at and for the year ended December 31, 2023.

The taxable years that are still open for tax examination relate to years 2020, 2021, and 2022. The Company did not receive any Preliminary or Final Assessment Notice on the open tax years.

All other information required by the BIR are disclosed in this note.

SCHEDULE I

J.P. Morgan Securities Philippines, Inc.

Computation of Risk Based Capital Adequacy (RBCA) Requirement
Pursuant to SRC Rule 49.1-A
December 31, 2023
(All amounts in Philippine Peso)

Assets	1,625,061,236
Less: Total liabilities	<u>299,600,555</u>
Equity as per books	<u>1,325,460,681</u>
Adjustments to equity per books	
Deduct: Deferred income tax	<u>1,335,423</u>
Equity eligible for net liquid capital	<u>1,324,125,258</u>
Less: Ineligible assets	
Property and equipment, net	21,392,421
Trading right	1,100,000
Negative exposure (SCCP)	563,965
Other current and non-current assets, including financial assets at fair value through profit or loss	<u>62,712,011</u>
Total ineligible assets	<u>85,768,397</u>
Net liquid capital (NLC)	<u>1,238,356,861</u>
Less: Operational risk requirement	78,391,917
Position risk requirement	101
Counterparty risk requirement	-
Total risk capital requirement (TRCR)	<u>78,392,018</u>
Net RBCA margin (NLC - TRCR)	<u>1,159,964,843</u>
Aggregate indebtedness (AI), net of exclusions	<u>299,600,555</u>
5% of Aggregate indebtedness	<u>14,980,028</u>
Required NLC (5% of AI or P5 million whichever is higher)	<u>14,980,028</u>
Net risk-based capital excess	<u>1,223,376,833</u>
Ratio of AI to NLC	<u>24%</u>
RBCA Ratio (NLC/TRCR)	<u>1580%</u>

SCHEDULE II

J.P. Morgan Securities Philippines, Inc.

Computation for Determination of Reserve Requirements
Under SRC Rule 49.2-B
December 31, 2023
(All amounts in Philippine Peso)

Free credit balance and other credit balances in customer securities accounts

Trade payables to customers	251,768,232
Trade payables to other broker	-
Trade payables to clearing house	-
	-

Aggregate credit items	251,768,232
------------------------	-------------

Debit balances in customers' cash and margin accounts excluding unsecured accounts and doubtful of collection

Trade receivables from customers	95,775,014
Trade receivables from clearing house	160,211,254
	160,211,254

Less: Unsecured portion	151,907
	151,907

Subtotal	255,834,361
	255,834,361

Less: 1% of subtotal	2,558,344
	2,558,344

Aggregate debit items	253,276,017
-----------------------	-------------

Excess of total debits over total credits	(1,507,785)
	(1,507,785)

Required reserve	-
	-

Special reserve account balance prior to computation	60,093,354
	60,093,354

J.P. Morgan Securities Philippines, Inc.

Information Relating to the Possession or Control Requirements
Under SRC Rule 49.2-A
December 31, 2023

1. Customers' fully paid securities and excess margin securities not in the broker's or dealer's possession or control as at December 31, 2023 for which instructions to reduce to possession or control had been issued as at the report date but for which the required action was not taken by respondent within the time frame specified under SRC Rule 49.2-A:

Market valuation	Nil
Number of items	Nil

2. Customers' fully paid securities and excess margin securities for which instructions to reduce to possession or control had not been issued as at the report date, excluding items arising from "temporary lags which result from normal business operations" as permitted under SRC Rule 49.2-A:

Market valuation	Nil
Number of items	Nil



Independent Auditor's Report

To the Board of Directors and Shareholder of
J.P. Morgan Securities Philippines, Inc.
25th Flr JPMorgan Chase & Co Tower Manila
9th Ave corner 38th Street
Uptown Bonifacio Taguig City Philippines 1635

In planning and performing our audit of the financial statements and supplemental schedules of J.P. Morgan Securities Philippines, Inc. (the "Company") as at and for the year ended December 31, 2023, we considered the Company's internal control structure, including procedures for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by Securities Regulation Code (SRC) Rule 68-3.c.ii-iv of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including tests of such practices and procedures that we considered relevant to the objectives stated in SRC Rule 68-3.c, in the following:

1. Making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under SRC Rule 49.1 and the reserve required by SRC Rule 49.2.
2. Making the monthly securities examinations, counts, verifications, comparisons, reconciliation and recording of differences required by SRC Rule 52.1.
3. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by SRC Rule 49.2.

The management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures for safeguarding securities. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures, and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of an internal control structure and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with Philippine Financial Reporting Standards.



Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate. Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the Auditing and Assurance Standards Council. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control structure, including procedures for safeguarding securities that we consider to be material weaknesses as defined above.

We understand that the practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the SRC and related regulations, and that the practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate as at December 31, 2023 to meet the SEC's objectives.

This report is intended solely for the use of the Board of Directors, shareholder, management, the SEC and the Philippine Stock Exchange, Inc. in their regulation of registered brokers dealers, and should not be used for any other purpose.

Isla Lipana & Co.

A handwritten signature in black ink, appearing to read "John John Patrick V. Lim".

John John Patrick V. Lim
Partner

CPA Cert. No. 83389

P.T.R. No. 0007706; issued on January 12, 2024 at Makati City

T.I.N. 112-071-386

BIR A.N. 08-000745-017-2021, issued on November 23, 2021; effective until November 22, 2024

BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
April 26, 2024

SCHEDULE V

J.P. Morgan Securities Philippines, Inc.

Results of the Monthly Securities Count Conducted Pursuant to SRC Rule 52.1.10

December 31, 2023

(All amounts in Philippine Peso, except number of shares)

SECURITY NAME	POSITION	MARKET VALUE	PCD	IN TRANSIT	IN BOX	TOTAL MARKET VALUE
AYALA CORPORATION	(18,430)	(12,550,830)	-	(18,430)	-	(12,550,830)
ACEN CORPORATION	27,000	118,260	-	27,000	-	118,260
ABOITIZ EQUITY VENTURES, INC.	(35,610)	(1,588,206)	-	(35,610)	-	(1,588,206)
AYALA LAND, INC.	17,300	595,985	-	17,300	-	595,985
ABOITIZ POWER CORPORATION	276,500	10,451,700	-	276,500	-	10,451,700
AREIT, INC.	500	16,700	-	500	-	16,700
BDO UNIBANK, INC.	42,490	5,544,945	-	42,490	-	5,544,945
BLOOMBERRY RESORTS CORPORATION	2,000,000	19,680,000	-	2,000,000	-	19,680,000
BANK OF THE PHILIPPINE ISLANDS	(61,174)	(6,349,861)	-	(61,174)	-	(6,349,861)
CEBU AIR, INC.	(4,100)	(133,250)	-	(4,100)	-	(133,250)
CENTURY PACIFIC FOOD, INC.	(1,142,900)	(35,372,755)	-	(1,142,900)	-	(35,372,755)
COSCO CAPITAL, INC.	(46,000)	(212,520)	-	(46,000)	-	(212,520)
CITICORE ENERGY REIT CORP.	3,000,000	7,680,000	-	3,000,000	-	7,680,000
EMPERADOR INC.	(202,000)	(4,211,700)	-	(202,000)	-	(4,211,700)
GLOBAL FERRONICKEL HOLDINGS, INC.	(16,000)	(32,960)	-	(16,000)	-	(32,960)
GLOBE TELECOM, INC.	(2,005)	(3,448,600)	-	(2,005)	-	(3,448,600)
GT CAPITAL HOLDINGS, INC.	600	354,000	-	600	-	354,000
ALLHOME CORP.	(986,000)	(1,104,320)	-	(986,000)	-	(1,104,320)
INTERNATIONAL CONTAINER TERMINAL SERVICES, INC.	(134,770)	(33,261,236)	-	(134,770)	-	(33,261,236)
JOLLIBEE FOODS CORPORATION	6,110	1,536,054	-	6,110	-	1,536,054
JG SUMMIT HOLDINGS, INC.	(509,800)	(19,448,870)	-	(509,800)	-	(19,448,870)
METROPOLITAN BANK & TRUST COMPANY	147,420	7,562,646	-	147,420	-	7,562,646
MEGAWORLD CORPORATION	886,855	1,747,104	-	886,855	-	1,747,104
MANILA ELECTRIC COMPANY	29,930	11,942,070	-	29,930	-	11,942,070
MANILA WATER COMPANY, INC.	19,400	360,840	-	19,400	-	360,840
ROBINSONS LAND CORPORATION	410,800	6,548,152	-	410,800	-	6,548,152
SEMIRARA MINING AND POWER CORPORATION	7,900	238,975	-	7,900	-	238,975
SM INVESTMENTS CORPORATION	(3,890)	(3,392,080)	-	(3,890)	-	(3,392,080)
SM PRIME HOLDINGS, INC.	144,300	4,747,470	-	144,300	-	4,747,470
SSI GROUP, INC.	(3,161,000)	(7,175,470)	-	(3,161,000)	-	(7,175,470)
PLDT INC.	(3,570)	(4,566,030)	-	(3,570)	-	(4,566,030)
UNIVERSAL ROBINA CORPORATION	(849,010)	(100,352,982)	-	(849,010)	-	(100,352,982)
WILCON DEPOT, INC.	(320,500)	(6,698,450)	-	(320,500)	-	(6,698,450)
TOTAL IN TRANSIT	(479,654)	(160,775,219)	-	(479,654)		(160,775,219)
TAGAYTAY HIGHLAND INTERNATIONAL GOLF CLUB	1	3,000,000	-	-	1	3,000,000
THE COUNTRY CLUB AT TAGAYTAY	1	1,000,000	-	-	1	1,000,000
TOTAL IN BOX	2	4,000,000	-	-	2	4,000,000

J.P. Morgan Securities Philippines, Inc.

25th Flr JPMorgan Chase & Co Tower Manila, 9th Ave corner 38th Street
Uptown Bonifacio Taguig City Philippines 1635

Schedule of Financial Soundness Indicators
As at December 31, 2023 and 2022
(All amounts in Philippine Peso)

All secondary licensees of the Commission (financing companies, broker dealer of securities and underwriters) and public companies must present schedule showing financial soundness indicators in two comparative periods, as follows:

	2023	2022
Current assets	1,544,203,691	1,566,609,493
Current liabilities	288,219,766	125,774,811
Current ratio	536%	1,246%
Cash	1,282,535,113	1,461,880,748
Trade receivables	255,986,268	98,445,331
	1,538,521,381	1,560,326,079
Current liabilities	288,219,766	125,774,811
Quick ratio	534%	1,241%
Total liabilities	299,600,555	140,234,630
Equity	1,325,460,681	1,504,091,257
Debt to equity ratio	23%	9%
Total assets	1,625,061,236	1,644,325,887
Total liabilities	299,600,555	140,234,630
Solvency ratio	542%	1,173%
Total assets	1,625,061,236	1,644,325,887
Equity	1,325,460,681	1,504,091,257
Asset to equity ratio	123%	109%
Gross profit	197,876,708	258,408,278
Total commission income	305,793,067	363,790,304
Gross profit margin	65%	71%
Net income	72,050,344	87,693,449
Total commission income	305,793,067	363,790,304
Net profit margin	24%	24%
Net income	72,050,344	87,693,449
Total assets	1,625,061,236	1,644,325,887
Return on asset ratio	4%	5%
Net income	72,050,344	87,693,449
Equity	1,325,460,681	1,504,091,257
Return on equity ratio	5%	6%

J.P. Morgan Securities Philippines, Inc.
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Reconciliation of Retained Earnings Available for Dividend Declaration
 For the year ended December 31, 2023

Unappropriated Retained Earnings, beginning of the year	403,400,000
Add: Category A: Items that are directly credited to Unappropriated retained earnings	
Reversal of Retained earnings appropriation/s	-
Effect of restatements or prior-period adjustments	-
Others (describe nature)	-
Less: Category B: Items that are directly debited to Unappropriated retained earnings	
Dividend declaration during the reporting period	(250,000,000)
Retained earnings appropriated during the reporting period	(72,050,344)
Effect of restatements or prior-period adjustments	-
Others (describe nature)	-
Unappropriated Retained Earnings, as adjusted	81,349,656
Add/Less: Net Income (loss) for the current year	72,050,344
Less: Category C.1: Unrealized income recognized in the profit or loss during the year/period (net of tax)	
Equity in net income of associate/joint venture, net of dividends declared	-
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	(24,727)
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	(900,000)
Unrealized fair value gain of investment property	-
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-
	(924,727)
	71,125,617

J.P. Morgan Securities Philippines, Inc

Reconciliation of Retained Earnings Available for Dividend Declaration

For the year ended December 31, 2023

Page 2

Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)	-	
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	-	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Realized fair value gain of Investment property	-	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	-
		71,125,617
Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)	-	
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Reversal of previously recorded fair value gain of investment property	-	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	-	-
Adjusted net income/loss		71,125,617
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)		-
Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP		
Amortization of the effect of reporting relief	-	
Total amount of reporting relief granted during the year	-	
Others (describe nature)	-	-

J.P. Morgan Securities Philippines, Inc

Reconciliation of Retained Earnings Available for Dividend Declaration

For the year ended December 31, 2023

Page 3

Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)	-	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	-	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	-	
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-	
Others (describe nature)	-	-
Total Retained Earnings, end of the year available for dividend declaration		152,475,273
