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Submission Date/Time: **Apr 30, 2024 04:12 AM**
Company TIN: **000-089-167**

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Re: VICSAL SECURITIES & STOCK BROKERAGE, INC - AFS FOR THE YEAR 2023

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To: vssb_sec2005@yahoo.com

Date: Tuesday, April 30, 2024 at 12:10 PM GMT+8

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-- NOTICE TO COMPANIES --

Please be informed of the reports that shall be filed only through ictdsubmission@sec.gov.ph.

Pursuant to SEC MC Circular No. 3 s 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (pdf) through email at ictdsubmission@sec.gov.ph such as the following SECONDARY REPORTS:

1. 17-A 6. ICA-QR 11. IHAR 16. 39-AR 21. Monthly Reports
2. 17-C 7. 23-A 12. AMLA-CF 17. 36-AR 22. Quarterly Reports
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
2. FORM 1 - MC 19 8. Certificate-SEC Form MCG- 2009
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

Please be informed that the submission of the abovementioned eleven (11) reports through the ictdsubmission@sec.gov.ph shall no longer be accepted. For further information, please access this link Notice for guidance on the filing of reports:

Likewise, the following reports shall be filed through the Electronic Filing and Submission Tool (eFAST) at https://efast.sec.gov.ph/user/login :

1. AFS 7. IHFS 13. SSF
2. GIS 8. LCFS 14. AFS with Affidavit of No Operation
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

For the submission and processing of compliance in the filing of Memorandum Circular No. 28 Series of 2020, please visit this link – https://apps010.sec.gov.ph/

For your information and guidance.

> Thank you.

C O V E R S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1 7 4 2 7 2

COMPANY NAME

VICSAL SECURITIES AND STOCK BROKERAGE, INC.

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

UNIT 1910, 19TH FLOOR, PHILIPPINE STOCK EXCHANGE TOWER, 5TH AVENUE CORNER 28TH STREET, BONIFACIO GLOBAL CITY, TAGUIG CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
52AR	MRD	

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
vssb_sec2005@yahoo.com	N/A	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
11	01/23	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Frank S. Gaisano	frankgaisano@gmail.com	N/A	0960-407-1919

CONTACT PERSON's ADDRESS

Unit 1910, 19th floor, PSE Tower, 5th Avenue cor. 28th Street, BGC, Taguig City

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

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

VICSAL SECURITIES AND STOCK BROKERAGE, INC.
ANNUAL AUDITED FINANCIAL REPORT
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DECEMBER 31, 2023

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

COVER PAGE

Information Required of Brokers and Dealers Pursuant to Rule 52.1-5 of the Securities Regulation Code (SRC).

Report for the Year Beginning January 1, 2023 and Ending December 31, 2023.

IDENTIFICATION OF BROKER OR DEALER	
Name of Broker/Dealer:	Vicsal Securities and Stock Brokerage, Inc.
Address of Principal Place of Business:	Unit 1910, 19th Floor, PSE Tower, 5th Avenue cor. 28th Street, BGC, Taguig City
Name and Phone Number of Person to Contact in Regard to this Report	
Name: Frank S. Gaisano	Cel. No.: 0960-407-1919

IDENTIFICATION OF ACCOUNTANT

Name of Independent Auditors whose opinion is contained in this report:

Name: SyCip Gorres Velayo & Co. Tel. No.: 8891-0307
BOA/PRC Reg. No. 0001 Fax No.: 8818-0872
SEC Accreditation No. 0012-FR-4 (Group A)

Address: 6760 Ayala Avenue, Makati City

Certificate Number: 108795
Tax Identification No. 216-950-288
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-107-2023, September 12, 2023, valid until September 11, 2026
PTR No.: 10079900 Date Issued: January 5, 2024

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The Management of Vicsal Securities and Stock Brokerage, Inc. (the Company) is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, as of and for the years ended December 31, 2023 and 2022 in accordance with Philippine Financial Reporting Standards (PFRS), 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 is responsible for overseeing the Company's financial reporting process.

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

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

Frank S. Gaisano
Chairman & CEO

Mary Irish D. Gaisano
Treasurer

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Vicsal Securities and Stock Brokerage, Inc.
Unit 1910, 19th floor, PSE Tower,
5th Avenue cor. 28th Street,
BGC, Taguig City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Vicsal Securities and Stock Brokerage, Inc. (the Company), which comprise the statements of financial condition as at December 31, 2023 and 2022, and the statements of comprehensive income (loss), statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of 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).

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

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.

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.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 19 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 information is the responsibility of the management of Vicsal Securities and Stock Brokerage, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Ray Francis C. Balagtas

Ray Francis C. Balagtas
Partner
CPA Certificate No. 108795
Tax Identification No. 216-950-288
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-107-2023, September 12, 2023, valid until September 11, 2026
PTR No. 10079900, January 5, 2024, Makati City

April 29, 2024

VICSAL SECURITIES AND STOCK BROKERAGE, INC.
STATEMENTS OF FINANCIAL CONDITION

	2023			2022		
		Security Valuation			Security Valuation	
	Money Balance	Long	Short	Money Balance	Long	Short
ASSETS						
Current Assets						
Cash and cash equivalents (Note 6)	**₱13,777,157**			₱14,691,730		
Other receivables	**213,999**			241,746		
Other current assets (Note 8)	**257,404**			167,133		
	14,248,560			15,100,609		
Noncurrent Assets						
Financial assets at fair value through other comprehensive income (Note 7)	**22,848,100**	**22,848,100**		22,214,626	22,214,626	
Exchange trading right (Note 9)	**1,233,309**			1,233,309		
Deferred tax asset	**427,476**			585,844		
Property and equipment (Note 10)	**–**			26,000		
Other noncurrent assets (Note 8)	**723,077**			723,077		
	25,231,962			24,782,856		
	₱39,480,522			₱39,883,465		
Securities in box, transfer offices and Philippine Depository and Trust Corp			**₱23,212,002**			₱22,588,116

	2023			2022		
		Security Valuation			Security Valuation	
	Money Balance	**Long**	**Short**	Money Balance	Long	Short
LIABILITIES AND EQUITY						
Liabilities						
Current Liabilities						
Payable to customers (Note 11)	**₱6,120**	**₱363,902**		₱4,246	₱373,490	
Other current liabilities (Note 12)	**1,007,897**			601,866		
	1,014,017			606,112		
Noncurrent Liabilities						
Retirement liability (Note 13)	**741,231**			741,231		
Deferred tax liability	–			–		
	741,231			741,231		
	1,755,248			1,347,343		
Equity						
Share capital - 100 par value						
Authorized - 410,000 shares						
Issued and outstanding - 300,000 shares	**30,000,000**			30,000,000		
Retained earnings						
Appropriated	**7,900,563**			7,900,563		
Unappropriated	**1,107,140**			2,393,094		
Net unrealized gain on financial assets at fair value through other comprehensive income (Note 7)	**(1,282,429)**			(1,757,535)		
	37,725,274			38,536,122		
	₱39,480,522	**₱23,212,002**	**₱23,212,002**	₱39,883,465	₱22,588,116	₱22,588,116

VICSAL SECURITIES AND STOCK BROKERAGE, INC.
STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Years Ended December 31	
	2023	2022
REVENUE		
Dividends (Note 7)	**₱919,224**	₱950,224
Interest income (Notes 6 and 17)	**679,903**	311,635
	1,599,127	1,261,859
COST OF SERVICES		
Compensation and benefits	**347,148**	352,696
Stock exchange dues and fees	**13,540**	44,030
Central depository fees	**2,848**	2,968
	363,537	399,694
OPERATING EXPENSES		
Compensation and benefits	**302,562**	781,835
Professional fees	**355,054**	147,840
Directors' fees	**88,889**	88,889
Occupancy (Note 17)	**59,800**	59,950
Taxes and licenses	**52,307**	61,512
Depreciation (Note 10)	**26,000**	13,000
Provision for impairment losses	**-**	425,457
Miscellaneous expenses (Note 14)	**1,500,953**	1,090,166
	2,385,564	2,668,649
INCOME (LOSS) BEFORE INCOME TAX	**(1,149,974)**	(1,806,484)
PROVISION FOR INCOME TAX (Note 16)	**135,981**	62,327
NET LOSS	**(1,285,955)**	(1,868,811)
OTHER COMPREHENSIVE INCOME		
Item that will not be reclassified subsequently to profit or loss:		
Net unrealized gain (loss) on equity financial assets at fair value through other comprehensive income, net of tax (Note 7)	**475,106**	(3,356,775)
TOTAL COMPREHENSIVE INCOME (LOSS)	**(₱810,849)**	(₱5,225,586)

See accompanying Notes to Financial Statements.

VICSAL SECURITIES AND STOCK BROKERAGE, INC.
STATEMENTS OF CHANGES IN EQUITY

		Retained Earnings (Note 15)			Net Unrealized Gain (Loss) on Financial Assets at fair value through other comprehensive income	
	Share Capital	**Unappropriated**	**Appropriated**	**Total**	(Note 7)	**Total**
Balances at January 1, 2023	**₱30,000,000**	**₱2,393,094**	**₱7,900,563**	**₱10,293,657**	**(₱1,757,535)**	**₱38,536,122**
Net loss	–	**(1,285,955)**	–	**(1,285,955)**	–	**(1,285,955)**
Other comprehensive loss	–	–	–	–	**475,106**	**475,106**
Balances at December 31, 2023	**₱30,000,000**	**₱1,107,139**	**₱7,900,563**	**₱9,007,702**	**(₱1,282,429)**	**₱37,725,274**
Balances at January 1, 2022	₱30,000,000	₱4,261,905	₱7,900,563	₱12,162,468	₱1,599,240	₱43,761,708
Net loss	–	(1,868,811)	–	(1,868,811)	–	(1,868,811)
Other comprehensive income	–	–	–	–	(3,356,775)	(3,356,775)
Balances at December 31, 2022	₱30,000,000	₱2,393,094	₱7,900,563	₱10,293,657	(₱1,757,535)	₱38,536,122

See accompanying Notes to Financial Statements.

VICSAL SECURITIES AND STOCK BROKERAGE, INC.
STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	**(₱1,149,974)**	(₱1,806,484)
Adjustments for:		
Dividend income (Note 7)	**(919,224)**	(950,224)
Interest income (Notes 6 and 17)	**(679,903)**	(311,635)
Provision for impairment loss	**–**	425,457
Depreciation and amortization (Note 10)	**26,000**	13,000
Operating loss before working capital changes	**(2,723,101)**	(2,629,886)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivable from customers		
Other receivables	**27,747**	(128,276)
Other assets	**(90,270)**	(102,079)
Increase (decrease) in:		
Payable to customers	**1,874**	598
Other current liabilities	**406,031**	76,874
Net cash used in operations	**(2,377,719)**	(2,782,769)
Dividends received	**919,224**	950,224
Interest received	**679,903**	311,635
Income tax paid	**(135,981)**	(62,327)
Net cash used in operating activities	**(914,573)**	(1,583,237)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment (Note 11)	**–**	(39,000)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(914,573)**	(1,622,237)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**14,691,730**	16,313,967
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱13,777,157**	₱14,691,730

See accompanying Notes to Financial Statements.

VICSAL SECURITIES AND STOCK BROKERAGE, INC.
NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Vicsal Securities and Stock Brokerage, Inc. (the Company) is a domestic corporation, incorporated in the Philippines on February 28, 1990, and was licensed by the Securities and Exchange Commission (SEC) to engage in buying, selling of, or dealing in stocks, bonds and other securities for its own account as a dealer or for the account of others as a stockbroker and to render financial advisory services. The Company is both a stockholder of and a holder of an exchange trading right in the Philippine Stock Exchange, Inc. (PSE).

The Company's principal office address is Unit 1910, 19th floor, Philippine Stock Exchange Tower, 5th Avenue cor. 28th Street, Bonifacio Global City, Taguig City.

2. Summary of Material Accounting Policies

Basis of Preparation
The accompanying financial statements have been prepared on a historical cost basis except for financial assets at fair value through other comprehensive income (FVTOCI) which have been measured at fair value. The financial statements are presented in Philippine pesos (₱), which is also the Company's functional currency and all values are rounded to the nearest peso except when otherwise indicated.

Statement of Compliance
The accompanying financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year except for the following new, amendments and improvements to PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretation which became effective as of January 1, 2023. Except as otherwise indicated, these changes in the accounting policies did not have any significant impact on the financial position or performance of the Company:

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*
  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Material Accounting Policies

Current versus Noncurrent Classification

The Company presents assets and liabilities in the statement of financial condition based on current/noncurrent classification.

An asset or liability is current when it is:

- expected to be realized or intended to be sold or consumed or settled in normal operating cycle;
- held primarily for the purpose of trading; or
- expected to be realized or due to be settled within twelve months after the reporting date.

An asset is also current when it is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date. A liability is also current when there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting date.

All other assets or liabilities are classified as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

If an asset or a liability measured at fair value has a bid price and an ask price, the price within the bid-ask spread that is most representative of fair value in the circumstances shall be used to measure fair value regaradless of where the input is categorized within the fair value hierarchy.

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

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

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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. Short-term investment that has a term of more than three (3) months are not considered cash equivalents.

Financial Instruments - Initial Recognition

Date of recognition

Financial instruments are any contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company recognizes a financial asset or financial liability in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place are recognized on the trade date.

Classification of financial instruments

All financial instruments are initially recognized at fair value of the consideration given (in case of an asset) or received (in case of liability). Except for financial instruments at FVPL, the initial measurement of financial instruments includes transaction costs. Financial assets are measured at FVPL unless these are measured at FVOCI or at amortized cost. Financial liabilities are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of financial assets depends on the contractual terms and the business model for managing the financial assets. Subsequent to initial recognition, the Company may reclassify its financial assets only when there is a change in its business model for managing these financial assets. Reclassification of financial liabilities is not allowed.

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios. As a second step of its classification process, the Company assesses the contractual terms of financial assets to identify whether they pass the contractual cash flows test (SPPI test).

As of December 31, 2023 and 2022, the Company has equity financial assets classified as at FVOCI and its cash and cash equivalents and receivables (from customers and non-customers) are carried at amortized cost.

Business model test
The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel
- The risks that affect the performance of the business model and the financial assets held within that business model and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment

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

The solely payments of principal and interest (SPPI) test
As a second step of its classification process, the Company assesses the contractual terms of financial instruments to identify whether they meet the SPPI test.

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

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

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

Financial assets at FVOCI
Equity securities designated as at FVOCI are those that the Company made an irrevocable election to present in other comprehensive income the subsequent changes in fair value. The designation is made on instrument-by-instrument basis. Equity securities at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for sale or disposal costs. Gains and losses arising from changes in fair value are recognized in other comprehensive income. When the asset is disposed of, the cumulative gain or loss previously recognized in other comprehensive income is not reclassified to profit or loss, but is reclassified directly within equity. Equity securities at FVOCI are not subject to impairment assessment.

Dividends earned on holding these equity instruments are recognized in the statement of comprehensive income when the Company's right to receive the dividends is established, unless the dividends clearly represent recovery of a part of the cost of the investment. Dividends earned are recognized in the statement of income under 'Dividends'.

Financial assets at amortized cost
A debt financial asset is measured at amortized cost if (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the effective interest rate (EIR) method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are integral part of the EIR. The amortization is included in 'Interest income' in the profit or loss and is calculated by applying the EIR to the gross carrying amount of the financial asset.

This accounting policy applies to 'Cash in bank', 'Receivables from customers' and 'Receivables from clearing house' and 'Other receivables' in the statement of financial condition.

Financial liabilities
Other financial liabilities are financial liabilities not classified or designated at FVTPL and contain contractual obligations to deliver cash or another financial asset to the holder or to settle the obligation other than by the exchange of a fixed amount of cash. After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Company's other financial liabilities include 'Payable to customers' and 'Other current liabilities'.

<u>Derecognition of Financial Assets and Liabilities</u>
Financial asset
A financial asset (or, where applicable a part of a financial asset or part of a group of financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially the risks and rewards of the asset but has transferred the control over the asset.

Financial liability
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

Write-offs
Financial assets are written off either partially or in their entirety when the Company no longer expects collections or recoveries within a foreseeable future. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to provision for credit losses.

Impairment of Financial Assets
The Company recognizes an ECL for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Assessment of Significant Increase in Credit Risk/Staging Assessment
For non-credit-impaired financial assets:
- Stage 1 is comprised of all non-impaired debt financial assets which have not experienced a SICR since initial recognition. The Company recognizes a 12-month ECL for Stage 1 debt financial assets.
- Stage 2 is comprised of all non-impaired debt financial assets which have experienced a SICR since initial recognition. The Company recognizes a lifetime ECL for Stage 2 debt financial assets.

For credit-impaired financial assets:
- Financial instruments are classified as Stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows from the financial instruments. The ECL model requires that lifetime ECL be recognized for these impaired financial instruments. The ECL model requires that lifetime ECL be recognized for these impaired financial assets.

Refer to Note 4 for the Company's ECL methodology.

Exchange Trading Right
Exchange trading right is carried at the amount allocated from the original cost of the exchange membership seat less allowance for credit and impairment loss, if any. The Company does not intend to sell the exchange trading right in the near future.

The exchange trading right is deemed to have an indefinite useful life as there is no foreseeable limit to the period over which this asset is expected to generate net cash inflows for the Company. It is tested annually or more frequently for any impairment in value. Any impairment loss is charged directly to profit loss.

Property and Equipment
Property and equipment is stated at cost less accumulated depreciation and any impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after items of property and equipment have been put into operation, such as repairs and maintenance, are charged against current operations in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of the item of property and equipment. When property and equipment are retired or otherwise disposed of, the cost and the related accumulated depreciation are removed from the accounts, and any resulting gain or loss is credited to or charged against current operations.

Depreciation is computed using the straight-line method over the estimated useful life of the respective assets. Leasehold improvements are amortized over the shorter between the lease terms taking into consideration the expected renewal of leases and estimated useful lives of the improvements. Computer equipment under property and equipment has an estimated useful life of 12 months.

The estimated useful lives and the depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

Impairment of Nonfinancial Assets
The Company assesses at each reporting date whether there is an indication that property and equipment may be impaired. Exchange trading right is tested for impairment annually, irrespective of whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for a nonfinancial asset is required, the Company makes an estimate of the nonfinancial asset's recoverable amount. A nonfinancial asset's recoverable amount is the higher of a nonfinancial asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the nonfinancial asset does not generate cash inflows that are largely independent of those from other nonfinancial assets or groups of nonfinancial assets. When the carrying amount of a nonfinancial asset exceeds its recoverable amount, the nonfinancial asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the nonfinancial asset.

An impairment loss is charged in profit or loss in the year in which it arises.

Impairment assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such a reversal is recognized in profit or loss. For property and equipment, after such a reversal, the depreciation expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Contingencies

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized but are disclosed in the financial statements when an inflow of economic benefit is probable.

Share Capital

Share capital is composed of common and preferred shares which are measured at par value for all shares issued and outstanding.

Retained Earnings

Retained earnings represent accumulated earnings and losses of the Company less dividends declared. Appropriated retained earnings represent accumulated appropriation of a certain minimum percentage of the Company's audited net income as required for every broker/dealer.

Revenue Recognition

Revenue from contracts with customers is recognized upon transfer of services to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Company has concluded that it is the principal in all of its revenue arrangements except for its brokerage transactions. The following specific recognition criteria must also be met before revenue is recognized:

Commissions

Commissions are recognized as income upon confirmation of trade deals. These are computed for every trade transaction based on a flat rate or a percentage of the amount of trading transaction, whichever is higher.

Interest income

Interest income is recognized in profit or loss as it accrues, taking into account the effective yield of the asset.

Dividends

Dividend income is recognized when the Company's right to receive payment is established.

Expense Recognition

Expenses encompass costs of administering the business and losses arising in the course of the ordinary activities of the Company. Expenses are recognized when incurred.

Income Taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. Tax rates and the tax laws used to compute the amount are those that are enacted or substantially enacted at the reporting date.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted as of the reporting date.

Deferred tax

Deferred tax is provided, using the balance sheet method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient taxable profit will be available against which the deductible temporary differences and carryforward of unused tax credits from excess MCIT and unused NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are applicable to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current tax and deferred tax relating to items recognized directly in OCI are recognized in the OCI and not in the statement of income.

Events After the Reporting Period

Post-year-end events that provide additional information about the Company's condition at the reporting date (adjusting events) are reflected in the financial statements. Post-year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

3. Significant Accounting Judgments and Estimates

The preparation of the financial statements in accordance with PFRS requires the Company to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses and disclosure of financial instruments with off-balance sheet risks and contingent assets and liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effect of any change in estimates is reflected in the financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to be able to continue in business for the foreseeable future. The financial statements are therefore prepared on a going concern basis.

Estimates

Recognition of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at each reporting date and reduces it to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

The Company did not recognize deferred tax assets on NOLCO as management assessed that it is not probable it will be able to generate sufficient taxable income that will allow the use of NOLCO and MCIT before the expiration. The Company, however, recognized deferred tax asset on temporary difference arising from retirement liability, which will only reverse upon payment of the liability and which management assessed it will be able to utilize the related tax benefits.

4. Financial Risk Management Objectives and Policies

The Company's financial assets such as cash and cash equivalents, receivables, and financial assets at FVTOCI arise directly from its operations. Its principal financial liabilities comprise payable to customers and clearing house, due to related parties and other current liabilities.

The Board of Directors (BOD) directs the Company's overall risk management strategy and performs an oversight function on the Company's implementation of its risk policies.

Risks are being measured through a Risk-Based Capital Adequacy (RBCA) ratio as mandated by the SEC. The RBCA ratio refers to the minimum level of capital that has to be maintained taking into consideration the size, complexity and business risk. Such risks that are considered in determining the capital requirement include, among others, operational, position and credit risks.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and market risk. Market risk includes interest rate risk and equity price risk. The Company's policies for managing the aforementioned risks are summarized below.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The nature of the business exposes the Company to a potential risk of loss due to a counterparty defaulting on a contract. To a stockbroker, credit risk, such as counterparty risk, settlement risk, large exposure risk and margin financing risk, normally arises from unsettled customer purchases, undelivered securities, unsettled loans and advances, margin lending, default by bond issuer and undelivered services, among others. The Company mitigates its credit risk by transacting with recognized and creditworthy customers on cash basis purchases only. The Company further limits its trading credit risk by its custody of the defaulting parties' shares of stock as collateral to the latter's purchases. In accordance with Risk-Based Capital Adequacy (RBCA)'s requirement, limit is imposed to avoid large exposure on single client/counterparty, single debt issue and single equity relative to a particular issuer company and its group of companies.

The Company's credit exposure arises mainly from clearing-related services for securities transactions.

Maximum exposure to credit risk after collateral held or other credit enhancements

As of December 31, 2023 and 2022, the Company does not have financial guarantees and loan commitments and other credit-related liabilities.

Risk concentrations of the maximum exposure to credit risk
Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Company's financial strength and undermine public confidence.

The Company's policies and procedures include specific guidelines which focus on maintaining a diversified portfolio. In order to avoid excessive concentrations of risk, identified concentrations of credit risks are controlled and managed accordingly.

Credit quality per class of financial assets
The credit quality of the financial assets of the Company is determined as follows:

a. Cash and cash equivalents
Cash and cash equivalents are considered high grade if invested or deposited in foreign and local banks belonging to the top banks in terms of resources and profitability.

b. Loans and receivables
- High grade - These are receivables which have a high probability of collection (the counterparty has the apparent ability to satisfy its obligation and the securities on the receivables are readily enforceable).
- Medium grade - These are receivables where collections are probable due to the reputation and the financial ability of the counterparty to pay but have been outstanding for a long period of time.
- Low grade - These are receivables from counterparties with history of default and with partially or unsecured accounts and are past due as of the reporting date.

As of December 31, 2023 and 2022, the Company's cash and cash equivalents (excluding cash on hand), receivables from customers and receivables from non-customers are all assessed to be High grade and thus credit risk is assessed to be minimal.

Impairment assessment
The Company measures a credit loss allowance on a financial asset based on whether it has had a significant increase in credit risk since initial recognition. Accordingly, the Company categorizes its financial assets into three categories:
- stage 1 - financial asset that has not had a significant increase in credit risk;
- stage 2 - financial asset that has had a significant increase in credit risk; and

- stage 3 - financial asset in default.

The Company applies the low credit risk simplification provided under PFRS 9 in the staging assessment of its cash and cash equivalents (excluding cash on hand), receivables and CTGF refundable deposits. Under this operational simplification the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition (i.e. under 'Stage 1') if the financial instrument is determined to have a low credit risk at the reporting date. In this case, an external rating of 'investment grade' is considered as having in low credit risk. Otherwise, those financial instruments that are non-investment grade' are under 'Stage 2'.

The Company calculates ECL either on an individual or a collective basis. The Company performs collective impairment by grouping exposures into smaller homogeneous portfolios based on a combination of borrower and account characteristics. Accounts with similar risk attributes (i.e. facility, security, credit rating, months-on-books, utilization and collateral type, etc.) are pooled together for calculation provisions based on the ECL models.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows

- PD – The *Probability of Default* is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.

- EAD – The *Exposure at Default* is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments

- LGD – The *Loss Given Default* is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD

- *Economic Overlays*
  The Company incorporates economic overlays into the measurement of ECL to add a forward-looking risk measure parallel to the expected future macroeconomic atmosphere. A broad range of economic indicators were considered for the economic inputs. The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To address this, quantitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

The Company's financial assets (except receivable from customers, the ECL of which is measured applying the simplified approach) are classified as Stage 1 financial assets as of December 31, 2023 and 2022. Management determined that ECL is negligible, thus, no provision is recognized based on the following:

Receivables from customers are very minimal as of December 31, 2023 and 2022. Receivable from clearing house as of December 31, 2023 and 2022 are settled at T+2 and T+3 as a matter of policy.

Other receivables from non-customers consist of advances to employees and officers which are collectible through salary deduction and interest receivable on short-term placements with counterparties with high external credit ratings.

Liquidity Risk

Liquidity risk is generally defined as the current and prospective risk to earnings or capital arising from the Company's inability to meet its obligations when they become due without incurring unacceptable losses or costs. The Company's liquidity risk is managed by holding sufficient liquid assets to ensure short-term funding requirements are met. Deposits with banks are made on a short-term basis with almost all being available on demand or within three months. Liquidity is monitored by the Company on a regular basis.

The following tables summarize the maturity profile of the Company's financial liabilities as of December 31, 2023 and 2022 based on undiscounted contractual cash flows. The table also analyzes the maturity profile of the Company's financial assets in order to provide a complete view of the Company's contractual commitments and liquidity.

	2023					
	On demand	**Less than 3 months**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**Total**
Financial Assets						
Loans and receivables:						
Cash and cash equivalents*	**₱1,994,397**	**₱11,806,167**	**₱–**	**₱–**	**₱–**	**₱13,800,564**
Other receivables	**–**	**213,999**	**–**	**–**	**–**	**213,999**
Financial assets at FVTOCI	**–**	**–**	**–**	**–**	**22,848,100**	**22,848,100**
	₱1,994,397	**₱12,020,166**	**₱–**	**₱–**	**₱22,848,100**	**₱36,862,663**
Financial Liabilities						
Payable to customers	**₱–**	**₱1,874**	**₱–**	**₱4,246**	**₱–**	**₱6,120**
Other current liabilities**	**–**	**982,385**	**–**	**–**	**–**	**982,385**
	₱–	**₱984,259**	**₱–**	**₱4,246**	**₱–**	**₱988,505**

**Includes future interests*
***Excludes other current liabilities representing statutory payables and other liabilities to various government agencies amounting to ₱25,512*

	2022					
	On demand	Less than 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Total
Financial Assets						
Loans and receivables:						
Cash and cash equivalents*	₱3,460,676	₱11,249,772	₱–	₱–	₱–	₱14,710,449
Other receivables	–	241,746	–	–	–	241,746
Financial assets at FVTOCI	–	–	–	–	22,214,626	22,214,626
	₱3,460,676	₱11,491,519	₱–	₱–	₱22,214,626	₱37,166,821
Financial Liabilities						
Payable to customers	₱–	₱598	₱–	₱3,648	₱–	₱4,246
Other current liabilities**	–	577,378	–	–	–	577,378
	₱–	₱577,976	₱–	₱3,648	₱–	₱581,624

**Includes future interests*
***Excludes other current liabilities representing statutory payables and other liabilities to various government agencies amounting to ₱24,488*

Market Risk

Market risk is the risk of loss to future earnings, to fair value or future cash flows of a financial instrument as a result of changes in its price, caused by changes either in interest rates, equity prices and other market factors. The central focus of risk measurement of this type of risk is the Company's financial assets at FVOCI.

Equity price risk

Equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual stocks.

The following table sets forth, for the year indicated, the impact of changes in the PSE index (PSEi) on the Company's 'Net unrealized gain on financial assets at FVOCI' for 2023 and 2022:

	2023		2022	
Changes in PSEi	**14.04%**	**(14.04%)**	20.55%	(20.55%)
Change on trading income at equity portfolio under:				
Industrial	**₱1,100,643**	**(₱1,100,643)**	₱2,170,592	(₱2,170,592)
Financial institutions	**420,216**	**(420,216)**	310,990	(310,990)
Mining and oil	**22,827**	**(22,827)**	55,974	(55,974)
	₱1,543,687	**(₱1,543,687)**	₱2,537,556	(₱2,537,556)
As a percentage of the Company's net unrealized gain (loss) for the year (gross of tax)	**120.4%**	**(120.4%)**	144.4%	(144.4%)

The sensitivity of the equity is the effect of the assumed changes in the PSEi on the "Net unrealized gain or loss on financial assets at FVOCI" in 2023 and 2022, based on the adjusted beta rate of equity securities at each reporting date.

5. Fair Value Measurement

The carrying values of the Company's financial assets at FVOCI as of December 31, 2023 and 2022 are equal to their fair values, which are based on quoted market prices classified under Level 1 in the fair value hierarchy.

All other financial assets and financial liabilities of the Company have carrying amounts that approximate their fair values due to their relative short-term maturities.

As of December 31, 2023 and 2022, the Company has no financial instruments with fair values classified under Level 2 and Level 3. There were no transfers between levels in 2023 and 2022.

6. Cash and Cash Equivalents

This account consists of:

	2023	2022
Cash on hand	**₱10,000**	₱10,000
Cash in banks	**2,014,124**	3,450,676
Short-term placements (Note 18)	**11,753,034**	11,231,054
	₱13,777,157	₱14,691,730

Cash in banks earns interest at the respective bank deposit rates. Short-term placements are made for varying periods of up to three months depending on the immediate cash requirements of the Company and earn interest ranging from 3.40% to 4.20% in 2023 and from 1.20% to 3.00% in 2022. Interest income from cash and cash equivalents amounted to ₱0.68 million and ₱0.31 million in 2023 and 2022.

In compliance with SRC Rule 49.2-1, *Physical Possession or Control of Securities*, covering customer protection and custody of securities, the Company maintains a special reserve bank account for the exclusive benefit of its customers (included under Cash in banks) amounting to ₱0.57 million as of December 31, 2023 and 2022. The Company's reserve requirement is determined monthly based on the SEC's prescribed computations.

As of December 31, 2023 and 2022, the Company's reserve accounts are adequate to cover its reserve requirements.

7. Financial Assets at FVOCI

As of December 31, 2023 and 2022, equity instruments designated as financial assets at FVOCI include investment in shares of listed companies. The Company holds non-controlling interests in these companies. These investments were irrevocably designated as such since the Company considers these investments to be strategic in nature.

Financial assets at FVOCI as of December 31, 2023 and 2022 consist of:

Investments in equity instruments	**2023**	2022
First Philippine Holdings Corporation	**₱17,307,500**	₱16,767,506
Philippine Stock Exchange (Note 9)	**5,270,000**	4,898,000
Omico Mining Incorporated	**17,600**	21,120
Manila Mining Corporation	**253,000**	528,000
	₱22,848,100	₱22,214,626

As of December 31, 2023 and 2022, the unrealized gain (loss) on financial assets at FVOCI recognized in equity amounted to (₱1.28) million and (₱1.76) million, respectively.

The rollforward of net unrealized gain(loss) on financial assets at FVOCI (net of deferred tax) in 2023 and 2022 follows:

	2023	2022
Balance at beginning of the year	**(₱2,343,349)**	₱2,132,321
Fair value changes during the year	**633,474**	(4,475,700)
Balance as at end of year, gross of tax	**(1,709,905)**	(2,343,379)
Income tax effect	**427,476**	585,844
Balance as the end of year	**(₱1,282,429)**	(₱1,757,535)

Dividends received from financial assets at FVOCI in 2023 and 2022 amounted to ₱0.92 million and ₱0.95 million, respectively.

8. Other Assets

This account consists of:

	2023	2022
Current		
Creditable withholding tax	**₱385,831**	₱385,831
Input tax	**515,727**	425,457
Prepaid insurance	**41,871**	41,870
	943,429	853,158
Allowance for impairment losses	**(686,025)**	(686,025)
	₱257,404	₱167,133

The allowance for impairment losses relates to creditable withholding tax and input tax.

Noncurrent assets

On March 13, 2018, the PSE approved the Securities and Clearing Corporation of the Philippines (SCCP) proposed amendments to SCCP Rule 5.2 and Operating Procedure 4.3.1.3, making the Clearing Members' contribution to the Clearing and Trade Guaranty Fund (CTGF) refundable to Clearing Members upon cessation of their business and/or termination of their membership with SCCP, under certain conditions.

	2023	2022
Non Current		
CTGF refundable deposits	**₱723,077**	₱723,077

9. Exchange Trading Right and Investment in PSE Shares

The carrying values of the investment in PSE shares (included under 'Financial assets at FVOCI' as of December 31, 2023 and 2022) and exchange trading right are as follows:

	2023	2022
Investment in PSE shares (Note 7)	**₱5,270,000**	₱4,898,000
Exchange trading right	**1,233,309**	1,233,309
	₱6,503,309	₱6,131,309

The Company owns 31,000 PSE shares as of December 31, 2023 and 2022.

As of December 31, 2023 and 2022, the latest transacted price of the exchange trading right (as provided by the PSE) amounted to ₱8.00 million. As of the same dates, the market value of a PSE share is quoted at ₱170.00 and ₱158.00, respectively.

No impairment loss was recognized on the exchange trading rights in 2023 and 2022.

10. **Property and Equipment**

The movement of the furniture and fixtures in account in 2023 are as follows:

	2023	2022
Cost		
Balances at beginning and end of the year	**₱39,000**	₱39,000
Accumulated Depreciation		
Balances at beginning of year	**13,000**	–
Depreciation	**26,000**	13,000
Balances at end of year	**39,000**	13,000
Net Book Value	**₱–**	₱26,000

	2023	2022
Cost		
Balances at beginning and end of the year	**₱26,000**	₱–
Accumulated Depreciation		
Balances at beginning of year	**₱26,000**	₱–
Depreciation	**(26,000)**	13,000
Balances at end of year	–	13,000
Net Book Value	**₱–**	₱26,000

11. **Payable to Customers**

This account consists of payable to customers which are due within one year as follows:

	2023		2022	
	Money Balance	**Security Valuation - Long**	Money Balance	Security Valuation - Long
With money balance	**₱6,120**	**₱76,871**	₱4,246	₱53,946
Without money balance	**–**	**287,031**	–	319,544
	₱6,120	**₱363,902**	₱4,246	₱373,490

12. **Other Current Liabilities**

This account consists of:

	2023	2022
Accrued expenses	**₱776,777**	₱363,645
Accounts payable	**156,583**	156,583
Others	**74,537**	81,638
	₱1,007,897	₱601,866

Accrued expenses pertains to professional fees, director’s fees, and rent and other utilities expenses.

Account Payable pertains to stale checks.

Others include SSS, Phil. Health, Pag-IBIG, output value-added tax (VAT), withholding taxes payable, accrued 13th month and other payables.

13. Retirement liability

The Company has no formal retirement plan for its employees. The Company's retirement liability amounted to ₱0.74 million as of December 31, 2023 and 2022.

Management has accrued retirement liability considering requirement of Republic Act 7641, an act providing for retirement pay to qualified private sector employees in the absence of any retirement plan. As of December 31, 2023 and 2022, the Company has 2 and 3 employees, respectively.

14. Miscellaneous Expenses

This account consists of:

	2023	2022
Repairs & Maintenance	**₱75,982**	₱–
Gas & Oil	**45,514**	–
Insurance	**41,870**	41,870
Postage, telephone and communication	**16,835**	15,184
Office supplies	**6,815**	17,941
Transportation and travel	**3,280**	43,837
Bank charges	**2,675**	5,001
Trainings and seminars	**600**	–
Miscellaneous	**1,307,382**	966,333
	₱1,500,953	₱1,090,166

'Miscellaneous' include non-operating fee billed by PSE and Audit Fee of CMIC for the Absence of AP since July 2022.

15. Capital Management

The primary objectives of the Company's capital management are to ensure that it complies with externally imposed capital requirements and to maintain strong credit ratings and healthy capital ratios in order to support its business and to maximize stockholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payments to shareholders or issue capital securities. No changes were made in the objectives, policies and processes from the previous years.

Regulatory Qualifying Capital

The Amended Implementing Rules and Regulations of the SRC effective February 28, 2004 include, among others, revisions in the terms and conditions for registration and subsequent renewal of license applicable to both exchange trading participants and non-exchange broker dealers as follows: (a) to allow a net capital of ₱2.50 million or 2.50% of Aggregate Indebtedness (AI), whichever is higher, for broker dealers dealing only in proprietary shares and not holding securities, (b) to allow the SEC to set a different net capital requirement for those authorized to use the RBCA model, and (c) to require unimpaired paid-up capital of ₱100.00 million for broker dealers, which are either first-time registrants or those acquiring existing broker dealer firms and will participate in a registered clearing agency; ₱10.00 million plus a surety bond for existing broker dealers not engaged in market making transactions; and ₱2.50 million for broker dealers dealing only in proprietary shares and not holding securities.

RBCA ratio of a broker dealer, computed by dividing the Net Liquid Capital (NLC) by the Total Risk Capital Requirement (TRCR), should not be less than 110.00%. NLC and TRCR are computed based on the existing SRC. NLC consists of total equity adjusted for allowance for market decline, subordinated liabilities, deferred tax assets, revaluation reserves, deposits for future stock subscription, minority interest, if any, contingencies and guarantees, and the total ineligible assets. Also, the AI of every stockbroker should not exceed 2,000.00% of its NLC and at all times shall have and maintain NLC of at least ₱5.00 million or 5.00% of the AI, whichever is higher.

Further, SEC Memorandum Circular No. 16 dated November 11, 2004 provides the guidelines on the adoption in the Philippines of the RBCA Framework for all registered brokers-dealers in accordance with the SRC. These guidelines cover the following risks: (a) position or market risk, (b) credit risks such as counterparty, settlement, large exposure, and margin financing risks, and (c) operational risk. On May 28, 2009, the SEC approved the PSE's Rules Governing Trading Rights and Trading Participants, which supersede the Membership Rules of the PSE. Section 8 (c) of Article 3 of the said rule requires trading participants to have a minimum unimpaired capital, as defined by the SEC, of 20.00 million effective December 31, 2009, and ₱30.00 million effective December 31, 2010 and onwards. This applies only to trading participants who opted to defer compliance with the ₱100.00 million unimpaired capital requirements. Other existing Broker Dealer applicants not meeting the ₱100.00 million capitalization and not seeking authorization to engage in market making transactions shall maintain a ₱30.00 million unimpaired paid-up capital, as such other amount as the Commission may prescribe, and file the required surety bond in lieu of the ₱100.00 million, as prescribed under SRC Rule 28.1.6.

On January 16, 2014, the Capital Markets Integrity Corporation (CMIC), the independent audit surveillance and compliance unit of PSE, issued a memorandum circular informing trading participants to maintain status quo for purposes of computing RBCA ratio despite the change in the financial statement presentation or receivables and payables for trading operations as required by the related accounting standards.

As of December 31, 2023 and 2022, the Company is in compliance with the RBCA ratio. The RBCA ratios of the Company as reported to the SEC as of December 31, 2023 and 2022 are shown in the table below:

	2023	2022
Equity eligible for NLC	**₱38,580,227**	₱37,950,278
Less: ineligible assets	**25,543,958**	23,641,069
NLC	**13,036,269**	14,309,209
TRCR - Operational risk	**₱220,065**	₱243,710
AI	**1,755,248**	1,347,343
5% of AI	**87,762**	67,367
Required NLC	**5,000,000**	5,000,000
Net risk-based capital excess	**8,036,269**	9,309,210
Ratio of AI to NLC	**13%**	9%
RBCA ratio	**5,924%**	5,871%

When aggregate indebtedness exceeds 1,700.00% of NLC and when RBCA ratio is less than 120.00%, which are critical levels, the Company must notify the SEC in writing of such occurrence within twenty-four (24) hours. The SEC may, after the receipt of the notice, direct the Company in the conduct of its operations and/or impose conditions, if necessary. The Company is given ten (10) days to effect its proposal and pending actual implementation and must notify the SEC of its daily NLC position.

Meanwhile, if operational risk becomes greater than core equity, the Company is allowed to continue operations provided a capital build up plan is submitted and realized within ninety (90) calendar days from the time of breach.

The following are the definition of terms used in the above computation:

Equity eligible for NLC
This pertains to equity as per books adjusted for all other liabilities which in substance can be treated as sources of capital, less ineligible equity items.

Ineligible assets
These pertain to fixed assets and assets which cannot be readily converted into cash.

Operational risk requirement
This amount is required to cover a level of operational risk. Operational risk is the exposure associated with commencing and remaining in business arising separately from exposures covered by other risk requirements. It is the risk of loss resulting from inadequate or failed internal processes, people and systems which include, among others, risks of fraud, operational or settlement failure and shortage of liquid resources or from external events.

Aggregate indebtedness
This is the total money liabilities of a broker dealer arising in connection with any transaction whatsoever, and includes, among other things, money borrowed, money payable against securities loaned and securities failed to receive, the market value of securities borrowed to the extent to which no equivalent value is paid or credited (other than the market value of margin securities borrowed from customers and margin securities borrowed from non-customers), customers' and non-customers' free credit balances, and credit balances in customers' and non-customers' account having short positions in securities, but subject to certain exclusions.

Reserves
In addition, SRC Rule 49.1 (B), *Reserve Fund*, of such circular requires that every broker dealer shall annually appropriate a certain minimum percentage of its audited profit after tax and transfer the same to 'Appropriated Retained Earnings' in accordance with the following schedule:

Unimpaired Paid Up Capital (amounts in millions)	Minimum Percentage of Profit After Tax to be Placed in Appropriated Retained Earnings
Between ₱10-30	30%
Between ₱30-50	20%
More than ₱50	10%

The amount appropriated shall not be available for payment of dividends. Where in any financial year, the Company's paid up capital is impaired, the Company is required to transfer from appropriated retained earnings to the capital account an amount equivalent to the impairment. Such amount so transferred out shall not be available for payment of dividend. The Company incurred net loss in 2023 and 2022. Thus, no appropriation of retained earnings was made in 2023 and 2022. As of December 31, 2023 and 2022, the Company's appropriated retained earnings amounted to ₱7.90 million.

16. Income and Other Taxes

Provision for income tax consists of:

	2023	2022
Current:		
Final	**₱135,981**	₱62,327
	₱135,981	₱62,327

On June 30, 2023, the Bureau of Internal Revenue issued Revenue Memorandum Circular (RMC) No. 69-2023 reverting the Minimum Corporate Income Tax (MCIT) rate to 2% of gross income effective July 1, 2023 pursuant to Republic Act (RA) No. 11534, otherwise known as the "Corporate Recovery and Tax Incentives for Enterprises (CREATE)" Act. MCIT rate was previously reduced from 2% to 1% effective July 1, 2020 to June 30, 2023 upon effectivity of CREATE Act in 2021.

In addition, Net Operating Loss Carry Over (NOLCO) is allowed as a deduction from taxable income in the next three (3) years from the date of inception, except for NOLCO recognized in 2020 and 2021. Pursuant to the implementation of RA No. 11494, otherwise known as Bayanihan to Recover As One Act, the Bureau of Internal Revenue, in its Revenue Regulations 25-2020 allowed the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years following the year of such loss.

Current tax regulations further provide that the optional standard deduction (OSD) equivalent to 40.0% of gross income may be claimed as an alternative deduction in computing for the RCIT. The Company elected to claim itemized instead of OSD expense deductions in computing for the RCIT in 2023 and 2022.

Final tax represents final withholding tax on gross interest income from deposit substitutes, paid at the rate of 20.0% for peso-denominated instruments.

EAR expenses amounted to nil in 2023 and 2022.

As of December 31, 2023, the Company has incurred NOLCO in taxable years 2020 and 2021 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Year incurred	Availment Period	Amount	NOLCO Applied Previous Years	NOLCO Expired	NOLCO Applied Current Year	NOLCO Unapplied
2021	2022-2026	₱2,411,208	₱–	₱–	₱–	₱2,411,208
2020	2021-2025	₱1,943,710	₱–	₱–	₱–	₱1,943,710
Total		₱4,354,918	₱–	₱–	₱–	₱4,354,918

As of December 31, 2023 and 2022, the Company has incurred NOLCO which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable is as follows:

Year incurred	Availment Period	Amount	NOLCO Applied Previous Years	NOLCO Expired	NOLCO Applied Current Year	NOLCO Unapplied
2023	2024-2026	₱2,749,101	₱–	₱–	₱–	₱2,749,101
2022	2023-2025	2,642,885	–	–	–	2,642,885
Total		₱5,391,986	₱–	₱–	₱–	₱5,391,986

The components of the Company's net deferred tax asset/(liability) as of December 31, 2023 and 2022 are as follows:

	2023	2022
Deferred tax asset (liability) on:		
Net unrealized loss in 2023 and gain in 2022 on financial assets at FVOCI (Note 7)	**₱427,476**	₱585,844
	₱427,476	₱585,844

Provision for (reversal of) for deferred tax recognized in OCI amounted to ₱0.16 million and (₱1.12 million) in 2023 and 2022, respectively.

The Company did not recognize deferred tax assets on NOLCO amounting to ₱9.75 million and ₱7.00 million as of December 31, 2023 and 2022 respectively, since management assessed that it is not probable it will be able to generate sufficient taxable income that will allow the use of NOLCO before the expiration (Note 3).

A reconciliation of statutory income tax to effective income tax follows:

	2023	2022
Income (loss) at statutory tax rate of 20%	**(₱229,995)**	(₱373,762)
Tax effects of:		
Change in unrecognized deferred tax assets	**549,820**	501,480
Income exempt from tax	**(183,845)**	(190,045)
Effective income tax	**₱135,981**	₱62,327

17. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence, referred to as affiliates. Related parties may be individuals or corporate entities.

The Company's transactions with the related parties in 2023 and 2022 follow:

	Outstanding balance/volume		
Category	**2023**	2022	**Terms and Conditions**
Affiliates			
ABCIC - TID			
Short-term placements	–	–	Short-term placements ranging from 28-30 days with interest rates of 1.50%-3.30%
Withdrawals	–	4,039,441	
Interest income	–	45,842	
TAFT PROPERTY			
Accrued Expense	**14,588**	10,388	Rent and Utilities Payable
Occupancy	**44,661**	51,700	
Payments	**(59,249)**	(62,088)	

As of December 31, 2023 and 2022, the Company has less than five employees. There is no key management compensation since the key management roles are functionally domiciled under the Parent Company at no cost to the Company.

18. Approval for the Release of Financial Statements

The accompanying comparative financial statements were approved and authorized for issue by the BOD on April 29, 2024.

19. Report on Supplementary Information Required Under Revenue Regulations 15-2010

The Company reported and/or paid the following types of taxes for the year:

VAT

Under Republic Act No. 9337, the Company is liable to pay 12% output VAT on commissions and other income received in the regular course of its business. The Company is also entitled to claim input VAT on purchases of goods and services from VAT-registered suppliers subject to its compliance with requirements of existing laws and regulations.

Details of the Company's net receipts, output VAT and input VAT accounts are as follows:

a. Output VAT

As of December 31, 2023, the Company has no taxable receipts and output VAT.

b. Input VAT

Balance at January 1, 2023	₱425,457
Current year's domestic purchases	90,270
Balance at December 31, 2023	₱515,727

Taxes and Licenses

This includes all other taxes, local and national, including real estate taxes, licenses and permit fees lodged under 'Taxes and licenses' in profit or loss.

In 2023, taxes and licenses consist of the following:

Licenses and permit fees	₱51,302
Community tax	1,005
	₱52,307

Withholding Taxes

Details of withholding taxes in 2023 follow:

	Total Remittances	Balance
Withholding taxes on compensation and benefits	₱1,100	₱644
Expanded withholding taxes	24,888	8,553
	₱25,988	₱9,197

Tax Assessment and Cases

The Company has no pending tax assessment as of December 31, 2023 and 2022.

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

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INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Vicsal Securities and Stock Brokerage, Inc.
Unit 1910, 19th floor, PSE Tower,
5th Avenue cor. 28th Street,
BGC, Taguig City

We have audited the financial statements of Vicsal Securities and Stock Brokerage, Inc. (the Company) as at and for the year ended December 31, 2023, on which we have rendered the attached report dated April 29, 2024.

In compliance with Securities Regulation Code Rule 68, we are stating that the Company has four (4) stockholders owning one hundred (100) or more shares each.

SYCIP GORRES VELAYO & CO.

Ray Francis C. Balagtas

Ray Francis C. Balagtas
Partner
CPA Certificate No. 108795
Tax Identification No. 216-950-288
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-107-2023, September 12, 2023, valid until September 11, 2026
PTR No. 10079900, January 5, 2024, Makati City

April 29, 2024

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

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Fax: (632) 819 0872
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**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
Vicsal Securities and Stock Brokerage, Inc.
Unit 1910, 19th floor, PSE Tower,
5th Avenue cor. 28th Street,
BGC, Taguig City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Vicsal Securities and Stock Brokerage, Inc. (the Company) as at and for the years ended December 31, 2023 and 2022 and have issued our report thereon dated April 29, 2024. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. Schedules I to VII on pages 37 to 44 are the responsibility of the management of Vicsal Securities and Stock Brokerage, Inc. These schedules are presented for purposes of complying with Securities Regulation Code Rule 52.1 and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Ray Francis C. Balagtas

Ray Francis C. Balagtas
Partner
CPA Certificate No. 108795
Tax Identification No. 216-950-288
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
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PTR No. 10079900, January 4, 2024, Makati City

April 29, 2024

VICSAL SECURITIES AND STOCK BROKERAGES, INC
INDEX TO THE SUPPLEMENTARY SCHEDULES

Annex A: Supplementary Schedules Required by Securities Regulation Code 52.1

- Statement of changes in liabilities subordinated to claims of general creditors (Schedule I)
- Computation of risk-based capital adequacy requirement pursuant to SEC Memorandum Circular No. 16 (Schedule II)
- Information relating to the possession or control requirements under SRC Rule 49.2 - Annex 49.2-A (Schedule III)
- Computation for determination of reserve requirements under SRC Rule 49.2 - Annex 49.2-B (Schedule IV)
- A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit (Schedule V)
- Results of monthly securities count conducted pursuant to SRC Rule 52.1.10 as of balance sheet date (Schedule VI)
- Schedule showing financial soundness indicators in two comparative periods under SRC Rule 68 as of balance sheet date (Schedule VII)

SCHEDULE I

VICSAL SECURITIES AND STOCK BROKERAGE, INC.
STATEMENT OF CHANGES IN LIABILITIES
SUBORDINATED TO CLAIMS OF GENERAL CREDITORS
DECEMBER 31, 2023

There are no liabilities subordinated to claims of general creditors.

SCHEDULE II

VICSAL SECURITIES AND STOCK BROKERAGE, INC.
RISK-BASED CAPITAL ADEQUACY WORKSHEET PURSUANT TO SEC MEMORANDUM CIRCULAR NO. 16
DECEMBER 31, 2023

Assets	**39,480,522**
Liabilities	**1,755,248**
Equity as per books	**37,725,274**
Adjustments to Equity per books	
Add (Deduct):	
Allowance for market decline	
Subordinated Liabilities	
Unrealized Gain / (Loss) in proprietary accounts	
Deferred Income Tax	**(427,476)**
Revaluation Reserves	**1,282,429**
Deposit for Future Stock Subscription (No application with SEC)	
Minority Interest	
Total Adjustments to Equity per books	**854,953**
Equity Eligible For Net Liquid Capital	**38,580,227**
Contingencies and Guarantees	
Deduct: Contingent Liability	
Guarantees or indemnities	
Ineligible Assets	
a. Trading Right and all Other Intangible Assets (net)	1,233,309
b. Intercompany Receivables	
c. Fixed Assets, net of accumulated and excluding those used as collateral	
d. Prepayment from Client for Early Settlement of Account	96,462
e. All Other Current Assets	
f. Securities Not Readily Marketable	
g. Negative Exposure (SCCP)	
h. Notes Receivable (non-trade related)	
i. Interest and Dividends Receivables outstanding for more than 30 days	
j. Ineligible Insurance claims	
k. Ineligible Deposits	
l. Short Security Differences	
m. Long Security Differences not resolved prior to sale	
n. Other Assets including Equity Investment in PSE	24,214,187
Total ineligible assets	**25,543,958**
Net Liquid Capital (NLC)	**13,036,269**
Less:	
Operating Risk Requirement	**220,065**
Position Risk Requirement	
Counterparty Risk Requirement	
Large Exposure Risk Requirement	
LERR to a single client	
LERR to a single debt	
LERR to a single issuer and group of companies	
Total Risk Capital Requirement (TRCR)	**220,065**
Net RBCA Margin (NLC-TRCR)	**13,924,887**
Liabilities	**1,755,248**
Add: Deposit for Future Stock Subscription (No application with SEC)	
Less: Exclusions from Aggregate Indebtedness	
Subordinated Liabilities	
Loans secured by securities	
Loans secured by fixed assets	
Others	
Total adjustments to AI	
Aggregate Indebtedness	**1,755,248**
5% of Aggregate Indebtedness	**87,762**
Required Net Liquid Capital (> of 5% of AI or P5M)	**5,000,000**
Net Risk-based Capital Excess / (Deficiency)	**8,036,269**
Ratio of AI to Net Liquid Capital	**13%**
RBCA Ratio (NLC / TRCR)	**5,924%**

SCHEDULE III

VICSAL SECURITIES AND STOCK BROKERAGE, INC.
INFORMATION RELATING TO THE POSSESSION OR
CONTROL REQUIREMENTS UNDER
SRC RULE 49.2
DECEMBER 31, 2023

Customers' fully paid securities and excess margin securities not in the broker's or dealer's possession or control as of the report date (for which instructions to reduce to possession or control had been issued as of the report date but for which the required action was not taken by respondent within the time frame specified under SRC Rule 49.2):

Market Valuation	NIL
Number of Items	NIL

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

Market Valuation	NIL
Number of Items	NIL

SCHEDULE IV

VICSAL SECURITIES AND STOCK BROKERAGE, INC.
COMPUTATION FOR DETERMINATION OF
RESERVE REQUIREMENTS UNDER
SRC RULE 49.2
DECEMBER 31, 2023

Particulars	Credit	Debit
1. Free credit balance and other credit balance in customers' security accounts	₱165,714	
2. Monies borrowed collateralized by the securities carried for the account of customers	–	
3. Monies payable against customers' securities loaned.	–	
4. Customers' securities failed to receive	–	
5. Customer balances in firm accounts which are attributable to principal sales to customer.	–	
6. Market Value of stock dividends, stock splits and similar distributions receivable outstanding over 30 calendar days old	–	
7. Market Value of the short security count differences over 30 calendar days old	–	
8. Market Value of short securities and credits (not to be offset by long or by debits) in all suspense accounts over 30 calendar days.	–	
9. Market Value of securities which are in transfer in excess of 40 calendar days and have not been confirmed to be in transfer by the transfer agent or the issuer during the 40 days.	–	
10. Debit balances in customers' cash or margin accounts excluding unsecured accounts and accounts doubtful of collection.		–
11. Securities borrowed to effectuate short sales by customer and securities borrowed to make delivery on customers' securities failed to deliver		–
12. Failed to deliver customers' securities not older than 30 calendar days.		–
13. Others		–
Total	165,714	–
Net Credit (Debit)		165,713
Required Reserve (100% of Net Credit if making a weekly computation		–
or 105% if monthly)		173,999

SCHEDULE V

VICSAL SECURITIES AND STOCK BROKERAGE, INC.
A REPORT DESCRIBING ANY MATERIAL INADEQUACIES FOUND
TO EXIST OR FOUND TO HAVE EXISTED
SINCE THE DATE OF THE PREVIOUS AUDIT
DECEMBER 31, 2023

There were no matters involving the Company's internal control structure and its operations that were considered to be material weaknesses.

SCHEDULE VI

VICSAL SECURITIES AND STOCK BROKERAGE, INC.
RESULTS OF MONTHLY SECURITIES COUNT
CONDUCTED PURSUANT TO SRC RULE 52.1-10, AS AMENDED
DECEMBER 31, 2023

There is no discrepancy in the results of the securities count conducted. Refer to attached summary.

CODE	STOCK NAME	VAULT	CLEARIN G HOUSE	TRANSFER OFFICE	P C D	TOTAL SHARES	MARKET VALUE	TOTAL MARKET VALUE
ABSP	ABS-CBN HLDGS. PHIL.DEPOSIT RECEIPT	-	-	-	45	45	5	207
ACRMC	ACR MINING CORPORATION	12,740	-	-	-	12,740	-	-
ALI	AYALA LAND INC.	-	-	-	526	947	34	18,121
APL	APOLLO GLOBALCAPITAL, INC.	-	-	-	6,800	6,800	0	88
C	CHELSEA LOGISTICS HOLDINGS CORP.	-	-	-	1,000	1,000	2	1,500
CPG	CENTURY PROPERTIES GROUP INC.	-	-	-	5,000	5,000	0	1,400
DD	DOUBLEDRAGON PROPERTIES CORPORATION	-	-	-	600	600	8	4,560
EIBA	EXPORT INDUSTRY BANK	-	-	-	2	2	0	1
FFI	FILIPINO FUND, INC.	-	-	-	63	63	4	227
FPH	FIRST PHIL. HOLDINGS CORP.	-	-	-	276,920	276,920	63	17,307,500
GERI	GLOBAL-ESTATE RESORTS,INC.	-	-	-	1,000	1,000	1	950
ICT	INTL CONT TERMINAL SERV INC	-	-	-	87	87	247	21,472
MA	MANILA MINING CORP.	-	-	-	55,000,000	55,000,000	-	253,000
MON	MONDRAGON INTL. PHIL.	-	-	20,060	-	20,060	-	2,006
MRSGI	METRO RETAIL STORES GROUP, INC.	-	-	-	28,000	28,000	1	35,560
OM	OMICO MNG.	-	-	-	64,000	64,000	-	17,600
PCEV	PLDT COMM. & ENERGY VENTURES, INC.	300	-	-	-	300	3	840
PCOR	PETRON CORP.	-	-	-	1,600	1,600	4	5,680
PPI	PHILTOWN PROPERTIES, INC.	-	-	103,239	-	103,239	-	-
PSE	THE PHILIPPINE STOCK EXCHANGE, INC.	-	-	-	31,000	31,000	170	5,270,000
PTT	PHIL. TELEGRAPH & TEL. CORP.	-	-	-	100,000	100,000	-	33,000
SHLPH	PILIPINAS SHELL PETROLEUM CORP.	-	-	-	1,500	1,500	11	16,410
SMPH	SM PRIME HOLDINGS, INC.	-	-	-	5	5	33	165
TEL	PLDT INC.	-	-	-	115	115	1,279	147,085
UP	UNIVERSAL RIGHTFIELD	-	-	-	1,888,000	1,888,000	-	71,744
V	VANTAGE CORPORATION	-	-	-	3,750	3,750	1	2,882
		13,040	-	123,299	57,410,013	57,546,352		23,212,002

SCHEDULE VII

VICSAL SECURITIES AND STOCK BROKERAGE, INC.
SCHEDULE SHOWING FINANCIAL SOUNDNESS INDICATORS IN TWO COMPARATIVE PERIODS UNDER SRC RULE 68, AS AMENDED
AS OF DECEMBER 31, 2023 AND 2022

Ratio	Formula		2023	2022
Profitability ratios:				
Return on asset ratio	Net income/Average total assets		**-3.24%**	-4.37%
	Net loss	(1,285,955)		
	Divided by: Average total assets	39,681,994		
	Return on asset	-3.24%		
Return on equity ratio	Net income/Average total equity		**-3.37%**	-4.54%
	Net loss	(1,285,955)		
	Divided by: Average total equity	38,130,698		
	Return on equity	-3.37%		
Net profit margin	Net income/Net revenue			
	Net loss	(1,285,955)	**-80.42%**	-148.10%
	Divided by: Net revenue	1,599,127		
	Net profit margin	-80.42%		
Solvency and liquidity ratios:				
Current ratio	Current assets/Current liabilities		**1,405.16%**	2,491.39%
	Current assets	14,248,560		
	Divided by: Current liabilities	1,014,017		
	Current ratio	1,405.16%		
Debt-to-equity ratio	Total liabilities/Total equity		**4.65%**	3.50%
	Total liabilities	1,755,248		
	Divided by: Total equity	37,725,274		
	Debt-to-equity ratio	4.65%		
Quick ratio	Liquid assets/Current liabilities		**1,379.78%**	2,463.81%
	Cash	13,777,157		
	Receivables	213,999		
	Liquid assets	13,991,156		
	Divided by: Current liabilities	1,014,017		
	Quick ratio	1,379.78%		
Asset-to-equity ratio	Total assets/Total equity		**104.65%**	103.50%
	Total assets	39,480,522		
	Divided by: Total equity	37,725,274		
	Asset-to-equity ratio	104.65%		