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**Subject:** [EXTERNAL]SEC eFast Final Acceptance  
**Date:** Friday, May 02, 2025 6:54:39 PM  
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Greetings!

**SEC Registration No:** 0000183517  
**Company Name:** J.P. MORGAN SECURITIES PHILIPPINES INC.  
**Document Code:** SEC\_Form\_52-AR

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1. General Information Sheet (GIS-Stock)
2. General Information Sheet (GIS-Non-stock)
3. General Information Sheet (GIS- Foreign stock & non-stock)
4. Broker Dealer Financial Statements (BDFS)
5. Financing Company Financial Statements (FCFS)
6. Investment Houses Financial Statements (IHFS)
7. Publicly – Held Company Financial Statement
8. General Form for Financial Statements
9. Financing Companies Interim Financial Statements (FCIF)
10. Lending Companies Interim Financial Statements (LCIF)

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**SECURITIES AND EXCHANGE COMMISSION**  
SEC Headquarters, 7907 Makati Avenue,  
Salcedo Village, Barangay Bel-Air, Makati City,  
1209, Metro Manila, Philippines

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# SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City  
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph



**The following document has been received:**

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## Company Information

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**SEC Registration No.:** 0000183517

**Company Name:** J.P. MORGAN SECURITIES PHILIPPINES INC.

**Industry Classification:** J66930

**Company Type:** Stock Corporation

## Document Information

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**Document ID:** OST10430202583235770

**Document Type:** Annual Audited Financial Report

**Document Code:** SEC\_Form\_52-AR

**Period Covered:** December 31, 2024

**Submission Type:** Annual

**Remarks:** None

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**From:** [noreply-cifssost@sec.gov.ph](mailto:noreply-cifssost@sec.gov.ph)  
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Greetings!

**SEC Registration No:** 0000183517

**Company Name:** J.P. MORGAN SECURITIES PHILIPPINES INC.

**Document Code:** SEC\_Form\_52-AR

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**SECURITIES AND EXCHANGE COMMISSION**

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Salcedo Village, Barangay Bel-Air, Makati City,  
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Hi J.P. MORGAN SECURITIES PHILIPPINES, INC.,

**Valid files**

- EAFS000125851ITRTY122024.pdf
- EAFS000125851TCRTY122024-02.pdf
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- EAFS000125851RPTTY122024.pdf
- EAFS000125851OTHTY122024.pdf
- EAFS000125851AFSTY122024.pdf

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- <None>

Transaction Code: **AFS-0-B66KLC5A02PPZV4ZYNR4VR1Z2031RXWTPZ**  
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Company TIN: **000-125-851**

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**COVER SHEET**  
for  
**AUDITED FINANCIAL STATEMENTS**

SEC Registration Number

1	8	3	5	1	7				
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**COMPANY NAME**

J	.	P	.		M	O	R	G	A	N		S	E	C	U	R	I	T	I	E	S									
P	H	I	L	I	P	P	I	N	E	S	,		I	N	C	.														

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

2	5	T	H		F	L	R	.	,		J	P	M	O	R	G	A	N		C	H	A	S	E		&		C	O	
T	O	W	E	R		M	A	N	I	L	A	,		9	T	H		A	V	E	.		C	O	R	N	E	R		
3	8	T	H		S	T	R	E	E	T	,		U	P	T	O	W	N		B	O	N	I	F	A	C	I	O		
T	A	G	U	I	G		C	I	T	Y		P	H	I	L	I	P	P	I	N	E	S		1	6	3	5			

Form Type

A	F	S	
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Department requiring the report

M	S	R	D
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Secondary License Type, if Applicable

N	O	N	E
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**COMPANY INFORMATION**

Company's Email Address

--

Company's Telephone Number/s

85751199
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Mobile Number

--

No. of Stockholders

6
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Annual Meeting (Month/Day)

--

Fiscal Year (Month/Day)

12/31
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**CONTACT PERSON INFORMATION**

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

Name of Contact Person

Jeffrey Z. Santos
-------------------

Email Address

jeff.santos@jpmorgan.com
--------------------------

Telephone Number/s

8575-1199
-----------

Mobile Number

09190933928
-------------

**CONTACT PERSON's ADDRESS**

**25th Floor, JPMorgan Chase & Co Tower Manila, 9th Avenue corner 38th Street, Uptown Bonifacio, Taguig City, Philippines 1635**

- 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.

# J.P. Morgan Securities Philippines, Inc.

**Financial Statements**

**As at and for the years ended December 31, 2024 and 2023**





## **Independent Auditor's Report**

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

### ***Report on the Audits of the Financial Statements***

#### **Our Opinion**

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of J.P. Morgan Securities Philippines, Inc. (the "Company") as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

#### ***What we have audited***

The financial statements of the Company comprise:

- the statements of financial position as at December 31, 2024 and 2023;
- the statements of total comprehensive income for the years ended December 31, 2024 and 2023;
- the statements of changes in equity for the years ended December 31, 2024 and 2023;
- the statements of cash flows for the years ended December 31, 2024 and 2023; and
- the notes to the financial statements, including material accounting policies and other explanatory information.

#### **Basis for Opinion**

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

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

#### ***Independence***

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

Isla Lipana & Co., 29th Floor, AIA Tower, 8767 Paseo de Roxas, 1226 Makati City,  
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Independent Auditor's Report  
To the Board of Directors and Shareholder of  
J.P. Morgan Securities Philippines, Inc.  
Page 2

### **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 PRS Accounting Standards, 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 PSA will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



Independent Auditor's Report  
To the Board of Directors and Shareholder of  
J.P. Morgan Securities Philippines, Inc.  
Page 3

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

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

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



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

***Report on the Bureau of Internal Revenue Requirement***

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

**Isla Lipana & Co.**

A handwritten signature in blue ink, reading "Vergel E. Pabillon, Jr.", with a stylized flourish at the end.

Vergel E. Pabillon, Jr.

Partner

CPA Cert. No. 0119924

P.T.R. No. 0032861; issued on January 4, 2025, Makati City

T.I.N. 306-301-484

BIR A.N. 08-000745-240-2023; issued on January 30, 2023; effective until January 29, 2026

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

Makati City  
April 23, 2025



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

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

We have audited the financial statements of J.P. Morgan Securities Philippines, Inc. (the "Company") as at and for the year ended December 31, 2024, on which we have rendered the attached report dated April 23, 2025.

In compliance with SRC Rule 68 and based on the certification received from the Company's corporate secretary and the results of our work performed, as at December 31, 2024, the said Company has one (1) shareholder owning one (1) or more shares.

**Isla Lipana & Co.**

A handwritten signature in blue ink, reading "Vergel E. Fabillon, Jr." with a stylized flourish at the end.

Vergel E. Fabillon, Jr.

Partner

CPA Cert. No. 0119924

P.T.R. No. 0032861; issued on January 4, 2025, Makati City

T.I.N. 306-301-484

BIR A.N. 08-000745-240-2023; issued on January 30, 2023; effective until January 29, 2026

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

Makati City  
April 23, 2025

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## **Statements Required by Rule 52.1.5 Securities Regulation Code (SRC)**

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

We have audited the financial statements of J.P. Morgan Securities Philippines, Inc. as at and for the year ended December 31, 2024, on which we have rendered the attached report dated April 23, 2025. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information shown in Schedules I to V is presented for purposes of complying with SRC Rule 52.1.5 and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the supplementary information has been prepared in accordance with SRC Rule 52.1.5.

**Isla Lipana & Co.**

A handwritten signature in blue ink, reading "Vergel E. Fabillon, Jr." in a cursive style.

Vergel E. Fabillon, Jr.

Partner

CPA Cert. No. 0119924

P.T.R. No. 0032861; issued on January 4, 2025, Makati City

T.I.N. 306-301-484

BIR A.N. 08-000745-240-2023; issued on January 30, 2023; effective until January 29, 2026

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

Makati City  
April 23, 2025

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

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

We have audited the financial statements of J.P. Morgan Securities Philippines, Inc. as at and for the year ended December 31, 2024, on which we have rendered the attached report dated April 23, 2025. The supplementary information shown in the Reconciliation of Retained Earnings Available for Dividend Declaration for the year ended December 31, 2024, as an additional component required by Part I, Section 5 of Rule 68 of the SRC, is presented for purposes of filing with the Securities and Exchange Commission and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion, the supplementary information has been prepared in accordance with Part 1, Section 5 of Rule 68 of the SRC.

**Isla Lipana & Co.**

A handwritten signature in blue ink, reading "Vergel E. Pabillon, Jr." in a cursive style.

Vergel E. Pabillon, Jr.  
Partner

CPA Cert. No. 0119924

P.T.R. No. 0032861; issued on January 4, 2025, Makati City

T.I.N. 306-301-484

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April 23, 2025

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This report contains:

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

<sup>(a)</sup>None as at December 31, 2024



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

ANNUAL AUDITED FINANCIAL REPORT

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

Report for the period beginning January 1, 2024 and ended December 31, 2024.

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

IDENTIFICATION OF ACCOUNTANT	
Name of Independent Certified Public Accountant whose opinion is contained in this report:	
Name: Vergel E. Pabillon, Jr. Partner Isla Lipana & Co.	Tel. No. 8845-2728 loc 3023 Fax No. 8845-2806
Address: 29th Floor, AIA Tower, 8767 Paseo de Roxas 1226 Makati City, Philippines	
CPA Cert. No: 0119924	Date Issued: January 4, 2025
PTR Number: 0032861	

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **J.P. Morgan Securities Philippines, Inc.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the year ended December 31, 2024, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The management is responsible for overseeing the Company's financial reporting process.

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

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



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



Signature: Jeanette G. Yutan, Treasurer



Signature: Jeffrey Z. Santos, Finance Associate

Signed this 23<sup>rd</sup> day of April 2025

**J.P. Morgan Securities Philippines, Inc.**

Statements of Financial Position  
As at December 31, 2024 and 2023  
(All amounts in Philippine Peso)

			2024			2023		
			Carrying amount	Security valuation		Carrying amount	Security valuation	
	Notes			Long	Short		Long	Short
<b>Current assets</b>								
Cash	2	1,296,870,998				1,282,535,113		
Trade receivables from customers	3	86,371,613	258,358,185	174,126,330		95,775,014	97,620,704	1,773,975
Trade receivables from clearing house	3	-				160,211,254		
Other current assets		6,988,717				5,682,310		
Total current assets		1,390,231,328	258,358,185	174,126,330		1,544,203,691	97,620,704	1,773,975
<b>Non-current assets</b>								
Financial assets at fair value through profit or loss	4	4,100,000	4,100,000			4,000,000	4,000,000	-
Property and equipment, net	5	19,333,542				21,392,421		
Trading right	6	1,100,000				1,100,000		
Deferred income tax asset	17	1,335,423				1,335,423		
Other non-current assets	7	54,972,997				53,029,701		
Total non-current assets		80,841,962	4,100,000	-		80,857,545	4,000,000	-
<b>Total assets</b>		1,471,073,290	262,458,185	174,126,330		1,625,061,236	101,620,704	1,773,975
Securities in vault					4,100,000			4,000,000
Securities with Philippine Depository and Trust Corp. (including in-transit securities)			252,026,330	258,358,185			420,759,204	259,983,985

(forward)

(The notes on pages 1 to 31 are an integral part of these financial statements.)

**J.P. Morgan Securities Philippines, Inc.**

Statements of Financial Position  
As at December 31, 2024 and 2023  
(All amounts in Philippine Peso)

		2024			2023		
		Carrying amount	Security valuation		Carrying amount	Security valuation	
Notes			Long	Short		Long	Short
Liabilities and Equity							
Current liabilities							
Trade payables to customers	3	77,501,558	-	77,900,000	251,768,232	162,363,281	418,985,229
Trade payables to clearing house	3	6,186,177			-		
Income tax payable		-			3,856,174		
Lease liabilities	15	1,468,201			1,233,974		
Other current liabilities	8	31,626,407			31,361,386		
Total current liabilities		116,782,343	-	77,900,000	288,219,766	162,363,281	418,985,229
Non-current liabilities							
Lease liabilities	15	10,442,912			11,380,789		
Total non-current liabilities		10,442,912			11,380,789		
Total liabilities		127,225,255	-	77,900,000	299,600,555	162,363,281	418,985,229
Equity							
Share capital	9	154,180,000			154,180,000		
Accumulated other comprehensive loss	11	(4,006,269)			(4,006,269)		
Retained earnings	10	1,193,674,304			1,175,286,950		
Total equity		1,343,848,035			1,325,460,681		
Total liabilities and equity		1,471,073,290	514,484,515	514,484,515	1,625,061,236	684,743,189	684,743,189

(The notes on pages 1 to 31 are an integral part of these financial statements.)

**J.P. Morgan Securities Philippines, Inc.**

Statements of Total Comprehensive Income  
For the years ended December 31, 2024 and 2023  
(All amounts in Philippine Peso)

	<b>Notes</b>	<b>2024</b>	<b>2023</b>
<b>Commission income</b>	18	306,776,443	305,793,067
Cost of services	12	113,240,769	107,916,359
<b>Gross profit</b>		193,535,674	197,876,708
Operating expenses	13	196,075,455	125,063,286
<b>Operating profit</b>		(2,539,781)	72,813,422
Other operating income, net	14	29,446,527	35,259,261
<b>Income before income tax</b>		26,906,746	108,072,683
Income tax expense	17	8,519,392	36,022,339
<b>Net income for the year</b>		18,387,354	72,050,344
<b>Other comprehensive income (loss)</b>			
Item that will not be reclassified to profit or loss			
Remeasurement loss on pension asset/liability, net of tax	16	-	(680,920)
<b>Total comprehensive income for the year</b>		18,387,354	71,369,424

(The notes on pages 1 to 31 are an integral part of these financial statements.)

**J.P. Morgan Securities Philippines, Inc.**

Statements of Changes in Equity  
For the years ended December 31, 2024 and 2023  
(All amounts in Philippine Peso)

	Share capital (Note 9)	Accumulated other comprehensive loss (Note 11)	Retained earnings (Note 10)		Total	Total equity
			Unappropriated	Appropriated		
<b>Balance at January 1, 2023</b>	154,180,000	(3,325,349)	404,180,000	949,056,606	1,353,236,606	1,504,091,257
<b>Comprehensive income</b>						
Net income for the year	-	-	72,050,344	-	72,050,344	72,050,344
Other comprehensive loss	-	(680,920)	-	-	-	(680,920)
Total comprehensive income (loss) for the year	-	(680,920)	72,050,344	-	72,050,344	71,369,424
<b>Transactions with owners</b>						
Cash dividends paid	-	-	(250,000,000)	-	(250,000,000)	(250,000,000)
Appropriation for legal reserve	-	-	(7,205,034)	7,205,034	-	-
Appropriation for special reserves	-	-	(64,845,310)	64,845,310	-	-
	-	-	(322,050,344)	72,050,344	(250,000,000)	(250,000,000)
<b>Balance at December 31, 2023</b>	154,180,000	(4,006,269)	154,180,000	1,021,106,950	1,175,286,950	1,325,460,681
<b>Comprehensive income</b>						
Net income for the year	-	-	18,387,354	-	18,387,354	18,387,354
Other comprehensive loss	-	-	-	-	-	-
Total comprehensive income for the year	-	-	18,387,354	-	18,387,354	18,387,354
<b>Transactions with owners</b>						
Appropriation for legal reserve	-	-	(1,838,735)	1,838,735	-	-
Appropriation for special reserves	-	-	(16,548,619)	16,548,619	-	-
Total transactions with owner	-	-	(18,387,354)	18,387,354	-	-
<b>Balance at December 31, 2024</b>	154,180,000	(4,006,269)	154,180,000	1,039,494,304	1,193,674,304	1,343,848,035

(The notes on pages 1 to 31 are an integral part of these financial statements.)

**J.P. Morgan Securities Philippines, Inc.**

Statements of Cash Flows  
For the years ended December 31, 2024 and 2023  
(All amounts in Philippine Peso)

	<b>Notes</b>	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities</b>			
Income before income tax		26,906,746	108,072,683
Adjustments for:			
Fair value gain	4	(100,000)	(1,200,000)
Interest income	2	(22,000,883)	(24,958,396)
Retirement expense	16	5,772,046	5,576,209
Depreciation	5	3,400,960	3,314,205
Unrealized foreign exchange (gain) loss		244,405	(24,715)
Interest expense on lease liabilities	15	859,445	889,217
Operating income before changes in operating assets and liabilities		15,082,719	91,669,203
Changes in operating assets and liabilities			
Decrease (increase) in:			
Trade receivables from			
Customers		9,403,401	2,670,317
Clearing house		160,211,254	(160,211,254)
Other current assets		(1,306,407)	601,104
Other non-current assets		(1,943,296)	(3,704,606)
(Increase) decrease in:			
Trade payables to			
Customers and other broker		(174,266,674)	215,448,496
Clearing house		6,186,177	(52,866,763)
Other current liabilities		20,886	2,136,970
Cash generated from operations		13,388,060	95,743,467
Interest received		22,000,883	24,958,396
Income taxes paid		(12,375,566)	(38,163,376)
Contributions to retirement fund	16	(5,772,046)	(5,633,617)
Net cash from operating activities		17,241,331	76,904,870
<b>Cash flows used in investing activity</b>			
Acquisition of property and equipment	5	(613,148)	(4,012,378)
Net cash used in investing activity		(613,148)	(4,012,378)
<b>Cash flows used in financing activities</b>			
Payment of dividends	10	-	(250,000,000)
Principal payments of lease liabilities	15	(1,432,583)	(1,348,899)
Interest payments of lease liabilities	15	(859,445)	(889,217)
Net cash used in financing activities		(2,292,028)	(252,238,116)
<b>Net increase (decrease) in cash</b>		<b>14,336,155</b>	<b>(179,345,624)</b>
<b>Cash</b>			
January 1		1,282,535,113	1,461,880,748
Effect of exchange rate changes on cash		(270)	(11)
December 31	2	1,296,870,998	1,282,535,113

The notes on pages 1 to 31 are an integral part of these financial statements.

## J.P. Morgan Securities Philippines, Inc.

### Notes to the Financial Statements

As at and for the years ended December 31, 2024 and 2023

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

## 1 General information

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

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

In 2023, the Company's registered office address, which is also its principal place of business, was transferred from 30th Floor Zuellig Building, Makati Avenue corner Paseo de Roxas Streets, 1225 Makati City to 25th Floor JPMorgan Chase & Co Tower Manila, 9th Ave corner 38th Street, Uptown Bonifacio Taguig City Philippines 1635.

As at December 31, 2024 and 2023, the Company has 10 employees.

These financial statements have been approved and authorized for issuance by the Company's Board of Directors (BOD) on April 23, 2025.

## 2 Cash

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

	2024	2023
Philippine Peso	1,296,858,084	1,282,533,853
US Dollar	12,914	1,260
	1,296,870,998	1,282,535,113

US Dollar deposits are maintained with a related entity under common control and are translated using the closing exchange rate of P57.85 as at December 31, 2024 (2023 - P55.37). The Company also has Philippine Peso deposits with the same related entity amounting to P1.15 billion as at December 31, 2024 (2023 - P1.02 billion) (Note 18).

Interest income recognized in the statement of total comprehensive income for the year ended December 31, 2024 amounts to P22.00 million (2023 - P24.96 million) (Note 14).

In compliance with the Securities Regulation Code (SRC) Rule 49.2 covering customer protection and custody of securities, the Company maintains a special reserve bank account for the exclusive benefit of its customers. The Company's reserve requirement is determined weekly based on the SEC's prescribed computations. The reserve requirement as at December 31, 2024 based on the audited financial statements amounts to a net credit of P0.3 million (2023 - net debit P1.5 million). The Company's special reserve bank account, maintained with the same related entity, which amounts to P61.13 million as at December 31, 2024 (2023 - P60.09 million) and which earns annual interest rate of 2.25% and 1.50% at the beginning and end of 2024, respectively (2023 - 1.50% and 2.25%, respectively) is part of Philippine Peso deposit.



### 3 Trade receivables from/payables to customers, clearing house

These accounts include amounts arising from securities transactions. Securities owned by customers are used as collateral for amounts receivable from them. There are no other assets of the Company pledged as collateral for liabilities. The fair value of such collateral is presented in the statement of financial position under 'Security valuation'.

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

	2024		
	Book value	Security valuation	
		Long	Short
Fully secured accounts			
More than 250%	-	-	-
Between 200% and 250%	-	-	-
Between 150% and 200%	-	-	-
Between 100% and 150%	-	-	-
Partially secured accounts	86,371,613	258,358,185	174,126,330
Trade receivables from customers	86,371,613	258,358,185	174,126,330
Trade receivables from clearing house	-	-	-
<hr/>			
	2023		
	Book value	Security valuation	
		Long	Short
Fully secured accounts	-	-	-
More than 250%	-	-	-
Between 200% and 250%	-	-	-
Between 150% and 200%	-	-	-
Between 100% and 150%	35,763,717	37,761,314	1,773,975
Partially secured accounts	60,011,297	59,859,390	-
Trade receivables from customers	95,775,014	97,620,704	1,773,975
Trade receivables from clearing house	160,211,254	-	-
<hr/>			
	2024		
	Book value	Security valuation	
		Long	Short
Trade payables to customers			
With money balance	77,501,558	-	77,900,000
Without money balance	-	-	-
Trade payables to customers	77,501,558	-	77,900,000
Trade payables to clearing house	6,186,177	-	-
	83,687,735	-	77,900,000
<hr/>			
	2023		
	Book value	Security valuation	
		Long	Short
Trade payables to customers			
With money balance	251,768,232	162,363,281	418,985,229
Without money balance	-	-	-
Trade payables to customers	251,768,232	162,363,281	418,985,229
Trade payables to clearing house	-	-	-
	251,768,232	162,363,281	418,985,229

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

	Note	2024	2023
Trade receivables from third parties		58,662,351	95,775,014
Trade receivables from related parties	18	27,709,262	-
		86,371,613	95,775,014

  

	Note	2024	2023
Trade payables to third parties		77,501,558	70,957,320
Trade payables to related parties	18	-	180,810,912
		77,501,558	251,768,232

As at December 31, 2024, net payable to clearing house of P6.2 million (2023 - net receivable of P160.21 million) represents the net amount payable to (2023 - net amount receivable from) the Securities Clearing Corporation of the Philippines (SCCP) arising from securities transactions during the last two trading days of the year.

Trade receivables from customers at December 31, 2024 and 2023 are all considered current and fully collectible. These are normally collected within two days from trade date.

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

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

Financial assets at FVTPL as at December 31, 2024 consist of club shares amounting to P4.1 million (2023 - P4.0 million).

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

	Note	2024	2023
At January 1		4,000,000	2,800,000
Fair value gain	14	100,000	1,200,000
At December 31		4,100,000	4,000,000

## 5 Property and equipment, net

The account at December 31 consists of:

	Furniture and fixtures	Computer and other equipment	Office space	Leasehold Improvements	Asset in Progress	Total
<b>Cost</b>						
January 1, 2024	3,826,893	861,451	22,056,195	8,352,151	-	35,096,690
Additions	-	-	687,814	-	613,148	1,300,962
Capitalized	-	613,148	-	-	(613,148)	-
Retirement	(157,122)	-	(7,867,405)	-	-	(8,024,527)
Remeasurement	-	-	41,119	-	-	41,119
December 31, 2024	3,669,771	1,474,599	14,917,723	8,352,151	-	28,414,244
<b>Accumulated depreciation</b>						
January 1, 2024	703,351	191,434	11,419,260	1,390,224	-	13,704,269
Depreciation	426,317	222,091	1,731,860	1,020,692	-	3,400,960
Retirement	(157,122)	-	(7,867,405)	-	-	(8,024,527)
December 31, 2024	972,546	413,525	5,283,715	2,410,916	-	9,080,702
Net book value, December 31, 2024	2,697,225	1,061,074	9,634,008	5,941,235	-	19,333,542

  

	Furniture and fixtures	Computer and other equipment	Office space	Leasehold Improvements	Asset in Progress	Total
<b>Cost</b>						
January 1, 2023	2,396,127	-	23,894,312	6,015,349	616,641	32,922,429
Additions	-	-	-	-	4,012,378	4,012,378
Capitalized	1,430,766	861,451	-	2,336,802	(4,629,019)	-
Remeasurement	-	-	(1,838,117)	-	-	(1,838,117)
December 31, 2023	3,826,893	861,451	22,056,195	8,352,151	-	35,096,690
<b>Accumulated depreciation</b>						
January 1, 2023	277,003	-	9,739,546	373,515	-	10,390,064
Depreciation	426,348	191,434	1,679,714	1,016,709	-	3,314,205
December 31, 2023	703,351	191,434	11,419,260	1,390,224	-	13,704,269
Net book value, December 31, 2023	3,123,542	670,017	10,636,935	6,961,927	-	21,392,421

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

In 2024 and 2023, there were no property and equipment written off.

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

## 6 Trading right

Trading right is granted by the Philippine Stock Exchange (PSE) to the Company being a trading participant. Under the PSE rules, the full value of the trading right is pledged to the PSE to secure the payment of all debts to other members of the PSE arising out of or in connection with the present or future's members' contracts.

The market value of the trading right, based on the recent sale approved by the PSE BOD on November 16, 2022, is P8.00 million. There is no impairment needed to be recognized in the Company's trading right as at December 31, 2024 and 2023.

## 7 Other non-current assets

The account at December 31 consists of:

	Note	2024	2023
Receivable on excess contributions to the clearing and trade guaranty fund (CTGF)		52,189,713	50,176,567
Input value-added tax (VAT)		2,156,700	2,247,595
Security deposits	15	497,277	469,653
Creditable withholding taxes		129,307	135,886
		54,972,997	53,029,701

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

In 2024, the Company made refundable contributions amounting to P2.01 million (2023 - P1.88 million). The said refundable contributions have formed part of receivables on excess contributions to the CTGF, which are expected to be collected at the cessation of the Company's operations and/or upon termination of its membership with SCCP, provided that all liabilities owing to SCCP at the time of termination shall have been satisfied or paid in full.

## 8 Other current liabilities

The account at December 31 consists of:

	Notes	2024	2023
Provision for management bonus	18	12,224,288	10,757,574
Due to the Bureau of Internal Revenue (BIR)		12,993,711	12,337,067
Accruals for professional fees		2,662,129	2,140,795
Stock compensation payable	16,18	1,468,143	2,880,853
PSE transaction fee payable		942,281	898,201
SCCP payable		732,581	646,442
Payable to related party	18	139,675	125,791
Miscellaneous payables		463,599	1,574,663
		31,626,407	31,361,386

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

In 2024, payable to related party includes marketing, training, and events related expenses paid by the related party. In 2023, payable to related party includes outstanding payable to contractor which will be paid by the related party.

Miscellaneous payables include accruals for operating costs incurred.

## 9 Share capital

Details of share capital as at December 31, 2024 and 2023 are as follows:

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

## 10 Retained earnings

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

	2024	2023
At January 1	1,021,106,950	949,056,606
Legal reserve (SRC Rule 49.1)	1,838,735	7,205,034
Special reserve for probable contingencies	16,548,619	64,845,310
	18,387,354	72,050,344
At December 31	1,039,494,304	1,021,106,950

On April 23, 2025, the BOD approved the appropriation of legal reserve amounting to P1.84 million for the year ended December 31, 2024 to comply with SRC 49.1 issued by the SEC. On the same date, the BOD approved the appropriation of special reserve amounting to P16.55 million to serve as an additional cash reserve for the year ended December 31, 2024 to settle trades in the event of third party settlement delays or failures involving significant amounts and to provide additional capacity to broker large securities transactions for the following year.

As at December 31, 2024 and 2023, the unappropriated retained earnings amounted to P154.18 million.

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

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

## 11 Accumulated other comprehensive loss

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

	Notes	2024	2023
Remeasurements			
At January 1, gross of tax		(5,341,692)	(4,433,800)
Remeasurement loss	16	-	(907,892)
		(5,341,692)	(5,341,692)
Deferred income tax effect	17	1,335,423	1,335,423
At December 31, net of tax		(4,006,269)	(4,006,269)

## 12 Cost of Services

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

	Note	2024	2023
Compensation and fringe benefits	16	69,357,714	64,621,634
Stock exchange dues and fees		27,123,771	25,810,751
Research fees		14,895,762	15,418,157
Central depository fees expense		1,863,522	1,986,387
Commission expense		-	79,430
		113,240,769	107,916,359

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

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

## 13 Operating expenses

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

	Notes	2024	2023
Shared costs	18	145,820,836	77,176,455
Compensation and fringe benefits	16	18,698,660	18,667,905
Postage, telephone and communication		9,986,620	10,425,003
Depreciation	5	3,400,960	3,314,205
Utilities and other occupancy costs		2,877,595	3,170,635
Professional fees		2,820,942	2,487,695
Outside service		2,813,905	2,518,455
Transportation and travel		2,340,224	1,261,099
Entertainment, amusement and recreation		1,587,494	1,376,202
Taxes and licenses		910,879	593,995
Interest expense on lease liabilities	15	859,445	889,217
Repairs and maintenance		701,223	821,503
Office supplies and printing		510,471	665,001
Directors' fees		400,000	345,000
Security, messengerial, and janitorial		184,408	170,351
Advertising and promotion		96,607	-
VAT expense on income from government		84,602	71,451
Miscellaneous		1,980,584	1,109,114
		196,075,455	125,063,286

Shared costs represent shared expenses such as technical services, communication network and operational charges billed by related entities under common control.

Miscellaneous expenses include bank charges billed by related entities amounting to P0.33 million (2023 - P0.54 million) (Note 18).

## 14 Other operating income, net

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

	Notes	2024	2023
Interest income	2,18	22,000,883	24,958,396
SCCP fee income		10,957,011	10,564,404
Fair value gain on financial assets at FVTPL	4	100,000	1,200,000
Foreign exchange loss, net		(3,611,367)	(1,463,539)
		29,446,527	35,259,261

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

## 15 Lease commitment

In December 2021, the Company entered into a 10-year lease contract with a third party in relation to its new office premises with lease period commencing on May 1, 2022. The Company has the option to renew for a maximum of three separate renewal terms of three or five years. Related security deposits equivalent to three months' rental amount to P0.42 million for the office space and P0.08 million for office parking as at December 31, 2024 (2023 - P0.40 million for the office space and P0.07 million for office parking).

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

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

The lease liabilities are measured at the present value of the remaining lease payments, discounted using the incremental borrowing rates that range from 4.67% to 7.30% (2023 - 4.67% to 7.30%).

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

	Note	2024	2023
<i>ROU asset (included within Property and equipment, net)</i>			
Office space	5	9,634,008	10,636,935
<i>Lease liabilities</i>			
Current		1,468,201	1,233,974
Non-current		10,442,912	11,380,789
		11,911,113	12,614,763

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

	2024	2023
At January 1	12,614,763	15,801,779
Add: Interest accretion on lease liabilities	859,445	889,217
Additional lease liabilities	687,814	-
Less: Principal and interest payments	(2,292,028)	(2,238,116)
Asset remeasurement	41,119	(1,838,117)
At December 31	11,911,113	12,614,763

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

	2024	2023
Depreciation expense on ROU asset	1,731,860	1,679,714
Interest expense on lease liabilities	859,445	889,217

The total cash outflow arising from the said lease as at December 31, 2024 amounts to P2.29 million (2023 - P2.24 million).

## 16 Compensation and other benefits

### (a) Compensation and short-term benefits

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

	Notes	2024	2023
Salaries and wages		68,555,152	65,273,876
Bonuses		12,224,288	10,757,575
Retirement expense		5,772,046	5,576,209
Other benefits		1,504,888	1,681,879
	12,13	88,056,374	83,289,539

### (b) Share-based compensation

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

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

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

	2024		2023	
	Number of shares	Weighted average fair value (in USD)	Number of shares	Weighted average fair value (in USD)
Outstanding at January 1	412	147.47	558	144.93
Granted	33	166.20	54	140.38
Vested	(238)	(146.20)	(200)	(138.47)
Outstanding at December 31	207	152.00	412	147.47

For the year ended December 31, 2024, the total share-based compensation expense, included in salaries and wages, amounts to P0.17 million (2023 - P0.38 million), of which the unpaid portion amounts to P1.47 million (2023 - P2.88 million) (Note 8).

The fair value of share awards outstanding in 2024 amounts to P1.82 million (2023 - P3.35 million).

### (c) Retirement benefits

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



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

	2024	2023
Present value of defined benefit obligation	(74,363,016)	(68,384,498)
Fair value of plan assets	74,363,016	68,384,498
Pension asset	-	-

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

	2024	2023
Current service cost	5,772,046	5,633,617
Net interest cost		
Interest expense on defined benefit obligation	4,029,628	3,957,821
Interest income on plan assets	(4,029,628)	(4,015,229)
Retirement expense	5,772,046	5,576,209

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

	2024	2023
Remeasurement loss during the year	-	(907,892)
Deferred income tax effect	-	226,972
	-	(680,920)

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

	2024	2023
Beginning of the year	68,384,498	57,951,751
Contributions	5,772,046	5,633,617
Interest income	4,029,628	4,015,229
Remeasurement gain	893,967	783,901
Benefits paid	(4,717,123)	-
End of the year	74,363,016	68,384,498

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

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

	2024	2023
Beginning of the year	68,384,498	57,101,267
Current service cost	5,772,046	5,633,617
Interest cost	4,029,628	3,957,821
Remeasurement loss	893,967	1,691,793
Benefits paid	(4,717,123)	-
End of the year	74,363,016	68,384,498

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

	2024		2023	
	Amount	%	Amount	%
Debt securities	58,241,114	78.32	52,471,425	76.73
Cash and cash equivalents	1,613,677	2.17	3,056,787	4.47
Equity securities	14,508,225	19.51	12,856,286	18.80
	74,363,016	100.00	68,384,498	100.00

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

	2024	2023
Discount rate	6.00%	6.00%
Salary increase rate	6.00%	6.00%

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

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

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

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

The weighted average duration of the pension liability as at December 31, 2024 is 6.00 years (2023 - 6.34 years). The expected contributions to the plan for the year ending December 31, 2025 amount to P6,667,896.

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

	2024	2023
Less than a year	2,463,265	8,483,529
Between 1 to 3 years	26,741,596	8,515,820
Between 3 to 10 years	76,363,897	68,238,234

The sensitivities of the retirement obligation to changes in the weighted principal assumptions for the years ended December 31, 2024 and 2023 is not significant based on the analysis performed. The difference between the Branch's defined benefit obligation and the requirements of Republic Act (RA) No. 7641 - *The Philippine Retirement Law*, is minimal. Hence, possible changes at the reporting date to the discount rate and future salary growth rate assumptions, holding other assumptions constant, would not significantly affect the retirement obligation.

## 17 Income taxes

Income tax expense represents current income tax which amounts to P4.12 million for the year ended December 31, 2024 (2023 - P31.03 million) and final withholding taxes on interest income of P4.40 million in 2024 (2023 - P4.99 million).

Deferred tax asset as at December 31, 2024 and 2023 amounting to P1.34 million arises from remeasurement of pension asset/liability.

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

	2024	2023
At January 1	1,335,423	1,108,451
Amounts credited (charged) to other comprehensive income	-	226,972
At December 31	1,335,423	1,335,423

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

	2024		2023	
	Amount	%	Amount	%
Statutory income tax	6,726,687	25.00	27,018,171	25.00
Effect of items not subject to statutory tax rate				
Deficiency of optional standard deduction (OSD) over itemized deduction	-	-	10,433,182	9.65
Income subjected to lower tax rates, net	(1,100,043)	(4.09)	(1,247,920)	(1.15)
Others, net	655,398	2.44	(181,094)	(0.17)
MCIT over RCIT	2,237,350	8.32	-	-
Effective income tax expense	8,519,392	31.67	36,022,339	33.33

## 18 Related party transactions

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

		2024	
	Transactions	Outstanding balances - Receivable (Payable)	Terms and conditions
Cash in bank			
Entity under common control	133,188,296	1,151,064,273	- These are savings deposits for use in current operations (Note 2) earning an interest ranging from 1.35% to 2.25% on an annual basis.
Trade receivables			
Entity under common control	27,709,262	27,709,262	- Collectible in cash at gross amount within two days from transaction date; partly secured by the underlying equity shares and non-interest bearing (Note 3).
Other receivables			
Entity under common control	(5,644,414)	10,174	- Unsecured, non-interest bearing and collectible in cash at gross amount or offset against other payables, if any on a weekly basis.
Trade payables			
Entity under common control	180,810,912		- Payable in cash at gross amount within two days from transaction date; partly secured by the underlying equity shares and non-interest bearing (Note 3).
Other payables			
Entities under common control	(13,884)	(139,675)	- Unsecured, non-interest bearing and payable in cash (Note 8).
	1,412,710	(1,468,143)	- Share-based compensation payable in cash at gross amount (Note 8).
			- Unsecured, non-interest bearing
Key management personnel	(1,212,736)	(10,731,410)	- Incentive corporate plan payable in cash on the first month following the end of the calendar year.
			- Unsecured, non-interest bearing.

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

There is no provision for impairment needed to be recognized on amounts due from related parties as at December 31, 2024 and 2023. Management determines that the related amounts are fully collectible.

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

	2024	2023
Commission income		
Entity under common control	261,340,446	271,097,175
Interest income		
Entity under common control	21,852,233	24,771,645
Shared costs		
Entity under common control	145,820,836	77,176,455
Bank charges		
Entity under common control	330,843	536,932
Salaries, other short-term employee benefits and retirement benefits		
Key management personnel	70,548,583	69,856,505

As at December 31, 2024, commission income from third parties amounted to P45.44 million (2023 - P34.70 million).

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

## 19 Critical accounting estimates, assumptions and judgments

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

### 19.1 Critical accounting estimates and assumptions

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

Fair value is based upon quoted market prices, where available. If listed prices or quotes are not available, fair value is based upon internally developed models that primarily use as inputs market-based or independently sourced market parameters. The Company's financial assets at FVTPL as at December 31, 2024 and 2023 pertain to club shares, which derives fair value from a third-party provider (Note 21.2).

#### (b) Determination of retirement benefits (Note 16)

The Company estimates its retirement benefit obligation and expense as the higher of the defined benefit obligation relating to the minimum guarantee and the obligation arising from the defined contribution plan. The calculation is based on the selection of certain assumptions used by the actuary. Those assumptions are described in Note 16 which include, among others, the discount rate and future salary increases. The present value of the defined benefit obligations of the Company at December 31, 2024 and 2023 is determined using a discount rate that reflects the market yields on Philippine government bonds with terms consistent with the expected payments of employee benefits. Plan assets are invested primarily in debt and equity securities.

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

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

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

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

The Company applied incremental borrowing rates that range from 4.24% to 7.30% in 2024 and 2023. The Company considers that it is impracticable to disclose with sufficient reliability the possible effects of sensitivities surrounding its lease liabilities.

**19.2 Critical judgments in applying the entity's accounting policies**

*(a) Determination of lease term (Note 15)*

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

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

The Company determines the recoverable amount of receivables based on the expected credit losses (ECL) of the portfolio of receivables, as a whole. The Company applies the simplified approach in measuring ECL which uses a lifetime expected loss allowance for all receivables. To measure the ECL, receivables have been grouped based on shared credit risk characteristics and the days past due.

The Company's trade receivables are composed mainly of receivables from customers which are normally settled within two days from trade date. The Company has no history of uncollected receivables. The Company's receivables are considered current as at December 31, 2024 and 2023. There is no impairment recognized on the Company's receivables as at December 31, 2024 and 2023.

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

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

The carrying amount of the Company's deferred income tax asset amounts to P1.34 million as at December 31, 2024 and 2023.

## 20 Financial risk and capital management

### 20.1 Financial risk management

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

Effective risk management requires, among other things:

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

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

#### 20.1.1 Credit risk

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

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

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

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

	Notes	2024	2023
Cash	2	1,296,870,998	1,282,535,113
Trade receivables from:	3		
Customers		86,371,613	95,775,014
Clearing house		-	160,211,254
Other current assets		476,574	5,682,310
Other non-current assets	7	52,686,990	50,646,220
		1,436,406,175	1,594,849,911

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

All financial assets are current and fully performing as at December 31, 2024 and 2023 with no history of counterparty default. Likewise, there was no history of missed payment or write-offs as at December 31, 2024 and 2023. Accordingly, management's ECL assessment did not result into a recognition of allowance for impairment as at December 31, 2024 and 2023.



### 20.1.2 Liquidity risk

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

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

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

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

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

	Notes	2024	2023
Trade payables to			
Customers	3	77,501,558	251,768,232
Clearing house		6,186,177	-
Other current liabilities	8		
Provision for management bonus		12,224,288	10,757,574
Accruals for professional fees		2,662,129	2,140,795
Stock compensation payable		1,468,143	2,880,853
PSE transaction fee payable		942,281	898,201
SCCP payable		732,581	646,442
Payable to related party		139,675	125,791
Miscellaneous payables		463,599	1,574,663
Lease liabilities	15	11,911,113	12,614,763
		114,231,544	283,407,314

The financial liabilities disclosed above are presented at their carrying amounts which approximate the undiscounted cash flows payable by the Company. These financial liabilities will mature within a period of one year from reporting date except for the non-current portion of lease liabilities amounting to P10.44 million (2023 - P11.38 million).

### 20.1.3 Market risk

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

#### (i) Foreign exchange risk

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

(ii) *Price risk*

The Company does not trade for its own account (proprietary trading) and is exposed only to equity price risk in respect of its investments classified as financial assets at FVTPL (Note 4). As at December 31, 2024 and 2023, the Company is exposed to minimal price risk as the Company's financial assets at FVTPL pertain only to club shares.

(iii) *Interest rate risk*

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

## 20.2 Fair value hierarchy

In 2024, the Company's financial assets at FVTPL consist of club shares amounting to P4.1 million (2023 - P4.0 million), which fall under the Level 3 category of the fair value hierarchy. For club shares, the Company derives the fair value from a third-party pricing provider and will only make use of an internal pricing model if the third-party prices are not available. The unobservable inputs in determining the fair value of club shares include the counterparty's credit spread and the price volatilities as the market may be inactive. A change in the unobservable inputs may result in a higher (lower) fair value measurement. However, any change is not considered to materially affect the financial statements considering the balance of investment in club shares as at December 31, 2024 and 2023.

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

The fair values of lease liabilities are determined using a present value model on the basis of contractually agreed cash flows, mainly taking into account the credit quality. Fair value of lease liabilities as at December 31, 2024 amounts to P15.33 million (2023 - P16.88 million).

## 20.3 Offsetting of financial assets and liabilities

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

	2024	2023
Trade receivable from customers		
Gross amount of financial assets before set off	258,514,286	260,218,146
Gross amount of financial liabilities set off	(172,142,673)	(164,443,132)
	86,371,613	95,775,014
Trade receivables from clearing house		
Gross amount of financial assets set off	-	160,211,254
Gross amount of financial liabilities before set off	-	-
	-	160,211,254
Net amount of financial assets presented in the statement of financial position	86,371,613	255,986,268

	2024	2023
Trade payables to customers		
Gross amount of financial liabilities before set off	249,644,231	416,211,364
Gross amount of financial assets set off	(172,142,673)	(164,443,132)
	77,501,558	251,768,232
Trade payables to clearing house		
Gross amount of financial liabilities before set off	44,418,817	-
Gross amount of financial assets set off	(38,232,640)	-
	6,186,177	-
Net amount of financial liabilities presented in the statement of financial position	83,687,735	251,768,232

For the financial assets and liabilities subject to offsetting above, each agreement between the Company and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

## 20.4 Capital management

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

### (a) Minimum capitalization requirement

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

The Company has paid-up capital of P154.18 million as at December 31, 2024 and 2023 and therefore, has fully complied with the minimum capitalization requirement of the SEC.

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

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

In compliance with the above requirement, the Company appropriated a portion of its retained earnings amounting to P1.84 million in 2024 (2023 - P7.21 million) (Note 10).

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

The Company manages its capital following the guidelines set by the SEC through its Memorandum Circular No. 16 - "Adoption of the Risk-Based Capital Adequacy Requirement ("RBCA")/Ratio for Broker Dealers", Series of 2004, which requires all broker-dealers to maintain its RBCA Ratio at least 110%

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

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

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

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

	2024	2023
NLC	1,262,529,499	1,238,356,860
TRCR	69,702,346	78,392,018
RBCA ratio	1,811%	1,580%

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

	2024	2023
NLC	1,262,529,499	1,238,356,860
NLC as a percentage of AI	992%	413%
AI as a percentage of NLC	10%	24%
CE	1,347,854,304	1,329,466,948
ORR	69,701,313	78,391,917

The Company has fully complied with the RBCA requirements of the SEC as at December 31, 2024 and 2023.

## **21 Summary of material accounting policies**

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

## 21.1 Basis of preparation

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

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

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

### Changes in accounting policy and disclosures

#### *(a) Amendments to existing standards adopted by the Company*

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on January 1, 2024 that have a material effect on the financial statements of the Company.

#### *(b) Amendments to existing standards not yet adopted by the Company*

The following amendments are not mandatory for December 31, 2024 reporting period and have not been early adopted by the Company:

- *PFRS 18, 'Presentation and Disclosure in Financial Statements'*

This is the new standard on presentation and disclosure in financial statements, which replaces PAS 1, with a focus on updates to the statement of profit or loss.

The key new concepts introduced in PFRS 18 relate to:

- a) The structure of the statement of profit or loss with defined subtotals;
- b) Requirement to determine the most useful structure summary for presenting expenses in the statement of profit or loss
- c) Required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- d) Enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general

- *Amendments to the Classification and Measurement of Financial Instruments - Amendments to PFRS 9 and PFRS 7*

On 30 May 2024, the IASB issued targeted amendments to PFRS 9 Financial Instruments and PFRS 7 Financial Instruments: Disclosures to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- Clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- Clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- Add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- Update the disclosures for equity instruments design

There are no other new standards, amendments to existing standards, or interpretations that are effective for annual periods beginning on or after January 1, 2024 that are considered relevant or expected to have a material effect on the financial statement of the Bank.

## **21.2 Financial assets**

### *(a) Classification*

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

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

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

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

The Company does not hold financial assets at FVOCI and debt securities at FVTPL as at December 31, 2024 and December 31, 2023.

### *(b) Recognition and derecognition*

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

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

Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

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

### *Financial assets - amortized cost*

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

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

### *Equity instruments*

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

The Company's equity instruments, which pertain to club shares, are measured at FVTPL as at December 31, 2024 and 2023.

### *(c) Impairment and write-off*

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

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

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

## **21.3 Financial liabilities**

The Company classifies its financial liabilities in the following categories: (a) at FVTPL; and (b) at amortized cost. As at December 31, 2024 and 2023, the Company has only liabilities at amortized cost.

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

## 21.4 Determination of fair values

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

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

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

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

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

## 21.5 Offsetting of financial instruments

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

The financial assets and liabilities subject to offsetting as at December 31, 2024 and 2023 are disclosed under Note 20.3.

## 21.6 Property and equipment

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

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

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

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



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

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

### **21.7 Trading right**

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

### **21.8 Impairment of non-financial assets**

Non-financial assets that have finite useful lives, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that carrying amounts may not be recoverable. Intangible assets with indefinite lives, such as trading right, are reviewed for impairment annually and whenever events or changes in circumstances indicate that carrying amounts may not be recoverable. An impairment loss is recognized in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets for which an impairment loss has been recognized are reviewed for possible reversal of impairment at each reporting date.

As at December 31, 2024 and 2023, there are no indications of impairment or changes in circumstances that may suggest that the Company's non-financial assets may not be recoverable.

### **21.9 Income and expense recognition**

#### *Commission income*

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

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

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

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

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

#### *Interest income*

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

## *Expenses*

Brokering expenses comprise primarily of commission expenses which are recognized as incurred in the period the related brokering services are rendered and completed. Other expenses are recognized as incurred.

### **21.10 Foreign currency transactions and translation**

#### *(a) Functional and presentation currency*

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

#### *(b) Transactions and balances*

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

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

### **21.11 Income tax**

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

For the purposes of income tax calculation in 2024 and 2023, the Company has decided to avail the OSD as provided for under Revenue Regulations No. 16-2008 and No. 2-2010.

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

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

### **21.12 Employee benefits**

#### *(a) Short-term employee benefits*

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

#### *Equity compensation benefits*

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

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

*(b) Retirement benefits*

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

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

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

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

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

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

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

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

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

(c) *Bonus plans*

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

## 21.13 Leases

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

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

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

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

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

(i) *Output value-added tax (VAT)*

Output VAT declared for the year ended December 31, 2024 consists of:

	Gross amount of revenues	Output VAT
Sale of services		
Subject to 12% VAT	317,733,455	38,128,013

Output VAT payable as at December 31, 2024 amounts to P8.19 million and included as part of due to the BIR under other current liabilities in the statement of financial position.

(ii) *Input VAT*

Movements of input VAT for the year ended December 31, 2024 follow:

	Amount
Beginning of the year	2,247,594
Current year's domestic purchases/payments for:	
Services lodged under cost of services	4,227,634
Services lodged under other accounts	2,591,866
Input VAT claimed against output VAT	(6,910,394)
At end of the year	2,156,700

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

*(iii) Documentary stamp tax (DST)*

There was no paid and/or accrued documentary stamp taxes as at and for the year ended December 31, 2024.

*(iv) Withholding taxes*

Withholding taxes paid and accrued as at and for the year ended and December 31, 2024 consist of:

	Paid	Accrued	Total
Withholding taxes on compensation	21,843,056	1,355,234	23,198,290
Final withholding tax	2,736,889	737,876	3,474,765
Expanded withholding tax	8,534,628	255,819	8,790,447
Fringe benefit tax	-	-	-
VAT input withheld	1,313,711	354,181	1,667,892
	34,428,284	2,703,110	37,131,394

Creditable withholding taxes, included as part of other non-current assets, amount to P0.13 million as at December 31, 2024.

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

*(v) All other local and national taxes*

All other local and national taxes paid for the year ended December 31, 2024 consist of:

	Amount
Municipal taxes and mayor's permit	438,071
Fringe benefit tax	-
Others	472,808
	910,879

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

*Stock transaction taxes*

Stock transaction taxes paid for the year ended December 31, 2024 amount to P392.60 million. Accrued stock transaction taxes as at December 31, 2024 amount to P2.10 million and presented under other current liabilities. These stock transaction taxes were for the account of counterparties.

*(vi) Tax assessments and tax cases*

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

There are no outstanding tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the BIR as at and for the year ended December 31, 2024.

The taxable years that are still open for tax examination relate to years 2021, 2022, and 2023. The Company did not receive any Preliminary or Final Assessment Notice on the open tax years.

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

SCHEDULE I

**J.P. Morgan Securities Philippines, Inc.**

Computation of Risk Based Capital Adequacy (RBCA)  
Requirement Pursuant to SRC Rule 49.1-A  
December 31, 2024  
(All amounts in Philippine Peso)

Assets	1,471,073,290
Less: Total liabilities	(127,225,255)
Equity as per books	<u>1,343,848,035</u>
Adjustments to equity per books	
Deduct: Deferred income tax	(1,335,423)
Equity eligible for net liquid capital	<u>1,342,512,612</u>
Less: Ineligible assets	
Property and equipment, net	19,333,542
Trading right	1,100,000
Negative exposure (SCCP)	-
Other current and non-current assets, including financial assets at fair value through profit or loss	59,549,571
Total ineligible assets	<u>79,983,113</u>
Net liquid capital (NLC)	<u>1,262,529,499</u>
Less: Operational risk requirement	69,701,313
Position risk requirement	1,033
Counterparty risk requirement	-
Total risk capital requirement (TRCR)	<u>69,702,346</u>
Net RBCA margin (NLC - TRCR)	<u>1,192,827,153</u>
Aggregate indebtedness (AI), net of exclusions	<u>127,225,255</u>
5% of Aggregate indebtedness	<u>6,361,263</u>
Required NLC (5% of AI or P5 million whichever is higher)	<u>6,361,263</u>
Net risk-based capital excess	<u>1,256,168,236</u>
Ratio of AI to NLC	<u>10%</u>
RBCA Ratio (NLC/TRCR)	<u>1,811%</u>

## SCHEDULE II

**J.P. Morgan Securities Philippines, Inc.**

Computation for Determination of Reserve Requirements  
Under SRC Rule 49.2-B  
December 31, 2024  
(All amounts in Philippine Peso)

Free credit balance and other credit balances in customer securities accounts	
Trade payables to customers	77,501,558
Trade payables to other broker	-
Trade payables to clearing house	6,186,177
	<hr/>
Aggregate credit items	<u>83,687,735</u>
Debit balances in customers' cash and margin accounts excluding unsecured accounts and doubtful of collection	
Trade receivables from customers	86,371,613
Trade receivables from clearing house	-
	<hr/>
Less: Unsecured portion	2,139,758
Subtotal	<hr/> 84,231,855
Less: 1% of subtotal	842,319
	<hr/>
Aggregate debit items	<u>83,389,536</u>
Excess of total credits over total debits	<u>298,199</u>
Required reserve	<hr/> 298,199
Special reserve account balance prior to computation	<hr/> <u>61,127,339</u>



SCHEDULE III

**J.P. Morgan Securities Philippines, Inc.**

Information Relating to the Possession or Control  
Requirements Under SRC Rule 49.2-A  
December 31, 2024

1. Customers' fully paid securities and excess margin securities not in the broker's or dealer's possession or control as at December 31, 2024 for which instructions to reduce to possession or control had been issued as at the report date but for which the required action was not taken by respondent within the time frame specified under SRC Rule 49.2-A:

Market valuation	Nil
Number of items	Nil

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

Market valuation	Nil
Number of items	Nil



## SCHEDULE IV

### Independent Auditor's Report

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

In planning and performing our audit of the financial statements and supplemental schedules of J.P. Morgan Securities Philippines, Inc. (the "Company") as at and for the year ended December 31, 2024, we considered the Company's internal control structure, including procedures for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

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

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

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



## SCHEDULE V

Independent Auditor's Report  
To the Board of Directors and Shareholder of  
J.P. Morgan Securities Philippines, Inc.  
Page 2

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

We understand that the practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the SRC and related regulations, and that the practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate as at December 31, 2024 to meet the SEC's objectives.

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

**Isla Lipana & Co.**

A handwritten signature in blue ink that reads 'Vergel E. Fabillon, Jr.' with a stylized flourish at the end.

Vergel E. Fabillon, Jr.

Partner

CPA Cert. No. 0119924

P.T.R. No. 0032861; issued on January 4, 2025, Makati City

T.I.N. 306-301-484

BIR A.N. 08-000745-240-2023; issued on January 30, 2023; effective until January 29, 2026

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

Makati City  
April 23, 2025

SCHEDULE V

**J.P. Morgan Securities Philippines, Inc.**

Results of the Monthly Securities Count Conducted Pursuant to  
SRC Rule 52.1.10  
December 31, 2024  
(All amounts in Philippine Peso, except number of shares)

SECURITY NAME	POSITION	MARKET VALUE	PCD	IN TRANSIT	IN BOX	TOTAL MARKE VALUE
Ayala Corporation	5,560	3,330,440		5,560		3,330,440
Aboitiz Equity Ventures, Inc.	900	30,915		900		30,915
Ayala Land, Inc.	(295,000)	(7,729,000)		(295,000)		(7,729,000)
BDO Unibank, Inc.	(356,240)	(51,298,560)		(356,240)		(51,298,560)
Belle Corporation	(9,000)	(14,940)		(9,000)		(14,940)
Bank of the Philippine Islands	64,200	7,832,400		64,200		7,832,400
China Banking Corporation	890	56,515		890		56,515
Century Pacific Food, Inc.	150,000	6,292,500		150,000		6,292,500
Converge Information and Communications Technology Solutions, Inc.	15,380	248,233		15,380		248,233
Globe Telecom, Inc.	5,400	11,793,600		5,400		11,793,600
GT Capital Holdings, Inc.	70	46,060		70		46,060
International Container Terminal Services, Inc.	(47,800)	(18,450,800)		(47,800)		(18,450,800)
Jollibee Foods Corporation	12,140	3,265,660		12,140		3,265,660
JG Summit Holdings, Inc.	600	12,330		600		12,330
Metropolitan Bank & Trust Company	103,600	7,459,200		103,600		7,459,200
Monde Nissin Corporation	118,600	1,019,960		118,600		1,019,960
DigiPlus Interactive Corp.	580,400	15,757,860		580,400		15,757,860
Semirara Mining and Power Corporation	365,800	12,766,420		365,800		12,766,420
SM Investments Corporation	(32,820)	(29,505,180)		(32,820)		(29,505,180)
SM Prime Holdings, Inc.	1,469,800	36,965,470		1,469,800		36,965,470
SSI Group, Inc.	(21,880)	(69,578)		(21,880)		(69,578)
PLDT Inc.	80	103,600		80		103,600
Universal Robina Corporation	81,250	6,418,750		81,250		6,418,750
<b>TOTAL IN TRANSIT</b>	<b>2,211,930</b>	<b>6,331,855</b>		<b>2,211,930</b>		<b>6,331,855</b>
TAGAYTAY HIGHLAND INTERNATIONAL GOLF CLUB	1	3,400,000			1	3,400,000
THE COUNTRY CLUB AT TAGAYTAY	1	700,000			1	700,000
<b>TOTAL IN BOX</b>	<b>2</b>	<b>4,100,000</b>			<b>2</b>	<b>4,100,000</b>

**J.P. Morgan Securities Philippines, Inc.**

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

Schedule of Financial Soundness Indicators  
As at December 31, 2024 and 2023  
(All amounts in Philippine Peso)

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

	2024	2023
Current assets	1,390,231,328	1,544,203,691
Current liabilities	116,782,343	288,219,766
Current ratio	1190%	536%
Cash	1,296,870,998	1,282,535,113
Trade receivables	86,371,613	255,986,268
Current liabilities	1,383,242,611	1,538,521,381
Quick ratio	116,782,343	288,219,766
Quick ratio	1184%	534%
Total liabilities	127,225,255	299,600,555
Equity	1,343,848,035	1,325,460,681
Debt to equity ratio	9%	23%
Total assets	1,471,073,290	1,625,061,236
Total liabilities	127,225,255	299,600,555
Solvency ratio	1156%	542%
Total assets	1,625,061,236	1,625,061,236
Equity	1,343,848,035	1,325,460,681
Asset to equity ratio	121%	123%
Gross profit	193,535,674	197,876,708
Total commission income	306,776,443	305,793,067
Gross profit margin	63%	65%
Net income	18,387,354	72,050,344
Total commission income	306,776,443	305,793,067
Net profit margin	6%	24%
Net income	18,387,354	72,050,344
Total assets	1,471,073,290	1,625,061,236
Return on asset ratio	1%	4%
Net income	18,387,354	72,050,344
Equity	1,343,848,035	1,325,460,681
Return on equity ratio	1%	5%

**J.P. Morgan Securities Philippines, Inc.**

25th Floor JPMorgan Chase & Co Tower Manila,  
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Reconciliation of Retained Earnings Available  
for Dividend Declaration  
For the year ended December 31, 2024

<b>Unappropriated Retained Earnings, beginning of the year</b>		<b>154,180,000</b>
Add: Category A: Items that are directly credited to		
Unappropriated retained earnings		
Reversal of Retained earnings appropriation/s	-	
Effect of restatements or prior-period adjustments	-	
Others (describe nature)	-	
Less: Category B: Items that are directly debited to		
Unappropriated retained earnings		
Dividend declaration during the reporting period	-	
Retained earnings appropriated during the reporting period	(18,387,354)	
Effect of restatements or prior-period adjustments	-	
Others (describe nature)		(18,387,354)
<b>Unappropriated Retained Earnings, as adjusted</b>		<b>135,792,646</b>
Add/Less: Net Income (loss) for the current year		18,387,354
Less: Category C.1: Unrealized income recognized in the profit or loss during the year/period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	-	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	(75,000)	
Unrealized fair value gain of investment property	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	(75,000)
		<b>18,312,354</b>

**J.P. Morgan Securities Philippines, Inc.**

## Reconciliation of Retained Earnings Available for Dividend

Declaration For the year ended December 31, 2024

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

Reconciliation of Retained Earnings Available for Dividend

Declaration For the year ended December 31, 2024

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Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution	
Net movement of treasury shares (except for reacquisition of redeemable shares)	-
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	-
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	-
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-
Others (describe nature)	-
<b>Total Retained Earnings, end of the year available for dividend declaration</b>	<b>154,105,000</b>

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J.P. Morgan Securities Philippines, Inc.

Supplementary Schedule of External Auditor Fee-Related

December 31, 2024 and 2023

	2024	2023
<b>Total audit fees</b>	865,500	834,500
Non-audit services fees:		
Other assurance services	-	-
Tax services	-	-
All other services	-	-
<b>Total non-audit fees</b>	-	-
<b>Total audit and non-audit fees</b>	865,500	834,500