SEC Registration Number

0	0	0	0	0	0	6	3	8	2	4

Company Name

CTS GLOBAL EQUITY GROUP, INC.

Principal Office (No./Street/Barangay/City/Town/Province)

27/F East Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-A	**CFD**	**Broker**

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
compliance@ctsglobalgroup.com	**(02) 8 635-5735**	**0961 078 5433**

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
4	**Any Date of March**	**December 31**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Lawrence C. Lee	**lawrence@ctsglobalgroup.com**	**(02) 8 635-5735**	**0961 078 5433**

Contact Person's Address

27/F East Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City

Note: 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.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended: **DECEMBER 31, 2023**

2. SEC Identification Number: **00000063824**

3. BIR Tax Identification No.: **000-322-268-000**

4. Exact name of issuer as specified in its charter: **CTS GLOBAL EQUITY GROUP, INC.**

5. Province, Country or other jurisdiction of incorporation or organization:
Metro Manila, Philippines

6. Industry Classification Code: [ ] (SEC Use Only)

7. Address of principal office Postal Code: **1605**
27/F East Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City

8. Issuer's telephone number, including area code: (632) **8635-5735**

9. Former name, former address, and former fiscal year, if changed since last report: **Not Applicable**

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding
Common Share	**6,875,000,000 shares**

11. Are any or all of these securities listed on the Philippine Stock Exchange?

Yes [**x**] No [ ]

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [**x**] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [**x**] No [ ]

13. Aggregate market value of the voting stock held by non-affiliates.
₱2,233,438,500 (1,630,410,105 @ ₱0.73 per share as of March 27, 2024)

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Company Overview

CTS Global Equity Group, Inc. ("CTS", or the "Company") was established to engage in the business of equities trading as a broker-dealer for the Philippine market, but through time, shifted focus to its proprietary trading deck for global equities. It uses its intellectual property assets, specifically on risk management, macroeconomics, fundamental, and technical analysis, to seek and capitalize on opportunities on a local and global scale through trading of equities listed in stock exchanges. With a combined experience of more than 100 years trading in the stock market, the proponents of the Company have developed a robust trading system that allows its traders to consistently generate returns on proprietary and client capital. The Company offers its brokerage services for securities and is listed in the Philippine Stock Exchange.

The Company's core competency was honed in the Philippine stock market and further developed overseas, particularly in the US, Hong Kong, and Japan stock markets. Through decades of active participation in these trading markets, the Company was able to develop and has continued to develop its intellectual property assets, thereby improving its competitive advantage. The Company successfully pivoted and maneuvered the challenges of the pandemic with the newly digitized training sessions, risk management monitoring, and fully automated analytics, leveling up the Company's operations.

The Company maintains a pool of traders who manage the firm's capital. Each trader is considered as a profit center with their own unique trading system. Though the trading strategies are inherently diverse, the development and application of every distinct trading technique falls under the overarching trading system and rules of the FTSR Trading Framework. This framework has been developed for 40 years and is still constantly improved under the Caylum Trading Institute ("Caylum" or "CTI"), the Company's trading education partner.

The Company is essentially a trader development ecosystem and investments in technology have strengthened its ability to efficiently produce and distribute valuable content and information to traders. In 2019, the Company invested in creating its own trader performance analytics portal to support the traders in the on-going analysis of their performance. Its risk management processes have also been completely digitized to provide risk overseers a real-time view of exposures of business units. This has allowed the business to thrive in 2020 amid the work-from-home, now hybrid, arrangement that improved trader performance while reducing overhead office costs.

The Company believes that its stock market expertise and training program are inestimable assets that can support its core vision of growing the number of traders in its pool while also being able to consistently preserve and grow the various assets under its management.

Business Segments

The Company's business segments are:

Proprietary Trading. The Company has traders with exposure in multiple global markets including the United States, Hong Kong, Japan, Indonesia, and the Philippines. CTS' investment framework, which has been developed and refined for over the past forty years, allows the Company to consistently generate return on proprietary capital. This business segment will remain to be the Company's largest revenue contributor in the foreseeable future. In this segment, the traders generate profits for the firm in exchange for overall trader development, risk infrastructure, proprietary capital, and compensated with a fixed salary and commissions.

Brokerage Services. As one of the PSE Trading Participants, CTS renders stock brokerage and dealership services at a fee for high-net-worth clients. Revenues from this side are in fixed commissions based on the transaction amounts. As a traditional broker, CTS clients place their buy or sell orders and receive confirmation of the execution of their transactions through licensed salesmen of the Company.

Investment Income. Aside from giving an overall guidance to the trading house's market and foreign exchange exposure, the Macroeconomics Desk and the Global Research team within CTS likewise invests in assets with a longer-term horizon. These teams specialize in conducting in-depth research to generate alpha. This segment has allowed the firm to capitalize on dollar strength and higher interest rates in 2023 despite the volatile equity markets.

<u>Competitor Analysis</u>

Operating in both the stock brokerage and proprietary segments, CTS is mainly driven by the global equity markets and the asset management industry. In the global asset management landscape, there is a low barrier to entry that allows players to enter and exit the industry. In 2023, the US market's S&P 500 index ended the year with a 24% return, while the PSEi with -2.5%. Compared to these benchmarks, CTS has booked a return of 5.4% on average for both markets.

Overall, an optimistic trend is expected for the industry, following the growth trajectory as PSE stock brokerage accounts reached more than 1.71 million in 2022. Current brokerage services and future client accounts management services are offered to both local and foreign clients, subject to regulatory restrictions.

Despite the difference in nature, CTS is most comparable to competition in the asset management industry. This includes hedge funds, mutual funds, and other portfolio management institutions.

CTS believes that it can effectively compete with its peers, based on the following reasons:

1. The Company has developed intellectual property assets, including automated systems for risk management, performance analytics, trader training and monitoring.

2. The Company is led by a competent and experienced management team with a deep understanding of macroeconomic and market cycles and with a combined experience of more than 100 years trading in the stock market.

3. The Company follows a prudent risk management infrastructure which will help the Company sustainably scale and grow as well as attain operational efficiency.
4. The Company has historically demonstrated its ability to generate “alpha” or strategies that have proven to be effective in beating the market.

5. The Company has a long-standing partnership with the Caylum Trading Institute (founded by the same proponents as the Company’s), which serves as the education and training partner of the Company.

6. The Company can leverage on the COL Financial Group, Inc. ecosystem.

7. The global trading business model is scalable and provides a high operating leverage.

Business Strategies

Proprietary Trading

Capitalize on strength. CTS will focus on its core strength of trading equities. The Company will leverage on its trading expertise by increasing the allocation of proprietary funds assigned to business units (i.e., individual traders). Scaling up the capitalization of each business unit can unlock the operating leverage that is inherent in CTS’ business model.

Continue trader development. Through its trading education and training partner, Caylum, the Company is able to recruit traders who meet the standards set for managing proprietary funds. This includes the competence required by the coaches in financial concepts and fundamental and technical analysis. Novice traders are recruited mainly through Caylum’s Recruitment Course, which is an 8-week market timing course that combines theoretical knowledge of the FTSR Framework and practical knowledge as it is applied through actual execution of trades during market hours. At the end of each Recruitment Course, a select few are chosen based on a variety of standards that includes weighted grades of testing and presentations.

Continue trades with a more global focus. In line with its expansion plans, CTS intends to increase its global trading revenues. Historically, most revenues came from the Philippine market, and then US, HK, and Japan. For the past year, CTS has officially expanded into the Indonesian equity markets in order to capitalize on the strong commodities markets.

Maintain lean cost-structure. The work-from-home arrangement mandated by the government during the COVID-19 pandemic made the cost structure leaner. As the IPO raised more capital for the firm, it has been able to keep the operating expenses controlled despite the exponential increase in assets under management. This is a strategy the Company intends to maintain as it grows its assets in the future.

Customers

The business of CTS is not dependent upon a single customer or a few customers that a loss of any one of them would have a material adverse effect on CTS. Further, there is no customer that accounts for, or based upon existing transactions, will account for twenty percent (20.0%) or more of CTS’ total revenues.

Patents, Trademarks, Licenses, Franchises, Concessions or Royalty Agreements

The Company filed the following application for registration of trademark with the Intellectual Property Office (IPO):

	Mark	Date of Application	Status and Validity
1.	"CTS Global Equity Group"	July 21, 2021	Approved; Registration up to March 31, 2032

CTS believes, however, that its operation is not contingent on the effectivity of its trademark registered with the IPO. The Company further believes it can continue with its operations under any other trademark.

Transactions with and/or Dependence on Related Parties

In the ordinary course of business, CTS enters into various transactions with related parties and affiliates, principally consisting of stockbrokerage services and purchase of goods. The Company's policy is to settle intercompany receivables and payables on a net basis. Transactions entered with related parties are made at arm's-length prices or on terms similar to those offered to non-related parties in an economically comparable market. Outstanding balances owed to related parties at a certain reporting date are non-interest bearing, unsecured and payable/collectible in cash on demand.

In order to minimize any conflict of interest and to ensure fairness and reasonableness, any future material transaction involving CTS and the companies of the major stockholders or its affiliates shall be subjected to the approval of a majority of the Board of Directors in accordance with the Company's Related Party Transactions policy.

Government Regulation

The securities industry in the Philippines is highly regulated. Broker/dealers are subject to regulations covering all aspects of the securities business. Additional regulations, changes in rules as promulgated by the SEC, the Department of Finance, the Bureau of Internal Revenue (BIR), the PSE, the Capital Markets Integrity Corporation (CMIC) or changes in the interpretation or enforcement of existing laws and rules, may directly affect the operation and profitability of broker/dealers.

The SEC and other regulatory agencies have stringent rules with respect to the maintenance of specific levels of Risk-Based Capital Adequacy Ratios (RBCA) by broker/dealers. RBCA is a ratio that compares the broker/dealer's total measured risk to its liquid capital. The broker/dealer must ensure that the RBCA ratio is at least 110% and that its net liquid capital is at least ₱5.00 million and is greater than the total risk capital requirement. Failure to maintain the required RBCA may subject the Company to the suspension or revocation of its broker/dealer license by the SEC. In addition, a change in the RBCA rules or the imposition of new rules could limit those operations of CTS that require a large use of capital such as its trading activities and could restrict CTS's ability to withdraw capital to pay dividends, repay debt, or redeem shares of its outstanding stock. A significant operating loss or any unusually large charge against net capital could adversely affect the Company's ability to expand or maintain its present level of operation.

Employees

The actual number of full-time employees of CTS for 2023 and the projected number of employees for 2024 to complement its operational requirements are broken down as follows:

	2024	2023
Executives	5	5
Senior Officers	6	6
Junior Officers	22	22
Professional/Technical/Others	44	40
TOTAL	77	73

The employees of CTS are not subject to any collective bargaining agreements (CBA).

Risk Factors and Risk Management

Risks Relating to the Company Business

- The Company's performance is influenced by the cyclical nature of the markets it operates in, as well as the general riskiness of equities compared to other assets since it is subject to extensive fluctuations in price and liquidity.
- The Company's trading operations are subject to technological risks from the stock brokerage platforms.
- The Company's focus on global equity markets poses a foreign exchange risk for its dollar-denominated working capital used in trading operations.
- Foreign markets are subject to political and economic factors that can affect the Company's relevant market revenues.
- The Company is exposed to risks for its investments in international markets.
- The Company's unique business model requires the acquisition of specific talent that may not always be available, which may hamper the growth of the Company.
- Employee turnover can affect the operations of CTS.
- Deviation from the FTSR Framework by traders can affect the Company's operations.
- Scaling of the global trading operations is subject to the individual traders' ability to improve their efficiency.
- The Company's growth depends heavily on the execution of its future strategic plans. The inability to execute this successfully will pose a risk to its financial performance. Global trading operations are executed electronically and therefore subject to the risk of power and internet connectivity interruption.
- The Company can be affected by potential local and foreign-based competition.
- The Company may be exposed to risks on Related Party Transactions
- The Company may be exposed to risks on non-compliance with Risk-Based Capital Adequacy (RBCA) Ratios requirements.

Risks Relating to the Philippines

- As the Company generates a portion of its revenues in the Philippines, the local political and economic factors will affect both the Company's trading operations and the local market revenues.
- As a part of the strictly regulated financial industry, the Company will be affected by any changes and further regulations that might be imposed by the regulatory bodies in the future.
- Acts of terrorism could destabilize the country and may affect the Company's operations business, financial condition, and results of operations.
- Natural or other catastrophes, including severe weather conditions, may disrupt the Company's operations and financial conditions.
- Credit ratings of the Philippines and Philippine companies could materially and adversely affect the Company.
- Foreign exchange regulations in the Philippines may limit the Company's access to foreign currency for service of foreign-currency denominated payment obligations.

- The continuing impacts of the COVID-19 pandemic are highly unpredictable, volatile, and uncertain, and have had, and will continue to have, some negative impacts on business operations, costs of doing business, availability of labor, the Company's financial performance, and the ability to predict future performance, among others.
- Other than COVID-19, other public health epidemics or outbreaks of diseases could have an adverse effect on economic activity in the Philippines, and could materially and adversely affect the Company's business, financial condition, and results of operations.
- Territorial disputes with China and a number of Southeast Asian countries may disrupt the Philippine economy and business environment.

Item 2. Properties

The properties owned or leased by the Company are as follows:

Purpose	Location	Nature of Ownership	No. of Units
Investment	Metro Manila	Owned	1
Mixed-use (office, storage)	Metro Manila	Leased	3
Office use	Metro Manila	Owned	2

Item 3. Legal Proceedings

CTS is not involved in any legal proceedings that it considers as material, pending or threatened against it, its directors, any nominee for election as director, executive officer, underwriter or control person of CTS or in which any of CTS' property is the subject.

Involvement in Certain Legal Proceedings

The Corporation is not aware of any of the following events having occurred during the past five (5) years up to the date of this report that are material to an evaluation of the ability or integrity of any director, nominee for election as director, executive officer, underwriter, or controlling person of the Corporation:

(1) Any bankruptcy petition filed by or against any business of which any of the above persons was a general partner or executive officer either at the time of bankruptcy or within two (2) years prior to that time;

(2) Any order or judgment, or decree, not subsequently reversed, suspended, or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending, or otherwise limiting the involvement of any of the above persons in any type of business, securities, commodities, or banking activities; and

(3) Any findings by a domestic or foreign court of competent jurisdiction (in civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, that any of the above persons has violated a securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

CTS is not involved in, nor are any of their properties subject to, any material legal proceedings that could potentially affect its operations and financial capabilities.

Item 4. Submission of Matters to a Vote of Security Holders

None.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

Market Information

The common shares of CTS Global Equity Group, Inc. were listed at the PSE on April 13, 2022 under the ticker symbol "CTS". The total number of outstanding shares of CTS as of December 31, 2023 is 6,875,000,000 with a market capitalization of ₱5.1 billion as of the end of 2023, based on the closing price of ₱0.75 per share.

Before 13 April 2022, the common shares of the Corporation were privately held and not listed with the PSE. The high and low sales prices of CTS shares transacted at the PSE for each quarter within the last two (2) years are as follows:

	2023		2022	
	High	Low	High	Low
1st Quarter	0.98	0.85	-	-
2nd Quarter	0.89	0.75	1.19	0.81
3rd Quarter	0.79	0.73	1.12	0.86
4th Quarter	0.83	0.73	0.98	0.81

As of March 27, 2024, the closing price of CTS shares is ₱ 0.7300 per share

Holders of Common Equity

As of February 29, 2024, there are four (4) holders of common shares of CTS. The common shareholders of the Company are as follows:

	Name	No. of Common Shares Total	Percentage of Total Shares Outstanding held by each
1	PCD Nominee Corporation	6,736,430,000	97.9844
2	PCD Nominee Corporation	138,563,500	2.0155
3	Ramos, Jennifer T.	4,000	0.0001
4	Estate of Joseph C. Tan	2,500	0.0000
	TOTAL	6,875,000,000	100.0000

Dividends

a. Cash Dividends

Year	Amount / Share	Type	Ex-Date	Record Date	Payment Date
2023	₱0.000776	Regular	June 4, 2023	June 9, 2023	July 5, 2023
	₱0.002328	Special	June 4, 2023	June 9, 2023	July 5, 2023

There were no declared cash dividends in 2022.

b. Dividend Policy

The Board of Directors of CTS, in its meeting held on 2023, approved a policy of declaring an annual regular cash dividend of twenty per cent (20%) of its net income. The payment of dividends shall be taken out of the unappropriated retained earnings of the Corporation. There are no restrictions that limit payment of dividends on common shares.

Recent Sales of Unregistered or Exempt Securities

There was no sale of unregistered or exempt securities as of December 31, 2023.

Discussion on Compliance with leading practice on Corporate Governance

1. Compliance with the Corporation's Corporate Governance Manual is being monitored regularly by the Compliance Officer. Orientation and workshop meetings are held to operationalize the Manual. As a guide, the Corporation uses the Corporate Governance Scorecard for Publicly-listed Companies as its evaluation system to measure level of compliance with its Manual.

2. A continuing and on-going review and evaluation of the Corporation's key result areas and key performance indicators of all its departments are being closely monitored to ensure that measures are being undertaken to fully comply with the Corporation's adopted leading practices on good governance.

3. There are no deviations from the Corporation's Manual on Corporate Governance that it is aware of.

4. The Corporation continues to review and evaluate its policies and measures being undertaken to continue to adhere to the principles and practices of good corporate governance.

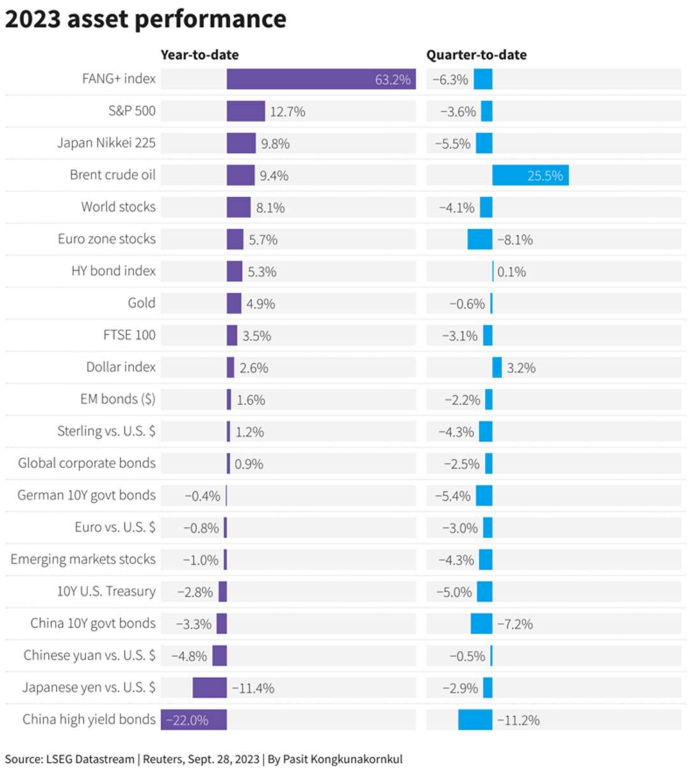
(This space is intentionally left blank.)

Item 6. Management's Discussion and Analysis (MD&A) of Financial Condition and Results of Operations

The following is a discussion and analysis of the financial performance of CTS Global Equity Group, Inc. The discussion aims to provide readers with an appreciation of its business model and the key factors underlying its financial results. The MD&A should be read in conjunction with the audited financial statements of the Company filed as part of this report.

<u>Industry and Economic Review</u>

Throughout the year 2023, global markets encountered tumultuous conditions characterized by a series of significant events and obstacles. Beginning with geopolitical tensions and culminating in economic uncertainties, the year presented a range of risks across various asset classes.



Elevated geopolitical tensions, particularly evident in regions like the Middle East and East Asia, influenced market sentiment, introducing an element of unpredictability. Moreover, ongoing conflicts and diplomatic disputes contributed to investor apprehension, affecting market stability.

Economic indicators experienced fluctuations amid concerns regarding inflationary pressures and responses from monetary policymakers. Central banks, grappling with mounting inflation, implemented measures to mitigate it, resulting in erratic adjustments to interest rates across major economies. These actions, while intended to curb inflation, raised concerns about potential economic slowdowns and liquidity constraints, thus impacting investor confidence.

Key trends shaping market dynamics included persistent volatility in commodity prices, fluctuations in interest rates, and currency instability. The appreciation of the US dollar further complicated the landscape, prompting investors to adopt a cautious approach and seek safer investment options.

Business Review

1. Key Performance Indicators

	December 31, 2023	December 31, 2022
Revenue/ Capital	5.4%	4.6%
Gross Margin	39.3%	16.5%
Net Margin	22.2%	59.5%
Global Trading Revenues (in millions)	(₱20.1)	₱6.6
Local Trading Revenues (in millions)	₱20.6	₱25.9
Total Revenues (in millions)	₱103.7	₱87.8
Net Liquid Capital (in millions)	₱1,922.5	₱1,947.1
Risk-Based Capital Adequacy (RBCA) Ratio	1,440%	1,458%

CTS' **Revenues** as of end 2023 improved to ₱103.7 million from ₱87.8 million in the same period last year while **revenue over capital** also improved to 5.4% as of end 2023 from 4.6% as of end 2022. The 18.2% increase in revenues is mainly due to full year interest income mainly from the CTS' investments in government fixed-income securities, as CTS was able to capitalize early on in the bond market during third and fourth quarter of 2022 which provided the Company a fixed stream of income amid volatile equity markets, and interest income from short-term time deposits, which grew to ₱64.2 million and ₱11.9 million, respectively. CTS booked lower trading gains, however, on both local and global markets combined as broad equity weakness persisted during the year following the US Fed's stance to keep interest rates higher for longer to combat inflation and among other various events that introduced uncertainty into the markets.

Gross margin improved to 39.3% as of end 2023 from 16.5% as of end 2022, as revenues grew by ₱16.0 million while cost of services went down by ₱10.3 million. The lower **net margin** of 22.2% as of end 2023 compared to 59.5% as of end 2022 is mainly due to higher foreign exchange gain booked last year as exchange rate improved to US$1 = Php56.12 in 2022 from US$1 = Php50.99 in 2021. Primarily due to lower trading gains as of end 2023, CTS booked an income before tax of ₱4.5 million as of end 2023.

On April 13, 2022, CTS completed its initial public offering and for which CTS received net proceeds amounting to ₱1,353.3 million. The additional capital provided CTS the opportunity in the advancement of its proprietary trading segment. As a result, CTS **net liquid capital** improved to ₱1,922.5 million and ₱1,947.1 million as of end 2023 and 2022, respectively.

CTS continued to meet the stringent rules of regulators in the Philippines. As of end 2023, CTS' **Risk Based Capital Adequacy Ratio** (RBCA) is 1,440%, which is considerably higher than the minimum requirement of 110.0%. The ratio ensures that the Company has sufficient capital to sustain operating losses, if any, while maintaining a safe and efficient market.

2. Other Financial Soundness Indicators

	December 31, 2023	December 31, 2022
Profitability ratios:		
Return on assets	1.04%	2.37%
Return on equity	1.14%	2.63%
Solvency and liquidity ratios:		
Current ratio	5.48	4.88
Debt to equity ratio	0.10	0.11

3. *Material Changes in Financial Condition*

a. 2023 vs. 2022

CTS's asset base slightly increased by 0.1% or by ₱2.1 million to ₱2.2 billion as of end 2023 compared to its end 2022 level.

Cash and cash equivalents (including short-term time deposits) slightly increased by 0.5% to ₱479.6 million as of end 2023 from ₱477.2 million in the previous year mainly due to the following: income before tax of ₱4.5 million, adjustment to income on noncash expenses such as depreciation, retirement expense, unrealized foreign exchange loss and unrealized trading loss totaling ₱10.5 million, net increase in equity securities held by ₱7.0 million, decrease in trade payables and other current liabilities by ₱21.2 million and ₱8.6 million, respectively, proceeds from maturity of an investment in government fixed-income security amounting to ₱50.0 million, additions to property equipment and intangible assets amounting to ₱3.2 million and ₱0.2 million, respectively, and payment of cash dividends to CTS stockholders amounting to ₱21.3 million.

Financial assets at FVPL increased to ₱6.9 million as of end 2023, from ₱1.4 million as of end 2022, mainly due to outstanding equity securities held locally.

Trade receivables stood at ₱389.2 million as of end 2023, generally the same as of its end 2022 level. The account mainly pertains to deposits with other brokers to purchase equity securities in other foreign stock markets.

Investments in government fixed-income securities decreased by 1.6% or by ₱21.0 million primarily due to maturity of a 3-year government fixed-income security last February 2023 amounting to ₱50.0 million and partially offset by mark-to-market gain, net of tax, of ₱23.6 million this period on government fixed-income securities classified as financial assets at fair value thru other comprehensive income (FVOCI).

As of end 2023, investments in government securities classified as financial assets at amortized cost (for held-to-maturity (HTM) investments) and financial assets at FVOCI (for purposes of collecting contractual cash flows and selling financial assets) amounted to ₱464.1 million and ₱790.1 million, respectively.

The interest rates of investments in government securities at amortized cost and at FVOCI ranges from 4.63% to 7.50% p.a. and 6.25% to 7.25% p.a., respectively. Additionally, cumulative unrealized gain on changes in fair value of financial assets at FVOCI amounted to ₱12.7 million as of end 2023.

CTS' investments in government fixed-income securities are part of CTS' strategy to boost interest income and cover CTS' operating expenses as global inflation remains affecting market stability and debt securities market provided an alternative opportunity for fixed stream of income. On the other hand, CTS' current liabilities or short-term obligations are sufficiently covered by current assets consisting mainly of cash and cash equivalents resulting in the current ratio of 5.48.

CTS' risk management on its investments in government securities includes diversifying, managing the duration, assessing credit risk, actively monitoring (of economic indicators and economic developments), and sizing positions appropriately, to mitigate the risks and increase the likelihood of achieving CTS' investment objectives.

Property and equipment increased by 39.9% mainly due to one (1) new leased office space and one (1) office space lease renewal amounting to ₱1.4 million and ₱2.1 million, respectively, which are booked as right-of-use assets under property and equipment. Investment property decreased by 6.7% due to depreciation of ₱0.7 million.

Net deferred tax asset increased by 221.0% to ₱17.8 million as of end 2023 compared to ₱5.5 million as of end 2022. The account comprises of deferred tax assets pertaining to CTS' net operating loss for carryover and retirement liability amounting to ₱20.7 million and ₱6.9 million, respectively, and deferred tax liability of ₱11.6 million mainly due to unrealized gains on foreign exchange and changes in fair value of financial assets at FVOCI.

Other current assets decreased by 4.6% to ₱17.1 million compared to ₱17.9 million as of end 2022. The account is generally composed of interest receivables of ₱7.0 million from government fixed-income investments and excess tax credit of ₱7.7 million. On the other hand, other noncurrent assets slightly increased by ₱0.9 million mainly due to refundable clearing fund contributions as of end 2023.

Total liabilities decreased by 8.7% to ₱192.2 million from ₱210.5 million as of end 2022. This was largely due to decline in payables to customers by ₱21.2 million brought about by deployment of their portfolio into the market, reduction in accrued expenses and government payables as end 2022 amounts were settled during the year, while retirement obligation increased by ₱9.4 million as a result of remeasurement loss, current service and interest cost.

Stockholders' equity went up by 1.0% to ₱2.0 billion as of end 2023 as a result of ₱23.0 million in net income as of end 2023, mark-to-market gain on investment in government fixed-income securities at FVOCI, net of tax, of ₱23.6 million, remeasurement loss on retirement benefit liability, net of tax, amounting to ₱4.9 million, and cash dividends paid to stockholders last July 2023 amounting to ₱21.3 million.

b. 2022 vs. 2021

CTS's asset base increased by 132.0% to ₱2,199.5 million as of end December 2022 compared to ₱948.2 million as of end 2021. Assets grew largely due to ₱1,353.3 million net cash generated from its initial public offering last April 13, 2022; ₱561.8 million of which were already deployed to scale the Company's trading operations and the unapplied proceeds of ₱791.5 million, majority of which, were provisionally invested in fixed income securities awaiting for an opportune time for deployment.

Cash and cash equivalents (including short-term time deposits) increased by 7.4% to ₱477.2 million mainly due to the following: ₱1,353.3 million net cash generated from its initial public offering last April 13, 2022, investments made on peso-denominated government debt securities totaling ₱1,244.7 million, income before tax of ₱53.5 million, noncash income of ₱31.5 million pertaining to unrealized foreign exchange gains, drop in trade receivables and trade payables by ₱49.0 million and ₱158.4 million, respectively.

Financial assets at FVPL as of end 2022 and 2021 amounting to ₱1.4 million and ₱2,061, respectively, pertain to outstanding equity securities held.

Trade receivables decreased by 4.3% to ₱389.1 million. The account mainly pertains to deposit with other brokers to trade in other foreign stock markets totaling ₱349.5 million and the unsettled receivable from Philippine clearing house as of end 2022 amounting to ₱39.2 million which is usually collected on T+3.

Investment in fixed income securities which are mainly in the form of government bonds grew by 2,450.4% to ₱1,275.2 million in 2022 compared to ₱50.0 million as of end 2021. These investments are classified as financial assets at amortized cost (for held until maturity investments) and financial assets at FVOCI (for purposes of collecting contractual cash flows and selling financial assets) amounting to ₱513.8 million and ₱761.4 million, respectively. The interest rates of investments in government securities at amortized cost and at FVOCI range from 4.625% to 7.50% p.a. and 6.25% to 7.25% p.a., respectively. Additionally, cumulative unrealized losses on changes in fair value of financial assets at FVOCI amounted to ₱14.0 million, net of related deferred tax amounting to ₱4.7 million, as of end 2022.

CTS' investments in long-term government securities, sourced from CTS' own cash, are part of CTS' strategy to boost interest income and cover CTS' operating expenses while proprietary trading gains from both local and global stock markets continued to fall as global inflation remains and debt securities market provided an alternative opportunity for fixed stream of income. On the other hand, CTS' current liabilities or short-term obligations are sufficiently covered by current assets consisting mainly of cash and cash equivalents, current portion of government securities and deposits with other brokers resulting to current ratio of 4.88.

CTS' risk management on its investments in government fixed income securities includes diversifying, managing the duration, assessing credit risk, actively monitoring (of economic indicators and economic developments), and sizing positions appropriately, to mitigate the risks and increase the likelihood of achieving CTS' investment objectives.

Property and equipment and investment property net decreased by 19.3% and 6.2% to ₱8.9 million and ₱9.6 million, respectively, mostly due to depreciation of ₱3.2 million and capitalization of a renewed leased storage area of ₱0.9 million. On the other hand, intangible assets net increased by ₱0.6 million due to depreciation of ₱0.4 million and development costs of ₱1.0 million for the upgrading of the CTS' trader management system.

Net deferred tax asset increased by 83.4% to ₱5.5 million compared to ₱3.0 million as of end 2021. This is mostly due to deferred taxes of ₱4.0 million, ₱4.7 million and ₱6.1 million pertaining to the Company's net operating loss carryover, unrealized losses on investments in fixed income securities booked at fair value thru other comprehensive income and increase in unrealized foreign exchange gain on the Company's foreign-denominated asset accounts.

Other current assets increased by 80.9% to ₱17.9 million compared to ₱9.9 million as of end 2021 mostly due to higher interest receivables arising from the Company's fixed income securities held. On the other hand, other noncurrent assets increased by ₱0.9 million mainly due to refundable clearing fund contributions made during the year.

Total liabilities decreased by 41.9% to ₱210.5 million compared to ₱362.0 million as of end 2021. This is largely due to drop on trade payables or the clients' unused cash balances by 47.9% or by ₱158.4 million.

Stockholders' equity was up by 239.3% to ₱1,989.0 million compared to ₱586.2 million as of end 2021 due to the booking of ₱52.2 million in net income as of end December 2022 and net IPO proceeds received amounting to ₱1,353.3 million.

4. *Material Changes in the Results of Operations*

a. 2023 vs. 2022

CTS's revenues improved by 18.2% to ₱103.7 million as of end 2023 from ₱87.8 million as of end 2022. The increase in mainly due to full year interest income from CTS' investments in government fixed-income securities, which were purchased in third and fourth quarter of 2022, and interest income from short-term time deposits, which grew to ₱64.2 million and ₱11.9 million, respectively. On the other hand, CTS booked ₱0.4 million in trading gains as market instability persisted following the US Fed's stance to keep interest rates higher for longer to combat inflation which negatively affected investor appetite for stocks.

Cost of services went down by 14.0% or by ₱10.3 million because of decrease in commission expenses (trader share in gains) as result of lower trading gains this year, while partially offset by higher broker transaction costs, and increase in personnel costs under cost of services.

As revenues grew at a faster pace compared to cost of services, gross margin improved to 39.3% in 2023 from 16.5% in 2022 or to ₱40.7 million in 2023 from ₱14.5 million last year.

Operating expenses increased by ₱0.6 million as of end 2023 due to increase in personnel costs because of salary adjustments to trader and back-office personnel implemented at the start of the year and salary adjustments to officers in fourth quarter, increase in employee health insurance, and full-year impact of annual maintenance fee for listed companies. This was partially offset by savings from shift to less expensive internet service provider and decrease in professional fees this year due to one-time fee payment only last year for services in relation to IPO.

Personnel costs, booked under cost of services and operating expenses, increased to ₱47.8 million compared to ₱43.9 million of the same period last year.

Other losses as of end 2023 amounting to ₱2.9 million pertains to unrealized foreign exchange loss on the Company's foreign-currency denominated deposits with brokers abroad. The exchange rates closed at ₱55.57 and ₱7.11 per US$1 and HK$1 on December 31, 2023, respectively, and ₱56.12 and ₱7.19 per US$1 and HK$1 on December 31, 2022, respectively.

Despite higher gross profit by ₱26.2 million and marginal increase in operating expenses by ₱0.6 million, CTS booked an income before tax of ₱4.5 million primarily due to lower trading gains.

The benefit from income tax of ₱18.5 million is mainly because of deferred tax asset booked amounting to ₱16.7 million on CTS' net operating loss available for carryover for tax purposes as of end 2023. The Company sustained a net operating loss position, for tax purposes, of ₱66.8 million as of end 2023 since the interest income from investments in government fixed-income securities and short-term time deposits are already subjected to 20% final tax and are therefore already exempt from normal income tax computation purposes.

As a result of the foregoing movements, CTS' reported a net income of ₱23.0 million as of end 2023 primarily due to benefit from income tax of ₱18.5 million and income before tax of of ₱4.5 million.

b. 2022 vs. 2021

CTS's revenues went down by 32.8% to ₱87.8 million compared to ₱130.6 million as of end 2021 mainly due to drop in trading gains by 70.3% to ₱32.5 million as proprietary trading gains from both local and global stock markets continued to fall this year as global inflation remains, triggering recessionary fears and liquidity problems. The drop is partially offset by growth in interest income which grew by 1,230.1% to ₱40.1 million because of management's decision to invest in government fixed-income securities in third quarter and fourth quarter of 2022 as the bond market presented an alternative opportunity for fixed stream of income.

Cost of services decreased by 20.7% to ₱73.3 million compared to ₱92.4 million as of end 2021 mainly due to lower commission expenses paid in 2022 as related proprietary trading gains were also down this year.

Operating expenses slightly increased by 1.8% to ₱32.7 million compared to ₱32.2 million as of end 2021 mainly due to higher professional fees due to one-time payment to a law firm for its legal assistance in the CTS' IPO amounting to ₱1.1 million.

Personnel costs, booked under cost of services and operating expenses, also slightly increased by 3.2% to ₱43.9 million compared to ₱42.6 million as of end 2021.

Other income increased by 253.7% to ₱71.7 compared to ₱20.3 million as of end 2021 million largely due to higher foreign exchange gain booked this year of which ₱40.2 million has already been realized.

The exchange rates closed at ₱56.12 and ₱7.19 per US$1 and HK$1 on December 31, 2022, respectively, and ₱50.77 and ₱6.51 per US$1 and HK$1 on December 31, 2021, respectively.

CTS' net provision for income tax in 2022 comprises of current and deferred income tax of ₱0.3 million and ₱1.0 million, respectively. The provision for current income tax as of end 2022 of ₱0.3 million pertains to minimum corporate income tax (MCIT). CTS sustained a net operating loss position, for tax purposes, of ₱16.2 million; the Company is only liable to pay MCIT. On the other hand, the decrease in provision for deferred tax by 83.1% to ₱1.0 million is largely because a substantial portion of the Company's foreign exchange gain position has already been realized or converted to Philippine peso in 2022.

As a result of the foregoing movements, net income in 2022 increased by 159.3% to ₱52.2 million driven by trading profits, interest income and tactical foreign exchange positions.

5. Other Matters

a. CTS is not aware of any known trends, demands, commitments, events, or uncertainties that will have a material impact on the Company's liquidity.

b. The Company does not anticipate any cash flow or liquidity problem in the next 12 months. The Company is not in default or breach of any indebtedness or financing arrangement requiring payments. The Company has paid its trade payables within the trade terms stated.

c. CTS is not aware of any events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

d. CTS is not aware of any material commitments for capital expenditures.

e. CTS is not aware of any known trends, events, or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations of the Company.

f. CTS is not aware of any significant elements of income or loss that did not arise from the Company's continuing operations.

g. CTS is not aware of any seasonal aspects that had a material effect on the financial condition or results of operations of the Company.

Future Growth Prospects

CTS is seeking new opportunities for growth and expansion in order to remain competitive. With this in mind, there are three key areas that hold particular promise for businesses looking to secure their future success: expansion into new markets, effective client handling management, and the pursuit of cross-asset opportunities.

First and foremost, expanding into new markets represents a significant opportunity for the business as expansion can help diversify current revenue streams, reduce dependence on a particular market, and better position themselves for long-term success.

In addition to expanding into new markets, effective client handling management is also crucial for a company's success. The ability to build strong, long-lasting relationships with clients is essential for retaining existing customers and attracting new ones. This requires delivering high-quality account management services in order for CTS to leverage on additional capital infusion.

Finally, cross-asset opportunities represent a third area of promise for businesses seeking to secure their future success. These opportunities arise when companies are able to identify ways to leverage their existing assets, such as their customer base, supply chain, or technology, in order to pursue new revenue streams. For example, a company that specializes in selling products online could look to expand into new markets by offering a complimentary service, such as product delivery or installation, to its existing customers. Alternatively, a company that has built a strong reputation for delivering high-quality products could leverage this reputation to expand into new product categories or service offerings.

Item 7. Financial Statements

Please refer to the attached Audited Financial Statements for the years ended December 31, 2023 and 2022.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

CTS has not changed its accountants for the last five (5) years and has not had any disagreements on accounting and financial disclosures with its current accounts for the last five (5) years.

Item 9. Audit and Audit-Related Fees

The following table sets out the aggregate fees billed by Reyes Tacandong & Co. ("RT") for professional services rendered for each of the last two calendar years ending December 31:

	2023	2022
Audit and Audit-Related Fees in connection with the annual review of the Company's financial statements	₱900,000	₱800,000
Tax Fees	None	None

Appointment of CTS' external auditor and its audit fees are upon recommendation of the Audit Committee. All services rendered by RT have prior approval of the President as recommended by the Audit Committee. Actual work by RT proceeds thereafter. In 2023, the Audit Committee was chaired by Mr. Emmanuel L. Samson with Mr. Raymond C. Yu and Mr. Hernan G. Lim as members.

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PART III - CONTROL AND COMPENSATION INFORMATION

Item 10. Directors and Executive Officers of the Issuer

Board of Directors

The Directors of CTS as of December 31, 2023 are as follows:

Name	Position
Edward K. Lee	Chairman
Alexander C. Yu	Vice Chairman
Lawrence C. Lee	Member
Hernan G. Lim	Member
Raymond C. Yu	Member
Edmund C. Lee	Member
Catherine L. Ong	Member
Michelle Angeline N. Yu	Member
Martin T. Lee	Member (Independent)
Emmanuel L. Samson	Member (Independent)
Donald R. Felbaum	Member (Independent)

The names of the incumbent and nominee directors and key executive officers of the Corporation, their respective ages, periods of service, directorships in other reporting companies, and positions held in the last five years, are as follows:

Edward K. Lee
Chairman and Founder

Edward K. Lee, 69, Filipino, took Bachelor of Science in Industrial Management Engineering at De La Salle University. He is concurrently the Founder and Chairman of the Board of COL Financial Group, Inc., CTS Global Equity Group, Inc., Caylum Trading Institute, CloudArch Ventures Group, and COL Investment Management, Inc. Mr. Lee served as a nominee of CTS Global Equity Group, Inc. to the Manila Stock Exchange and presently to the Philippine Stock Exchange. He was elected as one of the Governors of the Philippine Stock Exchange and was the Chairman of the Computerization committee of the Manila Stock Exchange and PSE in 1994. He went on to become a member of the Board of Directors of A. Soriano Corporation serving for two terms. Mr. Lee was also nominated as a finalist to the 2007 Entrepreneur of the Year Philippines by Ernst & Young. In 2015, he was awarded with the Theodore Vail Most Outstanding JA Alumni Awardee. From 2016 to 2019, he was appointed as an official board member of JA Asia Pacific. In 2023, he was the recipient of the 2023 Lasallian Achievement Award by the De La Salle Alumni Association (DLSAA) and was honored as a distinguished Master Innovator awardee at the 3rd Mansmith Innovation Awards.

Alexander C. Yu
Vice-Chairman

Alexander C. Yu, 68, Filipino, is a Bachelor of Science in Mechanical Engineering graduate of De La Salle University. He is currently the Vice Chairman of COL Financial Group, Inc. since 1999 and the Vice Chairman and Treasurer of CTS Global Equity Group, Inc. since 1986. He is also currently a Director of COL Securities (HK) Limited since 2001, elected as Director of Caylum Trading Institute in 2013, and Director and Treasurer of Winner Industrial Corp., holding both positions for more than 10 years. He is the proprietor of Trans-Asia General Merchandise and in 1997, he served as a Director of A. Soriano Corporation.

Lawrence C. Lee
President and Chief Executive Officer

Lawrence C. Lee, 42, Filipino, is the President & CEO of CTS Global Equity Group Inc., where he is designated to train and oversee the professional proprietary traders for the Corporation. He graduated from Bentley University in Boston, Massachusetts in 2003 with a Bachelor's degree in Corporate Finance and Accounting and has been an apprentice of the markets for over two decades. Lawrence sits on the Board of Directors for the Caylum Trading Institute, serving as a member of their esteemed faculty. He specializes in the field of Technical Analysis, Trend Trading, and System Indicators while actively trading multiple global markets including the US, Hong Kong, Japan, Indonesia, and of course, the Philippines.

Hernan G. Lim
Director

Hernan G. Lim, 71, Filipino, is currently the President of Hoc Po Feeds Corporation and HGL Development Corporation. Mr. Lim is a Director of Caylum Trading Institute since 2013 and has also been a Director of Citimex, Inc., COL Financial Group, Inc., and Barrington Carpets, Inc. for more than 10 years. He holds a Bachelor of Science degree in Electronics and Communications Engineering from the University of Santo Tomas. He also took the Basic Management Course at the Asian Institute of Management.

Raymond C. Yu
Director

Raymond C. Yu, 70, Filipino, graduated with a Bachelor of Science Degree in Commerce from De La Salle University in 1974. He is currently the President of Winner Industrial Corporation. He has served as a director of Caylum Trading Institute since 2013 and has been a director for more than 16 years of the following corporations: COL Financial Group, Inc., Cedarside Holdings Corp., Cedarside Industries, Inc., Barrington Carpets, Inc., and Citimex, Inc.

Catherine L. Ong
Director, SVP & Chief Audit Executive

Catherine L. Ong, 72, Filipino, is the SVP – Chief Audit Executive of the CTS Global Equity Group, Inc., SVP – Treasurer of COL Financial Group, Inc., Chairman of COL Strategic Growth Equity Unitized Mutual Fund, Inc. (formerly COL Cash Management Unitized Mutual Fund, Inc.) and COL Equity Index Unitized Mutual Fund, Inc., and the Executive Vice President and Treasurer of Cedarside Industries, Inc., Barrington Carpets, Inc., and Citimex, Inc. She has held the latter position for more than 30 years. She has extensive experience in banking, having held various positions in Metropolitan Bank and Trust Company (Metrobank). She was an Assistant Vice President and Area Supervisor of Metrobank and served as a Director of Metrobank's subsidiary, Pan Philippines Life Insurance Corp. (now known as Philippine Axa Life). Ms. Ong graduated from the Philippine Women's University with a Bachelor of Science Degree in Business Administration, Major in Accounting.

Edmund C. Lee
Director and Chief Finance Officer

Edmund C. Lee, 35, Filipino is the President and CEO of Caylum Trading Institute, and CloudArch Ventures Group, Inc. He is also the Chief Finance Officer for CTS Global Equity Group, Inc. He is a CFA charterholder, a graduate of the Masters of Science in Global Finance Program from the Hong Kong University of Science and Technology Business School. Prior to establishing Caylum, he worked as a research analyst for COL Financial Group, Inc., the leading online stockbrokerage firm in the country.

Michelle Angeline N. Yu
Director

Michelle Angeline N. Yu, 30, Filipino, is a Bachelor of Science in Management Engineering graduate of Ateneo De Manila University. She is currently a director of CTS Global Equity Group, Inc. She is a licensed CSR Equities trader and part of the CTS Global Trading department.

Martin T. Lee
Independent Director

Martin T. Lee, 72, Filipino, obtained a Bachelor of Science in Business Administration, major in Economics and Finance from the University of the East, and a Master's degree in Business Administration at the Ateneo Graduate School of Business. He attended the Strategic Business Economics Program at the University of Asia and the Pacific. Over the years, Mr. Lee has held various positions in several banking institutions. He was the Executive Vice-President and Head of the Institutional Banking Group of Chinatrust Phils., Inc., and was also the Head of Account Management Group and the Special Account and Remedial Management Group of Global Banking Corporation. He was also connected with Asian Banking Corporation, PCIBank, and Insular Bank of Asia and America.

Donald R. Felbaum
Independent Director

Donald R. Felbaum, 74, American, is the Managing Director of Optel Limited and also serves as Ex-Officio Director of The American Chamber of Commerce of the Philippines, Inc. He has more than 20 years of diversified management experience, including general management, business development, strategic planning and corporate directorship in technology sectors including telecoms, Information Technology and Business Process Management (IT-BPM), and information and communications technology, among others. He has significant experience in business development including start-ups, mergers and acquisitions and project funding with business experience covering more than 25 countries worldwide. He graduated from the University of Asia and the Pacific with a Master's degree in Business Economics.

Emmanuel L. Samson
Independent Director

Emmanuel L. Samson, 64, Filipino, is a member of the Board of Trustees of the Government Service Insurance System ("GSIS") since November 2023. He is the former Senior Vice President Chief Finance Officer and Corporate Governance Officer of Nickel Asia Corporation ("NAC"). In such role, he was responsible for the finance and treasury functions of the NAC Group. He was also a member of the Board of Directors and Treasurer of Emerging Power, Inc., a subsidiary of NAC. Prior to joining NAC in 2006, he was the Senior Country Officer for Credit Agricole Indosuez in the Philippines. Mr. Samson has more than a decade of experience in the Philippine equities markets having held positions with W.I. Carr Indosuez Securities (Phils.) Inc., Amon Securities Corporation and Rizal Commercial Banking Corporation. Mr. Samson obtained his Bachelor of Arts Degree in Economics from De La Salle University – Manila.

EXECUTIVE OFFICERS

The key members of the management team, aside from those above mentioned, are as follows:

Leonard Louis C. Chua
Head of Global Investments

Leonard Louis C. Chua, 37, Filipino, graduated from the Ateneo de Manila University with a degree in Bachelor of Science in Management Engineering in which he graduated Magna Cum Laude. He is currently a Chartered Financial Analyst (CFA) Charterholder and a Senior Faculty Instructor at the Caylum Trading

Institute since 2014. Prior to transferring to CTS Global Equity Group, Inc. in 2013, he was with COL Financial Group, Inc. in 2009 as a Research Analyst.

Richard Lemuel U. Pacheco
Head of Proprietary Trading

Richard Lemuel U. Pacheco, 38, Filipino, is a graduate of Bachelor of Science in Management Engineering minor in International Business from the Ateneo de Manila University. He started his career as a Graduate Trainee at Kraft Foods Philippines, Inc. (now Mondelez) until 2009 then joined CTS Global Equity Group, Inc. in the same year. He is also a Senior Faculty Instructor at the Caylum Trading Institute, Inc. since 2014.

Terence L. Chan
Head of HK Investments

Terence L. Chan, 45, Filipino, graduated from the Ateneo de Manila University with a Bachelor of Science major in Management, minor in Finance degree in 2000. He is also a Director and Instructor at Caylum Training Institute and has received several awards as a Trader with CTS. Prior to joining CTS Global Equity Group, Inc. in 2013, he was part of COL Financial Group, Inc. as an Investment Analyst in 2005.

Bryan S. Gomez
Head of External Relations

Bryan S. Gomez, 46, Filipino, is a graduate of Bachelor of Science in Management Engineering from the Ateneo de Manila University. Prior to joining CTS Global Equity Group, Inc. in 2013, he was part of COL Financial Group, Inc. as an Investment Analyst in 2005. Mr. Gomez is also a Senior Faculty Instructor at the Caylum Trading Institute, Inc. since 2013.

Mark Jason C. Mariposa
Head of Macroeconomics

Mark Jason C. Mariposa, 37, Filipino, is a graduate of Bachelor of Science in Management minor in Financial Management in 2010 in which he graduated with honorable mention from the Ateneo de Manila University. He has also earned the right to use the Chartered Financial Analyst (CFA) Charterholder designation from the CFA Institute since 2015.

Lorena E. Velarde
Associated Person

Lorena E. Velarde, 53, Filipino, is the Associated Person of the Corporation. She is also the Chief Financial Officer of COL Financial Group, Inc. after having served as its Financial Controller from 2010 to 2020. She is concurrently the Treasurer of COL Investment Management, Inc., COL Equity Index Unitized Mutual Fund, Inc., and COL Strategic Growth Equity Unitized Mutual Fund, Inc. (formerly COL Cash Management Unitized Mutual Fund, Inc.). She was previously the Accounting Department Head of the Corporation and Citisec Asset Management, Inc., the fund manager for Citisec Growth and Income Fund, Inc. Before that, she was a Senior Associate in-charge at SyCip Gorres Velayo & Co. which provided her extensive training in tax, accounting and financial reporting. Ms. Velarde graduated from the University of Santo Tomas with a Bachelor of Science Degree in Commerce Major in Accounting in 1991 and became a Certified Public Accountant on the same year.

Juan Carlos Aquino
Associated Person

Juan Carlos G. Aquino, 41, Filipino, is a Bachelor of Science in Management Engineering minor in Finance graduate from the Ateneo de Manila University in 2004. After graduating, he joined CTS Global Equity

Group, Inc. in 2004 as a Financial Analyst and is currently the appointed Associated Person since 2015, and Compliance Officer for Privacy and Chief Compliance Officer of CTS.

Sharon T. Lim
Corporate Secretary

Sharon T. Lim, 44, Filipino, was appointed as Corporate Secretary in November 2018. She is the VP and Head of the Legal and Compliance Department of COL Financial Group, Inc. and she was the Head of its Human Resources Department from 2016 up to 2019. She also serves as the Corporate Secretary of COL Financial Group, Inc., COL Equity Index Unitized Mutual Fund, Inc., COL Strategic Growth Equity Unitized Mutual Fund, Inc. (formerly COL Cash Management Unitized Mutual Fund, Inc.), and COL Investment Management, Inc. Atty. Lim previously worked at Puyat, Jacinto, and Santos Law Offices and Picazo Buyco Tan Fider and Santos Law Offices. She graduated with a degree of Bachelor of Science in Management Engineering at the Ateneo de Manila University, Bachelor of Laws at the University of the Philippines, and Master of Laws (Corporate & Financial Services Law) at the National University of Singapore. She was admitted to the Philippine Bar in 2007, is a licensed Associated Person of COL Financial Group, Inc. and a Certified Privacy Information Manager.

Stephanie Faye B. Reyes
Assistant Corporate Secretary

Stephanie Faye B. Reyes, 35, Filipino, was appointed as Assistant Corporate Secretary in 2018. She is also the Legal Manager and Assistant Corporate Secretary of COL Financial Group, Inc. Previously, she was a Junior Associate at Paredes Garcia & Golez Law Offices and Chan Robles and Associates. She graduated with a Juris Doctor degree from the University of the Philippines College of Law in 2014 and a degree in AB Interdisciplinary Studies from Ateneo de Manila University in 2010. She was admitted to the Philippine Bar in 2015 and is a licensed Associated Person.

Sanida C. Tan
Assistant Corporate Secretary

Sanida C. Tan, Filipino, 75, graduated from Centro Escolar University with an Associate Secretarial Course. Ms. Tan has been with CTS Global Equity Group, Inc. since 1986 and is currently the Assistant Corporate Secretary and Operations and Admin Manager of the Corporation.

Steffi Nicole P. Flores
Assistant Corporate Secretary

Steffi Nicole P. Flores, 32, Filipino, is currently a Legal Officer of COL Financial Group, Inc. and is a licensed Associated Person. She previously worked as an Assistant Attorney/Associate in Ortega, Baccorro, Odulio, Calma & Carbonell Law Office before joining the Corporation in October 2021. In 2019, she graduated from the University of Santo Tomas with a Juris Doctor degree and was admitted to the Philippine Bar in 2020. She also holds a degree of Bachelor of Science in Nursing from the same university.

Term of Office

Pursuant to the Amended By-Laws, the directors are elected at each annual stockholders' meeting by stockholders entitled to vote. Each director holds office until the next annual election and their successor is duly elected, unless they resign, die, or are removed prior to such election.

Resignation/Retirement of Directors and Executive Officers as of December 31, 2023

None of the directors have resigned or declined to stand for re-election to the Board of Directors since the date of the last annual meeting of stockholders because of a disagreement with the Corporation on any matter relating to the Corporation's operations, policies or practices.

Significant Employees

No single person is considered to have made a significant contribution to the business since CTS considers the collective efforts of all its employees instrumental to the overall success of the Corporation's performance.

Family Relationships

Aside from those mentioned below, there are no other family relationships either by consanguinity or affinity up to the fourth (4^{th}) civil degree among its directors, executive officers, and nominees for election as directors.

DIRECTOR/ EXECUTIVE OFFICER	FAMILY RELATIONSHIP
Edward K. Lee	Father of Lawrence C. Lee and Edmund C. Lee; Sibling of Catherine L. Ong
Alexander C. Yu	Father of Michelle Angeline N. Yu; Sibling of Raymond C. Yu
Lawrence C. Lee	Son of Edward K. Lee; Sibling of Edmund C. Lee; Nephew of Catherine L. Ong
Raymond C. Yu	Sibling of Alexander C. Yu; Uncle of Michelle Angeline N. Yu
Edmund C. Lee	Son of Edward K. Lee; Sibling of Lawrence C. Lee; Nephew of Catherine L. Ong
Catherine L. Ong	Sibling of Edward K. Lee; Aunt of Lawrence C. Lee and Edmund C. Lee
Michelle Angeline N. Yu	Daughter of Alexander C. Yu: Niece of Raymond C. Yu

Involvement in Certain Legal Proceedings

The Corporation is not aware of any of the following events having occurred during the past five (5) years up to the date of this report that are material to an evaluation of the ability or integrity of any director, nominee for election as director, executive officer, underwriter, or controlling person of the Corporation:

(1) Any bankruptcy petition filed by or against any business of which any of the above persons was a general partner or executive officer either at the time of bankruptcy or within two (2) years prior to that time;

(2) Any order or judgment, or decree, not subsequently reversed, suspended, or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending, or otherwise limiting the involvement of any of the above persons in any type of business, securities, commodities, or banking activities; and

(3) Any findings by a domestic or foreign court of competent jurisdiction (in civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, that any of the above persons has violated a securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

CTS is not involved in, nor are any of their properties subject to, any material legal proceedings that could potentially affect its operations and financial capabilities.

Item 11. Executive Compensation

Standard Arrangements

Directors

Each director is entitled to a reasonable per diem, which amount shall, according to Article III, Section 9 of the Company's Amended By-laws, not exceed ten percent (10%) of the net income before income tax of the Company during the previous year.

Below is a summary of the per diem given to the directors of the Company as a group:

	Year Ended 31 December	
	2023	2022
Per diem to the Board of Directors as a group	₱120,000	₱75,000

Aside from this, directors do not receive any other form of remuneration in their capacity as such directors.

Executives and Senior Officers

Below is a summary of the guaranteed pay of the five highest-paid executive officers and the Company's executives and officers as a group:

SUMMARY COMPENSATION TABLE Annual Compensation			
(in ₱ Million)	**Annual Salary 2024 (est.)**	**Annual Salary 2023**	**Annual Salary 2022**
a) Chief Executive Officer and the Four Most Compensated Executives:			
Lawrence C. Lee President & CEO ***Edmund C. Lee*** Chief Finance Officer ***Leonard Louis C. Chua*** Head of Global Investments ***Richard Lemuel U. Pacheco*** Head of Proprietary Trading ***Terence L. Chan*** Head of HK Investments			
All above-named Executives and Officers as a Group	₱5.93	₱5.27	₱4.93
b) All other Executives and Officers as a Group	₱3.63	₱3.35	₱3.35

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

There are no special employment contracts between CTS and the executive officers named in the preceding paragraphs. Likewise, there are no compensatory plans or arrangements with respect to a named executive officer.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners

Security Ownership of Record and Beneficial Owners of more than 5% of the Corporation's voting securities as of 29 February 2024

Title of Class	Name, Address of Record Owner and Relationship with the Issuer	Name of Beneficial Owners and Relationship with Record Owner	Citizenship	No. of Shares Held Directly (D) or under PCD (P)	Percent (%)
Common	**PCD Nominee Corp.** G/F Makati Stock Exchange Bldg., 6767 Ayala Avenue, Makati	Various	Filipino	4,289,017,000 (D)	62.39
			Non-Filipino	138,563,500 (D)	2.02
	Lee, Edward K. Mahogany St., Makati	Lee, Edward K.	Filipino	1,673,522,960 (P)	26.97
	Lee, Lydia C. Mahogany St., Makati			178,570,000 (P)	
	ELLEE & Co., Inc.[1] 2701C East Tower, Tektite Towers, Exchange Rd, Ortigas Center, Pasig			2,293,000 (P)	
	Yu, Alexander C. Ortega St., San Juan	Yu, Alexander C.	Filipino	746,143,000 (P)	12.35
	Yu, Adrian Alexander N. Ortega St., San Juan			102,500,000 (P)	
	Yu, Elizabeth N. Ortega St., San Juan			495,000 (P)	
	Yu, Raymond C. New Manila, Quezon City	Yu, Raymond C.	Filipino	596,706,000 (P)	8.73
	Yu, Jacqueline L. or Yu, Raynard L New Manila, Quezon City			3,500,000 (P)	
	Lim, Hernan G. Polk St., North Greenhills, San Juan	Lim, Hernan G.	Filipino	596,706,000 (P)	8.68

**No other single individual has reached more than 5% - 10% of the total outstanding shares of CTS.*

[1] Mr. Edward K. Lee, Chairman of the Board of ELLEE & Co., Inc. ("Ellee"), has been named and appointed to exercise Ellee's voting power.

Security Ownership of Management (as of 29 February 2024)

Title of Class	Name of Owner	Position	Citizenship	Total No. of Shares	Percent (%)
Common	Edward K. Lee	Chairman	Filipino	1,854,385,960	26.97
Common	Alexander C. Yu	Vice-Chairman/ Treasurer	Filipino	849,138,000	12.35
Common	Lawrence C. Lee	Director/President/CEO	Filipino	220,000,000	3.20
Common	Hernan G. Lim	Director	Filipino	596,706,000	8.68
Common	Raymond C. Yu	Director	Filipino	600,206,000	8.73
Common	Catherine L. Ong	Director/SVP-Chief Audit Executive	Filipino	143,181,540	2.08
Common	Edmund C. Lee	Director/Chief Finance Officer	Filipino	220,890,000	3.21
Common	Michelle Angeline N. Yu	Director	Filipino	110,000,000	1.60
Common	Martin T. Lee	Independent Director	Filipino	3,005,000	0.04
Common	Donald R. Felbaum	Independent Director	American	1,500,000	0.02
Common	Emmanuel L. Samson	Independent Director	Filipino	6,000,000	0.09
Common	Leonard Louis C. Chua	Head of Global Investments	Filipino	2,850,000	0.04
Common	Richard Lemuel U. Pacheco	Head of Proprietary Trading	Filipino	2,000,000	0.03
Common	Terence L. Chan	Head of HK Investments	Filipino	20,336,000	0.30
Common	Bryan S. Gomez	Head of External Relations	Filipino	2,000,000	0.03
Common	Mark Jason C. Mariposa	Head of Macroeconomics	Filipino	2,550,000	0.04
Common	Lorena E. Velarde	Associated Person	Filipino	2,100,000	0.03
Common	Juan Carlos Aquino	Associated Person	Filipino	508,000	0.01
Common	Sharon T. Lim	Corporate Secretary	Filipino	2,000,000	0.03
Common	Stephanie Faye B. Reyes	Assistant Corporate Secretary	Filipino	300,000	0.00
Common	Sanida C. Tan	Assistant Corporate Secretary	Filipino	1,500,000	0.02
Common	Steffi Nicole P. Flores	Assistant Corporate Secretary	Filipino	0	0.00
Common	**Key Officers and Directors (as a group)**			**4,641,156,500**	**67.51**

As of February 29, 2024, the Company's public float is 32.49%.

Item 13. Certain Relationships and Related Transactions

Transactions between related parties are based on terms similar to those offered to nonrelated parties. The transactions are done in the normal conduct of operations and are recorded in the same manner as transactions that are entered into with other parties.

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PART IV - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

Exhibits

Please refer to the attached Index to Consolidated Financial Statements and Supplementary Schedules on page 30.

Reports on SEC Form 17-C

Items reported under SEC Form 17-C filed during the last six months of the period covered by this report are as follows:

Items Reported	Date filed	Announcement Date	Circular No.
Change in Shareholdings of Directors and Principal Officers	Jul 05, 2023	Jul 05, 2023	C05246-2023
Change in Shareholdings of Directors and Principal Officers	Jul 05, 2023	Jul 05, 2023	C05245-2023
Change in Shareholdings of Directors and Principal Officers	Jul 05, 2023	Jul 05, 2023	C05244-2023
Material Information/Transactions	Jul 14, 2023	Jul 14, 2023	C05426-2023
Disbursement of Proceeds and Progress Report	Jul 14, 2023	Jul 14, 2023	C05425-2023
Change in Shareholdings of Directors and Principal Officers	Jul 21, 2023	Jul 21, 2023	C05601-2023
Change in Shareholdings of Directors and Principal Officers	Jul 27, 2023	Jul 27, 2023	C05746-2023
Change in Shareholdings of Directors and Principal Officers	Aug 02, 2023	Aug 02, 2023	C05925-2023
Change in Shareholdings of Directors and Principal Officers	Aug 08, 2023	Aug 08, 2023	C06110-2023
Change in Shareholdings of Directors and Principal Officers	Aug 14, 2023	Aug 14, 2023	C06338-2023
Material Information/Transactions	Aug 16, 2023	Aug 16, 2023	C06413-2023
Amendments to By-Laws	Aug 16, 2023	Aug 16, 2023	C06414-2023
Change in Shareholdings of Directors and Principal Officers	Aug 30, 2023	Aug 30, 2023	C06667-2023
Change in Shareholdings of Directors and Principal Officers	Sep 05, 2023	Sep 05, 2023	C06768-2023
Change in Shareholdings of Directors and Principal Officers	Sep 11, 2023	Sep 11, 2023	C06860-2023
Change in Shareholdings of Directors and Principal Officers	Oct 03, 2023	Oct 03, 2023	C07259-2023
Change in Shareholdings of Directors and Principal Officers	Oct 09, 2023	Oct 09, 2023	C07351-2023
Disbursement of Proceeds and Progress Report	Oct 13, 2023	Oct 13, 2023	C07454-2023
Material Information/Transactions	Oct 13, 2023	Oct 13, 2023	C07455-2023
Change in Shareholdings of Directors and Principal Officers	Oct 25, 2023	Oct 25, 2023	C07653-2023
Material Information/Transactions	Nov 17, 2023	Nov 17, 2023	C08225-2023
Change in Shareholdings of Directors and Principal Officers	Dec 22, 2023	Dec 22, 2023	C08930-2023

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on April 8th, 2024.

CTS GLOBAL EQUITY GROUP, INC.
Issuer

By:

Lawrence C. Lee
President and Chief Executive Officer

Alexander C. Yu
Vice-Chairman and Treasurer

Edmund C. Lee
Chief Finance Officer

Sharon T. Lim
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 8th day of April 2024, at Pasig, affiants exhibiting to me their Passports, as follows:

NAMES	PASSPORT NO.	DATE OF ISSUE	PLACE OF ISSUE
Lawrence C. Lee	P6416803B	March 3, 2021	DFA NCR East
Alexander C. Yu	P6253471B	Feb. 9, 2021	DFA NCR Central
Edmund C. Lee	P8037570B	October 29, 2021	DFA Manila
Sharon T. Lim	P7315563B	August 2, 2021	DFA Manila

ATTY. STEFFI NICOLE P. FLORES
For the City of Pasig and the Municipality of Pateros
Expiring on 31 December 2025
Appointment No. 89 (2024-2025) Pasig City
Roll No. 74089/ IBP No. 392582/01-03-24/Quezon City
PTR No. 0173795/01.03.2024/Pasig City
MCLE Compliance No. VII-0012504/03.08.22
2703C East Tower Tektite Towers (formerly PSE Centre),
Exchange Road, Ortigas Center, Pasig City 1605

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CTS GLOBAL EQUITY GROUP, INC.
SEC FORM 17-A

INDEX TO FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES

FINANCIAL STATEMENTS	Remarks/Attachments
Statement of Management's Responsibility for Financial Statements	✓
Independent Auditors Report	✓
Statements of Financial Position as of December 31, 2023 and 2022	✓
Statements of Comprehensive Income for the Years Ended December 31, 2023, 2022 and 2021	✓
Statements of Changes in Equity for the Years Ended December 31, 2023, 2022 and 2021	✓
Statements of Cash Flows for the Years Ended December 31, 2023, 2022 and 2021	✓
Notes to Financial Statements	✓
SUPPLEMENTARY SCHEDULES	
Report of Independent Auditors on Supplementary Schedules	✓
Schedule I. Statement of Changes in Liabilities Subordinated to Claims of General Creditors	✓
Schedule II. Computation of Risk-Based Capital Adequacy Worksheet Pursuant to Securities and Exchange Commission Memorandum Circular No. 16	✓
Schedule III. Information Relating to the Possession or Control Requirements under Securities Regulation Code (SRC) Rule 49.2	✓
Schedule IV. Computation for Determination of Reserve Requirements under SRC Rule 49.2	✓
Schedule V. A Report Describing Any Material Inadequacies Found to Exist or Found to Have Existed since the Date of the Previous Audit	✓
Schedule VI. Results of Year-end Securities Count Conducted Pursuant to SRC Rule 52.1-10, As Amended	✓
Schedule VII. Reconciliation of Retained Earnings Available for Dividend Declaration under the Revised SRC Rule 68	✓
Schedule VIII. Supplementary Schedule of Financial Soundness Indicators under the Revised SRC Rule 68	✓
Schedule IX. Supplementary Schedules under Annex 68-J of the Revised SRC Rule 68	✓

CTS GLOBAL EQUITY GROUP

CTS GLOBAL EQUITY GROUP, INC.
2701-B East Tower, Tektite Towers, Exchange Road,
Ortigas Center Pasig City 1605 Philippines
Trading Floor: (+632) 8-634-6976 **Facsimile**: (+632) 8-634-6696
Office: (+632) 8-635-5735 to 37
Helpdesk: (+632) 8-635-5735 Loc 407 to 408, inquiries@ctsglobalgroup.com
Website: www.ctsglobalgroup.com
PSE Trading Participant, SCCP & SIPF Member
Regulated by the SEC, Markets and Securities Regulation Department (msrdsubmission@sec.gov.ph)

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **CTS Global Equity Group, Inc.** (the Company) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021, 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, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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

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

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

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

Edward K. Lee
Chairman of the Board

Lawrence C. Lee
President

Edmund C. Lee
Chief Finance Officer

Signed this 15th day of March 2024

SUBSCRIBED AND SWORN to before me this March 15, 2024, at Pasig City, affiants exhibited to me their respective passports, as follows:

Name	Passport No.	Date/Place Issued
Edward K. Lee	P5099380B	March 11, 2020/ DFA NCR East
Lawrence C. Lee	P6416803B	March 3, 2021/DFA NCR East
Edmund C. Lee	P8037570B	October 29, 2021/ DFA Manila

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Series of 2024

ATTY. SHARON T. LIM
Notary Public for the Cities of Pasig,
San Juan and Municipality of Pateros
Expiring on 31 December 2024
Appointment No. 34 (2023-2024)
Roll No. 53601/IBP No. 392567/01-03-24/RSM
PTR No. 0173797/01-03-24/Pasig City
MCLE Compliance No. VII-0005286/04-14-25/Pasig
2703C East Tower Tektite Towers (formerly PSE Centre), Exchange Road, Ortigas Center, Pasig City 1605

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Registration No. PP201007009

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
CTS Global Equity Group, Inc.
27/F East Tower, Tektite Towers, Exchange Road
Ortigas Center, Pasig City

Opinion

We have audited the financial statements of CTS Global Equity Group, Inc. doing business under the names and styles of CTS Global, CTS Global Equities, CTS Global Securities, CTS Securities, and Citisecurities (the Company), which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of comprehensive income, statements of changes in equity, and statements of cash flows for the years ended December 31, 2023, 2022 and 2021, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years ended December 31, 2023, 2022 and 2021 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Key Audit Matters

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

Accounting for the Use of the Proceeds from the Initial Public Offering (IPO)
The shares of stock of the Company were listed with the Philippine Stock Exchange, Inc. on April 13, 2022. The proceeds from the IPO amounted to ₱1,353.3 million, net of offer expenses incidental to the IPO amounting to ₱21.7 million. The accounting for the use of the proceeds is significant to our audit because the unapplied proceeds amounting to ₱787.7 million, which are maintained in the Company's cash in bank and certain investments in government securities as at December 31, 2023 represent 36% of the total assets. Moreover, the Company is required to adhere to the use of the proceeds pursuant to the Offering Circular.

Our procedures included, among others, obtaining confirmation from the banks and examining the underlying documents to substantiate the cash in bank and investments in government securities, and checking the nature and validating the underlying documents supporting the actual disbursements of the proceeds.

Necessary disclosures are included in Note 1, *Corporate Information* and Note 4, *Financial Risk Management Objectives and Policies*.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A, and Annual Report for the year ended December 31, 2023, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A, and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditors' report.

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

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

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

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

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

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

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

As part of an audit in accordance with 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 auditors' 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 auditors' 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 audits.

The engagement partner on the audit resulting in this independent auditor's report is Emmanuel V. Clarino.

REYES TACANDONG & CO.

EMMANUEL V. CLARINO
Partner
CPA Certificate No. 27455
Tax Identification No. 102-084-004-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 08-005144-005-2022
Valid until October 16, 2025
PTR No. 10072405
Issued January 2, 2024, Makati City

March 15, 2024
Makati City, Metro Manila

CTS GLOBAL EQUITY GROUP, INC.

STATEMENTS OF FINANCIAL POSITION

		December 31					
		2023			2022		
			Security Valuation			Security Valuation	
	Note	Money Balance	Long	Short	Money Balance	Long	Short
ASSETS							
Current Assets							
Cash and cash equivalents	6	₱479,631,777			₱477,190,696		
Financial assets at fair value through profit or loss (FVPL)	7	6,922,944	₱6,922,944		1,375,625	₱1,375,625	
Trade receivables	8	389,213,791	14,603,187		389,117,645	710,158,508	
Investments in government securities - current portion	9	–			50,000,000		
Other current assets	10	17,126,605			17,943,830		
Total Current Assets		892,895,117			935,627,796		
Noncurrent Assets							
Investments in government securities - net of current portion	9	1,254,194,118			1,225,214,902		
Property and equipment	12	12,569,216			8,983,912		
Investment property	13	8,999,549			9,642,372		
Intangible assets	11	2,813,671			3,126,647		
Net deferred tax assets	21	17,780,140			5,539,275		
Other noncurrent assets	14	12,331,950			11,389,319		
Total Noncurrent Assets		1,308,688,644			1,263,896,427		
Total Assets		₱2,201,583,761			₱2,199,524,223		
Securities in Vault, Transfer Offices, and Philippine Depository and Trust Corporation				₱10,402,214,918			₱9,026,477,334
LIABILITIES AND EQUITY							
Current Liabilities							
Trade payables	15	₱151,504,646	10,380,688,787		₱172,678,596	8,314,943,201	
Lease liabilities - current portion	20	1,998,815			1,187,974		
Other current liabilities	16	9,296,718			17,861,153		
Total Current Liabilities		162,800,179			191,727,723		
Noncurrent Liabilities							
Lease liabilities - net of current portion	20	1,762,958			507,558		
Net retirement benefit liability	19	27,620,668			18,239,384		
Total Noncurrent Liabilities		29,383,626			18,746,942		
Total Liabilities		192,183,805			210,474,665		
Equity							
Capital stock	4	687,500,000			687,500,000		
Additional paid-in capital		1,223,556,878			1,223,556,878		
Retained earnings:							
Appropriated	4	11,927,718			6,704,006		
Unappropriated		75,747,336			79,313,664		
Other equity reserves		10,668,024			(8,024,990)		
Total Equity		2,009,399,956			1,989,049,558		
Total Liabilities and Equity		₱2,201,583,761	₱10,402,214,918	₱10,402,214,918	₱2,199,524,223	₱9,026,477,334	₱9,026,477,334

See accompanying Notes to Financial Statements.

CTS GLOBAL EQUITY GROUP, INC.

STATEMENTS OF COMPREHENSIVE INCOME

	Note	2023	2022	2021
		Years Ended December 31		
REVENUES				
Interest	6	**₱95,744,802**	₱40,145,578	₱3,018,162
Commissions		**5,290,848**	11,541,693	15,593,189
Dividends	7	**2,245,411**	3,596,309	2,590,755
Trading gains on financial assets at FVPL - net	7	**427,861**	32,466,943	109,390,995
		103,708,922	87,750,523	130,593,101
COSTS OF SERVICES				
Personnel costs	18	**32,179,119**	29,179,822	28,037,830
Transaction costs		**15,289,311**	12,668,401	10,982,561
Commissions		**9,164,180**	24,962,591	47,412,755
Research		**2,533,446**	2,496,028	2,258,628
Stock exchange dues and fees		**1,710,872**	2,039,309	1,833,798
Communications		**1,070,503**	822,178	851,271
Central depository fees		**1,033,088**	1,094,279	1,031,627
		62,980,519	73,262,608	92,408,470
GROSS PROFIT		**40,728,403**	14,487,915	38,184,631
OPERATING EXPENSES				
Personnel costs	18	**15,630,803**	14,754,297	14,525,347
Insurance and bonds		**2,012,702**	1,606,806	1,449,090
Condominium dues, power and water		**1,765,817**	1,831,406	1,717,551
Professional fees		**1,577,540**	2,887,500	1,626,107
Security and other manpower services		**1,198,946**	1,316,913	1,192,793
Taxes and licenses		**1,147,627**	1,120,477	3,128,970
Trainings and seminars		**871,720**	699,909	603,374
Communications		**834,744**	1,214,436	1,225,827
Membership fees		**280,000**	29,999	–
Escrow fees		**241,329**	311,027	–
Office supplies		**233,354**	334,667	262,303
Director's fees		**120,000**	75,000	25,000
Repairs and maintenance		**123,627**	198,750	70,343
Others		**1,547,924**	1,116,021	756,097
		27,586,133	27,497,208	26,582,802
Depreciation and amortization	11	**4,375,475**	4,288,518	4,415,310
Interest expense	19	**1,389,532**	1,081,100	940,230
Provision for (reversal of) credit losses	8	**(7,028)**	(135,506)	213,467
		33,344,112	32,731,320	32,151,809
OTHER INCOME (LOSSES)				
Foreign exchange gains (losses) - net		**(2,860,563)**	71,704,320	20,273,666
Gain on sale of property and equipment	12	**1,786**	–	–
		(2,858,777)	71,704,320	20,273,666
INCOME BEFORE INCOME TAX		**4,525,514**	53,460,915	26,306,488

(Forward)

	Note	2023	2022	2021
		Years Ended December 31		
INCOME BEFORE INCOME TAX		**₱4,525,514**	₱53,460,915	₱26,306,488
INCOME TAX EXPENSE (BENEFIT)	21			
Current		**–**	265,860	485,389
Deferred		**(18,471,870)**	957,930	5,676,229
		(18,471,870)	1,223,790	6,161,618
NET INCOME		**22,997,384**	52,237,125	20,144,870
OTHER COMPREHENSIVE INCOME (LOSS)				
To be reclassified to profit or loss in subsequent periods	9			
Unrealized gain (loss) on changes in fair value of debt securities at fair value through other comprehensive income (FVOCI)		**31,434,075**	(18,686,007)	–
Deferred income tax benefit (expense)		**(7,858,519)**	4,671,502	–
		23,575,556	(14,014,505)	–
Not to be reclassified to profit or loss on subsequent periods	19			
Remeasurement gain (loss) on net retirement benefit liability		**(6,510,056)**	4,775,938	5,772,318
Deferred income tax benefit (expense)		**1,627,514**	(1,193,985)	(1,571,191)
		(4,882,542)	3,581,953	4,201,127
TOTAL COMPREHENSIVE INCOME		**₱41,690,398**	₱41,804,573	₱24,345,997
Basic/Diluted Earnings Per Share	22	**₱0.0033**	₱0.0081	₱0.0039

See accompanying Notes to Financial Statements.

CTS GLOBAL EQUITY GROUP, INC.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

	Note	Capital Stock	Additional Paid-In Capital	Retained Earnings Appropriated	Retained Earnings Unappropriated	Retained Earnings Total	Other Equity Reserves: Cumulative Unrealized Gains (Losses) on Changes in Fair Value of Financial Assets at FVOCI (net of deferred tax)	Other Equity Reserves: Cumulative Remeasurement Gains (Losses) on Net Retirement Benefit Liability (net of deferred tax)	Total Equity
Balances at December 31, 2022		**₱687,500,000**	**₱1,223,556,878**	**₱6,704,006**	**₱79,313,664**	**₱86,017,670**	**(₱14,014,505)**	**₱5,989,515**	**₱1,989,049,558**
Net income		**–**	**–**	**–**	**22,997,384**	**22,997,384**	**–**	**–**	**22,997,384**
Dividend declaration	4	**–**	**–**	**–**	**(21,340,000)**	**(21,340,000)**	**–**	**–**	**(21,340,000)**
Appropriation	4	**–**	**–**	**5,223,712**	**(5,223,712)**	**–**	**–**	**–**	**–**
Other comprehensive income (loss)	9, 19	**–**	**–**	**–**	**–**	**–**	**23,575,556**	**(4,882,542)**	**18,693,014**
Balances at December 31, 2023		**₱687,500,000**	**₱1,223,556,878**	**₱11,927,718**	**₱75,747,336**	**₱87,675,054**	**₱9,561,051**	**₱1,106,973**	**₱2,009,399,956**
Balances at December 31, 2021		₱550,000,000	₱–	₱4,689,519	₱29,091,026	₱33,780,545	₱–	₱2,407,562	₱586,188,107
Issuances of capital stock	4	137,500,000	1,237,500,000	–	–	–	–	–	1,375,000,000
Stock issuance costs	4	–	(13,943,122)	–	–	–	–	–	(13,943,122)
Net income		–	–	–	52,237,125	52,237,125	–	–	52,237,125
Appropriation	4	–	–	2,014,487	(2,014,487)	–	–	–	–
Other comprehensive income (loss)	9, 19	–	–	–	–	–	(14,014,505)	3,581,953	(10,432,552)
Balances at December 31, 2022		₱687,500,000	₱1,223,556,878	₱6,704,006	₱79,313,664	₱86,017,670	(₱14,014,505)	₱5,989,515	₱1,989,049,558

	Note	Capital Stock	Retained Earnings Appropriated	Retained Earnings Unappropriated	Retained Earnings Total	Other Equity Reserves: Cumulative Unrealized Losses on Changes in Fair Value of Financial Assets at FVOCI (net of deferred tax)	Other Equity Reserves: Cumulative Remeasurement Gains (Losses) on Net Retirement Benefit Liability (net of deferred tax)	Total Equity
Balances at December 31, 2020		₱500,000,000	₱–	₱15,249,292	₱15,249,292	₱–	(₱1,793,565)	₱513,455,727
Issuances of capital stock	4	50,000,000	–	–	–	–	–	50,000,000
Stock issuance costs	4	–	–	(1,613,617)	(1,613,617)	–	–	(1,613,617)
Net income		–	–	20,144,870	20,144,870	–	–	20,144,870
Appropriation	4	–	4,689,519	(4,689,519)	–	–	–	–
Other comprehensive income	19	–	–	–	–	–	4,201,127	4,201,127
Balances at December 31, 2021		₱550,000,000	₱4,689,519	₱29,091,026	₱33,780,545	₱–	₱2,407,562	₱586,188,107

See accompanying Notes to Financial Statements.

CTS GLOBAL EQUITY GROUP, INC.
STATEMENTS OF CASH FLOWS

	Note	Years Ended December 31 2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**₱4,525,514**	₱53,460,915	₱26,306,488
Adjustments for:				
Interest income	6	**(95,744,802)**	(40,145,578)	(3,018,162)
Depreciation and amortization	11	**4,375,475**	4,288,518	4,415,310
Unrealized foreign exchange losses (gains) - net		**2,860,563**	(31,479,210)	(20,273,666)
Dividend income	7	**(2,245,411)**	(3,596,309)	(2,590,755)
Retirement expense	18	**1,839,752**	2,248,659	2,509,133
Unrealized fair value losses on financial assets at FVPL - net	7	**1,454,215**	255,110	105,380
Interest expense	19	**1,389,532**	1,081,100	940,230
Provision for (reversal of) credit losses	8	**(7,028)**	(135,506)	213,467
Gain on sale of equipment	12	**(1,786)**	–	–
Operating income (loss) before working capital changes		**(81,553,976)**	(14,022,301)	8,607,425
Decrease (increase) in:				
Financial assets at FVPL		**(7,001,534)**	(1,628,674)	5,314
Trade receivables		**(2,824,017)**	49,022,921	(65,188,133)
Other current assets		**349,550**	(1,200,816)	736,487
Other noncurrent assets		**(942,631)**	(858,571)	(629,324)
Increase (decrease) in:				
Trade payables		**(21,173,950)**	(158,417,694)	39,226,132
Other current liabilities		**(8,564,435)**	8,938,238	(2,097,399)
Net cash used for operations		**(121,710,993)**	(118,166,897)	(19,339,498)
Interest received		**98,734,448**	33,918,258	3,017,949
Dividend received		**2,209,915**	3,596,309	2,592,718
Income taxes paid		**(36,712)**	(25,776)	(11,152,433)
Net cash used in operating activities		**(20,803,342)**	(80,678,106)	(24,881,264)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from:				
Maturity of investment in government securities	9	**50,000,000**	–	–
Sale of equipment	12	**1,786**	–	–
Acquisitions of:				
Property and equipment	12	**(3,213,295)**	(233,174)	(398,985)
Intangible assets	11	**(247,200)**	(988,800)	(415,893)
Investments in government securities	9	**–**	(1,244,701,810)	–
Contributions to retirement plan	19	**(300,000)**	–	–
Net cash provided by (used in) investing activities		**46,241,291**	(1,245,923,784)	(814,878)

(Forward)

	Note	2023	2022	2021
		Years Ended December 31		
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of dividends	4	**(₱21,340,000)**	₱–	₱–
Payments of lease liabilities	20	**(1,536,300)**	(1,429,926)	(1,429,889)
Proceeds from capital stock issuances	4	**–**	1,375,000,000	50,000,000
Payments of stock issuance costs	4	**–**	(13,943,122)	(1,613,617)
Net cash provided by (used in) financing activities		**(22,876,300)**	1,359,626,952	46,956,494
NET INCREASE IN CASH AND CASH EQUIVALENTS		**2,561,649**	33,025,062	21,260,352
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(120,568)**	(133,742)	17,352
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**477,190,696**	444,299,376	423,021,672
CASH AND CASH EQUIVALENTS AT END OF YEAR	6	**₱479,631,777**	₱477,190,696	₱444,299,376

See accompanying Notes to Financial Statements.

CTS GLOBAL EQUITY GROUP, INC.

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2023 AND 2022
AND FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

1. **Corporate Information**

CTS Global Equity Group, Inc. (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on June 26, 1986. The Company is a licensed broker/dealer of securities with the SEC, and both a stockholder and holder of a trading right of the Philippine Stock Exchange (PSE).

On April 8, 2020, the BOD and stockholders of the Company approved the following amendments to the Company's AOI: (a) the name of the Company shall be "CTS Global Equity Group, Inc." doing business under the trade names and styles of CTS Global, CTS Global Equities, CTS Global Securities, CTS Securities, Citisecurities (formerly Citisecurities, Inc.); and (b) the authorized capital stock of the Company amounting to ₱800.0 million shall be divided into 8.0 billion shares of common stock at ₱0.10 par value per share. These amendments were approved by the SEC on April 14, 2021 (see Note 4).

On November 5, 2021, the BOD and stockholders of the Company authorized the Company to undertake an initial public offering (IPO) of its shares with the PSE. On March 10, 2022 and March 16, 2022, the SEC and the PSE, respectively, approved the Company's application for IPO of its shares.

On April 13, 2022, the Company completed its IPO and was listed in the PSE under the stock symbol CTS. The Company listed 1,375.0 million common shares at an offer price of ₱1.00 per share. The proceeds from the IPO amounted to ₱1,375.0 million (see Note 4).

The Company's current operations are affected by the existing global inflation and high interest rates, which makes it difficult for equities trading to break out of the current market situation. Accordingly, this resulted to lower trading gains from both local and global stock markets for the Company.

The management, however, has been continuously monitoring the impact of the global inflation and interest rates and adjusts its strategies to mitigate the market volatility. In 2023 and 2022, the decrease in trading gains was partially mitigated by the growth in interest income from the Company's investments in fixed income securities.

The registered office address of the Company is 27/F East Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City.

The financial statements of the Company as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021 were approved and authorized for issue by the BOD on March 15, 2024, as recommended for approval by the Audit Committee on the same date.

2. Summary of Material Accounting Policy Information

Basis of Preparation

The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial and Sustainability Reporting Standards Council and adopted by the SEC. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretation from International Financial Reporting Interpretations Committee (IFRIC).

The statements of financial position contain some additional information in line with the requirements of Rule 52.1 of the Implementing Rules and Regulations of the Securities Regulation Code (SRC).

Measurement Bases

The financial statements are presented in Philippine Peso (Peso), the Company's functional currency. All values are stated in absolute amounts, unless otherwise indicated.

The financial statements have been prepared on a historical cost basis, except for:

- Financial assets measured at fair value through profit or loss (FVPL);
- Financial assets measured at fair value through other comprehensive income (FVOCI);
- Retirement benefit liability that is carried at the present value of defined benefit obligation less fair value of plan assets; and
- Lease liabilities that are carried at initial recognition at the present value of the remaining lease payments, discounted using an appropriate discount rate.

Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company uses observable market data to the extent possible when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the following valuation techniques:

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

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is disclosed in the following notes to the financial statements:

- Note 5 - Fair Value Measurement
- Note 7 - Financial Assets at FVPL
- Note 9 - Investments in Government Securities
- Note 13 - Investment Property

Adoption of Amendments to PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following relevant amendments to PFRS which the Company adopted effective January 1, 2023:

- Amendments to PAS 1, *Presentation of Financial Statements,* and PFRS Practice Statement 2, *Making Materiality Judgments - Disclosure Initiative - Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2 is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information.

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods.

- Amendments to PAS 12, *Income Taxes - Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments should be applied on a modified retrospective basis.

- Amendments to PAS 1, *Classification of Liabilities as Current or Noncurrent* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments.

The adoption of the amended PFRS did not materially affect the financial statements of the Company. Disclosures of the accounting policies were updated in accordance with the definition of "material information" in the amendments to PAS 1 and PFRS Practice Statement 2.

Amendments to PFRS in Issue But Not Yet Effective or Adopted
Relevant amendments to PFRS, which are not yet effective as at December 31, 2023 and have not been applied in preparing the financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2025 –

- Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability* – The amendments clarify when a currency is considered exchangeable into another currency and how an entity determines the exchange rate for currencies that lack exchangeability. The amendments also introduce new disclosure requirements to help users of financial statements assess the impact when a currency is not exchangeable. An entity does not apply the amendments retrospectively. Instead, an entity recognizes any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings when the entity reports foreign currency transactions. When an entity uses a presentation currency other than its functional currency, it recognizes the cumulative amount of translation differences in equity. Earlier application is permitted.

Under prevailing circumstances, the adoption of the foregoing amendments to PFRS is not expected to have any material effect on the financial statements of the Company. Additional disclosures will be included in the financial statements, as applicable.

Classification of Assets and Liabilities between Current and Noncurrent
The Company presents current and noncurrent assets, and current and noncurrent liabilities, as separate classifications in the notes to financial statements.

Current Assets. The Company classifies an asset as current when:

- It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- It holds the asset primarily for the purpose of trading;
- It expects to realize the asset within 12 months after the reporting period; or
- The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Otherwise, the Company will classify all other assets as noncurrent.

Current Liabilities. The Company classifies a liability as current when:

- It expects to settle the liability in its normal operating cycle;
- It holds the liability primarily for the purpose of trading;
- The liability is due to be settled within 12 months after the reporting period; or
- It does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Otherwise, the Company will classify all other liabilities as noncurrent.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity or a financial liability or equity instrument of another entity.

Date of Recognition. The Company recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

"Day 1" Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference.

Financial Assets

Initial Recognition and Measurement. Financial assets are recognized initially at fair value, which is the fair value of the consideration given. The initial measurement of financial instruments, except for those designated at FVPL, includes transaction cost.

Classification. The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at amortized cost, (b) financial assets at FVPL, and (c) financial assets at FVOCI.

The classification of a financial instrument largely depends on the Company's business model and its contractual cash flow characteristics.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less any allowance for credit and impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate.

Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2023 and 2022, the Company's cash and cash equivalents, trade receivables, certain government securities, interest receivables, and receivables from employees (included under "Other current assets" account in the statements of financial position), and refundable deposits (included under "Other noncurrent assets" account in the statements of financial position) are classified under this category (see Notes 6, 8, 9, 10, and 14).

Financial Assets at FVPL. Financial assets at FVPL are either classified as held for trading or designated at FVPL. A financial instrument is classified as held for trading if it meets either of the following conditions:

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

This category includes equity instruments which the Company had not irrevocably elected to classify at FVOCI at initial recognition.

Dividends from equity instruments held at FVPL are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment.

Financial assets at FVPL are subsequently measured at fair value. Gains or losses arising from the fair valuation of financial assets at FVPL are recognized in profit or loss.

As at December 31, 2023 and 2022, the Company's investments in various listed equity securities are classified under this category (see Note 7).

Financial Assets at FVOCI. For debt instruments that meet the contractual cash flow characteristic and are not designated at FVPL under the fair value option, the financial assets are measured at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These debt securities are initially measured at fair value plus transaction costs. After initial recognition, interest income (calculated using the effective interest rate method) and impairment gains or losses of debt instruments measured at FVOCI are recognized directly in profit or loss. Fair value changes are recognized in OCI and presented in the equity section of the statements of financial position. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI are reclassified from equity to profit or loss as a reclassification adjustment.

As at December 31, 2023 and 2022, certain investments in government securities are classified under this category (see Note 9).

Reclassification. The Company reclassifies its financial assets only when it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

Impairment of Financial Assets at Amortized Cost. For trade receivables, the Company has applied the simplified approach and has calculated expected credit losses (ECL) based on the lifetime ECL. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to its customers and the economic environment.

For other financial assets measured at amortized cost, the Company applies a general approach in calculating ECL. The Company recognizes a loss allowance based on either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk on its other receivables since initial recognition.

The Company considers a financial asset in default when contractual payments are 30 days past due unless it is demonstrated that the non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition. A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

When the Company has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liabilities

Initial Recognition and Measurement. Financial liabilities are recognized initially at fair value, which is the fair value of the consideration received. In case of financial liabilities at amortized cost, the initial measurement is net of any directly attributable transaction costs.

Classification. The Company classifies its financial liabilities at initial recognition as either financial liabilities at FVPL or financial liabilities at amortized cost.

As at December 31, 2023 and 2022, the Company does not have financial liabilities at FVPL.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at December 31, 2023 and 2022, the Company's trade payables, other current liabilities (excluding statutory payables) and lease liabilities are classified under this category (see Notes 15, 16 and 20).

Derecognition. A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Classification of Financial Instrument between Liability and Equity. A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Offsetting of Financial Assets and Liabilities
Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statements of financial position.

Intangible Assets
Intangible assets pertain to software and licenses, exchange trading right and intangible assets under development.

Software and Licenses. Software and licenses are measured on initial recognition at cost. Subsequent to initial recognition, software and licenses are carried at cost less accumulated amortization and any accumulated impairment losses. Software and licenses are amortized over its estimated economic life of 10 years and assessed for impairment whenever there is an indication that the software and licenses may be impaired.

The amortization period and method are reviewed at least at each reporting date. Changes in the expected economic life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

Exchange Trading Right. Exchange trading right is initially measured at cost. It is an intangible asset with indefinite useful life and is tested for impairment annually. Exchange trading right is not amortized but is carried at cost less accumulated impairment losses, if any. The exchange trading right is deemed to have indefinite useful lives as there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Company. The assumption that the exchange trading right remains to be an intangible asset with an indefinite life is reviewed annually to determine whether this continues to be supportable as such. If not, the carrying amount of the asset is amortized over its remaining useful life on a straight line basis unless a more appropriate amortization method is warranted. Any impairment losses determined are recognized in profit or loss.

Intangible Assets under Development. Intangible assets under development are measured at cost, net of any accumulated impairment losses. Cost includes cost of development and other directly attributable costs. Intangible assets under development are not amortized until such time that the relevant intangible assets are completed and ready for intended use.

Gains or losses arising from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and recognized in profit or loss in the period of derecognition.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation, amortization and any impairment losses.

The initial cost of property and equipment comprises its purchase price, after deducting trade discounts and rebates, and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance costs, are normally recognized in profit or loss in the year these are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives of the property and equipment:

	Number of Years
Office condominium units and improvements	10 to 20
Leasehold improvements	10 or lease term, whichever is shorter
Furniture, fixtures, and office equipment	2 to 5

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

Fully-depreciated assets are retained in the account until they are no longer in use and no further change for depreciation is made in respect of those assets.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and any accumulated impairment losses are removed from the accounts. Any resulting gain or loss is recognized in profit or loss.

Construction in progress represents properties under construction and is stated at cost, including costs of construction and other direct costs. Construction in progress is not depreciated until such time that the relevant assets are completed and ready for operational use.

Investment Property

Investment property is property held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business or for administrative purposes.

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at cost, less accumulated depreciation and any impairment in value. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Depreciation of investment property is calculated on a straight-line basis over a 20-year estimated useful life. The estimated useful life and depreciation method are reviewed periodically to ensure that these are consistent with expected pattern of economic benefits of investment property.

Investment property is derecognized when either they have been disposed of or the investment property is permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gains or losses on the retirement or disposal of investment property are recognized in profit or loss in the period of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by the commencement of owner-occupation or commencement of development with a view to sell.

For transfers from investment property to owner-occupied properties or inventories, the cost for subsequent accounting is its carrying amount at the date of change in use. If the property occupied by the Company as an owner-occupied property becomes an investment property, the Company accounts for such in accordance with the policy under property and equipment up to the date of change in use.

Other Nonfinancial Assets

Other nonfinancial assets pertain to excess tax credits, prepayments and input value-added tax (VAT).

Excess Tax Credits. Excess tax credits pertain to creditable withholding tax (CWT) and prepaid income tax. CWT pertains to tax on the Company's income withheld and remitted to the Bureau of Internal Revenue (BIR) by customers and deducted from income tax payable on the same year the income was recognized. Prepaid income tax pertains to excess income tax payments of the Company over the amount due. Unapplied or excess income tax payments are carried forward and can be utilized in succeeding years.

Prepayments. Prepayments are expenses paid in advance and recorded as assets before these are utilized. Prepayments are apportioned over the period covered by the payment and included in profit or loss when incurred. Prepayments that are expected to be realized for not more than 12 months after the financial reporting period are classified as current assets. Otherwise, these are classified as noncurrent assets.

VAT. VAT is a tax on consumption levied on the sale, barter, exchange, or lease of goods or properties and services, and on importation of goods in the Philippines. It is an indirect tax, which may be shifted or passed on to the buyer, transferee or lessee of goods, properties or services.

Revenue, expenses, and assets are recognized net of the amount of VAT, except:

- Where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from or payable to the taxation authority is included as part of "Other current assets" or "Other current liabilities" accounts, respectively, in the statements of financial position.

Impairment of Nonfinancial Assets

The carrying amounts of nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable, except for the exchange trading right where test of impairment is done annually. If any such indication exists and when the carrying amounts exceed the estimated recoverable amounts, the assets or cash-generating units (CGU) are written down to their recoverable amounts. The recoverable amount of the asset is the greater of the fair value less cost to sell or value in use. The fair value less cost to sell is the amount that would be received to sell an asset in an orderly transaction between participants at the measurement date less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation and amortization charges are adjusted in future years to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

Equity

Capital Stock. Capital stock is measured at par value for all shares issued and outstanding.

Additional Paid-in Capital (APIC). APIC represents the proceeds and/or fair value of consideration received in excess of the par value of the shares issued. Incremental costs directly attributable to the issuance of new common stocks are recognized as deduction to APIC, net of any tax effects.

Retained Earnings. Retained earnings represent the cumulative balance of net income or loss, net of any dividend declarations. At each reporting date, net income or loss of the Company is transferred to retained earnings.

Unappropriated retained earnings pertain to the unrestricted portion available for dividend declaration. Appropriated retained earnings pertain to the restricted portion which is intended for the reserve fund in compliance with the SRC Rule 49.1 (B).

Other Equity Reserves. Other equity reserves consist of the cumulative balance of items of income and expense that are not recognized in profit or loss in accordance with PFRS. Other equity reserves of the Company pertain to cumulative unrealized gains or losses on changes in fair value of financial assets at FVOCI, net of related deferred tax, and cumulative remeasurement gains or losses on retirement liability, net of related deferred tax.

Revenue Recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company perform its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has assessed that it acts as agent in its brokerage transactions. The Company acts as a principal in its income from other sources.

Commissions. These pertain to the revenue from brokerage transactions, which are recorded on trade date basis as trade transaction occurs.

The following specific recognition criteria must also be met for other revenues:

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

Trading Gains or Losses on Financial Assets at FVPL. Trading gains or losses on financial assets at FVPL include all gains and losses from changes in fair value and disposal of financial assets at FVPL. Unrealized gains or losses are recognized in profit or loss upon remeasurement of the financial assets at FVPL at each reporting date. Gains or losses from sale of financial assets at FVPL are recognized in profit or loss upon confirmation of trade deals.

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

Other Income. Income from other sources is recognized when earned during the period.

Cost and Expense Recognition

Costs and expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

Costs of Services. Costs of services such as direct personnel costs, commission, transaction costs, research costs, stock exchange dues and fees, central depository fees and communication costs are recognized when the related revenue is recognized or when the service is rendered.

Operating Expenses. Operating expenses incurred by the Company such as indirect personnel costs, utility costs, and other operating expenses are administrative overhead costs and recognized in profit or loss when incurred.

Employee Benefits

Short-term Benefits. The Company recognizes short-term employee benefits based on contractual arrangements with employees. Unpaid portion of the short-term employee benefits is measured on an undiscounted basis and included as part of "Other current liabilities" account in the statements of financial position.

Retirement Benefits. Retirement benefit costs are actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. The calculation of defined benefit liability is performed annually by a qualified actuary. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in the future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

The Company recognizes service costs, comprising of current service costs and past service costs in profit or loss. Net interest costs on retirement benefit liability is presented as part of "Interest expense" account in the statements of comprehensive income.

The Company determines the net interest expense by applying the discount rate to the net defined liability at the beginning of the year, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments.

Remeasurements of the net retirement benefit liability, comprising of actuarial gains and losses, return on plan assets (excluding interest), and effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI and are not reclassified to profit or loss in subsequent periods.

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 and losses on the settlement of a defined benefit plan when the settlement occurs.

The net retirement benefit liability recognized by the Company is the aggregate of the present value of the defined benefit liability reduced by the fair value of plan assets, out of which the obligations are to be settled directly. The present value of the defined benefit liability is determined by discounting the estimated future cash outflows using risk-free interest rates of government bonds that have terms to maturity approximating the terms of the related retirement benefit liability. Actuarial valuations are made so that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the reporting date.

<u>Leases</u>
The Company assesses whether the contract is, or contains, a lease at the inception of the contract. To assess whether a contract conveys the right to control the use of an identified assets for a period of time, the Company assesses whether, throughout the period of use, it has both of the following:

- The right to obtain substantially all of the economic benefits from use of the identified asset; and
- The right to direct the use of the identified asset.

If the Company has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The Company also assesses whether a contract contains a lease for each potential separate lease component. The Company recognizes a right-of-use (ROU) asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee.

Company as a Lessee. At the commencement date, the Company recognizes an ROU asset and a lease liability for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

ROU Assets. At commencement date of the lease contract, the Company measures an ROU asset (presented as part of property and equipment account) at cost. The initial measurement of ROU assets includes the following:

- The amount of the initial measurement of lease liability;
- Lease payments made at or before the commencement date less any lease incentives received;
- Initial direct costs; and
- An estimation of costs to be incurred by the Company in dismantling and removing the underlying asset, when applicable.

After the commencement date, the ROU assets are carried at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the related lease liabilities. The ROU assets are depreciated over the shorter of the lease terms or the useful lives of the underlying assets.

Lease Liabilities. At commencement date, the Company measures a lease liability at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of a lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the lessee under residual value guarantees; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonable certain not to terminate early.

A lease liability is subsequently measured at amortized cost. Interest expense on the lease liability and any variable lease payments not included in the measurement of lease liability are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liability are recognized in profit or loss when the event or condition that triggers those payments occurs.

If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, the lease liability is remeasured using a revised discount rate considering the revised lease payments on the basis of the revised lease term or reflecting the change in amounts payable under the purchase option. The lease liability is also remeasured using the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee or a change in future lease payments resulting from a change in an index or a rate used to determine those payments.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

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

Deferred tax liabilities are recognized for all taxable temporary differences that are expected to increase future taxable income. Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and unused tax losses can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

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

Deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items directly recognized to equity or in OCI.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Related Party Transactions

Related party transactions are transfer of resources, services or obligations between the Company and its related parties, regardless of whether a price is charged.

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control with the reporting enterprise, or between and/or among the reporting enterprise and its key management personnel, directors, or its stockholders. Related parties may be individual or corporate entities. Transactions between related parties are accounted for at arm's-length prices or on terms similar to those offered to non-related parties in an economically comparable market. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on legal form.

Related party transactions are considered material and/or significant if i) these transactions amount to 10% or higher of the Company's total assets, or ii) there are several transactions or a series of transactions over a 12-month period with the same related party amounting to 10% or higher of the Company's total assets.

Foreign Currency-Denominated Transactions

Transactions denominated in foreign currencies are recorded using the exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate at reporting date. Differences arising on settlement or translation of monetary assets and liabilities are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Segment Reporting

The Company reports separate information about each operating segment identified. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components; from whose operating results are regularly reviewed to make decisions about resources to be allocated to the segment; and for which discrete information is available.

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

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

Earnings per Share (EPS)
Basic EPS is calculated by dividing the net income (less preferred dividends net of tax, if any) for the year attributable to common stockholders by the weighted average number of common stocks outstanding during the year, with retroactive adjustment for any stock dividends or stock splits declared during the year.

Diluted EPS is computed by dividing net income by the weighted average number of common stocks outstanding during the year, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the year, and adjusted for the effect of dilutive options.

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

3. Summary of Significant Judgments, Accounting Estimates, and Assumptions

The preparation of the financial statements requires management to exercise judgments and make accounting estimates and assumptions that affect the amounts reported in the financial statements and related notes. The judgments and accounting estimates, and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as at the reporting date. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The following are the significant judgments, accounting estimates, and assumptions by the Company:

Judgments

Determination of the Functional Currency. Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency of the Company has been determined to be Philippine Peso, which is the currency of the primary economic environment in which the Company operates. It is the currency that mainly influences economic value of the income and costs from the Company's operations.

Classification and Measurement of Financial Assets. Classification and measurement of financial assets depends on the results of the "solely for payments of principal and interests" and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated, the risks that affect the performance of the assets, and how these risks are managed.

The Company monitors financial assets measured at FVPL, FVOCI or amortized cost that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate. Otherwise, change in the business model should result to a change in the classification of those financial assets.

As at December 31, 2023 and 2022, the Company's investments in various listed equity securities are classified as financial assets at FVPL, while certain investments in government securities are classified as financial assets at FVOCI and amortized cost (see Notes 7 and 9).

Cash and cash equivalents, trade receivables, certain investments in government securities, interest receivables and receivables from employees (included under "Other current assets" account in the statements of financial position), and refundable deposits (included under "Other noncurrent assets" account in the statements of financial position) were classified as financial assets at amortized cost because the Company's primary business model in relation to these assets is to hold the financial assets to collect contractual cash flows solely for principal and interest (see Notes 6, 8, 9, 10 and 14).

Determination of the Lease Term of Contracts with Renewal and Termination Options - Company as Lessee. The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Company is not reasonably certain to exercise any renewal or termination option on its leases. Hence, only the enforceable portion of the lease term (i.e. legal term of the contract) was considered in the computation of ROU assets and lease liabilities.

Determination of the Operating Segments. Determination of operating segments is based on the information about components of the Company that the management uses to make decisions about operating matters. The Company is organized into operating segments based on business activities as allowed under PFRS 8, *Operating Segments,* due to their similar characteristics.

As at December 31, 2023 and 2022, the Company determined that it has two operating segments which pertain to local and global trading (see Note 23).

Accounting Estimates and Assumptions

Fair Value Measurement of Financial Instruments. The fair values of securities that are actively traded in organized financial markets are determined by reference to unadjusted quoted market prices at the close of business on the reporting date.

When the fair values of financial assets recorded in the statements of financial position cannot be measured based on quoted prices in active market, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to this model are taken from observable market when possible, but when this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

In accordance with the amendments to PFRS 7, *Financial Instruments: Disclosures,* disclosures about the level in the fair value hierarchy are required in which the fair value measurements are categorized for assets and liabilities measured in the statements of financial position.

Assumptions and methods of determining the fair values of financial instruments are presented in Note 5 to the financial statements.

Assessment of the ECL on Trade Receivables. The Company, applying the simplified approach in the computation of ECL, initially uses a provision matrix based on historical default rates for trade receivables. The provision matrix specifies provision rates depending on the number of days that a trade receivable is past due. The Company also uses appropriate groupings if its historical credit loss experience shows significantly different loss patterns for different customer segments. The Company then adjusts the historical credit loss experience with forward-looking information on the basis of current observable data affecting each customer segment to reflect the effects of current and forecasted economic conditions. The Company regularly reviews the methodology and assumptions used for estimating ECL to reduce any differences between estimates and actual credit loss experience.

The determination of the relationship between historical default rates and forecasted economic conditions is a significant accounting estimate. Accordingly, the provision for credit losses on trade receivables is sensitive to changes in assumptions about forecasted economic conditions.

Provision for (reversal of) credit losses on trade receivables is as follows:

	Note	2023	2022	2021
Provision for (reversal of) credit losses on trade receivables	8	**(₱7,028)**	(₱135,506)	₱213,467

The carrying amounts of trade receivables and related allowance for credit losses are as follows:

	Note	2023	2022
Trade receivables	8	**₱389,213,791**	₱389,117,645
Allowance for credit losses	8	**359,618**	366,646

Assessment of the ECL on Other Financial Assets at Amortized Cost. The Company determines the allowance for ECL using general approach. The Company calculates ECL for its other financial assets at amortized cost at initial recognition by considering the occurrences and probabilities of possible defaults only for the next 12 months, rather than the life of the asset. It continues to apply this method until a significant increase in credit risk has occurred, at which point the loss allowance is measured based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the borrower.

The Company also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

The Company has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Company only with reputable banks and companies with good credit standing and relatively low risk of defaults. Accordingly, no provision for credit losses on other financial assets at amortized cost was recognized in 2023, 2022 and 2021.

The carrying amounts of other financial assets at amortized cost are as follows:

	Note	2023	2022
Cash and cash equivalents	6	**₱479,631,777**	₱477,190,696
Investments in government securities*	9	**464,135,145**	513,818,936
Interest receivables**	10	**6,993,595**	7,300,442
Receivables from employees**	10	**911,326**	1,194,286
Dividend receivable**	10	**33,519**	–
Refundable deposits***	14	**12,005,688**	11,062,124

**Excluding investments in government securities measured at FVOCI.*
***Included under "Other current assets" account in the statements of financial position.*
****Included under "Other noncurrent assets" account in the statements of financial position.*

Estimation of the Useful Lives of Intangible Assets, Property and Equipment (including Right-of-Use Assets), and Investment Property. The exchange trading right is deemed to have indefinite useful life as there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Company. The useful lives of software and licenses, property and equipment, and investment property are estimated based on the period over which the assets are expected to be available for use and are reviewed periodically to ensure that the method and period of depreciation and amortization are consistent with the expected pattern of economic benefits from items of software and licenses, property and equipment and investment property.

The useful lives are updated if expectations differ from previous estimates due to physical wear and tear, and technical and commercial obsolescence. Any reduction in the estimated useful lives of these assets would increase the Company's recorded operating expenses and decrease noncurrent assets.

There is no change in the estimated useful lives of software and licenses, property and equipment and investment property in 2023, 2022 and 2021.

Assessment of the Impairment of Nonfinancial Assets. The Company assesses impairment on intangible assets, property and equipment (including right-of-use assets), investment property, and other nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of the assets or Company of assets may not be recoverable. The relevant factors that the Company considers in deciding whether to perform an asset impairment review include, among others, the following:

- Significant underperformance of a business in relation to expectations;
- Significant negative industry or economic trends; and
- Significant changes or planned changes in the use of the assets.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs.

No impairment loss on intangible assets, property and equipment, investment property and other nonfinancial assets was recognized in 2023, 2022 and 2021.

The carrying amounts of nonfinancial assets are as follows:

	Note	**2023**	2022
Other current assets*	10	**₱9,188,165**	₱9,449,102
Intangible assets	11	**2,813,671**	3,126,647
Property and equipment	12	**12,569,216**	8,983,912
Investment property	13	**8,999,549**	9,642,372
Other noncurrent assets**	14	**326,257**	327,195

**Excluding interest receivables, receivables from employees, and dividend receivable aggregating ₱7.9 million and ₱8.5 million as at December 31, 2023 and 2022, respectively.*
***Excluding refundable deposits amounting ₱12.0 million and ₱11.1 million as at December 31, 2023 and 2022, respectively.*

Determination of the Incremental Borrowing Rate (IBR). The Company uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Company estimates the IBR using available observable inputs (such as the prevailing Bloomberg Valuation Service (BVAL) interest rates) adjusted for entity-specific estimates, to reflect the terms and conditions of the lease.

The Company has applied weighted average IBR ranging from 4.9% to 6.3%, 3.9% to 4.9% and 3.9% to 4.0% in 2023, 2022 and 2021, respectively, for the computation of lease liabilities and ROU assets.

Lease liabilities amounted to ₱3.8 million and ₱1.7 million as at December 31, 2023 and 2022, respectively. The carrying amounts of ROU assets are ₱3.7 million and ₱1.7 million as at December 31, 2023 and 2022, respectively (see Note 20).

Determination of the Retirement Liability. The determination of the obligation and cost of retirement benefit is dependent on the assumptions used by the actuary in calculating such amounts.
The assumptions are described in Note 19 to the financial statements and include, among others, discount rates and salary increase rates. Actual results that differ from the Company's assumptions are recognized in OCI and, therefore, generally affect the recorded obligation in such future periods.

Net retirement benefit liability amounted to ₱27.6 million and ₱18.2 million as at December 31, 2023 and 2022, respectively (see Note 19).

Recognition of Deferred Tax Assets. The Company reviews the carrying amount of deferred tax assets at each reporting date and adjusts the balance to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized within the period allowed by the tax regulations.

The Company recognized deferred tax assets amounting to ₱29.4 million and ₱14.2 million as at December 31, 2023 and 2022, respectively, because management believes that the Company will be able to generate sufficient taxable income against which these deferred tax assets can be utilized (see Note 21).

4. Financial Risk Management Objectives and Policies

The main risks arising from the Company's use of financial instruments include credit risk, liquidity risk, and market risk. The Company's overall risk management process focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The BOD regularly reviews and approves the appropriate policies for managing these financial risks, as summarized below.

Credit Risk

The Company's exposure to credit risk arises when the counterparty fails to fulfill its financial commitments to the Company under the prevailing contractual terms. Financial instruments that potentially subject the Company to credit risk consist primarily of trade receivables and other financial assets at amortized cost.

The carrying amounts of the financial assets at amortized cost represent its maximum credit exposure, without taking into account any collateral, other credit enhancements or credit risk mitigating features.

The table below presents the credit quality of the assets by indicating whether the assets are subjected to 12-month ECL or lifetime ECL. Assets that are credit-impaired, if any, are separately presented.

	2023			
	12-month ECL	Lifetime ECL – Not Credit-Impaired	Lifetime ECL – Credit-Impaired	Total
Financial asset at amortized cost:				
Cash in banks and cash equivalents	₱479,619,777	₱–	₱–	₱479,619,777
Trade receivables	–	389,213,791	359,618	389,573,409
Investments in government securities*	464,135,145	–	–	464,135,145
Interest receivables**	–	6,993,595	–	6,993,595
Receivables from employees**	–	911,326	–	911,326
Dividend receivable**	–	33,519	–	33,519
Refundable deposits***	–	12,005,688	–	12,005,688
	₱943,754,922	₱409,157,919	₱359,618	₱1,353,272,459

	2022			
	12-month ECL	Lifetime ECL – Not Credit-Impaired	Lifetime ECL – Credit Impaired	Total
Financial assets at amortized cost:				
Cash in banks and cash equivalents	₱477,190,696	₱–	₱–	₱477,190,696
Trade receivables	–	389,117,645	366,646	389,484,291
Investments in government securities*	513,818,936	–	–	513,818,936
Interest receivables**	–	7,300,442	–	7,300,442
Receivables from employees**	–	1,194,286	–	1,194,286
Refundable deposits***	–	11,062,124	–	11,062,124
	₱991,009,632	₱408,674,497	₱366,646	₱1,400,050,775

**Excluding investments in government securities measured at FVOCI.*
***Included under "Other current assets" account in the statements of financial position.*
****Included under "Other noncurrent assets" account in the statements of financial position.*

The Company limits its exposure to credit risk by maintaining its cash and cash equivalents with highly reputable and pre-approved financial institutions and by transacting with recognized and creditworthy counterparties. In addition, customers are initially assessed for creditworthiness based on their profile (i.e., financial capacity, reputation, collateral). The Company also monitors receivable balances regularly. In accordance with the Risk-Based Capital Adequacy (RBCA) requirements, limits are imposed to avoid large exposure to a single client or counterparty and single equity relative to a particular issuer company or group of companies. Furthermore, credit exposures are minimized by collateral held in the form of securities purchased.

The Company has no significant concentration of credit risk with any single counterparty or Company of counterparties having similar characteristics.

Trade Receivables
The Company uses a provision matrix to calculate ECL for trade receivables. The provision rates are based on days past due for groupings of various customer segments analyzed by customer type, credit terms, and number of days outstanding. The Company adjusts historical default rates to forward-looking default rate by determining the closely related economic factor affecting each customer segment (i.e. percentage change in gross domestic product). At each reporting date, the observed historical default rates are updated and changes in the forward-looking estimates are analyzed.

The aging analysis of the Company's receivables from customers is as follows:

Days from Transaction Date of Counterparty	2023 Amount	2023 Collateral (net of haircut)	2023 Counterparty Exposure
1 - 2 days	₱–	₱–	₱–
3 - 13 days	–	–	–
14 - 31 days	340	28,934	–
Over 31 days	362,064	10,748,170	359,618
	₱362,404	₱10,777,104	₱359,618

Days from Transaction Date of Counterparty	2022 Amount	2022 Collateral (net of haircut)	2022 Counterparty Exposure
1 - 3 days	₱312,949	₱457,744,931	₱–
4 - 14 days	104,821	224,640	2,097
15 - 31 days	714	4,297,680	–
Over 31 days	365,542	993	364,549
	₱784,026	₱462,268,244	₱366,646

The Securities Regulation Code (SRC) requires broker/dealers to maintain a stock record for each cash and margin account of every customer regardless of the frequency of transactions. The stock record is a record of accountability reflecting all securities for which the Company has custodial responsibility or proprietary ownership. Transactions in the customer accounts cover both money balances and security positions, with the security transaction and related money generally recorded on the settlement date.

On a regular basis, collateral valuations of customers' accounts are analyzed to ensure that these are sufficient to cover the outstanding balances due to the Company.

As at December 31, 2023 and 2022, receivables from customers amounting to ₱0.4 million and ₱0.8 million, respectively, are secured by collateral comprising of equity securities of listed companies with a total market value of ₱14.6 million and ₱710.2 million, respectively (see Note 8).

Receivables from other brokers pertain to funds held by other brokers for the Company's global trading activities. The Company has assessed that ECL on these receivables are insignificant because the counterparties are companies with good credit standing and low risk of defaults. Further, the funds held by other brokers as at the end of the reporting period were subsequently reinvested to various equity and debt securities in other foreign markets. On the other hand, receivables from clearing house are due and collectible after two (2) business days in 2023 and three (3) business days in 2022 from the transaction date. Accordingly, no provision for credit losses on receivables from other brokers and clearing house was recognized in 2023, 2022 and 2021.

Other Financial Assets at Amortized Cost
It is the Company's policy to measure ECL on other financial assets at amortized cost on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Company has assessed, considering the factors discussed in Note 3 to the financial statements, that the ECL on other financial assets at amortized cost is insignificant because the transactions with respect to these financial assets are with reputable banks and companies with good credit standing and low risk of defaults. Accordingly, no provision for credit losses on other financial assets at amortized cost was recognized in 2023, 2022 and 2021.

Liquidity Risk

Liquidity risk arises when the Company encounters difficulties in raising adequate funds to meet its financial commitments at a reasonable cost. The Company's objectives in effectively managing its liquidity are: (a) to ensure that adequate funding is available at all times; (b) to meet the commitments as they arise without incurring unnecessary costs; and (c) to be able to access funding when needed at the least possible cost.

The Company monitors its cash flows, particularly the receivables from customers' collections and the funding requirements of operations, to ensure an adequate balance of inflows and outflows. Further, special reserve requirements for the customers of the Company are maintained in the bank (see Note 6).

The table below summarizes the maturity profile of the financial liabilities of the Company based on remaining undiscounted cash flows:

	2023				
	On Demand	1 to 3 Months	>3 to 12 Months	>1 to 5 Years	Total
Trade payables	₱1,331,029	₱150,173,617	₱–	₱–	₱151,504,646
Lease liabilities	–	539,025	1,633,420	1,811,590	3,984,035
Other current liabilities*	–	512,981	6,070,448	–	6,583,429
	₱1,331,029	₱151,225,623	₱7,703,868	₱1,811,590	₱162,072,110

**Excluding statutory liabilities amounting to ₱2.7 million as at December 31, 2023.*

	2022				
	On Demand	1 to 3 Months	>3 to 12 Months	>1 to 5 Years	Total
Trade payables	₱1,331,027	₱171,347,569	₱–	₱–	₱172,678,596
Lease liabilities	–	352,350	876,050	529,935	1,758,335
Other current liabilities*	–	412,328	13,055,655	–	13,467,983
	₱1,331,027	₱172,112,247	₱13,931,705	₱529,935	₱187,904,914

**Excluding statutory liabilities amounting to ₱4.4 million as at December 31, 2022*

Market Risks

The Company is exposed to market risks, primarily those related to foreign currency risk and equity price risk. Management actively monitors these exposures, as follows:

Foreign Currency Risk. Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company periodically reviews the trend of the foreign exchange rates to address its exposure in foreign currency risk. The Company's policy is to maintain foreign currency exposure within acceptable limits and within the existing regulatory guidelines. The Company believes that its profile of foreign currency exposure on its assets is within conservative limits for a financial institution engaged in the type of business in which the Company is engaged.

The following table shows the Company's foreign currency-denominated monetary financial assets:

	December 31, 2023					
	United States (US) Dollar	**Philippine Peso**	**Hong Kong (HK) Dollar**	**Philippine Peso**	**Indonesian (ID) Rupiah**	**Philippine Peso**
Financial assets:						
Cash in banks	**$6,376**	**₱354,293**	**$–**	**₱–**	**Rp–**	**₱–**
Receivables from other brokers	**6,453,191**	**358,584,464**	**–**	**–**	**7,814,578,688**	**28,132,483**
	$6,459,567	**₱358,938,757**	**$–**	**₱–**	**₱7,814,578,688**	**₱28,132,483**

	December 31, 2022					
	United States (US) Dollar	Philippine Peso	Hong Kong (HK) Dollar	Philippine Peso	Indonesian (ID) Rupiah	Philippine Peso
Financial assets:						
Cash in banks	$91,616	₱5,141,488	$–	₱–	Rp–	₱–
Receivables from other brokers	5,007,784	281,036,811	5,753,021	41,419,452	7,500,551,463	27,001,985
	$5,099,400	₱286,178,299	$5,753,021	₱41,419,452	Rp7,500,551,463	₱27,001,985

For purposes of restating the outstanding balances of the Company's foreign currency-denominated monetary financial assets as at December 31, 2023, the exchange rates applied are ₱55.57, ₱7.11 and ₱0.0036 per US$1, HK$1 and IDR1, respectively. As at December 31, 2022, the exchange rates applied were ₱56.12, ₱7.19 and ₱0.0036 per US$1, HK$1 and IDR1, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar, HK dollar and ID rupiah exchange rates, with all other variables held constant, of the Company's income before tax and equity. There is no other impact on the Company's equity other than those already affecting profit or loss.

	Increase/Decrease in Exchange Rate			Effect on Income before Tax		
	US Dollar	HK Dollar	ID Rupiah	US Dollar	HK Dollar	ID Rupiah
December 31, 2023	**0.80**	**0.10**	**0.0001**	**₱5,167,654**	**₱–**	**₱781,458**
	-0.80	**-0.10**	**-0.0001**	**(5,167,654)**	**–**	**(781,458)**
December 31, 2022	+2.63	+0.33	+0.0001	₱13,397,467	₱1,882,118	₱729,162
	-2.63	-0.33	-0.0001	(13,397,467)	(1,882,118)	(729,162)

Equity Price Risk. Equity price risk arise when the fair values of quoted equity securities decrease as the result of the adverse changes in the quoted equity prices as affected by both rational and irrational market forces. The Company's equity risk exposure is mainly from its financial assets at FVPL.

The Company's policy is to maintain the risk to an acceptable level. Movement in share price is monitored regularly to determine the impact on its financial position.

The table below sets forth the impact of changes in PSE index (PSEi) in the Company's unrealized gain or loss on fair value changes of its financial assets at FVPL:

	2023		2022		2021	
Changes in PSEi	**14.07%**	**(14.07%)**	20.55%	(20.55%)	18.63%	(18.63%)
Changes in trading income at equity portfolio under:						
Food, beverage, and tobacco	**₱572,517**	**(₱572,517)**	₱166,098	(₱166,098)	₱30	(₱30)
Banks	**15,517**	**(15,517)**	85,033	(85,033)	6	(6)
Holding firms	**7**	**(7)**	70	(70)	68	(68)
Property	**18**	**(18)**	50	(50)	83	(83)
Education	**2**	**(2)**	3	(3)	5	(5)
	₱588,061	**(₱588,061)**	₱251,254	(₱251,254)	₱192	(₱192)

The sensitivity rate used for reporting equity price risk represents management's assessment of the reasonably possible change in equity pricing per PSEi. The sensitivity analysis includes the Company's stock portfolio with amounts adjusted by its specific beta for their valuation at the reporting date.

Capital Management

The Company's objective in managing capital is to ensure that a stable capital base is maintained in accordance with industry regulations, while maintaining investor, creditor, and market confidence to sustain the future development of the business.

The Company's BOD has the overall responsibility for monitoring capital proportion to risks. The Associated Person designated by the Company monitors compliance with minimum net capital requirements imposed by the PSE and the SEC.

The Company, being a broker/dealer in securities, is regulated by PSE and SEC and subject to the following capital requirements in accordance with the SRC.

Required Capitalization for Broker/Dealers

In compliance with SRC Rule 28 of the 2015 *Implementing Rules and Regulations of Securities Regulation Code*, trading participants, who will be participating in a registered clearing agency, are required to have a minimum unimpaired capital of ₱100.0 million effective November 9, 2015.

Unimpaired paid-up capital pertains to the Company's paid-up capital less any deficit. The unimpaired paid-up capital of the Company amounted to ₱1,911.1 million as at December 31, 2023 and 2022, and ₱550.0 million as at December 31, 2021.

Details of the Company's common shares at ₱0.10 par value per share are as follows:

	2023		2022		2021	
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount
Authorized Capital Stock						
Balance at beginning of year	**8,000,000,000**	**₱800,000,000**	8,000,000,000	₱800,000,000	800,000,000	₱800,000,000
Effect of stock split	**–**	**–**	–	–	7,200,000,000	–
Balance at end of year	**8,000,000,000**	**₱800,000,000**	8,000,000,000	₱800,000,000	8,000,000,000	₱800,000,000
Issued and Outstanding						
Balance at beginning of year	**6,875,000,000**	**₱687,500,000**	5,500,000,000	₱550,000,000	500,000,000	₱500,000,000
Addition	**–**	**–**	1,375,000,000	137,500,000	500,000,000	50,000,000
Effect of stock split	**–**	**–**	–	–	4,500,000,000	–
Balance at end of year	**6,875,000,000**	**₱687,500,000**	6,875,000,000	₱687,500,000	5,500,000,000	₱550,000,000

On April 8, 2020, the BOD and stockholders of the Company approved that the authorized capital stock of the Company amounting to ₱800.0 million shall be divided into 8.0 billion shares of common stock at ₱0.10 par value per share.

On April 14, 2021, the SEC approved the Company's change in par value of its authorized capital stock.

On July 15, 2021, the Company issued additional 500.0 million shares at ₱0.10 par value per share from the Company's unissued capital stock. Stock issuance costs pertaining to documentary stamp tax paid by the Company amounted to ₱0.5 million.

On December 13, 2021, the Company incurred additional stock issuance costs amounting to ₱1.6 million in relation to the application for registration of securities with the SEC for its initial public offering.

On April 13, 2022, the Company, upon listing in the PSE, issued 1,375.0 million shares from the Company's unissued capital stock at an offer price of ₱1.00 per share. The proceeds from the IPO amounted to ₱1,375.0 million. The excess of ₱1.00 offer price over ₱0.10 par value of the issued shares, equivalent to ₱1,237.5 million, was recognized as additional paid-in capital. Costs directly attributable to IPO that were recognized as deduction from additional paid-in capital amounted to ₱13.9 million.

Portion of the net proceeds for the IPO were used in the Company's scaling of global trading operations and general corporate purposes as at December 31, 2023.

The unapplied proceeds as at December 31, 2023 amounting to ₱787.7 million are maintained in the Company's cash in bank and certain investments in government securities. The unapplied proceeds will be used for the Company's scaling of global trading operations, general corporate purposes and client account management expansion.

In 2023, the Company's BOD approved the declaration and payment of the following cash dividends:

Date of Declaration	Record Date	Payment Date	Dividend per Share	Amount
May 12, 2023	June 9, 2023	July 5, 2023	₱0.00078	₱5,335,000
May 12, 2023	June 9, 2023	July 5, 2023	0.00233	16,005,000
				₱21,340,000

Reserve Fund

The Company shall annually appropriate a certain minimum percentage of its previous year's audited net income and transfer the same to "Appropriated Retained Earnings" in compliance with SRC Rule 49.1 (B).

The Company appropriated a reserve fund amounting to ₱5.2 million, ₱2.0 million and ₱4.7 million in 2023, 2022 and 2021, respectively.

The total amount of appropriated retained earnings amounted to ₱11.9 million, ₱6.7 million and ₱4.7 million as at December 31, 2023, 2022 and 2021, respectively.

Net Liquid Capital (NLC)

The Company is required, at all times, to have and maintain an NLC of at least ₱5.0 million or 5% of its Aggregate Indebtedness (AI), whichever is higher.

In computing for NLC, all non-allowable assets/equities and collateralized liabilities will be deducted, and allowable liabilities and equities are added to equity per books. The equity eligible for NLC pertains to the sum of the following:

- Equity per books;
- Liabilities subordinated to the claims of creditors in conformity with SRC Rule 49.1 and in accordance with a prescribed schedule; and
- Deposits for future stock subscription for which an application for increase in capital stock or request for exemption for registration has been presented for filing or has been filed with the SEC.

The equity eligible for NLC shall exclude deferred income tax, revaluation reserves, and minority interest and any outside investment in affiliates and associates. In computing for NLC, the equity eligible for NLC is adjusted by the following:

- Adding unrealized gains (or deducting unrealized losses) in the accounts of the Company;
- Deducting fixed assets and assets which cannot be readily converted into cash (less any AI in accordance with SRC Rule 49.1);
- Deducting general guarantees and indemnities for loans and indebtedness other than those incurred by the Company, unless otherwise permitted by the SEC; and
- Deducting long and short securities differences.

AI shall mean the total money liabilities of a broker/dealer arising in connection with any transaction whatsoever and includes, among others, money borrowed, money payable against securities loaned and securities failed to receive, market value of securities borrowed to the extent to which no equivalent value is paid or credited (other than the market value of margin securities borrowed from customers and margin securities borrowed from non-customers), customers' and non-customers' free credit balances, and credit balances in customers' and non-customers' accounts having short positions in securities, but excluding the items set out in SRC Rule 49.1 (1) (D).

The Company's NLC met the minimum prescribed amounts as shown below:

	2023	2022	2021
NLC:			
Equity eligible for NLC	**₱1,969,337,470**	₱1,991,535,273	₱580,760,857
Less ineligible assets	**46,827,078**	44,387,021	44,170,660
	1,922,510,392	1,947,148,252	536,590,197
Required NLC:			
Higher of:			
5% of AI	**8,447,083**	9,228,362	10,875,773
Minimum amount	**5,000,000**	5,000,000	5,000,000
	8,447,083	9,228,362	10,875,773
Net risk-based capital excess	**₱1,914,063,309**	₱1,937,919,890	₱525,714,424

Ratio of AI to NLC

The Company shall not permit its AI to all other persons to exceed 2,000% of its NLC.

The Company's ratio of AI to NLC is 9%, 10%, and 41% as at December 31, 2023, 2022, and 2021, respectively.

RBCA Requirement/Ratio

The RBCA requirement/ratio refers to the minimum level of capital to be maintained by firms which are licensed or securing a broker/dealer license, taking into consideration the firm size, complexity, and business risk. Such risks that are considered in determining the capital requirement include, among others, operational, position, counterparty, large exposure, underwriting, and margin financing risks. The RBCA ratio should be greater than or equal to 1.1.

The RBCA ratio is the ratio linking the NLC of the Company to its Total Risk Capital Requirement (TRCR), calculated as the Company's NLC divided by its TRCR. The TRCR is the sum of:

- Operational Risk Requirement (ORR);
- Credit Risk Requirement which include requirements for Counterparty Risk, Settlement Risk, Large Exposure Risk, and Margin Lending/Financing Risk; and
- Position or Market Risk Requirement.

	2023	2022	2021
NLC	**₱1,922,510,392**	₱1,947,148,252	₱536,590,197
TRCR:			
ORR	**32,253,457**	24,792,836	20,232,681
Credit risk	**34,544,618**	44,704,226	–
Position risk	**66,694,340**	64,067,115	1,976,552
Total risk capital requirement	**₱133,492,415**	₱133,564,177	₱22,209,233
RBCA ratio	**1,440%**	1,458%	2,416%

As at December 31, 2023, 2022 and 2021, the Company is compliant with the required RBCA ratio.

Ratio of Core Equity to ORR

The Company's core equity 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, surplus reserves excluding revaluation reserves or appraisal capital, and opening retained earnings adjusted for all current year movements. Core equity shall exclude treasury shares and unbooked valuation reserves and other capital adjustments (such as unrealized gain in value of financial assets at FVOCI).

The Company's ratio of core equity to ORR is as follows:

	2023	2022	2021
Capital stock	**₱687,500,000**	₱687,500,000	₱550,000,000
Beginning retained earnings	**86,017,670**	33,780,545	15,249,292
Additional paid in capital	**1,223,556,878**	1,223,556,878	–
Less: Dividends declared	**(21,340,000)**	–	–
Core equity	**1,975,734,548**	1,944,837,423	565,249,292
ORR	**32,253,457**	24,792,836	20,232,681
Ratio of Core Equity to ORR	**6,126%**	7,844%	2,794%

5. Fair Value Measurement

The following table presents the carrying amount and fair value of the Company's assets measured at fair value and for which fair value is disclosed, and the corresponding fair value hierarchy:

		2023			
			Fair Value		
	Note	Carrying Amount	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets measured at fair value:					
Financial assets at FVPL	7	₱6,922,944	₱6,922,944	₱–	₱–
Investments in government securities measured at FVOCI	9	790,058,973	790,058,973	–	–
Assets for which fair value is disclosed:					
Investment property	13	8,999,549	–	–	29,052,000
Investments in government securities measured at amortized cost	9	464,135,145	–	484,691,222	–
		₱1,270,116,611	₱796,981,917	₱484,691,222	₱29,052,000

		2022			
			Fair Value		
	Note	Carrying Amount	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets measured at fair value:					
Financial assets at FVPL	7	₱1,375,625	₱1,375,625	₱–	₱–
Investments in government securities measured at FVOCI	9	761,395,966	761,395,966	–	–
Assets for which fair value is disclosed:					
Investment property	13	9,642,372	–	–	28,205,037
Investments in government securities measured at amortized cost	9	513,818,936	–	514,539,233	–
		₱1,286,232,899	₱762,771,591	₱514,539,233	₱28,205,037

The Company used the following valuation techniques to determine fair value measurements:

Financial Assets at FVPL. The Company's financial assets at FVPL as at December 31, 2023 and 2022 are carried at fair values based on sources classified under the Level 1 category. The fair values of financial assets at FVPL are based on prevailing quoted market prices, which are usually the closing prices from active markets as at reporting date.

Investments in Government Securities. The fair value of investments in government securities are generally based on quoted market prices. If the market prices are not readily available, fair values are estimated using either values obtained from independent parties offering pricing services or adjusted quoted market prices of comparable investments or using the discounted cash flow methodology.

Investment Property. Valuations were derived on the basis of recent sales of similar properties in the same areas as the investment property and taking into account the economic conditions prevailing at the time the valuations were made and comparability of similar properties sold with the property being valued. The fair valuation is classified under Level 3 category.

The significant unobservable inputs used in the fair value measurement of the Company's investment property are the estimated net price per square meter and various factors such as size, location, and utility, among others. Significant increases (decreases) in the estimated net price per square meter in isolation would result in a significantly higher (lower) fair value measurement. Further, choosing comparable with different inputs would result in a significantly different fair value measurement.

The Company has determined that the current use of its investment property as at December 31, 2023 is its highest and best use.

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements in 2023 and 2022.

The table below presents the financial assets and liabilities whose carrying amount approximates their fair value because of their short term nature or their fair value cannot be reliably determined:

	2023	2022
Financial assets at amortized cost:		
Cash and cash equivalents	**₱479,631,777**	₱477,190,696
Trade receivables	**389,213,791**	389,117,645
Interest receivables*	**6,993,595**	7,300,442
Receivables from employees*	**911,326**	1,194,286
Dividend receivable*	**33,519**	–
Refundable deposits**	**12,005,688**	11,062,124
	₱888,789,696	₱885,865,193

**Included under "Other current assets" account in the statements of financial position.*
***Included under "Other noncurrent assets" account in the statements of financial position.*

	2023	2022
Other financial liabilities at amortized cost:		
Trade payables	**₱151,504,646**	₱172,678,596
Other current liabilities*	**6,583,429**	13,467,983
	₱158,088,075	₱186,146,579

**Excluding statutory liabilities aggregating to ₱2.7 million and ₱4.4 million as at December 31, 2023 and 2022, respectively.*

Current Financial Assets and Liabilities. The carrying amounts of cash and cash equivalents, trade receivables, interest receivables, receivables from employees, trade payables, and other current liabilities (excluding statutory liabilities) approximate their fair values due to their short-term nature.

Refundable Deposits. The carrying amount of refundable deposits approximates fair value. The management believes that the effect of discounting the future receipts from these financial instruments using the prevailing market rates is not significant.

6. Cash and Cash Equivalents

This account consists of:

	2023	2022
Cash on hand and in banks	**₱177,748,233**	₱175,501,374
Short-term placements	**301,883,544**	301,689,322
	₱479,631,777	₱477,190,696

Cash in banks earn interest at prevailing bank deposit rates. Short-term placements are made for varying periods of up to three (3) months, depending on the Company's immediate cash requirements, and earn interest at the respective short-term placement rates ranging from 5.4% to 6.3% and 0.9% to 5.6% per annum in 2023 and 2022, respectively.

Interest income was derived from:

	Note	2023	2022	2021
Investments in government securities	9	**₱64,196,661**	₱26,121,000	₱1,750,000
Receivables from other brokers	8	**18,222,492**	7,486,742	115,307
Short-term placements		**11,856,609**	4,656,506	–
Cash in banks		**1,469,040**	1,881,330	1,152,855
		₱95,744,802	₱40,145,578	₱3,018,162

In compliance with SRC Rule 49.2-1 covering customer protection and custody of securities, the Company maintains a special reserve bank account for the exclusive benefit of its customers amounting to ₱458.2 million and ₱458.5 million as at December 31, 2023 and 2022, respectively. The Company's reserve requirement is determined weekly based on the SEC's prescribed computation. As at December 31, 2023 and 2022, the Company's reserve accounts are adequate to cover its reserve requirements.

7. Financial Assets at FVPL

This account consists of shares listed in the PSE amounting to ₱6.9 million and ₱1.4 million as at December 31, 2023 and 2022, respectively.

The Company's financial assets at FVPL as at December 31, 2023 and 2022 are carried at fair values based on sources classified under the Level 1 category. The fair values of financial assets at FVPL are based on prevailing quoted market prices or bidding dealer price quotations from active market as at the reporting date (see Note 5).

Dividend income earned from investments in securities amounted to ₱2.2 million, ₱3.6 million and ₱2.6 million in 2023, 2022 and 2021, respectively.

Net trading gains on investments in securities consist of the following:

	2023	2022	2021
Realized fair value gains (losses) from:			
Local trading	**₱22,025,622**	₱26,113,577	₱68,787,107
Global trading	**(20,143,546)**	6,608,476	40,709,268
Unrealized losses on fair value changes of stocks held for local trading	**(1,454,215)**	(255,110)	(105,380)
	₱427,861	₱32,466,943	₱109,390,995

8. Trade Receivables

This account consists of:

	2023	2022
Receivables from:		
Other brokers	**₱386,716,956**	₱349,458,248
Clearing house	**2,494,049**	39,242,017
Customers	**362,404**	784,026
	389,573,409	389,484,291
Less allowance for credit losses	**359,618**	366,646
	₱389,213,791	₱389,117,645

Receivables from other brokers pertain to the funds deposited with other brokers as at December 31, 2023 and 2022 in order for the Company to trade in other foreign markets. Interest income earned from receivables from other brokers amounted to ₱18.2 million, ₱7.5 million and ₱0.1 million in 2023, 2022 and 2021, respectively (see Note 6).

Receivables from clearing house are due and collectible after two (2) business days in 2023 and three (3) business days in 2022 from the transaction date. Accordingly, balances as at December 31, 2023 and 2022, were fully collected in January 2024 and 2023, respectively.

Receivables from customers consist of amounts due within two (2) business days from the reporting date as follows:

	2023		2022	
	Money Balances	**Security Valuation - Long**	Money Balances	Security Valuation - Long
Cash and fully secured accounts:				
More than 250%	**₱1,850**	**₱14,601,747**	₱418,484	₱710,156,980
Between 200% and 250%	**–**	**–**	–	–
Between 150% and 200%	**–**	**–**	–	–
Between 100% and 150%	**–**	**–**	–	–
Partially secured accounts	**4,252**	**1,440**	6,797	1,528
Unsecured accounts	**356,302**	**–**	358,745	–
	362,404	**14,603,187**	784,026	710,158,508
Less allowance for credit losses	**359,618**	**–**	366,646	–
	₱2,786	**₱14,603,187**	₱417,380	₱710,158,508

Collaterals related to receivables from customers pertain to listed equity securities amounting to ₱14.6 million and ₱710.2 million as at December 31, 2023 and 2022, respectively. The fair values of these securities are based on prevailing quoted market prices, which are usually the closing prices from active markets as at the reporting date.

Provision for credit losses pertains to specific provisions on past due receivables from customers. The movements in the allowance for credit losses are as follows:

	2023	2022
Balance at beginning of year	₱366,646	₱502,152
Reversal of credit losses	(7,028)	(135,506)
Balance at end of year	₱359,618	₱366,646

Provision for credit losses on trade receivables in 2021 amounted to ₱213,467.

9. **Investments in Government Securities**

The balances and movements of this account are as follows:

	2023		
	Financial Assets at		
	FVOCI	Amortized Cost	Total
Balance at beginning of year	₱761,395,966	₱513,818,936	₱1,275,214,902
Net amortization of discount (premium)	(2,771,068)	316,209	(2,454,859)
Maturity	–	(50,000,000)	(50,000,000)
Net unrealized fair value gains	31,434,075	–	31,434,075
Balance at end of year	₱790,058,973	₱464,135,145	₱1,254,194,118

	2022		
	Financial Assets at		
	FVOCI	Amortized Cost	Total
Balance at beginning of year	₱–	₱50,000,000	₱50,000,000
Additions	781,182,560	463,519,250	1,244,701,810
Net amortization of discount (premium)	(1,100,587)	299,686	(800,901)
Net unrealized fair value losses	(18,686,007)	–	(18,686,007)
Balance at end of year	₱761,395,966	₱513,818,936	₱1,275,214,902

This account is presented in the statements of financial position as follows:

	2023	2022
Current	₱–	₱50,000,000
Noncurrent	1,254,194,118	1,225,214,902
	₱1,254,194,118	₱1,275,214,902

The interest rates of financial assets at FVOCI ranges from 6.3% to 7.3% per annum in 2023 and 2022.

The interest rates of financial assets at amortized cost ranges from 4.6% to 7.5% per annum in 2023, 4.4% to 7.5% per annum in 2022, and 4.4% per annum in 2021.

Interest income on investments in government securities consists of:

	Note	**2023**	2022	2021
Financial assets at FVOCI		**₱39,566,392**	₱16,347,496	₱–
Financial assets at amortized cost		**24,630,269**	9,773,504	1,750,000
	6	**₱64,196,661**	₱26,121,000	₱1,750,000

The cumulative unrealized gains (losses) on fair value changes of financial assets at FVOCI recognized in the statements of financial position are as follows:

	2023		
	Cumulative Unrealized Gains (Losses)	**Deferred Tax Benefit (Expense)**	**Net**
Balances at beginning of year	**(₱18,686,007)**	**₱4,671,502**	**(₱14,014,505)**
Remeasurement loss	**31,434,075**	**(7,858,519)**	**23,575,556**
Balances at end of year	**₱12,748,068**	**(3,187,017)**	**₱9,561,051**

	2022		
	Cumulative Unrealized Gains (Losses)	Deferred Tax Benefit (Expense)	Net
Balances at beginning of year	₱–	₱–	₱–
Remeasurement loss	(18,686,007)	4,671,502	(14,014,505)
Balances at end of year	(₱18,686,007)	4,671,502	(₱14,014,505)

10. Other Current Assets

This account consists of:

	2023	2022
Excess tax credits	**₱7,708,685**	₱7,671,973
Interest receivables	**6,993,595**	7,531,501
Prepayments	**1,411,653**	1,149,493
Receivable from employees	**911,326**	1,194,286
Dividends receivable	**33,519**	–
Input VAT	**–**	153,284
Others	**67,827**	243,293
	₱17,126,605	₱17,943,830

Excess tax credits pertains to the Company's excess income tax payments over the amount due. Unapplied or excess income tax payments are carried forward and can be utilized in succeeding years.

Interest receivables which are related to short-term placements, receivables from other brokers, and investments in government securities are generally collectible within one (1) year.

Prepayments which are related to rentals, subscriptions, insurance, and taxes and licenses, are amortized over the period covered by the payment.

Receivable from employees are unsecured, noninterest-bearing and generally collectible within one (1) year.

Other receivables are noninterest-bearing and generally settled within one (1) year.

11. Intangible Assets

This account consists of:

	2023	2022
Software and licenses	**₱2,338,671**	₱1,662,847
Exchange trading right	**475,000**	475,000
Intangible assets under development	**–**	988,800
	₱2,813,671	₱3,126,647

__Software and Licenses__
The balance and movements of software and licenses are as follows:

	2023	2022
Cost		
Balance at beginning of year	**₱4,140,327**	₱4,140,327
Additions	**1,236,000**	–
Balance at end of year	**5,376,327**	4,140,327
Accumulated Amortization		
Balance at beginning of year	**2,477,480**	2,079,162
Amortization	**560,176**	398,318
Balance at end of year	**3,037,656**	2,477,480
Carrying Amount	**₱2,338,671**	₱1,662,847

__Exchange Trading Right__
Under the PSE rules, all exchange trading rights are pledged at its full value to PSE to secure the payment of all debts due to other members of the exchange arising out of, or in connection with, the present or future members' contracts.

Republic Act (RA) No. 8799 entitled SRC to prescribe the conversion of PSE from a non-stock corporation into a stock corporation (demutualization) effective August 8, 2001, pursuant to a conversion plan approved by the SEC.

As a result of the conversion plan and on the basis of the relative fair values of the PSE shares and the exchange trading right as of the time of the demutualization, the Company's membership in the PSE, originally amounting to ₱1.0 million was bifurcated equally into (a) investment in PSE shares (classified as financial assets at FVPL) and (b) exchange trading right. The investment in PSE shares was sold in 2020.

As at December 31, 2023 and 2022, the carrying amount of the exchange trading right is ₱0.5 million.

As at December 31, 2023 and 2022, the latest transacted price of the exchange trading right, as provided by the PSE, is ₱8.0 million.

Intangible Assets Under Development

This pertains to the upgrade of trader management system which the Company was developing in 2022. The system was completed in 2023 and was duly reclassified to software and licenses. This is considered as noncash financial information in the statements of cash flow.

Details of depreciation and amortization are:

	Note	2023	2022	2021
Property and equipment	12	**₱3,172,476**	₱3,247,377	₱3,398,076
Investment property	13	**642,823**	642,823	642,823
Intangible assets		**560,176**	398,318	374,411
		₱4,375,475	₱4,288,518	₱4,415,310

No impairment loss was recognized on intangible assets in 2023, 2022 and 2021.

12. Property and Equipment

The balances and movements of this account are as follows:

		2023				
	Note	**Office Condominium Units and Improvements**	**Leasehold Improvements**	**Furniture, Fixtures, and Office Equipment**	**Construction in Progress**	**Total**
Cost						
Balances at beginning of year		**₱22,776,802**	**₱5,017,465**	**₱22,028,345**	**₱–**	**₱49,822,612**
Additions		**3,561,283**	**–**	**272,259**	**2,924,238**	**6,757,780**
Derecognition		**(5,214,255)**	**–**	**(241,429)**	**–**	**(5,455,684)**
Balances at end of year		**21,123,830**	**5,017,465**	**22,059,175**	**2,924,238**	**51,124,708**
Accumulated Depreciation and Amortization						
Balances at beginning of year		**16,607,646**	**2,645,740**	**21,585,314**	**–**	**40,838,700**
Depreciation and amortization	**11**	**2,436,236**	**495,637**	**240,603**	**–**	**3,172,476**
Derecognition		**(5,214,255)**	**–**	**(241,429)**	**–**	**(5,455,684)**
Balances at end of year		**13,829,627**	**3,141,377**	**21,584,488**	**–**	**38,555,492**
Carrying Amounts		**₱7,294,203**	**₱1,876,088**	**₱474,687**	**₱2,924,238**	**₱12,569,216**

		2022				
	Note	Office Condominium Units and Improvements	Leasehold Improvements	Furniture, Fixtures, and Office Equipment	Construction in Progress	Total
Cost						
Balances at beginning of year		₱21,900,275	₱5,010,179	₱21,853,774	₱–	₱48,764,228
Additions		876,527	7,286	211,580	–	1,095,393
Derecognition		–	–	(37,009)	–	(37,009)
Balances at end of year		22,776,802	5,017,465	22,028,345	–	49,822,612
Accumulated Depreciation and Amortization						
Balances at beginning of year		14,288,176	2,147,354	21,192,802	–	37,628,332
Depreciation and amortization	11	2,319,470	498,386	429,521	–	3,247,377
Derecognition		–	–	(37,009)	–	(37,009)
Balances at end of year		16,607,646	2,645,740	21,585,314	–	40,838,700
Carrying Amounts		₱6,169,156	₱2,371,725	₱443,031	₱–	₱8,983,912

Additions to ROU assets (included as part of "Office condominium units and improvements" in "Property and equipment") amounting to ₱3.5 million and ₱0.9 million in 2023 and 2022, respectively, are considered as noncash financial information in the statements of cash flows (see Note 20).

In 2023, ROU assets amounting to ₱5.2 million were derecognized due to the expiration of the related lease contracts (see Note 20), and fully-depreciated equipment were sold for ₱1,786 resulting to a gain of the same amount. In 2022, fully-depreciated equipment with cost of ₱37,009 were derecognized.

As at December 31, 2023 and 2022, cost of fully-depreciated assets still in use amounted to ₱28.2 million and ₱28.5 million, respectively.

Construction Commitment

The Company entered into a construction contract for its leased office space in Ortigas Center, Pasig City. Total costs incurred in construction in progress amounted to ₱2.9 million as at December 31, 2023. Total contractual commitment to complete the construction project amounted to ₱1.9 million as at December 31, 2023. The construction is expected to be completed in 2024.

13. Investment Property

The balance and movements of this account are as follows:

	Note	2023	2022
Cost			
Balances at beginning and end of year		**₱12,856,487**	₱12,856,487
Accumulated Depreciation			
Balances at beginning of year		**3,214,115**	2,571,292
Depreciation	11	**642,823**	642,823
Balances at end of year		**3,856,938**	3,214,115
Carrying Amount		**₱8,999,549**	₱9,642,372

Investment property pertains to the condominium unit which is currently held by the Company for undetermined use.
The Company did not earn any rental income from its investment property in 2023, 2022 and 2021.

Direct costs incurred related to its investment property, which pertain to real property tax, amounted to ₱25,612 in 2023 and 2022, and ₱29,013 in 2021.

The fair value of investment property amounted to ₱29.1 million and ₱28.2 million as at December 31, 2023 and 2022, respectively. The fair values were determined using the Sales Comparison Approach. This approach compares sales of similar or substitute properties and related market data to establish an estimated value. The fair value of investment property is categorized under Level 3 (significant unobservable inputs) (see Note 5).

As at December 31, 2023 and 2022, the investment property is not pledged as collateral.

14. Other Noncurrent Assets

This account consists of:

	Note	2023	2022
Refundable deposits from:			
Clearing and Trade Guarantee Fund (CTGF) contributions		**₱11,630,492**	₱10,978,899
Rental	20	**375,196**	83,225
Others		**326,262**	327,195
		₱12,331,950	₱11,389,319

Refundable deposit from CTGF pertains to the monthly contributions paid by the Company, as a Clearing Member, to the CTGF maintained by the Securities Clearing Corporation of the Philippines (SCCP). The monthly contribution is equivalent to 1/500 of 1% applied to the Clearing Member's total monthly turnover value less block sales and cross transactions of the same flag. The deposit is refundable upon the cessation of the business and/or termination of the membership with the SCCP, provided that all liabilities owing to the SCCP at the time of termination, whether actual or contingent, shall have been satisfied or paid in full.

15. Trade Payables

This account consists of:

	2023		2022	
	Money Balance	**Security Valuation - Long**	Money Balance	Security Valuation - Long
Payable to customers:				
With money balance	**₱150,173,617**	**₱5,995,210,304**	₱171,347,569	₱4,943,180,167
Without money balance	**–**	**4,385,478,483**	–	3,371,763,034
	150,173,617	**10,380,688,787**	171,347,569	8,314,943,201
Dividends payable to customers	**1,331,029**	**–**	1,331,027	–
	₱151,504,646	**₱10,380,688,787**	₱172,678,596	₱8,314,943,201

Payable to customers pertains to segregated bank balances received and held for customers in the course of its regulated trading activities. These are noninterest-bearing and payable within two (2) business days in 2023 and three (3) business days in 2022, from reporting date.

Dividends payable to customers are noninterest-bearing and payable on demand.

16. Other Current Liabilities

This account consists of:

	2023	2022
Taxes payable	**₱2,325,409**	₱4,100,626
Accruals for:		
Commissions	**4,195,230**	10,383,053
Professional fees	**1,045,390**	1,200,978
Others	**571,913**	453,712
Trading fee payable	**512,981**	412,328
Accounts payable	**257,915**	1,017,912
Social Security System, Pag-IBIG, and PhilHealth payable	**387,880**	292,544
	₱9,296,718	₱17,861,153

Taxes payable, which pertains to output tax, withholding tax, and percentage tax payable to the BIR, are generally settled in the succeeding month from transaction date.

Accruals and accounts payable are noninterest-bearing and generally settled within one (1) year.

Trading fee payable and Social Security System, Pag-IBIG, and PhilHealth payable are generally settled in the succeeding month from the transaction date.

17. Related Party Transactions

The Company has transactions with its related parties in the ordinary course of business as follows:

		Amount of Transactions		Outstanding Balance		
	Nature of Transactions	2023	2022	2023	2022	Terms and Conditions
Trade Receivables						
Affiliate with common officers and stockholders	Commission income	**₱676,571**	₱1,997,691	**₱213,477**	₱45,028,300	Noninterest-bearing, secured and generally collected in cash within one (1) year
Trade Payables						
Key management personnel	Commission income	**₱412,941**	₱64,912	**₱10,793,345**	₱29,516,274	Noninterest-bearing; secured; no guarantee; settled in cash
Affiliate with common officers and stockholders	Commission expense	**3,026,633**	3,904,860	**2,762,263**	921,273	
				₱13,555,608	₱30,437,547	
Other Current Liabilities						
Affiliate with common officers and stockholders	Purchase of goods	**₱175,018**	₱21,600	**₱–**	₱–	Noninterest-bearing, unsecured; settled in cash within one (1) year
Personnel Costs						
Key management personnel	Short-term employee benefits	**₱6,675,273**	₱6,765,000	**₱–**	₱–	Noninterest-bearing, unsecured and payable within the month of incurrence
	Directors' fees	**110,000**	75,000	**–**	–	
	Retirement benefits	**261,916**	296,447	**4,905,572**	3,239,408	Noninterest-bearing, unsecured and payable upon retirement

No impairment loss was recognized on trade receivables from related parties in 2023 and 2022.

Revenue Regulations No. 34-2020 of the BIR

In 2023, 2022 and 2021, the Company did not meet the criteria prescribed in RR No. 34-2020 to file and submit the Related Party Transaction Form or the BIR Form 1709 together with the Annual Income Tax Return. Accordingly, the Company is not also required to prepare and submit a transfer pricing documentation as prescribed in the said regulation.

18. Personnel Costs

This account consists of:

	Note	**2023**	2022	2021
Salaries and wages		**₱40,189,293**	₱35,103,170	₱34,990,108
Retirement expense	19	**1,839,752**	2,248,659	2,509,133
Other benefits		**5,780,877**	6,582,290	5,063,936
		₱47,809,922	₱43,934,119	₱42,563,177

Personnel costs were distributed as follows:

	2023	2022	2021
Cost of services	**₱32,179,119**	₱29,179,822	₱28,037,830
Operating expenses	**15,630,803**	14,754,297	14,525,347
	₱47,809,922	₱43,934,119	₱42,563,177

19. Retirement Benefits

The Company has a funded, noncontributory defined benefit retirement plan covering substantially all of its regular employees. The benefits are based on a certain percentage of the final monthly basic salary for every year of credited service of the employees. The funded benefit obligation under the defined benefit retirement plan is determined using the projected unit credit method. The benefits to be received by the employees under the defined benefit retirement plan shall not be less than the minimum mandated benefit under RA No. 7641, *The Retirement Pay Law*. There were no termination, curtailment, or settlement in 2023 and 2022. The latest actuarial valuation report of the Company is dated January 26, 2024.

The components of retirement benefit costs included under "Personnel costs" and "Interest expense" accounts in the statements of comprehensive income are as follows:

	Note	**2023**	2022	2021
Current service cost	18	**₱1,839,752**	₱2,248,659	₱2,509,133
Net interest cost		**1,331,476**	1,026,489	905,992
		₱3,171,228	₱3,275,148	₱3,415,125

The components of net retirement benefit liability recognized in the statements of financial position are as follows:

	2023	2022
Balance at beginning of year	₱18,239,384	₱19,740,174
Current service cost	1,839,752	2,248,659
Net interest cost	1,331,476	1,026,489
Remeasurement loss (gain) recognized in OCI	6,510,056	(4,775,938)
Contributions	(300,000)	–
Balance at end of year	₱27,620,668	₱18,239,384

The funded status and amounts recognized in the statements of financial position for the net retirement benefit liability are as follows:

	2023	2022
Present value of retirement benefit liability	₱28,707,509	₱19,816,199
Fair value of plan assets	(1,086,841)	(1,576,815)
	₱27,620,668	₱18,239,384

The changes in the present value of the retirement benefit liability are as follows:

	2023	2022
Balance at beginning of year	₱19,816,199	₱21,406,253
Current service cost	1,839,752	2,248,659
Interest cost	1,446,583	1,113,125
Remeasurement loss (gain) recognized in OCI:		
Experience adjustments	2,737,463	1,369,333
Change in financial assumptions	3,722,512	(6,321,171)
Benefits paid	(855,000)	–
Balance at end of year	₱28,707,509	₱19,816,199

The changes in the fair value of the plan assets are as follows:

	2023	2022
Balance at beginning of year	₱1,576,815	₱1,666,079
Contributions	300,000	–
Interest income	115,107	86,636
Remeasurement loss recognized in OCI	(50,081)	(175,900)
Benefits paid	(855,000)	–
Balance at end of year	₱1,086,841	₱1,576,815
Actual return on plan assets	₱65,026	(₱89,264)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	2023	2022
Cash in bank	8.91%	0.14%
Debt securities	90.88%	99.18%
Others	0.21%	0.68%
	100.00%	100.00%

The principal assumptions used in determining retirement benefit liability are as follows:

	2023	2022
Discount rate	**6.2%**	7.3%
Future salary increase	**5.0%**	5.0%

Sensitivity analysis on retirement benefit liability is as follows:

	Change in Assumption	Effect on Retirement Benefit Liability **2023**	2022
Discount rate	+1.00%	**(₱3,414,137)**	(₱2,248,865)
	-1.00%	**4,116,435**	2,698,986
Salary increase rate	+1.00%	**3,911,490**	2,584,147
	-1.00%	**(3,305,329)**	(2,189,027)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring as at the end of the reporting period.

The cumulative remeasurement gains (losses) on retirement benefits recognized in the statements of financial position are as follows:

	2023		
	Cumulative Remeasurement Gains (Losses)	**Deferred Tax Benefit (Expense)**	**Net**
Balances at beginning of year	**₱7,986,022**	**(₱1,996,507)**	**₱5,989,515**
Remeasurement loss	**(6,510,056)**	**1,627,514**	**(4,882,542)**
Balances at end of year	**₱1,475,966**	**(₱368,993)**	**₱1,106,973**

	2022		
	Cumulative Remeasurement Gains	Deferred Tax Expense	Net
Balances at beginning of year	₱3,210,084	(₱802,522)	₱2,407,562
Remeasurement gain	4,775,938	(1,193,985)	3,581,953
Balances at end of year	₱7,986,022	(₱1,996,507)	₱5,989,515

	2021		
	Cumulative Remeasurement Gains (Losses)	Deferred Tax Benefit (Expense)	Net
Balances at beginning of year	(₱2,562,234)	₱768,669	(₱1,793,565)
Remeasurement gain	5,772,318	(1,443,079)	4,329,239
Effect of change in tax rates	–	(128,112)	(128,112)
Balances at end of year	₱3,210,084	(₱802,522)	₱2,407,562

As at December 31, 2023, the maturity analysis of the undiscounted retirement benefit liability is as follows:

Year	Amount
More than one (1) year to (5) five years	₱8,121,516
More than five years to 10 years	15,386,280
More than 10 years to 15 years	23,568,640
More than 15 years	193,481,046
	₱240,557,482

As at December 31, 2023, the average duration of the net retirement benefit liability at the end of the reporting period is 33.6 years.

Interest expenses were derived from:

	Note	**2023**	2022	2021
Net retirement benefit liability		**₱1,331,476**	₱1,026,489	₱905,992
Lease liabilities	20	**58,056**	54,611	34,238
		₱1,389,532	₱1,081,100	₱940,230

20. Leases

The Company, as lessee, has lease agreements for its office spaces with lease terms ranging from two (2) to three (3) years and one (1) to two (2) years as at December 31, 2023, and 2022, respectively. The leases are renewable upon mutual agreement of the parties. Refundable deposits on these lease agreements amounted to ₱0.4 million and ₱0.1 million as at December 31, 2023 and 2022, respectively (see Note 14).

The balance and movements of the ROU assets (included as component of "Property and equipment") are as follows:

	Note	**2023**	2022
Cost			
Balance at beginning of year		**₱6,076,476**	₱5,214,257
Additions	12	**3,544,485**	862,219
Derecognition	12	**(5,214,255)**	–
Balance at end of year		**4,406,706**	6,076,476
Accumulated Depreciation			
Balance at beginning of year		**4,397,640**	3,017,931
Depreciation		**1,495,199**	1,379,709
Derecognition	12	**(5,214,255)**	–
Balance at end of year		**678,584**	4,397,640
Carrying Amount		**₱3,728,122**	₱1,678,836

The balance and movements of lease liabilities are as follows:

	Note	2023	2022
Balance at beginning of year		**₱1,695,532**	₱2,208,628
Additions		**3,544,485**	862,219
Interest expense	19	**58,056**	54,611
Lease payments		**(1,536,300)**	(1,429,926)
Balance at end of year		**₱3,761,773**	₱1,695,532

Lease liabilities are presented in the statements of financial position as follows:

	2023	2022
Current	**₱1,998,815**	₱1,187,974
Noncurrent	**1,762,958**	507,558
	₱3,761,773	₱1,695,532

The Company recognized the following lease-related expenses:

	Note	2023	2022	2021
Depreciation		**₱1,495,199**	₱1,379,709	₱1,361,951
Interest expense on lease liabilities	19	**58,056**	54,611	34,238
		₱1,553,255	₱1,434,320	₱1,396,189

Future minimum lease commitments under non-cancellable leases as at December 31, 2023 are as follows:

Within one (1) year	₱2,172,445
After one (1) year but no more than three (3) years	1,811,590
	₱3,984,035

Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the Company's liabilities arising from financing activities, including both cash and noncash changes:

	2023			2022
	Lease Liabilities	**Dividends Payable**	**Total**	Lease Liabilities
Balance at beginning of year	**₱1,695,532**	**₱–**	**₱1,695,532**	₱2,208,628
Noncash changes:				
Additions to lease liabilities	**3,544,485**	**–**	**3,544,485**	862,219
Interest expense	**58,056**	**–**	**58,056**	54,611
Dividend declaration	**–**	**21,340,000**	**21,340,000**	–
Cash changes:				
Payments	**(1,536,300)**	**(21,340,000)**	**(22,876,300)**	(1,429,926)
Balance at end of year	**₱3,761,773**	**₱–**	**₱3,761,773**	₱1,695,532

21. Income Taxes

The components of income taxes as reported in the statements of comprehensive income are as follows:

	2023	2022	2021
Reported in Profit or Loss			
Current tax expense:			
MCIT	**₱–**	₱265,860	₱–
RCIT	**–**	–	485,389
	–	265,860	485,389
Deferred tax expense (benefit)	**(18,471,870)**	957,930	5,676,229
	(₱18,471,870)	₱1,223,790	₱6,161,618
Reported in OCI			
Deferred tax expense (benefit) on:			
Remeasurement gains (losses) on net retirement benefit liability	**(₱1,627,514)**	₱1,193,985	₱1,571,191
Cumulative unrealized gains (losses) on changes in fair value of financial assets at FVOCI	**7,858,519**	(4,671,502)	–
	₱6,231,005	(₱3,477,517)	₱1,571,191

The components of the Company's net deferred tax assets are as follows:

	2023	2022
Deferred tax assets:		
NOLCO	**₱20,733,560**	₱4,044,810
Net retirement benefit liability	**6,905,167**	4,559,846
Lease liabilities	**940,443**	423,883
Excess of cost over fair value of financial assets at FVPL	**459,527**	95,973
Excess MCIT over RCIT	**265,860**	265,860
Allowance for credit losses	**89,905**	91,662
Cumulative unrealized loss on changes in fair value of debt securities at FVOCI	**–**	4,671,502
	29,394,462	14,153,536
Deferred tax liabilities:		
Unrealized foreign exchange gain	**7,343,890**	8,059,031
Cumulative unrealized gain on changes in fair value of debt securities at FVOCI	**3,187,017**	–
ROU assets	**932,031**	419,709
Others	**151,384**	135,521
	11,614,322	8,614,261
	₱17,780,140	₱5,539,275

The details of NOLCO and excess MCIT over RCIT are as follows:

	Inception Year	Amount	Applied/Expired	Ending Balance	Expiry Year
NOLCO	2023	₱66,754,999	₱–	₱66,754,999	2026
	2022	16,179,239	–	16,179,239	2025
		₱82,934,238	–	₱82,934,238	
Excess MCIT over RCIT	2022	₱265,860	₱–	₱265,860	2025

On March 26, 2021, RA No. 11534 or the Corporate Recovery and Tax Incentive for Enterprises (CREATE) Act was signed into law by the President of the Philippines. Under the CREATE law, the Company's RCIT is 25% instead of 30% income tax rate. In addition, MCIT is subjected to 1% instead of 2% of gross income for a period of three (3) years. The changes in the income tax rates became effective beginning July 1, 2020. The effect of the reduction of tax rates were applied in the 2021 tax expense, as required by PAS 12, *Income Taxes*.

As mandated by Revenue Memorandum Circular (RMC) No. 69-2023, MCIT shall revert to 2% of gross income starting July 1, 2023.

The income tax rates used in the financial statements are 25% and 1.5% for RCIT and MCIT, respectively, in 2023, and 25% and 1% for RCIT and MCIT, respectively, in 2022 and 2021.

The reconciliation between the income tax expense (benefit) based on statutory income tax rates and effective income tax rates is as follows:

	2023	2022	2021
Income tax expense at statutory tax rates	**₱1,131,379**	₱13,365,229	₱6,576,622
Tax effects of:			
Interest income already subjected to final tax	**(19,380,578)**	(8,164,709)	(725,714)
Stock issuance costs	–	(3,485,781)	(403,404)
Dividend income exempt from tax	**(383,906)**	(684,354)	(585,713)
Nondeductible expenses	**161,235**	193,405	110,329
Effect of change in tax rate in deferred tax	–	–	1,583,073
Effect of change in tax rate in current tax	–	–	(393,575)
Income tax at effective tax rates	**(₱18,471,870)**	₱1,223,790	₱6,161,618

22. Earnings per Share

Basic and diluted EPS are computed as follows:

	2023	2022	2021
Net income attributable to common stockholders	**₱22,997,384**	₱52,237,125	₱20,144,870
Divided by weighted average number of outstanding common shares	**6,875,000,000**	6,473,958,333	5,229,167,083
Per share amounts: Basic and diluted EPS	**₱0.0033**	₱0.0081	₱0.0039

Diluted EPS equals the basic EPS as the Company does not have any dilutive potential common shares at the end of each of the years presented.

23. Segment Reporting

Business Segments
The Company's business segments consist of local and global trading.

Segment Assets and Liabilities
Segment assets include all operating assets used by a segment and consist primarily of operating cash, financial assets at FVPL, investments in government securities, receivables, property and equipment, investment property, and intangible assets (net of allowances, accumulated depreciation and amortization, and impairment) and other current and noncurrent assets. Segment liabilities include all operating liabilities and consist primarily of trade payables and other current and noncurrent liabilities.

Major Customer
The Company does not have a single external customer from which sales revenue generated amounted to 10% or more of the total revenues of the Company.

Financial information about reportable segments are as follows:

	December 31, 2023		
	Local Trading	Global Trading	Total
REVENUES			
Trading gains (losses) on financial assets at FVPL- net	₱20,571,407	(₱20,143,546)	₱427,861
Commissions	5,290,848	–	5,290,848
Interests	77,522,310	18,222,492	95,744,802
Dividends	1,535,623	709,788	2,245,411
	104,920,188	(1,211,266)	103,708,922
COST OF SERVICES			
Personnel costs	16,089,560	16,089,559	32,179,119
Transaction costs	2,416,327	12,872,984	15,289,311
Commissions	7,257,084	1,907,096	9,164,180
Research	–	2,533,446	2,533,446
Stock exchange dues and fees	1,710,872	–	1,710,872
Communications	1,070,503	–	1,070,503
Central depository fees	1,033,088	–	1,033,088
	29,577,434	33,403,085	62,980,519
GROSS PROFIT (LOSS)	75,342,754	(34,614,351)	40,728,403
OPERATING EXPENSES	(29,700,670)	(3,643,442)	(33,344,112)
OTHER INCOME (LOSSSES)			
Foreign exchange losses	(120,568)	(2,739,995)	(2,860,563)
Other income	1,786	–	1,786
INCOME (LOSS) BEFORE INCOME TAX	45,523,302	(40,997,788)	4,525,514
INCOME TAX BENEFIT	(10,051,940)	(8,419,930)	(18,471,870)
NET INCOME (LOSS)	₱55,575,242	(₱32,577,858)	₱22,997,384
SEGMENT ASSETS	₱1,815,080,283	₱386,503,478	₱2,201,583,761
SEGMENT LIABILITIES	₱192,183,805	₱–	₱192,183,805
CAPITAL EXPENDITURES			
Fixed assets	₱3,460,495	₱–	₱3,460,495
CASH FLOWS ARISING FROM:			
Operating activities	₱56,013,197	(₱76,816,539)	(₱20,803,342)
Investing activities	(7,901,413)	54,142,704	46,241,291
Financing activities	(22,876,300)	–	(22,876,300)

	December 31, 2022		
	Local Trading	Global Trading	Total
REVENUES			
Trading gains on financial assets at FVPL - net	₱25,858,467	₱6,608,476	₱32,466,943
Commissions	11,541,693	–	11,541,693
Interests	32,658,836	7,486,742	40,145,578
Dividends	2,737,414	858,895	3,596,309
	72,796,410	14,954,113	87,750,523
COST OF SERVICES			
Personnel costs	14,589,911	14,589,911	29,179,822
Commissions	14,066,230	10,896,361	24,962,591
Transaction costs	2,769,872	9,898,529	12,668,401
Research	–	2,496,028	2,496,028
Stock exchange dues and fees	2,039,309	–	2,039,309
Central depository fees	1,094,279	–	1,094,279
Communications	822,178	–	822,178
	35,381,779	37,880,829	73,262,608
GROSS PROFIT (LOSS)	37,414,631	(22,926,716)	14,487,915
OPERATING EXPENSES	(27,736,291)	(4,995,029)	(32,731,320)
OTHER INCOME			
Foreign exchange gains (losses)	(133,742)	71,838,062	71,704,320
INCOME BEFORE INCOME TAX	9,544,598	43,916,317	53,460,915
INCOME TAX EXPENSE (BENEFIT)	(9,998,414)	11,222,204	1,223,790
NET INCOME	₱19,543,012	₱32,694,113	₱52,237,125
SEGMENT ASSETS	₱1,850,065,975	₱349,458,248	₱2,199,524,223
SEGMENT LIABILITIES	₱210,474,665	₱–	₱210,474,665
CAPITAL EXPENDITURES			
Fixed assets	₱233,174	₱–	₱233,174
CASH FLOWS ARISING FROM:			
Operating activities	(₱140,030,295)	₱59,352,189	(₱80,678,106)
Investing activities	(956,474,895)	(289,448,889)	(1,245,923,784)
Financing activities	1,359,626,952	–	1,359,626,952

	December 31, 2021		
	Local Trading	Global Trading	Total
REVENUES			
Trading gains on financial assets at FVP - net	₱68,681,727	₱40,709,268	₱109,390,995
Commissions	15,593,189	–	15,593,189
Interests	2,902,855	115,307	3,018,162
Dividends	2,342,852	247,903	2,590,755
	89,520,623	41,072,478	130,593,101
COST OF SERVICES			
Commissions	27,006,853	20,405,902	47,412,755
Personnel costs	14,018,915	14,018,915	28,037,830
Communication	2,196,342	8,786,219	10,982,561
Transaction costs	1,833,798	–	1,833,798
Stock exchange dues and fees	1,031,627	–	1,031,627
Central depository fees	851,271	–	851,271
Research	–	2,258,628	2,258,628
	46,938,806	45,469,664	92,408,470
GROSS PROFIT (LOSS)	42,581,817	(4,397,186)	38,184,631
OPERATING EXPENSES	(27,351,294)	(4,800,515)	(32,151,809)
OTHER INCOME			
Foreign exchange gains	17,352	20,256,314	20,273,666
INCOME BEFORE INCOME TAX	15,247,875	11,058,613	26,306,488
INCOME TAX EXPENSE	3,092,501	3,069,117	6,161,618
NET INCOME	₱12,155,374	₱7,989,496	₱20,144,870
SEGMENT ASSETS	₱583,160,976	₱364,995,138	₱948,156,114
SEGMENT LIABILITIES	₱361,968,007	₱–	₱361,968,007
CAPITAL EXPENDITURES			
Fixed assets	₱814,878	₱–	₱814,878
CASH FLOWS ARISING FROM:			
Operating activities	₱18,733,090	(₱43,614,354)	(₱24,881,264)
Investing activities	(814,878)	–	(814,878)
Financing activities	46,956,494	–	46,956,494

24. Supplementary Information Required under RR No. 15-2010 of the BIR

The information for 2023 required by the above regulation is presented below.

Output VAT

Output VAT declared by the Company for the year ended December 31, 2023 and the gross receipts subject to output VAT consist of:

	Gross Receipts	Output VAT
Subject to 12% VAT:		
Sale of financial assets at FVPL	₱23,272,985	₱2,792,758
Commissions	5,290,848	634,902
Others	1,786	214
	₱28,565,619	₱3,427,874

Revenues presented in the statement of comprehensive income are in accordance with PFRS.

Input VAT

The movements in input VAT claimed by the Company against its output VAT for the year ended December 31, 2023 are as follows:

Balance at beginning of year	₱153,284
Add: Current year's domestic purchase/payments for:	
Domestic purchase of services	1,986,628
Domestic purchases of goods other than capital goods	41,028
Capital goods not exceeding ₱1.0 million	52,434
Allowable input VAT	₱2,233,374

The movements of the net output VAT for the year ended December 31, 2023 are as follows:

Net output VAT at beginning of year	₱–
Output VAT	3,427,874
Allowable input VAT	(2,233,374)
Net output VAT at end of year	₱1,194,500

The net output VAT is included as part of "Taxes payable" under "Other current liabilities" account in the statement of financial position.

All Other Local and National Taxes

The Company's local and national taxes for the year ended December 31, 2023 consist of:

License and permit fees	₱959,549
Real property taxes	175,297
Documentary stamp taxes	12,781
	₱1,147,627

The above local and national taxes are classified under "Taxes and licenses" account in the statement of comprehensive income.

Withholding Taxes
Withholding taxes paid by the Company for the year ended December 31, 2023 consist of:

Withholding tax on compensation and benefits	₱7,914,457
Expanded withholding taxes	491,737
Final withholding taxes on dividends	2,038,476
	₱10,444,670

Tax Assessments
The Company has no pending deficiency tax assessment from the BIR as at December 31, 2023.

Tax Cases
The Company has no outstanding tax cases as at and for the ended December 31, 2023.

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Registration No. PP201007009

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REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
CTS Global Equity Group, Inc.
Doing business under the names and styles of
CTS Global, CTS Global Equities, CTS Global Securities,
CTS Securities, and Citisecurities
27/F East Tower, Tektite Towers, Exchange Road
Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of CTS Global Equity Group, Inc., doing business under the names and styles of CTS Global, CTS Global Equities, CTS Global Securities, CTS Securities, and Citisecurities (the Company) as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021, and have issued our opinion thereon dated March 15, 2024. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules are the responsibility of the Company's management. These supplementary schedules include the following:

- Statement of Changes in Liabilities Subordinated to Claims of General Creditors;
- Computation of Risk-Based Capital Adequacy Worksheet Pursuant to SEC Memorandum Circular No. 16;
- Information Relating to the Possession or Control Requirements under SRC Rule 49.2;
- Computation for Determination of Reserve Requirements under SRC Rule 49.2;
- A Report Describing Any Material Inadequacies Found to Exist or Found to Have Existed Since the Date of the Previous Audit;
- Results of Year-end Securities Count Conducted Pursuant to SRC Rule 52.1-10, as Amended;
- Reconciliation of Retained Earnings Available for Dividend Declaration under the Revised SRC Rule 68;
- Financial Soundness Indicators under the Revised SRC Rule 68; and
- Additional supplementary schedules under Annex 68-J of the Revised SRC Rule 68.

The financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021, and no material exceptions were noted.

The foregoing supplementary schedules are presented for purposes of complying with the Revised Securities Regulations Code Rule 68 issued by the SEC and are not part of the basic financial statements prepared in accordance with PFRS. These supplementary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states, in all material respects, the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

REYES TACANDONG & CO.

EMMANUEL V. CLARINO
Partner
CPA Certificate No. 27455
Tax Identification No. 102-084-004-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 08-005144-005-2022
Valid until October 16, 2025
PTR No. 10072405
Issued January 2, 2024, Makati City

March 15, 2024
Makati City, Metro Manila

SCHEDULE I

CTS GLOBAL EQUITY GROUP, INC.
STATEMENT OF CHANGES IN LIABILITIES
SUBORDINATED TO CLAIMS OF GENERAL CREDITORS

DECEMBER 31, 2023

The Company has no subordinated liability.

SCHEDULE II

CTS GLOBAL EQUITY GROUP, INC.
COMPUTATION OF RISK-BASED CAPITAL ADEQUACY WORKSHEET PURSUANT TO SEC MEMORANDUM CIRCULAR NO. 16

DECEMBER 31, 2023

Assets	₱2,201,583,761
Liabilities	192,183,805
Equity per books	2,009,399,956
Adjustments to Equity per books	
Add (Deduct):	
Allowance for Market Decline	–
Subordinated Liability	–
Unrealized Gain / (Loss) in Proprietary Accounts	–
Deferred Income Tax	(29,394,462)
Revaluation Reserves	(10,668,024)
Deposit for Future Stock Subscription	–
Minority Interest	–
Total Adjustments to Equity per books	(40,062,486)
Equity Eligible For Net Liquid Capital	1,969,337,470
Contingencies and Guarantees	
Deduct: Contingent Liability	–
Guarantees or Indemnities	–
Ineligible Assets	
a. Trading Right and all Other Intangible Assets (net)	2,813,671
b. Intercompany Receivables	–
c. Fixed Assets (net of accumulated and excluding those used as collateral)	21,568,765
d. All Other Current Assets	10,099,491
e. Securities Not Readily Marketable	–
f. Negative Exposure (SCCP)	13,201
g. Notes Receivable (non-trade related)	–
h. Interest and Dividends Receivables outstanding for more than 30 days	–
i. Ineligible Insurance Claims	–
j. Ineligible Deposits	–
k. Short Security Differences	–
l. Long Security Differences not Resolved prior to Sale	–
m. Other Assets including Equity Investment in PSE	12,331,950
Total Ineligible Assets	46,827,078
Net Liquid Capital (NLC)	1,922,510,392
Less:	
Operating Risk Requirement	32,253,457
Position Risk Requirement	66,694,340
Counterparty Risk	–
Large Exposure Risk	
LERR to a Single Client	–
LERR to a Single Debt	34,544,618
LERR to a Single Issuer and Company of Companies	–
Total Risk Capital Requirement (TRCR)	133,492,415
Net RBCA Margin (NLC-TRCR)	1,789,017,977
Liabilities	192,183,805
Add: Deposit for Future Stock Subscription	
Less: Exclusions from Aggregate Indebtedness	
Subordinated Liability	
Loans and Secured Securities	
Loans Secured by Fixed Assets	
Others	23,242,142
Total Adjustments to AI	(23,242,142)
Aggregate Indebtedness	168,941,663
5% of Aggregate Indebtedness	8,447,083
Required Net Liquid Capital (> of 5% of AI or ₱5M)	8,447,083
Net Risk-Based Capital Excess / (Deficiency)	₱1,914,063,309
Ratio of AI to Net Liquid Capital	9%
RBCA Ratio (NLC/TRCR)	1,440%

SCHEDULE III

CTS GLOBAL EQUITY GROUP, INC.
INFORMATION RELATING TO THE POSSESSION OR CONTROL REQUIREMENTS UNDER SRC RULE 49.2

DECEMBER 31, 2023

Customers' fully paid securities and excess margin securities not in the broker's or dealer's possession or control as at the report date (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):

Market valuation	NIL
Number of items	NIL

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

Market valuation	NIL
Number of items	NIL

SCHEDULE IV

CTS GLOBAL EQUITY GROUP, INC.
COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS UNDER SRC RULE 49.2

DECEMBER 31, 2023

Particulars	Credits	Debits
1. Free credit balance and other credit balance in customers' security accounts.	₱138,545,797	
2. Monies borrowed collateralized by securities carried for the account of customers.	–	
3. Monies payable against customers' securities loaned.	–	
4. Customers' securities failed to receive.	–	
5. Credit balances in firm accounts which are attributable to principal sales to customer.	–	
6. Market value of stock dividends stock splits and similar distributions receivable outstanding of 30 calendar days old.	1,331,029	
7. Market value of the short security count differences over 30 calendar days old.	–	
8. Market value of short securities and credits (not to be offset by long or by debits) in all suspense accounts over 30 calendar days.	–	
9. Market value of securities which are in transfer in excess of 40 calendar days and have not been confirmed to be in transfer by the transfer agent or the issuer during the 40 days.	–	
10. Debit balances in customers' cash or margin accounts excluding unsecured accounts and accounts doubtful of collection.		₱2,472,366
11. Securities borrowed to effectuate short sales by customer and securities borrowed to make delivery on customers' securities failed to delivery.		–
12. Failed to deliver customers' securities not older than 30 calendar days.		–
13. Others due from clearing house		–
Total	₱139,876,826	₱2,472,366
Net Credit (Debit)	₱137,404,460	
Required Reserve (100% of net credit if making a weekly computation and 105% if monthly)	₱137,404,460	

SCHEDULE V

CTS GLOBAL EQUITY GROUP, INC.
A REPORT DESCRIBING ANY MATERIAL INADEQUACIES FOUND TO EXIST OR FOUND TO HAVE EXISTED SINCE THE DATE OF THE PREVIOUS AUDIT

DECEMBER 31, 2023

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

SCHEDULE VI

CTS GLOBAL EQUITY GROUP, INC.
RESULTS OF YEAR-END SECURITIES COUNT
CONDUCTED PURSUANT TO SRC RULE 52.1-10, AS AMENDED

DECEMBER 31, 2023

There is no discrepancy in the results of the securities count conducted. Refer to page 76-80 for the results of year-end securities count conducted for the year ended December 31, 2023.

CTS GLOBAL EQUITY GROUP, INC.
RESULTS OF YEAR-END SECURITIES COUNT
CONDUCTED PURSUANT TO SRC RULE 52.1-10, AS AMENDED
DECEMBER 31, 2023

		Per Records		Per Count		Unlocated Difference	
CODE	NAME	No. of Shares	Market Value	No. of Shares	Market Value	No. of Shares	Market Value
AAA	ASIA AMALGAMATED CORP.	9,700	₱15,617	9,700	₱15,617	–	₱–
AB	ATOK BIG WEDGE	1,170	6,224	1,170	6,224	–	–
ABA	ABACORE CAPITAL HOLDINGS, INC.	1,180,320	1,003,272	1,180,320	1,003,272	–	–
ABG	ASIABEST GROUP	13,400	40,334	13,400	40,334	–	–
ABS	ABS-CBN	60,330	278,725	60,330	278,725	–	–
ABSP	ABS CBN PDR	14,700	67,620	14,700	67,620	–	–
AC	AYALA CORPORATION	41,500	28,261,500	41,500	28,261,500	–	–
ACE	ACESITE HOTEL	308,698	530,961	308,698	530,961	–	–
ACENB	ACEN CORP SERIES B PREF SHARES	1,400	1,512,000	1,400	1,512,000	–	–
ACEN	ACEN CORPORATION	11,977,677	52,462,225	11,977,677	52,462,225	–	–
ACPAR	AYALA CORPORATION CLASS A PREFERRED	2,440	6,119,520	2,440	6,119,520	–	–
ACR	ALSONS CONS.	20,723,000	11,190,420	20,723,000	11,190,420	–	–
AEV	ABOITIZ EQUITY	460,730	20,548,558	460,730	20,548,558	–	–
AGI	ALLIANCE GLOBAL GROUP, INC.	2,382,600	26,875,728	2,382,600	26,875,728	–	–
ALCO	ARTHALAND CORPORATION	508,025	210,830	508,025	210,830	–	–
ALHI	ANCHOR LAND HOLDINGS	137,850	552,779	137,850	552,779	–	–
ALI	AYALA LAND	1,187,615	40,913,337	1,187,615	40,913,337	–	–
ALLDY	ALLDAY MARTS, INC.	16,767,000	2,632,419	16,767,000	2,632,419	–	–
ALLHC	AYALALAND LOGISTICS HOLDINGS CORP.	994,540	1,760,336	994,540	1,760,336	–	–
ALTER	ALTERNERGY HOLDINGS CORP.	40,000	30,800	40,000	30,800	–	–
ANI	AGRINURTURE, INC.	87,900	65,925	87,900	65,925	–	–
ANS	ANSCOR	1,620,265	18,892,290	1,620,265	18,892,290	–	–
AP	ABOITIZ POWER CORP	449,873	17,005,199	449,873	17,005,199	–	–
APB2R	AC PREFERRED B2 SHARES REISSUANCE	10,000	4,852,000	10,000	4,852,000	–	–
APC	APC GROUP	4,594,200	1,079,637	4,594,200	1,079,637	–	–
APL	APOLLO GLOBAL CAPITAL, INC.	38,694,500	503,029	38,694,500	503,029	–	–
APO	ANGLO-PHIL.	4,089,332	1,840,199	4,089,332	1,840,199	–	–
APVI	ALTUS PROPERTY VENTURES INC	2,803	26,040	2,803	26,040	–	–
APX	APEX MINING A	75,108,332	225,324,996	75,108,332	225,324,996	–	–
AR	ABRA MINING	383,200,000	1,762,720	383,200,000	1,762,720	–	–
ARA	ARANETA PROPERTIES	1,162,245	1,139,000	1,162,245	1,139,000	–	–
AREIT	AREIT RT	1,127,000	37,641,800	1,127,000	37,641,800	–	–
ASLAG	RASLAG CORP.	71,000	91,590	71,000	91,590	–	–
AT	ATLAS CONS.	3,730,641	13,169,163	3,730,641	13,169,163	–	–
ATI	ASIAN TERMINALS	192,499	2,887,485	192,499	2,887,485	–	–
ATN	ATN HOLDINGS A	4,298,000	1,633,240	4,298,000	1,633,240	–	–
ATNB	ATN HOLDINGS B	6,000	2,280	6,000	2,280	–	–
AUB	ASIA UNITED BANK CORPORATION	293,970	9,612,819	293,970	9,612,819	–	–
AXLM	AXELUM RESOURCES CORP	389,000	933,600	389,000	933,600	–	–
BC	BENGUET CORP. A	200,100	974,487	200,100	974,487	–	–
BCB	BENGUET CORP. B	2,529	12,392	2,529	12,392	–	–
BCP	BENGUET CORP. CONV. PREF. A	43	1,056	43	1,056	–	–
BDO	BDO UNIBANK, INC.	1,503,974	196,268,607	1,503,974	196,268,607	–	–
BEL	BELLE CORP.	62,112,816	72,671,995	62,112,816	72,671,995	–	–
BHI	BOULEVARD HOLDINGS, INC.	3,970,000	242,170	3,970,000	242,170	–	–
BKR	BRIGHT KINDLE RESOURCES & INVESTMEN	1,049,740	1,469,636	1,049,740	1,469,636	–	–
BLOOM	BLOOMBERRY	272,200	2,678,448	272,200	2,678,448	–	–
BMM	BOGO MEDELLIN MILLING	5,425	282,100	5,425	282,100	–	–
BNCOM	BANK OF COMMERCE	26,000	189,020	26,000	189,020	–	–
BPI	BANK OF P.I.	130,984	13,596,139	130,984	13,596,139	–	–
BRN	A BROWN CO., INC.	5,324,131	3,460,685	5,324,131	3,460,685	–	–
BSC	BASIC ENERGY CORPORATION	5,424,991	960,223	5,424,991	960,223	–	–
C	CHELSEA LOGISTICS AND INFRASTRUCTUR	249,300	373,950	249,300	373,950	–	–
CA	CONCRETE AGGREGATES A	2,000	78,100	2,000	78,100	–	–
CAT	CENTAL AZUCARERA DE TARLAC	112,000	1,288,000	112,000	1,288,000	–	–
CDC	CITYLAND DEV. CORP.	7,306	5,041	7,306	5,041	–	–
CEB	CEBU AIR, INC.	84,900	2,759,250	84,900	2,759,250	–	–

CODE	NAME	Per Records No. of Shares	Per Records Market Value	Per Count No. of Shares	Per Count Market Value	Unlocated Difference No. of Shares	Unlocated Difference Market Value
CEBCP	CEBU AIR INC	42,070	₱1,365,172	42,070	₱1,365,172	–	₱–
CEI	CROWN EQUITIES	7,854,911	526,279	7,854,911	526,279	–	–
CEU	CENTRO ESCOLAR UNIV	3,600	30,600	3,600	30,600	–	–
CHI	CEBU HOLDINGS, INC.	1,099,575	6,729,399	1,099,575	6,729,399	–	–
CHIB	CHINA BANKING CORP.	4,843,505	149,422,129	4,843,505	149,422,129	–	–
CHP	CEMEX HOLDINGS PHILIPPINES, INC.	1,800,949	1,692,892	1,800,949	1,692,892	–	–
CIP	CHEMICAL INDUSTRIES	2,290	274,800	2,290	274,800	–	–
CLI	CEBU LANDMASTERS INC	7,355,810	18,168,851	7,355,810	18,168,851	–	–
CNPF	CENTURY PACIFIC FOODS, INC.	27,700	857,315	27,700	857,315	–	–
CNVRG	CONVERGE INFORMATION AND COMMUNICAT	1,840,600	15,424,228	1,840,600	15,424,228	–	–
COAL	COAL COMMON SHARES	700,000	77,700	700,000	77,700	–	–
COL	COL FINANCIAL	1,971,004,850	5,242,872,901	1,971,004,850	5,242,872,901	–	–
COSCO	COSCO CAPITAL, INC.	2,590,194	11,966,696	2,590,194	11,966,696	–	–
CPG	CENTURY PROPERTIES GROUP INC.	287,175	80,409	287,175	80,409	–	–
CPM	CENTURY PEAK HOLDINGS CORPORATION	174,000	605,520	174,000	605,520	–	–
CREIT	CITICORE RT	2,834,000	7,255,040	2,834,000	7,255,040	–	–
CROWN	CROWN ASIA CHEM CORP COMMON SHARES	10,000	15,600	10,000	15,600	–	–
CTS	CTS GLOBAL EQUITY GROUP, INC.	2,905,540,540	2,179,155,405	2,905,540,540	2,179,155,405	–	–
CYBR	CYBER BAY CORP.	3,630,550	1,198,082	3,630,550	1,198,082	–	–
DD	DOUBLE DRAGON CORPORATION	152,100	1,155,960	152,100	1,155,960	–	–
DDMPR	DDMP RT	6,052,000	7,322,920	6,052,000	7,322,920	–	–
DDPR	DOUBLEDRAGON CORPORATION- PREF	13,000	1,209,000	13,000	1,209,000	–	–
DELM	DEL MONTE PACIFIC LIMITED	456,100	2,960,089	456,100	2,960,089	–	–
DFNN	DFNN, INC.	2,000	6,180	2,000	6,180	–	–
DHI	DOMINION HOLDINGS, INC.	446,955	1,412,378	446,955	1,412,378	–	–
DITO	DITO CME HOLDINGS CORP	960,674	2,257,584	960,674	2,257,584	–	–
DIZ	DIZON COPPER SILVER	270,512	603,242	270,512	603,242	–	–
DMC	DMCI HOLDINGS	1,898,530	18,548,638	1,898,530	18,548,638	–	–
DMW	DM WENCESLAO AND ASSOCIATES INC	229,500	1,184,220	229,500	1,184,220	–	–
DNL	DNL INDUSTRIES, INC.	7,858,400	49,586,504	7,858,400	49,586,504	–	–
DWC	DISCOVERY WORLD CORPORATION	2,166,100	3,054,201	2,166,100	3,054,201	–	–
ECVC	EAST COAST VULCAN CORPORATION	1,212,560	727,536	1,212,560	727,536	–	–
EEI	EEI CORP.	2,505,099	14,955,441	2,505,099	14,955,441	–	–
EG	IP E-GAME VENTURES INC.	6,000,000	56,400	6,000,000	56,400	–	–
EIBA	EXPORT & INDUSTRY BANK, INC.	5,356,970	–	5,356,970	–	–	–
EIBB	EXPORT & INDUSTRY BANK B	200,000	–	200,000	–	–	–
ELI	EMPIRE EAST	15,637,409	1,970,314	15,637,409	1,970,314	–	–
EMI	EMPERADOR INC	238,900	4,981,065	238,900	4,981,065	–	–
ENEX	ENEX ENERGY CORP.	296,353	1,452,130	296,353	1,452,130	–	–
EVER	EVER GOTESCO	515,000	149,350	515,000	149,350	–	–
EW	EAST WEST BANKING CORP.	268,209	2,285,141	268,209	2,285,141	–	–
FAF	FIRST ABACUS FINANCIAL	163,600	98,160	163,600	98,160	–	–
FCG	FIGARO COFFEE GROUP, INC.	35,870,000	21,522,000	35,870,000	21,522,000	–	–
FDC	FILINVEST DEV. CORP.	783,050	4,189,318	783,050	4,189,318	–	–
FEU	FAR EASTERN UNIV.	292	165,418	292	165,418	–	–
FFI	FILIPINO FUND, INC.	59,263	213,347	59,263	213,347	–	–
FGEN	FIRST GEN CORPORATION	150,000	2,610,000	150,000	2,610,000	–	–
FILRT	FILINVEST RT	2,354,000	6,073,320	2,354,000	6,073,320	–	–
FLI	FILINVEST LAND	18,074,600	10,664,014	18,074,600	10,664,014	–	–
FNI	GLOBAL FERRONICKEL HOLDINGS INC	609,985	1,256,569	609,985	1,256,569	–	–
FOOD	ALLIANCE SELECT FOODS INTERNATIONAL	603,197	277,471	603,197	277,471	–	–
FPH	FIRST PHIL. HOLDINGS	183,537	11,471,063	183,537	11,471,063	–	–
FPI	FORUM PACIFIC, INC.	5,054,260	1,010,852	5,054,260	1,010,852	–	–
FRUIT	FRUITAS HOLDINGS INC	77,000	73,920	77,000	73,920	–	–
FYN	FILSYN CORP. A	20,329	60,987	20,329	60,987	–	–
GEO	GEOGRACE	7,775,856	209,948	7,775,856	209,948	–	–
GERI	GLOBAL-ESTATE	18,461,882	17,538,788	18,461,882	17,538,788	–	–
GLO	GLOBE TELECOMS	8,239	14,171,080	8,239	14,171,080	–	–
GMA7	GMA NETWORK, INC.	414,000	3,477,600	414,000	3,477,600	–	–
GMAP	GMA PDRS	327,000	2,714,100	327,000	2,714,100	–	–
GO	GOTESCO LAND, INC.A	364,469	–	364,469	–	–	–
GOB	GOTESCO LAND, INC. B	4,550	–	4,550	–	–	–
GREEN	GREENERGY HOLDINGS	157,998	36,182	157,998	36,182	–	–
GSMI	GINEBRA SAN MIGUEL INC.	51,740	8,728,538	51,740	8,728,538	–	–
GTCAP	GT CAPITAL HOLDINGS, INC.	19,190	11,322,100	19,190	11,322,100	–	–
HI	HOUSE OF INVESTMENTS	330,000	1,069,200	330,000	1,069,200	–	–
HOME	ALLHOME CORP	36,400	40,768	36,400	40,768	–	–
HTI	HAUS TALK, INC.	20,000	19,000	20,000	19,000	–	–

CODE	NAME	Per Records No. of Shares	Per Records Market Value	Per Count No. of Shares	Per Count Market Value	Unlocated Difference No. of Shares	Unlocated Difference Market Value
I	IREMIT	170,669	₱65,708	170,669	₱65,708	–	₱–
ICT	INTL. CONTAINER TERMINAL	460,179	113,572,177	460,179	113,572,177	–	–
IDC	ITALPINAS DEVELOPMENT CORPORATION	3,915	2,701	3,915	2,701	–	–
IMI	INTEGRATED MICRO- ELECTRONICS, INC.	8,394	26,525	8,394	26,525	–	–
IMP	IMPERIAL RES.	579,920	301,558	579,920	301,558	–	–
INFRA	PHILIPPINE INFRADEV HOLDINGS INC	97,000	53,350	97,000	53,350	–	–
ION	IONICS, INC.	883,652	892,489	883,652	892,489	–	–
IPM	IPM HOLDINGS INC	300,000	1,014,000	300,000	1,014,000	–	–
IPO	IPEOPLE, INC.	102,704	754,874	102,704	754,874	–	–
IS	ISLAND INFORMATION	6,098,000	878,112	6,098,000	878,112	–	–
JAS	JACKSTONES, INC	2,110,000	1,709,100	2,110,000	1,709,100	–	–
JFC	JOLLIBEE	65,908	16,569,271	65,908	16,569,271	–	–
JFCPA	JOLLIBEE FOODS CORP	2,500	2,376,250	2,500	2,376,250	–	–
JFCPB	JOLLIBEE FOODS CORP	9,600	9,043,200	9,600	9,043,200	–	–
JGS	JG SUMMIT	524,360	20,004,334	524,360	20,004,334	–	–
KEEPR	THE KEEPERS HOLDINGS INC	434,195	642,609	434,195	642,609	–	–
KPH	KEPPEL PHILS. HOLDINGS A	137,781	688,905	137,781	688,905	–	–
KPHB	KEPPEL PHILS. HOLDINGS B	134,000	738,340	134,000	738,340	–	–
LC	LEPANTO CONS A	92,703,893	7,416,311	92,703,893	7,416,311	–	–
LCB	LEPANTO CONS B	7,713,397	601,645	7,713,397	601,645	–	–
LFM	LIBERTY FLOUR MILLS	1,014,440	12,274,724	1,014,440	12,274,724	–	–
LMG	LMG CHEMICALS	180,000	601,200	180,000	601,200	–	–
LODE	LODESTAR INVESTMENT HOLDINGS	544,000	252,960	544,000	252,960	–	–
LOTO	PACIFIC ONLINE SYSTEMS	30,657,600	151,755,120	30,657,600	151,755,120	–	–
LPC	LFM PROPERTIES CORP	94,068,873	5,644,132	94,068,873	5,644,132	–	–
LPZ	LOPEZ HOLDINGS CORPORATION	1,345,175	5,730,446	1,345,175	5,730,446	–	–
LSC	LORENZO SHIPPING	100,000	55,000	100,000	55,000	–	–
LTG	LT GROUP, INC.	1,119,097	10,049,491	1,119,097	10,049,491	–	–
MA	MANILA MINING A	477,650,821	2,197,194	477,650,821	2,197,194	–	–
MAB	MANILA MINING B	50,939,310	219,039	50,939,310	219,039	–	–
MAC	MACROASIA CORP.	1,439,328	5,973,211	1,439,328	5,973,211	–	–
MACAY	MACAY HOLDINGS, INC.	449,890	2,564,373	449,890	2,564,373	–	–
MAH	METRO ALLIANCE HOLDINGS A	24,000	10,920	24,000	10,920	–	–
MARC	MARCVENTURES HOLDINGS, INC.	6,580	7,106	6,580	7,106	–	–
MAXS	MAX'S GROUP, INC.	429,000	1,402,830	429,000	1,402,830	–	–
MB	MANILA BULLETIN	3,479,973	803,874	3,479,973	803,874	–	–
MBT	METROBANK	1,212,473	62,199,865	1,212,473	62,199,865	–	–
MC	MARSTEEL CONS.	5,000,000	–	5,000,000	–	–	–
MEDIC	Medilines Distributors Incorporated	63,000	20,790	63,000	20,790	–	–
MEG	MEGAWORLD CORPORATION	11,236,291	22,135,493	11,236,291	22,135,493	–	–
MER	MERALCO	244,393	97,512,807	244,393	97,512,807	–	–
MFC	MANULIFE FINANCIAL CORP.	638	720,940	638	720,940	–	–
MG	MILLENNIUM GLOBAL HOLDINGS, INC.	8,274,000	835,674	8,274,000	835,674	–	–
MGH	METRO GLOBAL HOLDINGS CORPORATION	76,400	76,400	76,400	76,400	–	–
MHC	MABUHAY HOLDINGS	3,098,000	346,976	3,098,000	346,976	–	–
MJC	MANILA JOCKEY CLUB, INC.	17,871,699	22,697,058	17,871,699	22,697,058	–	–
MJIC	MJC INVESTMENTS CORP.	3,400	3,400	3,400	3,400	–	–
MM	MERRYMART CONSUMER CORP.	57,000	58,710	57,000	58,710	–	–
MMC	MARCOPPER MINING	17	–	17	–	–	–
MONDE	MONDE NISSIN CORP	1,656,500	13,881,470	1,656,500	13,881,470	–	–
MRC	MRC ALLIED, INC.	637,000	828,100	637,000	828,100	–	–
MREIT	MREIT RT	1,376,800	16,934,640	1,376,800	16,934,640	–	–
MRSGI	METRO RETAIL STORES GROUP, INC.	121,000	153,670	121,000	153,670	–	–
MWC	MANILA WATER COMPANY	241,200	4,486,320	241,200	4,486,320	–	–
MWIDE	MWIDE	798,088	2,458,111	798,088	2,458,111	–	–
MWP5	MEGAWIDE CONSTRUCTION CORPORATION	3,500	354,550	3,500	354,550	–	–
NI	NIHAO MINERAL RESOURCES	1,023,300	562,815	1,023,300	562,815	–	–
NIKL	NICKEL ASIA CORPORATION	7,517,944	41,198,333	7,517,944	41,198,333	–	–
NOW	NOW CORPORATION	183,500	211,025	183,500	211,025	–	–
NRCP	NATIONAL REINSURANCE CORP.	9,432,000	3,395,520	9,432,000	3,395,520	–	–
NXGEN	NEXTGENESIS CORPORATION	61,800	432,600	61,800	432,600	–	–
OM	OMICO CORP.	802,497	220,687	802,497	220,687	–	–
OPM	ORIENTAL PET. & MIN. A	1,106,939,248	8,855,514	1,106,939,248	8,855,514	–	–
OPMB	ORIENTAL PET. & MIN. B	659,001,458	5,337,912	659,001,458	5,337,912	–	–
ORE	ORIENTAL PENINSULA RESOURCES	1,473,700	928,431	1,473,700	928,431	–	–
OV	PHILODRILL	553,571,114	4,483,926	553,571,114	4,483,926	–	–
PA	PACIFICA HOLDINGS INC	66,050	91,149	66,050	91,149	–	–

CODE	NAME	Per Records No. of Shares	Per Records Market Value	Per Count No. of Shares	Per Count Market Value	Unlocated Difference No. of Shares	Unlocated Difference Market Value
PAL	PAL HOLDINGS, INC.	69,828	₱354,028	69,828	₱354,028	–	₱–
PAX	PAXYS, INC.	10,829,000	11,153,870	10,829,000	11,153,870	–	–
PBB	PHILIPPINE BUSINESS BANK	67,298	585,493	67,298	585,493	–	–
PBC	PHIL. BANK OF COMMUNICATIONS	4,455	62,905	4,455	62,905	–	–
PCOR	PETRON	2,346,505	8,330,093	2,346,505	8,330,093	–	–
PCP	PICOP RESOURCES	1,520,420	–	1,520,420	–	–	–
PERC	PETROENERGY RESOURCES CORP.	2,896,339	14,336,878	2,896,339	14,336,878	–	–
PGOLD	PUREGOLD PRICE CLUB, INC.	113,800	3,061,220	113,800	3,061,220	–	–
PHA	PREMIEREHORIZON	45,000	7,290	45,000	7,290	–	–
PHC	PHILCOMSAT HOLDINGS CORP.	10,000	14,000	10,000	14,000	–	–
PHN	PHINMA CORPORATION	2,645	53,958	2,645	53,958	–	–
PHR	PH RESORTS GROUP HOLDINGS INC	205,000	178,350	205,000	178,350	–	–
PIZZA	SHAKEYS PIZZA ASIA VENTURES INC	39,000	382,200	39,000	382,200	–	–
PLC	PREMIUM LEISURE CORP.	40,455,000	25,486,650	40,455,000	25,486,650	–	–
PLUS	DIGIPLUS INTERACTIVE CORP.	1,399,675	11,197,400	1,399,675	11,197,400	–	–
PMPC	PANASONIC MANUFACTURING PHILS	2,722	15,788	2,722	15,788	–	–
PMT	PRIMETOWN PROPERTY GROUP	155,600	–	155,600	–	–	–
PNB	PHILIPPINE NATIONAL BANK	145,050	2,683,425	145,050	2,683,425	–	–
PNC	PHIL. NATIONAL CONST.	5,153	25,250	5,153	25,250	–	–
PNX	PHOENIX PETROLEUM	71,725	351,453	71,725	351,453	–	–
PNX3B	PPPI SERIES 3B PREF SHARES	20,000	469,000	20,000	469,000	–	–
PNX4	PPPI SERIES 4 PREF SHARES	600	139,680	600	139,680	–	–
PRC	PHIL. RACING CLUB	24,453	156,499	24,453	156,499	–	–
PRF4A	PETRON CORP SERIES A PREFERRED	300	265,500	300	265,500	–	–
PRF4B	PETRON CORP SERIES B PREFERRED	2,000	1,900,000	2,000	1,900,000	–	–
PRIM	PRIME MEDIA HOLDINGS, INC.	2,077	5,961	2,077	5,961	–	–
PSB	PHIL. SAVINGS BANK	32,683	1,732,199	32,683	1,732,199	–	–
PSE	PHIL. STOCK EXCHANGE	3,088	524,960	3,088	524,960	–	–
PTT	PHIL. TEL. & TEL.	725,139	239,296	725,139	239,296	–	–
PX	PHILEX	6,131,174	19,681,069	6,131,174	19,681,069	–	–
PXP	PXP ENERGY CORPORATION	1,046,147	4,132,281	1,046,147	4,132,281	–	–
RCB	RCBC	2,598,465	59,764,695	2,598,465	59,764,695	–	–
RCI	ROXAS AND COMPANY, INC.	422,177	202,645	422,177	202,645	–	–
RCR	RL COMM RT	6,202,000	30,327,780	6,202,000	30,327,780	–	–
REG	REPUBLIC GLASS HOLDINGS	7,546	22,638	7,546	22,638	–	–
RFM	RFM CORP.	161,720	485,160	161,720	485,160	–	–
RLC	ROBINSON LAND	270,443	4,310,861	270,443	4,310,861	–	–
RLT	PHIL. REALTY & HOLDINGS	9,218,281	1,216,813	9,218,281	1,216,813	–	–
ROCK	ROCKWELL LAND CORPORATION	57,381,155	80,907,429	57,381,155	80,907,429	–	–
ROX	ROXAS HOLDINGS, INC.	109,710	84,477	109,710	84,477	–	–
RPC	REYNOLDS PHILS.	75,271	–	75,271	–	–	–
SBS	SBS PHILS CORP COMMON SHARES	78,775	382,059	78,775	382,059	–	–
SCC	SEMIRARA MINING AND POWER CORPORATI	1,654,900	50,060,725	1,654,900	50,060,725	–	–
SDP	SIME DARBY	60	–	60	–	–	–
SECB	SECURITY BANK	211,456	15,119,104	211,456	15,119,104	–	–
SFI	SWIFT FOODS	53,646,257	2,896,898	53,646,257	2,896,898	–	–
SFIP	SWIFT FOODS CONV. PREF.	15,428	29,005	15,428	29,005	–	–
SGI	SOLID GROUP	3,991,850	3,552,747	3,991,850	3,552,747	–	–
SGP	SYNERGY GRID	4,941,050	32,363,878	4,941,050	32,363,878	–	–
SHLPH	PILIPINAS SHELL PETROLEUM CORP	10,551,400	115,432,316	10,551,400	115,432,316	–	–
SHNG	SHANG PROPERTIES, INC.	43,602,453	160,021,003	43,602,453	160,021,003	–	–
SLF	SUN LIFE FINANCIAL, INC.	3,948	10,738,560	3,948	10,738,560	–	–
SLI	STA. LUCIA LAND	137,730	468,282	137,730	468,282	–	–
SM	SM INVESTMENTS CORP	27,613	24,078,536	27,613	24,078,536	–	–
SMC	SAN MIGUEL	684,372	69,874,381	684,372	69,874,381	–	–
SMC2J	SMCPREFS2J	40,000	2,718,000	40,000	2,718,000	–	–
SMC2K	SMCPREFS2K	50,000	3,400,000	50,000	3,400,000	–	–
SMC2L	SMCPREFS2L	22,000	1,694,000	22,000	1,694,000	–	–
SMC2N	SMCPREFS2N	90,000	6,930,000	90,000	6,930,000	–	–
SMC2O	SMCPREFS2O	50,000	3,900,000	50,000	3,900,000	–	–
SMPH	SM PRIME HOLDINGS	4,163,637	136,983,657	4,163,637	136,983,657	–	–
SOC	SOCRESOURCES, INC.	110,000	39,600	110,000	39,600	–	–
SPC	SPC POWER CORPORATION	94,600	662,200	94,600	662,200	–	–
SPM	SEAFRONT RESOURCES CORP.	46,246	65,207	46,246	65,207	–	–
SPNEC	SP NEW ENERGY CORPORATION (SPNEC)	3,512,000	4,635,840	3,512,000	4,635,840	–	–
SSI	SSI GROUP, INC.	4,338,100	9,847,487	4,338,100	9,847,487	–	–
SSP	SFA SEMICON PHILIPPINES CORPORATION	59,000	130,390	59,000	130,390	–	–
STI	STI HOLDINGS	9,603,000	4,657,455	9,603,000	4,657,455	–	–

CODE	NAME	Per Records No. of Shares	Per Records Market Value	Per Count No. of Shares	Per Count Market Value	Unlocated Difference No. of Shares	Unlocated Difference Market Value
STN	STENIEL MFG. CORP.	384,895	₱100,073	384,895	₱100,073	–	₱–
STR	VISTAMALLS, INC.	33,300	80,253	33,300	80,253	–	–
SUN	SUNTRUST RESORT HOLDINGS, INC.	5,046,250	4,289,313	5,046,250	4,289,313	–	–
SWM	SANITARY WARES MFG.	40,700	–	40,700	–	–	–
T	TKC METALS CORPORATION	290,000	120,350	290,000	120,350	–	–
TBGI	TRANSPACIFIC BROADBAND GROUP	1,800,000	244,800	1,800,000	244,800	–	–
TECH	CIRTEK HOLDINGS PHILIPPINES CORP	44,356	70,526	44,356	70,526	–	–
TECHW	CIRTEK HOLDINGS PHILIPPINES CORP	5,356	1,419	5,356	1,419	–	–
TEL	PLDT INC.	16,867	21,572,893	16,867	21,572,893	–	–
TFHI	TOP FRONTIER INVESTMENTS HOLDINGS,	51,664	5,264,562	51,664	5,264,562	–	–
TUGS	HARBOR STAR SHIPPING SERVICES, INC.	1,020,000	775,200	1,020,000	775,200	–	–
UBP	UNION BANK	39,288	1,978,151	39,288	1,978,151	–	–
UNI	UNIOIL RES. & HOLDINGS CO.	7,823,500	–	7,823,500	–	–	–
UP	UNIVERSAL RIGHTFIELD PROP.	4,416,320	–	4,416,320	–	–	–
UPM	UNITED PARAGON MNG.	68,675,000	274,700	68,675,000	274,700	–	–
URC	UNIVERSAL ROBINA	110,946	13,113,817	110,946	13,113,817	–	–
V	VANTAGE EQUITIES, INC.	1,511,250	1,163,663	1,511,250	1,163,663	–	–
VITA	VITARICH	2,326,256	1,209,653	2,326,256	1,209,653	–	–
VLL	VISTA LAND & LIFESCAPES	1,173,190	1,970,959	1,173,190	1,970,959	–	–
VMC	VICTORIAS MILLING CO., INC.	2,060,402	6,201,810	2,060,402	6,201,810	–	–
VREIT	VISTAREIT RT	10,000	16,700	10,000	16,700	–	–
VVT	VIVANT CORPORATION	625	8,938	625	8,938	–	–
WEB	PHILWEB CORPORATION	168,460	291,436	168,460	291,436	–	–
WIN	WELLEX IND., INC.	1,136,000	261,280	1,136,000	261,280	–	–
WLCON	WILCON DEPOT INC	271,300	5,670,170	271,300	5,670,170	–	–
WPI	WATERFRONT PHIL., INC.	669,138	250,927	669,138	250,927	–	–
X	XURPAS INC	126,000	24,066	126,000	24,066	–	–
ZHI	ZEUS HOLDINGS	200,000	14,200	200,000	14,200	–	–
			₱10,402,214,918		₱10,402,214,918		₱–

SCHEDULE VII

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
FOR THE YEAR ENDED DECEMBER 31, 2023

CTS GLOBAL EQUITY GROUP, INC.
27/F East Tower, Tektite Towers, Exchange Road
Ortigas Center, Pasig City

		Amount
Unappropriated retained earnings, beginning of reporting period		₱40,947,071
Less: Items that are directly debited to unappropriated retained earnings		
Dividend declaration during the reporting period	(21,340,000)	
Retained earnings appropriated during the reporting period	(5,223,712)	(26,563,712)
Unappropriated retained earnings, as adjusted		14,383,359
Add: Net income for the current year		22,997,384
Less: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(14,724,366)	
Net movement in deferred tax on ROU assets and lease liabilities	(4,238)	(14,728,604)
Total retained earnings, end of the reporting period available for dividend		₱22,652,139

SCHEDULE VIII

CTS GLOBAL EQUITY GROUP, INC.
SUPPLEMENTARY SCHEDULE OF
FINANCIAL SOUNDNESS INDICATORS UNDER REVISED SRC RULE 68

DECEMBER 31, 2023

	2023	2022
Current/liquidity ratio	**5.48**	4.88
Current assets	**₱892,895,117**	₱935,627,796
Current liabilities	**162,800,179**	191,727,723
Solvency ratio	**0.14**	0.27
After-tax income before depreciation	**₱27,372,859**	₱56,525,643
Total liabilities	**192,183,805**	210,474,665
Debt-to-equity ratio	**0.10**	0.11
Total liabilities	**₱192,183,805**	₱210,474,665
Total equity	**2,009,399,956**	1,989,049,558
Asset-to-equity ratio	**1.10**	1.11
Total assets	**₱2,201,583,761**	₱2,199,524,223
Total equity	**2,009,399,956**	1,989,049,558
Interest rate coverage ratio	**4.26**	50.45
Income before interest and taxes	**₱5,915,046**	₱54,542,015
Interest expense	**1,389,532**	1,081,100
Return on Equity	**0.01**	0.03
After-tax income	**₱22,997,384**	₱52,237,125
Total equity	**2,009,399,956**	1,989,049,558
Return on assets	**0.01**	0.02
After-tax income	**₱22,997,384**	₱52,237,125
Total assets	**2,201,583,761**	2,199,524,223
Other relevant ratios		
RBCA ratio	**1,440%**	1,458%
Ratio of AI to NLC	**9%**	10%
Ratio of Core Equity to ORR	**6,126%**	9,612%

SCHEDULE IX

CTS GLOBAL EQUITY GROUP, INC.
SUPPLEMENTARY SCHEDULES UNDER
ANNEX 68-J OF THE REVISED SRC RULE 68

DECEMBER 31, 2023

CTS GLOBAL EQUITY GROUP, INC.

SCHEDULE A
FINANCIAL ASSETS

DECEMBER 31, 2023

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet	Income Received and Accrued
Financial Assets at Amortized Cost			
Cash	₱–	₱479,631,777	₱13,325,649
Trade receivable	–	389,213,791	–
Investments in government securities	462,220,000	464,135,145	24,630,269
Other assets	–	19,944,128	–
	462,220,000	1,352,924,841	37,955,918
Financial assets at FVPL			
Various securities	8,105,415	6,922,944	2,245,411
Financial assets at FVOCI			
Investments in government securities	748,732,000	790,058,973	39,566,392
Total	₱1,219,057,415	₱2,149,906,758	₱79,767,721

CTS GLOBAL EQUITY GROUP, INC.

SCHEDULE B
AMOUNTS RECEIVABLE FROM
DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES
AND PRINCIPAL STOCKHOLDERS
(OTHER THAN RELATED PARTIES)

DECEMBER 31, 2023

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Noncurrent	Balance at End of Period
			None.				

CTS GLOBAL EQUITY GROUP, INC.

SCHEDULE C
AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING CONSOLIDATION OF FINANCIAL STATEMENTS

DECEMBER 31, 2023

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Noncurrent	Balance at End of Period
Not Applicable.							

CTS GLOBAL EQUITY GROUP, INC.

SCHEDULE D
LONG-TERM DEBT

DECEMBER 31, 2023

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown Under Caption "Current Portion of Loans Payable" in Related Balance Sheet	Amount Shown Under Caption "Loans Payable - Net of Current Portion" in Related Balance Sheet	Interest Rate	Maturity Dates
		None.			

CTS GLOBAL EQUITY GROUP, INC.

SCHEDULE E
INDEBTEDNESS TO RELATED PARTIES

DECEMBER 31, 2023

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
	None.	

CTS GLOBAL EQUITY GROUP, INC.

SCHEDULE F
GUARANTEES OF SECURITIES AND OTHER ISSUERS

DECEMBER 31, 2023

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for Which Statement is Filed	Nature of Guarantee
		None.		

CTS GLOBAL EQUITY GROUP, INC.

SCHEDULE G
CAPITAL STOCK

DECEMBER 31, 2023

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as Shown Under Related Balance Sheet Caption	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held by Related Parties	Directors, Officers and Employees	Others
Common Stock	8,000,000,000	6,875,000,000	–	–	4,638,993,500	2,236,006,500

CTS GLOBAL EQUITY GROUP, INC.

SCHEDULE FOR LISTED COMPANIES
WITH A RECENT OFFERING OF SECURITIES TO THE PUBLIC

December 31, 2023

	Estimated	Actual
Gross Proceeds	₱1,375,000,000	₱1,375,000,000
Offer Expenses	(21,728,465)	(21,728,465)
Net Proceeds	1,353,271,535	1,353,271,535
Use of Proceeds		
Scaling of global trading operations	(1,233,271,535)	(561,794,345)
Client account management expansion	(20,000,000)	–
General corporate purposes	(100,000,000)	(3,741,089)
	(1,353,271,535)	(565,535,434)
Unapplied Proceeds	₱–	₱787,736,101

SUSTAINABILITY REPORT

CTS Global Equity Group, Inc.

Year 2023

TABLE OF CONTENTS

A. CONTEXTUAL INFORMATION

1. Company Details

Name of Organization	***CTS Global Equity Group, Inc.*** *("CTS", the "Corporation")*
Location of Headquarters	*Pasig City, Metro Manila, Philippines*
Location of Operations	*Pasig City, Metro Manila, Philippines*
Report Boundary: Legal entities included in this report	*CTS Global Equity Group, Inc.*
Business Model, including Primary Activities, Brands, Products, and Services	*Proprietary Trading, Broker/ Dealer of Securities*
Reporting Period	*Calendar year ending 31 December 2023*
Highest Ranking Person responsible for this Report	*Juan Carlos G. Aquino/ Associated Person*

2. Materiality Process

To create this report, the Corporation's management identified key areas that are materially relevant for CTS to reach long-term sustainable operations. It likewise endeavored to identify the expectations and interests of its various stakeholders comprising of, among others, its personnel (directors, officers, employees, agents, consultants, and other persons assigned to CTS by their respective employers), clients, service providers, regulators, investors and shareholders, and competitors.

Out of the 33 GRI topics, the following are material to the Corporation's stakeholders. These topics must be validated against stakeholder interviews:

- Economic Performance;
- Indirect Economic Impacts;
- Employee Hiring and Benefits;
- Employee Training and Development;
- Customer Satisfaction;
- Customer Privacy;
- Data Security; and
- Local Communities; Financial Inclusion, Accessibility and Financial Education.

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B. ECONOMIC

1. Economic Performance

a. Direct Economic Value Generated and Distributed

The following figures are based on the 2023 Audited Financial Statements of CTS Global Equity Group, Inc.:

Disclosure	Amount (in PhP)
Direct economic value generated (revenue)	*103,708,922*
Direct economic value distributed:	
a. Operating costs	*32,359,153*
b. Employee wages and benefits	*47,809,922*
c. Payments to suppliers, other operating costs	*15,170,621*
d. Dividends given to stockholders and interest payments to loan providers	*19,301,524*
e. Taxes given to government*	*11,429,607*
f. Investments to community (e.g. donations, CSR)**	*35,000*

**CTS also remitted to the government sales transactions tax collected from its customers amounting to PhP4,422,150.40.*

(1) Impact

CTS was established to engage in the business of equities trading as a broker-dealer for the Philippine market, but through time, shifted focus to its proprietary trading desk for global equities. It uses its expertise garnered from years of experience and intellectual property assets – specifically on risk management, macroeconomics, fundamental, and technical analysis – to capitalize on opportunities on a local and global scale through trading of equities listed in various stock exchanges. With a cumulative experience of more than a hundred years trading in the stock market, the proponents of the Corporation have been able to develop a robust trading system that allows its traders to consistently generate returns on proprietary and client capital.

As part of CTS's commitment to establishing the Philippines as the lead proprietary trading hub in the world and uplifting world-class Filipino talent into the global trading arena, the Corporation has built a robust trader development ecosystem and continues to invest in technology that strengthens its ability to efficiently produce and distribute valuable content and information to traders. After successfully pivoting and maneuvering the challenges of the pandemic with newly digitized training sessions, risk management monitoring, and fully automated analytics, the past few years of pandemic have paved the way for the Corporation to level up its operations.

The economic performance of CTS affects the following stakeholders: its own personnel (consisting of its directors, officers, full-time employees, agents, consultants, and personnel who are employed by CTS's service providers but are assigned to the Corporation), the Corporation's clients, its investors and shareholders, its regulators consisting of, among others, the Securities and Exchange Commission, the Anti-Money Laundering Council, the Philippine Stock Exchange, Inc., and the Capital Markets Integrity Corporation, and the capital markets in general.

To manage its economic performance, CTS is committed to maximizing its profitability through the efficient use of its capital resources with the ultimate objective of increasing shareholder value. Consequently, CTS regularly monitors and reviews the effectiveness of its corporate activities and key performance indicators, which are considered important in measuring the success of implemented financial and operating strategies and concomitant action plans. Below are some of the Corporation's key performance indicators which are measured from time to time:

- Revenue/ Capital;
- Gross Margin;
- Net Margin;
- Global Trading Revenues;
- Local Trader Revenues;
- Total Revenues;
- Net Liquid Capital; and
- Risk Based Capital Adequacy Ratio.

(2) Identified Risks

Throughout 2023, global markets navigated through turbulent waters, marked by various significant events and challenges. Commencing with geopolitical tensions and culminating in economic uncertainties, the year presented a multitude of risks across different asset classes.

The heightened geopolitical tensions, particularly in regions like the Middle East and East Asia, influenced market sentiments, adding a layer of unpredictability. Furthermore, ongoing conflicts and diplomatic standoffs contributed to a sense of unease among investors, affecting market stability.

Economic indicators fluctuated amidst concerns over inflationary pressures and monetary policy responses. Central banks, grappling with rising inflation, implemented measures to curb it, leading to erratic interest rate adjustments across major economies. These actions, while aimed at containing inflation, sparked fears of economic slowdown and liquidity constraints, impacting investor confidence.

Major trends shaping market dynamics included persistent volatility in commodity prices, fluctuating interest rates, and currency fluctuations. The strengthening of the US dollar further complicated matters, prompting investors to adopt a cautious stance and seek refuge in safer investment avenues.

The repercussions of the COVID-19 pandemic continued to reverberate across the globe in 2023. The sporadic nature of these outbreaks underscored the persistent threat posed by the pandemic to global economic stability.

As a participant of the market, the Corporation remained exposed to the inherent risks associated with market volatility. The fluctuations in asset prices and uncertainties surrounding economic conditions posed challenges to the Corporation's operations and its stakeholders, including personnel, clients, and shareholders. Moreover, regulatory requirements, such as risk-based capital adequacy ratios (RBCA), demanded prudent risk management practices. Compliance with these ratios ensured the Corporation's ability to withstand potential losses while maintaining market integrity and efficiency.

Despite the prevailing uncertainties, the Corporation demonstrated resilience through its adaptable business model and robust risk management framework. Leveraging flexible operational strategies and robust business continuity plans, the Corporation remains committed to safeguarding its stakeholders' interests and maintaining stability amidst an ever-changing global landscape.

(3) Identified Opportunities

Local talent remains to be CTS' edge over the traders from all over the world. Lower cost of living and the country's large pool of highly skilled and educated professionals are its competitive edge as human capital is one of the most important drivers of the Corporation. The country's median age is 25.2 years with a 96.3% literacy rate – CTS' education and recruitment initiatives aim to maximize this opportunity.

Aside from CTS' main markets such as the US, Hong Kong, and Japan, CTS is starting to position itself in the growing Southeast Asian markets. Starting with an Indonesian expansion, CTS is closely studying opportunities in the ASEAN markets that can be a big source of growth in the future.

These opportunities affect the Corporation's personnel, clients, shareholders and the capital markets in general.

2. Climate-Related Risks and Opportunities

The Corporation acknowledges the integral role of environmental issues in its business and operations. Demonstrating its dedication to address climate change, CTS has taken concrete steps over the past few years to increase environmental awareness among its staff through various activities. These include activities such as hosting of environment-related seminars and conservation programs. As of 2024, CTS has finalized its partnership with the Haribon Foundation for the Conservation of Natural Resources, Inc. (Haribon Foundation), which advocates for biodiversity conservation through building constituencies, empowering communities, and applying multi-disciplinary approaches. This collaboration birthed a Coastal Clean Up initiative at the Las Piñas-Paranaque Wetland Park with the participation of volunteers from the Corporation last May 06, 2023. Through this hands-on experience, the Corporation aimed to foster environmental stewardship and raise awareness about the importance of preserving our coastal areas for future generations. Together with the Haribon Foundation, the Corporation is committed to making a positive impact and creating a cleaner, healthier environment for all.

3. Procurement Practices

a. Proportion of Spending on Local Suppliers

While CTS dealt only with Philippine-based suppliers, there is no data available to confirm whether the products sourced were locally made or manufactured or were sourced by said suppliers overseas.

(1) Impact

The Corporation’s procurement practices affect its personnel, suppliers, and service providers.

Being a broker / dealer in securities, the Corporation relies on its suppliers only for its internal requirements. Most items sourced from suppliers involve office equipment, which, while necessary to allow its personnel to work more effectively, is not critical to the actual operations of the business. The only items sourced from suppliers which are critical to the Corporation’s performance are those related to its technical equipment, such as its computer servers. In terms of services, the most critical would involve the Corporation’s internet / web connection. The Corporation sources these critical pieces of equipment from established suppliers, with reputations for implementing sound business practices and meet the quality requirements set by the Corporation.

All supplier procurement is coursed through the Corporation’s procurement team, working under its Operations Department. They work closely with the department requesting the procurement, to ensure that the quality standards are met. Procurement of critical equipment and/or services is likewise approved by the Corporation’s management.

(2) Identified Risks

The identified risks would affect the Corporation’s personnel, suppliers, and service providers.

Getting the wrong vendor or supplier may result in losses to the Corporation. These involve financial losses as well as time lost. This means that time that could have been spent providing improved services to customers may have to be reallocated to fixing the issues caused by the vendor or supplier.

To address the abovementioned risks, the Corporation implements quality control checks for supplies and services received. The procurement team is required to obtain quotes from multiple potential suppliers, to ensure that it is getting the best deal in the market. The Corporation has likewise streamlined its supplier contracts to include, among others, warranties on quality of materials and/or supplies, as well as structuring the compensation to supplier to allow the Corporation an opportunity to withhold partial payment in case of defective materials.

(3) Identified Opportunities

The identified opportunities involve the Corporation’s personnel, suppliers, and service providers.

The Corporation is continuously studying additional ways it can improve its procurement system and processes. These present an opportunity for the Corporation to find better suppliers and service providers which are aligned with the Corporation’s objectives. In improving its procurement processes, the Corporation may have potential savings or may be able to obtain better products or services.

4. Anti-Corruption

a. Training on Anti-Corruption Policies and Procedures

Disclosure	Quantity
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	*100%*
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	*(see note below)*
Percentage of directors and management that have received anti-corruption training	*(see note below)*
Percentage of employees that have received anti-corruption training	*(see note below)*

The Corporation has a zero-tolerance policy for Corruption and Bribery. It has put in place and implemented an Anti-Bribery and Anti-Corruption Policy which is integrated in both its Office Handbook and Code of Business Conduct and Ethics. Said policy is also publicly available in the Corporation's website. This policy is relayed to all employees and directors as part of their orientation. Although this is not an issue being experienced by the Corporation, CTS conducted a separate training on its Anti-Bribery and Anti-Corruption Policy in March 2023.

b. Incidents of Corruption

Disclosure	Quantity
Number of incidents in which directors were removed or disciplined for corruption	0
Number of incidents in which employees were dismissed or disciplined for corruption	0
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0

(1) <u>Impact (for both items (a) and (b)</u>

The actions of its people reflect on the Corporation. As such, it is the Corporation's responsibility to ensure that each person acts with integrity and is above reproach.

The Corporation is aware that the adequacy or inadequacy of its anti-corruption training will affect its own personnel, the regulators with whom it engages with, its suppliers and service providers, as well as its clients.

To address potential incidents of corruption, the Corporation has instituted an Anti-Bribery and Anti-Corruption policy to clarify and strengthen the Corporation's stance against these unethical practices. The policy puts in place the proper procedures for the handling of complaints of this nature. The procedures are flexible – in that complaints may be submitted by various means. It likewise empowers several offices to make the investigation to provide complainants with various avenues to seek redress of their grievances.

All Corporation personnel are required to review the Corporation's Anti-Bribery and Anti-Corruption policy incorporated in its Office Manual. These policies are discussed during the personnel's on-boarding with the Corporation and supported through the

Corporation's processes and procedures which reduce the possible instances of violation. The Corporation's Anti-Bribery and Anti-Corruption policy is supported by its Grievance and Whistleblowing mechanisms, which provides avenues for Corporation personnel to report any untoward incidents.

(2) Identified Risks (for both items (a) and (b)

No significant risks have been identified.

(3) Identified Opportunities (for both items (a) and (b)

There are always opportunities to strengthen the Corporation's adherence to its existing policies through the conduct of personnel and supplier training.

The Corporation is currently studying how to further strengthen and support its Anti-Bribery and Anti-Corruption Policy. Potential programs being reviewed include additional training for concerned personnel, and inclusion of anti-bribery and anti-corruption terms in all supplier and service contracts.

These identified opportunities affect the Corporation's personnel, suppliers and service providers, and regulators.

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C. ENVIRONMENT

1. Resource Management

a. Energy Consumption within the Organization

Disclosure	Quantity
Energy consumption (renewable sources)	*0*
Energy consumption (gasoline)	*0*
Energy consumption (LPG)	*0*
Energy consumption (diesel)	*0*
Energy consumption (electricity)	*31,921 kWh*

Given the nature of the Corporation's business, it does not utilize energy other than electricity. As for its electricity consumption, it sources its electricity from the local distribution utilities.

b. Reduction of Energy Consumption

Disclosure	Quantity
Energy reduction (renewable sources)	*0*
Energy reduction (gasoline)	*0*
Energy reduction (LPG)	*0*
Energy reduction (diesel)	*0*
Energy reduction (electricity)	*0*

Given the nature of the Corporation's business, it does not utilize energy other than electricity. As for its electricity consumption, the Corporation does not have sufficient data on hand regarding its electricity consumption on a year-on-year basis.

(1) <u>Impact</u>

The Corporation's energy consumption affects its personnel, suppliers, clients, and the community at large.

The Corporation consumes energy, in the form of electricity, to support its business operations. It obtains the electricity supply from the local distribution utility, and thus is dependent on such distribution utility on the source of such power supply (e.g. whether from renewable or non-renewable sources). Given that it is a financial services company, its use of the other forms of energy (such as from LPG, diesel, and gasoline), if any, is very insignificant.

As part of its efforts to help conserve energy, the Corporation tries to use energy efficient equipment. Employees are also reminded to be conscientious of their energy consumption.

(2) <u>Identified Risks and Opportunities</u>

No significant risks and/or opportunities have been identified with respect to this matter.

c. Water Consumption within the Organization

Disclosure	Quantity
Water withdrawal	-
Water consumption	*137 Cubic meters*
Water recycled and reused	-

(1) Impact

As the Corporation is in the financial services industry, it uses tap water mainly for cleaning and personal hygiene purposes of its personnel and clients.

Aware that the Corporation's water consumption affects its personnel and community at large, the Corporation promotes conscientious use of water through giving its personnel reminders and issuing guidelines on use of water.

(2) Identified Risks and Opportunities

No significant risks and/ or opportunities have been identified with respect to this matter.

d. Materials Used by the Organization

Disclosure	Quantity
Materials used by weight or volume	
• ***renewable***	*
• ***non-renewable***	*
Percentage of recycled input materials used to manufacture the organization's primary products and services	*

**These do not apply as the Corporation is not in the manufacturing business.*

(1) Impact

While the Corporation is not involved in manufacturing, and thus, concerns with respect to materials it uses does not rank high in its materiality assessment, the Corporation understands its responsibility to ensure that it does its part to protect the environment.

In 2023, the Corporation partnered with Haribon Foundation, a foundation that advocates for biodiversity through building constituencies, empowering communities, and applying multi-disciplinary approaches to support its objectives. Together with Haribon, the Corporation successfully conducted a coastal clean-up activity at the Las Pinas Paranaque Wetland Park in May 2023.

On an operational level, the Corporation refrains from using paper unless the same is necessary. Personnel are also discouraged from printing unnecessary items and without compromising data security, encouraged to recycle paper. For items that need to be printed for internal purposes, they are printed in newsprint rather than white paper.

The Corporation also has an on-going garbage segregation project where personnel are encouraged to segregate their garbage between renewable and non-renewable materials.

(2) Identified Risks

The Corporation has not identified any significant risks with respect to this matter.

(3) <u>Identified Opportunities</u>

There is an opportunity to deepen the participation of the Corporation's personnel in its environmental conservation efforts. Aside from increasing its recycling and garbage segregation efforts, the Corporation can also encourage its employees to attend and actively participate in the different environmentally themed activities and educational campaigns.

e. Ecosystem and Biodiversity (Upland / Watershed or Coastal / Marine)

Disclosure	**Quantity**
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	*None identified*
Habitats protected or restored	*None identified*
IUCN Red List species and national conservation list species with habitats in areas affected by operations	*None identified*

(1) <u>Impact</u>

All of the Corporation's leased offices are situated in business district areas. As none of these locations are in, or adjacent to, any protected areas, there are currently no identified impacts of the Corporation's operations on biodiversity and ecosystems.

(2) <u>Identified Risks and Opportunities</u>

As of the moment, there are no significant risks or opportunities identified with respect to the above matter.

2. Environmental Impact Management

a. Air Emissions

(1) <u>GHG</u>

Disclosures	**Quantity**
Direct (Scope 1) GHG Emissions	-
Energy indirect (Scope 2) GHG Emissions	-
Emissions of ozone-depleting substances (ODS)	-

(2) <u>Air Pollutants</u>

Disclosure	**Quantity**
NO_X	-
SO_X	-
Persistent organic pollutants (POPs)	-
Volatile organic compounds (VOCs)	-
Hazardous air pollutants (HAPs)	-
Particulate matter (PM)	-

(3) Impact for both (1) and (2)

As previously shown, the nature of the business of the Corporation does not result in as much direct material environmental impact as opposed to a business that is part of the manufacturing industry, for instance. As such, the Corporation's impact on greenhouse gas emissions is insignificant, and mainly results from courier services. However, there is currently no data available on the greenhouse gas emissions resulting from these activities.

Internally, the Corporation encourages employees to help in reducing greenhouse gas emissions by doing simple practices to conserve electricity and water. The Corporation also considers environmental impact in the design and maintenance of its facilities, such as the use of LED bulbs, among others.

Further, the nature of the Corporation's business does not lead to distinct or identifiable sources of emissions involving pollutants detrimental to public health or the environment.

(4) Identified Risks and Opportunities for both (1) and (2)

There are no significant risks or opportunities identified for the matters above.

b. Solid and Hazardous Wastes

(1) Solid Waste

Disclosure	Quantity
Total solid waste generated	-
Reusable	-
Recyclable	-
Composted	-
Incinerated	-
Residuals/Landfilled	-

(2) Hazardous Waste

Disclosure	Quantity
Total weight of hazardous waste generated	-
Total weight of hazardous waste transported	-

(3) Effluents

Disclosure	Quantity
Total volume of water discharges	-
Percent of wastewater recycled	-

(4) Impact for Solid and Hazardous Waste and Effluents

The Corporation's operations generate, for the most part, commercial waste consisting mostly of paper and plastic waste. No hazardous waste has been identified within the operations of the Corporation, as the term is defined by Republic Act No. 6969 (Toxic Substances and Hazardous Nuclear Waste Control Act of 1990). With respect to effluents, as previously mentioned, the Corporation uses tap water mainly for personal hygiene of its employees and clients. This water is sourced from the water utility provider in its building.

To help maintain the cleanliness of the premises, the Corporation provides trash bins within the office areas which are collected daily by the janitors of the building. Segregation into biodegradable, non-biodegradable and organic waste is also being observed.

(5) Identified Risks and Opportunities for all items

There are no significant risks or opportunities identified for the matters above.

c. Environmental Compliance

(1) Non-Compliance with Environmental Laws and Regulations

Disclosure	**Quantity**
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	*0*
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	*0*
No. of cases resolved through dispute resolution mechanism	*0*

(2) Impact

Given the nature of the Corporation's business, any changes in environmental laws or regulations would not affect it more significantly than how it would affect any other business. Such amendment of regulation or law may have an impact on the Corporation's personnel, clients, investors, and suppliers or service providers.

(3) Identified Risks and Opportunities for all items

There are no significant risks or opportunities identified for the matters above.

(This space is intentionally left blank.)

D. SOCIAL

1. Employee Management

a. Employee Hiring and Benefits

(1) Employee Data

Disclosure	Quantity
Total number of employees	*73*
a. Number of female employees	*23*
b. Number of male employees	*50*
Attrition rate	*5.7%**
Ratio of lowest paid employee against minimum wage	**-**

SEC Memorandum Circular No. 4, series of 2019 defines attrition rate as follows:

$$\frac{\text{(no. of new hires – no. of turnover)}}{\text{(average of total no. of employees of previous year and total no. of employees of current year)}}$$

We respectfully opine that using the formula above may not provide a true reflection of the employee turnover in the Corporation. In 2023, the Corporation expanded its headcount, hiring not just to fill roles left vacant by those who resigned but also to fill newly created positions. Due to the increase in headcount, using the formula, the Corporation's attrition rate becomes inflated at 10%. This number is not representative of the situation in 2023, as it gives the impression that 10% of the Corporation personnel resigned, when in fact what occurred instead was that Management decided to open 7 new positions.

Thus, for the purposes of this sustainability report, the Corporation adopted the formula for attrition rate used by most Human Resource practitioners, as follows:

$$\frac{\text{(no. of resignations)}}{\text{(average of total no. of employees of previous year and total no. of employees of current year)}}$$

For the calendar year ending on December 31, 2023, 4 employees resigned from the Corporation, against an average headcount of approximately 70.

All CTS full time employees are paid above the minimum wage.

(2) Employee Benefits

List of Benefits	Y/N	% Female Employee Availment	% Male Employee Availment
SSS	*Y*	*100.0%*	*100.0%*
PhilHealth	*Y*	*100.0%*	*100.0%*
Pag-IBIG	*Y*	*100.0%*	*100.0%*
Parental leaves	*Y*	*100.0%*	*100.0%*
Vacation leaves	*Y*	*100.0%*	*100.0%*

List of Benefits	Y/N	% Female Employee Availment	% Male Employee Availment
Sick leaves	*Y*	*100.0%*	*100.0%*
Medical benefits (aside from PhilHealth)	*Y*	*100.0%*	*100.0%*
Housing assistance (aside from Pag-IBIG)	*N*	-	-
Retirement fund (aside from SSS)	*Y*	-	-
Further education support	*Y*	-	-
Company stock options	*N*	-	-
Telecommuting	*N*	-	-
Flexible-working Hours	*Y*	*100.0%*	*100.0%*
Emergency Salary Loan	*Y*	*0%*	*2.0%*

SSS, Philhealth, and Pag-IBIG Benefits: The Corporation regularly remits the monthly contributions for SSS, Philhealth, and Pag-IBIG. The Corporation, through its Human Resources Department, processed the benefit applications of all employees who have applied for these benefits and have met the minimum conditions for availment. These benefits include maternity and sickness benefits for SSS, Philhealth deductions on medical expenses, SSS and Pag-IBIG loans, among others.

Parental, Vacation, and Sick Leaves: All employees who are qualified to avail of said leaves have been granted them. All employees are granted a certain number of sick and vacation leaves per calendar year, which amount of leaves would depend on the employee's rank and tenure with the Corporation.

Medical Benefits (aside from SSS): The Corporation gives a health card to all regular employees. Further, the Corporation sponsors the annual physical examination of its personnel. In light of the COVID-19 pandemic, this benefit was extended to all personnel, including probationary employees and even agency hires assigned to the Corporation.

Retirement Fund (aside from SSS): The Corporation has a retirement program which may be availed of by employees who have rendered at least five (5) years of service.

Further Education Support: The Corporation has a training and development program to support the training needs of its personnel.

Housing Assistance (aside from Pag-IBIG); Company Stock Options: The Corporation does not have a housing assistance program (other than Pag-IBIG). It also does not currently have an employee stock option program.

Flexible Working Hours and Telecommuting: As Corporation employees need to be accessible during the hours that trading in the Philippine Stock Exchange are open, the Corporation cannot adopt flexible working hours for all positions. However, some employees, depending on their rank and role, have been granted flexible or semi-flexible working hours.

In 2023, due to the lifting of health protocols due to COVID-19, the Corporation adopted the hybrid work set-up wherein employees are asked to report to work in the office premises on certain days of the week.

Emergency Salary Loan: The Corporation grants an emergency salary loan to all regular employees. The loanable amount as well as repayment terms depend on several factors including, among others, tenure and purpose for the loan.

(3) Impact

CTS aims to provide a conducive and rewarding work environment for its employees. The Corporation values the contribution of each and every employee and has crafted its human resources policies with the aim of attracting and retaining key talent in the organization. These policies are constantly being reviewed in line with the changing circumstances as well as the changing needs of the Corporation's employees over time.

To attract and retain its talents, the Corporation has adopted, among others, the following human resources benefits and programs:

i. Competitive salary which is regularly benchmarked against market rates;
ii. Annual performance review to determine salary adjustments and promotions;
iii. Annual review of job functions and needed skills and training to ensure career growth;
iv. At least 24 annual leave credits, which may be increased to up to 30 annual leave credits, depending on tenure;
v. HMO health benefits;
vi. Group life insurance;
vii. Meal and transportation allowances;
viii. Emergency salary loans;
ix. Employee training / study grant;
x. Maternity benefit;
xi. Service Awards; and
xii. Retirement and separation pay.

(4) Identified Risks

A critical risk is employee disengagement. A disengaged employee will only do the minimum, which performance will affect the overall performance of the Corporation.

Another risk is the resignation or separation of employees who then shift to either direct competitors or other companies within the same industry.

The Corporation shares its vision of uplifting world-class Filipino talent into the global trading arena to its personnel. CTS believes that it is important that its employees share in its vision in order to understand the direction and the overall focus of the Corporation.

To address engagement and foster a spirit of community within CTS, the Corporation hosts various employee related events including teambuilding, a year-end party, a yearly kick-off party and a mid-year town hall, to name a few.

The Corporation's leaders also practice an "open door" policy which allows personnel to approach them directly in case of any concerns. The Corporation also has a grievance mechanism and has implemented a whistleblowing policy that provides additional avenues for personnel to forward their grievances.

(5) Identified Opportunities

There are many new developments in human resources that provide the Corporation with opportunities to deepen employee engagement and drive employment retention. Further, each interaction with the employee also provides the Corporation with an opportunity of understanding their needs and seeing how CTS can properly address them.

The Corporation studies each trend in human resources against the needs of the employees to see how the former can address the latter. The Corporation does this by sending its human resources team for continuous learning and through its memberships in HR organizations. The Corporation also encourages employees to make suggestions and explores these ideas to see if they can be applied.

b. Employee Training and Development

Disclosure	Quantity
Total training hours provided to employees	-
a. Female employees	-
b. Male employees	-
Average training hours provided to employees	-
a. Female employees	-
b. Male employees	-

The above information is not available. While the Corporation has a list of employees who underwent training programs in 2023, it does not have on file the total number of hours of training of each employee.

For 2023, select personnel of the Corporation attended the following seminars:

Training	***In-house / External Trainer***	***Department Concerned***
January		
SSS In-Depth Online Seminar	*External*	*HR Department*
February		
Wellness Wednesday: Intellicare Benefit Orientation	*External*	*All Departments*
Wellness Wednesday: Cook at Home: Easy and Healthy Meal Recipes	*External*	*All Departments*
2023 Anti- Bribery and Corruption Policy Seminar	*In-house*	*All Departments*
March		
HR Forum (Leading & Transforming HR)	*External*	*HR Department*
Wellness Wednesday: Basic Mobile Phone Editing	*External*	*All Departments*
Smoking Cessation Webinar	*External*	*All Departments*
August		
ITIL 4 Foundation Workshop	*External*	*I.T Department*
October		
Standard First Aid and BLS Training	*External*	*HR Department*
Wellness Wednesday: Beauty Inside Out	*External*	*All Departments*
2023 Trading Participants' Seminar	*External*	*Compliance*
November		
Advanced Corporate Governance Training	*External*	*Directors and Officers*
December		
A Revisit Of Most Frequently Encountered Issues On Expanded Withholding Tax Compliance	*External*	*Accounting Department*
Risk Management in the Post-Covid Age	*External*	*Accounting*

Training	***In-house / External Trainer***	***Department Concerned***
		Department
Tax Updates and Year-end Tax Compliance Issues	*External*	*Accounting Department*
Privacy Policy	*In-house*	*All Departments*
AML Seminar (Money Laundering in the Capital Markets)	*In-house*	*All Departments*

(1) <u>Impact</u>

The continued improvement and learning of the Corporation's personnel directly impacts the organization. The Corporation further believes in the capabilities of each individual member of the organization, and thus seeks different methods to help them reach their full potential.

On an annual basis, during the performance evaluation, Corporation managers provide recommendations on how their team members may continue their professional development. These may be in the form of learning a new set of skills, attending a training program, or exposure to a different facet of the job to help them have a more meaningful understanding of their role in the Corporation. These trainings are Corporation sponsored and all concerned employees are highly encouraged to attend.

The Corporation also encourages the employees to join outside organizations related to their tasks to help deepen their networks and expose them to the best practices of other companies.

The Corporation also allows its employees to take long leaves (sabbaticals) to give them an opportunity to pursue further studies. As long as allowed by the individual's role, the Corporation is also amenable to adjusting the work schedule of employees who are taking additional studies to fit their school schedule.

Employee training may also involve topics for personal development, such as leadership training and strengths training.

Aside from the above, the Corporation culture also encourages employees to approach their managers, department heads, or the human resources department if they have any suggestions, including possible topics for further study.

(2) <u>Identified Risks</u>

Each learning and development training or activity is an investment in the employee, requiring resources on the part of the Corporation. There is a risk that the employee leaves the Corporation after completion of their training, bringing their upgraded skills to a competitor or other organization.

However, for the Corporation to move to the next level and meet new challenges, it cannot stop from and must continue to invest in the learning, training, and development of its personnel. The risk of employee resignation, after investment on their training, may be mitigated as follows:

i. For training requiring a substantial investment on the part of the Corporation, the employee is required to sign a training bond;

ii. The Corporation employs a selection mechanism to determine who will receive training which includes the consideration of, among others, the following factors: tenure and employee performance; and
iii. Employment of employee retention / employee engagement strategies as listed previously.

(3) Identified Opportunities

Technology is breaking barriers in terms of accessibility – programs that used to be only available overseas may be accessed remotely, some courses by renowned institutions are available online, and what used to be classroom only type lectures may now be translated to an online platform. All of these present opportunities to the Corporation and give it and its employees more options in finding the training most suited to them.

The Corporation's human resources department is continually exploring which learning methodologies, courses, platforms, etc. fit the needs and profile of the employees.

c. Labor Management Relations

Disclosure	Quantity
% of employees covered with Collective Bargaining Agreements	*0*
Number of consultations conducted with employees concerning employee-related policies	-

The Corporation does not have formal data on this. However, prior to implementation of any policy, consultations are done with employee representatives of different departments to obtain their views on the proposed policy.

(1) Impact

The Corporation believes that its people are its most valuable resource. Any issue that directly affects the Corporation's personnel will have an impact on the organization. Likewise, most Corporation decisions will impact its employees, directly or indirectly.

As part of its mission to provide a conducive and rewarding work environment to all personnel, the Corporation strives to provide employees with compensation, benefits, and a work environment that are at least at par with, or better, than what is required by labor laws and best practices of other corporations.

Given the relatively small size of the Corporation, the employees are not unionized. Thus, to ensure transparency and open dialogue with the employees, the Corporation seeks many ways to engage them. These include the imposition of an "open door" policy for all officers, the hosting of events such as town hall meetings where employees may openly ask their questions to management, the seeking of employee feedback and employee representatives in certain human resources initiatives.

(2) Identified Risks and Opportunities

The Corporation has not identified any significant risks and/or opportunities with regards to this matter.

d. Diversity and Equal Opportunity

Disclosure	**Quantity**
% of female workers in the workforce	*31.5%*
% of male workers in the workforce	*68.5%*
Number of employees from indigenous communities and/or vulnerable sector	**-**

While the Corporation employs persons from the vulnerable sector, it does not monitor the headcount from such sectors. The term "vulnerable sector" includes elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

(1) Impact

CTS strives to create a workplace that is reflective of the communities it serves. While it recognizes that there is still work to be done, the Corporation is committed to increasing gender diversity at all levels of the organization. As of December 31, 2023, women make up approximately 32% of the total workforce, and 18% of the Corporation's Board of Directors.

Preliminarily, it bears stressing that the Corporation employs a merit-based approach in hiring and employee movements (e.g. promotions). While there are certain departments that are predominantly male or female, this was not a result of a deliberate preference by the Corporation of one gender over another. An applicant or employee is evaluated only against factors that affect their job performance, ignoring aspects which have no bearing on them such as their gender, age, race, religion, or social status.

The Corporation has developed programs catered to women – such as the company maternity benefit policy. However, Department Heads are also given some degree of flexibility in defining some of their programs to suit their employees.

(2) Identified Risks

There is a risk that the needs of the minority may be ignored or not given the proper priority. The Human Resources Department must continually exert efforts to interact with all employees and keep updated on on-going issues, to avoid becoming tone-deaf and inadvertently exclude the needs of a minority group.

The Corporation encourages accessibility of all officers and the Human Resources Department. Further, prior to implementation of policies, the Corporation seeks the opinion of its personnel, and tries to ensure that all interests and groups are represented.

(3) Identified Opportunities

There is an opportunity in understanding what makes each member of the organization unique. Diversity should not be understood only in the limited male-female dichotomy. Rather, there is a need for the Corporation to look at diversity in terms of age, sexual orientation, religion, experiences, roles, and skill sets, among others.

The Corporation engages in constant dialogue between the human resources team, Management, and the personnel to understand what makes each individual unique, what binds all of them together, and how the Corporation may best address their needs.

e. Occupational Health and Safety

Disclosure	Quantity
Safe Man-Hours	-
No. of work-related injuries	*0*
No. of work-related fatalities	*0*
No. of work-related ill-health	*0*
No. of safety drills	-

(1) Impact

Given the nature of the Corporation's business as a financial institution, work-related hazards are limited to occasional accidents, such as slipping, falling, or contact with sharp objects, as well as those that affect the community as a whole.

The Corporation has tasked its Admin department, together with select personnel who are Occupational Safety and Health (OSH) certified to ensure that the work premises are safe for its personnel, clients, and guests. Work areas are routinely checked and items deemed to be hazardous or with a potential to cause injury are immediately remedied.

The Corporation likewise is in close coordination with the building administration office to ensure that any building-related issues affecting the health and safety of the personnel are immediately raised and addressed.

As part of its benefits, the Corporation sponsors the health card of its employees. With the help of its HMO provider, the Corporation regularly reviews the common illnesses, if any, of its employees, and finds solutions to address them. On an annual basis, the Corporation also sponsors the annual physical exam of all personnel to ensure their continued health and safety. Prior to reporting for their first day in the office, new employees are required to complete a pre-employment examination and receive cleared results. Those who are not cleared by the doctor are given additional time to address their medical issues before joining the Corporation.

(2) Identified Risks

The Corporation manages all applicable risks using the approaches mentioned above.

In addition to the risks that have been discussed above, the onset of the COVID-19 pandemic is an unprecedented black swan event. The health crisis has affected the Corporation as a lockdown was implemented and public transportation was curtailed.

With respect to the situation caused by the COVID-19 pandemic, the Corporation instituted its business continuity protocols which allowed most employees to work remotely, and the implementation of a skeletal staff and rotational staff system. The Corporation also complied with the recommended protocols of the Department of Health and the World Health Organization, such as the more frequent disinfection and sanitation of its office spaces, conduct of temperature checks, and making alcohols, vitamins, face masks, and face shields available for its employees. Additional prevention and control measures were also established such as (a) installation acrylic barriers at workstations where face-to-face transactions take place; (b) installation of stanchion post to control entrance/exit at the main door; (c) an alternate seating arrangement; (d) posting of personal hygiene and etiquette signages; (e) provision of alcohol dispensers and footbath; and (f) provision of air purifiers for the employees.

(3) <u>Identified Opportunities</u>

Each crisis provides the Corporation with an opportunity of discovering new and improved ways to deliver services to its clients and look after the safety and welfare of its personnel.

The Corporation is always open and seeks to remain flexible in order to explore new alternatives and solutions.

f. Labor Laws and Human Rights

Disclosure	**Quantity**
No. of legal actions or employee grievances involving forced or child labor	*0*

Topic	**Company Policy**
Forced labor	*The Corporation complies with all applicable laws, including the Philippine Constitution and labor laws, which prohibit forced labor.*
Child labor	*The Corporation only hires applicants who are of legal age, or at least 18 years old.*
Human Rights	*The Corporation complies with all applicable laws, including the Philippine Constitution and labor laws, which protect human rights.*

(1) <u>Impact</u>

Any violation of labor laws or human rights against the Corporation's personnel directly impacts its people.

The Corporation believes that its people are its greatest resource. As such, apart from ensuring compliance with the requirements of all applicable laws and regulations, the Corporation, as much as possible, tries to adopt the best practices in other organizations. Further, the Corporation ensures that there are open lines of communication between its personnel and management, to ensure that the personnel's critical needs are addressed.

(2) <u>Identified Risks</u>

Being in the financial services industry, there are instances when Corporation personnel are ill-treated by clients or other third parties.

As much as possible, the Corporation tries to find a win-win solution for any incident. However, this is never at the expense of the rights of its personnel. Clients are informed in advance that Corporation personnel must be treated with courtesy and respect, and that unprofessional behavior will not be tolerated. Any such behavior will give rise to the Corporation's right to terminate the engagement. Further, the Corporation ensures that there are security guards posted at or near its offices, to protect its employees.

(3) Identified Opportunities

New solutions to emerging or existing issues are constantly being developed which the Corporation can learn from.

The Corporation reviews these potential solutions vis-à-vis the factual circumstances of the Corporation and its personnel. Depending on the urgency of the situation, applicable solutions may be adopted on a staggered basis.

2. Supply Chain Management

While there is no formal written policy on supplier accreditation, the Corporation requires new vendors/suppliers to complete a Vendor Information Sheet and to submit the same together with supporting documents which includes, among others:

i. Company Profile
ii. List of Product Lines/Services
iii. List of Completed Projects
iv. Business Permit
v. SEC/DTI Registration
vi. Audited Financial Statement
vii. Latest General Information Sheet
viii. BIR Registration Form 2303
ix. VAT Exemption Certificate
x. Certificate of Appointment (if exclusive distributor)
xi. Sample Official Receipt/Sales Invoice/Collection Receipt
xii. Secretary's Certificate/Special Power of Attorney (Authorized representative and signatory)

The Corporation then conducts a background check of the prospective vendor based on their trade references. In conducting its background check, it considers a variety of factors which include sustainability topics such as environmental performance, forced labor, child labor, human rights, and bribery and corruption, among others.

(1) Impact

The Corporation highly values integrity and its reputation may be affected by its partnerships with various persons, including its vendors and service providers. Thus, the reputation of the prospective supplier or service provider forms part of the criteria to be considered prior to entering into any agreement. Any adverse news on the above topics will cause the Corporation to reconsider its relationship with said supplier or service provider.

(2) Identified Risks and Opportunities

The Corporation has not identified any substantial risks and/or opportunities with respect to the above matters.

3. Relationship with Community

a. Significant Impacts on Local Community

(1) Impact

CTS believes in establishing the Philippines as the lead proprietary trading hub in the world. Because of this, the Corporation has chosen to focus its efforts on educating more Filipinos on the merits of financial literacy and investor education. To this end, CTS holds an internship program that educates the youth in global trading standards. CTS also regularly partners with public and private companies and organizations, as well as schools and student organizations, to further its advocacy and reach.

(2) Identified Risks and Opportunities

There are no significant risks and/or opportunities identified with respect to this matter.

4. Customer Management

a. Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer Satisfaction	-	-

(1) Impact

The Corporation has yet to implement a formal customer satisfaction survey. Given its limited client size, the Corporation has chosen to use a more personalized / one-on-one approach in getting customer feedback.

(2) Identified Risks and Opportunities

The Corporation has not identified any material risks and/or opportunities with respect to the above.

b. Health and Safety

Disclosure	Quantity
No. of substantiated complaints on product or service health and safety	*0*
No. of complaints addressed	*0*

Given the nature of the Corporation's business, substantiated customer complaints, if any, do not involve health and safety issues. Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

(1) <u>Impact</u>

As the Corporation is a broker / dealer of securities, its services do not have any impact on the physical health and safety of its clients.

(2) <u>Identified Risks and Opportunities</u>

The Corporation has not identified any material risks and/or opportunities with respect to the above.

c. Marketing and Labelling

Disclosure	**Quantity**
No. of substantiated complaints on marketing and labelling	*0*
No. of complaints addressed	*0*

Given the nature of the Corporation's business, substantiated customer complaints, if any, do not involve marketing and labelling issues. Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

(1) <u>Impact</u>

The Corporation does not actively advertise itself or its products.

(2) <u>Identified Risks and Opportunities</u>

The Corporation has not identified any material risks and/or opportunities with respect to the above.

d. Customer Privacy

Disclosure	**Quantity**
No. of substantiated complaints on customer privacy	*0*
No. of complaints addressed	*0*
No. of customers, users and account holders whose information is used for secondary purposes	*0*

The Corporation did not receive any substantiated complaints on customer privacy for the calendar year ending 31 December 2023. Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

(1) <u>Impact</u>

The Corporation values the privacy of its customers. Unless otherwise required by applicable law or regulations, or necessary to process customer transactions, the Corporation does not disclose any customer data. Further, in case disclosures are needed, only the required minimum information is disclosed.

The Corporation has published its privacy policy in the website. In case the basis of processing is consent, the customer may choose to withdraw such consent or unsubscribe from such email blasts. The Corporation also regularly reviews its account opening documentation and other customer forms to minimize, as much as is reasonably and legally possible, the customer data being collected.

In case customers have a concern with respect to their data, they may contact the Corporation through any of CTS's official customer channels. Said client may also directly contact the Corporation's Data Protection Officer at dpo@ctsglobalgroup.com.

(2) <u>Identified Risks</u>

A privacy incident may lead to the disclosure of customer information.

To manage this risk, the Corporation has imposed policies to protect customer privacy. These include, among others, the following:

i. having a regular training on data privacy to all personnel;
ii. identifying persons in charge of data from each department;
iii. imposing levels of access that would limit access to customer data to what is needed by a particular personnel's role;
iv. incorporating a review process for requests of customer data; and
v. cybersecurity and other IT measures as will be discussed in the succeeding portion of this report.

(3) <u>Identified Opportunities</u>

There are a variety of training as well as security protocols that are being developed. The Corporation can take advantage of these trainings and products to further enhance its customer privacy protocols.

e. Data Security

Disclosure	**Quantity**
No. of data breaches, including leaks, thefts and losses of data	*0*

(1) <u>Impact</u>

The Corporation needs to collect and process personal data in the pursuit of its services. The Corporation must ensure security and integrity of such data to maintain the trust of its clients.

The Corporation prioritizes the security and integrity of its online systems. The Corporation has established its security operations center (SOC) that responds to all potential security issues and threats.

The Corporation has assigned a data protection officer and a compliance officer for privacy to ensure protection of the data subjects. Under the Data Privacy Act, the Corporation is mandated to comply with the Five Pillars of Compliance, namely, (a) appointment of data protection officer; (b) conduct of on-going privacy impact assessments; (c) implementation of a privacy management program; (d) establishing data privacy and security measures; and (e) exercise of data breach protocols.

(2) Identified Risks

Any data breach or security incident may result in disruption of Corporation operations, the loss of data, or compromise the integrity of data. In case of such event, some clients may choose to no longer transact with CTS.

To ensure data and IT security, the Corporation, among others:

i. Ensures all employees are trained on relevant data privacy policies;
ii. Ensures relevant IT employees receive the appropriate advance training to help them address any changes in IT security; and
iii. Ensures that it is kept up to date on all trends and developments in IT and data security through its partnerships with its external providers and data privacy organizations.

(3) Identified Opportunities

The Corporation finds new and more innovative ways to keep its data secure.

Aside from keeping abreast of the fast-changing technology involving data security, the Corporation has also taken advantage of the available training for its personnel.

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E. UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

1. Product or Service Contribution to UN SGDs

Topic	Remarks
Key Products and Services	Broker Dealer in Securities / Proprietary Trading
Societal Value/ Contribution to UN SDGs	Goal 1: End poverty in all its forms everywhere Goal 10. Reduce inequality within and among countries The Corporation's internship program, global trader training, and upcoming client advisory business gives its clients and stakeholders the opportunity to participate in the global capital markets.
Potential Negative Impact of Contribution	The stock market does not have a guaranteed return, thus stakeholders risk losing some of their capital.
Management Approach to Negative Impact	The Corporation has built a robust risk-management system, as well as structured the on-boarding of their traders, to help guide its people in their trading journey. It also aims to educate the youth of the country by conducting an annual internship program, giving its participants access to a cumulative experience of more than a hundred years in the equity market.