

COVER SHEET

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S.E.C. Registration Number

C T S G L O B A L E Q U I T Y G R O U P , I N C .

(Company's Full Name)

2 7 / F E A S T T O W E R T E K T I T E T O W E R S
 E X C H A N G E R O A D O R T I G A S C E N T E R
 P A S I G C I T Y

(Business Address: No. Street City/Town/Province)

Atty. Sharon T. Lim

Contact Person

(02) 8635-5735

Company Telephone Number

1 2 3 1
 Month Day
 Fiscal Year

SEC Form 20-IS
Definitive Information Statement

FORM TYPE

0 5 1 0
 Month Day
 Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Number of Stockholders

Total Amount of Borrowings

Domestic

none

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

CTS GLOBAL EQUITY GROUP, INC.
27/F East Tower, Tektite Towers (formerly PSE Centre)
Exchange Road, Ortigas Center
Pasig City Philippines

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

Notice is hereby given that the Annual Stockholders' Meeting of CTS Global Equity Group, Inc. ("CTS", the "Corporation", or the "Company"), will be conducted virtually on **10 May 2024, Friday**, at 2:00 P.M. through <https://shareholders.ctsglobalgroup.com>.

The Agenda of the Meeting is as follows:

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the Previous Meeting of Stockholders
4. Presentation of President's Report
5. Ratification of all Acts and Proceedings of the Board of Directors and Management
6. Approval of the 2023 Audited Financial Statements
7. Election of the Board of Directors
8. Approval of the Extension of Term of Independent Director, Mr. Martin T. Lee
9. Appointment of External Auditors
10. Other Matters
11. Adjournment

Only stockholders of record at the close of business on 11 April 2024 are entitled to notice of, and to vote at, said meeting and any adjournment thereof. As per the Amended By-Laws, the Stock and Transfer Books of the Corporation will be closed from 11 April 2024 to 10 May 2024.

The stockholders may only attend the meeting by remote communication. The meeting will be streamed live, and stockholders who wish to attend the meeting must register at <https://shareholders.ctsglobalgroup.com> on or before 26 April 2024. Registration shall be subject to validation procedures.

Stockholders who wish to cast their votes may vote electronically in absentia using the same platform or through proxy by appointing the Chairman of the meeting.

Stockholders may also send their duly accomplished proxies on or before the close of business hours on 26 April 2024 through email at corporatesecretary@ctsglobalgroup.com.

The procedures for attendance and voting during the 2024 ASM are set forth in the Information Statement.

The Corporation shall avail of the alternative mode for distributing and providing copies of the notice of meeting, information statement, and other documents in connection with the Annual Stockholders' Meeting as detailed in the Notice of the Securities and Exchange Commission dated 23 February 2024.¹ In particular, the Corporation shall publish the Notice of the Meeting in the business section of two (2) newspapers of general circulation, both in print and online format, for two (2) consecutive days; provided that the last publication date shall be no later than twenty-one (21) days prior to 10 May 2024. In addition, an electronic copy of the Information Statement, Management Report, and other pertinent

¹ With the subject "Alternative Mode for Distributing and Providing Copies of the Notice of Meeting, Information Statement, and Other Documents in connection with the Holding of Annual Stockholders' Meeting ("ASM") for 2024"

documents will be made available through the Corporation's website (<https://www.ctsglobalgroup.com/>) and through the PSE Edge Portal (<https://edge.pse.com.ph>).



SHARON T. LIM
Corporate Secretary

PROXY

The undersigned stockholder of CTS GLOBAL EQUITY GROUP, INC. (the “Corporation”) hereby appoints the Chairman of the meeting as attorney and proxy, with power of substitution, to represent and vote all shares registered in my name as my proxy, at the Annual Meeting of Stockholders of the Corporation on May 10, 2024, and at any adjournments thereof for the purpose of acting on the following matters:

Item	Vote		
1. Approval of the Minutes of the Previous Meeting	<input type="radio"/> Yes	<input type="radio"/> No	<input type="radio"/> Abstain
2. Ratification of all Acts and Proceedings of the Board of Directors and Management	<input type="radio"/> Yes	<input type="radio"/> No	<input type="radio"/> Abstain
3. Approval of the 2023 Audited Financial Statements	<input type="radio"/> Yes	<input type="radio"/> No	<input type="radio"/> Abstain
4. Election of Directors			
<input type="radio"/> Distribute my votes equally among the candidates			
<input type="radio"/> Cumulate my votes (indicate no. of votes)*			

**Your maximum no. of votes is equivalent to your shares x 11, e.g. 100 shares x 11= 1,100 votes. You can distribute your votes equally among the candidates or cumulate your votes (give all your votes to one or several candidates in any manner, provided that your total number of votes does not exceed your maximum no. of votes.) Fractional votes are not allowed.*

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

5. Approval of the Extension of Term of Independent Director, Mr. Martin T. Lee	<input type="radio"/> Yes	<input type="radio"/> No	<input type="radio"/> Abstain
6. Appointment of Reyes Tacandong & Co. as the external auditor of the Corporation	<input type="radio"/> Yes	<input type="radio"/> No	<input type="radio"/> Abstain
7. At his discretion, the proxy is authorized to vote upon such other matters as may come before the meeting	<input type="radio"/> Yes	<input type="radio"/> No	<input type="radio"/> Abstain

This proxy supersedes any previous proxies executed by the undersigned and shall continue to be in effect until withdrawn by notice delivered to the Secretary of the Corporation, but shall not apply in instances wherein the undersigned personally attends the meeting.

Signature above Printed Name of Stockholder

Total No. of Shares Owned

Date

THIS PROXY MUST BE RECEIVED BY THE OFFICE OF THE CORPORATE SECRETARY THROUGH EMAIL AT CORPORATESECRETARY@CTSGLOBALGROUP.COM ON OR BEFORE APRIL 26, 2024 (FRIDAY). FOR CORPORATE STOCKHOLDERS, PLEASE ATTACH A COPY OF THE SECRETARY'S CERTIFICATE ON THE AUTHORITY OF THE SIGNATORY TO APPOINT THE PROXY AND SIGN THIS FORM.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED 'FOR' THE ELECTION OF ALL NOMINEES AND FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT AND/OR AS RECOMMENDED BY MANAGEMENT OR THE BOARD OF DIRECTORS.

A STOCKHOLDER GIVING PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED.

NOTARIZATION OF THIS PROXY IS NOT REQUIRED.

THIS PROXY IS NOT A SOLICITATION OR A REQUEST FOR A PROXY BY THE CORPORATION. LIKEWISE, TO THE BEST OF THE KNOWLEDGE OF THE CORPORATION, NO OTHER PERSON HAS MADE A SOLICITATION FOR A PROXY. THE CORPORATION HAS NOT BEEN INFORMED BY ANY OF ITS DIRECTORS OF ANY INTENT BY THE LATTER TO OPPOSE ANY ACTION INTENDED TO BE TAKEN BY THE CORPORATION.

SINCE NO SOLICITATION IS BEING MADE, THERE IS NO CONTRACT OR ARRANGEMENT, OR COSTS OR ANTICIPATED COSTS TO BE DISCLOSED.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
 Preliminary Information Statement
 Definitive Information Statement
2. Name of Registrant as specified in its charter: **CTS Global Equity Group, Inc.**
3. **Metro Manila, Philippines**
Province, country or other jurisdiction of incorporation or organization
4. SEC Identification Number: **63824**
5. BIR Tax Identification Code: **322-268-000**
6. **27/F East Tower, Tektite Towers (formerly PSE Centre), Exchange Road, Ortigas Center,**
Pasig City **1605**
Address of principal office Postal Code
7. Registrant's telephone number, including area code: **(632) 8635-5735**
8. Date, time and place of the meeting of security holders:

<u>Date</u>	:	<u>10 May 2024</u>
<u>Time</u>	:	<u>2:00 PM</u>
<u>Place</u>	:	<u>https://shareholders.ctsglobalgroup.com</u> <u><i>(shareholders may only attend by remote communication</i></u> <u><i>subject to pre-registration procedures)</i></u>
9. Approximate date on which the Information Statement is first to be sent or given to security holders: **18 April 2024**
10. In case of Proxy Solicitations:
Name of Person Filing the Statement/Solicitor: **Not Applicable**
Address and Telephone No.: **Not Applicable**
11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding as of 31 March 2024
<u>Common</u>	<u>6,875,000,000</u>
12. Are any or all of registrant's securities listed in a Stock Exchange? Yes No
Name of Exchange: **Philippine Stock Exchange**
Class : **Common shares**

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. DATE, TIME, AND PLACE OF MEETING OF SECURITY HOLDERS

- (a) Date: 10 May 2024
Time: 2:00 p.m.
Place: <https://shareholders.ctsglobalgroup.com>
(shareholders may only attend by remote communication subject to pre-registration procedures)
- (b) Approximate date on which copies of the information statement are first to be sent or given to security holders: 18 April 2024

**WE ARE NOT ASKING YOU FOR A PROXY AND
YOU ARE NOT REQUESTED TO SEND US A PROXY**

Item 2. DISSENTERS' RIGHT OF APPRAISAL

Section 80, Title X of the Revised Corporation Code provides that a stockholder may exercise their right of appraisal in any of the following instances: (a) in case an amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; (b) in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets; (c) in case of merger or consolidation; and (d) in case of investment of corporate funds for any purpose other than the primary purpose of the corporation. Section 81, Title X of the Revised Corporation Code further states that only a dissenting stockholder who voted against the proposed corporate action may exercise the right of appraisal.

CTS Global Equity Group, Inc. ("CTS", the "Corporation, or the "Company") adopts the procedures laid out in Title X of the Revised Corporation Code for a valid exercise of appraisal right.

Item 3. INTEREST OF CERTAIN PERSONS IN OR OPPOSITION TO MATTERS TO BE ACTED UPON

- (a) No current director or officer of CTS, or nominee for election as director of the Corporation or any associate thereof, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon other than election to office.
- (b) The Corporation has not received any information in writing from any person who intends to oppose any action to be taken at the Annual Stockholders' Meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

- (a) **Class of Voting Securities** : Common shares
- Number of Shares Outstanding as of 31 March 2024** : 6,875,000,000
- Number of votes entitled** : One (1) vote per share

The Corporation's Amended By-Laws provide that one share entitles the holder thereof to one vote, except in the election of the members of the Board where any stockholder can cumulate their votes.

(b) **Record Date**

Stockholders of record as of **11 April 2024** ("Record Date") are entitled to notice and to vote at the Corporation's Annual Stockholders' Meeting.

(c) **Manner of Voting**

A stockholder entitled to vote at a meeting has the right to vote in person or by proxy. With respect to the election of directors, in accordance with Section 23 of the Revised Corporation Code, a stockholder with the number of shares held in their name in the Corporation's stock books as of the Record Date may vote such number of shares for as many persons as there are directors to be elected or they may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of their shares, or they may distribute them on the same principle among as many candidates as they shall see fit: Provided, that the total number of votes cast by them shall not exceed the number of shares owned by them as shown in the books of the Corporation multiplied by the total number of directors to be elected; Provided, however, that no delinquent stocks shall be voted.

A stockholder may vote electronically in absentia using the web address <https://shareholders.ctsglobalgroup.com>. A stockholder voting electronically in absentia shall be deemed present for the purposes of quorum. Please refer to Annex "G" for information on electronic voting in absentia.

(This space is intentionally left blank.)

(d) **Security Ownership of Record and Beneficial Owners of more than 5% of the Corporation's voting securities as of 29 February 2024 are as follows:**

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	4,289,017,040 (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.² 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.

² 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

(e) **Changes in Control**

There were no persons holding more than five percent (5%) of a class of shares under a voting trust or similar agreement.

The Corporation is not aware of any voting trust agreement or any other similar agreement, which may result in a change of control in the Corporation. No change in control of the Corporation has occurred since the beginning of its last fiscal year.

Item 5. DIRECTORS AND EXECUTIVE OFFICERS

(a) The Board of Directors/Nominees for Election at the Annual Stockholders' Meeting

i. Directors and Executive Officers

Pursuant to the Corporation's Amended By-Laws, the Directors are elected at the Annual Stockholders' Meeting by stockholders entitled to vote. Each Director holds office until the next annual election when their successor is duly elected, unless they resign, die, or are removed prior to such election.

The record of attendance of the directors at the meetings of the Board of Directors, its committees, and stockholders' meetings held in 2023 is as follows:

Name	No. of Meetings Attended/Held³	Percent Present
Lee, Edward K.	10/10	100%
Yu, Alexander C.	10/10	100%
Lim, Hernan G.	11/12*	91.67%
Yu, Raymond C.	11/12*	91.67%
Ong, Catherine L.	10/10	100%
Lee, Lawrence C.	10/10	100%
Lee, Edmund C.	10/10	100%
Yu, Michelle Angeline N.	10/10	100%
Lee, Martin T.	10/10	100%
Samson, Emmanuel L.	12/12*	100%
Felbaum, Donald R.	10/10	100%

**Chairman and members of the Audit Committee*

The Board underwent an assessment process whereby each director completed an evaluation questionnaire intended to provide insights on the performance of the Board, its Committees, the Chairman, and the directors. This review and assessment show how the Board as a body, the Board committees, the individual directors, and the Chairman are able to perform their responsibilities effectively as well as provide a means to assess a director's attendance at board and committee meetings, participation in boardroom discussions and manner of voting on material issues. For 2023, the assessment forms were prepared and reviewed by the Office of the Corporate Secretary to elicit relevant and valuable insights. However, the Corporation intends to have the assessment process supported by an external facilitator every three years. The evaluation reviewed relevant metrics such as the composition and competency of the Chairman and the Board, the Board's ability to understand and execute strategies that are aligned with the values, mission, vision, and objectives of the Corporation, and its ability to review the adequacy and effectiveness of the Corporation's risk management and internal control systems.

The overall rating results are indicated below. Said ratings are based on a 5-point scale, with 5 as the highest rating:

Board of Directors	Self-Assessment	Chairman	Committees
4.82	4.79	4.93	4.74

The aggregated results are presented to the Board during a meeting following the end of the assessment process.

³ In 2023 and during the incumbency of the director.

The nominees for election to the Board of Directors are the following:

1. Edward K. Lee
2. Alexander C. Yu
3. Hernan G. Lim
4. Raymond C. Yu
5. Lawrence C. Lee
6. Catherine L. Ong
7. Edmund C. Lee
8. Michelle Angeline N. Yu
9. Martin T. Lee
10. Donald R. Felbaum
11. Emmanuel L. Samson

A summary of the qualifications of the incumbent directors, nominees for directors for election at the annual stockholders' meeting and incumbent officers is attached as **Annex "A"**. The certification on whether any of the directors works in government is attached as **Annex "B"**.

ii. Independent Directors

The nominees for election as Independent Directors of the Board of Directors are as follows:

Nominees for Independent Director (a)	Person/Group recommending nomination (b)	Relation of (a) and (b)
Martin T. Lee*	Lawrence C. Lee	None
Donald R. Felbaum**	Lawrence C. Lee	None
Emmanuel L. Samson**	Lawrence C. Lee	None

**first appointed in 2012*

***first appointed in April 2021*

In approving the nominations for Independent Directors, the Nomination Committee took into consideration the guidelines prescribed in SRC Rule 38, SEC Memorandum Circular No. 16 series of 2006, and SEC Memorandum Circular No. 19 series of 2016, on the nomination of Independent Directors. The Nomination Committee is composed of Mr. Donald R. Felbaum, as Chairman, and Ms. Catherine L. Ong and Atty. Sharon T. Lim, as members.

The Certifications of each of the Independent Directors are attached as **Annex "C"**.

iii. Guidelines or criteria followed in the conduct of the nomination and election of Independent Director/s

Article III, Section 1-a of the Corporation's Amended By-Laws states that:

"Nomination and Election of Independent Directors – Nomination of Independent Director/s shall be conducted by a Nomination Committee prior to the stockholders' meeting.

The Nomination Committee shall prepare a Final List of Candidates from those who have passed the screening policies and parameters for the nomination of Independent Director/s, and which list shall contain all information about these nominees.

Only nominees whose names appear on the Final List of Candidates shall be eligible for election as Independent Director/s. No other nomination shall be entertained after the Final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the actual stockholders' meeting.

The Chairman of the stockholders' meeting has the responsibility to inform all stockholders in attendance of the mandatory requirement of electing Independent Director/s and to ensure that an Independent Director/s are elected during the stockholders' meeting.

Specific slot/s for Independent Director/s shall not be filled-up by unqualified nominees.

In case of failure of election of Independent Director/s, the Chairman of the Meeting shall call a separate election during the same meeting to fill-up the vacancy.”

iv. 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 as instrumental to the overall success of the Corporation's performance.

v. Family Relationships

Aside from those mentioned below, there are no other family relationships either by consanguinity or affinity up to the fourth (4th) 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

vi. Involvement in 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.

(b) **Resignation of Directors**

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.

(c) **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.

Item 6. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

(a) **Compensation of Executives**

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

SUMMARY COMPENSATION TABLE			
Annual Compensation			
(in P Million)	Annual Salary 2024 (est.)	Annual Salary 2023	Annual Salary 2022
a) Chief Executive Officer and the Four Most Compensated Executives:			
<i>Lawrence C. Lee</i> President & CEO <i>Edmund C. Lee</i> Chief Finance Officer <i>Leonard Louis C. Chua</i> Head of Global Investments <i>Richard Lemuel U. Pacheco</i> Head of Proprietary Trading <i>Terence L. Chan</i> Head of HK Investments			
All above-named Executives and Officers as a Group	P5.93	P5.27	P4.93
b) All other Executives and Officers as a Group	P3.63	P3.35	P3.35

(b) **Compensation of Directors**

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

Below is a summary of the per diem given to the directors of the Corporation 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.

(c) **Warrants and Options**

There are no outstanding warrants or options held by directors or officers. There are no actions to be taken with regard to election, any bonus or profit-sharing, change in pension / retirement plan, granting of or extension of any options, warrants, or rights to purchase any securities.

Item 7. INDEPENDENT PUBLIC ACCOUNTANTS

- (a) The accounting firm Reyes Tacandong & Co. ("RT") served as CTS' external auditor for the last fiscal year. The Board of Directors intends to nominate RT for re-appointment this fiscal year.

Representatives of RT are expected to be present at the stockholders' meeting and will be available to respond to appropriate questions. They will have the opportunity to make a statement if they so desire.

As of 31 December 2023, RT has been CTS' external auditor for the past twelve (12) years. It assigns a different engagement partner to conduct its annual audit in compliance with the requirement of SRC Rule 68, Paragraph 3 (Qualifications of Independent Auditors). Mr. Emmanuel V. Clarino has been assigned as the Partner-in-charge for CTS for the past three (3) years.

(b) **Changes in and Disagreements with Accountants**

There are no disagreements with RT on accounting and financial disclosure for the last five (5) years.

(c) **Audit and Audit-Related Fees**

The following table sets out the aggregate fees billed for each of the last two (2) fiscal years for professional services rendered by RT:

	Year Ended 31 December	
	2023	2022
Audit and Audit-Related Fees in connection with the annual review of the Corporation'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.

Item 8. COMPENSATION PLANS

No action is to be taken with respect to any plan to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. AUTHORIZATION OR ISSUANCE OF SECURITIES OTHER THAN FOR EXCHANGE

There is no action to be taken with respect to the authorization or issuance of any securities other than for exchange of outstanding securities of the registrant.

Item 10. MODIFICATION OR EXCHANGE OF SECURITIES

There is no action with respect to the modification of any class of securities in exchange for outstanding securities of another class.

Item 11. FINANCIAL AND OTHER INFORMATION

The Corporation's audited financial statements as of 31 December 2023 are attached hereto as **Annex "F"**. On the other hand, Management's Discussion and Analysis of financial conditions and results of operations, market price of shares and dividends and other information related to the Corporation's financial information are attached hereto as **Annex "D"**.

Item 12. MERGERS, CONSOLIDATIONS, ACQUISITIONS AND SIMILAR MATTERS

There is no action taken by the Corporation with respect to any merger, consolidation, or acquisition.

Item 13. ACQUISITION OR DISPOSITION OF PROPERTY

There is no action taken with respect to the acquisition or disposition of any property.

Item 14. RESTATEMENT OF ACCOUNTS

There is no action taken with respect to the restatement of any asset, capital, or surplus account.

D. OTHER MATTERS

Item 15. ACTION WITH RESPECT TO REPORTS

The following matters are on the Agenda of the Annual Stockholders' Meeting for the approval of the stockholders:

- (a) Approval of the Annual Report and the Corporation's Audited Financial Statements as of 31 December 2023 containing the performance of the Corporation and its financial condition (*See Annex "F"*);
- (b) Approval of the Minutes of the Previous Annual Stockholders' Meeting (*See Annex "E"*);
- (c) Ratification of all Acts, Proceedings of the Board of Directors and Management (*See Item 18*); and
- (d) Approval of the Extension of Term of Independent Director, Mr. Martin T. Lee.

Item 16. MATTERS NOT REQUIRED TO BE SUBMITTED

There are no matters or actions to be taken up in the meeting that will not require the vote of the stockholders as of the record date.

Item 17. AMENDMENT OF CHARTER, BY-LAWS, OR OTHER DOCUMENTS

There are no actions to be taken with respect to the amendment of the Articles of Incorporation or By-laws of the Corporation.

Item 18. OTHER PROPOSED ACTION

The items with respect to the ratification of the acts of the Board of Directors and management for the past year up to the date of the meeting are those items entered into the ordinary course of business such as the opening of bank accounts and designation of bank signatories, fees of the Corporation's external auditors, and other requirements in connection with the Corporation's operations.

Item 19. VOTING PROCEDURES

(a) Vote required for approval and election

Article II of the Amended By-Laws of the Corporation provides that no stockholders' meeting shall be competent to decide any matter or transact any business, unless a majority of outstanding capital stock is represented, except in those cases in which the corporation law requires the affirmative vote of a greater proportion.

With regard to the election of members of the Board of Directors, the nominees receiving the highest number of votes shall be declared elected pursuant to Section 23 of the Revised Corporation Code. With respect to the ratification of Board actions, a majority vote is required. The delegation of authority to the Board to amend the by-laws shall require the affirmative vote of stockholders owning at least two-thirds (2/3) of the outstanding capital stock of the Corporation.

(b) **Method by which votes will be counted**

The method by which the votes will be counted shall be by shares and not per capita. Any stockholder may accumulate their vote as provided in the Revised Corporation Code. Only the personnel of the office of the Corporate Secretary and the Stock Transfer Agent are authorized to count the votes.

As approved by the majority of the Board of Directors, the Corporation will conduct the annual stockholders' meeting by remote communication through <https://shareholders.ctsglobalgroup.com>. Voting shall be done by remote communication, electronically in absentia through the same platform, or by voting through the Chairman of the meeting as proxy. A stockholder voting electronically in absentia will be deemed present at the meeting for purposes of quorum.

To enable the Corporation to perform validation procedures, identify the shareholders participating by remote communication and record their presence for purposes of quorum, the shareholders must complete the registration requirements in said portal by 26 April 2024. Information on participation through remote communication and electronic voting in absentia are included in **Annex "G"**.

Proxies must be submitted by email to corporatesecretary@ctsglobalgroup.com on or before 26 April 2024.

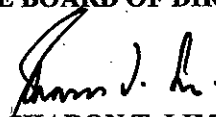
THE REGISTRANT WILL PROVIDE WITHOUT CHARGE TO EACH PERSON UPON WRITTEN REQUEST OF ANY SUCH PERSON, A COPY OF THE REGISTRANT'S ANNUAL REPORT OR SEC FORM 17-A. SUCH WRITTEN REQUEST SHOULD BE ADDRESSED TO THE FOLLOWING:

ATTY. SHARON T. LIM
CORPORATE SECRETARY
27/F EAST TOWER, TEKTITE TOWERS (FORMERLY PSE CENTRE),
EXCHANGE ROAD, ORTIGAS CENTER, PASIG CITY

After reasonable inquiry and to the best of my knowledge and belief, I hereby certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Pasig on 15 April 2024.

CTS Global Equity Group, Inc.

FOR THE BOARD OF DIRECTORS


SHARON T. LIM
Corporate Secretary

ANNEX “A”
DIRECTORS AND EXECUTIVE OFFICERS

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:

MEMBERS OF THE BOARD

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.

ANNEX "B"
CERTIFICATION ON
GOVERNMENT EMPLOYMENT

CERTIFICATION


This is to certify that, upon review of the records of **CTS Global Equity Group, Inc.** (the "Corporation") in my possession, except for Mr. Emmanuel L. Samson who is currently a member of the Board of Trustees of the Government Service Insurance System ("GSIS"), none of the other members of the Corporation's Board of Directors, including its Independent Directors, hold any position or is employed by any government agency as of the date of this certification.

This certification is issued this 25th March 2024 at Pasig City, Philippines.


SHARON T. LIM
Corporate Secretary

Subscribed and sworn to before me this 25th March 2024 at Pasig City, affiant exhibiting to me her Passport No. P7315563B issued at DFA NCR Manila on 02 August 2021.

Doc No. 15 ;
Page No. 4 ;
Book No. 3 ;
Series of 2024.


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

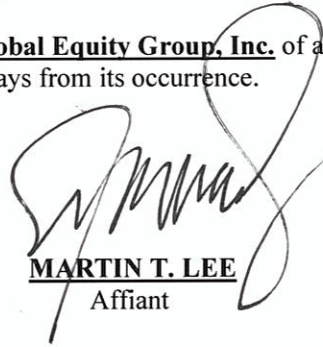
ANNEX "C"

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MARTIN T. LEE**, Filipino, of legal age, and a resident of No. 42 4th Street, New Manila, Quezon City, after having been duly sworn in accordance with law do hereby declare that:

1. I am an independent director of **CTS Global Equity Group, Inc.** and have been its independent director since 2012.
2. I am not affiliated with any other company or organization.
3. I possess all the qualifications and, subject to the approval of the stockholders in the annual stockholders' meeting, none of the disqualifications to serve as an Independent Director of **CTS Global Equity Group, Inc.**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations, and other SEC issuances.
4. I am not related to any of the directors, officers, or substantial shareholders of **CTS Global Equity Group, Inc. and its subsidiaries and affiliates**, as defined under Rule 38.2.3 of the Implementing Rules and Regulations of the Securities Regulation Code.
5. To the best of my knowledge, I am not subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance, and other SEC issuances.
7. I shall inform the corporate secretary of **CTS Global Equity Group, Inc.** of any changes in the abovementioned information within five days from its occurrence.


Done this MAR 25 2024, at Pasig City.



MARTIN T. LEE
Affiant

SUBSCRIBED AND SWORN TO BEFORE ME this MAR 25 2024 at Pasig City, affiant exhibited to me his Passport No. P5895103A issued at DFA NCR East on 03 February 2018.

Doc. No. 16 ;
Page No. 5 ;
Book No. 3 ;
Series of 2024.


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. 74069 / 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 Tektitte Towers (formerly PSE Centre),
Exchange Road, Ortigas Center, Pasig City 1605

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **DONALD R. FELBAUM**, American, of legal age, and a resident of E241 Alexandra Condominium, 29 Meralco Avenue, Ortigas Center, Pasig City, after having been duly sworn in accordance with law do hereby declare that:

1. I am an independent director of **CTS Global Equity Group, Inc.** and have been its independent director since 30 April 2021.
2. I am currently affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
OPTEL Limited	Managing Director	1989 – Present
American Chamber of Commerce of the Philippines, Inc.	Ex-Officio Director	2017 – Present


3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **CTS Global Equity Group, Inc.**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations, and other SEC issuances.
4. I am not related to any of the directors, officers, or substantial shareholders of **CTS Global Equity Group, Inc. and its subsidiaries and affiliates**, as defined under Rule 38.2.3 of the Implementing Rules and Regulations of the Securities Regulation Code.
5. To the best of my knowledge, I am not subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance, and other SEC issuances.
7. I shall inform the corporate secretary of **CTS Global Equity Group, Inc.** of any changes in the abovementioned information within five days from its occurrence.

Done this MAR 25 2024, at Pasig City.


DONALD R. FELBAUM
Affiant

SUBSCRIBED AND SWORN TO BEFORE ME this MAR 25 2024 at Pasig City, affiant exhibited to me his TIN 121-449-143.

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Page No. 5 ;
Book No. 3 ;
Series of 2024.


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 N.J. 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 Teklite Towers (formerly PSE Centre),
Exchange Road, Ortigas Center, Pasig City 1605

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **EMMANUEL D. SAMSON**, Filipino, of legal age, and a resident of 1882 Sinaguelas St., Dasmariñas Village, Makati City, after having been duly sworn in accordance with law do hereby declare that:

1. I am an independent director of **CTS Global Equity Group, Inc.** and have been its independent director since 30 April 2021.
2. I am currently affiliated with the following company or organization:

Company/Organization	Position/Relationship	Period of Service
Government Service Insurance System (GSIS)	Member of the Board of Trustees	23 November 2023 – Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **CTS Global Equity Group, Inc.**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations, and other SEC issuances.
4. I am not related to any of the directors, officers, or substantial shareholders of **CTS Global Equity Group, Inc. and its subsidiaries and affiliates**, as defined under Rule 38.2.3 of the Implementing Rules and Regulations of the Securities Regulation Code.
5. To the best of my knowledge, I am not subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance, and other SEC issuances.
7. I shall inform the corporate secretary of **CTS Global Equity Group, Inc.** of any changes in the abovementioned information within five days from its occurrence.

Done this MAR 25 2024, at Pasig City.




EMMANUEL D. SAMSON

Affiant

MAR 25 2024

SUBSCRIBED AND SWORN TO BEFORE ME this _____ at Pasig City, affiant exhibited to me his Passport No. P6738519B issued at DFA Manila on 30 April 2021.

Doc. No. 18 ;
Page No. 5 ;
Book No. 3 ;
Series of 2024.


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 N.J. 74089/ IBP No. 392582/01-03-24/Quezon City
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MCLE Compliance No. VII-0012504/03.08.22
2703C East Tower Tektite Towers (formerly PSE Centre),
Exchange Road, Ortigas Center, Pasig City 1605



Government Service Insurance System
Paseguruhan ng mga Naglilingkod sa Pamahalaan



MEMORANDUM

5 April 2024

FOR : **EMMANUEL L. SAMSON**
Member, GSIS Board of Trustees

SUBJECT : **Request for Approval to Accept Board Seat in CTS Global Equity Group, Inc.**

This is in reference to your request to accept the invitation for you to be re-elected as a Director of CTS Global Equity, Inc., a company duly organized and supervised by the Securities and Exchange Commission.

On behalf of the GSIS, your request is **approved** and I interpose no objection to your nomination to be re-elected to the Board of Directors of CTS Global Equity, Inc.

A handwritten signature in black ink, appearing to read "Rodolfo G. Del Rosario, Jr.".

Rodolfo G. Del Rosario, Jr.
Chairman
GSIS Board of Trustees

Cc : **Office of the Corporate Secretary**

ANNEX “D” MANAGEMENT REPORT

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 Corporation filed as part of this report.

A. Company Overview

CTS Global Equity Group, Inc. (“CTS”, or the “Corporation”) was established to engage in the business of equities trading as a broker-dealer for the Philippine market, but through time, shifted its 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 Corporation have developed a robust trading system that allows its traders to consistently generate returns on proprietary and client capital. The Corporation offers its brokerage services for securities and is listed in the Philippine Stock Exchange.

The Corporation’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 Corporation was able to develop and has continued to develop its intellectual property assets, thereby improving its competitive advantage. The Corporation 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 Corporation’s operations.

The Corporation 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 Corporation’s trading education partner.

The Corporation 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 Corporation 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 Corporation 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

B. Business Model

The Corporation’s business segments are:

Proprietary Trading. The Corporation 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 Corporation to consistently generate return on proprietary capital. This business segment will remain to be the Corporation’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.

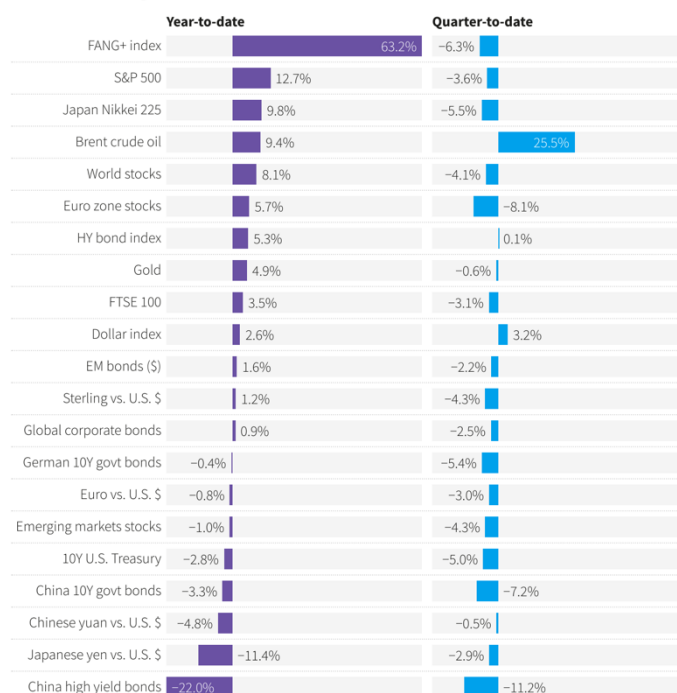
Brokerage Services. As one of the PSE Trading Participants, CTS renders stock brokerage and dealership services at a fee for high-net-worth clients. Revenues from this side are in fixed commissions based on the transaction amounts. As a traditional broker, CTS clients place their buy or sell orders and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

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.

C. Industry and Economic Review

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.

2023 asset performance



Source: LSEG Datastream | Reuters, Sept. 28, 2023 | By Pasit Kongkunakornkul

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.

D. 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)	(P20.1)	P6.6
Local Trading Revenues (in millions)	P20.6	P25.9
Total Revenues (in millions)	P103.7	P87.8
Net Liquid Capital (in millions)	P1,922.5	P1,947.1
Risk-Based Capital Adequacy (RBCA) Ratio	1,440%	1,458%

CTS' **Revenues** as of end 2023 improved to P103.7 million from P87.8 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 Corporation a fixed stream of income amid volatile equity markets, and interest income from short-term time deposits, which grew to P64.2 million and P11.9 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 P16.0 million while cost of services went down by P10.3 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 P4.5 million as of end 2023.

On April 13, 2022, CTS completed its initial public offering and for which CTS received net proceeds amounting to P1,353.3 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 P1,922.5 million and P1,947.1 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 Corporation 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 ₱389.12 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 of ₱23.6 million, remeasurement loss on retirement benefit liability 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 Corporation'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 Corporation'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 Corporation'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 Corporation'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 is 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 Corporation'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 Corporation 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 ₱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 Corporation 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 Corporation'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 Corporation's liquidity.
- b. The Corporation does not anticipate any cash flow or liquidity problem in the next 12 months. The Corporation is not in default or breach of any indebtedness or financing arrangement requiring payments. The Corporation 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 Corporation, 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 Corporation.

- f. CTS is not aware of any significant elements of income or loss that did not arise from the Corporation'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 Corporation.

E. 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.

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F. Market Price and Dividends

1. *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 and for the first quarter of 2024 are as follows:

	2024		2023		2022	
	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>
1 st Quarter	0.78	0.68	0.98	0.85	-	-
2 nd Quarter	-	-	0.89	0.75	1.19	0.81
3 rd Quarter	-	-	0.79	0.73	1.12	0.86
4 th Quarter	-	-	0.83	0.73	0.98	0.81

As of April 12, 2024, the closing price of CTS shares is ₱0.710 per share

2. *Holder of Common Equity*

As of February 29, 2024, there are four (4) holders of common shares of CTS. The top twenty (20) common shareholders of the Corporation 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

3. *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.

4. Recent Sales of Unregistered or Exempt Securities

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

5. Discussion on Compliance with leading practice on Corporate Governance

- a. 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.
- b. 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.
- c. There are no deviations from the Corporation's Manual on Corporate Governance that it is aware of.
- d. 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.

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CTS GLOBAL EQUITY GROUP, INC.
Annual Stockholders' Meeting
12 May 2023, Friday, 2:00 P.M.
conducted virtually via <https://shareholders.ctsglobalgroup.com>

Shareholders Present:	No. of Outstanding and Voting Shares	Percentage of Total
	5,842,678,500	84.98%

1. Call to Order and Proof of Notice

The Chairman of the Board called the meeting to order. The Corporate Secretary ("Secretary") reported that pursuant to the SEC Notice dated March 23, 2023, stockholders as of record date of April 5, 2023 were notified of the meeting as follows:

- The Notice of the Meeting was published in the print and on-line business sections of two (2) newspapers of general circulation, namely the Daily Tribune and Manila Times, on 19 and 20 April 2023; and
- Digital copies of the Company's Information Statement, Management Report, 2022 Annual Report, Notice and Agenda for the Stockholders' Meeting, and other pertinent documents were also uploaded in the Company's website and the PSE Edge.

2. Determination of Quorum, Instruction on Rules of Conduct and Voting Procedures

The Secretary certified that there was a quorum for the meeting. Out of the total authorized capital stock of the Corporation of Six Billion Eight Hundred Seventy-Five Million (6,875,000,000) common shares, Five Billion Eight Hundred Forty-Two Million Six Hundred Seventy-Eight Thousand Five Hundred (5,842,678,500) shares constituting eighty-four point ninety-eight percent (84.98%) of the subscribed and outstanding capital stock entitled to vote were present in the meeting.

Thereafter, the Secretary explained that the rules of conduct and voting procedures are set forth in the Definitive Information Statement. She highlighted, among others, the following points:

- Stockholders who registered in the ASM Portal by 27 April 2023 may send their questions or comments either by email to corporatesecretary@ctsglobalgroup.com or by inputting their questions or comments directly in the Portal in the space provided for in the tab marked as 'Legal'.
- There are six (6) resolutions, excluding the election of directors, proposed for adoption in the meeting.
- Stockholders who successfully registered in the ASM Portal may cast their votes on the proposed resolutions and in the election of directors through the ASM Portal until 3:00 pm of 12 May 2023.
- The votes cast as of 27 April 2023 after the end of the proxy validation process have been tabulated. These votes are from stockholders owning Five Billion Eight Hundred Forty-Two Million

Six Hundred Seventy-Eight Thousand Five Hundred (5,842,678,500) voting shares, representing approximately One Hundred percent (100%) of the total voting shares represented in this meeting and eighty-four point ninety-eight percent (84.98%) of the total outstanding voting shares. The results of the preliminary tabulation will be referred to throughout the meeting. However, the results of the final tabulation of votes with full details of the affirmative and negative votes and abstentions will be reflected in the minutes of the meeting.

3. Approval of the Minutes of the Previous Meeting

The Chairman presented the minutes of the previous stockholders' meeting held on 31 March 2022. The stockholders passed and approved the following resolution:

“RESOLVED, that the minutes of the meeting of the stockholders held on March 31, 2022 be, as it is hereby confirmed, ratified, and approved.”

As tabulated by the Secretary, the votes on the motion for the approval of the minutes of the 31 March 2022 Stockholders' Meeting were as follows:

	Yes	No	Abstain
Approval of the Minutes of the Previous Meeting	5,842,678,500	-	-

4. Presentation of President's Report

The President, Mr. Lawrence Lee, gave the report on the Corporation.

5. Ratification of all Acts and Proceedings of the Board of Directors and Management for the Year 2022

The stockholders passed and approved the following resolution:

“RESOLVED, that all acts, investments, and resolutions of the Board of Directors and Management for the calendar year 2022 are hereby confirmed, ratified, and approved.”

As tabulated by the Secretary, the votes on the motion for the ratification of all acts, investments, and resolutions of the Board of Directors and Management were as follows:

	Yes	No	Abstain
Ratification of all acts, investments, and resolutions of the Board and Management for 2022	5,842,678,500	-	-

6. Approval of the 2022 Audited Financial Statements

The stockholders passed and approved the following resolution:

“RESOLVED, that the audited financial statements for the year ended December 31, 2022 be hereby approved.”

As tabulated by the Secretary, the votes on the motion for the approval of the 2022 Audited Financial Statements were as follows:

	Yes	No	Abstain
Approval of the 2022 Audited Financial Statements	5,842,678,500	-	-

7. Election of Directors for the year 2023 – 2024

The next item in the agenda was the election of Directors for the year 2023-2024. On behalf of the Nomination Committee, the Secretary reported that the committee received nominations for and pre-screened the following persons as nominees of the Corporation's Board of Directors:

Mr. Edward K. Lee
Mr. Alexander C. Yu
Mr. Hernan G. Lim
Mr. Raymond C. Yu
Mr. Lawrence C. Lee
Ms. Catherine L. Ong
Mr. Edmund C. Lee
Mr. Martin T. Lee
Mr. Donald R. Felbaum
Mr. Emmanuel L. Samson; and
Ms. Michelle Angeline N. Yu

Three of the nominees were nominated as independent directors, namely, Mr. Martin T. Lee, Mr. Donald R. Felbaum, and Mr. Emmanuel L. Samson.

The Chairman requested the Secretary to report on the results of the election. The Secretary reported that based on the partial tabulation of votes, each of the nominees of directors garnered at least Five Billion Seven Hundred Eighty-Two Million Four Hundred Nine Thousand Five Hundred (5,782,409,500) votes which represent ninety-eight point ninety-seven percent (98.97%) of the total voting shares represented in the meeting. The Secretary certified that each nominee received sufficient votes for election to the Board.

The stockholders passed and approved the following resolution:

“RESOLVED, to elect the following as directors of the Corporation for the year 2023-2024:

Mr. Edward K. Lee
Mr. Alexander C. Yu
Mr. Hernan G. Lim
Mr. Raymond C. Yu
Mr. Lawrence C. Lee
Ms. Catherine L. Ong
Mr. Edmund C. Lee
Mr. Martin T. Lee

Mr. Donald R. Felbaum
Mr. Emmanuel L. Samson; and
Ms. Michelle Angeline N. Yu”

After final tabulation by the Secretary, it was determined that each nominee received the following number of votes:

1. Edward K. Lee	5,835,178,500
2. Alexander C. Yu	6,112,409,500
3. Hernan G. Lim	5,782,409,500
4. Raymond C. Yu	5,782,409,500
5. Lawrence C. Lee	5,782,409,500
6. Catherine L. Ong	5,782,409,500
7. Edmund C. Lee	5,782,409,500
8. Martin T. Lee	5,782,409,500
9. Donald R. Felbaum	5,782,409,500
10. Emmanuel L. Samson	5,782,409,500
11. Michelle Angeline N. Yu	5,782,409,500

8. Approval of the Extension of Term of Independent Director, Mr. Martin T. Lee

The stockholders passed and approved the following resolution:

“RESOLVED, that the stockholders of the Corporation hereby approve the extension of term of Mr. Martin T. Lee as Independent Director for the year 2023-2024.”

As tabulated by the Secretary, the votes on the motion for the ratification of all acts, investments, and resolutions of the Board of Directors and Management were as follows:

	Yes	No	Abstain
Approval of the Extension of Term of Independent Director, Mr. Martin T. Lee	5,842,678,500	-	-

9. Appointment of External Auditor

The stockholders re-appointed Reyes Tacandong & Company as the Corporation’s external auditor by approving the following resolution:

“RESOLVED, that Reyes Tacandong & Company, Certified Public Accountants, be, as they are hereby, re-appointed as external auditors of the Company for the year 2023-2024.”

As tabulated by the Secretary, the votes on the motion for re-appointment of the external auditor of the Corporation for the year 2023-2024 were as follows:

	Yes	No	Abstain
Appointment of External Auditor	5,842,678,500	-	-

10. Delegation of Authority to the Board of Directors to Make Amendments to the By-laws

The stockholders passed and approved the following resolution:

“RESOLVED, that the Board of Directors of CTS Global Equity Group, Inc. (the “Corporation”) be, as they are hereby, authorized to make any amendment/s to the by-laws of the Corporation without need of the ratification or concurrence of the stockholders.”

As tabulated by the Secretary, the votes on the motion for the delegation of authority to the board of directors to make amendments to the by-laws were as follows:

	Yes	No	Abstain
Delegation of Authority to the Board of Directors to Make Amendments to the By-laws	5,842,678,500	-	-

This represents eighty-four point ninety-eight percent (84.98%) of the outstanding capital stock of the Corporation.

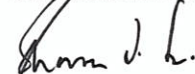
11. Other Matters and Adjournment

a. 2023 Regular and Special Cash Dividends

The Chairman informed the stockholders that the Board approved the declaration of cash dividends to all stockholders of record as of June 9, 2023, as follows: Php0.000776 per share as regular cash dividend and Php0.002328 per share as special cash dividend or a total of Php0.003104 per share for the year. The dividends will be paid on July 5, 2023.

There being no other matters to take up, the meeting was adjourned.

Certified correct by:



ATTY. SHARON T. LIM
Corporate Secretary

Attested by:



EDWARD K. LEE
Chairman

ANNEX "F"
COVER SHEET
 for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0	0	0	0	0	0	6	3	8	2	4
---	---	---	---	---	---	---	---	---	---	---

COMPANY NAME

C	T	S	G	L	O	B	A	L	E	Q	U	I	T	Y	G	R	O	U	P	,	I	N	C	.

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

2	7	/	F	E	a	s	t	T	o	w	e	r	,	T	e	k	t	i	t	e	T	o	w	e	r	s	,				
E	x	c	h	a	n	g	e	R	o	a	d	,	O	r	t	i	g	a	s	C	e	n	t	e	r	,	P	a	s	i	g
C	i	t	y																												

Form Type

5	2	A	R
---	---	---	---

Department requiring the report

M	S	R	D
---	---	---	---

Secondary License Type, If Applicable

Broker/Dealer

COMPANY INFORMATION

Company's Email Address

compliance@ctsglobalgroup.com

Company's Telephone Number/s

(02) 8 635-5735

Mobile Number

0961 078 5433

No. of Stockholders

4

Annual Meeting (Month / Day)

Any Date in March

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Lawrence C. Lee

Email Address

lawrence@ctsglobalgroup.com

Telephone Number/s

(02) 8 635-5735

Mobile Number

0961 078 5433

CONTACT PERSON'S ADDRESS

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

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

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

CTS GLOBAL EQUITY GROUP, INC.
ANNUAL AUDITED FINANCIAL REPORT
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DECEMBER 31, 2023

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

COVER PAGE

Information Required of Brokers and Dealers Pursuant to Rule 52.1-5 of the SRC.

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

IDENTIFICATION OF BROKER OR DEALER	
Name of Broker/Dealer:	CTS Global Equity Group, Inc.
Address of Principal Place of Business:	27/F East Tower Tektite Towers, Exchange Road Ortigas Center, Pasig City
Name and Phone Number of Person to Contact in Regard to this Report:	
Name: Lawrence C. Lee	Tel. No.: (02) 8 635-5735 Fax No.: (02) 8 634-6696

IDENTIFICATION OF ACCOUNTANT	
Name of Independent Auditor whose opinion is contained in this report:	
Name: Reyes Tacandong & Co.	Tel. No.: (02) 8 982-9100 Fax No.: (02) 8 982-9111
Address: 26th Floor BDO Towers Valero, 8741 Paseo de Roxas, Makati City	
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	



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 & SIFP Member
Regulated by the SEC, Markets and Securities Regulation Department (msrds submission@sec.gov.ph)

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

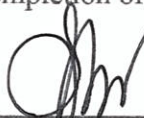
The management of **CTS Global Equity Group, Inc.** (the Company) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021, in accordance with 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.

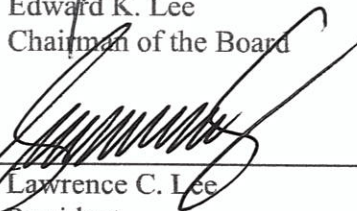
The Board of Directors is responsible for overseeing the Company's financial reporting process.

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

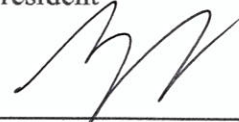
Reyes Tacandong & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such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

<u>Name</u>	<u>Passport No.</u>	<u>Date/Place Issued</u>
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

Doc. No. : 486
Page No. : 99
Book No. : 6
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

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

	Note	2023		2022	
		Money Balance		Security Valuation	
		Long	Short	Long	Short
ASSETS					
Current Assets					
Cash and cash equivalents	6	P479,631,777			
Financial assets at fair value through profit or loss (FVPL)	7	6,922,944	P6,922,944	P1,375,625	
Trade receivables	8	389,213,791	14,603,187	710,158,508	
Investments in government securities - current portion	9	-			
Other current assets	10	17,126,605			
Total Current Assets		892,895,117			
Noncurrent Assets					
Investments in government securities - net of current portion	9	1,254,194,118			
Property and equipment	12	12,569,216			
Investment property	13	8,999,549			
Intangible assets	11	2,813,671			
Net deferred tax assets	21	17,780,140			
Other noncurrent assets	14	12,331,950			
Total Noncurrent Assets		1,308,688,644			
Total Assets		P2,201,583,761			
Securities in Vault, Transfer Offices, and Philippine Depository and Trust Corporation			P10,402,214,918		P9,026,477,334
LIABILITIES AND EQUITY					
Current Liabilities					
Trade payables	15	P151,504,646			
Lease liabilities - current portion	20	1,998,815	10,380,688,787	8,314,943,201	
Other current liabilities	16	9,296,718			
Total Current Liabilities		162,800,179			
Noncurrent Liabilities					
Lease liabilities - net of current portion	20	1,762,958			
Net retirement benefit liability	19	27,620,668			
Total Noncurrent Liabilities		29,383,626			
Total Liabilities		192,183,805			
Equity					
Capital stock	4	687,500,000			
Additional paid-in capital		1,223,556,878			
Retained earnings:					
Appropriated	4	11,927,718			
Unappropriated		75,747,336			
Other equity reserves		10,668,024			
Total Equity		2,009,399,956			
Total Liabilities and Equity		P2,201,583,761	P10,402,214,918	P10,402,214,918	P9,026,477,334

See accompanying Notes to Financial Statements.

CTS GLOBAL EQUITY GROUP, INC.
STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	2023	2022	2021
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	Years Ended December 31		
		2023	2022	2021
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)				
<i>To be reclassified to profit or loss in subsequent periods</i>	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)	–
<i>Not to be reclassified to profit or loss on subsequent periods</i>	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		Retained Earnings		Total	Other Equity Reserves				Total Equity
			Paid-In Capital		Appropriated	Unappropriated		Cumulative	Unrealized Gains (Losses) on Changes in Fair Value of Financial Assets at FVOCI (net of deferred tax)	Cumulative (Losses) on Remeasurement Gains (Losses) on Net Retirement Benefit Liability (net of deferred tax)		
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		Total (net of deferred tax) (net of deferred tax)	Other Equity Reserves				Total Equity
			Appropriated	Unappropriated		Cumulative Unrealized Losses on Changes in Fair Value of Financial Assets at FVOCI	Cumulative Remeasurement Gains (Losses) on Net Retirement Benefit Liability	Unrealized Losses on Changes in Fair Value of Financial Assets at FVOCI	Cumulative Remeasurement Gains (Losses) on Net Retirement Benefit Liability	
Balances at December 31, 2020		P500,000,000	P-	P15,249,292	P15,249,292	P-	(P1,793,565)			P513,455,727
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	4	-	-	20,144,870	20,144,870	-	-	-	-	20,144,870
Appropriation		-	4,689,519	(4,689,519)	-	-	-	-	-	-
Other comprehensive income	19	-	-	-	-	-	4,201,127	-	-	4,201,127
Balances at December 31, 2021		P550,000,000	P4,689,519	P29,091,026	P33,780,545	P-	P2,407,562			P586,188,107

See accompanying Notes to Financial Statements.

CTS GLOBAL EQUITY GROUP, INC.

STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	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)

					Years Ended December 31			
					2023	2022	2021	
CASH FLOWS FROM FINANCING ACTIVITIES								
Payments of dividends	4		(P21,340,000)	P-		P-		
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	P479,631,777	P477,190,696	P444,299,376

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:

	<u>Number of Years</u>
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.

Leases

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	(P7,028)	(P135,506)	P213,467

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

	Note	2023	2022
Trade receivables	8	P389,213,791	P389,117,645
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	P479,631,777	P477,190,696
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			Total
	12-month ECL	Lifetime ECL – Not Credit- Impaired	Lifetime ECL – Credit-Impaired	
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			Total
	12-month ECL	Lifetime ECL – Not Credit-Impaired	Lifetime ECL – Credit Impaired	
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	Collateral (net of haircut)	Counterparty Exposure
1 - 2 days	P-	P-	P-
3 - 13 days	-	-	-
14 - 31 days	340	28,934	-
Over 31 days	362,064	10,748,170	359,618
	P362,404	P10,777,104	P359,618

Days from Transaction Date of Counterparty	2022		
	Amount	Collateral (net of haircut)	Counterparty Exposure
1 - 3 days	P312,949	P457,744,931	P-
4 - 14 days	104,821	224,640	2,097
15 - 31 days	714	4,297,680	-
Over 31 days	365,542	993	364,549
	P784,026	P462,268,244	P366,646

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 P0.4 million and P0.8 million, respectively, are secured by collateral comprising of equity securities of listed companies with a total market value of P14.6 million and P710.2 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					Total
	On Demand	1 to 3 Months	>3 to 12 Months	>1 to 5 Years		
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					Total
	On Demand	1 to 3 Months	>3 to 12 Months	>1 to 5 Years		
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			
		Carrying Amount	Fair Value		
Note	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	P6,922,944	P6,922,944	P-	P-
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	-
		P1,270,116,611	P796,981,917	P484,691,222	P29,052,000

		2022			
		Carrying Amount	Fair Value		
Note	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	P1,375,625	P1,375,625	P-	P-
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	-
		P1,286,232,899	P762,771,591	P514,539,233	P28,205,037

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	P479,631,777	P477,190,696
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
	P888,789,696	P885,865,193

*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	P151,504,646	P172,678,596
Other current liabilities*	6,583,429	13,467,983
	P158,088,075	P186,146,579

*Excluding statutory liabilities aggregating to P2.7 million and P4.4 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	P366,646	P502,152
Reversal of credit losses	(7,028)	(135,506)
Balance at end of year	P359,618	P366,646

Provision for credit losses on trade receivables in 2021 amounted to P213,467.

9. Investments in Government Securities

The balances and movements of this account are as follows:

	2023		
	Financial Assets at		Total
	FVOCI	Amortized Cost	
Balance at beginning of year	P761,395,966	P513,818,936	P1,275,214,902
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	P790,058,973	P464,135,145	P1,254,194,118

	2022		
	Financial Assets at		Total
	FVOCI	Amortized Cost	
Balance at beginning of year	P-	P50,000,000	P50,000,000
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	P761,395,966	P513,818,936	P1,275,214,902

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

	2023	2022
Current	P-	P50,000,000
Noncurrent	1,254,194,118	1,225,214,902
	P1,254,194,118	P1,275,214,902

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	P2,338,671	P1,662,847
Exchange trading right	475,000	475,000
Intangible assets under development	–	988,800
	P2,813,671	P3,126,647

Software and Licenses

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

	2023	2022
Cost		
Balance at beginning of year	P4,140,327	P4,140,327
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	P2,338,671	P1,662,847

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 P1.0 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 P0.5 million.

As at December 31, 2023 and 2022, the latest transacted price of the exchange trading right, as provided by the PSE, is P8.0 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:

	Note	2023				Total
		Office Condominium Units and Improvements	Leasehold Improvements	Furniture, Fixtures, and Office Equipment	Construction in Progress	
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

	Note	2022				Total
		Office Condominium Units and Improvements	Leasehold Improvements	Furniture, Fixtures, and Office Equipment	Construction in Progress	
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	P2,325,409	P4,100,626
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
	P9,296,718	P17,861,153

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:

	Nature of Transactions	Amount of Transactions		Outstanding Balance		Terms and Conditions
		2023	2022	2023	2022	
Trade Receivables						
Affiliate with common officers and stockholders	Commission income	P676,571	P1,997,691	P213,477	P45,028,300	Noninterest-bearing, secured and generally collected in cash within one (1) year
Trade Payables						
Key management personnel	Commission income	P412,941	P64,912	P10,793,345	P29,516,274	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	
				P13,555,608	P30,437,547	
Other Current Liabilities						
Affiliate with common officers and stockholders	Purchase of goods	P175,018	P21,600	P-	P-	Noninterest-bearing, unsecured; settled in cash within one (1) year
Personnel Costs						
Key management personnel	Short-term employee benefits	P6,675,273	P6,765,000	P-	P-	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	P18,239,384	P19,740,174
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	P27,620,668	P18,239,384

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	P28,707,509	P19,816,199
Fair value of plan assets	(1,086,841)	(1,576,815)
	P27,620,668	P18,239,384

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

	2023	2022
Balance at beginning of year	P19,816,199	P21,406,253
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	P28,707,509	P19,816,199

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

	2023	2022
Balance at beginning of year	P1,576,815	P1,666,079
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	P1,086,841	P1,576,815
Actual return on plan assets	P65,026	(P89,264)

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%	(P3,414,137)	(P2,248,865)
	-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	P7,986,022	(P1,996,507)	P5,989,515
Remeasurement loss	(6,510,056)	1,627,514	(4,882,542)
Balances at end of year	P1,475,966	(P368,993)	P1,106,973

2022			
	Cumulative Remeasurement Gains	Deferred Tax Expense	Net
Balances at beginning of year	P3,210,084	(P802,522)	P2,407,562
Remeasurement gain	4,775,938	(1,193,985)	3,581,953
Balances at end of year	P7,986,022	(P1,996,507)	P5,989,515

2021			
	Cumulative Remeasurement Gains (Losses)	Deferred Tax Benefit (Expense)	Net
Balances at beginning of year	(P2,562,234)	P768,669	(P1,793,565)
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	P3,210,084	(P802,522)	P2,407,562

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	P-	P265,860	P-
RCIT	-	-	485,389
	-	265,860	485,389
Deferred tax expense (benefit)	(18,471,870)	957,930	5,676,229
	(P18,471,870)	P1,223,790	P6,161,618
Reported in OCI			
Deferred tax expense (benefit) on:			
Remeasurement gains (losses) on net retirement benefit liability	(P1,627,514)	P1,193,985	P1,571,191
Cumulative unrealized gains (losses) on changes in fair value of financial assets at FVOCI	7,858,519	(4,671,502)	-
	P6,231,005	(P3,477,517)	P1,571,191

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

	2023	2022
Deferred tax assets:		
NOLCO	P20,733,560	P4,044,810
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
	P17,780,140	P5,539,275

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	P20,571,407	(P20,143,546)	P427,861
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
	<u>104,920,188</u>	<u>(1,211,266)</u>	<u>103,708,922</u>
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
	<u>29,577,434</u>	<u>33,403,085</u>	<u>62,980,519</u>
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 (LOSSES)			
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)	<u>P55,575,242</u>	<u>(P32,577,858)</u>	<u>P22,997,384</u>
SEGMENT ASSETS	<u>P1,815,080,283</u>	<u>P386,503,478</u>	<u>P2,201,583,761</u>
SEGMENT LIABILITIES	<u>P192,183,805</u>	<u>P-</u>	<u>P192,183,805</u>
CAPITAL EXPENDITURES			
Fixed assets	P3,460,495	P-	P3,460,495
CASH FLOWS ARISING FROM:			
Operating activities	P56,013,197	(P76,816,539)	(P20,803,342)
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
	<u>₱28,565,619</u>	<u>₱3,427,874</u>

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
<u>Allowable input VAT</u>	<u>₱2,233,374</u>

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)
<u>Net output VAT at end of year</u>	<u>₱1,194,500</u>

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
	<u>₱1,147,627</u>

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
	<hr/>
	₱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.

**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.

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

DECEMBER 31, 2023

Assets	P2,201,583,761
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 PSM)	8,447,083
Net Risk-Based Capital Excess / (Deficiency)	P1,914,063,309
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	<u>NIL</u>
Number of items	<u>NIL</u>

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	<u>NIL</u>
Number of items	<u>NIL</u>

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

CODE	NAME	Per Records		Per Count		Unlocated Difference	
		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 PEF 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. PEF. 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		Per Count		Unlocated Difference	
		No. of Shares	Market Value	No. of Shares	Market Value	No. of Shares	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	GREENENERGY 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		Per Count		Unlocated Difference	
		No. of Shares	Market Value	No. of Shares	Market Value	No. of Shares	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	-	-
JFCA	JOLLIBEE FOODS CORP	2,500	2,376,250	2,500	2,376,250	-	-
JFCB	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	OMICOR 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		Per Count		Unlocated Difference	
		No. of Shares	Market Value	No. of Shares	Market Value	No. of Shares	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	PREMIERE HORIZON	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 PEF SHARES	20,000	469,000	20,000	469,000	-	-
PNX4	PPPI SERIES 4 PEF 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. PEF.	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		Per Count		Unlocated Difference	
		No. of Shares	Market Value	No. of Shares	Market Value	No. of Shares	Market Value
STN	STENIEL MFG. CORP.	384,895	P100,073	384,895	P100,073	--	P--
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	--	--
		P10,402,214,918		P10,402,214,918		P--	

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)
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)
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

Schedule	Description	Page
A	Financial Assets	1
B	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than related parties)	2
C	Amounts Receivable from Related Parties which are Eliminated During the Consolidation of the Financial Statements	3
D	Long-Term Debt	4
E	Indebtedness to Related Party	5
F	Guarantees of Securities of Other Issuers	6
G	Capital Stock	7

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	P-	P479,631,777	P13,325,649
Trade receivable	-	389,213,791	-
Investments in government securities	462,220,000	464,135,145	24,630,269
Other assets	-	19,944,128	-
	<u>462,220,000</u>	<u>1,352,924,841</u>	<u>37,955,918</u>
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	P1,219,057,415	P2,149,906,758	P79,767,721

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 D
LONG-TERM DEBT

DECEMBER 31, 2023

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

CTS GLOBAL EQUITY GROUP, INC.

**SCHEDULE E
INDEBTEDNESS TO RELATED PARTIES**

DECEMBER 31, 2023

<u>Name of Related Party</u>	<u>Balance at Beginning of Period</u>	<u>Balance at End of Period</u>
	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

ANNEX “G”
PARTICIPATION BY REMOTE COMMUNICATION AND
ELECTRONIC VOTING IN ABSENTIA

To ensure the safety and health of the shareholders of CTS Global Equity Group, Inc. (“CTS” or the “Corporation”), the Corporation will dispense with the physical attendance at the Annual Shareholders’ Meeting (“Meeting”) and allow shareholders to attend only by remote communication. Voting shall be done electronically in absentia through the same platform or by voting through the Chairman of the meeting as proxy. A stockholder voting electronically in absentia will be deemed present at the meeting for purposes of quorum.

Below are the guidelines for participation by remote communication and electronic voting in absentia:

1. To be able to participate in the Meeting by remote communication as well as vote electronically in absentia, shareholders as of Record Date of 11 April 2024 (“Shareholders”) will have to register at <https://shareholders.ctsglobalgroup.com> (“Portal”). The Portal shall be open for registration on 17 April 2024.
2. To enable the Corporation to perform validation procedures, identify the shareholders participating by remote communication and record their presence for purposes of quorum, the shareholders must complete the registration requirements in the Portal by 5:00 p.m. on 26 April 2024. After this date, Shareholders may no longer avail of the option to vote in absentia.
3. The guidelines for registration will be stated in the Portal. The following information will be required for registration:
 - a. For Individual Shareholders
 - i. Full name;
 - ii. Valid and active e-mail address;
 - iii. Scanned copy of the Shareholder’s valid government issued ID showing their photo and personal details, which ID should not expire before the date of the Meeting; and
 - iv. Scanned copy of the stock certificate/s in the name of the Shareholder or Broker’s certification on the number of CTS shares held by Shareholder as of Record Date;
 - b. For Corporate Shareholders
 - i. Complete company name;
 - ii. SEC Registration Number;
 - iii. Valid and active e-mail address;
 - iv. Complete name of the corporate Shareholder’s representative;
 - v. Scanned copy of the Secretary’s Certificate attesting to the authority of the representative to vote on or behalf of the Shareholder;
 - vi. Scanned copy of the valid government issued ID of the person who signed the Secretary’s Certificate showing their photo and specimen signature, which ID should not expire before the date of the Meeting;
 - vii. Scanned copy of the authorized representative’s valid government issued ID showing their photo and personal details, which ID should not expire before the date of the Meeting; and
 - viii. Scanned copy of the stock certificate/s in the name of the Shareholder or Broker’s certification on the number of CTS shares held by Shareholder as of Record Date.
 - c. CTS reserves the right to request for such additional documents as may be necessary under the circumstances.

The submission of incomplete or inconsistent information may result in unsuccessful registration. In case of unsuccessful registration, the Shareholder will not be allowed to vote electronically in

absentia. However, the Shareholder may still exercise their right to vote through the Chairman of the meeting as proxy. Proxies must be submitted by email on or before 26 April 2024 to corporatesecretary@ctsglobalgroup.com.

4. The Shareholder shall receive an email upon successful registration and validation.
5. Voting Electronically in Absentia
 - a. The Agenda items will be included in the digital ballot available in the Portal. The registered Shareholder may vote as follows:
 - i. For all items other than the Election of the Board of Directors, the registered Shareholder may either vote Yes, No, or Abstain. The vote of the Shareholder per item is considered cast for all of his shares.
 - ii. For the Election of the Board of Directors, the registered may vote for all nominees, not vote for any of the nominees, or vote for some nominees only, in such number of shares as preferred by the Shareholder, provided that the total number of votes cast shall not exceed the number of shares owned by them, multiplied by 11.
 - b. Voting shall be closed by 3:00 p.m. on 10 May 2024.
 - c. The Shareholder may complete and submit the digital ballot through the Portal. Upon submission, the digital ballots can no longer be amended.
 - d. Except as may be otherwise stated, votes cast in absentia shall have the same effect as votes cast by proxy.
6. Participation by Remote Communication
 - a. Registered Shareholders may participate by remote communication in the meeting by logging in to the Portal.
 - b. The Portal will include a feature where Shareholders may type in their questions.

Please contact the Office of the Corporate Secretary at corporatesecretary@ctsglobalgroup.com for any clarifications.