COVER SHEET

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S.E.C. Registration Number

COL FINANCIAL GROUP, INC.

(Company's Full Name)

24F EAST TOWER PSE CENTRE
EXCHANGE ROAD ORTIGAS CENTER
PASIG CITY

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

Atty. Sharon T. Lim	636-54-11
Contact Person	Company Telephone Number

1 2	3 1	**SEC Form 20-IS** **Amended Information Statement**	0 3	
Month	*Day*	FORM TYPE	*Month*	*Day*
Fiscal Year			Annual Meeting	

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

		none
Total Number of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

COL FINANCIAL GROUP, INC.
24/F East Tower, Philippine Stock Exchange Centre,
Exchange Road, Ortigas Center,
Pasig City Philippines

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

Notice is hereby given that the Annual Stockholders' Meeting of COL Financial Group, Inc. (the "Company"), will be held on **29 March 2019, Friday**, at 2:00 P.M., at *Ballrooms C, D, & E, Crowne Plaza Manila Galleria*, Ortigas Avenue corner Asian Development Bank Avenue, Ortigas Center, Pasig City.

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 Annual Stockholders' Meeting held on 13 April 2018
4. President's Report
5. Ratification of all Acts and Proceedings of the Board of Directors and Management for 2018 up to 1 March 2019
6. Approval of the 2018 Audited Financial Statements
7. Election of the Board of Directors
8. Appointment of External Auditors
9. Other Matters
10. Adjournment

Only stockholders of record at the close of business on **28 February 2019** are entitled to notice of, and to vote at, said meeting and any adjournment thereof. As per By-Laws, the Stock and Transfer Books of the Company will be closed from 28 February 2019 to 7 March 2019.

In case you cannot personally attend the meeting, you may accomplish the attached proxy form and submit the same to the Office of the Corporate Secretary at the 24/ F East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City. The deadline for submission of proxies is 15 March 2019, in accordance with Article II, Section 7 of the By-Laws. Validation of proxies shall proceed thereafter at the Office of the Corporate Secretary at 24/F East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City.

STEPHANIE FAYE B. REYES
Assistant Corporate Secretary

PROXY

The undersigned stockholder of COL FINANCIAL GROUP, INC., (the "Corporation") hereby appoints ______________________ or in his absence, the Chairman of the meeting, as attorney and proxy, with power of substitution, to represent and vote all shares registered in my name as proxy of the undersigned stockholder, at the Annual Meeting of Stockholders of the Corporation on March 29, 2019, and at any adjournments thereof for the purpose of acting on the following matters:

1. Approval of the minutes of the 2018 Annual Stockholders' Meeting
   _____ Yes _____ No _____ Abstain

2. Approval of the President's Report
   _____ Yes _____ No _____ Abstain

3. Ratification of all Acts and Proceedings of the Board of Directors and Management
   _____ Yes _____ No _____ Abstain

4. Approval of the 2018 Audited Financial Statements
   _____ Yes _____ No _____ Abstain

5. Election of the Board of Directors

	No. of Votes
Edward K. Lee	___________
Alexander C. Yu	___________
Conrado F. Bate	___________
Paulwell Han	___________
Kido Hokushin	___________
Hernan G. Lim	___________
Arthur G. Gindap (Independent)	___________
Catherine L. Ong	___________
Raymond C. Yu	___________
Wellington C. Yu	___________
Khoo Boo Boon (Independent)	___________

6. Appointment of SGV as External Auditor
   _____ Yes _____ No _____ Abstain

7. At his discretion, the proxy is authorized to vote upon such other matters as may properly come before the meeting
   _____ Yes _____ No _____ 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 ON OR BEFORE MARCH 15, 2019 (FRIDAY), THE DEADLINE FOR SUBMISSION OF PROXIES.

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. A PROXY IS ALSO CONSIDERED REVOKED IF THE STOCKHOLDER ATTENDS THE MEETING IN PERSON AND EXPRESSED HIS INTENTION TO VOTE IN PERSON.

NOTARIZATION OF THIS PROXY IS NOT REQUIRED.

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
   [✓] **Amended** Definitive Information Statement

2. Name of Registrant as specified in its charter: **COL Financial Group, Inc.**

3. **Metro Manila, Philippines**
   Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number: **A199910065**

5. BIR Tax Identification Code: **203-523-208**

6. **24/F East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City 1605**
   Address of principal office Postal Code

7. Registrant's telephone number, including area code: **(632) 636-5411**

8. Date, time and place of the meeting of security holders:

   Friday, 29 March 2019 at 2:00 PM
   Ballrooms C, D, & E, Crowne Plaza Manila Galleria, Ortigas Avenue corner Asian Development Bank Avenue, Ortigas Center, Pasig City.

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **8 March 2019**

10. 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 28 February 2019
Common	**476,000,000**

11. 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: **29 March 2019**
Time: **2:00 p.m.**
Place: **Ballroom C, D, & E, Crowne Plaza Manila Galleria, Ortigas Avenue corner Asian Development Bank Avenue, Ortigas Center, Pasig City.**

(b) Approximate date on which copies of the information statement are first to be sent or given to security holders: **8 March 2019**

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

Item 2. DISSENTERS' RIGHT OF APPRAISAL

There are no matters or proposed corporate actions included in the Agenda of the Meeting which may give rise to a possible exercise by security holders of their appraisal rights. Generally, however, in the instances mentioned in the Corporation Code of the Philippines, the stockholders of the corporation have the right of appraisal, provided, that the procedures and the requirements of Title X thereof governing the exercise of the right are complied with and/or followed.

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

(a) No current director or officer of COL Financial Group, Inc. ("COL" or the "Company"), or nominee for election as directors of the Company nor 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 Company 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 28 February 2019	:	476,000,000
	Number of votes entitled	:	One (1) vote per share

Company 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 his votes.

(b) **Record Date**

Stockholders of record as of **28 February 2019** ("Record Date") are entitled to notice and to vote at the Company'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 24 of the Corporation Code of the Philippines, a stockholder with the number of shares held in his name in the Company'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 he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares, or he may distribute them on the same principle among as many candidates as he shall see fit: Provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company multiplied by the total number of directors to be elected: Provided, however, that no delinquent stocks shall be voted.

The deadline for submission of proxies is **15 March 2019**. Validation of proxies shall proceed thereafter at the Office of the Corporate Secretary at 24/F East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City.

(d) **<u>Security Ownership of Record and Beneficial Owners of more than 5% of the Company's voting securities as of 28 February 2019 are as follows:</u>**

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**	**Percent (%)**
Common	**PCD Nominee Corp (Filipino)**	Various	Filipino	178,183,456	37.43
			Non-Filipino	88,360,229	18.56
	Daiwa Securities Group, Inc.[1]		Japanese	70,924,000	14.90
	Lee, Edward K.	Lee, Edward K.	Filipino	62,250,000 – Direct 30,317,800 – under PCD	21.18
	Lee, Lydia			1,000,000 – Direct 4,025,600 – under PCD	
	Lee, Edmund C.			2,040,000 – under PCD	
	ELLEE & Co., Inc.[2]			1,193,500 – under PCD	
	Yu, Alexander C.	Yu, Alexander C.	Filipino	20,000,000 – Direct 35,260,725 – under PCD	13.60
	Yu, Adrian Alexander C.			3,040,100 – under PCD	
	Yu, Michelle C.			3,425,700 – under PCD	
	Yu, Tiffany Ann C.			3,000,000 – under PCD	
	Han, Paulwell	Han, Paulwell	Chinese	100,000 – Direct 37,499,975 – under PCD	7.90

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

[1] The Board of Directors of Daiwa Securities Group, Inc., ("Daiwa") has the power to decide how COL shares held by Daiwa are to be voted.
[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 28 February 2019)

Title of Class	Name of Owner	Position	Citizenship	Total No. of Shares	Percent (%)
Common	Edward K. Lee	Chairman	Filipino	100,826,900	21.18
Common	Alexander C. Yu	Vice-Chairman	Filipino	64,726,525	13.60
Common	Conrado F. Bate	Director/President/CEO	Filipino	19,895,959	4.18
Common	Paulwell Han	Director	Chinese	37,599,975	7.90
Common	Kido Hokushin	Director	Japanese	1	0.00
Common	Hernan G. Lim	Director	Filipino	17,522,585	3.68
Common	Joel Litman	Director	American	34,000	0.01
Common	Raymond C. Yu	Director	Filipino	22,323,940	4.69
Common	Wellington C. Yu	Independent Director	Filipino	10,000	0.00
Common	Khoo Boo Boon	Independent Director	Malaysian	3,000	0.00
Common	Catherine L. Ong	Director/SVP/Treasurer	Filipino	10,242,800	2.15
Common	Juan G. Barredo	VP/Head of Sales and Customer Support	Filipino	1,100,050	0.23
Common	Nikos J. Bautista	VP/Chief Technology Officer	Filipino	1,160,200	0.24
Common	April Lynn L. Tan	VP/Head of Research	Filipino	1,520,000	0.32
Common	Lorena E. Velarde	VP/Financial Controller	Filipino	475,000	0.10
Common	Melissa O. Ng	AVP/Head of Operations	Chinese	195,750	0.04
Common	Sharon T. Lim	AVP/Head of HR, Legal and Compliance Departments	Filipino	9,250	0.00
Common	Edmund Daniel P. Martinez	AVP/Head of Premium Business Group	Filipino	3,000	0.00
Common	Gabriel Jose E. Mendiola	AVP - Software Development	Filipino	4,332,500	0.91
Common	Joyce G. Chan	AVP - Customer Support	Filipino	402,500	0.08
Common	**Key Officers and Directors (as a group)**			282,383,935	59.31

(e) **Changes in Control**

There were no persons holding more than 5.0% of a class of shares under a voting trust or similar agreement.

The Company is not aware of any voting trust agreements or any other similar agreements, which may result in a change of control in the Company. No change in control of the Company 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 Company's 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 his successor is duly elected, unless he resigns, dies, or is removed prior to such election.

The nominees for election to the Board of Directors on 29 March 2019 are the following:

1. Edward K. Lee
2. Alexander C. Yu
3. Conrado F. Bate
4. Paulwell Han
5. Kido Hokushin
6. Hernan G. Lim
7. Arthur G. Gindap
8. Catherine L. Ong
9. Raymond C. Yu
10. Wellington C. Yu
11. Khoo Boo Boon

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 on 29 March 2019 are as follows:

Nominees for Independent Director (a)	Person/Group recommending nomination (b)	Relation of (a) and (b)
Khoo Boo Boon	Conrado F. Bate	None
Arthur G. Gindap	Conrado F. Bate	None

In approving the nominations for Independent Directors, the Nominations 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. Khoo Boo Boon, as Chairman, and Mr. Alexander C. Yu 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 2(a) of the Company's By-Laws states that:

"Nomination and Procedure for Election of Independent Directors – Nomination of Independent Director/s shall be conducted by a Nomination Committee prior to a stockholders' meeting. All nominations of Independent Directors shall be made in writing and signed by the nominating stockholders and shall include the acceptance and conformity by the would-be nominees.

The Nomination Committee (the “Committee”) shall have at least three (3) members, one of whom shall be an Independent Director. It shall promulgate the guidelines or criteria to govern the conduct of the nomination. The same shall be properly disclosed in the company’s information or proxy statement or such other reports required by the Securities and Exchange Commission (the “SEC”).

The Committee shall pre-screen the qualification and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for Independent Director(s).

After nomination, the Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for Independent Directors (as required under Part IV (A) and (C) of Annex “C” of the SRC Rule 12 of the Implementing Rules and Regulations of the Securities Regulation Code), including, but not limited to, the following information:

(i) Name, age, and citizenship;
(ii) List of positions and offices that each such nominee held, or will hold, if known, with the corporation;
(iii) Business experience during the past five (5) years;
(iv) Directorship held in other companies;
(v) Involvement in legal proceedings; and
(vi) Security ownership.

The list shall be made available to the SEC and to all stockholders through the filing and distribution of the Information Statement or in such other reports required by the SEC. The name of the person or group of persons who recommended the nomination of the Independent Director shall be identified in such report including any relationship with the nominee.

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

Specific slots for Independent Directors shall not be filled-up by unqualified nominees. In case of failure of election for Independent Directors, the Chairman of the Meeting shall call a separate election during the same meeting to fill up the vacancy. Any controversy or issue arising from the selection, nomination, or election of Independent Directors shall be resolved by the SEC by appointing Independent Directors from the list of nominees submitted by the stockholders (As amended on 10 March 2006).”

iv. **Significant Employees**

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

v. **Family Relationships**

Mr. Alexander C. Yu & Mr. Raymond C. Yu and Mr. Edward K. Lee & Ms. Catherine L. Ong are siblings. Aside from them, there are no other family relationships either by consanguinity or affinity up to the fourth (4^{th}) civil degree among its directors, executive officers, and nominees for election as directors.

vi. **Involvement in Legal Proceedings**

The Company 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 Company:

(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.

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

(b) <u>**Resignation of Directors**</u>

None of the directors have resigned or declined to stand for re-election since the date of the last annual meeting of stockholders because of a disagreement with the Company on any matter relating to the Company'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 Company's executives and officers as a group:

SUMMARY COMPENSATION TABLE Annual Compensation			
(in ₱ Million)	**Annual Salary 2019 (est.)**	**Annual Salary 2018**	**Annual Salary 2017**
a) Chief Executive Officer and the Four Most Compensated Executives:			
Conrado F. Bate President & CEO ***Catherine L. Ong*** SVP/Treasurer ***Juan G. Barredo*** VP- Head of Sales and Customer Support ***Lorena E. Velarde*** VP- Financial Controller ***April Lynn L. Tan*** VP- Head of Research			
All above-named Executives and Officers as a Group	₱20.4	₱ 24.2	₱21.6
b) All other Executives and Officers as a Group named	₱11.1	₱17.1	₱5.8

(b) **Compensation of Directors**

Each director is entitled to a reasonable per diem, which amount shall, according to Article III, Section 8 of the Company's By-laws, not exceed ten percent (10%) of the net income before income tax of the Company during the previous year. 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 Sycip, Gorres, Velayo & Co., ("SGV") served as COL's external auditor for the last fiscal year. The Board of Directors intends to nominate SGV for re-appointment this fiscal year.

Representatives of SGV 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 2018, SGV has been COL's external auditor for the past nineteen (19) years. It assigns a different engagement partner to conduct its annual audit in compliance with the five (5) year requirement of SRC Rule 68, Paragraph 3 (Qualifications of Independent Auditors). For the audit year 2018, Ms. Janeth T. Nuñez-Javier has been assigned as the Partner-in-charge for COL.

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

There are no disagreements with SGV 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 SGV:

	Year Ended 31 December (in ₱)	
	2018	2017
Audit and Audit-Related Fees	1,635,000	1,500,000
Other Fees	-nil-	-nil-

Appointment of COL's external auditor and its audit fees are upon recommendation of the Audit Committee (AuditCom). All services rendered by SGV have prior approval of the President as recommended by the AuditCom. Actual work by SGV proceeds thereafter. The Audit Committee is chaired by Mr. Wellington C. Yu, 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 Company's audited financial statements as of 31 December 2018 are attached hereto as Annex "G". 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 Company's financial information are attached hereto as Annex "D".

Item 12. MERGERS, CONSOLIDATIONS, ACQUISITIONS AND SIMILAR MATTERS

There is no action taken by the Company 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 Company's Audited Financial Statements as of 31 December 2018 containing the performance of the Company and its financial condition;
(b) Approval of the Minutes of the Previous Annual Stockholders' Meeting (*See Annex "E");*
(c) Approval of the 2018 Report of the President; and
(d) Ratification of all Acts, Proceedings of the Board of Directors and Management for the period 2018 to 1 March 2019 *(See Annex "F").*

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 matters or actions to be taken up in the meeting with respect to any amendment of the Company's Articles of Incorporation or By-laws.

Item 18. OTHER PROPOSED ACTION

There are no actions to be taken with respect to any other matter.

Item 19. VOTING PROCEDURES

(a) Vote required for approval and election

Article II of the By-Laws of the Company provides that in all regular or special meeting of stockholders, a majority of outstanding capital stock must be present or represented in order to constitute a quorum. If no quorum is constituted, the meeting shall be adjourned until requisite amount of stock shall be present.

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 24 of the Corporation Code of the Philippines. With respect to the ratification of Board actions, a majority vote is required.

(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 his vote as provided in the Corporation Code. Only the Corporate Secretary and staff/s of Stock Transfer Agent are the persons authorized to count the votes.

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
24/F EAST TOWER, 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** March 2019.

COL Financial Group, Inc.

FOR THE BOARD OF DIRECTORS

STEPHANIE FAYE B. REYES
Assistant Corporate Secretary

ANNEX "A"
DIRECTORS AND EXECUTIVE OFFICERS

The names of the incumbent and nominee directors and key executive officers of the Company, 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, 63, Filipino, is a Bachelor of Science in Industrial Management Engineering graduate of De La Salle University. He is concurrently the Founder and Chairman of the Board of COL since 1999, COL Securities (HK) Limited since 2001, Citisecurities, Inc. since 1986, and Caylum Trading Institute since 2013. Mr. Lee served as a nominee of Citisecurities, 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 and in 2016, he was appointed as an official board member of JA Asia Pacific.

Alexander C. Yu
Vice-Chairman

Alexander C. Yu, 63, Filipino, is a Bachelor of Science in Mechanical Engineering graduate of De La Salle University. He is currently the Vice Chairman of COL since 1999 and the Vice Chairman and Treasurer of Citisecurities, 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. for more than 10 years. In 1997, he served as a Director of A. Soriano Corporation.

Conrado F. Bate
President and Chief Executive Officer

Conrado F. Bate, 56, Filipino, is a Bachelor of Arts in Economics and Bachelor of Science in Marketing Management graduate of De La Salle University. He is currently the President and Chief Executive Officer of COL. He has extensive experience in the Philippine stock brokerage and fund management industry. Prior positions that he held include: Vice President of JP Morgan Philippines in 2002, President and CEO of Abacus Securities Corporation from 1995 to 1997, and Vice President of Fund Management Division of Philamlife Insurance Company from 1990 to 1995. Mr. Bate was a member of the Board of Directors of the Philippine Stock Exchange (2005 to 2006) and served as its Chairman of the Investor

Education Committee and Member of the Legislative Committee. He was an independent director of the ATR Kim Eng Asset Management from 2005 to 2010 and serves in the same capacity for Corston-Smith Asset Management Sdn. Bhd. from February 2009 to present.

Khoo Boo Boon
Independent Director

Khoo Boo Boon, 60, Malaysian, has extensive experience in commodities trading, stock trading, advertising, marketing research, and corporate managements and has held senior executive position in the Asean region. He currently runs his own management and consulting firm, Knowledge-Based Business Intelligence and Consulting (KBBIC), and sits on the Board of Directors of Geka Property Holdings, Inc. and Bethel Home Holdings Inc. Mr. Khoo is an alumnus of the Asian Institute of Management where he earned a Master's degree in Development Management in 1990 as Canadian International Development Agency (CIDA) Fellow.

Wellington C. Yu
Independent Director
Nominee Director

Wellington C. Yu, 75, Filipino, finished his BS Chemical Engineering at De La Salle University in 1965 and his MBA and MS Chemical Engineering from the University of Pittsburgh. He is Dean Emeritus of the College of Business of De La Salle University. He was the Senior Vice President of Tropical Rent-A-Car in Hawaii from 1986 to 1990 and President of Suntrips, Inc. of San Jose, California from 1990 to 1997. In 2012, Xavier School San Juan awarded the "Exemplary Alumnus" title to Dean Yu. He is presently Vice-President and Dean of the College at Philippine Cultural College in Quezon City.

Raymond C. Yu
Director

Raymond C. Yu, 65, Filipino, is a Bachelor of Science in Commerce graduate of De La Salle University in 1974. He is currently the President of Winner Industrial Corporation, elected as a director of Caylum Trading Institute in 2013 and a director for more than 16 years of the following corporations: Citisecurities, Inc., Cedarside Holdings Corp., Cedarside Industries, Inc., Barrington Carpets, Inc., and Citimex, Inc.

Hernan G. Lim
Director

Hernan G. Lim, 66, 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., Citisecurities, 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.

Paulwell Han
Director

Paulwell Han, 59, Chinese, is a graduate of Business Finance at San Francisco State University, USA. He is currently the Director and General Manager of different corporations located in Hong Kong, namely: Etta Trading Company Limited, Yee Ting Tong Company Limited, Tecworld Investment Co., Ltd., Silver Jubilee Co., Ltd., and Sunning Restaurant.

Hokushin Kido
Director

Hokushin Kido, 41, Japanese, was elected as director on May 15, 2017. He is currently the head of Global Business Development Section in International Business Planning Department of Daiwa Securities Group Inc., where he promotes international alliance and investment strategy. He has extensive experience in the sales and trading business since he started his career in Daiwa Securities Group Inc. in 2002. He earned his BA in English at Kansai Gaidai University, and his MBA at the University of North Carolina Kenan-Flagler Business School.

Catherine L. Ong
Director, Senior Vice President, Chief Financial Officer, and Treasurer

Catherine L. Ong, 67, Filipino, is the President of Citisecurities, Inc. and Executive Vice President and Treasurer of Cedarside Industries, Inc., Barrington Carpets, Inc., and Citimex, Inc. She has held the latter position for more than 20 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.

Arthur G. Gindap
Nominee Independent Director

Arthur G. Gindap, 57, Filipino, is the Senior Vice President & Business Unit General Manager of Robinsons Hotels & Resorts. From 2004 to 2018, he was the Vice President & Regional General Manager of Philippines & Thailand and the Vice President of Global Operations & Customer Service of the Ascott Limited. Mr. Gindap has over 30 years of experience in the hotel and hospitality industry. Since 2014, Mr. Gindap has also sat as a trustee in the Board of Trustees of De La Salle Benilde. Mr. Gindap graduated from Sheridan College in Canada with a degree in Hotel and Restaurant Administration.

EXECUTIVE OFFICERS

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

Juan G. Barredo
Vice President and Head of Sales and Customer Support Department

Juan "Juanis" G. Barredo, 51, Filipino, Vice President of Sales & Customer Support for COL, manages the day-to-day operations of COL's Business Center, its Sales division as well as its Customer Service division. He also spearheads the COL Investor Seminar Series, the flagship investor education program of the Company, geared to empower COL customers and the investing public to build their knowledge base through a series of progressive stock market training sessions so that they can confidently invest in the Philippine Stock Market. He has addressed an audience of over 130,000 people nationwide in the last nine years with topics ranging from the basics of stock market investing to introductory and advanced technical analysis seminars. Mr. Barredo holds a Bachelor of Arts degree in Philosophy from De La Salle University in 1990 and is a Certified Securities Representative.

Nikos J. Bautista
Vice President and Chief Technology Officer

Nikos J. Bautista, 49, Filipino, is the Chief Technology Officer of COL. He was also a consultant and a committee member for the Trading System Project of the PSE which was launched successfully mid-2010 and for various projects of the PDEX. He was with the I.T. Department of the PSE as manager, in charge of all the I.T.-related activities of the Exchange from 1993 to 1997. In 1997, he joined Computershare, an Australian-based software development Company specializing in trading systems wherein he took charge of all technical aspects of the business. In 2000, he put up a software development company, Finatechs, Inc., where he served as its President and Chief Executive Officer until 2003. Mr. Bautista is a graduate of De La Salle University with a Bachelor of Computer Science Degree with Masteral Courses in Computer Science.

Lorena E. Velarde
Vice President and Financial Controller

Lorena E. Velarde, 48, Filipino, was appointed as Financial Controller of COL in 2010 after having served as the Company's Head of Accounting from 2001 to 2009. She is concurrently the Associated Person of Citisecurities, Inc. She was previously the Accounting Department Head of Citisecurities, Inc. 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.

April Lynn L. Tan
Vice President and Head of Research Department

April Lynn L. Tan, 43, Filipino, has been the head of COL's Research Team since 2003. She has been doing equities research since 1996 when she joined the research team of Citisecurities, Inc. Ms. Tan holds a Bachelor of Science Degree in Management Engineering from the Ateneo de Manila University. She is a Certified Securities Representative and in 2000, earned the right to use the Chartered Financial Analyst (CFA) designation. She was the President of the CFA Society of the Philippines from 2009 to 2016. Under her term as president, CFA Philippines won the "Global CFA Institute Research Challenge" twice and several Society Excellence Awards including the "Most Outstanding Society" for its size. The Society also became the country sponsor for the Global Investment Performance Standards (GIPS) together with the local "Fund Managers' Association of the Philippines" and the "Trust Officers Association of the Philippines."

Melissa O. Ng
Assistant Vice President and Head of Operations Department

Melissa O. Ng, 46, Chinese, graduated with a degree of Bachelor of Science in Applied Economics and a Bachelor of Science Degree in Business Management from De La Salle University. She earned her MBA (Silver Medalist) from De La Salle University in 2000. She has been with the Company since 2007 and has previous banking experience from Security Bank and Union Bank of the Philippines.

Sharon T. Lim
Assistant Vice President and Head of HR, Legal and Compliance Departments

Sharon T. Lim, 38, Filipino, started with the Company in 2011 as Compliance and Legal Officer and was appointed as AVP and Head of HR, Legal and Compliance Departments in 2016. She was appointed as Corporate Secretary on November 2018. Atty. Lim was previously a Senior Associate of Puyat, Jacinto, and Santos Law Offices and an Associate of Picazo Buyco Tan Fider and Santos Law Offices. She graduated with a degree of Bachelor of Science in Management Engineering in 2002 at the Ateneo de Manila University and Bachelor of Laws in 2006 at the University of the Philippines. She was admitted to the Philippine Bar in 2007 and is a licensed Associated Person.

Edmund Daniel P. Martinez
Assistant Vice President and Head of Premium Business Group

Edmund Daniel P. Martinez, 35, Filipino, was recently appointed as AVP – Head of Premium Business Group. He started with COL as Business Development Consultant. He previously worked at Hong Kong Shanghai Banking Corporation as VP of Wealth Management and Product Development. He has also held positions at Citibank NA., Citibank Savings Inc., Citicorp Financial Services and Insurance Brokerage Philippines, Inc., and First Metro Investment Corporation. He was also an instructor and the Deputy Director of the Strategic Business Economics Program of the University of Asia and the Pacific. Mr. Martinez graduated with a Bachelor of Arts degree in Humanities from the University of Asia and the

Pacific and attained his Master of Science degree in Industrial Economics from the same University. He has also completed the Certified Financial Consultant Program of the Institute of Financial Consultants of Canada, holds a diploma in PHP MYSQL Development from the University of the Philippines, is a Registered Financial Planner, and a CFA Investment Foundations Certificate Holder.

Joyce G. Chan
Assistant Vice President - Customer Support

Joyce G. Chan, 34, Filipino graduated with a Bachelor of Arts degree in Communications from Ateneo De Manila University. She started as a Management Associate with the Philam Group of Companies before becoming a Corporate Trainer and Development Officer. She joined COL Financial Group, Inc. in 2010 as a Sales Manager and has since then handled the Sales and Customer Support teams in COL Financial. She is a Certified Securities Representative, Certified Investment Solicitor, and a Fellow in the Life Management Institute with Honors.

Gabriel Jose E. Mendiola
Assistant Vice President - Software Development

Gabriel Jose E. Mendiola, 37, Filipino is the AVP – Software Development of COL Financial Group, Inc. He started working at the Company in 2007 as the I.T. Manager, and is currently in charge of the design, development, and evaluation of computer software or systems used by the Company. He is also involved in dictating technical standard, tools, and platforms. Before joining the Company, he worked at Unisys Philippines, Ltd. and at GXS Philippines, Inc. as Senior Software Engineer. Mr. Mendiola is a Computer Science – Information Technology graduate of De LaSalle University.

ANNEX "B"
DIRECTOR CERTIFICATION

CERTIFICATION

This is to certify that none of the Directors, Independent Directors and Officers of COL Financial Group, Inc. works in any government agency.

Issued this 20th day of February 2019 at Pasig City, Philippines.

JUAN G. BARREDO
Assistant Corporate Secretary

Subscribed and sworn to before me this 20th day of February 2019 at Pasig City, affiant exhibited to me his issued at on

ATTY. STEPHANIE FAYE B. REYES
For the Cities of Pasig, San Juan
and the Municipality of Pateros
Expiring on 31 December 2020
Appointment No. 61 (2019-2020) Pasig City
Roll No. 64239
PTR No. 5226847 /01.04.19/Pasig City
IBP LRN 13768/RSM
MCLE Compliance No. VI-0014740/11.13.18
2703C East Tower PSE Centre, Exchange Road,
Ortigas Center, Pasig City

Doc No. 454;
Page No. 92;
Book No. 1;
Series of 2019

ANNEX "C"

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **KHOO BOO BOON**, Malaysian, of legal age and a resident of after having been duly sworn in accordance with law do hereby declare that:

1. I am an independent director of **COL Financial Group, Inc.** and have been its independent director since 2012.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Bethel Home Holdings	Director	August 23, 2006 to present
Geka Property Holdings	Director	August 23, 2006 to present
Knowledge-Based Business Intelligence and Consulting, Inc.	Director	September 2012 to present

3. I possess all the qualification and none of the disqualifications to serve as an Independent Director of **COL Financial 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 shareholder of **COL Financial Group, Inc. and its subsidiaries and affiliates.**

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 **COL Financial Group, Inc.** of any changes in the abovementioned information within five days from its occurrence.

Done this 8th day of February 2019, at Pasig City.

KHOO BOO BOON
Affiant

SUBSCRIBED AND SWORN TO BEFORE ME this 8th day of February 2019 at Pasig City, affiant exhibited to me his ________________, issued at _______, valid until _______

Doc. No. 439;
Page No. 89;
Book No. 1;
Series of 2019

ATTY. STEPHANIE FAYE B. REYES
For the Cities of Pasig, San Juan
and the Municipality of Pateros
Expiring on 31 December 2020
Appointment No. 61 (2019-2020) Pasig City
Roll No. 64239
PTR No. 5226847 /01.04.19/Pasig City
IBP LRN 13768/RSM
MCLE Compliance No. VI-0014740/11.13.18
2703C East Tower PSE Centre, Exchange Road,
Ortigas Center, Pasig City

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **ARTHUR G. GINDAP,** Filipino, of legal age and a resident of after having been duly sworn in accordance with law do hereby declare that:

1. I am nominated to be an independent director of **COL Financial Group, Inc.**

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Robinsons Hotels & Resorts	Senior Vice President, Business Unit General Manager	2018-Present
De La Salle Benilde	Trustee	2014-Present

3. I possess all the qualification and none of the disqualifications to serve as an Independent Director of **COL Financial 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 shareholder of **COL Financial Group, Inc. and its subsidiaries and affiliates.**

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 **COL Financial Group, Inc.** of any changes in the abovementioned information within five days from its occurrence.

Done this 14th day of March 2019, at Pasig City.

ARTHUR G. GINDAP
Affiant

SUBSCRIBED AND SWORN TO BEFORE ME this 14th day of March 2019 at Pasig City, affiant exhibited to me his issued at __________, valid until

Doc. No. 507;
Page No. 103;
Book No. I;
Series of 2019

ATTY. STEPHANIE FAYE B. REYES
For the Cities of Pasig, San Juan
and the Municipality of Pateros
Expiring on 31 December 2020
Appointment No. 61 (2019-2020) Pasig City
Roll No. 64239
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MCLE Compliance No. VI-0014740/11.13.18
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Ortigas Center, Pasig City

ANNEX "D"
MANAGEMENT REPORT

Management's Discussion and Analysis (MD&A) of Financial Conditions and Results of Operations

The following is a discussion and analysis of the financial performance of COL Financial Group, Inc. (COL, COL Financial, or the Parent Company) and COL Securities (HK) Limited (the HK Subsidiary or COLHK) collectively referred to as "The Group". 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 consolidated financial statements filed as part of this report.

A. Company Overview

COL Financial Group, Inc., a publicly listed company in the Philippine Stock Exchange (PSE), is the leading online financial services provider in the Philippines. Incorporated on August 16, 1999, COL aims to be the most trusted wealth-building partner of every Filipino, providing practical and ethical financial products through value-driven and innovative solutions to help them achieve their financial goals.

After completing and passing the rigid regulatory requirements, COL launched in January 2001 its proprietary online trading platform. Through www.colfinancial.com, COL offers real-time market information and execution, superior investing tools and functionalities, and comprehensive stock market research and analysis to guide independent investors make well informed investment decisions.

As part of COL's commitment to provide more useful products and services to help its customers build genuine wealth, COL launched in July 2015 the COL Fund Source, the first and leading online mutual fund supermarket in the Philippines which provides investors access to a wide selection of mutual funds.

To provide investors with online access to the HK stock market, COL established on June 20, 2001 its wholly-owned foreign subsidiary, COLHK. The access of the customers of COLHK to the global markets was further expanded when COLHK entered into a non-disclosed broker account with Interactive Brokers (IB) in August 2014 which allowed its customers to gain access and electronically trade global equity markets including but not limited to Japan, USA, Singapore, Germany, and China (via Shanghai-Hong Kong Stock Connect).

B. Business Model

COL Financial derives a significant proportion of its revenues from its stock brokerage business in the Philippines. Most of the revenues generated from its Philippine operations include: (1) commission generated from stock trades, (2) interest income from margin financing, and (3) interest income made from short-term placements. COL also earns trailer fees from the distribution of mutual funds, although contribution from this business is still minimal.

COL also derives revenues from its stock brokerage business in HK through its wholly owned subsidiary, COLHK. COLHK generates revenues by charging commissions on clients that trade the HK stock market.

C. Industry and Economic Review

After a strong start fueled by excitement towards the successful passage of the tax reform program, the Philippine stock market succumbed to a major correction which began in February, bringing the Philippine Stock Exchange Index (PSEi) down by 12.8% for the year to 7,466.02 by the end of 2018.

The Philippine stock market's initial drop was triggered by the volatile performance of the U.S. stock market which was in turn caused by the significant increase in the U.S. 10-year bond rate. However, the continuous increase in domestic inflation and the sell-off of emerging markets caused the further decline of the Philippine stock market. Recall that inflation increased consistently on a monthly basis since January to reach a high of 6.7% in October. In contrast, inflation was only 2.9% for the whole of 2017. Numerous factors were responsible for rising inflation including the passage of the tax reform program, higher oil, rice and food prices, the weak peso, and the strong economy. It didn't help that the Bangko Sentral ng Pilipinas (BSP) only started raising rates in May to control inflation.

The sell-off of emerging markets also contributed to the drop in the Philippine stock market. Sentiment for emerging markets deteriorated as the U.S. dollar strengthened. Recall that the U.S. Fed raised interest rates four times in 2018. The strength of the U.S. economy coupled with the fact that the Fed was one of only a handful of central banks raising rates last year caused funds to flow out of emerging markets back to the U.S.

Aside from the higher yield of the U.S. dollar, sentiment for emerging market equities deteriorated due to the U.S. initiated trade war against China. Note that the Chinese economy is vulnerable to a trade war with the U.S. given the size of its exports to the U.S. China also accounts for a big portion of the emerging market index. Numerous Asian countries that are part of the emerging market index are also vulnerable to the U.S. China trade war being large exporters to China.

As foreign investors exited emerging markets, net foreign selling in the Philippine Stock Exchange (PSE) reached ₱57.3 billion in 2018.

Average daily value turnover in the PSE also fell by 11.3% to ₱7.2 billion compared to 2017. The drop in value turnover would have been more significant if not for the heightened trading activity on possible candidates for the third telco player during the first quarter of the year. Foreigners continued to dominate trading in the PSE, accounting for 53% of value turnover during the year.

Like the Philippine stock market, the HK stock market suffered from a correction beginning in February after rising strongly in January of 2018. HK stocks were also sold off due to the emerging market sell-off and heightened concerns of the U.S. China trade war. The Hang Seng index (HSI), the Hang Seng China Enterprise Index (HSCEI) and the Hang Seng China Affiliate Corp. Index (HSCCI) were lower by 13.6%, 13.5% and 5.8% in 2018. Despite the poor performance of the HK market, average daily value turnover improved significantly, increasing by 22.3% to HKD107.1 billion in 2018 from HKD87.6 billion in 2017.

D. Business Review

1. Key Performance Indicators

COL is committed to maximize profitability through the efficient use of its capital resources with the ultimate objective of increasing shareholder value. Consequently, COL regularly monitors and reviews the effectiveness of its corporate activities and key performance indicators which are considered important in measuring the success of implemented financial and operating strategies and concomitant action plans. Set out below are some of its key performance indicators:

	2018	2017
Number of Customer Accounts	293,371	248,470
Customers' Net Equity (in millions)	₱73,096.1	₱74,433.8
Revenues (in millions)	₱1,156.8	₱959.2
Return On Average Equity (ROE)	32.1%	25.9%
Risk Based Capital Adequacy Ratio*	678.0%	626.0%
Liquid Capital** (in millions)	HKD32.5	HKD37.4

** Parent Company only*
***HK Subsidiary*

Despite volatile market conditions, COL maintained its strong growth momentum, opening a total of almost 45,000 new accounts to end 2018 with 293,371 **customer accounts**, higher by 18.1% year-on-year. COL's client base continued to grow as the Parent Company remained active in educating and encouraging Filipinos to save and invest through its market forums and investor education seminars. It also continued to benefit from heightened interest among Filipinos to invest outside of traditional fixed income instruments as well as the greater convenience provided by online platforms in accessing the stock market. Moreover, aside from the purchase of individual stocks, COL now provides indirect access to the stock market through mutual funds, making it easier for inexperienced investors to also invest in the stock market. As of end 2018, there were 36,349 accounts that owned mutual funds, equivalent to around 12.4% of COL's client base during the said period. COL also benefited from its wider geographical reach as it already had five investor centers located in Ortigas, Makati, Cebu, Davao and Ilocos, allowing it to address the needs of more clients.

Customers' net equity was down slightly by 1.8% year-on-year to ₱73.1 billion by the end of 2018, as the strong growth of COL's client base was unable to offset the negative impact of weak market conditions. On the positive side, COL still saw net new flows amounting to ₱ 7.48 billion in 2018, allowing customers' net equity to remain flattish despite the 12.8% drop of the benchmark index.

In 2018, the Group's **revenues** hit the one billion mark for the first time, after it posted a 20.6% increase in its consolidated revenues to ₱1.2 billion. This growth is driven primarily by the 47.4% year-on-year increase in the average assets under administration (AUA) balance and the favorable bank interest rates especially during the fourth quarter of 2018 which resulted to notable increases in trail fees and interest income which went up 39.8% and 68.6%, respectively.

Due to the strong growth of net income, **return on average equity** (ROE), computed as net income divided by average stockholders' equity, improved to 32.1% in 2018 from 25.9% in 2017.

In 2018, both COL and its HK subsidiary continued to meet the stringent rules of regulators in the Philippines and Hong Kong. As of end December 2018, the Parent Company's Risk Based Capital Adequacy Ratio (RBCA) reached 678%, well above the minimum requirement of 110%. Meanwhile, COL HK had HKD32.5 million of liquid capital. This is also well above the minimum requirement of HKD3.0 million or 5% of adjusted liabilities.

2. Material Changes in Financial Condition

a. 2018 vs 2017

COL's asset base fell in 2018, dropping by 6.4% to ₱11.1 billion compared to its end 2017 level of ₱11.9 billion. Assets fell largely due to the 10.6% decline in cash and cash equivalents to ₱9.0 billion and the 30.7% decline in trade receivables to ₱811.0 million.

Cash and cash equivalents composed mainly of cash in banks and short-term placements fell as COL's clients deployed a larger portion of their capital in the stock market. From 87.3% as of end 2017, clients increased their deployment to 87.9% of their capital as of end 2018. Moreover, COL increased the amount of cash placed in higher yielding short and long-term time deposits from ₱200 million as of end 2017 to ₱826.0 million as of end 2018.

Meanwhile, trade receivables fell by 30.7% due to diminishing receivables from margin customers and lower receivables from clearing houses. As of end 2018, the value of margin loans fell to only ₱511.8 million from ₱554.1 million as of end 2017 while no receivable from the clearing houses was recorded as of end of 2018 as compared to the receivables amounting to ₱505.7 million booked as of end of 2017.

Other receivables also went up 89.4% to ₱52.0 million mainly due to higher accrued interest income on short and long-term placements, brought about by the significant increase in interest rates.

Financial assets at fair value through profit or loss increased by ₱1.2 million to ₱3.2 million due to the purchase of some proprietary shares by the Parent Company.

Property and equipment, including investment property, increased by 7.8% to ₱92.7 million as COL continued to invest on improving its IT infrastructure, with bulk of the ₱31.3 million of capital expenditures in 2018 spent on the purchase of additional units of high capacity rack servers and server software. The Parent Company also allocated a portion of its CAPEX budget for the construction of its offsite Data Center and the cost of improvements on its leased premises in line with its expansion program.

Deferred tax assets (DTA) consisting primarily of the future tax benefit amounting to ₱33.4 million recognized on the unused losses of COLHK was reversed in full in 2018 since its forecasted future taxable income is insufficient to support the recognition of the DTA.

Other noncurrent assets, on the other hand, increased by 307.5% to ₱73.4 million mainly due to the reversal of the ₱13.7 million allowance on impairment losses provided on the Parent Company's initial membership contribution and the recognition as other income of the monthly contributions in prior years charged to expenses amounting to ₱21.5 million. The SEC approved on March 13, 2018 to refund the CTGF contributions made by the clearing member upon cessation of its brokerage business and/or termination of its membership with the SCCP. As of end of 2018, the Parent Company has a total refundable contribution amounting to ₱38.8 million.

Similar to total assets, total liabilities likewise fell by 9.2% to ₱9.4 billion as of end 2018. The drop was largely due to the 9.3% decline in trade payables, which accounted for 98.7% of total liabilities. As of end 2018, trade payables fell to ₱9.3 billion from ₱10.2 billion as of end 2017 as clients deployed a larger portion of their portfolio in the stock market, leading to a decline in their cash balances.

Other current liabilities decreased by 7.0% to ₱107.2 million primarily due to the lower amount of deposits received from the retail customers beyond the cut-off period, partly offset by the increase in accrued bonuses of COL's employees.

Shareholders' equity increased by 12.6% to ₱1.7 billion due to the booking of ₱512.6 million in net income in 2018, partly offset by the payment of ₱333.2 million worth of cash dividends to shareholders.

b. 2017 vs 2016

COL's financial position remained strong with a high level of cash and zero interest bearing debt.

COL's assets continued to grow in 2017, increasing by 33.4% to ₱11.9 billion compared to its end 2016 level of ₱8.9 billion. The growth was largely funded by non-interest bearing liabilities as trade payables jumped by 38.7% to ₱10.2 billion. Trade payables rose largely due to the increase in customers' cash balance which in turn was a result of the significant growth in COL's client base.

Cash and cash equivalents composed mainly of cash in banks and short-term placements increased by 38.6% to ₱10.0 billion as of end 2017, also largely due to COL's growing client base and the resulting increase in their cash balances. As discussed earlier, net new flows including cash amounted to ₱4.0 billion in 2017.

Cash in a segregated account booked by COL's HK Subsidiary decreased by 34.0% to ₱89.0 million primarily due to withdrawals made by some of its customers who opted to repatriate their funds while waiting for the right opportunities to enter the local market.

Trade receivables decreased by 1.6% to ₱1.2 billion largely due to diminishing receivable from margin customers and post-paid clients, partly offset by higher receivables from clearing houses. As of end 2017, the value of margin loans fell to only ₱555.3 million from ₱ 691.7 million as of end 2016.

Financial assets at fair value through profit or loss decreased by 44.0% to ₱1.2 million due to the liquidation of some proprietary shares of the Parent Company.

Other receivables went up 81.3% to ₱27.5 million mainly due to higher amount of interest accrued on outstanding short and long-term placements owing to the significant increase in the average value of fixed income investments coupled with the significant improvement in interest rates locked in by the Parent Company during the last quarter of 2017. The Parent Company also invested a portion of its excess funds in retail treasury bond with a face value of ₱200.0 million at a coupon rate of 4.25% which will mature on April 11, 2020.

The ₱8.9 million tax refund previously booked as 'Other receivables' was reclassified to 'Other current assets' and the corresponding allowance for credit losses was reversed pending COL's receipt of the Tax Credit Certificate (TCC) from the Bureau of Internal Revenue (BIR). The final and executory decision of the Supreme Court in favor of the Parent Company came out in September 22, 2016 while COL's application for TCC was filed with the BIR on November 24, 2017.

Property and equipment significantly increased by 98.6% to ₱86.0 million as capital expenditures of the Parent Company reached ₱61.0 million. COL purchased an office space located at the PSE One Bonifacio in Taguig City worth ₱17.5 million. It also spent ₱39.3 million in the purchase of additional tower and rack servers and load balancers to upgrade its existing IT infrastructure and facilities to more powerful and efficient variants that are capable of handling big volumes of order and market data processing requirements. The planned upgrade is aimed at ensuring the optimum performance of COL's trading platform in spite of the increase in the number of new customers and the anticipated surge in the trading levels and user utilization. To complement the purchase of new hardware, the Parent Company also invested in new software and licenses in 2017 amounting to ₱3.0 million.

Trade payables, which account for 98.3% of total liabilities, jumped by 38.7% to ₱10.2 billion. The increase was driven by the continuous growth in COL's client base and their corresponding cash balances.

Other current liabilities increased by 26.7% to ₱115.2 million primarily attributable to the accrual of performance bonus of the Parent Company's employees as a result of exceeding the current year's targets and due to higher amount of deposits received from the retail customers beyond the cut-off period.

Income tax payable was up 79.20% to ₱18.2 million in line with the increase in the taxable income recorded by the Parent Company in 2017.

Retirement obligation, likewise, increased by 62.3% to ₱43.5 million due to the booking of retirement expense for the year and the net actuarial losses caused by the adjustments made in the basic salary of the senior officers and executives who have rendered between seven to sixteen years of service to the Parent Company.

Shareholders' equity increased by 5.7% to ₱1.5 billion due to the booking of ₱378.7 million in net income in 2017, partly offset by the payment of ₱285.6 million worth of cash dividends to shareholders.

3. Material Changes in the Results of Operations

a. 2018 vs 2017

COL's consolidated revenues in 2018 increased by 20.6% to ₱1.2 billion. Cost of services fell by 6.7% to ₱220.8 million and operating expenses fell by 0.8% to ₱209.3 million. Meanwhile, provision for income taxes jumped by 61.3% to ₱214.1 million. Given the growth of revenues compared to the decline of expenses, net income increased by 35.3% to ₱ 512.6 million.

COL's consolidated revenues increased by 20.6% to ₱1.2 billion, the first time that revenues hit the one billion mark. Growth was largely driven by the 68.6% jump in interest income and the 39.8% increase in trail fees.

Interest income grew strongly as the rising interest rate environment enabled COL to place funds in higher yielding deposit instruments. Recall that the BSP raised interest rates by a total of 175 basis points in 2018, while the average 91-day T-bill rate increased from 2.15% to 3.54%. Consequently, total interest income increased by 68.6% to ₱422.2 million. This was despite COL's lower cash position and the lower average value of margin loans from ₱ 804.4 million in 2017 to ₱540.8 million in 2018.

Meanwhile, trail fees which COL earns from the distribution of mutual funds grew strongly by 39.8% to ₱14.8 million as more clients invested in mutual funds. As of end 2018, 36,349 clients owned mutual funds, up from 27,375 as of end 2017 while average assets under administration increased by 47.4% year-on-year to ₱2.58 billion.

Commission revenues were also up, but by a slower pace of 3.6% to ₱702.9 million. Commission revenue growth slowed as average daily value turnover in the PSE fell by 11.3% to ₱7.2 billion. This was partly offset by the improvement in COL's share in the PSE's value turnover to 7.4% in 2018 from 6.3% in 2017.

Cost of services fell by 6.7% to ₱220.8 million largely due to the 31.9% drop in commission expenses to ₱60.6 million. In 2018, agent-led clients accounted for a smaller share of COL's value turnover at 15.0% vs 28.0% in 2017, largely explaining the drop in commission expenses.

Operating expenses was flattish at ₱209.3 million largely due to the effect of the reversal of the allowance on impairment losses amounting to ₱13.7 million on the initial contribution to the CTGF and the recognition as other income of the monthly contributions previously charged to expenses amounting to ₱21.5 million. These bookings substantially offset the higher costs related to the Parent Company's larger manpower complement, rentals and cost of improvements in its IT infrastructure charged to operations.

Personnel costs, professional fees and bonuses, which account for 64.4% of operating expenses, increased by 23.4% to ₱134.7 million. The increase in payroll-related expenses is in line with the continuous expansion in COL's client base which required a corresponding increase in manpower complement. Professional fees also went up due to the agreed yearly increase in the fees being paid to the IT consultants and the hiring of IT experts to further strengthen COL’s internal systems and network structure and develop and train its IT team in handling and maintaining the security of its systems.

Rentals, which account for 10.8% of operating expenses, increased significantly by 32.1% to ₱22.5 million due to higher rental rates. COL also rented more office space to house its growing manpower complement. Condominium dues and utilities, and power, light and water likewise increased by 30.4% and 26.7% to ₱3.6 million and ₱5.8 million, respectively, in line with the increase in its office floor area.

Advertising and marketing expenses increased by 19.3% to ₱11.6 million as the Parent Company spent on the creation and distribution of new digital content to promote the COL brand and reach a bigger number of prospective customers.

Repairs and maintenance, likewise, was up 35.7% to ₱5.2 million because of the additional costs incurred in maintaining the newly purchased rack servers and the major repair done in the Parent Company’s air conditioning system to ensure suitable ventilation in the server room.

Depreciation and amortization increased by 16.9% to ₱25.8 million due to large capital expenditures for the past three years, in line with efforts to beef up COL’s IT infrastructure and its wider reach through new Investor Centers in key cities outside Metro Manila. From 2016 to 2018, total capital expenditures reached ₱130.8 million.

Due to the aforementioned factors, operating income went up by ₱215.2 million or 42.1% to ₱726.7 million. However, net income increased by a slower pace of 35.3% to ₱512.6 million as provision for income tax increased by 61.3% to ₱214.1 million due to the write off of ₱ 33.4 million in deferred tax assets on COLHK’s unused tax losses.

b. 2017 vs 2016

COL’s consolidated revenues in 2017 increased by 15.1% to ₱959.2 million. Cost of services increased by a much slower pace of 6.0% to ₱236.6 million while operating expenses rose by 22.1% to ₱211.1 million. Meanwhile, provision for income taxes jumped by 21.5% to ₱132.7 million. In spite of the faster growth in operating expenses and taxes relative to revenues, net income still increased by 15.3% to ₱378.7 million.

COL’s consolidated revenues increased by 15.1% driven by the strong growth of commission revenues, interest income and other income. Commission revenues were up by 12.1% to ₱678.7 million, led by the 15.5% increase in commission revenues from self-directed clients trading the Philippine market.

Meanwhile, interest income increased by a faster pace of 13.7% to ₱250.5 million. Interest income from customers increased as COL benefited from the higher utilization of its margin lending facility. Average margin loans increased by 37.7% to ₱804.4 million in 2017 from ₱584.3 million during the previous year. As a result, the Parent Company generated a margin interest of ₱66.9 million in 2017 or a growth of 15.1% compared to the ₱58.2 million interest booked in 2016. Meanwhile, interest income on bank placements grew by 11.9% to ₱181.6

million as COL's average short-term placements increased by 5.3% year-on-year to ₱8.0 billion as of end 2017. COL likewise benefited from the placement of ₱403.0 million in long-term deposit instruments with higher interest rates. Yields on bank placements especially during the fourth quarter of 2017 also increased, helping boost interest income.

In 2017, COL generated ₱17.2 million worth of trading gains from the sale of unexercised stock rights. It also booked ₱10.6 million worth of trailer fees from its fund distribution business in 2017, up 85.0% from ₱5.7 million in 2016. As of end 2017, the size of COL's mutual fund assets under administration reached ₱2.3 billion, up from ₱1.3 billion as of end 2016.

Cost of services increased by only 6.0% to ₱236.6 million. The single digit growth in cost of sales was largely due to the 3.5% drop in commission expenses. In 2017, agent-led clients accounted for a smaller share of COL's value turnover at 28.0% vs 31.0% in 2016, which was largely responsible for the drop in commission expenses. However, operating expenses increased by a much faster pace of 22.1% to ₱211.1 million.

Personnel costs, management bonus, and professional fees account for close to half of the total operating expenses. Together, these expenses increased by 19.0% to ₱109.2 million. The increase in payroll-related expenses is in line with the continuous expansion in COL's client base resulting to increased manpower complement and the alignment of pay within the organization to reward and retain key personnel. Meanwhile, professional fees increased by ₱ 5.1 million primarily due to the additional fees paid to the regular IT consultants and the engagement of IT experts to provide the resources and services needed to enable COL to reach the best possible level of security for its infrastructure and processes.

Rentals which account for 8.1% of operating expenses significantly increased by 18.9% to ₱ 17.0 million due to the escalation clauses in the existing lease contracts entered into by the Parent Company. On the average, rent increased by 15.0% and 5.0% for office and parking spaces, respectively. Due to the growing operations and business of the Parent Company, it also rented additional office space for Davao during the last quarter of 2016 and for Cebu and Iloilo during the second quarter of 2017. These Investor Centers were opened to serve as touchpoints to customers and prospective clients in those key cities.

Security and messengerial services significantly increased by 40.1% to ₱6.7 million. During the year, the Parent Company changed the agency handling its messengerial and other manpower services. The new agency's rates were higher than that of last year resulting to an increase of 38.9% to ₱4.9 million. Security expenses also increased during the year by 43.6% to ₱1.7 million because of a change in its current salary scheme. The said revision in the salary scheme made the twelve-hour regular shift in 2016 to an eight-hour regular shift plus four hours of overtime in 2017.

Repairs and maintenance expenses also booked a substantial increase of 67.1% to ₱3.8 million as the Parent Company incurred additional maintenance costs of its systems, servers, and printers amounting to ₱1.1 million. Majority of the increase in maintenance expenses pertains to the corresponding maintenance expenses of additional servers purchased in 2017. The Parent Company also made optimizations on its accounting and operations utilities to further improve the scalability of its back-office support functions.

Depreciation and amortization also increased significantly by 16.7% to ₱22.1 million as capital expenditures reached ₱64.0 million during the year, also in line with efforts to beef up the Parent Company's trading infrastructure and to increase its reach by putting up Investor Centers in key cities outside of Metro Manila.

The HK Subsidiary, on the other hand, booked ₱20.6 million in provisions for impairment loss of its Exchange Trading Right based on the results of the annual impairment test it conducted. This was partly offset by the reduction of mandatory provisions for possible credit losses on margin receivables and the reversal of the allowance provided on the tax refund case filed against the BIR amounting to a total of ₱10.9 million. Excluding said amounts, total operating expenses increased by 16.5%. In 2017, total expenses increased by 10.9%, which is slightly less compared to the growth of revenues.

Due to the aforementioned factors, operating income went up by ₱73.8 million or 16.9% to ₱511.5 million. Net income increased by a slower pace of 15.3% to ₱378.7 million as provision for income tax were up by a much faster 21.5% to ₱132.7 million.

4. Other Matters

a. We are not aware of any known trends, demands, commitments, events or uncertainties that will have a material impact on the Group's liquidity. The Group has not defaulted in paying its obligations which arise mostly from withdrawals made by customers. In addition, obligations of the Company are fully funded in compliance with the Securities Regulation Code (SRC) Rule 49.2 while COLHK Subsidiary maintains a fund for the exclusive benefit of its customers in compliance with the regulations of the Securities and Futures Commission of Hong Kong.

b. We are not aware of any events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation.

c. We are not aware of any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with other persons created during the reporting period.

d. We are not aware of any material commitments for capital expenditures.

e. We are 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 Group.

f. We are not aware of any significant elements of income or loss that did not arise from the Group's continuing operations.

g. We are not aware of any seasonal aspects that had a material effect on the financial condition or results of operations of the Group.

E. Prospects for the Future

1. Near-Term Prospects

After a challenging year in 2018, trading activity in the Philippine stock market is expected to improve in 2019. Domestically, inflation continues to head lower after hitting a peak of 6.7% in October 2018, reducing pressure for the central bank to continue raising rates. Foreign fund flows have also reversed, with foreign investors turning into net buyers of emerging market equities including Philippine stocks. The growing likelihood that the Fed may end its rate hike cycle earlier than expected this year is resulting to lower U.S. bond rates and a weaker U.S. dollar and this is acting as the main catalyst for the reversal of foreign fund flows. Coupled with more attractive valuations, the said factors should help the Philippine stock market perform better this year.

In light of the improving prospects of the Philippine stock market, our Philippine business should do well as we reap the rewards of our consistent effort to improve our level of service and to educate and encourage Filipinos to save and invest through both good and bad times.

Meanwhile, COL's HK operations will most likely remain a small contributor to total revenue in 2019 as we focus our resources to our Philippine business.

2. Medium to Long-Term Prospects

The medium to long-term outlook of the Philippine stock market remains very attractive as the economy is expected to maintain its above average growth pace. The country's favorable demographics, resilient OFW remittances, and BPO sector should ensure that consumer spending growth remains healthy. Meanwhile, the passage of the tax reform program should enable the government to increase spending on education, health care and infrastructure. Finally, better infrastructure coupled should help the Philippines attract more foreign investments in the future. This virtuous cycle should help the Philippine economy remain strong, allowing listed companies to also deliver rapid earnings growth, benefiting the local stock market.

While currently on the rise, interest rates will most likely remain low relative to its historical average owing to the structural improvement in government's finances. Tax collection efficiency is improving as a result of the tax reform program. Moreover, although the government's deficit to GDP has gone up, the ratio to debt to GDP remains relatively stable.

Finally, the penetration rate of retail investors in the stock market also remains very low at less than 1.0%, implying a substantial room for growth.

The strong performance of the Philippine stock market should benefit COL Financial over the long-term.

F. <u>Market Price and Dividends</u>

1. Market Information

The total number of outstanding shares of the Parent Company as of February 28, 2019 is 476,000,000. The principal market for the Parent Company's total equity is the PSE. The Parent Company's shares are regularly traded at the PSE and were last traded on March 5, 2019 at ₱18.00 per share. The high and low sales prices for each quarter for the years 2018 and 2017 are as follows:

	2018		2017	
	High	**Low**	**High**	**Low**
1st Quarter	16.02	15.30	16.50	15.80
2nd Quarter	16.78	15.80	16.76	16.00
3rd Quarter	16.64	16.10	16.20	15.90
4th Quarter	16.24	15.10	16.10	15.00

The market capitalization of the Parent Company as of end of 2018, based on the closing price of ₱16.24 per share is ₱7,730,240,000.00.

2. Holders

As of February 28, 2019, there are 33 holders of common shares of COL. The Top Twenty common shareholders of the Parent Company are as follows:

	Name	No. of Common Shares Total	Percentage of Total Shares Outstanding held by each
1	PCD NOMINEE CORPORATION	260,486,881	54.7241
2	PCD NOMINEE CORPORATION	125,860,204	26.4412
3	LEE, EDWARD K.	62,250,000	13.0777
4	YU, ALEXANDER C.	20,000,000	4.2017
5	ANG, VALENTINA L.	5,000,000	1.0504
6	LEE, LYDIA	1,000,000	0.2101
7	TAN, JESSALYNN L.	1,000,000	0.2101
8	LIM, HERNAN GO	100,000	0.0210
9	YU, RAYMOND C.	100,000	0.0210
10	HAN, PAULWELL	100,000	0.0210
11	ONG, CATHERINE L.	50,000	0.0105
12	BARRETTO, SERAFIN JR. P.	12,000	0.0025
13	ESTACION, MANUEL	10,000	0.0021
14	YU, WELLINGTON C. OR YU, VICTORIA O.	10,000	0.0021
15	FILIO, SERNANDO	5,000	0.0011
16	GARA, ROSARIO	5,000	0.0011
17	VILLANUEVA, MYRA P.	5,000	0.0011
18	GUERZON, CAESAR A.	1,000	0.0002
19	KHOO BOO BOON	1,000	0.0002

	Name	No. of Common Shares Total	Percentage of Total Shares Outstanding held by each
20	HAPI ILOILO CORPORATION	1,000	0.0002
	TOTAL	**475,997,085**	**99.9994**

3. Dividends

a. Cash Dividends

Year	Amount / Share	Type	Ex-Date	Record Date	Payment Date
2018	₱0.15	Regular	April 24, 2018	April 27, 2018	May 10, 2018
	₱0.55	Special	April 24, 2018	April 27, 2018	May 10, 2018
2017	₱0.14	Regular	April 25, 2017	April 28, 2017	May 12, 2017
	₱0.46	Special	April 25, 2017	April 28, 2017	May 12, 2017

b. Dividend Policy

The Board of Directors of the Parent Company, in its meeting held on April 26, 2007, approved a policy declaring an annual regular cash dividend of Twenty per cent (20.0%) of its net earnings. The payment of dividends shall be taken out of the retained earnings of the Parent Company. There are no restrictions that limit payment of dividends on common shares.

4. Recent Sale of Securities

There was no sale of unregistered or exempt securities as of February 28, 2019.

5. Discussion on Compliance with leading practice on Corporate Governance

a. Compliance with the Parent Company'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 Parent Company 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 Parent Company'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 Company's adopted leading practices on good governance.

c. There are no deviations from the Parent Company's Manual on Corporate Governance that it is aware of.

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

ANNEX "F"
SUMMARY OF ACTS OF THE BOARD OF DIRECTORS FOR THE YEAR 2018 FOR RATIFICATION OF STOCKHOLDERS

Date	Meeting	Resolution No.	Resolution
9 Feb 2018	Regular BOD Meeting	1	"RESOLVED, that the Annual Stockholders' Meeting of the Corporation be scheduled on April 12, 2018; RESOLVED, FURTHER, that the closing of the stock & transfer book shall be on February 28, 2018."
9 Feb 2018	Regular BOD Meeting	2	"RESOLVED, that the appointment of Mr. Edmund Daniel P. Martinez from Head of Premium Group to AVP-Head of Premium Business Group effective January 15, 2018, be as it is hereby approved."
9 Feb 2018	Regular BOD Meeting	3	"RESOLVED, as it is hereby resolved, to authorize the deposit of any and all checks, drafts or orders of payment payable to the Corporation's short name such as: CitisecOnline.com, CitisecOnline.com, Inc., CitisecOnline, COL Financial, COL, CitisecOnline Stockbrokers, COL Securities, or Citisec (the "Checks") to the CA/SA Account/s (the "Accounts") of the Corporation with BDO Unibank, Inc. ("Bank")."
9 Feb 2018	Regular BOD Meeting	4	"RESOLVED, that the Corporation be authorized to open securities trading account with BPI Securities Corporation; RESOLVED, FURTHER, that any two (2) of the following Officers be authorized as they are hereby authorized to sign and execute, for and in behalf of the Corporation, the customer agreement form and such other documents or instruments which may be required in connection therewith, or for implementation of the above-stated transaction under such terms and conditions that such officer/s may deem appropriate; NAME — POSITION Edward K. Lee — Chairman Alexander C. Yu — Vice Chairman Conrado F. Bate — President & CEO Catherine L. Ong — SVP-Chief Financial Officer & Treasurer Caesar A. Guerzon — SVP-Corporate Secretary RESOLVED, FINALLY, that any one (1) of the above-named officers be authorized and are hereby designated by the Corporation to trade the said securities trading account with BPI Securities Corporation."
9 Feb 2018	Regular BOD Meeting	5	"RESOLVED, as it is hereby resolved, to designate and authorize the following: NAME — POSITION Sharon T. Lim — AVP-Head of HR, Legal and Compliance Dept. Nathalie M. Garcia — Compliance Officer as the responsible persons, the authorized filers/users, for the online filing of applications pertinent to Capital Market Participants (CMPs) using the Capital Market Participants Registry System (CMPRS). RESOLVED, FURTHER, that it is understood that any and all applications, attachments and supporting documents filed and/or uploaded using the SEC online facilities, particularly the Capital Market Participants Registry System (CMPRS) by the above-named individuals are deemed

Date	Meeting	Resolution No.	Resolution
			filed/uploaded by the Company as stipulated in the Undertaking executed by said filers/users and applicable Terms and Conditions."
9 Feb 2018	Regular BOD Meeting	6	"RESOLVED, that the Corporation be authorized to issue sub-proxies to vote the shares held by the clients of the Corporation for all PSE listed companies during their annual stockholders' meeting for the year 2018, including all and any adjournments or postponements thereof; RESOLVED FURTHER, that the Board of Directors of the Corporation hereby authorize Ms. Catherine L. Ong to sign and execute the above-mentioned sub-proxies."
8 Mar 2018	Regular BOD Meeting	7	"RESOLVED, that the Annual Stockholders' Meeting of the Corporation be moved from April 12, 2018 to April 13, 2018; RESOLVED, FURTHER, that the closing of the stock & transfer book will still be on February 28, 2018."
8 Mar 2018	Regular BOD Meeting	8	"RESOLVED, as it is hereby resolved, that COL Financial Group, Inc. hereby authorizes SGV & Co. to release on March 8, 2018 the audited financial statements of the Group and the Parent Company as of December 31, 2015 and 2016 and for each of the three (3) years in the period ended December 31, 2017."
8 Mar 2018	Regular BOD Meeting	9	"RESOLVED, that the Corporation be authorized to transact business with the SOCIAL SECURITY SYSTEM (SSS) for its equity investments, and in connection therewith, hereby designates the following officers whose joint signatures shall bind the company, to wit: NAME — POSITION Edward K. Lee — Chairman Alexander C. Yu — Vice Chairman Conrado F. Bate — President & CEO Catherine L. Ong — SVP/Chief Financial Officer & Treasurer Caesar A. Guerzon — SVP/Corporate Secretary RESOLVED FINALLY, that the Corporation hereby appoints the following as its representatives duly authorized to handle or execute the trading transactions of Social Security System: NAME Conrado F. Bate Juan G. Barredo George Peter C. Wong Michael John P. Gatmaytan Francis Patrick T. Diaz Joseph Samuel H. Tang Ira P. Ganhinhin Patrick Charles Anthony S. Uy-Tioco Florence Therese A. Tan
13 April 2018	Special BOD Meeting	10	"RESOLVED, that COL Financial Group, Inc. (the "Corporation"), hereby declares a regular cash dividend of ₱0.15 per share; RESOLVED, FURTHER, that the Corporation hereby declares special cash dividend of ₱0.55 per share; RESOLVED, FINALLY, that only stockholders of record as of April 27, 2018 shall be entitled to the regular and special cash dividends, which dividends shall be payable on May 10, 2018."

Date	Meeting	Resolution No.	Resolution
13 April 2018	Special BOD Meeting	11	"RESOLVED, that the appointments of Ms. Joyce G. Chan as AVP-Customer Support and Mr. Gabriel Jose E. Mendiola as AVP-Software Development effective April 1, 2018, be as it is hereby approved."
13 April 2018	Special BOD Meeting	12	"RESOLVED, that the Corporation be authorized to open a securities trading account with any of the Trading Participants of the Philippine Stock Exchange, Inc. ("PSE"); RESOLVED, FURTHER, that any two (2) of the following Officers be authorized as they are hereby authorized to sign and execute, for and in behalf of the corporation, the customer agreement form and such other documents or instruments which may be required in connection therewith, or for implementation of the above-stated transaction under such terms and conditions that such officer/s may deem appropriate: NAME — POSITION Edward K. Lee — Chairman Alexander C. Yu — Vice Chairman Conrado F. Bate — President & CEO Catherine L. Ong — SVP/Chief Financial Officer & Treasurer Caesar A. Guerzon — SVP/Corporate Secretary RESOLVED, FINALLY, that any one (1) of the above-named officers be authorized and are hereby designated by the Corporation to trade the said securities trading account with any of the Trading Participants of the PSE."
13 April 2018	Special BOD Meeting	13	"RESOLVED, that the Board of Directors of COL Financial Group, Inc. hereby authorizes and approves the participation of the Company in all Stock Rights Offering, Tender Offer, Initial / Secondary / Follow-on Public Offering of Common or Preferred, Voting or Non-Voting Shares of any of the Philippine Stock Exchange listed companies; RESOLVED, FURTHER, that for purposes of the Company's participation in said Offering, the following Officers of the Company have been constituted as its duly authorized agents whose signatures shall bind the Company, to wit: NAME — POSITION Conrado F. Bate — President & CEO Catherine L. Ong — SVP/Chief Financial Officer & Treasurer Caesar A. Guerzon — SVP/Corporate Secretary Melissa O. Ng — AVP/Head of Operations RESOLVED, FINALLY, that the execution, signature and delivery of the Application to Subscribe and Purchase and all other agreements, documents, certifications or other instruments which may be required, necessary or proper to carry the foregoing resolution into effect shall be authorized when made upon any one (1) signature of the above authorized signatories."
13 April 2018	Special BOD Meeting	14	"RESOLVED, that the Board of Directors of COL Financial Group, Inc. hereby approves the adjustment of per diem to Php25,000 per board meeting attended."
13 April 2018	Organizational Meeting	15	Election of officers and committee members

Date	Meeting	Resolution No.	Resolution
11 May 2018	Regular BOD Meeting	16	"RESOLVED, that the Corporation be authorized to transact business with the Government Service Insurance System (GSIS) for its equity investments, and in connection therewith, hereby designates the following officers whose joint signatures shall bind the company, to wit: NAME / POSITION Edward K. Lee — Chairman Alexander C. Yu — Vice Chairman Conrado F. Bate — President & CEO Catherine L. Ong — SVP-Chief Financial Officer & Treasurer Caesar A. Guerzon — SVP-Corporate Secretary RESOLVED, FINALLY, that the Corporation hereby appoints the following as its representatives duly authorized to handle or execute the trading transactions of GSIS: NAME Conrado F. Bate Michael John P. Gatmaytan George Peter C. Wong Francis Patrick T. Diaz Patrick Charles Anthony S. Uy-Tioco Joseph Samuel H. Tang
11 May 2018	Regular BOD Meeting	17	"RESOLVED, that the Board of Directors of COL Financial Group, Inc., hereby approves the Revised Anti-Money Laundering Operating Manual of the Corporation."
11 May 2018	Regular BOD Meeting	18	"RESOLVED, that COL Financial Group, Inc. (the "Corporation") shall purchase and acquire any Sun Life Financial insurance product from Sun Life Financial group of companies, or any member thereof; RESOLVED FURTHER, that the following officers of the Corporation are hereby authorized to do and perform any or all such acts, including execution of any and all documents, instruments, or certificates as such officers shall deem necessary to carry out the purposes and intent of the foregoing resolutions: NAME / POSITION Edward K. Lee — Chairman Alexander C. Yu — Vice Chairman Conrado F. Bate — President & CEO Catherine L. Ong — SVP/Chief Financial Officer & Treasurer RESOLVED FURTHERMORE, that any and all actions taken by above mentioned persons are hereby ratified, adopted, and approved as the acts and deeds of the Corporation; RESOLVED FINALLY, that the above-mentioned officers of the Corporation are hereby authorized to transact the following: policy change, fund withdrawal, redemption, top-ups, additional subscription, fund switching/fund allocation, change of beneficiary, surrender, and other acts necessary to operate and administer all policies purchased by the Company."
11 May 2018	Regular BOD Meeting	19	"RESOLVED, that the Corporation be authorized to transact business with the Insular Life Assurance Co. Ltd. for its equity investments, and in connection therewith, hereby designates the following officers whose joint signatures shall bind the company, to wit:

Date	Meeting	Resolution No.	Resolution
			NAME / POSITION Edward K. Lee — Chairman Alexander C. Yu — Vice Chairman Conrado F. Bate — President & CEO Catherine L. Ong — SVP/Chief Financial Officer & Treasurer RESOLVED, FINALLY, that the Corporation hereby appoints the following as its representatives duly authorized to handle or execute the trading transactions of Insular Life Assurance Co. Ltd.: NAME Michael John P. Gatmaytan George Peter C. Wong Francis Patrick T. Diaz Patrick Charles Anthony S. Uy-Tioco Joseph Samuel H. Tang
11 May 2018	Regular BOD Meeting	20	"RESOLVED, that any of the following officers be designated as the duly authorized officer of the Corporation with authority to sign singly the necessary application/s for the business license/permit of the Corporation with the appropriate local government authority/agency, and to sign, execute and deliver such other documents, instruments and other papers, and do or cause to be done such other acts and things necessary, proper or convenient to give effect to the foregoing authorization: NAME / POSITION Conrado F. Bate — President & CEO Catherine L. Ong — SVP/Chief Financial Officer & Treasurer
11 May 2018	Regular BOD Meeting	21	"RESOLVED, that the Corporation be authorized to issue proxies to vote shares held by the Corporation in Mutual Fund Companies during its respective annual stockholders' meetings for the year 2018, including any and all adjournments or postponements thereof; RESOLVED FURTHER, that the Corporation hereby authorizes Ms. Catherine L. Ong to sign, execute, and deliver nominations and proxies in relation to said stockholders' meetings."
11 May 2018	Regular BOD Meeting	22	"RESOLVED, that the Board of Directors of COL Financial Group, Inc. (the "Company") hereby authorizes and approves the participation of the Company in all initial / secondary / follow-on offerings of all types of shares of any of the Philippine Stock Exchange listed companies; RESOLVED, FURTHER, that the execution, signature, and delivery of the Application to Subscribe and Purchase of the Company's clients shall be authorized when signed by any one (1) of the Class "A" or "B" signatories; RESOLVED, FURTHERMORE, that the execution, signature, and delivery of the Application to Subscribe and Purchase of the Company and all other agreements, documents, certifications, or other instruments in relation to such initial / secondary / follow-on offerings which may be required, necessary, or proper to carry the foregoing resolution into effect shall be authorized when signed by any one (1) of the Class "A" signatories; RESOLVED, FINALLY, that for purposes of this resolution, the following have been constituted as the Company's signatories Class "A": NAME / POSITION Edward K. Lee — Chairman

Date	Meeting	Resolution No.	Resolution
			Alexander C. Yu — Vice-Chairman Conrado F. Bate — President & CEO Catherine L. Ong — SVP - CFO / Treasurer Caesar A. Guerzon — SVP – Corporate Secretary April Lynn L. Tan — VP – Head of Research Juan G. Barredo — VP – Head of Sales & Customer Support Melissa O. Ng — AVP – Head of Operations Class "B”: NAME — POSITION Joyce G. Chan — AVP – Customer Support Jacqueline Anne T. Basbas — Customer Relations Manager Rowena Marie A. Lubaton — Investor Center Manager Jhoanna Marie J. Quiton — New Accounts Officer Abigail P. Olaño — New Accounts Officer Ma. Concepcion B. De Castro — Investor Center Officer Kharizza Mae P. Andres — New Accounts Officer Jovielyn S. Marcos — New Accounts Supervisor Keziah Elika V. Barrameda — New Accounts Officer Janina Marie L. Sto. Domingo — New Accounts Officer Mary Josephine T. Go — New Accounts Officer Cherry Mae D. Madriaga — New Accounts Officer Michelle Anne O. Cantimbuhan — Operations Officer Arlen E. Arcellana — Operations Asst. Supervisor Glory T. Sutingco — Operations Specialist
11 May 2018	Regular BOD Meeting	23	“RESOLVED, that the Board of Directors of COL Financial Group, Inc. (the “Company”) hereby authorizes and approves the participation of the Company in all stock rights offerings, tender offers, secondary/ follow-on public offerings of all types of shares of Philippine Stock Exchange listed companies (collectively, “Offering”); RESOLVED, FURTHER, that the execution, signature, and delivery of the necessary application forms, documents, contracts, agreements, and forms for such Offerings, shall be authorized when made upon any one (1) signature of below signatories; RESOLVED, FINALLY, that the following officers of the Company, signing singly, are authorized to execute, sign, and deliver all agreements, documents, certifications, or other instruments in relation to the Offering which may be required, necessary, or proper to carry the foregoing resolution into effect: NAME — POSITION Edward K. Lee — Chairman Alexander C. Yu — Vice-Chairman Conrado F. Bate — President & CEO Catherine L. Ong — SVP - CFO / Treasurer Caesar A. Guerzon — SVP – Corporate Secretary April Lynn L. Tan — VP – Head of Research Juan G. Barredo — VP – Head of Sales & Customer Support Melissa O. Ng — AVP – Head of Operations
11 May 2018	Regular BOD Meeting	24	**“**RESOLVED, that the Board of Directors of COL Financial Group, Inc. (the “Corporation”) hereby designates Any Two (2) of the following officers as authorized signatories to jointly sign and endorse all stock certificates and stock assignments of Philippine Stock Exchange listed companies including monthly reports in connection with the Corporation’s lodgement and upliftment reports with the Philippine Depository & Trust Corporation:

Date	Meeting	Resolution No.	Resolution
			NAME — POSITION Edward K. Lee — Chairman Alexander C. Yu — Vice-Chairman Conrado F. Bate — President & CEO Catherine L. Ong — SVP - CFO / Treasurer Caesar A. Guerzon — SVP – Corporate Secretary April Lynn L. Tan — VP – Head of Research Juan G. Barredo — VP – Head of Sales & Customer Support Melissa O. Ng — AVP – Head of Operations RESOLVED, FURTHER, that Any One (1) of the above signatories shall be authorized to execute, sign, and cause the delivery of ECS-Equity Transmittal and all other agreements, documents, certifications, or other instruments which may be required, necessary, or proper to carry the foregoing resolutions in effect.”
11 May 2018	Regular BOD Meeting	25	“RESOLVED, that the Board of Directors of COL Financial Group, Inc. hereby approves the Board Charter, Audit Committee Charter, Nomination Committee Charter, Remuneration Committee Charter, Corporate Governance Manual, Integrated Annual Corporate Governance Report and the Code of Business Conduct and Ethics of the Corporation.”
11 May 2018	Regular BOD Meeting	26	The Board approved the 2018 First Quarter Consolidated Financial Statements of the Company.
10 Aug 2018	Regular BOD Meeting	27	“RESOLVED, that COL Financial Group, Inc. (the “Corporation”) is authorized to enter into an agreement with BDO Unibank, Inc. for the lease of a portion of the inner Ground Floor, Citibank Tower Building, 8741 Paseo De Roxas, Makati City, covering an area of approximately 88.33 square meters; RESOLVED FURTHER, that the Corporation hereby authorizes any one (1) of Edward K. Lee, Conrado F. Bate, and/or Catherine L. Ong**,** to sign and execute, for and on behalf of the Corporation, the Contract of Lease and such other documents or instruments which may be required or necessary to carry out the foregoing resolution.”
10 Aug 2018	Regular BOD Meeting	28	“RESOLVED, that COL Financial Group, Inc. (the “Corporation”) is authorized to enter into a service agreement with Evergreen Security Services Corporation to safeguard and protect its properties from theft, pilferage, robbery, arson and other unlawful acts; RESOLVED, FURTHER, that any one (1) of Conrado F. Bate, Catherine L. Ong and/or Caesar A. Guerzon is hereby authorized to sign and execute, for and in behalf of the Corporation, the service agreement and such other documents or instruments which may be required in connection therewith, or for implementation of the above-stated agreement under such terms and conditions that such officer/s may deem appropriate; and RESOLVED, FINALLY, that the Corporation ratifies and confirms the acts of the aforementioned officers relative to the authorities and powers granted herein.”
10 Aug 2018	Regular BOD Meeting	29	“RESOLVED, that COL Financial Group, Inc. (the “Corporation”) is authorized to open and purchase investment instruments from AB Capital Securities, Inc.; RESOLVED FURTHER, that any two (2) of Edward K. Lee, Alexander C. Yu, Conrado F. Bate, Catherine L. Ong**,** and/or Caesar A. Guerzon is authorized to execute and sign, for and in behalf of the Corporation, all

Date	Meeting	Resolution No.	Resolution
			documents, agreements, contracts, and other papers that may be required by reason of the foregoing.”
10 Aug 2018	Regular BOD Meeting	30	“RESOLVED, that COL Financial Group, Inc. (the “Corporation”) is authorized to enter into an agreement with RDT Jr Associates, Inc. for the renovation of the Corporation’s office space located at 7025 Legaspi Rd., Brgy. Duquit, Mabalacat, Pampanga (the “Office Space”); RESOLVED FURTHER, that the Corporation hereby appoints and designates RDT Jr Associates, Inc. and any of its officers, employees or agents, to act as the Corporation’s duly authorized representative to process and file the necessary application/s for the building permit and all other permits required for the renovation of the Office Space; RESOLVED FINALLY, that the Corporation hereby authorizes any one (1) of Conrado F. Bate and/or Catherine L. Ong to sign all necessary documents in connection with the aforementioned permit applications for the renovation of the Office Space.”
10 Aug 2018	Regular BOD Meeting	31	“RESOLVED, that the Board of Directors of COL Financial Group, Inc. (the “Corporation”) hereby approves, ratifies, and confirms the authority of the Corporation (as Borrower) to enter into the Master Securities Lending Agreement and Addendum to the Master Securities Lending Agreement with BDO Unibank, Inc. – Trust and Investments Group (as Lender) (collectively, the “Agreements”); RESOLVED FURTHER, that the following officers of the Corporation, signing singly, are hereby authorized to do and perform any or all such acts, including execution of any and all documents, instruments, or certificates as such officers shall deem necessary to carry out the purposes and intent of the foregoing resolutions: NAME — POSITION Conrado F. Bate — President & CEO Catherine L. Ong — SVP - CFO / Treasurer Caesar A. Guerzon — SVP – Corporate Secretary”
10 Aug 2018	Regular BOD Meeting	32	The Board approved the 2018 Second Quarter Consolidated Financial Statements of the Company.
7 Sept 2018	Regular BOD Meeting	33	“RESOLVED, to authorize the Company to apply for a Security Bank MasterCard Corporate Card Account and for the issuance of Security Bank MasterCard Corporate Card (the “Corporate Card”) to authorized officers of the Company under such terms and conditions as may be agreed upon with Security Bank Corporation and the following officers are authorized to sign the application form, Corporate Card Agreement, Surety Undertaking, and other documents as may be required by Security Bank Corporation: NAME — POSITION Edward K. Lee — Chairman Conrado F. Bate — President & CEO Catherine L. Ong — SVP - CFO & Treasurer RESOLVED, FURTHER, that the following officers of the Company be authorized to be issued the Corporate Card under this corporate account:

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			NAME / POSITION Edward K. Lee / Chairman Conrado F. Bate / President & CEO Catherine L. Ong / SVP - CFO & Treasurer RESOLVED, FURTHER, that additional officers of the Company may be authorized to be issued the Corporate Card under this corporate account, and a written request of the same to Security Bank Corporation duly signed by the authorized signatories referred above shall bind the Company. RESOLVED, FINALLY, that the Company shall be jointly and severally liable to Security Bank Corporation for all charges that may be incurred using the Corporate Card by all the officers issued with the Corporate Card under this corporate account, without prejudice to the personal liability of such officers to the Company with respect to personal and unauthorized expenses incurred by them using the said card.”
7 Sept 2018	Regular BOD Meeting	34	“RESOLVED, that COL Financial Group, Inc. (the “Corporation”) is authorized to enter into an agreement with RDT JR ASSOCIATES, INC. for the renovation of the Corporation’s office space located at Unit 2703-A East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City (the “Office Space”); RESOLVED FURTHER, that the Corporation hereby appoints and designates RDT JR ASSOCIATES, INC. and any of its officers, employees or agents, to act as the Corporation’s duly authorized representative to process and file the necessary application/s for the building permit and all other permits required for the renovation of the Office Space; RESOLVED FINALLY, that the Corporation hereby authorizes any one (1) of Conrado F. Bate and/or Catherine L. Ong to sign all necessary documents in connection with the aforementioned permit applications for the renovation of the Office Space.”
7 Sept 2018	Regular BOD Meeting	35	“RESOLVED, that METROPOLITAN BANK & TRUST COMPANY (hereinafter called “Metrobank”) be, and is hereby, designated as depository of the funds/monies of COL Financial Group, Inc. (the “Corporation”), and that the Corporation be, and is hereby, authorized to open and/or maintain and operate savings, time, current and/or trust accounts with Metrobank Head Office, and/or any of its branches. RESOLVED, FURTHER, that for purposes of this resolution, the following have been constituted as the Corporation’s signatories: Class “A” NAME / POSITION Edward K. Lee / Chairman Alexander C. Yu / Vice Chairman Conrado F. Bate / President & CEO Catherine L. Ong / SVP – Chief Financial Officer Class “B” NAME / POSITION Juan G. Barredo / Vice President April Lynn L. Tan / Vice President RESOLVED, FURTHER, that any two (2) of the persons designated as Class “A” signatories OR any one (1) of the Class “A” signatories signing jointly with any one (1) of the Class “B” signatories shall be authorized as they are hereby authorized: (i) to sign, execute and/or deliver any and all

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			documents, papers, instruments, forms, agreements or contracts in connection with or as may be required by, appropriate, necessary, and/or incidental to (a) the opening, operation and/or management of any and all account(s) of the Corporation with or investment of any funds of the Corporation through Metrobank, (b) the availment by the Corporation of any and all services/facilities of Metrobank, and the operation and/or management of the said services/facilities, and (c) the Corporation's application for and enrollment in electronic channels and appointment of its users as well as the operation and/or management of the same; (ii) to withdraw or transfer the funds/monies of the Corporation by checks, receipts, drafts, bills of exchange, withdrawal slips, orders for payment or otherwise; (iii) to sign, endorse, draw, accept, make, execute and/or deliver, for negotiation, payment, deposit or collection, checks, receipts, drafts, bills of exchange, orders for payment and/or other similar instruments in connection with the said account(s), including the authority to avail of all banking services, apply for and enroll in electronic banking channels and appoint its authorized users; and (iv) to close the account(s), receive the balance(s) thereof and sign any and all documents which Metrobank may require in connection therewith. RESOLVED, FURTHER, that any one (1) of the Class "A" signatories is duly authorized to sign singly all withdrawals or disbursements in the amount of FIFTY THOUSAND (PHP50,000.00) PESOS or less. RESOLVED, FURTHERMORE, that METROBANK, its directors, officers, employees, agents or authorized representatives ("Metrobank Group") are each entitled and authorized to rely on these instructions as valid, binding and effective upon the Corporation and that METROBANK Group shall not be liable for any act done or suffered by them in reliance of the above instructions, it being understood that any and all risks and costs arising from the above instructions shall be for Corporation's sole and exclusive account. RESOLVED, FINALLY, that all things/acts done and documents executed and entered into by the aforementioned signatories pursuant to and in accordance with the foregoing authorities are hereby affirmed, confirmed and ratified. Likewise, all things/acts done and documents executed and entered into on behalf of the Corporation prior to this Resolution are hereby affirmed, confirmed and ratified."
7 Sept 2018	Regular BOD Meeting	36	"RESOLVED, that COL Financial Group, Inc. (the "Corporation") be, as it is hereby authorized to borrow, obtain and/or contract for loans/credit lines/credit accommodations from Metropolitan Bank & Trust Company ("Metrobank") Head Office and/or any of its branches up to the aggregate principal amount of Four Hundred Million Pesos (PHP400,000,000.00) or its Foreign Currency Equivalent, under such terms and conditions as may be imposed by Metrobank; RESOLVED, FURTHER, that for the purposes of this resolution, the following are the authorized signatories of the Corporation: NAME — POSITION Edward K. Lee — Chairman Conrado F. Bate — President & CEO Catherine L. Ong — SVP – Chief Financial Officer RESOLVED FURTHER, that any two (2) of the aforementioned authorized signatories are hereby, authorized, for and on behalf of the Corporation, (i) to sign, execute and/or deliver applications for loans/credit lines/credit accommodations, credit line/loan agreements, promissory notes, drafts,

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			letters of credit, trust receipts, indemnity agreements, undertakings, and any and all documents, papers, instruments, forms, agreements or contracts related to or in connection therewith, including the extension(s), renewal(s), amendment(s), modification(s) or novation(s) thereof and/or increase(s)/addition(s) thereto; (ii) to assign, discount and/or negotiate/endorse and/or deliver checks, drafts and/or commercial papers/instruments; (iii) to assign, transfer, pledge, mortgage and/or encumber the Corporation's savings/current/time/trust accounts, shares of stocks, bonds, securities, real or personal properties, rights and/or other assets as security for the above mentioned loans/credit lines/credit accommodations, including the extension(s), renewal(s), amendment(s), modification(s) or novation(s) thereof and/or increase(s)/addition(s) thereto, and to sign, execute and/or deliver the corresponding deeds of assignment, real estate mortgages, chattel mortgages, pledge agreements, and such other document, papers, instruments, forms, agreements, deeds or contracts related or connected therewith; (iv) to sign, execute and/or deliver debt restructuring agreements, assignments of properties (real and personal) in payment of the loans/credit lines/credit accommodations ("Dacion en Pago") and all other documents/agreements/deeds for the settlement/payment of the loans/credit lines/credit accommodations of the Corporation with Metrobank; and (v) to do all acts/things as may be appropriate and/or required by the foregoing powers/transactions authorized above; RESOLVED, FURTHERMORE, that Metrobank, its directors, officers, employees, agents or authorized representatives ("Metrobank Group") are each entitled and authorized to rely on these instructions as valid, binding and effective upon the Corporation and that Metrobank Group shall not be liable for any act done or suffered by them in reliance of the above instructions, it being understood that any and all risks and costs arising from the above instructions shall be for Corporation's sole and exclusive account. RESOLVED, FINALLY, that all things/acts done and documents executed and entered into by the aforementioned signatories pursuant to and in accordance with the foregoing authorities are hereby affirmed, confirmed and ratified. Likewise all things/acts done and documents executed and entered into on behalf of the Corporation prior to this Resolution are hereby affirmed, confirmed and ratified."
7 Sept 2018	Regular BOD Meeting	37	"RESOLVED, that COL Financial Group, Inc., hereinafter referred to as the "Corporation" be authorized to apply for and obtain Cash Management Services (CMS) including Electronic Banking Services (EBS) offered by Maybank Philippines, Inc., hereinafter referred to as the "Bank" and open and maintain the required accounts such as but not limited to the following: Deposit Accounts, Current Accounts and/or Trust Accounts (collectively, the "Deposit Account/s") which may be necessary and required for the efficient operation of the CMS and EBS with the BANK, Edsa-Caloocan Branch, or any other branch of the Bank where it shall require the signatures of any two (2) of the following Class "A" signatories OR any one (1) of the Class "A" signatories signing jointly with any one (1) of the following Class "B" signatories: Class "A" NAME — POSITION Edward K. Lee — Chairman Alexander C. Yu — Vice-Chairman Conrado F. Bate — President & CEO Catherine L. Ong — SVP – Chief Financial Officer

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Class "B"

NAME	POSITION
Juan G. Barredo	Vice President
April Lynn L. Tan	Vice President

RESOLVED, FURTHER, that any one (1) of the Class "A" signatories is duly authorized to sign singly all withdrawals or disbursements in the amount of Fifty Thousand (PHP50,000.00) PESOS or less;

RESOLVED FURTHER, that the above signatories, shall be authorized to sign the Maybank2E- Regional Cash- User Profile & Access Matrix Form, which may be amended by the Corporation from time to time, subject to the Bank's terms and conditions;

RESOLVED FURTHER, that the above signatories are authorized to execute, sign and deliver any or all paper and documents required for the acceptance of the CMS and EBS and the opening and efficient operation and maintenance of the CMS, EBS and the Deposit Accounts in behalf of the Corporation, including all checks, withdrawal slips, drafts and other acceptable orders for the payment of money drawn against the Deposit Account/s; endorse checks, drafts and other instruments for deposit to the credit of the Corporation and/or for collection for the account of the Corporation;

RESOLVED FURTHER, that the named signatories signing in the manner indicated above are likewise authorized and empowered by the Corporation to transact corporate business of whatever kind or nature with or through the Bank, at any time and for such amount/s and under such terms as may be determined by said officers including, but without limiting the generality of the foregoing, the authority to invest the funds of the Corporation, through the investment outlets / deposit products of the Bank such as time deposits, money market or trust and other deposit placements; borrow, apply for, negotiate and/or secure credit accommodations/facilities from the Bank such as letters of credit, loans, etc., under such terms and conditions deemed by said officers to be advantageous to the Corporation, effect amendments, renewals or extensions thereof, with or without security, and/or bind the Corporation as guarantor or surety to the obligation of third persons to the Bank; assign, mortgage or otherwise hypothecate any and all properties of the Corporation, real or personal, to secure the due and full payment of the obligations of the Corporation and/or third parties to the Bank; make, execute and/or deliver to the Bank any and all documents / agreements / negotiable instruments necessary to effect the corporate transactions that may be entered into by said officer with the Bank, such as investment agreements, letters of credit, draft, bills of exchange, trust receipts, undertakings, guaranties, surety agreements, assignments, pledges, mortgages and to rent a safety deposit box, etc.; enter into settlements with the Bank in all matters affecting the corporate transactions made in accordance with the authorities granted herein;

RESOLVED FURTHER, that for purposes of the operation of the Corporation's checking account under the Check Cutting System, the Corporation hereby authorizes the Bank to prepare the details of the checks on the basis of a list of payees to be provided by the Corporation, payable on such dates and for such amounts as may hereafter be directed by the Corporation in writing and duly transmitted to and received by the Bank;

RESOLVED FURTHER, that for Manager's Checks, the Bank is hereby authorized to affix the digital signatures of the Bank's signatories on the checks for the purpose of giving effect thereto via the Bank's electronic signature printer;

Date	Meeting	Resolution No.	Resolution
			RESOLVED FURTHER, that the Bank be authorized to recognize and accept checks bearing the digital signature/s of the abovementioned authorized signatories and hereby holds the Bank free and harmless from any loss, damage or liability that may arise therefrom; RESOLVED FURTHER, that with above authorized signatories, the Corporation is authorized to enter into a facsimile/email instruction agreement with the Bank pertaining to or in connection with the Corporation's availment of the above-mentioned services and/or deposit accounts of the Corporation with the Bank, under such terms and conditions the Corporation and the Bank may agree, as evidenced by the pertinent agreement entered by the Corporation and the Bank; RESOLVED FINALLY, that any and all corporate transactions entered into by above named officers of the Corporation pursuant to the foregoing resolutions, shall be valid and binding against the Corporation and its successors and assigns until the Bank shall have received a notarized Corporate Secretary's Certification of a Board Resolution of the Corporation revoking or modifying the aforesaid Board Resolutions."
7 Sept 2018	Regular BOD Meeting	38	"RESOLVED, that the Corporation be authorized to transact business with China Banking Corporation, and in connection therewith, hereby designates the following officers whose joint signatures shall bind the company, to wit: NAME — POSITION Edward K. Lee — Chairman Alexander C. Yu — Vice Chairman Conrado F. Bate — President & CEO Catherine L. Ong — SVP – Chief Financial Officer"
7 Sept 2018	Regular BOD Meeting	39	"RESOLVED, that COL Financial Group, Inc. (the "Corporation") is authorized to open a securities trading account with BDO Securities Corporation; RESOLVED, FURTHER, that any two (2) of Edward K. Lee, Alexander C. Yu, Conrado F. Bate, and/or Catherine L. Ong are authorized as they are hereby authorized to sign and execute, for and on behalf of the corporation, the customer agreement form and such other documents or instruments which may be required in connection therewith, or for implementation of the above-stated transaction under such terms and conditions that such officer/s may deem appropriate; RESOLVED, FINALLY, that any one (1) of the above-named signatories are authorized and are hereby designated by the Corporation to trade the said securities trading account with BDO Securities Corporation."
9 Nov 2018	Regular BOD Meeting	40	"RESOLVED, that COL Financial Group, Inc. (the "Corporation") hereby appoints and designates any one (1) of Abraham G. Aloro, Sammy G. De Leon, Arjay R. Dela Torre, Randy M. Fermin, Nelson M. Griño, Antonio T. Nicor Jr., John Michael M. Sabate**,** and/or Philipp I. Teorica as the Corporation's duly authorized representative to transact with, negotiate, file any documents or requests, pay for any amount due, and otherwise deal with the Bureau of Internal Revenue for and on its behalf."
9 Nov 2018	Regular BOD Meeting	41	"RESOLVED, that COL Financial Group, Inc. (the "Corporation") is authorized to open and maintain a securities trading account with CLSA Philippines, Inc.;

Date	Meeting	Resolution No.	Resolution
			RESOLVED FURTHER, that any two (2) of the following officers are authorized to sign and execute, for and on behalf of the Corporation, the customer agreement form and all documents, agreements, contracts, and other papers that may be required by reason of the foregoing: NAME — POSITION Edward K. Lee — Chairman Alexander C. Yu — Vice Chairman Conrado F. Bate — President & CEO Catherine L. Ong — SVP/CFO and Treasurer RESOLVED FINALLY, that any one (1) of the above-named officers be authorized and are hereby designated by the Corporation to trade the said securities trading account with CLSA Philippines, Inc."
9 Nov 2018	Regular BOD Meeting	42	"RESOLVED, that COL Financial Group, Inc. (the "Corporation") is authorized to transact business with banks regulated by the Bangko Sentral ng Pilipinas and in connection therewith, hereby designates the following officers, whose joint signatures shall bind the Corporation, to wit: NAME — POSITION Edward K. Lee — Chairman Alexander C. Yu — Vice-Chairman Conrado F. Bate — President & CEO Catherine L. Ong — SVP/CFO & Treasurer April Lynn L. Tan — Vice President Juan G. Barredo — Vice President RESOLVED FINALLY, that any one (1) of the aforementioned officers is duly authorized to sign singly all withdrawals or disbursements in the amount of FIFTY THOUSAND PESOS (PHP50,000.00) or less."
9 Nov 2018	Regular BOD Meeting	43	"RESOLVED, as it is hereby resolved, that the Corporation be authorized to open and maintain deposit account(s) and to avail of any related services, and/or to open and maintain placement(s) and/or to invest in government securities and other similar instruments, and/or to enter into trust and/or investment management agency transactions/arrangements and/or open and maintain trust/investment management account(s) with China Banking Corporation and/or China Banking Corporation – Trust And Asset Management Group, under such terms and conditions, as may be mutually agreed upon, where its cash funds, any credit remittances or checks issued in its favor, with or without endorsement, may be deposited or invested; RESOLVED FURTHER, that any two (2) of the following officers be authorized to sign, countersign, execute and deliver any checks, funds, assets, securities, deposit slips, withdrawal slips, applications to purchase manager's check, stop payment order, applications for telegraphic transfer, demand draft or sola draft, specimen signature cards, trust/investment management agreements, affidavits of beneficial ownership, or any and all agreements, documents, or papers as are necessary to effectuate the foregoing matters; RESOLVED FURTHER, that any one (1) of the following officers is duly authorized to sign singly all withdrawals or disbursements in the amount of FIFTY THOUSAND PESOS (PHP50,000.00) or less; RESOLVED FURTHER, as it is hereby resolved, that the Corporation be empowered and authorized to apply for, negotiate, and obtain loans from China Banking Corporation and/or China Banking Corporation – Trust And Asset Management Group, including the renewal, extension, increase and/or

Date	Meeting	Resolution No.	Resolution
			restructuring thereof and/or of its existing credit facilities in such amount(s) and under such terms and conditions as may be mutually agreed upon, and to secure and guarantee the payment of the aforesaid loans or credit facilities by means of mortgage, pledge, assignment or any other form of encumbrance upon any and all properties or assets of the Corporation of whatever kind or nature, real or personal, as may be sufficient, necessary or required for the purpose; RESOLVED ALSO, that any two (2) of the following officers be authorized to sign, execute, and deliver any and all documents including but not limited to loan application, disclosure statement, trust/investment management agreement, purpose sheet, application for letters of credit, promissory note, draft, surety agreement, trust receipt, shipside bond, bank guarantee, mortgages, pledge, assignment, and the like, including the renewals/extensions/amendments thereof, in order to effectuate the foregoing matters; RESOLVED FURTHER, that the authority to sign in the withdrawal slips by the above designated signatories include the authority for them to designate a representative to receive the amount withdrawn; RESOLVED FURTHER, that any two (2) of the following officers be empowered and authorized to sign the Indemnity Agreement; RESOLVED FURTHER, that any of the following officers be authorized to make telephone confirmation with China Banking Corporation for instructions sent via fax or e-mail under the Indemnity Agreement; RESOLVED FURTHER, as it is hereby resolved, that the Corporation be empowered and authorized to avail of various cash management services from China Banking Corporation such as, but not necessarily limited to: collections management including products and services such as Bills Pay Plus, Check Depot, Auto Debit Arrangement, and Bancnet Payment System; disbursements management including products and services such as Check Write Plus, TellerCard Payroll, China Pay Plus, Outsourced Payroll Processing, BancNet e-Gov, Auto Credit Arrangement, and Inter-Bank Fund Transfer; and liquidity management including products and services such as China Bank Online and Sure Sweep; and all other related services under such terms and conditions as may be mutually agreed upon between the Corporation and China Banking Corporation; RESOLVED ALSO, that any two (2) of the following officers be authorized and empowered to (a) negotiate and agree on the terms of and sign, execute, and deliver for and in behalf of the Corporation any and all agreements, information, documents, amendments, and supplements as shall be necessary under such terms and conditions as the officers shall deem proper to enable the Corporation to avail of the various cash management services, (b) designate representatives of the Corporation (“Users”) who will use and operate various electronic channels such as, but not limited to, China Bank Online and BancNet e-Gov, (c) prescribe the authority and limits of said Users, authorize subsequent changes in the Users and their limits of authority, and do or cause to be done all other acts or deeds required, necessary, or appropriate for purposes of implementing the transactions authorized therein; RESOLVED FURTHER, that if the Corporation avails of the Check Write Plus facility, the Corporation hereby authorizes China Banking Corporation to (a) convert the specimen signatures of its authorized signatories below into digitized form and (b) to print and use the digitized signatures of its

Date	Meeting	Resolution No.	Resolution
			authorized signatories on its corporate checks to be issued by China Banking Corporation; RESOLVED FURTHER, that the Corporation hereby authorizes China Banking Corporation to honor the corporate checks bearing such digitized signatures of its authorized signatories; RESOLVED FINALLY, that China Banking Corporation and/or China Banking Corporation – Trust And Asset Management Group be furnished copies of the foregoing resolutions for its guidance and file, and may continue to rely upon the authority conferred by the foregoing resolutions, unless and except to the extent that these resolutions shall be revoked or modified by any subsequent resolution of the Board of Directors and until a certified true copy of such subsequent resolution has been received by China Banking Corporation and/or China Banking Corporation – Trust And Asset Management Group. NAME — POSITION Edward K. Lee — Chairman Alexander C. Yu — Vice-Chairman Conrado F. Bate — President & CEO Catherine L. Ong — SVP/CFO & Treasurer April Lynn L. Tan — Vice President Juan G. Barredo — Vice President
9 Nov 2018	Regular BOD Meeting	44	"RESOLVED, that Metropolitan Bank & Trust Company (hereinafter called **"**Metrobank**"**) be, and is hereby, designated as depository of the funds/monies of COL Financial Group, Inc. (the "Corporation"), and that the Corporation be, and is hereby, authorized to open and/or maintain and operate savings, time, current and/or trust accounts ("Account/s") with Metrobank Head Office, and/or any of its branches; RESOLVED, FURTHER, that any two (2) of the following officers, with their specimen signatures below, be authorized, for and on behalf of the Corporation: (i) to sign, execute and/or deliver any and all documents, papers, instruments, forms, agreements or contracts in connection with or as may be required by, appropriate, necessary, and/or incidental to: (a) the opening, closing, operation and/or management of any and all Account/s of the Corporation with or investment of any funds of the Corporation through Metrobank; (b) the availment by the Corporation of any and all services/facilities of Metrobank, and the operation and/or management of the said services/facilities; and (c) the Corporation's application for and enrollment in electronic banking channels and other electronic delivery channels and to give any and all instructions pertaining thereto, including the appointment of its System Administrator who would then appoint the Corporation's Users, responsible for the operation, maintenance, use and/or management of the said electronic banking/delivery channels. (ii) to withdraw or transfer the funds/monies of the Corporation by checks, receipts, drafts, bills of exchange, withdrawal slips, orders for payment or otherwise; (iii) to sign, endorse, draw, accept, make, execute and/or deliver, for negotiation, payment, deposit or collection, checks, receipts, drafts, bills of exchange, orders for payment, to initiate credit-related transactions such as letter of credit, promissory notes, request for financing subject to availability of credit lines with Metrobank at the time of availment, and/or other similar instruments in connection with the said account(s)/funds; and

Date	Meeting	Resolution No.	Resolution
			(iv) to close the account(s), receive the balance(s) thereof and sign any and all documents which Metrobank may require in connection therewith: NAME / POSITION Edward K. Lee / Chairman Alexander C. Yu / Vice Chairman Conrado F. Bate / President & CEO Catherine L. Ong / SVP - Chief Financial Officer Juan G. Barredo / Vice President April Lynn L. Tan / Vice President RESOLVED, FURTHER, that any one (1) of the aforementioned signatories is duly authorized to sign singly all withdrawals or disbursements in the amount of FIFTY THOUSAND PESOS (PHP50,000.00) or less; RESOLVED, FURTHERMORE, that Metrobank, its directors, officers, employees, agents or authorized representatives ("Metrobank") are each entitled and authorized to rely on these instructions as valid, binding and effective upon the Corporation and that Metrobank shall not be liable for any act done or suffered by them in reliance of the above instructions, it being understood that any and all risks and costs arising from the above instructions shall be for Corporation's sole and exclusive account; and RESOLVED, FINALLY, that all things/acts done and documents executed and entered into by the aforementioned signatories pursuant to and in accordance with the foregoing authorities are hereby affirmed, confirmed and ratified. Likewise all things/acts done and documents executed and entered into on behalf of the Corporation prior to this Resolution are hereby affirmed, confirmed and ratified."
9 Nov 2018	Regular BOD Meeting	45	"RESOLVED, that the Board of Directors (the "Board") of COL Financial Group, Inc. (the "Corporation") hereby appoints Atty. Sharon T. Lim as the Corporation's Data Protection Officer ("DPO") in compliance with the requirements of Republic Act No. 10173 (also known as the Data Privacy Act.); RESOLVED FURTHER, that the Board hereby appoints Atty. Stephanie Faye Reyes as the Corporation's Compliance Officer for Privacy ("COP") pursuant to NPC Advisory No. 2017-01; RESOLVED FURTHER, that Atty. Lim and Atty. Reyes, as the DPO and COP respectively, shall be duly authorized to do, execute, and perform any and all acts necessary in compliance with the Data Privacy Act, its implementing rules and regulations, and all regulations and issuances of the National Privacy Commission."
9 Nov 2018	Regular BOD Meeting	46	"RESOLVED, that COL Financial Group, Inc. (the "Corporation") be, as it is hereby, authorized to enter into transactions and/or avail of products or facilities of, or brokered by, or through the intermediation of, Bank of the Philippine Islands, or any of its branches, affiliates, and wholly/partly owned subsidiaries (hereinafter individually or collectively referred to as "BPI" for the purpose of these resolutions), including but not limited to, deposit accounts (including phone/electronic/internet banking facilities), cash management services, and similar transactions as the Corporation may deem reasonable, beneficial and in the furtherance of the interest of the Corporation; RESOLVED FURTHER, that any two (2) of the following officers or directors of the Corporation be, as they are hereby, authorized to sign, for

Date	Meeting	Resolution No.	Resolution
			and on behalf of the Corporation any documents, papers, instruments, checks and withdrawal slips, debit and credit instructions, fund transfer instructions, check encashment/endorsement, forms, agreements, or contracts as may be appropriate and/or required for the implementation of the foregoing powers/transactions, authorized above: NAME — POSITION Edward K. Lee — Chairman Alexander C. Yu — Vice Chairman Conrado F. Bate — President & CEO Catherine L. Ong — SVP - Chief Financial Officer Juan G. Barredo — Vice President April Lynn L. Tan — Vice President RESOLVED, FURTHER, that any one (1) of the aforementioned signatories is duly authorized to sign singly all withdrawals or disbursements in the amount of FIFTY THOUSAND PESOS (PHP50,000.00) or less; RESOLVED FURTHER, that the Corporate Secretary and/or Assistant Corporate Secretary of the Corporation be authorized, as they are hereby authorized, to submit the updated lists of incumbent officers/directors occupying the above mentioned positions, from time to time; RESOLVED FURTHER, that in addition to the cited signatories, any one of the following corporate personnel has the authority to inquire on matters pertaining to the Corporation's account, e.g. outstanding balances, as well as the authority to confirm the due issuance of the Corporation's checks, the correctness of all the entries thereon and/or its regularity (vis-a-vis technical validity/deficiencies) of the same and any other related transaction/matters: NAME — POSITION Lorena E. Velarde — VP – Financial Controller Rea P. Orteza — Accounting Manager RESOLVED FURTHER that the authorized signatories are hereby given authority to submit the updated list of authorized personnel occupying the above mentioned positions whenever applicable and necessary; RESOLVED, FINALLY, that this Resolution shall remain valid, subsisting and enforceable unless subsequently modified, revoked, rescinded or superseded by a resolution of the Board of Directors and a copy of such resolution is actually received by BPI."
9 Nov 2018	Regular BOD Meeting	47	"RESOLVED, that COL Financial Group, Inc. (the "Corporation") has administration offices located at the following addresses: **Administration Office** — **Address** Davao City — Unit 2045 Robinsons Cybergate Davao, J.P. Laurel Ave., Brgy., Buhangin Davao City Cebu City — Unit B205 Axis Entertainment Avenue, Vibo Place, N. Escario Street, Barangay Camputhaw, Cebu City Ilocos Norte — 242 Robinsons Place Ilocos – Expansion Mall San Nicolas, Ilocos Norte RESOLVED FURTHER, that the following are hereby appointed as the Corporation's duly authorized representatives to appear before and

Date	Meeting	Resolution No.	Resolution
			otherwise transact with the appropriate local government offices for the renewal of the Mayor's Permit, Business Permit and all other local government permits and/or licenses of their respective offices ("Permits"): **Administration Office** — **Authorized Representative** Davao City — Leah M. Cubos and/or Janet R. Rodriguez Cebu City — Ma. Concepcion B. De Castro Ilocos Norte — Maria Dulce Calija RESOLVED FINALLY, that the following are authorized to sign all documents, instruments and other papers necessary for the application and processing of the Permits: **Administration Office** — **Authorized Representative** Davao City — Janet R. Rodriguez Cebu City — Ma. Concepcion B. De Castro Ilocos Norte — Maria Dulce Calija"
9 Nov 2018	Regular BOD Meeting	48	"RESOLVED, that COL Financial Group, Inc. (the "Corporation") is authorized to issue sub-proxies to vote the shares held by the clients of the Corporation for all PSE listed companies during their annual stockholders' meetings for the year 2019, including all and any adjournment s or postponements thereof; RESOLVED FURTHER, that the Board of Directors of the Corporation hereby authorizes Ms. Catherine L. Ong to sign and execute the above-mentioned sub-proxies."
9 Nov 2018	Regular BOD Meeting	49	"RESOLVED, that the appointments of Atty. Sharon T. Lim and Atty. Stephanie Faye B. Reyes as Corporate Secretary and Assistant Corporate Secretary, respectively, effective on November 9, 2018, be as it is hereby approved."
9 Nov 2018	Regular BOD Meeting	50	The Board approved the 2018 Third Quarter Consolidated Financial Statements of the Company.
31 Jan 2019	Regular BOD Meeting	51	"RESOLVED, that COL Financial Group, Inc. (the "Corporation") is hereby authorized to execute and file an Application for Early Settlement of Trade (the "Application") of Metropolitan Bank & Trust Company with the Capital Markets Integrity Corporation; RESOLVED FURTHER, that the Corporation hereby appoints its SVP/Treasurer/CFO, Catherine L. Ong as its duly authorized representative to sign and execute the Application."
8 Feb 2019	Regular BOD Meeting	52	"RESOLVED, that the Annual Stockholders' Meeting of the Corporation be scheduled on March 29, 2019; RESOLVED, FURTHER, that the closing of the stock & transfer book shall be on February 28, 2019."
8 Feb 2019	Regular BOD Meeting	53	"RESOLVED, that the Corporation be, as it is hereby, authorized to enter into transaction/s with the Bank of the Philippine Islands (the "Bank"), and/or avail of products or facilities of, or brokered by, or through the intermediation of the Depository Banks, including but not limited to, cash management services, phone / electronic / internet banking facilities, safety deposit boxes, deposit pick-up arrangements, placements and / or purchase of debt papers, negotiable instruments, trust placements and similar

Date	Meeting	Resolution No.	Resolution
			transactions as the Corporation may deem reasonable, beneficial and in the furtherance of the interests of the Corporation; RESOLVED, that the Corporation's Authorized Signatories be, as they are hereby authorized to sign, for and in behalf of the Corporation any documents, papers, instruments, instructions, enrollment forms, agreements, or contracts as may be appropriate and/or required for the implementation of the powers /transactions authorized above. The Authorized Signatories are likewise authorized to designate the Corporation's encoder and approver (collectively the "System Administrators") for online banking facilities via a signed enrollment form, or to effect any modification thereof via a signed letter of instruction acceptable to the Bank; RESOLVED, that the Corporation's System Administrators be as they are hereby authorized, for and on behalf of the Corporation, to manage the online banking facilities availed of by the Corporation, and to perform functions including but not limited to the enrollment, modification and removal of transactional users (e.g. makers and authorizers), updating of company information, and acceptance of amendments to the facility terms and conditions, via the online platform. RESOLVED, that any TWO (2) of the following, are designated as the Authorized Signatories of the Corporation: NAME — POSITION Edward K. Lee — Chairman Alexander C. Yu — Vice Chairman Conrado F. Bate — President & CEO Catherine L. Ong — SVP – CFO / Treasurer Juan G. Barredo — VP - Head of Sales & Customer Support April Lynn L. Tan — VP – Head of Research RESOLVED, that any ONE (1) of the aforementioned officers is duly authorized to sign singly all withdrawals or disbursements in the amount of FIFTY THOUSAND PESOS (PHP50,000.00) or less; RESOLVED, further, that the duly elected and incumbent Directors, Corporate Secretary and/or Assistant Corporate Secretary of the Corporation be authorized, as they are hereby authorized, to submit certifications as regards any amendment to the list of Authorized Signatories including any addition, deletion or any change in the Authorized Signatories; RESOLVED, that the Corporation warrants that the Corporation obtained all necessary authorizations and consents as may be required by applicable confidentiality and data privacy laws or agreement to enable the Bank to process any information (including personal information) of an individual submitted by the Corporation to the Bank in connection with its authorization to avail and/or availment of Cash Management Services/Facilities from the Bank; RESOLVED, FINALLY, that the Corporation agrees to hold free and harmless as well as indemnify the Bank, its stockholders, directors, officers, employees and representatives from any and all liabilities, claims, suits, charges or expenses, of whatever nature arising out of, in connection with or by virtue of the implementation of the above-mentioned resolutions."
8 Feb 2019	Regular BOD Meeting	54	"RESOLVED, that the Corporation be authorized to open a securities trading account with Salisbury BKT Securities Corporation;

Date	Meeting	Resolution No.	Resolution
			RESOLVED, FURTHER, that any two (2) of the following Officers be authorized as they are hereby authorized to sign and execute, for and in behalf of the corporation, the customer agreement form and such other documents or instruments which may be required in connection therewith, or for implementation of the above-stated transaction under such terms and conditions that such officer/s may deem appropriate; NAME / POSITION Edward K. Lee / Chairman Alexander C. Yu / Vice Chairman Conrado F. Bate / President & CEO Catherine L. Ong / SVP – CFO / Treasurer RESOLVED, FINALLY, that any one (1) of the above-named officers be authorized and are hereby designated by the Corporation to trade the said securities trading account with Salisbury BKT Securities Corporation.”
8 Feb 2019	Regular BOD Meeting	55	“RESOLVED, that COL Financial Group, Inc. (the “Corporation”) is authorized to subscribe to Fifty Million (50,000,000) shares of COL Equity Index UMF, Inc. (the “Fund”) amounting to Fifty Million Pesos (Php50,000,000.00) and to enter into any and all agreements and transactions in connection therewith; RESOLVED FURTHER, that the Corporation is authorized to enter into such trusts, agreements and other documents necessary for the directors, officers, and/or incorporators of the Fund to qualify for and exercise their functions; RESOLVED FINALLY, that MR. CONRADO F. BATE is hereby authorized to sign any and all documents in connection with the foregoing.”
8 Feb 2019	Regular BOD Meeting	56	“RESOLVED, that COL Financial Group, Inc. (the “Corporation”) is authorized to subscribe to Fifty Million (50,000,000) shares of COL Cash Management UMF, Inc. (the “Fund”) amounting to Fifty Million Pesos (Php50,000,000.00) and to enter into any and all agreements and transactions in connection therewith; RESOLVED FURTHER, that the Corporation is authorized to enter into such trusts, agreements and other documents necessary for the directors, officers, and/or incorporators of the Fund to qualify for and exercise their functions; RESOLVED FINALLY, that MR. CONRADO F. BATE is hereby authorized to sign any and all documents in connection with the foregoing.”
8 Feb 2019	Regular BOD Meeting	57	“RESOLVED, that COL Financial Group, Inc. (the “Corporation”) is authorized to subscribe to Fifty-Two Million Five Hundred Thousand (52,500,000) shares COL Investment Management, Inc. (“CIMI”) amounting to Fifty-Two Million Five Hundred Thousand Pesos (Php52,500,000.00) and to enter into any and all agreements and transactions in connection therewith; RESOLVED FURTHER, that the Corporation is authorized to enter into such trusts, agreements and other documents necessary for the directors, officers, and/or incorporators of CIMI to qualify for and exercise their functions; RESOLVED FURTHER, that MR. CONRADO F. BATE (“Mr. Bate”) is hereby authorized to sign any and all documents in connection with the foregoing;

Date	Meeting	Resolution No.	Resolution
			RESOLVED FINALLY, that the Corporation hereby ratifies the shareholders' agreements, loan agreements and all other agreements executed by Mr. Bate for and on its behalf in connection with the formation, establishment, and incorporation of CIMI."
1 Mar 2019	Regular BOD Meeting	58	"RESOLVED, as it is hereby resolved, that COL Financial Group, Inc. hereby approves and authorizes the release of the audited financial statements of the Group and the Parent Company as of December 31, 2018 and 2017 and for each of the three (3) years in the period ended December 31, 2018."
1 Mar 2019	Regular BOD Meeting	59	"RESOLVED, that COL Financial Group, Inc. (the "Corporation") hereby authorizes, approves, affirms, and ratifies the allocation and release of annual bonuses to the members of the Board of Directors of the Corporation, which bonuses shall not exceed five (5) times the amount of per diem per meeting; and RESOLVED, FURTHER, that the above resolution shall remain in force until revoked by the Board of Directors by way of a subsequent board resolution duly passed by them."
1 Mar 2019	Regular BOD Meeting	60	"RESOLVED, that the COL Financial Group, Inc. (the "Corporation") hereby delegates to the Chairman of the Board the authority to determine the performance bonuses (if any) to be granted to employees of the Corporation; RESOLVED, FURTHER, that such bonuses may only be granted if the total personnel cost of the Corporation does not exceed twenty percent (20%) of the gross revenues for said calendar year; RESOLVED, FURTHERMORE, that any such bonuses granted pursuant to the above are hereby affirmed and ratified; and RESOLVED, FINALLY, that the above resolution shall remain in force until revoked by the Board of Directors by way of a subsequent board resolution duly passed by them."
1 Mar 2019	Regular BOD Meeting	61	"RESOLVED, that COL Financial Group, Inc. (the "Corporation") be authorized to apply for an Electric Service Connection with Angeles Electric Corporation (AEC) for the Corporation's data center at No. 7244 Langka St. Purok 7, Brgy. Duquit Mabalacat City, Pampanga; RESOLVED, FURTHER, as it is hereby resolved, that any one (1) of the following officers be authorized to sign all necessary documents in connection with the Corporation's application with AEC: NAME — POSITION Conrado F. Bate — President & CEO Catherine L. Ong — SVP – CFO / Treasurer RESOLVED FINALLY, that MR. REX GAYTANO be designated as the Corporation's duly authorized representative to process and file the necessary documents pertaining to the application and other requirements of AEC."
1 Mar 2019	Regular BOD Meeting	62	"RESOLVED, that any of the following officers be designated as the duly authorized officer of the Corporation with authority to sign singly the necessary application/s for the business license/permit of the Corporation with the appropriate local government authority or agency, and to sign,

Date	Meeting	Resolution No.	Resolution
			execute and deliver such other documents, instruments and other papers, and do or cause to be done such other acts and things necessary, proper or convenient to give effect to the foregoing authorization; NAME — POSITION Conrado F. Bate — President & CEO Catherine L. Ong — SVP – CFO / Treasurer.”

ANNEX "G"

AUDITED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2018 AND 2017

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	1	9	9	1	0	0	6	5	

COMPANY NAME

COL FINANCIAL GROUP, INC. AND SUBSIDIARY

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

Unit 2401-B East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
helpdesk@colfinancial.com	(02) 636-5411	NA

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
33	03/NA	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Conrado F. Bate	dino.bate@colfinancial.com	(02) 636-5411	NA

CONTACT PERSON's ADDRESS

Unit 2401-B East Tower, PSE Centre, 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.*

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

COL FINANCIAL
PHILIPPINES

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of COL Financial Group, Inc. and Subsidiary (the Group) is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, as of December 31, 2018 and 2017, 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

The BOD reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders of the Group.

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

Edward K. Lee
Chairman of the Board

Conrado F. Bate
President and Chief Executive Officer

Catherine L. Ong
Senior Vice President and Chief Financial Officer

Signed this 1st day of March 2019.

COL FINANCIAL GROUP, INC.
2401-B East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, 1605 Philippines
Tel +632 636 5411 • Fax +632 634 6958 • Website: www.colfinancial.com
PSE Trading Participant: SCCP & SIPF Member

Statement of Management's Responsibility
for Financial Statements

SUBSCRIBED AND SWORN to before me this 1st day of March 2019, at Pasig, affiants exhibited to me their respective Passports, as follows:

Name	**Passport No.**	**Date/Place Issued**
Edward K. Lee		
Conrado F. Bate		
Catherine L. Ong		

NOTARY PUBLIC

ATTY. SHARON T. LIM
Notary Public for the Cities of Pasig,
San Juan and Municipality of Pateros
Until 12-31-19/Appt. No. 81 (2018-2019)
2703C East Tower, Phil. Stock Exchange Centre,
Exchange Rd., Ortigas Center, Pasig City 1605
Roll No. 53601/IBP No. 057570/12-20-18/RSM
PTR No. 5226846/01-04-19/Pasig
MCLE Compliance No. VI-0010529/07-03-18/Pasig

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Series of 2019

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

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
COL Financial Group, Inc.
Unit 2401-B East Tower, PSE Centre
Exchange Road, Ortigas Center, Pasig City

Opinion

We have audited the consolidated financial statements of COL Financial Group, Inc. (the Parent Company) and Subsidiary (the Group), which comprise the consolidated statements of financial position as at December 31, 2018 and 2017, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2018 and 2017, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2018 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated 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 consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Information Technology Environment Supporting the Stockbrokerage Business

The Parent Company is highly dependent on the reliability and continuity of its information technology (IT) environment to support the automated data processing of its stockbrokerage business. This IT environment is key to the Parent Company's revenue generation and is relied upon in many aspects of its financial reporting process. We, therefore, considered the testing of the controls over IT processes of the Parent Company to address the IT process risks as a key audit matter.

Audit response

We performed procedures to obtain an understanding of the Parent Company's IT environment, which covers the IT applications and supporting infrastructure, IT processes and IT personnel. We obtained an understanding and performed testing of the IT controls over program changes to the IT applications, user access management to the IT applications and databases, and management of IT operations. To the extent applicable, we performed testing of the design and operation of the IT controls of the applications supporting the trading-related revenue process and the financial reporting process. We evaluated and considered the results of the testing of controls in the design and extent of our substantive audit procedures.

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, 2018, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2018 are expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Janeth T. Nuñez-Javier.

SYCIP GORRES VELAYO & CO.

Janeth T. Nuñez-Javier

Janeth T. Nuñez-Javier
Partner
CPA Certificate No. 111092
SEC Accreditation No. 1328-AR-1 (Group A),
July 28, 2016, valid until July 28, 2019
Tax Identification No. 900-322-673
BIR Accreditation No. 08-001998-69-2018,
February 26, 2018, valid until February 25, 2021
PTR No. 7332590, January 3, 2019, Makati City

March 1, 2019

COL FINANCIAL GROUP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31					
	2018			2017		
		Security Valuation			Security Valuation	
	Money Balance	Long	Short	Money Balance	Long	Short
ASSETS						
Current Assets						
Cash and cash equivalents (Note 4)	**₱8,897,583,382**			₱10,015,930,327		
Cash in a segregated account (Note 5)	**133,788,336**			88,993,088		
Short-term time deposits (Note 4)	**626,000,000**			–		
Financial assets at fair value through profit or loss (Note 6)	**3,225,163**	**₱3,225,163**		1,176,978	₱1,176,978	
Trade receivables (Notes 7 and 20)	**811,048,151**	**3,472,639,844**		1,169,674,141	3,920,498,461	
Other receivables (Notes 7 and 20)	**52,041,067**			27,481,904		
Prepayments	**7,186,335**			3,746,142		
Other current assets (Note 12)	**–**			8,960,245		
Total Current Assets	**10,530,872,434**			11,315,962,825		
Noncurrent Assets						
Long-term time deposit (Note 4)	**200,000,000**			200,000,000		
Investment securities at amortized cost (Note 8)	**201,564,744**			–		
Held-to-maturity investments (Note 8)	**–**			202,738,147		
Property and equipment (Note 9)	**76,030,681**			85,996,168		
Investment property (Note 10)	**16,634,249**			–		
Intangibles (Note 11)	**20,090,176**			21,405,689		
Deferred tax assets (Note 19)	**–**			36,716,806		
Other noncurrent assets (Note 12)	**73,418,798**			18,017,713		
Total Noncurrent Assets	**587,738,648**			564,874,523		
TOTAL ASSETS	**₱11,118,611,082**			₱11,880,837,348		
Securities in box, in Philippine Depository and Trust Corporation and Hong Kong Securities Clearing Company, Limited			**₱64,836,014,077**			₱64,846,561,022

(Forward)

	December 31					
	2018			2017		
		Security Valuation			Security Valuation	
	Money Balance	**Long**	**Short**	Money Balance	Long	Short
LIABILITIES AND EQUITY						
Current Liabilities						
Trade payables (Notes 13 and 20)	**₱9,254,855,350**	**₱61,360,149,070**		₱10,199,215,189	₱60,924,885,583	
Other current liabilities (Note 14)	**107,152,667**			115,203,033		
Income tax payable	**18,775,269**			18,245,494		
Total Current Liabilities	**9,380,783,286**			10,332,663,716		
Noncurrent Liabilities						
Retirement obligation (Notes 18 and 20)	**42,945,228**			43,549,010		
Deferred tax liabilities (Note 19)	**1,312,743**			–		
Total Noncurrent Liabilities	**44,257,971**			43,549,010		
Total Liabilities	**9,425,041,257**			10,376,212,726		
Equity						
Capital stock (Note 15)	**476,000,000**			476,000,000		
Capital in excess of par value	**53,219,024**			53,219,024		
Accumulated translation adjustment	**21,881,155**			8,225,186		
Loss on remeasurement of retirement obligation (Note 18)	**(15,806,586)**			(11,741,631)		
Retained earnings:						
Appropriated	**276,503,775**			235,590,918		
Unappropriated (Note 15)	**881,772,457**			743,331,125		
Total Equity	**1,693,569,825**			1,504,624,622		
TOTAL LIABILITIES AND EQUITY	**₱11,118,611,082**	**₱64,836,014,077**	**₱64,836,014,077**	₱11,880,837,348	₱64,846,561,022	₱64,846,561,022

See accompanying Notes to Consolidated Financial Statements.

COL FINANCIAL GROUP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31		
	2018	2017	2016
REVENUES (Note 16)			
Commissions (Note 20)	**₱702,931,280**	₱678,725,716	₱605,558,128
Others:			
Interest income (Notes 4, 5, 7, 8, 16, and 20)	**422,227,848**	250,460,547	220,387,183
Trading gains (losses) - net (Note 6)	**14,107,532**	17,202,792	(72,168)
Foreign exchange gains (losses) – net	**129,256**	717,580	(34,110)
Others (Notes 6 and 9)	**17,396,193**	12,066,231	7,846,425
	1,156,792,109	959,172,866	833,685,458
COST OF SERVICES			
Commission expense (Note 20)	**60,620,567**	88,976,207	92,234,435
Personnel costs - operations (Notes 17, 18 and 20)	**98,870,861**	85,287,973	74,166,258
Stock exchange dues and fees (Note 12)	**16,505,261**	20,760,645	14,921,084
Central depository fees	**6,782,983**	6,836,230	9,409,779
Research	**3,374,658**	2,311,047	2,163,005
Others:			
Communications	**34,536,487**	32,318,019	30,101,631
Depreciation (Note 9)	**134,635**	159,299	201,009
	220,825,452	236,649,420	223,197,201
GROSS PROFIT	**935,966,657**	722,523,446	610,488,257
OPERATING EXPENSES (OTHER INCOME)			
Administrative expenses:			
Personnel costs (Notes 17, 18 and 20)	**59,329,902**	43,320,968	36,984,384
Professional fees (Note 20)	**50,711,036**	42,478,126	37,365,258
Management bonus (Note 20)	**24,701,098**	23,376,289	17,418,101
Rentals (Note 21)	**22,494,380**	17,034,409	14,326,932
Advertising and marketing	**11,592,176**	9,719,249	9,693,034
Security and messengerial services	**6,482,716**	6,657,462	4,753,033
Taxes and licenses	**5,853,764**	4,891,861	4,555,798
Power, light and water	**5,791,410**	4,571,689	4,009,964
Repairs and maintenance	**5,215,864**	3,844,478	2,300,629
Insurance and bonds	**4,078,614**	3,479,704	3,350,540
Representation and entertainment	**3,755,314**	3,671,632	3,184,166
Condominium dues and utilities	**3,570,573**	2,737,636	2,490,021
Office supplies	**3,226,088**	3,293,621	2,666,969
Directors' fees (Note 20)	**1,682,500**	870,000	890,000
Trainings, seminars and meetings	**1,510,387**	1,460,946	1,085,302
Membership fees and dues	**1,388,886**	845,622	821,925
Transportation and travel	**1,383,603**	1,541,938	1,117,783
Communications	**1,165,109**	1,526,085	982,316
Bank charges	**294,007**	122,625	385,157
Others	**1,717,097**	2,366,132	2,294,958
	215,944,524	177,810,472	150,676,270
Depreciation and amortization (Notes 9, 10 and 11)	**25,812,755**	22,083,858	18,925,355
Other income (Note 12)	**(21,510,020)**	–	–
Provision for (Recovery from) impairment losses (Notes 11 and 12)	**(13,724,200)**	20,636,226	–
Interest expense (Note 18)	**2,482,293**	1,475,447	1,313,885
Provision for (Recovery from) credit losses (Note 7)	**296,943**	(10,938,998)	1,885,688
	209,302,295	211,067,005	172,801,198
INCOME BEFORE INCOME TAX	**726,664,362**	511,456,441	437,687,059
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 19)			
Current			
Regular corporate income tax	**104,471,111**	97,225,712	86,813,521
Final income tax	**75,807,941**	36,764,607	32,442,461
Deferred	**33,831,121**	(1,255,093)	(10,051,273)
	214,110,173	132,735,226	109,204,709
NET INCOME	**₱512,554,189**	₱378,721,215	₱328,482,350
Earnings Per Share (Note 25)			
Basic and diluted	**₱1.08**	₱0.80	₱0.69

See accompanying Notes to Consolidated Financial Statements.

COL FINANCIAL GROUP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2018	2017	2016
NET INCOME	**₱512,554,189**	₱378,721,215	₱328,482,350
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX			
Item that will not be reclassified to consolidated statements of income:			
Gain (loss) on remeasurement of retirement obligation - net of tax (Note 18)	**(4,064,955)**	(10,861,557)	3,956,122
Item that may be reclassified subsequently to consolidated statements of income:			
Translation adjustments - net of tax	**13,655,969**	(1,150,483)	14,617,528
	9,591,014	(12,012,040)	18,573,650
TOTAL COMPREHENSIVE INCOME	**₱522,145,203**	₱366,709,175	₱347,056,000

See accompanying Notes to Consolidated Financial Statements.

COL FINANCIAL GROUP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2018, 2017, and 2016

	Capital Stock (Note 15)	Capital In Excess of Par Value	Cost of Share-Based Payment (Note 18)	Accumulated Translation Adjustment	Loss on Remeasurement of Retirement Obligation (Note 18)	Retained Earnings Appropriated (Note 15)	Retained Earnings Unappropriated	Total
Balances at January 1, 2018	**₱476,000,000**	**₱53,219,024**	**₱–**	**₱8,225,186**	**(₱11,741,631)**	**₱235,590,918**	**₱743,331,125**	**₱1,504,624,622**
Total comprehensive income (loss)	**–**	**–**	**–**	**13,655,969**	**(4,064,955)**	**–**	**512,554,189**	**522,145,203**
Appropriation of retained earnings (Note 15)	**–**	**–**	**–**	**–**	**–**	**40,912,857**	**(40,912,857)**	**–**
Declaration of cash dividend (Note 15)	**–**	**–**	**–**	**–**	**–**	**–**	**(333,200,000)**	**(333,200,000)**
Balances at December 31, 2018	**₱476,000,000**	**₱53,219,024**	**₱–**	**₱21,881,155**	**(₱15,806,586)**	**₱276,503,775**	**₱881,772,457**	**₱1,693,569,825**
Balances at January 1, 2017	₱476,000,000	₱53,219,024	₱–	₱9,375,669	(₱880,074)	₱198,811,471	₱686,989,357	₱1,423,515,447
Total comprehensive income (loss)	–	–	–	(1,150,483)	(10,861,557)	–	378,721,215	366,709,175
Appropriation of retained earnings (Note 15)	–	–	–	–	–	36,779,447	(36,779,447)	–
Declaration of cash dividend (Note 15)	–	–	–	–	–	–	(285,600,000)	(285,600,000)
Balances at December 31, 2017	₱476,000,000	₱53,219,024	₱–	₱8,225,186	(₱11,741,631)	₱235,590,918	₱743,331,125	₱1,504,624,622
Balances at January 1, 2016	₱475,000,000	₱53,219,024	₱4,031,571	(₱5,241,859)	(₱4,836,196)	₱169,021,759	₱625,796,719	₱1,316,991,018
Total comprehensive income	–	–	–	14,617,528	3,956,122	–	328,482,350	347,056,000
Appropriation of retained earnings (Note 15)	–	–	–	–	–	29,789,712	(29,789,712)	–
Issuance of shares upon exercise of stock options (Note 18)	1,000,000	–	–	–	–	–	–	1,000,000
Cost of share-based payment (Note 18)	–	–	(4,031,571)	–	–	–	–	(4,031,571)
Declaration of cash dividend (Note 15)	–	–	–	–	–	–	(237,500,000)	(237,500,000)
Balances at December 31, 2016	₱476,000,000	₱53,219,024	₱–	₱9,375,669	(₱880,074)	₱198,811,471	₱686,989,357	₱1,423,515,447

See accompanying Notes to Consolidated Financial Statements.

COL FINANCIAL GROUP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2018	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱726,664,362**	₱511,456,441	₱437,687,059
Adjustments for:			
Interest income (Notes 4, 5, 7, 8, 16, and 20)	**(422,227,848)**	(250,460,547)	(220,387,183)
Depreciation and amortization (Notes 9, 10 and 11)	**25,947,390**	22,243,157	19,126,364
Other income (Note 12)	**(21,510,020)**	–	–
Provision for (Recovery from) impairment losses (Notes 11 and 12)	**(13,724,200)**	20,636,226	–
Contribution to the retirement fund (Note 18)	**(12,719,737)**	–	–
Retirement costs under 'Personnel costs' (Notes 17 and 18)	**5,568,707**	4,385,708	4,886,302
Interest expense (Note 18)	**2,482,293**	1,475,447	1,313,885
Unrealized trading losses (gains) - net (Note 6)	**(1,961,296)**	103,792	(139,356)
Provision for (Recovery from) credit losses (Note 7)	**296,943**	(10,938,998)	1,885,688
Dividend income (Note 6)	**(258,706)**	(230,474)	(28,710)
Gain on disposal of property and equipment	–	–	(4,365)
Operating income before working capital changes	**288,557,888**	298,670,752	244,339,684
Decrease (increase) in:			
Cash in a segregated account	**(44,795,248)**	45,925,206	120,677,719
Short-term time deposits	**(626,000,000)**	–	–
Financial assets at fair value through profit or loss	**(86,889)**	821,793	(289,780)
Trade receivables	**381,942,484**	17,928,442	(78,192,367)
Other receivables	**108,137,009**	44,351,585	30,004,700
Prepayments	**(3,434,068)**	(1,557,124)	(84,131)
Other assets	**(54,417,288)**	(21,239,391)	(12,037,740)
Increase (decrease) in:			
Trade payables	**(950,153,080)**	2,846,725,500	799,799,469
Other current liabilities	**(8,272,865)**	24,901,180	28,853,335
Net cash generated from (used in) operations	**(908,522,057)**	3,256,527,943	1,133,070,889
Interest received	**325,973,632**	203,047,922	182,539,191
Income taxes paid	**(171,572,932)**	(116,860,333)	(111,638,182)
Dividends received	**258,706**	230,474	28,710
Net cash flows provided by (used in) operating activities	**(753,862,651)**	3,342,946,006	1,204,000,608
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property and equipment (Notes 9)	**(29,561,263)**	(60,966,559)	(28,028,411)
Acquisitions of software and licenses (Note 11)	**(1,723,031)**	(3,011,218)	(7,475,451)
Acquisition of held-to-maturity investments (Note 8)	**–**	(203,041,886)	–
Investment in long-term time deposit (Note 4)	–	–	(200,000,000)
Proceeds from disposal of property and equipment	**–**	–	7,143
Net cash flows used in investing activities	**(31,284,294)**	(267,019,663)	(235,496,719)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends declared and paid (Note 15)	**(333,200,000)**	(285,600,000)	(237,500,000)
Issuance of additional shares (Notes 15 and 18)	–	–	1,000,000
Net cash flows used in financing activities	**(333,200,000)**	(285,600,000)	(236,500,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,118,346,945)**	2,790,326,343	732,003,889
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**10,015,930,327**	7,225,603,984	6,493,600,095
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱8,897,583,382**	₱10,015,930,327	₱7,225,603,984

See accompanying Notes to Consolidated Financial Statements.

COL FINANCIAL GROUP, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

COL Financial Group, Inc. (the Parent Company) was registered with the Philippine Securities and Exchange Commission (SEC) on August 16, 1999, with a corporate term of 50 years, primarily to engage in the business of broker of securities and to provide stockbrokerage services through innovative internet technology. COL Securities (HK) Limited (COLHK or the Subsidiary), a wholly-owned foreign subsidiary, is domiciled and incorporated in Hong Kong (HK), primarily to act as a stockbroker and to invest in securities. In the normal course of business, the Parent Company and COLHK (the Group) are also engaged in providing financial advice, in the gathering and distribution of financial and investment information and statistics and in acting as financial, commercial or business representative. The registered address of the Parent Company is Unit 2401-B East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City, Philippines. The registered address of COLHK is Room 803, Luk Yu Building, 24-26 Stanley Street, Central, HK.

The Parent Company is a public company listed in the Philippine Stock Exchange (PSE).

On August 15, 2006, the Board of Directors (BOD) of the Parent Company approved the acquisition of the exchange trading right of Mark Securities Corporation for the purpose of making the Parent Company a PSE Trading Participant. On December 13, 2006, the BOD of PSE approved the application of the Parent Company as a Corporate Trading Participant in PSE through the transfer of the exchange trading right registered in the name of Mark Securities Corporation and the designation of Mr. Conrado F. Bate as its Nominee Trading Participant (Note 11).

The Parent Company became a clearing member of the Securities Clearing Corporation of the Philippines (SCCP) and started operating its own seat in the PSE on February 16, 2009.

In 2015, the Parent Company was registered and authorized by the SEC to distribute various mutual funds issued by the top six (6) fund providers in the Philippines.

The accompanying consolidated financial statements of the Group as at December 31, 2018 and 2017 and for each of the three years in the period ended December 31, 2018 were authorized for issue in accordance with a resolution by the BOD on March 1, 2019.

2. Basis of Preparation, Basis of Consolidation and Summary of Significant Accounting Policies

<u>Basis of Preparation</u>

The accompanying consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVPL) which have been measured at fair value. The Group's consolidated financial statements are presented in Philippine peso (₱), which is the presentation currency under PFRS. Based on the economic substance of the underlying circumstances relevant to the Group, the functional currencies of the Parent Company and COLHK have been determined to be Philippine peso and HK dollar (HK$), respectively. All values are rounded to the nearest peso, except when otherwise indicated.

Basis of Consolidation
The consolidated financial statements include the accounts of the Parent Company and COLHK, a 100% owned and controlled foreign subsidiary, after eliminating significant intercompany balances and transactions.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect the amount of the Parent Company's returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resulting gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Changes in Accounting Policies and Disclosures

The Group applied for the first time certain pronouncements, which are effective for annual periods beginning on or after January 1, 2018. Adoption of these pronouncements did not have a significant impact on the Group's financial position or performance, unless otherwise indicated.

- Amendments to PFRS 2, *Share-based Payment*, *Classification and Measurement of Share-based Payment Transactions*

- PFRS 9, *Financial Instruments*

  Effective January 1, 2018, PFRS 9 replaces PAS 39, *Financial Instruments: Recognition and Measurement*. PFRS 9 also supersedes all earlier versions of the standard, thereby bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment, and hedge accounting.

  PFRS 9 is required to be applied on a retrospective basis, with certain exceptions. As permitted, the Group did not restate prior period comparative consolidated financial statements when the Group adopted the requirements of the new standard. Restatements and differences in the carrying amounts of financial instruments arising from the adoption of PFRS 9 have been recognized in the 2018 opening balances of surplus and other comprehensive income (OCI) as if the Group had always applied PFRS 9.

  The Group adopted the classification and measurement, impairment and hedge accounting requirements of the standard as follows:

  Classification and Measurement

  Financial assets are measured at FVPL unless these are measured at fair value through OCI (FVOCI) or at amortized cost. The classification and measurement provisions of PFRS 9 require that all debt financial assets that do not meet the "solely payment of principal and interest" (SPPI) test, including those that contain embedded derivatives, be classified at initial recognition as financial assets at FVPL. The intent of the SPPI test is to ensure that debt instruments that contain non-basic lending features, such as conversion options and equity linked pay-outs, are measured as financial assets at FVPL. Subsequent measurement of instruments classified as financial assets at FVPL under PFRS 9 operates in a similar manner to financial instruments held for trading under PAS 39.

  For debt financial assets that meet the SPPI test, classification at initial recognition will be determined based on the business model under which these instruments are managed. Debt instruments that are managed on a "hold to collect and for sale" basis will be classified as financial assets at FVOCI for debt. Debt instruments that are managed on a "hold to collect" basis will be classified as financial assets at amortized cost. Subsequent measurement of instruments classified as financial assets at FVOCI and at amortized cost classifications under PFRS 9 operate in a similar manner to AFS financial assets for debt financial assets and loans and receivables, respectively, under existing PAS 39, except for the impairment provisions which are discussed below.

  For those debt financial assets that would otherwise be classified as financial assets at FVOCI or at amortized cost, an irrevocable designation can be made at initial recognition to instead measure the debt instrument as financial asset at FVPL under the fair value option (FVO) if doing so eliminates or significantly reduces an accounting mismatch.

All equity financial assets are required to be classified at initial recognition as at FVPL unless an irrevocable designation is made to classify the instrument, which is not held for trading, as financial asset at FVOCI for equities. Unlike AFS for equity securities under PAS 39, the FVOCI for equities category results in all realized and unrealized gains and losses being recognized in OCI with no recycling to profit and loss. Only dividends will continue to be recognized in profit and loss.

The classification and measurement requirements of PFRS 9 did not have a significant impact on the Group. PFRS 9 has not resulted in changes in the carrying amount of the Group's financial instruments due to changes in measurement categories. The Group continued measuring at fair value all financial assets previously held at fair value under PAS 39. All financial assets that were classified as loans and receivables and measured at amortized cost under PAS 39 continue to be carried at amortized cost. Quoted debt instruments previously classified as held-to-maturity (HTM) Investments are now classified and measured as investment securities at amortized cost. The Group's quoted debt instruments are government investments that passed the SPPI test.

The classification and measurement of financial liabilities remain essentially unchanged from the current PAS 39 requirements, except that changes in fair value of FVO liabilities attributable to changes in own credit risk are to be presented in OCI, rather than profit and loss.

Impairment
The new impairment guidance sets out an expected credit loss (ECL) model applicable to all debt instrument financial assets classified as amortized cost and FVOCI. In addition, the ECL model applies to loan commitments and financial guarantees that are not measured at FVPL.

Incurred Loss versus Expected Credit Loss Methodology
The application of ECL significantly changed the Group's credit loss methodology and models. ECL allowances represent credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. ECL allowances are measured at amounts equal to either: (i) 12-month ECL; or (ii) lifetime ECL for those financial instruments which have experienced a significant increase in credit risk (SICR) since initial recognition or when there is objective evidence of impairment. This compares to the present incurred loss model that incorporates a single best estimate, the time value of money and information about past events and current conditions and which recognizes lifetime credit losses when there is objective evidence of impairment and also allowances for incurred but not identified credit losses.

Measurement of ECL
The Group uses a provision matrix to calculate ECL for trade receivables. The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the financial sector, the historical default rates will be adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of its customer's actual default in the future. The information about the ECL on the Group's trade receivables is disclosed in Note 7.

- PFRS 15, *Revenue from Contracts with Customers*
  PFRS 15 supersedes PAS 11, *Construction Contracts*, IAS 18, *Revenue* and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. PFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. In addition, guidance on interest and dividend income have been moved from PAS 18 to PFRS 9 without significant changes to the requirements. The adoption of PFRS 15 has no significant impact to the Group.

- Amendments to PFRS 4, *Applying PFRS 9 Financial Instruments with PFRS 4 Insurance Contracts*
- Amendments to PAS 28, *Investments in Associates and Joint Ventures*, *Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to PFRSs* 2014 - 2016 Cycle)
- Amendments to PAS 40, *Investment Property*, *Transfers of Investment Property*
- Philippine Interpretation International Financial Reporting Interpretations Committee (IFRIC) 22, *Foreign Currency Transactions and Advance Consideration*

Standards and Interpretations Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. The Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements, unless otherwise indicated. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2019

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*

- PFRS 16, *Leases*

  PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17, *Leases*. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

  Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

  Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases.

PFRS 16 also requires lessees and lessors to make more extensive disclosures than under PAS 17.

A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

The Group is currently assessing the impact of adopting PFRS 16.

- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*

  The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

  - Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event

  - Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

  The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.

  The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after January 1, 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.

- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*

- Philippine Interpretation IFRIC 23, *Uncertainty over Income Tax Treatments*

  The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12 and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

  The interpretation specifically addresses the following:
  - Whether an entity considers uncertain tax treatments separately;
  - The assumptions an entity makes about the examination of tax treatments by taxation authorities;
  - How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
  - How an entity considers changes in facts and circumstances.

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

- *Annual Improvements to PFRSs* 2015-2017 Cycle

  - Amendments to PFRS 3, *Business Combinations,* and PFRS 11, *Joint Arrangements*, *Previously Held Interest in a Joint Operation*

  - Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*

  - Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*

Effective beginning on or after January 1, 2020

- Amendments to PFRS 3, *Definition of a Business*

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, *Definition of Material*

  The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

Effective beginning on or after January 1, 2021

- PFRS 17, *Insurance Contracts*

Deferred effectivity

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

Summary of Significant Accounting Policies

Foreign Currency Translation

Transactions in foreign currencies are initially recorded in the prevailing functional currency spot rate at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the closing functional currency rate of exchange at the reporting period. All differences are taken to the consolidated statement of income.

On consolidation, the assets and liabilities of the consolidated foreign subsidiary are translated into Philippine Peso at the rate of exchange prevailing at the reporting date and their statement of income is translated at the average exchange rates for the year. The exchange differences arising on translation for consolidation are recognized in equity (under 'Accumulated translation adjustment'). Upon disposal of the foreign subsidiary, the component of OCI relating to the foreign subsidiary is recognized in the consolidated statement of income.

Current versus Non-current Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in a normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve (12) months after reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve (12) months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in a normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve (12) months after the reporting period.

The Group classifies all other liabilities as non-current.

Net deferred tax asset (liabilities) are classified as non-current.

Cash and Cash Equivalents, Short-term Time Deposits and Long-term Time Deposit

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from dates of acquisition and that are subject to insignificant risk of changes in value. Bank placements and investments with original maturities of more than three (3) months but less than one year are classified as short-term time deposit while investments with original maturities of more than one year are classified as long-term time deposit.

Cash in a Segregated Account

Cash in a segregated account represents clients' monies maintained by COLHK with a licensed bank arising from its normal course of business.

The asset is recognized to the extent that COLHK bears the risks and rewards related to the clients' monies deposited in the bank. Similarly, the accompanying liability is recognized to the extent that COLHK has the obligation to deliver cash to its customers upon withdrawal and is liable for any loss or misappropriation of clients' monies.

Financial Instruments - Initial Recognition and Subsequent Measurement

Date of Recognition

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

Financial Instruments at FVPL

Financial assets and financial liabilities at FVPL are recorded in the consolidated statement of financial position at fair value. Changes in fair value are recorded in 'Trading gains (losses) - net' in the consolidated statement of income. Interest earned or incurred is recorded in interest income or expense, respectively, while dividend income is recorded in other revenues according to the terms of the contract, or when the right of the payment has been established.

Policies applicable beginning January 1, 2018
Initial Recognition and Classification of Financial Instruments
Financial assets are measured at FVPL unless these are measured at FVOCI or at amortized cost. Financial liabilities are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of financial assets depends on the contractual terms and the business model for managing the financial assets. Subsequent to initial recognition, the Group may reclassify its financial assets only when there is a change in its business model for managing these financial assets. Reclassification of financial liabilities is not allowed.

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

Investment securities at FVOCI
Investment securities at FVOCI include debt and equity securities. After initial measurement, investment securities at FVOCI are subsequently measured at fair value. The unrealized gains and losses arising from the fair valuation of investment securities at FVOCI are excluded, net of tax as applicable, from the reported earnings and are included in the consolidated statement of comprehensive income as 'Change in net unrealized loss on investment securities at FVOCI'.

Debt securities at FVOCI are those that meet both of the following conditions: (i) the asset is held within a business model whose objective is to hold the financial assets in order to both collect contractual cash flows and sell financial assets; and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the outstanding principal amount. The effective yield component of debt securities at FVOCI, as well as the impact of restatement on foreign currency-denominated debt securities at FVOCI, is reported in the statement of income. Interest earned on holding debt securities at debt securities at FVOCI are reported as 'Interest income' using the effective interest rate (EIR) method. When the debt securities at FVOCI are disposed of, the cumulative gain or loss previously recognized in the statement of comprehensive income is recognized as 'Trading and securities gain (loss) - net' in the consolidated statement of income. The ECL arising from impairment of such investments are recognized in OCI with a corresponding charge to 'Provision for credit losses' in the consolidated statement of income.

Equity securities designated at FVOCI are those that the Group made an irrevocable election to present in OCI the subsequent changes in fair value. Dividends earned on holding equity securities at FVOCI are recognized in the statement of income as 'Dividends' when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Gains and losses on disposal of these equity securities are never recycled to profit or loss, but the cumulative gain or loss previously recognized in the consolidated statement of comprehensive income is reclassified to 'Surplus' or any other appropriate equity account upon disposal. Equity securities at FVOCI are not subject to impairment assessment.

The Group had no investment securities at FVOCI as at December 31, 2018.

Financial assets at amortized cost
Financial assets at amortized cost are debt financial assets that meet both of the following conditions: (i) these are held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows; and (ii) the contractual terms give rise on specified dates to cash flows that are SPPI on the outstanding principal amount. This accounting policy mainly relates to the consolidated statement of financial position captions 'Cash and cash equivalents', 'Cash in a segregated account', 'Short-term time deposits', 'Trade receivables', 'Other receivables', 'Long-term time deposit', 'Investment securities at amortized cost', 'Deposit and refundable contributions to Clearing and Trade Guarantee Fund (CTGF)' and refundable deposits under 'Other noncurrent assets', which arise primarily from service revenues and other types of receivables.

After initial measurement, financial assets at amortized cost are subsequently measured at amortized cost using the EIR method, less impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortization is included in 'Interest income' in the consolidated statement of income. Gains and losses are recognized in statement of income when these investments are derecognized or impaired, as well as through the amortization process. The ECL are recognized in the statement of income under 'Provision for credit losses'. The effects of revaluation on foreign currency-denominated investments are recognized in the consolidated statement of income.

Policies applicable prior to January 1, 2018
Initial Recognition and Classification of Financial Instruments
All financial assets, including trading and investment securities and loans and receivables, are initially measured at fair value. Except for financial assets at FVPL, the initial measurement of financial assets includes transaction costs. The Group classifies its financial assets in the following categories: financial assets at FVPL, HTM investments, available-for-sale (AFS) financial assets, and loans and receivables. The classification depends on the purpose for which the financial instruments were acquired and whether they are quoted in an active market. Management determines the classification of its financial instruments at initial recognition and, where allowed and appropriate, re-evaluates such designation at each end of the reporting period. The Group's financial assets include financial assets at FVPL, HTM investment and loans and receivables. The Group had no AFS investments.

Financial liabilities are classified as at FVPL or other financial liabilities. The Group's financial liabilities as at December 31, 2017 are in the nature of other financial liabilities.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity net of any related income tax benefits.

HTM Investments
HTM investments are quoted non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Where the Group sells other than an insignificant amount of HTM investments, the entire category would be tainted and reclassified as AFS financial assets. These investments are carried at amortized cost using the EIR method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The EIR amortization is included in 'Interest income' in the consolidated statement of income.

Gains and losses are recognized in income when the HTM investments are derecognized and impaired, as well as through the amortization process. The losses arising from impairment of such investments are recognized in the consolidated statements of income under 'Provision for impairment and credit losses'.

Loans and Receivables
These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables.

This accounting policy mainly relates to the consolidated statement of financial position captions 'Cash and cash equivalents', 'Cash in a segregated account', 'Short-term time deposits', 'Trade receivables', 'Other receivables', 'Long-term time deposit', and refundable deposits under 'Other noncurrent assets', which arise primarily from service revenues and other types of receivables.

Receivables are recognized initially at fair value, which normally pertains to the billable amount. After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest method, less allowance for credit losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortization is included in 'Interest income' in the consolidated statement of income. The losses arising from impairment are recognized in 'Provision for credit losses' in the consolidated statement of income.

Other Financial Liabilities
Issued financial instruments or their components, which are not designated as at FVPL are classified as other financial liabilities, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to 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. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue. After initial measurement, other financial liabilities are 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 EIR. Any effects of restatement of foreign currency-denominated liabilities are recognized in 'Foreign exchange gains - net' account in the consolidated statement of income.

This accounting policy applies primarily to the consolidated statement of financial position captions 'Trade payables' and 'Other current liabilities' and other obligations that meet the above definition (other than the Group's statutory liabilities).

Fair Value Measurement
The Group measures financial instruments, such as financial assets at FVPL, at fair value at each end of the reporting period. Also, fair values of financial instruments measured at amortized cost are disclosed in Note 24.

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

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

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

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

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

The fair value of equity financial instruments that are actively traded in organized financial markets is determined by reference to quoted market close prices at the close of business of the reporting period.

For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include comparison to similar investments for which market observable prices exist and discounted cash flow analysis or other valuation models.

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

Trade Receivables and Payables
Trade receivables from customers, which include margin accounts, and payable to clearing house and other brokers arise from securities purchased (in a regular way transaction) that have been contracted for but not yet delivered and settled at the end of the reporting period. Payable to customers and receivable from clearing house and other brokers arise from securities sold (in a regular way transaction) that have been contracted for but not yet delivered and settled at the end of the reporting period. Refer to the accounting policy for 'Loans and receivables' and 'Other financial liabilities' for recognition and measurement. The related security valuation shows all positions as of clearance date.

Derecognition of Financial Instruments

Financial Assets

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

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial Liabilities

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

Where 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 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 the consolidated statement of income.

Impairment of Financial Assets

Policies applicable beginning January 1, 2018

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

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

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

The Group assesses on a forward-looking basis the ECL associated with its debt instrument asset carried at amortized cost and the exposure arising from unutilized margin trading facility.

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

A broad range of forward-looking factors are considered as economic inputs, such as growth of the gross domestic product, inflation rates, unemployment rates, interest rates and PSEi statistical indicators.

Generally, the Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Treasury exposures are considered in default upon occurrence of a credit event such as but not limited to bankruptcy of counterparty, restructuring, failure to pay on an agreed settlement date, or request for moratorium.

Policies applicable prior to January 1, 2018

The Group assesses at each end of the reporting period whether a financial asset or group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial Assets Carried at Amortized Cost

The Group assesses, at each end of the reporting period, whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original EIR (i.e., the EIR computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in the consolidated statement of income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

In relation to receivables, a provision for credit losses is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through the use of an allowance account. Impaired debts are derecognized when they are assessed as uncollectible.

Offsetting of Financial Assets and Liabilities
Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and the Group intends to either settle on a net basis, or to realize the asset and the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Prepayments and Other Assets
The Group's prepayments are composed of prepaid insurance, prepaid taxes, prepaid rent and other prepayments. Other current assets are composed of receivable from BIR, creditable withholding tax (CWT) and input value-added tax (VAT). Other noncurrent assets are composed of deposit and refundable contributions to CTGF, refundable deposits, receivable from BIR, deferred input VAT and intangible assets under development. These assets are classified as current when it is probable to be realized within one (1) year from the end of the reporting period. Otherwise, these are classified as noncurrent assets.

Property and Equipment
Property and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and amortization and any accumulated impairment losses, if any. Such cost includes the cost of replacing part of such property and equipment, if the recognition criteria are met.

The initial cost of property and equipment comprises its purchase price, including import duties, non-refundable taxes 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 operations, such as repairs and maintenance, are normally charged against income in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Depreciation and amortization is computed on the straight-line basis over the following estimated useful lives of the assets:

Category	Number of Years
Online trading equipment and facilities	3-10
Furniture, fixtures and equipment	3-10
Leasehold improvements	5 or term of lease, whichever is shorter

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income in the year the asset is derecognized. The asset's residual values, if any, useful lives and methods are reviewed and adjusted if appropriate, at each end of the reporting period.

Investment Property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at cost less accumulated depreciation (for depreciable investment properties) and impairment in value.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Expenditures incurred after the investment properties have been put into operations, such as repairs and maintenance costs, are normally charged to operations in the year in which the costs are incurred. Depreciation is calculated on a straight-line basis using the remaining useful lives from the time of acquisition of the investment properties based on appraisal reports but not to exceed 50 years for buildings and condominium units.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Intangibles

Exchange Trading Rights

Exchange trading rights are carried at cost less any allowance for impairment losses and are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying values may be impaired. The exchange trading rights are 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 Group. The assessment of indefinite life is reviewed annually to determine whether the indefinite useful life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. The Parent Company does not intend to sell its exchange trading right in the near future. COLHK's exchange trading right is a nontransferable right.

Software Costs
Costs related to software purchased by the Group for use in operations are amortized on a straight-line basis over the estimated life of three (3) to ten (10) years.

Impairment of Non-Financial Assets
The Group assesses at each end of the reporting period whether there is an indication that its prepayments, property and equipment, intangibles and other assets may be impaired. If any such indication exists or when the annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of the asset's value-in-use (VIU) or its fair value less costs to sell. The fair value less costs to sell is the amount obtainable from the sale of an asset at an arm's-length transaction, while VIU is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An impairment loss is recognized by a charge against current operations for the excess of the carrying amount of an asset over its recoverable amount in the year in which it arises.

Intangibles with indefinite useful lives are tested for impairment annually at end of the reporting period either individually or at the cash generating unit level, as appropriate.

Intangibles with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired. A previously recognized impairment loss is reversed by a credit to current operations to the extent that it does not restate the asset to a carrying amount in excess of what would have been determined (net of any accumulated depreciation and amortization) had no impairment loss been recognized for the asset in prior years.

Leases
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

(a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
(b) A renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
(c) There is a change in the determination of whether fulfillment is dependent on a specified asset; or
(d) There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) above, and at the date of renewal or extension period for scenario (b).

Group as a Lessee
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated statement of income on a straight-line basis over the lease term.

Provisions
Provisions are recognized when the Group 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.

If the effect of the time value of money is material, provisions are made by discounting the expected future cash flows at a 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.

Where the Group expects some or all of a provision to be reimbursed, 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 the consolidated statement of income, net of any reimbursement.

Capital Stock and Capital Paid-in Excess of Par Value
The Parent Company has issued capital stock that is classified as equity. Incremental costs directly attributable to the issue of new capital stock are shown in equity as a deduction, net of any related tax benefit, from the proceeds.

Where the Group purchases the Parent Company's capital stock (treasury shares), the consideration paid, including any directly attributable incremental costs (net of applicable taxes) is deducted from equity attributable to the Parent Company's stockholders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity. Amount of contribution in excess of par value is accounted for as a capital in excess of par value. Capital in excess of par value also arises from additional capital contribution from the stockholders.

Retained Earnings
Retained earnings are accumulated profits realized out of normal and continuous operations of the business after deducting therefrom distributions to stockholders and transfers to capital or other accounts. Cash and stock dividends are recognized as a liability and a deduction from equity when they are approved by the Group's BOD and stockholders, respectively. Dividends for the year that are approved after the end of the reporting period are dealt with as an event after the end of the reporting period.

Retained earnings may also include retrospective effect of changes in accounting policy as may be required by the transitional provisions of the new or revised accounting policy.

Unappropriated retained earnings represent the accumulated profits and gains realized out of the normal and continuous operations of the Group after deducting therefrom distributions to stockholders and transfers to capital stocks or other accounts, and which is:
- Not appropriated by its BOD for corporate expansion projects or programs;
- Not covered by a restriction for dividend declaration under a loan agreement;
- Not required under special circumstances obtaining in the Group such as when there is a need for a special reserve for probable contingencies.

Appropriated retained earnings represent that portion which has been restricted and, therefore, not available for dividend declaration.

Revenue Recognition
Prior to January 1, 2018, under PAS 18, *Revenue*, revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Upon adoption of PFRS 15 beginning January 1, 2018, revenue from contracts with customers is recognized upon transfer of services to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services.

The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Group has concluded that it is the principal in all of its revenue arrangements except for its brokerage transactions. The following specific recognition criteria must also be met before revenue is recognized:

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

The Group assessed that there is no difference in accounting for the commission income under PFRS 15 and PAS 18.

<u>*Revenues outside the scope of PFRS 15*</u>
Interest
For all financial instruments measured at amortized cost and interest-bearing financial instruments classified as investment securities at FVOCI, interest income is recorded at the EIR, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument, including any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR. The adjusted carrying amount is calculated based on the original EIR. The change in carrying amount is recorded as 'Interest income'.

Under PFRS 9, when a financial asset becomes credit-impaired, the Group calculates interest income by applying the EIR to the net amortized cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis. Under PAS 39, once the recorded value of a financial asset or group of similar financial assets carried at amortized cost has been reduced due to an impairment loss, interest income continues to be recognized using the original EIR applied to the new carrying amount.

Trading gains (losses) - net
Results arising from trading activities include all gains and losses from changes in fair value for financial assets and financial liabilities at FVPL and gains and losses from disposal of investment securities at FVPL, debt securities at FVOCI/AFS and HTM investments.

Unrealized trading gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealized gains and losses for financial instruments which were realized in the reporting period. Realized gains and losses on disposals of financial instruments classified as at FVPL are calculated using the first-in, first-out (FIFO) method. They represent the difference between an instrument's initial carrying amount and disposal amount.

Dividend
Dividend income is recognized when the right to receive payment is established, which is the date of declaration.

Other Income
Revenue is recognized in the consolidated statement of income as they are earned.

Costs and Expenses

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Cost of services such as commissions, direct personnel costs, stock exchange dues and fees, central depository fees, research costs, and communication costs are recognized when the related revenue is earned or when the service is rendered. The majority of operating expenses incurred by the Group such as indirect personnel costs, professional fees, computer services, and other operating expenses are overhead in nature and are recognized with regularity as the Group continues its operations.

Share-Based Payment Transactions

Certain employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (‘equity-settled transactions’).

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. In valuing equity-settled transactions, vesting conditions, including performance conditions, other than market conditions (conditions linked to share prices), shall not be taken into account when estimating the fair value of the shares or share options at the measurement date. Instead, vesting conditions are taken into account in estimating the number of equity instruments that will vest. The fair value is determined using an appropriate pricing model, further details of which are given in Note 18 to the consolidated financial statements.

The cost of equity-settled transactions is recognized in the consolidated statement of income, together with a corresponding increase in equity, over the period in which service conditions are fulfilled, ending on the date on which relevant employees become fully entitled to the award (vesting date). The cumulative expense recognized for equity-settled transactions at each end of the reporting period until the vesting date reflects the extent to which the vesting period has expired and the number of awards, based on the best available estimate of number of equity instruments in the opinion of the management of the Group, will ultimately vest.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum, expense is recognized as if the terms had not been modified. In addition, an expense is recognized for any increase in the value of the transaction as a result of the modification, measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. The Group has applied PFRS 2 only to equity-settled awards granted after November 7, 2002 that had not vested on or before January 1, 2005.

Prior to January 1, 2005, the Group did not recognize any expense for share options granted but disclosed required information for such options (Note 18). The Group recognizes capital stock upon the exercise of the stock options plan (SOP) shares.

The dilutive effect of outstanding SOP shares is reflected as additional share dilution in the computation of diluted earnings per share (EPS) (Note 25).

Retirement Costs

Defined Benefit Plan
The Parent Company has a noncontributory defined benefit retirement plan.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method. This method reflects service rendered by employees to the date of valuation and incorporates assumptions concerning the employees' projected salaries.

Defined benefit costs comprise the following:
- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service cost, past service costs and gains or losses on non-routine settlements are recognized as 'Retirement costs' under 'Personnel costs' in the consolidated statement of income. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as 'Interest expense' in the consolidated statement of income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to the consolidated statement of income in subsequent periods. Remeasurements recognized in OCI are retained in OCI which are presented as 'Gain (loss) on remeasurement of retirement obligation' under equity.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Defined Contribution Plan
The retirement plan of COLHK is a defined contribution retirement plan. Under a defined contribution retirement plan, the entity's legal and constructive obligation is limited to the amount that it agrees to contribute to the fund. Thus, the amount of the post-employment benefits received by the employee is determined by the amount of contributions paid by an entity to a post-employment benefit plan, together with investment returns arising from the contributions. Consequently, actuarial risk (that benefits will be less than expected) and investment risk (that assets invested will be sufficient to meet expected benefits) fall on the employee.

The standard requires an entity to recognize short-term employee benefits when an employee has rendered service in exchange of those benefits.

Earnings per Share (EPS)
Basic EPS is computed by dividing earnings applicable to common stock by the weighted average number of common shares outstanding, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the year.

Diluted EPS is computed by dividing net income by the weighted average number of common shares 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.

Outstanding SOP shares will have a dilutive effect under the treasury stock method only when the average market price of the underlying common share during the period exceeds the exercise price of the option. Where the effect of the exercise of all outstanding options has anti-dilutive effect, basic and diluted EPS are stated at the same amount.

Potential ordinary shares are weighted for the period they are outstanding. Potential ordinary shares that are converted into ordinary shares during the period are included in the calculation of diluted EPS from the beginning of the period to the date of conversion; from the date of conversion, the resulting ordinary shares are included in both basic and diluted EPS.

Taxes
Current Income Tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The income tax rates and income tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period in the countries where the Group operates and generates taxable income.

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

Deferred income tax liabilities are recognized for all taxable temporary differences.

With respect to investments in foreign subsidiaries, deferred income tax liabilities are recognized except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences including net loss carry-over to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences can be utilized. Deferred income tax, however, is not recognized on temporary differences that arise 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 income nor the taxable income or loss.

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

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

Deferred income tax relating to items recognized directly in equity is also recognized in equity. Deferred income tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

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

Contingencies

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

Segment Reporting

The Group's operating businesses are organized and managed separately according to the geographical location of its operations, with each segment representing a unit that offers stockbrokerage services and serves different markets. Financial information on geographical segments is presented in Note 26. The Group operates in one business segment, being stockbrokerage services; therefore, business segment information is no longer presented.

Events After the End of the Reporting Period

Post year-end events that provide additional information about the Group's position at the end of the reporting period (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed when material.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires the Group to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments and estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcome can differ from these estimates.

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are discussed below.

Impairment of the Intangibles
Intangibles include exchange trading rights which are carried at cost less any allowance for impairment loss. Exchange trading rights are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying values may be impaired. The exchange trading rights are 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 Group.

The management's impairment test for the exchange trading rights is based on the higher of fair value less costs to sell and VIU. The assumptions used in the calculation of the VIU are sensitive to estimates of future cash flows from the cash-generating unit, discount rate and revenue growth rate used to project the cash flows.

The key assumptions used to determine the recoverable amount of the Group's exchange trading rights are further explained in Note 11. The Parent Company does not intend to sell its exchange trading right in the near future. COLHK's right is nontransferable with an indefinite useful life. As at December 31, 2018 and 2017, the carrying values of intangibles are disclosed in Note 11.

Estimating Recoverability of Deferred Income Tax Assets
The Group reviews the carrying amounts of deferred income tax assets at each end of the reporting period and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred income tax assets to be utilized. The deferred income tax assets as at December 31, 2018 and 2017 are disclosed in Note 19.

Determining Retirement Obligation
The costs of defined retirement obligation as well as the present value of the defined benefit obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future retirement increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligation are highly sensitive to changes in these assumptions.

All assumptions are reviewed at each end of the reporting period.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

Further details about the assumptions used are provided in Note 18.

4. Cash and Cash Equivalents, Short-term Time Deposits and Long-term Time Deposit

Cash and Cash Equivalents

	2018	2017
Cash on hand and in banks	**₱422,340,408**	₱477,130,278
Short-term cash investments	**8,475,242,974**	9,538,800,049
	₱8,897,583,382	₱10,015,930,327

Cash in banks earn interest at the respective bank deposit rates. Short-term cash investments are made for varying periods of up to three (3) months depending on the Group's immediate cash requirements, and earn interest ranging from 1.70% to 6.90% per annum in 2018, from 2.00% to 3.65% per annum in 2017 and from 0.94% to 2.73% per annum in 2016. The Parent Company has United States dollar (US$)-denominated cash in banks amounting to US$1,061 and US$5,585 as at December 31, 2018 and 2017, respectively, while COLHK has US$-denominated cash in banks amounting to US$209,575 and US$223,837 as at December 31, 2018 and 2017, respectively.

In compliance with Securities Regulation Code (SRC) Rule 49.2 covering customer protection and custody of securities, the Parent Company maintains special reserve bank accounts for its customers amounting to ₱8,541,305,763 and ₱9,645,732,629 as at December 31, 2018 and 2017, respectively. The Parent Company's reserve requirement is determined based on the SEC's prescribed computations. As at December 31, 2018 and 2017, the Parent Company's reserve accounts are adequate to cover its reserve requirements.

Short-term Time Deposits
This account pertains to the Parent Company's time deposits in local banks that have original maturities of more than three (3) months but less than a year. Short-term time deposits bear annual interest rates ranging from 4.45% to 7.00% in 2018.

Long-term Time Deposit
This account pertains to the Parent Company's time deposit in a local bank placed in 2016 with interest at 4.00% per annum and maturing on June 24, 2021.

Interest income of the Group from cash and cash equivalents, cash in segregated account, short-term time deposits and long-term time deposit amounted to ₱370,543,382, ₱181,575,770 and ₱162,216,441 in 2018, 2017 and 2016, respectively (Note 16).

5. Cash in a Segregated Account

COLHK receives and holds money deposited by clients in the conduct of the regulated activities of its ordinary business. These clients' monies are maintained with a licensed bank.

The Group has classified the clients' monies under current assets in the consolidated statements of financial position and recognized a corresponding payable to customers on grounds that it is liable for any loss or misappropriation of clients' monies (Note 13). The Group is not allowed to use the clients' monies to settle its own obligations.

Interest income from cash in segregated account is included under 'Interest income – banks' (Notes 4 and 16).

6. Financial Assets at FVPL

Financial assets at FVPL pertain to investments in mutual funds and shares of stock of companies listed in the PSE. As at December 31, 2018 and 2017, financial assets at FVPL amounted to ₱3,225,163 and ₱1,176,978, respectively.

The Group's net trading gains (losses) follow:

	2018	2017	2016
Trading gains (losses) from sale	**₱12,146,236**	₱17,306,584	(₱211,524)
Unrealized trading gains (losses)	**1,961,296**	(103,792)	139,356
	₱14,107,532	₱17,202,792	(₱72,168)

Dividend income included under 'Other revenues' amounted to ₱258,706, ₱230,474 and ₱28,710 in 2018, 2017 and 2016, respectively.

7. Trade Receivables and Other Receivables

Trade Receivables

	2018	2017
Customers (Note 20)	**₱725,741,713**	₱610,749,598
Other brokers	**85,396,559**	53,278,333
Trail fee receivables	**1,388,114**	1,168,848
Clearing house	**–**	505,658,654
	812,526,386	1,170,855,433
Less allowance for credit losses on trade receivables from customers	**1,478,235**	1,181,292
	₱811,048,151	₱1,169,674,141

The Group's trade receivables from customers and their security valuation follow:

	2018		2017	
	Money Balance	**Security Valuation-Long**	Money Balance	Security Valuation-Long
Fully secured accounts:				
More than 250%	**₱363,647,312**	**₱2,927,387,828**	₱367,509,536	₱3,451,234,034
Between 200% and 250%	**144,838,172**	**310,736,355**	163,263,492	356,101,746
Between 150% and 200%	**17,374,905**	**32,383,907**	33,677,610	62,630,000
Between 100% to 150%	**99,524,027**	**104,578,764**	17,743,037	22,161,102
Less than 100%	**100,357,086**	**97,552,990**	28,555,878	28,371,579
Unsecured accounts (Note 20)	**211**	**–**	45	–
	725,741,713	**3,472,639,844**	610,749,598	3,920,498,461
Less allowance for credit losses on trade receivables from customers	**1,478,235**	**–**	1,181,292	–
	₱724,263,478	**₱3,472,639,844**	₱609,568,306	₱3,920,498,461

As at December 31, 2018 and 2017, the Parent Company offered a credit line facility amounting to ₱5,381,368,000 and ₱5,410,061,000, respectively, to its customers who qualified for margin account.

Interest income from customers amounted to ₱44,357,869, ₱66,939,815 and ₱58,170,742 in 2018, 2017 and 2016, respectively (Note 16).

Trade receivables from margin customers have no specific credit terms but customers are required to maintain the value of their collateral within a specific level. Once the value of the collateral falls below this level, customers may either deposit additional collateral or sell stock to cover the deficiency in their account balance. Meanwhile, receivables from post-paid customers are required to be settled on two (2) trading days' term for COLHK and three (3) trading days' term for the Parent Company. The receivable balances become demandable upon failure of the customer to duly comply with these requirements. As at December 31, 2018 and 2017, ₱625,384,416 and ₱582,193,675, respectively, of the total trade receivables from customers are fully covered by collateral.

Trade receivables from clearing house as at December 31, 2017, were fully collected in January 2018. These are noninterest-bearing and are collected on two (2) trading days' term and three (3) trading days' term following the settlement convention of HK and Philippines clearing houses, respectively.

Receivables from other brokers pertain to clients' monies deposited to Interactive Brokers (IB) LLC through COLHK. In March 2014, COLHK opened an account with the said broker to enable its retail customers to trade in other foreign markets.

Trail fee receivables pertain to the amount due from the mutual fund managers representing the trail fee earned by the Parent Company for selling mutual funds to its customers. The fee is computed daily and collected on a monthly basis.

Other Receivables

	2018	2017
Accrued interest	**₱44,547,984**	₱22,928,306
Advances to officers and employees (Note 20)	**918,030**	442,355
Others (Note 12)	**6,575,053**	4,111,243
	₱52,041,067	₱27,481,904

Allowance for Credit Losses

	2018	2017		
	Customers	Customers	Others	Total
Balances at beginning of year	**₱1,181,292**	₱3,160,045	₱8,960,245	₱12,120,290
Provision for (recovery from) credit losses	**296,943**	(1,978,753)	(8,960,245)	(10,938,998)
Balances at end of year	**₱1,478,235**	₱1,181,292	₱–	₱1,181,292

8. Held-to-maturity Investments and Investment Securities at Amortized Cost

These accounts consist of an investment in a government security with a face value amounting to ₱200,000,000, purchased on September 25, 2017 at a premium of ₱3,041,886. The investment earns a coupon rate of 4.25% per annum, payable on a quarterly basis and will mature on April 11, 2020, with an EIR of 3.62%.

As at December 31, 2017, the investment amounting to ₱202,738,147 was classified under 'Held-to-maturity investments'.

In 2018, the investment in government security was re-classified under 'Investment securities at amortized cost', in accordance with PFRS 9. As at December 31, 2018, the carrying amount of the investment amounted to ₱201,564,744.

The Group's investment in government security is considered of low credit risk since this is rated as Baa2 by Moody's Investors Service, Inc.

Interest income earned from the investment amounted to ₱7,326,597 and ₱1,944,962 in 2018 and 2017, respectively (Note 16).

9. Property and Equipment

	2018					
	Online Trading Equipment and Facilities	**Furniture, Fixtures and Equipment**	**Leasehold Improvements**	**Condominium Unit**	**Construction in Progress**	**Total**
Cost						
At beginning of year	**₱140,869,282**	**₱25,530,266**	**₱31,986,657**	**₱17,509,736**	**₱–**	**₱215,895,941**
Additions	**14,984,280**	**3,300,090**	**7,838,465**	**–**	**3,438,428**	**29,561,263**
Reclassification (Note 10)	**–**	**–**	**–**	**(17,509,736)**	**–**	**(17,509,736)**
Translation adjustments	**412,623**	**164,003**	**49,550**	**–**	**–**	**626,176**
At end of year	**156,266,185**	**28,994,359**	**39,874,672**	**–**	**3,438,428**	**228,573,644**
Accumulated depreciation						
At beginning of year	**79,950,687**	**22,423,830**	**27,525,256**	**–**	**–**	**129,899,773**
Depreciation	**19,174,703**	**1,430,999**	**1,427,660**	**–**	**–**	**22,033,362**
Translation adjustments	**412,623**	**147,655**	**49,550**	**–**	**–**	**609,828**
At end of year	**99,538,013**	**24,002,484**	**29,002,466**	**–**	**–**	**152,542,963**
Net book value	**₱56,728,172**	**₱4,991,875**	**₱10,872,206**	**₱–**	**₱3,438,428**	**₱76,030,681**

	2017				
	Online Trading Equipment and Facilities	Furniture, Fixtures and Equipment	Leasehold Improvements	Condominium Unit	Total
Cost					
At beginning of year	₱101,567,631	₱24,362,094	₱29,059,344	₱–	₱154,989,069
Additions	39,340,982	1,183,805	2,932,036	17,509,736	60,966,559
Translation adjustments	(39,331)	(15,633)	(4,723)	–	(59,687)
At end of year	140,869,282	25,530,266	31,986,657	17,509,736	215,895,941
Accumulated depreciation					
At beginning of year	64,035,146	21,004,655	26,653,931	–	111,693,732
Depreciation	15,954,872	1,434,506	876,048	–	18,265,426
Translation adjustments	(39,331)	(15,331)	(4,723)	–	(59,385)
At end of year	79,950,687	22,423,830	27,525,256	–	129,899,773
Net book value	₱60,918,595	₱3,106,436	₱4,461,401	₱17,509,736	₱85,996,168

As of December 31, 2018 and 2017, the cost of the Group's fully depreciated property and equipment still in use amounted to ₱98,532,588 and ₱91,216,333, respectively. Disposal of property and equipment, included in 'Other revenues', resulted in gains amounting ₱4,365 in 2016. No disposals were made in 2018 and 2017.

The depreciation and amortization was distributed as follows:

	2018	2017	2016
Cost of services	**₱134,635**	₱159,299	₱201,009
Operating expenses	**21,898,727**	18,106,127	15,324,149
	₱22,033,362	₱18,265,426	₱15,525,158

10. **Investment Property**

This account pertains to an office space purchased by the Parent Company with an initial cost of ₱17,509,736 and previously classified as property and equipment. Accumulated depreciation expense as at December 31, 2018 amounted to ₱875,487.

The office space is held for capital appreciation. As at December 31, 2018, the fair value of investment property amounted to ₱35,610,300.

<u>Collaterals</u>
As at December 31, 2018, the Group's investment property is not pledged as collateral.

11. **Intangibles**

<u>Stock Exchange Trading Rights</u>
Philippine Operations
As at December 31, 2018 and 2017, the fair value less costs to sell of the exchange trading right amounted to ₱8,500,000, representing the transacted price of the exchange trading right of the most recent sale approved by the PSE on December 14, 2011.

Hong Kong Operations
COLHK's exchange trading right, amounting to HK$3,190,000, is carried at its cost net of accumulated impairment losses. The carrying value of the exchange trading right is reviewed annually to ensure that this does not exceed the recoverable amount, whether or not an indicator of impairment is present. The stock exchange trading right is a non-transferable right with an indefinite useful life. It is closely associated with COLHK's business activities to have a right to trade the shares in the Hong Kong Stock Exchange (HKEX) in its continuing operation.

The Group performed its annual impairment test in December 2018 and 2017. The Group considers each location as a separate cash-generating unit (CGU) and the historical experience of each CGU, among other factors, when reviewing for indicators of impairment.

The Parent Company no longer computed for the VIU of its exchange trading right as its fair value less costs to sell is already higher than its carrying amount.

The recoverable amount of exchange trading right of COLHK has been determined based on a VIU calculation using cash flow projections covering a five (5)-year period. The projected cash flows have been updated to reflect the operations of COLHK.

The VIU calculation for the COLHK CGU is most sensitive to the following assumptions:

- Discount rate (1.54%) – This is based on the specific circumstances of the CGU and is derived from its weighted average cost of capital (WACC), taking into consideration the time value of money and individual risks of the underlying assets. The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the bond market index in HK. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated based on publicly available market data on similar stockbrokers in HK.
- Revenue growth rate (2%) – This is based on average revenue in the three years preceding the financial year and the plans of COLHK.

As a result of this analysis, management has determined that there was an impairment loss amounting to ₱20,636,226 in 2018 and 2017 representing the full amount of the carrying value of the trading right, while no impairment loss was recognized in 2016 since the VIU exceeds the carrying value of the exchange trading right.

Movements in the exchange trading rights follow:

	2018	2017
At beginning of year	**₱5,000,000**	₱25,483,628
Impairment loss	–	(20,636,226)
Translation adjustment	–	152,598
At end of year	**₱5,000,000**	₱5,000,000

Software Costs and Licenses

Movement in the software costs and licenses account follow:

	2018	2017
Cost		
At beginning of year	**₱46,222,625**	₱43,211,407
Additions	**1,723,031**	3,011,218
Write-off	**(2,575,906)**	–
At end of year	**45,369,750**	46,222,625
Accumulated amortization		
At beginning of year	**29,816,936**	25,839,205
Amortization	**3,038,541**	3,977,731
Write-off	**(2,575,903)**	–
At end of year	**30,279,574**	29,816,936
Net book value	**₱15,090,176**	₱16,405,689

The amortization of software costs and licenses recorded in 'Depreciation and amortization' in the consolidated statements of income amounted to ₱3,038,541, ₱3,977,731, and ₱3,601,206 in 2018, 2017, and 2016, respectively.

As of December 31, 2018 and 2017, the costs of the Group's fully amortized software still in use amounted to ₱19,833,325 and ₱20,715,367, respectively.

12. Other Assets

Other Current Assets

As of December 31, 2017, other current assets includes input VAT and payment to the Bureau of Internal Revenue (BIR) of additional income tax for the taxable year 2009. In prior years, the Parent Company recognized the payment to the BIR of additional income tax for the taxable year 2009 as other receivables and provided 100% allowance. On April 6, 2016, the Supreme Court issued a decision to deny the BIR's petition for review on certiorari, effectively affirming the decision of the Court of Tax Appeals and ordering the BIR to issue a tax credit certificate in favor of the Parent Company. Said decision became final and executory on September 22, 2016. On November 24, 2017, the Parent Company applied for the issuance of a tax credit certificate (TCC) to the BIR. Accordingly, the Parent Company reversed the related allowance for credit losses amounting to ₱8,960,245 included in 'Other revenues' and reclassified the balance from 'Other receivable' to 'Other current assets' in 2017. In 2018, the Parent Company reclassified the balance to 'Other noncurrent assets' since there is a high probability that the amount will not be collected in the subsequent year.

Other Noncurrent Assets

	2018	2017
Deposit and refundable contributions to CTGF	**₱38,791,026**	₱13,724,200
Refundable deposits:		
Rental and utility deposits	**7,226,513**	5,860,499
Other refundable deposits	**3,649,101**	2,933,661
	10,875,614	8,794,160
Accounts receivable - BIR	**8,960,245**	–
Deferred input VAT	**8,623,546**	8,305,186
Intangible assets under development	**6,168,367**	918,367
	73,418,798	31,741,913
Less allowance for impairment losses on other noncurrent assets	–	13,724,200
	₱73,418,798	₱18,017,713

On October 20, 2008, the Parent Company made an initial contribution of ₱8,200,000 to the CTGF of the SCCP as a prerequisite to the Parent Company's accreditation as a clearing member of SCCP. On August 20, 2009, the Parent Company made an additional contribution amounting to ₱5,524,200 to top-up the deficiency in the initial contribution.

The Parent Company recognized such contributions to the CTGF as noncurrent asset on the basis that the BOD of SCCP approved on August 1, 2007 the amendment to the SCCP Clearinghouse Rule 5.2 granting the full refund of contributions to the CTGF upon cessation of the business of the clearing member and upon termination of its membership with the SCCP. Such amendment is subject to SEC approval. As of December 31, 2017, pending the approval of the SEC on such amendment, the Parent Company provided a full allowance for impairment losses on the deposit to CTGF.

In addition, the Parent Company, as a clearing member, is required to pay monthly contributions to the CTGF maintained by the SCCP for an amount of 1/500 of 1% applied to the Clearing Member's total monthly turnover value less block sales and cross transactions of the same flag. In 2017 and 2016, the Parent Company recognized the contributions as expenses included in 'Stock exchange dues and fees'.

On March 13, 2018, the SEC resolved to approve SCCP's proposed amendments to SCCP Rule 5.2, making the Clearing Members' contributions to the CTGF refundable upon cessation of their business and/or termination of their membership with SCCP, provided that all liabilities owing to SCCP at the time of termination, whether actual or contingent, shall have been satisfied or paid in full. Accordingly, the Parent Company recognized the total refundable contributions as of December 31, 2018 as 'Other noncurrent assets' amounting to ₱38,791,026. In 2018, the Parent Company's 'Recovery from impairment losses' and 'Other income' accounts pertain to the reversal of the related allowance for credit losses amounting to ₱13,724,200 and the contributions in prior years amounting to ₱21,510,020, respectively.

Other refundable deposits include statutory deposits made to HKEX, admission fees for HK's SFC and for HK Securities Clearing Company Ltd., and contributions to Central Clearing and Settlement System Guarantee Fund.

13. **Trade Payables**

	2018	2017
Customers (Note 20)	**₱8,989,453,360**	₱10,199,144,174
Clearing house	**265,379,830**	–
Dividends Payable	**22,160**	71,015
	₱9,254,855,350	₱10,199,215,189

The Group's trade payables to customers and their security valuation follow:

	2018		2017	
	Money Balance	**Security Valuation-Long**	Money Balance	Security Valuation-Long
Payable to customers:				
With money balances	**₱8,989,453,360**	**₱60,448,272,436**	₱10,199,144,174	₱59,024,878,875
No money balances	**–**	**911,876,634**	–	1,900,006,708
	₱8,989,453,360	**₱61,360,149,070**	₱10,199,144,174	₱60,924,885,583

Generally, trade payables to customers are noninterest-bearing and have no specific credit terms. Payable to customers with money balances amounting to ₱133,701,018 and ₱106,827,836 as at December 31, 2018 and 2017, respectively, were payable to COLHK's clients in respect of the trust and segregated bank balances received and held for clients in the course of conduct of regulated activities. These balances are payable on demand.

Trade payables to clearing house as at December 31, 2018 were subsequently paid in January 2019. These are noninterest-bearing and are settled on two (2) trading days' term and three (3) trading days' term following the settlement convention of HK and Philippines clearing houses, respectively.

14. **Other Current Liabilities**

	2018	2017
Accrued expenses	**₱36,643,298**	₱37,810,618
Due to BIR	**28,273,890**	29,475,240
Accrued management bonus	**25,626,821**	20,381,052
Trading fees	**2,655,018**	3,217,800
Others	**13,953,640**	24,318,323
	₱107,152,667	₱115,203,033

Accrued expenses and accrued management bonus pertain to accruals of operating expenses that were incurred but not yet paid and accruals made for the officers and employees' performance bonus.

Due to BIR consists of sales transactions, withholding and output taxes payable to the Philippine BIR.

Trading fees pertain to transaction costs and clearing fees on the purchase and sale of stocks that are payable to the regulatory bodies.

'Others' account consists mainly of deposits of clients which were received after the cut-off time for the processing of collections and which were credited to the clients' trading accounts on the next business day following the end of the reporting period.

15. **Equity**

Capital Stock
The details and movements of the Parent Company's capital stock (number and amounts of shares in thousands) follow:

	2018		2017		2016	
	Shares	**Amount**	Shares	Amount	Shares	Amount
Common stock - ₱1 per share						
Authorized	**1,000,000**	**₱1,000,000**	1,000,000	₱1,000,000	1,000,000	₱1,000,000
Issued and outstanding						
Balances at beginning of year	**476,000**	**476,000**	476,000	476,000	475,000	475,000
Issuance of common shares upon exercise of stock options (Note 18)	**–**	**–**	–	–	1,000	1,000
Balances at end of year	**476,000**	**₱476,000**	476,000	₱476,000	476,000	₱476,000

All issued and outstanding shares of the Parent Company are listed with the PSE (Note 1). As of December 31, 2018 and 2017, there were 33 and 31 holders, respectively, of the listed shares of the Parent Company, with its share price closing at ₱16.24 and ₱15.50 per share, respectively.

The history of share issuance during the last five years follows:

Year	Issuance	Listing Date	Number of Shares issued
2016	Stock options exercise	July 4, 2016	1,000,000
2015	Stock options exercise	July 16, 2015	250,000
2015	Stock options exercise	April 14, 2015	200,000
2014	Stock options exercise	November 25, 2014	200,000
2014	Stock options exercise	November 24, 2014	5,500,000
2014	Stock options exercise	May 22, 2014	200,000

Retained Earnings
In compliance with SRC Rule 49.1 B, *Reserve Fund*, the Parent Company appropriates annually ten percent (10%) of its audited net income and transfers the same to appropriated retained earnings account. Minimum appropriation shall be 30.0%, 20.0% and 10.0% of profit after tax for broker dealers with unimpaired paid up capital between ₱10.0 million to ₱30.0 million, between ₱30.0 million to ₱50.0 million and more than ₱50.0 million, respectively. It is intended that in the event that the Parent Company's paid-up capital is impaired, the Parent Company will be required to transfer from the appropriated retained earnings to the capital account an amount equivalent to the impairment. Such amount so transferred out shall not be made available for payment of dividend.

In 2018 and 2017, the BOD approved the appropriation of retained earnings amounting to ₱40.9 million and ₱36.8 million, respectively, in compliance with such requirement.

On April 13, 2018, the BOD declared a regular and a special dividend amounting to ₱0.15 per share held or ₱71,400,000 (476,000,000 shares multiplied by ₱0.15 cash dividend per share) and ₱0.55 per share held or ₱261,800,000 (476,000,000 shares multiplied by ₱0.55 cash dividend per share), respectively, to stockholders as of record date of April 27, 2018. These dividends were paid on May 10, 2018.

On March 30, 2017, the BOD declared a regular and a special dividend amounting to ₱0.14 per share held or ₱66,640,000 (476,000,000 shares multiplied by ₱0.14 cash dividend per share) and ₱0.46 per share held or ₱218,960,000 (476,000,000 shares multiplied by ₱0.46 cash dividend per share), respectively, to stockholders as of record date of April 28, 2017. These dividends were paid on May 12, 2017.

On March 31, 2016, the BOD declared a regular and a special dividend amounting to ₱0.11 per share held or ₱52,250,000 (475,000,000 shares multiplied by ₱0.11 cash dividend per share) and ₱0.39 per share held or ₱185,250,000 (475,000,000 shares multiplied by ₱0.39 cash dividend per share), respectively, to stockholders as of record date of April 15, 2016. These dividends were paid on April 22, 2016.

As of December 31, 2018 and 2017, the consolidated retained earnings includes the retained earnings of COLHK amounting to ₱167,658,454 and ₱215,137,820, respectively, which are not available for dividend declaration until such amounts are declared to the Parent Company.

16. **Revenues**

	2018	2017	2016
Revenue from contracts with customers			
Commissions	**₱702,931,280**	₱678,725,716	₱605,558,128
Others	**17,137,487**	11,835,757	7,817,715
	720,068,767	690,561,473	613,375,843
Other revenue			
Interest income	**422,227,848**	250,460,547	220,387,183
Trading gains (losses) - net	**14,107,532**	17,202,792	(72,168)
Foreign exchange gains (losses) - net	**129,256**	717,580	(34,110)
Others	**258,706**	230,474	28,710
	436,723,342	268,611,393	220,309,615
	₱1,156,792,109	₱959,172,866	₱833,685,458

Set out below is the disaggregation of the Group's revenue from contracts with customers:

		2018	
	Commissions	**Other income**	**Total**
Primary geographical markets			
Philippines	**₱687,358,256**	**₱16,001,598**	**₱703,359,854**
Hong Kong	**15,573,024**	**1,135,889**	**16,708,913**
	₱702,931,280	**₱17,137,487**	**₱720,068,767**

		2017	
	Commissions	Other income	Total
Primary geographical markets			
Philippines	₱661,967,789	₱11,309,550	₱673,277,339
Hong Kong	16,757,927	526,207	17,284,134
	₱678,725,716	₱11,835,757	₱690,561,473

	2016		
	Commissions	Other income	Total
Primary geographical markets			
Philippines	₱595,534,589	₱7,263,894	₱602,798,483
Hong Kong	10,023,539	553,821	10,577,360
	₱605,558,128	₱7,817,715	₱613,375,843

Interest income

	2018	2017	2016
Banks (Notes 4 and 5)	**₱370,543,382**	₱181,575,770	₱162,216,441
Customers (Note 7)	**44,357,869**	66,939,815	58,170,742
Government securities (Note 8)	**7,326,597**	1,944,962	–
	₱422,227,848	₱250,460,547	₱220,387,183

17. **Personnel Costs**

	2018	2017	2016
Salaries and wages	**₱138,606,342**	₱115,729,188	₱98,257,234
Retirement costs (Note 18)	**5,568,707**	4,385,708	4,886,302
Other benefits (Note 18)	**14,025,714**	8,494,045	8,007,106
	₱158,200,763	₱128,608,941	₱111,150,642

Other benefits include monetized leave credits of employees and other regulatory benefits.

The above accounts were distributed as follows:

	2018	2017	2016
Cost of services	**₱98,870,861**	₱85,287,973	₱74,166,258
Operating expenses	**59,329,902**	43,320,968	36,984,384
	₱158,200,763	₱128,608,941	₱111,150,642

18. **Employee Benefits**

SOP

On July 12, 2000 (1st tranche) and July 3, 2006 (2nd tranche), the Group granted 27,250,000 and 18,750,000 SOP shares respectively, in favor of directors, senior managers and officers of the Group as well as other qualified individuals determined by the committee constituted by the BOD to administer the SOP.

The agreement provides for an exercise price of ₱1.00 per share. These SOP shares will be settled in equity once exercised. All SOP shares are exercisable one and a half (1½) years from July 12, 2006, the effective date of listing of the Parent Company's shares at the PSE, and will terminate ten (10) years from the said date.

There were no new SOP shares granted in 2018, 2017 and 2016. There were no cancellations or modifications to the SOP in 2018, 2017 and 2016.

The following tables illustrate the number of and movements in SOP shares under the 1st tranche:

	2016
Outstanding at beginning of year	1,000,000
Exercised during the year (Note 15)	(1,000,000)
Outstanding at end of year	–

All the remaining 5,500,000 SOP shares in the 2nd tranche were exercised in 2014. These SOP shares were recognized and accounted for in accordance with PFRS 2, *Share-Based Payment*.

The fair value of each option is estimated on the date of grant using the Black-Scholes Merton option pricing model, taking into account the terms and conditions upon which the SOP shares were granted. The fair value of the SOP shares granted on July 3, 2006 amounted to ₱1.04 per share.

The assumptions used to determine the fair value of the 18,750,000 SOP shares granted on July 3, 2006 were:

- share price of ₱1.36 as the latest valuation of stock price at the time of the initial public offering;
- exercise price of ₱1.00;
- expected volatility of 24.00%;
- option life of ten (10) years; and
- risk-free interest rate of 11.04%.

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. Since the stock is not quoted at the time of grant date, the Group used the historical volatility of the nearest market comparable available. Risk-free interest rate is the equivalent ten (10)-year zero coupon rate at the time of grant date.

Movements in the cost of share-based payment included in equity are as follows:

	2016
Balances at beginning of year	₱4,031,571
Movement of deferred tax asset on intrinsic value of outstanding options	(4,031,571)
Movements during the year	(4,031,571)
Balances at end of year	₱–

Retirement Benefits

The Parent Company has a funded, non-contributory 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 employees. The defined benefit obligation is determined using the projected unit credit method. There was no plan termination, curtailment or settlement for the years ended December 31, 2018, 2017 and 2016.

Under the existing regulatory framework, RA 7641, *The Retirement Pay Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The following tables summarize the components of the Parent Company's net retirement costs recognized in the consolidated statements of income and the amounts recognized in the consolidated statements of financial position:

Retirement costs consist of:

	2018	2017	2016
Current service cost (Note 17)	**₱5,568,707**	₱4,385,708	₱4,886,302
Net interest expense	**2,482,293**	1,475,447	1,313,885
	₱8,051,000	₱5,861,155	₱6,200,187

Current service cost is shown under 'Personnel costs' while net interest expense is shown under 'Interest expense' in the consolidated statements of income.

Movements in the retirement obligation recognized in the consolidated statements of financial position follow:

	2018	2017
Retirement obligation at beginning of year	**₱43,549,010**	₱26,826,298
Retirement costs	**8,051,000**	5,861,155
Net actuarial losses	**4,064,955**	10,861,557
Contributions	**(12,719,737)**	–
Retirement obligation at end of year	**₱42,945,228**	₱43,549,010

Retirement obligation is the net of the present value of defined benefit obligation and fair value of plan assets computed as follows:

	2018	2017
Present value of defined benefit obligation	**₱54,555,066**	₱51,371,744
Fair value of plan assets	**(11,609,838)**	(7,822,734)
	₱42,945,228	₱43,549,010

Changes in the present value of defined benefit obligation are as follows:

	2018	2017
Opening present value of defined benefit obligation	**₱51,371,744**	₱35,737,721
Current service cost	**5,568,707**	4,385,708
Interest cost	**2,928,189**	1,965,575
Remeasurement losses (gains) on:		
Financial assumptions	**(11,531,490)**	(1,185,614)
Experience adjustments	**15,139,714**	11,674,977
Benefits paid	**(8,921,798)**	(1,206,623)
Closing present value of defined benefit obligation	**₱54,555,066**	₱51,371,744

Changes in the fair value of plan assets follow:

	2018	2017
Balances at beginning of year	**₱7,822,734**	₱8,911,423
Expected interest income	**445,896**	490,128
Contributions	**12,719,737**	–
Benefits paid	**(8,921,798)**	(1,206,623)
Remeasurement loss on plan assets	**(456,731)**	(372,194)
Balances at end of year	**₱11,609,838**	₱7,822,734

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

	2018	2017
Investment in unit investment trust funds (UITF)	**16.85%**	99.85%
Cash in bank	**83.05%**	0.19%
Other receivables	**0.20%**	–
	100.10%	100.04%
Accrued trust fees payable	**(0.10%)**	(0.04%)
	100.00%	100.00%

In 2017, the plan assets are exposed to concentration risk since 99.85% of its plan assets is investment in UITF. The maximum exposure is equal to the carrying value of the investment in UITF.

The principal assumptions used in determining retirement obligation for the Parent Company's plan are shown below:

	2018	2017
Discount rate	**7.60%**	5.70%
Future salary increases	**5.00%**	5.00%
Mortality rates		
Male	**0.08%-0.74%**	0.06%-0.74%
Female	**0.06%-0.61%**	0.05%-0.61%

The sensitivity analysis has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at December 31, 2018 and 2017 assuming all other assumptions were held constant.

	2018	
	Increase (decrease) in significant assumptions	**Increase (decrease) in defined benefit obligation**
Discount rates	**+0.50%**	**(₱2,500,632)**
	-0.50%	**2,701,963**
Future salary increases	**+0.50%**	**2,579,810**
	-0.50%	**(2,407,665)**
Mortality rate	**+1 year**	**(740,347)**
	-1 year	**821,056**

		2017
	Increase (decrease) in significant assumptions	Increase (decrease) in defined benefit obligation
Discount rates	+0.50%	(₱2,794,454)
	-0.50%	3,042,077
Future salary increases	+0.50%	2,883,641
	-0.50%	(2,675,922)
Mortality rate	+1 year	(353,820)
	-1 year	(158,504)

The Parent Company does not perform any asset-liability matching strategy. The overall investment policy and strategy of the retirement plan is based on the client suitability assessment, as provided by its trust bank, in accordance with the requirements of the Bangko Sentral ng Pilipinas. It does not, however, ensure that there will be sufficient assets to pay the retirement benefits as they fall due while attempting to mitigate the various risks of the plan. The retirement plan assets consist of 16.85% investment in UITF, 83.05% regular savings account and 0.20% other receivables as at December 31, 2018 and 99.85% investment in UITF and 0.19% regular savings account as at December 31, 2017.

The Parent Company has no funding policies. As at March 1, 2019, the Parent Company has not yet reasonably determined the amount of the 2019 contributions to the retirement plan.

Shown below is the maturity analysis of the undiscounted benefit payments:

	2018	2017
Zero (0) to five (5) years	**₱32,689,681**	₱29,265,385
Six (6) to ten (10) years	**35,295,372**	30,095,250
Eleven (11) to fifteen (15) years	**56,262,278**	49,854,713
Beyond fifteen (15) years	**371,332,958**	298,398,853
	₱495,580,289	₱407,614,201

The weighted average duration of the defined benefit obligation is 14 years in 2018, 2017 and 2016.

COLHK makes monthly contribution to a fund under the mandatory provident fund schemes ordinance enacted by the HK Government. The plan is a defined contribution retirement plan. Under the plan, COLHK should contribute five percent (5%) of the monthly relevant income of all its qualified employees. The contribution recognized as ‘Other benefits’ under ‘Personnel costs’ amounted to ₱326,654, ₱318,277 and ₱292,108 in 2018, 2017 and 2016, respectively.

19. **Income Taxes**

Deferred Income Taxes

Components of net deferred tax asset (liability) of the Group follows:

	2018	2017
Accumulated translation adjustment	**(₱9,377,638)**	(₱3,525,080)
Retirement obligation	**8,047,889**	8,047,889
Unrealized trading gains	**(538,456)**	(67,776)
Allowance for credit losses on trade receivables from customers	**354,388**	354,388
Unamortized past service cost	**180,729**	180,729
Unused tax losses	**20,345**	31,723,955
Unrealized foreign exchange losses	**–**	2,701
	(₱1,312,743)	₱36,716,806

Realization of the future tax benefits related to the net deferred tax assets is dependent on many factors, including the Group's ability to generate taxable income, within the carry-over period. The unused tax losses pertains to COLHK which can be carried forward indefinitely to offset future profits.

The Group did not recognize the following deferred tax assets on the temporary differences since management believes that it is not probable that the related benefits will be realized in the future:

	2018	2017
Unused tax losses	**₱33,357,738**	₱–
Retirement obligation	**4,654,951**	4,386,085
Allowance for credit losses on trade receivables from customers	**89,083**	–
Unrealized foreign exchange losses	**640**	–
	₱38,102,412	₱4,386,085

In 2018, 2017 and 2016, the Parent Company availed of the optional standard deduction (OSD) method in claiming its deductions.

A reconciliation of provision for income tax computed at the statutory income tax rates to net provision for income tax shown in the consolidated statements of income follows:

	2018	2017	2016
Income tax at statutory income tax rate	**₱217,999,309**	₱153,436,932	₱131,306,118
Additions to (reductions in) income tax resulting from:			
Unrecognized DTA	**33,716,327**	4,386,085	–
Interest income subjected to final tax	**(37,551,395)**	(18,291,479)	(16,222,002)
40% OSD	**23,753**	(8,307,006)	(12,207,383)
Tax-exempt income	**(77,821)**	(69,142)	(8,613)
Effect of lower income tax rate in HK	**–**	1,579,836	6,336,589
Provision for income tax	**₱214,110,173**	₱132,735,226	₱109,204,709

20. **Related Party Disclosures**

a. The summary of significant transactions and account balances with related parties are as follows:

Category	Commission income	Interest income	Commission expense	Professional fees	Directors' fees	Trade receivables	Trade payables
Key management personnel							
2018	**₱2,052,658**	**₱454,128**	**₱–**	**₱–**	**₱–**	**₱15,483,080**	**₱96,330,087**
2017	2,525,811	235,279	–	–	–	2,818,657	90,885,505
2016	1,107,956	526,258	–	–	–	7,740,894	63,175,974
Companies with common officers, directors and stockholders							
2018	**₱10,158,475**	**₱2,232,315**	**₱–**	**₱4,878,978**	**₱–**	**₱40,827,421**	**₱18,458,230**
2017	8,973,675	1,620,428	–	4,695,874	–	13,698,083	29,633,390
2016	2,836,898	1,863,564	1,422	4,439,026	–	67,255,659	3,077,633
Directors, officers and employees							
2018	**₱7,563,968**	**₱610,563**	**₱–**	**₱–**	**₱1,682,500**	**₱–**	**₱129,806,076**
2017	8,255,999	485,492	–	–	870,000	13,916,822	29,932,978
2016	7,863,509	371,647	–	–	890,000	10,993,195	30,538,410

Trade receivables from and payables to related parties are due to be settled in three (3) trading days in the Philippines and two (2) trading days in HK, except for trade receivables under margin accounts. Trade receivables from related parties under margin accounts are interest-bearing, not guaranteed, and secured by shares of stocks (except for trade receivables amounting to ₱211 and ₱45, which were unsecured as of December 31, 2018 and 2017, respectively (Note 7). The trade receivables from related parties are not impaired.

b. As of December 31, 2018 and 2017, the Group also has unsecured noninterest-bearing advances to its officers and employees amounting to ₱918,030 and ₱442,355 with terms ranging from six months to one year, which are included under 'Other receivables' (Note 7).

c. Compensation of key management personnel of the Group follows:

	2018	2017	2016
Short-term employee benefits	**₱85,353,650**	₱67,820,730	₱56,278,360
Retirement costs (Note 18)	**2,222,877**	2,665,901	2,305,110
	₱87,576,527	₱70,486,631	₱58,583,470

Short-term employee benefits include management bonus.

d. The Parent Company's retirement fund is being held in trust by a trustee bank.

As at December 31, 2018 and 2017, the carrying amount of the retirement obligation amounted to ₱42,945,228 and ₱43,549,010, respectively, and the fair value of the retirement plan assets amounted to ₱11,609,838 and ₱7,822,734, respectively (Note 18). The retirement plan assets are composed mostly of investments in UITF (Note 18).

In 2018, the Parent Company made a contribution to the retirement fund amounting to ₱12,719,737. In 2017 and 2016, the Parent Company did not make any contribution to the retirement fund.

21. Leases

The Group leases its office premises under separate operating lease agreements expiring on various dates and whose lease terms are negotiated every one (1) to three (3) years. Rental costs charged to operations amounted to ₱22,494,380, ₱17,034,409 and ₱14,326,932 in 2018, 2017 and 2016, respectively.

The future minimum lease payments are as follows:

	2018	2017
Within one (1) year	**₱19,170,762**	₱18,058,581
After one (1) year but not more than five (5) years	**8,813,000**	10,534,458
	₱27,983,762	₱28,593,039

22. Capital Management

The primary objective of the Group's capital management is to ensure that the Group maintains healthy capital ratios in order to support its business, pay existing obligations and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the years ended December 31, 2018, 2017 and 2016.

The Amended Implementing Rules and Regulations of the SRC effective March 6, 2004 include, among others, revisions in the terms and conditions for registration and subsequent renewal of license applicable to both exchange trading participants and non-exchange broker dealers as follows: (a) to allow a net capital of ₱2.5 million or 2.50% of aggregate indebtedness, whichever is higher, for broker dealers dealing only in proprietary shares and not holding securities, (b) to allow the SEC to set a different net capital requirement for those authorized to use the Risk-Based Capital Adequacy (RBCA) model, and (c) to require unimpaired paid-up capital of ₱100.0 million for broker dealers, which are either first time registrants or those acquiring existing broker dealer firms and will participate in a registered clearing agency; ₱10.0 million plus a surety bond for existing broker dealers not engaged in market making transactions; and ₱2.5 million for broker dealers dealing only in proprietary shares and not holding securities.

The SEC approved Memorandum Circular No. 16 dated November 11, 2004 which provides the guidelines on the adoption in the Philippines of the RBCA Framework for all registered brokers dealers in accordance with SRC. These guidelines cover the following risks: (a) position or market risk, (b) credit risks such as counterparty, settlement, large exposure, and margin financing risks, and (c) operational risk.

The Parent Company being a registered broker in securities is subject to the stringent rules of the SEC and other regulatory agencies with respect to the maintenance of specific levels of RBCA ratios. RBCA is a ratio that compares the broker or dealer's total measured risk to its liquid capital. As a rule, the Parent Company must maintain an RBCA ratio of at least one hundred ten percent (110.00%) and a net liquid capital (NLC) of at least ₱5.0 million or five percent (5.00%) of its aggregate indebtedness, whichever is higher. Also, the Aggregated Indebtedness (AI) of every stockbroker should not exceed two thousand percent (2,000.00%) of its NLC. In the event that the minimum RBCA ratio of one hundred ten percent (110.00%) or the minimum NLC is breached, the Parent Company shall immediately cease doing business as a broker and shall notify the PSE and SEC. As at December 31, 2018 and 2017, the Parent Company is compliant with the foregoing requirements.

The Parent Company's capital pertains to equity per books adjusted for deferred tax assets and assets not readily convertible into cash.

The RBCA ratio of the Parent Company as at December 31, 2018 and 2017 are as follows:

	2018	2017
Equity eligible for NLC	**₱1,511,792,250**	₱1,284,485,316
Less ineligible assets	**335,040,045**	284,559,814
NLC	**₱1,176,752,205**	₱999,925,502
Position risk	**₱9,102,431**	₱8,449,290
Operational risk	**164,470,546**	151,250,612
Counterparty risk	**–**	–
Total Risk Capital Requirement (TRCR)	**₱173,572,977**	₱159,699,902
AI	**₱9,064,514,225**	₱10,147,078,830
5.00% of AI	**₱453,225,711**	₱507,353,942
Required NLC	**₱453,225,711**	₱507,353,942
Net Risk-Based Capital Excess	**₱723,526,494**	₱492,571,560
Ratio of AI to NLC	**770%**	1,015%
RBCA ratio (NLC/TRCR)	**678%**	626%

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

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

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

3. Position risk requirement
   The amount necessary to accommodate a given level of position risk which is the risk a broker dealer is exposed to and arising from securities held by it as a principal or in its proprietary or dealer account.

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

On May 28, 2009, the SEC approved the PSE's Rules Governing Trading Rights and Trading Participants, which supersede the Membership Rules of the PSE. Section 8(c) of Article III of the said rules requires trading participants to have a minimum unimpaired paid-up capital, as defined by the SEC, of ₱20.00 million effective December 31, 2009, and ₱30.00 million effective December 31, 2011 and onwards. In 2018 and 2017, the Parent Company is compliant with this capital requirement.

The Parent Company's regulated operations have complied with all externally-imposed capital requirements as at December 31, 2018 and 2017.

COLHK monitors capital using liquid capital as provided for under HK's Securities and Futures Ordinance (Cap. 571) and Securities and Futures (Financial Resources) Rules (Cap. 571N). COLHK's policy is to keep liquid capital at the higher of the floor requirement of HK$3.00 million and computed variable required capital. As at December 31, 2018 and 2017, COLHK is compliant with the said requirement.

23. Financial Risk Management Objectives and Policies

The main purpose of the Group's financial instruments is to fund its operations. The Group's principal financial instruments consist of cash and cash equivalents, cash in a segregated account, short-term time deposits, financial assets at FVPL, trade receivables, other receivables, long-term time deposit, refundable deposits under other noncurrent assets, trade payables and other current liabilities, which arise from operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, equity price risk and foreign currency risk.

The BOD reviews and agrees on the policies for managing each of these risks and they are summarized below:

Credit risk

Credit risk refers to the potential loss arising from any failure by counterparties to fulfill their obligations, as and when they fall due. It is inherent to the stock brokerage business as potential losses may arise due to the failure of its customers and counterparties to fulfill their trading obligations on settlement dates or the possibility that the value of collateral held to secure obligations becoming inadequate due to adverse market conditions.

The business model of the Group minimizes its exposure to credit risk. The Group's customers, except those granted with a credit line facility by the Parent Company, are required to deposit funds to their accounts and their purchases are limited to their cash deposit. In order to manage the potential credit risk associated with the Parent Company's margin lending activities, the Group has established policies and procedures in evaluating and approving applications for margin financing as well as the review of credit performance and limits. In addition, the Parent Company requires its margin customers a Two Peso (₱2) security cover for every One Peso (₱1) exposure. The security cover can either be in cash or a combination of cash and marginable stock identified by the Parent Company using a set of criteria.

Aging Analyses of Financial Assets

The aging analyses of the Group's financial assets as at December 31, 2018 and 2017 are summarized in the following tables (gross of allowance for credit losses):

	2018					
		Days past due				**Total**
	Neither past due nor impaired	**4-14 days**	**15-31 days**	**More than 31 days**	**Specifically impaired**	
Cash and cash equivalents*	**₱8,897,533,179**	**₱–**	**₱–**	**₱–**	**₱–**	**₱8,897,533,179**
Cash in segregated account	**133,788,336**	–	–	–	–	**133,788,336**
Short-term time deposits	**626,000,000**	–	–	–	–	**626,000,000**
Loans and receivables:		–				
Trade receivables	**243,665,774**	**73,901,199**	**100,219,240**	**394,740,173**	–	**812,526,386**
Other receivables	**52,041,067**	–	–	–	–	**52,041,067**
Long-term time deposit	**200,000,000**	–	–	–	–	**200,000,000**
Refundable deposits	**10,875,614**	–	–	–	–	**10,875,614**
Deposit and refundable contributions to CTGF	**38,791,026**	–	–	–	–	**38,791,026**
Financial assets at FVPL	**3,225,163**	–	–	–	–	**3,225,163**
Investment securities at amortized cost	**201,564,744**	–	–	–	–	**201,564,744**
	₱10,407,484,903	**₱73,901,199**	**₱100,219,240**	**₱394,740,173**	**₱–**	**₱10,976,345,515**

**Excluding cash on hand*

	2017					
		Days past due				Total
	Neither past due nor impaired	4-14 days	15-31 days	More than 31 days	Specifically impaired	
Cash and cash equivalents*	₱10,015,881,162	₱–	₱–	₱–	₱–	₱10,015,881,162
Cash in segregated account	88,993,088	–	–	–	–	88,993,088
Loans and receivables:						
Trade receivables	579,956,775	59,062,345	67,253,728	464,582,585	–	1,170,855,433
Other receivables	27,481,904	–	–	–	–	27,481,904
Long-term time deposit	200,000,000	–	–	–	–	200,000,000
Refundable deposits	8,794,160	–	–	–	–	8,794,160
Financial assets at FVPL	1,176,978	–	–	–	–	1,176,978
Held-to-maturity investment	202,738,147	–	–	–	–	202,738,147
	₱11,125,022,214	₱59,062,345	₱67,253,728	₱464,582,585	₱–	₱11,715,920,872

**Excluding cash on hand*

Past due accounts pertain to margin accounts of the Parent Company earning interest ranging from 8% to 10% from May 2016 onwards and 12% to 18% in 2015 to April 2016. A margin account has no due date and becomes demandable only when the equity percentage of the customers falls below 33.33%.

The table below shows the credit quality by class of the financial assets of the Group:

	2018			
	Neither Past Due nor Specifically Impaired			
	High Grade	**Standard Grade**	**Past due but not impaired**	**Total**
Cash and cash equivalents*	**₱8,897,533,179**	**₱–**	**₱–**	**₱8,897,533,179**
Cash in a segregated account	**133,788,336**	–	–	**133,788,336**
Short-term time deposits	**626,000,000**			**626,000,000**
Loans and receivables:				
Trade receivables	**243,665,774**	–	**568,860,612**	**812,526,386**
Other receivables	**–**	**52,041,067**	**–**	**52,041,067**
Long-term time deposit	**200,000,000**	**–**	**–**	**200,000,000**
Refundable deposits	**10,875,614**	–	–	**10,875,614**
Deposit and refundable contributions to CTGF	**38,791,026**	–	–	**38,791,026**
	10,150,653,929	**52,041,067**	**568,860,612**	**10,771,555,608**
Financial assets at FVPL	**3,225,163**	–	–	**3,225,163**
Investment securities at amortized cost	**201,564,744**	–	–	**201,564,744**
	₱10,355,443,836	**₱52,041,067**	**₱568,860,612**	**₱10,976,345,515**

**Excluding cash on hand*

	2017			
	Neither Past Due nor Specifically Impaired			
	High Grade	Standard Grade	Past due but not impaired	Total
Cash and cash equivalents*	₱10,015,881,162	₱–	₱–	₱10,015,881,162
Cash in a segregated account	88,993,088	–	–	88,993,088
Loans and receivables:				
Trade receivables	579,956,775	–	590,898,658	1,170,855,433
Other receivables	–	27,481,904	–	27,481,904
Long-term time deposit	200,000,000	–	–	200,000,000
Refundable deposits	8,794,160	–	–	8,794,160
	10,893,625,185	27,481,904	590,898,658	11,512,005,747
Financial assets at FVPL	1,176,978	–	–	1,176,978
Held-to-maturity investment	202,738,147	–	–	202,738,147
	₱11,097,540,310	₱27,481,904	₱590,898,658	₱11,715,920,872

**Excluding cash on hand*

The Group's bases in grading its financial assets are as follows:

<u>High grade</u>

Financial assets at amortized cost

The Group's financial assets at amortized cost, which are neither past due nor impaired, are classified as high grade, due to its high probability of collection (i.e. the counterparty has the evident ability to satisfy its obligation and the security on the receivables are readily enforceable).

Cash and cash equivalents, cash in a segregated account, short-term time deposits and long-term time deposit are considered high grade since these are deposited with reputable banks duly approved by the BOD and have low probability of insolvency.

Trade receivables from margin customers have no specific credit terms but customers are required to maintain the value of their collateral within a specific level. Once the value of the collateral falls down this level, customers may either deposit additional collateral or sell stock to cover their account balance. Meanwhile, receivables from post-paid customers are required to be settled on two (2) trading days' term for COLHK and three (3) trading days' term for the Parent Company. The receivable balances become demandable upon failure of the customer to duly comply with these requirements. As at December 31, 2018 and 2017, ₱725,741,502 and ₱610,749,553 of the total receivables from customers is secured by collateral comprising of cash and equity securities of listed companies with a total market value of ₱3,472,639,844 and ₱3,920,498,461, respectively (Note 7).

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision matrix is based on the Group's historical observed default rates. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Transactions through the stock exchange are covered by the guarantee fund contributed by member brokers and maintained by the clearing house.

Refundable deposits under other noncurrent assets is classified as high grade since the amount shall be kept intact by: (1) the lessor throughout the term of the contract and shall be returned after the term; and (2) the government institutions as a requirement to conduct stock brokerage business and shall be returned after the Group ceases to operate its business.

Financial Assets at FVPL
Companies that are consistently profitable, have strong fundamentals and pays out dividends.
As at December 31, 2018 and 2017, the Group's financial assets at FVPL are classified as high grade since these are with entities of good reputation.

HTM Investment and Investment Securities at Amortized Cost
The investment is classified as high grade since this is a retail treasury bond issued by the Philippine government and there is a high probability of collecting the principal and coupon payments.

<u>Standard grade</u>
Other receivables
These are receivables from counterparties with no history of default and are not past due as at the end of the reporting period.

Collateral and other credit enhancement
Margin customers are required to maintain the value of their collateral within a specific level. Once the value of the collateral falls down this level, customers may either deposit additional collateral or sell stock to cover their account balance.

Collateral comes in the form of financial assets. This pertains to securities listed and traded in the PSE and lodged with the Philippine Depository and Trust Corporation under the account of the Parent Company. The market value of the securities is closely monitored to ensure compliance with the required levels of collaterals.

The Group's exposure to credit risk arising from default of the counterparty has a maximum exposure equal to the carrying amount of the particular instrument plus any irrevocable loan commitment or credit facility.

There are no significant concentrations of credit risk within the Group.

Maximum exposure to credit risk after collateral held or other credit enhancements
The maximum exposure to credit risk is the carrying value at the reporting date of each class of financial assets of the Group except for receivables from customers wherein the Group holds collateral as security.

The table below shows the maximum exposure to credit risk for the component of the consolidated statements of financial position:

	2018	2017
Cash and cash equivalents (Note 4)*	**₱8,897,533,179**	₱10,015,881,162
Cash in a segregated account (Note 5)	**133,788,336**	88,993,088
Short-term time deposits (Note 4)	**626,000,000**	–
Financial assets at FVPL (Note 6)	**3,225,163**	1,176,978
Trade receivables (Note 7)	**2,804,307**	184,344
Other receivables (Note 7)	**52,041,067**	27,481,904
Long-term time deposit (Note 4)	**200,000,000**	200,000,000
Refundable deposits (Note 12)	**10,875,614**	8,794,160
Deposit and refundable contributions to CTGF (Note 12)	**38,791,026**	–
Investment securities at amortized cost (Note 8)	**201,564,744**	–
Held-to-maturity investment (Note 8)	–	202,738,147
	10,166,623,436	10,545,249,783
Unutilized margin trading facility	**4,869,567,470**	4,854,797,720
	₱15,036,190,906	₱15,400,047,503

**Excluding cash on hand*

Liquidity Risk
Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet commitments from financial instruments or that a market for derivatives may not exist in some circumstances.

The Group manages its liquidity profile to meet the following objectives: a) to ensure that adequate funding is available at all times; b) to meet commitments as they arise without incurring unnecessary costs; and c) to be able to access funding when needed at the least possible cost.

As at December 31, 2018 and 2017, all of the Group's financial liabilities, which consist of trade payables and other current liabilities (except statutory payables), are contractually payable on demand and up to sixty (60) days' term.

Correspondingly, the financial assets that can be used by the Group to manage its liquidity risk as at December 31, 2018 and 2017 consist of cash and cash equivalents, financial assets at FVPL and trade receivables.

Market Risk
Market risk is the risk of loss to future earnings, to fair values or to future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchanges rates, commodity prices, equity prices and other market changes. The Group's market risk originates from its holdings of equity instruments and foreign currency-denominated financial instruments.

Equity Price Risk
Equity price risk is the risk to earnings or capital arising from changes in stock exchange indices relating to its quoted equity securities. The Group's exposure to equity price risk relates primarily to its financial assets at FVPL which pertain to investments in shares of stock of companies listed in the PSE and in mutual fund shares. The Group'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.

Since the carrying amount of financial assets subject to equity price risk is immaterial relative to the consolidated financial statements, Management believes that disclosure of equity price risk sensitivity analysis for 2018 and 2017 is not significant.

Foreign Currency Risk
The Group's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines. The Group believes that its profile of foreign currency exposure on its assets and liabilities is within conservative limits for a financial institution engaged in the type of business in which the Group is engaged.

The Group's exposure to foreign currency exchange risk arises from its US$-denominated cash in banks amounting to US$210,636 and US$229,422 as at December 31, 2018 and 2017, respectively (Note 4).

Since the amount of US$-denominated cash in bank subject to foreign currency risk is immaterial relative to the consolidated financial statements, Management believes that disclosure of foreign currency risk analysis for 2018 and 2017 is not significant.

Offsetting of Financial Assets and Liabilities
The table below presents information about rights to offset related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreements or similar agreements.

2018						
				Effect of Remaining Rights of Set-Off (Including Rights to Set Off Financial Collateral) that do not Meet PAS 32 Offsetting Criteria		
Financial Instruments Recognized at End of Reporting Period by Type	**Gross Carrying Amounts (Before Offsetting)**	**Gross Amounts Offset in Accordance with the Offsetting Criteria**	**Net Amount Presented in Consolidated Statements of Financial Position**	**Financial Instruments**	**Fair Value of Financial Collateral**	**Net Exposure**
	[a]	[b]	[c] = [a-b]	[d]	[e]	[f] = [c-d]
Financial Assets						
Receivable from customers	₱725,741,713	₱–	₱725,741,713	₱4,475,220	₱–	₱721,266,493
	₱725,741,713	₱–	₱725,741,713	₱4,475,220	₱–	₱721,266,493
Financial Liabilities						
Payable to customers	₱8,989,453,360	₱–	₱8,989,453,360	₱4,475,220	₱–	₱8,984,978,140
	₱8,989,453,360	₱–	₱8,989,453,360	₱4,475,220	₱–	₱8,984,978,140

2017						
Financial Instruments Recognized at End of Reporting Period by Type	Gross Carrying Amounts (Before Offsetting)	Gross Amounts Offset in Accordance with the Offsetting Criteria	Net Amount Presented in Consolidated Statements of Financial Position	Effect of Remaining Rights of Set-Off (Including Rights to Set Off Financial Collateral) that do not Meet PAS 32 Offsetting Criteria: Financial Instruments	Effect of Remaining Rights of Set-Off (Including Rights to Set Off Financial Collateral) that do not Meet PAS 32 Offsetting Criteria: Fair Value of Financial Collateral	Net Exposure
	[a]	[b]	[c] = [a-b]	[d]	[e]	[f] = [c-d]
Financial Assets						
Receivable from customers	₱610,749,598	₱–	₱610,749,598	₱5,747,698	₱–	₱605,001,900
	₱610,749,598	₱–	₱610,749,598	₱5,747,698	₱–	₱605,001,900
Financial Liabilities						
Payable to customers	₱10,199,144,174	₱–	₱10,199,144,174	₱5,747,698	₱–	₱10,193,396,476
	₱10,199,144,174	₱–	₱10,199,144,174	₱5,747,698	₱–	₱10,193,396,476

24. **Fair Value Measurement**

The following table shows the carrying value and fair value of the Group's refundable deposits, investment securities at amortized cost and held-to-maturity investment, whose carrying value does not approximate its fair value as at December 31, 2018 and 2017:

	Carrying Values		**Fair Values**	
	2018	2017	**2018**	2017
Refundable deposits	**₱10,875,614**	₱8,794,160	**₱9,473,015**	₱7,660,000
Investment securities at amortized cost	**201,564,744**	–	**194,860,902**	–
Held-to-maturity investment	**–**	202,738,147	**–**	200,642,000
Investment property	**16,634,249**	–	**35,610,300**	–

The carrying amounts of cash and cash equivalents, cash in a segregated account, short-term time deposits, trade receivables, other receivables, trade payables and other current liabilities, which are all subject to normal trade credit terms and are short-term in nature, approximate their fair values.

The carrying value of long-term time deposit approximates its fair value since the placement earns interest at prevailing market rates.

Financial Assets at FVPL
The Group's financial assets at FVPL are carried at their fair values as at December 31, 2018 and 2017. Fair value of equity securities is based on the closing quoted prices of stock investments published by the PSE. Fair value of mutual funds is based on net asset values computed and published by the mutual fund providers.

Refundable Deposits
The fair value of the refundable deposits is based on the present value of the future cash flows discounted using credit adjusted risk-free rates for a similar type of instrument using 2.80% as at December 31, 2018 and 2017. There are no changes in the valuation techniques in 2018 and 2017.

HTM Investment and Investment securities at amortized cost
The fair value of the investment is based on the quoted market price in an active market as at December 31, 2018 and 2017.

Investment Property
The fair value of the investment property has been based on highest and best use of property being appraised. Valuations were derived on the basis of recent sales of similar properties in the same areas as the investment properties 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.

Fair Value Hierarchy
All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy as follows:

	2018		
	Level 1	**Level 2**	**Level 3**
Asset measured at fair value:			
Financial assets at FVPL	**₱3,018,331**	**₱206,832**	**₱–**
Asset for which fair values are disclosed:			
Refundable deposits	**–**	**–**	**9,473,015**
Investment securities at amortized cost	**194,860,902**	**–**	**–**
Investment property	**–**	**–**	**35,610,300**

	2017		
	Level 1	Level 2	Level 3
Asset measured at fair value:			
Financial assets at FVPL	₱1,009,926	₱167,052	₱–
Asset for which fair values are disclosed:			
Refundable deposits	–	–	7,660,000
Held-to-maturity investment	200,642,000	–	–

During the years ended December 31, 2018 and 2017, there were no transfers among levels 1, 2 and 3 of fair value measurements.

25. EPS Computation

	2018	2017	2016
Net income	**₱512,554,189**	₱378,721,215	₱328,482,350
Weighted average number of shares for basic earnings per share	**476,000,000**	476,000,000	475,500,000
Dilutive shares arising from stock options	**–**	–	467,252
Adjusted weighted average number of common shares for diluted earnings per share	**476,000,000**	476,000,000	475,967,252
Basic EPS	**₱1.08**	₱0.80	₱0.69
Diluted EPS	**₱1.08**	₱0.80	₱0.69

26. Segment Information

For management purposes, the Group is organized into business units based on its geographical location and has two (2) reportable segments as follows:

- Philippine segment, which pertains to the Group's Philippine operations.
- Hong Kong segment, which pertains to the Group's HK operations.

The following tables present certain information regarding the Group's geographical segments:

	2018			
	Philippines	**Hong Kong**	**Elimination**	**Total**
Revenue from external customers:				
Commissions	**₱687,358,256**	**₱15,573,024**	**₱–**	**₱702,931,280**
Interest	**422,222,322**	**5,526**	**–**	**422,227,848**
Others	**30,367,598**	**1,265,383**	**–**	**31,632,981**
Segment revenue	**1,139,948,176**	**16,843,933**	**–**	**1,156,792,109**
Cost of services	**(200,980,119)**	**(19,845,333)**	**–**	**(220,825,452)**
Operating expenses, net of other income	**(172,369,312)**	**(11,120,228)**	**–**	**(183,489,540)**
Depreciation and amortization	**(25,812,755)**	**–**	**–**	**(25,812,755)**
Income (loss) before income tax	**740,785,990**	**(14,121,628)**	**–**	**726,664,362**
Provision for income tax	**(180,752,435)**	**(33,357,738)**	**–**	**(214,110,173)**
Net income (loss)	**₱560,033,555**	**(₱47,479,366)**	**₱–**	**₱512,554,189**
Segment assets	**₱10,792,266,848**	**₱459,831,491**	**(₱133,487,257)**	**₱11,118,611,082**
Segment liabilities	**9,288,236,632**	**135,491,882**	**1,312,743**	**9,425,041,257**
Capital expenditures:				
Fixed assets	**31,284,294**	–	–	**31,284,294**
Cash flows arising from:				
Operating activities	**(728,095,929)**	**(25,755,722)**	–	**(753,851,651)**
Investing activities	**(31,284,294)**	–	–	**(31,284,294)**
Financing activities	**(333,200,000)**	–	–	**(333,200,000)**

	2017			
	Philippines	Hong Kong	Elimination	Total
Revenue from external customers:				
Commissions	₱661,967,789	₱16,757,927	₱–	₱678,725,716
Interest	250,460,101	446	–	250,460,547
Others	39,671,684	1,253,917	–	40,925,601
Segment revenue	952,099,574	18,012,290	–	970,111,864
Cost of services	(217,380,889)	(19,268,531)	–	(236,649,420)
Operating expenses	(168,854,090)	(31,068,055)	–	(199,922,145)
Depreciation and amortization	(22,069,885)	(13,973)	–	(22,083,858)
Income (loss) before income tax	543,794,710	(32,338,269)	–	511,456,441
Benefit from (provision for) income tax	(134,666,136)	1,930,910	–	(132,735,226)
Net income (loss)	₱409,128,574	(₱30,407,359)	₱–	₱378,721,215
Segment assets	₱11,548,781,813	₱466,855,535	(₱134,800,000)	₱11,880,837,348
Segment liabilities	10,267,520,197	108,692,529	–	10,376,212,726
Capital expenditures:				
Fixed assets	63,977,777	–	–	63,977,777
Cash flows arising from:				
Operating activities	3,326,512,476	16,433,530	–	3,342,946,006
Investing activities	(267,019,663)	–	–	(267,019,663)
Financing activities	(285,600,000)	–	–	(285,600,000)

	2016			
	Philippines	Hong Kong	Elimination	Total
Revenue from external customers:				
Commissions	₱595,534,589	₱10,023,539	₱–	₱605,558,128
Interest	220,385,620	1,563	–	220,387,183
Others	7,220,436	553,821	–	7,774,257
Inter-segment revenue	29,473,688	–	(29,473,688)	–
Segment revenue	852,614,333	10,578,923	(29,473,688)	833,719,568
Cost of services	(208,175,796)	(15,021,405)	–	(223,197,201)
Operating expenses	(140,795,699)	(42,467,227)	29,352,973	(153,909,953)
Depreciation and amortization	(18,898,938)	(26,417)	–	(18,925,355)
Income (loss) before income tax	484,743,900	(46,936,126)	(120,715)	437,687,059
Benefit from (provision for) income tax	(116,949,430)	7,744,721	–	(109,204,709)
Net income (loss)	₱367,794,470	(₱39,191,405)	(₱120,715)	₱328,482,350
Segment assets	₱8,492,075,405	₱550,070,769	(₱137,404,692)	₱8,904,741,482
Segment liabilities	7,323,480,806	160,313,706	(2,568,477)	7,481,226,035
Capital expenditures:				
Fixed assets	35,469,907	33,955	–	35,503,862
Cash flows arising from:				
Operating activities	1,177,985,576	26,015,032	–	1,204,000,608
Investing activities	(235,462,764)	(33,955)	–	(235,496,719)
Financing activities	(236,500,000)	–	–	(236,500,000)

27. Events after the reporting period

On February 8, 2019, the BOD authorized the Parent Company to subscribe to ₱52,500,000, ₱50,000,000 and ₱50,000,000 worth of common shares of COL Investment Management, Inc., COL Equity Index UMF, Inc. and COL Cash Management UMF, Inc., respectively.

SGV
Building a better working world

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ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
COL Financial Group, Inc.
Unit 2401-B East Tower, PSE Centre
Exchange Road, Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of COL Financial Group, Inc. and Subsidiary (the Group) as at December 31, 2018 and 2017, and for each of the three years in the period ended December 31, 2018, included in this Form 17-A, and have issued our report thereon dated March 1, 2019. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, As Amended (2011) and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Janeth T. Nuñez-Javier

Janeth T. Nuñez-Javier
Partner
CPA Certificate No. 111092
SEC Accreditation No. 1328-AR-1 (Group A),
July 28, 2016, valid until July 28, 2019
Tax Identification No. 900-322-673
BIR Accreditation No. 08-001998-69-2018,
February 26, 2018, valid until February 25, 2021
PTR No. 7332590, January 3, 2019, Makati City

March 1, 2019

COL FINANCIAL GROUP, INC. AND SUBSIDIARY
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2018

SUPPLEMENTARY SCHEDULES

SCHEDULE I
COL FINANCIAL GROUP, INC. AND SUBSIDIARY
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
PURSUANT TO SRC RULE 68, AS AMENDED AND SEC MEMORANDUM CIRCULAR NO.11
DECEMBER 31, 2018

Unappropriated Retained Earnings, beginning		₱480,298,628
Adjustments		–
Unappropriated Retained Earnings, as adjusted, beginning		480,298,628
Net income during the period closed to retained earnings (Parent)*	560,033,555	
Less: Non-actual/unrealized income net of tax		
Equity in net income of associate/joint venture	–	
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents)	–	
Unrealized actuarial gain	–	
Fair value adjustment (FVPL)	(1,961,296)	
Fair value adjustment of investment property resulting to gain	–	
Adjustment due to deviation from PFRS/GAAP – gain	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–	
Provision for income tax - deferred recognized directly to statement of income	473,383	
Subtotal	558,545,642	
Add: Non-actual losses		
Depreciation on revaluation increment (after tax)	–	
Adjustment due to deviation from PFRS/GAAP – loss	–	
Loss on fair value adjustment of investment property (after tax)	–	
Stock option expense for the period	–	
Accretion of retirement obligation for the period	–	
Unrealized actuarial loss	–	
Subtotal	–	
Net Income Actual/Realized	558,545,642	558,545,642
Add (Less):		
Dividend declarations during the period	(333,200,000)	
Appropriations of retained earnings based on 10% of December 31, 2018 audited net income**	(56,003,356)	
Reversals of appropriations	–	
Effects of prior period adjustments	–	
Treasury shares	–	
Subtotal	(389,203,356)	(389,203,356)
Unappropriated Retained Earnings, as adjusted, ending		₱649,640,914

** Consolidated net income of ₱512,554,189 net of ₱47,479,366 COLHK net loss*

*** Appropriation of retained earnings is in compliance with SRC Rule 49.1 B Reserve Fund requiring the Parent Company to annually appropriate ten percent (10.00%) of its audited net income (Note 15 of the audited consolidated financial statements)*

SCHEDULE II
COL FINANCIAL GROUP, INC. AND SUBSIDIARY
SCHEDULE OF EFFECTIVE STANDARDS AND INTERPRETATIONS UNDER PFRS PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2018

List of Philippine Financial Reporting Standards (PFRSs) [which consist of PFRSs, Philippine Accounting Standards (PASs) and Philippine Interpretations] effective as at December 31, 2018:

PFRS		Adopted	Not adopted/ Not early adopted	Not applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards				
PFRS 1	First-time Adoption of Philippine Financial Reporting Standards	✓		
PFRS 2	Share-based Payment	✓		
PFRS 3	Business Combinations			✓
PFRS 4	Insurance Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments	✓		
PFRS 10	Consolidated Financial Statements	✓		
PFRS 11	Joint Arrangements			✓
PFRS 12	Disclosure of Interests in Other Entities			✓
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contacts with Customers	✓		
PFRS 16	Leases*		✓	
PFRS 17	Insurance Contracts*			✓

PFRS		Adopted	Not adopted/ Not early adopted	Not applicable
Philippine Accounting Standards				
PAS 1	Presentation of Financial Statements	✓		
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Date	✓		
PAS 12	Income Taxes	✓		
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 19	Employee Benefits	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23	Borrowing Costs			✓
PAS 24	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27	Separate Financial Statements			✓
PAS 28	Investments in Associates and Joint Ventures			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
PAS 36	Impairment of Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		

PFRS		Adopted	Not adopted/ Not early adopted	Not applicable
PAS 39	Financial Instruments: Recognition and Measurement	✓		
PAS 40	Investment Property	✓		
PAS 41	Agriculture			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29, Financial Reporting in Hyperinflationary Economies			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
IFRIC 22	Foreign Currency Transactions and Advance Consideration			✓
IFRIC 23	Uncertainty over Income Tax Treatments*		✓	
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓

PFRS		Adopted	Not adopted/ Not early adopted	Not applicable
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-32	Intangible Assets - Web Site Costs			✓

*The Group has not early adopted any PFRSs, PAS and Philippine Interpretations effective January 1, 2019 onwards.

SCHEDULE III
COL FINANCIAL GROUP, INC. AND SUBSIDIARY
SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-E
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2018

Schedule A. Financial Assets

Financial Assets at FVPL
Financial assets at FVPL are carried at their fair values. Fair value of financial assets at FVPL is based on closing quoted prices of stock investments published by the PSE and mutual funds are based on the published net asset value per share of the investment company where the investment was bought.

The Group did not present the schedule of financial assets since the aggregate cost or market value of financial assets at FVPL as of the end of the reporting period did not constitute five percent (5%) or more of the total current assets.

Schedule B. Amounts of Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not current	Balance at end of period
None	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Schedule C. Amounts of Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements

-None to report-

Schedule D. Intangible Assets - Other Assets

Description	Beginning balance	Additions at cost	Charged to cost and (expenses)	Charged to other accounts	Other charges additions (deductions)	Ending balance
Parent Company						
Stock Exchange Trading Right	₱5,000,000	₱–	₱–	₱–	₱–	₱5,000,000
Software and Licenses	16,405,689	1,723,031	(3,038,541)	–	(3)	15,090,176
	₱21,405,689	₱1,723,031	(₱3,038,541)	₱–	(₱3)	₱20,090,176

Schedule E. Long Term Debt

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption 'Current position of long term debt' in related statement of financial position	Amount shown under caption 'Long-Term Debt' in related statement of financial position
None	N/A	N/A	N/A

Schedule F. Indebtedness to Related Parties (Long-Term Loans from Related Companies)

Name of related party	Balance at beginning of period	Balance at end of period
None	N/A	N/A

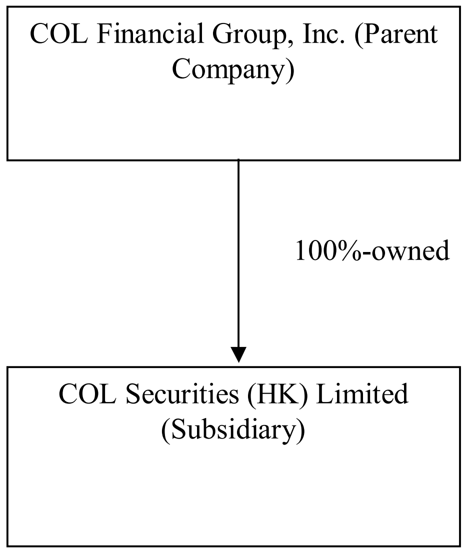
Schedule G. Guarantees of Securities of Other Issuers

Name of issuing entity of securities guaranteed by the Group for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by a person for which statement is filed	Nature of guarantee
None	N/A	N/A	N/A	N/A

Schedule H. Capital Stock (Figures in Thousands)

				No. of shares held by		
Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related financial condition caption	Number of shares reserved for options, warrants, conversion and other rights	Affiliates	Directors and Officers	Others
Common shares	1,000,000	476,000	–	–	279,666	196,334

SCHEDULE IV
COL FINANCIAL GROUP, INC. AND SUBSIDIARY
MAP OF THE RELATIONSHIPS OF THE COMPANIES
WITHIN THE GROUP
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2018



SCHEDULE V
COL FINANCIAL GROUP, INC. AND SUBSIDIARY
SCHEDULE SHOWING FINANCIAL SOUNDNESS INDICATORS
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2018

	2018	2017
Profitability ratios:		
Return on assets	**5%**	3%
Return on equity	**32%**	26%
Net profit margin	**44%**	39%
Solvency and liquidity ratios:		
Current ratio	**1.12:1**	1.10:1
Debt to equity ratio	**5.89:1**	7.09:1
Quick ratio	**1.06:1**	1.09:1
Asset to equity ratio	**6.95:1**	8.11:1
Other relevant ratios:		
RBCA ratio	**678%**	626%
Ratio of AI to NLC	**770%**	1,015%

Securities and Exchange Commission
PHILIPPINES

MARKETS AND SECURITIES REGULATION DEPARTMENT

IN THE MATTER OF	:	
	:	**MSRD Order No. 4**
COL FINANCIAL GROUP, INC.	:	**Series of 2019**
	:	

X - X

ORDER

WHEREAS, on March 15, 2019, COL Financial Group, Inc. (the "Company") submitted its Amended Definitive Information Statement ("DIS") and Consolidated Audited Financial Statement for fiscal year ended December 31, 2018 relative to the schedule annual stockholders' meeting on March 29, 2019. March 15, 2019.

WHEREAS, the company distributed its DIS on March 8, 2019, the approximately date of distribution as indicated in the DIS.

WHEREAS, on March 15, 2019, the company filed with the Commission a request for approval to amend[1] the list of nominees to the board of directors as follows:

1. Edward K. Lee
2. Alexander C . Yu
3. Conrado F. Bate
4. Paulwell Han
5. Kido Hokushin
6. Hernan G. Lim
7. Arthur G. Gindap (Independent Director)
8. Catherine L. Ong
9. Raymond C. Yu
10. Wellington C. Yu
11. Khoo Boo Boon (Independent Director)

WHEREFORE, pursuant to the authority given by the Commission en Banc in SEC Resolution No. 388, Series of 2016, the Markets and Securities Regulation Department hereby approves on March 18, 2019 the company's request to make certain corrections to its previously filed DIS subject to its compliance of SRC Rule 20.3.3.4.

VICENTE GRACIANO P. FELIZMENIO, JR.
Director

[1] *The amendments found on pages 2,4,9,A-2,A-3 and C-2 of said attachments.*