

COVER SHEET

A 1 9 9 9 1 0 0 6 5

S.E.C. Registration Number

C O L F I N A N C I A L G R O U P , I N C .

(Company's Full Name)

2 4 F E A S T T O W E R P S E C E N T R E
E X C H A N G E R O A D O R T I G A S C E N T E R
P A S I G C I T Y

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

Atty. Sharon T. Lim

Contact Person

636-54-11

Company Telephone Number

1	2
---	---

3	1
---	---

Month *Day*
Fiscal Year

SEC Form 20-IS
Definitive Information Statement

FORM TYPE

0	3
---	---

--	--

Month *Day*
Annual Meeting

Secondary License Type, If Applicable

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Dept. Requiring this Doc.

Amended Articles Number/Section

Amended Articles Number/Section

Total Number of Stockholders

Total Number of Stockholders

Total Amount of Borrowings

Domestic

Domestic

Foreign

none

Foreign

To be accomplished by SEC Personnel concerned

File Number

File Number

LCU

LCU

Document I.D.

Document I.D.

Cashier

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' MEETING¹

Notice is hereby given that the Annual Stockholders' Meeting of COL Financial Group, Inc. ("COL", the "Corporation, or the "Company"), will be conducted virtually on **2 June 2020, Tuesday, at 2:00 P.M.** through <https://shareholders.colfinancial.com>.

The Agenda of the Meeting is as follows:

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the Annual Stockholders' Meeting held on 29 March 2019
4. President's Report
5. Ratification of all Acts and Proceedings of the Board of Directors and Management from 29 March 2019 up to 31 December 2019
6. Approval of the 2019 Audited Financial Statements
7. Election of the Board of Directors
8. Approval of the Amendment of Articles IV and VII of the Corporation's Articles of Incorporation
9. Appointment of External Auditors
10. Other Matters
11. Adjournment

Only stockholders of record at the close of business on 15 May 2020 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 Corporation will be closed from 18 May 2020 to 22 May 2020.

Given the current circumstances, stockholders may only attend the meeting by remote communication. The meeting will be streamed live, and stockholders who wish to attend the meeting must register at <https://shareholders.colfinancial.com> or before 22 May 2020. Registration shall be subject to validation procedures.

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

Stockholders may also send their duly accomplished proxies on or before the close of business hours on 22 May 2020 through email at corporatesecretary@colfinancial.com

The procedures for attendance and voting during the 2020 ASM are set forth in the Information Statement.


SHARON T. LIM
Corporate Secretary

¹ This supersedes the Notice of Stockholders' Meeting submitted to the Philippine Stock Exchange and the Securities and Exchange Commission on 10 March 2020.

PROXY

The undersigned stockholder of COL FINANCIAL GROUP, INC., (the “Corporation”) hereby appoints the Chairman of the meeting as attorney and proxy, with power of substitution, to represent and vote all shares registered in my name as proxy of the undersigned stockholder, at the Annual Meeting of Stockholders of the Corporation on June 2, 2020, and at any adjournments thereof for the purpose of acting on the following matters:

- 1. Approval of the minutes of the 2019 Annual Stockholders’ Meeting Yes No Abstain
- 2. Approval of the President’s Report Yes No Abstain
- 3. Ratification of all Acts of the Board of Directors and Management Yes No Abstain
- 4. Approval of the 2019 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	_____
Catherine L. Ong	_____
Raymond C. Yu	_____
Wellington C. Yu	_____
Arthur G. Gindap (Independent)	_____
Khoo Boo Boon (Independent)	_____

6. Approval of AOI Amendments

- Article IV Yes No Abstain
- Article VII Yes No Abstain

7. Appointment of SGV as External Auditor Yes No Abstain

8. 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 THROUGH EMAIL AT CORPORATESECRETARY@COLFINANCIAL.COM ON OR BEFORE MAY 22, 2020 (FRIDAY), THE DEADLINE FOR SUBMISSION OF PROXIES. FOR CORPORATE STOCKHOLDERS, PLEASE ATTACH A COPY OF THE SECRETARY'S CERTIFICATE ON THE AUTHORITY OF THE SIGNATORY TO APPOINT THE PROXY AND SIGN THIS FORM.

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

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

NOTARIZATION OF THIS PROXY IS NOT REQUIRED.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

[] Preliminary Information Statement

[✓] Definitive Information Statement

2. Name of Registrant as specified in its charter: **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) 8636-5411**

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

Date : 2 June 2020

Time : 2:00 PM

Place : East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City
(in light of the current circumstances, shareholders may only attend by remote communication)

Web Address : <https://shareholders.colfinancial.com>
(for participation by remote communication and voting in absentia, subject to validation procedures)

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **8 May 2020**

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 30 April 2020

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: 2 June 2020
Time: 2:00 p.m.
Place: East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City *(in light of the current circumstances, shareholders may only attend by remote communication)*
Web Address: <https://shareholders.colfinancial.com> *(for participation by remote communication and voting in absentia, subject to validation procedures)*
- (b) Approximate date on which copies of the information statement are first to be sent or given to security holders: 8 May 2020

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

Item 2. DISSENTERS' RIGHT OF APPRAISAL

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

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

A stockholder who dissents to the proposed amendment of Article Fourth of the Corporation's Articles of Incorporation may exercise his right of appraisal under the conditions set forth in Title X of the Revised Corporation Code. Aside from the above, 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.

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

- (a) No current director or officer of COL, or nominee for election as directors of the Corporation 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 Corporation has not received any information in writing from any person who intends to oppose any action to be taken at the Annual Stockholders' Meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

- (a) **Class of Voting Securities** : Common shares
Number of Shares Outstanding as of 30 April 2020 : 476,000,000
Number of votes entitled : One (1) vote per share

The Corporation's 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 **15 May 2020** ("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 23 of the Revised Corporation Code, a stockholder with the number of shares held in his name in the Corporation's stock books as of the Record Date may vote such number of shares for as many persons as there are directors to be elected or 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 Corporation multiplied by the total number of directors to be elected: Provided, however, that no delinquent stocks shall be voted.

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

(d) **Security Ownership of Record and Beneficial Owners of more than 5% of the Corporation's voting securities as of 30 April 2020 are as follows:**

Title of Class	Name, Address of Record Owner and Relationship with the Issuer	Name of Beneficial Owners and Relationship with Record Owner	Citizenship	No. of Shares Held Directly (D) or under PCD (P)	Percent (%)
Common	PCD Nominee Corp (Filipino) G/F Makati Stock Exchange Bldg., 6767 Ayala Avenue, Makati	Various	Filipino	<u>175,081,066</u> (D)	<u>36.78</u>
			Non-Filipino	<u>86,854,229</u> (D)	<u>18.25</u>
	Daiwa Securities Group, Inc.² GranTokyo North Tower, 9-1, Marunouchi 1-chrome		Japanese	70,924,000 (D)	14.90
	Lee, Edward K. Mahogany cor. Cypress Sts., Dasmariñas Village, Makati City	Lee, Edward K.	Filipino	62,250,000 (D)	<u>21.70</u>
	Lee, Lydia Mahogany cor. Cypress Sts., Dasmariñas Village, Makati City			1,000,000 (D)	
	Lee, Edmund C. Mahogany cor. Cypress Sts., Dasmariñas Village, Makati City			4,026,800 (P)	
	Lee, Edmund C. Mahogany cor. Cypress Sts., Dasmariñas Village, Makati City			2,040,000 (P)	
	Lee, Eleanore C. or Lee, Edmund C. Mahogany cor. Cypress Sts., Dasmariñas Village, Makati City			2,000,000 (P)	
	ELLEE & Co., Inc.³ 2701C East Tower, PSE Centre, Exchange Rd, Ortigas Center, Pasig			<u>1,256,400</u> (P)	
	Yu, Alexander C. Ortega St., San Juan City			Yu, Alexander C.	
	Ng, Elizabeth Ortega St., San Juan City	35,010,725 (P)			
	Yu, Adrian Alexander C. Ortega St., San Juan City	2,301,900 (P)			
	Yu, Michelle C. Ortega St., San Juan City	3,049,000 (P)			
	Yu, Tiffany Ann C. Ortega St., San Juan City	3,525,700 (P)			
	Han, Paulwell G/F Broom Road, Happy Valley, Hong Kong	Han, Paulwell	Chinese		100,000 (D)
			37,499,975 (P)		

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

² 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.

³ 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 30 April 2020)

Title of Class	Name of Owner	Position	Citizenship	Total No. of Shares	Percent (%)
Common	Edward K. Lee	Chairman	Filipino	<u>103,274,500</u>	<u>21.70</u>
Common	Alexander C. Yu	Vice-Chairman	Filipino	66,887,325	14.05
Common	Conrado F. Bate	Director/President/CEO	Filipino	20,705,959	4.35
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	Raymond C. Yu	Director	Filipino	22,323,940	4.69
Common	Wellington C. Yu	Director	Filipino	10,000	0.00
Common	Khoo Boo Boon	Independent Director	Malaysian	1,000	0.00
Common	Arthur Gindap	Independent Director	Filipino	100	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	1,708,000	0.36
Common	Lorena E. Velarde	VP/Financial Controller	Filipino	650,000	0.14
Common	Melissa O. Ng	AVP/Head of Operations	Chinese	265,750	0.06
Common	Sharon T. Lim	AVP/Head of Legal and Compliance Departments	Filipino	79,250	0.02
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)			<u>288,269,435</u>	<u>60.56</u>

(e) **Changes in Control**

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

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

Item 5. DIRECTORS AND EXECUTIVE OFFICERS

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

i. Directors and Executive Officers

Pursuant to the Corporation's 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 2 June 2020 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 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 2 June 2020 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 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 Corporation'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 Corporation'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 Corporation'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 (4th) civil degree among its directors, executive officers, and nominees for election as directors.

vi. Involvement in Legal Proceedings

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

- (1) Any bankruptcy petition filed by or against any business of which any of the above persons was a general partner or executive officer either at the time of bankruptcy or within two (2) years prior to that time;
- (2) Any order or judgment, or decree, not subsequently reversed, suspended, or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending, or otherwise limiting the involvement of any of the above persons in any type of business, securities, commodities, or banking activities; and
- (3) Any findings by a domestic or foreign court of competent jurisdiction (in civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, that any of the above persons has violated a securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

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) **Resignation of Directors**

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 Corporation on any matter relating to the Corporation's operations, policies, or practices.

(c) **Certain Relationships and Related Transactions**

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

Item 6. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

(a) **Compensation of Executives**

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

SUMMARY COMPENSATION TABLE			
Annual Compensation			
(in ₱ Million)	Annual Salary 2020 (est.)	Annual Salary 2019	Annual Salary 2018
a) Chief Executive Officer and the Four Most Compensated Executives:			
<i>Conrado F. Bate</i> President & CEO <i>Catherine L. Ong</i> SVP/Treasurer <i>Juan G. Barredo</i> VP- Head of Sales and Customer Support <i>Lorena E. Velarde</i> VP- Financial Controller <i>April Lynn L. Tan</i> VP- Head of Research			
All above-named Executives and Officers as a Group	₱25.48	₱24.76	₱24.21
b) All other Executives and Officers as a Group named	₱16.24	₱14.89	₱17.17

(b) **Compensation of Directors**

Each director is entitled to a reasonable per diem, which amount shall, according to Article III, Section 8 of the Corporation's By-laws, not exceed ten percent (10%) of the net income before income tax of the Corporation 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 2019, SGV has been COL's external auditor for the past twenty (20) years. It assigns a different engagement partner to conduct its annual audit in compliance with the requirement of SRC Rule 68, Paragraph 3 (Qualifications of Independent Auditors). For the audit year 2019, 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 ₱)	
	2019	2018
Audit and Audit-Related Fees	1,717,000	1,635,000
Other Fees		

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. Khoo Boo Boon with Messrs. Wellington C. Yu, Raymond C. Yu and Hernan G. Lim as members.

Item 8. COMPENSATION PLANS

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

C. ISSUANCE AND EXCHANGE OF SECURITIES

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

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

Item 10. MODIFICATION OR EXCHANGE OF SECURITIES

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

Item 11. FINANCIAL AND OTHER INFORMATION

The Corporation's audited financial statements as of 31 December 2019 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 Corporation's financial information are attached hereto as Annex "D".

Item 12. MERGERS, CONSOLIDATIONS, ACQUISITIONS AND SIMILAR MATTERS

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

Item 13. ACQUISITION OR DISPOSITION OF PROPERTY

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

Item 14. RESTATEMENT OF ACCOUNTS

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

D. OTHER MATTERS

Item 15. ACTION WITH RESPECT TO REPORTS

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

- (a) Approval of the Annual Report and the Corporation's Audited Financial Statements as of 31 December 2019 containing the performance of the Corporation and its financial condition;
- (b) Approval of the Minutes of the Previous Annual Stockholders' Meeting (*See Annex "E"*);
- (c) Approval of the 2019 Report of the President; and
- (d) Ratification of all Acts, Proceedings of the Board of Directors and Management for the period 29 March 2019 up to 31 December 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

The stockholders of the Corporation will be asked to consider the proposed amendments of the Corporation's Articles of Incorporation to reflect the following changes:

Article	From	To
Fourth	That the term for which the corporation is said to exist is fifty (50) years from and after the date of incorporation.	That the corporation shall have a perpetual existence.
Seventh	That the authorized capital stock of said corporation is ONE BILLION PESOS (1,000,000,000.00), Philippine currency, and said capital stock is divided into ONE BILLION (1,000,000,000) shares of common stock with a par value of ONE PESO (P1.00) per share.	That the authorized capital stock of said corporation is ONE BILLION PESOS (1,000,000,000.00), Philippine currency, and said capital stock is divided into TEN BILLION (10,000,000,000) shares of common stock with a par value of TEN CENTAVOS (0.10) per share.

The proposed amendment on Article Fourth of the Articles of Incorporation, amending the corporate term from fifty (50) years to a perpetual existence, is made consistent with Section 11 of the Revised Corporation Code.

On the other hand, the proposal to amend Article Seventh by increasing the number of shares from One Billion (1,000,000,000) to Ten Billion (10,000,000,000) while simultaneously reducing the par value from One Peso (P1.00) per share to Ten Centavos (P0.10) per share, is

aimed to make the shares more affordable to small investors, consistent with the mission and vision of the Corporation.

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 Corporation 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 23 of the Revised Corporation Code. 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 Revised Corporation Code. Only the Corporate Secretary and staff/s of Stock Transfer Agent are the persons authorized to count the votes.

To ensure the safety and health of the Company's shareholders, the Company will dispense with the physical attendance at the meeting and allow shareholders to attend only by remote communication through <https://shareholders.colfinancial.com>. Voting shall be done electronically in absentia through the same platform or by voting through the Chairman of the meeting as proxy. A stockholder voting electronically in absentia will be deemed present at the meeting for purposes of quorum.

To enable the Company to perform validation procedures, identify the shareholders participating by remote communication and record their presence for purposes of quorum, the shareholders must complete the registration requirements in said portal by 22 May 2020. Information on participation through remote communication and electronic voting in absentia are included in Annex "H."

Proxies must be submitted by email to corporatesecretary@colfinancial.com on or before 22 May 2020.

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 4 May 2020.

COL Financial Group, Inc.

FOR THE BOARD OF DIRECTORS



SHARON T. LIM
Corporate Secretary

ANNEX “A”
DIRECTORS AND EXECUTIVE OFFICERS

The names of the incumbent and nominee directors and key executive officers of the 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, 65, 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, CTS Global Equity Group, Inc (formerly, Citisecurities, Inc.) since 1986, and Caylum Trading Institute since 2013. Mr. Lee served as a nominee of CTS Global Equity Group, Inc (formerly, 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. From 2016 to 2019, he was appointed as an official board member of JA Asia Pacific.

Alexander C. Yu

Vice-Chairman

Alexander C. Yu, 65, 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 CTS Global Equity Group, Inc (formerly, 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, 57, 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, 61, 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

Director

Wellington C. Yu, 76, 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.

Raymond C. Yu

Director

Raymond C. Yu, 66, 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: CTS Global Equity Group, Inc (formerly, Citisecurities, Inc.), Cedarside Holdings Corp., Cedarside Industries, Inc., Barrington Carpets, Inc., and Citimex, Inc.

Hernan G. Lim

Director

Hernan G. Lim, 67, 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., CTS Global Equity Group, Inc (formerly, 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, 60, 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, 42, 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, 68, Filipino, is the SVP – Chief Operating Officer of CTS Global Equity Group, Inc (formerly, 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 Gindap

Independent Director

Arthur Gindap, 58, 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 and 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. 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, 52, 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 150,000 people nationwide in the last decade 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, 51, 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, 49, 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 CTS Global Equity Group, Inc (formerly, Citisecurities, Inc.). She was previously the Accounting Department Head of CTS Global Equity Group, Inc (formerly, 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, 45, 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. (now CTS Global Equity Group, 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, 47, 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 Legal and Compliance Departments

Sharon T. Lim, 40, Filipino, started with the Company in 2011 as Compliance and Legal Officer and was appointed as AVP and Head of Legal and Compliance Departments in 2016. She was appointed as Corporate Secretary on November 2018 as was the Head of COL's Human Resources Department from 2016 to 2019. 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, Bachelor of Laws in 2006 at the University of the Philippines, and a Master of Laws (Corporate & Financial Services Law) in 2019 at the University of Singapore. 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, 36, 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, 35, 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 in 2010 as a Sales Manager and has since then handled the Sales and Customer Support teams in COL. 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, 38, Filipino is the AVP – Software Development of COL. 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 in accordance with the records of COL Financial Group, Inc. (the "Corporation") in my possession as of this date, none of the Directors, including Independent Directors, and Officers of the Corporation works in any government agency.

Issued this 24th day of February 2020 at Pasig City, Philippines.


SHARON T. LIM
Corporate Secretary

Subscribed and sworn to before me this 24th day of February 2020 at Pasig City, affiant
exhibited to me her Passport ID No. _____ issued at _____ on _____

Doc No. 60;
Page No. 17;
Book No. II;
Series of 2020


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. _____
IBP LRN _____
MCLE Compliance No. _____
East Tower PSE Centre, Exchange Road,
Ortigas Center, Pasig City

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 qualifications 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 shareholders 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 24th day of February 2020, at Pasig City.


KHOO BOO BOON
Affiant

SUBSCRIBED AND SWORN TO BEFORE ME this 24th day of February 2020 at Pasig City, affiant exhibited to me his Driver's License No., valid until _____

Doc. No. 81 ;
Page No. 18 ;
Book No. III ;
Series of 2020

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.

IBP LRN

MCLE Compliance No.

East Tower PSE Centre, Exchange Road,
Ortigas Center, Pasig City

CERTIFICATION OF INDEPENDENT DIRECTORS

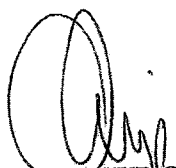
I, **ARTHUR G. GINDAP**, Filipino, of legal age and a resident of _____ after having been duly sworn in accordance with law do hereby declare that:

1. I am an independent director of **COL Financial Group, Inc.** and have been its independent director since 2019.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Robinsons Hotels and Resorts	Senior Vice President, Business Unit General Manager	2018 – Present

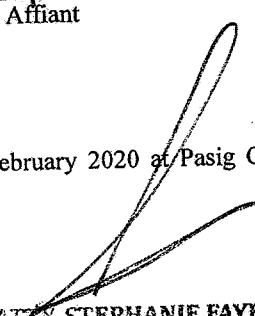
3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **COL Financial Group, Inc.**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any of the directors, officers or substantial shareholders 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 24th day of February 2020, at Pasig City.


ARTHUR G. GINDAP
 Affiant

SUBSCRIBED AND SWORN TO BEFORE ME this 24th day of February 2020 at Pasig City, affiant exhibited to me his Driver's license no. _____ valid until _____

Doc. No. 82 ;
 Page No. 18 ;
 Book No. III ;
 Series of 2020


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. _____
 IBP LRN _____
 MCLE Compliance No. _____
 East Tower PSE Centre, Exchange Road,
 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 its subsidiaries 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 that provides 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.

To provide investors with online access to the HK stock market, COL established its wholly-owned foreign subsidiary COL Securities (HK) Limited (the “HK Subsidiary” or “COLHK”) on June 20, 2001. COLHK customers’ access 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).

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 diversify COL’s portfolio as a one-stop shop online platform for capital market products, it has set up in 2019 its own asset management firm, COL Investment Management Inc. (CIMI) to serve as the asset management firm for COL Equity Index Unitized Mutual Fund Inc. (CEIUMF) and COL Cash Management Unitized Mutual Fund Inc. (CCMUF).

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 derives revenues from the trail fees arising from its fund distribution business and from commissions earned by its stock brokerage business in HK through its wholly-owned subsidiary COLHK.

With its solid foundation deeply rooted in its core values of passion, integrity, commitment, excellence and teamwork, COL is well-positioned to capitalize both on the anticipated development of the capital markets as well as the vast opportunities of increasing the retail investor base in the Philippines.

C. Industry and Economic Review

The Philippine Stock Exchange Index (PSEi) had a very volatile performance in 2019. After rising by as much as 9.1% to 8,144.16 in February, the PSEi reversed course and fell to a low of 7,475.16 in May. It once again rallied to 8,419.59 in July, its highest level for 2019, before falling back below 8,000 to close the year at 7,815.26, up by only 4.7% year-on-year.

The local market's strong performance during the start of the year was driven by numerous factors, led by the peaking of inflation. Recall that in 2018, the Bangko Sentral ng Pilipinas (BSP) raised rates by a total of 175 basis points after inflation reached a high of 6.7% in October. Nevertheless, after peaking in the fourth quarter, inflation went on a downtrend, thanks largely to lower food and oil prices. This in turn paved the way for the BSP to cut rates thrice by a total of 75 basis points and banks' reserve requirement ratio by 400 basis points. The 10-year bond rate also fell back below 5% as a result of falling inflation and the BSP's monetary easing policies after hitting a peak of 8.3% in 2018.

Despite the improving outlook of the local economy, appetite for Philippines and other emerging market equities deteriorated starting May as foreign investors focused on the escalation of the U.S.-China trade war and its potential impact on the global economy. Recall that in May, U.S. president Trump said that the U.S. would increase tariffs on US\$200 billion worth of Chinese imports from 10% to 25% after initially agreeing to delay the increase indefinitely. He also said he would impose a 25% tariff on all remaining Chinese imports. China in turn retaliated by imposing tariffs on US\$60 billion worth of imports from the U.S.

The Philippine market rallied momentarily in June and July, triggered by increasing hopes of a rate cut by the U.S. Federal Reserve System (Fed). Recall that the Fed cut rates three times by a total of 75 basis points in 2019 after initially planning to continue raising rates due to concerns that the Trump administration's ongoing trade war with China with hurt the U.S. economy.

Nevertheless, the rally did not last as increasing signs of global economic weakness caused foreign investors to shift to safe haven investments such as U.S. sovereign bonds and gold. The rebalancing of the Morgan Stanley Capital International emerging market index in favor

of Chinese stocks also contributed to the sell-off of Philippine stocks in the months of May, August and November. The Philippines' disappointing first half gross domestic product growth which was largely caused by the delayed passage of the government's budget, and the weaker than expected corporate earnings results further hurt investor sentiment.

Appetite for riskier assets including emerging market stocks started to improve again towards the last few months of the year as a result of the surprise announcement that the U.S. and China would sign a phase 1 trade deal. However, foreign investors continued to stay away from Philippine stocks due heightened regulatory concerns following the Philippine government's move to revoke the extension of Manila Water and Maynilad's water concessions from 2022 to 2037 and President Duterte's threat of nationalizing the two water firms' concessions if they do not accept the new contract that will be offered which will remove onerous provisions found in the old contract.

Average daily value turnover in the Philippine Stock Exchange (PSE) increased by 8.1% to ₱7.6 billion during the first nine months of the year. However, during the fourth quarter, average daily turnover fell by 15% to only ₱6.5 billion, dragging the full year average to only ₱7.3 billion, higher by only 1.9%.

Like the Philippine stock market, the HK stock market had a volatile performance in 2019. After rallying strongly during the first four months of the year on increasing hopes that trade negotiations between the U.S. and China would have a favorable outcome, investors were taken by surprise after U.S. president Trump announced in May that he would impose higher tariffs on a large number of Chinese imports. This resulted to the steep sell-off of HK stocks. The escalation of protests against the extradition bill further hurt sentiment for HK stocks. Nevertheless, HK stocks recovered during the fourth quarter, benefiting from the surprise announcement that the U.S. and China would soon sign a phase 1 trade deal.

The said developments caused the three major HK indices - the Hang Seng index (HSI), the Hang Seng China Affiliate Corp. Index (HSCCI), and the Hang Seng China Enterprise Index (HSCEI) – to end 2019 higher by 9.2%, 8.2% and 10.6% after rising by as much as 17.2%, 14.9% and 17.4% respectively.

Average daily value turnover fell significantly, by 18.5% to HKD87.3 billion.

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:

	2019	2018
Number of Customer Accounts	333,171	293,371
Customers' Net Equity (in millions)	₱73,110.0	₱73,096.1
Revenues (in millions)	₱1,085.9	₱1,156.7

	2019	2018
Return on Average Equity (ROE)	26.8%	32.1%
Risk Based Capital Adequacy Ratio*	532.0%	678.0%
Liquid Capital** (in millions)	HKD29.0	HKD37.4

* Parent Company only

**HK Subsidiary

Despite volatile market conditions, COL maintained its strong growth momentum, opening a total of almost 40,000 new accounts to end 2019 with 333,171 **customer accounts**, higher by 13.6% 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, investor education seminars and various social media platforms. 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. Finally, COL benefited from its wider geographical reach with its five investor centers located in Ortigas, Makati, Cebu, Davao, and Ilocos, allowing it to address the needs of more clients.

Aside from the purchase of individual stocks, in 2015, COL began to distribute mutual funds, making it easier for inexperienced investors to invest in the stock market. As of end 2019, there were 44,682 accounts that owned mutual funds, equivalent to around 13.4% of COL's client base during the said period. Out of the said number, 9,391 or 21.0% were exclusively invested in mutual funds.

Customers' net equity was flat year-on-year at ₱73.1 billion as of end 2019, as the strong growth of COL's client base was unable to offset the negative impact of volatile market conditions. On the positive side, COL still saw net new flows amounting to ₱3.1 billion in 2019, allowing customers' net equity to remain flattish despite the volatile performance of the benchmark index.

Revenues fell by 6.1% in 2019 to ₱1.1 billion. The drop in revenues was largely due to the 23.3% year-on-year decline in commissions as COL's value turnover fell. COL also suffered from a steep decline in other income to only ₱1.8 million in 2019 from ₱16.7 million in 2018 due to the absence of trading gains.

The sharp drop of commissions and other income was partly offset by higher interest income and trail fees. Interest income jumped by 25.0% to ₱527.7 million, thanks largely to higher average bank deposit rates in 2019. Meanwhile, trailer fees earned from the distribution of mutual funds improved by 17.9% to ₱17.4 million as assets under administration (AUA) increased to ₱3.2 billion as of end 2019 from ₱2.8 billion as of end 2018.

Due to the sharp drop in revenues and net income, **return on average equity (ROE)**, computed as net income divided by average stockholders' equity, also fell to 26.8% in 2019 from 32.1% in 2018.

In 2019, both COL and its HK subsidiary continued to meet the stringent rules of regulators in the Philippines and Hong Kong. As of end December 2019, the Parent Company's Risk Based Capital Adequacy Ratio (RBCA) reached 532%, well above the minimum requirement of 110%. Meanwhile, COL HK had HKD29.0 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. 2019 vs. 2018

COL's asset base fell by 8.7% in 2019 to ₱10.1 billion compared to its end 2018 level of ₱11.1 billion. Assets fell largely due to the 11.3% decline in cash and cash equivalents (including cash in segregated account and short-term cash deposits) to ₱8.6 billion.

Cash and cash equivalents fell largely due to the decline in clients' net outstanding cash balances from ₱8.8 billion as of end 2018, to ₱7.4 billion as of end 2019.

Meanwhile, trade receivables increased by 6.6% largely due to the unsettled receivable from clearing houses amounting to ₱124.7 million as of end 2019 from nil as of end of 2018 arising from the selling transactions of customers. These receivables were collected within the first week of January 2020. Margin availments of the Parent Company's customers also increased to ₱576.3 million from ₱511.8 million which offset the withdrawal of customer funds of the HK Subsidiary from its account with Interactive Brokers.

Other receivables fell by 7.6% to ₱48.1 million mainly due to lower accrued interest income on short and long-term placements, brought about by the drop in the size of placements.

Property and equipment increased significantly by 95.5% to ₱148.6 million due to capital expenditures amounting to ₱44.6 million incurred by the Parent Company to continuously improve its IT infrastructure. This entailed the purchase of computers, servers, and other related accessories and the renovation of its leased premises. In 2019, the Parent Company already completed the construction of its off-site Data Center, which will function as the Business Continuity Center (BCC) in case of failures in the office and production site due to natural or man-made disasters that would render operation on its primary sites not possible. The Group also adopted the new accounting standard, Philippine Financial Reporting Standards (PFRS) 16, *Leases* which requires the recognition of right-of-use assets amounting to ₱56.3 million on the leased office premises, warehouse, data centers and parking units currently in use by the Group.

Other noncurrent assets increased by 1.5% to ₱77.2 million. This is largely attributable to development costs related to the Parent Company's mobile software application and contributions to Clearing and Trade Guarantee Fund or CTGF.

Similar to total assets, total liabilities fell by 10.8% to ₱8.4 billion as of end 2019. The drop was largely due to the 11.6% decline in trade payables, which accounted for 97.4% of total liabilities. As of end 2019, trade payables fell to ₱8.2 billion from ₱9.3 billion as of end 2018 as clients' outstanding cash balances declined.

Other current liabilities decreased by 20.7% to ₱85.0 million primarily due to lower accrued bonuses of COL's employees.

Shareholders' equity increased marginally by 1.8% to ₱1.7 billion due to the booking of ₱458.4 million in net income in 2019, which was largely offset by the payment of ₱404.6 million worth of cash dividends to shareholders.

b. 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 ₱200.0 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.

3. *Material Changes in the Results of Operations*

a. 2019 vs. 2018

COL's consolidated revenues in 2019 fell by 6.1% to ₱1.1 billion. Cost of services dropped by 12.5% to ₱193.3 million while operating expenses increased by 25.4% to ₱262.3 million. Provision for income taxes declined by 19.7% to ₱172.0 million. Given weaker revenues and higher operating expenses, net income fell by 10.6% to ₱458.4 million.

COL's consolidated revenues fell by 6.1% to ₱1.1 billion. Revenues fell as the strong growth in interest income and trail fees was not enough to offset the double-digit decline in commission revenues, trading gains and other income.

Interest income grew strongly as higher interest rates and the tight liquidity condition of banks during the first half of the year resulted to higher bank deposit rates. Recall that high inflation in 2018 prompted the BSP to raise interest rates by a total of 175 basis points during the said year. Meanwhile, banks were suffering from tight liquidity as their loans to deposit ratios were already very high. Given the high interest rate environment, COL's total interest income increased by 25.0% to ₱527.7 million despite COL's lower cash position in 2019.

Meanwhile, trail fees earned from the distribution of mutual funds continued to grow, increasing by another 17.9% to ₱17.4 million. More COL clients invested in mutual funds, reaching 44,682 as of end 2019, up from 36,349 as of end 2018. This was largely responsible for the increase in average AUA by 13.0% year-on-year to ₱3.2 billion.

However, commission revenues were weak, dropping by 23.3% to ₱539.0 million. Commission revenue fell as COL's share in the PSE's value turnover fell to 5.6% in 2019 from 7.5% in 2018. Compared to 2018, market activity shifted to more large cap index names which retail investors do not actively trade.

Cost of services fell by 12.5% to ₱193.3 million largely due to the 33.4% drop in commission expenses to ₱40.4 million. Aside from the overall decline in value turnover, the commission sharing scheme was restructured.

Operating expenses were up by 25.4% to ₱262.3 million. Operating expenses increased largely due to the low base effect created by 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 in 2018. Depreciation and amortization expenses also more than doubled to ₱58.7 million in 2019 from ₱25.8 million in 2018 due to the high capex spent during the past few years and the recognition of depreciation expense from right-of-use assets and interest expense from lease liabilities amounting to ₱26.2 million and ₱2.9 million, respectively, in compliance with PFRS 16.

Personnel costs, professional fees, and bonuses, which account for 48.8% of operating expenses, fell by 5.1% to ₱127.9 million. Although personnel costs and professional fees combined were flat year-on-year at ₱110.9 million, this was offset by the 31.6% drop in bonuses in 2019 to ₱16.9 million.

Advertising and marketing expenses increased by 35.6% to ₱15.7 million. The Parent Company spent more in 2019 because it was COL's 20th anniversary. It also continued to spend on creating and distributing digital content to promote the COL brand and to reach a larger number of prospective customers.

As discussed earlier, depreciation and amortization jumped by 127.3% to ₱58.7 million in 2019 from ₱25.8 million in 2018 due to large capital expenditures for the past few years and the adoption of PFRS 16. Note that COL invested more on its IT infrastructure in line with efforts to continuously improve the service quality it provides to its customers. It also opened a number of Investor Centers in key cities outside Metro Manila during the past few years. From 2017 to 2019, total capital expenditures reached ₱135.1 million.

Due to the aforementioned factors, operating income fell by ₱96.3 million or 13.2% to ₱630.4 million. Net income dropped by a slower pace of 10.6% to ₱458.4 million as provision for income tax fell by 19.7% to ₱172.0 million.

b. 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 ₱2.6 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.

4. Other Matters

- a. COL is 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 Parent 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. COL is 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. COL is 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. COL is not aware of any material commitments for capital expenditures.
- e. COL is not aware of any known trends, events, or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations of the Group.
- f. COL is not aware of any significant elements of income or loss that did not arise from the Group's continuing operations.
- g. COL is 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

The operating environment for stock brokers in the Philippine stock market is expected to remain challenging in 2020. Although local fundamentals continue to improve this year, numerous factors including heightened regulatory concerns and uncertainty on when the coronavirus outbreak will end continue to hurt investor sentiment. Foreign investors remain net sellers while value turnover remains thin.

Meanwhile, COL's HK operations will most likely remain a small contributor to total revenue in 2020 as we focus our resources to our Philippine business.

2. *Medium to Long-Term Prospects*

The medium to long term outlook of the Philippine market remains very attractive. The economy is expected to maintain its above average growth pace, driven by the country's favorable demographics, the significant size of our resilient OFW remittances and the attractive growth prospects of our BPO sector. The passage of the first package of the comprehensive tax reform program will also provide the government with enough funds to boost spending on education, health care and infrastructure, while the expected passage of the Corporate Income Tax and Incentives Rationalization bill (CITIRA) this year should improve the Philippines' competitiveness and help the country finally get an "A" rating from credit ratings agencies. These in turn should help the Philippines attract more foreign investments creating more jobs for Filipinos.

Meanwhile, the penetration rate of retail investors in the stock market remains very low at less than 1%, implying a substantial room for growth. Coupled with the economy's favorable growth outlook, the said factors should bode well for the performance of the Philippine stock market and for COL over the long term.

F. Market Price and Dividends

1. *Market Information*

The total number of outstanding shares of the Parent Company as of April 30, 2020 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 April 30, 2020 at ₱15.50 per share. The high and low sales prices for each quarter for the years 2019 and 2018 are as follows:

	2019		2018	
	High	Low	High	Low
1 st Quarter	19.20	16.00	16.02	15.30
2 nd Quarter	19.20	18.50	16.78	15.80
3 rd Quarter	18.80	18.20	16.64	16.10
4 th Quarter	18.66	18.00	16.24	15.10

The market capitalization of the Parent Company as of end of 2019, based on the closing price of ₱18.42 per share is ₱8,767,920,000.00.

2. *Holders*

As of April 30, 2020, there are thirty-two (32) holders of common shares of COL. The Top Twenty (20) 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	<u>261,992,891</u>	<u>55.0405</u>
2	PCD Nominee Corporation	<u>124,354,204</u>	<u>26.1248</u>
3	Lee, Edward K.	62,250,000	13.0777

	Name	No. of Common Shares Total	Percentage of Total Shares Outstanding held by each
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
20	Hapi Iloilo Corporation	1,000	0.0002
	TOTAL	475,997,095	99.9994

3. Dividends

a. Cash Dividends

Year	Amount / Share	Type	Ex-Date	Record Date	Payment Date
2020	<u>₱0.18</u>	Regular	<u>April 27, 2020</u>	<u>April 30, 2020</u>	<u>May 27, 2020</u>
	<u>₱0.52</u>	Special	<u>April 27, 2020</u>	<u>April 30, 2020</u>	<u>May 27, 2020</u>
2019	₱0.21	Regular	April 11, 2019	April 16, 2019	May 3, 2019
	₱0.64	Special	April 11, 2019	April 16, 2019	May 3, 2019
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

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 April 30, 2020.

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 2019
FOR RATIFICATION OF STOCKHOLDERS

<u>Date</u>	<u>Meeting</u>	<u>Resolution No.</u>	<u>Resolution</u>																								
29 Mar 2019	Special BOD Meeting	1	<p>“RESOLVED, that COL Financial Group, Inc. (the “Corporation”), hereby declares a regular cash dividend of ₱0.21 per share;</p> <p>RESOLVED, FURTHER, that the Corporation hereby declares special cash dividend of ₱0.64 per share;</p> <p>RESOLVED, FINALLY, that only stockholders of record as of April 16, 2019 shall be entitled to the regular and special cash dividends, which dividends shall be payable on May 3, 2019.”</p>																								
29 Mar 2019	Special BOD Meeting	2	<p>“RESOLVED, that COL Financial Group, Inc. (the “Corporation”) hereby approves that the per diem rates for the Board of Directors shall be Twenty-Five Thousand Pesos (P25,000) per meeting attended.”</p>																								
29 Mar 2019	Special BOD Meeting	3	<p>“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</p> <table border="0" style="margin-left: 40px;"> <thead> <tr> <th><u>Name</u></th> <th><u>Position</u></th> </tr> </thead> <tbody> <tr> <td>Edward K. Lee</td> <td>Chairman</td> </tr> <tr> <td>Alexander C. Yu</td> <td>Vice-Chairman</td> </tr> <tr> <td>Conrado F. Bate</td> <td>President & CEO</td> </tr> <tr> <td>Catherine L. Ong</td> <td>SVP - CFO / Treasurer</td> </tr> <tr> <td>Juan G. Barredo</td> <td>VP – Head of Sales & Customer Support</td> </tr> <tr> <td>April Lynn L. Tan</td> <td>VP – Head of Research</td> </tr> </tbody> </table> <p>RESOLVED, FINALLY, that the Corporation hereby appoints the following as its representatives duly authorized to handle or execute the trading transactions of SSS:</p> <table border="0" style="margin-left: 40px;"> <thead> <tr> <th><u>Name</u></th> <th><u>Name</u></th> </tr> </thead> <tbody> <tr> <td>Conrado F. Bate</td> <td>Francis Patrick T. Diaz</td> </tr> <tr> <td>Juan G. Barredo</td> <td>Joseph Samuel H. Tang</td> </tr> <tr> <td>Michael John P. Gatmaytan</td> <td>Maria Ysabel B. Basilla</td> </tr> <tr> <td>George Peter C. Wong</td> <td>Ann Therese C. Sabater</td> </tr> </tbody> </table>	<u>Name</u>	<u>Position</u>	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	<u>Name</u>	<u>Name</u>	Conrado F. Bate	Francis Patrick T. Diaz	Juan G. Barredo	Joseph Samuel H. Tang	Michael John P. Gatmaytan	Maria Ysabel B. Basilla	George Peter C. Wong	Ann Therese C. Sabater
<u>Name</u>	<u>Position</u>																										
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																										
<u>Name</u>	<u>Name</u>																										
Conrado F. Bate	Francis Patrick T. Diaz																										
Juan G. Barredo	Joseph Samuel H. Tang																										
Michael John P. Gatmaytan	Maria Ysabel B. Basilla																										
George Peter C. Wong	Ann Therese C. Sabater																										
29 Mar 2019	Special BOD Meeting	4	<p>“RESOLVED, that COL Financial Group, Inc. (the “Corporation”) is authorized to enter into an agreement with RDT JR Associates, Inc. for the renovation of its office space located at Unit 2403-A & B East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City (the “Office Space”);</p> <p>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;</p> <p>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.”</p>																								
29 Mar 2019	Special BOD Meeting	5	<p>“RESOLVED, that COL Financial Group, Inc. (the “Corporation”) is authorized to enter into an agreement with Fuji Xerox Philippines, Inc. for the maintenance of its DocuCentre S2320 CPS machine;</p> <p>RESOLVED FINALLY, that the Corporation hereby authorizes any one (1) of Conrado F. Bate and/or Catherine L. Ong to sign the agreement and all other</p>																								

<u>Date</u>	<u>Meeting</u>	<u>Resolution No.</u>	<u>Resolution</u>
-------------	----------------	-----------------------	-------------------

documents necessary to take effect to the foregoing.”

29 Mar 2019	Special BOD Meeting	6	“RESOLVED, that COL Financial Group, Inc. (the “Corporation”) hereby appoints and designates any one (1) of Abraham G. Aloro, Patrick John B. Calvo, Sammy G. De Leon, Arjay R. Dela Torre, Randy M. Fermin, Antony F. Garlan, Nelson M. Griño, 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 Home Development Mutual Fund (Pag-IBIG Fund) for and on its behalf.”
-------------	---------------------	---	---

29 Mar 2019	Special BOD Meeting	7	“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:
-------------	---------------------	---	--

<u>Name</u>	<u>Designation</u>
Edward K. Lee	Chairman
Alexander C. Yu	Vice-Chairman
Conrado F. Bate	President & CEO
Catherine L. Ong	SVP - CFO / Treasurer
April Lynn L. Tan	VP – Head of Research
Juan G. Barredo	VP – Head of Sales & Customer Support / Assistant Corporate Secretary
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.”

29 Mar 2019	Special BOD Meeting	8	“RESOLVED, that COL Financial Group, Inc. (the “Corporation”) hereby appoints and designates any one (1) of Abraham G. Aloro, Patrick John B. Calvo, Sammy G. De Leon, Arjay R. Dela Torre, Randy M. Fermin, Anthony F. Garlan, Nelson M. Griño, 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.”
-------------	---------------------	---	--

29 Mar 2019	Special BOD Meeting	9	“RESOLVED, that COL Financial Group, Inc. (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 Corporation, to wit:
-------------	---------------------	---	---

<u>Name</u>	<u>Designation</u>
Edward K. Lee	Chairman
Alexander C. Yu	Vice Chairman
Conrado F. Bate	President & CEO
Catherine L. Ong	SVP/Chief Financial Officer & Treasurer
Juan G. Barredo	VP-Head of Sales & Customer Support
April Lynn L. Tan	VP-Head of Research

RESOLVED FINALLY, that the Corporation hereby appoints the following as its representatives duly authorized to handle or execute the trading transactions of GSIS:

<u>Name</u>	<u>Name</u>
Conrado F. Bate	Francis Patrick T. Diaz
Juan G. Barredo	Joseph Samuel H. Tang
Michael John P. Gatmaytan	Maria Ysabel B. Basilla
George Peter C. Wong	Ann Therese C. Sabater”

<u>Date</u>	<u>Meeting</u>	<u>Resolution No.</u>	<u>Resolution</u>														
29 Mar 2019	Special BOD Meeting	10	<p>“RESOLVED, that the Corporation be authorized to open a securities trading account with Maybank ATR Kim Eng Securities, Inc.</p> <p>RESOLVED, FURTHER, that any two (2) of the following officers be 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 under such terms and conditions that such officer/s may deem appropriate:</p> <table border="0"> <thead> <tr> <th><u>Name</u></th> <th><u>Designation</u></th> </tr> </thead> <tbody> <tr> <td>Edward K. Lee</td> <td>Chairman</td> </tr> <tr> <td>Alexander C. Yu</td> <td>Vice Chairman</td> </tr> <tr> <td>Conrado F. Bate</td> <td>President & CEO</td> </tr> <tr> <td>Catherine L. Ong</td> <td>SVP/Chief Financial Officer & Treasure</td> </tr> <tr> <td>Juan G. Barredo</td> <td>VP-Head of Sales & Customer Support</td> </tr> <tr> <td>April Lynn L. Tan</td> <td>VP-Head of Research</td> </tr> </tbody> </table> <p>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 Maybank ATR Kim Eng Securities, Inc.”</p>	<u>Name</u>	<u>Designation</u>	Edward K. Lee	Chairman	Alexander C. Yu	Vice Chairman	Conrado F. Bate	President & CEO	Catherine L. Ong	SVP/Chief Financial Officer & Treasure	Juan G. Barredo	VP-Head of Sales & Customer Support	April Lynn L. Tan	VP-Head of Research
<u>Name</u>	<u>Designation</u>																
Edward K. Lee	Chairman																
Alexander C. Yu	Vice Chairman																
Conrado F. Bate	President & CEO																
Catherine L. Ong	SVP/Chief Financial Officer & Treasure																
Juan G. Barredo	VP-Head of Sales & Customer Support																
April Lynn L. Tan	VP-Head of Research																
29 Mar 2019	Organizational Meeting	11	Election of officers and committee members														
17 May 2019	Regular Meeting	12	<p>“RESOLVED, that COL Financial Group, Inc. (the “Corporation”) is authorized to enter into an agreement with RDT JR Associates, Inc. for the office improvement and/or renovation of its offices located at 512 & 514 Tower One & Exchange Plaza Ayala Triangle Ayala Avenue Makati City (the “Office Space”);</p> <p>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 improvement of the Office Space;</p> <p>RESOLVED FINALLY, that the Corporation hereby authorizes any one of the following officers to sign all necessary documents in connection with the aforementioned permit applications for the renovation of the Office Space:</p> <table border="0"> <thead> <tr> <th><u>Name</u></th> <th><u>Designation</u></th> </tr> </thead> <tbody> <tr> <td>Conrado F. Bate</td> <td>President and CEO</td> </tr> <tr> <td>Catherine L. Ong</td> <td>SVP/Chief Financial Officer and Treasurer</td> </tr> </tbody> </table>	<u>Name</u>	<u>Designation</u>	Conrado F. Bate	President and CEO	Catherine L. Ong	SVP/Chief Financial Officer and Treasurer								
<u>Name</u>	<u>Designation</u>																
Conrado F. Bate	President and CEO																
Catherine L. Ong	SVP/Chief Financial Officer and Treasurer																
17 May 2019	Regular Meeting	13	<p>“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.</p> <p>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:</p> <table border="0"> <thead> <tr> <th><u>Name</u></th> <th><u>Designation</u></th> </tr> </thead> <tbody> <tr> <td>Conrado F. Bate</td> <td>President and CEO</td> </tr> <tr> <td>Catherine L. Ong</td> <td>SVP/Chief Financial Officer and Treasurer</td> </tr> </tbody> </table> <p>RESOLVED FURTHER, that Mr. Rex Gaytero 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.</p> <p>RESOLVED FINALLY, that all resolutions inconsistent therewith are hereby revoked and superseded.”</p>	<u>Name</u>	<u>Designation</u>	Conrado F. Bate	President and CEO	Catherine L. Ong	SVP/Chief Financial Officer and Treasurer								
<u>Name</u>	<u>Designation</u>																
Conrado F. Bate	President and CEO																
Catherine L. Ong	SVP/Chief Financial Officer and Treasurer																
17 May	Regular	14	“RESOLVED, that COL Financial Group, Inc. (the “Corporation) is authorized to														

<u>Date</u>	<u>Meeting</u>	<u>Resolution No.</u>	<u>Resolution</u>																				
2019	Meeting		<p>transact business with the RCBC Securities, Inc. for its equity investments and, in connection therewith, hereby designates the following officers whose joint signatures shall bind the company, to wit:</p> <table border="0"> <thead> <tr> <th><u>Name</u></th> <th><u>Designation</u></th> </tr> </thead> <tbody> <tr> <td>Edward K. Lee</td> <td>Chairman</td> </tr> <tr> <td>Alexander C. Yu</td> <td>Vice-Chairman</td> </tr> <tr> <td>Conrado F. Bate</td> <td>President & CEO</td> </tr> <tr> <td>Catherine L. Ong</td> <td>SVP - CFO / Treasurer</td> </tr> <tr> <td>Juan G. Barredo</td> <td>VP – Head of Sales & Customer Support</td> </tr> <tr> <td>April Lynn L. Tan</td> <td>VP – Head of Research</td> </tr> </tbody> </table>	<u>Name</u>	<u>Designation</u>	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						
<u>Name</u>	<u>Designation</u>																						
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																						
17 May 2019	Regular Meeting	15	<p>“RESOLVED, that the Corporation has established a Retirement Plan for the benefit of its employees known as the Employees’ Retirement Plan of COL Financial Group, Inc., which took effect on 1 January 2017 (originally the Employees’ Retirement Plan of CitisecOnline.Com.Inc. effective on 1 January 2006), and has created a Retirement Fund for this purpose;</p> <p>RESOLVED, FURTHER, that the Corporation is hereby authorized to appoint BDO Unibank Inc. –Trust and Investments Group (“BDO-Trust”) with office address at 17th Floor, South Tower, BDO Corporate Center, 7899 Makati Avenue, Makati City, Philippines, as Trustee of the Retirement Fund established in accordance with the Retirement Plan, and for this purpose to open an account with BDO Trust (“Account”);</p> <p>RESOLVED, FURTHER, that any two (2) of the following members of the Retirement Committee, signing jointly, shall be authorized to sign, execute and deliver any and all documents and to do any and all acts necessary to implement the foregoing resolutions, as well as to give instructions and approvals regarding the Account:</p> <table border="0"> <thead> <tr> <th><u>Name</u></th> <th><u>Designation</u></th> </tr> </thead> <tbody> <tr> <td>Conrado F. Bate</td> <td>President and CEO</td> </tr> <tr> <td>Catherine L. Ong</td> <td>SVP/Chief Financial Officer and Treasurer</td> </tr> <tr> <td>Juan G. Barredo</td> <td>VP-Head of Sales & Customer Support</td> </tr> </tbody> </table> <p>RESOLVED FINALLY, that any previous resolutions that are otherwise inconsistent with the foregoing are hereby superseded.”</p>	<u>Name</u>	<u>Designation</u>	Conrado F. Bate	President and CEO	Catherine L. Ong	SVP/Chief Financial Officer and Treasurer	Juan G. Barredo	VP-Head of Sales & Customer Support												
<u>Name</u>	<u>Designation</u>																						
Conrado F. Bate	President and CEO																						
Catherine L. Ong	SVP/Chief Financial Officer and Treasurer																						
Juan G. Barredo	VP-Head of Sales & Customer Support																						
17 May 2019	Regular Meeting	16	<p>“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:</p> <table border="0"> <thead> <tr> <th><u>Name</u></th> <th><u>Designation</u></th> </tr> </thead> <tbody> <tr> <td>Edward K. Lee</td> <td>Chairman</td> </tr> <tr> <td>Alexander C. Yu</td> <td>Vice Chairman</td> </tr> <tr> <td>Conrado F. Bate</td> <td>President and CEO</td> </tr> <tr> <td>Catherine L. Ong</td> <td>SVP/Chief Financial Officer and Treasurer</td> </tr> <tr> <td>Juan G. Barredo</td> <td>VP-Head of Sales & Customer Support</td> </tr> <tr> <td>April Lynn L. Tan</td> <td>VP-Head of Research</td> </tr> </tbody> </table> <p>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:</p> <table border="0"> <tbody> <tr> <td>Michael John P. Gatmaytan</td> <td>Joseph Samuel H. Tang</td> </tr> <tr> <td>George Peter C. Wong</td> <td>Maria Ysabel B. Basilla</td> </tr> <tr> <td>Francis Patrick T. Diaz</td> <td>Ann Therese C. Sabater”</td> </tr> </tbody> </table>	<u>Name</u>	<u>Designation</u>	Edward K. Lee	Chairman	Alexander C. Yu	Vice Chairman	Conrado F. Bate	President and CEO	Catherine L. Ong	SVP/Chief Financial Officer and Treasurer	Juan G. Barredo	VP-Head of Sales & Customer Support	April Lynn L. Tan	VP-Head of Research	Michael John P. Gatmaytan	Joseph Samuel H. Tang	George Peter C. Wong	Maria Ysabel B. Basilla	Francis Patrick T. Diaz	Ann Therese C. Sabater”
<u>Name</u>	<u>Designation</u>																						
Edward K. Lee	Chairman																						
Alexander C. Yu	Vice Chairman																						
Conrado F. Bate	President and CEO																						
Catherine L. Ong	SVP/Chief Financial Officer and Treasurer																						
Juan G. Barredo	VP-Head of Sales & Customer Support																						
April Lynn L. Tan	VP-Head of Research																						
Michael John P. Gatmaytan	Joseph Samuel H. Tang																						
George Peter C. Wong	Maria Ysabel B. Basilla																						
Francis Patrick T. Diaz	Ann Therese C. Sabater”																						
17 May 2019	Regular Meeting	17	The Board approved the 2019 First Quarter Consolidated Financial Statements of the Company.																				
22 May	Special	18	“RESOLVED, that the Board of Directors of COL Financial Group, Inc. (the																				

<u>Date</u>	<u>Meeting</u>	<u>Resolution No.</u>	<u>Resolution</u>																												
2019	Meeting		“Corporation”) hereby approves the Money Laundering and Terrorist Financing Prevention Program of the Corporation.”																												
22 May 2019	Special Meeting	19	<p>“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”);</p> <p>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;</p> <p>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:</p> <table border="0"> <thead> <tr> <th>Name</th> <th>Position</th> </tr> </thead> <tbody> <tr> <td>Edward K. Lee</td> <td>Chairman</td> </tr> <tr> <td>Alexander C. Yu</td> <td>Vice-Chairman</td> </tr> <tr> <td>Conrado F. Bate</td> <td>President & CEO</td> </tr> <tr> <td>Catherine L. Ong</td> <td>SVP - CFO / Treasurer</td> </tr> <tr> <td>April Lynn L. Tan</td> <td>VP – Head of Research</td> </tr> <tr> <td>Juan G. Barredo</td> <td>VP – Head of Sales & Customer Support</td> </tr> <tr> <td>Melissa O. Ng</td> <td>AVP – Head of Operations”</td> </tr> </tbody> </table>	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	VP – Head of Research	Juan G. Barredo	VP – Head of Sales & Customer Support	Melissa O. Ng	AVP – Head of Operations”												
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	VP – Head of Research																														
Juan G. Barredo	VP – Head of Sales & Customer Support																														
Melissa O. Ng	AVP – Head of Operations”																														
22 May 2019	Special Meeting	20	<p>“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;</p> <p>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;</p> <p>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;</p> <p>RESOLVED, FINALLY, that for purposes of this resolution, the following have been constituted as the Company’s signatories;</p> <p>Class “A”:</p> <table border="0"> <thead> <tr> <th>Name</th> <th>Position</th> </tr> </thead> <tbody> <tr> <td>Edward K. Lee</td> <td>Chairman</td> </tr> <tr> <td>Alexander C. Yu</td> <td>Vice-Chairman</td> </tr> <tr> <td>Conrado F. Bate</td> <td>President & CEO</td> </tr> <tr> <td>Catherine L. Ong</td> <td>SVP - CFO / Treasurer</td> </tr> <tr> <td>April Lynn L. Tan</td> <td>VP – Head of Research</td> </tr> <tr> <td>Juan G. Barredo</td> <td>VP – Head of Sales & Customer Support</td> </tr> <tr> <td>Melissa O. Ng</td> <td>AVP – Head of Operations</td> </tr> </tbody> </table> <p>Class “B”:</p> <table border="0"> <thead> <tr> <th>Name</th> <th>Position</th> </tr> </thead> <tbody> <tr> <td>Joyce G. Chan</td> <td>AVP – Customer Support</td> </tr> <tr> <td>Jacqueline Anne T. Basbas</td> <td>Customer Relations Manager</td> </tr> <tr> <td>Rowena Marie A. Lubaton</td> <td>Investor Center Manager</td> </tr> <tr> <td>Jhoanna Marie J. Quiton</td> <td>New Accounts Officer</td> </tr> <tr> <td>Abigail P. Olaño</td> <td>New Accounts Officer</td> </tr> </tbody> </table>	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	VP – Head of Research	Juan G. Barredo	VP – Head of Sales & Customer Support	Melissa O. Ng	AVP – Head of Operations	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
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	VP – Head of Research																														
Juan G. Barredo	VP – Head of Sales & Customer Support																														
Melissa O. Ng	AVP – Head of Operations																														
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																														

<u>Date</u>	<u>Meeting</u>	<u>Resolution No.</u>	<u>Resolution</u>
			Ma. Concepcion B. De Castro Kharizza Mae P. Andres Jovielyn S. Marcos Keziah Erika V. Barrameda Janina Marie L. Sto. Domingo Mary Josephine T. Go Cherry Mae D. Madriaga Michelle Anne O. Cantimbuhan Arlen E. Arcellana Glory T. Sutingco
22 May 2019	Special Meeting	21	Investor Center Officer New Accounts Officer New Accounts Supervisor New Accounts Officer New Accounts Officer New Accounts Officer New Accounts Officer Operations Officer Operations Asst. Supervisor Operations Associate”
			“RESOLVED, that COL Financial Group, Inc. (the “Corporation”) be empowered and authorized to open an account with ALFM Mutual Funds (“ALFM”) for the purpose of investing in various mutual funds under the management and principal distribution of BPI Investment Management, Inc. (BIMI);

RESOLVED, that the signatories of the Corporation shall be as follows:

Class	Name	Position
A	Edward K. Lee	Chairman
A	Alexander C. Yu	Vice-Chairman
A	Conrado F. Bate	President and CEO
A	Catherine L. Ong	SVP - Chief Financial Officer
A	Juan G. Barredo	VP-Head of Sales & Customer Support
A	April Lynn L. Tan	VP-Head of Research
B	Melissa O. Ng	AVP-Head of Operations

RESOLVED FURTHER, that any two (2) of the Class A signatories shall be empowered to execute and sign all account opening forms and any other agreements on behalf of the Corporation;

RESOLVED FURTHERMORE, that any one (1) of the Class A or Class B signatories are empowered to operate said account and to execute all documentation for trading and settlement in the account;

RESOLVED FINALLY, that the authorization herein to the above named persons shall remain valid and binding on the Corporation until and unless cancelled or amended by written communication to ALFM and/or BIMI, supported by a certified true copy or a notarized secretary’s certificate attesting to the passing of a board resolution on such cancellation or amendment.”

22 May 2019	Special Meeting	22	“RESOLVED, that COL Financial Group, Inc. (the “Corporation”) be empowered and authorized to open an account with First Metro Asset Management, Inc. (“FAMI”) for the purpose of investing in various mutual funds under the management and principal distribution of FAMI;
-------------	-----------------	----	---

RESOLVED, that the signatories of the Corporation shall be as follows:

Class	Name	Position
A	Edward K. Lee	Chairman
A	Alexander C. Yu	Vice-Chairman
A	Conrado F. Bate	President and CEO
A	Catherine L. Ong	SVP - Chief Financial Officer
A	Juan G. Barredo	VP-Head of Sales & Customer S
A	April Lynn L. Tan	VP-Head of Research
B	Melissa O. Ng	AVP-Head of Operations

RESOLVED FURTHER, that any two (2) of the Class A signatories shall be empowered to execute and sign all account opening forms and any other agreements on behalf of the Corporation;

<u>Date</u>	<u>Meeting</u>	<u>Resolution No.</u>	<u>Resolution</u>
22 May 2019	Special Meeting	23	<p>RESOLVED FURTHERMORE, that any one (1) of the Class A or Class B signatories are empowered to operate said account and to execute all documentation for trading and settlement in the account;</p> <p>RESOLVED FINALLY, that the authorization herein to the above named persons shall remain valid and binding on the Corporation until and unless cancelled or amended by written communication to FAMI, supported by a certified true copy or a notarized secretary’s certificate attesting to the passing of a board resolution on such cancellation or amendment.”</p> <p>“RESOLVED, that COL Financial Group, Inc. (the “Corporation”) be empowered and authorized to open an account with Philam Asset Management, Inc. (“PAMI”) for the purpose of investing in various mutual funds under the management and principal distribution of PAMI;</p>

RESOLVED, that the signatories of the Corporation shall be as follows:

Class	Name	Position
A	Edward K. Lee	Chairman
A	Alexander C. Yu	Vice-Chairman
A	Conrado F. Bate	President and CEO
A	Catherine L. Ong	SVP - Chief Financial Officer
A	Juan G. Barredo	VP-Head of Sales & Customer S
A	April Lynn L. Tan	VP-Head of Research
B	Melissa O. Ng	AVP-Head of Operations

RESOLVED FURTHER, that any two (2) of the Class A signatories shall be empowered to execute and sign all account opening forms and any other agreements on behalf of the Corporation;

RESOLVED FURTHERMORE, that any one (1) of the Class A or Class B signatories are empowered to operate said account and to execute all documentation for trading and settlement in the account;

RESOLVED FINALLY, that the authorization herein to the above named persons shall remain valid and binding on the Corporation until and unless cancelled or amended by written communication to PAMI, supported by a certified true copy or a notarized secretary’s certificate attesting to the passing of a board resolution on such cancellation or amendment.”

22 May 2019	Special Meeting	24	<p>“RESOLVED, that COL Financial Group, Inc. (the “Corporation”) be empowered and authorized to open an account with Philequity Management, Inc. (“PEMI”) for the purpose of investing in various mutual funds under the management and principal distribution of PEMI;</p>
-------------	-----------------	----	---

RESOLVED, that the signatories of the Corporation shall be as follows:

Class	Name	Position
A	Edward K. Lee	Chairman
A	Alexander C. Yu	Vice-Chairman
A	Conrado F. Bate	President and CEO
A	Catherine L. Ong	SVP - Chief Financial Officer
A	Juan G. Barredo	VP-Head of Sales & Customer S
A	April Lynn L. Tan	VP-Head of Research
B	Melissa O. Ng	AVP-Head of Operations

RESOLVED FURTHER, that any two (2) of the Class A signatories shall be empowered to execute and sign all account opening forms and any other agreements on behalf of the Corporation;

RESOLVED FURTHERMORE, that any one (1) of the Class A or Class B signatories are empowered to operate said account and to execute all documentation for trading and settlement in the account;

<u>Date</u>	<u>Meeting</u>	<u>Resolution No.</u>	<u>Resolution</u>																								
			RESOLVED FINALLY, that the authorization herein to the above named persons shall remain valid and binding on the Corporation until and unless cancelled or amended by written communication to PEMI, supported by a certified true copy or a notarized secretary's certificate attesting to the passing of a board resolution on such cancellation or amendment."																								
22 May 2019	Special Meeting	25	<p>"RESOLVED, that COL Financial Group, Inc. (the "Corporation") be empowered and authorized to open an account with ATR KimEng Asset Management, Inc. ("ATR AM") for the purpose of investing in various mutual funds under the management and principal distribution of ATR AM;</p> <p>RESOLVED, that the signatories of the Corporation shall be as follows:</p> <table border="1"> <thead> <tr> <th>Class</th> <th>Name</th> <th>Position</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>Edward K. Lee</td> <td>Chairman</td> </tr> <tr> <td>A</td> <td>Alexander C. Yu</td> <td>Vice-Chairman</td> </tr> <tr> <td>A</td> <td>Conrado F. Bate</td> <td>President and CEO</td> </tr> <tr> <td>A</td> <td>Catherine L. Ong</td> <td>SVP - Chief Financial Officer</td> </tr> <tr> <td>A</td> <td>Juan G. Barredo</td> <td>VP-Head of Sales & Customer S</td> </tr> <tr> <td>A</td> <td>April Lynn L. Tan</td> <td>VP-Head of Research</td> </tr> <tr> <td>B</td> <td>Melissa O. Ng</td> <td>AVP-Head of Operations</td> </tr> </tbody> </table> <p>RESOLVED FURTHER, that any two (2) of the Class A signatories shall be empowered to execute and sign all account opening forms and any other agreements on behalf of the Corporation;</p> <p>RESOLVED FURTHERMORE, that any one (1) of the Class A or Class B signatories are empowered to operate said account and to execute all documentation for trading and settlement in the account;</p> <p>RESOLVED FINALLY, that the authorization herein to the above named persons shall remain valid and binding on the Corporation until and unless cancelled or amended by written communication to ATR AM, supported by a certified true copy or a notarized secretary's certificate attesting to the passing of a board resolution on such cancellation or amendment."</p>	Class	Name	Position	A	Edward K. Lee	Chairman	A	Alexander C. Yu	Vice-Chairman	A	Conrado F. Bate	President and CEO	A	Catherine L. Ong	SVP - Chief Financial Officer	A	Juan G. Barredo	VP-Head of Sales & Customer S	A	April Lynn L. Tan	VP-Head of Research	B	Melissa O. Ng	AVP-Head of Operations
Class	Name	Position																									
A	Edward K. Lee	Chairman																									
A	Alexander C. Yu	Vice-Chairman																									
A	Conrado F. Bate	President and CEO																									
A	Catherine L. Ong	SVP - Chief Financial Officer																									
A	Juan G. Barredo	VP-Head of Sales & Customer S																									
A	April Lynn L. Tan	VP-Head of Research																									
B	Melissa O. Ng	AVP-Head of Operations																									
22 May 2019	Special Meeting	26	<p>"RESOLVED, that COL Financial Group, Inc. (the "Corporation") is hereby authorized to issue proxies to vote the shares held by the Corporation in mutual fund companies duly registered with the Securities and Exchange Commission (the "Funds") during the Funds' annual stockholders' meetings for the year 2019, including all and any adjournments or postponements thereof.</p> <p>RESOLVED FINALLY, that Ms. Catherine L. Ong is hereby authorized to sign, execute, and deliver all nominations and proxies in relation to the said stockholders' meetings of the Funds."</p>																								
22 May 2019	Special Meeting	27	<p>"RESOLVED, that COL Financial Group, Inc. (the "Corporation") is hereby authorized to enter into a Lease Renewal Agreement with Secaucus Development Corporation for the lease of Units 2401B, 2402A, 2402B, 2402C, 2402D, 2403A and 2403B, including nine (9) parking slots located at Basement 4 (P-4100, P-4102, P-4104 & P-4116) and Podium 2 (P-656, P-657, P-658, P-659 & P-660), and one (1) storage space (Unit E-2406), all located at East Tower, Philippine Stock Exchange Centre Condominium, Exchange Road, Ortigas Center, Pasig City;</p> <p>RESOLVED FURTHER, that the Corporation hereby authorizes any one (1) of Mr. Conrado F. Bate and/or Ms. Catherine L. Ong to sign and execute, for and on behalf of the Corporation, the Lease Renewal Agreement and such other documents or instruments which may be required or necessary to carry out the foregoing resolution."</p>																								
22 May 2019	Special Meeting	28	"RESOLVED, that COL Financial Group, Inc. (the "Corporation") be empowered and authorized to open an account with Sun Life Asset Management																								

<u>Date</u>	<u>Meeting</u>	<u>Resolution No.</u>	<u>Resolution</u>
-------------	----------------	-----------------------	-------------------

Company, Inc. (“SLAMCI”) for the purpose of investing in various mutual funds under the management and principal distribution of SLAMCI;

RESOLVED, that the signatories of the Corporation shall be as follows:

Class	Name	Position
A	Edward K. Lee	Chairman
A	Alexander C. Yu	Vice-Chairman
A	Conrado F. Bate	President and CEO
A	Catherine L. Ong	SVP - Chief Financial Officer
A	Juan G. Barredo	VP-Head of Sales & Customer S
A	April Lynn L. Tan	VP-Head of Research
B	Melissa O. Ng	AVP-Head of Operations

RESOLVED FURTHER, that any two (2) of the Class A signatories shall be empowered to execute and sign all account opening forms and any other agreements on behalf of the Corporation;

RESOLVED FURTHERMORE, that any one (1) of the Class A or Class B signatories are empowered to operate said account and to execute all documentation for trading and settlement in the account;

RESOLVED FINALLY, that the authorization herein to the above named persons shall remain valid and binding on the Corporation until and unless cancelled or amended by written communication to SLAMCI, supported by a certified true copy or a notarized secretary’s certificate attesting to the passing of a board resolution on such cancellation or amendment.”

22 May 2019	Special Meeting	29	“RESOLVED, that COL Financial Group, Inc. (the “Corporation”) is authorized to transact business with Philippine National Bank and in connection therewith, hereby designates any two (2) of the following officers to 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
Juan G. Barredo	VP – Head of Sales & Customer S
April Lynn L. Tan	VP – Head of Research

16 Aug 2019	Regular BOD Meeting	30	“RESOLVED, that COL Financial Group, Inc. (the “Corporation”) is authorized to open a securities trading account with Sunsecurities, Inc.;
-------------	---------------------	----	--

RESOLVED, FURTHER, that any two (2) of the following officers are authorized as they are hereby authorized to sign and execute, for and on behalf of the Corporation, the customer agreement form, information update 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 Finance Officer & Tre
Juan G. Barredo	VP – Head of Sales & Customer S
April Lynn L. Tan	VP – Head of Research

RESOLVED, FINALLY, that any one (1) of the above-named officers are authorized and are hereby designated by the Corporation to trade the said securities trading account with Sunsecurities, Inc.”

16 Aug	Regular BOD	31	“RESOLVED, that COL Financial Group, Inc. (the “Corporation”) is hereby
--------	-------------	----	---

<u>Date</u>	<u>Meeting</u>	<u>Resolution No.</u>	<u>Resolution</u>																
2019	Meeting		<p>authorized to transact business with Insular Life Assurance Co. Ltd (“Insular Life”) for its equity investments, and in connection therewith, hereby designates the following officers whose any two (2) signatures shall bind the company:</p> <table border="0"> <thead> <tr> <th><u>Name</u></th> <th><u>Position</u></th> </tr> </thead> <tbody> <tr> <td>Edward K. Lee</td> <td>Chairman</td> </tr> <tr> <td>Alexander C. Yu</td> <td>Vice-Chairman</td> </tr> <tr> <td>Conrado F. Bate</td> <td>President & CEO</td> </tr> <tr> <td>Catherine L. Ong</td> <td>SVP/ Chief Finance Officer & Tre</td> </tr> <tr> <td>Juan G. Barredo</td> <td>VP – Head of Sales & Customer S</td> </tr> <tr> <td>April Lynn L. Tan</td> <td>VP – Head of Research</td> </tr> </tbody> </table> <p>RESOLVED, FURTHER, that the Corporation hereby appoints the following as its representatives duly authorized to handle or execute the trading transactions of Insular Life:</p> <p>Joseph Samuel H. Tang Maria Ysabel B. Basilla Ann Therese C. Sabater Stephanie Anne Dela Cruz</p> <p>RESOLVED FINALLY, that all previous resolutions of the Corporation that are otherwise inconsistent with the foregoing are hereby revoked and superseded.”</p>	<u>Name</u>	<u>Position</u>	Edward K. Lee	Chairman	Alexander C. Yu	Vice-Chairman	Conrado F. Bate	President & CEO	Catherine L. Ong	SVP/ Chief Finance Officer & Tre	Juan G. Barredo	VP – Head of Sales & Customer S	April Lynn L. Tan	VP – Head of Research		
<u>Name</u>	<u>Position</u>																		
Edward K. Lee	Chairman																		
Alexander C. Yu	Vice-Chairman																		
Conrado F. Bate	President & CEO																		
Catherine L. Ong	SVP/ Chief Finance Officer & Tre																		
Juan G. Barredo	VP – Head of Sales & Customer S																		
April Lynn L. Tan	VP – Head of Research																		
16 Aug 2019	Regular BOD Meeting	32	<p>“RESOLVED, that COL Financial Group, Inc. (the “Corporation”) hereby authorizes Conrado F. Bate to represent the Corporation in the annual general membership meeting and the election of the Board of Directors of the Philippine Stock Exchange at One Bonifacio High Street Condominium Corporation (“PSE at OBHS”), with full power and authority to vote and/or appoint a proxy for the shares owned by the Corporation in PSE at OBHS;</p> <p>RESOLVED FURTHER, that Conrado F. Bate is authorized, as he is hereby authorized, to sign, execute, and deliver for and on behalf of the Corporation, the proxy form and any other document or instrument necessary to implement the foregoing resolution.”</p>																
16 Aug 2019	Regular BOD Meeting	33	<p>“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, initial / secondary / follow-on public offerings of all types of shares of Philippine Stock Exchange listed companies (collectively, “Offering”);</p> <p>RESOLVED, FURTHER, that the execution, signature, and delivery of the necessary application forms, documents, contracts, agreements, and forms for such Offering shall be authorized when signed by any one (1) of the signatories below;</p> <p>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:</p> <table border="0"> <thead> <tr> <th><u>Name</u></th> <th><u>Position</u></th> </tr> </thead> <tbody> <tr> <td>Edward K. Lee</td> <td>Chairman</td> </tr> <tr> <td>Alexander C. Yu</td> <td>Vice-Chairman</td> </tr> <tr> <td>Conrado F. Bate</td> <td>President and CEO</td> </tr> <tr> <td>Catherine L. Ong</td> <td>SVP – CFO/ Treasurer</td> </tr> <tr> <td>April Lynn L. Tan</td> <td>VP-Head of Research</td> </tr> <tr> <td>Juan G. Barredo</td> <td>VP-Head of Sales & Customer Support</td> </tr> <tr> <td>Melissa O. Ng</td> <td>AVP-Head of Operations”</td> </tr> </tbody> </table>	<u>Name</u>	<u>Position</u>	Edward K. Lee	Chairman	Alexander C. Yu	Vice-Chairman	Conrado F. Bate	President and CEO	Catherine L. Ong	SVP – CFO/ Treasurer	April Lynn L. Tan	VP-Head of Research	Juan G. Barredo	VP-Head of Sales & Customer Support	Melissa O. Ng	AVP-Head of Operations”
<u>Name</u>	<u>Position</u>																		
Edward K. Lee	Chairman																		
Alexander C. Yu	Vice-Chairman																		
Conrado F. Bate	President and CEO																		
Catherine L. Ong	SVP – CFO/ Treasurer																		
April Lynn L. Tan	VP-Head of Research																		
Juan G. Barredo	VP-Head of Sales & Customer Support																		
Melissa O. Ng	AVP-Head of Operations”																		
16 Aug 2019	Regular BOD Meeting	34	<p>“WHEREAS, COL Financial Group, Inc. (the “Company”) entered into a Contract of Lease with I-Grand Merchants, Inc. for the lease of Unit 2703-A East Tower PSE Centre, Exchange Road, Ortigas Center, Pasig City consisting of two</p>																

<u>Date</u>	<u>Meeting</u>	<u>Resolution No.</u>	<u>Resolution</u>														
			<p>hundred eleven (211) square meters (“Leased Premises”);</p> <p>RESOLVED, that the Company is hereby authorized to obtain all necessary local government permits for the renovation, occupancy, and use of the Leased Premises; and</p> <p>RESOLVED FINALLY, that the Company hereby authorizes COL Investment Management Inc., COL Cash Management Unitized Mutual Fund Inc., and COL Equity Index Unitized Mutual Fund Inc. to occupy one hundred-twelve (112) square meters of the Leased Premises and hold office therein.”</p>														
16 Aug 2019	Regular BOD Meeting	35	<p>“RESOLVED, that COL Financial Group, Inc. (the “Corporation”) is authorized to open and maintain Peso, Savings, Current and/or Time Deposit Account(s) with Union Bank of the Philippines (the “Bank”) and to make placements and/or investments therein and, in connection therewith, to authorize any two (2) of the following officers of the Corporation:</p> <table border="0"> <thead> <tr> <th><u>Name</u></th> <th><u>Title/ Designation</u></th> </tr> </thead> <tbody> <tr> <td>Edward K. Lee</td> <td>Chairman</td> </tr> <tr> <td>Alexander C. Yu</td> <td>Vice-Chairman</td> </tr> <tr> <td>Conrado F. Bate</td> <td>President & CEO</td> </tr> <tr> <td>Catherine L. Ong</td> <td>SVP/ CFO and Treasurer</td> </tr> <tr> <td>Juan G. Barredo</td> <td>Vice President</td> </tr> <tr> <td>April Lynn L. Tan</td> <td>Vice President</td> </tr> </tbody> </table> <p>to sign, execute and deliver any and all documents relative thereto, to sign for and in behalf of the Corporation any and all the checks, drafts, bills of exchange, withdrawal slips, orders of payment and similar instruments drawn against said Account(s); to endorse checks, drafts, notes and other instruments for negotiation or payment or for deposit and collection of withdrawal from said Account(s).</p> <p>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.”</p>	<u>Name</u>	<u>Title/ Designation</u>	Edward K. Lee	Chairman	Alexander C. Yu	Vice-Chairman	Conrado F. Bate	President & CEO	Catherine L. Ong	SVP/ CFO and Treasurer	Juan G. Barredo	Vice President	April Lynn L. Tan	Vice President
<u>Name</u>	<u>Title/ Designation</u>																
Edward K. Lee	Chairman																
Alexander C. Yu	Vice-Chairman																
Conrado F. Bate	President & CEO																
Catherine L. Ong	SVP/ CFO and Treasurer																
Juan G. Barredo	Vice President																
April Lynn L. Tan	Vice President																
16 Aug 2019	Regular BOD Meeting	36	<p>“RESOLVED, that COL Financial Group, Inc. (the “Corporation”) is authorized to borrow, apply for, negotiate and/or secure a loan and/or other credit accommodations and facilities from Union Bank of the Philippines (the “Bank”) in the principal aggregate amount of Seven Hundred Million Pesos (Php700,000,000.00), as well as temporary excesses or permanent increases thereon as may be approved by the Bank from time to time, to obtain additional loans or credit facilities and accommodations for such amounts as determined by the authorized signatories herein and approved by the Bank, discount and/or negotiate drafts, commercial papers, receivables of the Corporation of whatever nature, purchase, exchange, sell or otherwise indorse by the Corporation as second endorser thereof which the Corporation agrees to be bound to the Bank in case of their dishonour upon presentment of stocks, bonds or other securities, bind the Corporation as guarantor or surety to the obligations of third persons, affiliates or subsidiaries of the Corporation, for such amount/s as the authorized officers mentioned herein may deem to be in the best interest of and in furtherance of the business of the Corporation, as well as to mortgage, pledge, assign or otherwise encumber any or all assets or properties of the Corporation, real or personal, inclusive of but not limited to the following:</p> <p><u>Description of Collateral/Security</u></p> <ol style="list-style-type: none"> For the Loan Line : Continuing Surety Agreement of Edward K. Lee For the DBPL : Clean <p>as security for said loans or credit accommodations and facilities, which may be required by the Bank and under such terms and conditions as may be agreed upon with the Bank; and for this purpose to authorize any two (2) of the following officers of the Corporation:</p>														

<u>Date</u>	<u>Meeting</u>	<u>Resolution No.</u>	<u>Resolution</u>														
			<table border="0"> <thead> <tr> <th><u>Name</u></th> <th><u>Title/ Designation</u></th> </tr> </thead> <tbody> <tr> <td>Edward K. Lee</td> <td>Chairman</td> </tr> <tr> <td>Alexander C. Yu</td> <td>Vice-Chairman</td> </tr> <tr> <td>Conrado F. Bate</td> <td>President & CEO</td> </tr> <tr> <td>Catherine L. Ong</td> <td>SVP/ CFO and Treasurer</td> </tr> <tr> <td>Juan G. Barredo</td> <td>Vice President</td> </tr> <tr> <td>April Lynn L. Tan</td> <td>Vice President</td> </tr> </tbody> </table>	<u>Name</u>	<u>Title/ Designation</u>	Edward K. Lee	Chairman	Alexander C. Yu	Vice-Chairman	Conrado F. Bate	President & CEO	Catherine L. Ong	SVP/ CFO and Treasurer	Juan G. Barredo	Vice President	April Lynn L. Tan	Vice President
<u>Name</u>	<u>Title/ Designation</u>																
Edward K. Lee	Chairman																
Alexander C. Yu	Vice-Chairman																
Conrado F. Bate	President & CEO																
Catherine L. Ong	SVP/ CFO and Treasurer																
Juan G. Barredo	Vice President																
April Lynn L. Tan	Vice President																
			<p>to negotiate and agree to such terms and conditions of said loan(s) or credit accommodation(s) as may be required by the Bank, and to effect renewals or amendments thereof or supplements thereto, whether such renewals, amendments or supplements are in the nature of new or separate transactions and to sign, execute and deliver, for and in behalf of the Corporation, all documents, papers and deeds which may be required by the Bank in connection with said loans or credit accommodations such as but not limited to credit line/loan agreements, promissory notes, checks, drafts, bills of exchange, letter of credit agreements, standby LC agreements, trust receipts, real estate mortgage, chattel mortgage, pledge, deeds of assignments, Bills purchase Line Agreements, undertakings, guaranty agreements, surety agreements and other security arrangements and to enter into any settlement with the Bank in all matters affecting the transactions made in accordance with the authorities granted herein;</p> <p>RESOLVED, that the Corporation hereby agrees and undertakes to reimburse the Bank for any and all amounts of money that may have been credited by the Bank to the Corporation accounts, in the event that any of the checks purchased by the Bank under this resolution were dishonored by the drawee banks thereof.</p> <p>RESOLVED FINALLY, that the foregoing authorities shall remain in full force and effect and binding on the Corporation until a resolution is received by the Bank revoking, amending or otherwise modifying the same.”</p>														
16 Aug 2019	Regular BOD Meeting	37	<p>“RESOLVED, that COL Financial Group, Inc. (the “Corporation”) is authorized to open a securities trading account with any of the Trading Participants of the Philippine Stock Exchange, Inc. (“PSE”);</p> <p>RESOLVED, FURTHER, that any two (2) of the following officers be authorized as they are hereby authorized to sign and execute, for and on behalf of the Corporation, the customer account information form, customer agreement form, and such other documents or instruments which may be required in connection therewith, or for implementation of the above-stated resolution under such terms and conditions that such officer/s may deem appropriate;</p> <table border="0"> <thead> <tr> <th>Name</th> <th>Position</th> </tr> </thead> <tbody> <tr> <td>Edward K. Lee</td> <td>Chairman</td> </tr> <tr> <td>Alexander C. Yu</td> <td>Vice-Chairman</td> </tr> <tr> <td>Conrado F. Bate</td> <td>President and CEO</td> </tr> <tr> <td>Catherine L. Ong</td> <td>SVP – CFO/ Treasurer</td> </tr> <tr> <td>Juan G. Barredo</td> <td>VP-Head of Sales & Customer Support</td> </tr> <tr> <td>April Lynn L. Tan</td> <td>VP-Head of Research</td> </tr> </tbody> </table> <p>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.”</p>	Name	Position	Edward K. Lee	Chairman	Alexander C. Yu	Vice-Chairman	Conrado F. Bate	President and CEO	Catherine L. Ong	SVP – CFO/ Treasurer	Juan G. Barredo	VP-Head of Sales & Customer Support	April Lynn L. Tan	VP-Head of Research
Name	Position																
Edward K. Lee	Chairman																
Alexander C. Yu	Vice-Chairman																
Conrado F. Bate	President and CEO																
Catherine L. Ong	SVP – CFO/ Treasurer																
Juan G. Barredo	VP-Head of Sales & Customer Support																
April Lynn L. Tan	VP-Head of Research																
16 Aug 2019	Regular BOD Meeting	38	<p>“RESOLVED, that the Board of Directors of COL Financial Group, Inc. (the “Corporation”) hereby approves the Data Privacy Manual of the Corporation.”</p>														
16 Aug 2019	Regular BOD Meeting	39	<p>“RESOLVED, that the Board of Directors of COL Financial Group, Inc. (the “Corporation”) hereby approves the Related Party Transactions Policy of the Corporation pursuant to SEC Memorandum Circular No. 10 series of 2019.”</p>														
16 Aug 2019	Regular BOD Meeting	40	<p>The Board approved the 2019 Second Quarter Consolidated Financial Statements of the Company.</p>														

<u>Date</u>	<u>Meeting</u>	<u>Resolution No.</u>	<u>Resolution</u>
13 Nov 2019	Special BOD Meeting	41	<p>“RESOLVED, that COL Financial Group, Inc. (the “Corporation”) hereby appoints and designates Ms. Catherine L. Ong (“Ms. Ong”) as the authorized representative and/or contact person of the Corporation before the Bureau of Internal Revenue (“BIR”);</p> <p>RESOLVED FURTHER, that Ms. Ong is authorized, on behalf of the Corporation, to apply for tax and drawback credit/refund, to follow-up the status of the application for Tax Credit Certificate (“TCC”) utilization, and to receive the issued Tax Debit Memo (“TDM”) and other documents related thereto;</p> <p>RESOLVED FURTHER, that Ms. Ong is hereby authorized to sign all documents related to the above, including the necessary papers to apply for, claim and/or receive the TCC utilization, VAT refund and/or TDM for and on behalf of the Corporation and to designate the employees and/or personnel of the Corporation who shall appear before, file and/or pick-up any of the aforementioned documents from the BIR;</p> <p>RESOLVED, FINALLY, that this Resolution revokes all previous resolutions insofar as are inconsistent with the foregoing, unless subsequently modified, revoked, rescinded or superseded by a resolution of the Board and a copy of such resolution is actually received by the BIR.”</p>

15 Nov 2019	Regular BOD Meeting	42	<p>“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 Pesos: Five Hundred Million (Php500,000,000.00) or its Foreign Currency Equivalent, under such terms and conditions as may be imposed by Metrobank;</p> <p>RESOLVED, FURTHER, that <u>any two (2)</u> of the following officers be, as they 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, 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;</p>
-------------	---------------------	----	---

<u>Name</u>	<u>Title/ Designation</u>
Edward K. Lee	Chairman
Alexander C. Yu	Vice-Chairman
Conrado F. Bate	President & CEO
Catherine L. Ong	SVP/ CFO and Treasurer
Juan G. Barredo	Vice President
April Lynn L. Tan	Vice President

RESOLVED, FURTHERMORE, that Metrobank, its directors, officers, employees, agents or authorized representatives (“Metrobank Group”) are each

<u>Date</u>	<u>Meeting</u>	<u>Resolution No.</u>	<u>Resolution</u>																
			<p>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;</p> <p>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."</p>																
15 Nov 2019	Regular BOD Meeting	43	<p>"RESOLVED, that the Board of Directors of COL Financial Group, Inc. (the "Company") hereby authorizes and approves the participation of the Company in the Follow-on Offering of the shares of Ayala Corporation Preferred B Series 2R (APB2R) (the "Offering").</p> <p>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 any one (1) of whose signature shall bind the Company, to wit:</p> <table border="0"> <thead> <tr> <th>Name</th> <th>Position</th> </tr> </thead> <tbody> <tr> <td>Edward K. Lee</td> <td>Chairman</td> </tr> <tr> <td>Alexander C. Yu</td> <td>Vice-Chairman</td> </tr> <tr> <td>Conrado F. Bate</td> <td>President and CEO</td> </tr> <tr> <td>Catherine L. Ong</td> <td>SVP – CFO and Treasurer</td> </tr> <tr> <td>April Lynn L. Tan</td> <td>VP-Head of Research</td> </tr> <tr> <td>Juan G. Barredo</td> <td>VP-Head of Sales & Customer Support</td> </tr> <tr> <td>Melissa O. Ng</td> <td>AVP-Head of Operations"</td> </tr> </tbody> </table> <p>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 signed by any one (1) of the above authorized signatories."</p>	Name	Position	Edward K. Lee	Chairman	Alexander C. Yu	Vice-Chairman	Conrado F. Bate	President and CEO	Catherine L. Ong	SVP – CFO and Treasurer	April Lynn L. Tan	VP-Head of Research	Juan G. Barredo	VP-Head of Sales & Customer Support	Melissa O. Ng	AVP-Head of Operations"
Name	Position																		
Edward K. Lee	Chairman																		
Alexander C. Yu	Vice-Chairman																		
Conrado F. Bate	President and CEO																		
Catherine L. Ong	SVP – CFO and Treasurer																		
April Lynn L. Tan	VP-Head of Research																		
Juan G. Barredo	VP-Head of Sales & Customer Support																		
Melissa O. Ng	AVP-Head of Operations"																		
15 Nov 2019	Regular BOD Meeting	44	<p>"RESOLVED, that COL Financial Group, Inc. (the "Corporation") be authorized, as it is hereby authorized, to apply for and avail/use any of the products and services of Philippine National Bank ("PNB") including but not limited to, deposit accounts, electronic/internet banking facilities, cash management services and other similar transactions/ services for the Corporation's use and operation;</p> <p>RESOLVED FURTHER, that any two (2) of the officers of the Corporation (the "Officers"), designated herein below, be authorized, as they are hereby authorized, to do any and all acts, to sign, execute and deliver, for and on behalf of the Corporation the agreement/s, documents or instruments, checks and withdrawal slips, debit and credit instructions, forms, as well as renewals, amendments, or supplements thereto that may be prescribed by PNB in furtherance of, or in connection with, or for the implementation of the above-stated transactions, under such terms and conditions that such officer/s may deem appropriate. Further, they are hereby authorized more specifically, to: (a) enter into and sign, execute and deliver all agreements, documents and instruments for additional or new deposit accounts/internet banking/cash management services; (b) designate/ nominate the deposit account(s) to be covered by or necessary for the internet banking/cash management services; and (c) make subsequent changes to the said deposit accounts in (b);</p> <table border="0"> <thead> <tr> <th><u>Name</u></th> <th><u>Title/ Designation</u></th> </tr> </thead> <tbody> <tr> <td>Edward K. Lee</td> <td>Chairman</td> </tr> <tr> <td>Alexander C. Yu</td> <td>Vice-Chairman</td> </tr> <tr> <td>Conrado F. Bate</td> <td>President & CEO</td> </tr> <tr> <td>Catherine L. Ong</td> <td>SVP/ CFO and Treasurer</td> </tr> <tr> <td>Juan G. Barredo</td> <td>Vice President</td> </tr> </tbody> </table>	<u>Name</u>	<u>Title/ Designation</u>	Edward K. Lee	Chairman	Alexander C. Yu	Vice-Chairman	Conrado F. Bate	President & CEO	Catherine L. Ong	SVP/ CFO and Treasurer	Juan G. Barredo	Vice President				
<u>Name</u>	<u>Title/ Designation</u>																		
Edward K. Lee	Chairman																		
Alexander C. Yu	Vice-Chairman																		
Conrado F. Bate	President & CEO																		
Catherine L. Ong	SVP/ CFO and Treasurer																		
Juan G. Barredo	Vice President																		

<u>Date</u>	<u>Meeting</u>	<u>Resolution No.</u>	<u>Resolution</u>
			<p>April Lynn L. Tan Vice President</p> <p>RESOLVED FURTHER, that the Corporate Secretary of the Corporation be authorized, as she is hereby authorized, to submit the updated list of the incumbent officers/directors occupying the above-mentioned positions, from time to time, who for purposes hereof shall be deemed to be duly authorized to exercise the powers and authorities mentioned above;</p> <p>RESOLVED FURTHER, that the Officers are hereby authorized to designate the persons authorized to use, operate and administer the internet banking / cash management services within the limits set forth in the documents/ instruments executed by the Corporation and required by PNB in connection thereto and the policies and guidelines as may be reasonably determined by PNB for the implementation thereof;</p> <p>RESOLVED FINALLY, that this Resolution shall remain valid, subsisting and enforceable upon the Corporation unless subsequently modified, revoked or rescinded or superseded by a resolution of the Board of Directors and a copy of such resolution is actually received by PNB.”</p>

15 Nov 2019	Regular BOD Meeting	45	<p>“RESOLVED, that COL Financial Group, Inc. (the “Corporation”) is hereby authorized to transact with Security Bank Corporation (the “Bank”);</p> <p>RESOLVED, FURTHER, that:</p> <ul style="list-style-type: none"> (i) for amounts Fifty Thousand Pesos (Php50,000.00) or below, any one (1) of the following officers; and (ii) for amounts exceeding Fifty Thousand Pesos (Php50,000.00), any two (2) of the following officers signing jointly,
-------------	---------------------	----	---

are authorized to sign, for and on behalf of the Corporation, 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, or any and all documents, papers, instruments, forms, agreements, contracts or like documentations to be submitted to the Bank as may be appropriate and/or required, including any amendments, alterations, modifications thereto and to issue instructions pursuant to the foregoing products and facilities:

<u>Name</u>	<u>Title/ Designation</u>
Edward K. Lee	Chairman
Alexander C. Yu	Vice-Chairman
Conrado F. Bate	President & CEO
Catherine L. Ong	SVP/ CFO and Treasurer
Juan G. Barredo	Vice President
April Lynn L. Tan	Vice President

RESOLVED, FURTHER, that said Bank is authorized to receive for deposit or collection any items purporting to be endorsed in the name of the Corporation; that all such checks, drafts, notes, or other negotiable papers endorsed to or signed by the Corporation, as aforesaid, including checks drawn to cash or bearer or to the individual order of any officer of this Corporation, shall be honoured and paid by said Bank without inquiry as to whether the same to be drawn or required for this Corporation’s business or benefit; and all such payments shall be charged to the Corporation’s account; that the above-mentioned signatories be authorized as authority is hereby given to designate or further authorize a representative to receive the proceeds of funds withdrawn from the Corporation’s account; hereby ratifying and approving all that said Bank may do or cause to be done by virtue;

RESOLVED, FURTHERMORE, that any two (2) of the aforesaid signatories are likewise authorized to apply for, negotiate, and obtain from the Bank, from time to time and in the name of the Corporation, loans and other credit facilities whether online or non-line arrangement in such amount and under such terms and

<u>Date</u>	<u>Meeting</u>	<u>Resolution No.</u>	<u>Resolution</u>														
			<p>conditions and collateral arrangements as are or may be required by the Bank; to pledge, mortgage, assign, or otherwise hypothecate any asset of the Corporation as are or maybe required therefore, including the execution of guarantees of suretyship; to make availments therefrom for such amounts as said signatories may deem beneficial to the Corporation, even if in excess of the amount of the original line granted to it by the Bank; and to execute, sign and deliver any and all such credit and collateral agreements, Promissory Notes, drafts, import documents, Letters of Credit, Trust Receipts, and the like as are or may be necessary for and in connection therewith;</p> <p>FINALLY RESOLVED, that the foregoing resolutions shall continue and remain in full force and effect until repealed and/or amended by subsequent resolutions of the Board of Directors and appropriate copies thereof served upon and received by the Bank.”</p>														
15 Nov 2019	Regular BOD Meeting	46	<p>“RESOLVED, that COL Financial Group, Inc. (the “Corporation”) is hereby authorized to transact business with institutional clients for the latter’s equity investments, and in connection therewith, hereby designates the following officers whose any two (2) signatures shall bind the company:</p> <table border="0"> <thead> <tr> <th>Name</th> <th>Position</th> </tr> </thead> <tbody> <tr> <td>Edward K. Lee</td> <td>Chairman</td> </tr> <tr> <td>Alexander C. Yu</td> <td>Vice-Chairman</td> </tr> <tr> <td>Conrado F. Bate</td> <td>President and CEO</td> </tr> <tr> <td>Catherine L. Ong</td> <td>SVP – CFO and Treasurer</td> </tr> <tr> <td>Juan G. Barredo</td> <td>VP-Head of Sales & Customer Support</td> </tr> <tr> <td>April Lynn L. Tan</td> <td>VP-Head of Research</td> </tr> </tbody> </table> <p>RESOLVED, FURTHER, that the Corporation hereby appoints the following as its representatives duly authorized to handle or execute the trading transactions of the said institutional clients:</p> <p>Conrado F. Bate Juan G. Barredo Joseph Samuel H. Tang Maria Ysabel B. Basilla Ann Therese C. Sabater Stephanie Anne Dela Cruz Andy Willing Dela Cruz Jr.</p>	Name	Position	Edward K. Lee	Chairman	Alexander C. Yu	Vice-Chairman	Conrado F. Bate	President and CEO	Catherine L. Ong	SVP – CFO and Treasurer	Juan G. Barredo	VP-Head of Sales & Customer Support	April Lynn L. Tan	VP-Head of Research
Name	Position																
Edward K. Lee	Chairman																
Alexander C. Yu	Vice-Chairman																
Conrado F. Bate	President and CEO																
Catherine L. Ong	SVP – CFO and Treasurer																
Juan G. Barredo	VP-Head of Sales & Customer Support																
April Lynn L. Tan	VP-Head of Research																
15 Nov 2019	Regular BOD Meeting	47	The Board approved the 2019 Third Quarter Consolidated Financial Statements of the Company.														
17 Dec 2019	Regular BOD Meeting	48	<p>“RESOLVED, that COL Financial Group, Inc. (the “Corporation”) is authorized to close its Corporate Investment Management Account Under IMA No. 00244759 with PNB Trust Banking Group;</p> <p>RESOLVED FURTHER, that the proceeds shall be credited to the Corporation’s account maintained at PNB Mandaluyong Shangri-La Plaza Branch with account number 12-367-000824-5.”</p>														
17 Dec 2019	Regular BOD Meeting	49	<p>“RESOLVED, that COL Financial Group, Inc. (the “Corporation”) hereby approves the authority of any two (2) of the following officers (“Authorized Signatories”) to represent the Corporation in its transactions with BPI Asset Management and Trust Corporation (“BPI AMTC”) in relation to the Corporation’s Investment Management Account (the “Account”):</p> <table border="0"> <thead> <tr> <th><u>Name</u></th> <th><u>Title/ Designation</u></th> </tr> </thead> <tbody> <tr> <td>Edward K. Lee</td> <td>Chairman</td> </tr> <tr> <td>Alexander C. Yu</td> <td>Vice-Chairman</td> </tr> <tr> <td>Conrado F. Bate</td> <td>President & CEO</td> </tr> <tr> <td>Catherine L. Ong</td> <td>SVP/ CFO and Treasurer</td> </tr> <tr> <td>Juan G. Barredo</td> <td>Vice President</td> </tr> <tr> <td>April Lynn L. Tan</td> <td>Vice President</td> </tr> </tbody> </table>	<u>Name</u>	<u>Title/ Designation</u>	Edward K. Lee	Chairman	Alexander C. Yu	Vice-Chairman	Conrado F. Bate	President & CEO	Catherine L. Ong	SVP/ CFO and Treasurer	Juan G. Barredo	Vice President	April Lynn L. Tan	Vice President
<u>Name</u>	<u>Title/ Designation</u>																
Edward K. Lee	Chairman																
Alexander C. Yu	Vice-Chairman																
Conrado F. Bate	President & CEO																
Catherine L. Ong	SVP/ CFO and Treasurer																
Juan G. Barredo	Vice President																
April Lynn L. Tan	Vice President																

<u>Date</u>	<u>Meeting</u>	<u>Resolution No.</u>	<u>Resolution</u>
			<p>RESOLVED FURTHER, that the Authorized Signatories are hereby authorized to make, execute, sign, and accomplish any document relative to and in connection with the management and/or investments of the Account such as, but not limited to, the client suitability assessment, investment policy statement, risk disclosure statement, any and all subsequent documents, letters of instructions to BPI AMTC, deeds or contracts, waivers, releases, or other instruments in writing, relative to and in connection with the Account;</p> <p>RESOLVED FINALLY, that this authority includes the right to terminate the abovementioned Account in accordance with the provisions thereof and the right to receive the terminal report from BPI AMTC.”</p>
17 Dec 2019	Regular BOD Meeting	50	<p>“RESOLVED, that COL Financial Group, Inc. (the “Corporation”), has a data center located at Building 5, No. 7244 Langka St., Purok 7, Brgy. Duquit, Mabalacat City, Pampanga (the “Office”);</p> <p>RESOLVED FURTHER, that Ms. Marie Cheryll Anne J. Monteverde (“Ms. Monteverde”) has been designated as the Corporation’s duly authorized representative to appear before and otherwise transact with the appropriate local government offices for the application of the Mayor’s Permit, Business Permit and all other local government permits and/or licenses of the Office (the Permits);</p> <p>RESOLVED FINALLY, that Ms. Monteverde is likewise designated as the Corporation’s duly authorized representative to sign all documents, instruments and other paper necessary for the application and processing of the Permits.”</p>

ANNEX “G”

**AUDITED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019 AND 2018**

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	1	9	9	9	1	0	0	6	5
---	---	---	---	---	---	---	---	---	---

COMPANY NAME

C	O	L	F	I	N	A	N	C	I	A	L	G	R	O	U	P	,	I	N	C	.	A	N	D
S	U	B	S	I	D	I	A	R	I	E	S													

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

U	n	i	t	2	4	0	1	-	B	E	a	s	t	T	o	w	e	r	,	P	S	E	C	e	
n	t	r	e	,	E	x	c	h	a	n	g	e	R	o	a	d	,	O	r	t	i	g	a	s	C
e	n	t	e	r	,	P	a	s	i	g	C	i	t	y											

Form Type
1 7 - A

Department requiring the report
C F D

Secondary License Type, If Applicable
B r o k e r

COMPANY INFORMATION

Company's Email Address helpdesk@colfinancial.com	Company's Telephone Number (02) 8636-5411	Mobile Number NA
No. of Stockholders 33	Annual Meeting (Month / Day) 03/NA	Fiscal Year (Month / Day) 12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person Mr. Conrado F. Bate	Email Address dino.bate@colfinancial.com	Telephone Number/s (02) 8636-5411	Mobile Number 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.



**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR CONSOLIDATED FINANCIAL STATEMENTS**

The management of COL Financial Group, Inc. and Subsidiaries (the Group) is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, as of December 31, 2019 and 2018, 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 6th day of March 2020.

*Statement of Management's Responsibility
for Consolidated Financial Statements*

SUBSCRIBED AND SWORN to before me this 6th day of March 2020, at Pasig, affiants exhibited to me their respective competent evidences of identity, as follows:

<u>Name</u>	<u>Passport No.</u>	<u>Date/Place Issued</u>
Edward K. Lee	DL # N07-80-002531	June 10, 2019
Conrado F. Bate	PP # P8211336A	Aug. 3, 2018/DFA Manila
Catherine L. Ong	PP # P7000517A	May 2, 2018/ DFA NCR East

NOTARY PUBLIC

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. 5241980/01.02.20/Pasig City
IBP LRN 13768/RSM
MCLE Compliance No. VI-0014740/11.13.18
2703C East Tower PSE Centre, Exchange Rd.,
Ortigas Center, Pasig City

Doc. No. 113;
Page No. 24;
Book No. III;
Series of 2020.

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 Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, 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, 2019, 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, 2019 and 2018, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2019 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, 2019 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, 2019 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.



- 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

Partner

CPA Certificate No. 111092

SEC Accreditation No. 1328-AR-2 (Group A),
July 9, 2019, valid until July 8, 2022

Tax Identification No. 900-322-673

BIR Accreditation No. 08-001998-69-2018,
February 26, 2018, valid until February 25, 2021

PTR No. 8125274, January 7, 2020, Makati City

March 6, 2020



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

	December 31					
	2019			2018		
	Money Balance	Security Valuation		Money Balance	Security Valuation	
	Long	Short		Long	Short	
ASSETS						
Current Assets						
Cash and cash equivalents (Note 4)	₱8,226,032,009			₱8,897,583,382		
Cash in a segregated account (Note 5)	137,679,325			133,788,336		
Short-term time deposits (Note 4)	200,000,000			626,000,000		
Financial assets at fair value through profit or loss (Note 6)	4,003,329	₱4,003,329		3,225,163		₱3,225,163
Investment securities at amortized cost (Note 8)	200,348,264			–		
Trade receivables (Notes 7 and 20)	864,272,801	3,984,013,048		811,048,151		3,472,639,844
Other receivables (Notes 7 and 20)	48,067,874			52,041,067		
Prepayments	5,422,562			7,186,335		
Other current assets (Note 12)	21,914			–		
Total Current Assets	9,685,848,078			10,530,872,434		
Noncurrent Assets						
Long-term time deposit (Note 4)	200,000,000			200,000,000		
Investment securities at amortized cost (Note 8)	–			201,564,744		
Property and equipment (Note 9)	148,644,922			76,030,681		
Investment property (Note 10)	15,758,762			16,634,249		
Intangibles (Note 11)	19,522,713			17,400,444		
Deferred tax assets (Note 19)	2,096,547			–		
Other noncurrent assets (Note 12)	77,221,097			76,108,530		
Total Noncurrent Assets	463,244,041			587,738,648		
TOTAL ASSETS	₱10,149,092,119			₱11,118,611,082		
Securities in box, in Philippine Depository and Trust Corporation and Hong Kong Securities Clearing Company, Limited			₱65,716,445,905			₱64,836,014,077

(Forward)



	December 31					
	2019			2018		
	Money Balance	Security Valuation		Money Balance	Security Valuation	
	Long	Short		Long	Short	
LIABILITIES AND EQUITY						
Current Liabilities						
Trade payables (Notes 13 and 20)	₱8,185,897,877	₱61,728,429,528		₱9,254,855,350	₱61,360,149,070	
Lease liabilities - current portion (Note 21)	20,767,513			-		
Income tax payable	6,618,090			18,775,269		
Other current liabilities (Note 14)	84,968,381			107,152,667		
Total Current Liabilities	8,298,251,861			9,380,783,286		
Noncurrent Liabilities						
Lease liabilities – net of current portion (Note 21)	36,454,605			-		
Retirement obligation (Notes 18 and 20)	68,336,052			42,945,228		
Deferred tax liabilities (Note 19)	-			1,312,743		
Total Noncurrent Liabilities	104,790,657			44,257,971		
Total Liabilities	8,403,042,518			9,425,041,257		
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	14,516,424			21,881,155		
Loss on remeasurement of retirement obligation (Note 18)	(32,236,855)			(15,806,586)		
Retained earnings:						
Appropriated	332,507,131			276,503,775		
Unappropriated (Note 15)	879,945,260			881,772,457		
Equity Attributable to the Equity Holders of the Parent Company	1,723,950,984			1,693,569,825		
Non-controlling Interest (Note 15)	22,098,617			-		
Total Equity	1,746,049,601			1,693,569,825		
TOTAL LIABILITIES AND EQUITY	₱10,149,092,119	₱65,716,445,905	₱65,716,445,905	₱11,118,611,082	₱64,836,014,077	₱64,836,014,077

See accompanying Notes to Consolidated Financial Statements.



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

	Years Ended December 31		
	2019	2018	2017
REVENUES (Note 16)			
Commissions (Note 20)	₱539,049,838	₱702,931,280	₱678,725,716
Others:			
Interest income (Notes 4, 5, 7, 8 and 20)	527,716,977	422,227,848	250,460,547
Trail fees	17,365,097	14,730,081	10,578,055
Trading gains- net (Note 6)	41,501	14,107,532	17,202,792
Others (Note 6)	1,761,520	2,666,112	1,488,176
	1,085,934,933	1,156,662,853	958,455,286
COST OF SERVICES			
Personnel costs - operations (Notes 17, 18 and 20)	93,662,645	98,870,861	85,287,973
Commission expense (Note 20)	40,387,642	60,620,567	88,976,207
Stock exchange dues and fees (Note 12)	14,771,915	16,505,261	20,760,645
Central depository fees	7,051,621	6,782,983	6,836,230
Research	3,743,136	3,374,658	2,311,047
Others:			
Communications	33,522,738	34,536,487	32,318,019
Depreciation (Note 9)	134,902	134,635	159,299
	193,274,599	220,825,452	236,649,420
	892,660,334	935,837,401	721,805,866
GROSS PROFIT			
OPERATING EXPENSES			
Administrative expenses:			
Personnel costs (Notes 17, 18 and 20)	62,010,240	59,329,902	43,320,968
Professional fees (Note 20)	48,953,170	50,711,036	42,478,126
Management bonus (Note 20)	16,889,521	24,701,098	23,376,289
Advertising and marketing	15,719,591	11,592,176	9,719,249
Taxes and licenses	8,358,190	5,853,764	4,891,861
Security and messengerial services	6,631,905	6,482,716	6,657,462
Power, light and water	5,492,450	5,791,410	4,571,689
Repairs and maintenance	5,123,022	5,215,864	3,844,478
Insurance and bonds	4,928,438	4,078,614	3,479,704
Condominium dues and utilities	4,639,515	3,570,573	2,737,636
Office supplies	3,631,825	3,226,088	3,293,621
Representation and entertainment	3,114,077	3,755,314	3,671,632
Donation	2,000,000	-	-
Directors' fees (Note 20)	1,750,000	1,682,500	870,000
Trainings, seminars and meetings	1,266,387	1,510,387	1,460,946
Membership fees and dues	1,336,837	1,388,886	845,622
Rentals (Note 21)	207,015	22,494,380	17,034,409
Others	4,629,719	4,559,816	5,556,780
	196,681,902	215,944,524	177,810,472
Depreciation and amortization (Notes 9, 10, 11 and 21)	58,680,226	25,812,755	22,083,858
Provision for (recovery from) credit losses (Note 7)	614,712	296,943	(10,938,998)
	255,976,840	242,054,222	188,955,332
OTHER INCOME (LOSSES)			
Interest expense (Notes 18 and 21)	(6,201,084)	(2,482,293)	(1,475,447)
Foreign exchange gains (losses) – net	(93,432)	129,256	717,580
Gain on disposal of property and equipment (Note 9)	8,409	-	-
Other income (Note 12)	-	21,510,020	-
Recovery from (provision for) impairment losses (Notes 11 and 12)	-	13,724,200	(20,636,226)
	(6,286,107)	32,881,183	(21,394,093)
INCOME BEFORE INCOME TAX	630,397,387	726,664,362	511,456,441
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 19)			
Current			
Regular corporate income tax	76,115,523	104,471,111	97,225,712
Final income tax	96,160,900	75,807,941	36,764,607
Deferred	(253,812)	33,831,121	(1,255,093)
	172,022,611	214,110,173	132,735,226
NET INCOME	₱458,374,776	₱512,554,189	₱378,721,215
Attributable to:			
Equity holders of the Parent Company	₱458,776,159	₱512,554,189	₱378,721,215
Non-controlling interest (Note 15)	(401,383)	-	-
	₱458,374,776	₱512,554,189	₱378,721,215
Earnings Per Share (Note 25)			
Basic and diluted	₱0.96	₱1.08	₱0.80

See accompanying Notes to Consolidated Financial Statements.



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

	Years Ended December 31		
	2019	2018	2017
NET INCOME	₱458,374,776	₱512,554,189	₱378,721,215
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX			
Item that will not be reclassified to consolidated statements of income:			
Loss on remeasurement of retirement obligation - net of tax (Note 18)	(16,430,269)	(4,064,955)	(10,861,557)
Item that may be reclassified subsequently to consolidated statements of income:			
Translation adjustments - net of tax	(7,364,731)	13,655,969	(1,150,483)
	(23,795,000)	9,591,014	(12,012,040)
TOTAL COMPREHENSIVE INCOME	₱434,579,776	₱522,145,203	₱366,709,175
Attributable to:			
Equity holders of the Parent Company	₱434,981,159	₱522,145,203	₱366,709,175
Non-controlling interest	(401,383)	-	-
	₱434,579,776	₱522,145,203	₱366,709,175

See accompanying Notes to Consolidated Financial Statements.



COL FINANCIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019, 2018, AND 2017

Equity Attributable to the Equity Holders of the Parent Company

	Capital Stock (Note 15)	Capital In Excess of Par Value	Accumulated Translation Adjustment	Loss on Remeasurement of Retirement Obligation (Note 18)	Retained Earnings		Total	Non-controlling Interest (Note 15)	Total Equity
					Appropriated (Note 15)	Unappropriated			
Balances at January 1, 2019	₱476,000,000	₱53,219,024	₱21,881,155	(₱15,806,586)	₱276,503,775	₱881,772,457	₱1,693,569,825	₱-	₱1,693,569,825
Non-controlling interest of a new subsidiary	-	-	-	-	-	-	-	22,500,000	22,500,000
Total comprehensive income (loss)	-	-	(7,364,731)	(16,430,269)	-	458,776,159	434,981,159	(401,383)	434,579,776
Appropriation of retained earnings (Note 15)	-	-	-	-	56,003,356	(56,003,356)	-	-	-
Declaration of cash dividend (Note 15)	-	-	-	-	-	(404,600,000)	(404,600,000)	-	(404,600,000)
Balances at December 31, 2019	₱476,000,000	₱53,219,024	₱14,516,424	(₱32,236,855)	₱332,507,131	₱879,945,260	₱1,723,950,984	₱22,098,617	₱1,746,049,601
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	₱-	₱1,504,624,622
Total comprehensive income (loss)	-	-	13,655,969	(4,064,955)	-	512,554,189	522,145,203	-	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)	-	(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	₱-	₱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	₱-	₱1,423,515,447
Total comprehensive income (loss)	-	-	(1,150,483)	(10,861,557)	-	378,721,215	366,709,175	-	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)	-	(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	₱-	₱1,504,624,622

See accompanying Notes to Consolidated Financial Statements.



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

	Years Ended December 31		
	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱630,397,387	₱726,664,362	₱511,456,441
Adjustments for:			
Interest income (Notes 4, 5, 7, 8, 16, and 20)	(527,716,977)	(422,227,848)	(250,460,547)
Depreciation and amortization (Notes 9, 10, 11 and 21)	58,815,128	25,947,390	22,243,157
Interest expense (Notes 18 and 21)	6,201,084	2,482,293	1,475,447
Retirement costs under 'Personnel costs' (Notes 17 and 18)	5,696,718	5,568,707	4,385,708
Unrealized trading losses (gains) - net (Note 6)	805,210	(1,961,296)	103,792
Provision for (recovery from) credit losses (Note 7)	614,712	296,943	(10,938,998)
Dividend income (Note 6)	(30,721)	(258,706)	(230,474)
Gain on disposal of property and equipment (Note 9)	(8,409)	-	-
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)	-
Operating income before working capital changes	174,774,132	288,557,888	298,670,752
Decrease (increase) in:			
Cash in a segregated account	(3,890,989)	(44,795,248)	45,925,206
Short-term time deposits	426,000,000	(626,000,000)	-
Financial assets at fair value through profit or loss	(1,583,376)	(86,889)	821,793
Trade receivables	(69,031,557)	381,942,484	17,928,442
Other receivables	(8,360,464)	108,137,009	44,351,585
Prepayments	1,059,017	(3,434,068)	(1,557,124)
Other assets	(1,217,611)	(55,232,020)	(21,239,391)
Increase (decrease) in:			
Trade payables	(1,064,624,734)	(950,153,080)	2,846,725,500
Other current liabilities	(21,718,584)	(8,272,865)	24,901,180
Net cash generated from (used in) operations	(568,594,166)	(909,336,789)	3,256,527,943
Interest received	541,244,758	325,973,632	203,047,922
Income taxes paid	(184,433,602)	(171,572,932)	(116,860,333)
Dividends received	30,721	258,706	230,474
Net cash provided by (used in) operating activities	(211,752,289)	(754,677,383)	3,342,946,006
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property and equipment (Notes 9)	(44,582,863)	(29,561,263)	(60,966,559)
Acquisitions of software and licenses (Note 11)	(5,562,094)	(908,299)	(3,011,218)
Proceeds from disposal of property and equipment (Note 9)	8,482	-	-
Acquisition of held-to-maturity investments (Note 8)	-	-	(203,041,886)
Net cash used in investing activities	(50,136,475)	(30,469,562)	(267,019,663)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends declared and paid (Note 15)	(404,600,000)	(333,200,000)	(285,600,000)
Payment of principal portion of lease liabilities (Note 21)	(27,562,609)	-	-
Proceeds of issuance of shares to the non-controlling interest	22,500,000	-	-
Net cash used in financing activities	(409,662,609)	(333,200,000)	(285,600,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(671,551,373)	(1,118,346,945)	2,790,326,343
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	8,897,583,382	10,015,930,327	7,225,603,984
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱8,226,032,009	₱8,897,583,382	₱10,015,930,327

See accompanying Notes to Consolidated Financial Statements.



COL FINANCIAL GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

COL Financial Group, Inc. (the Parent Company or COL Financial) was registered with the Philippine Securities and Exchange Commission (SEC) on August 16, 1999, primarily to engage in the business of broker of securities and to provide stockbrokerage services through innovative internet technology. The registered address of the Parent Company is Unit 2401-B East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City, Philippines.

COL Financial and its subsidiaries are collectively referred hereinto as the “Group”. The Group is engaged in offering stock brokerage and fund distribution services. The Group is 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 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.

In 2019, the Parent Company has set up its own asset management firm to diversify its portfolio as a one-stop shop online platform for capital market products. The Parent Company also plans to create unitized funds, a type of fund structure that uses pooled funds to invest with individually reported unit values for investors, which are different from the equity-laced mutual funds that it now distributes through its platform.

The accompanying consolidated financial statements of the Group as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019 were authorized for issue in accordance with a resolution by the BOD on March 6, 2020.

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

Basis of Preparation

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 (FVTPL) which have been measured at fair value. The Group’s consolidated financial statements are presented in Philippine peso (PHP), which is the presentation currency under PFRS. Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency of the Group has been determined to be Philippine peso, except for COL Securities (HK) Limited



(COLHK) whose functional currency has been determined to be HK dollar (HK\$). All values are rounded to the nearest peso, except when otherwise indicated.

Basis of Consolidation

The consolidated financial statements comprise the accounts of the Parent Company and its subsidiaries as at December 31, 2019, after eliminating significant intercompany balances and transactions. The following are the wholly and majority-owned foreign and domestic subsidiaries of COL Financial:

Name of Subsidiaries	Principal Place of Business and Country of Incorporation	Effective Percentage of Ownership	Functional Currency
COLHK	Hong Kong	100%	HK\$
COL Investment Management Inc. (CIMI)	Philippines	70%	PHP
COL Equity Index Unitized Mutual Fund Inc. (CEIUMF)	Philippines	100%	PHP
COL Cash Management Unitized Mutual Fund Inc. (CCMUF)	Philippines	100%	PHP

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.

Non-Controlling Interest

Non-controlling interest represents the portion of profit or loss and net assets not owned, directly or indirectly, by the Parent Company and are presented in the consolidated statements of income, consolidated statements of comprehensive income, and within equity in the consolidated statements of financial position, separately from equity attributable to the Parent Company.

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, 2019. Adoption of these pronouncements did not have a significant impact on the Group's financial position or performance, unless otherwise indicated.

- PFRS 16, *Leases*
PFRS 16 supersedes Philippine Accounting Standards (PAS) 17, *Leases*, Philippine Interpretation IFRIC 4, *Determining whether an Arrangement contains a Lease*, Philippine Interpretation SIC-15, *Operating Leases-Incentives* and Philippine Interpretation SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the statement of financial position.

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. Therefore, PFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted PFRS 16 using the modified retrospective approach upon adoption of PFRS 16 in 2019 and elected to apply the standard to contracts that were previously identified as leases applying PAS 17 and Philippine Interpretation IFRIC-4. The Group did not apply the standard to contracts that were not previously identified as containing a lease applying PAS 17 and Philippine Interpretation IFRIC-4.

The effect of adoption of PFRS 16 as at January 1, 2019 is, as follows:

	Increase (decrease)
Assets	
Property and equipment	₱27,129,831
Prepayments	(652,911)
Liabilities	
Lease liabilities	26,476,920

Before the adoption of PFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.



Upon adoption of PFRS 16, the Group applied a single recognition and measurement approach for all leases except for leases of low-value assets.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

Based on the above, as at January 1, 2019:

- Property and equipment were recognized amounting to ₱27,129,831, representing the amount of right-of-use assets set up on transition date.
- Lease liabilities of ₱26,476,920 were recognized.
- Prepayments of ₱652,911 related to previous operating leases arising from straight lining under PAS 17 were derecognized.

The lease liabilities as at January 1, 2019 can be reconciled to the operating lease commitments as of December 31, 2018, as follows:

Operating lease commitments as at December 31, 2018	₱28,375,293
Weighted average incremental borrowing rate as at January 1, 2019	7.12%
<u>Discounted operating lease commitments as at January 1, 2019</u>	<u>₱26,476,920</u>

Due to the adoption of PFRS 16, the Group's operating profit in 2019 improved, while its interest expense increased. This is due to the change in the accounting for rent expense related to leases that were classified as operating leases under PAS 17.

The adoption of PFRS 16 did not have an impact on equity in 2019, since the Group elected to measure the right-of-use assets at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the consolidated statement of financial position immediately before the date of initial application.

- 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, *Income Taxes*. It 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
 - How an entity considers changes in facts and circumstances

The entity is required to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and use the approach that better predicts the resolution of the uncertainty. The entity shall assume that the taxation authority will examine



amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If an entity concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, it shall reflect the effect of the uncertainty for each uncertain tax treatment using the method the entity expects to better predict the resolution of the uncertainty.

Upon adoption of the Interpretation, the Group has assessed whether it has any uncertain tax position. The Group applies significant judgement in identifying uncertainties over its income tax treatments. The Group determined that it is probable that its income tax treatments will be accepted by the taxation authorities. Accordingly, the interpretation did not have an impact on the consolidated financial statements of the Group.

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*
- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*
- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*
- *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*

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, 2020

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

The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

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

These amendments will apply on future business combinations of the Group.

- 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*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

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 assets (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 FVTPL

Financial assets and financial liabilities at FVTPL 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.

Initial Recognition and Classification of Financial Instruments

Financial assets are measured at FVTPL unless these are measured at fair value through other comprehensive income (FVOCI) or at amortized cost. Financial liabilities are classified as either financial liabilities at FVTPL 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 consolidated 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 gains or losses 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, 2019 and 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' and 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.

Fair Value Measurement

The Group measures financial instruments, such as financial assets at FVTPL, 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 recognizes an ECL for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the 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 recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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 recognizes 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.

For cash and cash equivalents, cash in a segregated account, short-term time deposits and long-term time deposit, the Group applies the low credit risk simplification.

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 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 Bureau of Internal Revenue (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:

<u>Category</u>	<u>Number of Years</u>
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.

Effective January 1, 2019, it is the Group's policy to classify right-of-use assets as part of property and equipment. Prior to that date, all of the Group's leases are accounted for as operating leases in accordance with PAS 17, hence, not recorded in the consolidated statement of financial position. The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life of five (5) years and lease term. Right-of-use assets are subject to impairment.



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 derecognized 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 recognized 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 while 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

Policies applicable prior to January 1, 2019

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.

A lease is classified as an operating lease if it does not substantially transfer all risks and rewards incidental to ownership. Operating lease payments are recognized as expense in profit or loss on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance are expensed as incurred.

Policies applicable beginning January 1, 2019

Group as a lessee

The Group recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for leases of low-value assets. The right-of-use assets for all leases were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the



Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Leases of low-value assets

The Group applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on leases of low-value assets are recognized as expense 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.

Trail Fees

Trail fees are recognized as income as they are earned. These pertain to the revenue earned by the Parent Company from the distribution of mutual funds of various fund houses to its customers and are computed daily as a percentage of the total assets under administration for each fund.

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

Revenues outside the scope of PFRS 15

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 FVTPL and gains and losses from disposal of investment securities at FVTPL and debt securities at FVOCI.

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 FVTPL 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.

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'. 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 share options plan (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. Effective January 1, 2019, Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

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 nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 26. In 2018 and 2017, the Group operates in one business segment, being stockbrokerage services; therefore, only geographical segment is 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, 2019 and 2018, 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, 2019 and 2018 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.

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the



lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

The Group's lease liabilities as at December 31, 2019 are disclosed in Note 21.

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

Cash and Cash Equivalents

This account consists of:

	2019	2018
Cash on hand and in banks	₱388,330,981	₱422,340,408
Short-term cash investments	7,837,701,028	8,475,242,974
	₱8,226,032,009	₱8,897,583,382

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 2.44% to 6.90% per annum in 2019, from 1.70% to 6.90% per annum in 2018 and from 2.00% to 3.65% per annum in 2017. The Parent Company has United States dollar (US\$)-denominated cash in banks amounting to \$1,052 and US\$1,061 as at December 31, 2019 and 2018, respectively, while COLHK has US\$-denominated cash in banks amounting to US\$8,465 and US\$209,575 as at December 31, 2019 and 2018, 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 ₱7,572,724,361 and ₱8,541,305,763 as at December 31, 2019 and 2018, respectively. The Parent Company's reserve requirement is determined based on the SEC's prescribed computations. As at December 31, 2019 and 2018, 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 5.00% to 7.00% in 2019 and 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 ₱472,314,661, ₱370,543,382 and ₱181,575,770 in 2019, 2018 and 2017, 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' (Note 16).

6. Financial Assets at FVTPL

Financial assets at FVTPL pertain to investments in mutual funds and shares of stock of companies listed in the PSE. As at December 31, 2019 and 2018, financial assets at FVTPL amounted to ₱4,003,329 and ₱3,225,163, respectively.

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

	2019	2018	2017
Trading gains from sale	₱846,711	₱12,146,236	₱17,306,584
Unrealized trading gains (losses)	(805,210)	1,961,296	(103,792)
	₱41,501	₱14,107,532	₱17,202,792

Dividend income included under 'Other revenues' amounted to ₱30,721, ₱258,706 and ₱230,474 in 2019, 2018 and 2017, respectively.

7. Trade Receivables and Other Receivables

Trade Receivables

This account consists of:

	2019	2018
Customers (Note 20)	₱704,473,326	₱725,741,713
Clearing house	124,656,703	–
Other brokers	35,713,803	85,396,559
Trail fee receivables	1,521,916	1,388,114
	866,365,748	812,526,386
Less allowance for credit losses on trade receivables from customers	2,092,947	1,478,235
	₱864,272,801	₱811,048,151



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

	2019		2018	
	Money Balance	Security Valuation-Long	Money Balance	Security Valuation-Long
Fully secured accounts:				
More than 250%	₱326,641,371	₱3,341,970,342	₱363,647,312	₱2,927,387,828
Between 200% and 250%	133,706,615	295,113,418	144,838,172	310,736,355
Between 150% and 200%	116,495,231	210,350,463	17,374,905	32,383,907
Between 100% to 150%	112,935,034	122,412,775	99,524,027	104,578,764
Less than 100%	14,695,036	14,166,050	100,357,086	97,552,990
Unsecured accounts (Note 20)	39	–	211	–
	704,473,326	₱3,984,013,048	725,741,713	₱3,472,639,844
Less allowance for credit losses on trade receivables from customers	2,092,947		1,478,235	
	₱702,380,379		₱724,263,478	

As at December 31, 2019 and 2018, the Parent Company offered a credit line facility amounting to ₱5,467,788,000 and ₱5,381,368,000, respectively, to its customers who qualified for margin account.

Interest income from customers amounted to ₱48,118,796, ₱44,357,869 and ₱66,939,815 in 2019, 2018 and 2017, 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, 2019 and 2018, ₱689,778,251 and ₱625,384,416, respectively, of the total trade receivables from customers are fully covered by collateral.

Trade receivables from clearing house as at December 31, 2019, were fully collected in January 2020. 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

This account consists of:

	2019	2018
Accrued interest	₱32,236,683	₱44,547,984
Advances to officers and employees (Note 20)	1,220,034	918,030
Others	14,611,157	6,575,053
	₱48,067,874	₱52,041,067

'Others' account consists mainly of lodgment fee receivables, receivable from mutual fund redemption proceeds and advances to legal counsels.

Allowance for Credit Losses

Movements in the allowance for credit losses follow:

	2019	2018
Balances at beginning of year	₱1,478,235	₱1,181,292
Provision for credit losses	614,712	296,943
Balances at end of year	₱2,092,947	₱1,478,235

8. Investment Securities at Amortized Cost

This account consists 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, 2019 and 2018, the carrying amount of the investment amounted to ₱200,348,264 and ₱201,564,744, respectively.

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 ₱7,283,520, ₱7,326,597 and ₱1,944,962 in 2019, 2018 and 2017, respectively (Note 16).



9. Property and Equipment

The composition of and movements in this account follow:

	2019					
	Online Trading Equipment and Facilities	Furniture, Fixtures and Equipment	Leasehold Improvements	Construction in Progress	Right-of-use Assets – Office Premises	Total
Cost						
At beginning of year, as previously reported	₱156,266,185	₱28,994,359	₱39,874,672	₱3,438,428	₱–	₱228,573,644
Effect of adoption of PFRS 16 (Note 2)	–	–	–	–	27,129,831	27,129,831
Translation adjustments	(260,065)	(103,366)	(31,230)	–	(48,605)	(443,266)
At beginning of year, as restated	156,006,120	28,890,993	39,843,442	3,438,428	27,081,226	255,260,209
Additions	9,498,287	8,526,635	9,524,757	17,033,184	55,420,102	100,002,965
Reclassification	–	–	15,891,650	(15,891,650)	–	–
Disposals	(2,463,611)	(635,369)	–	–	(5,465,735)	(8,564,715)
At end of year	163,040,796	36,782,259	65,259,849	4,579,962	77,035,593	346,698,459
Accumulated depreciation and amortization						
At beginning of year	99,538,013	24,002,484	29,002,466	–	–	152,542,963
Depreciation and amortization (Note 21)	21,033,693	2,489,570	4,770,816	–	26,205,737	54,499,816
Disposals	(2,463,568)	(635,339)	–	–	(5,465,735)	(8,564,642)
Translation adjustments	(281,049)	(78,216)	(31,226)	–	(34,109)	(424,600)
At end of year	117,827,089	25,778,499	33,742,056	–	20,705,893	198,053,537
Net book value	₱45,213,707	₱11,003,760	₱31,517,793	₱4,579,962	₱56,329,700	₱148,644,922



	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 and amortization						
At beginning of year	79,950,687	22,423,830	27,525,256	–	–	129,899,773
Depreciation and amortization	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

As of December 31, 2019 and 2018, the cost of the Group's fully depreciated property and equipment still in use amounted to ₱108,761,972 and ₱98,532,588, respectively. Disposal of property and equipment resulted in gains amounting ₱8,409 in 2019. No disposals were made in 2018 and 2017.

The depreciation and amortization was distributed as follows:

	2019	2018	2017
Cost of services	₱134,902	₱134,635	₱159,299
Operating expenses	54,364,914	21,898,727	18,106,127
	₱54,499,816	₱22,033,362	₱18,265,426



10. Investment Property

This account pertains to an office space purchased by the Parent Company. Movements in the account follow:

	2019	2018
Cost		
At beginning of year	₱17,509,736	₱–
Reclassification (Note 9)	–	17,509,736
At end of year	17,509,736	17,509,736
Accumulated depreciation		
At beginning of year	875,487	–
Depreciation	875,487	875,487
At end of year	1,750,974	875,487
Net book value	₱15,758,762	₱16,634,249

The office space is held for capital appreciation. As at December 31, 2019 and 2018, the fair value of investment property amounted to ₱39,567,000 and ₱35,610,000, respectively.

Collaterals

As at December 31, 2019 and 2018, the Group's investment property is not pledged as collateral.

11. Intangibles

Stock Exchange Trading Rights

Philippine Operations

As at December 31, 2019 and 2018, 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. At as December 31, 2019 and 2018, the carrying value of the exchange trading right amounted to ₱5,000,000.

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 2019 and 2018. 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 2017 representing the full amount of the carrying value of the trading right.

As of December 31, 2019 and 2018, the Group assessed that the exchange trading right of COLHK amounting to HK\$2,860,000 is fully impaired.

Software Costs and Licenses

Movements in the software costs and licenses account follow:

	2019	2018
Cost		
At beginning of year	₱42,680,018	₱44,347,625
Additions	5,562,094	908,299
Write-off	–	(2,575,906)
At end of year	48,242,112	42,680,018
Accumulated amortization		
At beginning of year	30,279,574	29,816,936
Amortization	3,439,825	3,038,541
Write-off	–	(2,575,903)
At end of year	33,719,399	30,279,574
Net book value	₱14,522,713	₱12,400,444

The amortization of software costs and licenses recorded in ‘Depreciation and amortization’ in the consolidated statements of income amounted to ₱3,439,825, ₱3,038,541, and ₱3,977,731 in 2019, 2018, and 2017, respectively.

As of December 31, 2019 and 2018, the costs of the Group’s fully amortized software still in use amounted to ₱20,986,110 and ₱19,833,325, respectively.

12. Other Assets

Other Current Assets

This account pertains to input VAT of the subsidiaries.



Other Noncurrent Assets

This account consists of:

	2019	2018
Deposit and refundable contributions to CTGF	₱41,632,750	₱38,791,026
Intangible assets under development	16,197,559	8,858,099
Refundable deposits:		
Rental and utility deposits	7,720,988	7,226,513
Other refundable deposits	3,853,922	3,649,101
	11,574,910	10,875,614
Deferred input VAT	7,815,878	8,623,546
Accounts receivable - BIR	-	8,960,245
	₱77,221,097	₱76,108,530

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.

In addition, the Parent Company, as a clearing member, is required to pay monthly contributions to the CTGF maintained by the SCCP equivalent to 1/500 of 1% of the Clearing Member's total monthly turnover value less block sales and cross transactions of the same flag. In 2017, 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. Prior to the approval of SCCP's proposed amendments, the Parent Company recognized an allowance for credit losses amounting to ₱13,724,200 representing the full amount of the initial contribution in 2008 and additional contribution in 2009. 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 ₱21,510,200, 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.

Accounts receivable – BIR pertains to the tax credit certificate (TCC) issued by the BIR to the Parent Company. The TCC was applied by the Parent Company against its income tax liability in 2019.



13. Trade Payables

This account consists of:

	2019	2018
Customers (Note 20)	₱8,102,010,305	₱8,989,453,360
Clearing house	83,887,572	265,379,830
Dividends payable	-	22,160
	₱8,185,897,877	₱9,254,855,350

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

	2019		2018	
	Money Balance	Security Valuation-Long	Money Balance	Security Valuation-Long
Payable to customers:				
With money balances	₱8,102,010,305	₱60,513,955,722	₱8,989,453,360	₱60,448,272,436
No money balances	-	1,214,473,806	-	911,876,634
	₱8,102,010,305	₱61,728,429,528	₱8,989,453,360	₱61,360,149,070

Generally, trade payables to customers are noninterest-bearing and have no specific credit terms.

Payable to customers with money balances amounting to ₱150,854,848 and ₱133,701,018 as at December 31, 2019 and 2018, 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, 2019 and 2018 were subsequently paid in January 2020 and 2019, respectively. 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

This account consists of:

	2019	2018
Accrued expenses	₱25,587,964	₱36,643,298
Due to BIR	21,977,464	28,273,890
Accrued management bonus	16,776,870	25,626,821
Unposted customers' deposits	10,954,090	7,163,356
Trading fees	1,931,751	2,655,018
Others	7,740,242	6,790,284
	₱84,968,381	₱107,152,667

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.



Unposted customers' deposits represent additional funding, remittances and initial deposits made by customers that were received beyond the cut-off time for the back-office processing of collections. These were credited to the customers' trading accounts on the next business day following the end of the reporting period.

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

'Others' consist of liabilities to customers arising from mutual fund redemption, which are subsequently settled upon collection of funds from the mutual fund providers. This account also includes other payroll-related liabilities.

15. Equity

Capital Stock

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

	Shares	Amount
Common stock - ₱1 per share		
Authorized	1,000,000	₱1,000,000
Issued and outstanding		
Balances at beginning and end of year	476,000	₱476,000

All issued and outstanding shares of the Parent Company are listed with the PSE (Note 1). As of December 31, 2019 and 2018, there were 33 holders of the listed shares of the Parent Company, with its share price closing at ₱18.42 and ₱16.24 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

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 2019 and 2018, the BOD approved the appropriation of retained earnings amounting to ₱56.0 million and ₱40.9 million, respectively, in compliance with such requirement.



On March 29, 2019, the BOD declared a regular and a special dividend amounting to ₱0.21 per share held or ₱99,960,000 (476,000,000 shares multiplied by ₱0.21 cash dividend per share) and ₱0.64 per share held or ₱304,640,000 (476,000,000 shares multiplied by ₱0.64 cash dividend per share), respectively, to stockholders as of record date of April 16, 2019. These dividends were paid on May 3, 2019.

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.

As of December 31, 2019 and 2018, the consolidated retained earnings includes the retained earnings of COLHK amounting to ₱147,230,206 and ₱167,658,454, respectively, which are not available for dividend declaration until such amounts are declared to the Parent Company.

Non-Controlling Interest

In 2019, the Parent Company formed a new subsidiary, CIMI. As of December 31, 2019, the Parent Company held 70% of the voting shares while 30% of equity interest are held by non-controlling interest.

The summarized financial information of CIMI is provided below. This information is based on amounts before inter-company eliminations.

Summarized statement of financial position as of December 31, 2019

Cash and cash equivalents (current)	₱70,238,812
Other receivables (current)	451,889
Other current assets (current)	14,594
Property and equipment (non-current)	3,811,266
Due to Parent Company (current)	(854,504)
Total equity	<u>₱73,662,057</u>
Attributable to:	
Equity holders of the Parent Company	₱51,563,440
Non-controlling interest	22,098,617

Summarized statement of income for the year ended December 31, 2019

Interest income	₱884,156
Operating expenses	<u>(2,045,268)</u>
Loss before income tax	(1,161,112)
Provision for income tax	176,831
Net loss	<u>(₱1,337,943)</u>
Attributable to:	
Equity holders of the Parent Company	(₱936,560)
Non-controlling interest	(401,383)



Summarized cash flow information for the year ended December 31, 2019

Operating activities	(P4,761,188)
Investing activities	75,000,000
Net increase in cash and cash equivalents	<u>P70,238,812</u>

16. Revenues

	2019	2018	2017
Revenue from contracts with customers			
Commissions	P539,049,838	P702,931,280	P678,725,716
Trail fees	17,365,097	14,730,081	10,578,055
Others	1,730,799	2,407,406	1,257,702
	558,145,734	720,068,767	690,561,473
Other revenues			
Interest income	527,716,977	422,227,848	250,460,547
Trading gains - net	41,501	14,107,532	17,202,792
Others	30,721	258,706	230,474
	527,789,199	436,594,086	267,893,813
	P1,085,934,933	P1,156,662,853	P958,455,286

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

2019				
	Commissions	Trail fees	Other income	Total
Primary geographical markets				
Philippines	P529,163,152	P17,365,097	P782,882	P547,311,131
Hong Kong	9,886,686	–	947,917	10,834,603
	P539,049,838	P17,365,097	P1,730,799	P558,145,734
2018				
	Commissions	Trail fees	Other income	Total
Primary geographical markets				
Philippines	P687,358,256	P14,730,081	1,271,517	P703,359,854
Hong Kong	15,573,024	–	1,135,889	16,708,913
	P702,931,280	P14,730,081	P2,407,406	P720,068,767
2017				
	Commissions	Trail fees	Other income	Total
Primary geographical markets				
Philippines	P661,967,789	P10,578,055	P731,495	P673,277,339
Hong Kong	16,757,927	–	526,207	17,284,134
	P678,725,716	P10,578,055	P1,257,702	P690,561,473



Interest income earned consists of income from:

	2019	2018	2017
Banks (Notes 4 and 5)	₱472,314,661	₱370,543,382	₱181,575,770
Customers (Note 7)	48,118,796	44,357,869	66,939,815
Government securities (Note 8)	7,283,520	7,326,597	1,944,962
	₱527,716,977	₱422,227,848	₱250,460,547

17. Personnel Costs

This account consists of:

	2019	2018	2017
Salaries and wages	₱134,280,836	₱138,606,342	₱115,729,188
Retirement costs (Note 18)	5,696,718	5,568,707	4,385,708
Other benefits (Note 18)	15,695,331	14,025,714	8,494,045
	₱155,672,885	₱158,200,763	₱128,608,941

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

The above accounts were distributed as follows:

	2019	2018	2017
Cost of services	₱93,662,645	₱98,870,861	₱85,287,973
Operating expenses	62,010,240	59,329,902	43,320,968
	₱155,672,885	₱158,200,763	₱128,608,941

18. Employee Benefits

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, 2019, 2018 and 2017. The Parent Company's retirement fund is being held in trust by a trustee bank.

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:

	2019	2018	2017
Current service cost (Note 17)	₱5,696,718	₱5,568,707	₱4,385,708
Net interest expense	3,263,837	2,482,293	1,475,447
	₱8,960,555	₱8,051,000	₱5,861,155

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:

	2019	2018
Retirement obligation at beginning of year	₱42,945,228	₱43,549,010
Retirement costs	8,960,555	8,051,000
Net actuarial losses	16,430,269	4,064,955
Contributions	-	(12,719,737)
Retirement obligation at end of year	₱68,336,052	₱42,945,228

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

	2019	2018
Present value of defined benefit obligation	₱78,027,472	₱54,555,066
Fair value of plan assets	(9,691,420)	(11,609,838)
	₱68,336,052	₱42,945,228

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

	2019	2018
Opening present value of defined benefit obligation	₱54,555,066	₱51,371,744
Current service cost	5,696,718	5,568,707
Interest cost	4,146,185	2,928,189
Remeasurement losses (gains) on:		
Financial assumptions	15,926,166	(11,531,490)
Experience adjustments	192,077	15,139,714
Benefits paid	(2,488,740)	(8,921,798)
Closing present value of defined benefit obligation	₱78,027,472	₱54,555,066

Changes in the fair value of plan assets follow:

	2019	2018
Balances at beginning of year	₱11,609,838	₱7,822,734
Expected interest income	882,348	445,896
Contributions	-	12,719,737
Benefits paid	(2,488,740)	(8,921,798)
Remeasurement loss on plan assets	(312,026)	(456,731)
Balances at end of year	₱9,691,420	₱11,609,838



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

	2019	2018
Investment in government securities	73.18%	–
Investment in unit investment trust funds (UITF)	24.66%	16.85%
Cash in bank	0.09%	83.05%
Other receivables	2.17%	0.20%
	100.10%	100.10%
Accrued trust fees payable	(0.10%)	(0.10%)
	100.00%	100.00%

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

	2019	2018
Discount rate	5.30%	7.60%
Future salary increases	5.00%	5.00%
Mortality rates		
Male	0.06%-0.74%	0.08%-0.74%
Female	0.05%-0.61%	0.06%-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, 2019 and 2018 assuming all other assumptions were held constant.

	Increase (decrease) in significant assumptions	Increase (decrease) in defined benefit obligation	
		2019	2018
Discount rates	+0.50%	(₱3,994,975)	(₱2,500,632)
	-0.50%	4,354,752	2,701,963
Future salary increases	+0.50%	4,095,054	2,579,810
	-0.50%	(3,795,178)	(2,407,665)
Mortality rate	+1 year	(284,820)	(740,347)
	-1 year	(301,511)	821,056

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 Parent Company has no funding policies. As at March 6, 2020, the Parent Company has not yet reasonably determined the amount of the 2020 contributions to the retirement plan.



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

	2019	2018
Zero (0) to five (5) years	₱33,470,365	₱32,689,681
Six (6) to ten (10) years	49,568,126	35,295,372
Eleven (11) to fifteen (15) years	45,870,373	56,262,278
Beyond fifteen (15) years	408,006,877	371,332,958
	₱536,915,741	₱495,580,289

The weighted average duration of the defined benefit obligation is 14 years in 2019, 2018 and 2017.

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 ₱325,241, ₱326,654 and ₱318,277 in 2019, 2018 and 2017, respectively.

19. Income Taxes

Deferred Income Taxes

Components of net deferred tax assets (liabilities) of the Group follow:

	2019	2018
Retirement obligation	₱8,047,889	₱8,047,889
Accumulated translation adjustment	(6,221,325)	(9,377,638)
Unrealized trading gains	(296,894)	(538,456)
Allowance for credit losses	354,388	354,388
Unamortized past service cost	180,729	180,729
Unused tax losses	31,760	20,345
	₱2,096,547	(₱1,312,743)

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 deferred tax assets on the following temporary differences since Management believes that it is not probable that the related benefits will be realized in the future:

	2019	2018
Unused tax losses	₱236,671,768	₱216,295,272
Retirement obligation	41,509,754	16,118,930
Unamortized past service cost	4,747,801	5,738,532
NOLCO	3,612,778	-
Leases under PFRS 16	1,548,958	-
Allowance for credit losses	911,655	296,943
Unrealized foreign exchange losses	17,823	2,134
	₱289,020,537	₱238,451,811



In 2019, 2018 and 2017, 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:

	2019	2018	2017
Income tax at statutory income tax rate	₱189,119,216	₱217,999,309	₱153,436,932
Additions to (reductions in) income tax resulting from:			
Unrecognized DTA	7,490,710	35,481,223	4,386,085
Interest income subjected to final tax	(47,715,484)	(37,551,395)	(18,291,479)
40% OSD	20,398,752	(3,646,650)	(8,307,006)
Tax-exempt income	(31,431)	(78,733)	(69,142)
Effect of lower income tax rate in HK	2,760,848	1,906,419	1,579,836
Provision for income tax	₱172,022,611	₱214,110,173	₱132,735,226



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
<i>Key management personnel</i>							
2019	₱1,639,464	₱328,290	₱-	₱-	₱-	₱36,150,772	₱44,684,302
2018	2,052,658	454,128	-	-	-	15,483,080	96,330,087
2017	2,525,811	235,279	-	-	-	2,818,657	90,885,505
<i>Companies with common officers, directors and stockholders</i>							
2019	₱7,214,699	₱2,606,146	₱-	₱4,798,621	₱-	₱28,793,203	₱18,088,418
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
<i>Directors, officers and employees</i>							
2019	₱7,520,940	₱1,073,061	₱-	₱-	₱1,750,000	₱2,704,863	₱101,569,142
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

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 ₱39 and ₱211, which were unsecured as of December 31, 2019 and 2018, respectively (Note 7). The trade receivables from related parties are not impaired.

- b. As of December 31, 2019 and 2018, the Group also has unsecured noninterest-bearing advances to its officers and employees amounting to ₱1,220,034 and ₱918,030 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:

	2019	2018	2017
Short-term employee benefits	₱70,924,936	₱85,353,650	₱67,820,730
Retirement costs (Note 18)	2,634,585	2,222,877	2,665,901
	₱73,559,521	₱87,576,527	₱70,486,631

Short-term employee benefits include management bonus.

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 in 2018 and ₱17,034,409 in 2017.

Upon adoption of PFRS 16, the Group applied a single recognition and measurement approach for all leases. Set-out below are the carrying amount of lease liabilities and the movements during the period:

At beginning of year, as previously reported	₱-
Effect of adoption of PFRS 16	26,476,920
At beginning of year, as restated	26,476,920
Additions	55,420,102
Accretion of interest	2,937,247
Payments	(27,562,609)
Translation adjustment	(49,542)
At end of year	₱57,222,118
Current	₱20,767,513
Non-current	36,454,605
	₱57,222,118

The following are the amounts recognized in the consolidated statement of income:

	2019
Depreciation expense of right-of-use assets included in property and equipment (Note 9)	₱26,205,737
Interest expense on lease liabilities	2,937,247
	₱29,142,984

The Group also has lease contracts on low-value assets. The Group applies the recognition exemption for these leases. Rental costs charged to operations pertaining to leases of low-value assets amounted to ₱207,015 in 2019.



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

	2019	2018
Within one (1) year	₱23,739,029	₱19,481,096
After one (1) year but not more than five (5) years	31,132,027	8,894,197
After five (5) years	12,700,800	–
	₱67,571,856	₱28,375,293

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, 2019, 2018 and 2017.

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, 2019 and 2018, 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, 2019 and 2018 are as follows:

	2019	2018
Equity eligible for NLC	₱1,587,676,607	₱1,511,792,250
Less ineligible assets	559,526,675	335,040,045
NLC	₱1,028,149,932	₱1,176,752,205
Position risk	₱4,247,476	₱9,102,431
Operational risk	189,014,295	164,470,546
Counterparty risk	-	-
Total Risk Capital Requirement (TRCR)	₱193,261,771	₱173,572,977
AI	₱8,023,673,289	₱9,064,514,225
5.00% of AI	₱401,183,664	₱453,225,711
Required NLC	₱401,183,664	₱453,225,711
Net Risk-Based Capital Excess	₱626,966,268	₱723,526,494
Ratio of AI to NLC	780%	770%
RBCA ratio (NLC/TRCR)	532%	678%

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 ₱20.0 million effective December 31, 2009, and ₱30.0 million effective December 31, 2011 and onwards. In 2019 and 2018, 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, 2019 and 2018.

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, 2019 and 2018, 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 FVTPL, 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 which 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.

The Group utilizes an internal credit rating system based on its assessment of the quality of its financial assets. The Group classifies its financial assets into the following credit grades:

- *High grade* - This pertains to accounts with a very low probability of default as demonstrated by the counterparty's long history of stability, profitability and diversity. This applies to highly rated financial obligors, strong corporate counterparties and personal borrowers with whom the Group has excellent repayment experience.
- *Standard grade* - This pertains to counterparties with no history of default. This applies to financial assets that are performing as expected.



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 and are in stage 1 of the ECL model. These are deposited with reputable banks duly approved by the BOD and have low probability of insolvency. These are considered to be low credit risk investments.

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 any shortfall. 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, 2019 and 2018, ₱704,473,287 and ₱725,741,502 of the total receivables from customers is secured by collateral comprising of equity securities of listed companies with a total market value of ₱3,984,013,048 and ₱3,472,639,844, 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.

The aging analyses of the Group's trade receivables as at December 31, 2019 and 2018 are summarized in the following table (gross of allowance for credit losses):

	2019					Total
	Neither past due nor impaired	Days past due			Specifically impaired	
		4-14 days	15-31 days	More than 31 days		
2019						
Trade receivables	₱299,681,644	₱104,645,402	₱44,838,336	₱417,200,366	₱-	₱866,365,748
2018						
Trade receivables	243,665,774	73,901,199	100,219,240	394,740,173	-	812,526,386

Past due accounts pertain to margin accounts of the Parent Company that are charged an interest rate ranging from 8.00% to 10.00%. A margin account has no due date and becomes demandable only when the equity percentage of the customers falls below 33.33%. The loss rate for trade receivables is considered minimal.

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 and is in stage 1 of the ECL model 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 FVTPL

Companies that are consistently profitable, have strong fundamentals and pays out dividends. As at December 31, 2019 and 2018, the Group's financial assets at FVTPL are classified as high grade since these are with entities of good reputation.

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.

Deposit and refundable contributions to CTGF

Deposit and refundable contributions to CTGF pertains to contribution made by the Parent Company to a guarantee fund as required by the SCCP and is classified as high grade. The Parent Company does not expect significant exposure on the balance as the amount shall be kept intact by the SCCP as a requirement to conduct stock brokerage business and shall be returned after the Parent Company ceases to operate its business.

Other receivables

These receivables from counterparties with no history of default and are not past due as at the end of the reporting period are classified as standard grade.

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 shortfall.

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:

	2019	2018
Cash and cash equivalents (Note 4)*	₱8,225,977,521	₱8,897,533,179
Cash in a segregated account (Note 5)	137,679,325	133,788,336
Short-term time deposits (Note 4)	200,000,000	626,000,000
Trade receivables (Note 7)	529,025	2,804,307
Other receivables (Note 7)	48,067,874	52,041,067

(Forward)



	2019	2018
Long-term time deposit (Note 4)	P200,000,000	P200,000,000
Refundable deposits (Note 12)	11,574,910	10,875,614
Deposit and refundable contributions to CTGF (Note 12)	41,632,750	38,791,026
Investment securities at amortized cost (Note 8)	200,348,264	201,564,744
	9,065,809,669	10,163,398,273
Unutilized margin trading facility	4,891,448,596	4,869,567,470
	P13,957,258,265	P15,032,965,743

**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, 2019 and 2018, 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, 2019 and 2018 consist of cash and cash equivalents, short-term time deposits, financial assets at FVTPL 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 FVTPL 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 within 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 2019 and 2018 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\$9,517 and US\$210,636 as at December 31, 2019 and 2018, 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 2019 and 2018 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.

2019							
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		Net Exposure	
				Financial Instruments	Fair Value of Financial Collateral		
	[a]	[b]	[c] = [a-b]	[d]	[e]	[f] = [c-d]	
Financial Assets							
Receivable from customers	₱704,473,326	₱-	₱704,473,326	₱7,984,917	₱-	₱696,488,409	
Due from clearing house	124,656,703	-	124,656,703	83,887,572	-	40,769,131	
	₱829,130,029	₱-	₱829,130,029	₱91,872,489	₱-	₱737,257,540	
Financial Liabilities							
Payable to customers	₱8,102,010,305	₱-	₱8,102,010,305	₱7,984,917	₱-	₱8,094,025,388	
Due to clearing house	83,887,572	-	83,887,572	83,887,572	-	-	
	₱8,185,897,877	₱-	₱8,185,897,877	₱91,872,489	₱-	₱8,094,025,388	
2018							
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		Net Exposure	
				Financial Instruments	Fair Value of Financial Collateral		
	[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	



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 investment property, whose carrying value does not approximate its fair value as at December 31, 2019 and 2018:

	Carrying Values		Fair Values	
	2019	2018	2019	2018
Refundable deposits	₱11,574,910	₱10,875,614	₱10,082,124	₱9,473,015
Investment securities at amortized cost	200,348,264	201,564,744	199,903,251	194,860,902
Investment property	15,758,762	16,634,249	39,567,000	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 FVTPL

The Group's financial assets at FVTPL are carried at their fair values as at December 31, 2019 and 2018. 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, 2019 and 2018. There are no changes in the valuation techniques in 2019 and 2018.

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, 2019 and 2018.

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 property and taking into account the economic conditions prevailing at the time the valuations were made and comparability of similar properties sold with the property being valued.

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:

	2019		
	Level 1	Level 2	Level 3
<i>Asset measured at fair value:</i>			
Financial assets at FVTPL	₱3,329,077	₱674,252	₱-



	2019		
	Level 1	Level 2	Level 3
<i>Asset for which fair values are disclosed:</i>			
Refundable deposits	₱–	₱–	₱10,082,124
Investment securities at amortized cost	199,903,251	–	–
Investment property	–	–	39,567,000
	2018		
	Level 1	Level 2	Level 3
<i>Asset measured at fair value:</i>			
Financial assets at FVTPL	₱3,018,331	₱206,832	₱–
<i>Asset for which fair values are disclosed:</i>			
Refundable deposits	–	–	9,473,015
Investment securities at amortized cost	194,860,902	–	–
Investment property	–	–	35,610,300

During the years ended December 31, 2019 and 2018, there were no transfers among levels 1, 2 and 3 of fair value measurements.

25. EPS Computation

	2019	2018	2017
Net income attributable to the equity holders of the Parent Company	₱458,776,159	₱512,554,189	₱378,721,215
Weighted average number of shares for basic earnings per share	476,000,000	476,000,000	476,000,000
Dilutive shares arising from stock options	–	–	–
Adjusted weighted average number of common shares for diluted earnings per share	476,000,000	476,000,000	476,000,000
Basic EPS	₱0.96	₱1.08	₱0.80
Diluted EPS	₱0.96	₱1.08	₱0.80

26. Segment Information

Business Segments

The Group's business segments follow:

- Stockbrokerage services pertaining to the Group's stockbrokerage companies, mainly the Parent Company and COLHK; and
- Others pertaining to the Group's subsidiaries other than COLHK.



The following table presents certain information regarding the Group's business segments:

	2019			
	Stockbrokerage services	Others	Elimination	Total
Revenue from external customers:				
Commissions	₱539,049,838	₱-	₱-	₱539,049,838
Interest	525,604,623	2,112,354	-	527,716,977
Trail fees	17,365,097	-	-	17,365,097
Others	1,803,021	-	-	1,803,021
Segment revenue	1,083,822,579	2,112,354	-	1,085,934,933
Cost of services	(193,274,599)	-	-	(193,274,599)
Operating expenses, net of other income	(200,252,889)	(3,329,832)	-	(203,582,721)
Depreciation and amortization	(58,397,280)	(282,946)	-	(58,680,226)
Income (loss) before income tax	631,897,811	(1,500,424)	-	630,397,387
Provision for income tax	(171,600,140)	(422,471)	-	(172,022,611)
Net income (loss)	₱460,297,671	(₱1,922,895)	₱-	₱458,374,776
Segment assets	₱10,263,068,214	₱174,178,409	(₱288,154,504)	₱10,149,092,119
Segment liabilities	8,402,795,718	1,101,304	(854,504)	8,403,042,518
Capital expenditures:				
Fixed assets	40,488,651	4,094,212	-	44,582,863
Cash flows arising from:				
Operating activities	(210,080,797)	(1,671,492)	-	(211,752,289)
Investing activities	(198,542,263)	(4,094,212)	152,500,000	(50,136,475)
Financing activities	(432,162,609)	175,000,000	(152,500,000)	(409,662,609)

Geographical 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:

	2019			
	Philippines	Hong Kong	Elimination	Total
Revenue from external customers:				
Commissions	₱529,163,152	₱9,886,686	₱-	₱539,049,838
Interest	527,706,744	10,233	-	527,716,977
Trail fees	17,365,097	-	-	17,365,097
Others	855,104	947,917	-	1,803,021
Segment revenue	1,075,090,097	10,844,836	-	1,085,934,933
Cost of services	(173,358,672)	(19,915,927)	-	(193,274,599)
Operating expenses, net of other income	(194,602,320)	(8,980,401)	-	(203,582,721)
Depreciation and amortization	(56,291,221)	(2,389,005)	-	(58,680,226)
Income (loss) before income tax	650,837,884	(20,440,497)	-	630,397,387
Provision for income tax	(172,034,860)	12,249	-	(172,022,611)
Net income (loss)	₱478,803,024	(₱20,428,248)	₱-	₱458,374,776
Segment assets	₱9,984,241,387	453,005,236	(₱288,154,504)	₱10,149,092,119
Segment liabilities	8,247,438,416	156,458,606	(854,504)	8,403,042,518
Capital expenditures:				
Fixed assets	44,555,775	27,088	-	44,582,863
Cash flows arising from:				
Operating activities	(223,452,377)	11,700,088	-	(211,752,289)
Investing activities	(202,609,387)	(27,088)	152,500,000	(50,136,475)
Financing activities	(254,757,955)	(2,404,654)	(152,500,000)	(409,662,609)



	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
Trail fees	14,730,081	-	-	14,730,081
Others	15,637,755	1,135,889	-	16,773,644
Segment revenue	1,139,948,414	16,714,439	-	1,156,662,853
Cost of services	(200,980,119)	(19,845,333)	-	(220,825,452)
Operating expenses, net of other income	(172,369,550)	(10,990,734)	-	(183,360,284)
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	29,561,263	-	-	29,561,263
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
Trail fees	10,578,055	-	-	10,578,055
Others	17,437,051	1,253,917	-	18,690,968
Segment revenue	940,442,996	18,012,290	-	958,455,286
Cost of services	(217,380,889)	(19,268,531)	-	(236,649,420)
Operating expenses	(157,197,512)	(31,068,055)	-	(188,265,567)
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	60,966,559	-	-	60,966,559
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)





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 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 Subsidiaries (the Group) as at December 31, 2019 and 2018, and for each of the three years in the period ended December 31, 2019, included in this Form 17-A, and have issued our report thereon dated March 6, 2020. 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 the Revised Securities Regulation Code Rule 68 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 financial 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-2 (Group A),

July 9, 2019, valid until July 8, 2022

Tax Identification No. 900-322-673

BIR Accreditation No. 08-001998-69-2018,

February 26, 2018, valid until February 25, 2021

PTR No. 8125274, January 7, 2020, Makati City

March 6, 2020

**COL FINANCIAL GROUP, INC. AND SUBSIDIARIES
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2019**

SUPPLEMENTARY SCHEDULES

- I. Reconciliation of retained earnings available for dividend declaration
- II. Supplementary schedules under Annex 68-J
- III. Map of the relationships of the companies within the group

SCHEDULE I
COL FINANCIAL GROUP, INC. AND SUBSIDIARIES
RECONCILIATION OF RETAINED EARNINGS AVAILABLE
FOR DIVIDEND DECLARATION
PURSUANT TO REVISED SRC RULE 68 AND
SEC MEMORANDUM CIRCULAR NO.11
DECEMBER 31, 2019

<u>Unappropriated Retained Earnings of the Parent Company, beginning</u>		P649,640,914
Adjustments		
<u>Unappropriated Retained Earnings, as adjusted, beginning</u>		649,640,914
<u>Net income during the period closed to retained earnings (Parent)*</u>	480,725,920	
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 (FVTPL)	-	
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	-	
Recognized DTA	(241,562)	
Subtotal	480,484,358	480,484,358
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	-	
<u>Net Income Actual/Realized</u>	480,484,358	480,484,358
Add (Less):		
Dividend declarations during the period	(404,600,000)	
Appropriations of retained earnings based on 10% of December 31, 2019 audited net income**	(48,072,592)	
Reversals of appropriations	-	
Effects of prior period adjustments	-	
Treasury shares	-	
Subtotal	(452,672,592)	(452,672,592)
<u>Unappropriated Retained Earnings, as adjusted, ending</u>		P677,452,680

* Consolidated net income of P458,374,776, net of P22,352,144 net loss of subsidiaries

** 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 SUBSIDIARIES
SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J
PURSUANT TO REVISED SRC RULE 68
DECEMBER 31, 2019

Schedule A. Financial Assets

Financial Assets at FVTPL

Financial assets at FVTPL are carried at their fair values. Fair value of financial assets at FVTPL 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 FVTPL 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
Various employees	₱918,030	₱1,678,648	₱1,376,644	N/A	₱1,220,034	N/A	₱1,220,034

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

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not current	Balance at end of period
COL Investment Management Inc.	₱-	₱854,504	₱-	₱-	₱854,504	₱-	₱854,504

Schedule D. 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 E. 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

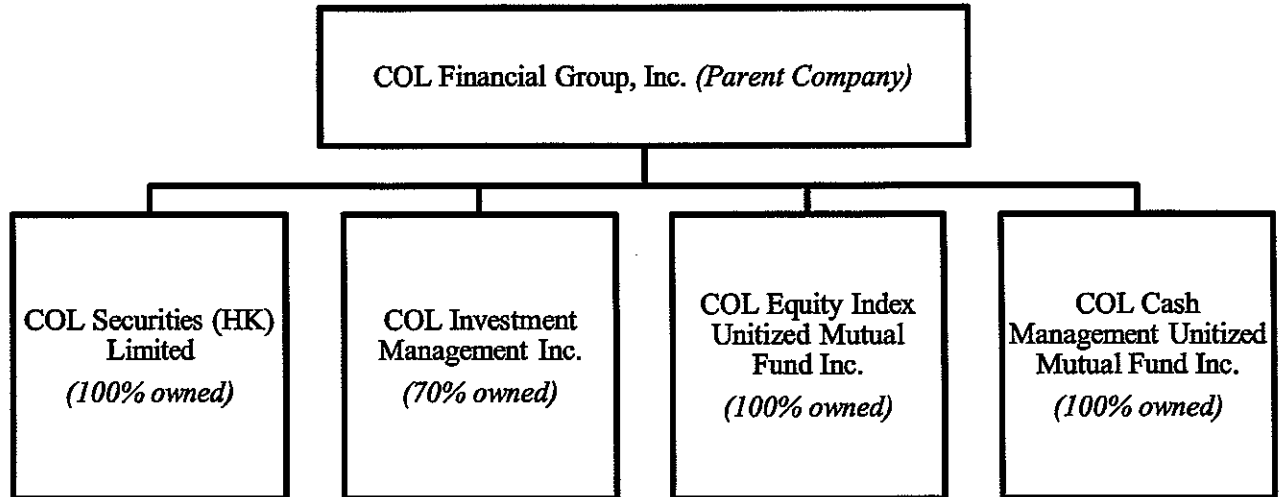
Schedule F. Guarantees of Securities of Other Issuers

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 G. Capital Stock (Figures in Thousands)

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	No. of shares held by		
				Affiliates	Directors and Officers	Others
Common shares	1,000,000	476,000	-	-	288,206	187,794

SCHEDULE III
COL FINANCIAL GROUP, INC. AND SUBSIDIARIES
MAP OF THE RELATIONSHIPS OF THE COMPANIES
WITHIN THE GROUP
PURSUANT TO REVISED SRC RULE 68
DECEMBER 31, 2019



SCHEDULE IV
COL FINANCIAL GROUP, INC. AND SUBSIDIARIES
SCHEDULE SHOWING FINANCIAL SOUNDNESS INDICATORS
PURSUANT TO REVISED SRC RULE 68
DECEMBER 31, 2019

	Formula	2019	2018
Profitability ratios:			
Return on assets	Net Income (NI)/Total Assets	5%	5%
Return on equity	NI/Average Equity*	27%	32%
Net profit margin	NI/Net Sales	42%	44%
Solvency and liquidity ratios:			
Current ratio	Current Assets/Current Liabilities	1.17:1	1.12:1
Debt to equity ratio	Total Liabilities/Average Equity*	4.92:1	5.89:1
Quick ratio	Liquid Assets/Current Liabilities	1.12:1	1.06:1
Asset to equity ratio	Total Assets/Average Equity*	5.94	6.95:1
Other relevant ratios:			
RBCA ratio		532%	678%
Ratio of AI to NLC		780%	770%
<i>*Equity Attributable to the Equity Holders of the Parent Company</i>			

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

(Annex “H” is a new section inserted in the revised DIS)

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

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

1. To be able to participate in the Meeting by remote communication as well as vote electronically in absentia, shareholders as of Record Date of 15 May 2020 (“Shareholders”) will have to register at <https://shareholders.colfinancial.com> (“Portal”). The Portal shall be open for registration not later than one trading day after Record Date.
2. To enable the Company to perform validation procedures, identify the shareholders participating by remote communication and record their presence for purposes of quorum, the shareholders must complete the registration requirements in the Portal by 22 May 2020. After this date, Shareholders may no longer avail of the option to vote in absentia.
3. The guidelines for registration will be stated in the Portal. The following information will be required for registration:
 - a. For Individual Shareholders
 - i. Full name;
 - ii. Valid and active e-mail address;
 - iii. Scanned copy of the Shareholder’s valid government issued ID showing his photo and personal details, which ID should not expire before the date of the Meeting; and
 - iv. Scanned copy of the stock certificate/s in the name of the Shareholder or Broker’s certification on the number of COL shares held by Shareholder as of Record Date;
 - b. For Corporate Shareholders
 - i. Complete company name;
 - ii. SEC Registration Number;
 - iii. Valid and active e-mail address;
 - iv. Complete name of the corporate Shareholder’s representative;
 - v. Scanned copy of the Secretary’s Certificate attesting to the authority of the representative to vote on or behalf of the Shareholder;
 - vi. Scanned copy of the valid government issued ID of the person who signed the Secretary’s Certificate showing his photo and specimen signature, which ID should not expire before the date of the Meeting;

- vii. Scanned copy of the authorized representative's valid government issued ID showing his photo and personal details, which ID should not expire before the date of the Meeting; and
 - viii. Scanned copy of the stock certificate/s in the name of the Shareholder or Broker's certification on the number of COL shares held by Shareholder as of Record Date.
- c. COL reserves the right to request for such additional documents as may be necessary under the circumstances.

The submission of incomplete or inconsistent information may result in unsuccessful registration. In case of unsuccessful registration, the Shareholder will not be allowed to vote electronically in absentia. However, the Shareholder may still exercise his right to vote through the Chairman of the meeting as proxy. Proxies must be submitted by email to corporatesecretary@colfinancial.com on or before 22 May 2020.

4. The Shareholder shall receive an email upon successful registration and validation.
5. Voting Electronically in Absentia
- a. The Agenda items will be included in the digital ballot available in the Portal. The registered Shareholder may vote as follows:
 - i. For all items other than the Election of the Board of Directors, the registered Shareholder may either vote Yes, No, or Abstain. The vote of the Shareholder per item is considered cast for all of his shares.
 - ii. For the Election of the Board of Directors, the registered may vote for all nominees, not vote for any of the nominees, or vote for some nominees only, in such number of shares as preferred by the Shareholder, provided that the total number of votes cast shall not exceed the number of shares owned by him, multiplied by 11.
 - b. Voting shall be closed by 3:00pm on 2 June 2020.
 - c. Once finished, the Shareholder can submit the digital ballot. Upon submission, the digital ballots can no longer be amended.
 - d. Except as may be otherwise stated, votes cast in absentia shall have the same effect as votes cast by proxy.
6. Participation by Remote Communication
- a. Registered Shareholders may participate by remote communication in the meeting by logging in to the Portal.
 - b. The Portal will include a feature where Shareholders may type in their questions.

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