COVER SHEET

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S.E.C. Registration Number

COL FINANCIAL GROUP, INC.

(Company's Full Name)

24F EAST TOWER TEKTITE TOWERS
EXCHANGE ROAD ORTIGAS CENTER
PASIG CITY

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

Atty. Sharon T. Lim	(632) 8636-5411
Contact Person	Company Telephone Number

1 2 / 3 1	**SEC Form 20-IS Definitive Information Statement**	0 4 / 2 7
Month *Day*	FORM TYPE	*Month* *Day*
Fiscal Year		Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total Number of Stockholders	Domestic	Foreign
		none

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

COL FINANCIAL GROUP, INC.
24/F East Tower, Tektite Towers (formerly PSE Centre),
Exchange Road, Ortigas Center,
Pasig City Philippines

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

Notice is hereby given that the Annual Stockholders' Meeting of COL Financial Group, Inc. ("COL", the "Corporation, or the "Company"), will be conducted virtually on **27 April 2022, Wednesday**, 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 Previous Meeting of Stockholders
4. President's Report
5. Ratification of all Acts and Proceedings of the Board of Directors and Management
6. Approval of the 2021 Audited Financial Statements
7. Election of the Board of Directors
8. Appointment of External Auditors
9. Delegation of Authority to the Board of Directors to Make Amendments to the By-laws
10. Other Matters
11. Adjournment

Only stockholders of record at the close of business on 16 March 2022 are entitled to notice of, and to vote at, said meeting and any adjournment thereof. As per the By-Laws, the Stock and Transfer Books of the Corporation will be closed from 16 March 2022 to 23 March 2022.

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 on or before 11 April 2022. 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 11 April 2022 through email at corporatesecretary@colfinancial.com

The procedures for attendance and voting during the 2022 ASM are set forth in the Information Statement.

SHARON T. LIM
Corporate Secretary

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 April 27, 2022, and at any adjournments thereof for the purpose of acting on the following matters:

	Item	Vote		
1.	Approval of the Minutes of the Previous Meeting	◯ Yes	◯ No	◯ Abstain
2.	President's Report	◯ Yes	◯ No	◯ Abstain
3.	Ratification of all Acts and Proceedings of the Board of Directors and Management	◯ Yes	◯ No	◯ Abstain
4.	Approval of the 2021 Audited Financial Statements	◯ Yes	◯ No	◯ Abstain
5.	Election of Directors			

◯ Distribute my votes equally among the candidates

◯ Cumulate my votes (indicate no. of votes)*

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

Edward K. Lee	______________	Alexander C. Yu	______________
Conrado F. Bate	______________	Paulwell Han	______________
Seiji Okita	______________	Hernan G. Lim	______________
Raymond C. Yu	______________	Wellington C. Yu	______________
Arthur G. Gindap (Independent)	______________	Betty C. Siy-Yap (Independent)	______________
Roberto C. Benares (Independent)	______________		

6.	Appointment of SyCip Gorres Velayo & Co. as the external auditor of the Company	◯ Yes	◯ No	◯ Abstain
7.	Delegation of Authority to the Board of Directors to Make Amendments to the By-laws	◯ 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 APRIL 11, 2022 (MONDAY). FOR CORPORATE STOCKHOLDERS, PLEASE ATTACH A COPY OF THE SECRETARY'S CERTIFICATE ON THE AUTHORITY OF THE SIGNATORY TO APPOINT THE PROXY AND SIGN THIS FORM.

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

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

NOTARIZATION OF THIS PROXY IS NOT REQUIRED.

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

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20 OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement
   [✓] Definitive Information Statement

2. Name of Registrant as specified in its charter: **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, Tektite Towers (formerly PSE Centre), Exchange Road, Ortigas Center, Pasig City** **1605**
   Address of principal office Postal Code

7. Registrant's telephone number, including area code: **(632) 8636-5411**

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

Date	:	27 April 2022
Time	:	2:00 PM
Place	:	https://shareholders.colfinancial.com *(in light of the current circumstances, shareholders may only attend by remote communication subject to pre-registration procedures)*

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **4 April 2022**

10. In case of Proxy Solicitations:

    Name of Person Filing the Statement/Solicitor: **Not Applicable**
    Address and Telephone No.: **Not Applicable**

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding as of 30 March 2022
Common	**4,760,000,000**

12. Are any or all of registrant's securities listed in a Stock Exchange? Yes ✓ No ____
    Name of Exchange: **Philippine Stock Exchange**
    Class : **Common shares**

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

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

(a) Date: **27 April 2022**
Time: **2:00 p.m.**
Place: **https://shareholders.colfinancial.com** *(in light of the current circumstances, shareholders may only attend by remote communication subject to pre-registration procedures)*

(b) Approximate date on which copies of the information statement are first to be sent or given to security holders: **4 April 2022**

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.

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 director of the Corporation or any associate thereof, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon other than election to office.

(b) The Corporation has not received any information in writing from any person who intends to oppose any action to be taken at the Annual Stockholders' Meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

(a) **Class of Voting Securities** : Common shares

Number of Shares Outstanding as of 28 February 2022 : 4,760,000,000
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 **16 March 2022** ("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 "G"** for information on electronic voting in absentia.

(This space is intentionally left blank.)

(d) **Security Ownership of Record and Beneficial Owners of more than 5% of the Corporation's voting securities as of 28 February 2022 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	1,701,509,660 (D)	35.75
			Non-Filipino	193,037,750 (D)	4.06
	Daiwa Securities Group, Inc.[1] GranTokyo North Tower, 9-1, Marunouchi 1-chrome	Daiwa Securities Group, Inc.	Japanese	709,240,000 (P)	14.90
	Lee, Edward K. Mahogany St., Makati City	Lee, Edward K.	Filipino	622,500,000 (D) 307,914,000 (P)	21.67
	Lee, Lydia C. Mahogany St., Makati City			10,000,000 (D) 41,023,000 (P)	
	Lee, Edmund C. Mahogany St., Makati City			20,400,000 (P)	
	Teo, Eleanore L. or Lee, Edmund C. Mahogany St., Makati City			20,000,000 (P)	
	ELLEE & Co., Inc.[2] 2701C East Tower, PSE Centre, Exchange Rd, Ortigas Center, Pasig			9,515,000 (P)	
	Yu, Alexander C. Ortega St., San Juan City	Yu, Alexander C.	Filipino	200,000,000 (D) 336,498,250 (P)	13.92
	Yu, Elizabeth N. Ortega St., San Juan City			23,072,000 (P)	
	Yu, Adrian Alexander N. Ortega St., San Juan City			32,515,000 (P)	
	Yu, Michelle Angeline N. Ortega St., San Juan City			40,578,000 (P)	
	Yu, Tiffany Anne N. Ortega St., San Juan City			30,000,000 (P)	
	Han, Paulwell G/F Broom Road, Happy Valley, Hong Kong	Han, Paulwell	Chinese	1,000,000 (D) 98,158,750 (P)	8.39
	Han, Kelvin J. G/F Broom Road, Happy Valley, Hong Kong			300,000,000 (P)	

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

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

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

Security Ownership of Management (as of 28 February 2022)

Title of Class	Name of Owner	Position	Citizenship	Total No. of Shares	Percent (%)
Common	Edward K. Lee	Chairman	Filipino	1,031,352,000	21.67
Common	Alexander C. Yu	Vice-Chairman	Filipino	662,663,250	13.92
Common	Conrado F. Bate	Director/President/CEO	Filipino	204,982,599	4.31
Common	Hernan G. Lim	Director	Filipino	175,261,850	3.68
Common	Raymond C. Yu	Director	Filipino	223,339,400	4.69
Common	Wellington C. Yu	Director	Filipino	100,000	0.00
Common	Seiji Okita	Director	Japanese	1	0.00
Common	Paulwell Han	Director	Chinese	399,158,750	8.39
Common	Arthur G. Gindap	Independent Director	Filipino	120,000	0.00
Common	Roberto C. Beñares	Independent Director	Filipino	1,000	0.00
Common	Betty C. Siy-Yap	Independent Director	Filipino	1,000	0.00
Common	Catherine L. Ong	SVP/Treasurer	Filipino	102,428,000	2.15
Common	Juan G. Barredo	FVP – Chief Customer Experience Officer	Filipino	10,250,500	0.22
Common	Nikos J. Bautista	FVP – Chief Technology Officer	Filipino	11,602,000	0.24
Common	Lorena E. Velarde	FVP – Chief Financial Officer	Filipino	6,500,000	0.14
Common	April Lynn L. Tan	FVP – Chief Investor Relations and Corporate Strategy	Filipino	17,080,000	0.36
Common	Melissa O. Ng	VP – Head of Operations	Taiwanese	2,657,500	0.06
Common	Sharon T. Lim	VP – Head of Legal & Compliance	Filipino	792,500	0.02
Common	Gabriel Jose E. Mendiola	AVP - Software Development	Filipino	43,325,000	0.91
Common	Joyce G. Chan	AVP – Head of Customer Support	Filipino	4,025,000	0.08
Common	Rea P. Orteza	AVP – Head of Accounting Operations	Filipino	3,000	0.00
Common	**Key Officers and Directors (as a group)**			**2,892,985,850**	**60.78**

(e) **Changes in Control**

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

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

Item 5. DIRECTORS AND EXECUTIVE OFFICERS

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

i. Directors and Executive Officers

Pursuant to the Corporation's 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 27 April 2022 are the following:

1. Edward K. Lee
2. Alexander C. Yu
3. Conrado F. Bate
4. Paulwell Han
5. Seiji Okita
6. Hernan G. Lim
7. Arthur G. Gindap
8. Raymond C. Yu
9. Wellington C. Yu
10. Betty C. Siy-Yap
11. Roberto C. Benares

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 27 April 2022 are as follows:

Nominees for Independent Director (a)	Person/Group recommending nomination (b)	Relation of (a) and (b)
Arthur G. Gindap*	Conrado F. Bate	None
Betty C. Siy-Yap**	Conrado F. Bate	None
Roberto C. Benares**	Conrado F. Bate	None

**first appointed in March 2019*
***first appointed in February 2021*

In approving the nominations for Independent Directors, the Nomination Committee took into consideration the guidelines prescribed in SRC Rule 38, SEC Memorandum Circular No. 16

series of 2006, and SEC Memorandum Circular No. 19 series of 2016, on the nomination of Independent Directors. The Nomination Committee is composed of Mr. Arthur G. Gindap, 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 (4^{th}) 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 its operations and financial capabilities.

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

Mr. Hokushin Kido stepped down as director of the Corporation last 17 August 2021. His resignation is not due to a disagreement with the Corporation on any matter relating to the Corporation's operations, policies, or practices. None of the current directors as of the date of this report have declined to stand for re-election.

(c) <u>**Certain Relationships and Related Transactions**</u>

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) <u>**Compensation of Executives**</u>

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 2022 (est.)**	**Annual Salary 2021**	**Annual Salary 2020**
a) Chief Executive Officer and the Four Most Compensated Executives:			
Conrado F. Bate President & CEO ***Catherine L. Ong*** SVP/Treasurer ***Juan G. Barredo*** FVP- Chief Customer Experience Officer ***Lorena E. Velarde*** FVP- Chief Financial Officer ***April Lynn L. Tan*** FVP- Chief Investor Relations and Corporate Strategy			
All above-named Executives and Officers as a Group	₱27.80	₱26.92	₱24.77
b) All other Executives and Officers as a Group	₱15.38	₱14.17	₱15.66

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

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.

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

	Year Ended 31 December (in ₱ million)	
	2021	2020
Per diem to the Board of Directors as a group	₱1.63	₱1.75

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 2021, SGV has been COL's external auditor for the past twenty-two (22) 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 2021, Ms. Janet A. Paraiso 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 ₱ million)	
	2021	2020
Audit and Audit-Related Fees in connection with the annual review of the Parent Company's financial statements	₱1.93	₱1.75
Tax Fees	None	None

Appointment of COL's external auditor and its audit fees are upon recommendation of the Audit Committee. All services rendered by SGV have prior approval of the President as recommended by the Audit Committee. Actual work by SGV proceeds thereafter. In 2021, the Audit Committee was chaired by Ms. Betty C. Siy-Yap with Mr. Wellington C. Yu, Mr. Raymond C. Yu, and Mr. Hernan G. Lim as members.

Item 8. COMPENSATION PLANS

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

C. ISSUANCE AND EXCHANGE OF SECURITIES

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

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

Item 10. MODIFICATION OR EXCHANGE OF SECURITIES

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

Item 11. FINANCIAL AND OTHER INFORMATION

The Corporation's audited financial statements as of 31 December 2021 are attached hereto as **Annex "F"**. On the other hand, Management's Discussion and Analysis of financial conditions and results of operations, market price of shares and dividends and other information related to the Corporation's financial information are attached hereto as **Annex "D"**.

Item 12. MERGERS, CONSOLIDATIONS, ACQUISITIONS AND SIMILAR MATTERS

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

Item 13. ACQUISITION OR DISPOSITION OF PROPERTY

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

Item 14. RESTATEMENT OF ACCOUNTS

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

D. OTHER MATTERS

Item 15. ACTION WITH RESPECT TO REPORTS

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

(a) Approval of the Annual Report and the Corporation's Audited Financial Statements as of 31 December 2021 containing the performance of the Corporation and its financial condition (*See **Annex "F"***);

(b) Approval of the Minutes of the Previous Annual Stockholders' Meeting (*See **Annex "E"***);

(c) Approval of the 2021 Report of the President; and

(d) Ratification of all Acts, Proceedings of the Board of Directors and Management *(See **Item 18**)*.

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

With respect to any amendments of the Corporation's Charter, By-laws or other documents, management recommends a vote for the delegation of authority to the Board of Directors to make amendments to the By-laws that are in accordance with applicable laws and regulations.

The delegation of authority to the Board of Directors to amend the By-laws will allow flexibility in making timely modifications or adopting new provisions which may be required by laws and regulations or which may be necessary or beneficial for the Corporation's business.

Item 18. OTHER PROPOSED ACTION

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

Item 19. VOTING PROCEDURES

(a) **Vote required for approval and election**

Article II of the 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. The delegation of authority to the Board to amend the by-laws shall require the affirmative vote of stockholders owning at least 2/3 of the outstanding capital stock of the Corporation.

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

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

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 11 April 2022. Information on participation through remote communication and electronic voting in absentia are included in **Annex "G."**

Proxies must be submitted by email to corporatesecretary@colfinancial.com on or before 11 April 2022.

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, TEKTITE TOWERS (FORMERLY PSE CENTRE),
EXCHANGE ROAD, ORTIGAS CENTER, PASIG CITY

After reasonable inquiry and to the best of my knowledge and belief, I hereby certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Pasig on 31 March 2022.

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, 67, Filipino, took Bachelor of Science in Industrial Management Engineering at De La Salle University. He is concurrently the Founder and Chairman of the Board of COL, COL Securities (HK) Limited, CTS Global Equity Group, Inc., Caylum Trading Institute, and COL Investment Management, Inc. Mr. Lee served as a nominee of CTS Global Equity Group, Inc. to the Manila Stock Exchange and presently to the Philippine Stock Exchange. He was elected as one of the Governors of the Philippine Stock Exchange and was the Chairman of the Computerization committee of the Manila Stock Exchange and PSE in 1994. He went on to become a member of the Board of Directors of A. Soriano Corporation serving for two terms. Mr. Lee was also nominated as a finalist to the 2007 Entrepreneur of the Year Philippines by Ernst & Young. In 2015, he was awarded with the Theodore Vail Most Outstanding JA Alumni Awardee. From 2016 to 2019, he was appointed as an official board member of JA Asia Pacific.

Alexander C. Yu
Vice-Chairman

Alexander C. Yu, 66, 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. 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. He is the proprietor of Trans-Asia General Merchandise and in 1997, he served as a Director of A. Soriano Corporation.

Conrado F. Bate
President and Chief Executive Officer

Conrado F. Bate, 59, 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 and serves as a director for COL Investment Management, Inc. 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. He is also a member of the Board of Trustees of the Shareholder's Association of the Philippines from January 2017 up to the present.

Wellington C. Yu
Director

Wellington C. Yu, 78, Filipino, finished his degree in BS Chemical Engineering at De La Salle University in 1965 and his MBA and MS Chemical Engineering degrees from the University of Pittsburgh. From 1973 to 1985, he was the Dean of the College of Business and Economics of De La Salle University and of the Graduate School of Business from 1981 to 1984. 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 him the title "Exemplary Alumnus". He is presently the Dean of the College at Philippine Cultural College in Manila.

Raymond C. Yu
Director

Raymond C. Yu, 68, Filipino, graduated with a Bachelor of Science Degree in Commerce from De La Salle University in 1974. He is currently the President of Winner Industrial Corporation. He has served as a director of Caylum Trading Institute since 2013 and has been a director for more than 16 years of the following corporations: CTS Global Equity Group, Inc., Cedarside Holdings Corp., Cedarside Industries, Inc., Barrington Carpets, Inc., and Citimex, Inc.

Hernan G. Lim
Director

Hernan G. Lim, 69, 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., 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, 62, Chinese, is a graduate of Business Finance from the 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.

Seiji Okita
Director

Seiji Okita, 45, Japanese, was elected as Director on August 2021. He is currently the head of Global Business Development Section in the International Business Planning Department of Daiwa Securities Group, Inc. where he promotes international alliance and investment strategy. He has extensive experience in investment banking, sales and trading businesses since he started his career in Daiwa Securities Group Inc. in 2001. He earned his Master's Degree in Economics at Osaka University.

Arthur G. Gindap
Independent Director

Arthur G. Gindap, 60, 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.

Betty C. Siy-Yap
Independent Director

Betty C. Siy-Yap, 60, Filipino, is the SVP and Chief Finance Officer and Chief Risk Officer of Manila Electric Company. She sits in the board of several companies including, among others, Clark Electric Distribution Corporation, CIS Bayad Center, Inc., Meralco Industrial Engineering Services Corporation, MERALCO PowerGen Corporation, and MRail, Inc. She is the President of Lighthouse Overseas Insurance Limited, a Trustee of the Meralco Pension Fund and One Meralco Foundation, Inc., and the Treasurer of First Pacific Leadership Academy, Inc. and MVP Sports Foundation, Inc. She was previously a Director of Rockwell Land Corporation, a member of the Market Governance Board of the Philippine Dealing Exchange Corp., Vice Chairman of the Board of Accountancy of the Professional Regulation Commission, and a Partner at SyCip Gorres Velayo & Co. Ms. Siy-Yap holds a Bachelor of Science Degree in Business Administration and Accountancy from the University of the Philippines and a Master's in Business Administration from J.L. Kellogg School of Management at Northwestern University/The Hong Kong University of Science and Technology.

Roberto C. Benares
Independent Director

Roberto C. Benares, 69, Filipino, currently sits at the Board of Directors of Bank of Commerce, BlastAsia Corporation, and Quokka Development Corporation. He served as the President and CEO of Bank of Commerce from 2013 to 2018 and as Executive Director and later on Managing Director of Maybank ATR Kim Eng Capital Partners, Inc. from 2001 to 2013. Over the years, Mr. Benares held various positions at Asian Alliance Investment as Managing Director, Insular Investment & Trust Corporation as Executive Vice President, Philamlife as Vice President, and United Coconut Planters Bank as Vice President for Account Management. Mr. Benares holds a degree of BS Mechanical Engineering from De La Salle University and has a Master's Degree in Business Management from the Asian Institute of Management.

EXECUTIVE OFFICERS

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

Catherine L. Ong
SVP – Treasurer

Catherine L. Ong, 70, Filipino, COL's SVP – Treasurer, is also the Chairman of COL Equity Index Unitized Mutual Fund, Inc. and COL Cash Management Unitized Mutual Fund, Inc., the SVP – Chief Operating Officer of CTS Global Equity Group, 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 30 years. She was formerly a director of COL. 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.

Juan G. Barredo
FVP – Chief Customer Experience Officer

Juan "Juanis" G. Barredo, 54, Filipino, Vice President and Chief Customer Experience Officer for COL, oversees the positive operations of COL's Business Center, its Sales division as well as its Premium and Retail Customer Service divisions. 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 200,000 people nationwide 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
FVP – Chief Technology Officer

Nikos J. Bautista, 53, 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
FVP – Chief Financial Officer

Lorena E. Velarde, 51, Filipino, is the Chief Financial Officer of COL in 2021 after having served as the Company's Financial Controller from 2010 to 2020. She is concurrently an Associated Person of CTS Global Equity Group, Inc. and the Treasurer of COL Investment Management, Inc., COL Equity Index Unitized Mutual Fund, Inc., and COL Cash Management Unitized Mutual Fund, Inc. She was previously the Accounting Department Head of CTS Global Equity Group, 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 in the same year.

April Lynn L. Tan
FVP – Chief Investor Relations and Corporate Strategy

April Lynn L. Tan, 46, Filipino, is the Chief Investor Relations and Corporate Strategy of COL. She was appointed as the head of COL's Research Team in 2003. She is also a Certified Securities Representative and a Certified Investment Solicitor. She has been doing equities research since 1996 when she joined the research team of Citisecurities, Inc. In 2019, she was voted as "Best Strategist" by the "Fund Managers' Association of the Philippines". Outside of her work as an analyst, April writes a weekly column named "Intelligent Investing" for the Philippine Daily Inquirer and hosts the TV show "Insight with April Lee Tan" for ANC. She is an active member of the CFA Society of the Philippines and was the President of the Society from 2009 to 2016. Under her leadership, CFA Philippines won the "Global CFA Institute Research Challenge" thrice and several Society Excellence Awards including the "Most Outstanding Society" for its size. Ms. Tan holds a Bachelor of Science Degree in Management Engineering from the Ateneo de Manila University. In 2000, she earned the right to use the Chartered Financial Analyst (CFA) designation.

Melissa O. Ng
VP – Head of Operations

Melissa O. Ng, 49, Taiwanese, holds a Bachelor of Science Degree 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
VP – Head of Legal & Compliance

Sharon T. Lim, 42, Filipino, started with the Company in 2011 as Compliance and Legal Officer and was appointed as the Head of the Legal and Compliance Department in 2016. She was appointed as Corporate Secretary on November 2018 and also serves as the Corporate Secretary of CTS Global Equity Group, Inc., COL Equity Index Unitized Mutual Fund, Inc., COL Cash Management Unitized Mutual Fund, Inc., and COL Investment Management, Inc. She 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 from the Ateneo de Manila University, Bachelor of Laws from the University of the Philippines, and Master of Laws (Corporate & Financial Services Law) from the National University of Singapore. She was admitted to the Philippine Bar in 2007, is a licensed Associated Person and Certified Information Privacy Manager.

Gabriel Jose E. Mendiola
Assistant Vice President - Software Development

Gabriel Jose E. Mendiola, 40, 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.

Joyce G. Chan
Assistant Vice President – Head of Customer Support

Joyce G. Chan, 37, 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.

Rea P. Orteza
AVP – Head of Accounting Operations

Rea P. Orteza, 42, Filipino, started as the Accounting Manager of CTS Global Equity Group, Inc. where she served for 10 years before transitioning to COL Financial Group, Inc. She was appointed as Accounting Senior Manager in 2016 and AVP – Head of Accounting Operations in 2021. Ms. Orteza is a B.S. Accountancy graduate from the Central Philippine University and is a certified public accountant.

ANNEX "B"
CERTIFICATION ON
GOVERNMENT EMPLOYMENT

CERTIFICATION

This is to certify that, upon review of the records of **COL Financial Group, Inc.** (the Corporation) in my possession, none of the members of the Corporation's Board of Directors, including its Independent Directors, are employed by any government agency.

This certification is issued this 21 March 2022 at Pasig City, Philippines.

SHARON T. LIM
Corporate Secretary

Subscribed and sworn to before me this 21st March 2022 at Pasig City, affiant exhibiting to me her Passport No. P7315563B issued at DFA NCR Manila on 02 August 2021.

Doc No. 175 ;
Page No. 68 ;
Book No. IV ;
Series of 2022.

ATTY. STEPHANIE FAYE B. REYES
For the Cities of Pasig, San Juan
and the Municipality of Pateros
Expiring on 31 December 2022
Appointment No. 98 (2021-2022) Pasig City
Roll No. 64239
PTR No. 8131559/01.07.22/Pasig City
IBP LRN 13768/RSM
MCLE Compliance No. VI-0014740/11.13.18
2703C East Tower Tektite Towers (formerly
PSE Centre), Exchange Road, Ortigas Center,
Pasig City 1605

ANNEX "C"

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **ARTHUR G. GINDAP**, Filipino, of legal age and a resident of Unit CC-1B 110/115 Upper McKinley Road, McKinley Town Center, Fort Bonifacio, Taguig, Metro Manila 1630, 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 qualification and none of the disqualifications to serve as an Independent Director of **COL Financial Group, Inc.**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any of the directors, officers or substantial shareholder of **COL Financial Group, Inc. and its subsidiaries and affiliates.**

5. To the best of my knowledge, I am not subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the corporate secretary of **COL Financial Group, Inc.** of any changes in the abovementioned information within five days from its occurrence.

Done this MAR 1 7 2022, at Pasig City.

ARTHUR G. GINDAP
Affiant

SUBSCRIBED AND SWORN TO BEFORE ME this MAR 1 7 2022 at Pasig City, affiant exhibited to me his Driver's License No. N03-94174273 valid until 15 September 2023.

Doc. No. 323;
Page No. 66;
Book No. IV;
Series of 2022.

ATTY. STEPHANIE FAYE B. REYES
For the Cities of Pasig, San Juan
and the Municipality of Pateros
Expiring on 31 December 2022
Appointment No. 98 (2021-2022) Pasig City
Roll No. 64239
PTR No. 8131559/01.07.22/Pasig City
IBP LRN 13768/RSM
MCLE Compliance No. VI-0014740/11.13.18
2703C East Tower Tektite Towers (formerly PSE Centre), Exchange Road, Ortigas Center, Pasig City 1605

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **BETTY C. SIY-YAP**, Filipino, of legal age and resident of 7 Caroline Street, Parkway Village, Quezon City, 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 2021.

2. I am affiliated with the companies or organizations indicated in Annex C-2-a.

3. I possess all 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 shareholder of **COL Financial Group, Inc. and its subsidiaries and affiliates.**

5. To the best of my knowledge, I am not subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the corporate secretary of **COL Financial Group, Inc.** of any changes in the abovementioned information within five days from its occurrence.

Done this MAR 2 1 2022, at Pasig City.

BETTY C. SIY-YAP
Affiant

SUBSCRIBED AND SWORN TO BEFORE ME this MAR 2 1 2022, at Pasig City, affiant exhibited to me her PhilHealth ID Number 19-090352236-8.

Doc. No. 340;
Page No. 69;
Book No. IV;
Series of 2022.

ATTY. STEPHANIE FAYE B. REYES
For the Cities of Pasig, San Juan
and the Municipality of Pateros
Expiring on 31 December 2022
Appointment No. 98 (2021-2022) Pasig City
Roll No. 64239
PTR No. 8131559/01.07.22/Pasig City
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MCLE Compliance No. VI-0014740/11.13.18
2703C East Tower Tektite Towers (formerly
PSE Centre), Exchange Road, Ortigas Center,
Pasig City 1605

ANNEX "C-2-a"

Company/Organization	Position/Relationship	Period of Service
Radius Telecoms, Inc.	Director	2020 to present
Meralco Financial Services Corporation	Chairman; Director	2020 to present
Meralco Industrial Engineering Services	Director	2020 to present
MIESCOR Logistics, Inc.	Director	2020 to present
MIESCOR Builders, Inc.	Director	2020 to present
MRail, Inc.	Director	2011 to present
Shin Clark Power Holdings, Inc.	Director; Treasurer; Chief Finance Officer	2019 to present
MSpectrum, Inc.	Director	2016 to present
Meralco PowerGen Corporation	Director	2004 to present
MGen Renewable Energy, Inc.	Director	2019 to present
Nortezol III, Inc.	Director	2019 to present
LagunaSol Corporation	Director	2020 to present
Calamba Aero Power Corporation	Director	2011 to present
Atimonan Land Ventures Development Corporation	Director	2011 to present
Atimonan One Energy, Inc.	Director	2013 to present
MPG Holdings Phils., Inc.	Director; President	2013 to present
MPG Mauban LP Corporation (Limited Partner)	Director	2013 to present
Redondo Peninsula Energy, Inc.	Director	2011 to present
eSakay, Inc.	Director	2018 to present
Immaculate Conception Academy	Trustee	July 2019 to present
Ateneo de Manila University	Member, Finance and Budget Committee	July 2020 to present
Union Galvasteel Corporation	Director	August 2020 to present
Comstech Integration Alliance, Inc.	Board Advisor	2020 to present

CERTIFICATION OF INDEPENDENT DIRECTORS

I, ROBERTO C. BENARES, Filipino, of legal age and resident of 37 Solar Street, Bel-Air Village, Makati City, 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 2021.

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

Name of Office	Position	Period of Service
Bank of Commerce	Director	29 Apr 2013 - Present
Quokka Development Corp.	Chairman/ Director	2013 - Present
Quokka Corp.	Director	2006 - Present
Pattern Farms Design, Inc.	Director	1990 - Present

3. I possess all 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 shareholder of **COL Financial Group, Inc. and its subsidiaries and affiliates.**

5. To the best of my knowledge, I am not subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the corporate secretary of **COL Financial Group, Inc.** of any changes in the abovementioned information within five days from its occurrence.

Done this 21st, at Pasig City.

ROBERTO C. BENARES
Affiant

SUBSCRIBED AND SWORN TO BEFORE ME this 21st day of March 2022, at Pasig City, affiant exhibited to me his Senior Citizen ID Number 66488, issued at Makati City.

Doc. No. 337;
Page No. 69;
Book No. IV;
Series of 2022.

ATTY. STEPHANIE FAYE B. REYES
For the Cities of Pasig, San Juan
and the Municipality of Pateros
Expiring on 31 December 2022
Appointment No. 98 (2021-2022) Pasig City
Roll No. 64239
PTR No. 8131559/01.07.22/Pasig City
IBP LRN 13768/RSM
MCLE Compliance No. VI-0014740/11.13.18
2703C East Tower Tektite Towers (formerly PSE Centre), Exchange Road, Ortigas Center, Pasig City 1605

ANNEX "D"
MANAGEMENT REPORT

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

The following is a discussion and analysis of the financial performance of COL (also referred to as 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 of the Group filed as part of this report.

A. Company Overview

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

After completing and passing the rigid regulatory requirements, COL launched its proprietary online trading platform in January 2001. 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 in making 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 its commitment to provide more useful products and services to help its customers build genuine wealth, COL launched the Philippines' first and leading online mutual fund supermarket in July 2015, giving investors access to a wide selection of mutual funds with no sales-load or transaction fees.

To diversify COL's portfolio as a one-stop shop online platform for capital market products, it set up its own asset management firm in 2019, COL Investment Management Inc. ("CIMI"), to serve as the fund manager for COL Equity Index Unitized Mutual Fund Inc. ("CEIUMF") and COL Cash Management Unitized Mutual Fund Inc. ("CCMUF"). These subsidiaries are still in pre-operating stages as of end 2021, as the approvals of their applications for secondary registration with the SEC were only issued the last week of December 2020.

Today, COL has reached hundreds of thousands of Filipinos worldwide over the span of two decades, as it remains committed to help more and more Filipinos take control of their financial future through investing.

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 on both the anticipated development of the capital markets as well as the increasing the retail investor base in the Philippines.

C. Industry and Economic Review

Philippine stocks had a volatile performance in 2021.

After climbing to as high as 7,304.79 early during the year, the Philippine Stock Exchange index ("PSEi") fell to a low of 6,164.89 in May. Sentiment for stocks deteriorated after the inflation rate exceeded the 2% to 4% target range of the Bangko Sentral ng Pilipinas ("BSP"). Appetite for stocks was also negatively affected by the surge in the number of COVID-19 infections, forcing the government to reimpose the enhanced community quarantine ("ECQ"), which is the strictest form of lockdown, in the national capital region ("NCR") and four neighboring provinces beginning the last week of March.

The index recovered to as high as 7,036.38 in June, only to succumb to another sell-off in July, as the number of COVID-19 infections once again surged due to the spread of the highly contagious delta variant. This forced the government to reimpose ECQ in most parts of the country beginning in August 6.

However, the PSEi began to recover in the middle of August. Although the number of infections in the country had not yet peaked, the market benefited from the growing interest in ASEAN stocks as foreign investors shifted away from Chinese stocks due to heightened regulatory concerns. Sentiment likewise improved as ASEAN countries were reopening their economies due to the falling number of COVID-19 cases brought about by the spread of the delta variant earlier during the year. The improving performance of Philippine stocks was sustained up to November as the number of COVID-19 cases in the country also started trending lower. The stronger than expected third quarter GDP growth likewise helped boost investor sentiment.

Unfortunately, the market's strong performance was not sustained. In December, the market started falling again due to the emergence of the more transmissible omicron COVID-19 variant, and growing concern that the U.S. Fed would withdraw monetary stimulus at a faster than expected pace.

By the end of the year, the PSEi index closed at 7,122.63, flat compared to the same period in 2020. Despite the index's flattish performance, value turnover in the PSE increased by 26.1% year-on-year to ₱4,465 billion. However, local stock brokers benefited more from the increase in value turnover as local investors accounted for 65% of the PSE's total value turnover, up from around 53% historically. In 2021, local investors' value turnover increased by 5.4% while foreign investors' value turnover fell by 5.3%.

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:

	2021	2020
Number of Customer Accounts*	489,154	437,048
Customers' Net Equity (in millions)	₱112,878.84	₱107,755.76
Revenues (in millions)	₱1,322.77	₱1,086.34
Return on Average Equity (ROE)	30.0%	24.0%
Risk Based Capital Adequacy Ratio*	382.0%	353.0%
Liquid Capital** (in millions)	HKD32.70	HKD26.30

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

COL continued to benefit from the rapid growth in mass retail investors in the country. For the year 2021, the Parent Company had a net addition of almost 54,000 accounts and ended the year with 489,154 **customer accounts**, higher by 11.92% year-on-year. Aside from the growing popularity of stock trading among retail investors, COL benefited from its strong brand equity, being one of the oldest and largest online stockbrokers in the country. The Parent Company also continued to benefit from its various marketing and educational campaigns aimed at encouraging Filipinos to save and invest. COL ended 2021 as the number one stockbroker in the PSE in terms of value turnover for the second year in a row.

Customers' net equity increased slightly by 4.7% to ₱112.88 billion as of end 2021 from ₱107.76 billion as of end 2020. Despite the flattish finish of the PSEi index, customers' net equity increased largely due to the growth of COL's client base. For the year, the Parent Company saw net new flows amounting to ₱7.70 billion, which more than offset the negative impact of volatile market conditions on the value of consolidated customers' net equity.

Revenues increased by 21.8% in 2021 to ₱1.32 billion. The increase in revenues was largely due to the 27.6% year-on-year increase in commissions which account for more than three quarters of total revenues. This was partly offset by the decline in interest income by 26.1% to ₱182.06 million, as average bank deposit rates remained low in 2021. Meanwhile, trail fees earned from the distribution of mutual funds grew by 24.5% to ₱21.48 million as the average non-money market assets under administration (AUA) increased by 26.7% to around ₱3.70 billion in 2021.

The strong growth in revenues coupled with the highly leveraged nature of the stock brokerage and funds distribution businesses resulted to a 37.5% improvement in net income attributable to equity holders of the Parent Company to ₱583.21 million. Consequently, **return on average equity** (ROE) improved to 30.0% in 2021 from 24.0% in 2020.

In 2021, both COL and its HK subsidiary continued to meet the stringent rules of regulators in the Philippines and Hong Kong. As of end December 2021, the Parent Company's Risk Based Capital Adequacy Ratio (RBCA) reached 382.0%, which is sharply higher than the minimum requirement of 110.0%. Meanwhile, COL HK had HKD32.70 million of liquid capital. This is also well above the minimum requirement of HKD3.00 million or 5.0% of adjusted liabilities.

2. *Other Financial Soundness Indicators*

	2021	2020	Formula
Profitability ratios:			
Return on assets	4.5%	3.1%	Net income/Total assets
Net profit margin	44.1%	39.1%	Net income/Net sales
Solvency and liquidity ratios:			
Current ratio	1.14	1.12	Current assets/Current liabilities
Debt to equity ratio	5.60	6.72	Total liabilities/Stockholders' equity
Quick ratio	1.14	1.10	Liquid assets/Current liabilities

3. *Material Changes in Financial Condition*

a. 2021 vs. 2020

COL's asset base dropped by 5.2% to ₱12.98 billion in 2021 compared to ₱13.70 billion as of end 2020. Assets fell largely due to the increased deployment of clients' cash into the stock market. This was reflected in the ₱910.71 million or 7.9% drop in trade payables to ₱10.59 billion as of end 2021, which is largely comprised of customers' unused cash balances.

Cash and cash equivalents (including cash in segregated account and short-term cash deposits) fell by 70.0% to ₱1.73 billion from ₱5.78 billion. Aside from customers' smaller unused cash balances, cash and cash equivalents fell due to management's decision to allocate more funds to short-term government- issued treasury bills to boost interest income given the very low yields on time deposits. As of end 2021, COL owned ₱9.87 billion worth of treasury bills as reflected by the 52.8% increase in investment securities at amortized cost.

Trade receivables fell by 15.1% to ₱958.82 million. The drop was largely due to the lower amount of unsettled receivable from the clearing house arising from customers' selling transactions. The total amount of unsettled receivables fell to ₱84.59 million as of end 2021 from ₱314.42 million as of end 2020. This was partly offset by the increase in margin availments by COL customers from ₱697.96 million as of end 2020 to ₱746.47 million as of end 2021.

Other receivables increased by 84.7% to ₱70.22 million mainly due to the 414.0% jump in accrued interest income on short and long-term placements to ₱52.63 million. As discussed earlier, the value of investment securities at amortized cost increased by 52.8% in 2021. Meanwhile, the amount of receivables from fund houses for redemption proceeds fell by 56.7% to ₱7.57 million as there was less customer redemptions as of end 2021 compared to a year ago.

Property and equipment fell by 29.4% to ₱81.06 million due to minimal capital expenditures amounting to only ₱5.05 million during the year and the booking of ₱61.02 million in depreciation expenses. Capital expenditures during the past two years were very small as the Parent Company completed the construction of its off-site data center in 2019.

Other noncurrent assets increased by 7.2% to ₱74.02 million. This was largely due to the 12.2% increase in refundable CTGF contributions to ₱50.50 million in 2021 and the 20.1% increase in intangible assets under development to ₱7.85 million brought about by the ongoing development of the accounting and operations back-office system.

Total liabilities fell by 8.3% to ₱10.88 billion as of end 2021. The decrease was largely due to the 7.9% drop in trade payables to ₱10.59 billion, which accounted for 97.3% of total liabilities. As mentioned earlier, COL's customers deployed a bigger portion of their portfolios in the stock market, leading to a drop in their cash balances which in turn was reflected in lower trade payable and higher value of clients' equity portfolio which increased by 6.3% to ₱103.18 billion in 2021 compared to its year-ago value of ₱97.06 billion.

Other current liabilities likewise fell by 27.9% to ₱145.78 million. The drop was primarily due to the reduction in unposted customer deposits by 54.2% to ₱19.87 million during the last trading day of the year versus the same period in 2020. Liabilities to the BIR also fell by 37.6% to ₱38.92 million as trading volume was smaller during the last three trading days of 2021 versus the same period in 2020 resulting to lower sales taxes.

While total liabilities decreased, shareholders' equity increased by 14.8% to ₱2.10 billion due to the booking of ₱581.45 million consolidated net income, partly offset by the payment of ₱309.40 million worth of cash dividends to shareholders of the Parent Company.

b. 2020 vs. 2019

COL's asset base grew by 34.9% in 2020 to ₱13.70 billion compared to its end 2019 level of ₱ 10.15 billion. Assets grew largely due to the significant increase in COL's client base and the resulting increase in their equity positions, including their cash balances. This was also reflected in the ₱3.31 billion or 40.5% growth in trade payables to ₱11.50 billion as of end 2020, which is largely comprised of customers' unused cash balances.

Cash and cash equivalents (including cash in segregated account and short-term cash deposits) fell by 32.5% to ₱5.78 billion from ₱8.56 billion. The drop was largely due to management's decision to buy more short-term Government- issued treasury bills to boost interest income given the very low yields on time deposits. As of end 2020, COL owned ₱6.16 billion worth of treasury bills as reflected by the significant jump in investment securities at amortized cost from only ₱200.35 million as of end 2019 to ₱6.46 billion as of end 2020.

Meanwhile, trade receivables increased by 30.7% to ₱1.13 billion. This was largely due to the unsettled receivable from clearing houses amounting to ₱314.42 million as of end 2020 from ₱ 124.66 million as of end 2019 arising from the selling transactions of customers. These receivables were collected within the first week of January 2021. Margin availments of COL's customers also increased by 21.1% to ₱697.96 million.

Other receivables fell by 20.9% to ₱38.03 million mainly due to lower accrued interest income on short and long-term placements, brought about by the steep decline in interest rates. This was partly offset by the increase in the amount of receivables from fund houses for the redemption proceeds which were settled after the reporting period.

Property and equipment fell by 22.8% to ₱114.81 million due to minimal capital expenditures amounting to only ₱14.06 million during the year versus ₱44.58 million in 2019, and the booking of ₱59.07 million in depreciation expenses. Out of this, ₱11.74 million or 83.0% of the total capital outlay in 2020 was allotted to beef up the hardware requirements of COL to complement the growth in the number of customers and trading volume. Further, the Parent Company completed in 2019 the construction of its off-site Data Center, resulting to much lower spending on furniture, fixtures and equipment and leasehold improvements in 2020.

Other noncurrent assets fell by 10.6% to ₱69.04 million. This was largely due to the write-off of costs related to the development of COL's mobile application since the contracted developer failed to deliver an acceptable product despite numerous revisions and extensions of the project deadline.

Total liabilities increased by 41.2% to ₱11.87 billion as of end 2020. The increase was largely due to the 40.5% growth in trade payables to ₱11.50 billion, which accounted for 96.9% of total liabilities. As mentioned earlier, the significant growth in COL's client base resulted to an increase in their equity positions, including their cash balances which in turn was reflected in higher trade payable.

Other current liabilities jumped by 138.0% to ₱202.22 million primarily due to higher unposted customer deposits received after the processing cut-off period and accrued expenses, taxes and fees resulting from higher trading volumes.

Shareholders' equity increased by 4.9% to ₱1.81 billion due to the booking of ₱424.31 million in net income attributable to equity holders of the Parent Company in 2020, which was partly offset by the payment of ₱333.20 million worth of cash dividends to shareholders.

4. *Material Changes in the Results of Operations*

a. 2021 vs. 2020

COL's consolidated revenues in 2021 increased by 21.8% to ₱1.32 billion. Cost of services grew by 16.1% to ₱240.48 million while operating expenses climbed by 11.9% to ₱317.94 million. Provision for income taxes increased by 15.5% to ₱177.65 million. Given the strong growth in revenues and the slower increase in operating expenses, net income rose by a faster pace of 37.7% to ₱581.45 million.

COL's consolidated revenues increased by 21.8% to ₱1.32 billion. Revenue growth was driven by the significant increase in commissions and trail fees, partly offset by the continuous drop in interest income.

Commission revenues increased strongly, by 27.6% to ₱1.01 billion, as COL benefited from the growing popularity of stock trading among mass retail investors. COL's share in the PSE's value turnover remained elevated at 8.5% in 2021, allowing it to end the year as the number one stockbroker in the local stock exchange for the second year in a row.

Meanwhile, trail fees earned from the distribution of mutual funds improved by 24.5% to ₱21.48 million as the average non-money market assets under administration (AUA) grew by 26.7% to around ₱3.70 billion in 2021 because of additional net inflow and the effect of higher market revaluation.

The strong growth in commission revenues and trail fees was partly offset by the continuous drop in interest income. COL's interest income fell by 26.1% to ₱182.06 million. Interest income on investments of idle funds fell by another 40.6% to ₱122.55 million as yields on bank deposits and short-term fixed income products remained low because of the pandemic. The first half of 2020 was also a high base as the pandemic only began in mid-March of the said year. As such, interest income during the early part of the year was still high. On the positive side, interest income on margin lending improved by 43.7% to ₱57.34 million due to the increase in average margin utilization to ₱718.70 million in 2021 compared to its year ago level of ₱517.89 million. However, interest income from margin loans only accounted for around a third of total interest income, explaining the continuous decline in interest income.

Cost of services increased by 16.0% to ₱240.48 million largely driven by the 48.04% increase to ₱77.01 million in the stock exchange dues and fees as the Parent Company's daily trading values jumped by 25.0% versus the 22.0% growth recorded for the whole industry. Central depository fees, likewise, increased sharply by 50.5% to ₱10.05 million mainly because of the increase in the value of the securities owned by the customers of the Parent Company that are lodged with the Philippine Depository and Trust Corp. Commission expenses also climbed by 31.0% to ₱36.30 million as the agency and advisory business accounted for a bigger share of total volumes. Communications, on the other hand, went up 20.6% to ₱41.19 million because of the new contracts entered into by the Parent Company with IT service providers for additional bandwidth and protection mechanism to ensure sufficient capacity and seamless execution of transactions.

Operating expenses were higher by 11.9% to ₱317.94 million. Operating expenses increased largely due to 24.3% rise in personnel costs, professional fees, and management bonus to ₱214.81 million. In 2021, a bigger portion of the Parent Company's personnel costs was reallocated to operating expenses from cost of services due to the digitization of its end-to-end business processes to meet the changing business requirements brought about by the pandemic.

On the other hand, various expenses fell sharply as most of the Parent Company's employees continued to work from home. Security and messengerial services fell 15.7% to ₱3.97 million, power, light and water expenses were down by 11.3% to ₱3.55 million, while office supplies dropped by 38.2% to ₱1.28 million.

Advertising and marketing expense also fell sharply by 33.7% to ₱3.35 million. Most marketing activities were shifted online due to the pandemic, leading to significant cost savings.

Representation and entertainment expense also dropped by 4.4% to ₱274,594 as meetings were mostly held virtually because of the pandemic.

Non-cash expenses fell, with depreciation and amortization expense (including depreciation expense from right-of-use assets) dropping 5.0% to ₱60.81 million because of the minimal capital expenditures the past two years. The Parent Company also booked ₱1.20 million in recovery from credit losses, a reversal from the ₱1.30 million in provision for credit losses booked in 2020.

Due to the aforementioned factors, operating income improved by 28.5% to ₱764.35 million. Meanwhile, pre-tax profits increased by a faster pace of 31.8% to ₱759.10 million. In 2020, pre-tax profits were pulled down by the booking of a ₱12.41 million non-recurring write-off related to the cost of development of a mobile application that failed to meet the Parent Company's standards.

Consolidated net income increased by an even faster pace of 37.7% to ₱581.45 million as provision for income tax rose by only 15.5% to ₱177.65 million despite the 31.8% increase in pretax profits. The slower increase was largely due to the passage of the CREATE law which led to the reduction of the corporate income tax rate from 30.0% to 25.0%.

b. 2020 vs. 2019

COL's consolidated revenues in 2020 fell by 1.5% to ₱1.09 billion. Cost of services dropped by 1.7% to ₱207.23 million while operating expenses increased by 11.0% to ₱284.13 million. Provision for income taxes declined by 10.6% to ₱153.83 million. Given weaker revenues and higher operating expenses, net income fell by 7.9% to ₱422.21 million.

COL's consolidated revenues fell marginally by 1.5% to ₱1.09 billion. Revenues fell as the strong growth in commission revenues was not enough to offset the steep drop in interest income as yields on bank deposits and short-term fixed income products fell to record lows.

Commission revenues increased strongly, by 47.3% to ₱793.89 million, as COL benefited from the growing popularity of stock trading among mass retail investors. This raised COL's share in the PSE's value turnover to 8.3% in 2020 from 5.6% in 2019, allowing it to end the year as the number one stockbroker in the local stock exchange.

Meanwhile, trail fees earned from the distribution of mutual funds were flat at ₱17.26 million as the average non-money market assets under administration (AUA) were also flat at around ₱2.90 billion. Nevertheless, the number of clients investing in mutual funds continued to grow, increasing by 34.9% to reach 60,268 as of end 2020 from 44,682 as of end 2019.

Unfortunately, the strong growth in commission revenues was not enough to offset the steep drop in interest income. Despite having a higher cash position, COL's interest income fell by 53.3% to ₱246.45 million. Interest income on investments of unused cash amounting to ₱206.56 million fell by 56.9% as yields on bank deposits and short-term fixed income products fell to record lows due to the BSP's aggressive monetary policy and banks' poor lending appetite. Recall that the BSP reduced the banks' reserve requirement ratio by 200 basis points and cut the benchmark interest rates also by a total of 200 basis points in 2020 to help stimulate the economy which was hurt by the coronavirus pandemic. Meanwhile, bank lending fell by 0.7% in 2020, a first in 14 years, as banks tightened their lending standards amidst higher risk of defaults. Interest on margin lending, likewise, decreased by 17.1% to ₱39.89 million due to the decrease in the average margin utilization to ₱511.34 million in 2020 compared to its year ago level of ₱616.64 million.

Cost of services fell by 1.7% to ₱207.23 million largely due to the 31.4% drop in commission expenses to ₱27.71 million. Commission expenses fell as the agency and advisory business accounted for a smaller share of total volumes. The decrease in commission expenses was partly offset by the increase in trade related expenses such as stock exchange dues and fees which was up by 61.0% to ₱52.02 million.

Operating expenses were higher by 11.0% to ₱284.13 million. Operating expenses increased largely due to 35.1% increase in personnel costs, professional fees, and management bonus to ₱ 172.75 million and the 9.2% increase in depreciation and amortization expenses to ₱64.04 million (including depreciation expense from right-of-use assets). In 2020, a bigger portion of the Parent Company's personnel costs was allocated to operating expenses due to the shift in most of its end-to-end business processes to digital platforms to meet the changing business requirements because of the restrictions and limitations in delivering services to its customers because of the pandemic.

On the other hand, various expenses fell sharply as most of the Parent Company's employees were ordered to work from home to protect them from catching the virus. Security and messengerial fell 29.0% to ₱4.71 million, power, light and water was down by 27.1% to ₱4.01 million, while office supplies dropped by 43.1% to ₱2.07 million.

Advertising and marketing expense also fell sharply by 67.9% to ₱5.05 million. Aside from the high base in 2019 which was COL's 20th year anniversary, most marketing activities were done online in 2020, leading to significant cost savings.

Representation and entertainment expense also dropped by 90.8% to ₱287,338 as meetings were mostly done virtually in 2020 to reduce the risk of catching the virus.

Due to the aforementioned factors, operating income fell by 6.5% to ₱594.98 million. Meanwhile, pre-tax profits fell by a faster pace of 8.6% to ₱576.04 million. This was largely due to management's decision to write-off ₱12.41 million in costs related to the development of COL's mobile application during the year since the contracted developer failed to deliver an acceptable product despite numerous revisions and extensions of the project deadline.

Consolidated net income dropped by a slightly slower pace of 7.9% to ₱422.21 million as provision for income tax fell by 10.6% to ₱153.83 million largely due to lower amount of final taxes paid on interest income from placements.

5. 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. <u>Prospects for the Future</u>

1. Near-Term Prospects

Stock brokers in the Philippine stock market are expected to encounter both challenges and opportunities in 2022. Although the Philippine economy is expected to continue recovering this year as the government further reopens the economy due to rising vaccination rates, investors remain cautious due to uncertainties on possible future surges, the outcome of the May presidential election, rising commodity prices led by oil, and expectations of an aggressive Fed rate hike.

On the positive side, more companies are planning to list in 2022 which should help boost value turnover and grow the size of market capitalization of the local stock market.

Meanwhile, COL's HK operations will most likely remain a small contributor to total revenue this year as the company continues to focus its resources on its Philippine business.

2. Medium to Long-Term Prospects

The medium to long term outlook of the Philippine market remains very attractive. Once the country overcomes the pandemic induced crisis, the economy is expected to maintain its above average growth pace, driven by the Philippines' favorable demographics, the significant size of our resilient OFW remittances and the attractive growth prospects of our BPO sector. The passage of the Tax Reform for Acceleration and Inclusion (TRAIN) law in 2017 should also provide the government with enough funds to boost spending on education, health care and infrastructure, while the passage of the Corporate Recovery and Tax Incentives for Enterprises (CREATE) bill in 2021 should boost corporate earnings and improve the Philippines' competitiveness in attracting more foreign direct investments, helping create more jobs for Filipinos. Aside from the two laws, recent amendments to the trade liberalization act, foreign investment act, and public service act should make it easier for foreign investors to do business in the Philippines, helping the country attract more investments.

Meanwhile, the Philippine Stock Exchange has various initiatives that should help boost activity in the local stock market. Among them are the relaxation of listing rules, and allowing short selling. Coupled with the very low penetration rate of retail investors in the stock market and the economy's favorable growth outlook, the said factors should bode well for the performance of the Philippine stock market and for COL going forward.

F. Market Price and Dividends

1. Market Information

The common shares of COL Financial were listed at the PSE on July 12, 2006 under the ticker symbol "COL". The total number of outstanding shares of COL as of December 31, 2021 is 4,760,000,000 with a market capitalization of ₱19.75 billion as of the end of 2021, based on the closing price of ₱4.15 per share.

The high and low sales prices of COL shares transacted at the PSE for each quarter within the last two (2) years are as follows:

	2021		2020	
	High	**Low**	**High**	**Low**
1st Quarter	5.10	3.20	1.85	1.50
2nd Quarter	4.50	3.87	1.77	1.49
3rd Quarter	4.48	4.25	2.70	1.75
4th Quarter	4.34	3.91	3.40	2.56

As of March 30, 2022, the closing price of COL shares is ₱ 3.840 per share.

2. Holders of Common Equity

As of February 28, 2022, there are thirty-two (34) 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	2,563,024,910	53.8451
2	PCD Nominee Corporation	1,300,436,040	27.3201
3	Lee, Edward K.	622,500,000	13.0777
4	Yu, Alexander C.	200,000,000	4.2017
5	Ang, Valentina L.	50,000,000	1.0504
6	Lee, Lydia C.	10,000,000	0.2101
7	Tan, Jessalynn L.	10,000,000	0.2101
8	Lim, Hernan G.	1,000,000	0.0210
9	Yu, Raymond C.	1,000,000	0.0210
10	Han, Paulwell	1,000,000	0.0210
11	Ong, Catherine L.	500,000	0.0105

	Name	No. of Common Shares Total	Percentage of Total Shares Outstanding held by each
12	Barretto, Serafin Jr. P.	120,000	0.0025
13	Estacion, Manuel S.	100,000	0.0021
14	Yu, Wellington C. Or Yu, Victoria O.	100,000	0.0021
15	Villanueva, Myra P.	60,000	0.0013
16	Filio, Sernando	50,000	0.0011
17	Gara, Rosario	50,000	0.0011
18	Khoo Boo Boon	10,000	0.0002
19	Hapi Iloilo Corporation	10,000	0.0002
20	Litman, Joel A.	10,000	0.0002
	TOTAL	4,759,970,950	99.9994

3. *Dividends*

a. Cash Dividends

Year	Amount / Share	Type	Ex-Date	Record Date	Payment Date
2021	₱0.020	Regular	May 25, 2021	May 28, 2021	June 9, 2021
	₱0.045	Special	May 25, 2021	May 28, 2021	June 9, 2021
2020	₱0.18	Regular	April 27, 2020	April 30, 2020	May 27, 2020
	₱0.52	Special	April 27, 2020	April 30, 2020	May 27, 2020

b. Dividend Policy

The Board of Directors of COL, in its meeting held on April 26, 2007, approved a policy of declaring an annual regular cash dividend of twenty per cent (20%) of its net income. The payment of dividends shall be taken out of the unappropriated retained earnings of the Parent Company. There are no restrictions that limit payment of dividends on common shares.

4. *Recent Sales of Unregistered or Exempt Securities*

There was no sale of unregistered or exempt securities as of December 31, 2021.

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 "E"

COL FINANCIAL GROUP, INC.
Annual Stockholders' Meeting
21 May 2021, Friday, 3:00 P.M.
conducted virtually via https://shareholders.colfinancial.com

Shareholders Present:	No. of Outstanding and Voting Shares	Percentage of Total
	4,114,696,350	86.44%

1. Call to Order and Proof of Notice

The Chairman of the Board called the meeting to order. The Corporate Secretary ("Secretary") reported that pursuant to the SEC Notice dated 16 March 2021, stockholders as of record date of 16 April 2021 were notified of the meeting as follows:

- The Notice of the Meeting was published in the print and on-line business sections of two (2) newspapers of general circulation, namely the Daily Tribune and Business World, on 22 and 23 April 2021; and

- Digital copies of the Company's Information Statement, Management Report, 2020 Annual Report, 2021 First Quarter Report, and other pertinent documents were also uploaded in the Company's website, the ASM Portal (https://shareholders.colfinancial.com) and the PSE Edge.

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

The Secretary certified that there was a quorum for the meeting. Out of the total authorized capital stock of the Corporation of Four Billion Seven Hundred Sixty million (4,760,000,000) common shares, Four Billion One Hundred Fourteen Million Six Hundred Ninety-Six Thousand Three Hundred Fifty (4,114,696,350) shares constituting eighty-six point forty-four percent (86.44%) of the subscribed and outstanding capital stock entitled to vote were present in the meeting.

The Chairman noted that even if the Corporation is holding the meeting in a virtual format because of the ongoing pandemic, it provided its shareholders with the opportunity to participate in the meeting.

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

- Stockholders who registered in the ASM Portal by 6 May 2021 may send their questions or comments either by email to corporatesecretary@colfinancial.com or by inputting their questions or comments directly in the Portal in the space provided for in the tab marked as 'Legal'.

- There are six (6) resolutions, excluding the election of directors, proposed for adoption in the meeting. The Secretary noted that the Corporation received a letter from shareholders holding at least 5% of the outstanding capital stock who proposed an additional resolution for approval.

- Stockholders who successfully registered in the ASM Portal may cast their votes on the proposed resolutions and in the election of directors through the ASM Portal until 4:00 pm of May 21, 2021.

- The votes cast as of 20 May 2021 after the end of the proxy validation process have been tabulated. These votes are from stockholders owning Four Billion One Hundred Fourteen Million Six Hundred Eighty-Six Thousand Three Hundred Fifty (4,114,686,350) voting shares, representing approximately One Hundred percent (100%) of the total voting shares represented in this meeting and eighty-six point forty-four percent (86.44%) of the total outstanding voting shares. The results of the preliminary tabulation will be referred to throughout the meeting. However, the results of the final tabulation of votes with full details of the affirmative and negative votes and abstentions will be reflected in the minutes of the meeting.

3. *Approval of the Minutes of the Previous Meeting*

The Chairman presented the minutes of the previous stockholders' meeting held on 2 June 2020. The stockholders passed and approved the following resolution:

> "**RESOLVED**, that the minutes of the meeting of the stockholders held on 2 June 2020 be, as it is hereby confirmed, ratified and approved."

As tabulated by the Secretary, the votes on the motion for the approval of the minutes of the 2 June 2020 Stockholders' Meeting were as follows:

	Yes	No	Abstain
Approval of the Minutes of the Previous Meeting	4,114,696,350	-	-

4. *President's Report for 2020*

The stockholders passed and approved the following resolution:

> "**RESOLVED**, that the stockholders of the Corporation hereby adopt the report of the President for the year 2020."

As tabulated by the Secretary, the votes on the motion for the adoption of the President's Report for 2020 were as follows:

	Yes	No	Abstain
Adoption of the 2020 President's Report	4,114,696,350	-	-

5. *Ratification of all Acts, Investments, and Resolutions of the Board of Directors and Management for the Year 2020*

The stockholders passed and approved the following resolution:

> "**RESOLVED,** that all acts, investments, and resolutions of the Board of Directors and Management for the calendar year 2020 are hereby confirmed, ratified, and approved."

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

	Yes	No	Abstain
Ratification of all acts, investments, and resolutions of the Board and Management for the Year 2020	4,114,696,350	-	-

6. *Approval of the 2020 Audited Financial Statements*

The stockholders passed and approved the following resolution:

> "**RESOLVED,** that the audited financial statements for the year ended December 31, 2020 be, as the same are, hereby approved."

As tabulated by the Secretary, the votes on the motion for the approval of the 2020 Audited Financial Statements were as follows:

	Yes	No	Abstain
Approval of the 2020 Audited Financial Statements	4,114,696,350	-	-

7. *Election of Directors for the year 2021 – 2022*

The next item in the agenda was the election of Directors for the year 2021-2022. On behalf of the Nomination Committee, the Secretary reported that the committee received nominations for and pre-screened the following persons as nominees for the Corporation's Board of Directors:

Mr. Edward K. Lee
Mr. Alexander C. Yu
Mr. Conrado F. Bate
Mr. Hernan G. Lim
Mr. Raymond C. Yu
Mr. Wellington C. Yu
Mr. Paulwell Han
Mr. Hokushin Kido
Mr. Arthur G. Gindap
Ms. Betty C. Siy-Yap; and
Mr. Roberto C. Benares

Three of the nominees were nominated as independent directors, namely, Mr. Arthur G. Gindap, Ms. Betty C. Siy-Yap and Mr. Roberto C. Benares.

The Chairman requested the Secretary to report on the results of the election. The Secretary reported that based on the partial tabulation of votes, each of the nominees of directors garnered at least Three Billion Three Hundred One Million Five Hundred Ten Thousand and Six Hundred (3,301,510,600) votes. The Secretary certified that each nominee received sufficient votes for election to the Board.

The stockholders passed and approved the following resolution:

> "**RESOLVED,** to elect the following as directors of the Corporation for the year 2021-2022:
>
> Mr. Edward K. Lee
> Mr. Alexander C. Yu
> Mr. Conrado F. Bate
> Mr. Hernan G. Lim
> Mr. Raymond C. Yu
> Mr. Wellington C. Yu
> Mr. Paulwell Han
> Mr. Hokushin Kido
> Mr. Arthur Gerrard Gindap
> Ms. Betty C. Siy-Yap
> Mr. Roberto C. Benares"

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

1. Edward K. Lee	3,421,363,100
2. Alexander C. Yu	10,609,707,350
3. Conrado F. Bate	3,308,520,600
4. Hernan G. Lim	3,314,084,600
5. Raymond C. Yu	3,301,520,600
6. Wellington C. Yu	3,301,520,600
7. Paulwell Han	3,301,520,600
8. Arthur G. Gindap	3,301,520,600
9. Hokushin Kido	3,301,520,600
10. Betty C. Siy-Yap	3,301,520,600
11. Roberto C. Benares	3,301,520,600

8. Appointment of External Auditor

The stockholders re-appointed Sycip, Gorres & Velayo as the Company's external auditor by approving the following resolution:

"RESOLVED, that SGV & Company, Certified Public Accountants, be, as they are hereby, re-appointed as external auditors of the Company for the year 2021-2022."

As tabulated by the Secretary, the votes on the motion for re-appointment of the external auditor of the Company for the year 2021-2022 were as follows:

	Yes	No	Abstain
Appointment of External Auditor	4,032,840,350	-	81,856,000

9. ***Other Matters and Adjournment***

a. 2021 Regular and Special Cash Dividends

The Chairman informed the stockholders that the Board approved the declaration of cash dividends to all stockholders of record as of May 28, 2021, as follows: Php0.020 as regular cash dividend and Php 0.045 as special cash dividend or a total of Php0.065 for the year. The dividends will be paid on June 9, 2021.

b. Adjustment of Fees of the Board of Directors

The Secretary stated that on 18 May 2021, COL received a letter from its shareholders who, together, hold at least 5% of the total outstanding stock of the Company. In their letter, the stockholders proposed the adjustment of the per diem of the Board of Directors to Fifty Thousand Pesos (Php50,000) per board meeting and committee meeting.

The Secretary further informed the stockholders that those attending remotely and voting in absentia may cast their votes through the ASM Portal by going to the tab marked as 'Legal' and typing in their votes.

The stockholders approved the following resolution:

"RESOLVED, that the adjustment of the per diem of the Board of Directors to Fifty Thousand Pesos (Php50,000) per board meeting and committee meeting is hereby ratified and approved."

As tabulated by the Secretary, the votes on the motion for adjustment of fees were as follows:

	Yes	No	Abstain
Adjustment of Board Fees	4,032,830,350	-	81,866,000

c. Shareholder Queries

The Chairman then entertained questions received through the ASM Portal.

The first question came from Mr. Ang who asked for an update on the Corporation's capacity expansion. In response, Mr. Bate stated that as of end April 2021, the Company was able to enhance its trading platform to handle close to double the peak seen in January 2021. Due to the extensive modifications done, there is a need for re-certification of the system with the PSE which may be scheduled by July 2021 at the earliest.

The next question was from Ms. Caringal who inquired whether the Corporation has a vaccination program for its employees. Mr. Bate responded in the affirmative, and explained that COL already allocated a budget and have paid for the vaccines for all its employees as well as their family members.

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

Certified correct by:

ATTY. SHARON T. LIM
Corporate Secretary

Attested by:

EDWARD K. LEE
Chairman

ANNEX "F"

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A 1 9 9 9 1 0 0 6 5

COMPANY NAME

COL FINANCIAL GROUP, INC. AND SUBSIDIARIES

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

Unit 2401-B East Tower, Tektite Towers Exchange Road, Ortigas Center, Pasig City

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
helpdesk@colfinancial.com	**(02) 8636-5411**	**NA**

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
34	**03/NA**	**12/31**

CONTACT PERSON INFORMATION

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

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

CONTACT PERSON's ADDRESS

Unit 2401-B East Tower, Tektite Towers Exchange Road, Ortigas Center, Pasig City

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

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

COL FINANCIAL

for a richer life

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, 2021 and 2020, 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

Lorena E. Velarde
First Vice President and Chief Financial Officer

Signed this 16th day of March 2022

Statement of Management's Responsibility
for Consolidated Financial Statements

SUBSCRIBED AND SWORN to before me this 16th day of March 2022, at Pasig, affiants exhibited to me their respective competent evidences of identity, as follows:

Name	Document No.	Date/Place Issued
Edward K. Lee	DL # N07-80-002531	June 10, 2019
Conrado F. Bate	PP # P8211336A	Aug. 3, 2018/DFA Manila
Lorena E. Velarde	PP # P7302444A	May 24, 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 2022
Appointment No. 98 (2021-2022) Pasig City
Roll No. 64239
PTR No. 8131559/01.07.22/Pasig City
IBP LRN 13768/RSM
MCLE Compliance No. VI-0014740/11.13.18
2703C East Tower Tektite Towers, Exchange Road,
Ortigas Center, Pasig City 1605

Doc. No. 316;
Page No. 65;
Book No. IV;
Series of 2022.

SGV
Building a better working world

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

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
COL Financial Group, Inc.
Unit 2401-B East Tower, Tektite Towers
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, 2021 and 2020, 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, 2021, 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, 2021 and 2020, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2020 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 activity 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, 2021 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, 2021 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 Janet A. Paraiso.

SYCIP GORRES VELAYO & CO.

Janet A. Paraiso
Partner
CPA Certificate No. 92305
Tax Identification No. 193-975-241
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 92305-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-062-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8853462, January 3, 2022, Makati City

March 16, 2022

COL FINANCIAL GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31					
	2021			2020		
		Security Valuation			Security Valuation	
	Money Balance	**Long**	**Short**	Money Balance	Long	Short
ASSETS						
Current Assets						
Cash and cash equivalents (Note 4)	**₱1,658,019,809**			₱5,449,130,303		
Cash in a segregated account (Notes 4 and 5)	**75,473,190**			133,246,671		
Short-term time deposits (Note 4)	–			200,000,000		
Financial assets at fair value through profit or loss (Note 6)	**153,886,423**	**₱1,512,331**		35,524,329	₱5,573,619	
Investment securities at amortized cost (Note 8)	**9,374,253,871**			6,163,007,003		
Trade receivables (Notes 7 and 20)	**958,819,855**	**6,421,985,615**		1,129,929,615	5,871,374,410	
Other receivables (Notes 7 and 20)	**70,224,172**			38,028,477		
Prepayments	**8,190,777**			6,396,907		
Other current assets (Note 12)	**484,349**			309,925		
Total Current Assets	**12,299,352,446**			13,155,573,230		
Noncurrent Assets						
Investment securities at amortized cost (Note 8)	**500,200,000**			300,200,000		
Property and equipment (Note 9)	**81,057,162**			114,808,220		
Investment property (Note 10)	**14,007,788**			14,883,275		
Intangibles (Note 11)	**12,135,445**			15,566,291		
Deferred income tax assets (Note 19)	–			24,989,839		
Other noncurrent assets (Note 12)	**74,020,983**			69,043,026		
Total Noncurrent Assets	**681,421,378**			539,490,651		
TOTAL ASSETS	**₱12,980,773,824**			₱13,695,063,881		
Securities in box, in Philippine Depository and Trust Corporation and Hong Kong Securities Clearing Company, Limited			**₱103,184,543,389**			₱97,069,338,829

(Forward)

	December 31					
	2021			2020		
		Security Valuation			Security Valuation	
	Money Balance	**Long**	**Short**	Money Balance	Long	Short
LIABILITIES AND EQUITY						
Current Liabilities						
Trade payables (Notes 13 and 20)	**₱10,590,182,716**	**₱96,761,045,443**		₱11,500,888,504	₱91,192,390,800	
Lease liabilities - current portion (Note 21)	**17,845,909**			18,737,554		
Income tax payable	**21,948,390**			50,007,310		
Other current liabilities (Note 14)	**145,780,706**			202,223,864		
Total Current Liabilities	**10,775,757,721**			11,771,857,232		
Noncurrent Liabilities						
Lease liabilities - net of current portion (Note 21)	**19,229,339**			25,391,876		
Retirement obligation (Notes 18 and 20)	**81,723,769**			69,075,170		
Deferred income tax liability (Note 19)	**5,185,201**			–		
Total Noncurrent Liabilities	**106,138,309**			94,467,046		
Total Liabilities	**10,881,896,030**			11,866,324,278		
Equity						
Capital stock (Note 15)	**476,000,000**			476,000,000		
Capital paid-in excess of par value	**53,219,024**			53,219,024		
Accumulated translation adjustment	**14,700,376**			4,340,450		
Loss on remeasurement of retirement obligation (Note 18)	**(40,657,111)**			(28,380,396)		
Retained earnings (Note 15)						
Appropriated	**424,800,068**			380,579,722		
Unappropriated	**1,152,577,560**			922,983,187		
Equity Attributable to the Equity Holders of the Parent Company	**2,080,639,917**			1,808,741,987		
Non-controlling Interest (Note 15)	**18,237,877**			19,997,616		
Total Equity	**2,098,877,794**			1,828,739,603		
TOTAL LIABILITIES AND EQUITY	**₱12,980,773,824**	**₱103,184,543,389**	**₱103,184,543,389**	₱13,695,063,881	₱97,069,338,829	₱97,069,338,829

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2021	2020	2019
REVENUES (Note 16)			
Commissions (Note 20)	**₱1,013,013,332**	₱793,886,384	₱539,049,838
Others:			
Interest income (Notes 4, 5, 6, 7, 8 and 20)	**182,061,977**	246,449,713	527,716,977
Trading gains (losses) - net (Note 6)	**52,315,419**	(563,029)	41,501
Trail fees	**21,484,857**	17,255,849	17,365,097
Others (Notes 6 and 21)	**53,894,412**	29,312,749	19,293,262
	1,322,769,997	1,086,341,666	1,103,466,675
COST OF SERVICES			
Stock exchange dues and fees (Note 16)	**77,006,256**	52,017,412	32,303,657
Personnel costs - operations (Notes 17, 18 and 20)	**70,900,503**	81,116,939	93,662,645
Communications	**41,192,777**	34,147,136	33,522,738
Commission expense	**36,304,828**	27,712,304	40,387,642
Central depository fees	**10,048,614**	6,677,203	7,051,621
Research	**2,487,492**	2,454,793	2,501,141
Others	**2,543,545**	3,106,262	1,376,897
	240,484,015	207,232,049	210,806,341
GROSS PROFIT	**1,082,285,982**	879,109,617	892,660,334
OPERATING EXPENSES			
Administrative expenses:			
Personnel costs (Notes 17, 18 and 20)	**160,214,122**	120,724,740	78,899,761
Professional fees (Note 20)	**54,596,359**	52,029,642	48,953,170
Taxes and licenses	**6,626,733**	7,070,326	8,358,190
Insurance	**5,169,416**	5,209,997	4,928,438
Repairs and maintenance	**4,836,977**	4,753,332	5,123,022
Condominium dues and utilities	**4,078,657**	4,364,705	4,639,515
Security and messengerial services	**3,969,631**	4,711,415	6,631,905
Power, light and water	**3,553,269**	4,005,897	5,492,450
Advertising and marketing	**3,346,014**	5,047,820	15,719,591
Membership fees and dues	**2,172,351**	1,311,628	1,336,837
Directors' fees (Note 20)	**1,665,000**	1,750,000	1,750,000
Office supplies	**1,278,780**	2,067,724	3,631,825
Trainings, seminars and meetings	**415,072**	592,535	1,266,387
Rentals (Note 21)	**360,771**	364,679	207,015
Representation and entertainment	**274,594**	287,338	3,114,077
Donation	**–**	–	2,000,000
Others	**5,769,056**	4,495,620	4,629,719
	258,326,802	218,787,398	196,681,902
Depreciation and amortization (Notes 9, 10, 11 and 21)	**60,813,627**	64,041,870	58,680,226
Provision for (recovery from) credit losses (Note 7)	**(1,199,842)**	1,304,508	614,712
	317,940,587	284,133,776	255,976,840
OTHER INCOME (LOSSES)			
Interest expense (Notes 18 and 21)	**(5,080,618)**	(6,726,005)	(6,201,084)
Foreign exchange gains (losses) – net	**(177,891)**	175,665	(93,432)
Gain on disposal of property and equipment (Note 9)	**14,459**	25,785	8,409
Loss on write-off of intangible assets (Note 12)	**–**	(12,414,396)	–
	(5,244,050)	(18,938,951)	(6,286,107)
INCOME BEFORE INCOME TAX	**759,101,345**	576,036,890	630,397,387
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 19)			
Current			
Regular corporate income tax	**135,419,186**	118,879,946	76,115,523
Final income tax	**27,260,767**	41,690,612	96,160,900
Deferred	**14,966,412**	(6,743,185)	(253,812)
	177,646,365	153,827,373	172,022,611
NET INCOME	**₱581,454,980**	₱422,209,517	₱458,374,776
Attributable to:			
Equity holders of the Parent Company	**₱583,214,719**	₱424,310,518	₱458,776,159
Non-controlling interest (Note 15)	**(1,759,739)**	(2,101,001)	(401,383)
	₱581,454,980	₱422,209,517	₱458,374,776
Earnings Per Share (Note 25)			
Basic and diluted*	**₱0.12**	₱0.09	₱0.10

** Considered the retroactive effect of the ten-for-one stock split approved by the SEC in January 2021*
See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2021	2020	2019
NET INCOME	**₱581,454,980**	₱422,209,517	₱458,374,776
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX			
Item that will not be reclassified to consolidated statements of income:			
Gain (loss) on remeasurement of retirement obligation - net of tax (Note 18)	**(12,276,715)**	3,856,459	(16,430,269)
Item that may be reclassified subsequently to consolidated statements of income:			
Translation adjustments - net of tax	**10,359,926**	(10,175,974)	(7,364,731)
	(1,916,789)	(6,319,515)	(23,795,000)
TOTAL COMPREHENSIVE INCOME	**₱579,538,191**	₱415,890,002	₱434,579,776
Attributable to:			
Equity holders of the Parent Company	**₱581,297,930**	₱417,991,003	₱434,981,159
Non-controlling interest	**(1,759,739)**	(2,101,001)	(401,383)
	₱579,538,191	₱415,890,002	₱434,579,776

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, 2021, 2020, AND 2019

	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: Appropriated (Note 15)	Retained Earnings: Unappropriated	Total	Non-controlling Interest (Note 15)	Total Equity
Balances at January 1, 2021	**₱476,000,000**	**₱53,219,024**	**₱4,340,450**	**(₱28,380,396)**	**₱380,579,722**	**₱922,983,187**	**₱1,808,741,987**	**₱19,997,616**	**₱1,828,739,603**
Total comprehensive income (loss)	**–**	**–**	**10,359,926**	**(12,276,715)**	**–**	**583,214,719**	**581,297,930**	**(1,759,739)**	**579,538,191**
Appropriation of retained earnings (Note 15)	**–**	**–**	**–**	**–**	**44,220,346**	**(44,220,346)**	**–**	**–**	**–**
Declaration of cash dividend (Note 15)	**–**	**–**	**–**	**–**	**–**	**(309,400,000)**	**(309,400,000)**	**–**	**(309,400,000)**
Balances at December 31, 2021	**₱476,000,000**	**₱53,219,024**	**₱14,700,376**	**(₱40,657,111)**	**₱424,800,068**	**₱1,152,577,560**	**₱2,080,639,917**	**₱18,237,877**	**₱2,098,877,794**
Balances at January 1, 2020	₱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
Total comprehensive income (loss)	–	–	(10,175,974)	3,856,459	–	424,310,518	417,991,003	(2,101,001)	415,890,002
Appropriation of retained earnings (Note 15)	–	–	–	–	48,072,591	(48,072,591)	–	–	–
Declaration of cash dividend (Note 15)	–	–	–	–	–	(333,200,000)	(333,200,000)	–	(333,200,000)
Balances at December 31, 2020	₱476,000,000	₱53,219,024	₱4,340,450	(₱28,380,396)	₱380,579,722	₱922,983,187	₱1,808,741,987	₱19,997,616	₱1,828,739,603
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 newly acquired subsidiaries	–	–	–	–	–	–	–	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

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱759,101,345**	₱576,036,890	₱630,397,387
Adjustments for:			
Interest income (Notes 4, 5, 6, 7, 8, 16, and 20)	**(182,061,977)**	(246,449,713)	(527,716,977)
Depreciation and amortization (Notes 9, 10, 11 and 21)	**61,021,380**	64,197,418	58,815,128
Amortization of investment securities at amortized cost	**6,113,471**	–	–
Interest expense (Notes 18 and 21)	**5,080,618**	6,726,005	6,201,084
Other income from rent concessions (Note 21)	**(57,570)**	(565,113)	–
Loss on lease modification (Note 21)	**49,638**	–	–
Dividend income (Notes 6 and 16)	**(38,952)**	(38,044)	(30,721)
Gain on disposal of property and equipment (Note 9)	**(14,459)**	(25,785)	(8,409)
Loss on write-off of intangible assets (Note 12)	**–**	12,414,396	–
Operating income before working capital changes	**649,193,494**	412,296,054	167,657,492
Decrease (increase) in:			
Cash in a segregated account	**57,773,481**	4,432,654	(3,890,989)
Financial assets at fair value through profit or loss	**(118,362,094)**	(31,521,000)	(778,166)
Trade receivables	**191,971,879**	(288,419,825)	(68,416,845)
Other receivables	**37,453,315**	29,700,293	(8,360,464)
Prepayments	**(1,788,832)**	(979,452)	1,059,017
Other assets	**(12,200,682)**	(9,967,981)	(1,217,611)
Increase (decrease) in:			
Trade payables	**(917,534,390)**	3,322,461,372	(1,064,624,734)
Retirement obligation	**9,771,904**	(10,812,087)	5,696,718
Other current liabilities	**(57,227,086)**	118,159,848	(21,718,584)
Net cash generated from (used in) operations	**(160,949,011)**	3,545,349,876	(994,594,166)
Income taxes paid	**(183,513,363)**	(111,934,452)	(184,433,602)
Interest received	**112,412,968**	216,817,241	541,244,758
Dividends received	**38,952**	38,044	30,721
Net cash provided by (used in) operating activities	**(232,010,454)**	3,650,270,709	(637,752,289)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to investment securities at amortized cost	**(34,965,183,973)**	(10,517,919,164)	–
Proceeds from maturity of investment securities at amortized cost	**31,547,823,633**	4,265,000,000	–
Decrease in short-term time deposits	**200,000,000**	200,000,000	426,000,000
Acquisitions of property and equipment (Notes 9)	**(5,046,488)**	(14,059,301)	(44,582,863)
Acquisitions of software and licenses (Note 11)	**(537,147)**	(291,114)	(5,562,094)
Proceeds from disposal of property and equipment (Note 9)	**87,329**	49,614	8,482
Net cash used in investing activities	**(3,222,856,646)**	(6,067,219,965)	375,863,525
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends declared and paid (Note 15)	**(309,400,000)**	(333,200,000)	(404,600,000)
Payment of principal portion of lease liabilities (Note 21)	**(26,843,394)**	(26,752,450)	(27,562,609)
Proceeds from issuance of shares to the non-controlling interest	**–**	–	22,500,000
Net cash used in financing activities	**(336,243,394)**	(359,952,450)	(409,662,609)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(3,791,110,494)**	(2,776,901,706)	(671,551,373)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**5,449,130,303**	8,226,032,009	8,897,583,382
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱1,658,019,809**	₱5,449,130,303	₱8,226,032,009

See accompanying 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, Tektite Towers, 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 has 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. As of March 16, 2022, these unitized funds are not yet operating.

The accompanying consolidated financial statements of the Group as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 were authorized for issue in accordance with a resolution by the BOD on March 16, 2022.

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

<u>Basis of Preparation</u>
The accompanying consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (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, 2021, 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. (CCMUMF)	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 accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective as at January 1, 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have a significant impact on the consolidated financial statements of the Group.

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*

  The amendment provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:
  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
  - There is no substantive change to other terms and conditions of the lease.

  A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

  The amendment is effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted. The Group adopted the amendment beginning April 1, 2021.

  - Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- Relief from discontinuing hedging relationships
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Group shall also disclose information about:

- The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

The Group adopted the amendments beginning January 1, 2021.

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. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
- *Annual Improvements to PFRSs* 2018-2020 Cycle
    - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
    - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*
    - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

Deferred effectivity

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

Summary of Significant Accounting Policies

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

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

Current versus Non-current Classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:
- Expected to be realized or intended to be sold or consumed in a normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve (12) months after reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve (12) months after the reporting period.

All other assets are classified as non-current.

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

All other liabilities are classified as non-current.

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

Cash and Cash Equivalents and Time Deposits
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.

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 expected credit losses (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 ‘Retained earnings’ 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, 2021 and 2020.

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’, ‘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.

<u>Fair Value Measurement</u>
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.

<u>Trade Receivables and Payables</u>
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 'Financial assets' and 'Financial liabilities' for recognition and measurement. The related security valuation shows all positions as of clearance date.

<u>Derecognition of Financial Instruments</u>
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
The Group recognizes an ECL for all debt instruments not held at FVTPL. 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 uses a provision matrix that estimates provision rates per days past due bucket based on SEC requirements, which considers the collateral securities with market value adjusted by certain factor, as required in the Group's risk-based capital calculation and incorporates forward-looking information. 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 Philippine Stock Exchange Composite Index (PSEi) statistical indicators.

For cash and cash equivalents, cash in a segregated account and short-term time deposits, 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. Investment securities at amortized cost 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.

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:

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

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

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

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.

<u>Investment Property</u>
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.

<u>Intangibles</u>
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
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 dividends are recognized as a liability and a deduction from equity when approved by the Parent Company’s BOD while stock dividends are recognized as a deduction from retained earnings when approved by the Parent Company’s BOD and stockholders. 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

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.

Revenues outside the scope of PFRS 15

Interest

For all financial instruments measured at amortized cost, 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.

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. 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 assets and 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.

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.

The following are the critical judgments and key assumptions that have a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Judgments
Offsetting of financial assets and liabilities
The Group considers its compliance with the offsetting criteria as a significant judgment in presenting financial assets and liabilities in its statement of financial condition. In making such assessment, the Group determines at each financial asset and liability the existence of an enforceable legal right to offset and if there is an intention to settle on a net basis and to realize the assets and settle the liabilities simultaneously.

Estimates and Assumptions
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, 2021 and 2020, 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. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. In the case of the Parent Company, management has to assess annually, for income tax purposes, the method of deduction that it should use in order to determine the impact of the temporary differences and the applicable effective tax rate. As of December 31, 2021, the Company expected that it will be applying the Optional standard deduction in determining its taxable income in the next few years, which resulted in derecognition of certain deferred tax assets previously recognized. The Group and the Parent Company also considered the impact of the COVID-19 pandemic on future taxable income and on the recognition of deferred tax assets. The deferred income tax assets as at December 31, 2021 and 2020 are disclosed in Note 19.

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

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

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

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

4. Cash and Cash Equivalents and Short-term Time Deposits

Cash and Cash Equivalents

This account consists of:

	2021	2020
Cash on hand and in banks	**₱1,058,019,809**	₱1,490,850,873
Short-term cash investments	**600,000,000**	3,958,279,430
	₱1,658,019,809	₱5,449,130,303

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 0.12% to 0.75% per annum in 2021, from 0.50% to

4.00% per annum in 2020 and from 2.44% to 6.90% per annum in 2019. The Parent Company has United States dollar (US$)-denominated cash in banks amounting to US$2,073 and US$4,917 as at December 31, 2021 and 2020, respectively, while COLHK has US$-denominated cash in banks amounting to US$83,840 and US$214,631 as at December 31, 2021 and 2020, respectively.

In compliance with Securities Regulation Code (SRC) Rule 49.2 covering customer protection and custody of securities, the Parent Company maintains special reserve accounts for its customers amounting to ₱10,056,125,322 and ₱10,740,745,524 as at December 31, 2021 and 2020, respectively. The special reserve accounts consist of cash in banks and short-term cash investments which are recorded as ‘Cash and cash equivalents,’ and short-term government debt securities recorded as ‘Investment securities at amortized cost’ (Note 8). The Parent Company’s reserve requirement is determined based on the SEC’s prescribed computations. As at December 31, 2021 and 2020, 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 a local bank placed in 2016 with interest rate of 4.00% per annum and matured on June 24, 2021. Proceeds from the maturity of outstanding short-term time deposits amounted to ₱200,000,000 in 2021.

Interest income of the Group from cash and cash equivalents, cash in segregated account and time deposits amounted to ₱20,007,552, ₱176,203,750 and ₱472,314,661 in 2021, 2020 and 2019, respectively (Note 16).

5. Cash in a Segregated Account

COLHK receives and holds money deposited by clients in the conduct of the regulated activities of its ordinary business. These clients’ monies are maintained with a licensed bank. The Group has classified the clients’ monies under current assets in the consolidated statements of financial position and recognized a corresponding payable to customers on grounds that it is liable for any loss or misappropriation of clients’ monies (Note 13). The Group is not allowed to use the clients’ monies to settle its own obligations.

Interest income from cash in segregated account is included under ‘Interest income - banks’ (Notes 4 and 16).

6. Financial Assets at FVTPL

This account consists of:

	2021	2020
Government debt securities	**₱79,278,380**	₱–
Corporate debt securities	**70,281,844**	29,950,710
Equity securities	**3,791,601**	5,035,163
Mutual funds	**534,598**	538,456
	₱153,886,423	₱35,524,329

The peso-denominated government debt securities pertain to investments in Treasury bills which bear nominal annual interest rates ranging from 1.33% to 1.69% per annum in 2021. Interest income earned from these investments amounted to ₱1,245,529 in 2021 (Note 16).

The Group also invested in peso-denominated corporate bonds which bear nominal interest rates ranging from 2.84% to 4.63% per annum in 2021 and 2020. Interest income earned from the investments amounted to ₱924,718 and ₱108,879 in 2021 and 2020, respectively (Note 16).

The dividend income included under ‘Other revenues’ received from investments in shares of stocks of companies listed in the PSE amounted to ₱38,952, ₱38,044 and ₱30,721 in 2021, 2020 and 2019, respectively (Note 16).

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

	2021	2020	2019
Trading gains (losses) from sale	**₱51,581,004**	(₱263,849)	₱846,711
Unrealized trading gains (losses)	**734,415**	(299,180)	(805,210)
	₱52,315,419	(₱563,029)	₱41,501

7. Trade Receivables and Other Receivables

Trade Receivables

This account consists of:

	2021	2020
Customers (Note 20)	**₱860,712,635**	₱772,054,897
Clearing house	**84,593,705**	314,422,659
Other brokers	**13,712,755**	45,006,711
Trail fee receivables	**1,998,373**	1,842,803
	961,017,468	1,133,327,070
Less allowance for credit losses on trade receivables from customers	**2,197,613**	3,397,455
	₱958,819,855	₱1,129,929,615

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

	2021		2020	
	Money Balance	**Security Valuation-Long**	Money Balance	Security Valuation-Long
Fully secured accounts:				
More than 250%	**₱496,639,511**	**₱5,751,191,917**	₱473,811,876	₱5,269,246,814
Between 200% and 250%	**188,685,228**	**416,079,630**	220,019,722	510,953,734
Between 150% and 200%	**90,528,703**	**171,969,413**	12,359,086	23,559,378
Between 100% to 150%	**4,552,621**	**4,624,200**	14,938,342	17,280,000
Less than 100%	**80,298,021**	**78,120,455**	50,925,765	50,334,484
Unsecured accounts (Note 20)	**8,551**	–	106	–
	860,712,635	**₱6,421,985,615**	772,054,897	₱5,871,374,410
Less allowance for credit losses on trade receivables from customers	**2,197,613**		3,397,455	
	₱858,515,022		₱768,657,442	

As at December 31, 2021 and 2020, the Parent Company offered a credit line facility amounting to ₱5,507,975,950 and ₱5,361,091,950, respectively, to its customers who qualified for margin account.

Interest income from customers amounted to ₱57,339,924, ₱39,892,680 and ₱48,118,796 in 2021, 2020 and 2019, 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, 2021 and 2020, ₱780,406,063 and ₱721,129,026, respectively, of the total trade receivables from customers are fully covered by collateral.

Trade receivables from clearing house as at December 31, 2021 and 2020, were fully collected in January 2022 and 2021, respectively. 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:

	2021	2020
Accrued interest on investments	**₱52,627,212**	₱10,238,969
Mutual fund redemption proceeds (Note 14)	**7,569,162**	17,484,152
Employee salary loan and advances (Note 20)	**1,434,665**	1,011,936
Others	**8,593,133**	9,293,420
	₱70,224,172	₱38,028,477

Allowance for Credit Losses
Movements in the allowance for credit losses follow:

	2021	2020
Balances at beginning of year	**₱3,397,455**	₱2,092,947
Provision for (recovery from) credit losses	**(1,199,842)**	1,304,508
Balances at end of year	**₱2,197,613**	₱3,397,455

8. Investment Securities at Amortized Cost

This account consists of:

	2021	2020
Current:		
Government debt securities	**₱9,274,253,871**	₱6,163,007,003
Corporate debt securities	**100,000,000**	–
	9,374,253,871	6,163,007,003
Non-current:		
Government debt securities	**500,200,000**	200,200,000
Corporate debt securities	–	100,000,000
	500,200,000	300,200,000
	₱9,874,453,871	₱6,463,207,003

The peso-denominated government debt securities bear a nominal interest rate of 0.80% to 6.38% per annum in 2021 and 1.01% to 4.38% per annum in 2020, with an EIR of 0.70% to 4.38% in 2021 and 0.53% to 4.38% in 2020. The peso-denominated investment in corporate debt securities bear a nominal interest rate of 4.41% per annum in 2021 and 2020.

The Group's investment in government and corporate debt securities are considered of low credit risk since these are rated as Baa2 by Moody's Investors Service, Inc. and BBB- by Fitch Ratings, Inc., respectively. These credit ratings are still considered as 'Investment Grade.'

The outstanding investments in short-term government debt securities amounting to ₱8.71 billion and ₱5.69 billion as at December 31, 2021 and December 31, 2020, respectively, are included in the Parent Company's special reserve accounts in compliance with SRC Rule 49.2 (Note 4).

Interest income earned from these investments amounted to ₱102,543,447, ₱30,244,404 and ₱7,283,520 in 2021, 2020 and 2019, respectively (Note 16).

9. Property and Equipment

The composition of and movements in this account follow:

	2021				
	Online Trading Equipment and Facilities	Furniture, Fixtures and Equipment	Leasehold Improvements	Right-of-use Assets – Office Premises	Total
Cost					
At beginning of year	**₱174,398,682**	**₱38,067,227**	**₱70,535,398**	**₱72,449,270**	**₱355,450,577**
Additions	**4,900,793**	**145,695**	**–**	**17,679,420**	**22,725,908**
Disposals	**–**	**(172,931)**	**(158,898)**	**(12,699,229)**	**(13,031,058)**
Lease modifications	**–**	**–**	**–**	**(276,482)**	**(276,482)**
Translation adjustments	**377,344**	**201,161**	**45,313**	**304,615**	**928,433**
At end of year	**179,676,819**	**38,241,152**	**70,421,813**	**77,457,594**	**365,797,378**
Accumulated depreciation and amortization					
At beginning of year	**138,606,765**	**28,877,127**	**42,605,524**	**30,552,941**	**240,642,357**
Depreciation and amortization (Note 21)	**19,957,827**	**3,085,868**	**8,409,905**	**24,724,300**	**56,177,900**
Disposals		**(139,786)**	**(119,173)**	**(12,699,229)**	**(12,958,188)**
Translation adjustments	**377,344**	**160,884**	**45,313**	**294,606**	**878,147**
At end of year	**158,941,936**	**31,984,093**	**50,941,569**	**42,872,618**	**284,740,216**
Net book value	**₱20,734,883**	**₱6,257,059**	**₱19,480,244**	**₱34,584,976**	**₱81,057,162**

	2020					
	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	₱163,040,796	₱36,782,259	₱65,259,849	₱4,579,962	₱77,035,593	₱346,698,459
Additions	11,742,500	1,575,028	203,930	537,843	11,318,653	25,377,954
Reclassification	–	–	5,117,805	(5,117,805)	–	–
Disposals	–	(135,848)	–	–	(15,594,490)	(15,730,338)
Translation adjustments	(384,614)	(154,212)	(46,186)	–	(310,486)	(895,498)
At end of year	174,398,682	38,067,227	70,535,398	–	72,449,270	355,450,577
Accumulated depreciation and amortization						
At beginning of year	117,827,089	25,778,499	33,742,056	–	20,705,893	198,053,537
Depreciation and amortization (Note 21)	21,164,290	3,366,093	8,909,654	–	25,634,358	59,074,395
Disposals	–	(112,019)	–	–	(15,594,490)	(15,706,509)
Translation adjustments	(384,614)	(155,446)	(46,186)	–	(192,820)	(779,066)
At end of year	138,606,765	28,877,127	42,605,524	–	30,552,941	240,642,357
Net book value	₱35,791,917	₱9,190,100	₱27,929,874	₱–	₱41,896,329	₱114,808,220

As of December 31, 2021 and 2020, the cost of the Group’s fully depreciated property and equipment still in use amounted to ₱168,239,961 and ₱128,451,770, respectively. Disposal of property and equipment resulted in gains amounting ₱14,459, ₱25,785 and ₱8,409 in 2021, 2020 and 2019.

The depreciation and amortization were distributed as follows:

	2021	2020	2019
Cost of services	**₱207,753**	₱155,548	₱134,902
Operating expenses	**55,970,147**	58,918,847	54,364,914
	₱56,177,900	₱59,074,395	₱54,499,816

10. **Investment Property**

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

	2021	2020
Cost		
At beginning and end of year	**₱17,509,736**	₱17,509,736
Accumulated depreciation		
At beginning of year	**2,626,461**	1,750,974
Depreciation	**875,487**	875,487
At end of year	**3,501,948**	2,626,461
Net book value	**₱14,007,788**	₱14,883,275

The office space is held for capital appreciation. As at December 31, 2021 and 2020, the fair value of investment property amounted to ₱39,567,000 and ₱35,610,300, respectively.

The depreciation of investment property recorded in 'Depreciation and amortization' in the consolidated statements of income amounted to ₱875,487 in 2021, 2020 and 2019.

Collaterals
As at December 31, 2021 and 2020, the Group's investment property is not pledged as collateral.

11. **Intangibles**

Stock Exchange Trading Rights
Philippine Operations
As at December 31, 2021 and 2020, 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 September 22, 2021. At as December 31, 2021 and 2020, the carrying value of the exchange trading right amounted to ₱5,000,000.

Hong Kong Operations
COLHK's exchange trading right 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 has fully impaired the exchange trading right of COLHK amounting to HK$2,860,000 is in 2017.

Software Costs and Licenses

Movements in the software costs and licenses account follow:

	2021	2020
Cost		
At beginning of year	**₱48,533,226**	₱48,242,112
Additions	**537,147**	291,114
At end of year	**49,070,373**	48,533,226
Accumulated amortization		
At beginning of year	**37,966,935**	33,719,399
Amortization	**3,967,993**	4,247,536
At end of year	**41,934,928**	37,966,935
Net book value	**₱7,135,445**	₱10,566,291

The amortization of software costs and licenses recorded in 'Depreciation and amortization' in the consolidated statements of income amounted to ₱3,967,993, ₱4,247,536, and ₱3,439,825 in 2021, 2020, and 2019, respectively.

As of December 31, 2021 and 2020, the costs of the Group's fully amortized software still in use amounted to ₱25,719,905 and ₱22,119,652, respectively.

12. Other Assets

Other Current Assets

This account pertains to input VAT of the subsidiaries amounting to ₱484,349 and ₱309,925 as at December 31, 2021 and 2020, respectively.

Other Noncurrent Assets

This account consists of:

	2021	2020
Deposit and refundable contributions to CTGF	**₱50,503,250**	₱45,016,723
Intangible assets under development	**7,849,571**	6,533,571
Refundable deposits:		
Rental and utility deposits	**7,219,910**	7,624,383
Other refundable deposits	**4,015,220**	3,548,386
	69,587,951	62,723,063
Deferred input VAT	**4,433,032**	6,319,963
	₱74,020,983	₱69,043,026

Deposit and refundable contributions to CTGF

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 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.

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, 2021 and 2020 as 'Other noncurrent assets' amounting to ₱50,503,250 and ₱45,016,723, respectively.

Intangible assets under development
On November 13, 2020, the BOD approved the write-off of the total costs incurred in the development of the Parent Company's mobile software applications booked under 'Intangible assets under development' amounting to ₱12,414,396. After being given several opportunities to apply extensive and various approaches to fix the errors and bugs in the applications over an extended period of time, the contracted developer still failed to deliver in a material way, the version of the applications that will meet the Parent Company's acceptance criteria and requirements. To avoid further delays and budget overruns, the Parent Company deemed it necessary to terminate the project and to look for other options that will effectively meet its business and product goals.

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

13. Trade Payables

This account consists of:

	2021	2020
Customers (Note 20)	**₱10,556,530,999**	₱11,464,048,995
Clearing house	**33,651,717**	36,839,509
	₱10,590,182,716	₱11,500,888,504

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

	2021		2020	
	Money Balance	**Security Valuation-Long**	Money Balance	Security Valuation-Long
Payable to customers:				
With money balances	**₱10,556,530,999**	**₱94,317,687,662**	₱11,464,048,995	₱89,808,255,070
No money balances	–	**2,443,357,781**	–	1,384,135,730
	₱10,556,530,999	**₱96,761,045,443**	₱11,464,048,995	₱91,192,390,800

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

Payable to customers with money balances amounting to ₱75,443,933 and ₱133,584,796 as at December 31, 2021 and 2020, 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, 2021 and 2020 were subsequently paid in January 2022 and 2021, 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:

	2021	2020
Accrued expenses	**₱41,806,292**	₱36,695,381
Due to BIR	**38,921,158**	62,396,446
Accrued management bonus	**32,779,925**	23,971,842
Unposted customers' deposits	**9,671,703**	43,429,288
Mutual fund redemption proceeds (Note 7)	**7,699,370**	17,994,037
Trading fees	**2,879,601**	7,125,700
Others	**12,022,657**	10,611,170
	₱145,780,706	₱202,223,864

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 stock transaction, withholding and output taxes payable to the Philippine BIR.

Unposted customers' deposits represent additional funding, remittances and initial deposits made by customers that were either unconfirmed or received beyond the cut-off time for the back-office processing of collections. Confirmed and verified deposits are credited to the customers' trading accounts on the next business day following the end of the reporting period while crediting of initial deposits are made simultaneously with the approval of the new accounts.

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 mostly of withdrawal proceeds in the form of check, issued and released to the customers of the Parent Company which are outstanding beyond six (6) months.

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 - ₱0.10 per share*		
Authorized	10,000,000	₱1,000,000
Issued and outstanding		
Balances at beginning and end of year*	4,760,000	₱476,000

** Including the effect of the ten-for-one stock split in 2021*

All issued and outstanding shares of the Parent Company are listed with the PSE (Note 1). As of December 31, 2021 and 2020 there were 34 holders of the listed shares of the Parent Company, with its share price closing at ₱4.15 and ₱3.00* per share, respectively.

On February 7, 2020 and June 2, 2020, the BOD and the shareholders, respectively, approved the amendment of Article Seven of the Parent Company's Articles of Incorporation to effect a ten-for-one stock split of the Parent Company's common shares which will result to an increase in the number of authorized capital stock from 1 billion to 10 billion shares and a reduction in par value of the shares from ₱1.00 to ₱0.10 per share. The amount of authorized capital stock of ₱1.00 billion will remain the same after the stock split. The Parent Company obtained the SEC approval of the amendment of Articles of Incorporation dated December 28, 2020 on January 4, 2021 while the effect of the stock split was reflected in the PSE on January 12, 2021.

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	1,000,000,000
2015	Stock options exercise	July 16, 2015	250,000,000
2015	Stock options exercise	April 14, 2015	200,000,000

** Restated to show the retroactive effect of the ten-for-one stock split in 2021.*

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 30.00%, 20.00% and 10.00% of profit after tax for broker dealers with unimpaired paid-up capital between ₱10.00 million to ₱30.00 million, between ₱30.00 million to ₱50.00 million and more than ₱50.00 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 2021 and 2020, the BOD approved the appropriation of retained earnings amounting to ₱44.22 million and ₱48.07 million, respectively, in compliance with such requirement.

On May 14, 2021, the BOD declared a regular and a special dividend amounting to ₱0.020 per share held or ₱95,200,000 (4,760,000,000 shares multiplied by ₱0.020 cash dividend per share) and ₱0.045 per share held or ₱214,200,000 (4,760,000,000 shares multiplied by ₱0.045 cash dividend per share), respectively, to stockholders as of record date of May 28, 2021. These dividends were paid on June 9, 2021.

On April 3, 2020, the BOD declared a regular and a special dividend amounting to ₱0.180 per share held or ₱85,680,000 (476,000,000 shares multiplied by ₱0.180 cash dividend per share) and ₱0.520 per share held or ₱247,520,000 (476,000,000 shares multiplied by ₱0.520 cash dividend per share), respectively, to stockholders as of record date of April 30, 2020. These dividends were paid on May 27, 2020.

On March 29, 2019, the BOD declared a regular and a special dividend amounting to ₱0.210 per share held or ₱99,960,000 (476,000,000 shares multiplied by ₱0.210 cash dividend per share) and ₱0.640 per share held or ₱304,640,000 (476,000,000 shares multiplied by ₱0.640 cash dividend per share), respectively, to stockholders as of record date of April 16, 2019. These dividends were paid on May 3, 2019.

As of December 31, 2021 and 2020, the consolidated retained earnings includes the retained earnings of COLHK amounting to ₱110,445,875 and ₱133,047,343, respectively, which are not available for dividend declaration until such amounts are declared to the Parent Company (see Note 19) .

Non-Controlling Interest

The Parent Company formed CIMI in 2019 and as of December 31, 2021 and 2020, 30.00% of its equity interest is being 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 statements of financial position as of December 31, 2021 and 2020

	2021	2020
Cash and cash equivalents (current)	**₱1,380,082**	₱53,995,047
Financial assets at FVTPL	**56,661,998**	9,983,570
Other receivables (current)	**205,570**	40,380
Other assets (current)	**546,812**	304,408
Property and equipment (non-current)	**3,103,039**	4,491,506
Other assets (non-current)	**53,133**	86,860
Accrued expenses (current)	**(92,674)**	(439,894)
Other liabilities (current)	**(89,601)**	(173,463)
Lease liability (current)	**(722,687)**	(654,256)
Lease liability (non-current)	**(252,750)**	(975,437)
Total equity	**₱60,792,922**	₱66,658,721
Attributable to:		
Equity holders of the Parent Company	**₱42,555,045**	₱46,661,105
Non-controlling interest	**18,237,877**	19,997,616

Summarized statements of income for the years ended December 31, 2021, 2020 and 2019

	2021	2020	2019*
Interest income	**₱883,523**	₱1,275,121	₱884,156
Trading gains (losses) - net	**252,877**	(16,430)	–
Operating expenses	**(6,815,646)**	(8,037,188)	(2,045,268)
Loss before income tax	**(5,679,246)**	(6,778,497)	(1,161,112)
Provision for income tax	**186,554**	224,839	176,831
Net loss	**(₱5,865,800)**	(₱7,003,336)	(₱1,337,943)

(Forward)

	2021	2020	2019*
Attributable to:			
Equity holders of the Parent Company	**(₱4,106,061)**	(₱4,902,335)	(₱936,560)
Non-controlling interest	**(1,759,739)**	(2,101,001)	(401,383)

Summarized cash flow information for the years ended December 31, 2021, 2020 and 2019

	2021	2020	2019*
Operating activities	**(₱51,750,323)**	(₱15,852,377)	(₱666,976)
Investing activities	**(146,915)**	–	(4,094,212)
Financing activities	**(717,727)**	(391,388)	75,000,000
Net increase (decrease) in cash and cash equivalents	**(₱52,614,965)**	(₱16,243,765)	₱70,238,812

**CMI was incorporated on September 6, 2019*

16. **Revenues**

Breakdown of the Group's revenues are as follows:

	2021	2020	2019
Revenue from contracts with customers			
Commissions	**₱1,013,013,332**	₱793,886,384	₱539,049,838
Trail fees	**21,484,857**	17,255,849	17,365,097
Others	**53,797,890**	28,709,592	19,262,541
	1,088,296,079	839,851,825	575,677,476
Other revenues (losses)			
Interest income	**182,061,977**	246,449,713	527,716,977
Trading gains (losses) - net	**52,315,419**	(563,029)	41,501
Others	**96,522**	603,157	30,721
	234,473,918	246,489,841	527,789,199
	₱1,322,769,997	₱1,086,341,666	₱1,103,466,675

'Others' presented in the consolidated statements of income consists of:

	2021	2020	2019
Other income from customers	**₱52,413,284**	₱26,245,345	₱17,531,742
Income from rent concessions	**57,570**	565,113	–
Dividend income	**38,952**	38,044	30,721
Miscellaneous	**1,384,606**	2,464,247	1,730,799
	₱53,894,412	₱29,312,749	₱19,293,262

Other income from customers pertains to the regular transaction fees that are normally charged to customers upon execution and completion of trade orders. Since the Parent Company is primarily responsible to its counterparties for the settlement of trading fees charged to its customers, it has concluded that it is acting as a principal and is, therefore, required to book the fees collected from its customers as revenue under "Others" and to treat the subsequent remittance as expense recognized as part of "Stock exchange dues".

Stock exchange dues and fees consists of:

	2021	2020	2019
Stock trading costs charged to customers	**₱52,413,284**	₱26,245,345	₱17,531,742
Membership fees and dues	**23,569,157**	17,764,824	11,910,252
Dealer trades and other transaction costs	**158,890**	7,168,824	1,887,906
Miscellaneous	**864,925**	838,419	973,757
	₱77,006,256	₱52,017,412	₱32,303,657

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

	2021			
	Commissions	**Trail fees**	**Other income**	**Total**
Primary geographical markets				
Philippines	**₱1,007,379,492**	**₱21,484,857**	**₱ 53,105,721**	**₱1,081,970,070**
Hong Kong	**5,633,840**	**–**	**692,169**	**6,326,009**
	₱1,013,013,332	**₱21,484,857**	**₱53,797,890**	**₱1,088,296,079**

	2020			
	Commissions	Trail fees	Other income	Total
Primary geographical markets				
Philippines	₱781,817,457	₱17,255,849	₱26,916,918	₱825,990,224
Hong Kong	12,068,927	–	1,792,674	13,861,601
	₱793,886,384	₱17,255,849	₱28,709,592	₱839,851,825

	2019			
	Commissions	Trail fees	Other income	Total
Primary geographical markets				
Philippines	₱529,163,152	₱17,365,097	₱18,314,624	₱564,842,873
Hong Kong	9,886,686	–	947,917	10,834,603
	₱539,049,838	₱17,365,097	₱19,262,541	₱575,677,476

Interest income earned consists of income from:

	2021	2020	2019
Debt securities (Note 8)	**₱102,543,447**	₱30,244,404	₱7,283,520
Customers (Note 7)	**57,339,924**	39,892,680	48,118,796
Banks (Notes 4 and 5)	**20,007,552**	176,203,750	472,314,661
Financial assets at FVTPL (Note 6)	**2,170,247**	108,879	–
Others	**807**	–	–
	₱182,061,977	₱246,449,713	₱527,716,977

17. **Personnel Costs**

This account consists of:

	2021	2020	2019
Salaries and wages	**₱144,833,804**	₱142,828,370	₱134,280,836
Management bonus	**57,774,403**	32,987,417	16,889,521
Retirement costs (Note 18)	**9,771,904**	8,343,149	5,696,718
Other benefits (Note 18)	**18,734,514**	17,682,743	15,695,331
	₱231,114,625	₱201,841,679	₱172,562,406

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

The above accounts were distributed as follows:

	2021	2020	2019
Cost of services	**₱70,900,503**	₱81,116,939	₱93,662,645
Operating expenses	**160,214,122**	120,724,740	78,899,761
	₱231,114,625	₱201,841,679	₱172,562,406

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, 2021, 2020 and 2019. 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:

	2021	2020	2019
Current service cost (Note 17)	**₱9,771,904**	₱8,343,149	₱5,696,718
Net interest expense	**2,763,007**	3,621,811	3,263,837
	₱12,534,911	₱11,964,960	₱8,960,555

Current service cost is shown under 'Personnel costs' in operating expenses 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:

	2021	2020
Retirement obligation at beginning of year	**₱69,075,170**	₱68,336,052
Retirement costs	**12,534,911**	11,964,960
Net actuarial losses	**113,688**	7,929,394
Contributions	**–**	(19,155,236)
Retirement obligation at end of year	**₱81,723,769**	₱69,075,170

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

	2021	2020
Present value of defined benefit obligation	**₱108,504,173**	₱99,032,165
Fair value of plan assets	**(26,780,404)**	(29,956,995)
	₱81,723,769	₱69,075,170

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

	2021	2020
Opening present value of defined benefit obligation	**₱99,032,165**	₱78,027,472
Current service cost	**9,771,904**	8,343,149
Interest cost	**3,961,287**	4,135,456
Remeasurement losses (gains) on:		
Financial assumptions	**(13,389,291)**	12,926,890
Experience adjustments	**12,249,991**	(4,400,802)
Benefits paid	**(3,121,883)**	–
Closing present value of defined benefit obligation	**₱108,504,173**	₱99,032,165

Changes in the fair value of plan assets follow:

	2021	2020
Balances at beginning of year	**₱29,956,995**	₱9,691,420
Expected interest income	**1,198,280**	513,645
Contributions	**–**	19,155,236
Benefits paid	**(3,121,883)**	–
Remeasurement gain (loss) on plan assets	**(1,252,988)**	596,694
Balances at end of year	**₱26,780,404**	₱29,956,995

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

	2021	2020
Fixed income	**99.22%**	99.76%
Cash in bank	**0.64%**	0.01%
Others	**0.18%**	0.27%
	100.04%	100.04%
Accrued trust fees payable	**(0.04%)**	(0.04%)
	100.00%	100.00%

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

	2021	2020
Discount rate	5.10%	4.00%
Future salary increases	5.00%	5.00%
Mortality rates		
Male	**0.08%-0.74%**	0.08%-0.74%
Female	**0.07%-0.61%**	0.07%-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, 2021 and 2020 assuming all other assumptions were held constant.

	Increase (decrease) in significant assumptions	Increase (decrease) in defined benefit obligation	
		2021	2020
Discount rates	+0.50%	**(₱5,276,002)**	(₱5,328,777)
	-0.50%	**5,759,546**	5,839,102
Future salary increases	+0.50%	**5,394,352**	5,437,627
	-0.50%	**(4,991,306)**	(5,018,723)
Mortality rate	+1 year	**(253,937)**	291,952
	-1 year	**237,118**	(326,277)

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 assesses the funding requirements of the retirement plan annually. Once it deems that the retirement plan needs additional funds, it engages the services of an actuarial expert to quantify the required amount of funds to be contributed. The Parent Company contributed ₱19,155,236 to the retirement plan in 2020.

The Parent Company is currently assessing the contribution to be made in 2022.

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

	2021	2020
Zero (0) to five (5) years	**₱38,597,894**	₱34,072,414
Six (6) to ten (10) years	**68,067,722**	62,121,633
Eleven (11) to fifteen (15) years	**58,171,730**	48,445,880
Beyond fifteen (15) years	**435,784,152**	370,138,704
	₱600,621,498	₱514,778,631

The weighted average duration of the defined benefit obligation is 14 years in 2021, 2020 and 2019.

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 ₱311,894, ₱314,861 and ₱325,241 in 2021, 2020 and 2019, respectively.

19. **Income Taxes**

Income taxes include the corporate income tax, as discussed below, and final taxes paid at the rate of 20.00% for interest income on Peso cash deposits and short-term placements and 15.00% for interest income on foreign currency cash deposits and short-term placements. These income taxes, as well as the deferred tax benefits and provisions, are presented as ‘Provision for income tax’ in the consolidated statements of income.

Provision for income tax consists of:

	2021	2020
Current:		
RCIT	**₱135,419,186**	₱118,879,946
Final	**27,260,767**	41,690,612
Deferred	**14,966,412**	(6,743,185)
	₱177,646,365	₱153,827,373

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Group:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30.00% to 25.00% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5.00 million and with total assets not exceeding ₱100.00 million (excluding land on which the business entity’s office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20.00%.
- Minimum corporate income tax (MCIT) rate reduced from 2.00% to 1.00% of gross income effective July 1, 2020 to June 30, 2023.

Applying the provisions of the CREATE Act, the Parent Company and subsidiaries located in the Philippines were subjected to lower regular corporate income tax rate effective July 1, 2020.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2021 is considered as a non-adjusting subsequent event. The current and deferred taxes as of and for the year ended December 31, 2020 were computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30.00% RCIT / 2.00% MCIT) for financial reporting purposes. The reduction in current income tax expense in 2020 amounting to ₱9,906,662 is recognized in 2021.

The regulations also provide that the MCIT and net operating loss carryover (NOLCO) may be applied against the Group’s income tax liability and taxable income, respectively, over a three-year period from the year of inception. However, on September 30, 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of “Bayanihan to Recover as One Act” which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2021, the Group has incurred NOLCO which can be claimed as deduction from the regular taxable income with details as follows:

Year Incurred	Amount	Used	Balance	Expiry Year
2021	₱7,761,742	₱–	₱7,761,742	2026
2020	8,235,603	–	8,235,603	2025
2019	3,612,778	–	3,612,778	2022
	₱19,610,123	₱–	₱19,610,123	

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:

	2021	2020	2019
Income tax at statutory income tax rate	**₱189,775,336**	₱172,811,067	₱189,119,216
Additions to (reductions in) income tax resulting from:			
40% OSD	**(20,594,270)**	–	20,398,752
Change in unrecognized DTA	**17,788,805**	(787,990)	7,490,710
Adjustment on tax expense due to change in enacted rates	**(7,445,377)**	–	–
Interest income subjected to final tax	**(4,012,571)**	(20,274,524)	(47,715,484)
Effect of lower income tax rate in HK	**1,921,345**	1,950,174	2,760,848
Effect of lower income tax rate for domestic subsidiaries	**234,068**	–	
Tax-exempt income	**(24,221)**	(324,408)	(31,431)
Non-deductible expense	**3,250**	453,054	–
Provision for income tax	**₱177,646,365**	₱153,827,373	₱172,022,611

In 2021 and 2019, the Parent Company used the optional standard deduction (OSD) method in calculating the allowed deductions for income tax purposes, while in 2020, the Parent Company availed of the itemized deduction method.

Deferred Income Taxes

As of December 31, 2020, the components of net deferred tax assets of the Group follow:

Deferred tax assets:	
Retirement obligation	₱20,722,551
Unamortized past service cost	4,683,871
Allowance for credit losses	1,019,237
Leases under PFRS 16	750,949
Unrealized foreign exchange losses	6,232
	27,182,840
Deferred tax liabilities:	
Accumulated translation adjustment	(1,860,193)
Unrealized trading gains	(221,926)
Others	(110,882)
	(2,193,001)
	₱24,989,839

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 (see Note 3).

As of December 31, 2021, the Group's deferred income tax liability comprise items from the Parent Company as follows.

Accumulated translation adjustment	₱4,900,125
Unrealized trading gains	188,280
Others	96,796
	₱5,185,201

Unrecognized deferred tax liabilities
As of December 31, 2021, the Parent Company did not recognize deferred tax liability amounting to ₱16,566,881 for temporary differences related to investment in a foreign subsidiary, as the Parent Company has effective control of the dividend policy upon the subsidiary and is satisfied that it will not be distributed in the foreseeable future. In addition, under the CREATE law, foreign-sourced dividends may be exempt from income tax if the criteria and related reportorial requirements are complied with.

Unrecognized deferred tax assets
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:

	2021	2020
Unused tax losses	**₱255,800,514**	₱252,000,901
Retirement obligation	**95,263,520**	–
NOLCO	**19,610,123**	11,848,381
Leases under PFRS 16	**2,395,298**	–
Allowance for credit losses	**2,197,613**	–
Unrealized trading losses	–	49,290
	₱375,267,068	₱263,898,572

The unused tax losses pertain to COLHK which can be carried forward indefinitely to offset future profits.

20. Related Party Disclosures

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

Category	Commission income	Interest income	Professional fees	Directors' fees	Capital expenditures	Condominium dues	Rental Payments	Other Expenses	Trade receivables	Trade payables
2021	**₱2,229,811**	**₱1,190,880**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱47,498,133**	**₱2,184,283**
2020	1,383,035	716,039	–	–	–	–	–	–	52,239,716	4,055,643
2019	1,423,253	265,190	–	–	–	–	–	–	36,632,463	44,684,302
Companies with common officers, directors and stockholders										
2021	**5,642,869**	**2,733,461**	**3,789,633**	**–**	**17,857**	**441,000**	**3,326,400**	**16,714**	**53,711,788**	**–**
2020	12,312,773	2,638,775	3,825,689	–	128,272	441,000	3,200,400	78,362	34,241,976	4,411,721
2019	7,217,069	2,606,146	4,798,621	–	3,951,426	441,000	3,326,400	180,116	28,793,203	18,637,782
Directors										
2021	**1,439,510**	**743,867**	**–**	**1,665,000**	**–**	**–**	**–**	**–**	**19,758,762**	**58,188,126**
2020	1,200,084	1,202,715	–	1,750,000	–	–	–	–	9,559,081	55,542,824
2019	4,482,932	983,272	–	1,750,000	–	–	–	–	30,631,639	65,537,718

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 ₱8,551 and ₱106, which were unsecured as of December 31, 2021 and 2020, respectively (Note 7). The trade receivables from related parties are not impaired.

b. As of December 31, 2021 and 2020, the Group also has unsecured noninterest-bearing employee salary loans and advances amounting to ₱1,434,665 and ₱1,011,936 with remaining 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:

	2021	2020	2019
Short-term employee benefits	**₱99,889,672**	₱83,164,049	₱70,924,936
Retirement costs (Note 18)	**3,627,431**	3,463,336	2,634,585
Other benefits	**912,859**	–	–
	₱104,429,962	₱86,627,385	₱73,559,521

Short-term employee benefits include management bonus.

Related party transactions are settled in cash.

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.

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:

	2021	2020
At beginning of year	**₱44,129,430**	₱57,222,118
Additions	**17,679,420**	11,318,653
Accretion of interest	**2,317,611**	3,104,194
Payments	**(26,843,394)**	(26,752,450)
Lease modification	**(226,844)**	–
Rent concessions	**(57,570)**	(565,113)
Translation adjustment	**76,595**	(197,972)
At end of year	**₱37,075,248**	₱44,129,430
Current	**₱17,845,909**	₱18,737,554
Non-current	**19,229,339**	25,391,876
	₱37,075,248	₱44,129,430

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

	2021	2020
Depreciation expense of right-of-use assets included in property and equipment (Note 9)	**₱24,724,300**	₱25,634,358
Interest expense on lease liabilities	**2,317,611**	3,104,194
Other revenue (Note 16)	**(57,570)**	(565,113)
Loss on lease modification	**49,638**	–
	₱27,033,979	₱28,173,439

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 ₱360,771, ₱364,679 and ₱207,015 in 2021, 2020 and 2019, respectively.

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

	2021	2020
Within one (1) year	**₱19,329,863**	₱21,177,181
More than 1 years to 2 years	**7,073,667**	11,041,304
More than 2 years to 3 years	**3,620,985**	3,504,885
More than 3 years to 4 years	**3,175,200**	3,175,200
More than 4 years to 5 years	**3,175,200**	3,175,200
After five (5) years	**6,350,400**	9,525,600
	₱42,725,315	₱51,599,370

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, 2021, 2020 and 2019.

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 ₱2.50 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 ₱100.00 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; ₱10.00 million plus a surety bond for existing broker dealers not engaged in market making transactions; and ₱2.50 million for broker dealers dealing only fin 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 dealer 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 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 ₱5.00 million or five percent (5.00%) of its aggregate indebtedness, whichever is higher. Also, the Aggregated Indebtedness (AI) of every broker dealer 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 dealer and shall notify the PSE and SEC. As at December 31, 2021 and 2020, 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, 2021 and 2020 are as follows:

	2021	2020
Equity eligible for NLC	**₱2,004,976,723**	₱1,678,035,456
Less ineligible assets	**584,692,937**	630,584,805
NLC	**₱1,420,283,786**	₱1,047,450,651
Position risk	**₱31,390,286**	₱15,824,582
Operational risk	**205,341,173**	199,525,324
Large exposure risk	**134,998,846**	81,763,884
Total Risk Capital Requirement (TRCR)	**₱371,730,305**	₱297,113,790
AI	**₱10,699,547,503**	₱11,631,871,470
5.00% of AI	**₱534,977,375**	₱581,593,574
Required NLC	**₱534,977,375**	₱581,593,574
Net Risk-Based Capital Excess	**₱885,306,411**	₱465,857,077
Ratio of AI to NLC	**753%**	1,110%
RBCA ratio (NLC/TRCR)	**382%**	353%

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

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

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

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

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

On May 28, 2009, the SEC approved the PSE's Rules Governing Trading Rights and Trading Participants, which supersede the Membership Rules of the PSE. Section 8(c) of Article III of the said rules requires trading participants to have a minimum unimpaired paid-up capital, as defined by the SEC, of ₱20.00 million effective December 31, 2009, and ₱30.00 million effective December 31, 2011 and onwards. In 2021 and 2020, 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, 2021 and 2020.

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, 2021 and 2020, 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, investment securities at amortized cost, trade receivables, other receivables, 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:

<u>Credit risk</u>
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 and are in stage 1 of the ECL model, due to its high probability of collection (i.e. the counterparty has the evident ability to satisfy its obligation).

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, 2021 and 2020, ₱860,704,084 and ₱772,054,791 of the total receivables from customers is secured by collateral comprising of equity securities of listed companies with a total market value of ₱6,421,985,615 and ₱5,871,374,410, 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, 2021 and 2020 are summarized in the following table (gross of allowance for credit losses):

	Days after trade date				
	T+0 to T+2	**T+3 to T+13**	**T+14 to T+30**	**T+31 to T+365**	**Total**
2021					
Expected loss rate	**0.00%**	**2.00%**	**0.00%**	**0.00%**	**0.25%**
Trade receivables	**₱153,331,934**	**₱109,862,656**	**₱164,589,503**	**₱432,928,542**	**₱860,712,635**
Expected credit loss	**–**	**2,197,253**	**–**	**360**	**2,197,613**
2020					
Expected loss rate	0.00%	2.00%	0.00%	0.00%	0.44%
Trade receivables	₱170,738,134	₱169,869,489	₱193,331,473	₱238,115,801	₱772,054,897
Expected credit loss	–	3,397,390	–	65	3,397,455

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.

Investment securities at amortized cost
The investments are classified as high grade. The Group's investment in government and corporate securities is considered of low credit risk since these are rated as Baa2 by Moody's Investors Service, Inc. and BBB- by Fitch Ratings Inc, respectively. These credit ratings can still be considered as 'Investment Grade.'

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 and collateral and other credit enhancements
Except for receivable from customers, the carrying values of the Company's financial assets as reflected in the statements of financial condition as of December 31, 2021 and 2020 represent the financial asset's maximum exposure to credit risk as there are no collateral held or other credit enhancements related to these financial assets.

	2021			
	Gross Carrying Amount	**Fair Value of Collateral***	**Maximum Exposure to Credit Risk**	**Financial effect of collateral and other credit enhancements**
Receivable from customers				
Unsecured	**₱8,551**	**₱–**	**₱8,551**	**₱–**
Partially secured	**80,298,021**	**78,120,455**	**2,177,566**	**78,120,455**
Fully secured	**780,406,063**	**6,343,865,160**	**–**	**780,406,063**
	₱860,712,635	**₱6,421,985,615**	**₱2,186,117**	**₱858,526,518**

	2020			
	Gross Carrying Amount	Fair Value of Collateral*	Maximum Exposure to Credit Risk	Financial effect of collateral and other credit enhancements
Receivable from customers				
Unsecured	₱106	₱–	₱106	₱–
Partially secured	50,925,765	50,334,484	591,281	50,334,484
Fully secured	721,129,026	5,821,039,926		721,129,026
	₱772,054,897	₱5,871,374,410	₱591,387	₱771,463,510

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, 2021 and 2020, 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, 2021 and 2020 consist of cash and cash equivalents, short-term time deposits, financial assets at FVTPL, investment securities at amortized cost 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 2021 and 2020 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$85,913 and US$219,548 as at December 31, 2021 and 2020, 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 2021 and 2020 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.

2021						
				Effect of Remaining Rights of Set-Off (Including Rights to Set Off Financial Collateral) that do not Meet PAS 32 Offsetting Criteria		
Financial Instruments Recognized at End of Reporting Period by Type	**Gross Carrying Amounts (Before Offsetting)**	**Gross Amounts Offset in Accordance with the Offsetting Criteria**	**Net Amount Presented in Consolidated Statements of Financial Position**	**Financial Instruments**	**Fair Value of Financial Collateral**	**Net Exposure**
	[a]	**[b]**	**[c] = [a-b]**	**[d]**	**[e]**	**[f] = [c-d]**
Financial Assets						
Receivable from customers	**₱860,712,635**	**₱–**	**₱860,712,635**	**₱7,933,074**	**₱850,593,444**	**₱2,186,117**
Due from clearing house	**84,593,705**	**–**	**84,593,705**	**33,651,717**	**–**	**50,941,988**
	₱945,306,340	**₱–**	**₱945,306,340**	**₱41,584,791**	**₱850,593,444**	**₱53,128,105**
Financial Liabilities						
Payable to customers	**₱10,556,530,999**	**₱–**	**₱10,556,530,999**	**₱7,933,074**	**₱–**	**₱10,548,597,925**
Due to clearing house	**33,651,717**	**–**	**33,651,717**	**33,651,717**	**–**	**–**
	₱10,590,182,716	**₱–**	**₱10,590,182,716**	**₱41,584,791**	**₱–**	**₱10,548,597,925**

2020						
				Effect of Remaining Rights of Set-Off (Including Rights to Set Off Financial Collateral) that do not Meet PAS 32 Offsetting Criteria		
Financial Instruments Recognized at End of Reporting Period by Type	Gross Carrying Amounts (Before Offsetting)	Gross Amounts Offset in Accordance with the Offsetting Criteria	Net Amount Presented in Consolidated Statements of Financial Position	Financial Instruments	Fair Value of Financial Collateral	Net Exposure
	[a]	[b]	[c] = [a-b]	[d]	[e]	[f] = [c-d]
Financial Assets						
Receivable from customers	₱772,054,897	₱–	₱772,054,897	₱2,123,830	₱769,339,680	₱591,387
Due from clearing house	314,422,659	–	314,422,659	36,839,509		277,583,150
	₱1,086,477,556	₱–	₱1,086,477,556	₱38,963,339	₱769,339,680	₱1,047,514,217
Financial Liabilities						
Payable to customers	₱11,464,048,995	₱–	₱11,464,048,995	₱2,123,830	₱–	₱11,461,925,165
Due to clearing house	36,839,509	–	36,839,509	36,839,509	–	–
	₱11,500,888,504	₱–	₱11,500,888,504	₱38,963,339	₱–	₱11,461,925,165

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, 2021 and 2020:

	Carrying Values		**Fair Values**	
	2021	2020	**2021**	2020
Refundable deposits	**₱11,235,130**	₱11,172,769	**₱9,786,165**	₱9,731,846
Investment securities at amortized cost	**9,874,453,871**	6,463,207,003	**9,814,058,400**	6,471,437,493
Investment property	**14,007,788**	14,883,275	**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, 2021 and 2020. Fair value of financial assets at FVTPL 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. Fair value of debt securities is based on the quoted market price in an active market as at December 31, 2021 and 2020.

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, 2021 and 2020. There are no changes in the valuation techniques in 2021 and 2020.

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, 2021 and 2020.

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:

		2021	
	Level 1	**Level 2**	**Level 3**
Asset measured at fair value:			
Financial assets at FVTPL	**₱153,351,825**	**₱534,598**	**₱–**
Asset for which fair values are disclosed:			
Refundable deposits	–	–	**9,786,165**
Investment securities at amortized cost	**9,814,058,400**	–	–
Investment property	–	–	**39,567,000**

	2020		
	Level 1	Level 2	Level 3
Asset measured at fair value:			
Financial assets at FVTPL	₱34,985,873	₱538,456	₱–
Asset for which fair values are disclosed:			
Refundable deposits	–	–	9,731,846
Investment securities at amortized cost	6,471,437,493	–	–
Investment property	–	–	35,610,300

During the years ended December 31, 2021 and 2020, there were no transfers among levels 1, 2 and 3 of fair value measurements.

25. EPS Computation

	2021	2020	2019
Net income attributable to the equity holders of the Parent Company	**₱583,214,719**	₱424,310,518	₱458,776,159
Weighted average number of shares for basic earnings per share* (Note 15)	**4,760,000,000**	4,760,000,000	4,760,000,000
Dilutive shares arising from stock options	**–**	–	–
Adjusted weighted average number of common shares for diluted earnings per share	**4,760,000,000**	4,760,000,000	4,760,000,000
Basic EPS	**₱0.12**	₱0.09	₱0.10
Diluted EPS	**₱0.12**	₱0.09	₱0.10

** Weighted average number of shares considered the retroactive effect of the ten-for-one stock split approved by the SEC in January 2021.*

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:

	2021			
	Stockbrokerage services	**Others**	**Elimination**	**Total**
Revenue from external customers:				
Commissions	**₱1,013,021,770**	**₱–**	**(₱8,438)**	**₱1,013,013,332**
Interest	**179,691,820**	**2,370,157**	**–**	**182,061,977**
Trail fees	**21,484,857**	**–**	**–**	**21,484,857**
Others	**105,532,132**	**677,265**	**434**	**106,209,831**
Segment revenue	**1,319,730,579**	**3,047,422**	**(8,004)**	**1,322,769,997**
Cost of services	**(240,403,351)**	**(88,668)**	**8,004**	**(240,484,015)**
Operating expenses, net of other income	**(251,085,710)**	**(6,041,250)**	**–**	**(257,126,960)**
Depreciation and amortization	**(59,278,245)**	**(1,535,382)**	**–**	**(60,813,627)**
Other losses	**(5,180,578)**	**(63,472)**	**–**	**(5,244,050)**
Income (loss) before income tax	**763,782,695**	**(4,681,350)**	**–**	**759,101,345**
Provision for income tax	**(177,162,484)**	**(483,881)**	**–**	**(177,646,365)**
Net income (loss)	**₱586,620,211**	**(₱5,165,231)**	**₱–**	**₱581,454,980**

	2021			
	Stockbrokerage services	**Others**	**Elimination**	**Total**
Segment assets	**₱13,104,748,565**	**₱163,325,259**	**(₱287,300,000)**	**₱12,980,773,824**
Segment liabilities	**10,880,671,562**	**1,224,468**	**–**	**10,881,896,030**
Capital expenditures:				
Fixed assets	**(4,899,573)**	**(146,915)**	**–**	**(5,046,488)**
Cash flows arising from:				
Operating activities	**(105,088,805)**	**(126,921,649)**	**–**	**(232,010,454)**
Investing activities	**(3,222,709,731)**	**(146,915)**	**–**	**(3,222,856,646)**
Financing activities	**(335,525,667)**	**(717,727)**	**–**	**(336,243,394)**

	2020			
	Stockbrokerage services	Others	Elimination	Total
Revenue from external customers:				
Commissions	₱793,886,384	₱–	₱–	₱793,886,384
Interest	243,269,413	3,180,300	–	246,449,713
Trail fees	17,255,849	–	–	17,255,849
Others	28,799,010	(49,290)	–	28,749,720
Segment revenue	1,083,210,656	3,131,010	–	1,086,341,666
Cost of services	(207,232,049)	–	–	(207,232,049)
Operating expenses, net of other income	(213,096,528)	(6,995,378)	–	(220,091,906)
Depreciation and amortization	(62,756,154)	(1,285,716)	–	(64,041,870)
Other losses	(18,883,826)	(55,125)	–	(18,938,951)
Income (loss) before income tax	581,242,099	(5,205,209)	–	576,036,890
Provision for income tax	(153,221,498)	(605,875)	–	(153,827,373)
Net income (loss)	₱428,020,601	(₱5,811,084)	₱–	₱422,209,517
Segment assets	₱13,812,854,410	₱169,509,671	(₱287,300,200)	₱13,695,063,881
Segment liabilities	11,864,080,828	2,243,650	(200)	11,866,324,278
Capital expenditures:				
Fixed assets	14,059,301	–	–	14,059,301
Cash flows arising from:				
Operating activities	(3,684,610,984)	(34,340,275)	–	3,650,270,709
Investing activities	(6,067,219,965)	–	–	(6,067,219,965)
Financing activities	(359,561,062)	(391,388)	–	(359,952,450)

	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	19,334,763	–	–	19,334,763
Segment revenue	1,101,354,321	2,112,354	–	1,103,466,675
Cost of services	(210,806,341)	–	–	(210,806,341)
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	(636,080,797)	(1,671,492)	–	(637,752,289)
Investing activities	223,390,613	(27,088)	152,500,000	375,863,525
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:

	2021			
	Philippines	**Hong Kong**	**Elimination**	**Total**
Revenue from external customers:				
Commissions	**₱1,007,387,930**	**₱5,633,840**	**(₱8,438)**	**₱1,013,013,332**
Interest	**182,061,708**	**269**	**–**	**182,061,977**
Trail fees	**21,484,857**	**–**	**–**	**21,484,857**
Others	**105,517,228**	**692,169**	**434**	**106,209,831**
Segment revenue	**1,316,451,723**	**6,326,278**	**(8,004)**	**1,322,769,997**
Cost of services	**(222,216,338)**	**(18,275,681)**	**8,004**	**(240,484,015)**
Operating expenses, net of other income	**(249,083,793)**	**(8,043,167)**	**–**	**(257,126,960)**
Depreciation and amortization	**(58,470,018)**	**(2,343,609)**	**–**	**(60,813,627)**
Other losses	**(4,978,761)**	**(265,289)**	**–**	**(5,244,050)**
Income (loss) before income tax	**781,702,813**	**(22,601,468)**	**–**	**759,101,345**
Provision for income tax	**(177,646,365)**	**–**	**–**	**(177,646,365)**
Net income (loss)	**₱604,056,448**	**(₱22,601,468)**	**₱–**	**₱581,454,980**
Segment assets	**₱12,922,223,878**	**₱345,849,946**	**(₱287,300,000)**	**₱12,980,773,824**
Segment liabilities	**10,795,992,335**	**85,903,695**	**–**	**10,881,896,030**
Capital expenditures:				
Fixed assets	**5,046,488**	**–**	**–**	**5,046,488**
Cash flows arising from:				
Operating activities	**(256,511,463)**	**24,501,009**	**–**	**(232,010,454)**
Investing activities	**(3,222,856,646)**	**–**	**–**	**(3,222,856,646)**
Financing activities	**(333,749,297)**	**(2,494,097)**	**–**	**(336,243,394)**

	2020			
	Philippines	Hong Kong	Elimination	Total
Revenue from external customers:				
Commissions	₱781,817,457	₱12,068,927	₱–	₱793,886,384
Interest	246,443,133	6,580	–	246,449,713
Trail fees	17,255,849		–	17,255,849
Others	26,957,046	1,792,674	–	28,749,720
Segment revenue	1,072,473,485	13,868,181	–	1,086,341,666
Cost of services	(190,008,719)	(17,223,330)	–	(207,232,049)
Operating expenses, net of other income	(211,800,054)	(8,291,852)	–	(220,091,906)
Depreciation and amortization	(61,675,963)	(2,365,907)	–	(64,041,870)
Other losses	(18,914,760)	(24,191)		(18,938,951)
Income (loss) before income tax	590,073,989	(14,037,099)	–	576,036,890
Provision for income tax	(153,681,609)	(145,764)	–	(153,827,373)
Net income (loss)	₱436,392,380	(₱14,182,863)	₱–	₱422,209,517
Segment assets	₱13,573,554,978	₱408,809,103	(₱287,300,200)	₱13,695,063,881
Segment liabilities	11,729,703,168	136,621,310	(200)	11,866,324,278
Capital expenditures:				
Fixed assets	13,083,825	975,476	–	14,059,301
Cash flows arising from:				
Operating activities	3,674,884,348	(24,613,639)	–	3,650,270,709
Investing activities	(6,066,244,489)	(975,476)	–	(6,067,219,965)
Financing activities	(357,579,646)	(2,372,804)	–	(359,952,450)

(Forward)

	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	18,386,846	947,917	–	19,334,763
Segment revenue	1,092,621,839	10,844,836	–	1,103,466,675
Cost of services	(190,890,414)	(19,915,927)	–	(210,806,341)
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	(649,452,377)	11,700,088	–	(637,752,289)
Investing activities	227,457,737	(4,094,212)	152,500,000	375,863,525
Financing activities	(254,757,955)	(2,404,654)	(152,500,000)	(409,662,609)

SyCip Gorres Velayo & Co.
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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, 2021 and 2020, and for each of the three years in the period ended December 31, 2021, included in this Form 17-A, and have issued our report thereon dated March 16, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the 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 consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated 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 consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Janet A. Paraiso
Partner
CPA Certificate No. 92305
Tax Identification No. 193-975-241
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 92305-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-062-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8853462, January 3, 2022, Makati City

March 16, 2022

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INDEPENDENT AUDITOR'S REPORT
ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

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, 2021 and 2020, and for each of the three years in the period ended December 31, 2021 and have issued our report thereon dated March 16, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2021 and 2020 and for each of the three years in period ended December 31, 2021 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Janet A. Paraiso
Partner
CPA Certificate No. 92305
Tax Identification No. 193-975-241
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 92305-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-062-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8853462, January 3, 2022, Makati City

March 16, 2022

COL FINANCIAL GROUP, INC. AND SUBSIDIARIES
INDEX TO THE SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2020

SUPPLEMENTARY SCHEDULES

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, 2021

Unappropriated Retained Earnings of the Parent Company per 2021 audited financial statements, beginning of the year		₱795,167,439
Adjustments:		
Add (Less):		
Appropriations of retained earnings based on 10% of 2020 audited net income approved subsequently in 2021**	(₱44,220,346)	
Deferred tax assets (DTA)	(14,989,628)	
Fair value adjustment (FVTPL)	(739,750)	(59,949,724)
Unappropriated Retained Earnings of the Parent Company, as adjusted, beginning of the year		735,217,715
Net income during the period closed to retained earnings (Parent)	609,221,678	
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)	(13,368)	
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	–	
Subtotal	609,208,310	
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)	–	
Reversal of previously recognized DTA in prior years	14,989,628	
Subtotal	14,989,628	
Net Income Actual/Realized	624,197,938	624,197,938
Add (Less):		
Dividend declarations during the period	(309,400,000)	
Appropriations of retained earnings based on 10% of 2021 audited net income to be approved subsequently in 2022**	(60,922,168)	
Reversals of appropriations	–	
Effects of prior period adjustments	–	
Treasury shares	–	
Subtotal	(370,322,168)	(370,322,168)
Unappropriated Retained Earnings of the Parent Company, as adjusted, end of the year*		₱989,093,485

** As of December 31, 2021, the amount of consolidated retained earnings shown in the accompanying consolidated financial statements includes the net accumulated earnings of the subsidiaries amounting to ₱97,546,666. The retained earnings shown in the above table represents the retained earnings of COL Financial Group, Inc. in the parent company financial statements.*
*** 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.*

SCHEDULE II
COL FINANCIAL GROUP, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J
PURSUANT TO REVISED SRC RULE 68
DECEMBER 31, 2021

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	₱1,011,936	₱1,697,900	₱1,275,171	₱–	₱1,434,665	N/A	₱1,434,665

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
None	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

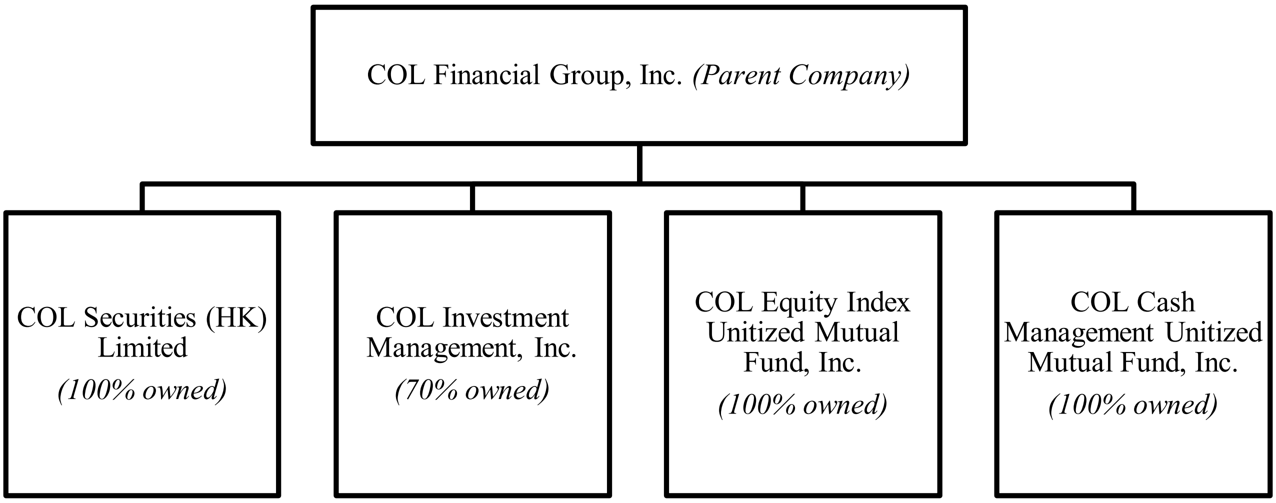
Schedule F. Guarantees of Securities of Other Issuers

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	10,000,000	4,760,000	–	–	2,895,285	1,864,715

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, 2021



SCHEDULE IV
COL FINANCIAL GROUP, INC. AND SUBSIDIARIES
SCHEDULE SHOWING FINANCIAL SOUNDNESS INDICATORS PURSUANT TO REVISED SRC RULE 68
DECEMBER 31, 2021

Below are the financial ratios that are relevant to the Group as of and for the years ended December 31, 2021 and 2020:

Ratio	Formula	Current Year	Prior Year
Current ratio	Total current assets divided by Total current liabilities Total current assets ₱12,299,352,446 Divide by Total current liabilities 10,775,757,721 Current ratio 1.14	**1.14:1**	1.12:1
Debt-to-equity ratio	Total liabilities divided by Average equity Total liabilities ₱10,881,896,030 Divide by Average equity 1,944,690,952 Debt-to-equity ratio 5.60	**5.60:1**	6.72:1
Quick ratio	Total liquid assets divided by Total current liabilities Total liquid assets ₱12,290,677,320 Divide by Total current liabilities 10,881,896,030 Current ratio 1.14	**1.14:1**	1.10:1
Asset-to-equity ratio	Total assets divided by Average equity Total assets ₱12,980,773,824 Divide by Average equity 1,944,690, 592 Asset-to-equity ratio 6.67	**6.67**	7.75
Return on assets	Net income (loss) divided by Total assets Net income ₱583,214,719 Divide by Total assets 12,980,773,824 Asset-to-equity ratio 5%	**5%**	3%

Ratio	Formula	Current Year	Prior Year
Return on average stockholder's equity	Net income (loss) divided by Average stockholder's equity Net income ₱583,214,719 Divide by Average stockholder's equity 1,944,690,952 Return on average stockholder's equity 30% Average stockholder's equity is computed as follows: Beg. total stockholder's equity ₱2,080,639,917 Ending total stockholder's equity 1,808,741,987 Total 3,889,381,904 Divide by 2 Average total stockholder's equity ₱1,944,690,952	**30%**	24%
Net profit (loss) margin	Net income (loss) divided by Total revenues Net income ₱583,214,719 Total revenues 1,322,769,997 Net profit (loss) margin 44%	**44%**	39%

ANNEX "G"
PARTICIPATION BY REMOTE COMMUNICATION AND ELECTRONIC VOTING IN ABSENTIA

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 16 March 2022 ("Shareholders") will have to register at https://shareholders.colfinancial.com ("Portal"). The Portal shall be open for registration on 1 April 2022.

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 11 April 2021. 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 on or before 11 April 2021 to corporatesecretary@colfinancial.com.

4. The Shareholder shall receive an email upon successful registration and validation.

5. Voting Electronically in Absentia

   a. The Agenda items will be included in the digital ballot available in the Portal. The registered Shareholder may vote as follows:

      i. For all items other than the Election of the Board of Directors, the registered Shareholder may either vote Yes, No, or Abstain. The vote of the Shareholder per item is considered cast for all of his shares.

      ii. For the Election of the Board of Directors, the registered may vote for all nominees, not vote for any of the nominees, or vote for some nominees only, in such number of shares as preferred by the Shareholder, provided that the total number of votes cast shall not exceed the number of shares owned by him, multiplied by 11.

   b. Voting shall be closed by 3:00pm on 27 April 2022.

   c. The Shareholder may complete and submit the digital ballot through the Portal. Upon submission, the digital ballots can no longer be amended.

   d. Except as may be otherwise stated, votes cast in absentia shall have the same effect as votes cast by proxy.

6. Participation by Remote Communication

   a. Registered Shareholders may participate by remote communication in the meeting by logging in to the Portal.

   b. The Portal will include a feature where Shareholders may type in their questions.

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