COVER SHEET

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S.E.C. Registration Number

COL FINANCIAL GROUP, INC.

(Company's Full Name)

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

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

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

1 2	3 1	**SEC Form 20-IS** **Definitive Information Statement**	0 4	2 6
Month	*Day*	FORM TYPE	*Month*	*Day*
Fiscal Year			Annual Meeting	

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

		none
Total Number of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

COL FINANCIAL GROUP, INC.
24/F East Tower, 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 **26 April 2024, Friday**, 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 2023 Audited Financial Statements
7. Election of the Board of Directors
8. Appointment of External Auditors
9. Other Matters
10. Adjournment

Only stockholders of record at the close of business on 25 March 2024 are entitled to notice of, and to vote at, said meeting and any adjournment thereof. As per the Amended By-Laws, the Stock and Transfer Books of the Corporation will be closed from 25 March 2024 to 26 April 2024.

The stockholders may only attend the meeting by remote communication. The meeting will be streamed live, and stockholders who wish to attend the meeting must register at https://shareholders.colfinancial.com on or before 12 April 2024. Registration shall be subject to validation procedures.

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

Stockholders may also send their duly accomplished proxies on or before the close of business hours on 12 April 2024 through email at corporatesecretary@colfinancial.com.

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

The Corporation shall avail of the alternative mode for distributing and providing copies of the notice of meeting, information statement, and other documents in connection with the Annual Stockholders' Meeting as detailed in the Notice of the Securities and Exchange Commission dated 23 February 2024.[1] In particular, the Corporation shall publish the Notice of the Meeting in the business section of two (2) newspapers of general circulation, both in print and online format, for two (2) consecutive days; provided that the last publication date shall be no later than twenty-one (21) days prior to 26 April 2024.

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

In addition, an electronic copy of the Information Statement, Management Report, and other pertinent documents will be made available through the Corporation's website (https://www.colfinancial.com) and through the PSE Edge Portal (https://edge.pse.com.ph).

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 26, 2024, and at any adjournments thereof for the purpose of acting on the following matters:

	Item	**Vote**		
1.	Approval of the Minutes of the Previous Meeting	◯ 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 2023 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	____________
Sohei Obara	____________	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 Corporation	◯ Yes	◯ No	◯ Abstain
7.	At his discretion, the proxy is authorized to vote upon such other matters as may properly come before the meeting	◯ Yes	◯ No	◯ Abstain

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

____

Signature above Printed Name of Stockholder

____

Total No. of Shares Owned

____

Date

THIS PROXY MUST BE RECEIVED BY THE OFFICE OF THE CORPORATE SECRETARY THROUGH EMAIL AT CORPORATESECRETARY@COLFINANCIAL.COM ON OR BEFORE APRIL 12, 2024 (FRIDAY). FOR CORPORATE STOCKHOLDERS, PLEASE ATTACH A COPY OF THE SECRETARY'S CERTIFICATE ON THE AUTHORITY OF THE SIGNATORY TO APPOINT THE PROXY AND SIGN THIS FORM.

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

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

NOTARIZATION OF THIS PROXY IS NOT REQUIRED.

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

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement
   [✓] Definitive Information Statement

2. Name of Registrant as specified in its charter: **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	:	26 April 2024
Time	:	2:00 PM
Place	:	https://shareholders.colfinancial.com *(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: **3 April 2024**

10. In case of Proxy Solicitations:

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

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

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding as of 31 March 2024
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: **26 April 2024**
Time: **2:00 p.m.**
Place: **https://shareholders.colfinancial.com**
(shareholders may only attend by remote communication subject to pre-registration procedures)

(b) Approximate date on which copies of the information statement are first to be sent or given to security holders: **3 April 2024**

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

Item 2. DISSENTERS' RIGHT OF APPRAISAL

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

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 29 February 2024	:	4,760,000,000
Number of votes entitled	:	One (1) vote per share

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

(b) **Record Date**

Stockholders of record as of **25 March 2024** ("Record Date") are entitled to notice and to vote at the Corporation's Annual Stockholders' Meeting.

(c) **Manner of Voting**

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

A stockholder may vote electronically in absentia using the web address https://shareholders.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.

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

Title of Class	Name, Address of Record Owner and Relationship with the Issuer	Name of Beneficial Owners and Relationship with Record Owner	Citizenship	No. of Shares Held Directly (D) or under PCD (P)	Percent (%)
Common	**PCD Nominee Corp.** G/F Makati Stock Exchange Bldg., 6767 Ayala Avenue, Makati	Various	Filipino	1,678,486,660 (D)	35.26
			Non-Filipino	188,178,290 (D)	3.95
	Daiwa Securities Group, Inc.[2] GranTokyo North Tower, 9-1, Marunouchi 1-chrome, Tokyo, Japan	Daiwa Securities Group, Inc.	Japanese	739,240,000 (P)	15.53
	Lee, Edward K. Mahogany St., Makati	Lee, Edward K.	Filipino	622,500,000 (D) 315,533,000 (P)	21.72
	Lee, Lydia C. Mahogany St., Makati			10,000,000 (D) 36,023,000 (P)	
	Lee, Edmund C. Mahogany St., Makati			20,400,000 (P)	
	Teo, Eleanore L. or Lee, Edmund C. Mahogany St., Makati			20,000,000 (P)	
	ELLEE & Co., Inc.[3] 2701C East Tower, PSE Centre, Exchange Rd, Ortigas Center, Pasig			9,535,000 (P)	
	Yu, Alexander C. Ortega St., San Juan	Yu, Alexander C.	Filipino	530,375,250 (P)	13.83
	Yu, Elizabeth N. Ortega St., San Juan			23,407,000 (P)	
	Yu, Adrian Alexander N. Ortega St., San Juan			34,046,000 (P)	
	Yu, Michelle Angeline N. Ortega St., San Juan			40,578,000 (P)	
	Yu, Tiffany Anne N. Ortega St., San Juan			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.*

[2] Mr. Sohei Obara has been named and appointed by Daiwa Securities Group, Inc. ("Daiwa") to exercise Daiwa's voting power.

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

Security Ownership of Management (as of 29 February 2024)

Title of Class	Name of Owner	Position	Citizenship	Total No. of Shares	Percent (%)
Common	Edward K. Lee	Chairman	Filipino	1,033,991,000	21.72
Common	Alexander C. Yu	Vice-Chairman	Filipino	658,406,250	13.83
Common	Conrado F. Bate	Director/President/CEO	Filipino	198,732,599	4.18
Common	Hernan G. Lim	Director	Filipino	175,261,850	3.68
Common	Raymond C. Yu	Director	Filipino	206,805,400	4.34
Common	Wellington C. Yu	Director	Filipino	100,000	0.00
Common	Sohei Obara	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. Beňares	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	87,928,000	1.85
Common	Juan G. Barredo	FVP – Chief Customer Experience Officer	Filipino	8,017,500	0.17
Common	Nikos J. Bautista	FVP – Chief Technology Officer	Filipino	11,602,000	0.24
Common	Lorena E. Velarde	FVP – Chief Financial Officer	Filipino	4,500,000	0.09
Common	April Lynn L. Tan	FVP – Chief Investor Relations and Corporate Strategy	Filipino	12,180,000	0.26
Common	Melissa O. Ng	VP – Head of Operations	Taiwanese	2,587,500	0.05
Common	Sharon T. Lim	VP – Head of Legal & Compliance	Filipino	454,500	0.01
Common	Joyce G. Chan	VP – Head of Client Services	Filipino	4,025,000	0.08
Common	Gabriel Jose E. Mendiola	AVP - Software Development	Filipino	43,325,000	0.91
Common	Rea P. Orteza	AVP – Head of Accounting Operations	Filipino	3,000	0.00
Common	**Key Officers and Directors (as a group)**			**2,847,200,350**	**59.82**

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(e) **<u>Changes in Control</u>**

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) **<u>The Board of Directors/Nominees for Election at the Annual Stockholders' Meeting</u>**

i. **Directors and Executive Officers**

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

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

1. Edward K. Lee
2. Alexander C. Yu
3. Conrado F. Bate
4. Paulwell Han
5. Sohei Obara
6. Hernan G. Lim
7. Raymond C. Yu
8. Wellington C. Yu
9. Arthur G. Gindap
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 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 Amended By-Laws states that:

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

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

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

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

(i) Name, age, and citizenship;
(ii) List of positions and offices that each such nominee held, or will hold, if known, with the corporation;
(iii) Business experience during the past five (5) years;
(iv) Directorship held in other companies;
(v) Involvement in legal proceedings;
(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 slot/s for Independent Directors shall not be filled-up by unqualified nominees.

In case of failure of election for Independent Director/s, 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."

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 and none of its properties are subject to, any material legal proceedings that could potentially affect its operations and financial capabilities.

(b) **Resignation of Directors**

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

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

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

Item 6. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

(a) **Compensation of Executives**

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

SUMMARY COMPENSATION TABLE Annual Compensation			
(in ₱ Million)	**Annual Salary 2024 (est.)**	**Annual Salary 2023**	**Annual Salary 2022**
a) Chief Executive Officer and the Four Most Compensated Executives:			
Conrado F. Bate President & CEO ***Catherine L. Ong*** SVP/Treasurer ***Juan G. Barredo*** Chief Customer Experience Officer ***Lorena E. Velarde*** Chief Financial Officer ***April Lynn L. Tan*** Chief Investor Relations and Corporate Strategy			
All above-named Executives and Officers as a Group	₱30.42	₱27.80	₱27.80
b) All other Executives and Officers as a Group	₱11.50	₱10.50	₱10.50

(b) **Compensation of Directors**

Each director is entitled to a reasonable per diem, which amount shall, according to Article III, Section 8 of the Corporation's Amended By-laws, not exceed ten percent (10%) of the net income before income tax of the Corporation during the previous year.

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

	Year Ended 31 December (in ₱ million)	
	2023	2022
Per diem to the Board of Directors as a group	₱2.20	₱2.35

The per diems received by each director in 2023 are broken down as follows:

Director	Per Diem
Conrado F. Bate	₱250,000
Paulwell Han	₱250,000
Hernan G. Lim	₱300,000
Raymond C. Yu	₱300,000
Wellington C. Yu	₱300,000
Arthur G. Gindap	₱250,000
Betty C. Siy-Yap	₱300,000
Roberto C. Benares	₱250,000
TOTAL	**₱2,200,000**

The remaining directors (namely, Edward K. Lee, Alexander C. Yu, and Sohei Obara) have waived their right to receive per diems. 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 2023, SGV has been COL's external auditor for the past twenty-four (24) 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 2023, 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.

(This space is intentionally left blank.)

(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)	
	2023	2022
Audit and Audit-Related Fees in connection with the annual review of the Parent Corporation's financial statements	₱2.44	₱2.13
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 2023, 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 2023 are attached hereto as **Annex "F"**. On the other hand, the 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 is attached hereto as **Annex "D".**

Item 12. MERGERS, CONSOLIDATIONS, ACQUISITIONS AND SIMILAR MATTERS

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

Item 13. ACQUISITION OR DISPOSITION OF PROPERTY

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

Item 14. RESTATEMENT OF ACCOUNTS

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

D. OTHER MATTERS

Item 15. ACTION WITH RESPECT TO REPORTS

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

(a) Approval of the Annual Report and the Corporation's Audited Financial Statements as of 31 December 2023 containing the performance of the Corporation and its financial condition (*See* ***Annex "F"****)*;

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

(c) Approval of the 2023 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

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

Item 18. OTHER PROPOSED ACTION

The items with respect to the ratification of the acts of the Board of Directors and management for the past year up to the date of the meeting include the designation of authorized signatories to vote the shares of its subsidiaries as well as those items entered into the ordinary course of business such as the opening of bank accounts and designation of bank signatories and other requirements in connection with the Corporation's operations.

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Item 19. VOTING PROCEDURES

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

Article II of the Amended 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.

A stockholder who participates through remote communication, in absentia, or such other alternative modes of communication shall be deemed present for purposes of the quorum.

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 cumulate their votes as provided in the Revised Corporation Code. Only the personnel of the office of the Corporate Secretary and the Stock Transfer Agent are authorized to count the votes.

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

To enable the Corporation to perform validation procedures, identify the shareholders participating by remote communication and record their presence for purposes of quorum, the shareholders must complete the registration requirements in said portal by 12 April 2024. Information on participation through remote communication and electronic voting in absentia are included in **Annex "G."**

Proxies must be submitted by email to corporatesecretary@colfinancial.com on or before 12 April 2024.

(This space is intentionally left blank.)

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 01 April 2024.

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 Corporation, their respective ages, periods of service, directorships in other reporting companies, and positions held in the last five years, are as follows:

MEMBERS OF THE BOARD

Edward K. Lee
Chairman and Founder

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

Alexander C. Yu
Vice-Chairman

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

Conrado F. Bate
President and Chief Executive Officer

Conrado F. Bate, 61, Filipino, holds a Bachelor of Arts Degree in Economics and Bachelor of Science Degree in Marketing Management from De La Salle University. He is currently the President and Chief Executive Officer of COL and also serves as a director of COL Investment Management, Inc. He is also the President of Shareholder's Association of the Philippines since 2022, and has been a member of its Board of Trustees for the past 6 years. Mr. Bate possesses extensive experience in the Philippine stock brokerage and fund management industry. His previous roles include serving as 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. He has also played a pivotal role in various leadership positions, having been a member of the Board of Directors of the Philippine Stock Exchange from 2005 to 2006, where he served as Chairman of the Investor Education Committee and Member of the Legislative Committee. Mr. Bate has also contributed his expertise as an independent director of the ATR Kim Eng Asset Management from 2005 to 2010, and he continues to serve in a similar capacity for Corston-Smith Asset Management Sdn. Bhd. since February 2009.

Wellington C. Yu
Director

Wellington C. Yu, 80, 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 was conferred the title Dean Emeritus in the College of Business and Economics in 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".

Raymond C. Yu
Director

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

Hernan G. Lim
Director

Hernan G. Lim, 71, Filipino, is currently the President of Hoc Po Feeds Corporation and HGL Development Corporation. Mr. Lim is a Director of Caylum Trading Institute since 2013 and has also been a Director of Citimex, Inc., 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, 64, 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.

Sohei Obara
Director

Sohei Obara, 41, Japanese, was elected as a Director on 15 August 2022. Currently, he belongs to the Global Business Development Section in International Business Planning Department of Daiwa Securities Group, Inc., where he promotes international alliance and investment strategy. He has extensive experience in the Retail Sales, Corporate Planning and Risk Management since he started his career in Daiwa Securities Group Inc. in 2007. He graduated with a Bachelor of Physics Degree from the Tokyo University of Agriculture and Technology.

Arthur G. Gindap
Independent Director

Arthur G. Gindap, 62, Filipino, currently sits as an Independent Director of Keyland Corporation, Chairman of Benilde Romancon Hospitality Services, Inc., and Director of Anawim (a Mercy Ministry of Bro. Bo Sanchez). He previously served as the Senior Vice President & Business Unit General

Manager of Robinsons Hotels & Resorts from 2018 to 2023. Mr. Gindap was the Vice President & Regional General Manager of Philippines, Thailand and Laos, and Vice President of Global Operations & Customer Service of the Ascott Limited from 2004 to 2018. Mr. Gindap has over 40 years of experience in the hotel, hospitality and real estate industries. 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, 62, Filipino, is the SVP and Chief Finance Officer and Chief Risk Officer of Manila Electric Company. She sits as a member of the board of various corporations such as Clark Electric Distribution Corporation, CIS Bayad Center, Inc., Meralco Industrial Engineering Services Corporation, MERALCO PowerGen Corporation, Global Business Power Corporation, Miescor Infrastructure Development Corporation, and Union Galvasteel Corporation. She is also a trustee of the Immaculate Conception Academy, Meralco Pension Fund and One Meralco Foundation, Inc., and a member of the Finance and Budget Committee and the Audit and Risk Committee of Ateneo de Manila University. She is likewise the President of Lighthouse Overseas Insurance Limited and the Treasurer of First Pacific Leadership Academy and MVP Sports Foundation, Inc. She previously served as 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, 71, Filipino, currently sits as a member of the Board of Directors of the Bank of Commerce, BlastAsia Corporation, Quokka Development Corporation, Quokka Corp., Pattern Farms Design Inc., and Amalgamated Investment Bancorporation. 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, 72, Filipino, COL's SVP – Treasurer, is also the Chairman of COL Equity Index Unitized Mutual Fund, Inc. and COL Strategic Growth Equity Unitized Mutual Fund, Inc. (formerly COL Cash Management Unitized Mutual Fund, Inc.), the SVP – Chief Audit Executive and Director of CTS Global Equity Group, Inc. and the Executive Vice President and Treasurer of Cedarside Industries, Inc., Barrington Carpets, Inc., and Citimex, Inc. She has held the latter position for more than 30 years. She 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, 56, Filipino, 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 Corporation, 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, 55, 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, 53, Filipino, is the Chief Financial Officer of COL and was appointed in such position after having served as the Corporation'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 Strategic Growth Equity Unitized Mutual Fund, Inc. (formerly 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, 48, Filipino, is the Chief Investor Relations and Corporate Strategy of COL. She is the Corporation's Chief Equity Strategist, Under this role, she has been consistently voted as one of the top three equity strategists by the Fund Managers' Association of the Philippines, and in 2019, she was voted as "Best Strategist" in the country. She was appointed as the head of COL's Research Team in 2003 and has been doing equity research since 1996. She is also a Certified Securities Representative and a Certified Investment Solicitor. Outside of her work with COL, she 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, 51, 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 COL 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, 44, Filipino, started with the Corporation as its 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 Strategic Growth Equity Unitized Mutual Fund, Inc., and COL Investment Management, Inc. She was the Head of COL's Human Resources Department from 2016 up to 2019. Atty. Lim previously worked at Puyat, Jacinto, and Santos Law Offices and Picazo Buyco Tan Fider and Santos Law Offices. She graduated with a degree of Bachelor of Science in Management Engineering 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.

Joyce G. Chan
VP – Head of Client Services

Joyce G. Chan, 39, 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 its Sales Manager and was later on appointed as the Head of Customer Support. She was recently promoted as Head of Client Services of the Corporation, handling the operations of both the Customer Support Department and the Premium Clients Group of COL. She is a Certified Securities Representative, Certified Investment Solicitor, Certified UITF Sales Person, and a Fellow in the Life Management Institute with Honors.

Gabriel Jose E. Mendiola
AVP - Software Development

Gabriel Jose E. Mendiola, 42, Filipino, is the Head of Software Development of COL. He started working at the Corporation 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 COL. He is also involved in dictating technical standard, tools, and platforms. Before joining COL, 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.

Rea P. Orteza
AVP – Head of Accounting Operations

Rea P. Orteza, 44, Filipino, started as the Accounting Manager of CTS Global Equity Group, Inc. where she served for 10 years before transitioning to COL. 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 13th March 2024 at Pasig City, Philippines.

SHARON T. LIM
Corporate Secretary

Subscribed and sworn to before me this 13th March 2024 at Pasig City, affiant exhibiting to me her Passport No. P7315563B issued at DFA NCR Manila on 02 August 2021.

Doc No. 490;
Page No. 99;
Book No. II;
Series of 2024.

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

ANNEX "C"

CERTIFICATION OF INDEPENDENT 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
Keyland Corporation	Independent Director	2022 - Present
Benilde Romancon Hospitality Services, Inc.	Chairman	2022 - Present
Anawim (a Mercy Ministry of Bro. Bo Sanchez)	Director	2023 - Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **COL Financial Group, Inc.**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations, and other SEC issuances.

4. I am not related to any of the directors, officers, or substantial shareholders of **COL Financial Group, Inc. and its subsidiaries and affiliates**, as defined under Rule 38.2.3 of the Implementing Rules and Regulations of the Securities Regulation Code.

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

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

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

Done this MAR 13 2024, at Pasig City.

ARTHUR G. GINDAP
Affiant

SUBSCRIBED AND SWORN TO BEFORE ME this MAR 13 2024 at Pasig City, affiant exhibited to me his Driver's License No. N03-94-174273 valid until 15 September 2033.

Doc. No. 492;
Page No. 100;
Book No. 11;
Series of 2024.

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

CERTIFICATION OF INDEPENDENT DIRECTORS

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

Done this MAR 1 3 2024, at Pasig City.

BETTY C. SIY-YAP
Affiant

SUBSCRIBED AND SWORN TO BEFORE ME this MAR 1 3 2024, at Pasig City, affiant exhibited to me her PhilHealth ID Number 19-090352236-8.

Doc. No. 491;
Page No. 100;
Book No. II;
Series of 2024.

ATTY. STEFFI NICOLE P. FLORES
For the City of Pasig and the Municipality of Pateros
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MCLE Compliance No. VII-0012504/03.08.22
2703C East Tower Tektite Towers (formerly PSE Centre),
Exchange Road, Ortigas Center, Pasig City 1605

ANNEX "C-2-a"

Company/Organization	Position/Relationship	Period of Service
Meralco PowerGen Corporation	Director	2004 to present
Manila Electric Company	SVP, Chief Finance Officer and Chief Risk Officer	July 2009 to present
Aclara Meters Philippines, Inc.	Vice Chairman	2010 to present
CIS Bayad Center, Inc.	Director	2010 to present
Indra Philippines, Inc.	Director	2010 to present
Clark Electric Distribution Corporation	Director	April 2010 to present
Atimonan Land Ventures Development Corporation	Director	2011 to present
Redondo Peninsula Energy, Inc.	Director	2011 to present
MRail, Inc.	Director	2011 to present
Calamba Aero Power Corporation	Director	2011 to present
One Meralco Foundation, Inc.	Trustee	2011 to present
First Pacific Leadership Academy, Inc.	Treasurer	March 2012 to present
Atimonan One Energy, Inc.	Director	2013 to present
MPG Mauban LP Corporation (Limited Partner)	Director	2013 to present
MPG Holdings Phils., Inc.	Director; President	2013 to present
MSpectrum, Inc.	Director	2016 to present
MOVEM, Inc.	Director	2018 to present
Shin Clark Power Holdings, Inc.	Director; Treasurer	2019 to present
MGen Renewable Energy, Inc.	Director	2019 to present
Nortezol III, Inc.	Director	2019 to present
Immaculate Conception Academy	Trustee	July 2019 to present
Comstech Integration Alliance, Inc.	Board Advisor	2020 to present
LagunaSol Corporation	Director	2020 to present
Meralco Financial Services Corporation	Chairman; Director	2020 to present
Meralco Industrial Engineering Services Corporation	Director	2020 to present
MIESCOR Logistics, Inc.	Director	2020 to present
MIESCOR Builders, Inc.	Director	2020 to present
Radius Telecoms, Inc.	Director	2020 to present
Ateneo de Manila University	Member, Finance and Budget Committee	July 2020 to present
Union Galvasteel Corporation	Independent Director	August 2020 to present
Global Business Power Corporation	Director	April 2021 to present
PacificLight Energy Pte. Ltd. (Singapore)	Director	July 2021 to present
Miescor Infrastructure Development Corporation	Director; Chief Finance Officer	November 2021 to present
PacificLight Renewable Pte. Ltd. (Singapore)	Director	May 2022 to present
Lighthouse Overseas Insurance Limited (Bermuda)	President; Director	2021 to present
Ateneo de Manila University	Chairman, Audit and Risk Committee	January 2024 to present

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **ROBERTO C. BENARES**, Filipino, of legal age, and a 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
Pattern Farms Design, Inc.	Director	1990 - Present
Quokka Corp.	Director	2006 - Present
Quokka Development Corp.	Chairman/Director	2013 - Present
Bank of Commerce	Director	29 April 2013 - Present
BlastAsia Corporation	Director	19 May 2021 - Present
Amalgamated Investment Bancorporation	Director	26 April 2023 - Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **COL Financial Group, Inc.**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations, and other SEC issuances.

4. I am not related to any of the directors, officers, or substantial shareholders of **COL Financial Group, Inc. and its subsidiaries and affiliates**, as defined under Rule 38.2.3 of the Implementing Rules and Regulations of the Securities Regulation Code.

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

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

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

Done this MAR 13 2024, at Pasig City.

ROBERTO C. BENARES
Affiant

SUBSCRIBED AND SWORN TO BEFORE ME this MAR 13 2024, at Pasig City, affiant exhibited to me his Senior Citizen ID Number 66488, issued at Makati City.

Doc. No. 493;
Page No. 100;
Book No. II;
Series of 2024.

ATTY. STEFFI NICOLE P. FLORES
For the City of Pasig and the Municipality of Pateros
Expiring on 31 December 2025
Appointment No. 89 (2024-2025) Pasig City
Roll No. 74089/ IBP No. 392582/01-03-24/Quezon City
PTR No. 0173795/01.03.2024/Pasig City
MCLE Compliance No. VII-0012504/03.08.22
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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 subsequent section provides a discussion and analysis of the financial performance of COL Financial and its subsidiaries collectively referred to as "the Group". The primary objective of this discussion is to offer readers insights into the Group's business model and the pivotal factors influencing its financial results. It is essential to read this MD&A in conjunction with the audited consolidated financial statements of the Group, which are included as part of this report.

A. Company Overview

COL Financial Group, Inc. ("COL", "COL Financial" or the "Parent Company") is a publicly listed company in the Philippine Stock Exchange (PSE), incorporated on August 16, 1999 for a singular purpose: to help every Filipino achieve a richer life.

In its pursuit of making investing easy and convenient for everyone, COL launched its proprietary online trading platform in 2001, offering real-time market information and direct market access, while providing the comprehensive stock market research and analysis necessary for its clients to make well-informed investment decisions.

COL established its wholly-owned foreign subsidiary COL Securities (HK) Limited ("COLHK") on June 20, 2001 to provide investors with online access to the Hong Kong stock market. This reach was further expanded in August 2014 when COLHK entered into a non-disclosed broker account with Interactive Brokers (IB) which allowed its clients to electronically trade in global equity markets that included Japan, USA, Singapore, Germany, and China.

In July 2015, continuing its drive to enable Filipinos to achieve their financial goals, COL launched the Philippines' first online mutual fund supermarket COL Fund Source, giving investors access to a wide selection of the country's top mutual funds, with no sales-load or transaction fees.

In 2019, COL set up its own asset management firm, COL Investment Management, Inc. ("CIMI"), to create mutual funds that would address the different investment needs of COL's customer base. CIMI serves as the fund manager of two mutual funds, namely, COL Equity Index Unitized Mutual Fund, Inc. ("CEIUMF") and COL Strategic Growth Equity Unitized Mutual Fund, Inc. ("CSGEMF") (formerly COL Cash Management Unitized Mutual Fund, Inc. ("CCMUMF")).

Today, COL is the leading online stockbroker in the Philippines, remaining committed to its objective of prosperity for the Filipino people, by providing easy access to the market and the knowledge they need to invest wisely.

B. Business Model

COL Financial is a full-service online broker. Whether the clients are individual investors or institutional, wherever they may fall on the spectrum of net worth, investing experience, or stages of life, COL provides them with the tools and guidance necessary to make informed investments. COL's tools, such as its online platform and other online services, have greatly facilitated access to the market for many Filipinos.

COL also brings within easy reach the expertise of its professionals through regular research reports, technical guides, in addition to the educational support that it provides through its webinars, online market briefings, and social media outreach. One of the side effects of the pandemic has been to encourage the development of remote and scalable systems that allow the Parent Company to reach and assist more Filipinos, in line with its advocacy.

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,
(3) trail fees arising from its fund distribution business, and
(4) interest income made from short-term placements.

C. Industry and Economic Review

The stock market ended 2023 hardly changed, down by 1.8% on a year-on-year basis. However, it had a volatile performance during the year, rising by as much as 8.7% and falling by as deep as 9.8%.

Philippine stocks initially performed well, hitting their highs for the year in January. This was due to signs that both inflation and interest rates were on the way down. Stocks also benefited from the strengthening of the peso (due to the weakening of the dollar) and increasing fund flows to emerging markets, triggered by excitement towards China's reopening.

However, the market's strong performance quickly faded after January inflation surprised on the upside. This prompted the Bangko Sentral ng Pilipinas (BSP) to raise rates by 50 basis points in February and 25 basis points in March. Sentiment for risk assets also deteriorated following several developments including the surprise collapse of Silicon Valley Bank and a few other banks in the U.S. in March; the disappointing economic outcome of China's reopening; the U.S. Fed's decision to continue raising rates (which prevented the dollar from weakening further); and the strong performance of artificial intelligence related stocks and other tech stocks which are absent in the Philippines.

Investor sentiment towards Philippine stocks deteriorated further after domestic inflation rebounded to 5.3% in August and 6.1% in September, caused by rising food and oil prices. At the same time, second quarter GDP growth disappointed, falling to only 4.3% from 6.3% in the first quarter. To control inflation, the BSP raised rates by another 25 basis points in October despite the slower economic growth, making stocks even less attractive compared to fixed income products which now provide higher yields.

In November, the U.S. Fed surprised positively as it decided to keep rates unchanged despite talking hawkishly in the September meeting. This resulted to lower bond rates and a weaker dollar, benefiting most risk assets globally including Philippine stocks. Local stocks rallied as a result, allowing the PSEi index to close the year almost unchanged despite falling by as much as 9.8% during the year.

Aside from heightened volatility, Philippine stocks suffered from a steep decline in trading volume. The average daily value turnover in the Philippine Stock Exchange (PSE) fell by 31.3% to only ₱5.31 billion in 2023 from ₱7.74 billion in 2022. Foreign investors remained net sellers, liquidating another ₱ 49.08 billion worth of stocks during the period year in review.

D. Business Review

1. Key Performance Indicators

COL is committed to maximizing profitability through the efficient use of its 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:

	2023	2022
Number of Customer Accounts*	534,154	516,247
Customers' Net Equity (in millions)	₱107,112.56	₱105,187.73
Revenues (in millions)	₱1,091.82	₱835.98
Return on Average Equity (ROE)	20.7%	12.1%
Risk Based Capital Adequacy Ratio*	632.1%	506.0%
Liquid Capital** (in millions)	HKD4.26	HKD28.34

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

COL's client base continued to expand, as it added 17,907 new accounts from its Philippine operations, reflecting a 3.5% year-on-year increase to 534,154 as of end 2023. Amidst shifting investment landscapes characterized by external global factors, COL pivoted from broad campaigns to targeted marketing and sales strategies, resulting in reduced acquisition costs. Additionally, the introduction of new marketing initiatives and seminars focusing on dividend stocks, fixed income funds, and outlier global funds attracted previously untapped leads.

Net equity of clients was up by only 1.8% to ₱107.11 billion as of end 2023, as the positive net new flows from existing and new clients coupled with the payment of cash dividends by listed companies was partly offset by the lower value of stocks and mutual funds on a year-on-year basis. Note that the PSEi index ended the year down by 1.8%.

Revenues in 2023 rose by 30.6% to ₱1.09 billion largely due to the significant increase in interest income. This more than offset the drop in commission revenues and trail fees.

Higher revenues coupled with the slower increase in operating costs led to the 75.6% improvement in net income to ₱425.63 million. Because of this, return on average equity (ROAE) jumped to 20.7% in 2023 from 12.1% in 2022.

In 2022, both the Parent Company and its HK subsidiary continued to meet the stringent rules of regulators in the Philippines and Hong Kong. As of end 2023, the Parent Company's Risk Based Capital Adequacy Ratio (RBCA) reached 632.1%, well above the minimum requirement of 110.0%. Meanwhile, COLHK had HKD4.3 million of liquid capital, higher than the minimum requirement of HKD3.0 million or 5.0% of adjusted liabilities

2. Other Financial Soundness Indicators

	2023	2022	Formula
Profitability ratios:			
Return on assets	3.4%	2.0%	Net income/Average assets
Net profit margin	39.1%	29.2%	Net income/Net sales
Solvency and liquidity ratios:			
Current ratio	1.11	1.10	Current assets/Current liabilities
Debt to equity ratio	4.91	5.50	Total liabilities/Average stockholders' equity
Quick ratio	1.11	1.10	Liquid assets/Current liabilities

3. Material Changes in Financial Condition

a. 2023 vs. 2022

COL's asset base fell by 5.8% to ₱12.32 billion as of end 2023 compared to its end 2022 level.

Cash and cash equivalents, cash in a segregated account and short-term time deposits composed mainly of cash in banks and special time deposits were lower by 8.2% to ₱9.66 billion as of end 2023. The said amount was equivalent to 86.7% of COL's current assets. Cash and cash equivalents fell as more funds were placed in government securities to lock in higher rates. Consequently, Financial assets at fair value through profit or loss (FVTPL) and Investment securities at amortized cost which reflect investments in Treasury bills and bonds increased by 36.6% to ₱1.48 billion from ₱1.09 billion as of end 2023 and 2022, respectively. Cash and cash equivalents also fell as customers kept a smaller portion of their portfolios in cash.

Total trade receivables were down by 26.2% to ₱880.01 million. Trade receivables fell as outstanding margin loans dropped by 4.76% year-on-year to ₱828.56 million. Receivables from clearing house also fell sharply by 90.5% to ₱10.89 million as there were less selling orders as of end 2023 compared to end 2022. Receivables from other broker likewise dropped by 75.6% to ₱11.56 million.

Other receivables increased by 40.7% to ₱92.06 million. This was mainly due to the 45.9% increase in accrued interest to ₱77.33 million brought about by the steep rise in interest rates on time deposits.

Receivables from fund houses also increased by 113.8% to ₱4.37 million as the value of redemptions were higher in end 2023 compared to the same period in 2022.

Prepayments increased by 15.6% to ₱8.81 million, mainly due to the 428.2% jump in prepaid taxes to ₱1.20 million. This was brought about by the payment of final taxes on Treasury bills that were purchased in the fourth quarter of 2023 and will mature in the first half of 2024. Prepaid insurance also increased by 13.6% to ₱2.70 million.

Property and equipment decreased by 24.4% to ₱71.71 million. Depreciation expense reached ₱44.94 million and was larger than the amount of capital expenditures and the addition to right-of-use (ROU) assets amounting to only ₱10.29 million and ₱11.56 million, respectively.

Trade payables decreased by 9.1% to ₱9.90 billion year-on-year. This was largely due to the 8.1% drop in clients' undeployed funds. Payables to clearing house fell to zero as the Parent Company's customers were in a net selling position during the last two trading days of 2023.

Other current liabilities were higher by 18.7% at ₱125.68 million largely due to increase in accrued expenses and management bonuses, which were paid in January 2024, and related taxes due to the Bureau of Internal Revenue (BIR). Mutual fund redemption proceeds also increased significantly by 112.6% to ₱4.37 million. This was partly offset by the 32.6% decrease in unposted customers' deposits and 20.2% reduction in trading fees payable.

Stockholders' equity was up 11.0% to ₱2.19 billion due to the booking of ₱425.63 million in net income, partly offset by the payment of ₱199.92 million worth of cash dividends by the Parent Company.

b. 2022 vs. 2021

COL's asset base was flattish at ₱13.09 billion as of end 2022.

Cash and cash equivalents (including cash in segregated account and short-term cash deposits) increased sharply by more than five times to ₱10.52 billion from only ₱1.73 billion the year earlier. The increase was due to Management's decision to reallocate funds to time deposits as banks increased their deposit rates to reflect higher government bond yields. On the other hand, financial assets at fair value through profit or loss dropped by 44.9% to ₱84.85 million while short and long-term investment securities at amortized cost fell by 89.9% to ₱1.00 billion as less funds were invested in debt securities and treasury bills.

Trade receivables increased by 24.3% to ₱1.19 billion. The increase was largely due to the higher value of margin loan availments and the increase in the amount of unsettled receivable from the clearing house arising from customers' selling transactions. Margin loans increased by 16.5% to ₱869.94 million as of end 2022, while the total amount of unsettled receivables from clearing house rose by 35.4% to ₱114.55 million during the same period. Trade receivables also increased due to the 246.3% rise in COL HK's receivable from other brokers amounting to ₱47.35 million. This was partly offset by the slight 6.1% drop in trail commission receivables, by 6.1% to ₱1.87 million as the value of average assets under administration during the fourth quarter was lower on a year-on-year basis.

Meanwhile, other receivables fell by 6.8% to ₱65.43 million mainly due to the 73.0% drop in mutual fund redemption proceeds from ₱7.57 million as of end 2021 to ₱2.05 million as of end 2022. This was due to the reduction of customer redemptions compared to the same period a year ago. Despite the higher interest rates in 2022, accrued interest income on short and long-term placements was flattish at ₱53.01 million due to the reversal upon collection of the interest receivables on FXTN investments booked in 2021 when they matured during the first quarter of the year.

Other current assets increased significantly to ₱16.13 million, a large portion of which pertains to the income tax overpayment of ₱15.47 million due to the booking of the corresponding tax benefits of the performance bonus of the Parent Company's employees accrued in December 2022. Note that this overpayment can be deducted from the future quarterly income tax due.

Property and equipment increased by 17.0% to ₱94.82 million. This was largely due to the acquisition of high-capacity servers and other trading-related equipment in line with the IT development plan and expansion project which was approved during the first quarter of 2022. The Parent Company has also started with the renovation of its Cebu Investor Center as part of its return-to-office plan. The total capital expenditure for these initiatives during the year amounted to of ₱23.57 million. This was partially offset by the booking of depreciation expenses and the movements in the right-of-use assets due to the renewal of lease contracts on the Parent Company's office premises.

Other noncurrent assets increased by 2.5% to ₱75.84 million. This was largely due to the required monthly contributions made by the Parent Company to the Clearing and Trade Guaranty Fund (CTGF) which as at end 2022 has a balance of ₱53.26 million. Other refundable deposits, likewise, increased by 8.54% to ₱12.19 million brought about by the security deposits made on the new agreements signed by the Parent Company for the lease of its training room and Investor Center in Cebu. Note that the rental of these offices was terminated during the height of the pandemic to save on costs.

Total liabilities increased slightly by 2.1% to ₱11.11 billion as of end 2022. The increase was largely due to the 2.8% rise in trade payables to ₱10.89 billion, which accounted for 98.0% of total liabilities. Payables to clearing houses also increased by 258.9% to ₱120.76 million due to higher buying transactions during the last few trading days of 2022 relative to the same period in 2021.

Meanwhile, other current liabilities fell by 27.3% to ₱105.92 million. The drop was caused primarily by the reduction in various accrued expenses and their related withholding taxes payable to the BIR as well as the lower amount of mutual fund redemption proceeds payable to the customers of the Parent Company.

While total liabilities increased, shareholders' equity decreased by 5.9% to ₱1.97 billion. Shareholder' equity fell due to 58.3% drop in 2022 net income to ₱242.25 million. This was not enough to offset the payment of ₱404.60 million worth of cash dividends to shareholders during the year.

4. *Material Changes in the Results of Operations*

a. 2023 vs. 2022

COL's consolidated revenues in 2023 increased by 30.6% to ₱1.09 billion as the favorable impact of higher yields on interest income more than offset the drop in commission revenues. Cost of services were flat at ₱280.33 million. Personnel costs and professional fees which together account for 47.5% of cost of services, increased by 14.9% and 4.9% respectively. The increase in the said costs was largely offset by the drop in trading related expenses. Commission expenses and stock exchange dues and fees which are highly correlated to value turnover fell by 17.3%. Depreciation and amortization booked under cost of services also fell by 11.8% to ₱28.13 million. Meanwhile, operating expenses, which are largely fixed in nature, increased by 8.3% to ₱245.08 million. Provision for income taxes rose by 73.2% to ₱130.86 million mainly due to final taxes incurred for interest income from bank deposits and other fixed income assets. Because of the foregoing movements, net income was up 75.7% to ₱425.63 million in 2023.

COL's revenues increased strongly during the period in review. Higher margin utilization coupled with the significant increase in interest rates pushed interest income higher by 110.6% to ₱708.47 million in 2023. The strong growth in interest income completely offset the negative impact of poor investor sentiment on stock prices, value turnover and commission revenues. Commission revenues fell by 26.3% to ₱329.60 million as average daily value turnover in the PSE decreased by 31.3% to ₱5.31 billion year-on-year. Value of stocks traded by local investors which is the Parent Company's target market fell by an even faster pace as evidenced by the drop in local investors' share of total value turnover to 47.70% in 2023 from 59.92% in 2022.

Interest income increased by 110.6% to ₱708.47 million as interest income from both the margin lending business and the placement of funds in bank deposits and fixed income assets increased in 2023. Interest income from the margin lending business rose by 21.5% as clients utilized a larger portion of their margin lines on the average. Meanwhile, interest income from placements jumped by 128.8% as interest rates paid by banks and interest earned on Treasury bills and bonds increased sharply due to high inflation and continuous rate hikes by the U.S. Fed and the local central bank.

Meanwhile, trail fees decreased slightly by 0.7% to ₱21.97 million. This was largely brought about by the change in mix in terms of type of mutual fund assets under administration (AUA). Although net sales of non-money market funds reached ₱208.90 million during the past 12 months, the share of higher earning local equity funds and index funds fell to 76.1% of total non-money market AUA as of end 2023 from 80.0% during the same period in 2022. Some funds also delivered lackluster performance, pulling down average AUA.

Cost of services was flat at ₱280.33 million. On the one hand, personnel costs and professional fees booked under cost of services increased by 14.9% and 4.9% respectively. However, this was largely offset by the sharp decline in trading related expenses and depreciation and amortization. Commission expenses fell by 5.7% to ₱26.53 million while stock exchange dues, trading charges billed to customers and depository fees combined dropped by 20.6% to ₱34.82 million. This as the Parent Company's consolidated value turnover fell by 27.9% in 2023. Meanwhile, depreciation and amortization of equipment and other trading-related infrastructure likewise fell by 11.8% to ₱28.13 million.

On a combined basis, personnel costs booked under cost of services and operating expenses increased 12.7% to ₱251.62 million and accounted for the largest share of total expenses at 47.9%. Personnel costs increased largely due to the higher bonuses paid to its employees resulting from the improved earnings in 2023 compared to the previous year. Meanwhile, total professional fees booked under costs of services and operating expenses rose 4.6% to ₱54.10 million due to the escalation of fees paid on the renewal of IT security contracts and additional marketing consultancy and IT services availed during the year. Professional fees accounted for the second largest share of total expenses at 10.3%.

Depreciation and amortization booked under cost of services and operating expenses fell by 10.4% to ₱47.39 million. Total capital expenditure reached only ₱10.29 million in 2023, bulk of which was incurred during the last quarter of the year, reducing the amount of depreciation expense booked on a full-year basis.

Stock exchange dues and fees fell by 26.8% to ₱25.10 million as the Parent Company's average daily trading fell. Communication expense fell slightly by 2.7% at ₱40.63 million.

While cost of services was flat, operating expenses were higher by 8.3% to ₱245.08 million. Operating expenses increased largely due to the 11.5% rise in personnel costs, and the significant jump in repairs and maintenance, representation and entertainment. Repairs and maintenance recorded under operating expenses surged by 91.3% to ₱2.17 million primarily due to increased servicing and upkeep costs for the air-conditioning units located in the Data Center of the Parent Company. Representation and entertainment costs increased by 271.8% to ₱3.37 million largely due to higher amounts spent to grow the Parent Company's institutional business. Rental expenses jumped by 276.0% to ₱1.40 million as COLHK renewed its lease contract by only one year. Because of the short-term nature of its rental, the said expense was booked directly under rental expenses.

Due to the aforementioned factors, operating income was higher by 71.8% to ₱566.42 million. Meanwhile, pre-tax profits increased by 75.1% to ₱556.48 million.

Consolidated net income increased by a similar pace at 75.7% to ₱425.63 million.

b. 2022 vs. 2021

COL’s consolidated revenues in 2022 fell by 36.8% to ₱835.98 million. Despite the drop in revenues, cost of services grew by 16.4% to ₱279.98 million. On the other hand, operating expenses fell by 28.8% to ₱226.26 million. As such, total expenses combined were still lower by 8.1% to ₱518.17 million. Provision for income taxes decreased by 57.5% to ₱75.56 million. Given the significant decline in revenues and the slower drop in total expenses, net income fell by a larger magnitude of 58.3% to ₱242.25 million.

COL’s consolidated revenues fell by 36.8% to ₱835.98 million. Revenues fell due to the significant decline in commissions, which accounted for a significant share of revenues, and the steep drop in trading gains, partly offset by the recovery of interest income and the continuous growth of trail fees.

Commission revenues fell by 55.9% to ₱447.05 million. This was largely due to the decline in the average daily value turnover in the PSE brought about by the poor performance of the stock market. Trading volumes were also unusually high in the first quarter of 2021 due to the popularity of speculative stocks, which significantly benefited COL given its focus on retail investors.

Trading gains dropped by 89.2% to ₱5.66 million due to the absence of trading opportunities. One of the Parent Company’s subsidiaries also suffered from unrealized mark to market losses on government bonds because of higher interest rates.

On the positive side, higher interest rates caused COL’s interest income to recover by 84.7% to ₱336.35 million. This was led by the jump of interest income on the placements of idle funds by 124.1% to ₱279.5 million. Yields on bank deposits and short-term fixed income products increased due to higher interest rates caused by rising inflation. On the other hand, interest income on margin lending was flattish at ₱56.83 million as average margin utilization was steady on a year-on-year basis.

Meanwhile, trail fees earned from the distribution of mutual funds improved slightly by 2.9% to ₱22.12 million as the average non-money market AUA increased by 4.8% to around ₱3.89 billion in 2022. The Parent company benefited from the launch of new funds that managed to spur more customer purchases.

Cost of services increased by 16.4% to ₱279.98 million primarily due to the reclassification of certain expense items of the Parent Company. Previously, these expenses were shown as part of operating expenses but were reclassified as cost of services in 2022 after receiving confirmation from the BIR regarding their classification. These expenses include professional fees amounting to ₱42.26 million paid to the IT consultants of the Parent Company, who provide crucial services directly related to its day-to-day trading operations. This explains the 93.9% increase to ₱70.70 million in commission expense and professional fees.

A significant portion of depreciation and amortization related to the Parent Company's trading infrastructure was also reallocated in accordance with the BIR opinion on the allowable cost of services. As a result, this account showed a balance of ₱31.91 million during the 12-month period in 2022, compared to ₱0.21 million during the same period in 2021. Other allowable cost of services, such as payments for rental and trading-related subscriptions, are now shown under research and others, which increased by ₱1.61 million and ₱9.32 million, respectively.

On the other hand, stock exchange dues and fees fell by 51.1% to ₱12.02 million as the Parent Company’s average daily trading value declined by 56.1% in 2022. Additionally, central depository fees were lower by 4.5% to ₱9.60 million because of the lower value of securities owned by customers lodged with the depository company. Communication expense was flattish at ₱40.72 million given the fixed nature of the said expense.

Operating expenses were lower by 28.8% to ₱226.26 million. Operating expenses fell largely due to the decline in personnel costs, professional fees, and depreciation and amortization as discussed earlier. The three expense items accounted from around 78.0% of total operating expenses on a combined basis. The decline of the said expense items was partly offset by the increase in other expenses as employees started reporting back to work and as face-to-face meetings and events resumed. As such, marketing and promotional expense increased 82.6% to ₱6.11 million, security and messengerial services rose 6.5% to ₱4.23 million, power, light and water expenses jumped 92.5% to ₱6.84 million, office supplies climbed by 49.8% to ₱1.92 million, while representation and entertainment expense more than doubled from ₱274,594 to ₱907,647.

On a combined basis, professional fees booked under both cost of services and operating expenses fell by 5.3% to ₱51.73 million while combined personnel cost decreased 3.4% to ₱223.35 million. Both expense items fell as bonuses were reduced to reflect the significant decline in the Parent Company's profits. Meanwhile, combined depreciation and amortization fell by 13.4% to ₱52.88 million. Although capital expenditure increased from ₱5.05 million in 2021 to ₱23.57 million in 2022, this was incurred towards the later part of the year, reducing the amount of depreciation expense booked on a full-year basis.

As a result of the factors discussed above, operating decreased significantly by 56.9% to ₱329.74 million. Similarly, pre-tax profits declined by 58.1% to ₱317.81 million, reflecting the impact of the overall decline in trading volumes during the year.

Consolidated net income fell by a similar pace as pre-tax profits, at 58.3% to ₱242.25 million.

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

Stockbrokers in the Philippine stock market are expected to enjoy a better year in 2024. The Philippine economic growth is expected to accelerate this year as inflation and interest rates are already showing signs of peaking, helping both consumer spending and investments to grow at a faster pace. Moreover, the Philippines is a domestically driven economy, making us more resilient to the expected slowdown of the global economy. Finally, Philippine stocks are very cheap in terms of valuation and are under owned by foreign investors.

The stronger performance of the Philippine stock market in 2024 should lead to higher value turnover, benefiting stockbrokers through higher commissions. Demand for mutual funds should likewise increase, leading to higher management fees for COL's newly launched funds, and higher trail fees for its fund distribution business.

2. Medium to Long-Term Prospects

The medium to long term outlook of the Philippine market remains very attractive. The economy and earnings of listed companies should benefit from the country's above average growth pace, brought about by its favorable demographics, fast-growing BPO sector and resilient OFW remittances. The government is also on track with its fiscal consolidation plan as the budget deficit continues to decline. This should help interest rates stay low as the country maintains its investment grade credit rating.

The PSE also 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. <u>Market Price and Dividends</u>

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, 2023 is 4,760,000,000 with a market capitalization of ₱12.66 billion as of the end of 2023, based on the closing price of ₱2.66 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:

	2023		**2022**	
	High	**Low**	**High**	**Low**
1st Quarter	3.22	2.84	4.15	3.56
2nd Quarter	3.10	2.85	3.95	3.40
3rd Quarter	3.06	2.91	3.53	3.20
4th Quarter	2.96	2.44	3.45	2.95

As of March 27, 2024, the closing price of COL shares is ₱2.29 per share.

2. Holders of Common Equity

As of February 29, 2024, there are thirty-two (32) holders of common shares of COL. The top twenty (20) common shareholders of the Parent Company are as follows:

	Name	No. of Common Shares Total	Percentage of Total Shares Outstanding held by each
1	PCD Nominee Corporation	4,063,960,950	85.3773
2	Lee, Edward K.	622,500,000	13.0777
3	Ang, Valentina L.	50,000,000	1.0504
4	Lee, Lydia C.	10,000,000	0.2101
5	Tan, Jessalynn L.	10,000,000	0.2101
6	Lim, Hernan G.	1,000,000	0.0210
7	Yu, Raymond C.	1,000,000	0.0210
8	Han, Paulwell	1,000,000	0.0210
9	Barretto, Serafin Jr. P.	120,000	0.0025
10	Estacion, Manuel S.	100,000	0.0021
11	Yu, Wellington C. Or Yu, Victoria O.	100,000	0.0021
12	Villanueva, Myra P.	60,000	0.0013
13	Filio, Sernando	50,000	0.0011
14	Gara, Rosario	50,000	0.0011
15	Khoo Boo Boon	10,000	0.0002
16	Hapi Iloilo Corporation	10,000	0.0002
17	Litman, Joel A.	10,000	0.0002
18	Guerzon, Maria Carmen	6,680	0.0001
19	Villanueva, Milagros P.	5,000	0.0001
20	Villanueva, Myrna P.	5,000	0.0001
	TOTAL	4,759,987,630	99.9997

3. Dividends

a. Cash Dividends

Year	Amount / Share	Type	Ex-Date	Record Date	Payment Date
2023	₱ 0.0114	Regular	May 11, 2023	May 16, 2023	June 2, 2023
	₱ 0.0306	Special	May 11, 2023	May 16, 2023	June 2, 2023
2022	₱0.0240	Regular	May 11, 2022	May 16, 2022	June 2, 2022
	₱0.0610	Special	May 11, 2022	May 16, 2022	June 2, 2022

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, 2023.

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.

COL FINANCIAL GROUP, INC.
Annual Stockholders' Meeting
28 April 2023, Friday, 2:00 P.M.
conducted virtually via https://shareholders.colfinancial.com

Shareholders Present:	**No. of Outstanding and Voting Shares**	**Percentage of Total**
	4,309,658,800	90.54%

1. *Call to Order and Proof of Notice*

The Chairman of the Board called the meeting to order. The Corporate Secretary ("Secretary") reported that pursuant to the SEC Notice dated March 13, 2023, stockholders as of record date of March 24, 2023 were notified of the meeting as follows:

- The Notice of the Meeting was published in the print and on-line business sections of two (2) newspapers of general circulation, namely the Daily Tribune and Manila Times, on 3 and 4 April 2023; and

- Digital copies of the Corporation's Information Statement, Management Report, 2022 Annual Report, Notice and Agenda for the Stockholders' Meeting, and other pertinent documents were also uploaded in the Corporation's website and the PSE Edge.

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

The Secretary certified that there was a quorum for the meeting. Out of the total authorized capital stock of the Corporation of Four Billion Seven Hundred Sixty Million (4,760,000,000) common shares, Four Billion Three Hundred Nine Million Six Hundred Fifty-Eight Thousand Eight Hundred (4,309,658,800) shares constituting ninety point fifty-four percent (90.54%) of the subscribed and outstanding capital stock entitled to vote were present in the meeting.

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

- Stockholders who registered in the ASM Portal by 13 April 2023 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 five (5) resolutions, excluding the election of directors, proposed for adoption in the meeting.

- Stockholders who successfully registered in the ASM Portal may cast their votes on the proposed resolutions and in the election of directors through the ASM Portal until 3:00 pm of 28 April 2023.

- The votes cast as of 13 April 2023 after the end of the proxy validation process have been tabulated. These votes are from stockholders owning Four Billion Three Hundred Nine Million Six Hundred Fifty-Eight Thousand Eight Hundred (4,309,658,800) voting shares, representing approximately One Hundred percent (100%) of the total voting shares represented in this meeting and ninety point fifty four percent (90.54%) 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 27 April 2022. The stockholders passed and approved the following resolution:

> "**RESOLVED**, that the minutes of the meeting of the stockholders held on April 27, 2022 be, as it is hereby confirmed, ratified and approved."

As tabulated by the Secretary, the votes on the motion for the approval of the minutes of the 27 April 2022 Stockholders' Meeting were as follows:

	Yes	No	Abstain
Approval of the Minutes of the Previous Meeting	4,309,658,800	-	-

4. *President's Report for 2022*

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 2022."

As tabulated by the Secretary, the votes on the motion for the adoption of the President's Report for 2022 were as follows:

	Yes	No	Abstain
Adoption of the 2022 President's Report	4,309,658,800	-	-

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

The stockholders passed and approved the following resolution:

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

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

	Yes	No	Abstain
Ratification of all acts, investments, and resolutions of the Board and Management for 2022	4,309,658,800	-	-

6. Approval of the 2022 Audited Financial Statements

The stockholders passed and approved the following resolution:

> "**RESOLVED**, that the audited financial statements for the year ended December 31, 2022 be, as the same are, hereby approved."

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

	Yes	No	Abstain
Approval of the 2022 Audited Financial Statements	4,309,658,800	-	-

7. Election of Directors for the year 2023 – 2024

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

Mr. Edward K. Lee
Mr. Alexander C. Yu
Mr. Conrado F. Bate
Mr. Paulwell Han
Mr. Sohei Obara
Mr. Hernan G. Lim
Mr. Raymond C. Yu
Mr. Wellington C. Yu
Mr. Arthur Gerrard 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 Eight Hundred Eleven Million Seven Hundred Five Thousand and Fifty (3,811,705,050) votes which represent eighty-eight point forty-five percent (88.45%) of the total voting shares represented in the meeting. The Secretary certified that each nominee received sufficient votes for election to the Board.

The stockholders passed and approved the following resolution:

> "**RESOLVED**, to elect the following as directors of the Corporation for the year 2023-2024:
>
> Mr. Edward K. Lee
> Mr. Alexander C. Yu
> Mr. Conrado F. Bate
> Mr. Paulwell Han
> Mr. Sohei Obara
> Mr. Hernan G. Lim
> Mr. Raymond C. Yu
> Mr. Wellington C. Yu
> Mr. Arthur Gerrard Gindap
> Ms. Betty C. Siy-Yap; and
> 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	3,950,890,050
2.	Alexander C. Yu	8,202,451,300
3.	Conrado F. Bate	3,811,705,050
4.	Paulwell Han	3,811,705,050
5.	Sohei Obara	3,811,705,050
6.	Hernan G. Lim	3,811,705,050
7.	Raymond C. Yu	3,811,705,050
8.	Wellington C. Yu	3,811,705,050
9.	Arthur G. Gindap	3,811,705,050
10.	Betty C. Siy-Yap	3,811,705,050
11.	Roberto C. Benares	3,811,705,050

8. Appointment of External Auditor

The stockholders re-appointed Sycip, Gorres & Velayo as the Corporation'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 2023-2024."

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

	Yes	No	Abstain
Appointment of External Auditor	4,309,658,800	-	-

9. Other Matters and Adjournment

a. 2023 Regular and Special Cash Dividends

The Chairman informed the stockholders that the Board approved the declaration of cash dividends to all stockholders of record as of May 16, 2023, as follows: Php0.0114 per share as regular cash dividend and Php0.0306 per share as special cash dividend or a total of Php0.0420 per share for the year. The dividends will be paid on June 2, 2023.

b. Shareholder Queries

The Chairman then entertained questions received through the ASM Portal.

Ms. Caringal asked the Corporation's business strategy given the challenging markets. In response, Mr. Bate explained that the Corporation will continue to improve its services, to provide more timely active research and guidance, and to provide more products and services to meet the investing needs of its customers. While doing so, the Corporation will practice expense discipline and thoughtful capital management to help deliver long term results for the Corporation.

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"

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	1	9	9	9	1	0	0	6	5	

C O M P A N Y   N A M E

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

C O M P A N Y   I N F O R M A T I O N

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)
32	**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, 2023 and 2022, 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 20th day of March 2024.

COL Financial Group, Inc. 2401-B East Tower, Tektite Towers
Exchange Road, Ortigas Center, Pasig City, 1605 Philippines
PSE Trading Participant, SCCP & SIPF Member
COL is regulated by the Securities and Exchange Commission, with email address msrdsubmission@sec.gov.ph.

Fax: (+632) 8-6346-958
Email: helpdesk@colfinancial.com
Website: www.colfinancial.com

Statement of Management's Responsibility
for Consolidated Financial Statements

SUBSCRIBED AND SWORN to before me this 20th day of March 2024, at Pasig, affiants exhibited to me their respective competent evidences of identity, as follows:

Name	Document No.	Date/Place Issued
Edward K. Lee	PP # P5099380B	March 11, 2020/ DFA NCR East
Conrado F. Bate	PP # P8211336A	Aug. 3, 2018/ DFA Manila
Lorena E. Velarde	PP # P7302444A	May 24, 2018/ DFA NCR East

NOTARY PUBLIC

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

Doc. No. 517;
Page No. 105;
Book No. 2;
Series of 2024.

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, 2023 and 2022, 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, 2023, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2023 and 2022, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2023 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, 2023 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, 2023 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
BIR Accreditation No. 08-001998-062-2023, October 23, 2023, valid until October 22, 2026
PTR No. 10079894, January 5, 2024, Makati City

March 20, 2024

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

	December 31					
	2023			2022		
		Security Valuation			Security Valuation	
	Money Balance	**Long**	**Short**	Money Balance	Long	Short
ASSETS						
Current Assets						
Cash and cash equivalents (Note 4)	**₱9,438,980,073**			₱10,427,435,769		
Cash in a segregated account (Notes 4 and 5)	**25,603,100**			96,816,474		
Short-term time deposits (Note 4)	**200,000,000**			–		
Financial assets at fair value through profit or loss (Note 6)	**91,048,410**	**₱1,547,619**		84,847,281	₱1,360,765	
Investment securities at amortized cost (Note 8)	**392,290,753**			200,200,000		
Trade receivables (Notes 7 and 20)	**880,005,226**	**5,507,760,133**		1,191,968,433	6,342,714,175	
Other receivables (Notes 7 and 20)	**92,063,144**			65,432,542		
Prepayments	**8,810,191**			7,618,410		
Other current assets (Note 12)	**21,654,097**			16,133,834		
Total Current Assets	**11,150,454,994**			12,090,452,743		
Noncurrent Assets						
Investment securities at amortized cost (Note 8)	**1,000,015,465**			800,508,963		
Property and equipment (Note 9)	**71,713,990**			94,819,982		
Investment property (Note 10)	**12,256,814**			13,132,301		
Intangibles (Note 11)	**7,866,334**			9,294,245		
Deferred income tax assets (Note 19)	**2,217,584**			1,983,753		
Other noncurrent assets (Note 12)	**77,296,884**			75,835,819		
Total Noncurrent Assets	**1,171,367,071**			995,575,063		
TOTAL ASSETS	**₱12,321,822,065**			₱13,086,027,806		
Securities in box, in Philippine Depository and Trust Corporation and Hong Kong Securities Clearing Company, Limited			**₱98,073,710,631**			₱95,451,307,793

(Forward)

	December 31					
	2023			2022		
		Security Valuation			Security Valuation	
	Money Balance	**Long**	**Short**	Money Balance	Long	Short
LIABILITIES AND EQUITY						
Current Liabilities						
Trade payables (Notes 13 and 20)	**₱9,898,277,252**	**₱92,564,402,879**		₱10,888,800,762	₱89,107,232,853	
Lease liabilities - current portion (Note 21)	**19,662,395**			19,413,343		
Other current liabilities (Note 14)	**125,682,186**			105,924,963		
Total Current Liabilities	**10,043,621,833**			11,014,139,068		
Noncurrent Liabilities						
Lease liabilities - net of current portion (Note 21)	**19,484,158**			31,988,179		
Retirement obligation (Notes 18 and 20)	**54,387,374**			53,872,706		
Deferred income tax liabilities (Note 19)	**12,327,097**			11,832,429		
Total Noncurrent Liabilities	**86,198,629**			97,693,314		
Total Liabilities	**10,129,820,462**			11,111,832,382		
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	**34,807,180**			35,110,604		
Loss on remeasurement of retirement obligation (Note 18)	**(35,499,705)**			(23,403,468)		
Retained earnings (Note 15)						
Appropriated	**585,919,747**			585,722,237		
Unappropriated	**1,057,563,532**			831,101,681		
Equity Attributable to the Equity Holders of the Parent Company	**2,172,009,778**			1,957,750,078		
Non-controlling Interest (Note 15)	**19,991,825**			16,445,346		
Total Equity	**2,192,001,603**			1,974,195,424		
TOTAL LIABILITIES AND EQUITY	**₱12,321,822,065**	**₱98,073,710,631**	**₱98,073,710,631**	₱13,086,027,806	₱95,451,307,793	₱95,451,307,793

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2023	2022	2021
REVENUES (Note 16)			
Commissions (Note 20)	**₱329,599,703**	₱447,051,831	₱1,013,013,332
Others:			
Interest income (Notes 4, 5, 6, 7, 8 and 20)	**708,469,374**	336,345,400	182,061,977
Trail fees	**21,973,385**	22,117,691	21,484,857
Trading gains - net (Note 6)	**5,835,402**	5,661,032	52,315,419
Others (Notes 6 and 21)	**25,943,044**	24,806,870	53,894,412
	1,091,820,908	835,982,824	1,322,769,997
COST OF SERVICES			
Personnel costs - operations (Notes 17, 18 and 20)	**88,843,959**	77,329,335	70,900,503
Commission expense and professional fees	**70,873,120**	70,402,730	36,304,828
Communications	**39,664,534**	40,716,175	41,192,777
Depreciation and amortization (Notes 9, 10, 11 and 21)	**28,134,215**	31,910,340	207,753
Stock exchange dues and fees (Note 16)	**25,104,227**	34,272,205	77,006,256
Central depository fees	**9,713,091**	9,597,119	10,048,614
Research	**4,294,197**	4,098,539	2,487,492
Others	**13,701,996**	11,656,271	2,335,792
	280,329,339	279,982,714	240,484,015
GROSS PROFIT	**811,491,569**	556,000,110	1,082,285,982
OPERATING EXPENSES			
Personnel costs (Notes 17, 18 and 20)	**162,777,532**	146,022,023	160,214,122
Depreciation and amortization (Notes 9, 10, 11 and 21)	**19,254,631**	20,964,714	60,813,627
Professional fees (Note 20)	**9,753,541**	9,471,696	54,596,359
Power, light and water	**7,468,023**	6,839,537	3,553,269
Advertising and marketing	**6,684,206**	6,108,083	3,346,014
Insurance	**6,077,002**	5,684,381	5,169,416
Taxes and licenses	**4,927,070**	8,984,443	6,626,733
Security and messengerial services	**4,655,789**	4,229,319	3,969,631
Representation and entertainment	**3,374,626**	907,647	274,594
Condominium dues and utilities	**2,681,352**	2,674,198	4,078,657
Directors' fees (Note 20)	**2,250,000**	2,380,000	1,665,000
Repairs and maintenance	**2,169,300**	1,133,738	4,836,977
Membership fees and dues	**1,868,349**	2,107,765	2,172,351
Office supplies	**1,558,732**	1,915,007	1,278,780
Rentals (Note 21)	**1,363,292**	362,567	360,771
Trainings, seminars and meetings	**1,213,376**	842,086	415,072
Provision for (recovery from) credit losses (Note 7)	**157,379**	(138,864)	(1,199,842)
Others	**6,842,322**	5,776,241	5,769,056
	245,076,522	226,264,581	317,940,587

(Forward)

	Years Ended December 31		
	2023	2022	2021
OTHER INCOME (LOSSES)			
Interest expense (Notes 18 and 21)	**(₱6,118,419)**	(₱5,082,653)	(₱5,080,618)
Foreign exchange losses – net	**(3,820,284)**	(419,091)	(177,891)
Gain on disposal of property and equipment (Note 9)	**6,231**	2,499	14,459
Loss on sale of investment securities at amortized cost (Note 8)	**–**	(6,426,327)	–
	(9,932,472)	(11,925,572)	(5,244,050)
INCOME BEFORE INCOME TAX	**556,482,575**	317,809,957	759,101,345
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 19)			
Current			
Final income tax	**127,835,907**	59,753,217	27,260,767
Regular corporate income tax	**2,657,283**	17,955,259	135,419,186
Deferred	**363,545**	(2,152,278)	14,966,412
	130,856,735	75,556,198	177,646,365
NET INCOME	**₱425,625,840**	₱242,253,759	₱581,454,980
Attributable to:			
Equity holders of the Parent Company	**₱426,579,361**	₱244,046,290	₱583,214,719
Non-controlling interest (Note 15)	**(953,521)**	(1,792,531)	(1,759,739)
	₱425,625,840	₱242,253,759	₱581,454,980
Earnings Per Share (Note 25)			
Basic and diluted	**₱0.09**	₱0.05	₱0.12

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

	Years Ended December 31		
	2023	2022	2021
NET INCOME	**₱425,625,840**	₱242,253,759	₱581,454,980
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)	**(12,096,237)**	17,253,643	(12,276,715)
Item that may be reclassified subsequently to consolidated statements of income:			
Translation adjustments - net of tax	**(303,424)**	20,410,228	10,359,926
	(12,399,661)	37,663,871	(1,916,789)
TOTAL COMPREHENSIVE INCOME	**₱413,226,179**	₱279,917,630	₱579,538,191
Attributable to:			
Equity holders of the Parent Company	**₱414,179,700**	₱281,710,161	₱581,297,930
Non-controlling interest	**(953,521)**	(1,792,531)	(1,759,739)
	₱413,226,179	₱279,917,630	₱579,538,191

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, 2023, 2022, AND 2021

	Equity Attributable to the Equity Holders of the Parent Company								
				Loss on Remeasurement of Retirement Obligation (Note 18)	Retained Earnings				
	Capital Stock (Note 15)	Capital In Excess of Par Value	Accumulated Translation Adjustment		Appropriated (Note 15)	Unappropriated	Total	Non-controlling Interest (Note 15)	Total Equity
Balances at January 1, 2023	**₱476,000,000**	**₱53,219,024**	**₱35,110,604**	**(₱23,403,468)**	**₱585,722,237**	**₱831,101,681**	**₱1,957,750,078**	**₱16,445,346**	**₱1,974,195,424**
Non-controlling interest of subsidiary (Note 15)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**4,500,000**	**4,500,000**
Total comprehensive income (loss)	**–**	**–**	**(303,424)**	**(12,096,237)**	**–**	**426,579,361**	**414,179,700**	**(953,521)**	**413,226,179**
Appropriation of retained earnings (Note 15)	**–**	**–**	**–**	**–**	**27,332,658**	**(27,332,658)**	**–**	**–**	**–**
Reversal of appropriated retained earnings (Note 15)	**–**	**–**	**–**	**–**	**(27,135,148)**	**27,135,148**	**–**	**–**	**–**
Declaration of cash dividend (Note 15)	**–**	**–**	**–**	**–**	**–**	**(199,920,000)**	**(199,920,000)**	**–**	**(199,920,000)**
Balances at December 31, 2023	**₱476,000,000**	**₱53,219,024**	**₱34,807,180**	**(₱35,499,705)**	**₱585,919,747**	**₱1,057,563,532**	**₱2,172,009,778**	**₱19,991,825**	**₱2,192,001,603**
Balances at January 1, 2022	₱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
Total comprehensive income (loss)	–	–	20,410,228	17,253,643	–	244,046,290	281,710,161	(1,792,531)	279,917,630
Appropriation of retained earnings (Note 15)	–	–	–	–	160,922,169	(160,922,169)	–	–	–
Declaration of cash dividend (Note 15)	–	–	–	–	–	(404,600,000)	(404,600,000)	–	(404,600,000)
Balances at December 31, 2022	₱476,000,000	₱53,219,024	₱35,110,604	(₱23,403,468)	₱585,722,237	₱831,101,681	₱1,957,750,078	₱16,445,346	₱1,974,195,424
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

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱556,482,575**	₱317,809,957	₱759,101,345
Adjustments for:			
Interest income (Notes 16, and 20)	**(708,469,374)**	(336,345,400)	(182,061,977)
Depreciation and amortization (Notes 9, 10, 11 and 21)	**47,388,846**	52,875,054	61,021,380
Interest expense (Notes 18 and 21)	**7,008,789**	6,564,702	5,080,618
Dividend income (Notes 6 and 16)	**(96,335)**	(248,170)	(38,952)
Amortization of premium (discount) on investment securities at amortized cost (Note 8)	**(73,765)**	3,582,068	6,113,471
Gain on disposal of property and equipment (Note 9)	**(6,231)**	(2,499)	(14,459)
Loss on sale of investment securities at amortized cost (Note 8)	**–**	6,426,327	–
Other income from rent concessions (Note 21)	**–**	–	(57,570)
Loss on lease modification (Note 21)	**–**	–	49,638
Operating income (loss) before working capital changes	**(97,765,495)**	50,662,039	649,193,494
Decrease (increase) in:			
Cash in a segregated account	**71,213,374**	(21,343,284)	57,773,481
Financial assets at fair value through profit or loss	**(6,201,129)**	69,039,142	(118,362,094)
Trade receivables	**310,329,516**	(197,256,692)	191,971,879
Other receivables	**126,178,081**	65,453,934	37,453,315
Prepayments	**(1,193,284)**	583,621	(1,788,832)
Other assets	**(1,507,854)**	(1,428,904)	(12,200,682)
Increase (decrease) in:			
Trade payables	**(989,243,153)**	290,627,602	(917,534,390)
Retirement obligation	**(15,514,277)**	(14,765,332)	9,771,904
Other current liabilities	**19,625,815**	(41,058,603)	(57,227,086)
Net cash generated from (used in) operations	**(584,078,406)**	200,513,523	(160,949,011)
Interest received	**555,660,691**	275,683,096	112,412,968
Income taxes paid	**(136,013,453)**	(115,306,351)	(183,513,363)
Dividends received	**96,335**	248,170	38,952
Net cash provided by (used in) operating activities	**(164,334,833)**	361,138,438	(232,010,454)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to investment securities at amortized cost	**(591,723,490)**	(24,707,545,266)	(34,965,183,973)
Proceeds from maturity of investment securities at amortized cost	**200,200,000**	33,377,720,368	31,547,823,633
(Increase) decrease in short-term time deposits	**(200,000,000)**	–	200,000,000
Acquisitions of property and equipment (Notes 9)	**(10,289,179)**	(23,573,705)	(5,046,488)
Acquisitions of software and licenses (Note 11)	**(143,035)**	(73,261)	(537,147)
Proceeds from disposal of property and equipment (Note 9)	**6,250**	2,500	87,329
Proceeds from sale of investment securities at amortized cost	**–**	193,561,411	–
Net cash provided by (used in) investing activities	**(601,949,454)**	8,840,092,047	(3,222,856,646)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends declared and paid (Note 15)	**(199,920,000)**	(404,600,000)	(309,400,000)
Payment of lease liabilities (Note 21)	**(26,751,409)**	(27,214,525)	(26,843,394)
Proceeds of issuance of shares to the non-controlling interest (Note 15)	**4,500,000**	–	–
Net cash used in financing activities	**(222,171,409)**	(431,814,525)	(336,243,394)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(988,455,696)**	8,769,415,960	(3,791,110,494)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**10,427,435,769**	1,658,019,809	5,449,130,303
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱9,438,980,073**	₱10,427,435,769	₱1,658,019,809

See accompanying Notes to Consolidated Financial Statements.

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

1. Corporate Information

COL Financial Group, Inc. (the Parent Company or COL Financial) was registered with the Philippine Securities and Exchange Commission (SEC) on August 16, 1999, primarily to engage in the business of broker of securities and to provide stockbrokerage services through innovative internet technology. The registered address of the Parent Company is Unit 2401-B East Tower, 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 and which are different from the equity-laced mutual funds that it now distributes through its platform.

The accompanying consolidated financial statements of the Group as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 were authorized for issue in accordance with a resolution by the BOD on March 20, 2024.

2. Basis of Preparation, Basis of Consolidation and Summary of Material 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, 2023 and 2022 and for each of the three years ended December 31, 2023, 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 Strategic Growth Equity Unitized Mutual Fund, Inc. (CSGEUMF) (formerly: COL Cash Management Unitized Mutual Fund, Inc.)	Philippines	100%	PHP

CEIUMF and CSGEUMF started offering its Units of Participation on October 4, 2022 and October 6, 2023, respectively. The assets and liabilities held by CEIUMF and CSGEUMF in relation to the investment of the unitholders as at December 31, 2023 and 2022 are presented in Note 27.

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 in 2023. 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.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

- Amendments to PAS 12*, International Tax Reform – Pillar Two Model Rules*

  The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

  The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as ‘Pillar Two legislation’ and ‘Pillar Two income taxes’, respectively.

  The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

  Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after January 1, 2023.

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, 2024
- Amendments to PAS 1*, Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

Effective beginning on or after January 1, 2025
- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

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 Material 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, 2023 and 2022.

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.

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

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

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

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

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

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

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

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

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

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

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

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

<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.

Derecognition of Financial Instruments

Financial assets

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

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

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

Financial liabilities

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

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

Impairment of Financial Assets

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 the 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
Transportation equipment	5
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.

Investment Property

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

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

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

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

Intangibles

Exchange trading rights

Exchange trading rights are carried at cost less any allowance for impairment losses and are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying values may be impaired. The exchange trading rights are deemed to have indefinite useful lives as there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group. The assessment of indefinite life is reviewed annually to determine whether the indefinite useful life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. The Parent Company does not intend to sell its exchange trading right in the near future while COLHK's exchange trading right is a nontransferable right.

Software costs

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

Impairment of Non-Financial Assets

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

Intangibles with indefinite useful lives are tested for impairment annually at end of the reporting period either individually or at the cash generating unit level, as appropriate. Intangibles with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired. A previously recognized impairment loss is reversed by a credit to current operations to the extent that it does not restate the asset to a carrying amount in excess of what would have been determined (net of any accumulated depreciation and amortization) had no impairment loss been recognized for the asset in prior years.

Leases

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 - 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.

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, 2023 and 2022, 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 income 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, 2023, the Parent Company expected that it will be applying the itemized deduction in determining its taxable income in 2024, which resulted in the recognition of certain deferred income tax assets. The deferred income tax assets (liabilities) as at December 31, 2023 and 2022 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:

	2023	2022
Cash on hand and in banks	**₱318,657,092**	₱477,632,754
Short-term cash investments	**9,120,322,981**	9,949,803,015
	₱9,438,980,073	₱10,427,435,769

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 3.00% to 6.38% per annum in 2023, from 0.25% to 5.88% per annum in 2022 and from 0.12% to 0.75% per annum in 2021. The Parent Company has United States dollar (US$)-denominated cash in banks amounting to US$50,677 and US$1,662 as at December 31, 2023 and 2022, respectively, while COLHK has US$-denominated cash in banks amounting to US$39,364 and US$146,494 as at December 31, 2023 and 2022, 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 ₱9,532,993,408 and ₱10,106,294,088 as at December 31, 2023 and 2022, 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, 2023 and 2022, the Parent Company's reserve accounts are adequate to cover its reserve requirements.

Interest income of the Group from cash and cash equivalents, cash in segregated account and time deposits amounted to ₱591,823,401, ₱133,273,719 and ₱20,007,552 in 2023, 2022 and 2021, respectively (Note 16).

Short-term Time Deposits
As of December 31, 2023, this account pertains to the Parent Company's time deposits in local banks that have original maturities of more than three (3) months but less than a year and earn interest at 6.00% to 6.25% per annum in 2023.

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:

	2023	2022
Government and corporate debt securities	**₱89,500,791**	₱78,924,817
Listed equity securities	**907,606**	5,305,213
Mutual funds	**640,013**	617,251
	₱91,048,410	₱84,847,281

The peso-denominated government debt securities pertain to investments in Treasury bills which bear nominal annual interest rates ranging from 3.15% to 6.23% per annum in 2023, from 1.01% to 3.15% per annum in 2022 and from 1.33% to 1.69% per annum in 2021. Interest income earned from these investments amounted to ₱113,686, ₱593,340 and ₱1,245,529 in 2023, 2022 and 2021, respectively (Note 16).

The Group also invested in peso-denominated government and corporate bonds which bear nominal interest rates ranging from 2.84% to 9.25% per annum in 2023 and 2022 and from 2.84% to 4.63% per annum in 2021. Interest income earned from the investments amounted to ₱4,712,109, ₱2,920,806 and ₱924,718 in 2023, 2022 and 2021, 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 ₱96,335, ₱248,170 and ₱38,952 in 2023, 2022 and 2021, respectively (Note 16).

The Group's net trading gains follow:

	2023	2022	2021
Unrealized trading gains (losses)	**₱4,045,028**	(₱4,591,607)	₱734,415
Trading gains from sale	**1,790,374**	10,252,639	51,581,004
	₱5,835,402	₱5,661,032	₱52,315,419

7. **Trade Receivables and Other Receivables**

Trade Receivables

This account consists of:

	2023	2022
Customers (Note 20)	**₱857,875,951**	₱1,030,253,767
Other brokers	**11,563,223**	47,346,853
Clearing house	**10,886,128**	114,550,660
Trail fee receivables	**1,896,052**	1,875,902
	882,221,354	1,194,027,182
Less allowance for credit losses on trade receivables from customers	**2,216,128**	2,058,749
	₱880,005,226	₱1,191,968,433

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

	2023		2022	
	Money Balance	**Security Valuation-Long**	Money Balance	Security Valuation-Long
Fully secured accounts:				
More than 250%	**₱410,417,172**	**₱4,556,186,564**	₱613,629,241	₱5,576,630,926
Between 200% and 250%	**386,094,596**	**858,980,775**	233,052,134	500,232,142
Between 150% and 200%	**32,710,395**	**64,050,537**	75,955,662	143,469,557
Between 100% to 150%	**–**	**–**	107,616,434	122,381,550
Less than 100%	**28,653,482**	**28,542,257**	–	–
Unsecured accounts (Note 20)	**306**	**–**	296	–
	857,875,951	**₱5,507,760,133**	1,030,253,767	₱6,342,714,175
Less allowance for credit losses on trade receivables from customers	**2,216,128**		2,058,749	
	₱855,659,823		₱1,028,195,018	

As at December 31, 2023 and 2022, the Parent Company offered a credit line facility amounting to ₱5,682,964,950 and ₱5,667,610,950, respectively, to its customers who qualified for margin accounts.

Interest income from customers amounted to ₱69,049,168, ₱56,830,840 and ₱57,339,924 in 2023, 2022 and 2021, 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 the Parent Company and COLHK. The receivable balances become demandable upon failure of the customer to duly comply with these requirements. As at December 31, 2023 and 2022, ₱829,222,163 and ₱1,030,253,471, respectively, of the total trade receivables from customers are fully covered by collateral.

Trade receivables from clearing house as at December 31, 2023 and 2022, were fully collected in January 2024 and 2023, respectively. As at December 31, 2022, these are noninterest-bearing and are collected on three (3) trading days term and two (2) trading days' term following the settlement convention of Philippine and HK clearing houses, respectively. On August 10, 2023, the Philippine SEC approved SCCP's proposal to revise the settlement term of stock trading transactions from three (3) trading days to two (2) trading days effective August 24, 2023 (Note 13).

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 fees 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:

	2023	2022
Accrued interest on investments	**₱77,326,329**	₱53,009,349
Mutual fund redemption proceeds (Note 14)	**4,374,111**	2,045,714
Employee salary loan and advances (Note 20)	**1,918,322**	2,265,038
Others	**8,444,382**	8,112,441
	₱92,063,144	₱65,432,542

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

	2023	2022
Balances at beginning of year	**₱2,058,749**	₱2,197,613
Provision for (recovery from) credit losses	**157,379**	(138,864)
Balances at end of year	**₱2,216,128**	₱2,058,749

8. Investment Securities at Amortized Cost

This account consists of:

	2023	2022
Current government debt securities	**₱392,290,753**	₱200,200,000
Noncurrent government debt securities	**1,000,015,465**	800,508,963
	₱1,392,306,218	₱1,000,708,963

The peso-denominated government debt securities bear a nominal interest rate of 2.63% to 6.38% per annum in 2023, 0.70% to 6.38% per annum in 2022 and 0.80% to 6.38% per annum in 2021, with an EIR of 3.27% to 6.38% in 2023, 0.70% to 5.18% in 2022 and from 0.70% to 4.38% in 2021. Sale of a government bond resulted in a loss amounting to nil and ₱6,426,327 in 2023 and 2022, respectively.

The Group's investment in government securities are considered of low credit risk since these are rated as Baa2 by an international credit rating company. These credit rating is still considered as 'Investment Grade.'

The outstanding investments in short-term government debt securities amounting to ₱295,379,790 and nil as at December 31, 2023 and December 31, 2022, 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 ₱42,770,847, ₱142,726,156 and ₱102,543,447 in 2023, 2022 and 2021, respectively (Note 16).

9. Property and Equipment

The composition of and movements in this account follow:

	2023						
	Online Trading Equipment and Facilities	**Furniture, Fixtures and Equipment**	**Transportation Equipment**	**Leasehold Improvements**	**Construction in Progress**	**Right-of-use Assets – Office Premises**	**Total**
Cost							
At beginning of year	₱202,256,395	₱39,212,071	₱–	₱70,520,497	₱1,279,968	₱74,509,063	₱387,777,994
Additions	5,823,398	340,908	3,696,429	169,479	258,965	11,575,896	21,865,075
Reclassification	–	24,509	–	1,448,424	(1,472,933)	–	–
Disposals	(465,229)	–	–	–	–	(9,533,266)	(9,998,495)
Translation adjustments	(104,288)	(55,596)	–	(12,523)	–	(64,697)	(237,104)
At end of year	207,510,276	39,521,892	3,696,429	72,125,877	66,000	76,486,996	399,407,470
Accumulated depreciation and amortization							
At beginning of year	173,502,654	35,108,655	–	58,783,377	–	25,563,326	292,958,012
Depreciation and amortization (Note 21)	9,610,813	2,473,181	61,905	7,994,391	–	24,802,123	44,942,413
Disposals	(465,210)	–	–	–	–	(9,533,266)	(9,998,476)
Translation adjustments	(104,288)	(48,436)	–	(12,523)	–	(43,222)	(208,469)
At end of year	182,543,969	37,533,400	61,905	66,765,245	–	40,788,961	327,693,480
Net book value	₱24,966,307	₱1,988,492	₱3,634,524	₱5,360,632	₱66,000	₱35,698,035	₱71,713,990

	2022					
	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	₱179,676,819	₱38,241,152	₱70,421,813	₱–	₱77,457,594	₱365,797,378
Additions	21,757,787	535,950	–	1,279,968	38,880,095	62,453,800
Disposals	–	(3,125)	–	–	(42,338,435)	(42,341,560)
Translation adjustments	821,789	438,094	98,684	–	509,809	1,868,376
At end of year	202,256,395	39,212,071	70,520,497	1,279,968	74,509,063	387,777,994
Accumulated depreciation and amortization						
At beginning of year	158,941,936	31,984,093	50,941,569	–	42,872,618	284,740,216
Depreciation and amortization (Note 21)	13,738,929	2,759,066	7,743,124	–	24,843,987	49,085,106
Disposals	–	(3,124)	–	–	(42,338,435)	(42,341,559)
Translation adjustments	821,789	368,620	98,684	–	185,156	1,474,249
At end of year	173,502,654	35,108,655	58,783,377	–	25,563,326	292,958,012
Net book value	₱28,753,741	₱4,103,416	₱11,737,120	₱1,279,968	₱48,945,737	₱94,819,982

As of December 31, 2023 and 2022, the cost of the Group’s fully depreciated property and equipment still in use amounted to ₱237,130,749 and ₱215,432,158, respectively. Disposal of property and equipment resulted in gains amounting to ₱6,231, ₱2,499 and ₱14,459 in 2023, 2022 and 2021.

The depreciation and amortization were distributed as follows:

	2023	2022	2021
Cost of services	**₱26,763,483**	₱29,190,474	₱207,753
Operating expenses	**18,178,930**	19,894,632	55,970,147
	₱44,942,413	₱49,085,106	₱56,177,900

10. Investment Property

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

	2023	2022
Cost		
At beginning and end of year	**₱17,509,736**	₱17,509,736
Accumulated depreciation		
At beginning of year	**4,377,435**	3,501,948
Depreciation	**875,487**	875,487
At end of year	**5,252,922**	4,377,435
Net book value	**₱12,256,814**	₱13,132,301

The office space is held for capital appreciation. As at December 31, 2023 and 2022, the fair value of investment property amounted to ₱38,413,490.

The depreciation of investment property recorded in 'Depreciation and amortization' in the consolidated statements of income amounted to ₱875,487 in 2023, 2022 and 2021.

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

11. Intangibles

Stock Exchange Trading Rights
Philippine Operations
As at December 31, 2023 and 2022, the fair value of the exchange trading right less costs to sell amounted ₱8,000,000, representing the last transacted price of the exchange trading right (as provided by the PSE). As at December 31, 2023 and 2022, 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 in 2017.

Software Costs and Licenses
Movements in the software costs and licenses account follow:

	2023	2022
Cost		
At beginning of year	**₱49,143,634**	₱49,070,373
Additions	**143,035**	73,261
At end of year	**49,286,669**	49,143,634
Accumulated amortization		
At beginning of year	**44,849,389**	41,934,928
Amortization	**1,570,946**	2,914,461
At end of year	**46,420,335**	44,849,389
Net book value	**₱2,866,334**	₱4,294,245

The amortization of software costs and licenses recorded in 'Depreciation and amortization' in the consolidated statements of income were distributed as follows:

	2023	2022	2021
Cost of services	**₱1,370,732**	₱2,719,866	₱–
Operating expenses	**200,214**	194,595	3,967,993
	₱1,570,946	₱2,914,461	₱3,967,993

As of December 31, 2023 and 2022, the costs of the Group's fully amortized software still in use amounted to ₱36,014,846 and ₱33,744,090, respectively.

12. **Other Assets**

Other Current Assets
This account consists of:

	2023	2022
Income tax overpayment	**₱20,574,493**	₱15,474,261
Deferred input VAT	**1,079,604**	659,573
	₱21,654,097	₱16,133,834

Other Noncurrent Assets
This account consists of:

	2023	2022
Deposit and refundable contributions to CTGF	**₱55,242,230**	₱53,260,803
Intangible assets under development	**7,849,571**	7,849,571
Refundable deposits:		
Rental and utility deposits	**8,108,533**	8,025,833
Other refundable deposits	**4,186,124**	4,168,681
	75,386,458	73,304,888
Deferred input VAT	**1,910,426**	2,530,931
	₱77,296,884	₱75,835,819

Deposit and refundable contributions to CTGF
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.

Thes are refundable upon cessation of the Clearing Members' 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. The Parent Company recognized total refundable contributions as of December 31, 2023 and 2022 as 'Other noncurrent assets' amounting to ₱55,242,230 and ₱53,260,803, respectively.

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:

	2023	2022
Customers (Note 20)	**₱9,898,277,252**	₱10,768,039,309
Clearing house	**–**	120,761,453
	₱9,898,277,252	₱10,888,800,762

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

	2023		2022	
	Money Balance	**Security Valuation-Long**	Money Balance	Security Valuation-Long
Payable to customers:				
With money balances	**₱9,898,277,252**	**₱87,523,830,009**	₱10,768,039,309	₱86,762,102,123
No money balances	**–**	**5,040,572,870**	–	2,345,130,730
	₱9,898,277,252	**₱92,564,402,879**	₱10,768,039,309	₱89,107,232,853

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

Payable to customers with money balances amounting to ₱26,614,280 and ₱105,349,227 as at December 31, 2023 and 2022, 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, 2022 were subsequently paid in January 2023. These are noninterest-bearing and are settled on three (3) trading days' term and two (2) trading days' term following the settlement convention of Philippine and HK clearing houses (Note 7).

14. **Other Current Liabilities**

This account consists of:

	2023	2022
Accrued expenses	**₱37,788,771**	₱25,569,387
Accrued management bonus	**31,657,492**	25,696,422
Due to BIR	**30,266,567**	26,926,234
Unposted customers' deposits	**7,633,627**	11,328,254
Mutual fund redemption proceeds (Note 7)	**4,374,110**	2,057,564
Trading fees	**1,626,500**	2,036,829
Others	**12,335,119**	12,310,273
	₱125,682,186	₱105,924,963

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 were 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.

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 checks 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

All issued and outstanding shares of the Parent Company are listed with the PSE (Note 1). As of December 31, 2023 and 2022 there were 32 and 34 holders of the listed shares of the Parent Company, respectively, with its share price closing at ₱2.66 and ₱3.21 per share, respectively.

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 2023 and 2022, the BOD approved the appropriation of retained earnings amounting to ₱27.33 million and ₱60.92 million, respectively, in compliance with such requirement.

On November 15, 2022, the BOD approved the appropriation of ₱100.00 million from the Parent Company's unrestricted retained earnings as of December 31, 2021 to support its IT development plan and expansion project, which will run until December 2027. On December 27, 2023, the BOD approved the reversal of the utilized portion of appropriated retained earnings earmarked for IT development amounting to ₱27.14 million.

On April 28, 2023, the BOD declared a regular and a special dividend amounting to ₱0.0114 per share held or ₱54,264,000 (4,760,000,000 shares multiplied by ₱0.0114 cash dividend per share) and ₱0.0306 per share held or ₱145,656,000 (4,760,000,000 shares multiplied by ₱0.0306 cash dividend per share), respectively, to stockholders as of record date of May 16, 2023. These dividends were paid on June 2, 2023.

On April 27, 2022, the BOD declared a regular and a special dividend amounting to ₱0.024 per share held or ₱114,240,000 (4,760,000,000 shares multiplied by ₱0.024 cash dividend per share) and ₱0.061 per share held or ₱290,360,000 (4,760,000,000 shares multiplied by ₱0.061 cash dividend per share), respectively, to stockholders as of record date of May 16, 2022. These dividends were paid on June 2, 2022.

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.

As of December 31, 2023 and 2022, the consolidated retained earnings include the retained earnings of the Subsidiaries amounting to ₱72,233,769 and ₱86,656,031, 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, 2023 and 2022, 30.00% of its equity interest is being held by non-controlling interest.

In 2023, CIMI released 15,000,000 shares, each at par value, accumulating a total of ₱15,000,000. 30% of these issued shares were purchased by parties with non-controlling interests.

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, 2023 and 2022

	2023	2022
Cash and cash equivalents (current)	**₱49,462,512**	₱28,226,969
Financial assets at FVTPL	**14,460,441**	23,660,307
Other receivables (current)	**845,429**	316,057
Other assets (current)	**1,141,903**	728,426
Property and equipment (non-current)	**2,511,704**	1,941,134
Other assets (non-current)	**479,322**	543,478
Trade payables (current)	**(234,633)**	(69,610)
Accrued expenses (current)	**(181,000)**	(155,384)
Other liabilities (current)	**(224,393)**	(120,809)
Lease liability (current)	**(643,931)**	(252,750)
Lease liability (non-current)	**(977,938)**	–
Total equity	**₱66,639,416**	₱54,817,818
Attributable to:		
Equity holders of the Parent Company	**₱46,647,591**	₱38,372,472
Non-controlling interest	**19,991,825**	16,445,346

Summarized statements of income for the years ended December 31, 2023, 2022 and 2021

	2023	2022	2021
Interest income	**₱2,641,654**	₱1,580,545	₱883,523
Management fees	**2,181,465**	168,669	–
Trading gains (losses) - net	**800,134**	(1,573,989)	252,877
Operating expenses	**(8,115,753)**	(6,135,543)	(6,815,646)
Loss before income tax	**(2,492,500)**	(5,960,318)	(5,679,246)
Provision for income tax	**685,902**	14,785	186,554
Net loss	**(₱3,178,402)**	(₱5,975,103)	(₱5,865,800)
Attributable to:			
Equity holders of the Parent Company	**(₱2,224,881)**	(₱4,182,572)	(₱4,106,061)
Non-controlling interest	**(953,521)**	(1,792,531)	(1,759,739)
	(₱3,178,402)	(₱5,975,103)	(₱5,865,800)

Summarized cash flow information for the years ended December 31, 2023, 2022 and 2021

	2023	2022	2021
Operating activities	**₱7,121,865**	₱27,967,020	(₱51,750,323)
Investing activities	**(160,665)**	(366,519)	(146,915)
Financing activities	**14,274,343**	(753,614)	(717,727)
Net increase (decrease) in cash and cash equivalents	**₱21,235,543**	₱26,846,887	(₱52,614,965)

16. **Revenues**

Breakdown of the Group's revenues are as follows:

	2023	2022	2021
Revenue from contracts with customers			
Commissions	**₱329,599,703**	₱447,051,831	₱1,013,013,332
Trail fees	**21,973,385**	22,117,691	21,484,857
Others	**25,846,709**	24,558,485	53,797,890
	377,419,797	493,728,007	1,088,296,079
Other revenues			
Interest income	**708,469,374**	336,345,400	182,061,977
Trading gains - net	**5,835,402**	5,661,032	52,315,419
Others	**96,335**	248,385	96,522
	714,401,111	342,254,817	234,473,918
	₱1,091,820,908	₱835,982,824	₱1,322,769,997

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

	2023	2022	2021
Trading charges billed to customer	**₱15,891,413**	₱22,247,719	₱52,413,284
Corporate action processing fees	**5,982,267**	–	–
Management fee	**2,181,465**	168,590	–
Dividend income	**96,335**	248,170	38,952
Miscellaneous	**1,791,564**	2,142,391	1,384,606
Income from rent concessions	–	–	57,570
	₱25,943,044	₱24,806,870	₱53,894,412

Trading charges billed to customer 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 accordingly presents 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 and fees.'

Stock exchange dues and fees consists of:

	2023	2022	2021
Stock trading costs charged to customers	**₱15,891,413**	₱22,247,719	₱52,413,284
Membership fees and dues	**7,784,786**	10,507,167	23,569,157
Dealer trades and other transaction costs	**753,805**	760,522	158,890
Miscellaneous	**674,223**	756,797	864,925
	₱25,104,227	₱34,272,205	₱77,006,256

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

	2023			
	Commissions	**Trail fees**	**Other income**	**Total**
Primary geographical markets				
Philippines	**₱327,095,466**	**₱21,973,385**	**₱24,950,677**	**₱374,019,528**
Hong Kong	**2,504,237**	**–**	**896,032**	**3,400,269**
	₱329,599,703	**₱21,973,385**	**₱25,846,709**	**₱377,419,797**

	2022			
	Commissions	Trail fees	Other income	Total
Primary geographical markets				
Philippines	₱443,675,556	₱22,117,691	₱23,198,592	₱488,991,839
Hong Kong	3,376,275	–	1,359,893	4,736,168
	₱447,051,831	₱22,117,691	₱24,558,485	₱493,728,007

	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

Interest income earned consists of income from:

	2023	2022	2021
Banks (Notes 4 and 5)	**₱591,823,401**	₱133,273,719	₱20,007,552
Customers (Note 7)	**69,049,168**	56,830,840	57,339,924
Investment securities at amortized cost (Note 8)	**42,770,847**	142,726,156	102,543,447
Financial assets at FVTPL (Note 6)	**4,825,795**	3,514,146	2,170,247
Others	**163**	539	807
	₱708,469,374	₱336,345,400	₱182,061,977

17. Personnel Costs

This account consists of:

	2023	2022	2021
Salaries and wages	**₱167,660,758**	₱149,860,532	₱144,833,804
Management bonus	**52,097,188**	43,660,200	57,774,403
Retirement costs (Note 18)	**9,011,597**	9,824,477	9,771,904
Other benefits (Note 18)	**22,851,948**	20,006,149	18,734,514
	₱251,621,491	₱223,351,358	₱231,114,625

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

The above accounts were distributed as follows:

	2023	2022	2021
Cost of services	**₱88,843,959**	₱77,329,335	₱70,900,503
Operating expenses	**162,777,532**	146,022,023	160,214,122
	₱251,621,491	₱223,351,358	₱231,114,625

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 in 2023, 2022 and 2021. 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:

	2023	2022	2021
Current service cost (Note 17)	**₱9,011,597**	₱9,824,477	₱9,771,904
Net interest expense	**3,932,708**	4,167,912	2,763,007
	₱12,944,305	₱13,992,389	₱12,534,911

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:

	2023	2022
Retirement obligation at beginning of year	**₱53,872,706**	₱81,723,769
Contributions	**(24,525,874)**	(24,589,809)
Net actuarial (gains) losses	**12,096,237**	(17,253,643)
Retirement costs	**12,944,305**	13,992,389
Retirement obligation at end of year	**₱54,387,374**	₱53,872,706

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

	2023	2022
Present value of defined benefit obligation	**₱125,371,864**	₱103,314,131
Fair value of plan assets	**(70,984,490)**	(49,441,425)
	₱54,387,374	₱53,872,706

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

	2023	2022
Opening present value of defined benefit obligation	**₱103,314,131**	₱108,504,173
Current service cost	**9,011,597**	9,824,477
Interest cost	**7,541,932**	5,533,713
Benefits paid	**(5,292,026)**	(1,398,360)
Remeasurement losses (gains) on:		
Financial assumptions	**12,731,513**	(24,011,008)
Experience adjustments	**(1,935,283)**	4,861,136
Closing present value of defined benefit obligation	**₱125,371,864**	₱103,314,131

Changes in the fair value of plan assets follow:

	2023	2022
Balances at beginning of year	**₱49,441,425**	₱26,780,404
Contributions	**24,525,874**	24,589,809
Benefits paid	**(5,292,026)**	(1,398,360)
Expected interest income	**3,609,224**	1,365,801
Remeasurement loss on plan assets	**(1,300,007)**	(1,896,229)
Balances at end of year	**₱70,984,490**	₱49,441,425

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

	2023	2022
Fixed income	**90.88%**	91.05%
Cash in bank	**8.46%**	8.52%
Others	**0.75%**	0.52%
	100.09%	100.09%
Accrued trust fees payable	**(0.09%)**	(0.09%)
	100.00%	100.00%

Fixed income investments include investment in unit investment trust funds (UITF) which comprise of bond instruments, government securities and other debt instruments.

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

	2023	2022
Discount rate	**6.10%**	7.30%
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, 2023 and 2022 assuming all other assumptions were held constant.

	Increase (decrease) in significant assumptions	Increase (decrease) in defined benefit obligation	
		2023	2022
Discount rates	+0.50%	**(₱5,610,953)**	(₱4,335,781)
	-0.50%	**6,103,294**	4,701,673
Future salary increases	+0.50%	**5,743,207**	4,454,058
	-0.50%	**(5,327,952)**	(4,140,328)
Mortality rate	+1 year	**(695,980)**	(921,680)
	-1 year	**749,114**	1,015,312

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 ₱24,525,874 to the retirement plan in 2023.

The Parent Company is currently assessing the contribution to be made in 2024.

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

	2023	2022
Zero (0) to five (5) years	**₱60,003,696**	₱59,015,646
Six (6) to ten (10) years	**65,358,793**	66,881,466
Eleven (11) to fifteen (15) years	**78,164,933**	62,398,313
Beyond fifteen (15) years	**551,913,376**	550,781,717
	₱755,440,798	₱739,077,142

The weighted average duration of the defined benefit obligation is 14 years in 2023, 2022 and 2021.

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 ₱302,743, ₱342,300 and ₱311,894 in 2023, 2022 and 2021, 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 (benefit from) income tax consists of:

	2023	2022
Current:		
Final	**₱127,835,907**	₱59,753,217
RCIT/MCIT	**2,657,283**	17,955,259
Deferred	**363,545**	(2,152,278)
	₱130,856,735	₱75,556,198

On March 26, 2021, Republic Act (RA) No. 11534, otherwise known as Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act was signed into law. CREATE reduced the RCIT rate 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%.

The regulations also provide for MCIT of 2.00% (prior to CREATE) and 1.00% (from July 1, 2020 to June 30, 2023 before reverting to 2.00%) on modified gross income and allow a net operating loss carryover (NOLCO). The MCIT and NOLCO may be applied against the Parent Company’s and its domestic subsidiaries’ income tax liability and taxable income, respectively, over a three-year period from the year of inception. For the taxable years 2020 and 2021, the NOLCO incurred can be carried over as a deduction for the next five (5) consecutive taxable years, pursuant to Revenue Regulations (RR) No. 25-2020.

As of December 31, 2023, the Group has incurred NOLCO which can be claimed as deduction from the regular taxable income with details as follows:

Year Incurred	Amount	Used/Expired	Balance	Expiry Year
2023	₱69,481,212	₱–	₱69,481,212	2026
2022	6,716,634	–	6,716,634	2025
2021	7,761,742	–	7,761,742	2026
2020	8,235,603	–	8,235,603	2025
	₱92,195,191	₱–	₱92,195,191	

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:

	2023	2022	2021
Income tax at statutory income tax rate	**₱139,120,644**	₱79,452,489	₱189,775,336
Additions to (reductions in) income tax resulting from:			
Interest income subjected to final tax	**(32,014,375)**	(9,901,105)	(4,012,571)
Change in unrecognized DTA	**21,518,803**	3,393,610	17,788,805

(Forward)

	2023	2022	2021
Effect of lower income tax rate in HK	**₱1,724,174**	₱2,069,381	₱1,921,345
Non-deductible expense	**286,692**	403,584	3,250
Effect of lower income tax rate for domestic subsidiaries	**256,708**	322,558	234,068
Tax-exempt income	**(35,911)**	(184,319)	(24,221)
40% OSD	**–**	–	(20,594,270)
Adjustment on tax expense due to change in enacted rates	**–**	–	(7,445,377)
Provision for income tax	**₱130,856,735**	₱75,556,198	₱177,646,365

In 2021, the Parent Company used the optional standard deduction (OSD) method in calculating the allowed deductions for income tax purposes, while in 2023 and 2022, the Parent Company availed of the itemized deduction method.

Deferred Income Taxes

The components of the Group's net deferred income tax assets (liabilities) follow:

	2023	2022
Deferred income tax assets		
Retirement obligation	**₱1,326,887**	₱1,186,773
Leases under PFRS 16	**859,800**	603,181
Others	**59,935**	193,799
	2,246,622	1,983,753
Deferred income tax liabilities		
Accumulated translation adjustment	**(11,602,393)**	(11,703,535)
Unrealized trading gains	**(626,414)**	–
Others	**(127,328)**	(128,894)
	(12,356,135)	(11,832,429)
	(₱10,109,513)	(₱9,848,676)

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).

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:

	2023	2022
Unused tax losses	**₱318,608,712**	₱298,324,310
Retirement obligation	**76,934,497**	70,637,298
NOLCO	**45,073,329**	22,431,830
MCIT	**2,657,283**	–
Allowance for credit losses	**2,216,128**	2,058,749
Unrealized trading losses	**–**	2,301,742
	₱445,489,949	₱395,753,929

20. **Related Party Disclosures**

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

Category	Commission income	Interest income	Trail fees	Professional fees	Directors' fees	Capital expenditures	Condominium dues	Rental Payments	Other Expenses	Trade receivables	Trade payables
Key management personnel											
2023	**₱986,846**	**₱1,009,250**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱35,850,008**	**₱3,686,255**
2022	1,668,338	1,291,719	–	–	–	–	–	–	–	20,925,352	12,230,388
2021	2,229,811	1,190,880	–	–	–	–	–	–	–	47,498,133	2,184,283
Companies with common officers, directors and stockholders											
2023	**3,949,535**	**4,046,752**	**1,511,348**	**3,280,428**	**–**	**–**	**441,000**	**3,326,400**	**57,951**	**198,518,368**	**145,242,183**
2022	4,628,872	3,265,967	121,638	4,159,088	–	70,386	441,000	3,326,400	3,600	60,652,777	26,581
2021	5,642,869	2,733,461	–	3,789,633	–	17,857	441,000	3,326,400	16,714	53,711,788	–
Directors											
2023	**1,253,111**	**3,098,022**	**–**	**–**	**2,250,000**	**–**	**–**	**–**	**–**	**54,317,388**	**41,437,991**
2022	1,002,659	1,157,051	–	–	2,380,000	–	–	–	–	23,385,469	29,488,927
2021	1,439,510	743,867	–	–	1,665,000	–	–	–	–	19,758,762	58,188,126

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. On August 10, 2023, the Philippine SEC approved SCCP's proposal to revise the settlement term of stock trading transactions from three (3) trading days to two (2) trading days effective August 24, 2023. 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 ₱306 and ₱296, which were unsecured as of December 31, 2023 and December 31, 2022 (Note 7). The trade receivables from related parties are not impaired.

b. As of December 31, 2023 and 2022, the Group also has unsecured noninterest-bearing employee salary loans and advances amounting to ₱1,918,322 and ₱2,265,038 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:

	2023	2022	2021
Short-term employee benefits	**₱91,807,062**	₱83,720,881	₱99,889,672
Retirement costs (Note 18)	**3,010,097**	3,138,452	3,627,431
Other benefits	**1,023,357**	1,001,855	912,859
	₱95,840,516	₱87,861,188	₱104,429,962

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:

	2023	2022
At beginning of year	**₱51,401,522**	₱37,075,248
Additions	**11,575,896**	38,880,095
Accretion of interest	**2,941,183**	2,240,992
Payments	**(26,751,409)**	(27,214,525)
Translation adjustment	**(20,639)**	419,712
At end of year	**₱39,146,553**	₱51,401,522
Current	**₱19,662,395**	₱19,413,343
Non-current	**19,484,158**	31,988,179
	₱39,146,553	₱51,401,522

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

	2023	2022
Depreciation expense of right-of-use assets included in property and equipment (Note 9)	**₱24,843,987**	₱24,843,987
Interest expense on lease liabilities	**2,941,183**	2,240,992
	₱27,785,170	₱27,084,979

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 ₱1,363,292, ₱362,567 and ₱360,771 in 2023, 2022 and 2021, respectively.

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

	2023	2022
Within one (1) year	**₱21,674,085**	₱21,992,753
More than one (1) year to two (2) years	**11,476,092**	16,183,195
More than two (2) years to three (3) years	**3,662,610**	9,851,852
More than three (3) years to four (4) years	**3,175,200**	3,175,200
More than four (4) years to five (5) years	**3,175,200**	3,175,200
After five (5) years	**–**	3,175,200
	₱43,163,187	₱57,553,400

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, 2023, 2022 and 2021.

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, 2023 and 2022, 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, 2023 and 2022 are as follows:

	2023	2022
Equity eligible for NLC	**₱2,114,630,498**	₱1,871,731,347
Less ineligible assets	**505,607,811**	515,052,279
NLC	**₱1,609,022,687**	₱1,356,679,068
Position risk	**₱35,087,692**	₱34,507,193
Operational risk	**199,229,777**	214,412,180
Large exposure risk	**20,251,104**	19,220,559
Total Risk Capital Requirement (TRCR)	**₱254,568,573**	₱268,139,932
AI	**₱10,049,963,285**	₱10,795,400,421
5.00% of AI	**₱502,498,164**	₱539,770,021
Required NLC	**₱502,498,164**	₱539,770,021
Net Risk-Based Capital Excess	**₱1,106,524,523**	₱816,909,047
Ratio of AI to NLC	**625%**	796%
RBCA ratio (NLC/TRCR)	**632%**	506%

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 2023 and 2022, 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, 2023 and 2022.

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, 2023 and 2022, 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:

Credit risk

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

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

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

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

Financial assets at amortized cost
The Group's financial assets at amortized cost, 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 and short-term time deposits account 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. On August 10, 2023, the Philippine SEC approved SCCP's proposal to revise the settlement term of stock trading transactions from three (3) trading days to two (2) trading days effective August 24, 2023. The receivable balances become demandable upon failure of the customer to duly comply with these requirements. As at December 31, 2023 and 2022, ₱857,875,645 and ₱1,030,253,471 of the total receivables from customers is secured by collateral comprising of equity securities of listed companies with a total market value of ₱5,507,760,133 and ₱6,342,714,175, respectively (Note 7).

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses, while also considering the regulatory requirements under SRC Rule 52.1. 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, 2023 and 2022 are summarized in the following table (gross of allowance for credit losses):

	Days after trade date				
	T+0 to T+1	**T+2 to T+12**	**T+13 to T+30**	**T+31 to T+365**	**Total**
2023					
Expected loss rate	**0.00%**	**2.00%**	**0.00%**	**0.00%**	**0.26%**
Trade receivables	**₱67,801,196**	**₱110,791,099**	**₱91,183,589**	**₱588,100,067**	**₱857,875,951**
Expected credit loss	**–**	**2,215,822**	**–**	**306**	**2,216,128**

	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
2022					
Expected loss rate	0.00%	2.00%	0.00%	0.00%	0.20%
Trade receivables	₱210,665,156	₱102,922,710	₱195,468,144	₱521,197,757	₱1,030,253,767
Expected credit loss	–	2,058,453	–	296	2,058,749

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 are classified as high grade and are 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 investments in government securities are considered of low credit risk since these are rated as Baa2 by an international credit rating company. These credit ratings can still be considered as 'Investment Grade.'

Deposit and refundable contributions to CTGF
Deposit and refundable contributions to CTGF pertain to contributions made by the Parent Company to a guarantee fund as required by the SCCP and are 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, 2023 and 2022 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.

	2023			
	Gross Carrying Amount	**Fair Value of Collateral***	**Maximum Exposure to Credit Risk**	**Financial effect of collateral and other credit enhancements**
Receivable from customers				
Unsecured	**₱306**	**₱–**	**₱306**	**₱306**
Partially secured	**28,653,482**	**28,542,257**	**111,225**	**28,542,257**
Fully secured	**829,222,163**	**5,479,217,876**	**–**	**829,222,163**
	₱857,875,951	**₱5,507,760,133**	**₱111,531**	**₱857,764,726**

	2022			
	Gross Carrying Amount	Fair Value of Collateral*	Maximum Exposure to Credit Risk	Financial effect of collateral and other credit enhancements
Receivable from customers				
Unsecured	₱296	₱–	₱296	₱296
Fully secured	1,030,253,471	6,342,714,175	–	1,030,253,471
	₱1,030,253,767	₱6,342,714,175	₱296	₱1,030,253,767

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, 2023 and 2022, 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, 2023 and 2022 consist of cash and cash equivalents, short-term time deposits, financial assets at FVTPL and trade receivables.

Market Risk

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

Equity price risk
Equity price risk is the risk to earnings or capital arising from changes in stock exchange indices relating to its quoted equity securities. The Group's exposure to equity price risk relates primarily to its financial assets at FVTPL which pertain to investments in shares of stock of companies listed in the PSE and in mutual fund shares. The Group's policy is to maintain the risk within an acceptable level. Movement in share price is monitored regularly to determine the impact on its financial position.

Since the carrying amount of financial assets subject to equity price risk is immaterial relative to the consolidated financial statements, Management believes that disclosure of equity price risk sensitivity analysis for 2023 and 2022 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$90,041 and US$148,156 as at December 31, 2023 and 2022, 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 2023 and 2022 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.

2023				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-e]
Financial Assets						
Receivable from customers	₱857,875,951	₱–	₱857,875,951	₱229,318	₱857,535,102	₱111,531
Due from clearing house	10,886,128	–	10,886,128	–	–	10,886,128
	₱868,762,079	₱–	₱868,762,079	₱229,318	₱857,535,102	₱10,997,659
Financial Liabilities						
Payable to customers	₱9,898,277,252	₱–	₱9,898,277,252	₱229,318	₱–	₱9,898,047,934
	₱9,898,277,252	₱–	₱9,898,277,252	₱229,318	₱–	₱9,898,047,934

2022						
Financial Instruments Recognized at End of Reporting Period by Type	Gross Carrying Amounts (Before Offsetting)	Gross Amounts Offset in Accordance with the Offsetting Criteria	Net Amount Presented in Consolidated Statements of Financial Position	Effect of Remaining Rights of Set-Off (Including Rights to Set Off Financial Collateral) that do not Meet PAS 32 Offsetting Criteria: Financial Instruments	Effect of Remaining Rights of Set-Off: Fair Value of Financial Collateral	Net Exposure
	[a]	[b]	[c] = [a-b]	[d]	[e]	[f] = [c-d-e]
Financial Assets						
Receivable from customers	₱1,030,253,767	₱–	₱1,030,253,767	₱45,911,165	₱984,342,306	₱296
Due from clearing house	114,550,660	–	114,550,660	114,550,660	–	–
	₱1,144,804,427	₱–	₱1,144,804,427	₱160,461,825	₱984,342,306	₱296
Financial Liabilities						
Payable to customers	₱10,768,039,309	₱–	₱10,768,039,309	₱45,911,165	₱–	₱10,722,128,144
Due to clearing house	120,761,453	–	120,761,453	114,550,660	–	6,210,793
	₱10,888,800,762	₱–	₱10,888,800,762	₱160,461,825	₱–	₱10,728,338,937

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, 2023 and 2022:

	Carrying Values		Fair Values	
	2023	2022	**2023**	2022
Financial assets				
Investment securities at amortized cost	**₱1,392,306,218**	₱1,000,708,963	**₱1,242,965,655**	₱856,948,771
Non-financial assets				
Refundable deposits	**12,294,657**	12,194,514	**10,709,047**	10,621,819
Investment property	**12,256,814**	13,132,301	**38,413,490**	38,413,490

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, 2023 and 2022. 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, 2023 and 2022.

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, 2023 and 2022. There are no changes in the valuation techniques in 2023 and 2022.

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, 2023 and 2022.

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:

	2023			
	Carrying Value	**Level 1**	**Level 2**	**Level 3**
Asset measured at fair value:				
Financial assets at FVTPL	**₱91,048,410**	**₱90,408,397**	**₱640,013**	**₱–**
Asset for which fair values are disclosed:				
Refundable deposits	**12,294,657**	**–**	**–**	**10,709,047**
Investment securities at amortized cost	**1,392,306,218**	**154,286,072**	**1,088,679,583**	**–**
Investment property	**12,256,814**	**–**	**–**	**38,413,490**

	2022			
	Carrying Value	Level 1	Level 2	Level 3
Asset measured at fair value:				
Financial assets at FVTPL	₱84,847,281	₱84,230,030	₱563,397	₱–
Asset for which fair values are disclosed:				
Refundable deposits	12,194,514	–	–	10,621,819
Investment securities at amortized cost	1,000,708,963	86,182,751	770,766,021	–
Investment property	13,132,301	–	–	38,413,490

During the years ended December 31, 2023 and 2022, there were no transfers among levels 1, 2 and 3 of fair value measurements.

25. EPS Computation

	2023	2022	2021
Net income attributable to the equity holders of the Parent Company	**₱426,579,361**	₱244,046,290	₱583,214,719
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	**₱0.09**	₱0.05	₱0.12
Diluted EPS	**₱0.09**	₱0.05	₱0.12

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. This includes CIMI which is an asset management firm and CEIUMF and CSGEUMF which are unitized funds.

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

	2023			
	Stockbrokerage services	**Others**	**Elimination**	**Total**
Revenue from external customers:				
Commissions	**₱329,612,059**	**₱–**	**(₱12,356)**	**₱329,599,703**
Interest	**700,351,485**	**8,117,889**	**–**	**708,469,374**
Trail fees	**23,484,733**	**–**	**(1,511,348)**	**21,973,385**
Others	**25,480,717**	**6,285,393**	**12,336**	**31,778,446**
Segment revenue	**1,078,928,994**	**14,403,282**	**(1,511,368)**	**1,091,820,908**
Cost of services	**(280,328,459)**	**(1,512,248)**	**1,511,368**	**(280,329,339)**
Operating expenses, net of other income	**(219,633,478)**	**(6,031,034)**	**–**	**(225,664,512)**
Depreciation and amortization	**(17,705,264)**	**(1,549,367)**	**–**	**(19,254,631)**
Other losses	**(10,020,434)**	**(69,417)**	**–**	**(10,089,851)**
Income before income tax	**551,241,359**	**5,241,216**	**–**	**556,482,575**
Provision for income tax	**(128,478,210)**	**(2,378,525)**	**–**	**(130,856,735)**
Net income	**₱422,763,149**	**₱2,862,691**	**₱–**	**₱425,625,840**
Segment assets	**₱12,586,109,414**	**₱175,989,284**	**(₱440,276,633)**	**₱12,321,822,065**
Segment liabilities	**10,271,381,941**	**3,066,605**	**(144,628,084)**	**10,129,820,462**
Capital expenditures:				
Fixed assets	**10,289,179**	**–**	**–**	**10,289,179**
Cash flows arising from:				
Operating activities	**(162,632,736)**	**(1,702,097)**	**–**	**(164,334,833)**
Investing activities	**(601,788,789)**	**(160,665)**	**–**	**(601,949,454)**
Financing activities	**(236,445,752)**	**14,274,343**	**–**	**(222,171,409)**

	2022			
	Stockbrokerage services	Others	Elimination	Total
Revenue from external customers:				
Commissions	₱447,058,462	₱–	(₱6,631)	₱447,051,831
Interest	331,890,567	4,454,833	–	336,345,400
Trail fees	22,239,329	–	(121,638)	22,117,691
Others	34,555,151	(4,088,139)	890	30,467,902
Segment revenue	835,743,509	366,694	(127,379)	835,982,824
Cost of services	(279,970,304)	(139,789)	127,379	(279,982,714)
Operating expenses, net of other income	(200,320,015)	(5,118,716)	–	(205,438,731)
Depreciation and amortization	(19,436,290)	(1,528,424)	–	(20,964,714)
Other losses	(11,755,781)	(30,927)	–	(11,786,708)
Income (loss) before income tax	324,261,119	(6,451,162)	–	317,809,957
Provision for income tax	(74,966,556)	(589,642)	–	(75,556,198)
Net income (loss)	₱249,294,563	(₱7,040,804)	₱–	₱242,253,759
Segment assets	₱13,217,568,924	₱155,828,492	(₱287,369,610)	₱13,086,027,806
Segment liabilities	11,111,133,488	768,504	(69,610)	11,111,832,382
Capital expenditures:				
Fixed assets	23,207,186	366,519	–	23,573,705
Cash flows arising from:				
Operating activities	298,366,714	62,771,724	–	361,138,438
Investing activities	8,840,458,566	(366,519)	–	8,840,092,047
Financing activities	(431,060,911)	(753,614)	–	(431,814,525)

	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
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)

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:

	2023			
	Philippines	**Hong Kong**	**Elimination**	**Total**
Revenue from external customers:				
Commissions	**₱327,107,822**	**₱2,504,237**	**(₱12,356)**	**₱329,599,703**
Interest	**708,450,456**	**18,918**	**–**	**708,469,374**
Trail fees	**23,484,733**	**–**	**(1,511,348)**	**21,973,385**
Others	**30,870,078**	**896,032**	**12,336**	**31,778,446**
Segment revenue	**1,089,913,089**	**3,419,187**	**(1,511,368)**	**1,091,820,908**
Cost of services	**(268,424,839)**	**(13,415,868)**	**1,511,368**	**(280,329,339)**
Operating expenses, net of other income	**(217,095,296)**	**(8,569,216)**	**–**	**(225,664,512)**
Depreciation and amortization	**(17,612,572)**	**(1,642,059)**	**–**	**(19,254,631)**
Other losses	**(9,834,452)**	**(255,399)**	**–**	**(10,089,851)**
Income (loss) before income tax	**576,945,930**	**(20,463,355)**	**–**	**556,482,575**
Provision for income tax	**(130,856,735)**	**–**	**–**	**(130,856,735)**
Net income (loss)	**₱446,089,195**	**(₱20,463,355)**	**₱–**	**₱425,625,840**
Segment assets	**₱12,489,530,559**	**₱272,568,139**	**(₱440,276,633)**	**₱12,321,822,065**
Segment liabilities	**10,235,286,642**	**39,161,904**	**(144,628,084)**	**10,129,820,462**
Capital expenditures:				
Fixed assets	**10,289,179**	**–**	**–**	**10,289,179**
Cash flows arising from:				
Operating activities	**(28,451,001)**	**(135,883,832)**	**–**	**(164,334,833)**
Investing activities	**(601,949,454)**	**–**	**–**	**(601,949,454)**
Financing activities	**(220,468,452)**	**(1,702,957)**	**–**	**(222,171,409)**

	2022			
	Philippines	Hong Kong	Elimination	Total
Revenue from external customers:				
Commissions	₱443,682,187	₱3,376,275	(₱6,631)	₱447,051,831
Interest	336,339,637	5,763	–	336,345,400
Trail fees	22,239,329	–	(121,638)	22,117,691
Others	29,107,119	1,359,893	890	30,467,902
Segment revenue	831,368,272	4,741,931	(127,379)	835,982,824
Cost of services	(263,036,394)	(17,073,699)	127,379	(279,982,714)
Operating expenses, net of other income	(196,834,022)	(8,604,709)	–	(205,438,731)
Depreciation and amortization	(18,392,624)	(2,572,090)	–	(20,964,714)
Other losses	(11,263,262)	(523,446)	–	(11,786,708)
Income (loss) before income tax	341,841,970	(24,032,013)	–	317,809,957
Provision for income tax	(75,556,198)	–	–	(75,556,198)
Net income (loss)	₱266,285,772	(₱24,032,013)	₱–	₱242,253,759
Segment assets	₱12,996,530,823	₱376,866,593	(₱287,369,610)	₱13,086,027,806
Segment liabilities	10,991,359,864	120,542,128	(69,610)	11,111,832,382
Capital expenditures:				
Fixed assets	23,573,705	–	–	23,573,705
Cash flows arising from:				
Operating activities	380,153,179	(19,014,741)	–	361,138,438
Investing activities	8,840,092,047	–	–	8,840,092,047
Financing activities	(429,056,272)	(2,758,253)	–	(431,814,525)

	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

(Forward)

	2021			
	Philippines	Hong Kong	Elimination	Total
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)

27. Mutual Fund Operations

The following assets and liabilities held by the mutual fund subsidiaries in relation to the investment of the unitholders are not included in the accompanying statements of financial position as these are not assets of the mutual fund subsidiaries:

CEIUMF

	2023	2022
Cash and cash equivalents	**₱3,864,631**	₱3,478,317
Financial assets at FVTPL	**225,736,432**	109,589,528
Other assets	**212,453**	16,997
Due to broker	**(420,093)**	(1,110,215)
Other liabilities	**(402,601)**	(221,659)
Net assets attributable to unitholders	**₱228,990,822**	₱111,752,968

CSGEUMF

	2023*
Cash and cash equivalents	**₱43,283,881**
Financial assets at FVTPL	**67,911,579**
Other assets	**338,976**
Due to broker	**(1,039,828)**
Other liabilities	**(275,960)**
Net assets attributable to unitholders	**₱110,218,648**

** CSGEUMF started its commercial operations on October 6, 2023.*

28. Subsequent Event Disclosure

On February 16, 2024, the BOD approved the intention of COLHK's management to cease its operations by May 30, 2024.

SGV
Building a better working world

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, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated March 20, 2024. 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
BIR Accreditation No. 08-001998-062-2023, October 23, 2023, valid until October 22, 2026
PTR No. 10079894, January 5, 2024, Makati City

March 20, 2024

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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, 2023 and 2022, and for each of the three years in the period ended December 31, 2023 and have issued our report thereon dated March 20, 2024. 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, 2023 and 2022 and for each of the three years in period ended December 31, 2023 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
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PTR No. 10079894, January 5, 2024, Makati City

March 20, 2024

COL FINANCIAL GROUP, INC. AND SUBSIDIARIES
INDEX TO THE SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2023

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, 2023

Unappropriated Retained Earnings of the Parent Company, beginning of the reporting period		₱728,982,725
Add: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings Appropriations	₱27,135,148	27,135,148
Less: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declarations during the reporting period	(199,920,000)	(199,920,000)
Unappropriated Retained Earnings of the Parent Company, as adjusted, beginning of the year		556,197,873
Net income during the period closed to retained earnings (Parent)	443,226,504	
Less: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Unrealized fair value gains on financial assets at fair value through profit or loss (FVTPL)	(73,094)	
Net Income Actual/Realized	443,153,410	443,153,410
Add (Less): Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(153,190)	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g. set up of right of use asset retirement obligation	(254,163)	
Appropriations of retained earnings based on 10% of 2023 audited net income to be approved subsequently in 2024**	(44,322,650)	
Subtotal	(44,730,003)	(44,730,003)
Unappropriated Retained Earnings of the Parent Company, as adjusted, end of the year*		₱954,621,280

** As of December 31, 2023, the amount of consolidated retained earnings shown in the accompanying consolidated financial statements includes the net accumulated earnings of the subsidiaries amounting to ₱55,881,360 . 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, 2023

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	₱2,265,038	₱2,049,587	₱2,396,303	₱–	₱1,918,322	₱–	₱1,918,322

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
N/A	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

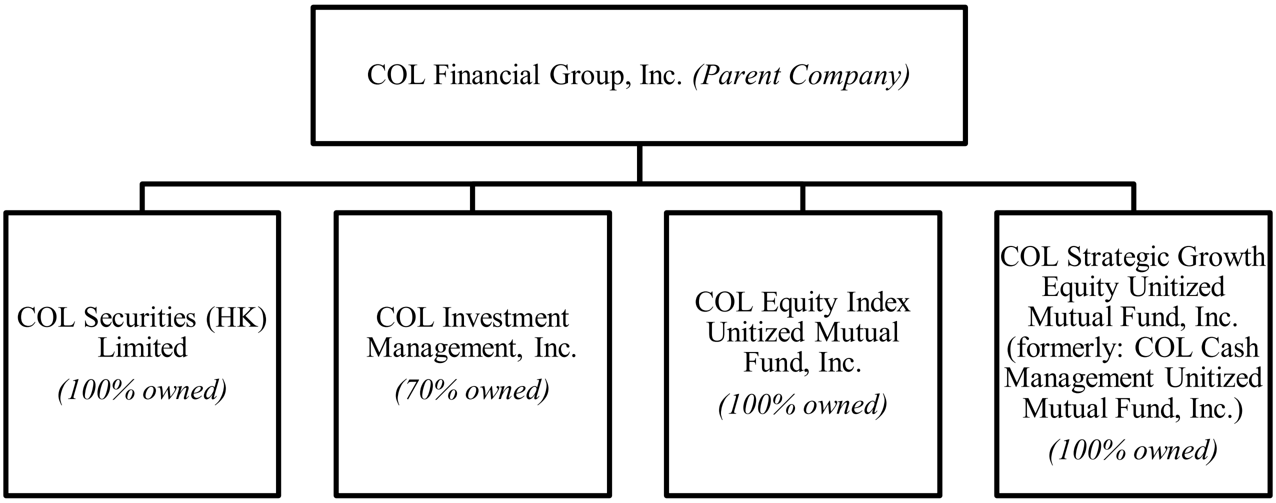
Schedule F. Guarantees of Securities of Other Issuers

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)

				No. of shares held by		
Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related financial condition caption	Number of shares reserved for options, warrants, conversion and other rights	Affiliates	Directors and Officers	Others
Common shares	10,000,000	4,760,000	–	–	2,845,193	1,914,807

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, 2023



SCHEDULE IV
COL FINANCIAL GROUP, INC. AND SUBSIDIARIES
SCHEDULE SHOWING FINANCIAL SOUNDNESS INDICATORS PURSUANT TO REVISED SRC RULE 68
DECEMBER 31, 2023

Below are the financial ratios that are relevant to the Group as of and for the years ended December 31, 2023 and 2022:

Ratio	Formula	Current Year	Prior Year
Current ratio	Total current assets divided by Total current liabilities Total current assets ₱11,150,454,994 Divide by Total current liabilities 10,043,621,833 Current ratio 1.11	**1.11:1**	1.10:1
Debt-to-equity ratio	Total liabilities divided by Average equity Total liabilities ₱10,129,820,462 Divide by Average equity 2,064,879,928 Debt-to-equity ratio 4.91	**4.91:1**	5.50:1
Quick ratio	Total liquid assets divided by Total current liabilities Total liquid assets ₱11,119,990,706 Divide by Total current liabilities 10,043,621,833 Current ratio 1.11	**1.11:1**	1.10:1
Asset-to-equity ratio	Total assets divided by Average equity Total assets ₱12,321,822,065 Divide by Average equity 2,064,879,928 Asset-to-equity ratio 5.97	**5.97:1**	6.48:1
Return on assets	Net income divided by Average assets Net income ₱426,579,361 Divide by Average assets 12,703,924,936 Return on assets 3% Average assets is computed as follows: Beg. total assets ₱13,086,027,806 Ending total assets 12,321,822,065 Total 25,407,849,871 Divide by 2 Average assets ₱12,703,924,936	**3%**	2%

Ratio	Formula	Current Year	Prior Year
Return on average stockholder's equity	Net income divided by Average stockholder's equity Net income ₱426,579,361 Divide by Average stockholder's equity* 2,064,879,928 Return on average stockholder's equity 21% Average stockholder's equity is computed as follows: Beg. total stockholder's equity* ₱1,957,750,078 Ending total stockholder's equity* 2,172,009,778 Total 4,129,759,856 Divide by 2 Average total stockholder's equity* ₱2,064,879,928 **Attributable to the equity holders of the Parent Company*	**21%**	12%
Net profit margin	Net income divided by Total revenues Net income ₱426,579,361 Total revenues 1,091,820,908 Net profit (loss) margin 39%	**39%**	29%

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

As approved by a majority of the Board of Directors pursuant to their authority under the Amended By-Laws of COL Financial Group, Inc. ("COL" or the "Corporation"), the Corporation will dispense with the physical attendance at the Annual Shareholders' Meeting ("Meeting") and allow shareholders to attend only by remote communication. Voting shall be done electronically in absentia through the same platform or by voting through the Chairman of the meeting as proxy. A stockholder voting electronically in absentia will be deemed present at the meeting for purposes of quorum.

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

1. To be able to participate in the Meeting by remote communication as well as vote electronically in absentia, shareholders as of Record Date of 25 March 2024 ("Shareholders") will have to register at https://shareholders.colfinancial.com ("Portal"). The Portal shall be open for registration on 02 April 2024.

2. To enable the Corporation to perform validation procedures, identify the shareholders participating by remote communication and record their presence for purposes of quorum, the shareholders must complete the registration requirements in the Portal by 5:00 p.m. on 12 April 2024. After this date, Shareholders may no longer avail of the option to vote in absentia.

3. The guidelines for registration will be stated in the Portal. The following information will be required for registration:

    a. For Individual Shareholders
        i. Full name;
        ii. Valid and active e-mail address;
        iii. Scanned copy of the Shareholder's valid government issued ID showing their photo and personal details, which ID should not expire before the date of the Meeting; and
        iv. Scanned copy of the stock certificate/s in the name of the Shareholder or Broker's certification on the number of 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 their photo and specimen signature, which ID should not expire before the date of the Meeting;
        vii. Scanned copy of the authorized representative's valid government issued ID showing their photo and personal details, which ID should not expire before the date of the Meeting; and
        viii. Scanned copy of the stock certificate/s in the name of the Shareholder or Broker's certification on the number of 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 their right to vote through the Chairman of the meeting as proxy. Proxies must be submitted by email on or before 12 April 2024 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 their shares.

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

    b. Voting shall be closed by 3:00 p.m. on 26 April 2024.

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

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

6. Participation by Remote Communication

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

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

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