SEC Registration Number

A	1	9	9	9	1	0	0	6	5	

Company Name

COL FINANCIAL GROUP, INC.

Principal Office (No./Street/Barangay/City/Town/Province)

Unit 2401-B East Tower, Tektite Towers (formerly PSE Centre) Exchange Road, Ortigas Center, Pasig City

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

COMPANY INFORMATION

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

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
34	**Any date in March**	**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 (formerly PSE Centre), Exchange Road, Ortigas Center, Pasig City

Note: 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.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended: **DECEMBER 31, 2022**

2. SEC Identification Number: **A199910065**

3. BIR Tax Identification No.: **203-523-208-000**

4. Exact name of issuer as specified in its charter: **COL FINANCIAL GROUP, INC.**

5. Province, Country or other jurisdiction of incorporation or organization:
PASIG CITY, PHILIPPINES

6. Industry Classification Code: (SEC Use Only)

7. Address of principal office Postal Code: **1605**
2401-B East Tower, Tektite Towers (formerly PSE Centre), Exchange Road, Ortigas Center, Pasig City

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

9. Former name, former address, and former fiscal year, if changed since last report: **Not Applicable**

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding
Common	**4,760,000,000 shares**

11. Are any or all of these securities listed on the Philippine Stock Exchange?

Yes [**x**]   No [ ]

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [**x**]   No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [**x**]   No [ ]

13. Aggregate market value of the voting stock held by non-affiliates.
₱3,448,541,042 (1,185,065,650 @ ₱2.91 per share as of March 31, 2023)

TABLE OF CONTENTS

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

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. (CSGEUMF) (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.

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.

COL also derives revenues from commissions earned by its stock brokerage business in HK through its wholly-owned subsidiary COLHK.

Products and Services

COL Financial takes pride in its array of value-driven products and services that are designed to provide its customers with an optimal investing experience:

A. Investment Products

1. Securities

Through its online platform, COL's customers have access to trade a wide variety of securities in the PSE. These include common shares, preferred shares, warrants, exchange traded funds (ETFs), and real estate investment trusts (REITs).

2. Initial Public Offerings & Stock Offerings

COL customers can use its online platform to easily participate in Initial Public Offerings (IPOs) through the broker's allocation, and to avail of tender offers and stock rights subscription.

Furthermore, in 2020, COL introduced an initiative to streamline the funding process for clients' IPO subscriptions to the Local Small Investors (LSI) program of the PSE via the PSE Electronic Allocation System (PSE EASy) portal. Upon mutual agreement with the underwriter, COL customers are given this option to have COL take care of remitting their payments to the collecting agents designated by the issuer. This eliminates the need for COL customers to personally queue and make payments, saving them time and effort in the IPO subscription process.

3. Fund Offerings

Aside from investing directly in stocks, COL customers can now invest in various global, local, and asset-based funds through COL Fund Source. Through a partnership made with seven (7) of the country's largest asset management companies, COL offers fifty-five (55) funds of various types as of end 2022.

COL Fund Source caters to Filipino investors who may not have the time to actively manage their investments, as well as those who are looking to diversify their portfolios. By putting money in mutual funds and unit investment trust funds (UITFs), investors have a convenient means of acquiring a variety of investment assets that can match their financial goals. Funds allow investors to achieve instant diversification for a small price, requiring a minimum investment amount of as low as ₱500 to access funds that are already invested in various investment assets. Fund investors also gain the benefit of having a professional fund manager who can make investment decisions and monitor their overall portfolio composition on their behalf.

In 2022, the total assets under administration for funds stood at ₱4.19 billion, down by 1.0% year-on-year, representing about 4.0% of the total assets of COL clients. The number of unique fund investors slightly grew by 3.9% for the year to 64,732, equivalent to 12.5% of total COL clients.

Moving forward, COL's fund distribution business will be focused on client acquisition through various campaigns, seminars, and visibility efforts aimed at both existing and prospective COL clients. COL will also continue to expand the reach of the platform by adding more funds and building new partnerships.

In 2022, COL launched a partnership to bring in its first batch of UITFs on the platform, further expanding the COL Fund Source product slate to reflect the diversity of what the industry has to offer, as well as expanding clients' access to global markets through offshore funds.

4. Margin Lending

COL's margin facility allows eligible customers to conveniently borrow funds from COL to purchase additional securities, using their marginable stocks as collateral. This credit facility provides for the purchase of up to double the value of their cash or/and up to 100% more of the value of the marginable securities in their COL account, allowing customers to take advantage of short-term opportunities in the local stock market. COL customers with a total account equity (of stocks and cash) of at least ₱200,000 are eligible to apply for a margin facility.

5. Investment Services

COL offers comprehensive and professional equity advisory services through multiple channels. Clients can benefit from the tailored approach and extensive expertise, ensuring that their equity investments are managed in a strategic and informed manner, with the ultimate goal of achieving the clients' financial objectives.

a. Institutional Business Group (IBG)

IBG provides a high level of advisory service catering to the various needs of different financial institutions.

IBG develops account relationships with financial institutions by providing high level advisory services catering to their needs. The group continuously monitors market opportunities and analyzes clients' demands and investment objectives. They also liaise with the research team to generate ideas and present those trade strategies and ideas to clients to aid in their investment decisions. Additionally, IBG also closely follows up on progress and holdings, handles trading execution and provides appropriate after-trade services.

b. Agency and Advisory Accounts

This group is composed of licensed professionals who oversee client investment portfolios and administer financial advice to high-net-worth clients. This group provides clients with either: (1) Managed Accounts, where COL advisers are granted discretion to oversee the investment portfolio in behalf of the client; or (2) Advisory Services, where COL advisers provide timely and relevant expert advice and regular updates as needed to help the client make well-informed investment decisions in their portfolio.

There are two groups providing these services:

(1) Private Clients Group (PCG)

PCG is a pool of dedicated wealth advisors who work alongside an experienced team of professionals with a wide range of expertise to help the client manage and make informed decisions about their investment portfolio.

(2) Independent Financial Advisors (IFA)

The IFA group is composed of pre-screened investment professionals who work independently, and who have a wide range of investment management experience, and amounts of managed assets.

As an IFA, they develop, implement, and manage customized portfolios that suit the various financial goals and risk tolerance of their high-net-worth clients.

6. Tools and Platform

COL leverages the latest technology in its efforts to make it easier for the Filipino people to make informed investments in the stock market.

a. Online Platform

As a full-service online broker, COL's online platform allows clients to remotely trade in securities duly listed in the Exchange, as well as facilitates online access to a variety of useful tools to help them invest. These include a stock charting platform, which provides clients with an interface to view, compare, and compose charts and lists that make it easy to organize investment information. COL also provides an online withdrawal facility, which streamlines the process for clients to request withdrawals through its website, ensuring convenience and efficiency in monitoring the status of their requests.

b. Mobile App

The development of the initial Android and iOS versions of COL's new mobile application has been successfully completed, and both applications have received their respective certifications from the PSE. Actual production implementation is expected by the second quarter of 2023. The mobile app has complete order and market data functionalities, as well as access to COL's charting facility, to enable users to easily trade on the go, as well as monitor the market and their portfolio.

c. COL Advantage

COL Advantage serves as the primary research hub of COL, offering an online platform that consolidates the wealth of knowledge and insights from COL's team of market experts in an organized and easily accessible format. Moreover, COL Advantage provides the convenience of subscription options, allowing customers to receive COL research publications via email as soon as they are published. This ensures that the customers stay up-to-date with the latest information, enhancing their investment decision-making process.

d. Automatic Investing Facility

COL's trading platform features the Easy Investment Program (EIP), an automated investment facility that empowers customers to schedule regular stock and fund investments for a flexible duration of six (6) months to three (3) years. With EIP, customers can effortlessly and efficiently invest without constant monitoring, accelerating the growth of their investments with ease and speed.

7. Research

Enabling clients to make informed investment decisions is a fundamental pillar of COL's mission. As part of its commitment, COL provides access to its comprehensive research data, which offers timely and relevant analysis for stocks and funds. This empowers its customers with valuable insights to make informed investment choices and stay ahead in the ever-changing market landscape.

For stocks, this research includes analysis of companies, investment highlights and recommendations, technical analysis, and market/company briefings. COL's research team covers 93.3% of the companies in the PSEi, and 62.4% of the Philippine stock market based on total market capitalization of listed stocks. It also has a wide range of coverage for technical analysis, covering the PSE as well as key global markets and commodities.

For funds, this includes: (a) a weekly email recap of the performance of both funds and the market, including an insightful outlook for the upcoming week; and (b) a quarterly performance report for all the funds, highlighting the best performing funds per fund type, with an accompanying strategy and outlook for each.

8. Educational Support

COL steadfastly upholds its commitment to investor education. COL offers free online seminars and briefings that are thoughtfully designed to provide engaging learning opportunities for attendees, empowering them to make sound investment decisions. Furthermore, COL actively pursues partnerships with corporations, schools, and other organizations to extend its advocacy to a wider audience, amplifying the impact of its efforts to promote financial literacy and empower investors with knowledge.

a. Market updates and information-driven briefings

COL began its digitalization of providing market updates and guidance to clients in 2019. This shift to digital was accelerated in 2020 because of the pandemic, with many of those initiatives continuing today. COL's anchor guidance events are now primarily in a digital format for better reach and easier access, including its bi-annual COL Market Outlook for active investors and traders, its mid-year outlook briefing for its PCG clients, and its bi-annual Multi-Asset Investing Summit for its fundholder community.

Aside from its key guidance events, COL continues to create other educational and guidance-related webinars or videos to help its customers in wisely investing through changing market conditions. These webinars include: COL Conversations, a publicly available online series where COL interviews senior management officials of the Philippines' largest companies, provides briefings on companies behind IPOs and other offerings, and interviews with top professional fund managers about their investing strategies and outlook; and COL Expert Huddle, a webinar series made exclusively for COL's active investors and traders, where COL's in-house experts share their knowledge and advice to help clients create smarter investing and trading strategies.

b. Investing webinars

COL continued to hold investing webinars online as the ongoing effects of the pandemic drew client reluctance to visit for live seminar sessions in 2022. These webinars are catered to starting investors who want to get started in investing in stocks, mutual funds, and UITFs; and to existing clients with advanced topics such as dividend investing, and investing in REITs.

In addition to holding these live webinars for clients and the public, COL continues to publish these webinars on its YouTube page for easy access and as part of its financial literacy advocacy.

c. Financial literacy advocacy among young individuals

COL's advocacy on market education extends to the segment of the youth and young individuals. Creating meaningful engagement among the youth begins with educating them on the reason they should invest and how to do so wisely in the stock market and/or through mutual and universal investment trust funds. Through partnerships with leading school organizations, COL aims to instill sound investment habits from an early age and it remains dedicated to expanding its reach by forging more financial literacy partnerships and strategic alliances with organizations and learning institutions, to empower the youth across diverse communities.

d. Social Media and Digital Channels

COL utilizes multiple online platforms to share educational videos, articles, and announcements, ensuring effective communication and information dissemination to both its clients and the general public.

These channels are being maintained to meet following the primary objectives:

(1) To serve as an online channel for advisories, announcements, and customer support;
(2) To educate the Filipino investing public by providing easily understandable content about investing and personal finance;
(3) To engage with both clients and the general public, and to receive feedback from them; and
(4) To increase awareness about COL and its brand, products, and services.

COL's Facebook channel remains the most active online platform of communicating its investment guidance and activities. It also serves as part of the Parent Company's customer support system, accommodating inquiries from both clients and non-clients via private messages. COL's Facebook page continues to grow, ending the year with 436,645 followers.

COL's Twitter channel is primarily used to share COL's research, guidance, and company updates, in addition to containing customer advisories. It has also become another platform for interaction between COL and the public.

COL's YouTube channel is regularly updated with content from COL's market briefings, various webinars, company updates, interviews, and other kinds of investing guidance materials. With COL publishing its webinar recordings and other guidance videos primarily on YouTube, COL's number of subscribers has reached over 120,000 at the end of 2022.

As a result of COL's concerted efforts to continuously widen its reach and build communities online, the combined number of followers on its digital channels—namely Facebook, Twitter, Instagram, and YouTube—grew to around 656,047 by the end of 2022. COL believes that this strong growth of online engagement and participation from the investing public reflects the continued rising demand for financial literacy and investing guidance among Filipino investors.

9. Other Services

a. Investor Center

While COL is an online broker, it recognizes the need for a physical presence that can serve as points of contact for clients, and to provide better localized support. COL has a Business Center at its head office in Pasig, and two Investor Centers in the key cities of Cebu and

Davao. These physical facilities provide a space for more personal and face-to-face interaction with clients and those interested in becoming clients.

However, due to the reluctance of clients in face-to-face meeting due to the lingering effects of the COVID-19 pandemic, Investor Centers were closed but are now slowly being opened. Our Cebu Investor Center is relocated to a more premium site which COL feels has better access to population density and instills better accessibility. Despite the gradual re-opening, COL has continued to provide necessary support services through online means.

b. Customer Support

COL ensures that all its customers have access to Customer Support teams through email, customer portal and messaging channels for all their concerns, whether these be inquiries about the stock market or about technical and account concerns.

COL continues to offer customer support through its social media page namely Facebook. Customers requiring assistance can be addressed through Facebook direct messaging and through its main page, providing a timelier response to inquiries and concerns coming from both customers and non-customers.

COL has also launched live chat servicing to improve customer experience and servicing needs. This enabled servicing to all who reached out to COL regardless of their geographical location. With live chat, COL was also able to develop a customer verification team to enhance customer security and accurately process client requests.

These initiatives further strengthen and improve online support channels to achieve a faster customer support response time. COL's customer support portal, social media, and email communications were all optimized to also deliver timely announcements for clients.

COL is able to provide and improve customer assistance and servicing while still following the requisite health and safety protocols for both client and customer support teams.

<u>Competitor Analysis</u>

There are over thirty (30) online stockbrokers in the Philippines, offering varying levels of services. Here is a comparison of some of the features of COL against its three (3) nearest competitors:

Features	COL	Competitor 1	Competitor 2	Competitor 3
Online Trading Platform for Stocks and Mutual Funds	Stocks, Mutual Funds & UITF	Stocks, Mutual Funds & UITF	Stocks, UITF	Stocks only
Real-Time / Streaming Data	Yes	Yes	Yes	Yes
Charting Functions	Yes	Yes	Yes	Yes
Research Reports	Yes	Yes	Yes	Yes
0.25% Commission	Yes	Yes	Yes	Yes
Mobile App	Yes	Yes	No	Yes
Margin Facility	Yes	Yes	No	No
Broker Assisted Service	Yes	Yes	No	No
Demo Accounts	Yes	Yes	Yes	No
Free Seminars	Yes	Yes	Yes	Yes

COL Financial is well-positioned to effectively compete with its peers for the following reasons:

1. Experienced Management: COL is managed by stock market veterans with extensive experience and expertise in the industry, providing strong leadership and strategic direction.

2. Customer Centric: COL is committed to constantly improve the customer experience through innovation to better serve the clients' evolving needs. This focus on serving our clients first enables COL to stay ahead of its peers and deliver enhanced value to its clients.

3. Trust of Clients: With nearly 520,000 clients as of end 2022, COL has earned the trust of a significant number of investors who use its products and services. This reflects COL's credibility and reputation in the market.

4. Client Education: COL invests in educating its clients, providing research, guidance, and expert advice through its website and other online channels. This commitment to client education ensures that clients and the general public are well-informed and guided in their investment journey.

5. Wide Reach: COL has a strong online presence and investor centers in key cities, allowing it to have extensive touchpoints with its clients for excellent service. Additionally, COL's financial literacy advocacy initiatives reach a wide audience, introducing investing to more Filipinos.

6. Fund Distribution Platform: COL's fund platform offers a wide variety of pre-selected global and local mutual funds and UITFs from the top fund providers in the country.

With its experienced management, customer- centric approach, trusted client relationships, commitment to client education, wide reach, and fund distribution platform, COL is well-equipped to compete effectively and maintain its leadership position in the market.

Business Strategy

COL's business strategy is centered around putting customers first and becoming their trusted financial services partner in building genuine wealth. COL Financial is committed to delivering exceptional value to its customers by focusing on the following key areas:

1. Accessibility: COL aims to make investing more accessible by providing a safe and reliable online platform for its customers. This includes ensuring that the online platform is user-friendly, secure, and reliable, making it easy for customers to invest and manage their portfolios.

2. Investor Education: COL conducts financial literacy campaigns to empower its customers with the knowledge and skills necessary to make informed investment decisions. It provides educational resources, such as videos, articles, and seminars, to help customers better understand investing concepts and strategies.

3. Market Research Reports and Analysis: COL provides timely and relevant market research reports and analysis to its customers. These reports offer insights, trends, and analysis of the financial markets, helping customers make informed investment decisions based on reliable information.

4. Customer Value: COL is dedicated to creating value for its customers by developing new products and services that cater to their individual needs, regardless of where they are in their wealth-building journey. This includes continuously innovating and improving its offerings to meet customer demands and expectations.

5. Convenience: COL is committed to making investing easy, affordable, and convenient for its customers. This includes streamlining processes, enhancing back-end support, and improving infrastructure to ensure the best possible investing experience for every customer.

In addition to customer-centric initiatives, COL maintains strict operating discipline in effectively managing its resources. This includes continuously finding ways to enhance processes, back-end support, and infrastructure to drive operational efficiency and optimize shareholder value over the long-term.

With a customer-focused approach, commitment to education and research, emphasis on customer value, dedication to convenience, and strong operating discipline, COL is well-positioned to achieve its long-term growth strategy while prioritizing customer satisfaction and driving shareholder value.

Customers

The business of COL is not dependent upon a single customer or a few customers that a loss of any one of them would have a material adverse effect on COL and its HK Subsidiary taken as a whole. Further, there is no customer that accounts for, or based upon existing transactions, will account for twenty percent (20.0%) or more of COL's total sales.

Patents, Trademarks, Licenses, Franchises, Concessions or Royalty Agreements

The Parent Company filed the following applications for registration of trademark with the Intellectual Property Office (IPO):

	Mark	Date of Application	Status and Validity
1.	"CitisecOnline"	April 13, 2012	Pending Renewal; Registration up to February 8, 2023
2.	"EIP"	September 22, 2014	Approved; Registration up to January 15, 2025
3.	"Richer Life"	September 24, 2014	Approved; Registration up to January 15, 2025
4.	"Fund Source"	March 19, 2015	Approved; Registration up to September 24, 2025
5.	"C" (COL Logo)	March 19, 2015	Approved; Registration up to July 2, 2025
6.	"Investing Together"	January 11, 2019	Approved; Registration up to November 14, 2029
7.	"COL"	May 24, 2019	Approved; Registration up to September 13, 2029

COL believes, however, that its operation is not contingent on the effectivity of its trademark registered with the IPO. The Parent Company further believes it can continue with its operations under any other trademark.

Transactions with and/or Dependence on Related Parties

COL, in the ordinary course of business, executes some of the done-through trading transactions of its customers through CTS Global Equity Group, Inc. (formerly: Citisecurities, Inc.), a related party through common stockholders.

The Parent Company extends administration support to CIMI, CEIUMF, and CSGEUMF (formerly: CCMUMF), its local subsidiaries. COL also receives trail fees from CIMI for the distribution of the mutual fund/s it manages.

COLHK, on the other hand, has engaged the services of Magentum Group, which includes one of its directors who also serves as a director of COLHK, to manage its compliance work, backroom operations, and bookkeeping.

All other transactions entered into by COL Financial and its subsidiaries directly with its directors and with companies associated with its major stockholders and officers are all related to its brokerage business. Trading transactions are executed and priced and settled on arm's length terms as it would deal with other unrelated parties. This policy is to prevent conflicts of interest between COL and its major stockholders, which may result in action taken by COL that does not fully reflect the interests of all its stockholders.

In order to minimize any conflict of interest and to ensure fairness and reasonableness, any future material transaction involving COL and its subsidiaries and the companies of the major stockholders or its affiliates shall be subjected to the approval of a majority of the Board of Directors in accordance with the Parent Company's Related Party Transactions policy.

Government Regulation

The securities industry in the Philippines is highly regulated. Broker/dealers are subject to regulations covering all aspects of the securities business. Additional regulations, changes in rules as promulgated by the SEC, the Department of Finance, the Bureau of Internal Revenue (BIR), the PSE, the Capital Markets Integrity Corporation (CMIC) or changes in the interpretation or enforcement of existing laws and rules, may directly affect the operation and profitability of broker/dealers.

COL does not currently solicit orders from its customers. If COL were to engage in this activity, it would become subject to certain rules and regulations governing such sales practice.

The SEC and other regulatory agencies have stringent rules with respect to the maintenance of specific levels of Risk-Based Capital Adequacy Ratios (RBCA) by broker/dealers. RBCA is a ratio that compares the broker/dealer's total measured risk to its liquid capital. The broker/dealer must ensure that the RBCA ratio is at least 110% and that its net liquid capital is at least ₱5.00 million and is greater than the total risk capital requirement. Failure to maintain the required RBCA may subject the Parent Company to the suspension or revocation of its broker/dealer license by the SEC. In addition, a change in the RBCA rules or the imposition of new rules could limit those operations of COL that require a large use of capital such as its trading activities, and could restrict COL's ability to withdraw capital to pay dividends, repay debt, or redeem shares of its outstanding stock. A significant operating loss or any unusually large charge against net capital could adversely affect the Parent Company's ability to expand or maintain its present level of operation.

The primary regulators of the securities industry in Hong Kong are the Securities and Futures Commission (SFC) and the Hong Kong Monetary Authority (HKMA). The SFC monitors and supervises the broker/dealer or intermediary. COLHK, being a licensed broker in Hong Kong, is governed by these agencies.

The SFC has clearly defined the Financial Resources Rule (FRR) that governs the liquidity requirements of an intermediary. For a securities broker that provides cash-based accounts, the liquidity requirement is the higher of HKD3 million or 5% of the total FRR-recognized liabilities.

An intermediary must also comply with the rules and regulations governing the market that it participates in. COLHK is also subject to the rules of HKEx in its trading activities and is subject to the rules of the Hong Kong Securities Clearing Corporation (HKSCC) for its settlement operations.

An intermediary must constantly be in compliance with the above-mentioned requirements. Failure to do so would mean loss of license or suspension of its trading activities by the SFC and/or by the affected body.

CIMI, CEIUMF, and CCMUMF are regulated by the SEC and are registered under the Investment Company Act of 1960 and the Securities Regulation Code ("SRC") of 2000.

Employees

The actual number of full-time employees of the Group for 2022 and the projected number of employees for 2023 to complement its operational requirements are broken down as follows:

	2023	2022
Executives	3	3
Senior Officers	15	15
Junior Officers	55	51
Professional/Technical/Others	97	83
TOTAL	**170**	**152**

The employees of both the Parent Company and its subsidiaries are not subject to any collective bargaining agreements (CBA).

Risk Factors and Risk Management

Risks Associated with the Stock Brokerage and Fund Distribution Business

COL expects its online electronic brokerage and fund distribution services to continue to account for most of its revenues in the foreseeable future. Like other securities firms, revenues are influenced by trading volume and prices. In periods of low volume and transaction revenue, COL's financial performance may be adversely affected since certain expenses are relatively fixed.

COL believes that its services will encourage the eventual creation of a borderless environment for the flow of transactions and capital in various markets. COL is prepared to allocate resources to further develop its infrastructure, ensuring that it can meet the growing demand for seamless services. In addition, COL will actively pursue other revenue opportunities, such as subscription-based revenues, educational seminars, and add-on products and services. While, there may be no guarantee of generating revenue from all these potential sources, COL believes that measured experimentation is the engine of growth. By constantly exploring new avenues and adapting to market changes, COL aims to stay at the forefront of industry trends and provide innovative solutions to its customers.

With a forward-thinking approach and a willingness to invest in its infrastructure, COL is poised to shape the future of transactions and capital flow, and capitalize on new revenue opportunities. It is committed to driving innovation, embracing change, and seizing growth opportunities to create value for its customers and stakeholders alike.

Risks Associated with an Evolving Market

The market for online electronic brokerage services in the Philippines changes quickly, especially with the constant march of technological progress. Keeping up with these changes requires constant adaptation and evolution of both existing and new services, which comes with inherent risks.

COL mitigates this risk through rigorous attention to market trends and best practices, in order to better understand what products and services would be most useful to COL customers. The state of flux that characterizes the industry can make it difficult for the general public, who are still coming to terms with online trading and the benefits of investing as a whole, to understand what services they want and need. Nevertheless, COL continues to solicit regular feedback from their customers and support their ability to make informed assessments through a continuous transfer of information to them through corporate roadshows, and educational seminars for every category of investor, from newcomer to veteran.

Risks Associated with Potential Local and Foreign-Based Competition

COL anticipates facing direct and indirect competition from both local and foreign firms offering online brokerage and fund distribution services, as well as from other entities looking to establish their own online trading platforms.

Despite this competition, COL is confident in its ability to actively compete in the online stock trading and fund distribution markets. Its customer-centered business model, coupled with its robust trading infrastructure, positions it well to meet the challenges of the competitive landscape. COL also recognizes that the cost structure of foreign-based online companies and the relative size of stock market investors in the Philippines may limit aggressive participation by potential foreign competitors in the local market at present.

Client Risk

Due to the large number of people applying to be clients of COL, there exists the possibility of client fraud, which could lead to accounts being used for money laundering and other illegal activities. To reduce this risk, COL institutes strict registration and know-your-client policies as required by the SEC, CMIC, and the AMLC.

Trained account officers review and ensure that all the requirements are met before a person’s trading account application is accepted and approved.

Technology Risk

The online stock brokerage services industry and the delivery of financial services are susceptible to technology risks due to rapid technological change, evolving customer requirements, the introduction of new products and services, and emerging industry standards. These factors may render the COL's technology obsolete as new standards and practices emerge.

Nevertheless, COL is well positioned to mitigate these risks. With over ₱500.00 million in paid-up capital, it has the financial resources to adapt and respond to changes in technology, market dynamics, and customer needs. Additionally, COL has a highly proficient team of IT programmers and consultants with extensive experience in trading-related programs, ensuring that COL remains capable of leveraging technology effectively to maintain competitiveness in the industry.

Between 2019 and 2022, the Parent Company was able to accomplish the following:

Facilities

a. Peripheral office

   The new peripheral office in Makati was completed in 2019. The new peripheral office allows for better security by physically separating non-operations and operations activities and personnel. This also allowed COL to effectively manage personnel placement to minimize the spread of COVID-19 and ensure that systems would always be manned in case of an outbreak in one of the offices.

b. Capacity expansion

   To better address sudden surges in client and trading activities, COL has undertaken and completed the following initiatives:

   (1) additional servers and corresponding licenses acquisition;
   (2) upgrade of existing servers and licenses;

(3) upgrade / optimization of applications;
(4) increase of ISP bandwidth with standby capacity for surge situations; and
(5) use of AWS for web server expansion and hosting.

c. Business Continuity Center

COL's Business Continuity Center was established in 2019 and fully tested by 2020. Located outside of Metro Manila, the center was designed to serve as a backup for the primary data center and has the potential to eventually replace it due to its superior infrastructure and expandability. Currently, it functions as a cold backup site and serves as the secondary IT operations command center. With ample capacity, it is capable of handling more than 100% of the load of the primary data center in the event of failures or disasters.

Security and Network Systems

COL recognizes the constant need for improvement and upgrading of the Parent Company's security components and initiatives to effectively mitigate the risks posed by increasingly sophisticated threats and threat actors. As such, regular tactical and strategic security initiatives are periodically undertaken to proactively address these concerns and ensure robust security measures are in place.

a. Tactical Initiatives:
   (1) Assessing the overall Windows AD Security.
   (2) Review of the encryption implementation of PII stored at rest by COL applications.
   (3) Ensuring that MFA is enabled for all remote access protocols used in COL.
   (4) Implementation of a centralized DNS server with DNS Filtering and limiting all DNS queries to this server only.
   (5) Implementation of an organization-wide Mobile Device Management Platform (MDM).
   (6) Implementation of a centralized Secure Proxy server and enforcing all HTTP/HTTPS queries to this server.
   (7) Conducting regular enterprise-wide Phishing Test on regular users, and advanced SpearPhishing Tests on VIP users.

b. Strategic Initiatives:
   (1) Creation and enforcement of internal Secure SDLC processes for the Development Teams.
   (2) Policy creation and enforcement for BYOD and WFH devices.
   (3) Enforcing suppliers and 3rd Party Developers to provide attestations or certifications from an independent source that vouches for the security of their product.

Privacy and Information Security Risk

Like many other companies, COL deals with personal data of clients, employees, and other stakeholders. COL considers the safety of this data to be an integral part of its duty to its clients, and has allocated substantial resources towards protecting it from unauthorized access and use. Over the past few years, COL has implemented various initiatives to enhance data security, including :

1. Enterprise Architecture Review with Security Principles

   This is an organization-wide assessment of the interaction between IT components, business structure and processes in meeting business goals, while ensuring that specialized security insight is always present during the review.

2. Full Infrastructure Visibility with 24/7 Operations Monitoring

   Establishes transparency of all activities that occur in the system at all times. This involves the centralized collection of statistics from all the network chokepoints, as well as logs from all the servers and individual workstations. Skilled personnel are assigned to monitor the network activities and system behavior 24/7.

3. Manned Correlations and Security Analysis

   A Security Operations Center (SOC) composed of a group of Security Analysts that analyze data for patterns that would allow them to infer the existence of a security incident. This allows an organization to detect threats that automated systems may miss.

4. Vulnerability Management

   COL regularly assesses its systems for vulnerabilities, categorizes and prioritizes the same, then remedies them.

5. Integration of Static and Dynamic Code Auditing Phases into the Existing Software Development Life Cycle (SDLC)

   Code auditing phases will be integrated in strategic parts of the organization’s SDLC to ensure constant checks and remediation throughout the process.

In addition, the Parent Company has previously undertaken, and is constantly improving, the following data privacy efforts:

1. Ensuring compliance with privacy laws and industry best practices, to limit the collection, use, disclosure, and retention of personal information;

2. Establishing oversight and accountability for privacy within each program and process areas;

3. Fostering a top-down/bottom-up privacy culture;

4. Developing, implementing, and maintaining privacy policy and practices to clarify personal information management requirements for clients, employees, and outsourced functions;

5. Establishing complaint and feedback mechanisms to address privacy concerns;

6. Monitoring protection performance through audits or assessments – to incorporate privacy as part of ongoing quality assurance activity, identifying gaps and needed enhancements;

7. Developing response protocols to ensure appropriate escalation and management in case of a major privacy incident or breach;

8. Using encryption techniques to ensure that personal information is appropriately secured when stored;

9. Providing ongoing awareness through regular employee training and communications;

10. Reviewing privacy incidents, analyzing trends, and incorporating insights to enhance processes and systems; and

11. Accessing external expertise and resources available from privacy professionals and companies.

Business Disruption Risk

The risk of business disruption is an inherent challenge in the stock market industry, as transaction volumes can surge unexpectedly, leading to increased stress on computing infrastructure. Additionally, physical impediments, such as restrictions on access due to external factors like quarantines, can impact system maintenance.

While it is impossible to prepare for every possible scenario, COL has proactively implemented contingencies to mitigate the potential consequences of sudden surges in users and access restrictions. Listed below are some of the measures that have been put in place to address the challenges posed by unpredictable fluctuations in transaction volumes and other external factors, and to ensure the smooth operation of our services:

a. COL has increased the capacity of the business continuity center, which now exceeds that of the primary site, making it an improved contingency backup, in preparation for its transition as the primary data center. This capacity building has involved:

    (1) additional servers and corresponding licenses acquisition;
    (2) additional network and peripheral equipment acquisition;
    (3) acquisition of a secondary ISP with standby capacity for surge situations;
    (4) use of AWS for web server expansion and hosting; and
    (5) addressing additional staffing requirements.

b. COL has implemented regular improvements to the existing primary data center:

    (1) additional servers and corresponding licenses acquisition;
    (2) upgrade of existing servers and licenses;
    (3) upgrade / optimization of applications;
    (4) increase of existing ISPs bandwidth with standby capacity for surge situations;
    (5) use of AWS for web server expansion and hosting; and
    (6) addressing additional staffing requirements.

As the COVID-19 pandemic continues to impact the world, including the Philippines and HK where the Parent Company and its subsidiaries are located, COL remains vigilant and prepared to adapt to any sudden changes in health and safety regulations. The system that was implemented for the Parent Company's work-from-home (WFH) setup has proven to be effective and can be adjusted in scale depending on the level of restrictions imposed by the government and the recommendations of health experts.

COL has also gained a better understanding of how these restrictions can affect its third-party suppliers and has taken measures to mitigate any potential impacts on its clients. This includes closely monitoring the situation and proactively implementing measures to ensure smooth operations and uninterrupted services, despite the challenges posed by the pandemic.

COL remains committed to prioritizing the health and safety of its employees, clients, and stakeholders while maintaining its ability to provide reliable and responsive services in these unprecedented times. It continues to stay updated with the latest developments and will take necessary actions to navigate through any potential challenges arising from the ongoing COVID-19 pandemic.

Risk of Power Interruption / Power Failure

Like any other company reliant on the Internet and information technology, COL acknowledges the risk of power interruptions and failures. However, proactive measures have been taken to ensure that the backbone of its infrastructure can function independently of external power for a significant duration. Currently, all servers and equipment are connected to their own UPS systems, which provide hours of backup power enough to power the machines until trading has completed for the day, and the building generator is powered on. All servers are also connected to UPS systems connected to the building generator-enabled outlets.

COL's development strategy includes the deployment of all appropriately configured backup hardware and software in a backup data center. The backup site is of a 'Hot' nature that has a virtual mirror image of COL's current data center, with all systems configured. All trading and customer data are transferred from the main site to the backup facility at the end of each trading day to ensure that in case of complete failure on the primary site, only one day's worth of data at the most will be lost. Any and all changes made to system and application software are also done to the backup site systems.

COL's primary backup facility is in Metro Manila. This will eventually be replaced by a more modern BCC located outside of Metro Manila. The facility will run as hot standby, allowing for an automatic switch over should there be any failure in the main data center.

In the event of a total power failure or other disaster, the backup facility is where COL's data center will be recreated, and where all its technical operations will be run from.

Should the primary data center experience a complete failure, COL has a site disaster recovery plan in place. This will allow COL to continue essential operations despite power failure.

Risk of Client Having No Access to the Trading Website

There is a risk that clients may experience difficulties in accessing the COL trading website due to various factors, such as lack of access to a computer, smartphone, or internet connection.

Although some of these factors may be beyond COL's control, it has implemented measures to mitigate this risk by providing alternative means of accessing its services. Clients can contact the COL's Customer Support helpdesk and service agents through various methods for assistance in placing their orders. Once the identity of the client has been confirmed, the orders are executed into the system, ensuring that clients can still participate in trading even if they encounter issues with website access.

By offering alternative channels for clients to access its services and placing orders, the Company aims to minimize any disruptions caused by website accessibility issues and ensure that clients can continue to trade smoothly and efficiently.

Administrative and Operational Risks

COL recognizes that efficient customer service is essential for its success, as client satisfaction is paramount. The customer service team serves as a two-way link, providing assistance to clients and gathering valuable feedback for improving COL's services.

As such, COL has invested in capacitating and professionalizing its Customer Support team to minimize the possibility of inadequate service. COL's Customer Support team has gone through rigorous training in order to enable them to address the common website and account-related concerns of COL customers. The Customer Support team also has access to online channels by which to respond to the needs of COL customers rapidly and conveniently.

For more specific needs, COL has a Client Experience Managers Desk to assist its Premium customers, as well as Account Officers who can assist with more detailed account or investment queries. A full complement of support staff from COL's Sales Team is also available to provide additional support if needed, adding to the flexibility that allows it to scale up the number of personnel dedicated to customer service should the need arise.

COL has also implemented automated processes to increase operational efficiency and reduce the risk of human errors. These processes undergo thorough testing prior to implementation and are regularly updated to adapt to the growing number of transactions and evolving user needs.

Through these measures, including investment in a professionalized and well-equipped customer service team, process automation, and continuous system updates, COL aims to minimize administrative and operational risks, deliver outstanding customer service, and ensure the utmost satisfaction of its clients.

Fiduciary Risk

A broker has a duty to avoid conflicts of interests and if the same cannot be avoided, to ensure that its clients are fairly treated and are properly informed of such conflicts of interest. A breach of this duty of loyalty to customers could result in financial or reputational loss. In order to manage this risk, a comprehensive and detailed set of procedures have been established to ensure that obligations to clients are discharged faithfully and in accordance with the governing legal and regulatory requirements.

COL's organizational structure also provides for adequate segregation of duties between the front office and the control and support functions in charge of supporting, recording, verifying, and monitoring transactions. COL ensures that in handling business transactions, activities that have the potential for conflicts of interest are carried out by different persons.

Credit Risk

Credit risk refers to the potential economic loss arising from the failure of an obligor to fulfill the terms and conditions of a contract or agreement. In the stock brokerage business, credit risk is inherent and can arise from various factors, including the parties involved or changing market conditions. COL has implemented several measures to effectively manage credit risk, tailored to the nature of the account involved:

Prepaid accounts

The business model of COL and its HK Subsidiary minimizes its exposure to credit risk since retail accounts are opened on a prepaid basis. Buying transactions of prepaid customers are limited to the available cash balance in their accounts.

Margin accounts

The potential credit risk arising from the transaction of customers availing the margin trading facility of the Parent Company is managed through its policies and procedures in evaluating and approving applications for margin financing, as well as the review of credit performance, margin limits and collateral levels. In addition, COL uses a set of criteria to identify securities that are eligible for margin trading. This list of marginable stocks is monitored to ensure that they continue to qualify. Finally, statutory requirements relative to margin limits and cover are strictly implemented that includes daily monitoring of the activities of margin accounts.

Postpaid accounts

Settlement of trades of institutional accounts is normally done on a postpaid basis. The main risk associated with postpaid or traditional brokerage account set up on a day-to-day basis is on the non-collection of cash payments for buying transactions and the failure to receive shares for selling transactions. An execution or dealing risk also exists that is specific only to requirements and needs of institutional clients arising from arithmetical, computational, and human errors in the order taking, dealing, execution and confirmation process which can result to transaction losses. To address these risks, COL strictly restricts the grant of traditional brokerage service to select clients, most of which are financial institutions. COL conducts regular review and establishment of limits versus counterparty credit exposures. Rigid procedures are also in place to avoid human-related errors in the dealing and servicing process. Counterparties are also encouraged to utilize direct market access to minimize execution dealing risk.

Copyright Infringement Risks Associated with the Use of Social Media

COL actively creates its own content and shares these on all of its social media channels. While COL ensures proper branding protocol on all of its social media assets and materials, these contents can be downloaded, reposted, and otherwise shared without COL's knowledge and without credit to it. There is a risk that COL's content may be repurposed for fraudulent or deceitful use. Companies or persons may also plagiarize COL's content for their own benefit.

COL's social media presence also carries reputational risk, in that complaints about COL, whether true or without basis, are made within the public view. COL actively monitors and manages its own channels to mitigate the effects of such comments.

Risks of Infringement

COL may receive notices of claims of infringement on the proprietary rights of other groups, which may result in litigation against COL. Any such claims, with or without merit, would be time-consuming to defend against, may result in costly litigation, divert resources and time and otherwise require COL to enter into some form of royalty and licensing agreement, which may not be on reasonable terms. The assertion of an infringement or prosecution of such claims may have a material adverse effect on COL's business, financial position, and operating results.

COL uses proprietary systems and maintains a policy of purchasing its hardware and software requirements only from licensed dealers and manufacturers.

Manpower Risk

Maintaining COL's high quality of operations largely depends on its ability to retain the services of existing senior officers, and to attract qualified senior managers and key personnel in the future. The exit of any key personnel could have a material adverse effect on COL's business and financial performance, as well as the morale of those who remain. However, the fact that all key officers have an equity stake in COL reduces this risk.

In addition, some technical personnel are covered by employment contracts that allow COL to plan for expected personnel movements. COL also owns the source codes for its operating software, giving it the ability to replace most technical personnel with minimal disruptions in operations.

Item 2. Properties

Leased Properties

The following table shows the list of properties being leased by the Parent Company as of December 31, 2022:

Purpose	Location	No. of Units
Mixed-use (front office, back office)	Metro Manila	13
Mixed-use (back office, storage)	Central Luzon	2
Investor center	Cebu	2
Investor center	Davao	1

COL's offices and storage spaces are maintained in good condition for the benefit of its employees and customers.

The premises are covered by lease arrangements typically for a period of one (1) to three (3) years and expiring at various dates. The lease on the properties is renewable upon mutual agreement of the parties.

Owned Properties

In 2017, COL purchased an office space at the PSE One Bonifacio High Street in Taguig City with an initial cost of ₱17.50 million. This office space is being held for capital appreciation.

COL's other properties consist of various computer equipment and related accessories as well as proprietary software developed specifically for its online trading operations. COL directly owns a Trading Right in the PSE and is also indirectly the owner of a Trading Right in the Hong Kong Exchanges through COLHK.

Limitations on Properties

Aside from the lease agreements mentioned above, the Group's properties are free from any mortgage, lien, or encumbrance.

Properties to be Acquired

The Parent Company has earmarked a budget of ₱100.00 million from its Retained Earnings for its IT development plan and expansion program, which includes the purchase of additional hardware and software programs estimated at ₱30.00 million to ₱50.00 million within the next twelve (12) months. The plan's objectives include improving reliability, developing new applications, expanding capacity, and enhancing security through investments in robust IT infrastructure, advanced technologies, and cybersecurity measures. The ultimate goal is to further strengthen COL's IT capabilities, enhance customer experience, and ensure regulatory compliance.

Item 3. Legal Proceedings

COL is not involved in any legal proceedings that it considers as material, pending or threatened against it, its directors, any nominee for election as director, executive officer, underwriter or control person of COL or in which any of COL's property is the subject.

Item 4. Submission of Matters to a Vote of Security Holders

None

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

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, 2022 is 4,760,000,000 with a market capitalization of ₱15.28 billion as of end 2022, based on the closing price of ₱3.21 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:

	2022		2021	
	High	**Low**	**High**	**Low**
1st Quarter	4.15	3.56	5.10	3.20
2nd Quarter	3.95	3.40	4.50	3.87
3rd Quarter	3.53	3.20	4.48	4.25
4th Quarter	3.45	2.95	4.34	3.91

The high and low prices of COL at the PSE on March 31, 2023 were ₱2.95 and ₱2.90 per share, respectively.

Holders of Common Equity

As of February 28, 2023, 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	Percentage of Total Shares Outstanding held by each
1	PCD Nominee Corporation	2,564,223,910	53.8703
2	PCD Nominee Corporation	1,299,237,040	27.2949
3	Lee, Edward K.	622,500,000	13.0777
4	Yu, Alexander C.	200,000,000	4.2017
5	Ang, Valentina L.	50,000,000	1.0504
6	Lee, Lydia C.	10,000,000	0.2101
7	Tan, Jessalynn L.	10,000,000	0.2101
8	Lim, Hernan G.	1,000,000	0.0210
9	Yu, Raymond C.	1,000,000	0.0210
10	Han, Paulwell	1,000,000	0.0210
11	Ong, Catherine L.	500,000	0.0105
12	Barretto, Serafin Jr. P.	120,000	0.0025
13	Estacion, Manuel S.	100,000	0.0021
14	Yu, Wellington C. Or Yu, Victoria O.	100,000	0.0021
15	Villanueva, Myra P.	60,000	0.0013
16	Filio, Sernando	50,000	0.0011
17	Gara, Rosario	50,000	0.0011
18	Khoo Boo Boon	10,000	0.0002
19	Hapi Iloilo Corporation	10,000	0.0002
20	Litman, Joel A.	10,000	0.0002
	TOTAL	4,759,970,950	99.9994

Dividends

a. Cash Dividends

Year	Amount/ Share	Type	Ex-Date	Record Date	Payment Date
2022	₱0.024	Regular	May 11, 2022	May 16, 2022	June 2, 2022
	₱0.061	Special	May 11, 2022	May 16, 2022	June 2, 2022
2021	₱0.020	Regular	May 25, 2021	May 28, 2021	June 9, 2021
	₱0.045	Special	May 25, 2021	May 28, 2021	June 9, 2021

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.

Recent Sales of Unregistered or Exempt Securities

There was no sale of unregistered or exempt securities as of December 31, 2022.

Discussion on Compliance with leading practice on Corporate Governance

1. 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.

2. 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.

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

4. 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.

Item 6. 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.

Industry and Economic Review

Philippine stocks performed poorly in 2022, with the Philippine Stock Exchange index (PSEi) ending the year down by 7.8%.

After rallying initially due to excitement brought about by the reopening of the economy, stocks started trending lower due to concerns resulting from rising inflation and interest rates, the start of the Ukraine war, and the growing hawkishness of the U.S. Fed.

Domestic inflation trended higher during the year, rising to an average of 5.8% from only 3.9% in 2021. The sharp increase was largely caused by rising food and transport costs, brought about by several factors including supply side bottle necks, weather disturbances locally, the war in Ukraine, lockdowns in China, and the strong dollar. As of end December, the peso was weaker by 9.3% compared to its end 2021 level.

Meanwhile, the U.S. Fed turned increasingly more aggressive in raising rates after inflation in the country hit a 40-year high and remained well above the central bank's 2% target. In 2022, the Fed raised rates by a total of 425 basis points as it tried to bring inflation back to a more sustainable level at the shortest possible time.

The significant increase in Fed fund rates was largely responsible for the strength of the U.S. dollar and the weakness of the peso together with other global currencies. To defend the local currency and help control inflation, the BSP followed the Fed's lead and raised rates by a total of 350 basis points in 2022.

Due to the said factors, the Philippine 10-year bond rate jumped to 7.0% as of end 2022 from 4.8% as of end 2021. The potentially negative impact of higher inflation and interest rates, and the weaker peso on the economy and corporate profits coupled with the availability of less risky higher yielding fixed income alternatives caused investors to lose appetite for stocks, leading to the weak performance of the stock market.

Because of poor investor sentiment, average daily value turnover in the PSE fell by 14.2% year-on-year to only ₱7.7 billion in 2022. Foreign investors remained net sellers, liquidating another ₱67.8 billion worth of stocks during the year.

Business Review

1. Key Performance Indicators

COL is dedicated to optimizing profitability by efficiently utilizing its capital resources, with the ultimate goal of enhancing shareholder value. To this end, COL consistently monitors and evaluates the effectiveness of its corporate activities and key performance indicators (KPIs) to measure the success of its financial and operational strategies, along with accompanying action plans. Presented below are some of the essential KPIs that COL utilizes for performance measurement:

	2022	**2021**
Number of Customer Accounts*	516,247	489,154
Customers' Net Equity (in millions)	₱105,187.73	₱112,878.84
Revenues (in millions)	₱835.98	₱1,322.77
Return on Average Equity (ROE)	12.1%	30.0%
Risk Based Capital Adequacy Ratio*	506.0%	382.0%
Liquid Capital** (in millions)	HKD28.34	HKD32.70

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

COL's client base continued to grow despite global and local economy worries, with the **number of customer accounts** for its Philippine operations increasing by 5.5% year-on-year to 516,247 as of end 2022. The slower growth was in line with expectations that the bearish drift would serve as a drag on market interest given the tightness in investment liquidity caused by high interest rates, high inflation, worries over Ukraine and the impact of economic weakness from some global economies.

Notwithstanding the growth in the number of customer accounts, **customers' net equity** fell slightly by 6.8% to ₱105.19 billion as of end 2022 from ₱112.88 billion as of end 2021 as the net new flows of new and existing customers were not enough to offset the negative impact of volatile market conditions on the value of consolidated customers' net equity. During the twelve-month period, the benchmark PSEi index was down by 7.8%.

Revenues fell by 36.8% in 2022 to ₱835.98 million. The decline was largely due to the 55.9% year-on-year drop in commissions which accounted for more than half of total revenues. This was partly offset by the increase in interest income by 84.7% to ₱336.35 million, as average bank deposit rates rose sharply in 2022. Trail fees earned from the distribution of mutual funds improved slightly by 3.0% to ₱22.12 million as the average non-money market assets under administration (AUA) increased by 4.8% to around ₱3.89 billion in 2022.

The decline in revenues coupled with the highly leveraged nature of the stock brokerage business resulted to a steeper 58.2% drop in net income attributable to equity holders of the Parent Company to ₱244.05 million. Consequently, **return on average equity** (ROE) fell to 12.1% in 2022 from 30.0% in 2021.

In 2022, both COL and its HK subsidiary continued to meet the stringent rules of regulators in the Philippines and Hong Kong. As of end December 2022, the Parent Company's Risk Based Capital Adequacy Ratio (RBCA) reached 506.0%, which is sharply higher than the minimum requirement of 110.0%. Meanwhile, COL HK had HKD28.34 million of liquid capital. This is also well above the minimum requirement of HKD3.00 million or 5.0% of adjusted liabilities.

2. *Other Financial Soundness Indicators*

	2022	2021	Formula
Profitability ratios:			
Return on assets	2.0%	5.0%	Net income/Average assets
Net profit margin	29.2%	44.1%	Net income/Net sales
Solvency and liquidity ratios:			
Current ratio	1.10	1.14	Current assets/Current liabilities
Debt to equity ratio	5.50	5.60	Total liabilities/Ave. stockholders' equity
Quick ratio	1.10	1.14	Liquid assets/Current liabilities

3. *Material Changes in Financial Condition*

a. 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 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 of ₱23.57 million 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.

b. 2021 vs. 2020

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

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

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

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

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

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

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

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

While total liabilities decreased, shareholders’ equity increased by 14.8% to ₱2.10 billion due to the booking of ₱581.45 million in net income attributable to equity holders of the Parent Company in 2021, partly offset by the payment of ₱309.40 million worth of cash dividends to shareholders.

4. *Material Changes in the Results of Operations*

a. 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.

b. 2021 vs. 2020

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

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

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

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

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

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

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

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

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

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

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

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

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

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.

<u>Prospects for the Future</u>

1. Near-Term Prospects

Stockbrokers in the Philippine stock market are expected to enjoy a better year in 2023. Emerging market (EM) stocks are currently in favor due to several reasons including China's exit from its zero Covid policy and EM countries' relatively faster GDP growth. Moreover, despite having better fundamentals, EM stocks are much cheaper compared to U.S. stocks in terms of valuations and are under owned by foreign investors. Finally, expectations that the Fed will soon end its tightening cycle is causing interest rates in the secondary market to drop and the dollar to weaken. While this is favorable for all risk assets, EM stocks are expected to be among the greatest beneficiaries. Consequently, global market strategists are currently recommending investors to increase their weighting on EM stocks.

The stronger performance of the Philippine stock market in 2023 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 index fund, and higher trail fees from its fund distribution business.

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

2. Medium to Long-Term Prospects

The medium to long term outlook of the Philippine market remains very attractive. The economy and earnings of listed companies grew by a faster than expected pace in 2022 due to the reopening of the Philippine economy from pandemic induced lockdowns. This is expected to continue, driven by the Philippines' favorable demographics, the significant size of our resilient OFW remittances and the attractive growth prospects of our BPO sector. Meanwhile, the passage of the Corporate Recovery and Tax Incentives for Enterprises (CREATE) bill in 2021 should improve the Philippines' competitiveness in attracting more foreign direct investments, helping create more jobs for Filipinos. Aside from the said law, recent amendments to the trade liberalization act, foreign investment act, and public service act should make it easier for foreign investors to do business in the Philippines, helping the country attract more investments.

The Philippine Stock Exchange 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.

Item 7. Financial Statements

Please refer to the attached Consolidated Audited Financial Statements for the years ended December 31, 2022 and 2021.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

COL has not changed its accountants for the last three (3) years and has not had any disagreements on accounting and financial disclosures with its current accounts for the last three (3) years.

Item 9. 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:

	Years Ended December 31 (in ₱ million)	
	2022	**2021**
Audit and Audit-Related Fees in connection with the annual review of the Parent Company's financial statements	₱2.13	₱1.93
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 2022, 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.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 10. Directors and Executive Officers of the Issuer

<u>Board of Directors</u>

The Directors of COL as of December 31, 2022 are as follows:

Name	**Position**
Edward K. Lee	Chairman
Alexander C. Yu	Vice Chairman
Conrado F. Bate	Member
Paulwell Han	Member
Sohei Obara	Member
Hernan G. Lim	Member
Arthur Gerrard D. Gindap	Member (Independent)
Raymond C. Yu	Member
Wellington C. Yu	Member

Name	Position
Betty C. Siy-Yap	Member (Independent)
Roberto C. Benares	Member (Independent)

The following are the respective ages, periods of service, directorships in other reporting companies and positions held in the last five years of each of the Directors of COL:

Edward K. Lee
Chairman and Founder

Edward K. Lee, 68, Filipino, took Bachelor of Science in Industrial Management Engineering at De La Salle University. He is concurrently the Founder and Chairman of the Board of COL, COL Securities (HK) Limited, CTS Global Equity Group, Inc., Caylum Trading Institute, and COL Investment Management, Inc. Mr. Lee served as a nominee of CTS Global Equity Group, Inc. to the Manila Stock Exchange and presently to the Philippine Stock Exchange. He was elected as one of the Governors of the Philippine Stock Exchange and was the Chairman of the Computerization committee of the Manila Stock Exchange and PSE in 1994. He went on to become a member of the Board of Directors of A. Soriano Corporation serving for two terms. Mr. Lee was also nominated as a finalist to the 2007 Entrepreneur of the Year Philippines by Ernst & Young. In 2015, he was awarded with the Theodore Vail Most Outstanding JA Alumni Awardee. From 2016 to 2019, he was appointed as an official board member of JA Asia Pacific.

Alexander C. Yu
Vice-Chairman

Alexander C. Yu, 67, Filipino, is a Bachelor of Science in Mechanical Engineering graduate of De La Salle University. He is currently the Vice-Chairman of COL since 1999 and the Vice Chairman and Treasurer of CTS Global Equity Group, Inc. since 1986. He is also currently a Director of COL Securities (HK) Limited since 2001**,** elected as Director of Caylum Trading Institute in 2013, and Director and Treasurer of Winner Industrial Corp. for more than 10 years. He is the proprietor of Trans-Asia General Merchandise and in 1997, he served as a Director of A. Soriano Corporation.

Conrado F. Bate
President and Chief Executive Officer

Conrado F. Bate, 60, Filipino, is a Bachelor of Arts in Economics and Bachelor of Science in Marketing Management graduate of De La Salle University. He is currently the President and Chief Executive Officer of COL and serves as a director for COL Investment Management, Inc. He has extensive experience in the Philippine stock brokerage and fund management industry. Prior positions that he held include: Vice President of JP Morgan Philippines 2002, President and CEO of Abacus Securities Corporation from 1995 to 1997, and Vice President of Fund Management Division of Philamlife Insurance Company from 1990 to 1995. Mr. Bate was a member of the Board of Directors of the Philippine Stock Exchange from 2005 to 2006 and served as its Chairman of the Investor Education Committee and Member of the Legislative Committee. He was an independent director of the ATR Kim Eng Asset Management from 2005 to 2010 and serves in the same capacity for Corston-Smith Asset Management Sdn. Bhd. from February 2009 to present. He is the President of the Shareholder’s Association of the Philippines from 2022 up to the present and has been a member of the Board of Trustees since 2017.

Wellington C. Yu
Director

Wellington C. Yu, 79, 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". He was formerly the Dean and Vice-President of the College at Philippine Cultural College until his retirement.

Raymond C. Yu
Director

Raymond C. Yu, 69, 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, 70, 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, 63, 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, 40, Japanese, was elected as a Director on August 15, 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 from Tokyo University of Agriculture and Technology.

Arthur G. Gindap
Independent Director

Arthur G. Gindap, 61, Filipino, is a Consultant for Robinsons Land Corporation (former Senior Vice President & Business Unit General Manager of Robinsons Hotels & Resorts). From 2004 to 2018, he was the Vice President & Regional General Manager of Philippines and Thailand and the Vice President of Global Operations & Customer Service of the Ascott Limited. Mr. Gindap has over 40 years of experience in the hotel and hospitality industry. Mr. Gindap graduated from Sheridan College in Canada with a degree in Hotel and Restaurant Administration.

Betty C. Siy-Yap
Independent Director

Betty C. Siy-Yap, 61, Filipino, is the SVP and Chief Finance Officer and Chief Risk Officer of Manila Electric Company. She sits in the board of several companies including, among others, CIS Bayad Center, Inc., Meralco Industrial Engineering Services Corporation, MERALCO PowerGen Corporation, and MRail, Inc. She is the President and a Director of MPG Holdings Phils, Inc., a Trustee of the Meralco Power Academy Inc. and One Meralco Foundation, Inc., and the Treasurer of MVP Sports Foundation, Inc. She was previously a Director of Rockwell Land Corporation, a member of the Market Governance Board of the Philippine Dealing Exchange Corp., Vice Chairman of the Board of Accountancy of the Professional Regulation Commission, and a Partner at SyCip Gorres Velayo & Co. Ms. Siy-Yap holds a Bachelor of Science Degree in Business Administration and Accountancy from the University of the Philippines and a Master’s in Business Administration from J.L. Kellogg School of Management at Northwestern University/The Hong Kong University of Science and Technology.

Roberto C. Benares
Independent Director

Roberto C. Benares, 70, Filipino, currently sits at the Board of Directors of Bank of Makati Finance, Commerce, BlastAsia Corporation, Quokka Development Corporation, Quokka Corp., and Pattern Farms Design Inc. 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.

Management Team

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

Catherine L. Ong
SVP – Treasurer

Catherine L. Ong, 71, 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 Operating Officer of CTS Global Equity Group, Inc. and Executive Vice President and Treasurer of Cedarside Industries, Inc., Barrington Carpets, Inc., and Citimex, Inc. She has held the latter position for more than 30 years. She was formerly a director of COL. She has extensive experience in banking, having held various positions in Metropolitan Bank and Trust Company (Metrobank). She was an Assistant Vice President and Area Supervisor of Metrobank and served as a Director of Metrobank’s subsidiary, Pan Philippines Life Insurance Corp. (now known as Philippine Axa Life). Ms. Ong graduated from the Philippine Women’s University with a Bachelor of Science Degree in Business Administration, Major in Accounting.

Juan G. Barredo
FVP – Chief Customer Experience Officer

Juan “Juanis” G. Barredo, 55, 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 Company, geared to empower COL customers and the investing public to build their knowledge base through a series of progressive stock market training sessions so that they can confidently invest in the Philippine Stock Market. He has addressed an audience of over 200,000 people nationwide with topics ranging from the basics of stock market investing to introductory and advanced technical analysis seminars. Mr. Barredo holds a Bachelor of Arts degree in Philosophy from De La Salle University in 1990 and is a Certified Securities Representative.

Nikos J. Bautista
FVP – Chief Technology Officer

Nikos J. Bautista, 54, 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, 52, Filipino, is the Chief Financial Officer of COL and was appointed in such position after having served as the Company's Financial Controller from 2010 to 2020. She is concurrently an Associated Person of CTS Global Equity Group, Inc. and the Treasurer of COL Investment Management, Inc., COL Equity Index Unitized Mutual Fund, Inc., and COL 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, 47, Filipino, is the Chief Investor Relations and Corporate Strategy of COL. She was appointed as the head of COL's Research Team in 2003. She is also a Certified Securities Representative and a Certified Investment Solicitor. She has been doing equities research since 1996 when she joined the research team of Citisecurities, Inc. In 2019, she was voted as "Best Strategist" by the "Fund Managers' Association of the Philippines". Outside of her work as an analyst, April writes a weekly column named "Intelligent Investing" for the Philippine Daily Inquirer and hosts the TV show "Insight with April Lee Tan" for ANC. She is an active member of the CFA Society of the Philippines and was the President of the Society from 2009 to 2016. Under her leadership, CFA Philippines won the "Global CFA Institute Research Challenge" thrice and several Society Excellence Awards including the "Most Outstanding Society" for its size. Ms. Tan holds a Bachelor of Science Degree in Management Engineering from the Ateneo de Manila University. In 2000, she earned the right to use the Chartered Financial Analyst (CFA) designation.

Melissa O. Ng
VP – Head of Operations

Melissa O. Ng, 50, Taiwanese, holds a Bachelor of Science Degree in Applied Economics and a Bachelor of Science Degree in Business Management from De La Salle University. She earned her MBA (Silver Medalist) from De La Salle University in 2000. She has been with the Company since 2007 and has previous banking experience from Security Bank and Union Bank of the Philippines.

Sharon T. Lim
VP – Head of Legal & Compliance

Sharon T. Lim, 43, Filipino, started with the Company in 2011 as Compliance and Legal Officer and was appointed as the Head of the Legal and Compliance Department in 2016. She was appointed as Corporate Secretary on November 2018 and also serves as the Corporate Secretary of CTS Global Equity Group, Inc., COL Equity Index Unitized Mutual Fund, Inc. COL Strategic Growth Equity Unitized Mutual Fund, Inc. (formerly COL Cash Management Unitized Mutual Fund, Inc.), and COL Investment Management, Inc. She was the Head of COL's Human Resources Department from 2016 to 2019. Atty. Lim was previously a Senior Associate of Puyat, Jacinto, and Santos Law Offices and an Associate of Picazo Buyco Tan Fider and Santos Law Offices. She graduated with a degree of Bachelor of Science in Management Engineering from the Ateneo de Manila University, Bachelor of Laws from the University of the Philippines, and Master of Laws (Corporate & Financial Services Law) from the National University of Singapore. She was admitted to the Philippine Bar in 2007, is a licensed Associated Person and Certified Information Privacy Manager.

Gabriel Jose E. Mendiola
Assistant Vice President – Head of Software Development

Gabriel Jose E. Mendiola, 41, Filipino is the Head of Software Development of COL. He started working at the Company in 2007 as the I.T. Manager, and is currently in charge of the design, development, and evaluation of computer software or systems used by the Company. He is also involved in dictating technical standard, tools, and platforms. Before joining the Company, he worked at Unisys Philippines, Ltd. and at GXS Philippines, Inc. as Senior Software Engineer. Mr. Mendiola is a Computer Science – Information Technology graduate of De LaSalle University.

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

Joyce G. Chan, 38, Filipino graduated with a Bachelor of Arts degree in Communications from Ateneo De Manila University. She started as a Management Associate with the Philam Group of Companies before becoming a Corporate Trainer and Development Officer. She joined COL in 2010 as a Sales Manager and has since then handled the Sales and Customer Support teams in COL. She is a Certified Securities Representative, Certified Investment Solicitor, and a Fellow in the Life Management Institute with Honors.

Rea P. Orteza
Assistant Vice President – Head of Accounting Operations

Rea P. Orteza, 43, Filipino, started as the Accounting Manager of CTS Global Equity Group, Inc. where she served for 10 years before transitioning to COL Financial Group, Inc. She was appointed as Accounting Senior Manager in 2016 and AVP – Head of Accounting Operations in 2021. Ms. Orteza is a B.S. Accountancy graduate from the Central Philippine University and is a certified public accountant.

<u>Term of Office</u>

Pursuant to the By-Laws of COL, the directors are elected at each annual stockholders' meeting by stockholders entitled to vote. Each director holds office until the next annual election and their successor is duly elected, unless they resign, die, or are removed prior to such election.

Resignation/Retirement of Directors and Executive Officers as of December 31, 2022

Mr. Seiji Okita stepped down as director of the Corporation last August 15, 2022. His resignation is not due to a disagreement with the Corporation on any matter relating to the Corporation's operations, policies, or practices. None of the current directors as of the date of this report have declined to stand for re-election.

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.

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.

Involvement in Certain Legal Proceedings

COL 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 COL:

6. 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;

7. 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

8. Any findings by a domestic or foreign court of competent jurisdiction (in civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, that any of the above persons has violated a securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

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

Item 11. Executive Compensation

Standard Arrangements

Directors

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

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

	Years Ended December 31 (in ₱ million)	
	2022	2021
Per diem of the Board of Directors as a group	₱2.35	₱1.63

Aside from this, directors do not receive any other form of remuneration in their capacity as such directors.

Executives and Senior Officers

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

SUMMARY COMPENSATION TABLE Annual Compensation			
(in ₱ Million)	**Annual Salary 2023 (est.)**	**Annual Salary 2022**	**Annual Salary 2021**
a) Chief Executive Officer and the Four Most Compensated Executives:			
Conrado F. Bate President & CEO ***Catherine L. Ong*** SVP/Treasurer ***Juan G. Barredo*** FVP- Chief Customer Experience Officer ***Lorena E. Velarde*** FVP- Chief Financial Officer ***April Lynn L. Tan*** FVP- Chief Investor Relations and Corporate Strategy			
All above-named Executives and Officers as a Group	₱27.80	₱27.80	₱26.92
b) All other Executives and Officers as a Group	₱10.50	₱10.50	₱14.17

<u>Warrants and Options</u>

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.

<u>Employment Contracts and Termination of Employment and Change-in-Control Arrangements</u>

There are no special employment contracts between COL and the executive officers named in the preceding paragraphs. Likewise, there are no compensatory plans or arrangements with respect to a named executive officer.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners

Owners of more than 5% of COL's voting securities as of February 28, 2023 are as follows:

Title of Class	Name, Address of Record Owner and Relationship with the Issuer	Name of Beneficial Owners and Relationship with Record Owner	Citizenship	No. of Shares Held Directly (D) or under PCD (P)	Percent (%)
Common	**PCD Nominee Corp (Filipino)** G/F Makati Stock Exchange Bldg., 6767 Ayala Avenue, Makati	Various	Filipino	1,701,871,660 (D)	35.75
			Non-Filipino	191,838,290 (D)	4.03
	Daiwa Securities Group, Inc.[1] GranTokyo North Tower, 9-1, Marunouchi 1-chrome	Daiwa Securities Group, Inc.	Japanese	709,240,000 (P)	14.90
	Lee, Edward K. Mahogany St., Makati	Lee, Edward K.	Filipino	622,500,000 (D) 308,593,000 (P)	21.68
	Lee, Lydia C. Mahogany St., Makati			10,000,000 (D) 41,023,000 (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.[2] 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	200,000,000 (D) 336,629,250 (P)	13.92
	Yu, Elizabeth N. Ortega St., San Juan			23,072,000 (P)	
	Yu, Adrian Alexander N. Ortega St., San Juan			32,522,000 (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 owns more than 5% - 10% of the total outstanding shares of COL as of February 28, 2023.*

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

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

<u>Security Ownership of Management as of February 28, 2023</u>

Title of Class	Name of Owner	Position	Citizenship	Total No. of Shares	Percent (%)
Common	Edward K. Lee	Chairman	Filipino	1,032,051,000	21.68
Common	Alexander C. Yu	Vice-Chairman	Filipino	662,801,250	13.92
Common	Conrado F. Bate	Director/President/CEO	Filipino	204,982,599	4.31
Common	Hernan G. Lim	Director	Filipino	175,261,850	3.68
Common	Raymond C. Yu	Director	Filipino	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	88,428,000	1.86
Common	Juan G. Barredo	FVP – Chief Customer Experience Officer	Filipino	10,020,500	0.21
Common	Nikos J. Bautista	FVP – Chief Technology Officer	Filipino	11,602,000	0.24
Common	Lorena E. Velarde	FVP – Chief Financial Officer	Filipino	6,500,000	0.14
Common	April Lynn L. Tan	FVP – Chief Investor Relations and Corporate Strategy	Filipino	17,080,000	0.36
Common	Melissa O. Ng	VP – Head of Operations	Taiwanese	2,587,500	0.05
Common	Sharon T. Lim	VP – Head of Legal & Compliance	Filipino	804,500	0.02
Common	Gabriel Jose E. Mendiola	AVP - Software Development	Filipino	43,325,000	0.91
Common	Joyce G. Chan	AVP – Head of Customer Support	Filipino	4,025,000	0.08
Common	Rea P. Orteza	AVP – Head of Accounting Operations	Filipino	3,000	0.00
Common	**Key Officers and Directors (as a group)**			**2,865,658,350**	**60.20**

As of February 28, 2023, the Parent Company’s public float is 24.90%.

Item 13. 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.

PART IV - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

Exhibits

Please refer to the attached Index to Consolidated Financial Statements and Supplementary Schedules on page 44.

Reports on SEC Form 17-C

Items reported under SEC Form 17-C filed during the last six months of the period covered by this report are as follows:

Items Reported	Date Filed	Announcement Date	Circular No.
1. Change in Shareholdings of Directors and Principal Officers	12/29/2022	12/29/2022	C09583-2022
2. Change in Shareholdings of Directors and Principal Officers	12/23/2022	12/23/2022	C09495-2022
3. Change in Shareholdings of Directors and Principal Officers	12/19/2022	12/19/2022	C09348-2022
4. Change in Shareholdings of Directors and Principal Officers	12/19/2022	12/19/2022	C09347-2022
5. Change in Shareholdings of Directors and Principal Officers	12/13/2022	12/13/2022	C09189-2022
6. Change in Shareholdings of Directors and Principal Officers	12/07/2022	12/07/2022	C09070-2022
7. Material Information/Transactions	11/15/2022	11/16/2022	C08583-2022
8. Change in Shareholdings of Directors and Principal Officers	11/15/2022	11/15/2022	C08567-2022
9. Change in Shareholdings of Directors and Principal Officers	11/0920/22	11/09/2022	C08339-2022
10. Change in Shareholdings of Directors and Principal Officers	10/28/2022	10/28/2022	C08037-2022
11. Change in Shareholdings of Directors and Principal Officers	10/28/2022	10/28/2022	C08036-2022
12. Change in Shareholdings of Directors and Principal Officers	10/26/2022	10/26/2022	C07931-2022
13. Change in Shareholdings of Directors and Principal Officers	10/20/2022	10/20/2022	C07795-2022
14. Change in Shareholdings of Directors and Principal Officers	10/04/2022	10/04/2022	C07380-2022
15. Material Information/Transactions	09/27/2022	09/27/2022	C07193-2022
16. Change in Shareholdings of Directors and Principal Officers	09/22/2022	09/22/2022	C07116-2022
17. Change in Shareholdings of Directors and Principal Officers	09/22/2022	09/22/2022	C07115-2022
18. Change in Shareholdings of Directors and Principal Officers	09/16/2022	09/16/2022	C07009-2022
19. Change in Shareholdings of Directors and Principal Officers	09/06/2022	09/06/2022	C06777-2022
20. Amendments to By-Laws	09/01/2022	09/01/2022	C06660-2022
21. Change in Shareholdings of Directors and Principal Officers	08/31/2022	08/31/2022	C06641-2022
22. Change in Shareholdings of Directors and Principal Officers	08/25/2022	08/25/2022	C06537-2022

Items Reported	Date Filed	Announcement Date	Circular No.
23. Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion)	08/16/2022	08/16/2022	C06312-2022
24. Material Information/Transactions	08/15/2022	08/15/2022	C06308-2022
25. Change in Shareholdings of Directors and Principal Officers	08/15/2022	08/15/2022	C06288-2022
26. Change in Shareholdings of Directors and Principal Officers	08/09/2022	08/09/2022	C06056-2022
27. Change in Shareholdings of Directors and Principal Officers	08/03/2022	08/03/2022	C05834-2022
28. Change in Shareholdings of Directors and Principal Officers	08/03/2022	08/03/2022	C05833-2022
29. Change in Shareholdings of Directors and Principal Officers	08/03/2022	08/03/2022	C05832-2022
30. Change in Shareholdings of Directors and Principal Officers	07/22/2022	07/22/2022	C05443-2022
31. Change in Shareholdings of Directors and Principal Officers	07/12/2022	07/12/2022	C05157-2022

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on April 13, 2023.

COL FINANCIAL GROUP, INC.
Issuer

By:

Conrado F. Bate
President and Chief Executive Officer

Catherine L. Ong
SVP, Treasurer

Lorena E. Velarde
FVP and Chief Financial Officer

Sharon T. Lim
VP, Corporate Secretary

SUBSCRIBED AND SWORN to before me this 13th day of April 2023, at Pasig, affiants exhibiting to me their Passports, as follows:

NAMES	PASSPORT NO.	DATE OF ISSUE	PLACE OF ISSUE
Conrado F. Bate	PP # P8211336A	August 3, 2018	DFA Manila
Catherine L. Ong	PP # P7000517A	May 2, 2018	DFA NCR East
Lorena E. Velarde	PP # P7302444A	May 24, 2018	DFA NCR East
Sharon T. Lim	PP # P7315563B	August 2, 2021	DFA Manila

Notary Public

ATTY. STEFFI NICOLE P. FLORES
For the Cities of Pasig,
San Juan and the Municipality of Pateros
Expiring on 31 December 2023
Appointment No. 27 (2022-2023) Pasig City
Roll No. 74089/ IBP No. 261257/01-03-2023/Quezon City
PTR No. 0173009/01.05.23/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.: 496
Page No.: 101
Book No.: 1
Series of 2023.

COL FINANCIAL GROUP, INC.
SEC FORM 17-A

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

FINANCIAL STATEMENTS	Remarks/Attachments
Statement of Management's Responsibility for Financial Statements	✓
Independent Auditors Report	✓
Consolidated Statements of Financial Position as of December 31, 2022 and 2021	✓
Consolidated Statements of Income for the Years Ended December 31, 2022, 2021 and 2020	✓
Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2022, 2021 and 2020	✓
Consolidated Statements of Changes in Equity for the Years Ended December 31, 2022, 2021 and 2020	✓
Consolidated Statements of Cash Flows for the Years Ended December 31, 2022, 2021 and 2020	✓
Notes to Consolidated Financial Statements	✓
SUPPLEMENTARY SCHEDULES	
Report of Independent Auditors on Supplementary Schedules	✓
Report of Independent Auditors on Components of Financial Soundness Indicators	✓
Schedule I. Reconciliation of Retained Earnings Available for Dividend Declaration Pursuant to SRC Rule 68, as Amended and SEC Memorandum Circular No. 11	✓
Schedule II. Supplementary Schedules under Annex 68-J Pursuant to SRC Rule 68, as Amended	✓
Schedule III. Map of the Relationships of the Companies within the Group Pursuant to SRC Rule 68, as Amended	✓
Schedule IV. Schedule Showing Financial Soundness Indicators Pursuant to SRC Rule 68, as Amended	✓
Sustainability Report	✓

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)
34	**03/NA**	**12/31**

CONTACT PERSON INFORMATION

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

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

CONTACT PERSON's ADDRESS

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

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

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

COL FINANCIAL
for a richer life

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR CONSOLIDATED FINANCIAL STATEMENTS

The Management of COL Financial Group, Inc. and Subsidiaries (the Group) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, as of December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as Management determines is necessary to enable the preparation of 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 27th day of March 2023.

COL Financial Group, Inc.
2401-B East Tower, Tektite Towers
Exchange Road, Ortigas Center, Pasig City, 1605 Philippines
PSE Trading Participant, SCCP & SIPF Member

Tel: (+632) 8-6365-411
Fax: (+632) 8-6346-958
Email: helpdesk@colfinancial.com
Website: www.colfinancial.com

SUBSCRIBED AND SWORN to before me this 27th day of March 2023, 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 Cities of Pasig,
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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

Doc. No. 434;
Page No. 88;
Book No. 1;
Series of 2023.

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, 2022 and 2021, 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, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2022 and 2021, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2022 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, 2022 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, 2022 are expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Janet A. Paraiso.

SYCIP GORRES VELAYO & CO.

Janet A. Paraiso
Partner
CPA Certificate No. 92305
Tax Identification No. 193-975-241
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 92305-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-062-2020, December 3, 2020, valid until December 2, 2023
PTR No. 9369768, January 3, 2023, Makati City

March 27, 2023

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

	December 31					
	2022			2021		
		Security Valuation			Security Valuation	
	Money Balance	**Long**	**Short**	Money Balance	Long	Short
ASSETS						
Current Assets						
Cash and cash equivalents (Note 4)	**₱10,427,435,769**			₱1,658,019,809		
Cash in a segregated account (Notes 4 and 5)	**96,816,474**			75,473,190		
Financial assets at fair value through profit or loss (Note 6)	**84,847,281**	**₱1,360,765**		153,886,423	₱1,512,331	
Investment securities at amortized cost (Note 8)	**200,200,000**			9,374,253,871		
Trade receivables (Notes 7 and 20)	**1,191,968,433**	**6,342,714,175**		958,819,855	6,421,985,615	
Other receivables (Notes 7 and 20)	**65,432,542**			70,224,172		
Prepayments	**7,618,410**			8,190,777		
Other current assets (Note 12)	**16,133,834**			484,349		
Total Current Assets	**12,090,452,743**			12,299,352,446		
Noncurrent Assets						
Investment securities at amortized cost (Note 8)	**800,508,963**			500,200,000		
Property and equipment (Note 9)	**94,819,982**			81,057,162		
Investment property (Note 10)	**13,132,301**			14,007,788		
Intangibles (Note 11)	**9,294,245**			12,135,445		
Deferred income tax assets (Note 19)	**1,983,753**			–		
Other noncurrent assets (Note 12)	**75,835,819**			74,020,983		
Total Noncurrent Assets	**995,575,063**			681,421,378		
TOTAL ASSETS	**₱13,086,027,806**			₱12,980,773,824		
Securities in box, in Philippine Depository and Trust Corporation and Hong Kong Securities Clearing Company, Limited			**₱95,451,307,793**			₱103,184,543,389

(Forward)

	December 31					
	2022			2021		
		Security Valuation			Security Valuation	
	Money Balance	**Long**	**Short**	Money Balance	Long	Short
LIABILITIES AND EQUITY						
Current Liabilities						
Trade payables (Notes 13 and 20)	**₱10,888,800,762**	**₱89,107,232,853**		₱10,590,182,716	₱96,761,045,443	
Lease liabilities - current portion (Note 21)	**19,413,343**			17,845,909		
Income tax payable	**–**			21,948,390		
Other current liabilities (Note 14)	**105,924,963**			145,780,706		
Total Current Liabilities	**11,014,139,068**			10,775,757,721		
Noncurrent Liabilities						
Lease liabilities - net of current portion (Note 21)	**31,988,179**			19,229,339		
Retirement obligation (Notes 18 and 20)	**53,872,706**			81,723,769		
Deferred income tax liabilities (Note 19)	**11,832,429**			5,185,201		
Total Noncurrent Liabilities	**97,693,314**			106,138,309		
Total Liabilities	**11,111,832,382**			10,881,896,030		
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	**35,110,604**			14,700,376		
Loss on remeasurement of retirement obligation (Note 18)	**(23,403,468)**			(40,657,111)		
Retained earnings (Note 15)						
Appropriated	**585,722,237**			424,800,068		
Unappropriated	**831,101,681**			1,152,577,560		
Equity Attributable to the Equity Holders of the Parent Company	**1,957,750,078**			2,080,639,917		
Non-controlling Interest (Note 15)	**16,445,346**			18,237,877		
Total Equity	**1,974,195,424**			2,098,877,794		
TOTAL LIABILITIES AND EQUITY	**₱13,086,027,806**	**₱95,451,307,793**	**₱95,451,307,793**	₱12,980,773,824	₱103,184,543,389	₱103,184,543,389

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2022	2021	2020
REVENUES (Note 16)			
Commissions (Note 20)	**₱447,051,831**	₱1,013,013,332	₱793,886,384
Others:			
Interest income (Notes 4, 5, 6, 7, 8 and 20)	**336,345,400**	182,061,977	246,449,713
Trail fees	**22,117,691**	21,484,857	17,255,849
Trading gains (losses) - net (Note 6)	**5,661,032**	52,315,419	(563,029)
Others (Notes 6 and 21)	**24,806,870**	53,894,412	29,312,749
	835,982,824	1,322,769,997	1,086,341,666
COST OF SERVICES			
Personnel costs - operations (Notes 17, 18 and 20)	**77,329,335**	70,900,503	81,116,939
Commission expense and professional fees	**70,402,730**	36,304,828	27,712,304
Communications	**40,716,175**	41,192,777	34,147,136
Stock exchange dues and fees (Note 16)	**34,272,205**	77,006,256	52,017,412
Depreciation and amortization (Notes 9, 10, 11 and 21)	**31,910,340**	207,753	–
Central depository fees	**9,597,119**	10,048,614	6,677,203
Research	**4,098,539**	2,487,492	2,454,793
Others	**11,656,271**	2,335,792	3,106,262
	279,982,714	240,484,015	207,232,049
GROSS PROFIT	**556,000,110**	1,082,285,982	879,109,617
OPERATING EXPENSES			
Administrative expenses:			
Personnel costs (Notes 17, 18 and 20)	**146,022,023**	160,214,122	120,724,740
Professional fees (Note 20)	**9,471,696**	54,596,359	52,029,642
Taxes and licenses	**8,984,443**	6,626,733	7,070,326
Power, light and water	**6,839,537**	3,553,269	4,005,897
Advertising and marketing	**6,108,083**	3,346,014	5,047,820
Insurance	**5,684,381**	5,169,416	5,209,997
Security and messengerial services	**4,229,319**	3,969,631	4,711,415
Condominium dues and utilities	**2,674,198**	4,078,657	4,364,705
Directors' fees (Note 20)	**2,380,000**	1,665,000	1,750,000
Membership fees and dues	**2,107,765**	2,172,351	1,311,628
Office supplies	**1,915,007**	1,278,780	2,067,724
Repairs and maintenance	**1,133,738**	4,836,977	4,753,332
Representation and entertainment	**907,647**	274,594	287,338
Trainings, seminars and meetings	**842,086**	415,072	592,535
Rentals (Note 21)	**362,567**	360,771	364,679
Others	**5,776,241**	5,769,056	4,495,620
	205,438,731	258,326,802	218,787,398
Depreciation and amortization (Notes 9, 10, 11 and 21)	**20,964,714**	60,813,627	64,041,870
Provision for (recovery from) credit losses (Note 7)	**(138,864)**	(1,199,842)	1,304,508
	226,264,581	317,940,587	284,133,776

(Forward)

	Years Ended December 31		
	2022	2021	2020
OTHER INCOME (LOSSES)			
Loss on sale of investment securities at amortized cost (Note 8)	**(₱6,426,327)**	₱–	₱–
Interest expense (Notes 18 and 21)	**(5,082,653)**	(5,080,618)	(6,726,005)
Foreign exchange gains (losses) – net	**(419,091)**	(177,891)	175,665
Gain on disposal of property and equipment (Note 9)	**2,499**	14,459	25,785
Loss on write-off of intangible assets (Note 12)	–	–	(12,414,396)
	(11,925,572)	(5,244,050)	(18,938,951)
INCOME BEFORE INCOME TAX	**317,809,957**	759,101,345	576,036,890
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 19)			
Current			
Final income tax	**59,753,217**	27,260,767	41,690,612
Regular corporate income tax	**17,955,259**	135,419,186	118,879,946
Deferred	**(2,152,278)**	14,966,412	(6,743,185)
	75,556,198	177,646,365	153,827,373
NET INCOME	**₱242,253,759**	₱581,454,980	₱422,209,517
Attributable to:			
Equity holders of the Parent Company	**₱244,046,290**	₱583,214,719	₱424,310,518
Non-controlling interest (Note 15)	**(1,792,531)**	(1,759,739)	(2,101,001)
	₱242,253,759	₱581,454,980	₱422,209,517
Earnings Per Share (Note 25)			
Basic and diluted	**₱0.05**	₱0.12	₱0.09*

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

COL FINANCIAL GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2022	2021	2020
NET INCOME	**₱242,253,759**	₱581,454,980	₱422,209,517
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)	**17,253,643**	(12,276,715)	3,856,459
Item that may be reclassified subsequently to consolidated statements of income:			
Translation adjustments - net of tax	**20,410,228**	10,359,926	(10,175,974)
	37,663,871	(1,916,789)	(6,319,515)
TOTAL COMPREHENSIVE INCOME	**₱279,917,630**	₱579,538,191	₱415,890,002
Attributable to:			
Equity holders of the Parent Company	**₱281,710,161**	₱581,297,930	₱417,991,003
Non-controlling interest	**(1,792,531)**	(1,759,739)	(2,101,001)
	₱279,917,630	₱579,538,191	₱415,890,002

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, 2022, 2021, AND 2020

	Equity Attributable to the Equity Holders of the Parent Company								
					Retained Earnings				
	Capital Stock (Note 15)	Capital In Excess of Par Value	Accumulated Translation Adjustment	Loss on Remeasurement of Retirement Obligation (Note 18)	Appropriated (Note 15)	Unappropriated	Total	Non-controlling Interest (Note 15)	Total Equity
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
Balances at January 1, 2020	₱476,000,000	₱53,219,024	₱14,516,424	(₱32,236,855)	₱332,507,131	₱879,945,260	₱1,723,950,984	₱22,098,617	₱1,746,049,601
Total comprehensive income (loss)	–	–	(10,175,974)	3,856,459	–	424,310,518	417,991,003	(2,101,001)	415,890,002
Appropriation of retained earnings (Note 15)	–	–	–	–	48,072,591	(48,072,591)	–	–	–
Declaration of cash dividend (Note 15)	–	–	–	–	–	(333,200,000)	(333,200,000)	–	(333,200,000)
Balances at December 31, 2020	₱476,000,000	₱53,219,024	₱4,340,450	(₱28,380,396)	₱380,579,722	₱922,983,187	₱1,808,741,987	₱19,997,616	₱1,828,739,603

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱317,809,957**	₱759,101,345	₱576,036,890
Adjustments for:			
Interest income (Notes 4, 5, 6, 7, 8, 16, and 20)	**(336,345,400)**	(182,061,977)	(246,449,713)
Depreciation and amortization (Notes 9, 10, 11 and 21)	**52,875,054**	61,021,380	64,197,418
Loss on sale of investment securities at amortized cost (Note 8)	**6,426,327**	–	–
Interest expense (Notes 18 and 21)	**6,564,702**	5,080,618	6,726,005
Amortization of premium on investment securities at amortized cost (Note 8)	**3,582,068**	6,113,471	–
Dividend income (Notes 6 and 16)	**(248,170)**	(38,952)	(38,044)
Gain on disposal of property and equipment (Note 9)	**(2,499)**	(14,459)	(25,785)
Other income from rent concessions (Note 21)	**–**	(57,570)	(565,113)
Loss on lease modification (Note 21)	**–**	49,638	–
Loss on write-off of intangible assets (Note 12)	**–**	–	12,414,396
Operating income before working capital changes	**50,662,039**	649,193,494	412,296,054
Decrease (increase) in:			
Cash in a segregated account	**(21,343,284)**	57,773,481	4,432,654
Financial assets at fair value through profit or loss	**69,039,142**	(118,362,094)	(31,521,000)
Trade receivables	**(197,256,692)**	191,971,879	(288,419,825)
Other receivables	**65,453,934**	37,453,315	29,700,293
Prepayments	**583,621**	(1,788,832)	(979,452)
Other assets	**(1,428,904)**	(12,200,682)	(9,967,981)
Increase (decrease) in:			
Trade payables	**290,627,602**	(917,534,390)	3,322,461,372
Retirement obligation	**(14,765,332)**	9,771,904	(10,812,087)
Other current liabilities	**(41,058,603)**	(57,227,086)	118,159,848
Net cash generated from (used in) operations	**200,513,523**	(160,949,011)	3,545,349,876
Interest received	**275,683,096**	112,412,968	216,817,241
Income taxes paid	**(115,306,351)**	(183,513,363)	(111,934,452)
Dividends received	**248,170**	38,952	38,044
Net cash provided by (used in) operating activities	**361,138,438**	(232,010,454)	3,650,270,709
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from maturity of investment securities at amortized cost	**33,377,720,368**	31,547,823,633	4,265,000,000
Additions to investment securities at amortized cost	**(24,707,545,266)**	(34,965,183,973)	(10,517,919,164)
Proceeds from sale of investment securities at amortized cost	**193,561,411**	–	–
Acquisitions of property and equipment (Notes 9)	**(23,573,705)**	(5,046,488)	(14,059,301)
Acquisitions of software and licenses (Note 11)	**(73,261)**	(537,147)	(291,114)
Proceeds from disposal of property and equipment (Note 9)	**2,500**	87,329	49,614
Decrease in short-term time deposits	**–**	200,000,000	200,000,000
Net cash provided by (used in) investing activities	**8,840,092,047**	(3,222,856,646)	(6,067,219,965)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends declared and paid (Note 15)	**(404,600,000)**	(309,400,000)	(333,200,000)
Payment of lease liabilities (Note 21)	**(27,214,525)**	(26,843,394)	(26,752,450)
Net cash used in financing activities	**(431,814,525)**	(336,243,394)	(359,952,450)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**8,769,415,960**	(3,791,110,494)	(2,776,901,706)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,658,019,809**	5,449,130,303	8,226,032,009
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱10,427,435,769**	₱1,658,019,809	₱5,449,130,303

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, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 were authorized for issue in accordance with a resolution by the BOD on March 27, 2023.

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

Basis of Preparation

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

Basis of Consolidation

The consolidated financial statements comprise the accounts of the Parent Company and its subsidiaries as at December 31, 2022 and 2021 and for each of the three years ended December 31, 2022, 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

On October 4, 2022, CEIUMF started offering its Units of Participation. On the other hand, CSGEUMF is not yet operating as of March 27, 2023. The assets and liabilities held by CEIUMF in relation to the investment of the unitholders as at December 31, 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 2022. 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 PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

- Amendments to PAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

  - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

    The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

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, 2023
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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

Effective beginning on or after January 1, 2025
- PFRS 17, *Insurance Contracts*

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

Summary of Significant Accounting Policies

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

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

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

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

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

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

Cash and Cash Equivalents and Time Deposits
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from dates of acquisition and that are subject to insignificant risk of changes in value.

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

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

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

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

Initial recognition and classification of financial instruments
Financial assets are measured at FVTPL unless these are measured at fair value through other comprehensive income (FVOCI) or at amortized cost. Financial liabilities are classified as either financial liabilities at FVTPL or financial liabilities at amortized cost. The classification of financial assets depends on the contractual terms and the business model for managing the financial assets. Subsequent to initial recognition, the Group may reclassify its financial assets only when there is a change in its business model for managing these financial assets. Reclassification of financial liabilities is not allowed.

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

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

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

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

The Group had no investment securities at FVOCI as at December 31, 2022 and 2021.

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', '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.

Trade Receivables and Payables
Trade receivables from customers, which include margin accounts, and payable to clearing house and other brokers arise from securities purchased (in a regular way transaction) that have been contracted for but not yet delivered and settled at the end of the reporting period. Payable to customers and receivable from clearing house and other brokers arise from securities sold (in a regular way

transaction) that have been contracted for but not yet delivered and settled at the end of the reporting period. Refer to the accounting policy for '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 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 and cash in a segregated account, the Group applies the low credit risk simplification.

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

Offsetting of Financial Assets and Liabilities

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

Prepayments and Other Assets

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

Property and Equipment

Property and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and amortization and any accumulated impairment losses, if any.

Such cost includes the cost of replacing part of such property and equipment, if the recognition criteria are met.

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

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

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

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

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

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

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

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

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 (losses) - net
Results arising from trading activities include all gains and losses from changes in fair value for financial assets and financial liabilities at FVTPL and gains and losses from disposal of investment securities at FVTPL.

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.

<u>Contingencies</u>
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.

<u>Segment Reporting</u>
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.

<u>Events After the End of the Reporting Period</u>
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, 2022 and 2021, 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, 2022, the Parent Company expected that it will be applying the itemized deduction in determining its taxable income in 2023 but optional standard deduction in 2024 onwards, which resulted in the partial recognition of certain deferred income tax assets. The deferred income tax assets (liabilities) as at December 31, 2022 and 2021 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

Cash and Cash Equivalents

This account consists of:

	2022	2021
Cash on hand and in banks	**₱477,632,754**	₱1,058,019,809
Short-term cash investments	**9,949,803,015**	600,000,000
	₱10,427,435,769	₱1,658,019,809

Cash in banks earn interest at the respective bank deposit rates. Short-term cash investments are made for varying periods of up to three (3) months depending on the Group's immediate cash requirements, and earn interest ranging from 0.25% to 5.88% per annum in 2022, from 0.12% to 0.75% per annum in 2021 and from 0.50% to 4.00% per annum in 2020. The Parent Company has United States dollar (US$)-denominated cash in banks amounting to US$1,662 and US$2,073 as at December 31, 2022 and 2021, respectively, while COLHK has US$-denominated cash in banks amounting to US$146,494 and US$83,840 as at December 31, 2022 and 2021, respectively.

In compliance with Securities Regulation Code (SRC) Rule 49.2 covering customer protection and custody of securities, the Parent Company maintains special reserve accounts for its customers amounting to ₱10,106,294,088 and ₱10,056,125,322 as at December 31, 2022 and 2021, 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, 2022 and 2021, 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 ₱133,273,719, ₱20,007,552 and ₱176,203,750 in 2022, 2021 and 2020, respectively (Note 16).

5. Cash in a Segregated Account

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

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

6. Financial Assets at FVTPL

This account consists of:

	2022	2021
Corporate debt securities	**₱76,536,023**	₱70,281,844
Listed equity securities	**5,305,213**	3,791,601
Government debt securities	**2,388,794**	79,278,380
Mutual funds	**617,251**	534,598
	₱84,847,281	₱153,886,423

The peso-denominated government debt securities pertain to investments in Treasury bills which bear nominal annual interest rates ranging 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 ₱593,340 and ₱1,245,529 in 2022 and 2021, respectively (Note 16).

The Group also invested in peso-denominated corporate bonds which bear nominal interest rates ranging from 2.84% to 9.25% per annum in 2022 and from 2.84% to 4.63% per annum in 2021. Interest income earned from the investments amounted to ₱2,920,806 and ₱924,718 in 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 ₱248,170, ₱38,952 and ₱38,044 in 2022, 2021 and 2020, respectively (Note 16).

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

	2022	2021	2020
Trading gains (losses) from sale	**₱10,252,639**	₱51,581,004	(₱263,849)
Unrealized trading gains (losses)	**(4,591,607)**	734,415	(299,180)
	₱5,661,032	₱52,315,419	(₱563,029)

7. Trade Receivables and Other Receivables

Trade Receivables

This account consists of:

	2022	2021
Customers (Note 20)	**₱1,030,253,767**	₱860,712,635
Clearing house	**114,550,660**	84,593,705
Other brokers	**47,346,853**	13,712,755
Trail fee receivables	**1,875,902**	1,998,373
	1,194,027,182	961,017,468
Less allowance for credit losses on trade receivables from customers	**2,058,749**	2,197,613
	₱1,191,968,433	₱958,819,855

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

	2022		2021	
	Money Balance	**Security Valuation-Long**	Money Balance	Security Valuation-Long
Fully secured accounts:				
More than 250%	**₱613,629,241**	**₱5,576,630,926**	₱496,639,511	₱5,751,191,917
Between 200% and 250%	**233,052,134**	**500,232,142**	188,685,228	416,079,630
Between 150% and 200%	**75,955,662**	**143,469,557**	90,528,703	171,969,413
Between 100% to 150%	**107,616,434**	**122,381,550**	4,552,621	4,624,200
Less than 100%	–	–	80,298,021	78,120,455
Unsecured accounts (Note 20)	**296**	–	8,551	–
	1,030,253,767	**₱6,342,714,175**	860,712,635	₱6,421,985,615
Less allowance for credit losses on trade receivables from customers	**2,058,749**		2,197,613	
	₱1,028,195,018		₱858,515,022	

As at December 31, 2022 and 2021, the Parent Company offered a credit line facility amounting to ₱5,667,610,950 and ₱5,507,975,950, respectively, to its customers who qualified for margin accounts.

Interest income from customers amounted to ₱56,830,840, ₱57,339,924 and ₱39,892,680 in 2022, 2021 and 2020, respectively (Note 16).

Trade receivables from margin customers have no specific credit terms but customers are required to maintain the value of their collateral within a specific level. Once the value of the collateral falls below this level, customers may either deposit additional collateral or sell stock to cover the deficiency in their account balance. Meanwhile, receivables from post-paid customers are required to be settled on two (2) trading days' term for COLHK and three (3) trading days' term for the Parent Company. The receivable balances become demandable upon failure of the customer to duly comply with these requirements. As at December 31, 2022 and 2021, ₱1,030,253,471 and ₱780,406,063, respectively, of the total trade receivables from customers are fully covered by collateral.

Trade receivables from clearing house as at December 31, 2022 and 2021, were fully collected in January 2023 and 2022, respectively. These are noninterest-bearing and are collected on two (2) trading days' term and three (3) trading days' term following the settlement convention of HK and Philippines clearing houses, respectively.

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

Trail fee receivables pertain to the amount due from the mutual fund managers representing the trail 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:

	2022	2021
Accrued interest on investments	**₱53,009,349**	₱52,627,212
Employee salary loan and advances (Note 20)	**2,265,038**	1,434,665
Mutual fund redemption proceeds (Note 14)	**2,045,714**	7,569,162
Others	**8,112,441**	8,593,133
	₱65,432,542	₱70,224,172

Allowance for Credit Losses

Movements in the allowance for credit losses follow:

	2022	2021
Balances at beginning of year	**₱2,197,613**	₱3,397,455
Recovery from credit losses	**(138,864)**	(1,199,842)
Balances at end of year	**₱2,058,749**	₱2,197,613

8. Investment Securities at Amortized Cost

This account consists of:

	2022	2021
Current:		
Government debt securities	**₱200,200,000**	₱9,274,253,871
Corporate debt securities	–	100,000,000
	200,200,000	9,374,253,871
Non-current:		
Government debt securities	**800,508,963**	500,200,000
	₱1,000,708,963	₱9,874,453,871

The peso-denominated government debt securities bear a nominal interest rate of 0.70% to 6.38% per annum in 2022 and 0.80% to 6.38% per annum in 2021, with an EIR of 0.70% to 5.18% in 2022 and from 0.70% to 4.38% in 2021. The peso-denominated investment in corporate debt securities bear a nominal interest rate of 4.41% per annum in 2021 and 2020. Sale of a government bond resulted in a loss amounting to ₱6,426,327 and nil in 2022 and 2021, respectively.

The Group's investment in government and corporate debt securities are considered of low credit risk since these are rated as Baa2 and BBB-, respectively, by international credit rating companies. These credit ratings are still considered as 'Investment Grade.'

The outstanding investments in short-term government debt securities amounting to nil and ₱8.71 billion as at December 31, 2022 and December 31, 2021, 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 ₱142,726,156, ₱102,543,447 and ₱30,244,404 in 2022, 2021 and 2020, respectively (Note 16).

9. Property and Equipment

The composition of and movements in this account follow:

	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**

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

As of December 31, 2022 and 2021, the cost of the Group's fully depreciated property and equipment still in use amounted to ₱215,432,158 and ₱168,239,961, respectively. Disposal of property and equipment resulted in gains amounting ₱2,499, ₱14,459 and ₱25,785 in 2022, 2021 and 2021.

The depreciation and amortization were distributed as follows:

	2022	2021	2020
Cost of services	**₱29,190,474**	₱207,753	₱155,548
Operating expenses	**19,894,632**	55,970,147	58,918,847
	₱49,085,106	₱56,177,900	₱59,074,395

10. **Investment Property**

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

	2022	2021
Cost		
At beginning and end of year	**₱17,509,736**	₱17,509,736
Accumulated depreciation		
At beginning of year	**3,501,948**	2,626,461
Depreciation	**875,487**	875,487
At end of year	**4,377,435**	3,501,948
Net book value	**₱13,132,301**	₱14,007,788

The office space is held for capital appreciation. As at December 31, 2022 and 2021, the fair value of investment property amounted to ₱38,413,490 and ₱39,567,000, respectively.

The depreciation of investment property recorded in 'Depreciation and amortization' in the consolidated statements of income amounted to ₱875,487 in 2022, 2021 and 2020.

Collaterals
As at December 31, 2022 and 2021, the Group's investment property is not pledged as collateral.

11. **Intangibles**

Stock Exchange Trading Rights
Philippine Operations
As at December 31, 2022 and 2021, the fair value of the exchange trading right less costs to sell amounted ₱8,000,000 and ₱8,500,000, respectively, representing the last transacted price of the exchange trading right (as provided by the PSE). At as December 31, 2022 and 2021, 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:

	2022	2021
Cost		
At beginning of year	**₱49,070,373**	₱48,533,226
Additions	**73,261**	537,147
At end of year	**49,143,634**	49,070,373
Accumulated amortization		
At beginning of year	**41,934,928**	37,966,935
Amortization	**2,914,461**	3,967,993
At end of year	**44,849,389**	41,934,928
Net book value	**₱4,294,245**	₱7,135,445

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

	2022	2021	2020
Cost of services	**₱2,719,866**	₱–	₱–
Operating expenses	**194,595**	3,967,993	4,247,536
	₱2,914,461	₱3,967,993	₱4,247,536

As of December 31, 2022 and 2021, the costs of the Group's fully amortized software still in use amounted to ₱33,744,090 and ₱25,719,905, respectively.

12. **Other Assets**

Other Current Assets
This account consists of:

	2022	2021
Income tax overpayment	**₱15,474,261**	₱–
Deferred input VAT	**659,573**	484,349
	₱16,133,834	₱484,349

Other Noncurrent Assets
This account consists of:

	2022	2021
Deposit and refundable contributions to CTGF	**₱53,260,803**	₱50,503,250
Intangible assets under development	**7,849,571**	7,849,571
Refundable deposits:		
Rental and utility deposits	**8,025,833**	7,219,910
Other refundable deposits	**4,168,681**	4,015,220
	73,304,888	69,587,951
Deferred input VAT	**2,530,931**	4,433,032
	₱75,835,819	₱74,020,983

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.

On March 13, 2018, the SEC resolved to approve SCCP's proposed amendments to SCCP Rule 5.2, making the Clearing Members' contributions to the CTGF refundable upon cessation of their business and/or termination of their membership with SCCP, provided that all liabilities owing to SCCP at the time of termination, whether actual or contingent, shall have been satisfied or paid in full. Accordingly, the Parent Company recognized the total refundable contributions as of December 31, 2022 and 2021 as 'Other noncurrent assets' amounting to ₱53,260,803 and ₱50,503,250, respectively.

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

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

13. Trade Payables

This account consists of:

	2022	2021
Customers (Note 20)	**₱10,768,039,309**	₱10,556,530,999
Clearing house	**120,761,453**	33,651,717
	₱10,888,800,762	₱10,590,182,716

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

	2022		2021	
	Money Balance	**Security Valuation-Long**	Money Balance	Security Valuation-Long
Payable to customers:				
With money balances	**₱10,768,039,309**	**₱86,762,102,123**	₱10,556,530,999	₱94,317,687,662
No money balances	**–**	**2,345,130,730**	–	2,443,357,781
	₱10,768,039,309	**₱89,107,232,853**	₱10,556,530,999	₱96,761,045,443

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

Payable to customers with money balances amounting to ₱105,349,227 and ₱75,443,933 as at December 31, 2022 and 2021, 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 and 2021 were subsequently paid in January 2023 and 2022, respectively. These are noninterest-bearing and are settled on two (2) trading days' term and three (3) trading days' term following the settlement convention of HK and Philippines clearing houses, respectively.

14. Other Current Liabilities

This account consists of:

	2022	2021
Due to BIR	**₱26,926,234**	₱38,921,158
Accrued management bonus	**25,696,422**	32,779,925
Accrued expenses	**25,569,387**	41,806,292
Unposted customers' deposits	**11,328,254**	9,671,703
Mutual fund redemption proceeds (Note 7)	**2,057,564**	7,699,370
Trading fees	**2,036,829**	2,879,601
Others	**12,310,273**	12,022,657
	₱105,924,963	₱145,780,706

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

15. Equity

Capital Stock

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

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

All issued and outstanding shares of the Parent Company are listed with the PSE (Note 1). As of December 31, 2022 and 2021 there were 34 holders of the listed shares of the Parent Company, with its share price closing at ₱3.21 and ₱4.15 per share, respectively.

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

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

Year	Issuance	Listing Date	Number of Shares issued*
2016	Stock options exercise	July 4, 2016	1,000,000,000

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

Retained Earnings

In compliance with SRC Rule 49.1 B, *Reserve Fund*, the Parent Company appropriates annually ten percent (10%) of its audited net income and transfers the same to appropriated retained earnings account. Minimum appropriation shall be 30.00%, 20.00% and 10.00% of profit after tax for broker dealers with unimpaired paid-up capital between ₱10.00 million to ₱30.00 million, between ₱30.00 million to ₱50.00 million and more than ₱50.00 million, respectively. It is intended that in the event that the Parent Company's paid-up capital is impaired, the Parent Company will be required to transfer from the appropriated retained earnings to the capital account an amount equivalent to the impairment. Such amount so transferred out shall not be made available for payment of dividend.

In 2022 and 2021, the BOD approved the appropriation of retained earnings amounting to ₱60.92 million and ₱44.22 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 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.

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

As of December 31, 2022 and 2021, the consolidated retained earnings include the retained earnings of COLHK amounting to ₱85,413,862 and ₱110,445,875, 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, 2022 and 2021, 30.00% of its equity interest is being held by non-controlling interest.

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

Summarized statements of financial position as of December 31, 2022 and 2021

	2022	2021
Cash and cash equivalents (current)	**₱28,226,969**	₱1,380,082
Financial assets at FVTPL	**23,660,307**	56,661,998
Other receivables (current)	**316,057**	205,570
Other assets (current)	**728,426**	546,812
Property and equipment (non-current)	**1,941,134**	3,103,039
Other assets (non-current)	**543,478**	53,133
Trade payables (current)	**(69,610)**	–
Accrued expenses (current)	**(155,384)**	(92,674)
Other liabilities (current)	**(120,809)**	(89,601)
Lease liability (current)	**(252,750)**	(722,687)
Lease liability (non-current)	–	(252,750)
Total equity	**₱54,817,818**	₱60,792,922
Attributable to:		
Equity holders of the Parent Company	**₱38,372,472**	₱42,555,045
Non-controlling interest	**16,445,346**	18,237,877

Summarized statements of income for the years ended December 31, 2022, 2021 and 2020

	2022	2021	2020
Interest income	**₱1,580,545**	₱883,523	₱1,275,121
Trading gains (losses) - net	**(1,573,989)**	252,877	(16,430)
Other income	**168,669**	–	–
Operating expenses	**(6,135,543)**	(6,815,646)	(8,037,188)
Loss before income tax	**(5,960,318)**	(5,679,246)	(6,778,497)
Provision for income tax	**14,785**	186,554	224,839
Net loss	**(₱5,975,103)**	(₱5,865,800)	(₱7,003,336)
Attributable to:			
Equity holders of the Parent Company	**(₱4,182,572)**	(₱4,106,061)	(₱4,902,335)
Non-controlling interest	**(1,792,531)**	(1,759,739)	(2,101,001)

Summarized cash flow information for the years ended December 31, 2022, 2021 and 2020

	2022	2021	2020
Operating activities	**₱27,967,020**	(₱51,750,323)	(₱15,852,377)
Investing activities	**(366,519)**	(146,915)	–
Financing activities	**(753,614)**	(717,727)	(391,388)
Net increase (decrease) in cash and cash equivalents	**₱26,846,887**	(₱52,614,965)	(₱16,243,765)

16. **Revenues**

Breakdown of the Group's revenues are as follows:

	2022	2021	2020
Revenue from contracts with customers			
Commissions	**₱447,051,831**	₱1,013,013,332	₱793,886,384
Trail fees	**22,117,691**	21,484,857	17,255,849
Others	**24,558,485**	53,797,890	28,709,592
	493,728,007	1,088,296,079	839,851,825
Other revenues (losses)			
Interest income	**336,345,400**	182,061,977	246,449,713
Trading gains (losses) - net	**5,661,032**	52,315,419	(563,029)
Others	**248,385**	96,522	603,157
	342,254,817	234,473,918	246,489,841
	₱835,982,824	₱1,322,769,997	₱1,086,341,666

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

	2022	2021	2020
Other income from customers	**₱22,416,309**	₱52,413,284	₱26,245,345
Dividend income	**248,170**	38,952	38,044
Miscellaneous	**2,142,391**	1,384,606	2,464,247
Income from rent concessions	–	57,570	565,113
	₱24,806,870	₱53,894,412	₱29,312,749

Other income from customers pertains to the regular transaction fees that are normally charged to customers upon execution and completion of trade orders. Since the Parent Company is primarily responsible to its counterparties for the settlement of trading fees charged to its customers, it has concluded that it is acting as a principal and 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:

	2022	2021	2020
Stock trading costs charged to customers	**₱22,247,719**	₱52,413,284	₱26,245,345
Membership fees and dues	**10,507,167**	23,569,157	17,764,824
Dealer trades and other transaction costs	**760,522**	158,890	7,168,824
Miscellaneous	**756,797**	864,925	838,419
	₱34,272,205	₱77,006,256	₱52,017,412

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

	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

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

Interest income earned consists of income from:

	2022	2021	2020
Debt securities (Note 8)	**₱142,726,156**	₱102,543,447	₱30,244,404
Banks (Notes 4 and 5)	**133,273,719**	20,007,552	176,203,750
Customers (Note 7)	**56,830,840**	57,339,924	39,892,680
Financial assets at FVTPL (Note 6)	**3,514,146**	2,170,247	108,879
Others	**539**	807	–
	₱336,345,400	₱182,061,977	₱246,449,713

17. Personnel Costs

This account consists of:

	2022	2021	2020
Salaries and wages	**₱149,860,532**	₱144,833,804	₱142,828,370
Management bonus	**43,660,200**	57,774,403	32,987,417
Retirement costs (Note 18)	**9,824,477**	9,771,904	8,343,149
Other benefits (Note 18)	**20,006,149**	18,734,514	17,682,743
	₱223,351,358	₱231,114,625	₱201,841,679

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

The above accounts were distributed as follows:

	2022	2021	2020
Cost of services	**₱77,329,335**	₱70,900,503	₱81,116,939
Operating expenses	**146,022,023**	160,214,122	120,724,740
	₱223,351,358	₱231,114,625	₱201,841,679

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 2022, 2021 and 2020. 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:

	2022	2021	2020
Current service cost (Note 17)	**₱9,824,477**	₱9,771,904	₱8,343,149
Net interest expense	**4,167,912**	2,763,007	3,621,811
	₱13,992,389	₱12,534,911	₱11,964,960

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:

	2022	2021
Retirement obligation at beginning of year	**₱81,723,769**	₱69,075,170
Contributions	**(24,589,809)**	–
Net actuarial (gains) losses	**(17,253,643)**	113,688
Retirement costs	**13,992,389**	12,534,911
Retirement obligation at end of year	**₱53,872,706**	₱81,723,769

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

	2022	2021
Present value of defined benefit obligation	**₱103,314,131**	₱108,504,173
Fair value of plan assets	**(49,441,425)**	(26,780,404)
	₱53,872,706	₱81,723,769

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

	2022	2021
Opening present value of defined benefit obligation	**₱108,504,173**	₱99,032,165
Current service cost	**9,824,477**	9,771,904
Interest cost	**5,533,713**	3,961,287
Remeasurement losses (gains) on:		
Financial assumptions	**(24,011,008)**	(13,389,291)
Experience adjustments	**4,861,136**	12,249,991
Benefits paid	**(1,398,360)**	(3,121,883)
Closing present value of defined benefit obligation	**₱103,314,131**	₱108,504,173

Changes in the fair value of plan assets follow:

	2022	2021
Balances at beginning of year	**₱26,780,404**	₱29,956,995
Contributions	**24,589,809**	–
Remeasurement loss on plan assets	**(1,896,229)**	(1,252,988)
Benefits paid	**(1,398,360)**	(3,121,883)
Expected interest income	**1,365,801**	1,198,280
Balances at end of year	**₱49,441,425**	₱26,780,404

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

	2022	2021
Fixed income	**91.05%**	99.22%
Cash in bank	**8.53%**	0.64%
Others	**0.52%**	0.18%
	100.09%	100.04%
Accrued trust fees payable	**(0.09%)**	(0.04%)
	100.00%	100.00%

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

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

	2022	2021
Discount rate	**7.30%**	5.10%
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, 2022 and 2021 assuming all other assumptions were held constant.

	Increase (decrease) in significant assumptions	Increase (decrease) in defined benefit obligation	
		2022	2021
Discount rates	+0.50%	**(₱4,335,781)**	(₱5,276,002)
	-0.50%	**4,701,673**	5,759,546
Future salary increases	+0.50%	**4,454,058**	5,394,352
	-0.50%	**(4,140,328)**	(4,991,306)
Mortality rate	+1 year	**(921,680)**	(253,937)
	-1 year	**1,015,312**	237,118

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 ₱24,589,809 to the retirement plan in 2022.

The Parent Company is currently assessing the contribution to be made in 2023.

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

	2022	2021
Zero (0) to five (5) years	**₱59,015,646**	₱38,597,894
Six (6) to ten (10) years	**66,881,466**	68,067,722
Eleven (11) to fifteen (15) years	**62,398,313**	58,171,730
Beyond fifteen (15) years	**550,781,717**	435,784,152
	₱739,077,142	₱600,621,498

The weighted average duration of the defined benefit obligation is 14 years in 2022, 2021 and 2020.

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 ₱342,300, ₱311,894 and ₱314,861 in 2022, 2021 and 2020, 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:

	2022	2021
Current:		
Final	**₱59,753,217**	₱27,260,767
RCIT	**17,955,259**	135,419,186
Deferred	**(2,152,278)**	14,966,412
	₱75,556,198	₱177,646,365

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

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

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

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

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

As of December 31, 2022, 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
2022	₱6,716,634	₱–	₱6,716,634	2025
2021	7,761,742	–	7,761,742	2026
2020	8,235,603	–	8,235,603	2025
2019	3,612,778	(3,612,778)	–	2022
	₱26,326,757	(₱3,612,778)	₱22,713,979	

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:

	2022	2021	2020
Income tax at statutory income tax rate	**₱79,452,489**	₱189,775,336	₱172,811,067
Additions to (reductions in) income tax resulting from:			
Interest income subjected to final tax	**(9,901,105)**	(4,012,571)	(20,274,524)
Change in unrecognized DTA	**3,393,610**	17,788,805	(787,990)
Effect of lower income tax rate in HK	**2,069,381**	1,921,345	1,950,174
Non-deductible expense	**403,584**	3,250	453,054
Effect of lower income tax rate for domestic subsidiaries	**322,558**	234,068	–
Tax-exempt income	**(184,319)**	(24,221)	(324,408)
40% OSD	–	(20,594,270)	–
Adjustment on tax expense due to change in enacted rates	–	(7,445,377)	–
Provision for income tax	**₱75,556,198**	₱177,646,365	₱153,827,373

In 2021, the Parent Company used the optional standard deduction (OSD) method in calculating the allowed deductions for income tax purposes, while in 2022 and 2020, 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:

	2022	2021
Deferred income tax assets		
Retirement obligation	**₱1,186,773**	₱–
Leases under PFRS 16	**603,181**	–
Unrealized trading losses	**149,263**	–
Others	**44,536**	–
	1,983,753	–

(Forward)

	2022	2021
Deferred income tax liabilities		
Accumulated translation adjustment	**(₱11,703,535)**	(₱4,900,125)
Unrealized trading gains	–	(188,280)
Others	**(128,894)**	(96,796)
	(11,832,429)	(5,185,201)
	(₱9,848,676)	(₱5,185,201)

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:

	2022	2021
Unused tax losses	**₱298,324,310**	₱273,978,679
Retirement obligation	**70,637,298**	95,263,520
NOLCO	**22,431,830**	19,610,123
Allowance for credit losses	**2,058,749**	2,197,613
Unrealized trading losses	**2,301,742**	–
Leases under PFRS 16	–	2,395,298
	₱395,753,929	₱393,445,233

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

20. **Related Party Disclosures**

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

Category	Commission income	Interest income	Trail fees	Professional fees	Directors' fees	Capital expenditures	Condominium dues	Rental Payments	Other Expenses	Trade receivables	Trade payables
Key management personnel											
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
2020	1,383,035	716,039	–	–	–	–	–	–	–	52,239,716	4,055,643
Companies with common officers, directors and stockholders											
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	–
2020	12,312,773	2,638,775	–	3,825,689	–	128,272	441,000	3,200,400	78,362	34,241,976	4,411,721
Directors											
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
2020	1,200,084	1,202,715	–	–	1,750,000	–	–	–	–	9,559,081	55,542,824

Trade receivables from and payables to related parties are due to be settled in three (3) trading days in the Philippines and two (2) trading days in HK, except for trade receivables under margin accounts. Trade receivables from related parties under margin accounts are interest-bearing, not guaranteed, and secured by shares of stocks (except for trade receivables amounting to ₱296 and ₱8,551, which were unsecured as of December 31, 2022 and December 31, 2021 (Note 7). The trade receivables from related parties are not impaired.

b. As of December 31, 2022 and 2021, the Group also has unsecured noninterest-bearing employee salary loans and advances amounting to ₱2,265,038 and ₱1,434,665 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:

	2022	2021	2020
Short-term employee benefits	**₱83,720,881**	₱99,889,672	₱83,164,049
Retirement costs (Note 18)	**3,138,452**	3,627,431	3,463,336
Other benefits	**1,001,855**	912,859	–
	₱87,861,188	₱104,429,962	₱86,627,385

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:

	2022	2021
At beginning of year	**₱37,075,248**	₱44,129,430
Additions	**38,880,095**	17,679,420
Accretion of interest	**2,240,992**	2,317,611
Payments	**(27,214,525)**	(26,843,394)
Translation adjustment	**419,712**	76,595
Lease modification	–	(226,844)
Rent concessions	–	(57,570)
At end of year	**₱51,401,522**	₱37,075,248
Current	**₱19,413,343**	₱17,845,909
Non-current	**31,988,179**	19,229,339
	₱51,401,522	₱37,075,248

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

	2022	2021
Depreciation expense of right-of-use assets included in property and equipment (Note 9)	**₱24,843,987**	₱24,724,300
Interest expense on lease liabilities	**2,240,992**	2,317,611
Other revenue (Note 16)	–	(57,570)
Loss on lease modification	–	49,638
	₱27,084,979	₱27,033,979

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 ₱362,567, ₱360,771 and ₱364,679 in 2022, 2021 and 2020, respectively.

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

	2022	2021
Within one (1) year	**₱21,992,753**	₱19,329,863
More than 1 years to 2 years	**16,183,195**	7,073,667
More than 2 years to 3 years	**9,851,852**	3,620,985
More than 3 years to 4 years	**3,175,200**	3,175,200
More than 4 years to 5 years	**3,175,200**	3,175,200
After five (5) years	**3,175,200**	6,350,400
	₱57,553,400	₱42,725,315

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, 2022, 2021 and 2020.

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, 2022 and 2021, 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, 2022 and 2021 are as follows:

	2022	2021
Equity eligible for NLC	**₱1,871,731,347**	₱2,004,976,723
Less ineligible assets	**515,052,279**	584,692,937
NLC	**₱1,356,679,068**	₱1,420,283,786
Position risk	**₱34,507,193**	₱31,390,286
Operational risk	**214,412,180**	205,341,173
Large exposure risk	**19,220,559**	134,998,846
Total Risk Capital Requirement (TRCR)	**₱268,139,932**	₱371,730,305
AI	**₱10,795,400,421**	₱10,699,547,503
5.00% of AI	**₱539,770,021**	₱534,977,375
Required NLC	**₱539,770,021**	₱534,977,375
Net Risk-Based Capital Excess	**₱816,909,047**	₱885,306,411
Ratio of AI to NLC	**796%**	753%
RBCA ratio (NLC/TRCR)	**506%**	382%

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 2022 and 2021, 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, 2022 and 2021.

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, 2022 and 2021, 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, 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, which are neither past due nor impaired, are classified as high grade and are in stage 1 of the ECL model, due to its high probability of collection (i.e. the counterparty has the evident ability to satisfy its obligation).

Cash and cash equivalents and cash in a segregated 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. The receivable balances become demandable upon failure of the customer to duly comply with these requirements. As at December 31, 2022 and 2021, ₱1,030,253,471 and ₱860,704,084 of the total receivables from customers is secured by collateral comprising of equity securities of listed companies with a total market value of ₱6,342,714,175 and ₱6,421,985,615, respectively (Note 7).

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

The aging analyses of the Group's trade receivables as at December 31, 2022 and 2021 are summarized in the following table (gross of allowance for credit losses):

	Days after trade date				
	T+0 to T+2	**T+3 to T+13**	**T+14 to T+30**	**T+31 to T+365**	**Total**
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**
2021					
Expected loss rate	0.00%	2.00%	0.00%	0.00%	0.25%
Trade receivables	₱153,331,934	₱109,862,656	₱164,589,503	₱432,928,542	₱860,712,635
Expected credit loss	–	2,197,253	–	360	2,197,613

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

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

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

Investment securities at amortized cost
The investments are classified as high grade. The Group's investment in government and corporate debt securities are considered of low credit risk since these are rated as Baa2 and BBB-, respectively, by international credit rating companies. These credit ratings can still be considered as 'Investment Grade.'

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

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

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

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

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

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

Maximum exposure to credit risk and collateral and other credit enhancements
Except for receivable from customers, the carrying values of the Company's financial assets as reflected in the statements of financial condition as of December 31, 2022 and 2021 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.

	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**

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

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, 2022 and 2021, 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, 2022 and 2021 consist of cash and cash equivalents, 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 2022 and 2021 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$148,156 and US$85,913 as at December 31, 2022 and 2021, 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 2022 and 2021 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.

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**		**Net Exposure**
				Financial Instruments	**Fair Value of Financial Collateral**	
	[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**

2021

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

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, 2022 and 2021:

	Carrying Values		**Fair Values**	
	2022	2021	**2022**	2021
Financial assets				
Investment securities at amortized cost	**₱1,000,708,963**	₱9,874,453,871	**₱856,948,771**	₱9,814,058,400
Non-financial assets				
Refundable deposits	**12,194,514**	11,235,130	**10,621,819**	9,786,165
Investment property	**13,132,301**	14,007,788	**38,413,490**	39,567,000

The carrying amounts of cash and cash equivalents, cash in a segregated account, 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, 2022 and 2021. 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, 2022 and 2021.

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, 2022 and 2021. There are no changes in the valuation techniques in 2022 and 2021.

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, 2022 and 2021.

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:

	2022			
	Carrying Value	**Level 1**	**Level 2**	**Level 3**
Asset measured at fair value:				
Financial assets at FVTPL	**₱84,847,281**	**₱84,230,030**	**₱617,251**	**₱–**
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**

	2021			
	Carrying Value	Level 1	Level 2	Level 3
Asset measured at fair value:				
Financial assets at FVTPL	₱153,886,423	₱153,351,825	₱534,598	₱–
Asset for which fair values are disclosed:				
Refundable deposits	11,235,130	–	–	9,786,165
Investment securities at amortized cost	9,874,453,871	3,732,485,050	6,081,573,350	–
Investment property	14,007,788	–	–	39,567,000

During the years ended December 31, 2022 and 2021, there were no transfers among levels 1, 2 and 3 of fair value measurements.

25. EPS Computation

	2022	2021	2020
Net income attributable to the equity holders of the Parent Company	**₱244,046,290**	₱583,214,719	₱424,310,518
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	**₱0.05**	₱0.12	₱0.09
Diluted EPS	**₱0.05**	₱0.12	₱0.09

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

26. Segment Information

Business Segments
The Group’s business segments follow:
- Stockbrokerage services pertaining to the Group’s stockbrokerage companies, mainly the Parent Company and COLHK; and
- Others pertaining to the Group’s subsidiaries other than COLHK.

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

	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)

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

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:

	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
Segment revenue	1,316,451,723	6,326,278	(8,004)	1,322,769,997
Cost of services	(222,216,338)	(18,275,681)	8,004	(240,484,015)
Operating expenses, net of other income	(249,083,793)	(8,043,167)	–	(257,126,960)
Depreciation and amortization	(58,470,018)	(2,343,609)	–	(60,813,627)
Other losses	(4,978,761)	(265,289)	–	(5,244,050)
Income (loss) before income tax	781,702,813	(22,601,468)	–	759,101,345
Provision for income tax	(177,646,365)	–	–	(177,646,365)
Net income (loss)	₱604,056,448	(₱22,601,468)	₱–	₱581,454,980
Segment assets	₱12,922,223,878	₱345,849,946	(₱287,300,000)	₱12,980,773,824
Segment liabilities	10,795,992,335	85,903,695	–	10,881,896,030
Capital expenditures:				
Fixed assets	5,046,488	–	–	5,046,488
Cash flows arising from:				
Operating activities	(256,511,463)	24,501,009	–	(232,010,454)
Investing activities	(3,222,856,646)	–	–	(3,222,856,646)
Financing activities	(333,749,297)	(2,494,097)	–	(336,243,394)

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

27. **Mutual Fund Operations**

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

	2022
Cash and cash equivalents	**₱3,478,317**
Financial assets at FVTPL	**109,589,528**
Other assets	**16,997**
Due to broker	**(1,110,215)**
Other liabilities	**(221,659)**
Net assets attributable to unitholders	**₱111,752,968**

SGV
Building a better working world

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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, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, included in this Form 17-A, and have issued our report thereon dated March 27, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Janet A. Paraiso
Partner
CPA Certificate No. 92305
Tax Identification No. 193-975-241
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 92305-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-062-2020, December 3, 2020, valid until December 2, 2023
PTR No. 9369768, January 3, 2023, Makati City

March 27, 2023

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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, 2022 and 2021, and for each of the three years in the period ended December 31, 2022 and have issued our report thereon dated March 27, 2023. 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, 2022 and 2021 and for each of the three years in period ended December 31, 2022 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Janet A. Paraiso
Partner
CPA Certificate No. 92305
Tax Identification No. 193-975-241
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 92305-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-062-2020, December 3, 2020, valid until December 2, 2023
PTR No. 9369768, January 3, 2023, Makati City

March 27, 2023

COL FINANCIAL GROUP, INC. AND SUBSIDIARIES
INDEX TO THE SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2022

SUPPLEMENTARY SCHEDULES

I. Reconciliation of retained earnings available for dividend declaration

II. Supplementary schedules under Annex 68-J

III. Map of the relationships of the companies within the group

SCHEDULE I
COL FINANCIAL GROUP, INC. AND SUBSIDIARIES
RECONCILIATION O`F RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
PURSUANT TO REVISED SRC RULE 68 AND SEC MEMORANDUM CIRCULAR NO.11
DECEMBER 31, 2022

Unappropriated Retained Earnings of the Parent Company per 2022 audited financial statements, beginning of the year		₱1,050,768,771
Adjustments:		
Add (Less):		
Appropriations of retained earnings based on 10% of 2021 audited net income approved subsequently in 2022**	(60,922,168)	
Fair value adjustment (FVTPL)	(753,118)	(61,675,286)
Unappropriated Retained Earnings of the Parent Company, as adjusted, beginning of the year		989,093,485
Net income during the period closed to retained earnings (Parent)	273,326,576	
Less: Non-actual/unrealized income net of tax:		
Equity in net income of associate/joint venture	–	
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents)	–	
Fair value adjustment of investment property resulting to gain	–	
Adjustment due to deviation from PFRS/GAAP – gain	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–	
Deferred tax assets	(1,783,092)	
Subtotal	(1,783,092)	
Add: Non-actual losses		
Depreciation on revaluation increment (after tax)	–	
Adjustment due to deviation from PFRS/GAAP – loss	–	
Loss on fair value adjustment of investment property (after tax)	–	
Fair value adjustment (FVTPL)	278,414	
Subtotal	278,414	
Net Income Actual/Realized	271,821,898	271,821,898
Add (Less):		
Dividend declarations during the period	(404,600,000)	
Appropriations of retained earnings for IT business expansion	(100,000,000)	
Appropriations of retained earnings based on 10% of 2022 audited net income to be approved subsequently in 2023**	(27,332,658)	
Reversals of appropriations	–	
Effects of prior period adjustments	–	
Treasury shares	–	
Subtotal	(531,932,658)	(531,932,658)
Unappropriated Retained Earnings of the Parent Company, as adjusted, end of the year*		₱728,982,725

** As of December 31, 2022, the amount of consolidated retained earnings shown in the accompanying consolidated financial statements includes the net accumulated earnings of the subsidiaries amounting to ₱72,528,503. 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, 2022

Schedule A. Financial Assets

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

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

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

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not current	Balance at end of period
Various employees	₱1,434,665	₱2,791,789	₱1,961,416	₱–	₱2,265,038	₱–	₱2,265,038

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

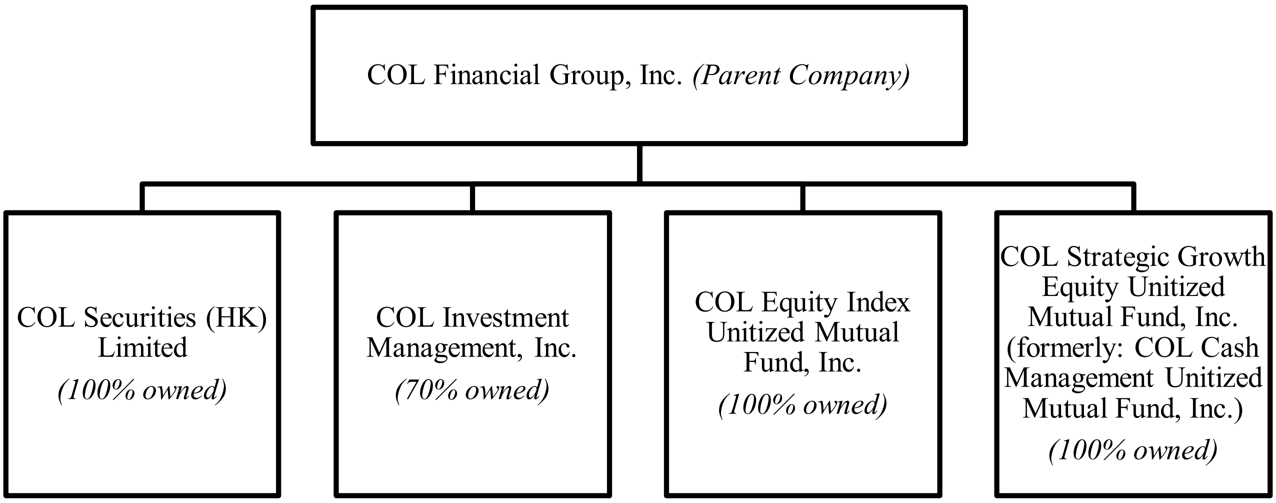
Schedule F. Guarantees of Securities of Other Issuers

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	–	–	2,865,074	1,894,926

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, 2022



SCHEDULE IV
COL FINANCIAL GROUP, INC. AND SUBSIDIARIES
SCHEDULE SHOWING FINANCIAL SOUNDNESS INDICATORS
PURSUANT TO REVISED SRC RULE 68
DECEMBER 31, 2022

Below are the financial ratios that are relevant to the Group as of and for the years ended December 31, 2022 and 2021:

Ratio	Formula	Current Year	Prior Year
Current ratio	Total current assets divided by Total current liabilities Total current assets ₱12,090,452,743 Divide by Total current liabilities 11,014,139,068 Current ratio 1.10	**1.10:1**	1.14:1
Debt-to-equity ratio	Total liabilities divided by Average equity Total liabilities ₱11,111,832,382 Divide by Average equity 2,019,194,998 Debt-to-equity ratio 5.50	**5.50:1**	5.60:1
Quick ratio	Total liquid assets divided by Total current liabilities Total liquid assets ₱12,066,700,499 Divide by Total current liabilities 11,014,139,068 Current ratio 1.10	**1.10:1**	1.14:1
Asset-to-equity ratio	Total assets divided by Average equity Total assets ₱13,086,027,806 Divide by Average equity 2,019,194,998 Asset-to-equity ratio 6.48	**6.48:1**	6.67:1
Return on assets	Net income divided by Average assets Net income ₱244,046,290 Divide by Average assets 13,033,400,815 Return on assets 2% Average assets is computed as follows: Beg. total assets ₱12,980,773,824 Ending total assets 13,086,027,806 Total 26,066,801,630 Divide by 2 Average assets ₱13,033,400,815	**2%**	5%

Ratio	Formula	Current Year	Prior Year
Return on average stockholder's equity	Net income divided by Average stockholder's equity Net income ₱244,046,290 Divide by Average stockholder's equity* 2,019,194,998 Return on average stockholder's equity 12% Average stockholder's equity is computed as follows: Beg. total stockholder's equity* ₱2,080,639,917 Ending total stockholder's equity* 1,957,750,078 Total 4,038,389,995 Divide by 2 Average total stockholder's equity* ₱2,019,194,998 **Attributable to the equity holders of the Parent Company*	**12%**	30%
Net profit margin	Net income divided by Total revenues Net income ₱244,046,290 Total revenues 835,982,824 Net profit (loss) margin 29%	**29%**	44%

COL FINANCIAL GROUP, INC.

SUSTAINABILITY REPORT

Year 2022

Table of Contents

A. CONTEXTUAL INFORMATION

1. Company Details

Name of Organization	**COL Financial Group, Inc.** ("COL", the "Corporation", the "Company")
Location of Headquarters	Pasig City, Metro Manila, Philippines
Location of Operations	Pasig City, Metro Manila, Philippines
Report Boundary: Legal entities included in this report	COL Financial Group, Inc. (parent company only)
Business Model, including Primary Activities, Brands, Products, and Services	Broker/ Dealer of Securities
Reporting Period	Calendar year ending 31 December 2022
Highest Ranking Person responsible for this Report	Sharon T. Lim / Corporate Secretary

2. Materiality Process

To create this report, the Company's management identified key areas that are materially relevant for COL to reach long-term sustainable operations. It likewise endeavoured to identify the expectations and interests of its various stakeholders comprising of, among others, its personnel (e.g., directors, officers, employees, agents, consultants, and other persons assigned to COL by their respective employers), clients, service providers, regulators, investors and shareholders, and competitors.

Out of the 33 GRI topics, the following are material to Company stakeholders upon review. These topics will need to be validated against stakeholder interviews:

- Economic Performance;
- Indirect Economic Impacts;
- Employee Hiring and Benefits;
- Employee Training and Development;
- Customer Satisfaction;
- Customer Privacy;
- Data Security; and
- Local Communities; Financial Inclusion, Accessibility and Financial Education.

B. ECONOMIC

1. Economic Performance

a. Direct Economic Value Generated and Distributed

The following figures are based on the 2022 Audited Financial Statements of COL Financial Group, Inc. (parent company only).

Disclosure	Amount (in PhP)
Direct economic value generated (revenue)	*831,001,578*
Direct economic value distributed:	
a. Operating costs	*208,440,642*
b. Employee wages and benefits	*207,244,845*
c. Payments to suppliers, other operating costs	*205,326,441*
d. Dividends given to stockholders and interest payments to loan providers	*404,600,000*
e. Taxes given to government*	*204,703,313*
f. Investments to community (e.g. donations, CSR)**	*1,261,959*

**COL also remitted to the government sales transactions tax collected from its customers amounting to PhP 471,935,316.*
***Investments to community for 2022 consist primarily of financial literacy campaigns.*

(1) Impact

COL is the leading online financial services provider in the Philippines. COL aims to be the most trusted wealth-building partner of every Filipino that provides practical and ethical financial products through value-driven and innovative solutions to help them achieve their financial goals.

As part of COL's commitment to provide more useful products and services to help its customers build genuine wealth, it has an online stock brokerage platform where clients may purchase stocks listed in the Philippine Stock Exchange. COL also created COL Fund Source, the first and leading online mutual fund supermarket in the Philippines which provides investors access to a wide selection of mutual funds. In 2019, to diversify COL's portfolio as a one-stop shop online platform for capital market products, it set up its own asset management firm, COL Investment Management, Inc. to serve as the asset management firm for 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 economic performance of COL affects the following stakeholders: its own personnel (consisting of its directors, officers, full-time employees, agents, consultants, and personnel who are employed by COL's service providers but are assigned to the Company), the Company's more than 500,000 clients, its investors and shareholders, its regulators consisting of, among others, the Securities and Exchange Commission, the

Philippine Stock Exchange, Inc., and the Capital Markets Integrity Corporation, and the capital markets in general.

To manage its economic performance, COL is committed to maximizing its profitability through the efficient use of its capital resources with the ultimate objective of increasing shareholder value. Consequently, COL regularly monitors and reviews the effectiveness of its corporate activities and key performance indicators, which are considered important in measuring the success of implemented financial and operating strategies and concomitant action plans. Below are some of the Company's key performance indicators which are measured from time to time:

- Number of Customer Accounts;
- Customers' Net Equity;
- Revenues;
- Return on Average Equity;
- Risk Based Capital Adequacy Ratio; and
- Liquid Capital.

(2) <u>Identified Risks</u>

Philippine stocks performed poorly in 2022, with the Philippine Stock Exchange index (PSEi) ending the year down by 7.8%.

After rallying initially due to excitement brought about by the reopening of the economy, stocks started trending lower due to concerns brought about by several factors including rising inflation and interest rates, the start of the Ukraine war, and the growing hawkishness of the U.S. Fed.

Domestic inflation trended higher during the year, rising to an average of 5.8% from only 3.9% in 2021. The sharp increase was largely caused by rising food and transport costs, brought about by several factors including supply bottle necks, weather disturbances locally, the war in Ukraine, lockdowns in China, and the strong dollar. As of the end of December, the peso was weaker by 9.3% compared to its end 2021 level.

Meanwhile, the U.S. Fed turned increasingly more aggressive in raising rates after inflation in the country hit a 40-year high and remained well above the central bank's 2% target. In 2022, the Fed raised rates by a total of 425 basis points as it tried to bring inflation back to a more sustainable level at the shortest possible time.

The significant increase in Fed fund rates was largely responsible for the strength of the U.S. dollar and the weakness of the peso together with other global currencies. To defend the local currency and help control inflation, the BSP followed the Fed's lead and raised rates by a total of 350 basis points in 2022.

Due to the said factors, the Philippine 10-year bond rate jumped to 7.0% as of end 2022 from 4.8% as of the end of 2021. The potentially negative impact of higher inflation and interest rates, and the weaker peso on the economy and corporate profits coupled with the availability of less risky higher yielding fixed income alternatives caused investors to lose appetite for stocks, leading to the weak performance of the stock market.

Because of poor investor sentiment, average daily value turnover in the Philippine Stock Exchange (PSE) fell by 14.2% year-on-year to only PhP7.7 billion in 2022. Foreign investors remained net sellers, liquidating another PhP67.8 billion worth of stocks during the year.

The volatility in the stock market is a risk that affects the Company's personnel, clients, shareholders, and the capital markets in general.

The Company continues to conduct free online investor education seminars to help clients navigate through these volatile times. It also tries to maximize the use of its resources to avoid unnecessary spending.

As a trading participant of the Philippine Stock Exchange, the Corporation is also required to comply with the risk-based capital adequacy ratios (RBCA) imposed by the Securities and Exchange Commission. These RBCA ratios, in general, ensure that broker dealers such as the Company have sufficient capital to sustain operating losses while maintaining a safe and efficient market.

(3) Identified Opportunities

Volatile market conditions lead to heightened interest among Filipinos to invest outside of traditional fixed income instruments. To address this, COL launched an online account opening portal that would allow Filipinos from different parts of the world to open their accounts remotely. The Company also leveraged its use of social media and assigned personnel devoted to managing its various social media accounts and address any customer concerns raised through these platforms. These avenues provide COL with a wider reach, allowing it to address the needs of more clients more effectively.

COL also remains active in educating and encouraging Filipinos to save and invest through its market forums and investor education seminars. It continues to improve its processes, moving most of it online to allow for greater convenience of its customers.

These opportunities affect the Company's personnel, clients, shareholders and the capital markets in general.

2. Climate-Related Risks and Opportunities

Although environmental concerns rank lower in the Company's materiality assessment, the Company is cognizant of the integral role of environmental issues in its business and operations. To show its commitment to mitigating climate change, COL has been taking concrete actions to raise environmental awareness the past few years by conducting different activities for its personnel. These include the following activities: tree planting, ocean clean-up, and hosting of environment-related talks and partnering with organizations such as the Haribon Foundation for the Conservation of Natural Resources, Inc. (Haribon Foundation), which advocates for biodiversity conservation through building constituencies, empowering communities, and applying multi-disciplinary approaches.[1]

In 2022, COL renewed its partnership with Haribon to continue supporting its advocacies.

3. Procurement Practices

a. Proportion of Spending on Local Suppliers

While COL dealt only with Philippine-based suppliers, there is no data available to confirm whether the products sourced were locally made or manufactured or were sourced by said suppliers from overseas.

(1) Impact

The Company's procurement practices affect its personnel, suppliers, and service providers.

Being an online broker/dealer in securities, the Company relies on its suppliers only for its internal requirements. Most items sourced from suppliers involve office equipment, which, while necessary to allow its personnel to work more effectively, is not critical to the actual operations of the business. The only items sourced from suppliers which are critical to the Company's performance are those related to its technical equipment, such as its computer servers. In terms of services, the most critical would involve the Company's internet or web connection. The Company sources these critical pieces of equipment from established suppliers, with reputations for implementing sound business practices and meet the quality requirements set by the Company.

All supplier procurement is coursed through the Company's procurement team, working under its Admin Department. They work closely with the department requesting the procurement, to ensure that the quality standards are met. Procurement of critical equipment and/or services is likewise approved by the Company's management.

(2) Identified Risks

The identified risks would affect the Corporation's personnel, suppliers, and service providers.

Getting the wrong vendor or supplier may result in losses to the Company. These involve financial losses as well as time lost. This means that time that could have been spent providing improved services to customers may have to be reallocated to fixing the issues caused by the vendor or supplier.

To address the abovementioned risks, the Company implements quality control checks for supplies and services received. The procurement team is required to obtain quotes from

[1] https://haribon.org.ph/about-us/

multiple potential suppliers, to ensure that it is getting the best deal in the market. The Company has likewise streamlined its supplier contracts to include, among others, warranties on quality of materials and/or supplies, as well as structuring the compensation to supplier to allow the Company an opportunity to withhold partial payment in case of defective materials.

(3) <u>Identified Opportunities</u>

The identified opportunities involve the Corporation's personnel, suppliers, and service providers.

The Company is continuously studying additional ways it can improve its procurement system and processes. These present an opportunity for the Company to find better suppliers and service providers which are aligned with the Company's objectives. In improving its procurement processes, the Company may have potential savings or may be able to obtain better products or services.

4. Anti-Corruption

a. Training on Anti-Corruption Policies and Procedures

Disclosure	Quantity
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	*100%*
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	*(see note below)*
Percentage of directors and management that have received anti-corruption training	*(see note below)*
Percentage of employees that have received anti-corruption training	*(see note below)*

The Company has a zero-tolerance policy for Corruption and Bribery. It has put in place and implemented an Anti-Bribery and Anti-Corruption Policy which is integrated in both its Office Handbook and Code of Business Conduct and Ethics. Said policy is also publicly available in the Company's website. This policy is relayed to all employees and directors as part of their Company orientation. As this is not an issue being experienced by the Company, the incorporation of anti-corruption and anti-bribery training in its general policy training is adequate, and there may be no need to have a separate training on this topic.

b. Incidents of Corruption

Disclosure	Quantity
Number of incidents in which directors were removed or disciplined for corruption	0
Number of incidents in which employees were dismissed or disciplined for corruption	0
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0

(1) <u>Impact (for both items (a) and (b)</u>

The actions of its people reflect on the Company. As such, it is the Company's responsibility to ensure that each person acts with integrity and is above reproach.

The Company is aware that the adequacy or inadequacy of its anti-corruption training will affect its own personnel, the regulators with whom it engages with, its suppliers and service providers, as well as its clients.

To address potential incidents of corruption, the Company has instituted an Anti-Bribery and Anti-Corruption policy to clarify and strengthen the Company's stance against these unethical practices. The policy puts in place the proper procedures for the handling of complaints of this nature. The procedures are flexible – in that complaints may be submitted by various means. It likewise empowers several offices to make the investigation to provide complainants with various avenues to seek redress of their grievances.

All Company personnel are required to review the Company's Anti-Bribery and Anti-Corruption policy incorporated in its Office Manual. These policies are discussed during the personnel's on-boarding with the Company and supported through the Company's processes and procedures which reduce the possible instances of violation. The Company's Anti-Bribery and Anti-Corruption policy is supported by its Grievance and Whistleblowing mechanisms, which provides avenues for Company personnel to report any untoward incidents.

(2) <u>Identified Risks (for both items (a) and (b)</u>

No significant risks have been identified.

(3) <u>Identified Opportunities (for both items (a) and (b)</u>

There are always opportunities to strengthen the Company's adherence to its existing policies through the conduct of personnel and supplier training.

The Company is currently studying how to further strengthen and support its Anti-Bribery and Anti-Corruption Policy. Potential programs being reviewed include additional training for concerned personnel, and inclusion of anti-bribery and anti-corruption terms in all supplier and service contracts.

These identified opportunities affect the Company's personnel, suppliers and service providers, and regulators.

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C. ENVIRONMENT

1. Resource Management

a. Energy Consumption within the Organization

Disclosure	Quantity
Energy consumption (renewable sources)	*0 GJ*
Energy consumption (gasoline)	*0 GJ*
Energy consumption (LPG)	*0 GJ*
Energy consumption (diesel)	*0 GJ*
Energy consumption (electricity)	*396,473.16 kWh*

Given the nature of the Company's business, it does not utilize energy other than electricity. As for its electricity consumption, it sources its electricity from the local distribution utilities.

b. Reduction of Energy Consumption

Disclosure	Quantity
Energy reduction (renewable sources)	*0 GJ*
Energy reduction (gasoline)	*0 GJ*
Energy reduction (LPG)	*0 GJ*
Energy reduction (diesel)	*0 GJ*
Energy reduction (electricity)	*0 kWh*

Given the nature of the Company's business, it does not utilize energy other than electricity. As for its electricity consumption, the Company does not have sufficient data on hand regarding its electricity consumption on a year on year basis.

(1) Impact

The Company's energy consumption affects its personnel, suppliers, clients, and the community at large.

The Company consumes energy, in the form of electricity, to support its business operations. It obtains the electricity supply from the local distribution utility, and thus is dependent on such distribution utility on the source of such power supply (e.g. whether from renewable or non-renewable sources). Given that it is a financial services company, its use of the other forms of energy (such as from LPG, diesel, and gasoline), if any, is very insignificant.

As part of its efforts to help conserve energy, the Company tries to use energy efficient equipment. Employees are also reminded to be conscientious of their energy consumption.

(2) Identified Risks and Opportunities

No significant risks and/or opportunities have been identified with respect to this matter.

c. Water Consumption within the Organization

Disclosure	**Quantity**
Water withdrawal	**-** *Cubic meters*
Water consumption	*111 Cubic meters*
Water recycled and reused	**-** *Cubic meters*

(1) Impact

As the Company is in the financial services industry, it uses tap water mainly for cleaning and personal hygiene purposes of its personnel and clients who visit its investor centers.

Aware that the Company's water consumption affects its personnel and community at large, the Company promotes conscientious use of water through giving its personnel reminders and issuing guidelines on use of water.

(2) Identified Risks and Opportunities

No significant risks and/ or opportunities have been identified with respect to this matter.

d. Materials Used by the Organization

Disclosure	**Quantity**
Materials used by weight or volume	
• ***renewable***	*
• ***non-renewable***	*
Percentage of recycled input materials used to manufacture the organization's primary products and services	*

**These do not apply as the Company is not in the manufacturing business.*

(1) Impact

While the Company is not involved in manufacturing, and thus, concerns with respect to materials it uses does not rank high in its materiality assessment, the Company understands its responsibility to ensure that it does its part to protect the environment.

The Company has been a consistent corporate partner of the Haribon Foundation. As an affiliate of the Haribon Foundation, the Company is able to support its mission of advocating for biodiversity through building constituencies, empowering communities, and applying multi-disciplinary approaches. This partnership was renewed in 2022.

On an operational level, the Company conducts most of its processes online and refrains from using paper unless the same is necessary. Personnel are also discouraged from printing unnecessary items and without compromising data security, encouraged to recycle paper. For items that need to be printed for internal purposes, they are printed in newsprint rather than white paper.

The Company also has an on-going garbage segregation project where personnel are encouraged to segregate their garbage between renewable and non-renewable materials.

(2) <u>Identified Risks</u>

The Company has not identified any significant risks with respect to this matter.

(3) <u>Identified Opportunities</u>

There is an opportunity to deepen the participation of the Company's personnel in its environmental conservation efforts. Aside from increasing its recycling and garbage segregation efforts, the Company can also encourage its employees to attend and actively participate in the different environmentally themed activities and educational campaigns.

e. Ecosystem and Biodiversity (Upland / Watershed or Coastal / Marine)

Disclosure	**Quantity**
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	*None identified*
Habitats protected or restored	*None identified*
IUCN Red List species and national conservation list species with habitats in areas affected by operations	*None identified*

(1) <u>Impact</u>

All of the Company's leased offices, including its primary office, investor centers, data centers, and units in the Philippine Stock Exchange Tower in Bonifacio High Street, Taguig, are situated in business district areas. As none of these locations are in, or adjacent to, any protected areas, there are currently no identified impacts of the Company's operations on biodiversity and ecosystems.

(2) <u>Identified Risks and Opportunities</u>

As of the moment, there are no significant risks or opportunities identified with respect to the above matter.

2. Environmental Impact Management

a. Air Emissions

(1) GHG

Disclosures	Quantity
Direct (Scope 1) GHG Emissions	- *Tonnes CO2e*
Energy indirect (Scope 2) GHG Emissions	- *Tonnes CO2e*
Emissions of ozone-depleting substances (ODS)	- *Tonnes*

(2) Air Pollutants

Disclosure	Quantity
NO_X	- *kg*
SO_X	- *kg*
Persistent organic pollutants (POPs)	- *kg*
Volatile organic compounds (VOCs)	- *kg*
Hazardous air pollutants (HAPs)	- *kg*
Particulate matter (PM)	- *kg*

(3) Impact for both (1) and (2)

As previously shown, the nature of the business of the Company does not result in as much direct material environmental impact as opposed to a business that is part of the manufacturing industry, for instance. As such, the Company's impact on greenhouse gas emissions is insignificant, and mainly results from business travel and/or courier services. However, there is currently no data available on the greenhouse gas emissions resulting from these activities.

Internally, the Company encourages employees to help in reducing greenhouse gas emissions by doing simple practices to conserve electricity and water. The Company has also replaced its fluorescent bulbs into LED.

Further, the nature of the Company's business does not lead to distinct or identifiable sources of emissions involving pollutants detrimental to public health or the environment.

(4) Identified Risks and Opportunities for both (1) and (2)

There are no significant risks or opportunities identified for the matters above.

b. Solid and Hazardous Wastes

(1) Solid Waste

Disclosure	Quantity
Total solid waste generated	- *kg*
Reusable	- *kg*
Recyclable	- *kg*
Composted	- *kg*
Incinerated	- *kg*
Residuals/Landfilled	- *kg*

(2) Hazardous Waste

Disclosure	Quantity
Total weight of hazardous waste generated	- *kg*
Total weight of hazardous waste transported	- *kg*

(3) Effluents

Disclosure	Quantity
Total volume of water discharges	- *cubic meters*
Percent of wastewater recycled	- *%*

(4) Impact for Solid and Hazardous Waste and Effluents

The Company's operations generate, for the most part, commercial waste consisting mostly of paper and plastic waste. No hazardous waste has been identified within the operations of the Company, as the term is defined by Republic Act No. 6969 (Toxic Substances and Hazardous Nuclear Waste Control Act of 1990). With respect to effluents, as previously mentioned, the Company uses tap water mainly for personal hygiene of its employees and clients. This water is sourced from the water utility provider in its building.

To help maintain the cleanliness of the premises, the Company provides trash bins within the office areas which are collected daily by the janitors of the building. Segregation into biodegradable, non-biodegradable and organic waste is also being observed.

(5) Identified Risks and Opportunities for all items

There are no significant risks or opportunities identified for the matters above.

c. Environmental Compliance

(1) <u>Non-Compliance with Environmental Laws and Regulations</u>

Disclosure	**Quantity**
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	*0*
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	*0*
No. of cases resolved through dispute resolution mechanism	*0*

(2) <u>Impact</u>

Given the nature of the Company's business, any changes in environmental laws or regulations would not affect it more significantly than how it would affect any other business. Such amendment of regulation or law may have an impact on the Company's personnel, clients, investors, and suppliers or service providers.

(3) <u>Identified Risks and Opportunities for all items</u>

There are no significant risks or opportunities identified for the matters above.

(This space is intentionally left blank.)

D. SOCIAL

1. Employee Management

a. Employee Hiring and Benefits

(1) Employee Data

Disclosure	Quantity
Total number of employees	*148*
a. Number of female employees	*108*
b. Number of male employees	*40*
Attrition rate	*5.6%*
Ratio of lowest paid employee against minimum wage	-

The attrition rate was computed by deducting the number of resigned employees against the number of newly hired employees and dividing the difference by the average between the total number of employees for 2021 and 2022.

All COL full time employees are paid above the minimum wage.

(2) Employee Benefits

List of Benefits	Y/N	% Female Employee Availment	% Male Employee Availment
SSS	*Y*	*100.0%*	*100.0%*
PhilHealth	*Y*	*100.0%*	*100.0%*
Pag-IBIG	*Y*	*100.0%*	*100.0%*
Parental leaves	*Y*	*100.0%*	*100.0%*
Vacation leaves	*Y*	*100.0%*	*100.0%*
Sick leaves	*Y*	*100.0%*	*100.0%*
Medical benefits (aside from PhilHealth)	*Y*	*100.0%*	*100.0%*
Housing assistance (aside from Pag-IBIG)	*N*	-	-
Retirement fund (aside from SSS)	*Y*	*100.0%*	*100.0%*
Further education support	*Y*		
Company stock options	*N*	-	-
Telecommuting	*N*	-	-
Flexible-working Hours	*Y*	*100.0%*	*100.0%*
Emergency Salary Loan	*Y*	*16.7%*	*20.0%*

SSS, Philhealth, and Pag-IBIG Benefits: The Company regularly remits the monthly contributions for SSS, Philhealth, and Pag-IBIG. The Company, through its Human Resources Department, processed the benefit applications of all employees who have applied for these benefits and have met the minimum conditions for availment. These benefits include maternity and sickness benefits for SSS, Philhealth deductions on medical expenses, SSS and Pag-IBIG loans, among others.

Parental, Vacation, and Sick Leaves: All employees who are qualified to avail of said leaves have been granted them. All employees are granted a certain number of sick and vacation leaves per calendar year, which amount of leaves would depend on the employee's rank and tenure with the Company.

Medical Benefits (aside from SSS): The Company gives a health card to all regular employees. Further, the Company sponsors the annual physical examination of its personnel. In light of the COVID-19 pandemic, this benefit was extended to all personnel, including probationary employees and even agency hires assigned to the Company.

Retirement Fund (aside from SSS): The Company has a retirement program which may be availed of by employees who have rendered at least five (5) years of service.

Further Education Support: The Company has a training and development program to support the training needs of its personnel.

Housing Assistance (aside from Pag-IBIG); Company Stock Options: The Company does not have a housing assistance program (other than Pag-IBIG). It also does not currently have an employee stock option program.

Flexible Working Hours and Telecommuting: As Company employees need to be accessible during the hours that trading in the Philippine Stock Exchange are open, the Company cannot adopt flexible working hours for all positions. However, some employees, depending on their rank and role, have been granted flexible or semi-flexible working hours.

In 2022, due to the COVID-19 pandemic, most employees worked from home, while a designated team reports to work in the office premises.

Emergency Salary Loan: The Company grants an emergency salary loan to all regular employees. The loanable amount as well as repayment terms depend on several factors including, among others, tenure and purpose for the loan.

(3) <u>Impact</u>

Among the missions of COL is to provide a conducive and rewarding work environment for its employees. The Company values the contribution of each and every employee of COL and has crafted its human resources policies with the aim of attracting and retaining key talent in the organization. These policies are constantly being reviewed in line with the changing circumstances as well as the changing needs of the Company's employees.

To attract and retain its talents, the Company has adopted, among others, the following human resources benefits and programs:

i. Competitive salary which is regularly benchmarked against market rates;
ii. Annual performance review to determine salary adjustments and promotions;
iii. Annual review of job functions and needed skills and training to ensure career growth;
iv. At least 24 annual leave credits, which may be increased to up to 30 annual leave credits, depending on tenure;
v. HMO health benefits;
vi. Group life insurance;
vii. Meal and transportation allowances;
viii. Emergency salary loans;
ix. Employee training / study grant;
x. Maternity benefit;
xi. Personal Investment Plan;
xii. Service Awards;
xiii. Retirement and separation pay; and
xiv. Employee referral program.

(4) Identified Risks

A critical risk is employee disengagement. Disengaged employees are "not poised to put in extra effort for success. They don't like going to work most days. They're unlikely to recommend the products of, or employment with, their employer."[2] A disengaged employee will only do the minimum, which performance will affect the overall performance of the Company.

Another risk is the resignation or separation of employees who then shift to either direct competitors or other companies within the same industry.

The Company shares its advocacy of a "richer life" for all Filipinos to its personnel. COL believes that it is important that its employees share in its advocacy to understand the direction and the overall focus of the Company.

To address engagement and foster a spirit of community within COL, the Company hosts various employee related events including teambuilding, a year-end party, and quarterly town halls, to name a few. With the COVID-19 pandemic, the Company had to transition these events online. In 2022, the Company held a face-to-face Christmas event after almost three (3) years of doing virtual events.

The Company's leaders also practice an "open door" policy which allows personnel to approach them directly in case of any concerns. The Company also has a grievance mechanism and has implemented a whistleblowing policy that provides additional avenues for personnel to forward their grievances. The Company has also started

[2] Zayed, Leila; Talent Culture, "Four Tips for Measuring Employee Engagement" at https://talentculture.com/four-tips-for-measuring-employee-engagement/ (last visited, 21 March 2023)

measuring its employee net promoter score, which will allow COL to keep track of the employee's happiness and engagement and address any issues that arise.

(5) <u>Identified Opportunities</u>

There are many new developments in human resources that provide the Company with opportunities to deepen employee engagement and drive employment retention. Further, each interaction with the employee also provides the Company with an opportunity of understanding their needs and seeing how COL can properly address them.

The Company studies each trend in human resources against the needs of the employees to see how the former can address the latter. The Company does this by sending its human resources team for continuous learning and through its memberships in HR organizations. The Company also encourages employees to make suggestions and explores these ideas to see if they can be applied.

b. Employee Training and Development

Disclosure	Quantity
Total training hours provided to employees	-
a. Female employees	-
b. Male employees	-
Average training hours provided to employees	-
a. Female employees	-
b. Male employees	-

The above information is not available. While the Company has a list of employees who underwent training programs in 2022, it does not have on file the total number of hours of training of each employee.

For 2022, select personnel of the Company attended the following seminars:

Training	***In-house / External Trainer***	***Department Concerned***
January		
Stock Market for Beginners (Q&A Webinar)	*In-house*	*All Departments*
COL Conversations: A Slice of Quality and Value, COL Conversations webinar with Figaro Coffee Group	*In-house*	*All Departments*
COL Conversations: Challenging the Philippine Telco Industry, COL Conversations with DITO	*In-house*	*All Departments*
ECOP Executive Labor Update: COVID-19 Benefits for Workers in Isolation and Quarantine: The Role of Government and Responsibilities of Employers	*External*	*Human Resources*
Employee Benefits 2022: Employer's Guide on	*External*	*Human Resources*

Training	***In-house / External Trainer***	***Department Concerned***
Government-Mandated Employee Benefits		
COL Market Outlook: Investing Trends in 2022	*In-house*	*All Departments*
February		
COL Conversations with CREIT: PH's First Renewable Energy REIT	*In-house*	*All Departments*
Trendwatcher Series 15: HR Back in the Workplace	*External*	*Human Resources*
AMLC Registration and Reporting Guidelines (ARRG) Webinar for Covered Persons	*External*	*Legal & Compliance*
Stock Market for Beginners (Q&A Webinar)	*In-house*	*All Departments*
A Richer Life Twogether: 5 Money Principles for Every Couple	*In-house*	*All Departments*
Anti-Money Laundering/Counter-Terrorism Financing (AML/CTF) Fundamentals Webinar for Covered Persons	*External*	*Legal & Compliance*
Wellness Wednesday: Preventing Cardiovascular Diseases by Lifestyle Change	*In-house*	*All Departments*
March		
Expert Huddle: Trading through Wartime Volatility	*In-house*	*All Departments*
Stock Market for Beginners (Q&A Webinar)	*In-house*	*All Departments*
UITF Certification Training - Review Session	*External*	*Bus. Dev., Operations, Sales and Customer Support, PCG, IFA*
COL Conversations with BNCOM: Reshaping the Future of Bank of Commerce	*In-house*	*All Departments*
COL Conversations with Sun Life: Is it a good time to invest global markets?	*In-house*	*All Departments*
Choosing the Right Stock Investment for You	*In-house*	*All Departments*
Wellness Wednesday: Stress and Zoom Fatigue Management	*In-house*	*All Departments*
Why Every Woman Should Start Investing	*In-house*	*All Departments*
April		
A Practical Guide to Using Your COL Account	*In-house*	*All Departments*
HR Transcend 2022, From 2021 HR Transform to 2022 HR Transcend	*External*	*Human Resources*
Picking the Right Funds Based on Your Life Goals	*In-house*	*All Departments*
Stock Market for Beginners (Q&A Webinar)	*In-house*	*All Departments*
Wellness Wednesday: Mind Full or Mindful? Declutter Your Mind	*In-house*	*All Departments*

Training	***In-house / External Trainer***	***Department Concerned***
Data Breach Notification Management System	*External*	*Legal & Compliance*
Choosing the Right Stock Investment for You	*In-house*	*All Departments*
How to Pick the Right Stocks	*In-house*	*All Departments*
Redefining the Future of Work: What Every Hybrid Workforce Must Know	*External*	*Human Resources*
CRC Data Protection Officer (DPO) Foundational and Certification Course	*External*	*Legal & Compliance*
Mandatory Continuing Legal Education	*External*	*Legal & Compliance*
May		
CRC Data Protection Officer (DPO) Foundational and Certification Course	*External*	*Legal & Compliance*
Stock Market for Beginners (Q&A Webinar)	*In-house*	*All Departments*
Choosing the Right Stock Investment for You	*In-house*	*All Departments*
Picking the Right Funds Based on Your Life Goals	*In-house*	*All Departments*
Wellness Wednesday: A Sound Mind in the Midst of Pandemic	*In-house*	*All Departments*
Beneficial Ownership and the Requirement to Disclose Beneficial Ownership Information in the General Information Sheet (GIS)	*External*	*Legal & Compliance*
Why Moms Can Become Great Investors	*In-house*	*All Departments*
Building Human Connections at Scale	*External*	*Human Resources*
Training Session for Real Estate Investment Trusts	*External*	*IBG, PCG*
June		
Beginner's Guide to Investing in REITs	*In-house*	*All Departments*
Pag-IBIG Fund Webinar (Updates 2022)	*External*	*Human Resources*
What should we do in today’s market?	*In-house*	*All Departments*
UITF Certification Training - Review Session	*External*	*Bus. Dev., Sales and Customer Support, IFA, PCG*
Stock Market for Beginners (Q&A Webinar)	*In-house*	*All Departments*
Expert Huddle: Will markets continue to fall?	*In-house*	*All Departments*
2022 SEC-GRI Workshop Series	*External*	*Legal & Compliance*
Picking the Right Funds Based on Your Life Goals	*In-house*	*All Departments*
2022 NCR LAD Employers' HR Council Forum	*External*	*Human Resources*
PMAP's IR Kapihan Info Session: PhilHealth Advisory	*External*	*Human Resources*

Training	***In-house / External Trainer***	***Department Concerned***
No. 2022-0010 CY 2022 Premium Contribution		
COL Multi-asset Investing Summit: Investing during difficult markets	*In-house*	*All Departments*
July		
Stock Market for Beginners (Q&A Webinar)	*In-house*	*All Departments*
A Practical Guide to Using Your COL Account	*In-house*	*All Departments*
Beginner's Guide to Investing in REITs	*In-house*	*All Departments*
Targeted Financial Sanctions (TFS) Webinar for Covered Persons	*External*	*Legal & Compliance*
How to Be a Capital Market Professional, Part 2: Importance of Capital Market Professionals and Their Roles and Responsibilities	*External*	*Legal & Compliance, IFA*
Anti-Money Laundering / Combating the Financing of Terrorism (AML/CFT)	*External*	*Legal & Compliance*
COL Midyear Market Outlook: Riding through a Difficult 2nd Half	*In-house*	*All Departments*
August		
A Practical Guide to Using Your COL Account	*In-house*	*All Departments*
Stock Market for Beginners (Q&A Webinar)	*In-house*	*All Departments*
COL Conversations with ALI & AREIT: Standing on Solid Ground	*In-house*	*All Departments*
Effective Interviewing Skills for Fraud Examiners	*External*	*Sales and Customer Support*
Picking the Right Funds Based on Your Life Goals	*In-house*	*All Departments*
SEC Certification Webinar for Prospective Compliance Officers/Associated Persons in the Equities Market	*External*	*Legal & Compliance*
Be Your Own Hero: Money Lessons to Save Your Future	*In-house*	*All Departments*
How to Pick the Right Stocks	*In-house*	*All Departments*
Wellness Wednesday: Impact of the New Normal - Work Life Balance	*In-house*	*All Departments*
September		
PMAP & FUJIFILM Business Innovation Free webinar: Get Onboard the Office of the Future	*External*	*Human Resources*
2022 Trading Participants' Seminar	*External*	*Legal & Compliance*
Stock Market for Beginners (Q&A Webinar)	*In-house*	*All Departments*
Smart Retirement Planning: How to maximize PERA for your employees	*External*	*Human Resources*

Training	***In-house / External Trainer***	***Department Concerned***
Picking the Right Funds Based on Your Life Goals	*In-house*	*All Departments*
Beginner's Guide to Investing in REITs	*In-house*	*All Departments*
COL Conversations with GLO: Capitalizing on a Digital Future	*In-house*	*All Departments*
Quick Takes: Is the worst over? (Live fireside chat with COL experts)	*In-house*	*All Departments*
Rootcon Hacking Conference (with Network Pentesting Training)	*External*	*I.T.*
Getting Started with Your COL Account (Website Navigation)	*In-house*	*All Departments*
Getting Started with Your COL Account (MF Website Navigation)	*In-house*	*All Departments*
October		
Chief Finance Officer Leadership Development Online Program	*External*	*Accounting*
Beginner's Guide to Investing in REITs	*In-house*	*All Departments*
Empowering Industries through Digital Transformation	*External*	*Human Resources*
Stock Market for Beginners (Q&A Webinar)	*In-house*	*All Departments*
Getting Started with Your COL Account (Website Navigation)	*In-house*	*All Departments*
Wellness Wednesday: Don't Me, 'Wag ako! Self Esteem and Empowerment	*In-house*	*All Departments*
Getting Started with Your COL Account: Investing in Mutual Funds and UITFs	*In-house*	*All Departments*
Marketing Manager Development Program	*External*	*Marketing*
Beginner's Guide in Choosing the Right Stocks	*In-house*	*All Departments*
Corporate Governance Orientation Program	*External*	*Directors and Officers*
HR Forum	*External*	*Human Resources*
Data Privacy Seminar for Data Requesters	*In-house*	*All Departments*
November		
COL Equity Index Fund Product Training	*In-house*	*All Departments*
Stock Market for Beginners (Q&A Webinar)	*In-house*	*All Departments*
COL Multi-asset Investing Summit: Is 2023 a year of opportunity?	*In-house*	*All Departments*
Choosing the Right Stocks for Your First Trade	*In-house*	*All Departments*
2022 AML/CTF Summit	*External*	*Legal & Compliance*

Training	***In-house / External Trainer***	***Department Concerned***
Advanced Corporate Governance Training	*External*	*Directors and Officers*
Easy Way to Start Investing Through Funds	*In-house*	*All Departments*
Are REITs the Right Investment for You?	*In-house*	*All Departments*
December		
Quick Takes: Is the bear market over? (Live fireside chat with COL experts)	*In-house*	*All Departments*
AMLC Registration And Reporting Guidelines (AARG) Course	*External*	*Legal & Compliance*
Easy Way to Start Investing Through Funds	*In-house*	*All Departments*
Best Gift Ever: Passive Income Through Dividend Investing	*In-house*	*All Departments*
Choosing the Right Stocks for Your First Trade	*In-house*	*All Departments*
IT Security Awareness Webinar: Practical IT Security in the Corporate Setting	*External*	*All Departments*

(1) <u>Impact</u>

The continued improvement and learning of the Company's personnel directly impacts the organization. The Company further believes in the capabilities of each individual member of the organization, and thus seeks different methods to help them reach their full potential.

On an annual basis, during the performance evaluation, Company managers provide recommendations on how their team members may continue their professional development. These may be in the form of learning a new set of skills, attending a training program, or exposure to a different facet of the job to help them have a more meaningful understanding of their role in the Company. These trainings are Company sponsored and all concerned employees are highly encouraged to attend.

The Company also encourages the employees to join outside organizations related to their tasks to help deepen their networks and expose them to the best practices of other companies.

The Company also allows its employees to take long leaves (sabbaticals) to give them an opportunity to pursue further studies. As long as allowed by the individual's role, the Company is also amenable to adjusting the work schedule of employees who are taking additional studies to fit their school schedule.

Employee training may also involve topics for personal development, such as leadership training and strengths training.

Aside from the above, the Company culture also encourages employees to approach their managers, department heads, or the human resources department if they have any suggestions, including possible topics for further study.

(2) Identified Risks

Each learning and development training or activity is an investment in the employee, requiring resources on the part of the Company. There is a risk that the employee leaves the Company after completion of his training, bringing his upgraded skills to a competitor or other organization.

However, for the Company to move to the next level and meet new challenges, it cannot stop from and must continue to invest in the learning, training, and development of its personnel. The risk of employee resignation, after investment on their training, may be mitigated as follows:

i. For training requiring a substantial investment on the part of the Company, the employee is required to sign a training bond;
ii. The Company employs a selection mechanism to determine who will receive training which includes the consideration of, among others, the following factors: tenure and employee performance; and
iii. Employment of employee retention and employee engagement strategies as listed previously.

(3) Identified Opportunities

Technology is breaking barriers in terms of accessibility – programs that used to be only available overseas may be accessed remotely, some courses by renowned institutions are available online, and what used to be classroom only type lectures may now be translated to an online platform. All of these present opportunities to the Company and give it and its employees more options in finding the training most suited to them.

The Company's human resources department is continually exploring which learning methodologies, courses, platforms, etc. fit the needs and profile of the employees.

c. Labor Management Relations

Disclosure	**Quantity**
% of employees covered with Collective Bargaining Agreements	*0*
Number of consultations conducted with employees concerning employee-related policies	-

The Company does not have formal data on this. However, prior to implementation of any policy, consultations are done with employee representatives of different departments to obtain their views on the proposed policy.

(1) <u>Impact</u>

The Company believes that its people are its most valuable resource. Any issue that directly affects the Company's personnel will have an impact on the organization. Likewise, most Company decisions will impact its employees, directly or indirectly.

As part of its mission to provide a conducive and rewarding work environment to all personnel, the Company strives to provide employees with compensation, benefits, and a work environment that are at least at par with, or better, than what is required by labor laws and best practices of other corporations.

Given the relatively small size of the Company, the employees are not unionized. Thus, to ensure transparency and open dialogue with the employees, the Company seeks many ways to engage them. These include the imposition of an "open door" policy for all officers, the hosting of events such as townhall meetings where employees may openly ask their questions to management, the seeking of employee feedback and employee representatives in certain human resources initiatives.

(2) <u>Identified Risks and Opportunities</u>

The Company has not identified any significant risks and/or opportunities with regards to this matter.

d. Diversity and Equal Opportunity

Disclosure	**Quantity**
% of female workers in the workforce	*73.0%*
% of male workers in the workforce	*27.0%*
Number of employees from indigenous communities and/or vulnerable sector	-

While the Company employs persons from the vulnerable sector, it does not monitor the headcount from such sectors. The term "vulnerable sector" includes elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

(1) <u>Impact</u>

The gender ratio affects the predominant needs of the employees as well as defines the approach taken by Management to respond to them. It should be noted that unlike traditional institutions, COL is a predominantly female organization. Seventy-three percent (73%) of its employees are female. While only one (1) out of its eleven (11) directors is female, it is worth noting that ten (10) out of its seventeen (17) officers with rank of at least Assistant Vice President, or fifty-nine percent (59%), are female.

Preliminarily, it bears stressing that the Company employs a merit-based approach in hiring and employee movements (e.g. promotions). While there are certain departments that are predominantly male or female, this was not a result of a deliberate preference by the Company of one gender over another. An applicant or employee is evaluated only against factors that affect their job performance, ignoring aspects which have no bearing on them such as their gender, age, race, religion, or social status.

Given the predominant female population of the Company, the Company has developed programs catered to women – such as the company maternity benefit policy. However, Department Heads are also given some degree of flexibility in defining some of their programs to suit their employees.

(2) Identified Risks

There is a risk that the needs of the minority may be ignored or not given the proper priority. The Human Resources Department must continually exert efforts to interact with all employees and keep itself updated on ongoing issues, to avoid becoming tone-deaf and inadvertently exclude the needs of a minority group.

The Company encourages accessibility of all officers and the Human Resources Department. Further, prior to implementation of policies, the Company seeks the opinion of its personnel, and tries to ensure that all interests and groups are represented.

(3) Identified Opportunities

There is an opportunity in understanding what makes each member of the organization unique. Diversity should not be understood only in the limited male-female dichotomy. Rather, there is a need for the Company to look at diversity in terms of age, sexual orientation, religion, experiences, roles, and skill sets, among others.

The Company engages in constant dialogue between the human resources team, Management, and the personnel to understand what makes each individual unique, what binds all of them together, and how the Company may best address their needs.

e. Occupational Health and Safety

Disclosure	Quantity
Safe Man-Hours	-
No. of work-related injuries	*0*
No. of work-related fatalities	*0*
No. of work-related ill-health	*0*
No. of safety drills	-

(1) Impact

Given the nature of the Company's business as a financial institution, work-related hazards are limited to occasional accidents, such as slipping, falling, or contact with sharp objects, as well as those that affect the community as a whole.

The Company has tasked its Admin department, together with select personnel who are Occupational Safety and Health (OSH) certified to ensure that the work premises are safe for its personnel, clients, and guests. Work areas are routinely checked and items deemed to be hazardous or with a potential to cause injury are immediately remedied.

The Company likewise is in close coordination with the building administration office to ensure that any building-related issues affecting the health and safety of the personnel are immediately raised and addressed.

As part of its benefits, the Company sponsors the health card of its employees. With the help of its HMO provider, the Company regularly reviews the common illnesses, if any, of its employees, and finds solutions to address them. On an annual basis, the Company also sponsors the annual physical exam of all personnel to ensure their continued health and safety. Prior to reporting for their first day in the office, new employees are required to complete a pre-employment examination and receive cleared results. Those who are not cleared by the doctor are given additional time to address their medical issues before joining the Company.

(2) Identified Risks

The Company manages all applicable risks using the approaches mentioned above.

In addition to the risks that have been discussed above, the onset of the novel coronavirus (COVID-19) pandemic is an unprecedented black swan event. The health crisis has affected the Company as a Luzon-wide lockdown was implemented and public transportation was curtailed.

With respect to the situation caused by the COVID-19 pandemic, the Company instituted its business continuity protocols which allowed most employees to work remotely, and the implementation of a skeletal staff and rotational staff system. The Company has also complied with the recommended protocols of the Department of Health and the World Health Organization, such as the more frequent disinfection and sanitation of its office spaces, conduct of temperature checks, and making alcohols, vitamins, face masks, and face shields available for its employees. Additional prevention and control measures were also established such as (a) installation acrylic barriers at workstations where face-to-face transactions take place; (b) installation of stanchion post to control entrance/exit at the main door; (c) an alternate seating arrangement; (d) installation of floor markings for social distancing; (e) posting of personal hygiene and etiquette signages; (f) provision of alcohol dispensers and footbath; and (g) provision of air purifiers for the employees. To reduce potential exposure of both its employees and clients, the Company has also transitioned some of its client transactions online.

(3) Identified Opportunities

Each crisis provides the Company with an opportunity of discovering new and improved ways to deliver services to its clients and look after the safety and welfare of its personnel.

The Company is always open and seeks to remain flexible in order to explore new alternatives and solutions. The Company has identified key personnel who will spearhead the Occupational and Safety Committee of the organization. The Company also has an Emergency Response Team in place, comprised mostly of Company decision-makers such as its department heads, to handle the more critical issues.

f. Labor Laws and Human Rights

Disclosure	Quantity
No. of legal actions or employee grievances involving forced or child labor	*0*

Topic	Company Policy
Forced labor	*The Company complies with all applicable laws, including the Philippine Constitution and labor laws, which prohibit forced labor.*
Child labor	*The Company only hires applicants who are of legal age, or at least 18 years old.*
Human Rights	*The Company complies with all applicable laws, including the Philippine Constitution and labor laws, which protect human rights.*

(1) Impact

Any violation of labor laws or human rights against the Company's personnel directly impacts its people.

The Company believes that its people are its greatest resource. As such, apart from ensuring compliance with the requirements of all applicable laws and regulations, the Company, as much as possible, tries to adopt the best practices in other organizations. Further, the Company ensures that there are open lines of communication between its personnel and management, to ensure that the personnel's critical needs are addressed.

(2) Identified Risks

Being in the financial services industry, there are instances when Company personnel are ill-treated by clients or other third parties.

As much as possible, the Company tries to find a win-win solution for any incident. However, this is never at the expense of the rights of its personnel. Clients are informed in advance that Company personnel must be treated with courtesy and respect, and that unprofessional behavior will not be tolerated. Under the Company's contract with its clients, any such behavior will give rise to the Company's right to terminate the engagement. Further, the Company ensures that there are security guards posted at or near its business centers, to protect its employees.

(3) <u>Identified Opportunities</u>

New solutions to emerging or existing issues are constantly being developed which the Company can learn from.

The Company reviews these potential solutions vis-à-vis the factual circumstances of the Company and its personnel. Depending on the urgency of the situation, applicable solutions may be adopted on a staggered basis.

2. Supply Chain Management

While there is no formal written policy on supplier accreditation, the Company requires new vendors/suppliers to complete a Vendor Information Sheet and to submit the same together with supporting documents which includes, among others:

i. Company Profile
ii. Business Permit
iii. SEC/DTI Registration
iv. Audited Financial Statement
v. BIR Registration Form 2303
vi. VAT Exemption Certificate
vii. Sample Official Receipt/Sales Invoice/Collection Receipt

The Company then conducts a background check of the prospective vendor based on their trade references. In conducting its background check, it considers a variety of factors which include sustainability topics such as environmental performance, forced labor, child labor, human rights, and bribery and corruption, among others.

(1) <u>Impact</u>

The Company highly values integrity and its reputation may be affected by its partnerships with various persons, including its vendors and service providers. Thus, the reputation of the prospective supplier or service provider forms part of the criteria to be considered prior to entering into any agreement. Any adverse news on the above topics will cause the Company to reconsider its relationship with said supplier or service provider.

(2) <u>Identified Risks and Opportunities</u>

The Company has not identified any substantial risks and/or opportunities with respect to the above matters.

3. Relationship with Community

a. Significant Impacts on Local Community

(1) Impact

COL believes that every Filipino deserves to be rich. Because of this, the Company has chosen to focus its efforts on educating more Filipinos every day on the merits of financial literacy and investor education. To this end, COL holds free seminars and workshops which are open to clients and non-clients alike. COL also regularly partners with public and private companies and organizations, as well as schools and student organizations, to further its advocacy and reach.

As the Company's operations are located in urban areas, it is not aware of any impact its business may have on local communities, vulnerable groups, and indigenous people.

(2) Identified Risks and Opportunities

There are no significant risks and/or opportunities identified with respect to this matter.

4. Customer Management

a. Customer Satisfaction

Disclosure	**Score**	**Did a third party conduct the customer satisfaction study (Y/N)?**
Net Promoter Score (Q1 2022)	*17*	*No*

(1) Impact

The Net Promoter Score Survey (NPS) is a metric developed by Bain and Co that is used to measure customer experience and loyalty. It is reported as an index from -100 to 100 and is derived by asking customers how likely are they to recommend a company to their family and friends on a scale of 0 to 10. Respondents are grouped into 3 categories based on their rating: Promoters are those who gave a score of 9 or 10, Passives are those who gave a score of 7 or 8, and the rest are called Detractors, with scores ranging from 0 to 6. The NPS is computed by subtracting the percentage of Detractors from the percentage of Promoters.

The Company started conducts regular Net Promoter Score surveys among a sample of COL clients, designed to replicate the client structure of COL. The survey was created and interpreted in-house using an online survey service called SurveyMonkey, which was also used to deliver the surveys to clients via email.

For 2022, the Company conducted the survey in the first quarter. The Company received a positive Net Promoter Score of 17, a marked improvement compared to the -16 average NPS in 2021.

The Company NPS score is collated and presented both to Management and the Board of Directors. For all respondents, the Company asked a follow up question which sought to identify what they liked most or least in the Company's services. Client feedback is reviewed, and addressed accordingly.

(2) Identified Risks

Any inability to address customer pain points may lead clients to avail of the services of competing brokers.

The Company reviews all customer complaints and finds solutions to address them. Priority is given to the more critical and/or common items. These solutions form part of the deliverables and key result areas of the concerned department. The success of the improvements, if any, is measured in the following Net Promoter Score survey.

(3) Identified Opportunities

Customer feedback provides the Company with opportunities to improve its services by addressing pain points and leveraging on strengths identified by customers. It gives COL a unique insight into the needs of its clients, and helps guide customer retention and engagement initiatives.

b. Health and Safety

Disclosure	**Quantity**
No. of substantiated complaints on product or service health and safety	*0*
No. of complaints addressed	*0*

Given the nature of the Company's business, substantiated customer complaints, if any, do not involve health and safety issues. Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

(1) Impact

As the Company is an online broker /dealer of securities and mutual fund distributor, its services do not have any impact on the physical health and safety of its clients.

(2) Identified Risks and Opportunities

The Company has not identified any material risks and/or opportunities with respect to the above.

c. *Marketing and Labelling*

Disclosure	Quantity
No. of substantiated complaints on marketing and labelling	*0*
No. of complaints addressed	*0*

Given the nature of the Company's business, substantiated customer complaints, if any, do not involve marketing and labelling issues. Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

(1) <u>Impact</u>

The Company conducts its advertising mostly through its digital or social media platforms.

Most marketing campaigns are done in-house. They are reviewed by the concerned departments, to ensure that the language used is accurate and easy to understand. Paid advertisements through social media channels, if any, must comply with the ad standards of said channel (e.g. Facebook).

(2) <u>Identified Risks and Opportunities</u>

The Company has not identified any material risks and/or opportunities with respect to the above.

d. *Customer Privacy*

Disclosure	Quantity
No. of substantiated complaints on customer privacy	*0*
No. of complaints addressed	*0*
No. of customers, users and account holders whose information is used for secondary purposes	*0*

The Company did not receive any substantiated complaints on customer privacy for the calendar year ending 31 December 2022. Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

(1) <u>Impact</u>

The Company values the privacy of its customers. Unless otherwise required by applicable law or regulations, or necessary to process customer transactions, the

Company does not disclose any customer data. Further, in case disclosures are needed, only the required minimum information is disclosed.

The Company has published its privacy policy in the website. In case the basis of processing is consent, such as marketing emails, the customer may choose to withdraw such consent or unsubscribe from such email blasts. The Company also regularly reviews its account opening documentation and other customer forms to minimize, as much as is reasonably and legally possible, the customer data being collected.

In case customers have a concern with respect to their data, they may contact the Company through any of COL's official customer channels, such as its helpdesk email and social media accounts. Said client may also directly contact the Company's Data Privacy Officer at dpo@colfinancial.com.

(2) Identified Risks

A privacy incident may lead to the disclosure of customer information.

To manage this risk, the Company has imposed policies to protect customer privacy. These include, among others, the following:

i. having an annual training on data privacy to all Company personnel;
ii. identifying persons in charge of data from each department;
iii. imposing levels of access that would limit access to customer data to what is needed by a particular personnel's role;
iv. incorporating a review process for requests of customer data; and
v. cybersecurity and other IT measures as will be discussed in the succeeding portion of this report.

(3) Identified Opportunities

There are a variety of training as well as security protocols that are being developed. The Company can take advantage of these trainings and products to further enhance its customer privacy protocols.

e. Data Security

Disclosure	**Quantity**
No. of data breaches, including leaks, thefts and losses of data	*0*

(1) Impact

The Company needs to collect and process personal data in the pursuit of its services. The Company must ensure security and integrity of such data to maintain the trust of its clients.

The Company prioritizes the security and integrity of its online systems. The Company has established its security operations center (SOC) that responds to all potential security issues and threats. All online systems are subjected to penetration tests and points of vulnerability are identified and addressed immediately.

The Company has assigned a data protection officer and a compliance officer for privacy to ensure protection of the data subjects. Under the Data Privacy Act, the Company is mandated to comply with the Five Pillars of Compliance, namely, (a) appointment of data protection officer; (b) conduct of ongoing privacy impact assessments; (c) implementation of a privacy management program; (d) establishing data privacy and security measures; and (e) exercise of data breach protocols.

(2) <u>Identified Risks</u>

Any data breach or security incident may result in disruption of Company operations, the loss of data, or compromise the integrity of data. In case of such event, some clients may choose to no longer transact with COL.

To ensure data and IT security, the Company, among others:

i. Ensures all employees are trained on relevant data privacy policies;
ii. Ensures relevant IT employees receive the appropriate advance training to help them address any changes in IT security; and
iii. Ensures that it is kept up to date on all trends and developments in IT and data security through its partnerships with its external providers and data privacy organizations.

(3) <u>Identified Opportunities</u>

The Company finds new and more innovative ways to keep its data secure.

Aside from keeping abreast of the fast-changing technology involving data security, the Company has also taken advantage of the available training for its personnel.

E. UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

1. Product or Service Contribution to UN SGDs

Topic	Remarks
Key Products and Services	Online Stock Brokerage Services
Societal Value/ Contribution to UN SDGs	Goal 1: End poverty in all its forms everywhere Goal 10. Reduce inequality within and among countries The Company’s financial literacy program, online platform, low minimum investment rates, give clients the opportunity to participate in and access to the capital markets. Through its peso cost averaging system, it is hoped that the retail sector, comprising of individuals of different social statures, are able to get into an investment habit which will allow them to protect themselves financially.
Potential Negative Impact of Contribution	The stock market does not have a guaranteed return, thus clients risk losing some of their capital.
Management Approach to Negative Impact	The Company has a gamut of financial literacy seminars, webinars, and events to help guide its clients in their investment journey. The Company espouses the use of the peso cost averaging system, which reduces the risk of investment and potentially increases the value of the client’s investment in the long-term. Clients are also encouraged to invest in mutual funds to help minimize their risk.

Accounting@colfinancial.com

From: eafs@bir.gov.ph
Sent: April 13, 2023 3:17 PM
To: ACCOUNTING@COLFINANCIAL.COM
Cc: ACCOUNTING@COLFINANCIAL.COM
Subject: Your BIR AFS eSubmission uploads were received

Hi COL FINANCIAL GROUP, INC.,

Valid files

- EAFS203523208TCRTY122022-01.pdf
- EAFS203523208AFSTY122022.pdf
- EAFS203523208RPTTY122022.pdf
- EAFS203523208OTHTY122022.pdf
- EAFS203523208ITRTY122022.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-MZPQSZSW0M1XQV4XMNTVXST2X0V11VYW1**
Submission Date/Time: **Apr 13, 2023 03:16 PM**
Company TIN: **203-523-208**

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- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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