COVER SHEET

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SEC Registration Number

COL FINANCIAL GROUP, INC. AND SUBSIDIARIES

(Company's Full Name)

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

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

Ms. Catherine L. Ong
(Contact Person)

8636-5411
(Company Telephone Number)

1 2 **3 1**
Month *Day*
(Calendar Year)

17-Q
(Form Type)
March 31, 2023

Month *Day*
(Annual Meeting)

Broker
(Secondary License Type, If Applicable)

CFD
Dept. Requiring this Doc.

Not Applicable
Amended Articles Number/section

Total Amount of Borrowings

34
Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

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SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended: **March 31, 2023**

2. Commission 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 issuer's 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 Code, or Sections 4 and 8 of the RSA:

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common	**4,760,000,000 shares**

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

    Yes [**x**] No [ ]

12. Indicate by check mark whether the registrant:

    (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 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 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 [ ]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

The unaudited interim consolidated financial statements are filed as part of this Form 17-Q.

Item 2. Management's Discussion and Analysis (MD&A) of Financial Conditions and Results of Operations.

The following is a discussion and analysis of the financial performance of COL Financial Group, Inc. ("COL", "COL Financial", or "the Parent Company") and its subsidiaries collectively referred to as "the Group". The discussion aims to provide readers with an appreciation of its business model and the key factors underlying its financial results. The MD&A should be read in conjunction with the unaudited interim consolidated financial statements of the Group filed as part of this report.

Company Overview

COL Financial Group, Inc., 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.

Industry and Economic Review

After a strong start, prices of Philippine stocks drifted lower, with the Philippine Stock Exchange index (PSEi) ending the quarter down by 1.0% on a year-to-date basis.

Excitement waned after January inflation surprised on the upside. This prompted the BSP to raise rates by 50 basis points during its first meeting of the year. Sentiment for risk assets also deteriorated following the surprise collapse of Silicon Valley Bank and Signature Bank in the U.S. in March. Although the banking crisis reduced the likelihood that the Fed would continue raising rates, it increased the probability that the U.S. would enter a recession. Consequently, sentiment for stocks deteriorated further, which was evident in the steep decline in the average daily value turnover to only ₱5.9 billion from ₱8.1 billion on a year-on-year basis. Foreign investors also remained net sellers, liquidating another ₱28.6 billion worth of stocks during the period in review.

On the positive side, growing signs that inflation has peaked in January pushed the Philippine 10-year bond rate from 7.0% as of end December 2022 to 6.2% as of end March 2023. The peso also strengthened from 55.728 as of end December 2022 to 54.375 as of end March 2023.

Business Review

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:

	March 31, 2023	**March 31, 2022**
Number of Customer Accounts*	522,697	499,106
Customers' Net Equity (in millions)	₱107,909.7	₱113,786.2
Revenues (in millions)	₱317.7	₱230.0
Annualized Return on Equity	31.2%	17.0%
Risk Based Capital Adequacy Ratio*	615.3%	372.4%
Liquid Capital** (in millions)	HKD28.2	HKD32.2

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

COL's client base continued to grow despite seeing hard times for equity markets, with the **number of customer accounts** for its Philippine operations increasing by 4.7% year-on-year to 522, 697 as of end of March 2023. The number of accounts increased as a direct result of continued sales and marketing efforts. These include active social media campaigns, running online webinars for newbies, and in the participation of financial forums and events, where new accounts leads are generated. Active follow-up efforts and targeted win-back email campaigns were implemented to reinforce the conversion of leads into accounts, effectively boosting the acquisition of new customers.

However, **Net equity** of clients fell by 5.2% to ₱107.9 billion as of end March 2023, driven by the lower value of stocks, partly offset by net new fund flows from both existing and new clients. Note that the PSEi index ended the first quarter of the year lower by 9.8% compared to the same period last year while net new cash inflows reached ₱1.9 billion during the past twelve months.

COL's **revenues** during the first quarter increased by 38.1% to ₱317.7 million due to the significant rise in the incidental income generated by the Parent Company which helped offset the drop in the core revenues.

Higher revenues coupled with the slower growth in operating costs led to the 75.9% improvement in net income to ₱158.3 million. Because of this, annualized **return on average equity** (ROE) almost doubled to 31.2% in the first quarter of 2023 from 17.0% during the same period in 2022.

During the said period, both the Parent Company and its HK subsidiary continued to meet the stringent rules of regulators in the Philippines and Hong Kong. As of end March 2023, the Parent Company's **Risk Based Capital Adequacy Ratio** (RBCA) reached 615.3%, well above the minimum requirement of 110.0%. Meanwhile, COL HK had HKD28.2 million of **liquid capital**, also well above the minimum requirement of HKD3.0 million or 5.0% of adjusted liabilities.

Material Changes in Financial Condition (March 31, 2023 vs December 31, 2022)

COL's asset base was flattish, decreasing by only 1.5% to ₱12.9 billion as of end March 2023 compared to its end December 2022 level.

Cash and cash equivalents, cash in a segregated account and short-term time deposits composed mainly of cash in banks and special time deposits were flat at ₱10.5 billion as of end March 2023. The said amount was equivalent to 88.3% of COL's current assets as management continued to allocate more funds into bank deposits to capitalize on their relatively higher yields compared to Treasury bills. Consequently, the value of investment securities held at amortized cost, which primarily consisted of investments in Treasury bills, decreased by 20.0% to ₱800.5 million from ₱1.0 billion as of end December 2022.

Total trade receivables were relatively flat at ₱1.2 billion. Despite the 17.0% increase in margin loans to ₱1.0 billion, this was largely offset by the 88.0% drop in value of receivables from the clearing house to ₱13.7 million as there were less selling orders as of end March 2023 compared to end December 2022.

Other receivables increased by 8.5% to ₱71.0 million. This was mainly due to the 126.0% increase in receivables from fund houses to ₱4.6 million as the value of redemptions increased as of end March 2023 compared to end December 2022.

Financial assets at fair value through profit or loss recorded a 12.2% increase, reaching ₱95.2 million. This growth can be attributed to the strategic deployment of more funds of the local subsidiaries into longer-term fixed-income assets to secure higher rates and capitalize on potential market fluctuations.

Prepayments increased by 34.0% to ₱10.2 million, mainly due to the ₱3.0 million increase in prepaid taxes. Prepaid taxes are usually paid at the beginning of the year and are amortized over the year.

Other current assets decreased significantly by 65.2% to ₱5.6 million due to the partial utilization of the Parent Company's previously booked income tax overpayment in 2022.

Property and equipment decreased by 3.8% to ₱91.2 million. Depreciation and amortization expense reached ₱11.6 million and was larger than the combined amount of capital expenditures and addition to right-of-use assets amounting to only ₱8.1 million.

Trade payables fell slightly by 2.7% to ₱10.6 billion for the year-to-date period. This was largely due to 3.8% drop in clients' undeployed funds to ₱10.4 billion, partly offset by the ₱112.8 million increase in value of payables to the clearing house to ₱233.6 million. Payables to the clearing house increased as buying transactions as of end March 2023 were higher compared to end December 2022.

Other current liabilities were lower by 46.6% at ₱56.6 million largely due to the payment of accrued expenses, taxes, and management bonuses.

Stockholders' equity was up 7.6% to ₱2.1 billion due to the booking of ₱158.3 million in net income during the first quarter of 2023.

Material Changes in the Results of Operations (March 31, 2023 vs March 31, 2022)

COL's consolidated revenues during the first quarter of 2023 increased by 38.1% to ₱317.7 million as the favorable impact of higher yields on interest income, realized trading and revaluation gains on investments more than offset the drop in commission revenues. Cost of services fell by 4.0% to ₱65.8 million, largely driven by the reduction in commission expenses, stock exchange dues and fees, and trading charges which are highly correlated to value turnover. Meanwhile, operating expenses, which are largely fixed in nature, increased by 20.6% to ₱49.2 million. Provision for income taxes rose by 45.1% to ₱43.7 million as pre-tax profits increased by 68.1% to ₱202.0 million. Because of the foregoing movements, net income was up 75.9% to ₱158.3 million in the first three months of 2023.

COL's revenues increased strongly during the period in review. Commission revenues fell by 23.5% to ₱127.7 million as investor sentiment deteriorated due to rising inflation and interest rates and the weak peso. Average daily value turnover in the PSE decreased by 5.5% to ₱7.7 billion during the first three months of the year while the value of stocks traded by local investors fell by an even faster pace as evidenced by the drop in local investors' share of total value turnover to 42.4% during the first quarter of this year from 58.8% during the same period last year.

However, the significant increase in interest rates, driven by rising inflation, along with the efficient cash management of idle funds and greater utilization of the Parent Company's margin facility, resulted in a remarkable 240.1% surge in interest income, amounting to ₱172.1 million during the first quarter of this year. This substantial increase effectively mitigated the negative impact of weak market conditions on commission revenues. Interest income from placements jumped by 330.0%, reflecting the successful deployment of investible funds in short-term placements. Furthermore, interest income from the margin lending business experienced a healthy growth of 28.4% due to clients capitalizing on margin lines to pursue investment opportunities.

Meanwhile, trail fees decreased by 5.2% to ₱5.5 million, brought about by the lower value of mutual fund assets under administration (AUA). Although net sales of non-money market funds reached ₱137.0 million during the past 12 months, this was not enough to offset the negative impact of lower stock and bond prices.

In addition, COL recorded trading gains of ₱5.1 million, which were partially attributed to the sale of stocks held in its proprietary account. The gains also included the reversal of prior year's revaluation losses from government and corporate debt investments held by its local subsidiaries.

Cost of services fell by 4.0% to ₱65.8 million as customers traded less. Stock exchange dues and fees and trading charges which are incurred to complete customers' transactions, fell by 20.0% and 25.4% to ₱3.3 million and ₱6.3 million, respectively. Commission expenses dropped by 17.3% to ₱8.6 million as agent-managed accounts also traded less actively.

Consolidated personnel costs, which are booked under cost of services and operating expenses, increased by 19.4% to ₱40.5 million due to pay adjustments to align to market and retain key talents. Meanwhile, consolidated professional fees, which are also booked under both cost of services and operating expenses, increased by 20.1% to ₱12.8 million due to the escalation of fees on existing consultancy contracts and the booking of new consultancy contracts.

Advertising and marketing expenses jumped by 23.5% to ₱1.8 million due to the resumption of face-to-face events.

Membership fees and dues dropped by 19.1% to ₱415,823 in first three months of 2023, mainly because the reduction in the annual listing fee paid by the Parent Company. This reduction was a result of the lower market capitalization at the end of 2022, which serves as the basis for computing the listing fee.

Consolidated communications expense, which includes the amount booked under cost of services and operating expenses, fell by 5.1% to ₱10.3 million. This decline was attributed to the utilization of additional internet connection services for the Parent Company's data center in the third quarter of 2022.

Total expenses comprised of cost of services and operating expenses increased by 5.3% to ₱115.7 million. Since revenues increased faster than expenses, pre-tax profits improved by a more rapid pace of 68.1% to ₱202.0 million.

Net profits, likewise, jumped by 75.9% to ₱158.3 million from ₱90.0 million.

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.

PART II – OTHER INFORMATION

Not applicable. There are no material disclosures that have not been reported under SEC Form 17-C covered by this period.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized, in the City of Pasig on May 18, 2023.

Registrant: **COL FINANCIAL GROUP, INC.**

By:

Conrado F. Bate
President and Chief Executive Officer

Catherine L. Ong
Senior Vice President and Treasurer

Lorena E. Velarde
First Vice President and Chief Financial Officer

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

	March 31, 2023 (Unaudited)			December 31, 2022 (Audited)		
		Security Valuation			Security Valuation	
	Money Balance	Long	Short	Money Balance	Long	Short
ASSETS						
Current Assets						
Cash and cash equivalents (Note 4)	**₱10,431,509,930**			₱10,427,435,769		
Cash in a segregated account (Notes 4 and 5)	**81,924,354**			96,816,474		
Financial assets at fair value through profit or loss (Note 6)	**95,228,587**	**₱1,536,985**		84,847,281	₱1,360,765	
Investment securities at amortized cost (Note 8)	**–**			200,200,000		
Trade receivables (Notes 7 and 20)	**1,206,962,172**	**7,996,644,101**		1,191,968,433	6,342,714,175	
Other receivables (Notes 7 and 20)	**70,964,665**			65,432,542		
Prepayments	**10,208,192**			7,618,410		
Other current assets (Note 12)	**5,622,484**			16,133,834		
Total Current Assets	**11,902,420,384**			12,090,452,743		
Noncurrent Assets						
Investment securities at amortized cost (Note 8)	**800,487,307**			800,508,963		
Property and equipment (Note 9)	**91,242,078**			94,819,982		
Investment property (Note 10)	**12,913,430**			13,132,301		
Intangibles (Note 11)	**8,931,798**			9,294,245		
Deferred income tax assets (Note 19)	**2,004,879**			1,983,753		
Other noncurrent assets (Note 12)	**75,920,339**			75,835,819		
Total Noncurrent Assets	**991,499,831**			995,575,063		
TOTAL ASSETS	**₱12,893,920,215**			₱13,086,027,806		
Securities in box, in Philippine Depository and Trust Corporation and Hong Kong Securities Clearing Company, Limited			**₱98,715,613,640**			₱95,451,307,793

(Forward)

	March 31, 2023 (Unaudited)			December 31, 2022 (Audited)		
		Security Valuation			Security Valuation	
	Money Balance	**Long**	**Short**	Money Balance	Long	Short
LIABILITIES AND EQUITY						
Current Liabilities						
Trade payables (Notes 13 and 20)	**₱10,595,947,436**	**₱90,717,432,554**		₱10,888,800,762	₱89,107,232,853	
Lease liabilities - current portion (Note 21)	**21,950,393**			19,413,343		
Other current liabilities (Note 14)	**56,597,149**			105,924,963		
Total Current Liabilities	**10,674,494,978**			11,014,139,068		
Noncurrent Liabilities						
Lease liabilities - net of current portion (Note 21)	**30,709,052**			31,988,179		
Retirement obligation (Notes 18 and 20)	**53,872,706**			53,872,706		
Deferred income tax liabilities (Note 19)	**9,781,959**			11,832,429		
Total Noncurrent Liabilities	**94,363,717**			97,693,314		
Total Liabilities	**10,768,858,695**			11,111,832,382		
Equity						
Capital stock (Note 15)	**476,000,000**			476,000,000		
Capital in excess of par value	**53,219,024**			53,219,024		
Accumulated translation adjustment	**27,724,124**			35,110,604		
Loss on remeasurement of retirement obligation (Note 18)	**(23,403,468)**			(23,403,468)		
Retained earnings: (Note 15)						
Appropriated	**613,054,895**			585,722,237		
Unappropriated	**962,166,256**			831,101,681		
Equity Attributable to the Equity Holders of the Parent Company	**2,108,760,831**			1,957,750,078		
Non-controlling Interest (Note 15)	**16,300,689**			16,445,346		
Total Equity	**2,125,061,520**			1,974,195,424		
TOTAL LIABILITIES AND EQUITY	**₱12,893,920,215**	**₱98,715,613,640**	**₱98,715,613,640**	₱13,086,027,806	₱95,451,307,793	₱95,451,307,793

See accompanying Notes to Consolidated Financial Statements.

COL FINANCIAL GROUP, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

	For the Three Months Ended March 31	
	2023	2022
REVENUES (Note 16)		
Commissions	**₱127,666,691**	₱166,764,719
Others:		
Interest income (Notes 4, 5, 6, 7, 8 and 20)	**172,079,350**	50,598,168
Trail fees	**5,513,941**	5,813,356
Trading gains (losses) - net (Note 6)	**5,070,416**	(1,901,524)
Others (Note 6)	**7,373,367**	8,765,592
	317,703,765	230,040,311
COST OF SERVICES		
Commission expense and professional fees (Note 20)	**18,872,193**	19,807,995
Personnel costs (Notes 17, 18 and 20)	**13,598,636**	11,545,067
Communications	**10,021,702**	10,556,630
Stock exchange dues and fees (Note 16)	**9,594,546**	12,568,173
Depreciation and amortization (Notes 9, 10, 11 and 21)	**6,825,115**	8,828,010
Central depository fees	**2,467,389**	2,555,456
Research	**1,041,191**	951,497
Others	**3,385,413**	1,728,963
	65,806,185	68,541,791
GROSS PROFIT	**251,897,580**	161,498,520
OPERATING EXPENSES		
Administrative expenses:		
Personnel costs (Notes 17, 18 and 20)	**26,914,356**	22,388,080
Professional fees (Note 20)	**2,559,170**	1,289,567
Power, light and water	**2,182,150**	1,179,365
Advertising and marketing	**1,829,864**	1,482,109
Insurance	**1,482,419**	1,377,605
Taxes and licenses	**1,378,733**	2,150,408
Security and messengerial services	**1,108,840**	973,635
Condominium dues	**697,400**	658,184
Trainings, seminars and meetings	**625,570**	65,995
Repairs and maintenance	**610,492**	200,630
Directors’ fees (Note 20)	**600,000**	550,000
Office supplies	**497,972**	399,671
Membership fees and dues	**415,823**	514,235
Representation and entertainment	**326,391**	60,013
Communications	**243,000**	258,306
Rentals (Note 21)	**70,748**	96,140
Others	**1,370,482**	1,181,831
	42,913,410	34,825,774
Depreciation and amortization (Notes 9, 10, 11 and 21)	**5,349,533**	5,188,857
Provision for credit losses (Note 7)	**937,845**	794,157
	49,200,788	40,808,788
OTHER INCOME (LOSSES)		
Interest expense (Note 21)	**(817,850)**	(470,222)
Foreign exchange gains (losses) – net	**91,832**	(91,833)
	(726,018)	(562,055)
INCOME BEFORE INCOME TAX	**201,970,774**	120,127,677
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 19)		
Current		
Regular corporate income tax	**12,775,186**	22,623,387
Final income tax	**30,547,691**	7,882,245
Deferred	**395,321**	(371,716)
	43,718,198	30,133,916
NET INCOME	**₱158,252,576**	₱89,993,761

See accompanying Notes to Consolidated Financial Statements.

COL FINANCIAL GROUP, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the Three Months Ended March 31	
	2023	2022
NET INCOME (LOSSES) ATTRIBUTABLE TO:		
Equity holders of the Parent Company	**₱158,397,233**	₱90,470,483
Non-controlling interest (Note 15)	**(144,657)**	(476,722)
NET INCOME	**₱158,252,576**	₱89,993,761
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX		
Item that may be reclassified subsequently to consolidated statements of income:		
Translation adjustments - net of tax	**(₱7,386,480)**	₱3,900,816
TOTAL COMPREHENSIVE INCOME	**₱150,866,096**	₱93,894,577
Earnings Per Share (Note 25)		
Basic and diluted	**₱0.03**	₱0.02

See accompanying Notes to Consolidated Financial Statements.

COL FINANCIAL GROUP, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2023

(With Comparative Figures for the Three Months Ended March 31, 2022)

	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, 2023	**₱476,000,000**	**₱53,219,024**	**₱35,110,604**	**(₱23,403,468)**	**₱585,722,237**	**₱831,101,681**	**₱1,957,750,078**	**₱16,445,346**	**₱1,974,195,424**
Total comprehensive income (loss)	**–**	**–**	**(7,386,480)**	**–**	**–**	**158,397,233**	**151,010,753**	**(144,657)**	**150,866,096**
Appropriation of retained earnings (Note 15)	**–**	**–**	**–**	**–**	**27,332,658**	**(27,332,658)**	**–**	**–**	**–**
Balances at March 31, 2023	**₱476,000,000**	**₱53,219,024**	**₱27,724,124**	**(₱23,403,468)**	**₱613,054,895**	**₱962,166,256**	**₱2,108,760,831**	**₱16,300,689**	**₱2,125,061,520**
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)	–	–	3,900,816	–	–	90,470,483	94,371,299	(476,722)	93,894,577
Appropriation of retained earnings (Note 15)	–	–	–	–	60,922,168	(60,922,168)	–	–	–
Balances at March 31, 2022	₱476,000,000	₱53,219,024	₱18,601,192	(₱40,657,111)	₱485,722,236	₱1,182,125,875	₱2,175,011,216	₱17,761,155	₱2,192,772,371

See accompanying Notes to Consolidated Financial Statements.

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

	For the Three Months Ended March 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱201,970,774**	₱120,127,677
Adjustments for:		
Interest income (Notes 4, 5, 6, 7, 8, 16, and 20)	**(172,079,350)**	(50,598,168)
Depreciation and amortization (Notes 9, 10, 11 and 21)	**12,174,648**	14,016,867
Interest expense (Notes 18 and 21)	**786,898**	470,222
Dividend income (Notes 6 and 16)	**(89,953)**	(24,215)
Amortization of premium (discount) on investment securities at amortized cost	**21,656**	(101,809)
Operating income before working capital changes	**42,784,673**	83,890,574
Decrease (increase) in:		
Cash in a segregated account	**14,892,120**	(4,596,207)
Financial assets at fair value through profit or loss	**(10,381,306)**	2,265,406
Trade receivables	**(28,690,929)**	(123,084,856)
Other receivables	**25,582,533**	4,948,972
Prepayments	**(2,594,346)**	(7,958,113)
Other assets	**(2,490,435)**	(1,340,814)
Increase (decrease) in:		
Trade payables	**(288,965,431)**	1,569,042,859
Other current liabilities	**(49,212,090)**	(66,264,245)
Net cash generated from (used in) operations	**(299,075,211)**	1,456,903,576
Interest received	**140,964,695**	78,502,907
Income taxes paid	**(30,547,691)**	(7,882,245)
Dividends received	**89,953**	24,215
Net cash provided by (used in) operating activities	**(188,568,254)**	1,527,548,453
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturity of investment securities at amortized cost	**200,200,000**	9,462,349,388
Acquisitions of property and equipment (Notes 9)	**(749,412)**	(450,733)
Acquisitions of software and licenses (Note 11)	**(39,996)**	(73,261)
Additions to investment securities at amortized cost	**–**	(11,216,742,118)
Net cash provided by (used in) investing activities	**199,410,592**	(1,754,916,724)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liabilities (Note 21)	**(6,768,177)**	(6,675,430)
Net cash used in financing activities	**(6,768,177)**	(6,675,430)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**4,074,161**	(234,043,701)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**10,427,435,769**	1,658,019,809
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 4)	**₱10,431,509,930**	₱1,423,976,108

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

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

COL Financial and its subsidiaries are collectively referred hereinto as the “Group”. The Group is engaged in offering stock brokerage and fund distribution services. The Group is also engaged in providing financial advice, in the gathering and distribution of financial and investment information and statistics and in acting as financial, commercial or business representative.

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

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

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

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

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

2. Basis of Preparation, Statement of Compliance and Summary of Significant Accounting Principles

<u>Basis of Preparation</u>
The accompanying interim consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The Group’s interim consolidated financial statements have been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*.

The interim 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 interim 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 interim consolidated financial statements comprise the accounts of the Parent Company and its subsidiaries as at March 31, 2023, after eliminating significant intercompany balances and transactions. The following are the wholly and majority-owned foreign and domestic subsidiaries of COL Financial:

Name of Subsidiaries	Principal Place of Business and Country of Incorporation	Effective Percentage of Ownership	Functional Currency
COLHK	Hong Kong	100%	HK$
CIMI	Philippines	70%	PHP
CEIUMF	Philippines	100%	PHP
CSGEUMF	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 31, 2023. The assets and liabilities held by CEIUMF in relation to the investment of the unitholders as at March 31, 2023 and 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 interim consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

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

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

Non-Controlling Interest

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

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

- 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*

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 interim consolidated financial. statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, Lease Liability in a Sale and Leaseback

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 March 31, 2023 and December 31, 2022.

Financial assets at amortized cost
Financial assets at amortized cost are debt financial assets that meet both of the following conditions: (i) these are held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows; and (ii) the contractual terms give rise on specified dates to cash flows that are SPPI on the outstanding principal amount. This accounting policy mainly relates to the consolidated statement of financial position captions 'Cash and cash equivalents', 'Cash in a segregated account', '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 interim 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 interim 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.

<u>Intangibles</u>

Exchange trading rights

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

Software costs

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

<u>Impairment of Non-Financial Assets</u>

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.

<u>Leases</u>

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.

<u>Revenue Recognition</u>
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.

<u>*Revenues outside the scope of PFRS 15*</u>
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.

Contingencies
Contingent liabilities are not recognized in the interim 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 interim consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

Segment Reporting
The Group’s operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 26.

Events After the End of the Reporting Period
Post year-end events that provide additional information about the Group’s position at the end of the reporting period (adjusting events) are reflected in the interim 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 interim 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 interim 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 consolidated statements of financial position. 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 March 31, 2023 and December 31, 2022, the carrying values of intangibles are disclosed in Note 11.

Estimating recoverability of deferred income tax assets

The Group reviews the carrying amounts of deferred income tax assets at each end of the reporting period and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred income tax assets to be utilized. Significant management judgment is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. In the case of the Parent Company, management has to assess annually, for income tax purposes, the method of deduction that it should use in order to determine the impact of the temporary differences and the applicable effective tax rate.

As of March 31, 2023, the Parent Company expected that it will be applying the itemized deduction in determining its taxable income 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 March 31, 2023 and December 31, 2022 are disclosed in Note 19.

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

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.

4. Cash and Cash Equivalents

This account consists of:

	March 31, 2023 (Unaudited)	December 31,2022 (Audited)
Cash on hand and in banks	**₱507,680,254**	₱477,632,754
Short-term cash investments	**9,923,829,676**	9,949,803,015
	₱10,431,509,930	₱10,427,435,769

Cash in banks earn interest at the respective bank deposit rates. Short-term cash investments are made for varying periods of up to three (3) months depending on the Group's immediate cash requirements, and earn interest at 3.00% to 6.38% per annum during the three-month period in 2023 and 0.25% to 5.88% per annum during the twelve-month period in 2022. The Parent Company has United States dollar (US$)-denominated cash in banks amounting to US$1,668 and US$1,662 as at March 31, 2023 and December 31, 2022, respectively, while COLHK has US$-denominated cash in banks amounting to US$16,875 and US$146,494 as at March 31, 2023 and December 31, 2022, respectively.

In compliance with Securities Regulation Code (SRC) Rule 49.2 covering customer protection and custody of securities, the Parent Company maintains special reserve accounts for its customers amounting to ₱9,898,593,027 and ₱10,106,294,088 as at March 31, 2023 and December 31, 2022, respectively. The special reserve accounts consist of cash in banks and short-term cash investments which are recorded as 'Cash and cash equivalents'. The Parent Company's reserve requirement is determined based on the SEC's prescribed computations. As at March 31, 2023 and December 31, 2022, the Parent Company's reserve accounts are adequate to cover its reserve requirements.

Interest income of the Group from cash and cash equivalents and cash in segregated account amounted to ₱141,310,837 and ₱2,559,691 for the three-month period ended March 31, 2023 and 2022, 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). It is also 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:

	March 31, 2023 (Unaudited)	December 31,2022 (Audited)
Government and corporate debt securities	**₱93,691,602**	₱78,924,817
Listed equity securities	**911,144**	5,305,213
Mutual funds	**625,841**	617,251
	₱95,228,587	₱84,847,281

The peso-denominated government Treasury bills bear nominal annual interest rate of 3.15% per annum during the three-month period in 2023 and ranging from 1.01% to 3.15% per annum during the twelve-month period in 2022. Interest income earned from these investments amounted to ₱9,289 and ₱230,797 for the three-month period ended March 31, 2023 and 2022, respectively (Note 16).

The Group also invested in peso-denominated government and corporate bonds which bear a nominal interest rate ranging from 2.84% to 9.25% per annum during the three-month period in 2023 and twelve-month period in 2022. Interest income earned from the investments amounted to ₱1,115,092 and ₱693,124 in March 31, 2023 and 2022, respectively (Note 16).

The dividend income included under 'Other revenues' received from investments in mutual funds and shares of stocks of companies listed in the PSE amounted to ₱89,953 and ₱24,215 for the three-month period ended March 31, 2023 and 2022, respectively (Note 16).

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

	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
Unrealized trading gains (losses)	**₱2,719,982**	(₱1,808,651)
Trading gains (losses) from sale	**2,350,434**	(92,873)
	₱5,070,416	(₱1,901,524)

7. Trade Receivables and Other Receivables

Trade Receivables

This account consists of:

	March 31, 2023 (Unaudited)	December 31,2022 (Audited)
Customers (Note 20)	**₱1,166,760,535**	₱1,030,253,767
Other broker	**27,597,647**	47,346,853
Clearing house	**13,715,947**	114,550,660
Trail fee receivables	**1,884,637**	1,875,902
	1,209,958,766	1,194,027,182
Less allowance for credit losses on trade receivables from customers	**2,996,594**	2,058,749
	₱1,206,962,172	₱1,191,968,433

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

	March 31, 2023 (Unaudited)		December 31, 2022 (Audited)	
	Money Balance	**Security Valuation**	Money Balance	Security Valuation
Fully secured accounts:				
More than 250%	**₱583,721,761**	**₱6,831,001,782**	₱613,629,241	₱5,576,630,926
Between 200% and 250%	**440,480,746**	**945,032,808**	233,052,134	500,232,142
Between 150% and 200%	**91,933,184**	**170,970,499**	75,955,662	143,469,557
Between 100% and 150%	**1,180,786**	**1,203,810**	107,616,434	122,381,550
Less than 100%	**49,443,762**	**48,435,202**	–	–
Unsecured accounts	**296**	**–**	296	–
	1,166,760,535	**₱7,996,644,101**	1,030,253,767	₱6,342,714,175
Less allowance for credit losses on receivable from customers	**2,996,594**		2,058,749	
	₱1,163,763,941		₱1,028,195,018	

As at March 31, 2023 and December 31, 2022, the total credit line facility offered by the Parent Company to its customers who qualified for margin accounts. amounted to ₱5,778,590,950 and ₱5,667,610,950, respectively.

Interest income from customers who availed of this margin facility amounted to ₱19,359,967 and ₱15,082,061 for the three-month period ended March 31, 2023 and 2022, 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 March 31, 2023 and December 31, 2022 total trade receivables from customers fully covered by collateral amounted to ₱1,117,316,477 and ₱1,030,253,471, respectively.

Trade receivables from clearing house as at March 31, 2023 and December 31, 2022, were fully collected in April and January 2023, 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 distributing mutual funds to its customers. The fee is computed daily and collected on a monthly basis.

Other Receivables

This account consists of:

	March 31, 2023 (Unaudited)	December 31,2022 (Audited)
Accrued interest	**₱53,576,313**	₱53,009,349
Mutual fund redemption proceeds (Note 14)	**4,623,946**	2,045,714
Employee salary loan and advances (Note 20)	**1,909,784**	2,265,038
Others	**10,854,622**	8,112,441
	₱70,964,665	₱65,432,542

Allowance for Credit Losses

Movements in the allowance for credit losses follow:

	March 31, 2023 (Unaudited)	December 31,2022 (Audited)
Balances at beginning of year	**₱2,058,749**	₱2,197,613
Provision for (recovery from) credit losses	**937,845**	(138,864)
Balances at end of year	**₱2,996,594**	₱2,058,749

8. Investment securities at amortized cost

This account consists of:

	March 31, 2023 (Unaudited)	December 31,2022 (Audited)
Current government debt securities	**₱–**	₱200,200,000
Noncurrent government debt securities	**800,487,307**	800,508,963
	₱800,487,307	₱1,000,708,963

The peso-denominated government debt securities bear nominal annual interest rate of 2.63% to 6.25% per annum during the three-month period in 2023 and 0.70% to 6.38% per annum during the twelve-month period in 2022, with an EIR of 3.27% to 5.18% per annum during the three-month period in 2023 and 0.70% to 5.18% per annum during the twelve-month period in 2022.

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

Interest income earned from these investments amounted to ₱10,284,002 and ₱32,031,956 for the three-month period ended March 31, 2023 and 2022, respectively (Note 16).

9. Property and Equipment

The composition of and movements in this account follow:

	March 31, 2023 (Unaudited)					
	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	**₱202,256,395**	**₱39,212,071**	**₱70,520,497**	**₱1,279,968**	**₱74,509,063**	**₱387,777,994**
Additions	**366,348**	**20,620**	**169,479**	**192,965**	**7,302,068**	**8,051,480**
Reclassification	**–**	**24,509**	**1,448,424**	**(1,472,933)**	**–**	**–**
Translation adjustments	**(316,678)**	**(168,820)**	**(38,028)**	**–**	**(196,457)**	**(719,983)**
At end of year	**202,306,065**	**39,088,380**	**72,100,372**	**–**	**81,614,674**	**395,109,491**
Accumulated depreciation and amortization						
At beginning of year	**173,502,654**	**35,108,655**	**58,783,377**	**–**	**25,563,326**	**292,958,012**
Depreciation and amortization (Note 21)	**2,562,827**	**637,415**	**1,923,635**	**–**	**6,429,457**	**11,553,334**
Translation adjustments	**(316,678)**	**(148,149)**	**(38,028)**	**–**	**(141,078)**	**(643,933)**
At end of year	**175,748,803**	**35,597,921**	**60,668,984**	**–**	**31,851,705**	**303,867,413**
Net book value	**₱26,557,262**	**₱3,490,459**	**₱11,431,388**	**₱–**	**₱49,762,969**	**₱91,242,078**

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

As at March 31, 2023 and December 31, 2022, the cost of the Group's fully depreciated property and equipment still in use amounted to ₱215,278,386 and ₱215,432,158, respectively. No disposals were made during the three-month period ended March 31, 2023 and 2022.

The depreciation and amortization during the reporting period were distributed as follows:

	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
Cost of services	**₱6,471,321**	₱7,913,730
Operating expenses	**5,082,013**	4,921,337
	₱11,553,334	₱12,835,067

10. Investment Property

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

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Cost		
At beginning period	**₱17,509,736**	₱17,509,736
Accumulated depreciation		
At beginning of period	**4,377,435**	3,501,948
Depreciation	**218,871**	875,487
At end of period	**4,596,306**	4,377,435
Net book value	**₱12,913,430**	₱13,132,301

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

The depreciation of investment property recorded in 'Depreciation and amortization' in the consolidated statements of income amounted to ₱218,871 for the three-month period ended March 31, 2023 and 2022.

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

11. **Intangibles**

Stock Exchange Trading Rights

Philippine Operations

As at March 31, 2023 and December 31, 2022, 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 March 31, 2023 and December 31, 2022, the carrying value of the exchange trading right amounted to ₱5,000,000.

Hong Kong Operations

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

The Group has fully impaired the exchange trading right of COLHK amounting to HK$2,860,000 in 2017.

Software Costs and Licenses

Movements in the software costs and licenses account follow:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Cost		
At beginning of period	**₱49,143,634**	₱49,070,373
Additions	**39,996**	73,261
At end of period	**49,183,630**	49,143,634
Accumulated amortization		
At beginning of period	**44,849,389**	41,934,928
Amortization	**402,443**	2,914,461
At end of period	**45,251,832**	44,849,389
Net book value	**₱3,931,798**	₱4,294,245

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

	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
Cost of services	**₱353,794**	₱914,280
Operating expenses	**48,649**	48,649
	₱402,444	₱962,929

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

12. **Other Assets**

<u>Other Current Assets</u>
This account consists of:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Income tax overpayment	**₱4,919,495**	₱15,474,261
Deferred input VAT	**702,989**	659,573
	₱5,622,484	₱16,133,834

<u>Other Noncurrent Assets</u>
This account consists of:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Deposit to CTGF	**₱53,990,539**	₱53,260,803
Intangible assets under development	**7,849,571**	7,849,571
Refundable deposits:		
Rental and utility deposits	**7,883,339**	8,025,833
Other refundable deposits	**4,114,213**	4,168,681
	73,837,662	73,304,888
Deferred input VAT	**2,082,677**	2,530,931
	₱75,920,339	₱75,835,819

Deposit and refundable contributions to CTGF
The Parent Company, as a clearing member, is required to pay monthly contributions to the CTGF maintained by the SCCP equivalent to 1/500 of 1% of the clearing member's total monthly turnover value less block sales and cross transactions of the same flag.

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 March 31, 2023 and December 31, 2022 as 'Other noncurrent assets' amounting to ₱53,990,539 and ₱53,260,803, respectively.

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

13. **Trade Payables**

This account consists of:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Customers (Note 20)	**₱10,362,386,818**	₱10,768,039,309
Clearing house	**233,560,618**	120,761,453
	₱10,595,947,436	₱10,888,800,762

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

	March 31, 2023 (Unaudited)		December 31, 2022 (Audited)	
	Money Balance	**Security Valuation-Long**	Money Balance	Security Valuation-Long
Payable to customers:				
With money balances	**₱10,362,386,818**	**₱88,851,410,074**	₱10,768,039,309	₱86,762,102,123
No money balances	**−**	**1,866,022,480**	−	2,345,130,730
	₱10,362,386,818	**₱90,717,432,554**	₱10,768,039,309	₱89,107,232,853

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

Payable to customers with money balances amounting to ₱82,738,449 and ₱105,349,227 as at March 31, 2023 and December 31, 2022, respectively, were payable to COLHK's clients in respect of the trust and segregated bank balances received and held for clients in the course of conduct of regulated activities. These balances are payable on demand. (See Note 5).

Trade payables to clearing house as at March 31, 2023 and December 31, 2022 were fully paid subsequently in April and January 2023, 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

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Due to BIR	**₱19,381,591**	₱26,926,234
Accrued expenses	**11,410,573**	25,569,387
Unposted customers' deposits	**6,967,981**	11,328,254
Mutual fund redemption proceeds (Note 7)	**4,664,317**	2,057,564
Trading fees	**2,376,893**	2,036,829
Accrued management bonus	**−**	25,696,422
Others	**11,795,794**	12,310,273
	₱56,597,149	₱105,924,963

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

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

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

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

'Others' consist mostly of withdrawal proceeds in the form of 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 period	4,760,000	₱476,000

All issued and outstanding shares of the Parent Company are listed with the PSE (Note 1). As at March 31, 2023 and December 31, 2022, there were 34 holders of the listed shares of the Parent Company, with a its share price closing at ₱2.91 and ₱3.21 per share, respectively.

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

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

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

On 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.

As at March 31, 2023 and December 31, 2022, the consolidated retained earnings includes the retained earnings of COLHK amounting to ₱81,801,932 and ₱85,413,862, respectively, which are not available for dividend declaration.

Non-Controlling Interest
The Parent Company formed CIMI in 2019 and as at March 31, 2023 and December 31, 2022, 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 March 31, 2023 (Unaudited) and December 31, 2022 (Audited)

	2023	2022
Cash and cash equivalents (current)	**₱27,446,084**	₱28,226,969
Financial assets at FVTPL	**24,054,679**	23,660,307
Other receivables (current)	**490,140**	316,057
Other assets (current)	**757,375**	728,426
Property and equipment (non-current)	**1,571,473**	1,941,134
Other assets (non-current)	**464,029**	543,478
Trade payables (current)	**(121,816)**	(69,610)
Accrued expenses (current)	**(145,600)**	(155,384)
Other liabilities (current)	**(117,174)**	(120,809)
Lease liability (current)	**(63,562)**	(252,750)
Total equity	**₱54,335,628**	₱54,817,818
Attributable to:		
Equity holders of the Parent Company	**₱38,034,939**	₱38,372,472
Non-controlling interest	**16,300,689**	16,445,346

Summarized statements of income for the three months ended March 31, 2023 and 2022 (Unaudited)

	2023	2022
Interest income	**₱596,200**	₱330,002
Trading gains (losses) - net	**394,371**	(625,797)
Other gains (losses)	**382,161**	(10,907)
Operating expenses	**(1,651,737)**	(1,341,534)
Loss before income tax	**(279,005)**	(1,648,236)
Provision for (benefit from) income tax	**203,186**	(59,159)
Net loss	**(482,191)**	(₱1,589,077)
Attributable to:		
Equity holders of the Parent Company	**(₱337,534)**	(₱1,112,355)
Non-controlling interest	**(144,657)**	(476,722)

Summarized cash flow information for the three months ended March 31, 2023 and 2022 (Unaudited)

	2023	2022
Operating activities	**(₱589,443)**	₱1,864,060
Financing activities	**(191,442)**	(182,326)
Net increase (decrease) in cash and cash equivalents	**(₱780,885)**	₱1,681,734

16. Revenues

Breakdown of the Group's revenues are as follows:

	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
Revenue from contracts with customers		
Commissions	**₱127,666,691**	₱166,764,719
Trail fees	**5,513,941**	5,813,356
Others	**7,283,414**	8,741,377
	140,464,046	181,319,452

(Forward)

	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
Other revenues		
Interest income	**₱172,079,350**	₱50,598,168
Trading gains (losses)- net	**5,070,416**	(1,901,524)
Others	**89,953**	24,215
	177,239,719	48,720,859
	₱317,703,765	₱230,040,311

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

	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
Other income from customers	**₱6,295,813**	₱8,442,335
Dividend income	**89,953**	24,215
Miscellaneous	**987,601**	299,042
	₱7,373,367	₱8,765,592

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:

	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
Stock trading costs charged to customers	**₱6,295,813**	₱8,442,335
Membership fees and dues	**3,051,791**	3,894,534
Dealer trades and other transaction costs	**24,605**	68,124
Miscellaneous	**222,337**	163,180
	₱9,594,546	₱12,568,173

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

	March 31, 2023 (Unaudited)			
	Commissions	**Trail fees**	**Other income**	**Total**
Primary geographical markets				
Philippines	**₱126,074,127**	**₱5,513,941**	**₱7,011,739**	**₱138,599,807**
Hong Kong	**1,592,564**	**–**	**271,675**	**1,864,239**
	₱127,666,691	**₱5,513,941**	**₱7,283,414**	**₱140,464,046**

	March 31, 2022 (Unaudited)			
	Commissions	Trail fees	Other income	Total
Primary geographical markets				
Philippines	₱166,048,619	₱5,813,356	₱8,580,300	₱180,442,275
Hong Kong	716,100	–	161,077	877,177
	₱166,764,719	₱5,813,356	₱8,741,377	₱181,319,452

Interest income earned consists of income from:

	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
Banks (Notes 4 and 5)	**₱141,310,837**	₱2,559,691
Customers (Note 7)	**19,359,967**	15,082,061
Debt securities (Note 8)	**10,284,002**	32,031,956
Financial assets at FVTPL (Note 6)	**1,124,381**	923,921
Others	**163**	539
	₱172,079,350	₱50,598,168

17. Personnel Costs

This account consists of:

	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
Salaries and wages	**₱31,976,588**	₱26,912,754
Other benefits	**8,536,404**	7,020,393
	₱40,512,992	₱33,933,147

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

The above accounts were distributed as follows:

	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
Cost of services	**₱13,598,636**	₱11,545,067
Operating expenses	**26,914,356**	22,388,080
	₱40,512,992	₱33,933,147

18. Employee Benefits

Retirement Benefits

The Parent Company has a funded, noncontributory 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 the employees. The defined retirement benefit obligation is determined using the projected unit credit method. There was no plan termination, curtailment or settlement as of March 31, 2023 and December 31, 2022.

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.

COLHK makes monthly contribution to a fund under the mandatory provident fund schemes ordinance enacted by the Hong Kong Government. The plan is defined contribution. Under the plan COLHK should contribute 5% of the monthly relevant income of all its qualified employees. The contribution recognized as expense amounted to ₱86,088 and ₱81,257 for the three-month period ended March 31, 2023 and 2022, respectively.

19. **Income Taxes**

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

Provision for income tax consists of:

	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
Current:		
Final	**₱30,547,691**	₱7,882,245
RCIT	**12,775,186**	22,623,387
Deferred	**395,321**	(371,716)
	₱43,718,198	₱30,133,916

Deferred Income Taxes

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

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Deferred income tax assets		
Retirement obligation	**₱1,186,773**	₱1,186,773
Leases under PFRS 16	**715,306**	603,181
Unrealized trading losses	**102,633**	149,263
Others	**167**	44,536
	2,004,879	1,983,753
Deferred income tax liabilities		
Accumulated translation adjustment	**(9,241,375)**	(11,703,535)
Unrealized trading gains	**(416,446)**	–
Others	**(124,138)**	(128,894)
	(9,781,959)	(11,832,429)
	(₱7,777,080)	(₱9,848,676)

Realization of the future tax benefits related to the net deferred tax assets is dependent on many factors, including the Group’s ability to generate taxable income, within the carry-over period (see Note 3).

Unrecognized deferred income tax assets

The Group did not recognize deferred income 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:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Unused tax losses*	**₱298,324,310**	₱298,324,310
Retirement obligation	**67,448,035**	70,637,298
NOLCO*	**22,431,830**	22,431,830
Allowance for credit losses	**2,996,595**	2,058,749
Unrealized trading losses	**2,226,013**	2,301,742
	₱393,426,783	₱395,753,929

**To be quantified at year-end*

The unused tax losses pertains 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	Condominium dues	Rental Payments	Other Expenses
Key management personnel								
March 31, 2023 (Unaudited)	**₱352,688**	**₱213,573**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**
March 31, 2022 (Unaudited)	678,302	299,530	–	–	–	–	–	–
Companies with common officers, directors and stockholders								
March 31, 2023 (Unaudited)	**1,943,994**	**1,005,018**	**269,073**	**1,195,427**	**–**	**110,250**	**831,600**	**44,531**
March 31, 2022 (Unaudited)	961,265	1,080,618	–	1,128,344	–	110,250	831,600	–
Directors								
March 31, 2023 (Unaudited)	**636,053**	**1,205,964**	**–**	**–**	**600,000**	**–**	**–**	**–**
March 31, 2022 (Unaudited)	314,692	399,300	–	–	550,000	–	–	–

Category	Trade payables	Trade receivables	Terms	Conditions
Key management personnel				
March 31, 2023 (Unaudited)	**₱8,646,305**	**₱12,966,973**	3-day; non-interest bearing/ Collectible or payable on demand; interest bearing	Secured; no impairment; no guarantee
December 31, 2022 (Audited)	12,230,388	20,925,352		
Companies with common officers, directors and stockholders				
March 31, 2023 (Unaudited)	**2,426,656**	**55,955,021**	3-day; non-interest bearing/ Collectible or payable on demand;interest bearing/Payable upon billing;non-interest bearing	Secured; no impairment; no guarantee
December 31, 2022 (Audited)	26,581	60,652,777		
Directors				
March 31, 2023 (Unaudited)	**20,886,321**	**47,509,745**	3-day; non-interest bearing/ Collectible or payable on demand; interest bearing	Secured; no impairment; no guarantee
December 31, 2022 (Audited)	29,488,927	23,385,469		

a. 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, which was unsecured as of March 31, 2023 and December 31, 2022 (Note 7). The trade receivables from related parties are not impaired.

b. As of March 31, 2023 and December 31, 2022, the Group also has unsecured noninterest-bearing employee salary loans and advances amounting to ₱1,909,784 and ₱2,265,038 with remaining terms ranging from six months to one year, which are included under 'Other receivables' (Note 7)

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

	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
Short-term employee benefits	**₱10,999,737**	₱10,991,527
Retirement costs	**31,495**	29,728
Other benefits	**251,963**	237,824
	₱11,283,195	₱11,259,079

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:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
At beginning of period,	**₱51,401,522**	₱37,075,248
Additions	**7,302,068**	38,880,095
Accretion of interest	**786,897**	2,240,992
Payments	**(6,768,177)**	(27,214,525)
Translation adjustment	**(65,865)**	419,712
	₱52,656,445	₱51,401,522
Current	**₱21,950,393**	₱19,413,343
Non-current	**30,709,052**	31,988,179
	₱52,659,445	₱51,401,522

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

	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
Depreciation expense of right-of-use assets included in property and equipment (Note 9)	**₱6,429,457**	₱6,060,151
Interest expense on lease liabilities	**786,897**	470,222
	₱7,216,354	₱6,530,373

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 ₱70,748 and ₱96,140 for the three-month period ended March 31, 2023 and 2022, respectively.

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

	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
Within one (1) year	**₱24,784,499**	₱18,260,800
More than 1 years to 2 years	**18,085,810**	8,550,018
More than 2 years to 3 years	**7,005,069**	3,370,343
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	**2,381,400**	5,556,600
	₱58,607,178	₱42,088,161

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 periods ended March 31, 2023 and December 31, 2022.

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 broker 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 March 31, 2023 and December 31, 2022, the Parent Company is compliant with the foregoing requirements.

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

The RBCA ratio of the Parent Company as of March 31, 2023 and December 31, 2022 are as follows:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Equity eligible for net liquid capital	**₱2,032,057,111**	₱1,871,731,347
Less: Ineligible Assets	**506,198,502**	515,052,279
NLC	**₱1,525,858,609**	₱1,356,679,068
Position risk	**₱32,154,000**	₱34,507,193
Operational risk	**199,229,777**	214,412,180
Large exposure risk	**16,605,592**	19,220,559
Total Risk Capital Requirement (TRCR)	**₱247,989,369**	₱268,139,932
AI	**₱10,633,122,243**	₱10,795,400,421
5.00% of AI	**₱531,656,112**	₱539,770,021
Required NLC	**₱531,656,112**	₱539,770,021
Net Risk-Based Capital Excess	**₱994,202,497**	₱816,909,047
Ratio of AI to NLC	**697%**	796%
RBCA ratio (NLC/TRCR)	**615%**	506%

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

1. Ineligible assets

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

2. Operational risk requirement

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

3. Position risk requirement

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

4. AI

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

On May 28, 2009, the SEC approved the PSE's Rules Governing Trading Rights and Trading Participants, which supersede the Membership Rules of the PSE. Section 8(c) of Article III of the said rules requires trading participants to have a minimum unimpaired paid-up capital, as defined by the SEC, of ₱20.00 million effective December 31, 2009, and ₱30.00 million effective December 31, 2011 and onwards. As at March 31, 2023 and December 31, 2022, the Parent Company is compliant with this capital requirement.

The Parent Company's regulated operations have complied with all externally-imposed capital requirements as at March 31, 2023 and December 31, 2022.

COLHK monitors capital using liquid capital as provided for under HK's Securities and Futures Ordinance (Cap. 571) and Securities and Futures (Financial Resources) Rules (Cap. 571N). COLHK's policy is to keep liquid capital at the higher of the floor requirement of HK$3.00 million and computed variable required capital. As at March 31, 2023 and December 31, 2022, COLHK is compliant with the said requirement.

23. Financial Risk Management Objectives and Policies

The main purpose of the Group's financial instruments is to fund its operations. The Group's principal financial instruments consist of cash and cash equivalents, cash in a segregated account, 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 March 31, 2023 and December 31, 2022, ₱1,166,760,239 and ₱1,030,253,471 of the total receivables from customers is secured by collateral comprising of equity securities of listed companies with a total market value of ₱7,996,644,101 and ₱6,342,714,175, respectively (Note 7).

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. 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 March 31, 2023 and December 31, 2022 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**
March 31, 2023 (Unaudited)					
Expected loss rate	**0.00%**	**2.00%**	**0.00%**	**0.00%**	**0.29%**
Trade receivables	**₱201,350,405**	**₱149,814,959**	**₱119,549,175**	**₱696,045,996**	**₱1,029,371,316**
Expected credit loss	**–**	**2,996,298**	**–**	**296**	**2,996,594**
December 31, 2022 (Audited)					
Expected loss rate	0.00%	2.00%	0.00%	0.00%	0.20%
Trade receivables	₱210,665,156	₱102,922,710	₱195,468,144	₱521,197,757	₱1,030,253,767
Expected credit loss	–	2,058,453	–	296	2,058,749

Past due accounts pertain to margin accounts of the Parent Company that are charged an interest rate ranging from 6.50% 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 securities are considered of low credit risk since these are rated as Baa2 by an international credit rating company. This credit rating is still 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 Group's financial assets as reflected in the consolidated statements of financial position as of March 31, 2023 and December 31, 2022 represent the financial asset's maximum exposure to credit risk as there are no collateral held or other credit enhancements related to these financial assets.

	March 31, 2023 (Unaudited)			
	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**
Partially secured	**49,443,762**	**48,435,202**	**1,008,560**	**48,435,202**
Fully secured	**1,117,316,477**	**7,948,208,899**	**–**	**1,117,316,477**
	₱1,166,760,535	**₱7,996,644,101**	**₱1,008,856**	**₱1,165,751,975**

	December 31, 2022 (Audited)			
	Gross Carrying Amount	Fair Value of Collateral*	Maximum Exposure to Credit Risk	Financial effect of collateral and other credit enhancements
Receivable from customers				
Unsecured	₱296	₱–	₱296	₱296
Fully secured	1,030,253,471	6,342,714,175	–	1,030,253,471
	₱1,030,253,767	₱6,342,714,175	₱296	₱1,030,253,767

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

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

As at March 31, 2023 and December 31, 2022, all of the Group's financial liabilities, which consist of trade payables and other current liabilities (except statutory payables), are contractually payable on demand and up to sixty (60) days' term.

Correspondingly, the financial assets that can be used by the Group to manage its liquidity risk as at March 31, 2023 and December 31, 2022 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 interim consolidated financial statements, Management believes that disclosure of equity price risk sensitivity analysis as at March 31, 2023 and December 31, 2022 is not significant.

Foreign currency risk

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

The Group's exposure to foreign currency exchange risk arises from its US$-denominated cash in banks amounting to US$18,543 and US$148,156 as at March 31, 2023 and December 31, 2022, respectively (Note 4).

Since the amount of US$-denominated cash in bank subject to foreign currency risk is immaterial relative to the interim consolidated financial statements, Management believes that disclosure of foreign currency risk analysis as at March 31, 2023 and December 31, 2022 is not significant.

Offsetting of Financial Assets and Liabilities

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

Financial Instruments Recognized at End of Reporting Period by Type	Gross Carrying Amounts (Before Offsetting)	Gross Amounts Offset in Accordance with the Offsetting Criteria	Net Amount Presented in Consolidated Statements of Financial Position	Effect of Remaining Rights of Set-Off (Including Rights to Set Off Financial Collateral) that do not Meet PAS 32 Offsetting Criteria: Financial Instruments	Fair Value of Financial Collateral	Net Exposure
March 31, 2023 (Unaudited)						
	[a]	**[b]**	**[c] = [a-b]**	**[d]**	**[e]**	**[f] = [c-d-e]**
Financial Assets						
Receivable from customers	**₱1,166,760,535**	**₱–**	**₱1,166,760,535**	**₱886,852**	**₱1,164,864,827**	**₱1,008,856**
Receivable from clearing house	**13,715,947**	**–**	**13,715,947**	**–**	**–**	**13,715,947**
	₱1,180,476,482	**₱–**	**₱1,180,476,482**	**₱886,852**	**₱1,164,864,827**	**₱14,724,803**
Financial Liabilities						
Payable to customers	**₱10,362,386,818**	**₱–**	**₱10,362,386,818**	**₱886,852**	**₱–**	**₱10,361,499,966**
Payable to clearing house	**233,560,618**	**–**	**233,560,618**	**–**	**–**	**233,560,618**
	₱10,595,947,436	**₱–**	**₱10,595,947,436**	**₱886,852**	**₱–**	**₱10,595,060,584**

Financial Instruments Recognized at End of Reporting Period by Type	Gross Carrying Amounts (Before Offsetting)	Gross Amounts Offset in Accordance with the Offsetting Criteria	Net Amount Presented in Consolidated Statements of Financial Position	Effect of Remaining Rights of Set-Off (Including Rights to Set Off Financial Collateral) that do not Meet PAS 32 Offsetting Criteria: Financial Instruments	Fair Value of Financial Collateral	Net Exposure
December 31, 2022 (Audited)						
	[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
Receivable 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
Payable to clearing house	120,761,453	–	120,761,453	114,550,660	–	6,210,793
	₱10,888,800,762	₱–	₱10,888,800,762	₱160,461,825	₱–	₱10,728,338,937

24. Fair Value Measurement

The following table shows the carrying value and fair value of the Group's refundable deposits, investment securities at amortized cost and investment property, whose carrying value does not approximate its fair value as at March 31, 2023 and December 31, 2022:

	Carrying Values		**Fair Values**	
	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)	**March 31, 2023 (Unaudited)**	December 31, 2022 (Audited)
Financial assets				
Investment securities at amortized cost	**₱800,487,307**	₱1,000,708,963	**₱673,152,794**	₱856,948,771
Non-financial assets				
Refundable deposits	**11,997,552**	12,194,514	**10,450,259**	10,621,819
Investment property	**12,913,430**	13,132,301	**38,413,490**	38,413,490

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.

Financial assets at FVTPL
The Group's financial assets at FVTPL are carried at their fair values as at March 31, 2023 and December 31, 2022. Fair value of financial assets at FVTPL is based on the closing quoted prices of

stock investments published by the PSE. Fair value of mutual funds is based on net asset values computed and published by the mutual fund providers. Fair value of debt securities is based on the quoted market price in an active market as at March 31, 2023 and December 31, 2022.

Refundable deposits
The fair value of the refundable deposits is based on the present value of the future cash flows discounted using credit adjusted risk-free rates for a similar type of instrument using 2.80% as at March 31, 2023 and December 31, 2022. There are no changes in the valuation techniques in 2023 and 2022.

Investment securities at amortized cost
The fair value of the investment is based on the quoted market price in an active market as at March 31, 2023 and December 31, 2022.

Investment property
The fair value of the investment property has been based on highest and best use of property being appraised. Valuations were derived on the basis of recent sales of similar properties in the same areas as the investment property and taking into account the economic conditions prevailing at the time the valuations were made and comparability of similar properties sold with the property being valued.

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

	March 31, 2023 (Unaudited)			
	Carrying Value	**Level 1**	**Level 2**	**Level 3**
Asset measured at fair value:				
Financial assets at FVTPL	**₱95,228,587**	**₱94,602,746**	**₱625,841**	**₱–**
Asset for which fair values are disclosed:				
Refundable deposits	**11,997,552**	**–**	**–**	**10,450,259**
Investment securities at amortized cost	**800,487,307**	**–**	**673,152,794**	**–**
Investment property	**12,913,430**	**–**	**–**	**38,413,490**

	December 31, 2022 (Audited)			
	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	–	856,948,771	–
Investment property	13,132,301	–	–	38,413,490

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

25. EPS Computation

	March 31, 2022 (Unaudited)	March 31, 2022 (Unaudited)
Net income attributable to the equity holders of the Parent Company	**₱158,397,233**	₱90,470,483
Weighted average number of shares for earnings per share (Note 15)	**4,760,000,000**	4,760,000,000
Basic and diluted earnings per share	**₱0.03**	₱0.02

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:

	March 31, 2023 (Unaudited)			
	Stockbrokerage services	**Others**	**Elimination**	**Total**
Revenue from external customers:				
Commissions	**₱127,679,007**	**₱–**	**(₱12,316)**	**₱127,666,691**
Interest	**170,204,547**	**1,874,803**	**–**	**172,079,350**
Trail fees	**5,783,014**	**–**	**(269,073)**	**5,513,941**
Others	**9,254,148**	**3,177,319**	**12,316**	**12,443,783**
Segment revenue	**312,920,716**	**5,052,122**	**(269,073)**	**317,703,765**
Cost of services	**(65,805,959)**	**(269,299)**	**269,073**	**(65,806,185)**
Operating expenses	**(41,797,609)**	**(1,115,801)**	**–**	**(42,913,410)**
Depreciation and amortization	**(4,979,873)**	**(369,660)**	**–**	**(5,349,533)**
Other losses	**(1,661,608)**	**(2,255)**	**–**	**(1,663,863)**
Income before income tax	**198,675,667**	**3,295,107**	**–**	**201,970,774**
Provision for income tax	**(42,842,845)**	**(875,353)**	**–**	**(43,718,198)**
Net income	**₱155,832,822**	**₱2,419,754**	**₱–**	**₱158,252,576**
Segment assets	**₱13,022,829,624**	**₱158,512,407**	**(₱287,421,816)**	**₱12,893,920,215**
Segment liabilities	**10,768,364,294**	**616,217**	**(121,816)**	**10,768,858,695**
Capital expenditures:				
Fixed assets	**(749,412)**	**–**	**–**	**(749,412)**
Cash flows arising from:				
Operating activities	**(180,962,460)**	**(7,605,794)**	**–**	**(188,568,254)**
Investing activities	**199,410,592**	**–**	**–**	**199,410,592**
Financing activities	**(6,576,735)**	**(191,442)**	**–**	**(6,768,177)**

	December 31, 2022 (Audited)			
	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)

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:

	March 31, 2023 (Unaudited)			
	Philippines	**Hong Kong**	**Elimination**	**Total**
Revenue from external customers:				
Commissions	**₱126,086,443**	**₱1,592,564**	**(₱12,316)**	**₱127,666,691**
Interest	**172,076,936**	**2,414**	**–**	**172,079,350**
Trail fees	**5,783,014**	**–**	**(269,073)**	**5,513,941**
Others	**12,159,792**	**271,675**	**12,316**	**12,443,783**
Segment revenue	**316,106,185**	**1,866,653**	**(269,073)**	**317,703,765**
Cost of services	**(62,231,028)**	**(3,844,230)**	**269,073**	**(65,806,185)**
Operating expenses	**(40,847,372)**	**(2,066,038)**	**–**	**(42,913,410)**
Depreciation and amortization	**(4,702,660)**	**(646,873)**	**–**	**(5,349,533)**
Other income (losses)	**(1,742,424)**	**78,561**	**–**	**(1,663,863)**
Income (loss) before income tax	**206,582,701**	**(4,611,927)**	**–**	**201,970,774**
Provision for income tax	**(43,718,198)**	**–**	**–**	**(43,718,198)**
Net income (loss)	**₱162,864,503**	**(₱4,611,927)**	**₱–**	**₱158,252,576**
Segment assets	**₱12,828,378,175**	**₱352,963,856**	**(₱287,421,816)**	**₱12,893,920,215**
Segment liabilities	**10,660,342,711**	**108,637,800**	**(121,816)**	**10,768,858,695**
Capital expenditures:				
Fixed assets	**(749,412)**	**–**	**–**	**(749,412)**
Cash flows arising from:				
Operating activities	**(187,016,820)**	**(1,551,434)**	**–**	**(188,568,254)**
Investing activities	**199,410,592**	**–**	**–**	**199,410,592**
Financing activities	**(6,104,062)**	**(664,115)**	**–**	**(6,768,177)**

	December 31, 2022 (Audited)			
	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)

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:

	March 31, 2023 (Unaudited)	December 31,2022 (Audited)
Cash and cash equivalents	**₱6,205,507**	₱3,478,317
Financial assets at FVTPL	**182,350,549**	109,589,528
Other assets	**146,947**	16,997
Due to broker	**(442,421)**	(1,110,215)
Other liabilities	**(1,467,734)**	(221,659)
Net assets attributable to unitholders	**₱186,792,848**	₱111,752,968

28. Events After the Reporting Period

Dividend Declaration

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

SCHEDULE I
COL FINANCIAL GROUP, INC. AND SUBSIDIARIES
SCHEDULE SHOWING FINANCIAL SOUNDNESS INDICATORS
PURSUANT TO SRC RULE 68, AS AMENDED

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

Ratio	Formula	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
Current ratio	Total current assets divided by Total current liabilities Total current assets ₱11,902,420,384 Divide by Total current liabilities 10,674,494,978 Current ratio 1.12	**1.12:1**	1.12:1
Debt-to-equity ratio	Total liabilities divided by Average equity Total liabilities ₱10,768,858,695 Divide by Average equity 2,033,255,455 Debt-to-equity ratio 5.30	**5.30:1**	5.83:1
Quick ratio	Total liquid assets divided by Total current liabilities Total liquid assets ₱11,886,589,708 Divide by Total current liabilities 10,674,494,978 Quick ratio 1.11	**1.11:1**	1.12:1
Asset-to-equity ratio	Total assets divided by Average equity Total assets ₱12,893,920,215 Divide by Average equity 2,033,255,455 Asset-to-equity ratio 6.34	**6.34**	6.86
Return on assets	Net income divided by Average assets Net income ₱158,397,233 Divide by Average assets 12,989,974,011 Asset-to-equity ratio 1% Average assets is computed as follows: Beg. total assets ₱13,086,027,806 Ending total assets 12,893,920,215 Total 25,979,948,021 Divide by 2 Average assets ₱12,989,974,011	**1%**	1%

Ratio	Formula	**March 31, 2023 (Unaudited)**	March 31, 2022 (Unaudited)
Return on average stockholder's equity *(annualized)*	Net income divided by Average stockholder's equity Net income *(annualized)* ₱633,588,932 Divide by Average stockholder's equity 2,033,255,455 Return on average stockholder's equity *(annualized)* 31% Average equity is computed as follows: Beg. total equity ₱1,957,750,078 Ending total equity 2,108,760,831 Total 4,066,510,909 Divide by 2 Average equity 2,033,255,455	**31%**	17%
Net profit margin	Net income divided by Total revenues Net income ₱158,397,233 Total revenues 317,703,765 Net profit margin 50%	**50%**	39%