



SECURITIES AND EXCHANGE COMMISSION

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The following document has been received:

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Company Information

SEC Registration No.: A199910065

Company Name: COL FINANCIAL GROUP, INC. DOING BUSINESS UNDER THE NAMES AND STYLES OF CITISECONLINE.COM; COL FINANCIAL; COL SECURITIES; AND CITISECONLINE STOCKBROKERS

Industry Classification: J68120

Company Type: Stock Corporation

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COVER SHEET

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SEC Registration Number

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(Company's Full Name)

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

Mr. Conrado F. Bate

(Contact Person)

8636-5411

(Company Telephone Number)

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Month Day
(Calendar Year)

17-Q
(Form Type)
June 30, 2026

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Month Day
(Annual Meeting)

Broker

(Secondary License Type, If Applicable)

CFD

Dept. Requiring this Doc.

Not Applicable

Amended Articles
Number/section

32

Total No. of Stockholders

Total Amount of Borrowings	
Domestic	Foreign

To be accomplished by SEC Personnel concerned

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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: **June 30, 2026**
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: **2401-B East Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City** Postal Code: **1605**
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	5,949,999,998 shares

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

Yes ☒ 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 ☒ No ☐

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

Yes ☒ 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.

COL Financial is widely recognized as the leading online stockbroker in the Philippines, serving over half a million clients. Since launching the country’s first non-bank online trading platform in 2005, COL has been at the forefront of democratizing stock market access. At a time when investing was largely limited to a select few, COL broke barriers by leveraging technology and education to empower everyday Filipinos to take control of their financial future.

To build investor confidence and promote financial literacy, COL invested in free seminars, research tools, and educational resources, supporting self-directed investors with the knowledge they needed to make informed investment decisions.

As the market evolved, so did COL. In 2010, the Parent Company launched a dedicated advisory team to serve high-net-worth individuals and institutional clients. By 2014, COL expanded into the fund distribution space, offering access to a broad range of local and global investment products.

In 2019, COL Investment Management Inc. (CIMI), COL’s asset management arm, was established to provide professionally managed solutions tailored to the Filipino investor. In 2022 and 2023, CIMI launched two in-house mutual funds, namely:

- COL Equity Index Unitized Mutual Fund, Inc. (CEIUMF)
- COL Strategic Growth Equity Unitized Mutual Fund, Inc. (CSGEUMF)

These funds reflect COL’s continued commitment to making expert-led investment solutions more accessible to the public.

In line with COL’s continuing initiatives to strengthen its service offerings, it implemented further enhancements to its client engagement framework. Recognizing the growing need of the high-net-worth clients for a more personalized, goal-driven financial guidance, COL formally established its Private Wealth group in June 2025. This unit builds on COL’s long-standing advisory capabilities and provides higher-touch, relationship-based support to clients seeking a more comprehensive approach to managing their investments. Through deeper engagement, customized strategies, and an expanded suite of investment solutions, the Private Wealth group helps clients manage, grow, and preserve their wealth—further strengthening COL’s position as a trusted partner in long-term financial planning.

As part of its strategic realignment initiatives, COL completed the wind-down and deregistration of its Hong Kong operations under COL Securities (HK) Limited (COLHK). COLHK ceased trading operations in May 2024, and its deregistration was completed on April 17, 2026 following the revocation of its license by the Securities and Futures Commission (SFC) and the approval of the Hong Kong Companies Registry.

Today, COL continues to be the most trusted online stockbroker in the Philippines, with a consistent focus on technology innovation, investor empowerment, and financial education. As the financial industry transforms, COL is evolving into a full-scale investment platform, enabling Filipinos to build, grow, track, and protect their wealth across multiple asset classes, while staying true to its founding mission of financial inclusion and empowerment.

Business Model

COL Financial is driven by the belief that every Filipino deserves the opportunity to live a richer life—regardless of age, income level, or investment knowledge. Staying true to this mission, COL has made investing more accessible to all, from seasoned market participants to first-time investors.

The business model of COL is anchored on creating long-term value for its customers by addressing their evolving needs through financial education, a broad range of ethical products and services, and expert insights. This approach ensures that clients are equipped with both the knowledge and the right investment solutions to meet their financial goals—no matter where they are in their investing journey.

COL Financial generates a significant portion of its revenue from its core stock brokerage operations in the Philippines. Its key revenue streams include:

- Commissions from stock trades,
- Interest income from margin financing,
- Trail fees from its fund distribution business, and
- Interest income from short-term placements.

Looking ahead, COL Financial remains focused on supporting Filipinos in building wealth by continuously expanding its investment offerings, enhancing its technology-driven solutions, and solidifying its position as the country's leading online broker.

Industry and Economic Review

Philippine equities started 2026 on a strong note, supported by robust foreign inflows into emerging markets. By end-February, the Philippine Stock Exchange Composite Index (PSEi) had risen 9.22% year-to-date, as foreign investors rotated out of U.S. equities and into emerging market stocks. This shift was driven by growing concerns over the stretched valuations of U.S. technology stocks and a potential slowdown in the sector. In contrast, emerging market equities offered more attractive valuations and greater exposure to traditional sectors. A weaker U.S. dollar also encouraged investors to diversify into emerging markets. As a result, net foreign buying in the local market reached ₱21.27 billion during the first two months of the year.

However, the market's strong performance was short-lived. On February 28, the U.S. and Israel began bombing Iran, prompting Iran to retaliate by threatening vessels transiting the Strait of Hormuz. The effective closure of the Strait, where around a fifth of the world's oil passes through, caused oil prices to surge. This weighed heavily on Philippine equities, as the country's dependence on oil imports made investor sentiment highly sensitive to rising energy prices.

The increase in oil prices also fed into domestic inflation and broader macroeconomic weakness. Average inflation rose to 6.10% from March to June 2026, up significantly from only 2.2% during the first two months of the year, driven mainly by higher food, utilities, and transport costs. At the same time, gross domestic product growth slowed to 2.60% during the first half, its weakest pace since the pandemic, as consumer spending growth decelerated to only 2.90% while government spending on construction dropped by 32.20%. The peso also weakened significantly, reflecting the sharp increase in import costs.

As a result, the PSEi reversed its earlier gains and ended the first half of the year flat year-to-date. Foreign investors also turned net sellers, liquidating ₱15.43 billion worth of Philippine equities during the first six months of 2026.

Despite the market's lackluster performance, trading activity improved from a year earlier. Average daily value turnover reached ₱7.72 billion in the first half of 2026, up from ₱6.80 billion in the same period last year.

Business Review

Key Performance Indicators

COL Financial remains focused on maximizing profitability through the strategic allocation of resources, with the overarching goal of enhancing shareholder value. To ensure sustainable growth, it continuously evaluates the effectiveness of its corporate initiatives and key performance indicators (KPI), which serve as critical benchmarks in assessing the success of its financial and operational strategies. Outlined below are some of the KPIs used to measure the Group's progress:

	June 30, 2026	June 30, 2025
Number of Customer Accounts*	574,297	563,139
Customers' Net Equity (in millions)	₱122,647.34	₱124,185.87
Revenues (in millions)	₱592.72	₱562.21
Annualized Return on Equity	21.30%	22.03%
Risk Based Capital Adequacy Ratio*	548.33%	791.84%

** Parent Company only*

COL's customer base continued to grow, with **customer accounts** increasing by 1.98% year-on-year to 574,297 as of end-June 2026. The growth was supported by sustained client acquisition initiatives, enhancements to the account onboarding process and ongoing client engagement programs, which continued to attract new investors despite volatile market conditions.

Customers' net equity fell by 1.24% to ₱122.65 billion during the period despite the ₱4.19 billion in cash dividends received and ₱4.71 billion in net cash inflows over the past twelve months as the PSEi index fell by 5.15% compared to the same period last year. Accordingly, the reduction in customers' net equity was primarily market-driven rather than attributable to net withdrawals from the Parent Company's operations.

Revenues for the period increased by 5.43% to ₱592.72 million, primarily driven by higher core service revenues and recurring fee-based income, partially offset by lower interest income amid the prevailing lower interest-rate environment.

Net income rose by 2.55% to ₱261.63 million, supported by revenue expansion and disciplined cost management. Annualized **return on average equity** (ROE) fell slightly to 21.30% in the first half of 2026. Notwithstanding the modest decline, the Parent Company continued to generate a strong return on its equity base while maintaining sufficient resources to support its operations and strategic initiatives.

The Parent Company maintained a strong regulatory capital position, with a **Risk-Based Capital Adequacy Ratio** (RBCA) of 548.33% as of June 30, 2026, well above the minimum requirement of 110.00%.

Material Changes in Financial Condition (June 30, 2026 vs December 31, 2025)

Consolidated assets increased by 6.24% to ₱12.87 billion as of end-June 2026. Cash and cash equivalents, which is 47.31% of consolidated assets, decreased by 33.71% to ₱6.09 billion. This is primarily due to the deliberate redeployment of excess liquidity into higher-yielding instruments. This was reflected in the 247.14% increase in investment securities at amortized cost to ₱5.39 billion and the 13.92% increase in financial assets at fair value through profit or loss to ₱164.41 million. This represents a reallocation of liquid resources rather than a reduction in overall liquidity, allowing the Group to optimize investment returns amid a lower interest-rate environment while maintaining sufficient funds for operating and regulatory requirements. The Group's substantial remaining cash position and liquid investment portfolio continue to provide adequate financial flexibility to support its operations.

Trade receivables increased modestly by 1.14% to ₱881.98 million, mainly reflecting normal fluctuations in client trading activity. Receivables from postpaid customers increased by 57.07%, or ₱21.03 million, while margin receivables rose by 3.17%, bringing total customer receivables higher by 5.61% to ₱881.05 million. The increase in customer receivables was largely offset by the absence of receivables from the clearing house, compared with ₱37.15 million as of year-end 2025, as customer trades resulted in a net buying position during the last two trading days of June 2026.

On the other hand, other receivables decreased by 13.14% to ₱84.33 million, primarily due to lower accrued interest income and reduced fund-related settlement activity during the period.

Prepayments increased by 15.31% to ₱11.92 million, mainly due to a ₱7.47 million increase in prepaid taxes. The increase primarily relates to final withholding taxes paid upon the acquisition of government Treasury bills, which are recognized over the term of the related investments, as well as local business taxes applicable to succeeding periods. This was partly offset by the normal amortization of insurance and other service prepayments.

Other current assets increased by 6.77% to ₱29.85 million, mainly due to ₱1.97 million of unutilized creditable withholding taxes. During the period, the Parent Company prioritized the utilization of available prior-year net operating loss carryover (NOLCO) to offset taxable income, which reduced the current income tax liability and, consequently, the amount of creditable withholding taxes that could be applied. The remaining tax credits are available for application against future income tax liabilities.

Property and equipment increased by 2.09% to ₱95.45 million, reflecting continued capital expenditures and right-of-use asset additions during the period. Capital spending remained focused on strengthening platform resilience, business continuity and operating efficiency as the brokerage business continues to scale.

Net deferred income tax assets decreased by 36.36% to ₱20.23 million, mainly due to the utilization of a portion of the Parent Company's available NOLCO against taxable income during the period. This resulted in the realization of the related deferred tax benefit and a corresponding reduction in the deferred tax asset.

Other noncurrent assets increased by 1.94% to ₱72.67 million, primarily due to ₱1.47 million in additional refundable contributions to the Clearing and Trade Guaranty Fund (CTGF) during the period, reflecting the higher level of trading and clearing activity.

Trade payables increased by 9.37% to ₱10.24 billion, primarily due to higher customers' undeployed funds, which reached ₱10.15 billion at period-end. The increase reflected stronger client funding during the first half of 2026, including ₱2.80 billion of net client inflows, as well as approximately ₱2.50 billion of cash dividends credited to customer accounts. These inflows supported the higher client cash balance despite the continued deployment of funds into trading and other investment activities during the period. Payables to the clearing house, likewise, increased by ₱66.74 million, or 215.96%, reflecting customers' higher net buying position during the last two trading days of June 2026 and the corresponding unsettled settlement obligations at period-end.

Other current liabilities decreased by 22.44% to ₱114.96 million, mainly due to the settlement of accrued expenses and management bonuses outstanding at year-end, together with lower fund-related settlement obligations as of June 30, 2026. These decreases were partly offset by higher taxes payable, unposted customer deposits and other trading-related liabilities. Overall, the movement largely reflects the timing of payments, settlements and transaction cut-offs during the period.

Stockholders' equity decreased by 3.34% to ₱2.43 billion, mainly as the ₱345.70 million cash dividend paid in June 2026 exceeded the ₱261.63 million net income generated during the period. The movement primarily reflects the distribution of accumulated earnings to shareholders, rather than a deterioration in operating performance.

Material Changes in the Results of Operations (June 30, 2026 vs June 30, 2025)

Consolidated revenues increased by 5.43% to ₱592.72 million during the first half of 2026, driven mainly by stronger brokerage revenues and continued growth in recurring fee-based income. The improvement reflects higher client activity in the Parent Company's core businesses, while interest income remained relatively resilient despite the lower interest-rate environment. Overall, the revenue mix continued to broaden, with activity-driven and recurring revenues contributing a larger share of the Group's growth.

Commission income increased by 21.07% to ₱234.46 million, supported by higher value turnover during the period. Despite generally challenging market conditions, trading activity improved, particularly during the earlier part of the year, resulting in stronger brokerage revenues compared with the same period in 2025. This underscores the continued importance of client participation and trading activity to the performance of the Parent Company's core brokerage business.

Trail fees increased by 35.45% to ₱17.50 million, supported by the 29.15% growth in fund assets under administration to ₱7.78 billion. The increase reflects the continued expansion of assets held through the Parent Company's fund platform, providing a growing source of recurring revenue alongside transaction-based brokerage income.

Interest income decreased by 4.24% to ₱324.41 million, mainly reflecting the lower interest-rate environment and lower average utilization of margin facilities. Interest income from special time deposits and fixed-income securities declined by only 3.17% to ₱293.02 million despite lower market yields, reflecting prudent management of available cash and liquidity in the ordinary course of business. Interest income from customers decreased by 13.26% to ₱31.39 million as average margin utilization remained below the prior-year level, with clients generally more cautious in their use of leverage during the period.

Total expenses increased by 10.59% to ₱257.59 million, primarily reflecting continued investments supporting business operations and higher activity-driven costs consistent with increased customer trading volumes.

Personnel expenses, which comprise the largest share of total costs, increased by 11.06% to ₱106.47 million, primarily due to the salary adjustments implemented during the period to maintain market competitiveness and support employee retention. The increase also reflects the normal timing effect of personnel movements between the comparative periods, including the full-period recognition of employees hired during the second half of 2025 and the first half of 2026. Overall, the increase is attributable to Management's planned investment in human capital to support the Group's operational requirements and long-term growth.

Trading-related expenses increased in line with higher client trading activity. Stock exchange dues and fees rose by 22.64% to ₱19.03 million. Commission and trail-related expenses, likewise, increased by 25.86% to ₱20.62 million, consistent with the higher agency trading volume and fund AUA during the period. These increases are largely volume-driven and variable in nature, representing costs associated with the growth in the Parent Company's core revenue-generating activities rather than an expansion in its fixed cost base.

Professional fees increased by 4.24% to ₱23.46 million, primarily due to higher IT and cybersecurity consultancy costs. The additional investment was undertaken to strengthen the security, resilience, and reliability of the Parent Company's online trading platform as client activity and digital operations continue to grow. In addition, communication expenses grew by 7.16% to ₱22.60 million, primarily due to higher spending on cybersecurity and platform protection services following the expansion of the Parent Company's digital infrastructure. The increase reflects Management's continuing efforts to enhance the Parent Company's technology environment and safeguard its online services.

Rental and utilities expenses increased by ₱1.85 million and ₱0.44 million, respectively, primarily due to additional technology infrastructure costs associated with the Parent Company's ongoing technology initiatives, as well as higher occupancy-related expenses following the full utilization of its expanded office facilities. Utility costs likewise increased due to higher electricity consumption resulting from increased onsite operations and higher power rates during the period. Overall, the increase reflects the Parent Company's continued investment in maintaining the infrastructure necessary to support its operations.

Depreciation and amortization rose by 9.79% to ₱21.60 million, primarily due to the continued depreciation of technology assets acquired to strengthen the Parent Company's infrastructure and replace aging equipment, as well as completed office improvements placed into service during the latter part of the prior year. The increase reflects the normal recognition of prior capital investments and is consistent with Management's continuing efforts to modernize the Parent Company's technology and operating environment.

On the other hand, training, seminar, and meeting costs decreased by 61.14% to ₱0.73 million, mainly due to the completion of several key programs and initiatives in prior periods. As a result, related training and meeting activities normalized during the quarter, reflecting the timing of capability-building initiatives rather than a reduction in the Parent Company's commitment to employee development and organizational support.

Loss on sale of investment securities at amortized cost decreased by 91.43% to ₱0.46 million, mainly because the comparative period included a higher realized loss arising from a specific Treasury repositioning undertaken in early part of 2025. The repositioning involved the sale of a lower-yielding government security and the reinvestment of the proceeds into a higher-yielding, longer-tenor government security to take advantage of more favorable market yields and improve prospective interest returns.

Provision for income taxes increased by 5.89% to ₱72.52 million, mainly driven by higher deferred tax expense arising from the partial utilization of the Parent Company's remaining

NOLCO from prior year. The utilization of these carryforward tax benefits reflects the Group's continued ability to generate taxable income during the period. This increase more than offset the reduction in final taxes on interest income from fund placements as market yields normalized, as well as the lower current income tax for the six-month period. Overall, the movement reflects the changing composition of the Parent Company's earnings and tax base, with deferred tax adjustments becoming a more significant component of the total tax provision during the period.

Consequently, consolidated net income grew by 2.55% to ₱261.63 million, supported by the continued improvement in revenue quality, particularly from higher activity-driven and recurring revenue streams, alongside disciplined cost management and prudent resource utilization. While total expenses increased during the period due to continued investments in talent, operational support, platform capabilities, and other activity-related costs associated with higher client engagement, expense growth remained relatively measured compared with the expansion in business activity. This allowed the Group to sustain healthy profitability and operating efficiency, with revenue growth continuing to absorb these strategic operating investments despite the naturally higher direct costs associated with core operating revenues.

Other Matters

- a. COL is not aware of any known trends, demands, commitments, events, or uncertainties that would have a material impact on the Group's liquidity. The Group has not defaulted on its obligations, which primarily arise from withdrawals made by customers. Furthermore, the obligations of the Parent Company are fully funded in compliance with SRC Rule 49.2. As COLHK is in the process of dissolution and all customer funds have been returned, COLHK is no longer required to maintain a fund for the exclusive benefit of its customers.
- 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 August 14, 2026.

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

	June 30, 2026 (Unaudited)			December 31, 2025 (Audited)		
	Money Balance	Security Valuation		Money Balance	Security Valuation	
		Long	Short		Long	Short
ASSETS						
Current Assets						
Cash and cash equivalents (Note 4)	₱6,086,890,966	₱–	₱–	₱9,182,173,190	₱–	₱–
Financial assets at fair value through profit or loss (Note 5)	164,414,117	1,260,401		144,326,929	1,156,253	
Investment securities at amortized cost (Note 7)	3,836,296,189			100,095,522		
Trade receivables (Notes 6 and 19)	881,975,942	5,404,580,730		872,015,252	6,040,817,838	
Other receivables (Notes 6 and 19)	84,333,333			97,093,430		
Prepayments	11,923,700			10,340,122		
Other current assets (Note 11)	29,845,769			27,953,913		
Total Current Assets	11,095,680,016			10,433,998,358		
Noncurrent Assets						
Investment securities at amortized cost (Note 7)	1,556,827,355			1,453,470,029		
Property and equipment (Note 8)	95,446,484			93,496,435		
Investment property (Note 9)	10,068,098			10,505,840		
Intangibles (Note 10)	16,258,395			16,913,698		
Deferred income tax assets (Note 18)	20,227,913			31,783,277		
Other noncurrent assets (Note 11)	72,665,531			71,284,593		
Total Noncurrent Assets	1,771,493,776			1,677,453,872		
TOTAL ASSETS	₱12,867,173,792	₱–	₱–	₱12,111,452,230	₱–	₱–
Securities in box, in Philippine Depository and Trust Corporation	₱–	₱–	₱113,382,574,553	₱–	₱–	₱114,677,615,152

(Forward)

	June 30, 2026 (Unaudited)			December 31, 2025 (Audited)		
	Money Balance	Security Valuation Long	Short	Money Balance	Security Valuation Long	Short
LIABILITIES AND EQUITY						
Current Liabilities						
Trade payables (Notes 12 and 19)	₱10,244,724,685	₱107,976,733,422	₱–	₱9,367,231,467	₱108,635,641,061	₱–
Lease liabilities - current portion (Note 20)	17,939,184			19,299,229		
Income tax payable	1,244			3,238		
Other current liabilities (Note 13)	114,957,646			148,210,059		
Total Current Liabilities	10,377,622,759			9,534,743,993		
Noncurrent Liabilities						
Lease liabilities - net of current portion (Note 20)	21,071,464			24,241,646		
Retirement obligation (Notes 17 and 19)	37,247,516			37,247,516		
Deferred income tax liabilities (Note 18)	–			307,290		
Rental deposits payable	382,057			–		
Total Noncurrent Liabilities	58,701,037			61,796,452		
Total Liabilities	10,436,323,796			9,596,540,445		
Equity						
Capital stock (Note 14)	595,000,000			595,000,000		
Capital paid-in excess of par value	53,219,024			53,219,024		
Loss on remeasurement of retirement obligation (Note 17)	(32,768,353)			(32,768,353)		
Other equity reserves	(1,019,697)			(1,019,697)		
Retained earnings (Note 14)						
Appropriated	711,210,188			655,442,264		
Unappropriated	1,093,607,839			1,232,920,380		
Equity Attributable to the Equity Holders of the Parent Company	2,419,249,001			2,502,793,618		
Non-controlling Interest (Note 14)	11,600,995			12,118,167		
Total Equity	2,430,849,996			2,514,911,785		
TOTAL LIABILITIES AND EQUITY	₱12,867,173,792	₱113,382,574,553	₱113,382,574,553	₱12,111,452,230	₱114,677,615,152	₱114,677,615,152

See accompanying Notes to Consolidated Financial Statements.

COL FINANCIAL GROUP, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

	For the Six Months Ended June 30		For the Quarter Ended June 30	
	2026	2025	2026	2025
REVENUES (Note 15)				
Commissions	₱234,457,705	₱193,653,373	₱102,135,670	₱101,909,996
Others:				
Interest income (Notes 4, 5, 6, 7 and 19)	324,411,835	338,788,763	163,919,186	169,447,524
Trail fees	17,499,739	12,919,662	9,332,241	6,661,238
Trading gains (losses) - net (Note 5)	(228,355)	1,750,931	545,233	735,813
Others (Note 5)	16,574,825	15,097,127	7,600,521	7,988,421
	592,715,749	562,209,856	283,532,851	286,742,992
COST OF SERVICES (Note 27)				
Personnel costs (Notes 16, 17 and 19)	51,319,464	27,763,938	36,157,756	14,913,795
Commission expense and professional fees (Note 19)	43,751,173	37,824,604	21,707,087	19,563,279
Communications	22,256,203	20,724,612	11,276,824	10,497,922
Stock exchange dues and fees (Note 15)	19,027,339	15,514,610	8,485,069	8,133,783
Depreciation and amortization (Notes 8, 9, 10 and 20)	10,821,195	8,831,423	4,876,923	4,505,974
Central depository fees	5,652,107	5,332,408	2,784,981	2,699,374
Repairs and maintenance	3,004,987	2,913,393	1,333,393	1,371,223
Research	2,759,944	2,586,786	1,390,842	1,289,333
Periodicals and other subscriptions	2,671,303	2,534,303	1,360,771	1,166,876
Others	3,719,566	1,686,636	1,901,033	869,049
	164,983,281	125,712,713	91,274,679	65,010,608
GROSS PROFIT	427,732,468	436,497,143	192,258,172	221,732,384
OPERATING EXPENSES				
Administrative expenses:				
Personnel costs (Notes 16, 17 and 19)	55,148,898	68,101,732	18,052,305	36,534,857
Depreciation and amortization (Notes 8, 9, 10 and 20)	10,776,454	10,839,703	6,009,612	5,515,351
Power, light and water	4,277,694	3,841,199	2,240,753	2,168,429
Insurance	3,774,186	3,849,737	1,837,088	1,928,899
Security and messengerial services	3,135,796	2,769,697	1,617,891	1,440,743
Taxes and licenses	2,567,355	2,444,787	1,299,029	1,193,548
Advertising and marketing	2,232,769	1,886,025	907,234	833,846
Directors' fees (Note 19)	1,400,000	1,500,000	800,000	900,000
Repairs and maintenance	1,252,293	1,590,734	667,702	751,693
Condominium dues	1,223,146	1,391,643	601,483	697,602
Office supplies	841,875	1,272,189	437,499	794,479
Transportation and travel	813,569	394,455	214,857	48,704
Trainings, seminars and meetings	732,835	1,885,814	97,004	788,024
Membership fees and dues	723,732	542,491	381,460	272,544
Periodicals and other subscriptions	710,115	904,927	355,096	405,548
Provision for credit losses (Note 6)	557,784	463,284	986,430	256,755
Communications	340,923	362,782	173,785	167,902
Professional fees (Note 19)	327,832	1,062,590	177,636	513,402
Representation and entertainment	307,479	559,418	121,777	267,626
Bank charges	233,917	269,467	119,224	127,476
Rentals (Note 20)	197,250	202,407	98,625	108,528
Others	1,028,699	1,064,398	595,269	632,276
	92,604,601	107,199,479	37,791,759	56,348,232
OTHER GAINS (LOSSES)				
Interest expense (Note 20)	(656,824)	(255,042)	(322,709)	(95,206)
Loss on sale of investment securities at amortized cost (Note 7)	(457,711)	(5,338,232)	(457,711)	(5,338,232)
Gain on sale of equipment (Note 8)	137,549	—	4,371	—
Foreign exchange gains (losses) - net	1,975	(89,630)	1,068	(88,051)
	(975,011)	(5,682,904)	(774,981)	(5,521,489)
INCOME BEFORE INCOME TAX	334,152,856	323,614,760	153,691,432	159,862,663
PROVISION FOR INCOME TAX (Note 18)				
Current				
Final income tax	58,585,084	60,481,885	29,673,257	30,460,191
Corporate income tax	2,686,486	3,760,104	839,559	1,364,994
Deferred	11,248,075	4,244,273	1,996,685	4,285,837
	72,519,645	68,486,262	32,509,501	36,111,022
NET INCOME	₱261,633,211	₱255,128,498	₱121,181,931	₱123,751,641
Attributable to:				
Equity holders of the Parent Company	₱262,150,383	₱255,378,816	₱121,486,031	₱123,903,279
Non-controlling interest (Note 14)	(517,172)	(250,318)	(304,100)	(151,638)
	₱261,633,211	₱255,128,498	₱121,181,931	₱123,751,641
Earnings Per Share (Note 24)				
Basic and Diluted	₱0.04	₱0.04	₱0.02	₱0.02

See accompanying Notes to Consolidated Financial Statements.

	For the Six Months Ended June 30		For the Quarter Ended June 30	
	2026	2025	2026	2025
NET INCOME	₱261,633,211	₱255,128,498	₱121,181,931	₱123,751,641
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Items that may be reclassified subsequently to consolidated statements of income:</i>				
Translation adjustments - net of tax	—	10,322,907	—	(872,859)
TOTAL COMPREHENSIVE INCOME	₱261,633,211	₱265,451,405	₱121,181,931	₱122,878,782
Attributable to:				
Equity holders of the Parent Company	₱262,150,383	₱265,701,723	₱121,486,031	₱123,030,420
Non-controlling interest (Note 14)	(517,172)	(250,318)	(304,100)	(151,638)
	₱261,633,211	₱265,451,405	₱121,181,931	₱122,878,782

See accompanying Notes to Consolidated Financial Statements.

COL FINANCIAL GROUP, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2026

(With Comparative Figures for the Six Months Ended June 30, 2025)

	Equity Attributable to the Equity Holders of the Parent Company									Non-controlling Interest (Note 14)	Total Equity
	Capital Stock (Note 14)	Capital In Excess of Par Value	Accumulated Translation Adjustment	Loss on Remeasurement Obligation (Note 17)	Other Equity Reserves	Retained Earnings		Total			
						Appropriated (Note 14)	Unappropriated				
Balances at January 1, 2026	₱595,000,000	₱53,219,024	₱–	(₱32,768,353)	(₱1,019,697)	₱655,442,264	₱1,232,920,380	₱2,502,793,618	₱12,118,167	₱2,514,911,785	
Total comprehensive income (loss)	–	–	–	–	–	–	262,150,383	262,150,383	(517,172)	261,633,211	
Declaration of cash dividends	–	–	–	–	–	–	(345,695,000)	(345,695,000)	–	(345,695,000)	
Appropriation of retained earnings (Note 14)	–	–	–	–	–	55,767,924	(55,767,924)	–	–	–	
Balances at June 30, 2026	₱595,000,000	₱53,219,024	₱–	(₱32,768,353)	(₱1,019,697)	₱711,210,188	₱1,093,607,839	₱2,419,249,001	₱11,600,995	₱2,430,849,996	
Balances at January 1, 2025	₱595,000,000	₱53,219,024	₱36,811,363	(₱35,567,381)	(₱1,019,697)	₱630,242,397	₱1,070,617,712	₱2,349,303,418	₱12,753,293	₱2,362,056,711	
Total comprehensive income (loss)	–	–	10,322,907	–	–	–	255,378,816	265,701,723	(250,318)	265,451,405	
Capital reduction of subsidiary (Note 14)	–	–	(44,961,595)	–	–	–	44,961,595	–	–	–	
Declaration of cash dividends	–	–	–	–	–	–	(327,250,000)	(327,250,000)	–	(327,250,000)	
Appropriation of retained earnings (Note 14)	–	–	–	–	–	50,466,630	(50,466,630)	–	–	–	
Balances at June 30, 2025	₱595,000,000	₱53,219,024	₱2,172,675	(₱35,567,381)	(₱1,019,697)	₱680,709,027	₱993,241,493	₱2,287,755,141	₱12,654,613	₱2,300,258,116	

See accompanying Notes to Consolidated Financial Statements

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

	For the Six Months Ended June 30	
	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱334,152,856	₱323,614,760
Adjustments for:		
Interest income (Notes 15 and 19)	(324,411,835)	(338,788,763)
Depreciation and amortization (Notes 8, 9, 10 and 20)	21,597,649	19,671,126
Interest expense (Note 20)	1,308,315	971,733
Loss on sale of investment securities at amortized cost (Note 7)	457,711	5,338,232
Gain on disposals of property and equipment (Note 8)	(137,549)	–
Amortization of premium (discount) on investment securities at amortized cost (Note 7)	(92,718)	1,222,780
Dividend income (Notes 5 and 15)	(3,654)	(2,252)
Operating income before working capital changes	32,870,775	12,027,616
Decrease (increase) in:		
Cash in a segregated account	–	840,431
Financial assets at fair value through profit or loss	(20,087,188)	(44,772,739)
Trade receivables	(9,960,690)	32,080,088
Other receivables	68,729,597	66,760,703
Prepayments	(1,583,578)	4,061,963
Other assets	(6,346,028)	(6,538,112)
Increase (decrease) in:		
Trade payables	877,493,218	14,990,465
Rental deposits payable	382,057	–
Other current liabilities	(33,226,878)	(46,846,831)
Net cash generated from operations	908,271,285	32,603,584
Interest received	268,442,335	290,381,316
Income taxes paid	(58,585,084)	(60,481,885)
Dividends received	3,654	2,252
Net cash provided by operating activities	1,118,132,190	262,505,267
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to investment securities at amortized cost	(8,859,557,467)	(600,894,492)
Proceeds from maturity of investment securities at amortized cost	4,921,174,608	334,226,999
Proceeds from sale of investment securities at amortized cost	98,459,874	294,661,768
Acquisitions of property and equipment (Note 8)	(16,996,563)	(16,258,513)
Proceeds from disposal of property and equipment (Note 8)	873,696	–
Acquisitions of software and licenses (Note 10)	(116,361)	(35,998)
Net cash provided by (used in) investing activities	(3,856,162,213)	11,699,764
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends declared and paid (Note 14)	(345,695,000)	(327,250,000)
Payments of lease liabilities (Note 20)	(11,557,201)	(13,001,645)
Net cash used in financing activities	(357,252,201)	(340,251,645)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,095,282,224)	(66,046,614)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	9,182,173,190	9,703,915,783
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 4)	₱6,086,890,966	₱9,637,869,169

See accompanying Notes to Consolidated Financial Statements.

COL FINANCIAL GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

COL Financial Group, Inc. (the Parent Company or COL Financial), a public company listed in the Philippine Stock Exchange (PSE), was registered with the Philippine Securities and Exchange Commission (SEC) on August 16, 1999. Its principal office is located at Unit 2401-B East Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City, Philippines. The Parent Company became a clearing member of the Securities Clearing Corporation of the Philippines (SCCP) and started operating its own seat as a Trading Participant in the Philippine Stock Exchange (PSE) on February 16, 2009.

COL Financial and its subsidiaries, collectively referred hereinto as the “Group”, is primarily engaged in offering stock brokerage and fund distribution services through innovative internet technology. 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.

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

Basis of Preparation

The accompanying interim consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards Accounting 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 June 30, 2026 and December 31, 2025, after eliminating significant intercompany balances and transactions. The following are the wholly-owned and majority-owned foreign and domestic subsidiaries (collectively referred hereinto as the “Subsidiaries”) of COL Financial:

Name of Subsidiaries	Principal Place of Business and Country of Incorporation	Effective Percentage of Ownership		Functional Currency
		2026	2025	
COLHK	Hong Kong	–%	100.00%	HK\$
COL Investment Management, Inc. (CIMI)	Philippines	80.00%	80.00%	PHP
COL Equity Index Unitized Mutual Fund, Inc. (CEIUMF)	Philippines	100.00%	100.00%	PHP
COL Strategic Growth Equity Unitized Mutual Fund, Inc. (CSGEUMF)	Philippines	100.00%	100.00%	PHP

On May 30, 2024, the operations of COLHK were terminated, as approved by the BOD of the Parent Company. On March 3, 2025, the Hong Kong Companies Registry approved the capital reduction of COLHK, lowering its capital stock to HK\$5,000,000. Subsequently, on April 7, 2025, the Securities and Futures Commission (SFC) revoked COLHK's license to conduct regulated activities. On November 26, 2025, the Companies Registry acknowledged the receipt of COLHK's application for deregistration following the Inland Revenue Department's (IRD) issuance of a notice of no objection to deregister. By the end of December 2025, return of investment totaling P226,579,784 was transferred to the Parent Company. On April 17, 2026, the Parent Company received the formal deregistration notice from the Companies Registry.

CEIUMF and CSGEUMF started offering its Units of Participation on October 4, 2022 and October 6, 2023, respectively. The assets and liabilities held by CEIUMF and CSGEUMF in relation to the investment of the unitholders as at June 30, 2026 and December 31, 2025 are presented in Note 26.

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 statement of income, consolidated statement of comprehensive income, and within equity in the consolidated statement 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 2026. 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 Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, *Disclosures about Uncertainties in the Financial Statements*
- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards—Volume 11
 - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
 - Amendments to PFRS 7, *Gain or Loss on Derecognition*
 - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
 - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
 - Amendments to PAS 7, *Cost Method*

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, 2027

- PFRS 17, *Insurance Contracts*
- PFRS 18, *Presentation and Disclosure in Financial Statements*

The standard replaces PAS 1 Presentation of Financial Statements and responds to investors' demand for better information about companies' financial performance. The new requirements include:

- Required totals, subtotals and new categories in the statement of profit or loss
 - Disclosure of management-defined performance measures
 - Guidance on aggregation and disaggregation
- PFRS 19, *Subsidiaries without Public Accountability*
 - Amendments to PAS 21, *Translation to a Hyperinflationary Presentation Currency*

Deferred effectivity

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

Summary of Material Accounting Policies

Foreign Currency Translation

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

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

Current versus Noncurrent 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 12 months after reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as noncurrent.

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 12 months after the reporting period.

All other liabilities are classified as noncurrent.

Net deferred tax assets (liabilities) are classified as noncurrent.

Cash and Cash Equivalents

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.

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).

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', '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 effective interest rate (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 expected credit losses (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.

Reclassification of financial assets

The Group can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Group is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the Group's business model will be effected only at the beginning of the next reporting period following the change in the business model.

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 23.

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 instruments' 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 EIR. 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 (2) stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group calculates ECL either on an individual or a collective basis. The Group performs collective impairment by grouping exposures into smaller homogeneous portfolios based on a combination of borrower and account characteristics. Accounts with similar risk attributes (i.e. facility, security, credit rating, months-on-books, utilization and collateral type, etc.) are pooled together for calculation provisions based on the ECL models.

The Group assesses on a forward-looking basis the ECL associated with its debt instrument asset carried at amortized cost and the exposure arising from unutilized margin trading facility.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group uses a provision matrix that estimates provision rates per days past due bucket based on the SEC requirements, which considers the collateral securities with market value adjusted by certain factor, as required in the Group's risk-based capital calculation and incorporates forward-looking information. A broad range of forward-looking factors are considered as economic inputs, such as growth of the gross domestic product, inflation rates, unemployment rates, interest rates and Philippine Stock Exchange Composite Index (PSEi) statistical indicators.

For cash and cash equivalents, 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.

Property and Equipment

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

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

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

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

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

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

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

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

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

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

Investment Property

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

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

Expenditures incurred after the investment properties have been put into operations, such as repairs and maintenance costs, are normally charged to operations in the year in which the costs are incurred.

Depreciation is calculated on a straight-line basis using the remaining useful lives from the time of acquisition of the investment properties based on appraisal reports but not to exceed 50 years for buildings and condominium units.

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

Intangibles

Exchange trading rights

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

Software costs

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

Impairment of Non-Financial Assets

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

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

Leases

Group as a lessee

The Group assesses at contract inception whether a contract is or contains a lease. A contract contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right-of-use on the underlying assets.

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.

Group as a lessor

Leases where the lessor does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating operating leases are

added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income.

Pretermination is defined as termination of lease contract by the lessee or lessor before the end of the lease term. In the case of pretermination of an operating lease, a lessor derecognizes the accrued rental receivable which is the effect of straight-line calculation of rental income and is charged against rental income in the consolidated statement of income.

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's capital stock is stated at par value and 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 are:

- Not appropriated by its BOD for corporate expansion projects or programs;
- Not covered by a restriction for dividend declaration under a loan agreement;
- Not required under special circumstances obtaining in the Group such as when there is a need for a special reserve for probable contingencies.

Appropriated retained earnings represent that portion which has been restricted and, therefore, not available for dividend declaration.

Revenue Recognition

Revenue from contracts with customers is recognized upon performance 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 earned. These pertain to the revenue earned by the Parent Company from the distribution of mutual funds of various fund houses to its customers and are computed daily as a percentage of the total assets under administration for each fund.

Revenues outside the scope of PFRS 15

Interest

For all financial instruments measured at amortized cost, interest income is recorded using EIR, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument, including any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR. The adjusted carrying amount is calculated based on the original EIR. The change in carrying amount is recorded as 'Interest income'.

Under PFRS 9, when a financial asset becomes credit-impaired, the Group calculates interest income by applying the EIR to the net amortized cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

Trading gains - net

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

Unrealized trading gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealized gains and losses for financial instruments which were realized in the reporting period. Realized gains and losses on disposals of financial instruments classified as at FVTPL are calculated using the first-in, first-out (FIFO) method. They represent the difference between an instrument's initial carrying amount and disposal amount.

Dividend

Dividend income is recognized when the right to receive payment is established, which is the date of declaration.

Other income

Revenue is recognized in the consolidated statement of income as they are earned.

Costs and Expenses

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Cost of services such as commissions, direct personnel costs, stock exchange dues and fees, central depository fees, server maintenance costs, periodicals and other subscriptions costs, 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 granted under the Parent Company's share options plan (SOP) 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 25.

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 statement 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 key assumptions used to determine the recoverable amount of the Group's exchange trading rights are further explained in Note 10. The Parent Company does not intend to sell its exchange trading right in the near future. As at June 30, 2026 and December 31, 2025, the carrying values of intangibles are disclosed in Note 10.

Estimating recoverability of deferred income tax assets

Deferred income tax assets are recognized for all unused tax losses and temporary differences to the extent that it is probable that future taxable profit will be available against which the losses can be utilized. 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. The deferred income tax assets (liabilities) as at June 30, 2026 and December 31, 2025 are disclosed in Note 18.

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:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Cash on hand and in banks	₱235,427,410	₱299,972,509
Cash equivalents	5,851,463,556	8,882,200,681
	₱6,086,890,966	₱9,182,173,190

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are composed of short-term cash investments with varying periods of up to three (3) months depending on the Group's immediate cash requirements, and earn interest at 2.50% to 5.30% per annum during the six-month period in 2026 and 3.25% to 6.38% per annum during the twelve-month period in 2025. The Parent Company has United States dollar (US\$)-denominated cash in banks amounting to US\$1,095 and US\$1,084 as at June 30, 2026 and December 31, 2025, 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 ₱9,864,517,961 and ₱9,092,631,492 as at June 30, 2026 and December 31, 2025, respectively. The special reserve accounts consist of cash in banks and short-term cash investments which are recorded as 'Cash and cash equivalents,' and short-term government debt securities recorded as 'Investment securities at amortized cost' (Note 7). The Parent Company's reserve requirement is determined based on the SEC's prescribed computations. As at June 30, 2026 and December 31, 2025, the Parent Company's reserve accounts are adequate to cover its reserve requirements.

Interest income of the Group from cash and cash equivalents amounted to ₱180,973,299 and ₱264,457,594 for the six-month period ended June 30, 2026 and 2025, respectively (Note 15).

5. Financial Assets at FVTPL

This account consists of:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Mutual funds	₱89,707,082	₱68,332,119
Government debt securities	74,160,005	75,528,061
Listed equity securities	547,030	466,749
	₱164,414,117	₱144,326,929

The peso-denominated government debt securities pertain to government bonds which bear nominal interest rates ranging from 4.63% to 9.25% per annum during the six-month period in 2026 and twelve-month period in 2025. Interest income earned from the investments amounted to ₱2,089,043 for the six-month period ended June 30, 2026 and 2025 (Note 15).

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 ₱3,654 and ₱2,252 for the six-month period ended June 30, 2026 and 2025, respectively (Note 15).

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

	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)
Unrealized trading gains (losses)	(₱281,738)	₱1,769,468
Trading gains (losses) from sale	53,383	(18,537)
	(₱228,355)	₱1,750,931

6. Trade Receivables and Other Receivables

Trade Receivables

This account consists of receivables from:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Customers (Note 19)	₱881,049,212	₱834,223,543
Mutual fund managers	3,528,505	2,683,829
Clearing house	–	37,151,871
	884,577,717	874,059,243
Less allowance for credit losses on trade receivables from customers	2,601,775	2,043,991
	₱881,975,942	₱872,015,252

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

	June 30, 2026 (Unaudited)		December 31, 2025 (Audited)	
	Money Balance	Security Valuation	Money Balance	Security Valuation
Fully secured accounts:				
More than 250%	₱438,174,889	₱4,549,661,019	₱556,063,697	₱5,499,579,126
Between 200% and 250%	311,480,541	665,632,733	109,547,892	248,179,727
Between 150% and 200%	73,021,700	131,598,266	130,536,063	256,192,662
Between 100% and 150%	22,576,377	22,734,406	2,725,310	2,734,100
Less than 100%	35,785,960	34,954,306	35,340,812	34,132,223
Unsecured accounts	9,745	–	9,769	–
	881,049,212	₱5,404,580,730	834,223,543	₱6,040,817,838
Less allowance for credit losses on receivable from customers	2,601,775		2,043,991	
	₱878,447,437		₱832,179,552	

As at June 30, 2026 and December 31, 2025, the Parent Company offered a credit line facility amounting to ₱6,051,949,950 and ₱6,089,874,950, respectively, to its customers who qualified for margin accounts.

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 postpaid customers are required to be settled on two (2) 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 June 30, 2026 and December 31, 2025, ₱845,253,507 and ₱798,872,962, respectively, of the total trade receivables from customers are fully covered by collateral.

Interest income from customers who availed of this margin facility amounted to ₱31,393,700 and ₱36,190,977 for the six-month period ended June 30, 2026 and 2025, respectively (Note 15).

Trade receivables from clearing house as at December 31, 2025 were fully collected in January 2026.

Receivables from mutual fund managers represent compensation for selling mutual funds to its customers. The fee is calculated daily and collected monthly.

Other Receivables

This account consists of:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Accrued interest on investments	₱60,761,040	₱63,376,624
Mutual fund redemption proceeds (Note 13)	12,693,700	22,127,791
Employee salary loan and advances (Note 19)	2,105,816	2,562,484
Others	8,772,777	9,026,531
	₱84,333,333	₱97,093,430

Allowance for Credit Losses

Movements in the allowance for credit losses follow:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Balances at beginning of period	₱2,043,991	₱2,099,453
Provision for (recovery) from credit losses	557,784	(55,462)
Balances at end of period	₱2,601,775	₱2,043,991

7. Investment securities at amortized cost

This account consists of:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Current		
Government debt securities	₱3,836,296,189	₱100,095,522
Noncurrent		
Government debt securities	1,356,827,355	1,453,470,029
Corporate debt securities	200,000,000	—
	1,556,827,355	1,453,470,029
	₱5,393,123,544	₱1,553,565,551

The peso-denominated government debt securities bear nominal annual interest rate of 4.62% to 8.00% per annum during the six-month period in 2026 and from 4.62% to 6.62% per annum during the twelve-month period in 2025, with an EIR from 4.80% to 7.50% per annum during the six-month period in 2026 and from 5.18% to 6.38% per annum during the twelve-month period in 2025. The peso-denominated investment in corporate debt securities bear a nominal and effective interest rate of 5.71% to 6.00 per annum during the six-month period in 2026. Amortization of discount and premium from these investments amounted to ₱92,718 and ₱1,222,780 for the six-month period ended June 30, 2026 and 2025, respectively.

Sale of government debt securities resulted in a loss amounting to ₱457,711 and ₱5,338,232 for the six-month period ended June 30, 2026 and 2025, respectively.

The outstanding investments in short-term government debt securities amounting to ₱3,836,296,189 and nil as at June 30, 2026 and December 31, 2025, respectively, are included in the Parent Company's special reserve accounts in compliance with SRC Rule 49.2 (Note 4).

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

Interest income earned from these investments amounted to ₱109,955,793 and ₱36,051,149 for the six-month period ended June 30, 2026 and 2025, respectively (Note 15).

8. Property and Equipment

The composition of and movements in this account follow:

June 30, 2026 (Unaudited)							
	Online Trading Equipment and Facilities	Furniture, Fixtures and Equipment	Transportation Equipment	Leasehold Improvements	Construction in Progress	Right-of-Use Asset - Office Premises	Total
Cost							
At beginning of period	₱219,853,220	₱37,913,246	₱9,623,787	₱85,479,925	₱40,000	₱76,528,003	₱429,438,181
Additions	11,207,421	501,327	2,319,642	69,490	2,898,683	5,755,740	22,752,303
Reclassifications	—	—	—	(62,614)	—	—	(62,614)
Disposals	(631,170)	(180,946)	(1,174,107)	—	—	(10,378,002)	(12,364,225)
At end of period	230,429,471	38,233,627	10,769,322	85,486,801	2,938,683	71,905,741	439,763,645
Accumulated depreciation and amortization							
At beginning of period	188,583,476	34,868,180	3,203,425	74,039,698	—	35,246,967	335,941,746
Depreciation and amortization (Note 20)	5,587,116	734,196	1,038,271	2,022,147	—	10,621,763	20,003,493
Disposals	(631,166)	(168,836)	(450,074)	—	—	(10,378,002)	(11,628,078)
At end of period	193,539,426	35,433,540	3,791,622	76,061,845	—	35,490,728	344,317,161
Net book value	₱36,890,045	₱2,800,087	₱6,977,700	₱9,424,956	₱2,938,683	₱36,415,013	₱95,446,484

December 31, 2025 (Audited)							
	Online Trading Equipment and Facilities	Furniture, Fixtures and Equipment	Transportation Equipment	Leasehold Improvements	Construction in Progress	Right-of-Use Asset - Office Premises	Total
Cost							
At beginning of period	₱206,244,135	₱36,393,970	₱7,932,715	₱75,090,484	—	₱67,124,103	₱392,785,407
Additions	14,701,634	2,321,490	1,691,072	7,619,677	2,832,432	39,902,275	69,068,580
Reclassification	—	22,668	—	2,769,764	(2,792,432)	—	—
Disposals	(1,092,549)	(824,882)	—	—	—	(30,498,375)	(32,415,806)
At end of year	219,853,220	37,913,246	9,623,787	85,479,925	40,000	76,528,003	429,438,181
Accumulated depreciation and amortization							
At beginning of year	180,870,790	34,417,830	1,475,960	70,702,028	—	43,286,649	330,753,257
Depreciation and amortization (Note 20)	8,805,186	1,275,194	1,727,465	3,337,670	—	22,458,693	37,604,208
Disposals	(1,092,500)	(824,844)	—	—	—	(30,498,375)	(32,415,719)
At end of period	188,583,476	34,868,180	3,203,425	74,039,698	—	35,246,967	335,941,746
Net book value	₱31,269,744	₱3,045,066	₱6,420,362	₱11,440,227	₱40,000	₱41,281,036	₱93,496,435

As at June 30, 2026 and December 31, 2025, the cost of the Group's fully depreciated property and equipment still in use amounted to ₱275,195,202 and ₱275,229,120, respectively. Disposal of property and equipment resulted in a gain amounting to ₱137,549 and nil for the six-month period ended June 30, 2026 and 2025, respectively.

The depreciation and amortization during the reporting period are classified as follows:

	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)
Cost of services	₱10,410,892	₱8,377,211
Operating expenses	9,592,601	9,956,965
	₱20,003,493	₱18,334,176

9. Investment Property

This account pertains to an office space held by the Parent Company to earn rental.

Movements in the account follow:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Cost		
At beginning period	₱17,509,736	₱17,509,736

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Accumulated depreciation		
At beginning of period	₱7,003,896	₱6,128,409
Depreciation	437,742	875,487
At end of period	7,441,638	7,003,896
Net book value	₱10,068,098	₱10,505,840

As at June 30, 2026 and December 31, 2025, 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 ₱437,742 and ₱437,743 for the six-month period ended June 30, 2026 and 2025, respectively.

Collaterals

As at June 30, 2026 and December 31, 2025, the Group's investment property is not pledged as collateral.

10. Intangibles

This account consists of:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Software cost and licenses	₱11,258,395	₱11,913,698
Stock exchange trading right	5,000,000	5,000,000
	₱16,258,395	₱16,913,698

Software Costs and Licenses

Movements in the software costs and licenses account follow:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Cost		
At beginning of period	₱62,223,381	₱51,211,221
Additions	116,361	3,428,587
Reclassification	384,750	7,583,573
At end of period	62,724,492	62,223,381
Accumulated amortization		
At beginning of period	50,309,683	48,260,865
Amortization	1,156,414	2,048,818
At end of period	51,466,097	50,309,683
Net book value	₱11,258,395	₱11,913,698

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

	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)
Cost of services	₱410,303	₱454,212
Operating expenses	746,111	444,995
	₱1,156,414	₱899,207

As at June 30, 2026 and December 31, 2025, the costs of the Group's fully amortized software still in use amounted to ₱46,126,260 and ₱43,727,916, respectively.

Stock Exchange Trading Right

As at June 30, 2026 and December 31, 2025, the fair value of the exchange trading right amounted to ₱7,700,000, representing the last transacted price of the exchange trading right (as provided by the PSE).

11. Other Assets

Other Current Assets

This account consists of:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Income tax overpayment	₱29,206,915	₱27,234,887
Deferred input VAT	638,854	719,026
	₱29,845,769	₱27,953,913

Income tax overpayment pertains to the Group's creditable withholding taxes and excess income tax payments in prior years.

Other Noncurrent Assets

This account consists of:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Deposit to CTGF	₱61,974,023	₱60,503,789
Intangible assets under development	383,036	767,786
Refundable deposits:		
Rental and utility deposits	6,228,155	5,851,136
Other refundable deposits	3,715,602	3,417,221
	72,300,816	70,539,932
Deferred input VAT	364,715	744,661
	₱72,665,531	₱71,284,593

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 1.00% of the clearing member's total monthly turnover value less block sales and cross transactions of the same flag.

These are refundable upon cessation of the Clearing Members' business and/or termination of their membership with SCCP, provided that all liabilities owing to SCCP at the time of termination, whether actual or contingent, shall have been satisfied or paid in full.

Refundable deposits

Other refundable deposits include deposits to internet service providers.

12. Trade Payables

This account consists of:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Customers (Note 19)	₱10,147,073,483	₱9,336,323,425
Clearing house	97,648,386	30,905,565
Others	2,816	2,477
	₱10,244,724,685	₱9,367,231,467

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

	June 30, 2026 (Unaudited)		December 31, 2025 (Audited)	
	Money Balance	Security Valuation-Long	Money Balance	Security Valuation-Long
Payable to customers:				
With money balances	₱10,147,073,483	₱102,346,038,400	₱9,336,323,425	₱101,616,856,135
No money balances	–	5,630,695,022	–	7,018,784,926
	₱10,147,073,483	₱107,976,733,422	₱9,336,323,425	₱108,635,641,061

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

Trade payables to clearing house as at June 30, 2026 and December 31, 2025 were fully paid subsequently in July and January 2026, respectively. These payables are noninterest-bearing and are due for settlement within two (2) trading days, in accordance with the settlement convention of the Philippine clearing house (Note 6).

13. Other Current Liabilities

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Due to BIR	₱52,240,423	₱29,245,069
Accrued expenses	13,823,195	42,781,017
Mutual fund redemption proceeds (Note 6)	12,775,771	22,174,087
Unposted customers' deposits	12,396,612	11,235,991
Trading fees	2,275,952	1,464,397
Accrued management bonus	–	27,509,721
Others	21,445,693	13,799,777
	₱114,957,646	₱148,210,059

Due to BIR consists of stock transaction, withholding and output taxes payable to the Philippine BIR. Accrued expenses and accrued management bonus pertain to accruals of operating expenses that were incurred but not yet paid and accruals made for the employees' performance bonus.

Unposted customer deposits refer to funds received from customers, including initial deposits, additional funding, and remittances from external sources, that were either unverified or received after the back-office processing cut-off. Once confirmed, these funds 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.

14. Equity

Capital Stock

The details of the Parent Company's capital stock follow:

	Shares	Amount
Common stock - ₱0.10 per share		
Authorized	10,000,000,000	₱1,000,000,000
Issued and outstanding		
Balances at beginning and end of year	5,949,999,998	₱595,000,000

All issued and outstanding shares of the Parent Company are listed with the PSE (Note 1). As at June 30, 2026 and December 31, 2025, there were 32 holders of the listed shares of the Parent Company, with a its share price closing at ₱1.34 and ₱1.42 per share, respectively.

Retained Earnings

Appropriated Retained Earnings

In compliance with SRC Rule 49.1 B, *Reserve Fund*, the Parent Company annually sets aside 10.00% of its audited net income to appropriated retained earnings. The minimum appropriation rate varies based on the broker dealer's unimpaired paid-up capital. If the Parent Company's paid-up capital becomes impaired, an equivalent amount must be transferred from appropriated retained earnings to the capital account, which shall not be available for dividend payments. In 2026 and 2025, the BOD approved the additional appropriation of ₱55,767,924 and ₱50,466,630, respectively.

On November 15, 2022, the BOD approved the appropriation of ₱100,000,000 from the Parent Company's unrestricted retained earnings as of December 31, 2021 to support its IT development plan and expansion project, which will run until December 2027. On December 22, 2025 and December 27, 2023, the BOD approved the reversal of the utilized portion of appropriated retained earnings amounting to ₱25,266,763 and ₱27,135,148, respectively. As of June 30, 2026 and December 31, 2025, the remaining appropriated retained earnings for the IT development plan and expansion projects amounted to ₱47,598,089.

Dividends

Details of the Parent Company's dividend distributions in 2026 and 2025 follow:

Type of Dividend	Dividend Rate	Date of Declaration	Date of Record	Date of Payment	Amount
<u>2026</u>					
Regular cash dividend	₱0.0194	April 30, 2026	May 15, 2026	June 4, 2026	₱115,430,000
Special cash dividend	0.0387	April 30, 2026	May 15, 2026	June 4, 2026	230,265,000
					₱345,695,000
<u>2025</u>					
Regular cash dividend	₱0.0157	April 25, 2025	May 16, 2025	June 4, 2025	₱93,415,000
Special cash dividend	0.0393	April 25, 2025	May 16, 2025	June 4, 2025	233,835,000
					₱327,250,000

As at June 30, 2026 and December 31, 2025, the consolidated retained earnings include the retained earnings of the Subsidiaries amounting to ₱16,322,788 and ₱15,362,750, respectively, which are not available for dividend declaration until such amounts are declared to the Parent Company.

Non-Controlling Interest

The Parent Company established CIMI in 2019, initially holding a 70% equity stake, with a non-controlling interest of 30.00%. In July 2024, the Parent Company acquired an additional 10.00% interest in CIMI for ₱7,560,000, increasing its stake to 80.00% and reducing the non-controlling interest to 20.00% as of December 31, 2025, and June 30, 2026.

The difference between the purchase price of ₱7,560,000 and the net asset value of the acquired 10.00% share was recognized under the “Other equity reserves” account within the equity attributable to the equity holders of the Parent Company in the consolidated statements of financial position.

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 June 30, 2026 (Unaudited) and December 31, 2025 (Audited)

	2026	2025
Cash and cash equivalents (current)	₱501,812	₱846,034
Financial assets at FVTPL	52,731,893	55,698,135
Other receivables (current)	697,410	757,758
Other assets (current)	3,814,633	3,452,748
Property and equipment (noncurrent)	2,735,322	915,955
Other assets (noncurrent)	263,615	302,609
Trade payables (current)	(435,683)	(519,196)
Accrued expenses (current)	(129,818)	(136,402)
Other liabilities (current)	(268,897)	(471,452)
Lease liability (current)	(600,493)	(255,358)
Lease liability (noncurrent)	(1,304,825)	–
Total equity	₱58,004,969	₱60,590,831
Attributable to:		
Equity holders of the Parent Company	₱46,403,974	₱48,472,664
Non-controlling interest	11,600,995	12,118,167

Summarized statements of income for the six months ended June 30, 2026 and 2025 (Unaudited)

	2026	2025
Management fees	₱3,547,463	₱4,243,374
Interest income	344,110	568,598
Trading gains – net	545,819	886,813
Operating expenses	(6,944,110)	(6,821,311)
Loss before income tax	(2,506,718)	(1,122,526)
Provision for income tax	79,144	129,064
Net loss	(₱2,585,862)	(₱1,251,590)
Attributable to:		
Equity holders of the Parent Company	(₱2,068,690)	(₱1,001,272)
Non-controlling interest	(517,172)	(250,318)

Summarized cash flow information for the six months ended June 30, 2026 and 2025 (Unaudited)

	2026	2025
Operating activities	₱332,099	(₱45,381,456)
Investing activities	(300,000)	(526,958)
Financing activities	(376,321)	(375,760)
Net decrease in cash and cash equivalents	(₱344,222)	(₱46,284,174)

15. Revenues

Breakdown of the Group's revenues are as follows:

	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)
Revenue from contracts with customers		
Commissions	₱234,457,705	₱193,653,373
Trail fees	17,499,739	12,919,662
Others	16,455,659	15,094,875
	268,413,103	221,667,910
Other revenues		
Interest income	324,411,835	338,788,763
Trading gains (losses) - net	(228,355)	1,750,931
Others	119,166	2,252
	324,302,646	340,541,946
	₱592,715,749	₱562,209,856

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

	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)
Trading charges billed to customer	₱12,308,705	₱10,247,279
Management fee	3,547,463	4,243,374
Dividend income (Note 5)	3,654	2,252
Miscellaneous	715,003	604,222
	₱16,574,825	₱15,097,127

Trading charges billed to 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 treat the subsequent remittance as expense recognized as part of 'Stock exchange dues and fees.'

Stock exchange dues and fees consist of:

	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)
Stock trading costs charged to customers	₱12,308,705	₱10,247,279
Membership fees and dues	6,238,319	5,129,040
Dealer trades and other transaction costs	121,873	47,977
Miscellaneous	358,442	90,314
	₱19,027,339	₱15,514,610

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

	June 30, 2026 (Unaudited)		
	Related parties	Other customers	Total
Commissions	₱749,109	₱233,708,596	₱234,457,705
Trail fees	—	17,499,739	17,499,739
Other income	—	16,455,659	16,455,659
	₱749,109	₱267,663,994	₱268,413,103

	June 30, 2025 (Unaudited)		
	Related parties	Other customers	Total
Commissions	₱1,250,640	₱192,402,733	₱193,653,373
Trail fees	—	12,919,662	12,919,662
Other income	—	15,094,875	15,094,875
	₱1,250,640	₱220,417,270	₱221,667,910

Interest income earned consists of income from:

	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)
Banks (Note 4)	₱180,973,299	₱264,457,594
Investment securities at amortized cost (Note 7)	109,955,793	36,051,149
Customers (Note 6)	31,393,700	36,190,977
Financial assets at FVTPL (Note 5)	2,089,043	2,089,043
	₱324,411,835	₱338,788,763

16. Personnel Costs

This account consists of:

	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)
Salaries and wages	₱88,365,903	₱80,952,532
Other benefits	18,102,459	14,913,138
	₱106,468,362	₱95,865,670

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

The above accounts are classified as follows:

	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)
Cost of services	₱51,319,464	₱27,763,938
Operating expenses	55,148,898	68,101,732
	₱106,468,362	₱95,865,670

17. 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 June 30, 2026 and December 31, 2025.

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.

18. 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. Under RA No. 12214, otherwise known as Capital Markets Efficiency Promotion Act (CMEPA), effective July 1, 2025, the final tax on any currency deposits, regardless of tenure is at 20.00%. These income taxes, as well as the deferred tax benefits and provisions, are presented as 'Provision for income tax' in the parent company statements of income.

Provision for income tax consists of:

	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)
Current:		
Final income tax	₱58,585,084	₱60,481,885
Corporate income tax	2,686,486	3,760,104
Deferred	11,248,075	4,244,273
	₱72,519,645	₱68,486,262

In 2026 and 2025, the Parent Company availed of the itemized deduction method in calculating the allowed deductions for income tax purposes.

On March 26, 2021, Republic Act (RA) No. 11534, otherwise known as Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act was signed into law. CREATE reduced the regular corporate income tax (RCIT) rate from 30.00% to 25.00% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5,000,000 and with total assets not exceeding ₱100,000,000 (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20.00%.

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

Deferred Income Taxes

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

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Deferred income tax assets		
Retirement obligation	₱17,191,019	₱18,698,473
Leases liabilities	9,277,370	10,872,451
NOLCO	2,473,543	12,610,554
	28,941,932	42,181,478
Deferred income tax liabilities		
Right-of-use assets	(8,628,721)	(10,309,007)
Unrealized trading gains	(83,848)	(392,360)
Others	(1,450)	(4,124)
	(8,714,019)	(10,705,491)
	₱20,227,913	₱31,475,987

Realization of the future tax benefits related to the net deferred income tax assets is dependent on many factors, including the Group's ability to generate taxable income, within the carry-over period (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:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
NOLCO	₱29,831,639	₱20,960,296
MCIT	16,325,355	13,638,869
Allowance for credit losses (Note 6)	2,601,775	2,043,991
	₱48,758,769	₱36,643,156

19. Related Party Disclosures

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

Category	Commission income	Interest income	Directors' fees	Capital Expenditures	Condominium dues	Rental Payments	Other Expenses
Key management personnel							
June 30, 2026 (Unaudited)	₱621,320	₱1,573,707	₱–	₱–	₱–	₱–	₱–
June 30, 2025 (Unaudited)	367,303	1,047,434	–	–	–	–	–
Companies with common officers, directors and stockholders							
June 30, 2026 (Unaudited)	–	–	–	–	220,500	1,764,000	–
June 30, 2025 (Unaudited)	693,402	2,479,835	–	395,393	220,500	1,764,000	41,107
Directors							
June 30, 2026 (Unaudited)	127,789	342,337	1,400,000	–	–	–	–
June 30, 2025 (Unaudited)	189,935	1,037,304	1,500,000	–	–	–	–

Category	Trade payables	Trade receivables	Terms	Conditions
Key management personnel				
June 30, 2026 (Unaudited)	₱3,666,605	₱60,918,045	2-day; non-interest bearing/Collectible or payable on demand; interest bearing	Secured; no impairment; no guarantee
December 31, 2025 (Audited)	2,407,639	46,777,812		
Directors				
June 30, 2026 (Unaudited)	19,036,465	–	2-day; non-interest bearing/Collectible or payable on demand; interest bearing	Secured; no impairment; no guarantee
December 31, 2025 (Audited)	12,150,868	4,367,409		

- a. Trade receivables from and payables to related parties are due to be settled in two (2) trading days, except for trade receivables under margin accounts. Trade receivables from related parties under margin accounts are interest-bearing, not guaranteed but secured by shares of stocks (except for trade receivables amounting to ₱9,745 and ₱9,769, which were unsecured as of June 30, 2026 and December 31, 2025, respectively (Note 6). The trade receivables from related parties are not impaired.
- b. As of June 30, 2026 and December 31, 2025, the Parent Company has employee salary loans and advances amounting to ₱2,105,816 and ₱2,562,484, respectively, presented under 'Other receivables' (Note 6). These advances are granted to eligible employees in accordance with Parent Company policy, are unsecured, and are generally settled through monthly payments, with any outstanding balance due upon separation from service.
- c. Compensation of key management personnel of the Group pertains to short-term employee benefits which amounted to ₱28,675,109 and ₱21,499,023 for the six-month period ended June 30, 2026 and 2025, respectively.

20. 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:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
At beginning of period	₱43,540,875	₱26,939,597
Accretion of interest	1,271,234	2,168,050
Payments	(11,557,201)	(25,469,047)
Additions	5,755,740	39,902,275
At end of period	₱39,010,648	₱43,540,875
Current	₱17,939,184	₱19,299,229
Non-current	21,071,464	24,241,646
	₱39,010,648	₱43,540,875

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

	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)
Cost of Services		
Depreciation expense (Note 8)	₱5,278,864	₱5,063,703
Interest expense on lease liabilities	651,492	716,691
	5,930,356	5,780,394
Operating Expenses		
Depreciation expense (Note 8)	5,342,899	6,368,568
Interest expense on lease liabilities	619,742	255,042
	5,962,641	6,623,610
	₱11,892,997	₱12,404,004

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 ₱197,250 and ₱202,407 for the six-month period ended June 30, 2026 and 2025, respectively.

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

	June 30, 2026	June 30, 2025
	(Unaudited)	(Unaudited)
Within one (1) year	₱19,262,161	₱14,274,420
More than 1 years to 2 years	15,847,701	6,775,462
More than 2 years to 3 years	5,023,454	3,175,200
More than 3 years to 4 years	–	1,587,600
	₱40,133,316	₱25,812,682

21. Capital Management

The primary objective of the Parent Company's capital management is to ensure that the Parent Company maintains healthy capital ratios in order to support its business and pay existing obligations and maximize shareholder value. The Parent Company 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 for the periods ended June 30, 2026 and December 31, 2025.

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 ₱2,500,000 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 ₱100,000,000 for broker dealers, which are either first time registrants or those acquiring existing broker dealer firms and will participate in a registered clearing agency; ₱10,000,000 plus a surety bond for existing broker dealers not engaged in market making transactions; and ₱2,500,000 for broker dealers dealing only in proprietary shares and not holding securities.

The SEC approved Memorandum Circular No. 16 dated November 11, 2004 which provides the guidelines on the adoption in the Philippines of the RBCA Framework for all registered brokers dealers in accordance with SRC. These guidelines cover the following risks: (a) position or market risk, (b) credit risks such as counterparty, settlement, large exposure, and margin financing risks, and (c) operational risk.

The Parent Company being a registered broker 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 ₱5,000,000 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 June 30, 2026 and December 31, 2025, 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 June 30, 2026 and December 31, 2025 are as follows:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Equity eligible for net liquid capital	₱2,398,141,345	₱2,467,141,729
Less: Ineligible Assets	616,326,825	435,173,180
NLC	₱1,781,814,520	₱2,031,968,549
Position risk	₱45,487,089	₱47,034,289
Operational risk	204,308,295	180,673,740
Large exposure risk	75,156,199	26,727,729
Total Risk Capital Requirement (TRCR)	₱324,951,583	₱254,435,758
AI	₱10,420,823,934	₱9,554,045,923
5.00% of AI	₱521,041,197	₱477,702,296
Required NLC	₱521,041,197	₱477,702,296
Net Risk-Based Capital Excess	₱1,260,773,323	₱1,554,266,253
Ratio of AI to NLC	584.84%	470.19%
RBCA ratio (NLC/TRCR)	548.33%	798.62%

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 ₱20,000,000 effective December 31, 2009, and ₱30,000,000 effective December 31, 2010 and onwards. As at June 30, 2026 and December 31, 2025, 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 June 30, 2026 and December 31, 2025.

22. 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, financial assets at FVTPL, investment securities at amortized cost, trade receivables, other receivables, deposit and refundable contributions to CTGF, refundable deposits under other noncurrent assets, trade payables, other current liabilities and rental deposits payable 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 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 postpaid customers are required to be settled on two (2) 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 June 30, 2026 and December 31, 2025, ₱881,039,467 and ₱834,213,774 of the total receivables from customers is secured by collateral comprising of equity securities of listed companies with a total market value of ₱5,404,580,730 and ₱6,040,817,838, respectively (Note 6).

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses, while also considering the regulatory requirements under SRC Rule 52.1. The provision matrix is based on the Parent Company'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 June 30, 2026 and December 31, 2025 are summarized in the following table (gross of allowance for credit losses):

	Days after trade date				Total
	T+0 to T+1	T+2 to T+12	T+13 to T+30	T+31 to T+365	
June 30, 2026 (Unaudited)					
Expected loss rate	0.00%	2.00%	0.00%	0.00%	0.30%
Trade receivables	₱128,872,018	₱129,585,449	₱79,462,667	₱543,129,078	₱881,049,212
Expected credit loss	–	2,592,030	–	9,745	2,601,775
December 31, 2025 (Audited)					
Expected loss rate	0.00%	2.00%	0.00%	0.00%	0.24%
Trade receivables	₱17,700,895	₱101,711,123	₱129,532,479	₱585,279,046	₱834,223,543
Expected credit loss	–	2,034,222	–	9,769	2,043,991

Past due accounts pertain to margin accounts of the Parent Company. 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.

Investment securities at amortized cost are classified as high grade. The Group's investments in government securities are considered of low credit risk since these are rated by an international credit rating company as Baa2, which is considered as 'Investment Grade.'

Refundable deposits under other noncurrent assets are classified as high grade and are in stage 1 of the ECL model since the amount shall be kept intact by the lessor throughout the term of the contract and shall be returned after the term.

Financial assets at FVTPL

Companies that are consistently profitable, have strong fundamentals and pays out dividends. As at June 30, 2026 and December 31, 2025, the Group's financial assets at FVTPL are classified as high grade since these are with listed companies of good reputation.

Deposit and refundable contributions to CTGF

Deposit and refundable contributions to CTGF pertains to contributions 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 June 30, 2026 and December 31, 2025 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.

June 30, 2026 (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	P9,745	P–	P9,745	P9,745
Partially secured	35,785,960	34,954,306	831,654	34,954,306
Fully secured	845,253,507	5,369,626,424	–	845,253,507
	P881,049,212	P5,404,580,730	P841,399	P880,217,558

December 31, 2025 (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	P9,769	P–	P9,769	P9,769
Partially secured	35,340,812	34,132,223	1,208,589	34,132,223
Fully secured	798,872,962	6,006,685,615	–	798,872,962
	P834,223,543	P6,040,817,838	P1,218,358	P833,014,954

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 June 30, 2026 and December 31, 2025, 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 a 60-day term.

Correspondingly, the financial assets that can be used by the Group to manage its liquidity risk as at June 30, 2026 and December 31, 2025 consist of cash and cash equivalents, short-term time deposits, financial assets at FVTPL and trade receivables.

Market Risk

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

Equity price risk

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

Since the carrying amount of financial assets subject to equity price risk is immaterial relative to the interim consolidated financial statements, Management believes that disclosure of equity price risk sensitivity analysis as at June 30, 2026 and December 31, 2025 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\$1,095 and US\$1,084 as at June 30, 2026 and December 31, 2025, 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 June 30, 2026 and December 31, 2025 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.

June 30, 2026 (Unaudited)						
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		
				Fair Value of		Net Exposure
				Financial Instruments	Financial Collateral	
	[a]	[b]	[c] = [a-b]	[d]	[e]	[f] = [c-d-e]
Financial Assets						
Receivable from customers	₱881,049,212	₱–	₱881,049,212	₱4,478,568	₱875,729,245	₱841,399
	₱881,049,212	₱–	₱881,049,212	₱4,478,568	₱875,729,245	₱841,399

(Forward)

June 30, 2026 (Unaudited)						
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
	[a]	[b]	[c] = [a-b]	[d]	[e]	[f] = [c-d-e]
Financial Liabilities						
Payable to customers	₱10,147,073,483	₱-	10,147,073,483	₱4,478,568	₱-	₱10,142,594,915
Due to clearing house	97,648,386	-	97,648,386	-	-	97,648,386
	₱10,244,721,869	₱-	₱10,244,721,869	₱4,478,568	₱-	₱10,240,243,301

December 31, 2025 (Audited)						
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
	[a]	[b]	[c] = [a-b]	[d]	[e]	[f] = [c-d-e]
Financial Assets						
Receivable from customers	₱834,223,543	₱-	₱834,223,543	₱-	₱833,005,185	₱1,218,358
Receivable from clearing house	37,151,871	-	37,151,871	30,905,565	-	6,246,306
	₱871,375,414	₱-	₱871,375,414	₱30,905,565	₱833,005,185	₱7,464,664
Financial Liabilities						
Payable to customers	₱9,336,323,425	₱-	₱9,336,323,425	₱-	₱-	₱9,336,323,425
Due to clearing house	30,905,565	-	30,905,565	30,905,565	-	-
	₱9,367,228,990	₱-	₱9,367,228,990	₱30,905,565	₱-	₱9,336,323,425

23. Fair Value Measurement

The following table shows the carrying value and fair value of the Group's investment securities at amortized cost, refundable deposits and investment property, whose carrying value does not approximate its fair value as at June 30, 2026 and December 31, 2025:

	Carrying Values		Fair Values	
	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
<i>Financial assets</i>				
Investment securities at amortized cost	₱5,393,123,544	₱1,553,565,551	₱5,572,738,895	₱1,566,408,954
Refundable deposits	9,943,757	9,268,357	8,661,337	8,073,041
<i>Non-financial assets</i>				
Investment property	10,068,098	10,505,840	38,413,490	38,413,490

The carrying amounts of cash and cash equivalents, 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 June 30, 2026 and December 31, 2025. 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 June 30, 2026 and December 31, 2025.

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 June 30, 2026 and December 31, 2025. There are no changes in the valuation techniques in 2026 and 2025.

Investment securities at amortized cost

The fair value of the investment is based on the quoted market price in an active market as at June 30, 2026 and December 31, 2025.

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:

	June 30, 2026 (Unaudited)			
	Carrying Value	Level 1	Level 2	Level 3
<i>Asset measured at fair value:</i>				
Financial assets at FVTPL	₱164,414,117	₱74,707,035	₱89,707,082	₱–
Deposit and refundable contributions to CTGF	61,974,023	–	–	61,974,023
<i>Asset for which fair values are disclosed:</i>				
Financial assets				
Refundable deposits	9,943,757	–	–	8,661,337
Investment securities at amortized cost	5,393,123,544	5,409,800,752	162,938,143	–
Non-financial assets – Investment property	10,068,098	–	–	38,413,490
	December 31, 2025 (Audited)			
	Carrying Value	Level 1	Level 2	Level 3
<i>Asset measured at fair value:</i>				
Financial assets at FVTPL	₱144,326,929	₱75,994,810	₱68,332,119	₱–
Deposit and refundable contributions to CTGF	60,503,789	–	–	60,503,789
<i>Asset for which fair values are disclosed:</i>				
Financial assets				
Refundable deposits	9,268,357	–	–	8,073,041
Investment securities at amortized cost	1,553,565,551	1,161,926,897	404,482,057	–
Non-financial assets – Investment property	10,505,840	–	–	38,413,490

During the period ended June 30, 2026 and the year ended December 31, 2025, there were no transfers among levels one (1), two (2) and three (3) of fair value measurements.

24. EPS Computation

As at June 30, 2026 and December 31, 2025, the Parent Company has no outstanding potentially dilutive securities, hence, basic earnings per share are equal to diluted earnings per share.

	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)
Net income attributable to the equity holders of the Parent Company	₱262,150,383	₱255,378,816
Weighted average number of shares (Note 14)	5,949,999,998	5,949,999,998
Basic and diluted EPS	₱0.04	₱0.04

25. Segment Information

Business Segments

The Group's business segments follow:

- Stockbrokerage services pertaining to the Group's stockbrokerage companies, mainly the Parent Company and COLHK; and
- Others pertaining to the Group's subsidiaries other than COLHK. This includes CIMI which is an asset management firm and CEIUMF and CSGEUMF which are unitized funds.

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

June 30, 2026 (Unaudited)				
	Stockbrokerage services	Others	Elimination	Total
Revenue from external customers:				
Commissions	₱234,457,705	₱–	₱–	₱234,457,705
Interest	322,028,611	2,383,224	–	324,411,835
Trail fees	19,811,376	–	(2,311,637)	17,499,739
Others	13,101,423	3,438,150	(193,103)	16,346,470
Segment revenue	589,399,115	5,821,374	(2,504,740)	592,715,749
Cost of services	(164,969,617)	(2,325,301)	2,311,637	(164,983,281)
Operating expenses	(77,404,856)	(4,423,291)	–	(81,828,147)
Depreciation and amortization	(10,271,903)	(504,551)	–	(10,776,454)
Other losses	(960,634)	(14,377)	–	(975,011)
Income (loss) before income tax	335,792,105	(1,446,146)	(193,103)	334,152,856
(Provision for) recovery from income tax	(72,339,968)	(179,677)	–	(72,519,645)
Net income (loss)	₱263,452,137	(₱1,625,823)	(₱193,103)	₱261,633,211
Segment assets	₱12,861,098,757	₱177,067,901	(₱170,992,866)	₱12,867,173,792
Segment liabilities	10,434,016,519	2,740,143	(432,866)	10,436,323,796
Capital expenditures:				
Fixed assets	16,696,563	300,000	–	16,996,563
Cash flows arising from:				
Operating activities	1,140,189,910	(22,057,720)	–	1,118,132,190
Investing activities	(3,855,862,213)	(300,000)	–	(3,856,162,213)
Financing activities	(356,875,880)	(376,321)	–	(357,252,201)
December 31, 2025 (Audited)				
	Stockbrokerage services	Others	Elimination	Total
Revenue from external customers:				
Commissions	₱426,538,041	₱–	₱–	₱426,538,041
Interest	672,814,293	5,733,145	–	678,547,438
Trail fees	33,458,509	–	(5,660,857)	27,797,652
Others	23,808,774	12,577,157	–	36,385,931
Segment revenue	1,156,619,617	18,310,302	(5,660,857)	1,169,269,062
Cost of services	(306,905,926)	(5,688,947)	5,660,857	(306,934,016)
Operating expenses	(236,191,156)	(8,580,223)	–	(244,771,379)
Depreciation and amortization	(17,570,815)	(972,062)	–	(18,542,877)
Other losses	37,658,842	(41,260)	–	37,617,582
Income before income tax	633,610,562	3,027,810	–	636,638,372
Provision for income tax	(121,122,982)	(1,397,981)	–	(122,520,963)
Net income	₱512,487,580	₱1,629,829	₱–	₱514,117,409
Segment assets	₱12,141,083,152	₱177,710,480	(₱207,341,402)	₱12,111,452,230
Segment liabilities	9,596,329,928	1,756,898	(1,546,381)	9,596,540,445
Capital expenditures:				
Fixed assets	28,540,328	625,977	–	29,166,305
Cash flows arising from:				
Operating activities	131,250,615	(41,586,351)	–	89,664,264
Investing activities	(258,061,833)	(625,977)	–	(258,687,810)
Financing activities	(351,955,208)	(763,839)	–	(352,719,047)

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:

	June 30, 2026 (Unaudited)			
	Philippines	Hong Kong	Elimination	Total
Revenue from external customers:				
Commissions	₱234,457,705	₱—	₱—	₱234,457,705
Interest	324,411,835	—	—	324,411,835
Trail fees	19,811,376	—	(2,311,637)	17,499,739
Others	16,539,573	—	(193,103)	16,346,470
Segment revenue	595,220,489	—	(2,504,740)	592,715,749
Cost of services	(167,294,918)	—	2,311,637	(164,983,281)
Operating expenses	(81,775,183)	(52,964)	—	(81,828,147)
Depreciation and amortization	(10,776,454)	—	—	(10,776,454)
Other losses	(975,011)	—	—	(975,011)
Income (loss) before income tax	334,398,923	(52,964)	(193,103)	334,152,856
Provision for income tax	(72,519,645)	—	—	(72,519,645)
Net income (loss)	₱261,879,278	(₱52,964)	(₱193,103)	₱261,633,211
Segment assets	₱13,038,166,658	₱—	(₱170,992,866)	₱12,867,173,792
Segment liabilities	10,436,756,662	—	(432,866)	10,436,323,796
Capital expenditures:				
Fixed assets	16,996,563	—	—	16,996,563
Cash flows arising from:				
Operating activities	1,118,132,190	—	—	1,118,132,190
Investing activities	(3,856,162,213)	—	—	(3,856,162,213)
Financing activities	(357,252,201)	—	—	(357,252,201)

	December 31, 2025 (Audited)			
	Philippines	Hong Kong	Elimination	Total
Revenue from external customers:				
Commissions	₱426,538,041	₱—	₱—	₱426,538,041
Interest	678,547,438	—	—	678,547,438
Trail fees	33,458,509	—	(5,660,857)	27,797,652
Others	36,375,412	10,519	—	36,385,931
Segment revenue	1,174,919,400	10,519	(5,660,857)	1,169,269,062
Cost of services	(312,594,873)	—	5,660,857	(306,934,016)
Operating expenses	(243,466,068)	(1,305,311)	—	(244,771,379)
Depreciation and amortization	(18,542,877)	—	—	(18,542,877)
Other losses	37,617,446	136	—	37,617,582
Income (loss) before income tax	637,933,028	(1,294,656)	—	636,638,372
Provision for income tax	(122,520,963)	—	—	(122,520,963)
Net income (loss)	₱515,412,065	(₱1,294,656)	₱—	₱514,117,409
Segment assets	₱12,282,287,293	₱36,506,339	(₱207,341,402)	₱12,111,452,230
Segment liabilities	9,597,061,577	1,025,249	(1,546,381)	9,596,540,445
Capital expenditures:				
Fixed assets	29,166,305	—	—	29,166,305
Cash flows arising from:				
Operating activities	(110,956,656)	200,620,920	—	89,664,264
Investing activities	(258,687,810)	—	—	(258,687,810)
Financing activities	(126,139,262)	(226,579,785)	—	(352,719,047)

26. Mutual Fund Operations

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

CEIUMF

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Cash and cash equivalents	₱6,117,049	₱2,767,085
Financial assets at FVTPL	249,375,355	259,007,266
Other assets	24,044	115,600
Due to broker	(2,609,280)	—
Due to investors	(223,343)	(17,143)
Other liabilities	(415,676)	(449,542)
Net assets attributable to unitholders	₱252,268,149	₱261,423,266

CSGEUMF

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Cash and cash equivalents	₱21,219,248	₱4,006,460
Financial assets at FVTPL	272,761,452	351,968,596
Due from broker	4,478,493	—
Other assets	878,639	303,784
Due to broker	(13,406,255)	—
Due to investors	(149,511)	(266,657)
Other liabilities	(583,669)	(875,602)
Net assets attributable to unitholders	₱285,198,397	₱355,136,581

27. Cost of Services

This account consists of:

	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)
Personnel costs (Notes 16, 17 and 19)	₱51,319,464	₱27,763,938
Professional fees	23,131,195	21,441,537
Communications	22,256,203	20,724,612
Commission expense	20,619,978	16,383,067
Stock exchange dues and fees (Note 15)	19,027,339	15,514,610
Depreciation and amortization (Notes 8, 9, 10 and 20)	10,821,195	8,831,423
Central depository fees	5,652,107	5,332,408
Repairs and maintenance	3,004,987	2,913,393
Research	2,759,944	2,586,786
Periodicals and other subscriptions	2,671,303	2,534,303
Others	3,719,566	1,686,636
	₱164,983,281	₱125,712,713

On April 6, 2022, the BIR issued a ruling to the Parent Company confirming the inclusion in its cost of services of: salaries, wages and benefits; outside services; materials, supplies and facilities; depreciation; rental; and other office costs that are considered as direct costs and expenses that are inherently necessary to deliver the services required in the conduct of its business activities as a service-

oriented company.

Outside services comprise agents' commissions, as well as professional fees paid to third-party independent contractors. These expenses are directly associated with and indispensable for the Parent Company's provision of essential services to its customers.

'Others' include among others, office supplies and computer accessories which are utilized in providing the service and are considered as essential expense items for an entity engaged in the business of stockbrokerage and dealership in securities.

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 June 30, 2026 and 2025:

Ratio	Formula	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)
Current ratio	Total current assets divided by Total current liabilities Total current assets		

Ratio	Formula	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)										
	Average assets is computed as follows: <table><tr><td>Beg. total assets</td><td>₱12,111,452,230</td></tr><tr><td>Ending total assets</td><td>12,867,173,792</td></tr><tr><td>Total</td><td>24,978,626,022</td></tr><tr><td>Divide by</td><td>2</td></tr><tr><td>Average assets</td><td>₱12,489,313,011</td></tr></table>	Beg. total assets	₱12,111,452,230	Ending total assets	12,867,173,792	Total	24,978,626,022	Divide by	2	Average assets	₱12,489,313,011		
Beg. total assets	₱12,111,452,230												
Ending total assets	12,867,173,792												
Total	24,978,626,022												
Divide by	2												
Average assets	₱12,489,313,011												
Return on average stockholder's equity (annualized)	Net income (annualized) divided by Average stockholder's equity <table><tr><td>Net income (annualized)</td><td>₱524,300,766</td></tr><tr><td>Divide by Average equity</td><td>2,461,021,310</td></tr><tr><td>Return on average stockholder's equity (annualized)</td><td>21.30%</td></tr></table>	Net income (annualized)	₱524,300,766	Divide by Average equity	2,461,021,310	Return on average stockholder's equity (annualized)	21.30%	21.30%	22.03%				
Net income (annualized)	₱524,300,766												
Divide by Average equity	2,461,021,310												
Return on average stockholder's equity (annualized)	21.30%												
Net profit margin	Net income divided by Total revenues <table><tr><td>Net income</td><td>₱262,150,383</td></tr><tr><td>Total revenues</td><td>592,715,749</td></tr><tr><td>Net profit margin</td><td>44.23%</td></tr></table>	Net income	₱262,150,383	Total revenues	592,715,749	Net profit margin	44.23%	44.23%	45.42%				
Net income	₱262,150,383												
Total revenues	592,715,749												
Net profit margin	44.23%												