

**SECURITIES AND EXCHANGE COMMISSION**  
**SEC FORM – ACGR**  
**ANNUAL CORPORATE GOVERNANCE REPORT**

1. Report is Filed for the Year 2014
  
2. Exact Name of Registrant as Specified in its Charter: COL Financial Group, Inc.
  
3. 24/F East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City 1605  
Address of Principal Office Postal Code
  
4. SEC Identification Number A199910065
5.  (SEC Use Only)  
Industry Classification Code
  
6. BIR Tax Identification Number 203-523-208
  
7. (02) 636-5411  
Issuer's Telephone number, including area code
  
8. Not Applicable  
Former name or former address, if changed from the last report





**A. BOARD MATTERS**

1) BOARD OF DIRECTORS

Number of Directors per Articles of Incorporation	11
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Actual number of Directors for the year	11
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(a) Composition of the Board

*Complete the table with information on the Board of Directors:*

Director's Name	Type* (Executive (ED), Non-Executive (NED) or Independent Director (ID))	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) <sup>1</sup>	Elected when (Annual/Special Meeting)	No. of years served as director
Bate, Conrado F.	ED	n/a	Conrado F. Bate	03/31/04	03/31/14	Annual	11
Estacion, Manuel S.	ID	n/a	Conrado F. Bate – no relationship	03/30/01	03/31/14 3 years	Annual	14
Han, Paulwell	NED	n/a	Conrado F. Bate	03/30/10	03/31/14	Annual	4
Khoo Boo Boon	ID	n/a	Conrado F. Bate – no relationship	03/30/01	03/31/14 3 years	Annual	14
Lee, Edward K.	NED	n/a	Conrado F. Bate	03/20/00	03/31/14	Annual	15
Lim, Hernan G.	NED	n/a	Conrado F. Bate	03/10/06	03/31/14	Annual	9
Litman, Joel A.	NED	n/a	Conrado F. Bate	03/30/12	03/31/14	Annual	3
Ong, Catherine L.	ED	n/a	Conrado F. Bate	03/20/00	03/31/14	Annual	15
Yu, Alexander C.	NED	n/a	Conrado F. Bate	03/20/00	03/31/14	Annual	15
Yu, Raymond C.	NED	n/a	Conrado F. Bate	03/10/06	03/31/14	Annual	9
Yu, Wellington C.	NED	n/a	Conrado F. Bate	03/30/01	03/31/14	Annual	14

<sup>1</sup> Reckoned from the election immediately following January 2, 2012



None of the Company's directors hold similar positions in other publicly-listed companies outside the Company's Group.

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

Director's Name	Name of Significant Shareholder	Description of the relationship
n/a		

No Director is related to a third party who is a significant shareholder of the Company. As used herein, the term "third party" refers to a person who is not a member of the Board of Directors.

(iv) Has the Company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

While there is no fixed limit on the number of board seats which an individual director or the Chief Executive Officer ("CEO") may hold at the same time, please note that Part II(B) of the Company's Revised Manual on Corporate Governance ("Corporate Governance Manual") provides the following guidelines:

	Guidelines	Maximum Number of Directorship in other Companies
<b>Executive Director</b>	"The Board shall consider the adoption of guidelines on the number of directorships that its members can hold in stock and non-stock corporations. The optimum number shall take into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities.  "The Chief Executive Officer ("CEO") and other executive directors may be covered with a lower indicative limit for membership in other boards. A similar limit may apply to independent or non-executive directors who, at the same time, serve as full-time executives in other corporations. In any case, the capacity of directors to serve with diligence shall not be compromised."	n/a
<b>Non-Executive Director</b>		
<b>CEO</b>		

(e) Shareholding in the Company

Complete the following table on the members of the Company's Board of Directors who directly and indirectly own shares in the Company:

Name of Director	Number of Direct Shares	Number of Indirect shares			% of Capital Stock
		Through PCD Nominee	By (Record owner)	By (Record owner) through PCD Nominee	
Bate, Conrado F.	100	23,983,600	-	-	5.05%







that are in line with key management positions are frequently paired with such key managers, in order to familiarize them with the functions of the higher office, with the intent of creating a pool of understudies from amongst whom can be selected someone to be elevated to the position, if it is vacated. A lateral program is also implemented amongst the top positions of the Company, whereby one or more of the other key officers is made familiar with the functions of other key positions, to ensure that these functions can be divided amongst the remaining officers in the occasion of a vacancy, until a successor can be properly trained.

4) OTHER EXECUTIVE, NON-EXECUTIVE AND INDEPENDENT DIRECTORS

*Does the Company have a policy of ensuring diversity of experience and background of Directors in the Board? Please explain.*

Below are the qualifications to become a Director in the Corporation:

- Holder of at least one (1) share of the capital stock of COL;
- College education or sufficient experience in managing a business to substitute for such formal education; and
- Practical understanding of the business of COL.

A director must have all the qualifications and none of the disqualifications as enumerated in the Company’s Corporate Governance Manual.

The Company believes that the non-restrictive nature of the qualifications as mentioned above allow for diversity of experience and background of Directors in the Board.

*Does it ensure that at least one non-executive director has an experience in the sector or industry the Company belongs to? Please explain.*

Yes. In fact, all Directors are required to have a practical understanding of the business of the Company.

*Define and clarify the roles, accountabilities, and deliverables of the Executive, Non-Executive and Independent Directors:*

	<b>Executive</b>	<b>Non-Executive</b>	<b>Independent Director</b>
Role	<p>The following roles, accountabilities, and deliverables apply to the Board of Directors as a whole (i.e., it applies to all directors of the Company, whether executive, non-executive, or independent):</p> <ol style="list-style-type: none"> <li>1. By-Laws (Art. III, Sec 1) <ul style="list-style-type: none"> <li>• Exercise all the corporate powers of the corporation;</li> <li>• Conduct all business and hold and control all properties of the corporation;</li> <li>• From time to time, make and change rules and regulations not inconsistent with the By-laws for the management of the corporation’s business and affairs;</li> </ul> </li> </ol>		
Accountabilities	<ul style="list-style-type: none"> <li>• To purchase, receive, take, or otherwise acquire for and in the name of the corporation, any and all properties, rights, or privileges, including securities and bonds of other corporations, for such consideration and upon such terms and conditions as the Board may deem proper or convenient;</li> <li>• To invest the funds of the corporation in other corporations or for purposes other than those for which the corporation was organized, subject to such stockholders’ approval as may be required by law;</li> <li>• To incur such indebtedness as the Board may deem necessary, to issue evidence of</li> </ul>		

	Executive	Non-Executive	Independent Director
Deliverables	<p>indebtedness including without limitation, notes, deeds of trust, bonds, debentures, or securities, subject to such stockholders approval as may be required by law, and/or pledge, mortgage, or otherwise encumber all part of the properties of the corporation;</p> <ul style="list-style-type: none"> <li>• To establish pension, retirement, bonus, or other types of incentives or compensation plans for the employees, including officers and directors of the corporation;</li> <li>• To prosecute, maintain, defend, compromise or abandon any lawsuit in which the corporation or its officer are either plaintiffs or defendants in connection with the business of the corporation;</li> <li>• To delegate, from time to time, any of the powers of the Board which may lawfully be delegated in the course of the current business of the corporation to any standing or special committee or to any officer or agent and to appoint any person to be the agent of the corporation with such powers and upon such terms as may be deemed fit; and</li> <li>• To implement the By-laws and to act on any matter not covered by the By-laws, provided such matters do not require the approval or consent of the stockholders under the Corporation Code.</li> </ul> <p>2. Corporate Governance Manual</p> <p><u>Duties and Functions of the Board (Part II, F)</u></p> <ul style="list-style-type: none"> <li>• Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. Adopt an effective succession planning program for Management.</li> <li>• Provide sound strategic policies and guidelines to the corporation on major capital expenditures and periodically evaluate and monitor the implementation of such policies and strategies including the business plans, operating budgets, and Management’s overall performance.</li> <li>• Ensure the corporation’s faithful compliance with all applicable laws, regulations, and best business practices.</li> <li>• Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the corporation.</li> <li>• Identify the sectors in the community in which the corporation operates or are directly affected by its operations, and formulate a clear policy of accurate, timely, and effective communication with them.</li> <li>• Adopt a system of check and balance within the Board.</li> <li>• Identify key risk areas and performance indicators and monitor these factors with due diligence to enable the corporation to anticipate and prepare for possible threats to operational and financial viability.</li> <li>• Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions.</li> <li>• Constitute an Audit Committee and such other committees, as it deems necessary to assist the Board in the performance of its duties and responsibilities.</li> <li>• Establish and maintain an alternative dispute resolution system in the corporation.</li> <li>• Meet at such times or frequency as may be needed and the minutes of such meetings should be duly recorded.</li> <li>• Keep the activities and decisions of the Board within its authority under the articles of incorporation and by-laws, and in accordance with existing laws, rules, and regulations.</li> <li>• Appoint a Compliance Officer.</li> </ul>		

	<b>Executive</b>	<b>Non-Executive</b>	<b>Independent Director</b>
	<p><u>Specific Duties and Responsibilities of a Director (Part II, G)</u></p> <ul style="list-style-type: none"> <li>• Act in the best interest of the corporation in a manner characterized by transparency, accountability, and fairness.</li> <li>• Exercise leadership, prudence, and integrity in directing the corporation towards sustained progress.</li> <li>• Conduct fair business transactions with the corporation, and ensure that his personal interest does not conflict with the interests of the corporation.</li> <li>• Devote the time and attention necessary to properly and effectively perform his duties and responsibilities.</li> <li>• Act judiciously.</li> <li>• Exercise independent judgment.</li> <li>• Have a working knowledge of the statutory and regulatory requirements that affect the corporation, including its articles of incorporation and by-laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies.</li> <li>• Observe confidentiality.</li> </ul>		

*Provide the Company's definition of "independence" and describe the Company's compliance to the definition.*

A Director is considered as independent when, apart from his fees and shareholdings, which shareholdings do not exceed two percent (2%) of the shares of the Company and/or its related companies or any of its substantial shareholders, is independent of management and free from influence or control or free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a Director of the Corporation.

To ensure compliance with this definition, all nominees for Independent Director are pre-screened by the Company's Nomination Committee. Only nominees who pass the evaluation of the Nomination Committee and who appear on the final list of candidates promulgated by said Committee shall be eligible for election. Further, specific slots in the Board allocated to Independent Directors cannot be filled-up by unqualified nominees.

*Does the Company have a term limit of five consecutive years for Independent Directors? If after two years the company wishes to bring back an Independent Director who had served for five years, does it limit the term for no more than four additional years? Please explain.*

Independent Directors may serve the Company in such capacity for up to five (5) consecutive years. A two (2) year "cooling off" period is required before the same person may once again be elected as Independent Director. Said re-elected Independent Director can serve in such capacity for another five (5) consecutive years. Thereafter, the Independent Director shall be perpetually barred from being elected as such.

5) CHANGES IN THE BOARD OF DIRECTORS (EXECUTIVE, NON-EXECUTIVE AND INDEPENDENT DIRECTORS)

(a) Resignation/Death/Removal

*Indicate any changes in the composition of the Board of Directors that happened during the period:*

<b>Name</b>	<b>Position</b>	<b>Date of Cessation</b>	<b>Reason</b>
n/a			

No changes in the composition of the Board of Directors occurred during the period.





































*Disclose the profile qualification of the Audit Committee members.*

**Manuel S. Estacion**, 69, Filipino, is a Bachelor of Science in Commerce graduate of San Beda College. He is presently engaged by The Hong Kong and Shanghai Banking Corporation (HSBC) as the Bank Representative in the remaining labor related cases pending in Court. He previously served HSBC in various capacities and was Vice President Human Resources from 1996 to 1999 after which he acted as a Consultant to HSBC prior to his present engagement. Mr. Estacion is a Charter Member and a Director of the Rotary Club of Ortigas Center for the Rotary Year 2012-2013.

**Raymond C. Yu**, 61, Filipino, is a Bachelor of Science in Commerce graduate of De La Salle University in 1974. He is currently the President of Winner Industrial Corporation and a Director of more than 16 years of the following corporations: Citisecurities, Inc., CWC Development, Inc., Barrington Carpets, Inc., Citimex, Inc., and CWC International, Inc.

**Hernan G. Lim**, 62, Filipino, is currently the President of Hoc Po Feeds Corporation and the Executive Vice President of HGL Development Corporation. He has also been a Director of Citimex, Inc., Citisecurities, Inc., CWC Development, Inc., Barrington Carpets, Inc., and CWC Industries, Inc. for more than 10 years. He holds a degree in Bachelor of Science in Electronic and Communication Engineering at the University of Santo Tomas. He also took the Basic Management Course at the Asian Institute of Management.

*Describe the Audit Committee's responsibility relative to the external auditor.*

In relation to the external auditor, the Audit Committee must:

- Perform oversight functions over the Corporation's external auditors.
- Discuss with the external auditor the nature, scope, and expenses of the audit prior to its commencement.
- Review the reports submitted by external auditors.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of service in the Committee
Chairman (ID)	Khoo Boo Boon	03/31/14				8 yrs.
Member (ED)						
Member (NED)	Yu, Alexander C.	03/31/14				4 yrs.
Member (ID)						
Member	Guerzon, Caesar A.	03/31/14				8 yrs.

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of service in the Committee
Chairman	Yu, Wellington C.	03/31/14				8 yrs.
Member (ED)	Ong, Catherine L.	03/31/14				8 yrs.

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of service in the Committee
Member (NED)	Yu, Alexander C.	03/31/14				8 yrs.
Member (ID)	Estacion, Manuel S.	03/31/14				4 yrs.
Member						

(e) Others (Specify)

*Provide the same information on all other committees constituted by the Board of Directors:*

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of service in the Committee
Chairman	Not Applicable					
Member (ED)						
Member (NED)						
Member (ID)						
Member						

There are no other board committees aside from the ones already mentioned above.

### 3) CHANGES IN COMMITTEE MEMBERS

*Indicate any changes in committee membership that occurred during the year and the reason for the changes:*

Name of Committee	Name	Reason
Executive	Not Applicable	
Audit		
Nomination		
Remuneration		
Others (specify)		

No changes in committee membership occurred during the previous year.

4) WORK DONE AND ISSUES ADDRESSED

*Describe the work done by each committee and the significant issues addressed during the year.*

Name of Committee	Work Done	Issues Addressed
Executive	Not Applicable	
Audit	Complied with its duties and responsibilities as enumerated in E(1) above	No significant issue encountered in 2012
Nomination	Complied with its duties and responsibilities as enumerated in E(1) above	No significant issue encountered in 2012
Remuneration	Complied with its duties and responsibilities as enumerated in E(1) above	No significant issue encountered in 2012
Others (specify)	Not Applicable	

5) COMMITTEE PROGRAM

*Provide a list of programs that each committee plans to undertake to address the relevant issues in the improvement or enforcement of effective governance for the coming year.*

Name of Committee	Planned Programs	Issues to be Addressed
Executive	Not Applicable	
Audit	Constant review and revisiting of existing policies and procedures	No significant issue; Improvement of procedures to ensure that the same is always consistent with global best practices
Nomination		
Remuneration		
Others (specify)	Not Applicable	

**F. RISK MANAGEMENT SYSTEM**

1) STATEMENT OF EFFECTIVENESS OF RISK MANAGEMENT SYSTEM

Disclose the following:

(a) Overall risk management philosophy of the company;

The analysis of risk and the identification of opportunities in evolving situations are inherent to the business of a stock brokerage. A stock brokerage does not avoid risk so much as engage it, identifying factors, isolating trends, and maneuvering its clients into advantageous positions.

This is an attitude towards risk that COL carries into its corporate affairs. In line with the principle that managed risk presents opportunity, COL endeavors to create an environment where a chain of command and clear division of responsibilities allows employees to exercise supervised initiative, allowing for the controlled evolution of established systems. These systems and processes are regularly evaluated and subject to audits intended to streamline the procedures, eliminate loopholes, and improve responsiveness.

- (b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

The COL management periodically reviews the organizational structure, work flow, and auditing processes of the Company. While these regular reviews have introduced incremental improvements in the systems, the underlying procedures have proven to be sufficient and capable in institutionalizing the risk management philosophy of the Company.

- (c) Period covered by the review;

The last review was conducted in 2012.

- (d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and

The risk management is regularly reviewed on an annual basis, and supplemented by intermittent and targeted reviews in the middle of the year.

- (e) Where no review was conducted during the year, an explanation why not.

Inapplicable, as a review was conducted during the year, and was found to be sufficient.

## 2) RISK POLICY

- (a) Company

*Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:*

<b>Risk Exposure</b>	<b>Risk Management Policy</b>	<b>Objective</b>
Risk associated with the Stock Brokerage Business	COL expects its online electronic brokerage services to continue to account for substantially all of its revenues in the near and foreseeable future. Like other securities firms, revenues are basically influenced by trading volume and prices. In periods of low volume and transaction revenue, COL's financial performance may be adversely affected because certain expenses remain relatively fixed.	COL believes that the market for its services will eventually lead to a borderless and seamless environment especially in the flow of transactions and capital in various markets. COL is strategically prepared to allocate resources to develop its infrastructure to meet this need. Additional revenue opportunities will also be pursued such as subscription-based revenues, educational seminars, and additional add-on services.
Risks Associated with an Early and Evolving Market	COL has embarked on several programs that will promote the usage of technology to take advantage of the investment opportunities of the stock market.	Corporate roadshows and presentations on the use of the online trading platform will be done nationwide through co-marketing activities with business groups such as the chambers of commerce, business/civic clubs as well as universities and graduate schools. Furthermore, with the current low penetration rate of investors in the stock market, COL believes that there is a huge potential for investor growth in the Philippine market.

Risk Exposure	Risk Management Policy	Objective
Risk associated with dependence on key personnel	COL's operations largely depend on its ability to retain the services of existing senior officers and to attract qualified senior managers and key personnel in the future. The proponents of COL are professionals from the finance and information technology industries as well as entrepreneurs with decades of experience in the Philippine stock market.	The separation from the service of any key personnel could have a material adverse effect on COL's business and financial performance. The fact, however, that certain key officers have an equity stake in COL reduces this risk. In addition, some technical personnel are covered by employment contracts which allow COL to plan for expected personnel movements. COL also owns the source codes for its operating software, giving it the ability to replace technical personnel at minimal, if at all, disruptions in operations.
Risk associated with Local and Foreign-based competition	COL expects to encounter direct and indirect competition from local and foreign firms offering online brokerage services, established Trading Participants, as well as software development companies, banks and other financial institutions which in the future might establish their own online securities system and integrate this with their other product lines.	With its customer-centered business model complemented by its trading infrastructure and business center expansion, COL anticipates that it will be able to compete actively with other participants in the online stock trading market. COL also believes that the cost structure of foreign-based online companies and the relative size of stock market investors in the Philippines presently limit potential foreign competitors from aggressively participating in the local market.
Technology Risks	COL is well capitalized with over ₱500.0 million in paid-up capital thereby giving it the ability to make its system flexible and adaptable to new technologies and changing customer needs. It also has a strong and excellent team of IT programmers and consultants with years of experience and proficiency in the intricacies of trading-related programs.	COL maintains the necessary level of system security through the installation of appropriate firewalls and application of SSL encryption technology. COL also maintains digital certificates for client authentication. Likewise, the system is designed to be redundant to ensure continuity of operations. The system has two (2) parallel servers concurrently operating at two (2) secured sites that are connected to different ISPs and we are currently looking at adding another Disaster Recovery site to be hosted at a major telecoms facility.
Risk of Power Interruption/Power Failure	Power interruption and power failure can adversely affect the efficient execution of COL's transactions and operations.	COL's development strategy includes the deployment of all appropriately configured backup hardware and software in a backup data center. The backup site will be of a 'Hot' nature. A Hot backup site has a virtual mirror image of COL's current data center, with all systems configured. All trading and customer data are transferred from the main site to the backup facility at the end of each trading day to ensure that in case of complete failure on the primary site, only one day's worth of data at the most will be lost. Any and all changes





















Name of Senior Management	Number of Direct Shares	Number of Indirect shares/Through (name of record owner)	% of Capital Stock
Conrado F. Bate	100	23,983,600/PCD Nominee Corp.	5.05%
Catherine L. Ong	50,000	8,265,000/PCD Nominee Corp.	1.67%
Caesar A. Guerzon	1,000	4,150,000/PCD Nominee Corp.	0.87%
Juan Jaime G. Barredo	-	2,519,900/PCD Nominee Corp.	0.53%
Nikos J. Bautista	-	3,160,200/PCD Nominee Corp.	0.67%
Lorena E. Velarde	-	667,000/PCD Nominee Corp.	0.14%
April Lynn L. Tan	-	2,976,800/PCD Nominee Corp.	0.63%
<b>TOTAL</b>	<b>51,100</b>	<b>45,722,500/PCD Nominee Corp.</b>	<b>9.65%</b>

2) Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle blowing policy	No
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorship of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	No
Number of board of directors/commissioners meetings held during the year	No
Attendance details of each director/commissioner in respect of meetings held	No
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

*Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.*

The details of the Company's whistle blowing policy, training or continuing education programs attended the by the directors, number of meetings held during the year, and attendance details thereof are not required to be included in the Annual Report or SEC Form 17-A.

3) External Auditor's Fee

Name of auditor	Audit Fee	Non-audit Fee
Sycip, Gorres, Velayo & Co.	1,135,000	0

4) Medium of Communication

*List down the mode/s of communication that the company is using for disseminating information.*

- Electronic mail
- Telephone including facsimile and short messaging system
- Postal service

5) Date of release of audited financial report:

3 March 2014

6) Company Website

*Does the company have a website disclosing up-to-date information about the following?*

Business operations	Yes
Financial statements/reports (current and prior years)	Yes
Materials provided in briefings to analysts and media	No
Shareholding structure	Yes
Group corporate structure	Yes
Downloadable annual report	Yes
Notice of AGM and/or EGM	Yes
Company's constitution (company's by-laws, memorandum and articles of association)	Yes

*Should any of the foregoing information be not disclosed, please indicate the reason thereto.*

The same is publicly accessible through the SEC. It should be noted that the Company's Articles of Incorporation and By-laws may also be found among the disclosures forwarded to the Philippine Stock Exchange and is available for download at their website.

7) Disclosure of RPT

RPT	Relationship	Nature	Value
No RPT transactions			

*When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?*

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

## J. RIGHTS OF STOCKHOLDERS

1) RIGHT TO PARTICIPATE EFFECTIVELY IN AND VOTE IN ANNUAL/SPECIAL STOCKHOLDERS' MEETINGS

(a) Quorum

*Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.*

<b>Quorum Required</b>	Majority of the outstanding stock
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(b) System Used to Approve Corporate Acts

*Explain the system used to approve corporate acts.*

<b>System Used</b>	Approved by the Board of Directors and ratified by the stockholders during the Annual Stockholders' Meeting.
<b>Description</b>	

(c) Stockholders' Rights

*List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.*

<b>Stockholders' Rights under The Corporation Code</b>	<b>Stockholders' Rights not in The Corporation Code</b>
None	

All stockholder rights are consistent with the rights provided under the Corporation Code.

*Dividends*

<b>Declaration Date</b>	<b>Record Date</b>	<b>Payment Date</b>
March 31, 2014	April 15, 2014	On or before May 14, 2014

(d) Stockholders' Participation

1. State, if any, the measure adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

<b>Measures Adopted</b>	<b>Communication Procedure</b>
Shareholders are given an opportunity and encouraged to address questions to the Chairman and the Board members as well as to the Chairpersons of the Audit, Compensation and Nomination Committees.	Viva voce

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
  - a. Amendments to the company's constitution
  - b. Authorization of additional shares
  - c. Transfer of all or substantially all assets, which in effect results in the sale of the company

The affirmative vote of a majority of the Board of Directors and the stockholders representing two-thirds (2/3) of the outstanding capital stock are required in cases (a) to (c) above.

3. Does the company observe a minimum of 21 business days for giving out notices to the AGM where items to be resolved by shareholders are taken up?

The Company sends out notices at least fifteen (15) business days prior to the AGM, in compliance with SEC rules.

- a. Date of sending out notices: 10 March 2014
- b. Date of Annual/Special Stockholders' Meeting: 31 March 2014

4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

A stockholder inquired as to the nature of the office in Makati. The Chairman replied that while the same was intended to be a business center, pending SEC approval, said facility is only housing the back-up server of the Company.

5. Result of Annual/Special Stockholders' Meetings Resolutions

Resolution	Approving	Dissenting	Abstaining
Approving the agenda of the stockholders' meeting	Unanimous	n/a	n/a
Approving the minutes of the meetings held on 12 April 2013	Unanimous	n/a	n/a
Approving the President's report for 2013	Unanimous	n/a	n/a
Ratification of the Resolution of the BOD approving the change in the principal office of the Company.	Unanimous	n/a	n/a
Ratification of all acts, investments, and resolutions of the Board of Directors for the year 2013	Unanimous	n/a	n/a
Approval of 2013 Audited Financial Statements of the Company	Unanimous	n/a	n/a
Election of the following Directors for the year 2014-2015: a. Mr. Edward K. Lee b. Mr. Conrado F. Bate c. Mr. Raymond C. Yu d. Mr. Joel Litman e. Ms. Catherine L. Ong f. Mr. Manuel S. Estacion g. Mr. Alexander C. Yu h. Mr. Hernan G. Lim i. Mr. Paulwell Han j. Mr. Wellington C. Yu k. Mr. Khoo Boo Boon	Unanimous	n/a	n/a
Appointment of SyCip, Gorres, & Velayo as the Company's external auditor	Unanimous	n/a	n/a

6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:

As the resolutions were approved unanimously, there was no need to publish the votes taken for the same.

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

Modifications	Reason for Modification
No modifications were made in the regulations governing annual/special stockholders' meetings.	

(f) Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

Type of Meeting	Names of Board Members/Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	Mr. Edward K. Lee Mr. Alexander C. Yu Mr. Conrado F. Bate Mr. Manuel Estacion Mr. Paulwell Han Mr. Khoo Boo Boon Mr. Hernan G. Lim Mr. Joel Litman Ms. Catherine Ong Mr. Raymond C. Yu Mr. Wellington C. Yu Atty. Caesar A. Guerzon Mr. Juan G. Barredo Ms. Lorena E. Velarde Ms. Melissa O. Ng	03/31/14	By ballot	52.00%	21.61%	73.61%
Special	No special stockholders' meeting held for 2014					

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

Only the Corporate Secretary and staff/s of the Stock Transfer Agent are authorized to count the votes.

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

Yes, the Company's common shares carry one vote for one share.

(g) Proxy Voting Policies

*State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.*

	<b>Company's Policies</b>
Execution and acceptance of proxies	Proxies must be received by the Secretary at least ten (10) working days prior to the meeting. It may be revoked by the stockholder/s either in writing duly presented to the Secretary prior to the meeting or by the stockholder's presence at the meeting.
Notary	Proxies need not be notarized.
Submission of Proxy	Proxies must be received by the Secretary at least ten (10) working days prior to the meeting.
Several Proxies	The shareholder may issue as many proxies as he has shares in the Company.
Validity of Proxy	Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the Secretary.
Proxies executed abroad	For as long as the proxy is received within the time specified above, no distinction in the policy for proxies executed in the Philippines and abroad.
Invalidated Proxy	Invalidated proxies will not be honored. The person holding such proxy will not be admitted to the meeting.
Validation of Proxy	Proxy forms are reviewed by the Secretary prior to the meeting to ensure compliance with the Company's policies.
Violation of Proxy	The Secretary notes down any restrictions indicated in the proxy form and ensure that such is followed during the meeting.

(h) Sending of Notices

*State the company's policies and procedures on the sending of notices of Annual/Special Stockholders' Meeting.*

<b>Policies</b>	<b>Procedure</b>
Notices of Annual/Special Stockholders' Meeting should be sent out at least fifteen (15) business days prior to the date of the meeting.	The PSE shall be given a written notice of the Annual/Special Stockholders' Meeting at least ten (10) trading days prior to the Record Date. Notices of Annual/Special Stockholders' Meeting are sent out fifteen (15) business days prior to the date of meeting in CDs containing both the notice and the definitive information statement to stockholders as of record date.

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	All stockholders of record are entitled to receive the DIS as well as other materials.
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	10 March 2014







Individual Directors	
CEO/President	

**N. INTERNAL BREACHES AND SANCTIONS**

*Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees.*

<b>Violations</b>	<b>Sanctions</b>
Any violation of the Corporate Governance Manual	The sanctions as indicated in the Company's Code of Discipline shall apply. In case the violation is by a non-executive director, the sanction shall be subject to the approval of the Board of Directors.

REPUBLIC OF THE PHILIPPINES )  
CITY OF PASIG ) S.S.

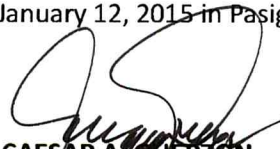
**SECRETARY'S CERTIFICATE**

I, **CAESAR A. GUERZON**, of legal age, Filipino, with office address at 24/F East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, after having been duly sworn to in accordance with law, hereby depose and say:

1. That I am the Corporate Secretary of **COL FINANCIAL GROUP, INC.** (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Philippines, with office address at 24/F East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City;
2. That at the regular meeting of the Board of Directors of the Corporation held on January 12, 2015, at which a quorum was present and voting throughout, the following resolution was passed and approved:


"RESOLVED, that the Board of Directors of **COL Financial Group, Inc.** hereby approves the consolidated changes in the Annual Corporate Governance Report for the year 2014."

IN WITNESS WHEREOF, I have hereunto affixed my signature this January 12, 2015 in Pasig City.



**CAESAR A. GUERZON**,  
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 12 January 2015 in Pasig City, affiant exhibiting to me his Passport No. EB2801974 issued at DFA Manila on 27 June 2011.



**ATTY. SHARON T. LIM**  
Notary Public for the Cities of Pasig, Taguig, &  
San Juan and Municipality of Pateros  
Until 12-31-15/Appt. No. 27 (2014-2015)  
2401B East Tower, Phil. Stock Exchange Centre,  
Exchange Rd., Ortigas Center, Pasig City 1605  
Roll No. 53601/IBP No. 942274/10-23-13/RSM  
PTR No. 9856974/1-14-14/Pasig  
MCLE Compliance No. IV-0010699/12-20-12/Pasig

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