



9M 2022 COL Investor Presentation



Company Overview



Established and licensed by the SEC in 1999



The **leading** and **fastest-growing online stockbroker** in the Philippines

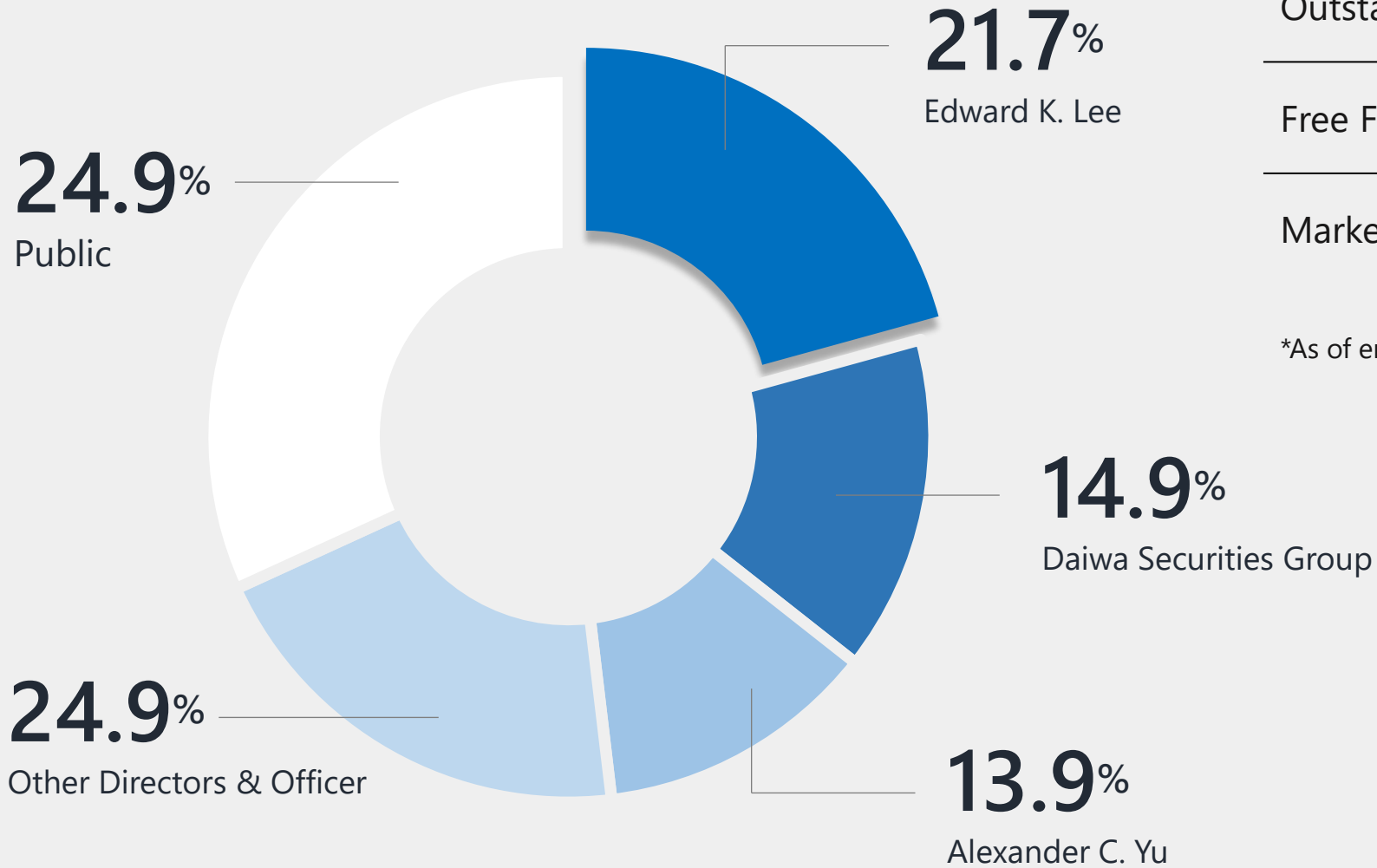


Focused on tapping the underserved retail investor base in the stock market



Founder (Edward K. Lee) retains a 21.7% stake and actively manages the Company





Outstanding Shares

4.76 Bil

Free Float

1.16 Bil

Market Cap*

Php15.3 Bil

*As of end September 2022

Business Objective

To be the preferred source of financial services, a trusted provider of guidance and investment and a strong organization committed to delivering great value to its customers.



Our goal is to be **Champion of the Filipino Investor**

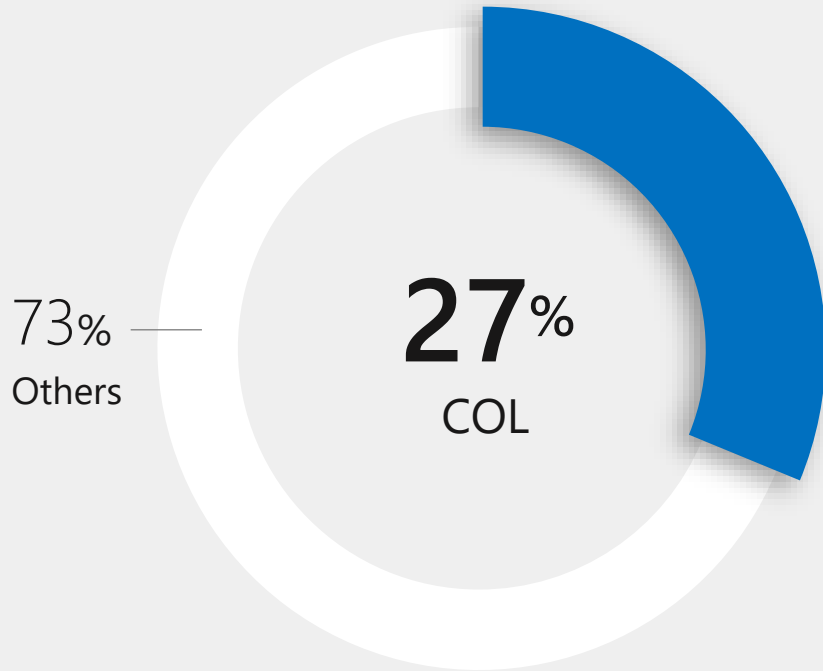
The Biggest Philippine Based **Stockbroker**

9M22 Rank	Broker Name	9M22 Value Turnover (Php Bil)	% of Total
1	UBS Securities Philippines Inc	205.0	7.7
2	CLSA Philippines Inc	188.8	7.1
3	Mandarin Securities Corp	156.8	5.9
4	COL Financial Group, Inc	135.7	5.1
5	Credit Suisse Securities (Phil) Inc	121.6	4.6
6	J.P. Morgan Securities Philippines Inc	120.0	4.5
7	Philippine Equity Partners, Inc	119.3	4.5
8	Macquarie Capital Securities (Phil) Inc	119.2	4.5
9	BPI Securities Corp	116.9	4.4
10	Regis Partners, Inc	107.5	4.0

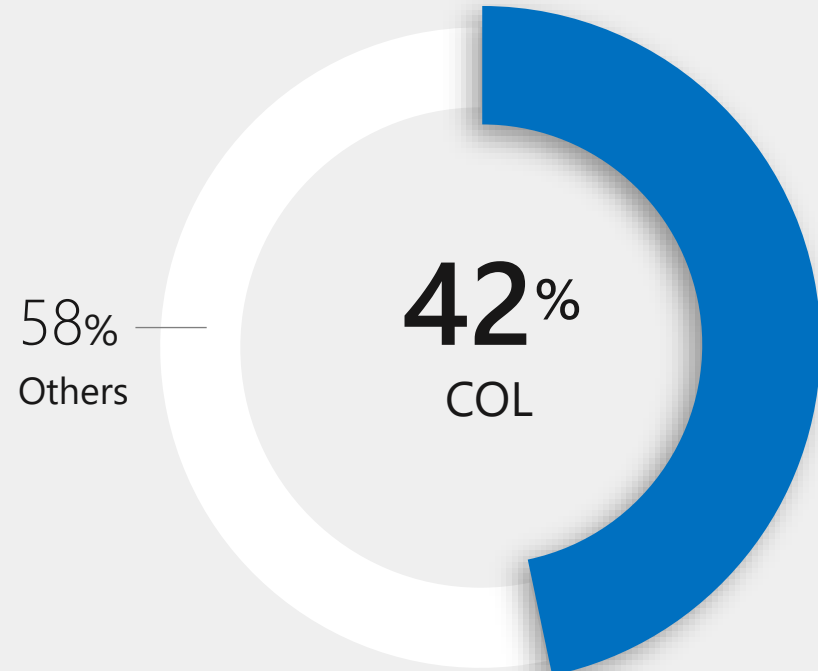
Source: PSE

The Biggest Philippine Based **Stockbroker**

Total Accounts (as of 2021)



Total Online Accounts (as of 2021)



Source: PSE

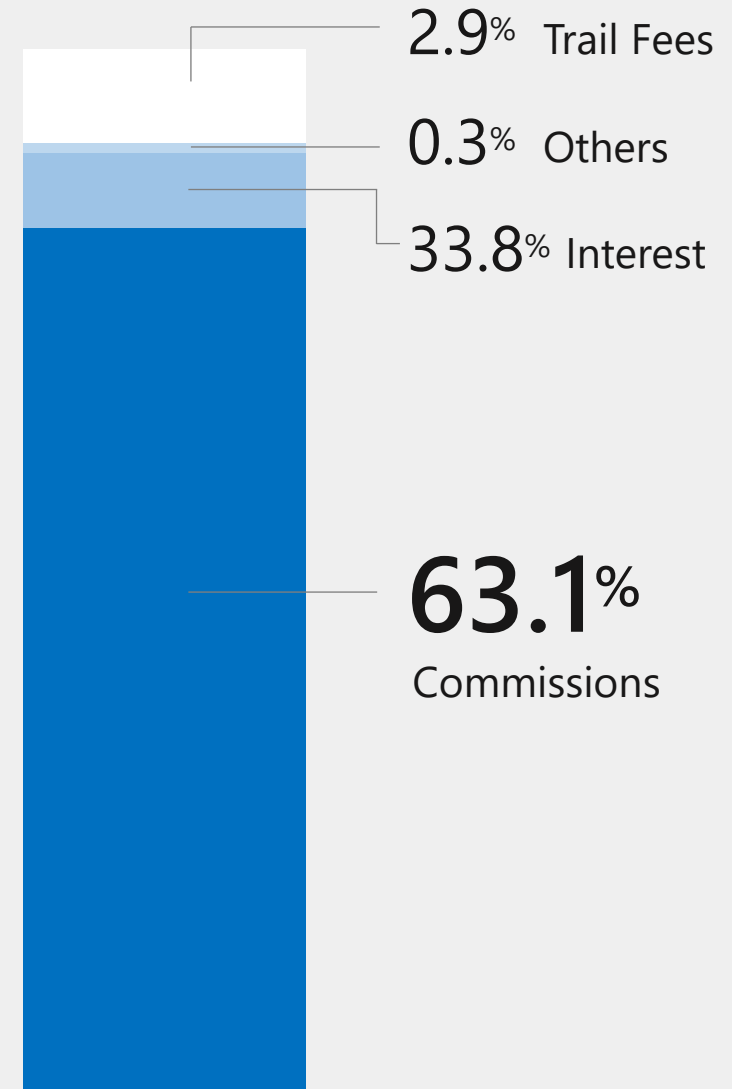
Bulk of Revenues Generated from Commissions and Interest

Commissions accounted for 63.1% of revenues.

Interest income from margin loans and cash placements accounted for 33.8% of revenues.

Trailer fees from the distribution of mutual funds accounted for 2.9% of revenues.

Revenue Breakdown 9M22



Key Operating Highlights

Positives

1. 3Q22 performance improved Q/Q
2. Interest income grew Q/Q and Y/Y
3. MF sales remained positive; trail fees stable
4. Margin loans were up

Negatives

1. Commission revenues and net income fell sharply, as investor sentiment deteriorated
2. Rank and market share in the PSE slipped

9M22 Net Income

-64.4% Y/Y

9M22 net income fell by 64.4% to Php207.5 Mil largely due to the significant decline in commissions, as investor sentiment deteriorated.

Pro forma consolidated revenues were down 42.6% to Php583.2 Mil as commissions fell by 55.0% and due to the absence of other income. This was partly offset by the 53.5% increase in interest income and 7.2% rise in trailer fees.

Operating profits fell by a faster 61.9% to Php273.1 Mil as operating expenses increased slightly despite the drop in revenues.

Taxes last year were also lower than normal due to the booking of one-time benefit from the passage of the CREATE law.

Pro Forma Consolidated Income Statement (Php Mil)

	9M21	9M22	Change	
			Amount	%
Income				
Commissions	817.9	367.7	(450.2)	-55.0%
Interest	128.3	196.9	68.7	53.5%
Trailer Fees	15.7	16.8	1.1	7.2%
Other income	53.5	1.7	(51.8)	-96.8%
Total	1,015.3	583.2	(432.2)	-42.6%
Expenses				
Commission expenses	23.9	22.6	(1.3)	-5.5%
Personnel costs	95.7	108.2	12.5	13.0%
Professional fees	35.0	33.8	(1.2)	-3.5%
Stock exch. dues & fees	29.0	18.6	(10.4)	-35.8%
Communication	31.9	31.6	(0.2)	-0.8%
Rentals & utilities	6.1	8.3	2.2	36.5%
Depreciation	48.5	40.3	(8.3)	-17.0%
Advertising & marketing	2.4	3.8	1.4	57.7%
Others	25.2	42.8	17.6	69.9%
Total	297.8	310.0	12.3	4.1%
Pre-Tax Income	717.6	273.1	(444.5)	-61.9%
Taxes	134.4	65.7	(68.7)	-51.2%
Net Income	583.2	207.5	(375.7)	-64.4%

3Q22 Net Income

-33.7% Y/Y

3Q22 net income fell by 33.7% to Php68.7 Mil largely due to the significant decline in commissions, as investor sentiment deteriorated.

Pro forma consolidated revenues were down 14.6% to Php194.7 Mil as commissions fell by 42.7%. This was partly offset by the 95.8% increase in interest income.

Operating profits fell by a faster 33.2% to Php89.6 Mil as expenses increased by 11.9% despite the drop in revenues. This included Php6.4 Mil in trading losses booked under "other expenses".

Pro Forma Consolidated Income Statement (Php Mil)

	3Q21	3Q22	Change	
			Amount	%
Income				
Commissions	178.0	102.1	(76.0)	-42.7%
Interest	44.1	86.3	42.2	95.8%
Trailer Fees	5.4	5.4	0.0	0.1%
Other income	0.6	0.9	0.4	63.7%
Total	228.1	194.7	(33.4)	-14.6%
Expenses				
Commission expenses	8.9	6.4	(2.4)	-27.4%
Personnel costs	28.8	34.0	5.2	18.0%
Professional fees	10.9	11.3	0.4	3.7%
Stock exch. dues & fees	7.2	6.1	(1.1)	-15.7%
Communication	10.8	10.2	(0.6)	-5.8%
Rentals & utilities	2.2	3.4	1.2	55.5%
Depreciation	15.7	12.9	(2.7)	-17.3%
Advertising & marketing	0.7	0.9	0.2	25.3%
Others	8.8	19.8	11.1	126.1%
Total	94.0	105.1	11.1	11.9%
Pre-Tax Income	134.1	89.6	(44.5)	-33.2%
Taxes	30.4	20.9	(9.5)	-31.3%
Net Income	103.7	68.7	(35.0)	-33.7%

Commissions Hurt by Poor Sentiment

Revenues fell by 42.6% due to the significant decline in commissions and the absence of other income.

Commission revenues fell by 55.0% to Php367.7 Mil, coming from an abnormally high base in the first quarter of last year and as investor sentiment deteriorated significantly. Recall that speculative issues traded actively in January of last year. Meanwhile, investor sentiment deteriorated starting March of this year due to high inflation, rising rates, an aggressive Fed and the war in Ukraine.

Revenues last year also benefited from the booking of Php52.4 Mil in gains from the sale of financial assets which did not recur this year.

Self-directed clients continued to account for the lion's share of total commission revenues at 82.1%.

Core commission revenues and trailer fees accounted for 66.0% of total revenues.

Pro Forma Revenue Breakdown (Php Mil)

	9M21	9M22	Change Amount	%
Revenue Breakdown				
Commission	817.9	367.7	(450.2)	-55.0%
<i>PH-Self-directed</i>	742.7	299.6	(443.1)	-59.7%
<i>PH- Agency & advisory</i>	69.7	65.7	(4.0)	-5.8%
<i>HK & others</i>	5.5	2.5	(3.1)	-55.5%
Interest	128.3	196.9	68.7	53.5%
<i>Margin</i>	39.6	42.3	2.7	6.9%
<i>Placements</i>	88.7	154.6	65.9	74.3%
Trailer Fees	15.7	16.8	1.1	7.2%
Others	53.5	1.7	(51.8)	-96.8%
Total Revenues	1,015.3	583.2	(432.2)	-42.6%
Revenue Share				
Commission	80.6%	63.1%		
<i>Self-directed (incl HK)</i>	91.5%	82.1%		
<i>Agency & advisory</i>	8.5%	17.9%		
Interest	12.6%	33.8%		
<i>Margin</i>	30.8%	21.5%		
<i>Placements</i>	69.2%	78.5%		
Trailer Fees	1.5%	2.9%		

Commissions Hurt by Poor Sentiment

On the positive side, interest income from both margin and placements grew, with the total up by 53.5% to Php196.9 Mil.

Interest income from margin was up by 6.9% to Php42.3 Mil as the value of average daily margin loans increased by 13.2% to Php752Mil.

Meanwhile, interest income from placements jumped 74.3% to Php154.6 Mil as the value of cash and investments increased and as average yields improved.

Trailer fees were also up by 7.2% to Php16.8 Mil as the average value of non-money market assets under administration during the first nine months of this year was still higher compared to the same period last year.

Pro Forma Revenue Breakdown (Php Mil)

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<i>Self-directed (incl HK)</i>	91.5%	82.1%		
<i>Agency & advisory</i>	8.5%	17.9%		
Interest	12.6%	33.8%		
<i>Margin</i>	30.8%	21.5%		
<i>Placements</i>	69.2%	78.5%		
Trailer Fees	1.5%	2.9%		

Performance Improved Q/Q

Also worth highlighting is the 18.1% Q/Q improvement in 3Q22 revenues to Php194.7 Mil.

Commission revenues in 3Q22 improved by 3.2% on a Q/Q basis to Php102.1 Mil, led by the 17.8% increase in commissions from the agency and advisory group.

Interest income also jumped by 43.8% Q/Q to Php86.3 Mil led by the 56.1% increase in interest income from placements to Php72.6 Mil.

The strong growth in revenues allowed 3Q22 profits to increase by 46.4% to Php68.7 Mil.

Pro Forma Revenue Breakdown (Php Mil)

	2Q22	3Q22	Change	
			Amount	%
Revenue Breakdown				
Commission	98.9	102.1	3.2	3.2%
<i>PH-Self-directed</i>	81.0	81.7	0.7	0.9%
<i>PH- Agency & advisory</i>	16.7	19.7	3.0	17.8%
<i>HK & others</i>	1.1	0.6	(0.5)	-44.6%
Interest	60.0	86.3	26.3	43.8%
<i>Margin</i>	13.5	13.7	0.2	1.6%
<i>Placements</i>	46.5	72.6	26.1	56.1%
Trailer Fees	5.5	5.4	(0.1)	-2.0%
Others	0.5	0.9	0.4	96.4%
Total Revenues	164.9	194.7	29.8	18.1%

Flattish Expenses

Operating expenses were flat, as higher fixed operating expenses were offset by lower trading related expenses.

Fixed operating expenses were up by 7.2% to Php262.4 Mil, due to higher personnel costs, rental and utilities, advertising and marketing, and other expenses.

Meanwhile, trading related expenses fell 22.1% to Php41.2 Mil due to lower trading activity.

Pro Forma Breakdown of Expenses (Php Mil)

	9M21	9M22	Change	
			Amount	%
Trading Related Expenses				
Commission expenses	23.9	22.6	-1.3	-5.5%
<i>Agency & Advisory</i>	22.8	22.0	-0.8	-3.3%
<i>CROs & Others</i>	1.1	0.5	-0.6	-50.6%
Stock exch. dues & fees	29.0	18.6	-10.4	-35.8%
Total	52.9	41.2	-11.7	-22.1%
Fixed Operating Expenses				
Personnel costs	95.7	108.2	12.5	13.0%
Professional fees	35.0	33.8	-1.2	-3.5%
Communication	31.9	31.6	-0.2	-0.8%
Rentals & utilities	6.1	8.3	2.2	36.5%
Depreciation	48.5	40.3	-8.3	-17.0%
Advertising & Mktg	2.4	3.8	1.4	57.7%
Others	25.2	36.4	11.2	44.5%
Total	244.8	262.4	17.6	7.2%
Total Expenses	297.8	303.6	5.9	2.0%

ROAE Normalized to 13.7%

Annualized ROAE normalized from 39.5% to 13.7%.

Profitability deteriorated as commissions fell, leading to weaker margins and lower asset turnover.

Margins dropped as operating expenses remained the same even with the decline in trading volumes, due to the highly leveraged nature of the stockbrokerage business.

Asset turnover fell largely due to the drop in clients' trading activity.

Selected Financial Ratios

	9M21	9M22
Operating Profit Margin	70.7%	46.8%
EBITDA Margin	75.5%	53.7%
Net Margin	57.4%	35.6%
Asset Turnover	10.0%	6.0%
Asset/Equity	6.3	6.7
ROAE	39.5%	13.7%

Now Number 4

COL's average daily turnover fell 56.1% to Php729.6 Mil in 9M22. This was much steeper than the PSE's 15.1% decline.

COL's market share in terms of value turnover normalized to 5.1% for the whole market from 9.9% during the same period last year. This was partly due to the increase in foreign investors' share of total value turnover to 45% during 9M22 from 35% during the same period last year. Nevertheless, COL remained the biggest local stockbroker largely catering to retail investors.

Due to the lower value turnover, COL's rank slipped to number 4 after being the number 1 broker in the PSE for two years in a row.

Comparative Performance (COL vs. PSE)

	9M21	9M22	Change	
			Amount	%
PSE Ave. Daily T/O (PhpMil)	8,432.2	7,158.5	(1,273.6)	-15.1%
COL Ave. Daily T/O (PhpMil)	1,661.3	729.6	(931.8)	-56.1%
COL Market Share (Total)	9.9%	5.1%		
COL Market Share (Local)	15.1%	9.3%		
PSE Ranking	1	4		
No. of Transactions - PSE ('000)	44,562	29,393	(15,169.7)	-34.0%
No. of Transactions - COL ('000)	11,102	4,163	(6,938.5)	-62.5%
COL Market Share	24.9%	14.2%		
PSE Ranking	1	1		

Strong Balance Sheet

Cash & cash equivalents increased by 353.7% to Php7.9 Bil. This was largely due to the reallocation of funds away from investment securities to capitalize on the higher yields on bank deposits. Investment securities at amortized cost fell by 66.9% to Php3.1 Bil.

Meanwhile, HTM investments increased by 60.6% to Php800.5 Mil.

Trade receivables fell by 7.1% to Php890.4 Mil largely due to the lower receivables from the clearing house brought about by lower selling transactions. There was also a slight drop in availment of margin loans as of end September compared to end December.

On the other hand, trade payables increased by 2.9% to Php10.9 Bil largely due the increase net buying transactions as of end September compared to end December.

Pro Forma Consolidated Balance Sheet (Php Mil)

	12/31/21	9/30/22	Change	
			Amount	%
Cash & cash equivalents	1,733.5	7,865.4	6,131.9	353.7%
Trade receivables	958.8	890.4	-68.4	-7.1%
Inv't sec at amortized cost	9,374.3	3,101.5	-6,272.8	-66.9%
Other current assets	232.8	147.1	-85.7	-36.8%
HTM investments	500.2	800.5	300.3	60.0%
PPE – net	95.1	116.5	21.4	22.5%
Other non-current assets – net	86.2	85.0	-1.2	-1.4%
Total Assets	12,980.8	13,006.4	25.6	0.2%
Trade payables	10,590.2	10,893.9	303.7	2.9%
Other current liabilities	185.6	75.0	-110.6	-59.6%
Non-current liabilities	106.1	106.8	0.6	0.6%
Total Liabilities	10,881.9	11,075.6	193.8	1.8%
Total Stockholders' Equity	2,098.9	1,930.8	-168.1	-8.0%
Total Liabilities and Stockholder's Equity	12,980.8	13,006.4	25.6	0.2%
BVPS	0.044	0.040	-0.004	-8.0%

Strong Balance Sheet

Stockholders' equity fell by 8.0% to Php1.9 Bil due to the payment of Php404.6 Mil worth of cash dividends, partly offset by the booking of Php207.5Mil in profits.

BVPS likewise fell to Php0.040/sh.

Pro Forma Consolidated Balance Sheet (Php Mil)

	12/31/21	9/30/22	Change	
			Amount	%
Cash & cash equivalents	1,733.5	7,865.4	6,131.9	353.7%
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Customer Base

Up Y/Y

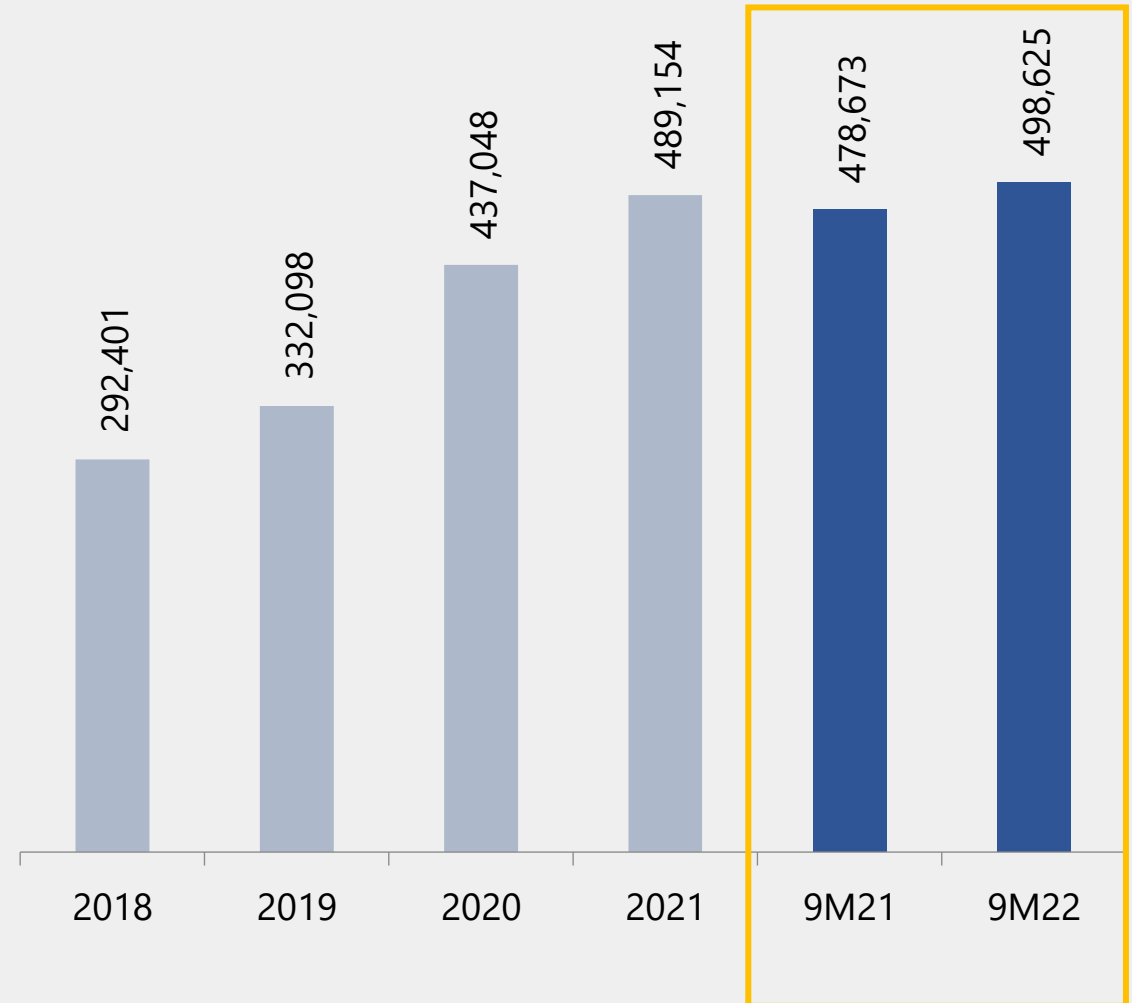
COL's client base grew by 4.2% Y/Y to 498,625 as of end September 2022.

Average monthly additions during the past 12 months reached 1,663.

The increase would have been larger if not for the suspension of 13,102 dormant accounts in January. Excluding the impact of the said suspensions, the number of accounts would have grown 6.9% Y/Y exceeding 500,000.

Client Base

▲ +4.2%



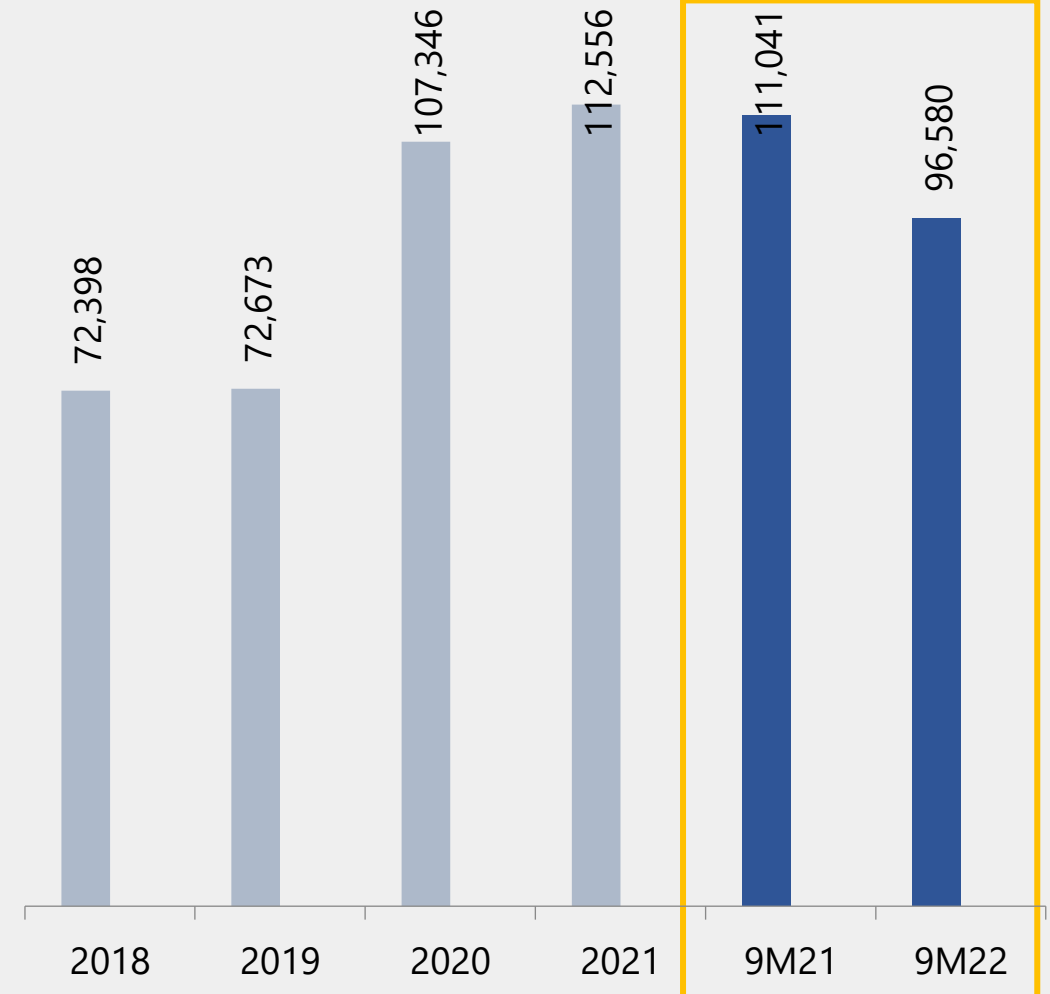
Client Equity Down on Lower Asset Values

Client equity was down 13.0% Y/Y to Php96.6 Bil as of end September 2022.

Client equity fell due to lower asset values, partly offset by new deposits from clients. As of end September, the PSEi index was down 17.4% compared to the same period last year, while net new cash inflows from retail clients reached Php4.1 Bil during the past twelve months.

Client Equity (Php Mil)

▼ -13.0%



Margin Loans Up

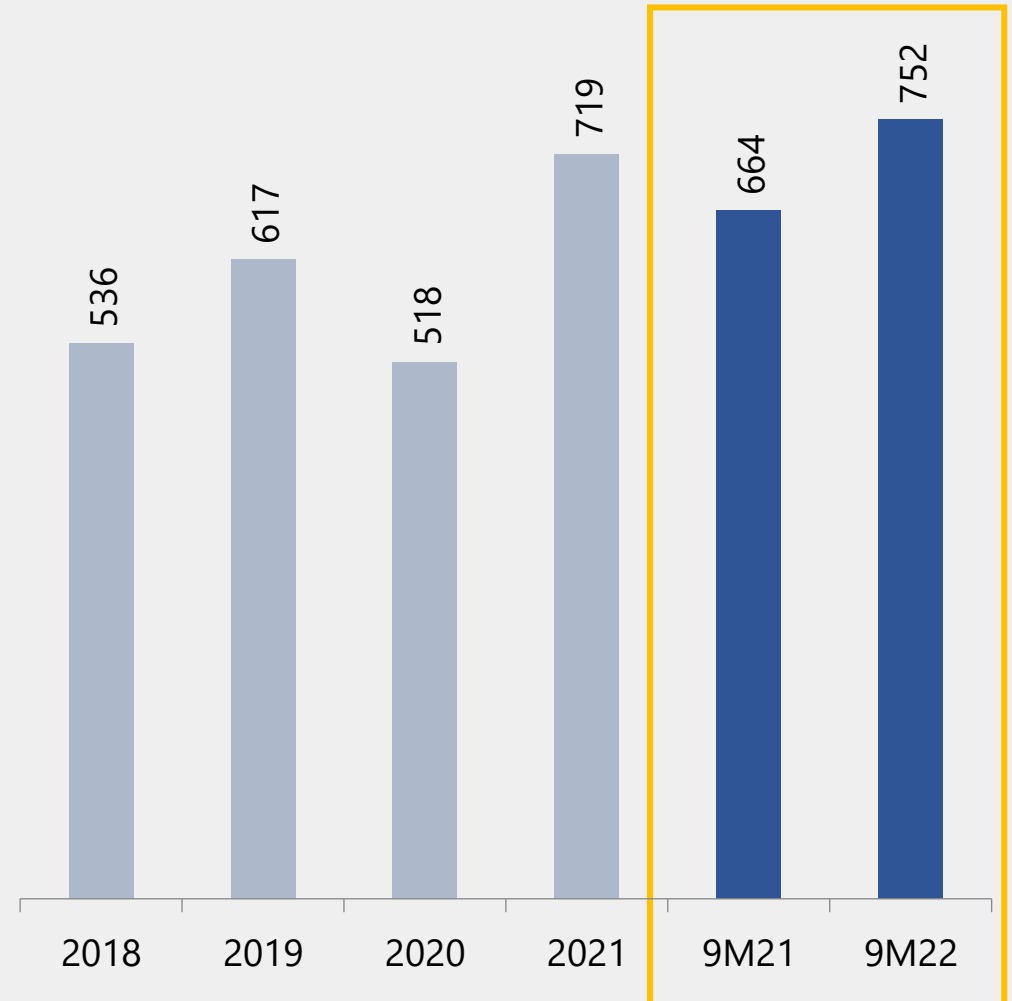
Average daily margin loans increased by 13.2% to Php752 Mil Y/Y.

As of end September, the total number of approved margin accounts was 1,183, slightly lower compared to 1,232 during the same period last year.

Less clients utilized their margin lines at 396 or 33.5%. In terms of value of margin granted, 13.3% was utilized during the period in review, up from 12.4% Y/Y.

Ave Daily Margin Loans (Php Mil)

▲ +13.2%



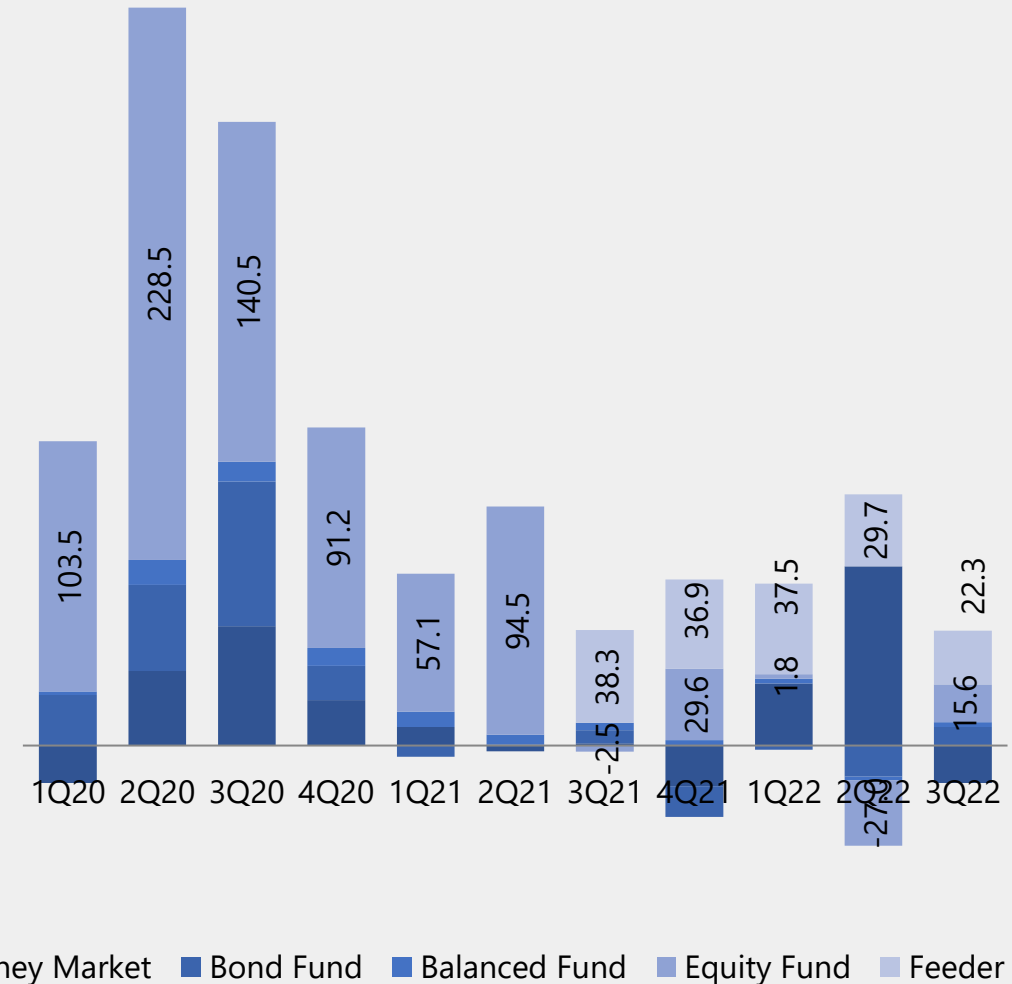
MF Net Sales **still Positive** due to Feeder Funds

COL's MF distribution business still generated net sales of Php159.8 Mil during 9M22 despite the challenging operating environment, due to the introduction of Feeder Funds.

Around Php89.5 Mil or 56.0% of total net sales generated during the period were attributable to the distribution of Feeder Funds that were launched only in July last year and January this year.

Bond and Equity funds suffered from net outflows due to rising inflation, interest rates, Fed rate hikes and the war in Ukraine which negatively affected their performance.

MF Net Sales Acc to Fund Type
(Php Mil)

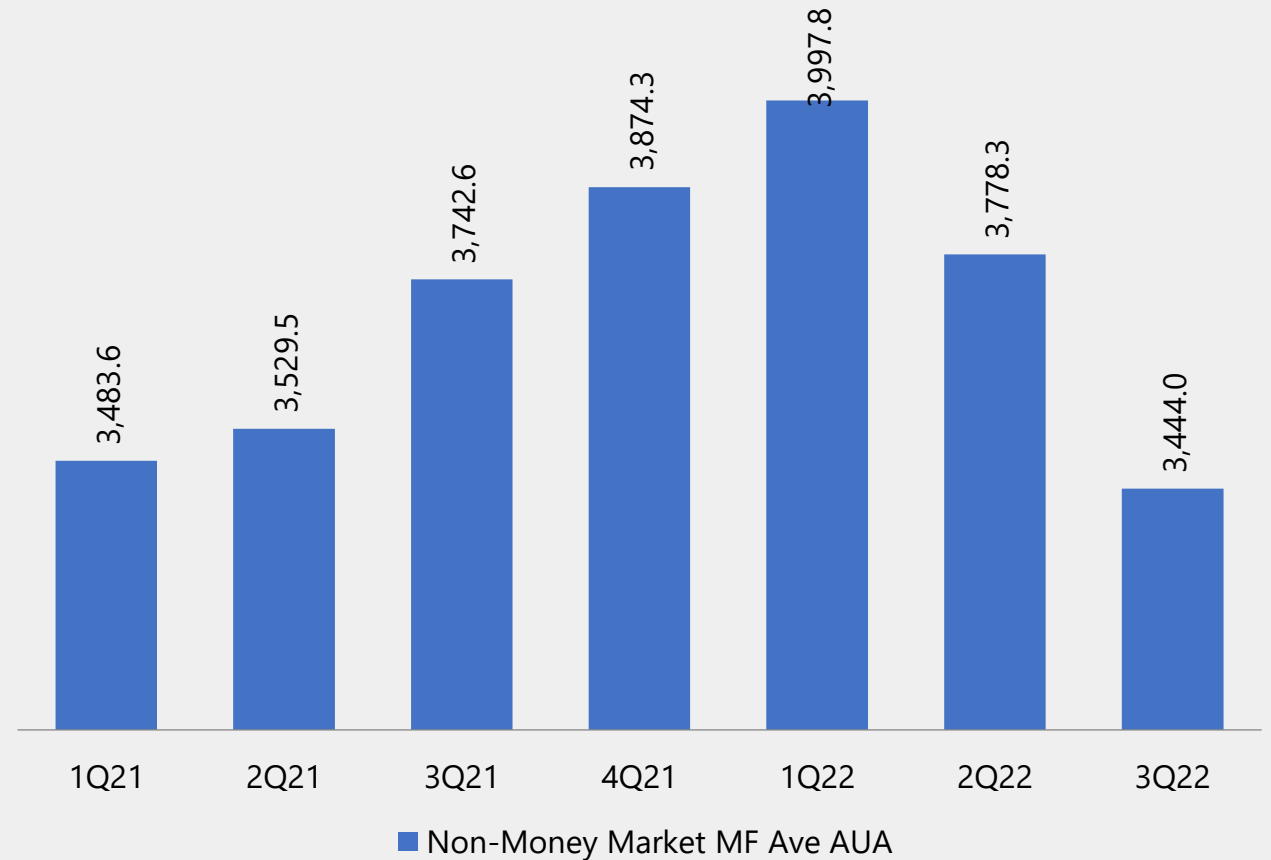


Average AUA Down

AUA was down Y/Y and Q/Q to Php3.4 Bil as of end September despite the strong sales of feeder funds due to the weak performance of both bond and equity markets in 2022.

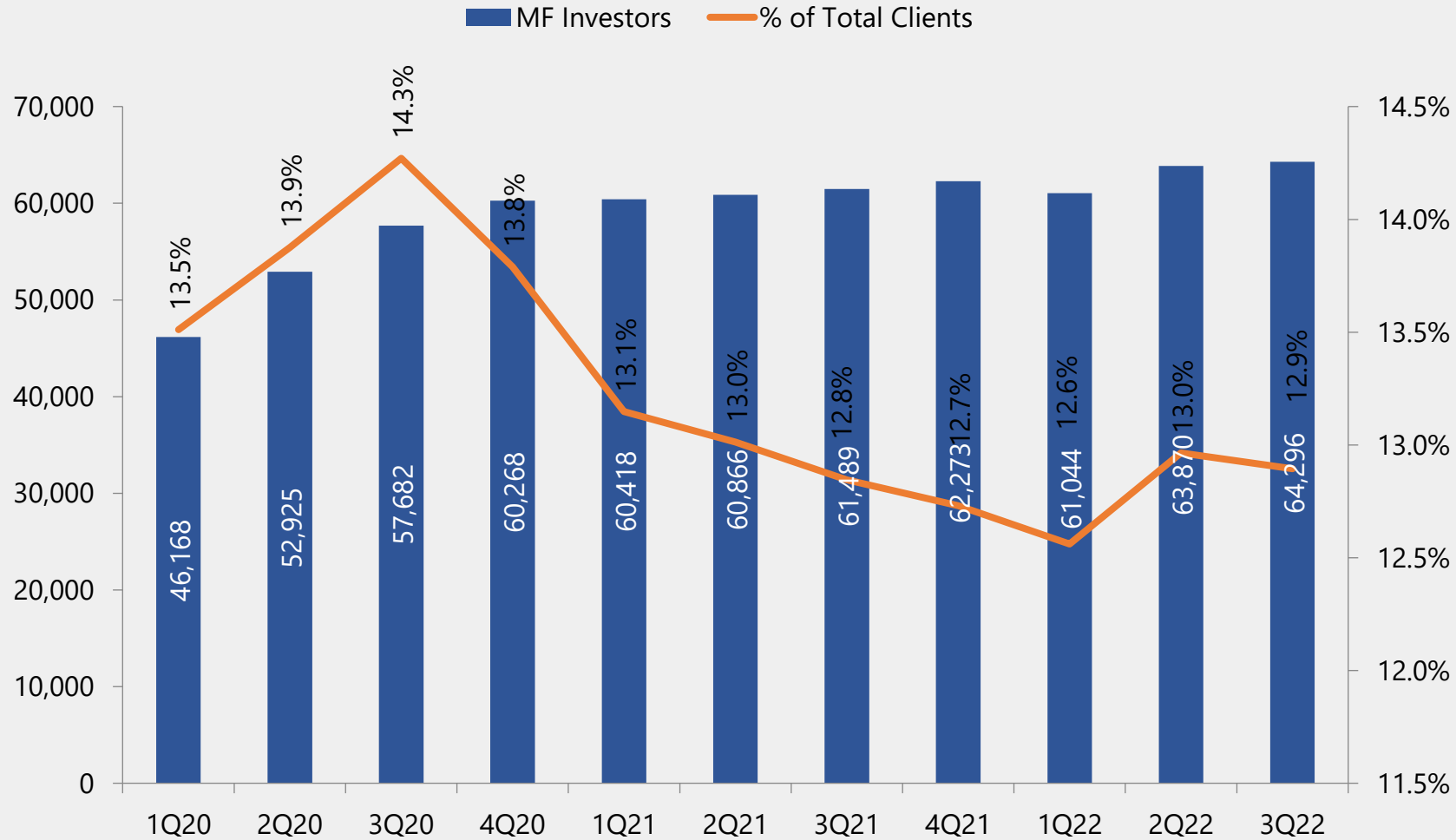
However, trailer fees were still up as average non-money market AUA was still higher compared to the same period last year

Average AUA (Non-Money Market Funds Only, in Php Mil)



Source: COL estimates

Percentage of Clients Owning MFs Rebounded



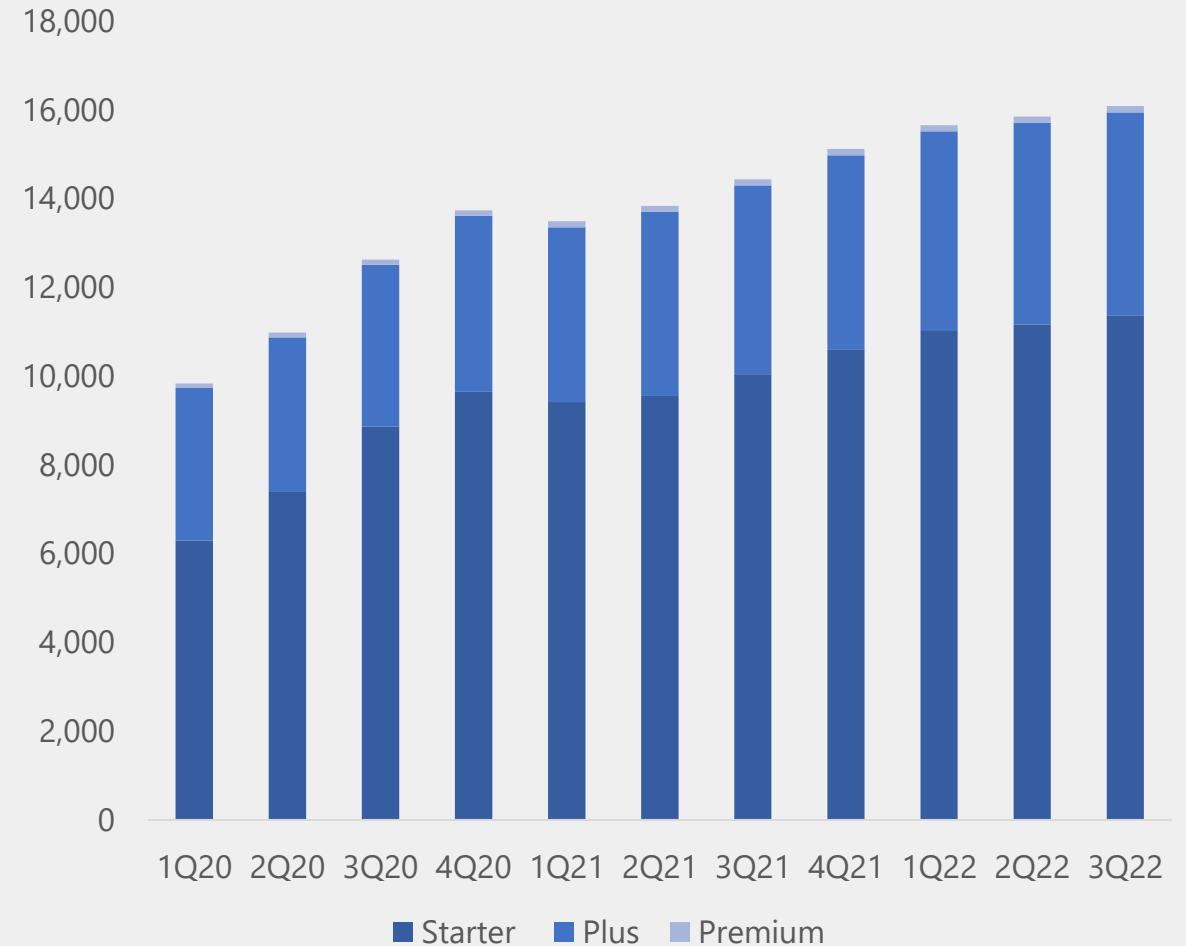
MF only Clients Continued to Grow

The number of clients who only owned MFs continued to increase.

As of end September, there were 16,088 clients who only owned MFs, up 11.5% Y/Y and 1.5% Q/Q.

Of the said number, 11,368 or 70.4% were Starter clients while 4,570 or 28.4% were Plus clients.

MF Only Clients





COL FINANCIAL

for a richer life

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