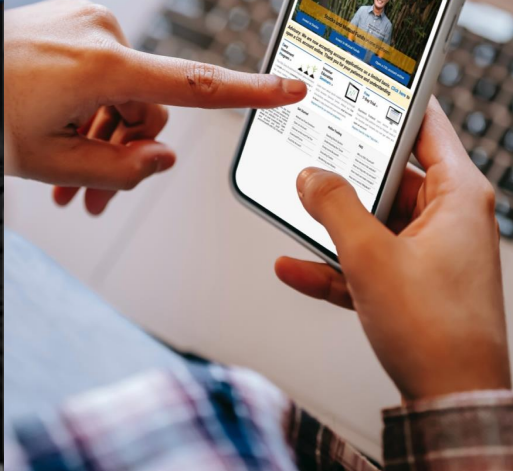




# 2022 COL Investor Presentation



# Company Overview



Established and licensed by the SEC in 1999



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

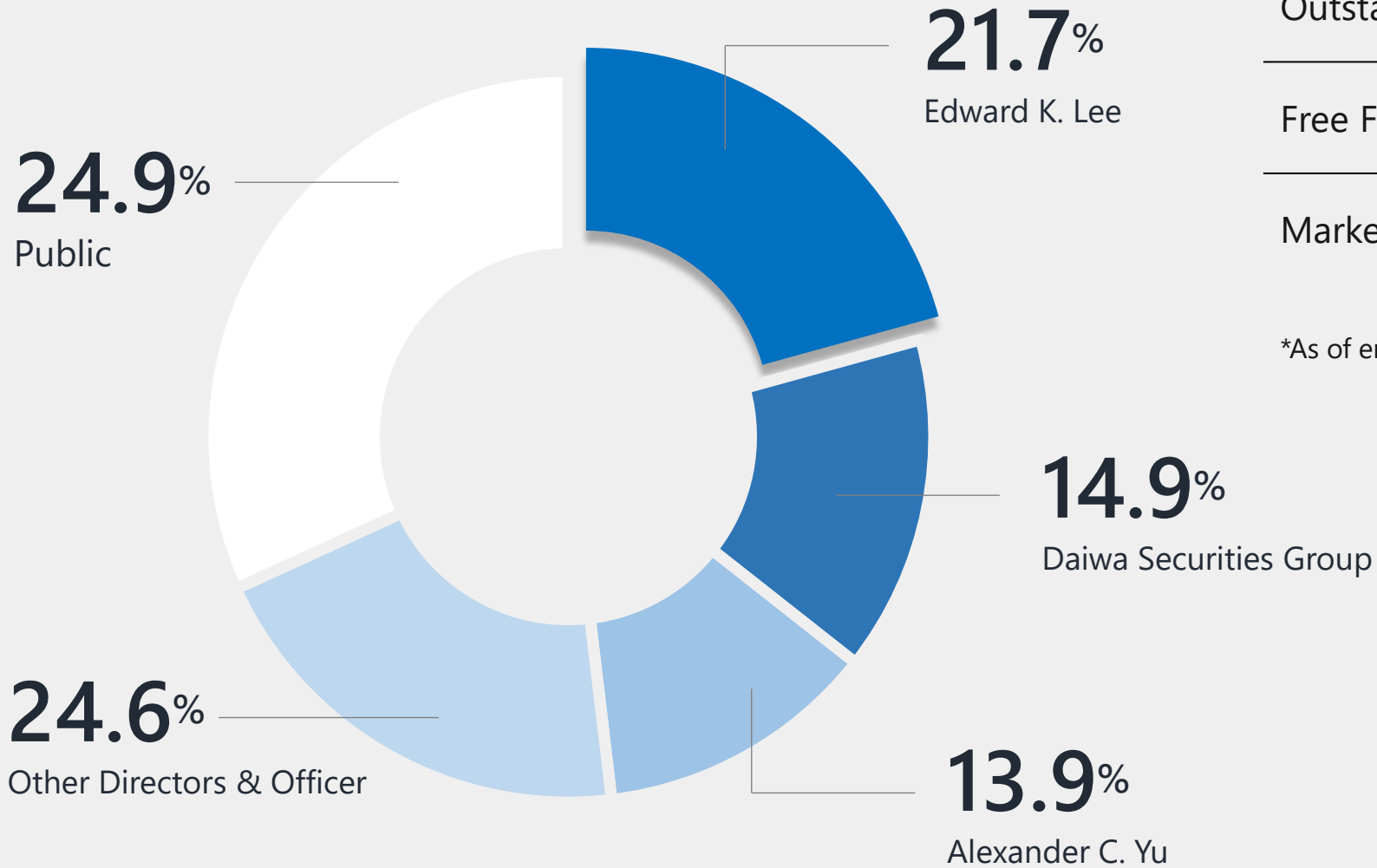


Focused on tapping the underserved retail investor base in the stock market



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





Outstanding Shares

4.76 Bil

Free Float

1.19 Bil

Market Cap\*

Php15.3 Bil

\*As of end December 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**

# COL Milestones

1999

Licensed by the SEC to conduct business as a **broker and seller of securities** in the Philippines

2000-2001

Began operating the COL PH online trading platform



Citiseconline HK Ltd. (COL HK) became a trading participant of the HK Stock Exchange

Launched the COL HK platform

2006

Listed in the PSE at Php0.136/sh



2008

Launched the COL Easy Investment Program (EIP)



2010

Launched the full-service agency and advisory team called the COL Private Clients Group (PCG)

 COL PRIVATE CLIENTS

# COL Milestones

2012

Officially changed corporate name to **COL Financial Group Inc.**



2014

Granted a **Mutual Fund Distributor License** by the SEC

2015

Launched **COL Fund Source** - the first fund supermarket in the country



2017

Japan's **Daiwa Securities Group, Inc.** acquired a **14.9% stake** in the company



2021

Started distributing **Feeder Funds**

2022

70% owned **COL Investment Management (CMI)** launched its first product – **the COL Equity Index Unitized Mutual Fund**

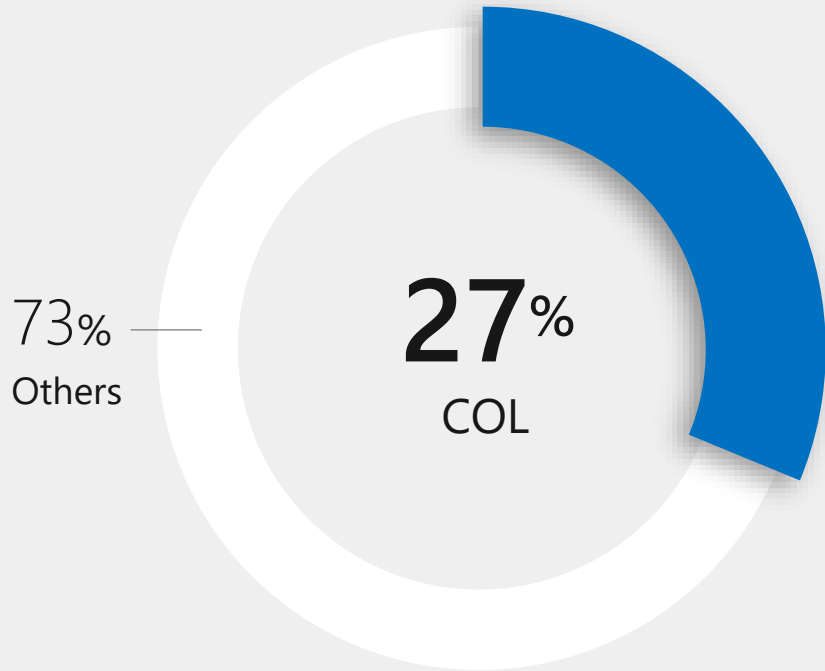
# The Biggest Philippine Based **Stockbroker**

2022 Rank	Broker Name	2022 Value Turnover (Php Bil)	% of Total
1	Philippine Equity Partners, Inc	273.5	7.7
2	UBS Securities Philippines Inc	256.6	7.1
3	CLSA Philippines Inc	234.9	5.9
4	Mandarin Securities Corp	211.3	5.1
<b>5</b>	<b>COL Financial Group, Inc</b>	<b>165.4</b>	<b>4.6</b>
6	Macquarie Capital Securities (Phil) Inc	152.0	4.3
7	J.P. Morgan Securities Philippines Inc	146.5	4.1
8	Credit Suisse Securities (Philippines), Inc	145.7	4.1
9	Maybank Securities, Inc.	139.1	3.9
10	BPI Securities Corp	133.1	3.7

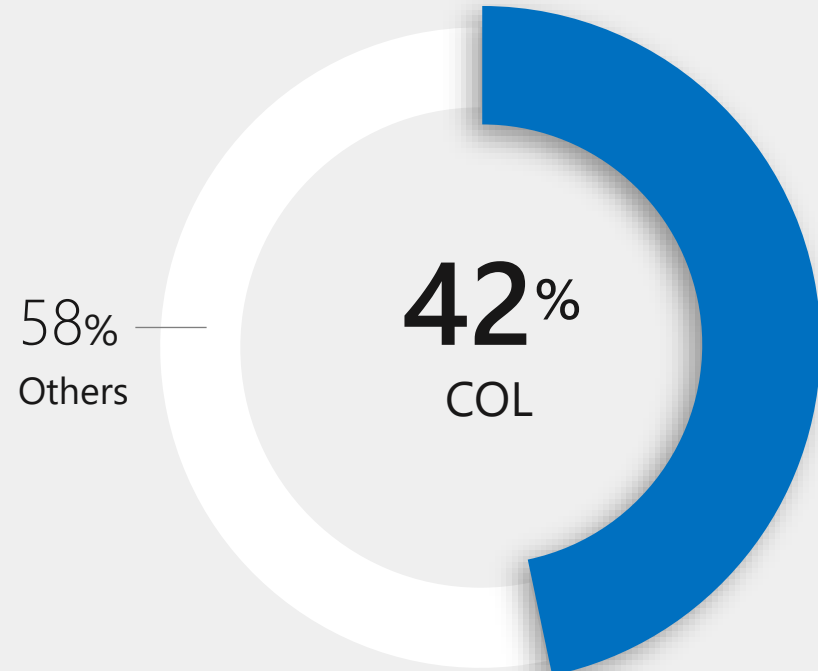
Source: PSE

# The Biggest Philippine Based **Stockbroker**

Total Accounts (as of 2021)



Total Online Accounts (as of 2021)



Source: PSE



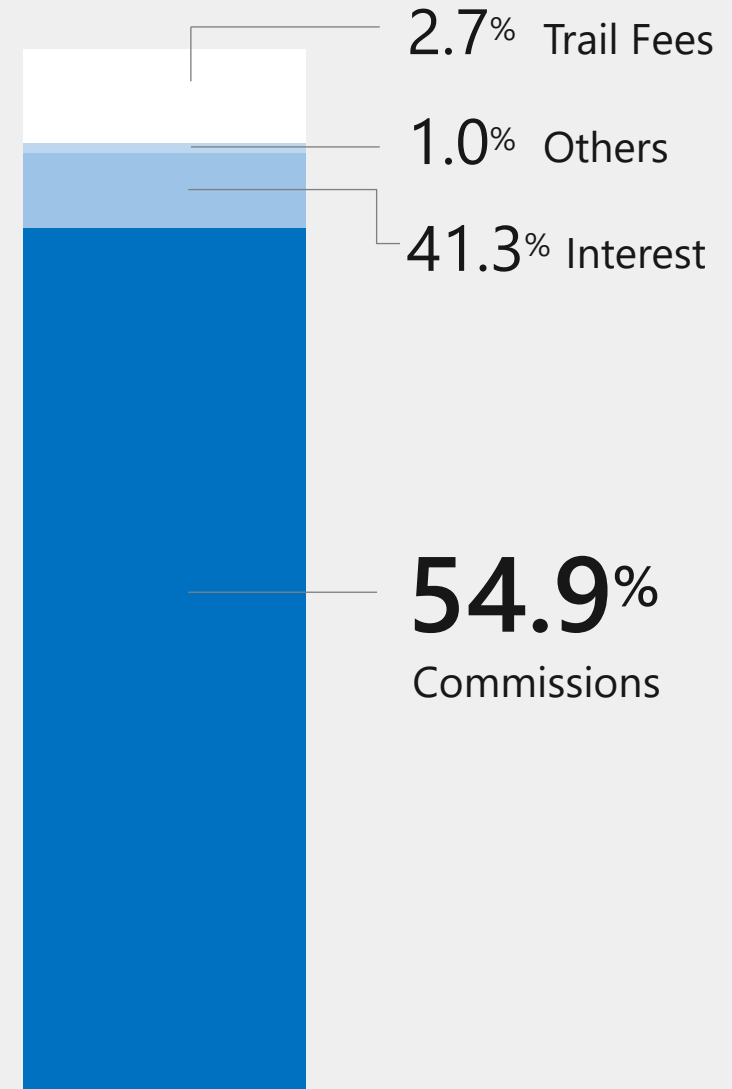
# Bulk of Revenues Generated from Commissions and Interest

Commissions accounted for 54.9% of revenues.

Interest income from margin loans and cash placements accounted for 41.3% of revenues.

Trailer fees from the distribution of mutual funds accounted for 2.7% of revenues.

## Revenue Breakdown 2022



# Key Operating Highlights

## Positives

1. Client base continued to grow
2. Improvement in interest income partly offset weakness of commission revenues
3. MF sales remained positive, allowing trail fees to grow despite lower asset prices
4. Margin loans up

## Negatives

1. Commission revenues and net income fell sharply
2. Rank and market share in the PSE slipped

# 2022 Net Income

## -58.6% Y/Y

2022 net income fell by 58.6% to Php241.0 Mil largely due to the significant decline in commissions, as investor sentiment deteriorated.

Pro forma consolidated revenues were down 35.9% to Php813.7 Mil as commissions fell by 55.9% and due to the absence of other income. This was partly offset by the 84.7% increase in interest income and the 2.9% rise in trailer fees.

Operating profits fell by a faster 58.1% to Php317.8 Mil as operating expenses fell by a slower pace compared to revenues.

## Pro Forma Consolidated Income Statement (Php Mil)

	2021	2022	Change	
			Amount	%
<b>Income</b>				
Commissions	1,013.0	447.1	(566.0)	-55.9%
Interest	182.1	336.3	154.3	84.7%
Trailer Fees	21.5	22.1	0.6	2.9%
Other income	53.8	8.2	(45.6)	-84.7%
<b>Total</b>	<b>1,270.4</b>	<b>813.7</b>	<b>(456.6)</b>	<b>-35.9%</b>
<b>Expenses</b>				
Commission expenses	36.3	28.1	(8.2)	-22.5%
Personnel costs	231.1	223.4	(7.8)	-3.4%
Professional fees	54.6	51.7	(2.9)	-5.2%
Stock exch. dues & fees	36.8	23.7	(13.1)	-35.5%
Communication	42.6	41.7	(0.8)	-1.9%
Rentals & utilities	7.9	11.2	3.3	41.9%
Depreciation	61.0	52.9	(8.1)	-13.3%
Advertising & marketing	3.3	6.1	2.8	82.5%
Others	37.5	57.0	19.5	51.9%
<b>Total</b>	<b>511.2</b>	<b>495.9</b>	<b>(15.3)</b>	<b>-3.0%</b>
Pre-Tax Income	759.2	317.8	(441.4)	-58.1%
Taxes	177.6	76.8	(100.8)	-56.7%
<b>Net Income</b>	<b>581.5</b>	<b>241.0</b>	<b>(340.5)</b>	<b>-58.6%</b>

# Commissions Hurt by Poor Sentiment

Revenues fell by 35.9% due to the significant decline in commissions and the absence of other income.

Commission revenues fell by 55.9% to Php447.1 Mil, coming from an abnormally high base in the first quarter of 2021 and as investor sentiment deteriorated significantly. Recall that speculative issues traded actively in January of 2021. Meanwhile, investor sentiment deteriorated starting March of 2022 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 in 2022.

Self-directed clients continued to account for the lion's share of total commission revenues at 81.6%.

Core commission revenues and trailer fees accounted for 57.6% of total revenues.

## Pro Forma Revenue Breakdown (Php Mil)

	2021	2022	Change Amount	%
<b>Revenue Breakdown</b>				
Commission	1,013.0	447.1	(566.0)	-55.9%
<i>PH-Self-directed</i>	903.4	360.1	(543.3)	-60.1%
<i>PH- Agency &amp; advisory</i>	104.0	82.2	(21.8)	-21.0%
<i>HK &amp; others</i>	5.6	4.7	(0.9)	-15.8%
Interest	182.1	336.3	154.3	84.7%
<i>Margin</i>	57.3	56.8	(0.5)	-0.9%
<i>Placements</i>	124.7	279.5	154.8	124.1%
Trailer Fees	21.5	22.1	0.6	2.9%
Others	53.8	8.2	(45.6)	-84.7%
<b>Total Revenues</b>	<b>1,270.4</b>	<b>813.7</b>	<b>(456.6)</b>	<b>-35.9%</b>
<b>Revenue Share</b>				
Commission	79.7%	54.9%		
<i>Self-directed (incl HK)</i>	89.7%	81.6%		
<i>Agency &amp; advisory</i>	10.3%	18.4%		
Interest	14.3%	41.3%		
<i>Margin</i>	31.5%	16.9%		
<i>Placements</i>	68.5%	83.1%		
Trailer Fees	1.7%	2.7%		

# Commissions Hurt by Poor Sentiment

On the positive side, interest income from placements grew, allowing total interest income to increase by 84.7% to Php336.3 Mil.

Trailer fees were also up by 2.9% to Php22.1 Mil as the average value of non-money market assets under administration increased slightly to Php3.7 Bil during the year.

## Pro Forma Revenue Breakdown (Php Mil)

	2021	2022	Change Amount	%
<b>Revenue Breakdown</b>				
Commission	1,013.0	447.1	(566.0)	-55.9%
<i>PH-Self-directed</i>	903.4	360.1	(543.3)	-60.1%
<i>PH- Agency &amp; advisory</i>	104.0	82.2	(21.8)	-21.0%
<i>HK &amp; others</i>	5.6	4.7	(0.9)	-15.8%
Interest	182.1	336.3	154.3	84.7%
<i>Margin</i>	57.3	56.8	(0.5)	-0.9%
<i>Placements</i>	124.7	279.5	154.8	124.1%
Trailer Fees	21.5	22.1	0.6	2.9%
Others	53.8	8.2	(45.6)	-84.7%
<b>Total Revenues</b>	<b>1,270.4</b>	<b>813.7</b>	<b>(456.6)</b>	<b>-35.9%</b>
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Interest	14.3%	41.3%		
<i>Margin</i>	31.5%	16.9%		
<i>Placements</i>	68.5%	83.1%		
Trailer Fees	1.7%	2.7%		

## Lower Expenses

Operating expenses were down 4.2% due to lower trading related expenses and flattish fixed operating expenses.

Trading related expenses fell 29.1% to Php51.9 Mil due to lower trading activity.

Meanwhile, fixed operating expenses were flat at Php437.6 Mil, due to lower personnel costs, professional fees, communications and depreciation expenses. This was partly offset by higher rental and utilities, advertising and marketing, and other expenses as the economy reopened.

## Pro Forma Breakdown of Expenses (Php Mil)

	2021	2022	Change	
			Amount	%
<b>Trading Related Expenses</b>				
Commission expenses	36.3	28.1	-8.2	-22.5%
Stock exch. dues & fees	36.8	23.7	-13.1	-35.5%
<b>Total</b>	<b>73.1</b>	<b>51.9</b>	<b>-21.2</b>	<b>-29.1%</b>
<b>Fixed Operating Expenses</b>				
Personnel costs	231.1	223.4	-7.8	-3.4%
Professional fees	54.6	51.7	-2.9	-5.2%
Communication	42.6	41.7	-0.8	-1.9%
Rentals & utilities	7.9	11.2	3.3	41.9%
Depreciation	61.0	52.9	-8.1	-13.3%
Advertising & Mktg	3.3	6.1	2.8	82.5%
Others	37.5	50.6	13.1	34.8%
<b>Total</b>	<b>438.1</b>	<b>437.6</b>	<b>-0.4</b>	<b>-0.1%</b>
<b>Total Expenses</b>	<b>511.2</b>	<b>489.5</b>	<b>-21.7</b>	<b>-4.2%</b>

# ROAE Normalized to 11.8%

ROAE normalized from 29.6% to 11.8%.

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

Margins dropped as operating expenses remained flat 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

	2021	2022
Operating Profit Margin	59.8%	39.1%
EBITDA Margin	64.6%	45.6%
Net Margin	45.8%	29.6%
Asset Turnover	9.5%	6.2%
Asset/Equity	6.2	6.6
ROAE	29.6%	11.8%

## Now Number 5

COL's average daily turnover fell 56.1% to Php675.3 Mil in 2022. This was much steeper than the PSE's 18.9% decline.

COL's market share in terms of value turnover normalized to 4.6% from 8.5% during the same period last year. This was partly due to the increase in foreign investors' share of total value turnover to 40% in 2022 from 35% in 2021. Nevertheless, COL remained the biggest local stockbroker largely catering to retail investors.

Due to the lower value turnover, COL's rank slipped to number 5 after being the number 1 broker in the PSE for two years in a row.

## Comparative Performance (COL vs. PSE)

	2021	2022	Change	
			Amount	%
PSE Ave. Daily T/O (PhpMil)	9,002.1	7,300.8	(1,701.3)	-18.9%
COL Ave. Daily T/O (PhpMil)	1,538.6	675.3	(863.3)	-56.1%
COL Market Share (Total)	8.5%	4.6%		
COL Market Share (Local)	13.2%	7.3%		
PSE Ranking	1	5		
No. of Transactions - PSE ('000)	57,431	37,246	(20,184.6)	-35.1%
No. of Transactions - COL ('000)	13,221	5,037	(8,184.1)	-61.9%
COL Market Share	23.0%	13.5%		
PSE Ranking	1	1		



# Strong Balance Sheet

Cash & cash equivalents increased by 507.1% to Php10.5 Bil. This was largely due to the reallocation of funds away from investment securities to capitalize on the higher yields on bank deposits. This was reflected in the 97.9% drop in investment securities at amortized cost to Php200.2 Mil.

Meanwhile, HTM investments increased by 60.0% to Php800.5 Mil.

Trade receivables increased by 24.3% to Php1.2 Bil largely due to higher availment of margin loans on a Y/Y basis. Receivables from the clearing house also increased, brought about by higher selling transactions.

Trade payables increased slightly by 2.8% to Php10.9 Bil largely due to the increase in net buying transactions on a Y/Y basis.

## Pro Forma Consolidated Balance Sheet (Php Mil)

	12/31/21	12/31/22	Change	
			Amount	%
Cash & cash equivalents	1,733.5	10,524.3	8,790.8	507.1%
Trade receivables	958.8	1,192.0	233.1	24.3%
Inv't sec at amortized cost	9,374.3	200.2	-9,174.1	-97.9%
Other current assets	232.8	174.0	-58.8	-25.2%
HTM investments	500.2	800.5	300.3	60.0%
PPE – net	95.1	108.0	12.9	13.6%
Other non-current assets – net	86.2	86.0	-0.2	-0.2%
<b>Total Assets</b>	<b>12,980.8</b>	<b>13,084.9</b>	<b>104.1</b>	<b>0.8%</b>
Trade payables	10,590.2	10,888.8	298.6	2.8%
Other current liabilities	185.6	125.3	-60.2	-32.5%
Non-current liabilities	106.1	97.8	-8.3	-7.8%
Total Liabilities	10,881.9	11,112.0	230.1	2.1%
Total Stockholders' Equity	2,098.9	1,972.9	-126.0	-6.0%
<b>Total Liabilities and Stockholder's Equity</b>	<b>12,980.8</b>	<b>13,084.9</b>	<b>104.1</b>	<b>0.8%</b>
BVPS	0.4437	0.411	-0.026	-6.0%

# Strong Balance Sheet

Stockholders' equity fell by 6.0% to Php2.0 Bil due to the payment of Php404.6 Mil worth of cash dividends, partly offset by the booking of Php241.0Mil in profits.

BVPS likewise fell to Php0. 411/sh.

## Pro Forma Consolidated Balance Sheet (Php Mil)

	12/31/21	12/31/22	Change	
			Amount	%
Cash & cash equivalents	1,733.5	10,524.3	8,790.8	507.1%
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BVPS	0.4437	0.411	-0.026	-6.0%

# Customer Base

## Up Y/Y

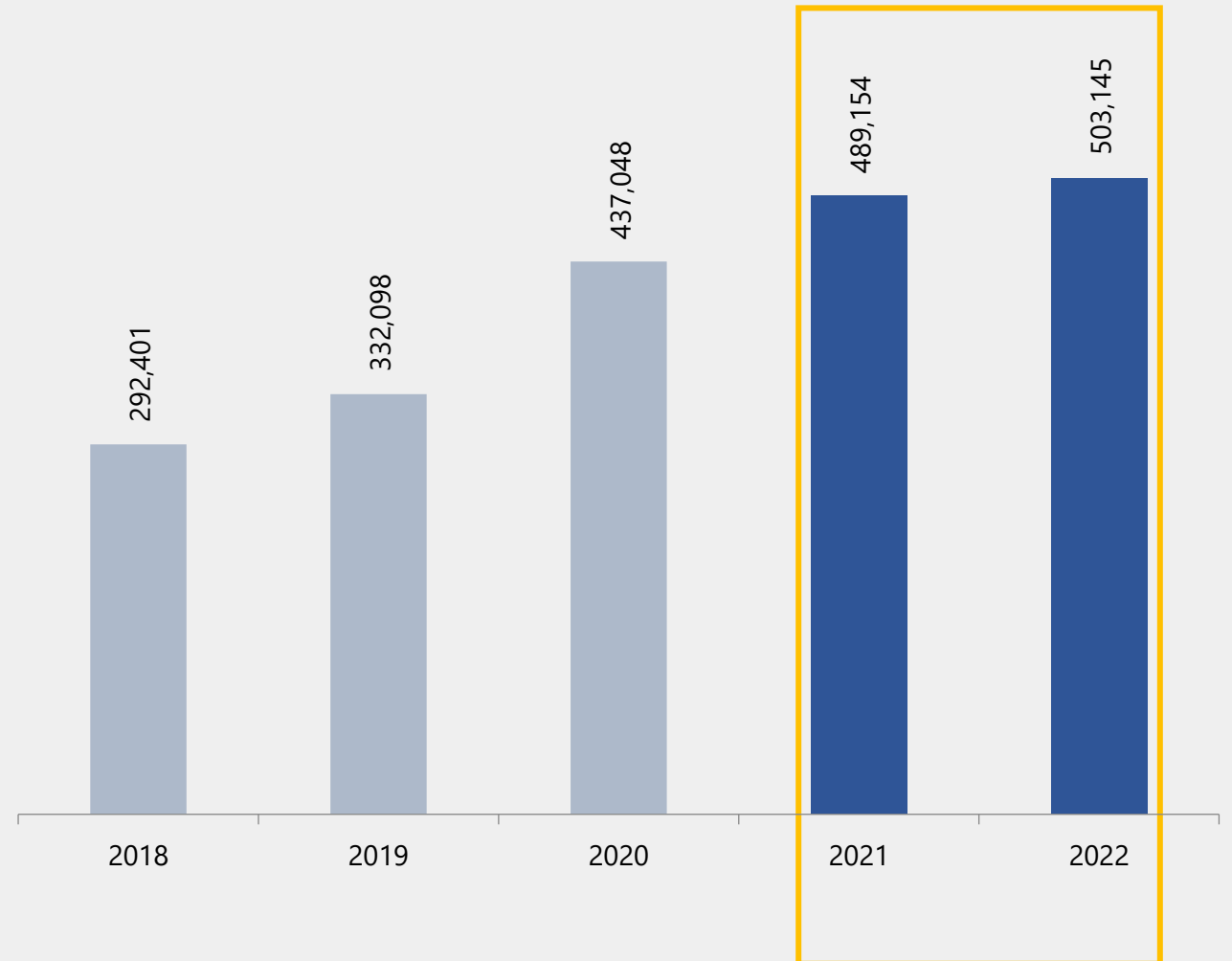
COL's client base grew by 2.9% Y/Y to 503,145 as of end 2022.

Average monthly additions during the past 12 months reached 2,258.

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 5.5% Y/Y to 516,247.

### Client Base

▲ +2.9%



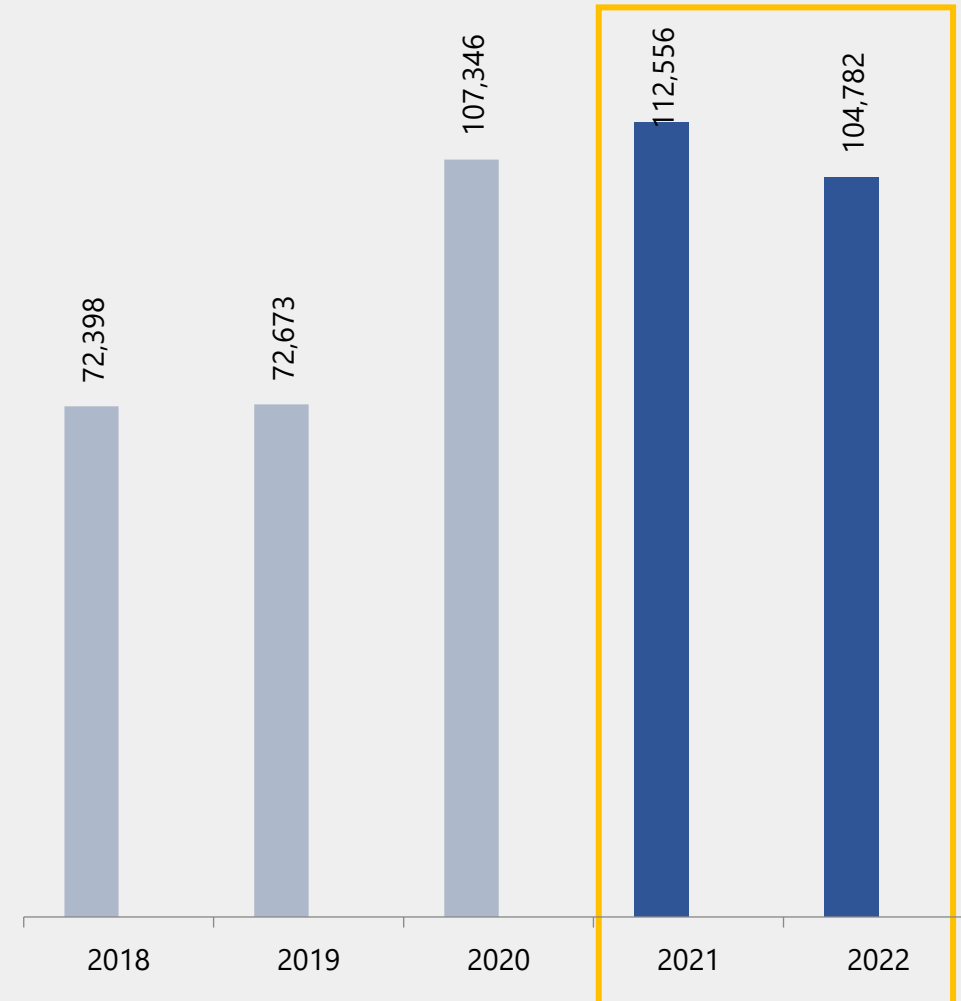
## Client Equity Down on Lower Asset Values

Client equity was down 6.9% Y/Y to Php104.8 Bil as of end 2022.

Client equity fell due to lower asset values, partly offset by new deposits from clients. The PSEi index was down 7.8% during the year, while net new cash inflows from retail clients reached Php3.3 Bil during the past twelve months.

### Client Equity (Php Mil)

▼ -6.9%



## Margin Loans Up

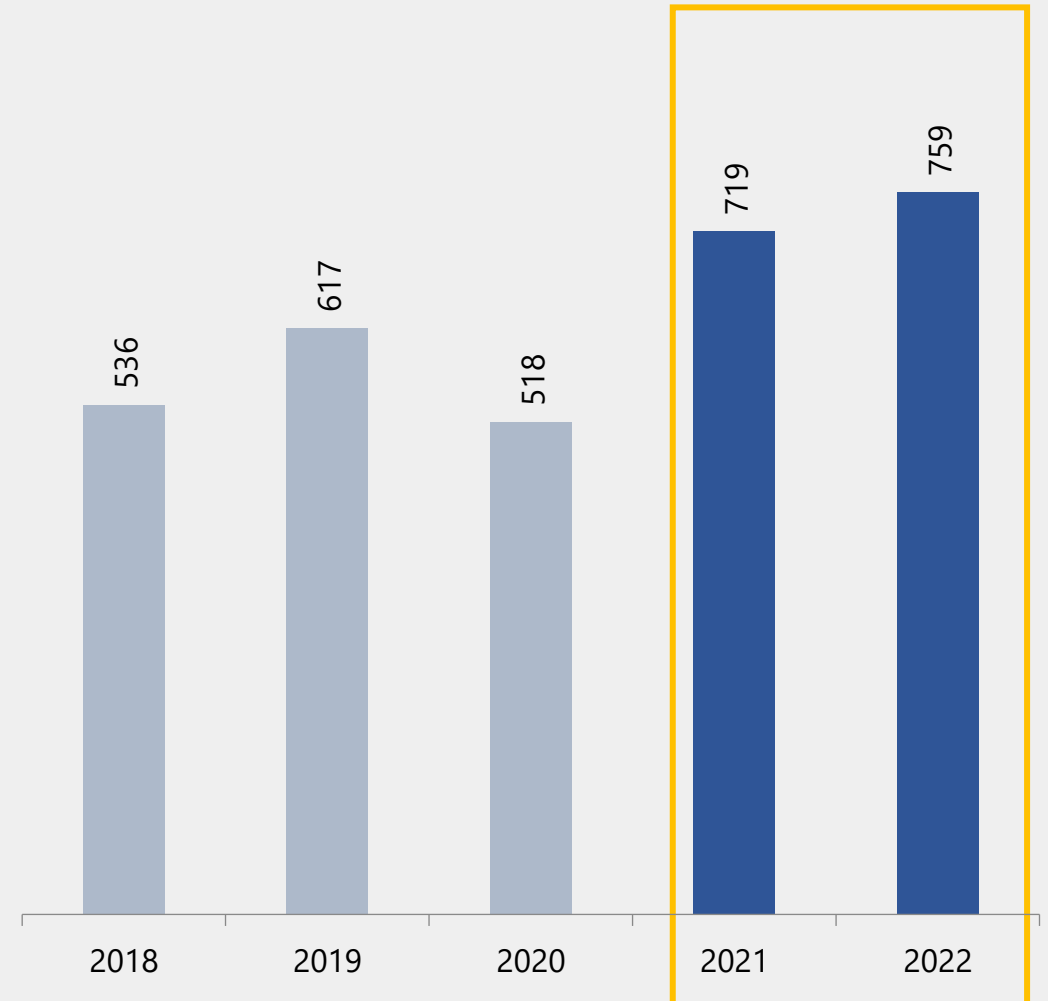
Average daily margin loans increased by 5.6% to Php759 Mil Y/Y.

As of end 2022, the total number of approved margin accounts was 1,166, slightly lower compared to 1,226 last year.

Less clients utilized their margin lines at 374 or 32.1%. In terms of value of margin granted, 13.4% was utilized during the period in review, up from 13.0% Y/Y.

### Ave Daily Margin Loans (Php Mil)

▲ +5.6%



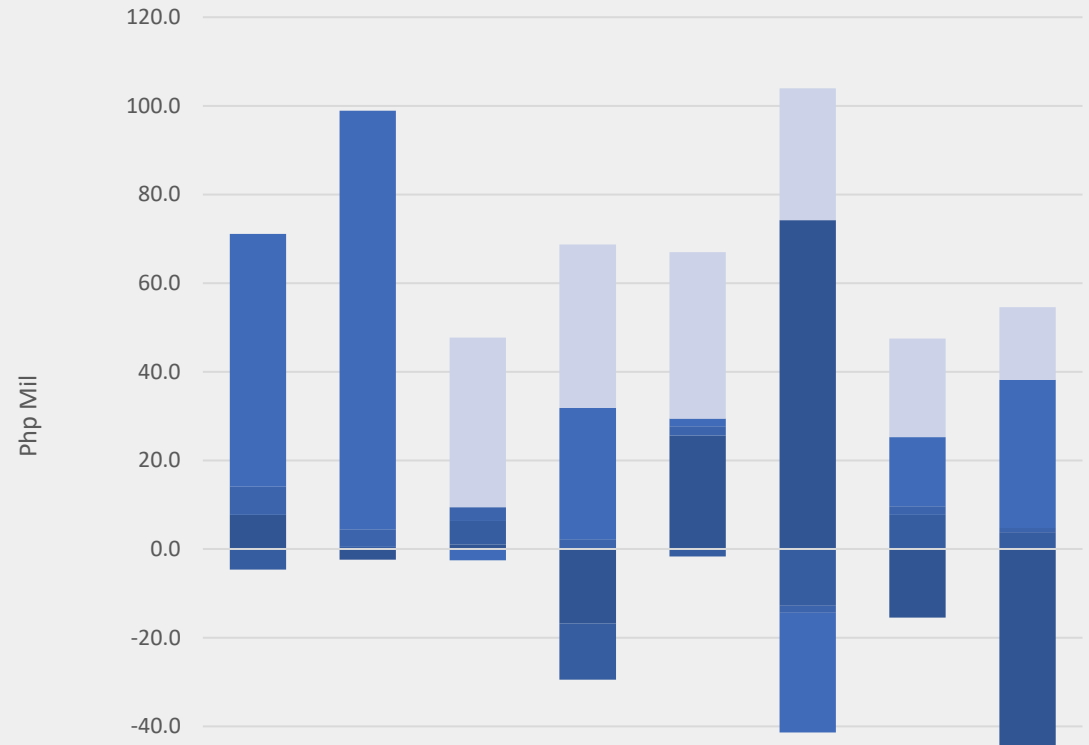
# MF Net Sales still Positive

COL's MF distribution business still generated net sales of Php169.8 Mil despite the challenging operating environment, largely due to the introduction of Feeder Funds.

Around Php105.9 Mil or 62.4% 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 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)



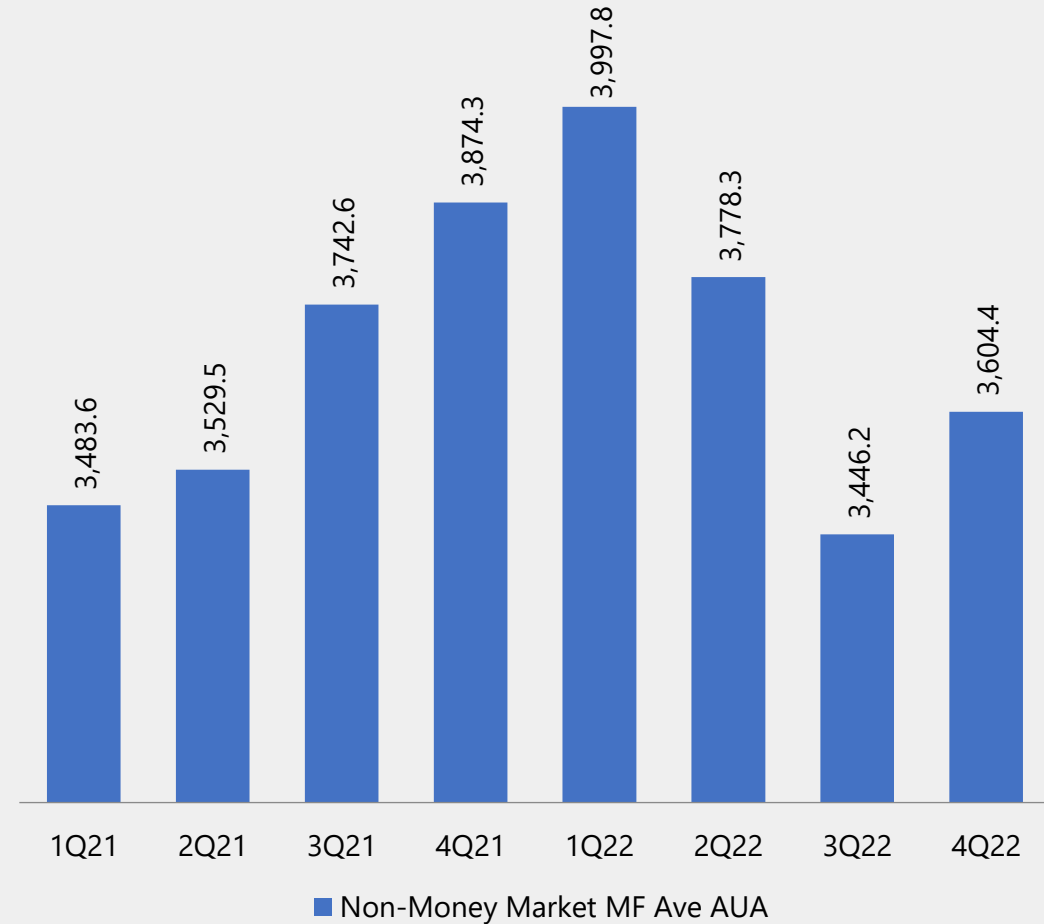
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
Feeder Fund			38.3	36.9	37.5	29.7	22.3	16.4
Equity Fund	57.1	94.5	-2.5	29.6	1.8	-27.0	15.6	33.4
Balanced Fund	6.3	4.0	3.1	2.2	2.1	-1.6	1.9	0.9
Bond Fund	-4.7	0.5	5.3	-12.7	-1.7	-12.8	7.7	3.8
Money Market	7.7	-2.4	1.0	-16.8	25.6	74.2	-15.5	-44.5

## Average AUA Rebounded

AUA rebounded Q/Q to Php3.6 Bil as of end 2022 due to consistent positive net sales and the recovery of bond and equity markets in the fourth quarter.

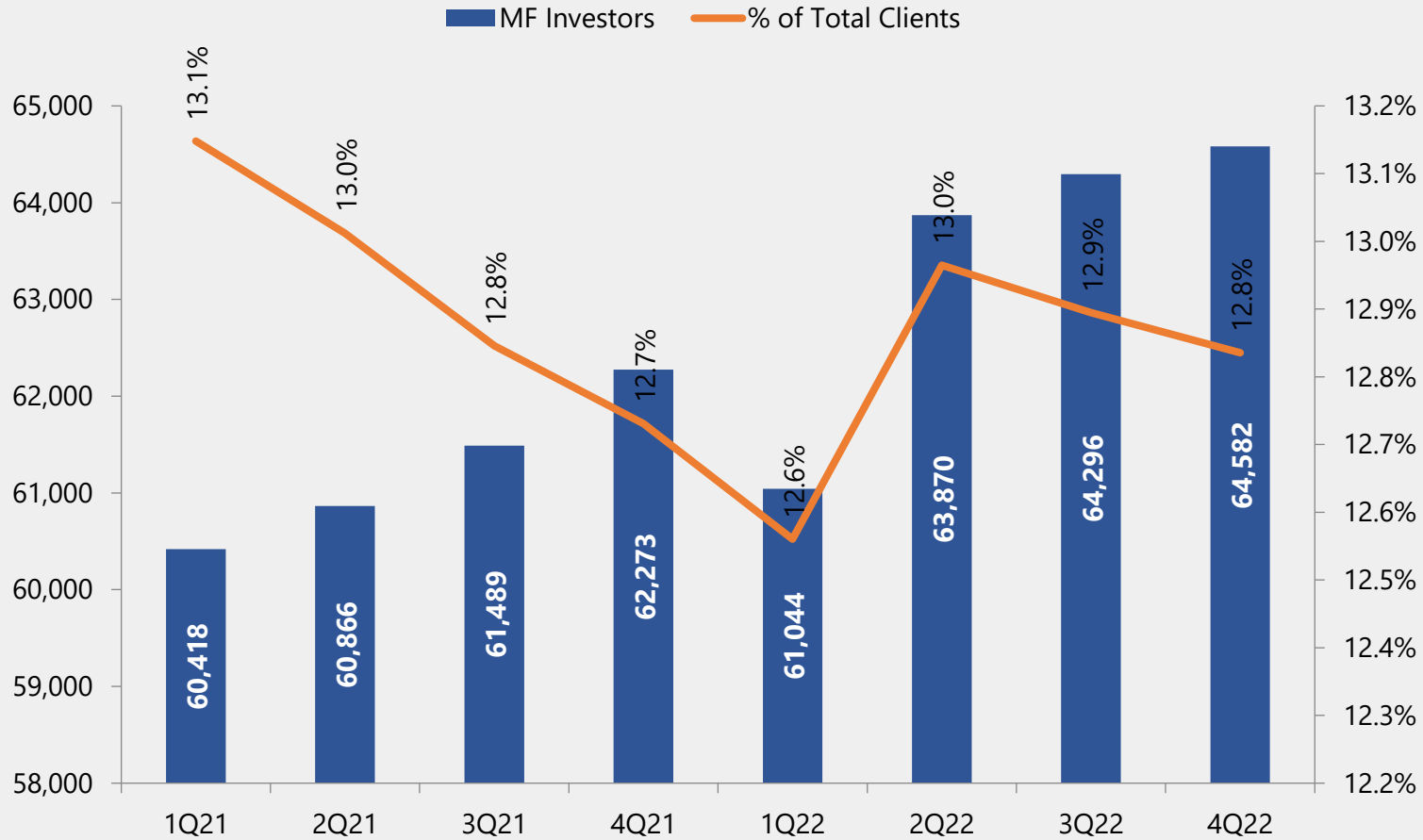
Trailer fees for the full year were up as average non-money market AUA was still higher compared to 2021.

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



Source: COL estimates

# Percentage of Clients Owning MFs Slipped





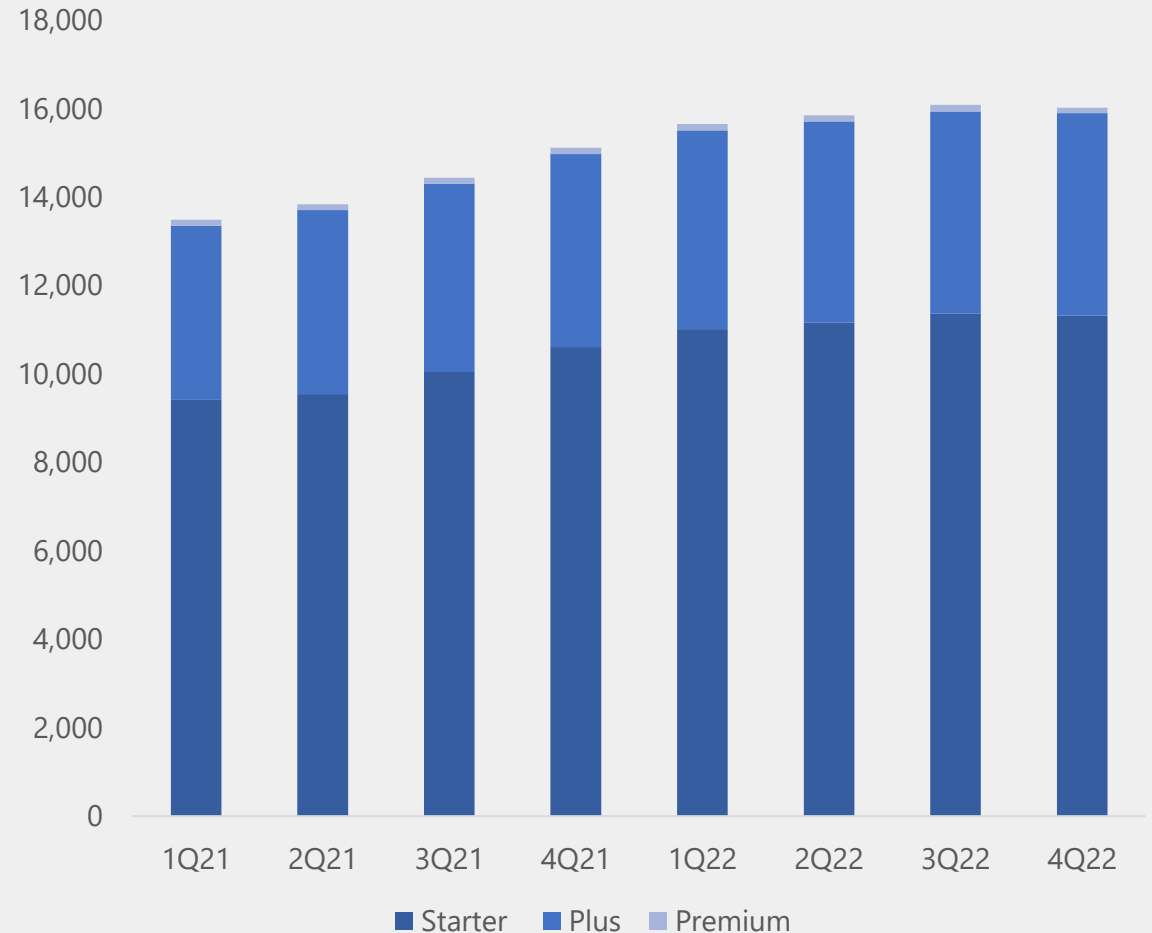
## MF only Clients **Flat**

The number of clients who only owned MFs increased Y/Y but was flat Q/Q.

As of end 2022, there were 16,022 clients who only owned MFs, up 6.0% Y/Y.

Of the said number, 11,320 or 70.7% were Starter clients while 4,579 or 28.6% were Plus clients.

### MF Only Clients





**COL FINANCIAL**

*for a richer life*

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