



2Q21 COL Investor Presentation



Company Overview



Established and licensed by the SEC in 1999



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

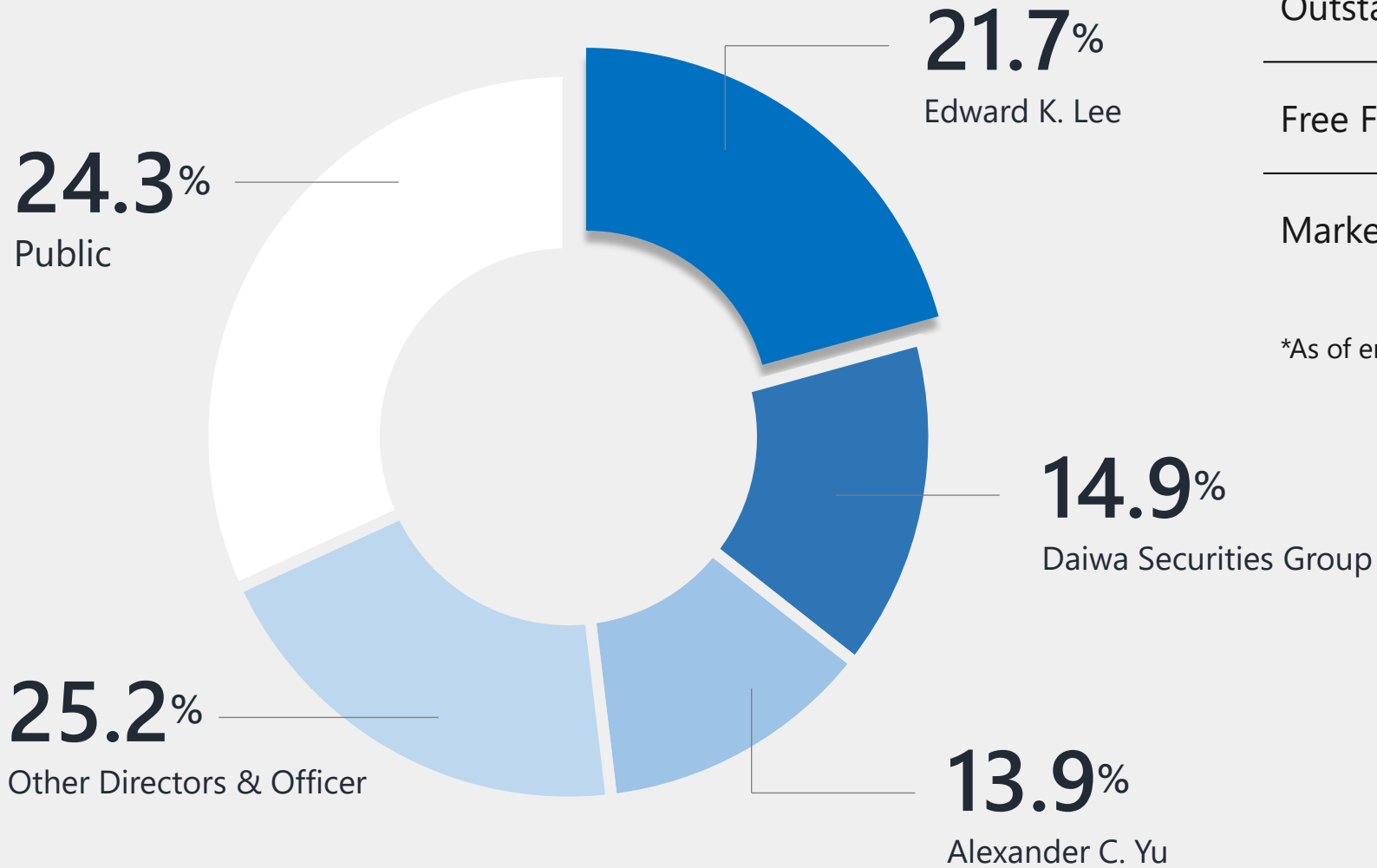


Focused on tapping the underserved retail investor base in the stock market



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*

Php20.9 Bil

*As of end June 2021

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



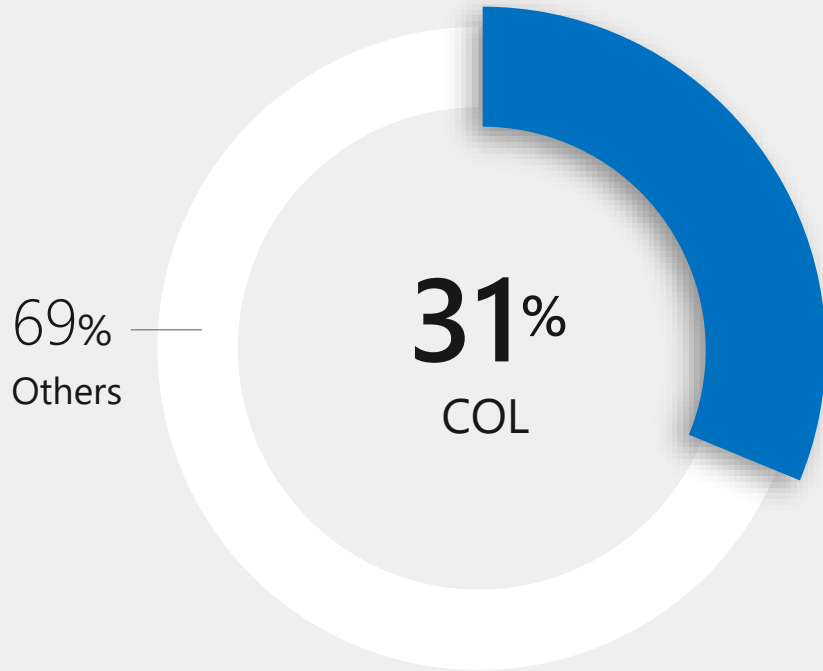
The Biggest Philippine Based Stockbroker

1H21 Rank	Broker Name	1H21 Value Turnover (Php Bil)	% of Total
1	COL Financial Group, Inc.	244.0	11.2%
2	BDO Securities Corp	170.8	8.7
3	CLSA Philippines Inc	149.4	7.8
4	UBS Securities Philippines Inc	106.9	6.8
5	J.P. Morgan Securities Philippines Inc	102.2	4.9
6	First Metro Sec. Brgke. Corp	93.5	4.7
7	Credit Suisse Securities (Phil) Inc	85.6	4.3
8	BPI Securities Corp	81.2	3.9
9	Timson Securities Inc	76.8	3.7
10	Regis Partners Inc	71.1	3.5

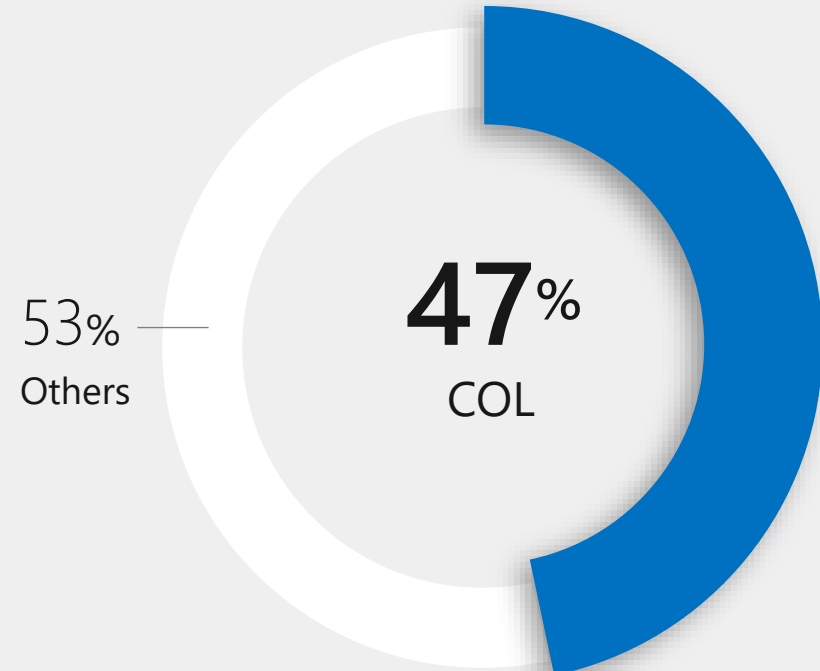
Source: PSE

The Biggest Philippine Based **Stock Broker**

Total Accounts (as of 2020)



Total Online Accounts (as of 2020)



Source: PSE

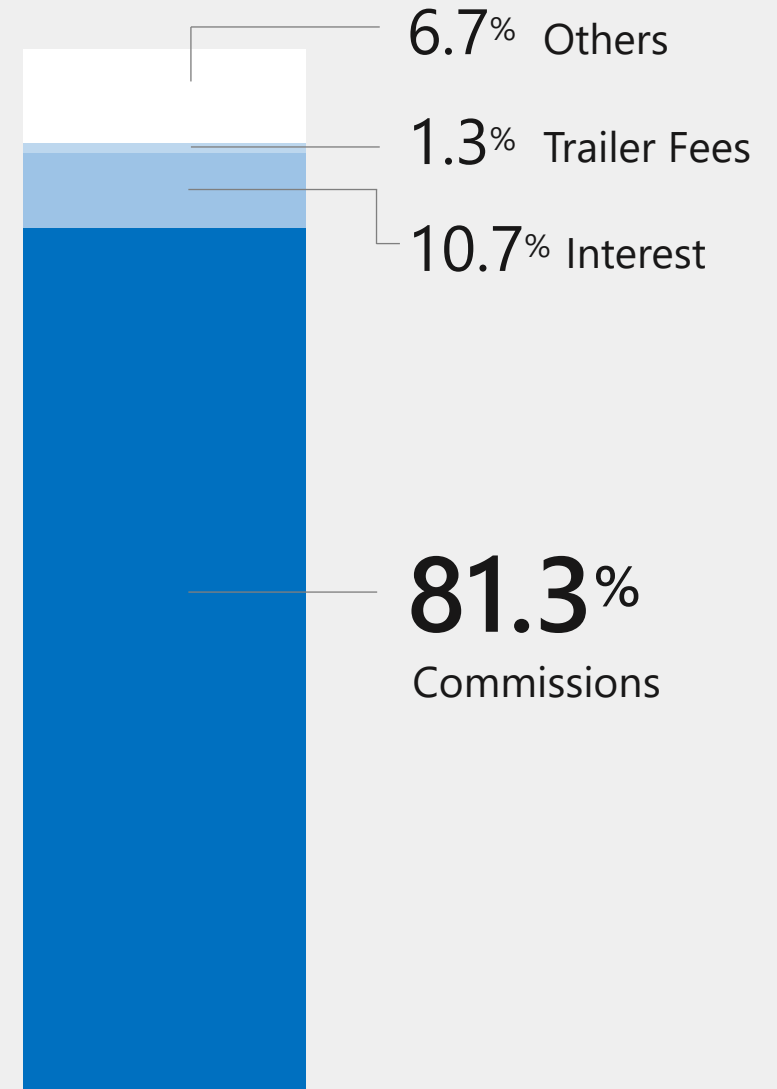
Bulk of Revenues Generated from Commissions and Interest

Commissions from both Philippines and HK account for 81.3% of revenues.

Interest income from margin loans and cash placements account for 10.7% of revenues.

Trailer fees from the distribution of mutual funds account for 1.3% of revenues.

Revenue Breakdown 1H21



Key Operating Highlights

Positives

1. Record revenues and profits
2. 1H21 profits already above 2020 full year profits
3. Maintained rank as the country's number one stockbroker

Negatives

1. Interest income fell sharply
2. Weakening PSE trading volume

1H21 Net Income

+137% Y/Y

1H21 net income more than doubled to a six-month record of Php479.5 Mil. The amount is also more than 2020 full year net income of Php422.2 Mil.

Pro forma consolidated revenues were up 69.9% to Php787.2 Mil, also a record high. Growth was led by the significant jump in commissions, and the booking of Php52.9 Mil in other income.

Operating profits were up by a faster 113.2% to Php583.5 Mil as operating expenses increased by only 7.0%.

Profits also benefited from the reduction in effective tax rate from 26.1% to 17.8%, largely due to the passage of the CREATE bill.

Pro Forma Consolidated Income Statement (Php Mil)

	Change			
	1H20	1H21	Amount	%
Income				
Commissions	300.3	639.9	339.6	113.1%
Interest	155.3	84.2	(71.1)	-45.8%
Trailer Fees	7.9	10.2	2.3	29.6%
Other income	0.6	52.9	52.3	9008.9%
Total	464.1	787.2	323.1	69.6%
Expenses				
Commission expenses	12.9	15.1	2.2	16.7%
Personnel costs	66.0	66.9	0.9	1.4%
Professional fees	22.6	24.1	1.4	6.3%
Stock exch. dues & fees	10.8	21.8	10.9	100.9%
Communication	17.7	21.1	3.4	18.9%
Rentals & utilities	4.3	3.9	(0.4)	-9.7%
Depreciation	32.0	32.9	0.9	2.8%
Advertising & marketing	2.7	1.7	(1.0)	-36.1%
Others	21.4	16.2	(5.2)	-23.0%
Total	190.4	203.7	13.3	7.0%
Pre-Tax Income	273.7	583.5	309.8	113.2%
Taxes	71.4	104.0	32.6	45.7%
Net Income	202.3	479.5	277.2	137.0%

Higher Commissions and Other Income

Revenues jumped by 69.6% led by the significant increase in commissions and other income.

Commission revenues increased 113.1% to Php639.9 Mil, as commissions from self-directed clients jumped 125.4% due to the active trading of third line issues.

Other income reversed from a loss as COL booked a Php52.2 Mil gain from the sale of financial assets.

Interest income fell by 45.8%, largely due to the 56.9% decline in interest income from placements. Note that yields on placements fell significantly due to the BSP's move to cut rates and banks' RRR last year in response to the COVID-19 crisis. Banks also reduced deposit rates because of ample liquidity and weak loan demand. Lower interest income from placements was partly offset by the 40.0% increase in interest income from margin loans.

Pro Forma Revenue Breakdown (Php Mil)

	1H20	1H21	Change	
			Amount	%
Revenue Breakdown				
Commission	300.3	639.9	339.6	113.1%
<i>PH-Self-directed</i>	260.8	587.8	327.0	125.4%
<i>PH- Agency & advisory</i>	33.3	45.7	12.4	37.2%
<i>HK & others</i>	6.2	6.4	0.2	3.2%
Interest	155.4	84.2	(71.2)	-45.8%
Trailer Fees	7.9	10.2	2.3	29.6%
Others	0.6	52.9	52.4	9008.9%
Total Revenues	464.1	787.2	323.2	69.6%
Revenue Share				
Commission	64.7%	81.3%		
<i>Self-directed (incl HK)</i>	88.3%	93.9%		
<i>Agency & advisory</i>	11.1%	7.1%		
Interest	33.5%	10.7%		
Trailer Fees	1.7%	1.3%		

Higher Commissions and Other Income

Self-directed clients accounted for the lion's share of total commission revenues at 93.9%.

Core commission revenues and trailer fees accounted for 82.6% of total revenues, up from 66.4% during the first half of last year.

Pro Forma Revenue Breakdown (Php Mil)

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<i>Agency & advisory</i>	11.1%	7.1%		
Interest	33.5%	10.7%		
Trailer Fees	1.7%	1.3%		

Flattish Fixed Expenses

Operating expenses increased by 7.0%, largely driven by the 55.1% jump in trading related expenses.

Trading related expenses increased significantly due to the sharp rise of trading activity. However, the pace was slower than that of value turnover as self-directed clients accounted for a larger share of total trades.

Fixed operating expenses were flattish at Php166.8 Mil, as higher personnel costs, professional fees and communication expenses were offset by lower rentals & utilities, advertising & marketing, and other expenses.

Pro Forma Breakdown of Expenses (Php Mil)

	1H20	1H21	Change	
			Amount	%
Trading Related Expenses				
Commission expenses	12.9	15.1	2.2	16.7%
<i>Agency & Advisory</i>	11.3	14.2	2.9	25.9%
<i>CROs & Others</i>	1.6	0.9	-0.8	-46.0%
Stock exch. dues & fees	10.8	21.8	10.9	100.9%
Total	23.7	36.8	13.1	55.1%
Fixed Operating Expenses				
Personnel costs	66.0	66.9	0.9	1.4%
Professional fees	22.6	24.1	1.4	6.3%
Communication	17.7	21.1	3.4	18.9%
Rentals & utilities	4.3	3.9	-0.4	-9.7%
Depreciation	32.0	32.9	0.9	2.8%
Advertising & Mktg	2.7	1.7	-1.0	-36.1%
Others	21.4	16.2	-5.2	-24.3%
Total	166.6	166.8	0.1	0.1%
Total Expenses	190.4	203.7	13.3	7.0%

ROAE Jumped to 50.1%

Annualized ROAE more than doubled from 24.1% to 50.1%.

The improvement in profitability was driven by the significant increase in margins and higher asset turnover.

Margins improved due to the strong growth in revenues, the larger share in commissions of self-directed clients, and the highly leveraged nature of the stockbrokerage business.

Asset turnover increased due to the higher trading activity of clients, partly offset by the lower yields on cash placements.

Selected Financial Ratios

	1H20	1H21
Operating Profit Margin	58.2%	74.1%
EBITDA Margin	65.9%	78.3%
Net Margin	43.6%	60.9%
Asset Turnover (Annualized)	8.2%	12.1%
Asset/Equity	7.8	6.1
ROAE (Annualized)	24.1%	50.1%

Maintained Number 1 Rank

COL's average daily turnover more than doubled Y/Y to Php2.0 Bil in 1H21, outpacing the 35.9% growth in the PSE's average daily turnover.

Consequently, COL's market share in terms of value turnover improved to 11.2% for the whole market and 16.8% for local investors. This has allowed COL to maintain its rank as the number 1 broker in terms of value turnover in the PSE for the third quarter in a row in 2Q21.

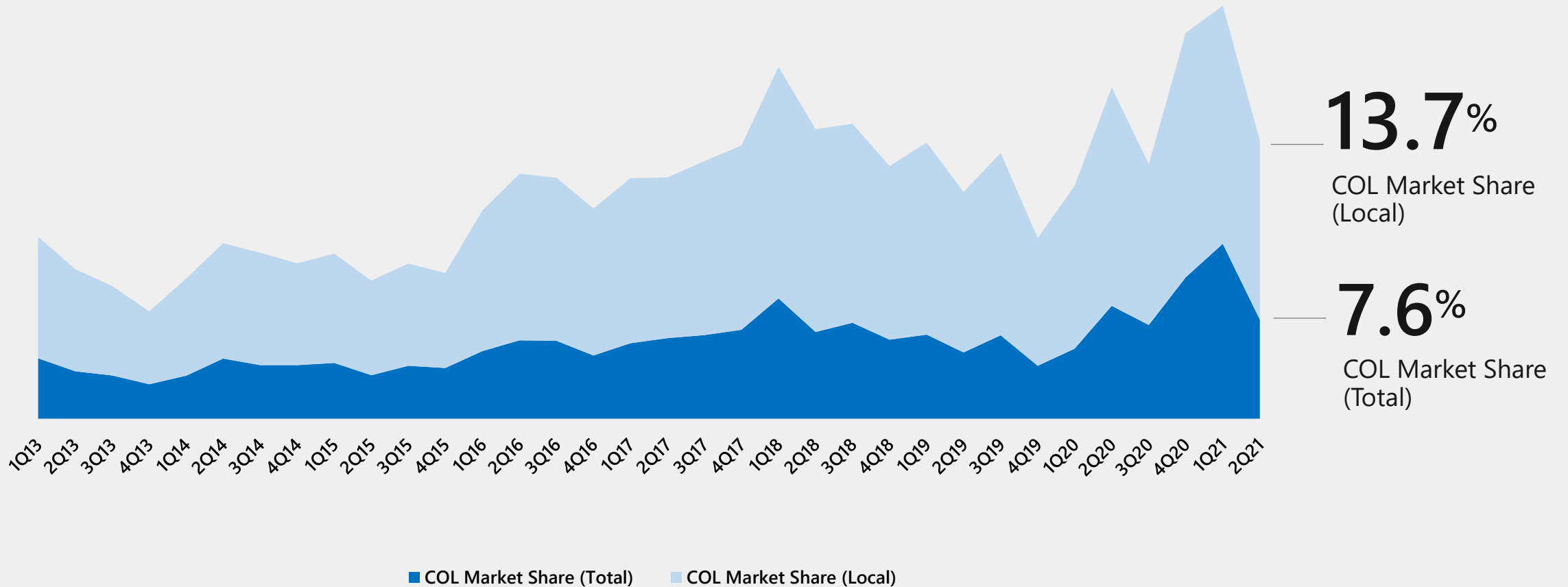
However, the strong performance might not be sustained due to weakening trading volume in the PSE.

Comparative Performance (COL vs. PSE)

	1H20	1H21	Change	
			Amount	%
PSE Ave. Daily T/O (PhpMil)	6,593.3	8,959.2	2,366.0	35.9%
COL Ave. Daily T/O (PhpMil)	921.0	1,999.6	1,078.6	117.1%
COL Market Share (Total)	7.0%	11.2%		
COL Market Share (Local)	14.8%	16.8%		
PSE Ranking	3	1		
No. of Transactions - PSE ('000)	25,646	33,175	7,528.7	29.4%
No. of Transactions - COL ('000)	5,060	11,385	6,324.9	125.0%
COL Market Share	19.7%	34.3%		
PSE Ranking	1	1		

Market Share Remained High

COL Market Share (Value T/O)

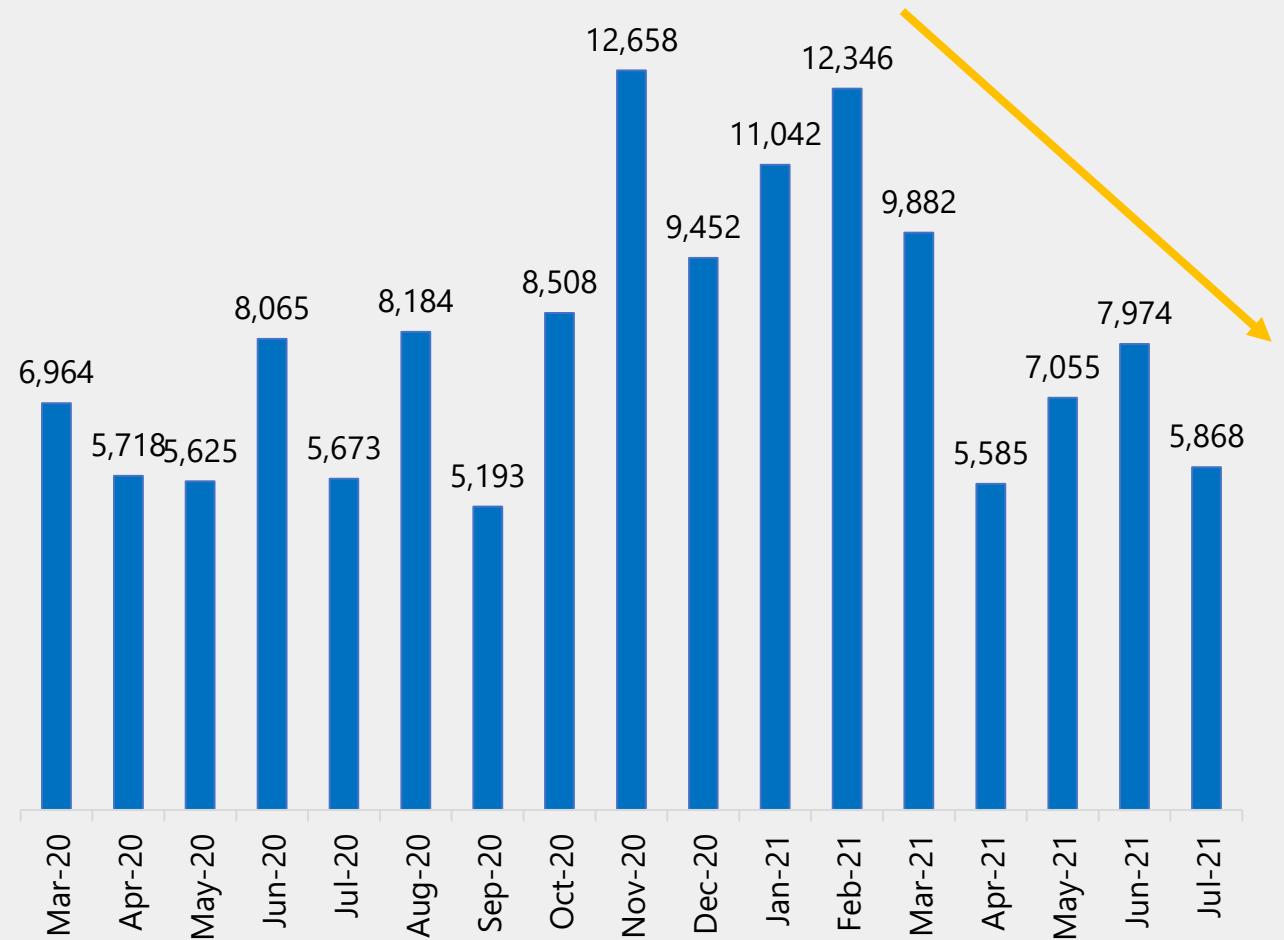


But Market Volume Weakening...

The PSE's average daily value turnover fell to only Php5.9 Bil in July and is even lower in August.

On the positive side, the PSE's average daily value turnover was also weak in 3Q20 at only Php6.3 Bil. COL's average daily value turnover also remained healthy at around Php1.0 Bil in July 2021 vs Php899.3 Mil in 3Q20.

PSE Ave Daily Value T/O (Php Mil)



Strong Balance Sheet

Cash & cash equivalents decreased by 38.1% to Php3.6 Bil. This was largely due to the placement of more funds in investment securities to earn higher yields. Note that investment securities at amortized cost increased by 15.1% to Php7.1 Bil.

Moreover, clients deployed a larger portion of their portfolio in the market compared to end 2020. This was also the main reason for the 12.8% drop in trade payables to Php10.0 Bil.

Trade receivables fell by 21.4% to Php888.3 Mil largely due to the 95% drop in receivables from the clearing house as selling transactions as of end June were much less compared to end 2020. This was partly offset by the 9.1% increase in receivables from clients to Php842.4 Mil led by margin loans.

Stockholders' equity increased by 9.3% to Php2.0 Bil due to the booking of Php479.5 Mil in profits, less Php309.4 Mil in cash dividends.

BVPS increased to Php0.042/sh.

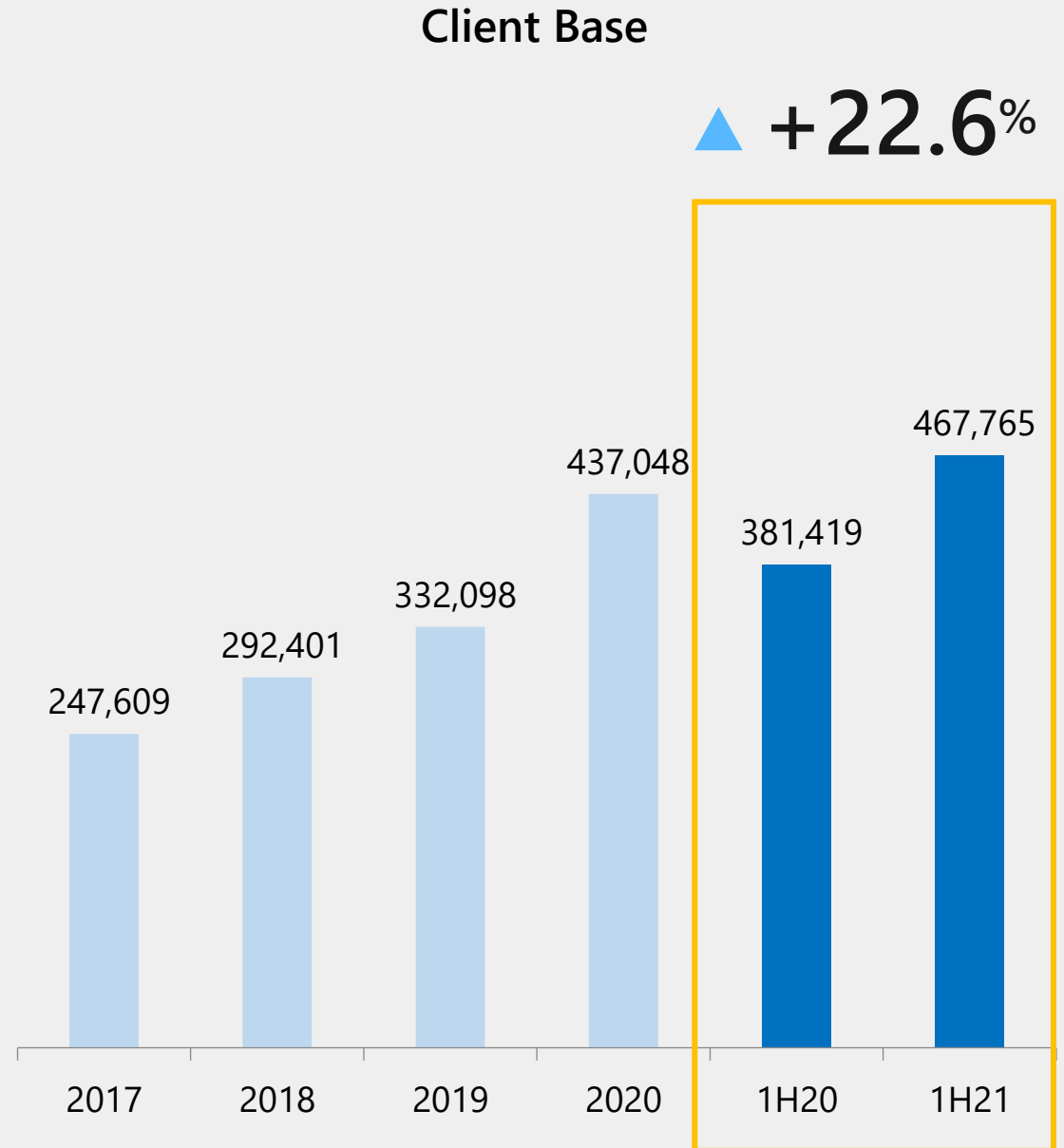
Pro Forma Consolidated Balance Sheet (Php Mil)

	12/31/20	6/30/21	Change	
			Amount	%
Cash & cash equivalents	5,782.4	3,578.3	(2,204.1)	-38.1%
Trade receivables	1,129.9	888.3	(241.7)	-21.4%
Inv't sec at amortized cost	6,163.0	7,095.9	932.9	15.1%
Other current assets	80.3	201.5	121.2	151.0%
HTM investments	300.2	300.2	0.0	0.0%
PPE – net	129.7	112.7	(17.0)	-13.1%
Other non-current assets – net	109.6	103.7	(5.9)	-5.4%
Total Assets	13,695.1	12,280.6	(1,414.5)	-10.3%
Trade payables	11,500.9	10,029.5	(1,471.4)	-12.8%
Other current liabilities	271.0	161.7	(109.2)	-40.3%
Non-current liabilities	94.5	90.4	(4.1)	-4.3%
Total Liabilities	11,866.3	10,281.6	(1,584.7)	-13.4%
Total Stockholders' Equity	1,828.7	1,999.0	170.3	9.3%
Total Liabilities and Stockholder's Equity	13,695.1	12,280.6	(1,414.5)	-10.3%
BVPS	0.038	0.042	0.004	9.5%

Significant Customer Growth

COL's client base grew by 22.6% Y/Y to 467,765 as of end June 2021.

Average monthly additions during the past 12 months reached 7,196.



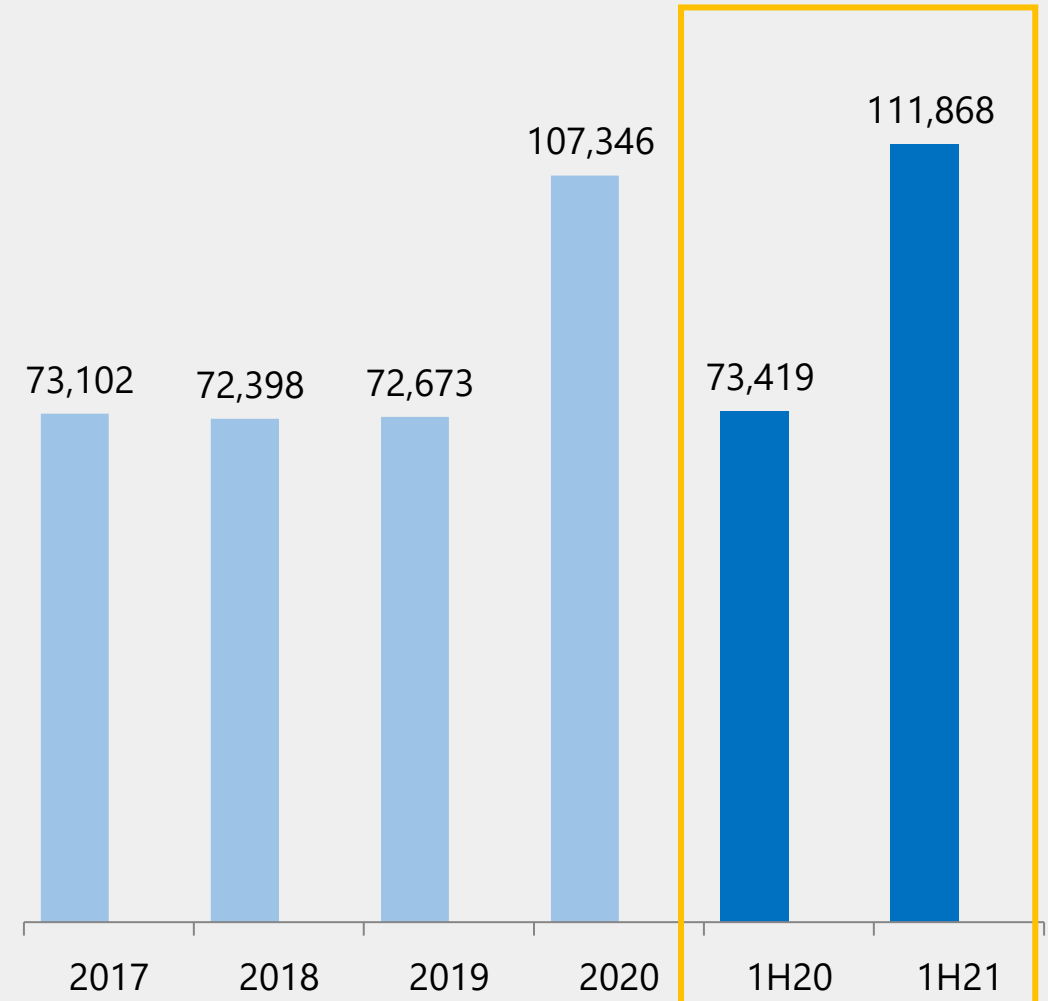
Client Equity up on Higher Deposits, and Better Market Conditions

Client equity was up 52.4% Y/Y to Php111.9 Bil as of end June 2021.

Net new cash inflows from retail clients reached Php15.0 Bil during the past twelve months. The significant increase in prices of local stocks also pulled up client equity. The PSEi ended 1H21 11.2% higher Y/Y.

Client Equity (Php Mil)

▲ +52.4%



Margin Loans Up

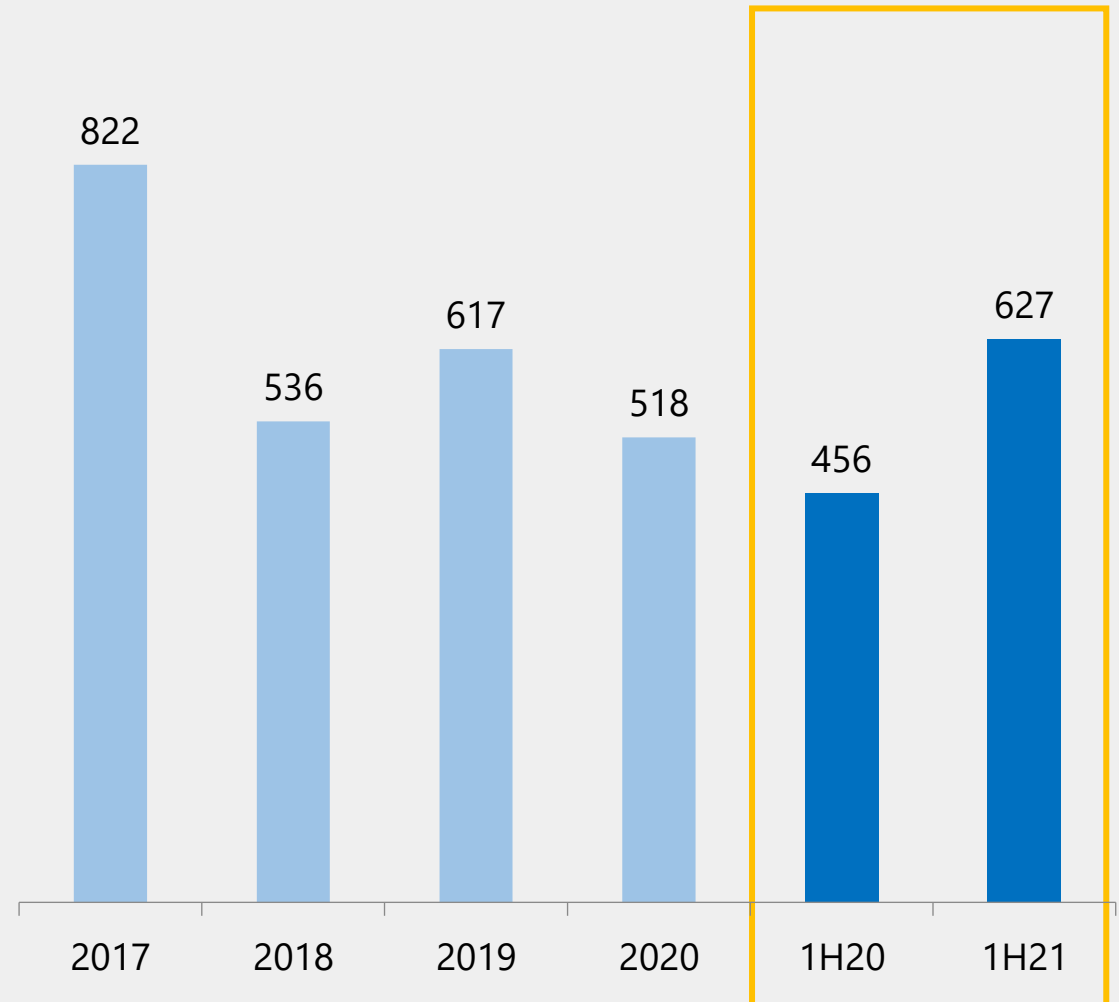
Average daily margin loans increased by 37.5% to Php627 Mil Y/Y.

As of end June 2021, the total number of approved margin accounts was 1,243, higher by 7.9% compared to the same period last year.

Only 32.0% of approved margin accounts utilized their margin lines. In terms of value of margin granted, 11.7% was utilized during the period in review.

Ave Daily Margin Loans (Php Mil)

▲ +37.5%



COL Accounted for a Sizeable Portion of Industry Equity Fund Sales

1H21 Net Sales (in Php Mil, Acc to Type of Fund)

Net Sales	Industry	COL	% Share
Money Market	21,203.0	5.3	0.0%
Bond	-20.4	-4.2	20.6%
Balanced	-229.1	10.3	-4.5%
Equity	3,585.3	151.5	4.2%
Total	24,538.7	163.0	0.7%

COL Accounted for a Sizeable Portion of Some Fund Houses' Net Sales

1H21 Net Sales (in Php Mil, Acc to Fund House)

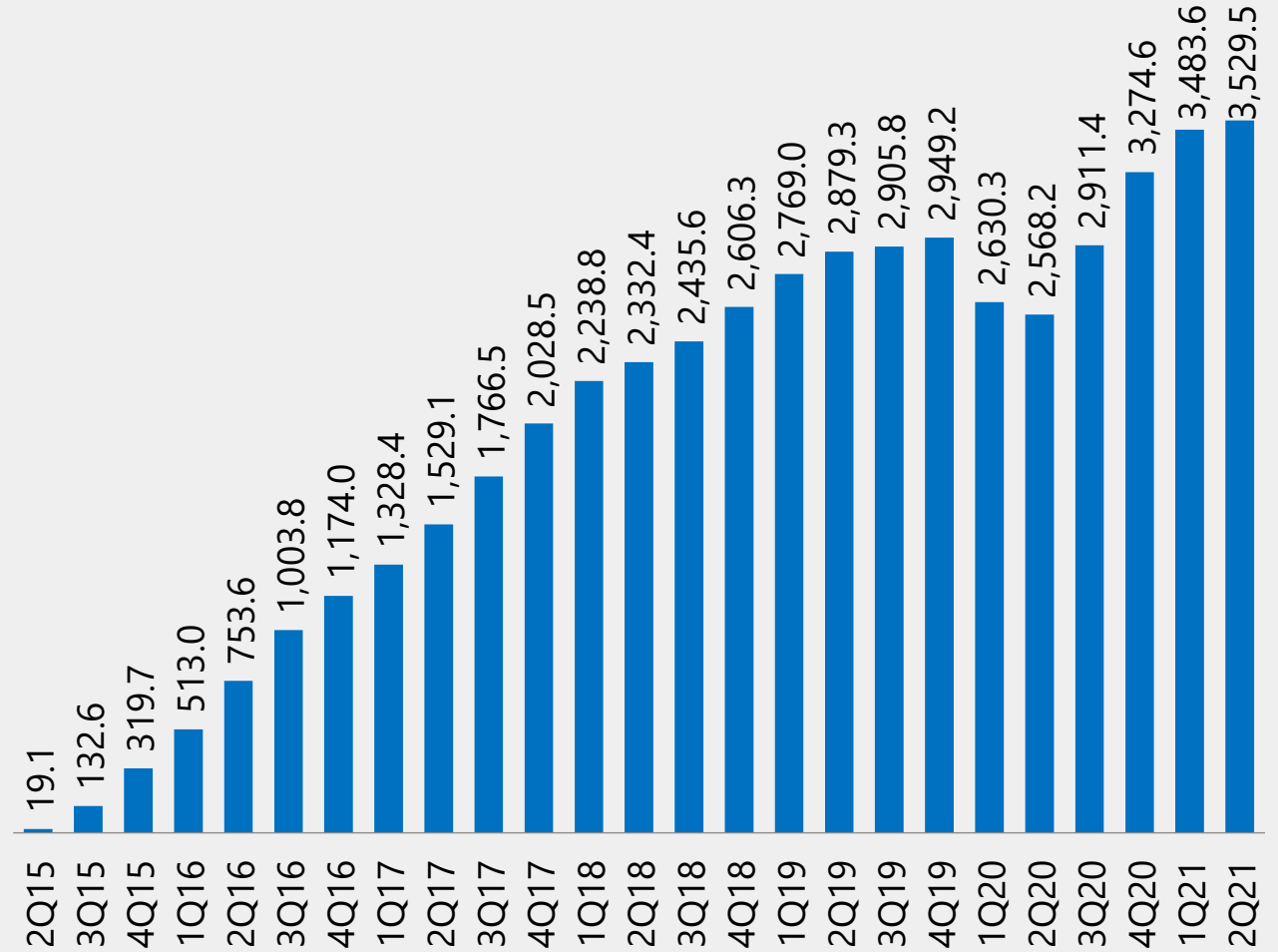
Net Sales	Industry	COL	% Share
ALFM	5,879.6	-3.3	-0.1%
ATR	-209.8	49.3	-23.5%
FAMI	534.4	5.8	1.1%
Phil Equity	126.9	90.0	71.0%
SLAMCI	16,811.5	21.2	0.1%
Total	23,142.6	163.0	0.7%

*Funds available in COL Fund Source Only

Average AUA Up

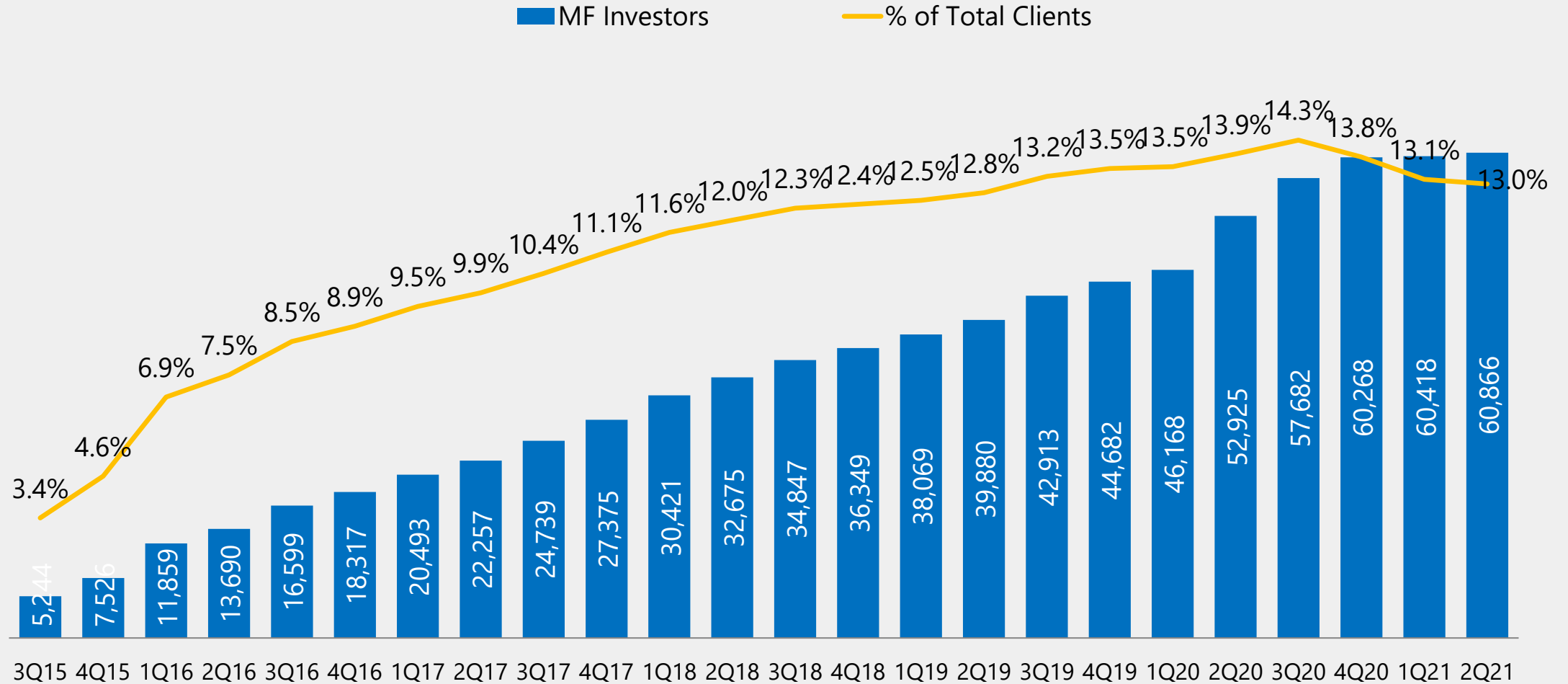
Trailer fees up due to increase in average AUA on a Y/Y and YTD basis during the first half.

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



Source: PIFA, COL estimates

Growing Number, but lower Percentage of Clients Owned MFs





COL FINANCIAL

for a richer life

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