

9M21 COL Investor Presentation



Company Overview



Established and
licensed by the SEC in
1999



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

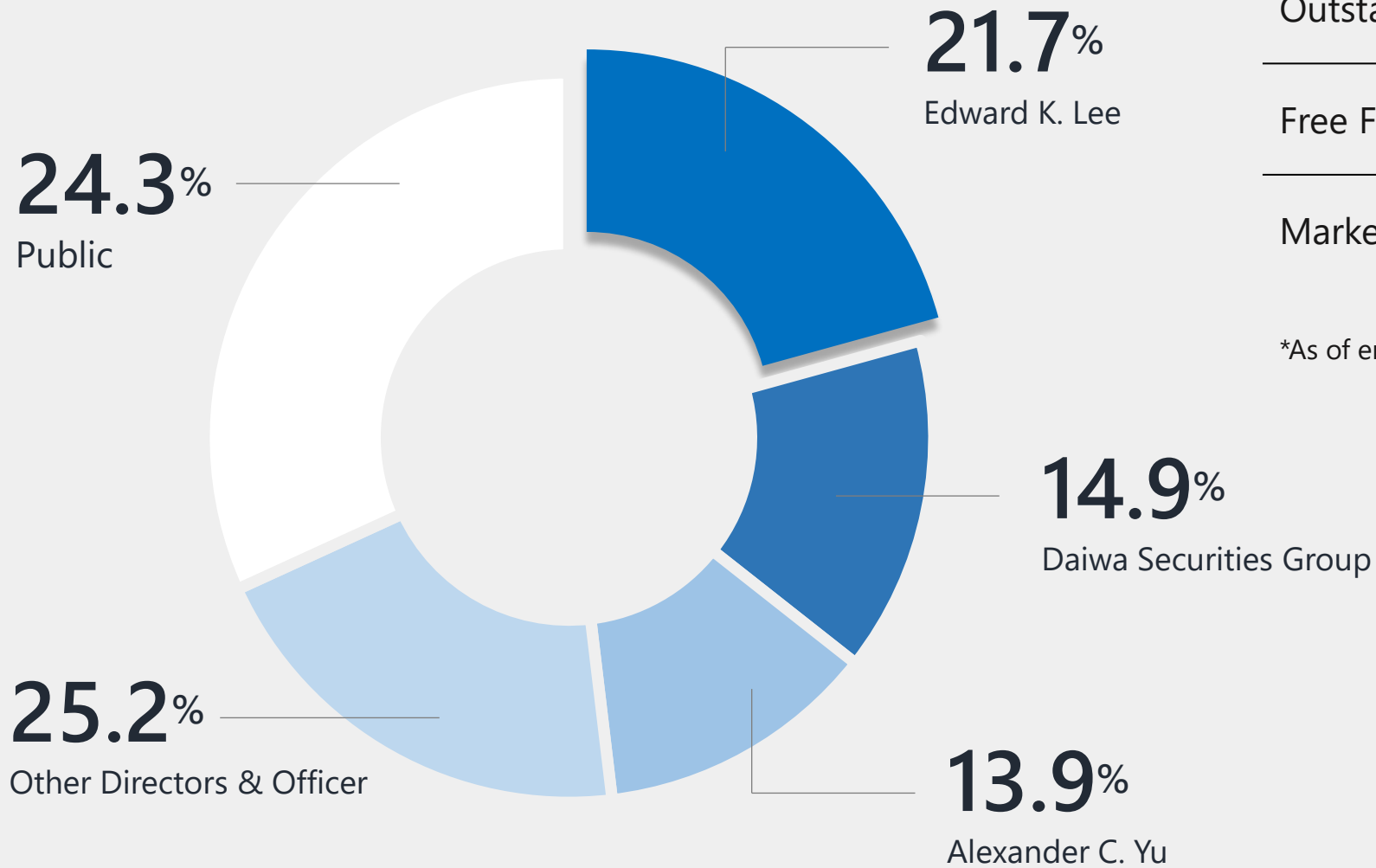


Focused on tapping
the underserved retail
investor base in the
stock market



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*

Php20.6 Bil

*As of end Sept 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



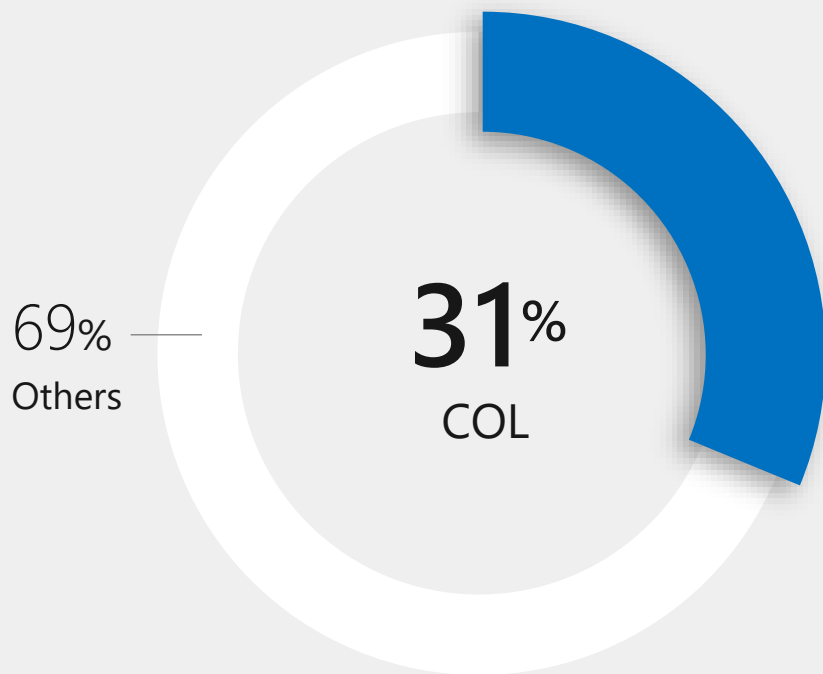
The Biggest Philippine Based Stockbroker

9M21 Rank	Broker Name	9M21 Value Turnover (Php Bil)	% of Total
1	COL Financial Group, Inc.	309.0	9.9
2	CLSA Philippines Inc	216.3	6.9
3	UBS Securities Philippines Inc	198.2	6.3
4	BDO Securities Corp	197.6	6.3
5	BPI Securities Corp	131.6	4.2
6	Credit Suisse Securities (Phil) Inc	129.2	4.1
7	J.P. Morgan Securities Philippines Inc	127.6	4.1
8	First Metro Sec. Brgke. Corp	124.7	4.0
9	Philippine Equity Partners Inc	117.8	3.8
10	Regis Partners Inc	107.9	3.4

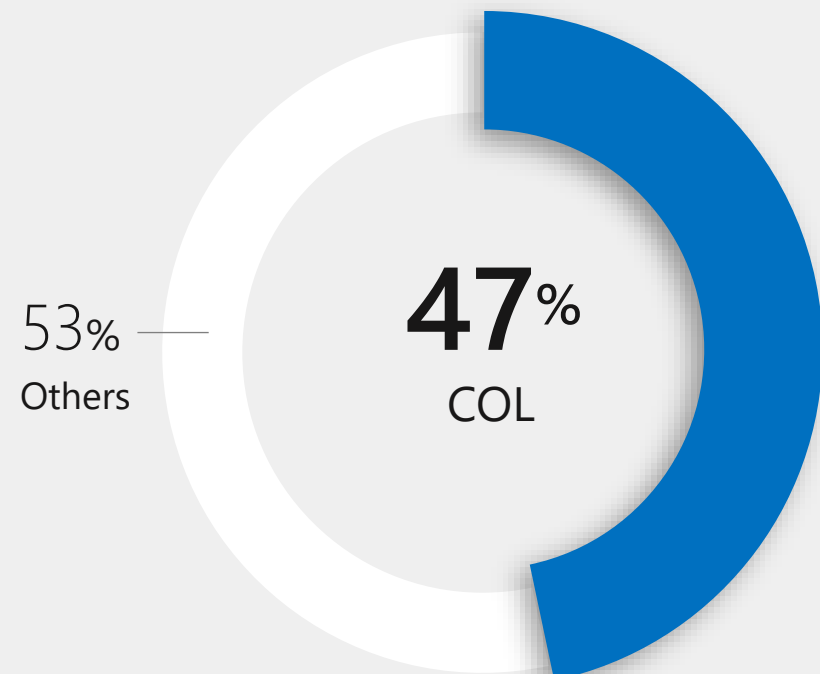
Source: PSE

The Biggest Philippine Based **Stockbroker**

Total Accounts (as of 2020)



Total Online Accounts (as of 2020)



Source: PSE

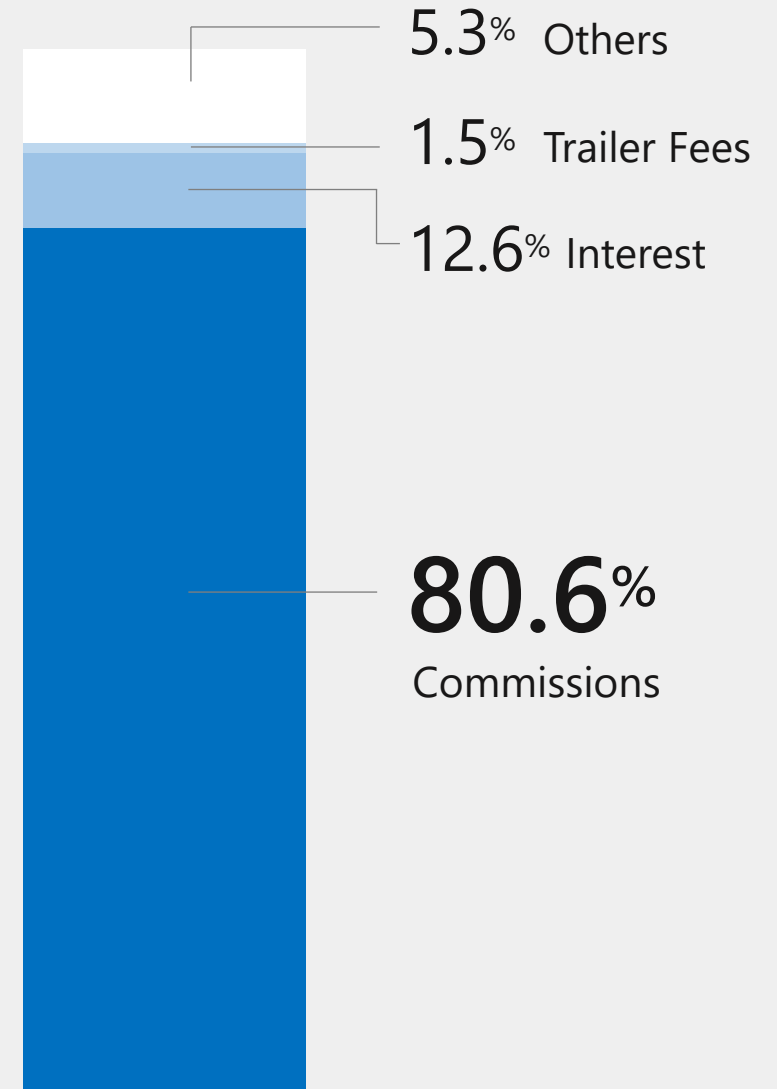
Bulk of **Revenues** Generated from Commissions and Interest

Commissions from both Philippines and HK account for 80.6% of revenues.

Interest income from margin loans and cash placements account for 12.6% of revenues.

Trailer fees from the distribution of mutual funds account for 1.5% of revenues.

Revenue Breakdown 1H21



Key Operating Highlights

Positives

1. Record revenues and profits
2. 9M21 profits already above 2020 full year profits
3. Maintained rank as the country's number one stockbroker

Negatives

1. Interest income fell sharply

9M21 Net Income

+98% Y/Y

9M21 net income almost doubled to a nine-month record of Php583.2 Mil. The amount is also more than 2020 full year net income of Php422.2 Mil.

Pro forma consolidated revenues were up 50.1% to Php1.0 Bil, also a record high. Growth was led by the significant jump in commissions, trailer fees, and the booking of Php53.5 Mil in other income.

Operating profits were up by a faster 80.9% to Php717.6 Mil as operating expenses increased by only 6.5%.

Profits also benefited from the reduction in effective tax rate from 25.7% to 18.7%, largely due to the passage of the CREATE bill.

Pro Forma Consolidated Income Statement (Php Mil)

	Change			
	9M20	9M21	Amount	%
Income				
Commissions	457.9	817.9	360.0	78.6%
Interest	205.4	128.3	(77.1)	-37.6%
Trailer Fees	12.2	15.7	3.4	28.0%
Other income	0.8	53.5	52.7	6656.9%
Total	676.3	1,015.3	339.0	50.1%
Expenses				
Commission expenses	18.4	23.9	5.6	30.3%
Personnel costs	91.5	95.7	4.2	4.6%
Professional fees	33.2	35.0	1.8	5.4%
Stock exch. dues & fees	23.3	29.0	5.7	24.4%
Communication	26.3	31.9	5.6	21.3%
Rentals & utilities	6.7	6.1	(0.6)	-9.0%
Depreciation	47.7	48.5	0.9	1.8%
Advertising & marketing	4.2	2.4	(1.8)	-42.7%
Others	28.3	25.2	(3.1)	-11.0%
Total	279.5	297.8	18.2	6.5%
Pre-Tax Income	396.8	717.6	320.8	80.9%
Taxes	101.9	134.4	32.5	31.9%
Net Income	294.9	583.2	288.3	97.8%

Most Revenue Items Up

Revenues jumped by 50.1% led by the significant increase in commissions and other income.

Commission revenues increased 78.6% to Php817.9 Mil, as commissions from self-directed clients jumped 88.5% 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.

Trailer fees rose by 28.0% due to an increase in assets under administration.

Interest income fell by 37.6%, largely due to the 50.3% decline in interest income from placements. Yields fell significantly due to the BSP's move to cut rates and banks' RRR last year. Banks also reduced deposit rates because of ample liquidity and weak loan demand. Lower interest income from placements was partly offset by the 46.7% increase in interest income from margin loans.

Pro Forma Revenue Breakdown (Php Mil)

	9M20	9M21	Change Amount	%
Revenue Breakdown				
Commission	457.9	817.9	360.0	78.6%
<i>PH-Self-directed</i>	394.0	742.7	348.7	88.5%
<i>PH- Agency & advisory</i>	53.5	69.7	16.2	30.2%
<i>HK & others</i>	1.7	2.7	12.1	2.7
Interest	205.4	128.3	(77.1)	-37.6%
<i>Margin</i>	27.0	39.6	12.6	46.7%
<i>Placements</i>	178.4	88.7	(89.7)	-50.3%
Trailer Fees	12.2	15.7	3.4	28.0%
Others	0.8	53.5	52.7	6656.9%
Total Revenues	676.3	1,015.3	339.0	50.1%
Revenue Share				
Commission	66.3%	80.6%		
<i>Self-directed (incl HK)</i>	86.4%	91.1%		
<i>Agency & advisory</i>	11.7%	8.5%		
Interest	29.7%	12.6%		
<i>Margin</i>	13.1%	30.8%		
<i>Placements</i>	86.9%	69.2%		
Trailer Fees	1.8%	1.5%		

Most Revenue Items Up

Self-directed clients accounted for the lion's share of total commission revenues at 91.1%.

Core commission revenues and trailer fees accounted for 82.1% of total revenues, up from 68.1% during the same period last year.

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<i>Margin</i>	13.1%	30.8%		
<i>Placements</i>	86.9%	69.2%		
Trailer Fees	1.8%	1.5%		

3Q21 Net Income

+12% Y/Y

3Q21 net income increased by 12.1% to Php103.7 Mil.

Pro forma consolidated revenues were up 7.5% to Php228.1 Mil, led by higher commissions, trailer fees, and other income.

Operating profits were up by a faster 9.0% to Php134.1 Mil as operating expenses increased by only 5.2%.

Profits also benefited from the reduction in effective tax rate from 24.8% to 22.7%, largely due to the passage of the CREATE bill.

Pro Forma Consolidated Income Statement (Php Mil)

	Change			
	3Q20	3Q21	Amount	%
Income				
Commissions	157.6	178.0	20.4	12.9%
Interest	50.1	44.1	(6.0)	-12.0%
Trailer Fees	4.3	5.4	1.1	25.1%
Other income	0.2	0.6	0.3	165.6%
Total	212.3	228.1	15.8	7.5%
Expenses				
Commission expenses	5.5	8.9	3.4	62.3%
Personnel costs	25.5	28.8	3.3	13.0%
Professional fees	10.6	10.9	0.4	3.4%
Stock exch. dues & fees	12.5	7.2	(5.2)	-41.9%
Communication	8.6	10.8	2.2	26.2%
Rentals & utilities	2.4	2.2	(0.2)	-7.8%
Depreciation	15.7	15.7	(0.0)	-0.2%
Advertising & marketing	1.5	0.7	(0.8)	-54.2%
Others	7.0	8.8	1.8	25.7%
Total	89.2	94.0	4.8	5.4%
Pre-Tax Income	123.1	134.1	11.0	9.0%
Taxes	30.6	30.4	(0.2)	-0.5%
Net Income	92.6	103.7	11.2	12.1%

Manageable Fixed Expenses

Operating expenses increased by 6.5%, largely driven by the 27.0% 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 up slightly by 2.9% to Php244.8 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)

	9M20	9M21	Change	
			Amount	%
Trading Related Expenses				
Commission expenses	18.4	23.9	5.6	30.3%
Agency & Advisory	16.1	22.8	6.7	41.3%
CROs & Others	2.2	1.1	-1.1	-50.0%
Stock exch. dues & fees	23.3	29.0	5.7	24.4%
Total	41.7	52.9	11.3	27.0%
Fixed Operating Expenses				
Personnel costs	91.5	95.7	4.2	4.6%
Professional fees	33.2	35.0	1.8	5.4%
Communication	26.3	31.9	5.6	21.3%
Rentals & utilities	6.7	6.1	-0.6	-9.0%
Depreciation	47.7	48.5	0.9	1.8%
Advertising & Mktg	4.2	2.4	-1.8	-42.7%
Others	28.3	25.2	-3.1	-11.0%
Total	237.9	244.8	7.0	2.9%
Total Expenses	279.5	297.8	18.2	6.5%

ROAE Jumped to 39.5%

Annualized ROAE improved from 22.8% to 39.5%.

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 from 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

	9M20	9M21
Operating Profit Margin	58.7%	70.7%
EBITDA Margin	65.7%	75.5%
Net Margin	43.6%	57.4%
Asset Turnover (Annualized)	8.5%	10.0%
Asset/Equity	6.5	6.2
ROAE (Annualized)	22.8%	39.5%

Still Number 1

COL's average daily turnover grew strongly by 81.9% to Php1.7 Bil in 9M21, outpacing the 30.1% growth in the PSE's average daily turnover.

Consequently, COL's market share in terms of value turnover improved to 9.9% for the whole market and 15.1% for local investors. This allowed COL to maintain its rank as the number 1 broker in terms of value turnover in the PSE during the first nine months of the year.

Comparative Performance (COL vs. PSE)

	9M20	9M21	Change	
			Amount	%
PSE Ave. Daily T/O (PhpMil)	6,479.4	8,432.2	1,952.7	30.1%
COL Ave. Daily T/O (PhpMil)	913.1	1,661.3	748.2	81.9%
COL Market Share (Total)	7.0%	9.9%		
COL Market Share (Local)	13.8%	15.1%		
PSE Ranking	3	1		
No. of Transactions - PSE ('000)	36,341	44,562	8,221.1	22.6%
No. of Transactions - COL ('000)	7,707	11,102	3,394.3	44.0%
COL Market Share	21.2%	24.9%		
PSE Ranking	1	1		

Strong Balance Sheet

Cash & cash equivalents decreased by 40.6% to Php3.4 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 33.9% to Php8.2 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 4.4% drop in trade payables to Php11.0 Bil.

Trade receivables fell by 18.7% to Php918.9 Mil largely due to the 69% drop in receivables from the clearing house as selling transactions as of end September were much less compared to end 2020.

Stockholders' equity increased by 15.5% to Php2.1 Bil due to the booking of Php583.2 Mil in profits, less Php309.4 Mil in cash dividends.

BVPS increased to Php0.044/sh.

Pro Forma Consolidated Balance Sheet (Php Mil)

	12/31/20	9/30/21	Change	
			Amount	%
Cash & cash equivalents	5,782.4	3,434.0	-2,348.4	-40.6%
Trade receivables	1,129.9	918.9	-211.0	-18.7%
Inv't sec at amortized cost	6,163.0	8,254.7	2,091.7	33.9%
Other current assets	80.3	198.5	118.2	147.3%
HTM investments	300.2	300.2	0.0	0.0%
PPE – net	129.7	107.9	-21.8	-16.8%
Other non-current assets – net	109.6	100.9	-8.7	-7.9%
Total Assets	13,695.1	13,315.1	-380.0	-2.8%
Trade payables	11,500.9	10,993.9	-507.0	-4.4%
Other current liabilities	271.0	118.1	-152.9	-56.4%
Non-current liabilities	94.5	91.0	-3.4	-3.6%
Total Liabilities	11,866.3	11,203.1	-663.3	-5.6%
Total Stockholders' Equity	1,828.7	2,112.1	283.3	15.5%
Total Liabilities and Stockholder's Equity	13,695.1	13,315.1	-380.0	-2.8%
BVPS	0.038	0.044	0.006	15.7%

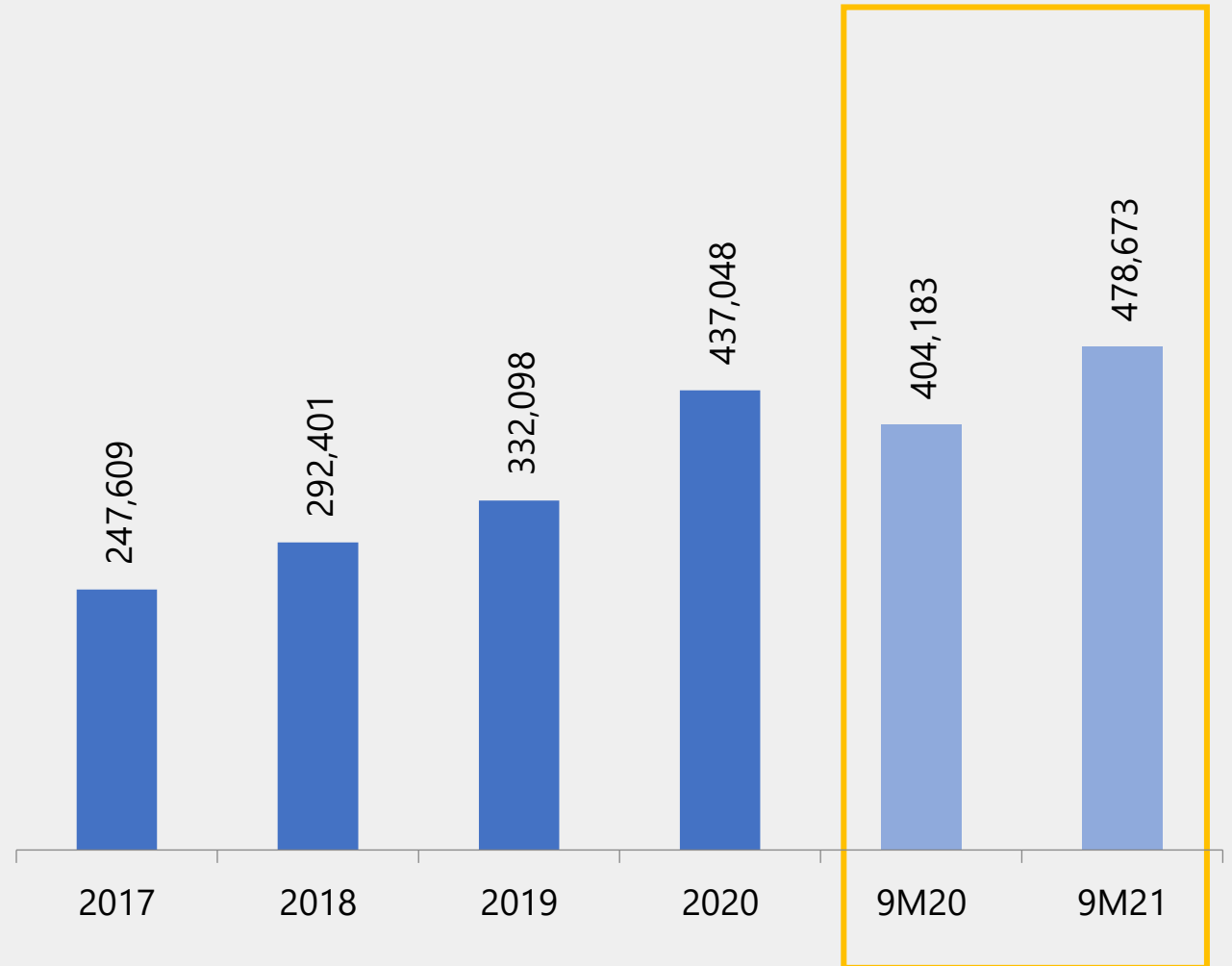
Significant Customer Growth

COL's client base grew by 18.4% Y/Y to 478,673 as of end September 2021.

Average monthly additions during the past 12 months reached 6,208.

Client Base

▲ +18.4%



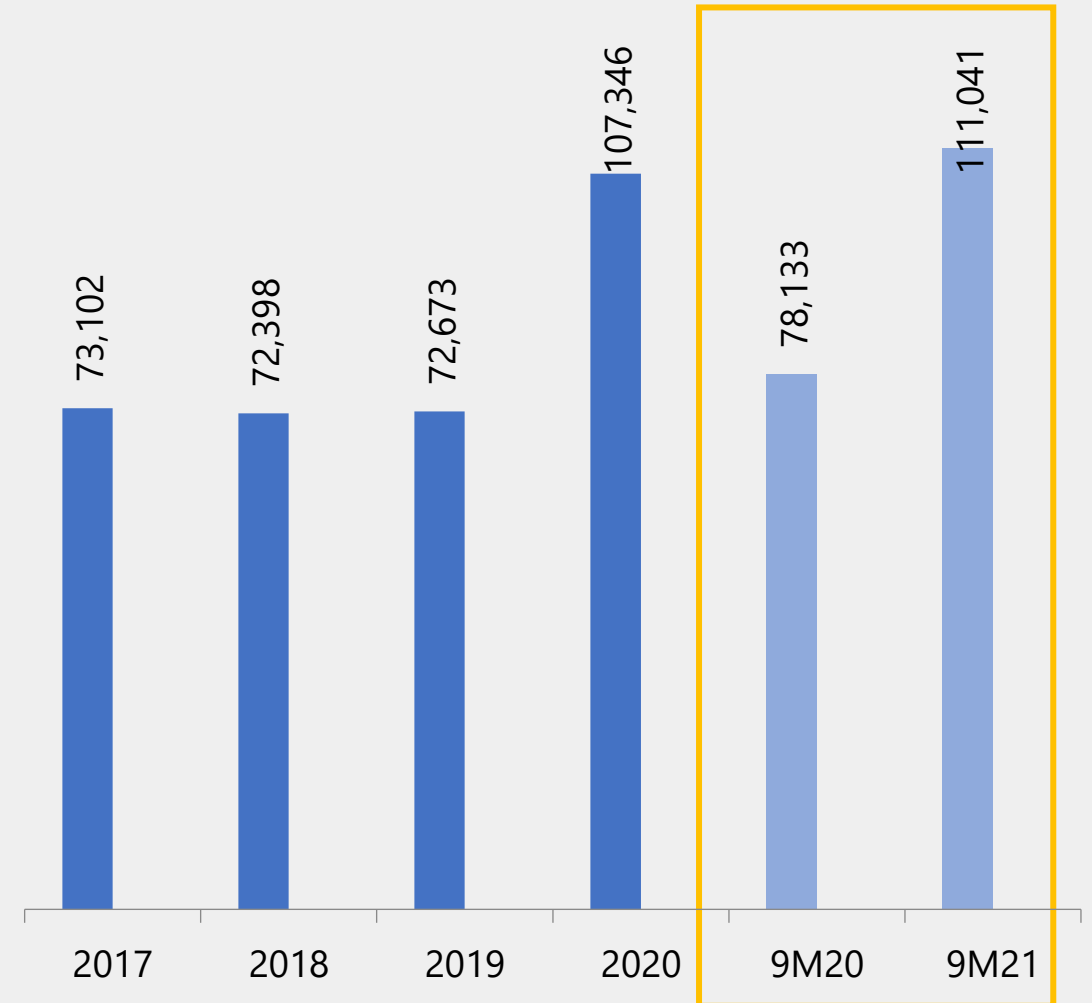
Client Equity up on Higher Deposits, and Better Market Conditions

Client equity was up 42.1% Y/Y to Php111.0 Bil as of end September 2021.

Net new cash inflows from retail clients reached Php12.5 Bil during the past twelve months. The significant increase in prices of local stocks also pulled up client equity. The PSEi ended 9M21 18.6% higher Y/Y.

Client Equity (Php Mil)

▲ +42.1%



Margin Loans Up

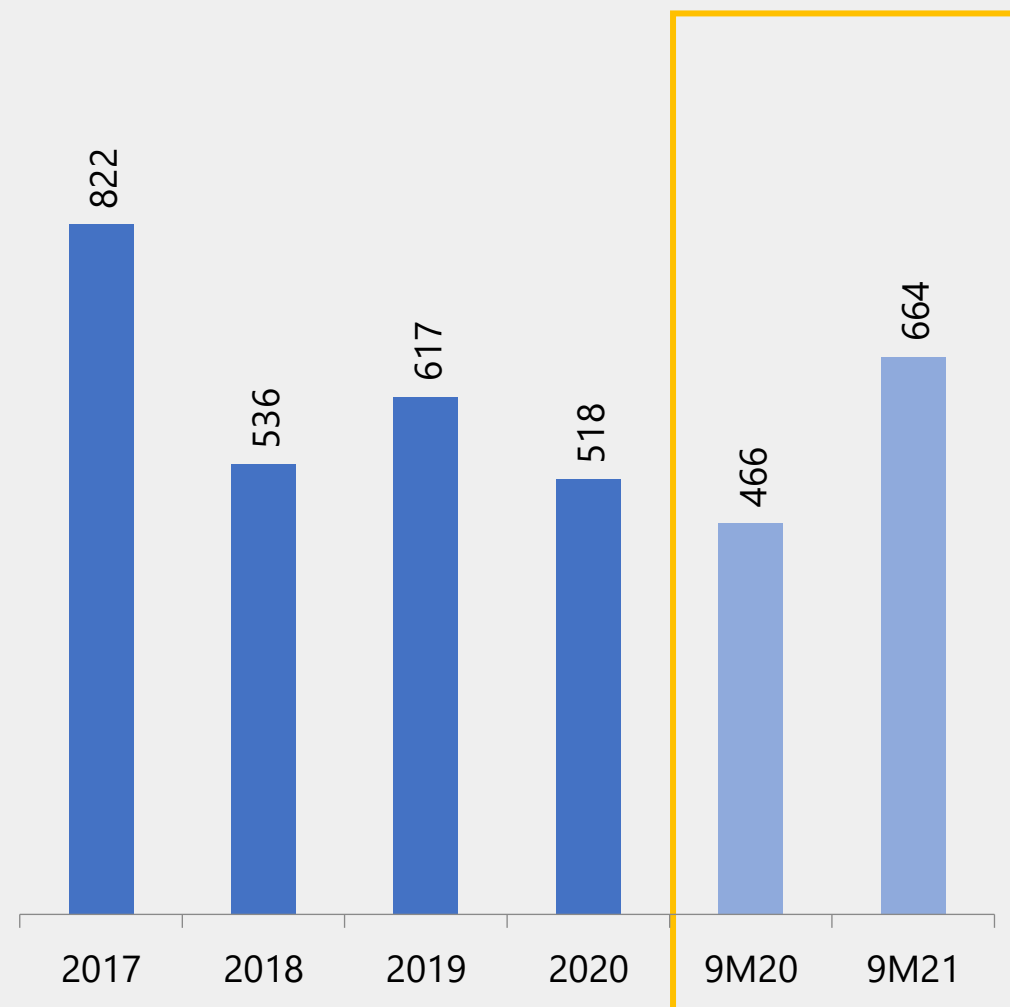
Average daily margin loans increased by 42.5% to Php664 Mil Y/Y.

As of end September 2021, the total number of approved margin accounts was 1,232, higher by 4.5% compared to the same period last year.

Only 34.3% of approved margin accounts utilized their margin lines. In terms of value of margin granted, 12.4% was utilized during the period in review.

Ave Daily Margin Loans (Php Mil)

▲ +42.5%



COL Accounted for 3.4% of Industry Equity Fund Sales

9M21 Net Sales (in Php Mil, Acc to Type of Fund)

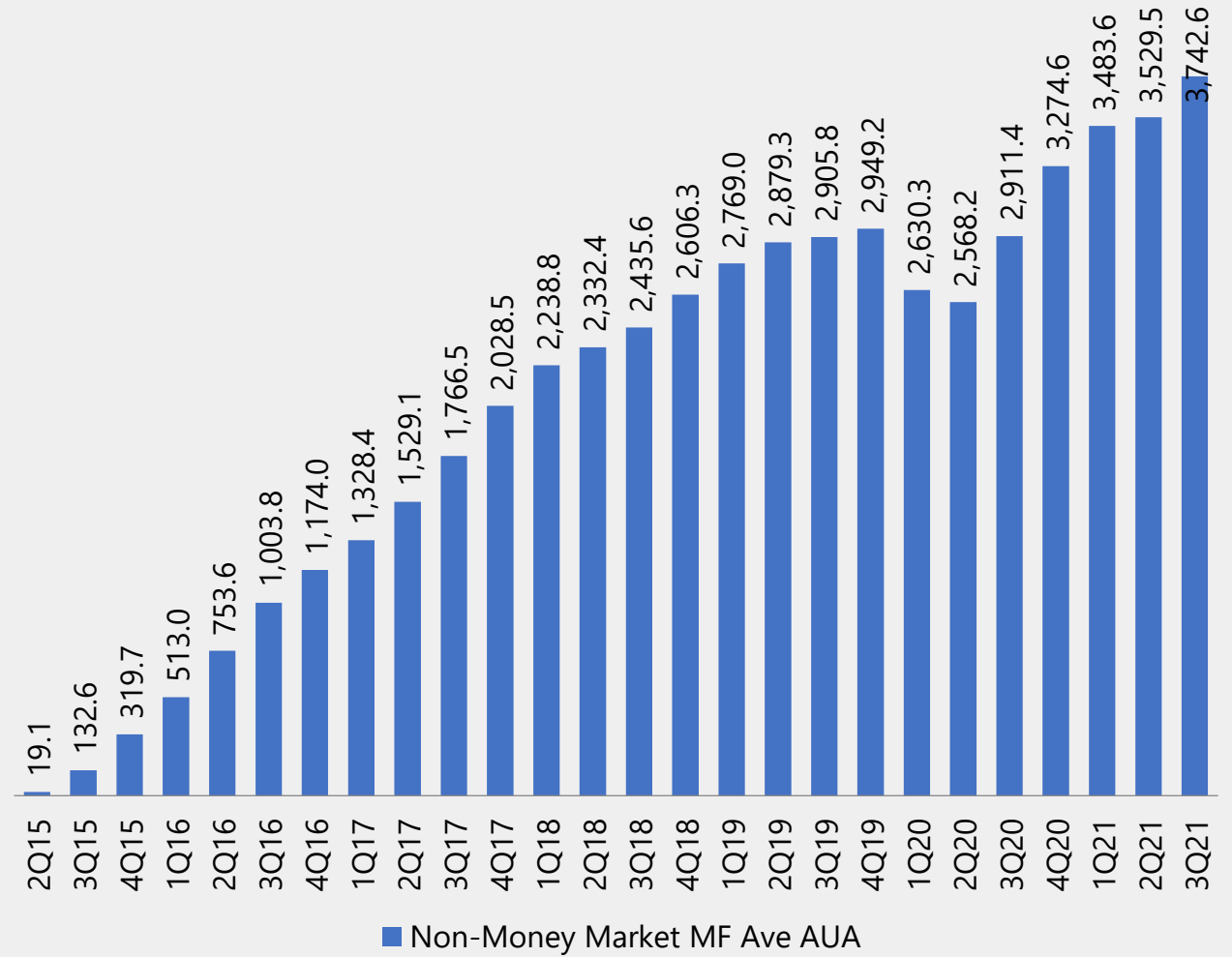
Net Sales	Industry	COL	% Share
Money Market	39,988.8	6.3	0.0%
Bond	-514.3	1.1	-0.2%
Balanced	-230.2	13.4	-5.8%
Equity fund	4,436.9	149.0	3.4%
Feeder fund*	2,836.8	38.3	1.4%
Total	46,518.0	208.2	0.4%

*3Q21 only

Average AUA Up

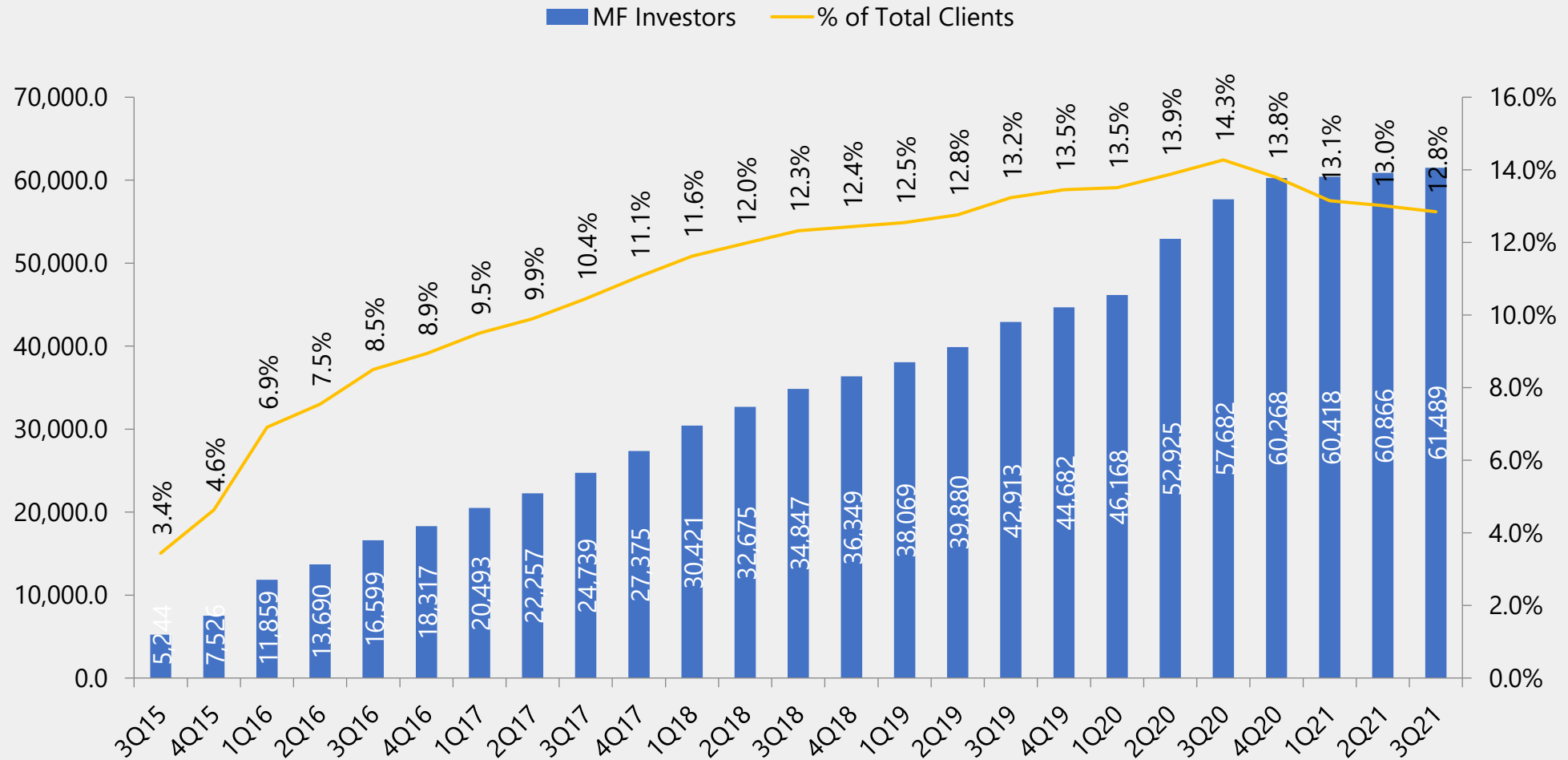
Trailer fees up due to increase in average AUA on a Y/Y and YTD basis during the first nine months.

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



Source: PIFA, COL estimates

Growing Number, but lower Percentage of Clients Owned MFs





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