

1H 2022
COL Investor
Presentation

Company Overview



Established and
licensed by the SEC in
1999



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

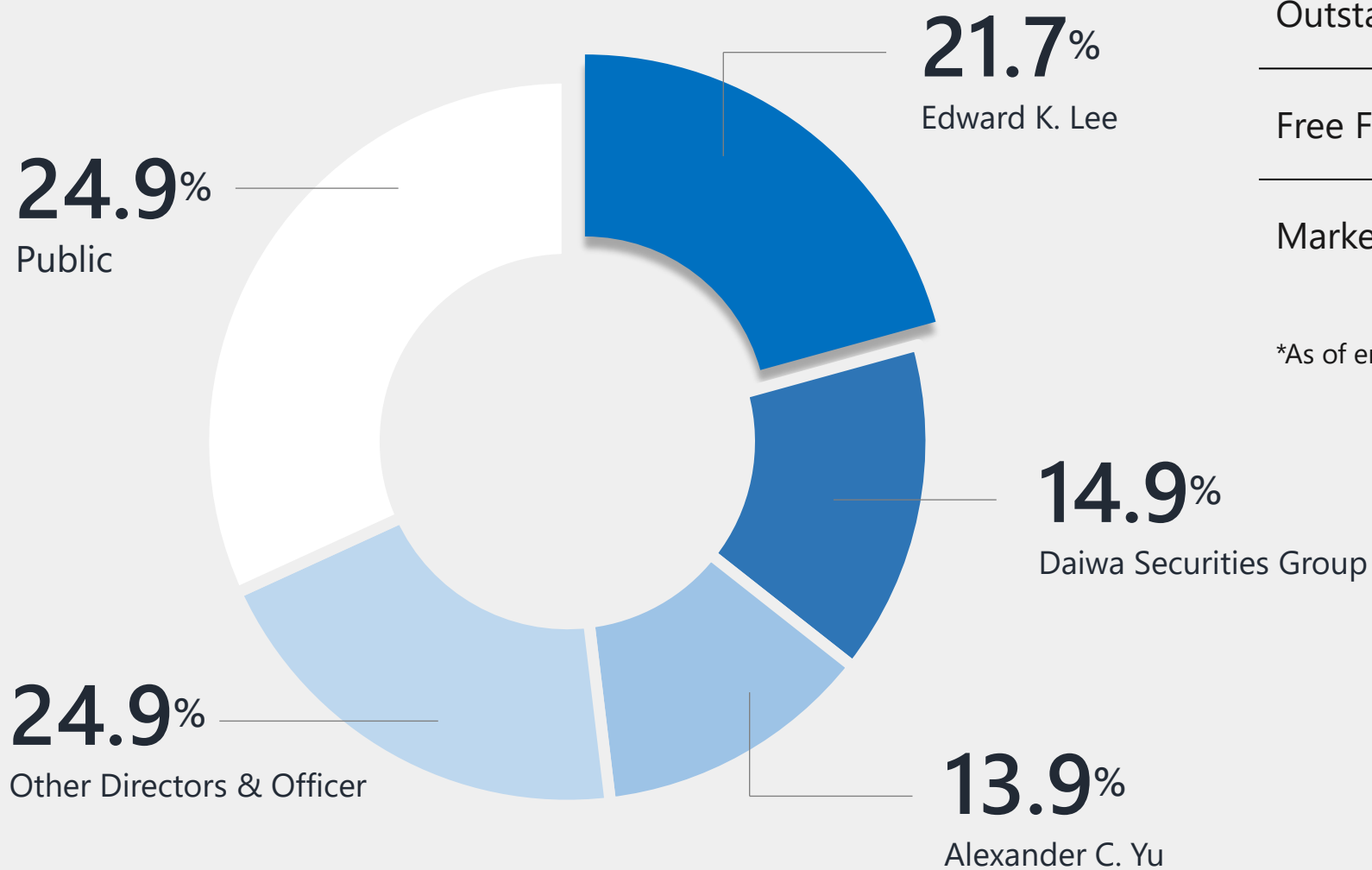


Focused on tapping
the underserved retail
investor base in the
stock market



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*

Php16.4 Bil

*As of end June 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



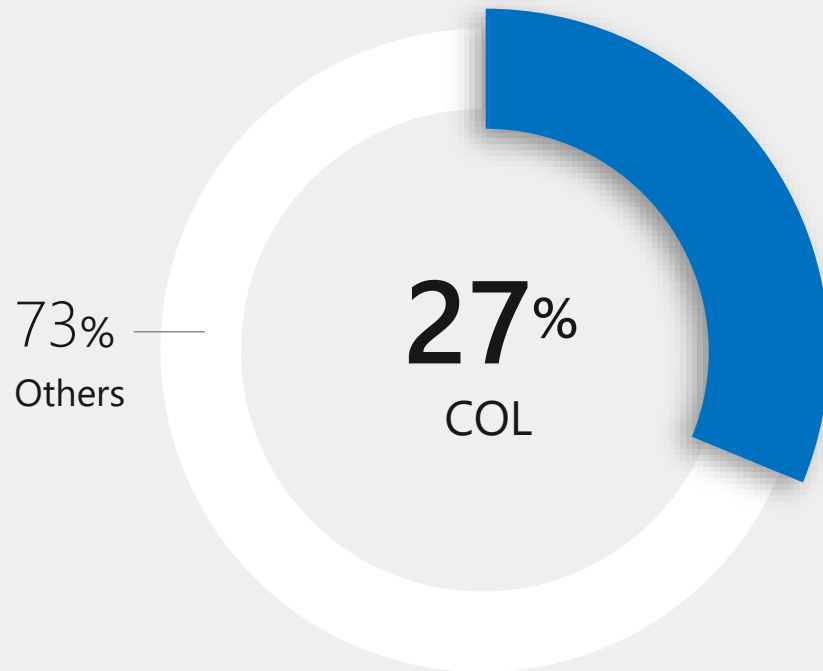
The Biggest Philippine Based **Stockbroker**

1H22 Rank	Broker Name	1H22 Value Turnover (Php Bil)	% of Total
1	UBS Securities Philippines Inc	129.4	7.1
2	CLSA Philippines Inc	123.7	6.7
3	Mandarin Securities Corp	118.4	6.5
4	COL Financial Group, Inc	98.0	5.3
5	Credit Suisse Securities (Phil) Inc	87.5	4.8
6	BPI Securities Corp	85.0	4.6
7	Macquarie Capital Securities (Phil) Inc	81.6	4.4
8	J.P. Morgan Securities Philippines Inc	80.6	4.4
9	Regis Partners, Inc	79.6	4.3
10	Maybank Securities, Inc	71.1	3.9

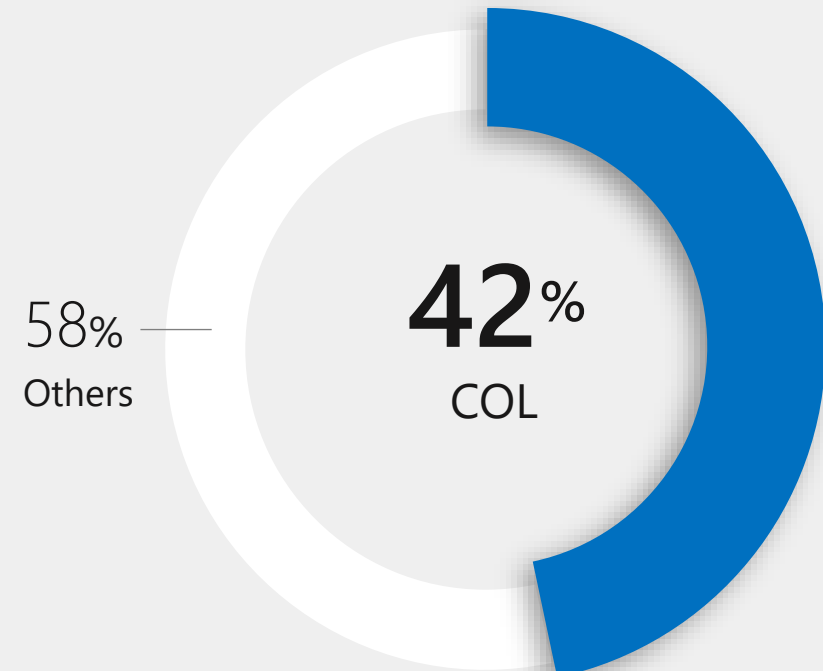
Source: PSE

The Biggest Philippine Based **Stockbroker**

Total Accounts (as of 2021)



Total Online Accounts (as of 2021)



Source: PSE

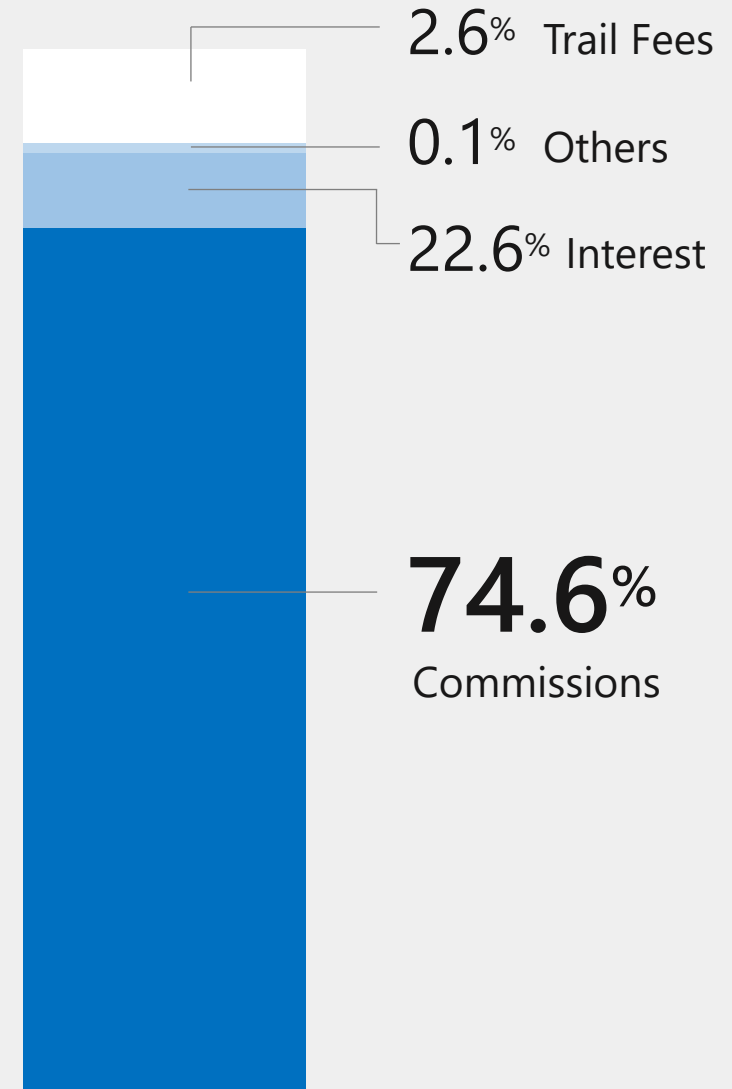
Bulk of **Revenues** Generated from Commissions and Interest

Commissions accounted for 74.6% of revenues.

Interest income from margin loans and cash placements accounted for 22.6% of revenues.

Trailer fees from the distribution of mutual funds accounted for 2.6% of revenues.

Revenue Breakdown 2021



Key Operating Highlights

Positives

1. Interest income stabilized and grew Q/Q and Y/Y
2. Trail fee remained stable and grew Y/Y
3. Margin utilization rate increased

Negatives

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

1H22 Net Income

-71.1% Y/Y

1H22 net income fell by 71.1% to Php138.7 Mil due to the significant decline in commissions in 2Q22, and the high base in 1Q21.

Pro forma consolidated revenues were down 50.7% to Php388.4 Mil as commissions fell by 58.5% and due to the absence of other income. This was partly offset by the 31.4% increase in interest income and 11.0% rise in trailer fees.

Operating profits fell by a faster 68.6% to Php183.5 Mil as operating expenses remained flat 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)

			Change	
	1H21	1H22	Amount	%
Income				
Commissions	639.9	265.7	(374.2)	-58.5%
Interest	84.2	110.6	26.4	31.4%
Trailer Fees	10.2	11.4	1.1	11.0%
Other income	52.9	0.8	(52.1)	-98.5%
Total	787.2	388.4	(398.8)	-50.7%
Expenses				
Commission expenses	15.1	16.2	1.1	7.3%
Personnel costs	66.9	74.2	7.3	10.9%
Professional fees	24.1	22.4	(1.6)	-6.8%
Stock exch. dues & fees	21.8	12.5	(9.3)	-42.6%
Communication	21.1	21.5	0.4	1.8%
Rentals & utilities	3.9	4.9	1.0	25.9%
Depreciation	32.9	27.3	(5.6)	-16.9%
Advertising & marketing	1.7	2.9	1.2	71.2%
Others	16.4	23.0	6.6	40.0%
Total	203.8	204.9	1.1	0.6%
Pre-Tax Income	583.5	183.5	(400.0)	-68.6%
Taxes	104.0	44.8	(59.2)	-57.0%
Net Income	479.5	138.7	(340.7)	-71.1%

Commissions Hurt by Poor Sentiment

Revenues fell by 50.7% due to the significant decline in commissions and the absence of other income.

Commission revenues fell by 58.5% to Php265.7 Mil, as commissions from self-directed clients dropped 63.4% to Php217.8 Mil coming from an abnormally high base in the first quarter of last year and as 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.

The decline in commission from self-directed clients was partly offset by the 4.6% increase in commissions from the agency and advisory group to Php46.0 Mil.

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

Pro Forma Revenue Breakdown (Php Mil)

	1H21	1H22	Change Amount	%
Revenue Breakdown				
Commission	639.9	265.7	(374.2)	-58.5%
<i>PH-Self-directed</i>	595.9	217.8	(378.1)	-63.4%
<i>PH- Agency & advisory</i>	43.9	46.0	2.0	4.6%
<i>HK & others</i>	4.4	1.8	(2.5)	-58.0%
Interest	84.2	110.6	26.4	31.4%
<i>Margin</i>	24.8	28.6	3.8	15.5%
<i>Placements</i>	59.4	82.0	22.6	38.0%
Trailer Fees	10.2	11.4	1.1	11.0%
Others	52.9	0.8	(52.1)	-98.5%
Total Revenues	787.2	388.4	(398.8)	-50.7%
Revenue Share				
Commission	81.3%	68.4%		
<i>Self-directed (incl HK)</i>	93.8%	82.7%		
<i>Agency & advisory</i>	6.9%	17.3%		
Interest	10.7%	28.5%		
<i>Margin</i>	29.4%	25.8%		
<i>Placements</i>	70.6%	74.2%		
Trailer Fees	1.3%	2.9%		

Commissions Hurt by Poor Sentiment

On the positive side interest income from both margin and placements grew, with the total up by 31.4% to Php110.6 Mil. Interest income in 2Q22 was also higher by 18.6% on a Q/Q basis.

Interest income from margin was up by 15.3% to Php28.6 Mil as the value of average daily margin loans increased by 22.3% to Php767Mil.

Meanwhile, interest income from placements jumped 38.0% to Php82.0 Mil as the value of cash and investments increased and as average yields improved by around 100 basis points starting in June.

Trailer fees were also up by 11.0% to Php11.4 Mil as the average value of non-money market assets under administration increased during the first half of this year.

Pro Forma Revenue Breakdown (Php Mil)

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<i>Agency & advisory</i>	6.9%	17.3%		
Interest	10.7%	28.5%		
<i>Margin</i>	29.4%	25.8%		
<i>Placements</i>	70.6%	74.2%		
Trailer Fees	1.3%	2.9%		

Commissions Hurt by Poor Sentiment

Self-directed clients continued to account for the lion's share of total commission revenues at 82.7%.

Core commission revenues and trailer fees accounted for 71.3% of total revenues.

Pro Forma Revenue Breakdown (Php Mil)

	1H21	1H22	Change Amount	%
Revenue Breakdown				
Commission	639.9	265.7	(374.2)	-58.5%
<i>PH-Self-directed</i>	595.9	217.8	(378.1)	-63.4%
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Interest	10.7%	28.5%		
<i>Margin</i>	29.4%	25.8%		
<i>Placements</i>	70.6%	74.2%		
Trailer Fees	1.3%	2.9%		

Flattish Expenses

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

Fixed operating expenses were up by 5.6% to Php83.9 Mil, due to higher personnel costs, rental and utilities, advertising and marketing, and other expenses.

Meanwhile, trading related expenses fell 22.1% to Php28.7 Mil due to lower trading activity.

Pro Forma Breakdown of Expenses (Php Mil)

	1H21	1H22	Change	
			Amount	%
Trading Related Expenses				
Commission expenses	15.1	16.2	1.1	7.3%
<i>Agency & Advisory</i>	14.2	15.7	1.5	10.7%
<i>CROs & Others</i>	0.9	0.5	-0.4	-46.4%
Stock exch. dues & fees	21.8	12.5	-9.3	-42.6%
Total	36.8	28.7	-8.2	-22.1%
Fixed Operating Expenses				
Personnel costs	66.9	74.2	7.3	10.9%
Professional fees	24.1	22.4	-1.6	-6.8%
Communication	21.1	21.5	0.4	1.8%
Rentals & utilities	3.9	4.9	1.0	25.9%
Depreciation	32.9	27.3	-5.6	-16.9%
Advertising & Mktg	1.7	2.9	1.2	71.2%
Others	16.4	23.0	6.6	40.0%
Total	167.0	176.2	9.3	5.6%
Total Expenses	203.8	204.9	1.1	0.6%

ROAE Normalized to 14.1%

Annualized ROAE normalized from 50.1% to 14.1%.

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

	1H21	1H22
Operating Profit Margin	74.1%	47.2%
EBITDA Margin	78.3%	54.3%
Net Margin	60.9%	35.7%
Asset Turnover	12.1%	5.8%
Asset/Equity	6.1	7.5
ROAE	50.1%	14.1%

Now Number 4

COL's average daily turnover fell 59.8% to Php803.1 Mil in 1H22. This is much steeper than the PSE's 16.1% decline.

COL's market share in terms of value turnover normalized to 5.3% for the whole market from 11.2% during the same period last year. This was partly due to the increase in foreign investors' share of total value turnover to 44.8% during 1H22 from 33.5% 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)

	1H21	1H22	Change	
			Amount	%
PSE Ave. Daily T/O (PhpMil)	8,959.2	7,519.3	(1,440.0)	-16.1%
COL Ave. Daily T/O (PhpMil)	1,999.6	803.1	(1,196.5)	-59.8%
COL Market Share (Total)	11.2%	5.3%		
COL Market Share (Local)	16.8%	9.7%		
PSE Ranking	1	4		
No. of Transactions - PSE ('000)	33,175	20,904	(12,270.9)	-37.0%
No. of Transactions - COL ('000)	8,929	3,013	(5,916.5)	-66.3%
COL Market Share	26.9%	14.4%		
PSE Ranking	1	1		

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8	J.P. Morgan Securities Philippines Inc	80.6	4.4
9	Regis Partners, Inc	79.6	4.3
10	Maybank Securities, Inc	71.1	3.9

Source: PSE

Strong Balance Sheet

Cash & cash equivalents increased by 42.3% to Php2.5 Bil largely due to an increase in clients' unutilized funds.

Investment securities at amortized cost was flattish at Php9.3 Bil while HTM investments increased by 39.3% to Php696.7 Mil.

Trade receivables fell slightly by 1.9% to Php940.8 Mil largely due to the lower unsettled buying transaction of post-paid clients and lower availment of margin loans as of end June compared to end December.

Trade payables increased by 11.3% to Php11.8 Bil largely due the increase in clients' cash position and their larger net buying transactions as of end June compared to end December.

Pro Forma Consolidated Balance Sheet (Php Mil)

	12/31/21	6/30/22	Change	
			Amount	%
Cash & cash equivalents	1,733.5	2,466.5	733.0	42.3%
Trade receivables	958.8	940.8	-18.0	-1.9%
Inv't sec at amortized cost	9,374.3	9,338.2	-36.1	-0.4%
Other current assets	232.8	250.5	17.8	7.6%
HTM investments	500.2	696.7	196.5	39.3%
PPE – net	95.1	85.8	-9.2	-9.7%
Other non-current assets – net	86.2	84.3	-1.8	-2.1%
Total Assets	12,980.8	13,863.0	882.2	6.8%
Trade payables	10,590.2	11,783.6	1,193.5	11.3%
Other current liabilities	185.6	124.1	-61.5	-33.1%
Non-current liabilities	106.1	107.4	1.3	1.2%
Total Liabilities	10,881.9	12,015.1	1,133.2	10.4%
Total Stockholders' Equity	2,098.9	1,847.8	-251.1	-12.0%
Total Liabilities and Stockholder's Equity	12,980.8	13,863.0	882.2	6.8%
BVPS	0.044	0.038	-0.006	-12.0%

Strong Balance Sheet

Stockholders' equity fell by 12.0% to Php1.8 Bil due to the payment of Php404.6 Mil worth of cash dividends, partly offset by the booking of Php138.7Mil in profits.

BVPS likewise fell to Php0.038/sh.

Pro Forma Consolidated Balance Sheet (Php Mil)

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Customer Base

Up Y/Y

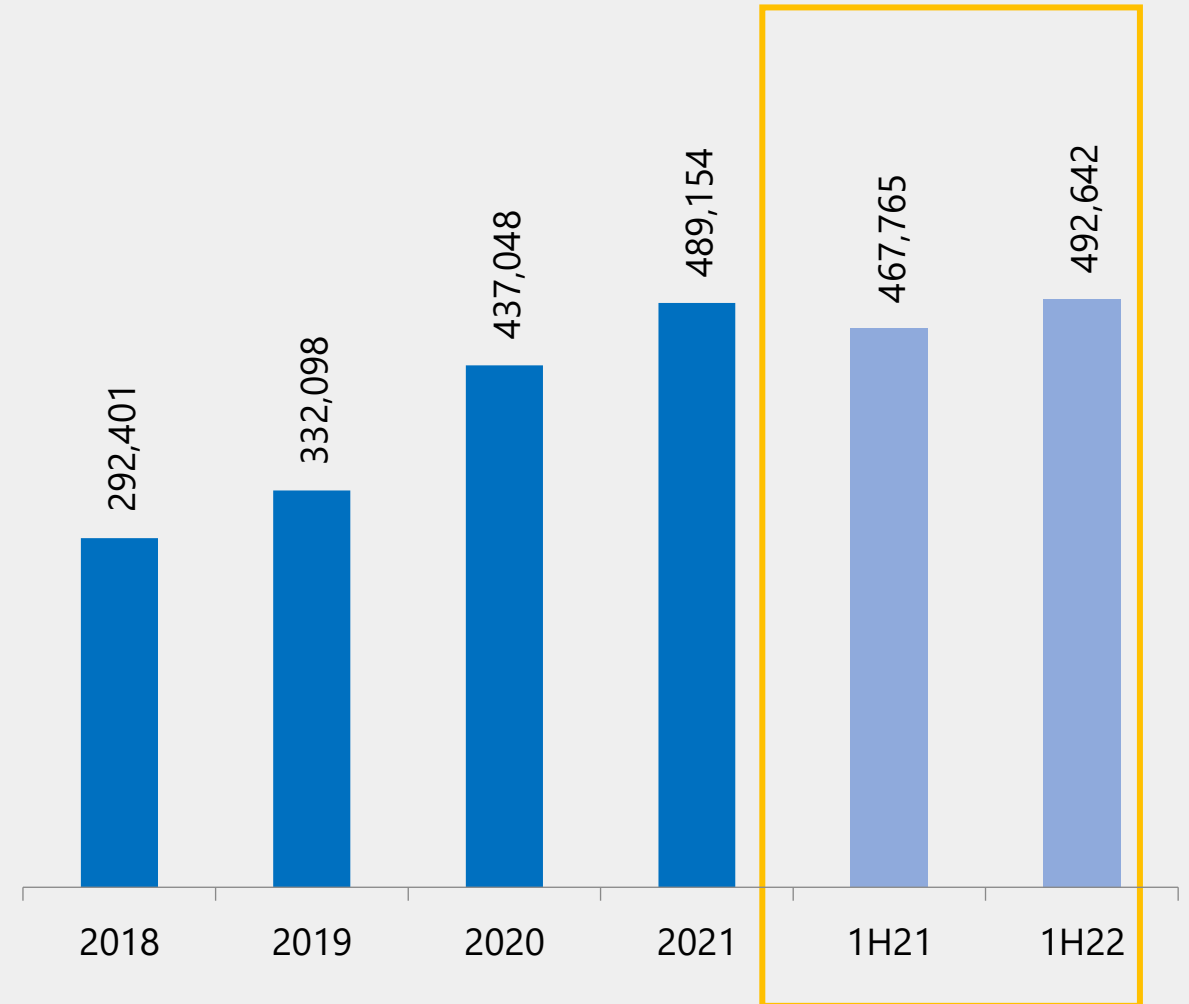
COL's client base grew by 5.3% Y/Y to 492,642 as of end June 2022.

Average monthly additions during the past 12 months reached 2,073.

The increase would have been larger if not for the suspension of 14,439 dormant accounts in January. Excluding the impact of the said suspensions, the number of accounts would have grown 8.4% Y/Y exceeding 500,000.

Client Base

▲ +5.3%



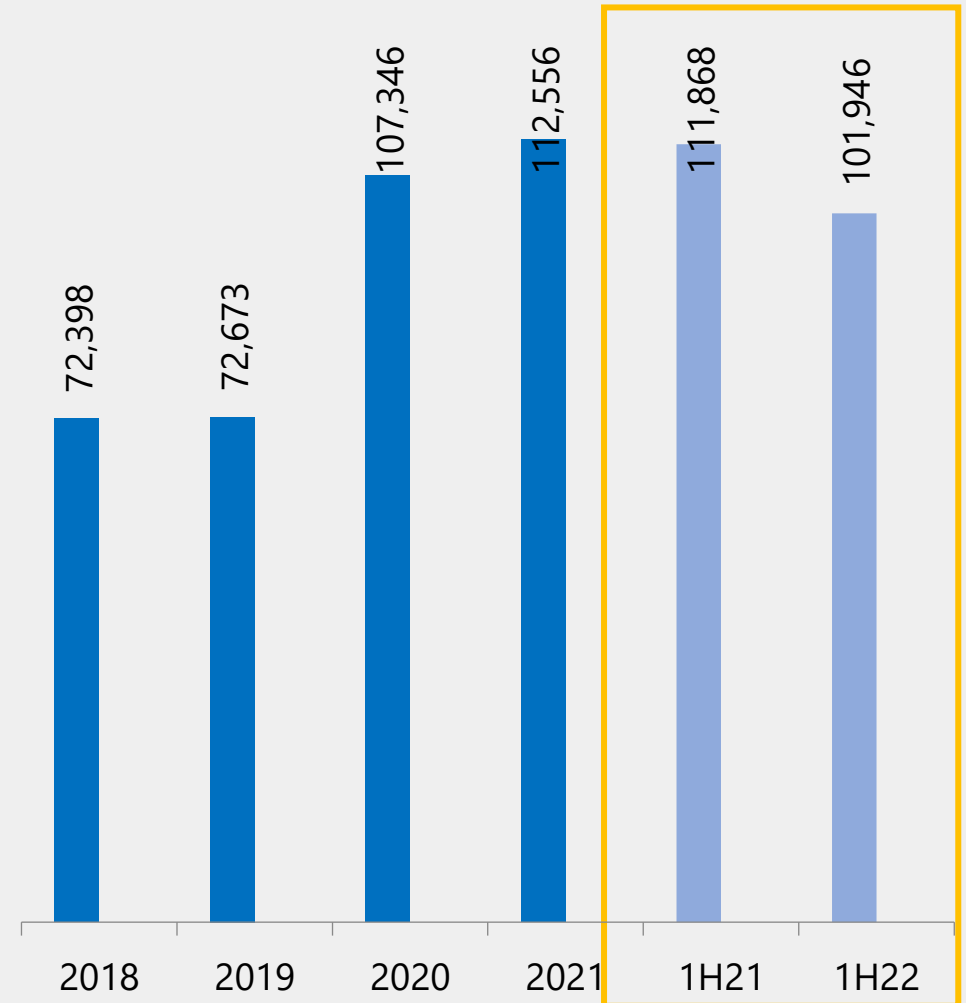
Client Equity Down on Lower Asset Values

Client equity was down 8.9% Y/Y to Php101.9 Bil as of end June 2022.

Client equity fell due to lower asset values, partly offset by new deposits from clients. As of end June, the PSEi index was down 10.8% compared to the same period last year, while net new cash inflows from retail clients reached Php4.3 Bil during the past twelve months.

Client Equity (Php Mil)

▼ -8.9%



Margin Loans Up

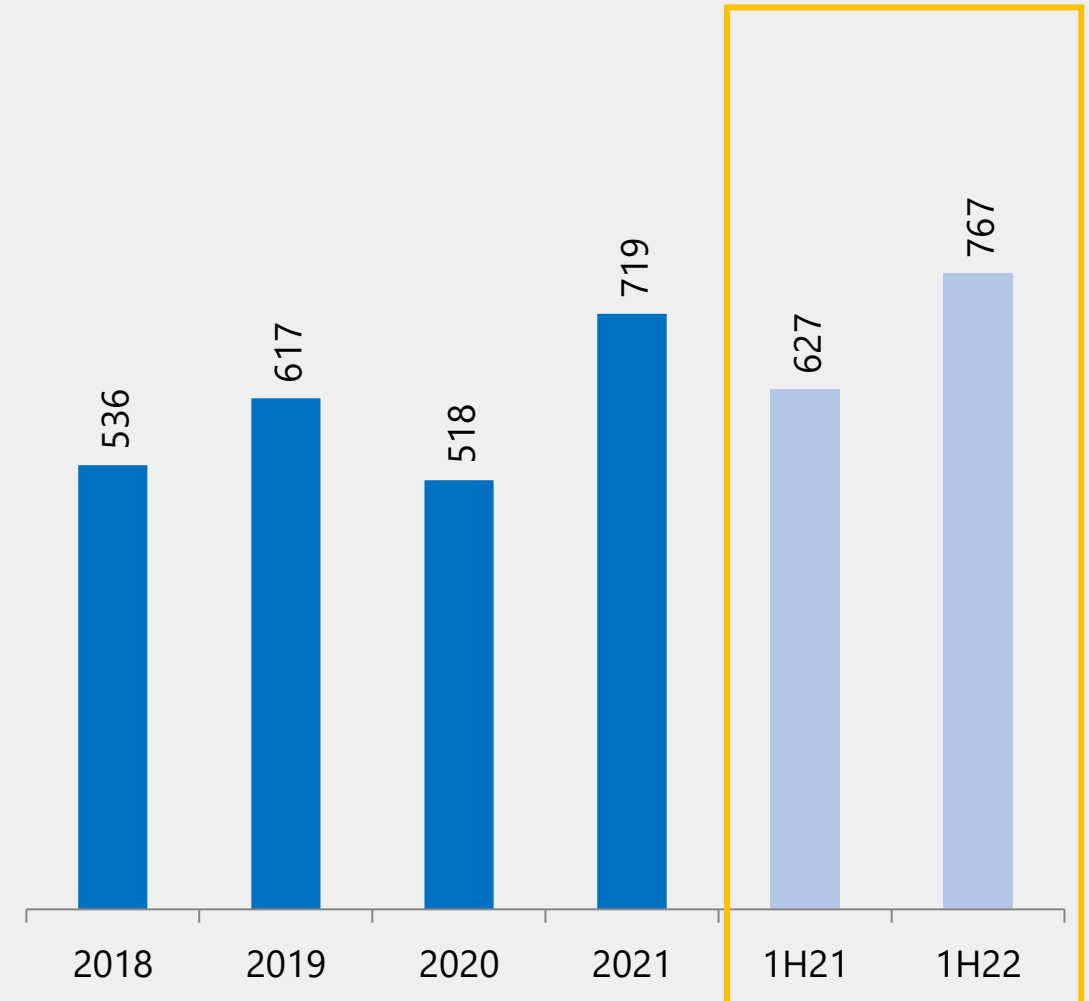
Average daily margin loans increased by 22.3% to Php767 Mil Y/Y.

As of end June, the total number of approved margin accounts was 1,194, slightly lower compared to 1,243 during the same period last year.

Roughly the same number of clients utilized their margin lines at 397 or 33.2%. In terms of value of margin granted, 14.1% was utilized during the period in review, up from 11.7% Y/Y.

Ave Daily Margin Loans (Php Mil)

▲ +22.3%



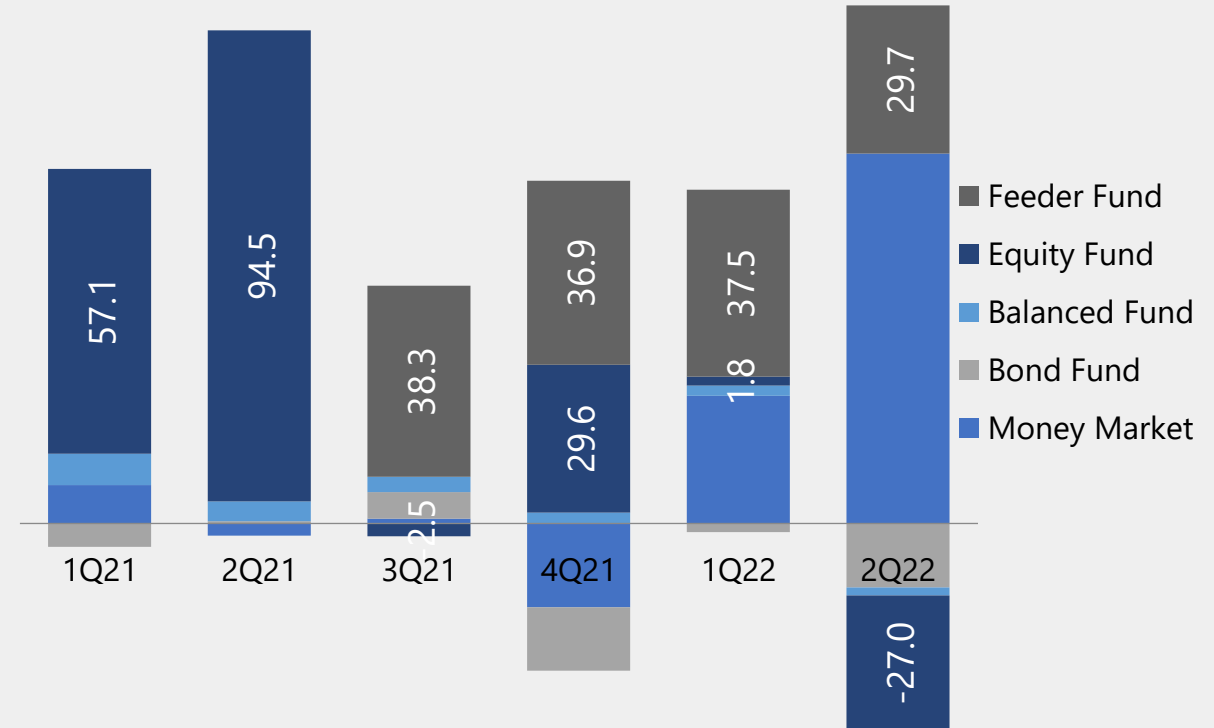
MF Net Sales still Positive due to Money Market and Feeder Funds

COL's MF distribution business still generated net sales of Php127.8 Mil during 1H22, due to Money Market funds and the introduction of Feeder Funds.

Around Php99.8 Mil or 78.1% of total net sales generated during the period were attributable to Money Market funds, while Php67.3 Mil or 52.6% 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)

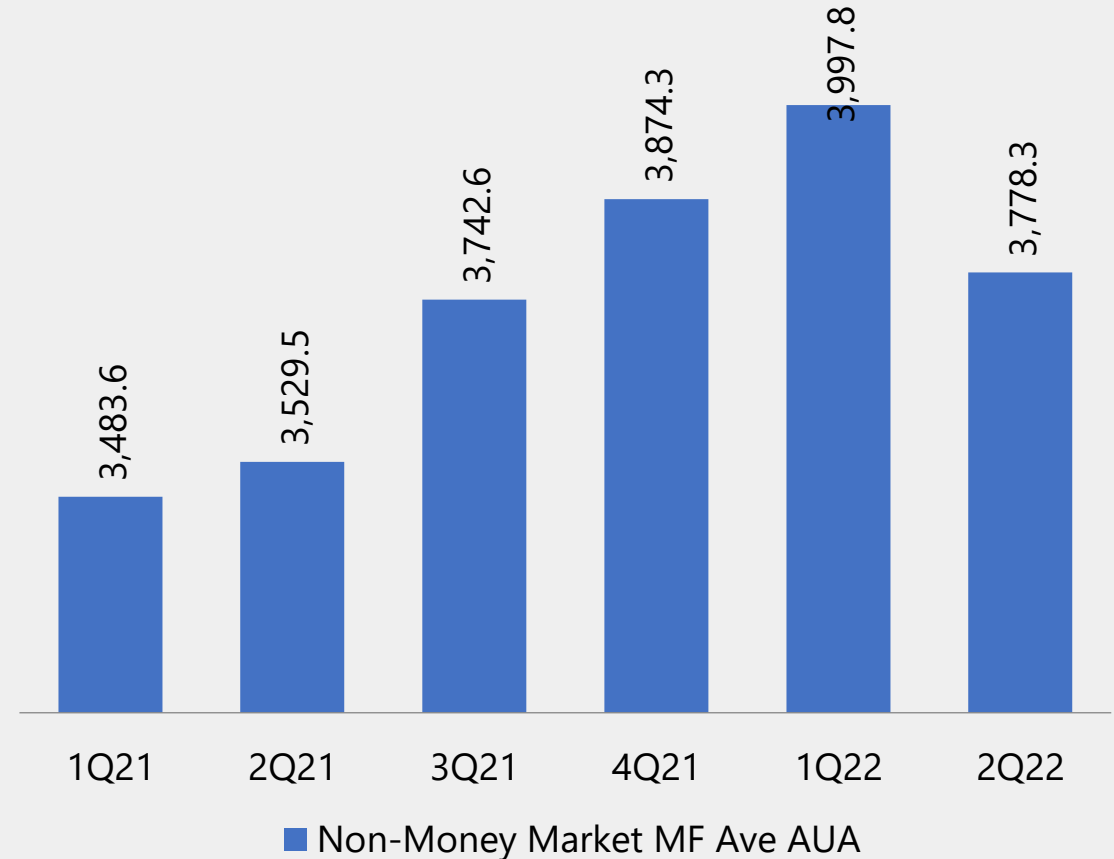


Average AUA Up Y/Y, Down Q/Q

Trailer fees up due to increase in average non-money market AUA on a Y/Y basis.

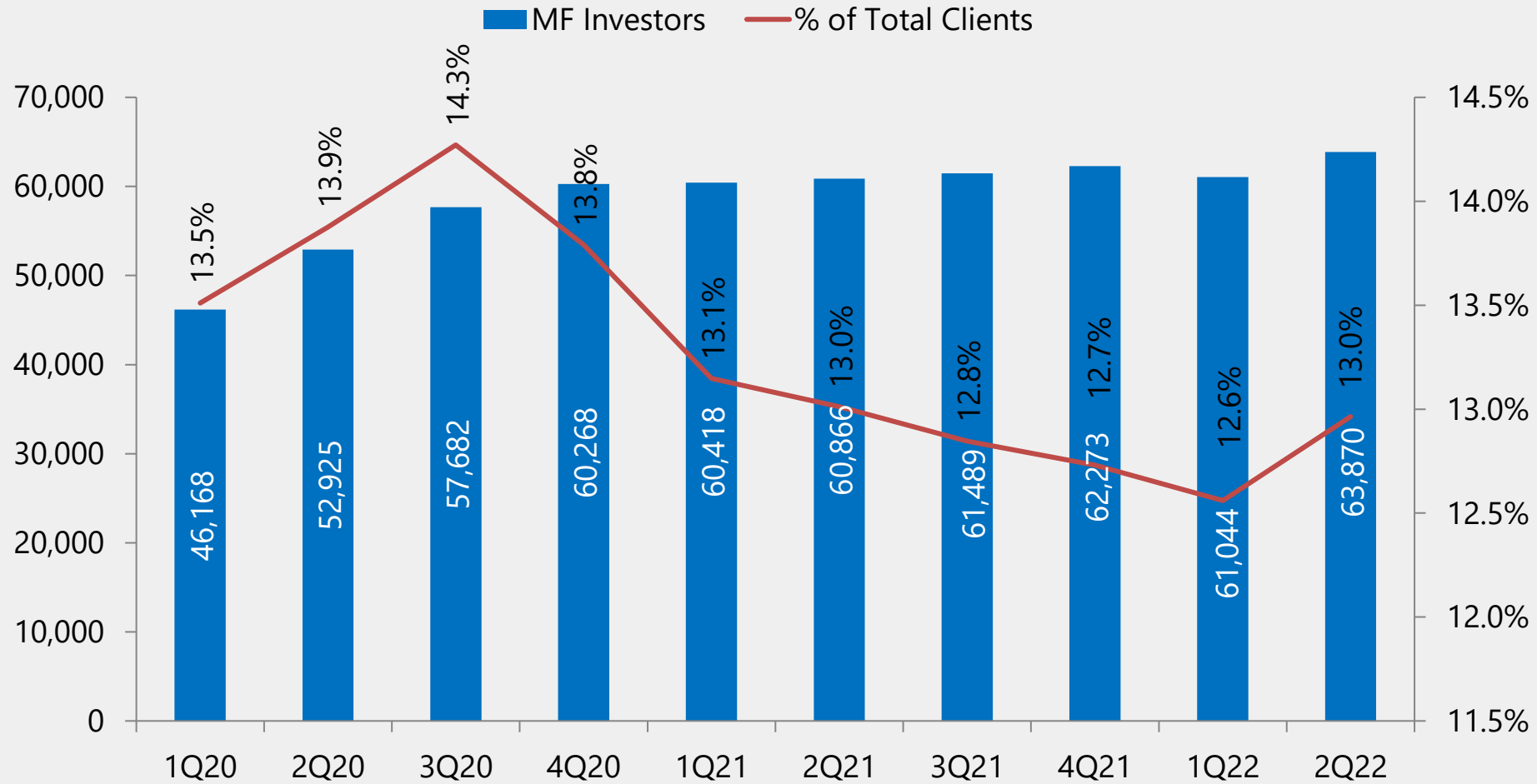
However, AUA was down Q/Q despite the strong sales of feeder funds due to the weak performance of funds during the 2Q22.

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



Source: COL estimates

Percentage of Clients Owning MFs Rebounded

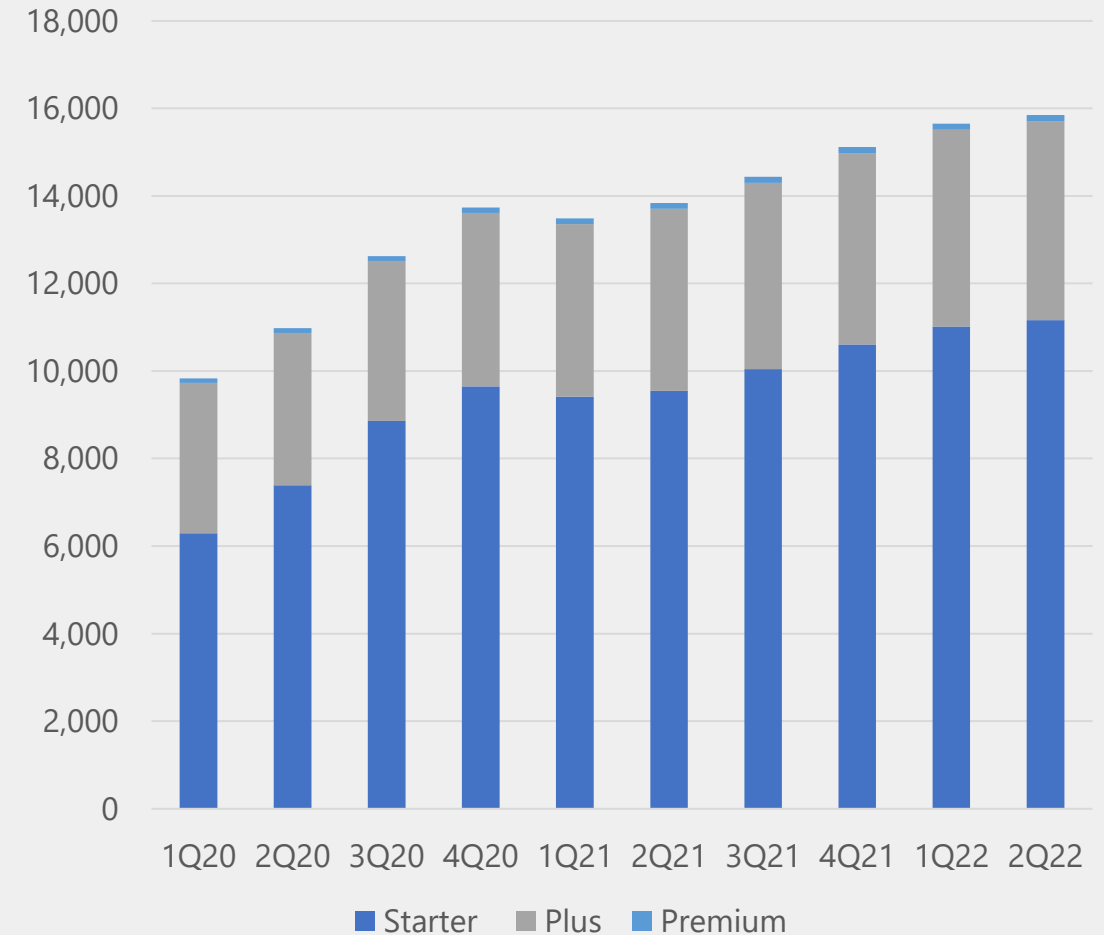


MF only Clients Continued to Grow

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

As of end June, there were 15,850 clients who only owned MFs, up 14.6% Y/Y and 1.2% Q/Q. Of the said number, 11,161 or 70.4% were Starter clients while 4,549 or 28.7% were Plus clients.

MF Only Clients





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