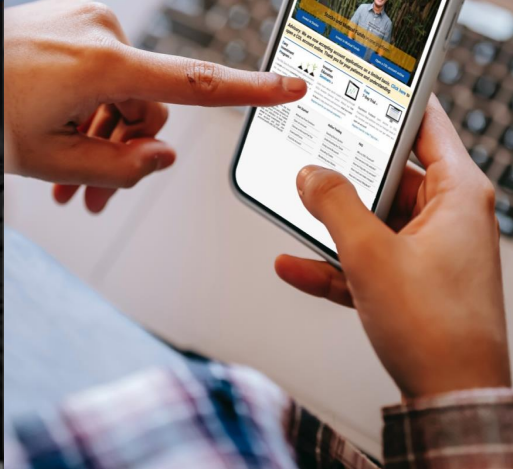




# 2023 COL Investor Presentation



# Company Overview



Established and  
licensed by the SEC in  
1999



The **leading online  
stockbroker** in the  
Philippines

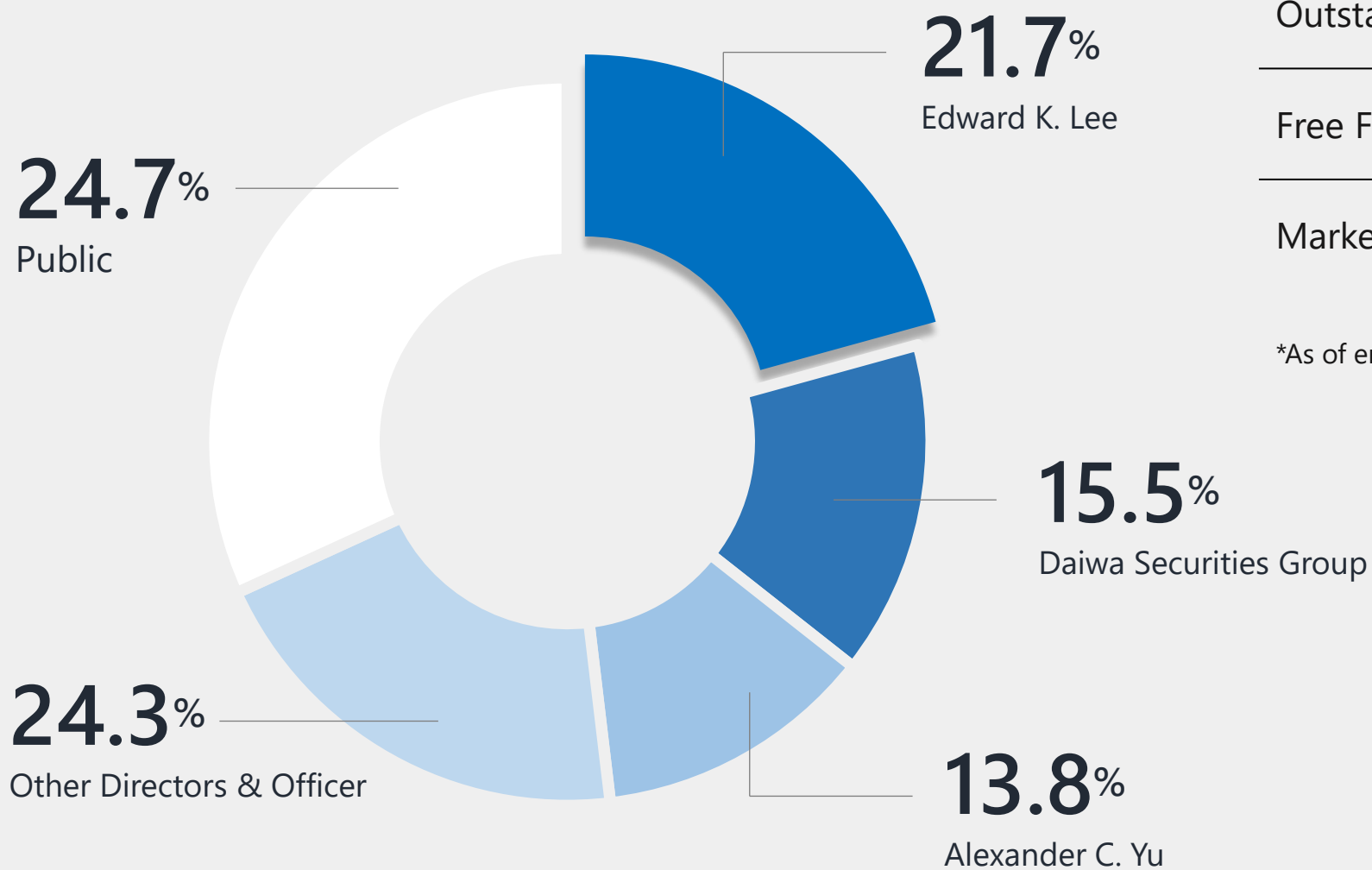


Focused on tapping  
the underserved retail  
investor base in the  
stock market



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





Outstanding Shares

4.76 Bil

Free Float

1.18 Bil

Market Cap\*

Php12.66 Bil

\*As of end December 2023



# 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**

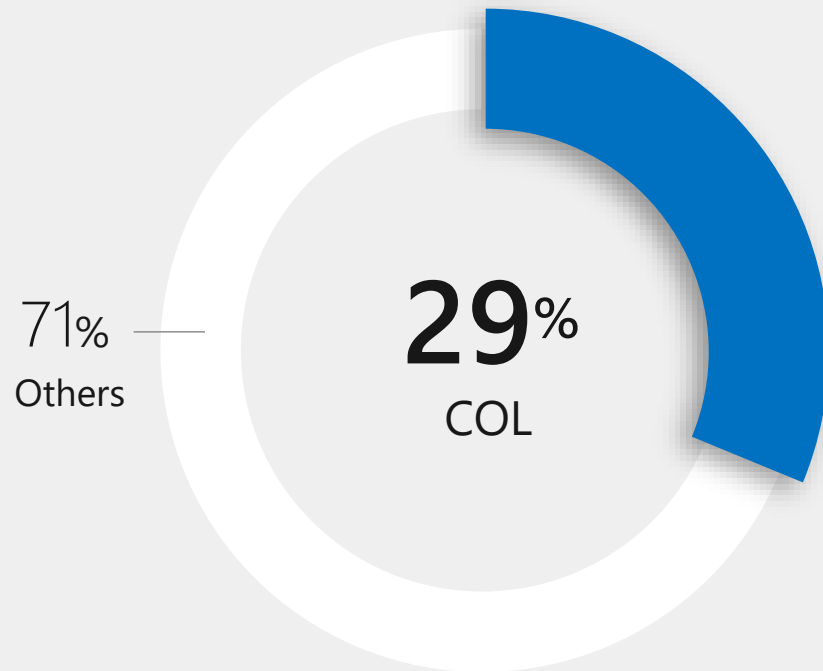
# Among the Biggest Philippine Based **Stockbrokers**

2023 Rank	Broker Name	2023 Value Turnover (Php Bil)	% of Total
1	UBS Securities Philippines Inc	264.6	9.0
2	CLSA Philippines Inc	191.9	6.5
3	BPI Securities Corp	182.5	6.2
4	Maybank Securities, Inc	156.6	5.3
5	Regis Partners, Inc	146.9	5.0
6	BDO Securities Corp	142.1	4.8
7	Mandarin Securities Corp	136.0	4.6
8	First Metro Securities Brokerage, Inc	131.6	4.5
9	J.P. Morgan Securities Philippines, Inc	125.2	4.2
10	Macquarie Capital Securities (Philippines), Inc	123.8	4.2
11	COL Financial Group, Inc	119.3	4.0

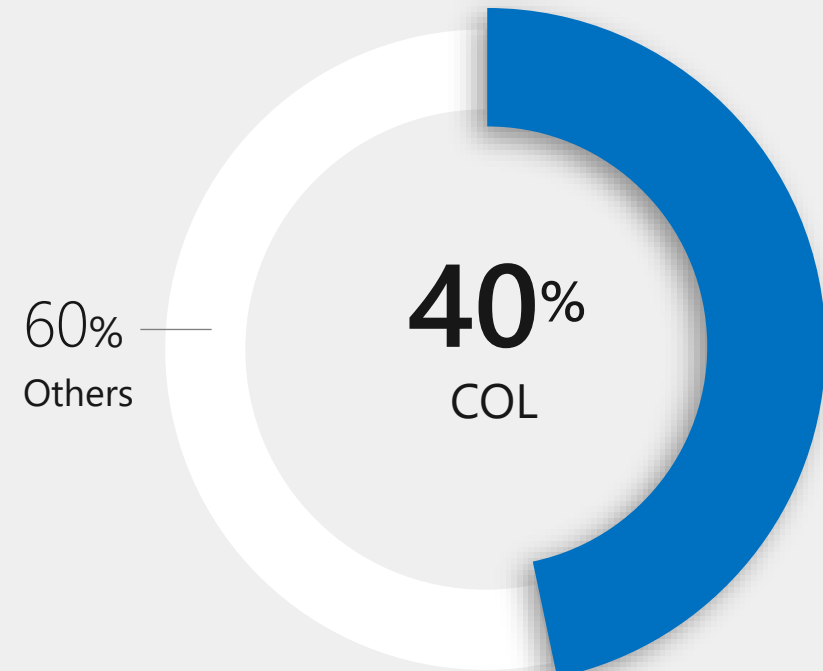
Source: PSE

# The Biggest Philippine Based **Stockbroker**

Total Accounts (as of 2022)



Total Online Accounts (as of 2022)



Source: PSE



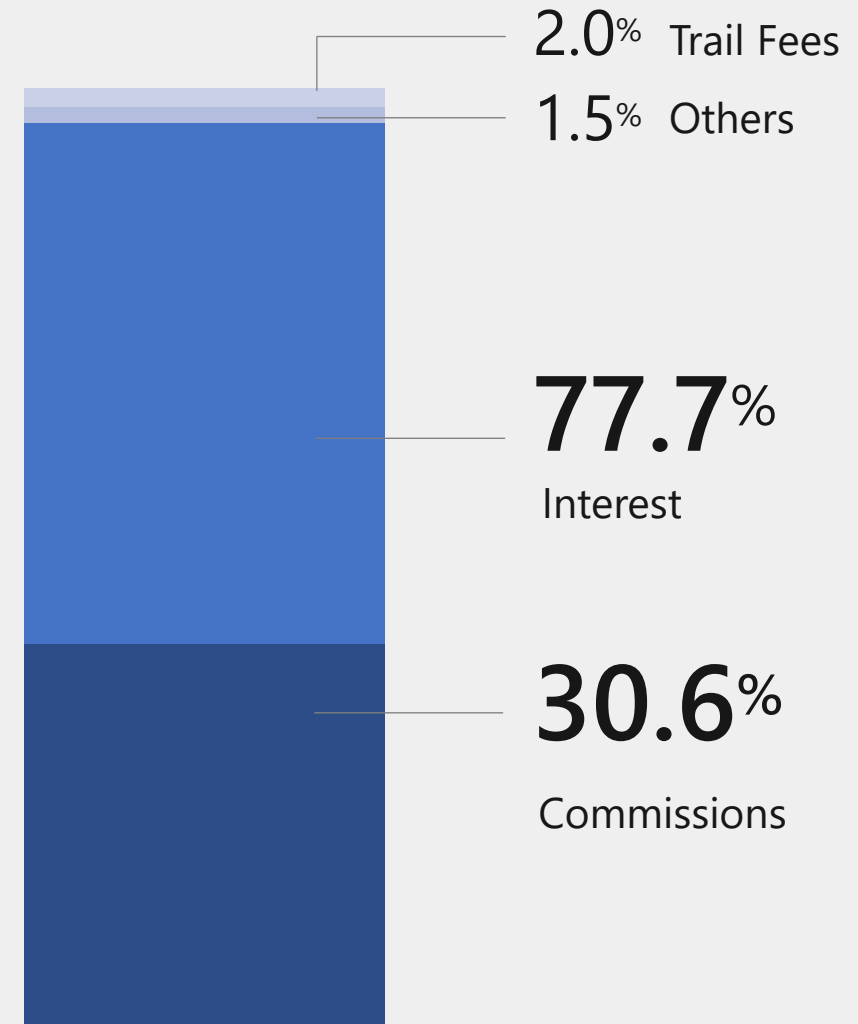
## Bulk of **Revenues** Generated from Commissions and Interest

Commissions accounted for 30.6% of revenues.

Interest income from margin loans and cash placements accounted for 77.7% of revenues.

Trailer fees from the distribution of mutual funds accounted for 2.0% of revenues.

### Revenue Breakdown 2023



# Key Operating Highlights

## Positives

1. Net income jumped 73.6%
2. Higher interest income more than offset lower commission revenues
3. Client base continued to grow
4. MF net sales still positive despite challenging operating environment, leading to higher AUA

## Negatives

1. Commission revenues fell sharply
2. Rank and market share in the PSE slipped
3. Total assets down

# 2023 Net Income

## +73.6% Y/Y

2023 net income jumped 73.6% to Php418.4 Mil as higher interest income offset lower commission revenues.

Pro forma consolidated revenues rose 32.2% to Php1.1 Bil largely due to the 110.6% increase in interest income to Php708.5 Mil. Commissions fell 26.3% due to lackluster trading volume.

Operating profits increased by a faster 75.1% to Php556.5 Mil as operating expenses were up by only 4.7%.

Taxes increased by 79.7%.

On a recurring basis, profits grew by 69.1% as COL booked a Php6.4 Mil loss on sale of investment securities last year.

## Pro Forma Consolidated Income Statement (Php Mil)

	2022	2023	Change	
			Amount	%
<b>Income</b>				
Commissions	447.1	329.6	(117.5)	-26.3%
Interest	336.3	708.5	372.1	110.6%
Trailer Fees	22.1	22.0	(0.1)	-0.7%
Other income	8.2	15.9	7.7	93.3%
<b>Total</b>	<b>813.7</b>	<b>1,075.9</b>	<b>262.2</b>	<b>32.2%</b>
<b>Expenses</b>				
Commission expenses	28.1	26.5	(1.6)	-5.7%
Personnel costs	223.4	251.6	28.3	12.7%
Professional fees	51.7	54.1	2.4	4.6%
Stock exch. dues & fees	23.7	20.8	(2.9)	-12.4%
Communication	41.7	40.6	(1.1)	-2.7%
Rentals & utilities	11.2	13.0	1.8	15.9%
Depreciation	52.9	47.4	(5.5)	-10.4%
Advertising & marketing	6.1	6.7	0.6	9.4%
Others	57.0	58.7	1.7	2.9%
<b>Total</b>	<b>495.9</b>	<b>519.4</b>	<b>23.5</b>	<b>4.7%</b>
Pre-Tax Income	317.8	556.5	238.7	75.1%
Taxes	76.8	138.1	61.2	79.7%
<b>Net Income</b>	<b>241.0</b>	<b>418.4</b>	<b>177.4</b>	<b>73.6%</b>
<b>Recurring Net Income</b>	<b>247.4</b>	<b>418.4</b>	<b>171.0</b>	<b>69.1%</b>

# Commissions Hurt by Weak Investor Interest

Revenues grew 32.2% despite lower commissions due to higher interest income.

Commission revenues fell by 26.3% to Php26.3 Mil as stocks suffered from weak investor interest. Note that average daily value turnover in the PSE fell by 16.9% to Php6.1 Bil, while value traded by local investors (which is COL's target market) fell by an even faster pace of 45.3%.

Trail fees also fell slightly, by 0.7% to Php22.0 Mil.

On the positive side, interest income jumped by 110.6% to Php708.5 Mil. This was largely due to the steep rise in interest rates, as the BSP raised benchmark rates by 450 basis points. Margin loans likewise increased.

Self-directed clients continued to account for the lion's share of total commission revenues at 77.7%.

Because of the significant increase in interest income, the share of core commission revenues and trailer fees fell to 32.6% of total revenues.

## Pro Forma Revenue Breakdown (Php Mil)

			Change	
	2022	2023	Amount	%
Revenue Breakdown				
Commission	447.1	329.6	(117.5)	-26.3%
<i>PH-Self-directed</i>	360.1	253.5	(106.6)	-29.6%
<i>PH- Agency &amp; advisory</i>	82.2	73.6	(8.6)	-10.5%
<i>HK &amp; others</i>	4.7	2.5	(2.2)	-47.2%
Interest	336.3	708.5	372.1	110.6%
<i>Margin</i>	56.8	69.0	12.2	21.5%
<i>Placements</i>	279.5	639.4	359.9	128.8%
Trailer Fees	22.1	22.0	(0.1)	-0.7%
Others	8.2	15.9	7.7	93.3%
Total Revenues	813.7	1,075.9	262.2	32.2%
Revenue Share				
Commission	54.9%	30.6%		
<i>Self-directed (incl HK)</i>	81.6%	77.7%		
<i>Agency &amp; advisory</i>	18.4%	22.3%		
Interest	41.3%	65.8%		
<i>Margin</i>	16.9%	9.7%		
<i>Placements</i>	83.1%	90.3%		
Trailer Fees	2.7%	2.0%		

# Controlled Growth of Expenses

Operating expenses were up single digit despite higher fixed operating costs due to lower trading related expenses.

Trading related expenses fell 8.8% to Php47.3 Mil due to lower trading activity.

Meanwhile, fixed operating expenses increased by 7.9% due to higher personnel costs and professional fees, higher rentals and utilities, and advertising and marketing brought about by rising inflation and the reopening of the economy. Other expenses were also up mainly due to higher forex losses. This was partly offset by lower communication cost and depreciation expenses.

## Pro Forma Breakdown of Expenses (Php Mil)

	2022	2023	Change	
			Amount	%
<b>Trading Related Expenses</b>				
Commission expenses	28.1	26.5	-1.6	-5.7%
Stock exch. dues & fees	23.7	20.8	-2.9	-12.4%
<b>Total</b>	<b>51.9</b>	<b>47.3</b>	<b>-4.5</b>	<b>-8.8%</b>
<b>Fixed Operating Expenses</b>				
Personnel costs	223.4	251.6	28.3	12.7%
Professional fees	51.7	54.1	2.4	4.6%
Communication	41.7	40.6	-1.1	-2.7%
Rentals & utilities	11.2	13.0	1.8	15.9%
Depreciation	52.9	47.4	-5.5	-10.4%
Advertising & Mktg	6.1	6.7	0.6	9.4%
Others	50.6	58.7	8.1	16.0%
<b>Total</b>	<b>437.6</b>	<b>472.1</b>	<b>34.5</b>	<b>7.9%</b>
<b>Total Expenses</b>	<b>489.5</b>	<b>519.4</b>	<b>29.9</b>	<b>6.1%</b>

# ROAE Improved to 20.1%

ROAE improved from 11.8% to 20.1%.

Profitability improved as revenues increased, leading to higher margins and asset turnover.

Margins improved as growth in revenues outpaced the increase in operating expenses due to the highly leveraged nature of the stockbrokerage business.

Asset turnover increased due to higher yield on cash and investment securities, more than offsetting the drop in trading volumes.

The improvement in margins and asset turnover was partly offset by the drop in leverage as stockholders' equity increased by a faster pace compared to liabilities.

## Selected Financial Ratios

	2022	2023
Operating Profit Margin	39.1%	51.7%
EBITDA Margin	45.6%	56.1%
Net Margin	29.6%	38.9%
Asset Turnover	6.2%	8.5%
Asset/Equity	6.6	5.6
ROAE	11.8%	20.1%



## Rank Slips to Number 11

COL's average daily turnover fell 27.3% to Php491.1 Mil. This was steeper than the PSE's 16.9% decline as value turnover of local investors fell by 45.3% Y/Y.

COL's market share in terms of value turnover also fell to 4.0% for the whole market from 4.6% during the same period last year. This was largely due to the increase in foreign investors' share of total value turnover to 52.3% from 40.1% Y/Y. There were also special block sales that were transacted by brokers that have special relationships with listed companies. Nevertheless, COL's share of local value turnover still increased to 9.7% from 7.3%.

Due to the lower value turnover, COL's rank slipped to number 11 from number 5.

## Comparative Performance (COL vs. PSE)

	2022	2023	Change	
			Amount	%
PSE Ave. Daily T/O (PhpMil)	7,300.8	6,069.1	(1,231.7)	-16.9%
COL Ave. Daily T/O (PhpMil)	675.3	491.1	(184.2)	-27.3%
COL Market Share (Total)	4.6%	4.0%		
COL Market Share (Local)	7.3%	9.7%		
PSE Ranking	5	11		
No. of Transactions - PSE ('000)	37,246	27,386	(9,860.2)	-26.5%
No. of Transactions - COL ('000)	5,037	3,474	(1,563.3)	-31.0%
COL Market Share	13.5%	12.7%		
PSE Ranking	1	1		

# Strong Balance Sheet

Cash & cash equivalents fell slightly by 8.2% to Php9.7 Bil. This was largely due to the decline in customers' excess cash position and the reallocation of more funds to HTM investments.

Trade receivables fell by 26.2% to Php880.0 Mil. This was largely due to the 4.8% decrease in margin loans to Php857.8Mil. However, receivables from the clearing house also fell by 90.5% to Php10.9 Mil while receivables from other brokers dropped by 75.6% to Php11.6 Mil.

The drop in cash and receivables was largely responsible for the 5.8% decline in total assets.

Trade payables decreased by 9.1% to Php9.9 Bil. This was mainly due the drop in customers' excess cash position.

Stockholders' equity was up by 10.6% to Php2.2 Bil due to the booking of Php418.4 Mil in profits, partly offset by the payment of Php199.9 Mil in cash dividends. BVPS likewise increased to Php0.455/sh.

Despite its smaller asset base, COL's balance sheet remained strong with ample cash and no interest bearing debts.

## Pro Forma Consolidated Balance Sheet (Php Mil)

			Change	
	12/31/22	12/31/23	Amount	%
Cash & cash equivalents	10,524.3	9,664.6	-859.7	-8.2%
Trade receivables	1,192.0	880.0	-312.0	-26.2%
Inv't sec at amortized cost	200.2	392.3	192.1	95.9%
Other current assets	174.0	213.6	39.5	22.7%
HTM investments	800.5	1,000.0	199.5	24.9%
PPE – net	108.0	84.0	-24.0	-22.2%
Other non-current assets – net	86.0	85.3	-0.6	-0.7%
<b>Total Assets</b>	<b>13,084.9</b>	<b>12,319.8</b>	<b>-765.1</b>	<b>-5.8%</b>
Trade payables	10,888.8	9,898.3	-990.5	-9.1%
Other current liabilities	125.3	145.3	20.0	16.0%
Non-current liabilities	97.8	91.4	-6.4	-6.6%
Total Liabilities	11,112.0	10,135.0	-977.0	-8.8%
Total Stockholders' Equity	1,972.9	2,184.8	211.9	10.7%
<b>Total Liabilities and Stockholder's Equity</b>	<b>13,084.9</b>	<b>12,319.8</b>	<b>-765.1</b>	<b>-5.8%</b>
BVPS	0.411	0.455	0.044	10.6%

# Customer Base

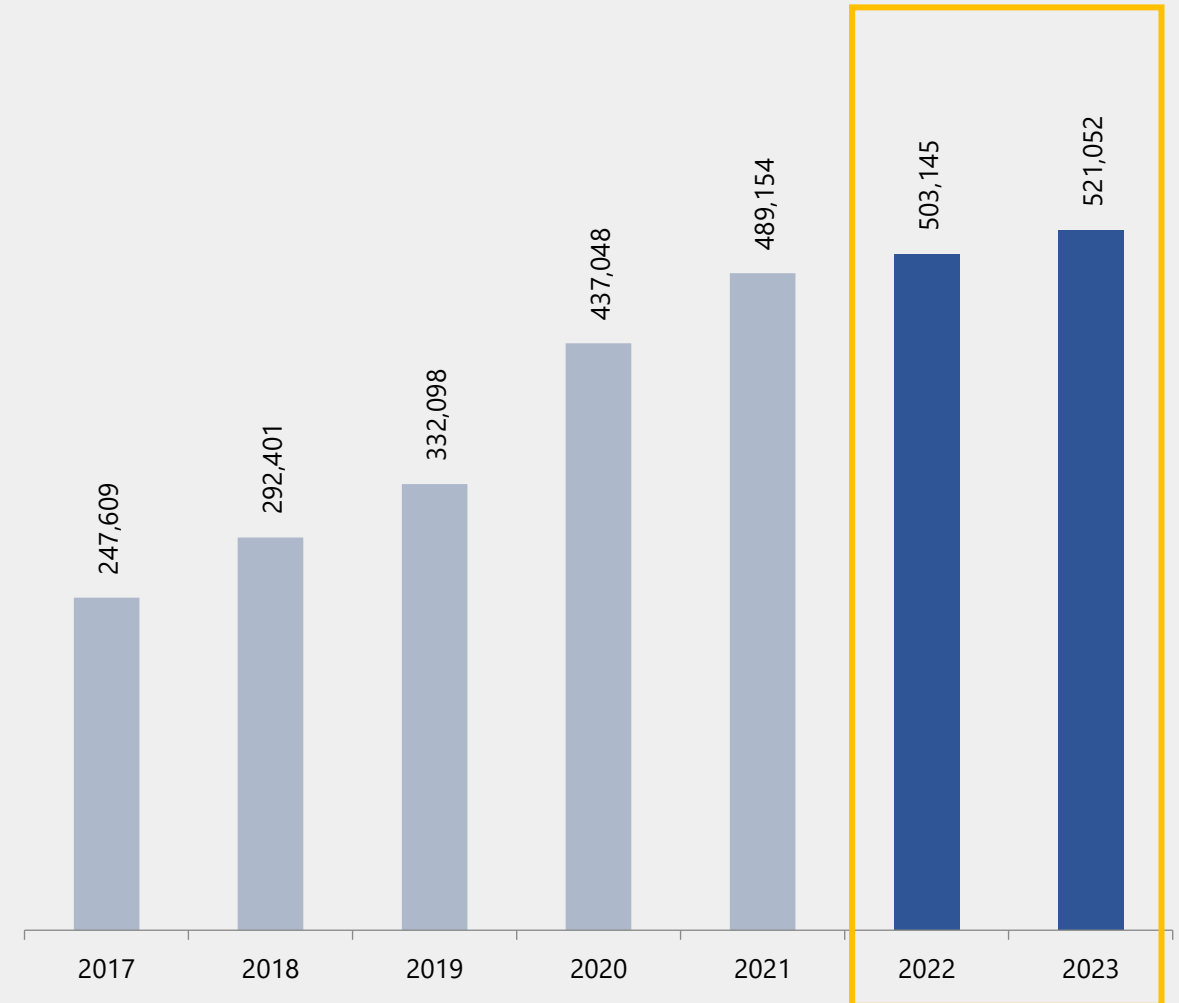
## Up Y/Y

COL's client base grew by 3.6% Y/Y to 521,052 as of end 2023.

Average monthly additions reached 1,492 during the past 12 months.

### Client Base

▲ +3.6%



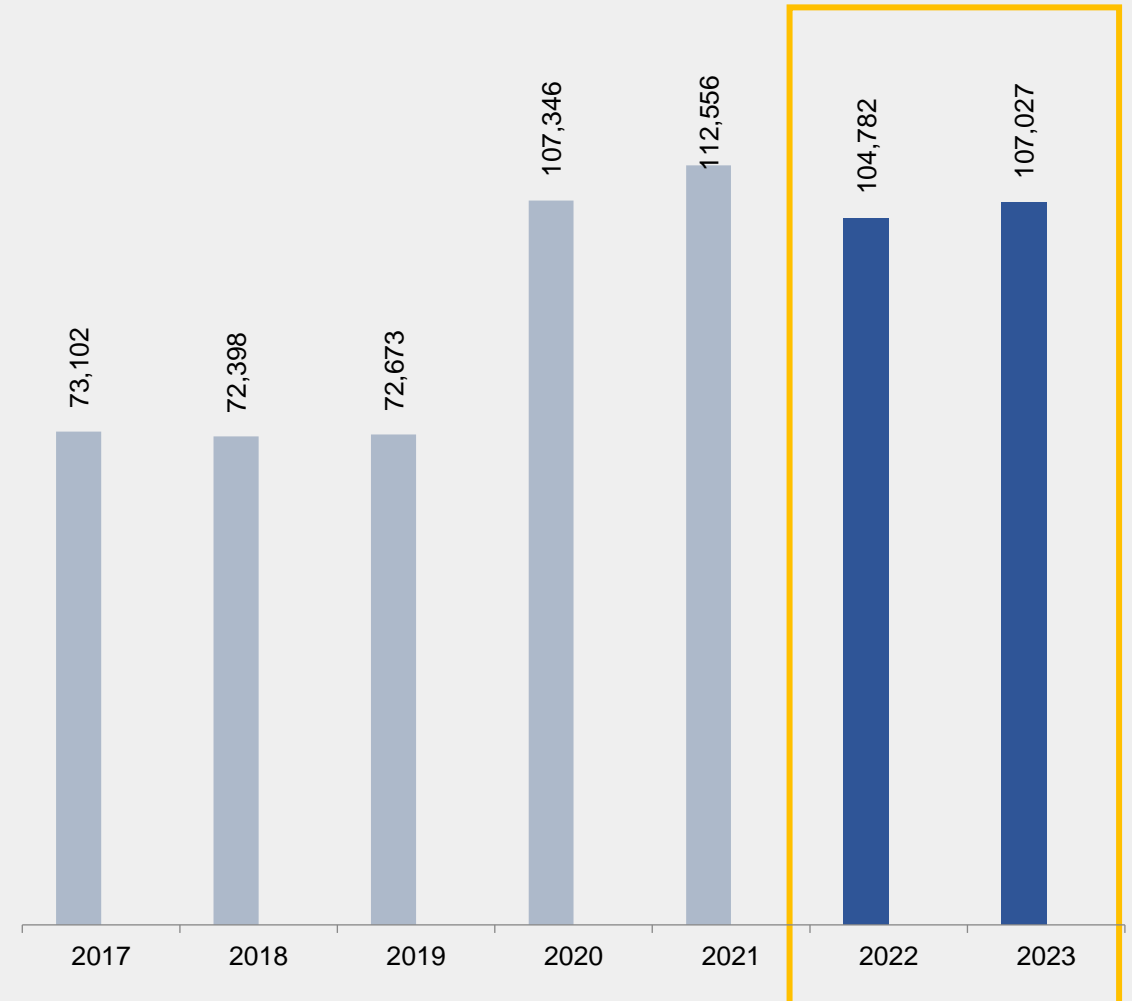
## Client Equity Up on New Deposits

Client equity was up 2.1% Y/Y to Php107.0 Bil.

Client equity increased largely due to new deposits. Note that the PSEi index was down by 1.8% Y/Y. However, COL registered a net cash inflow from retail clients amounting to Php1.4 Bil during the past twelve months.

### Client Equity (Php Mil)

▲ +2.1%



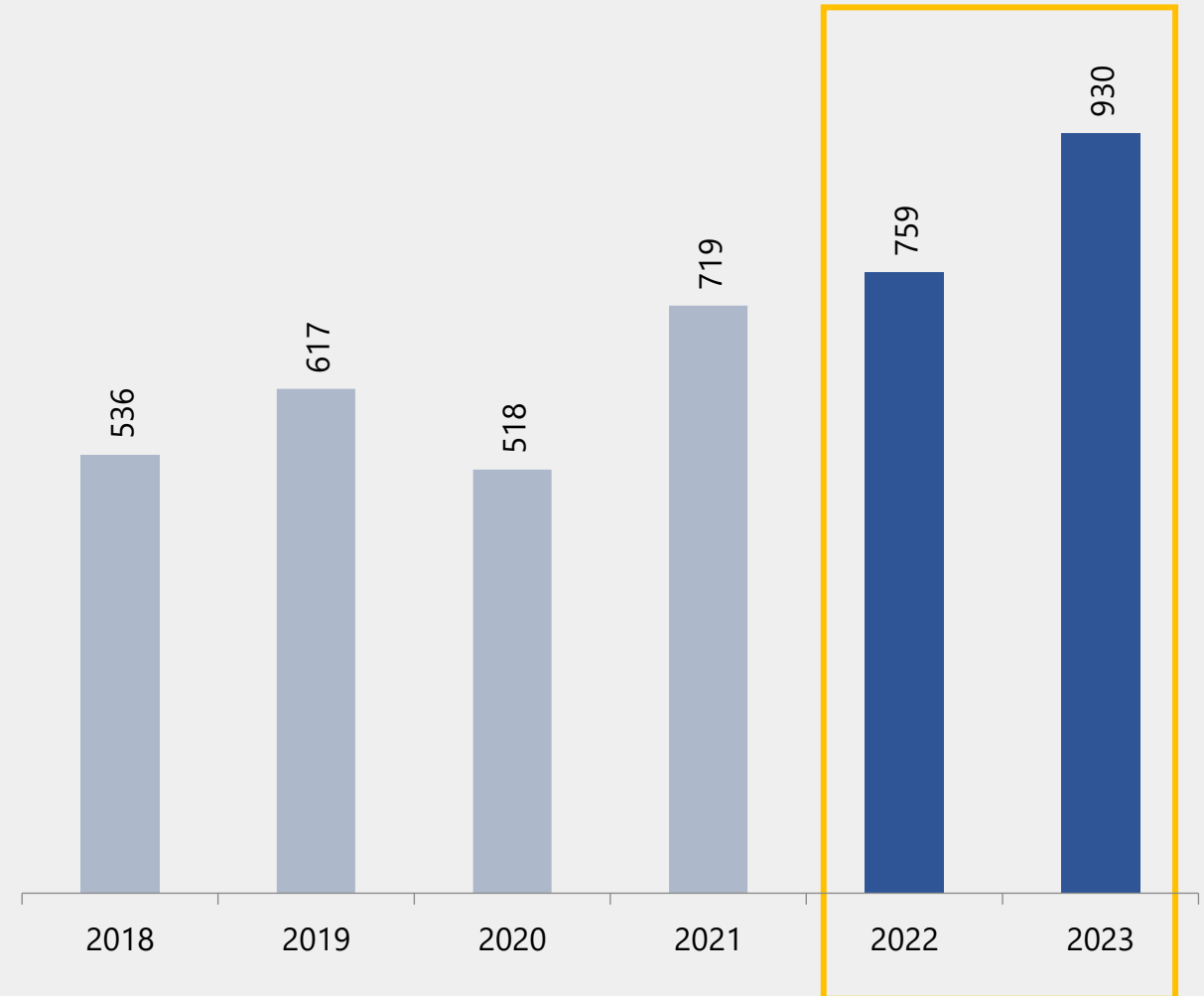
## Margin Loans Up

Average daily margin loans increased by 22.5% to Php930 Mil Y/Y.

The number of approved margin accounts fell slightly from 1,166 to 1,118. The number of accounts utilizing margin was also down from 32.1% to 30.4%. However, the value of margin line utilized increased from 13.4% to 16.4%, explaining the increase in average daily margin loans.

### Ave Daily Margin Loans (Php Mil)

▲ +22.5%



# MF Net Sales **still Positive** due to Bond, Feeder, and CMI Managed Funds

COL's MF distribution business still generated net sales of Php225.6 Mil in 2023 despite the challenging operating environment. This was due to the popularity of bond funds, feeder funds and the newly launched CMI managed equity funds. Excluding money market funds, net sales amounted to Php208.9 Mil.

Bond funds accounted for Php65.5 Mil of total net sales, while feeder funds accounted for Php114.9 Mil.

CMI managed equity funds generated Php122.2 Mil in net sales.

Balanced funds suffered from net outflow amounting to Php11.8 Mil. Non-CMI managed equity funds also suffered from a net outflow of Php81.9 Mil.

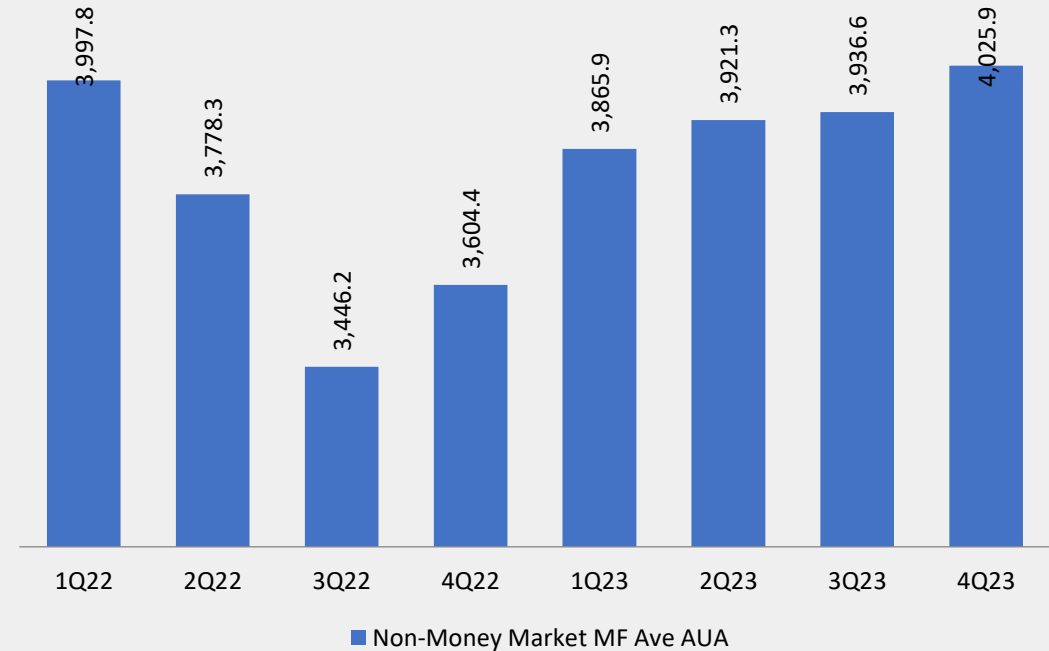
MF Net Sales (PhpMil)

Fund Type	
Money Market	16.7
Bond Fund	65.5
Balanced Fund	-11.8
Equity – CMI	122.2
Equity – Non- CMI	-81.9
Feeder Funds	114.9
<b>Total</b>	<b>225.6</b>



## Average AUA Continued to Recover Sequentially

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



## MF only Clients **Up Slightly**

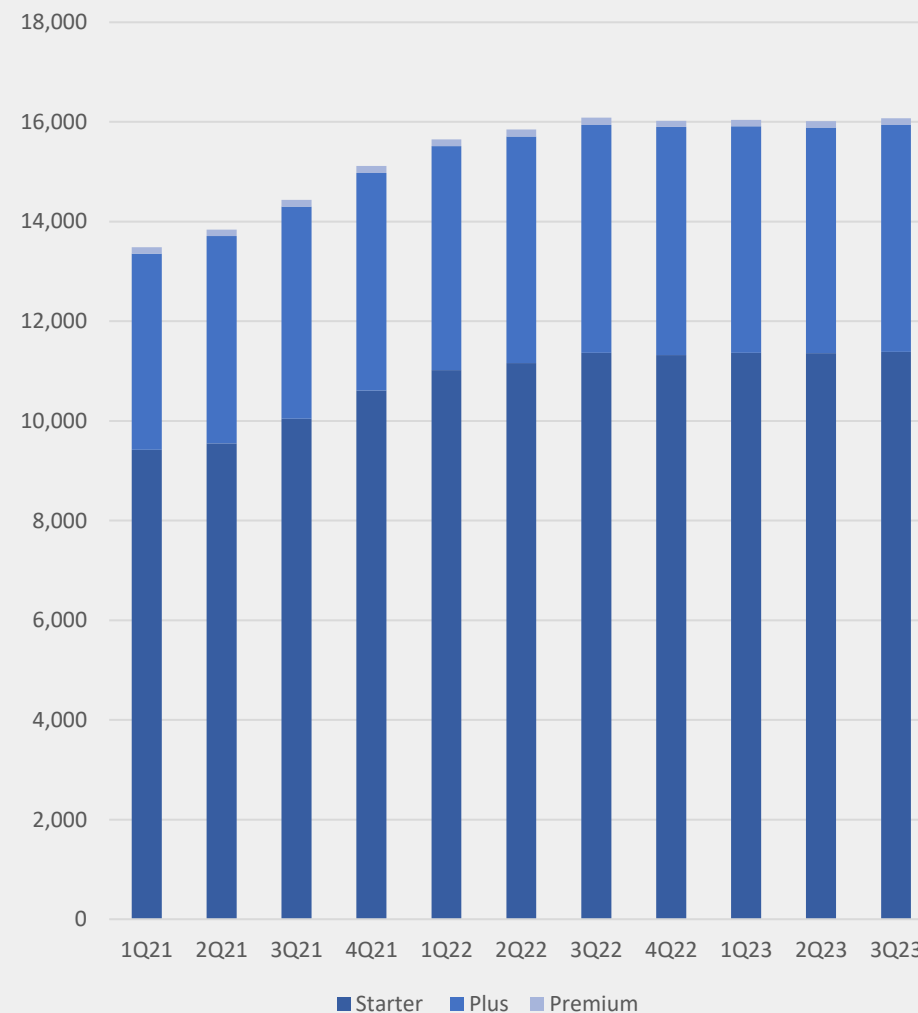
The number of clients who only owned MFs increased slightly from 16,022 as of end 2022 to 16,078 as of end 2023.

Of the said number, 70.9% were Starter clients while 28.3% were Plus clients.

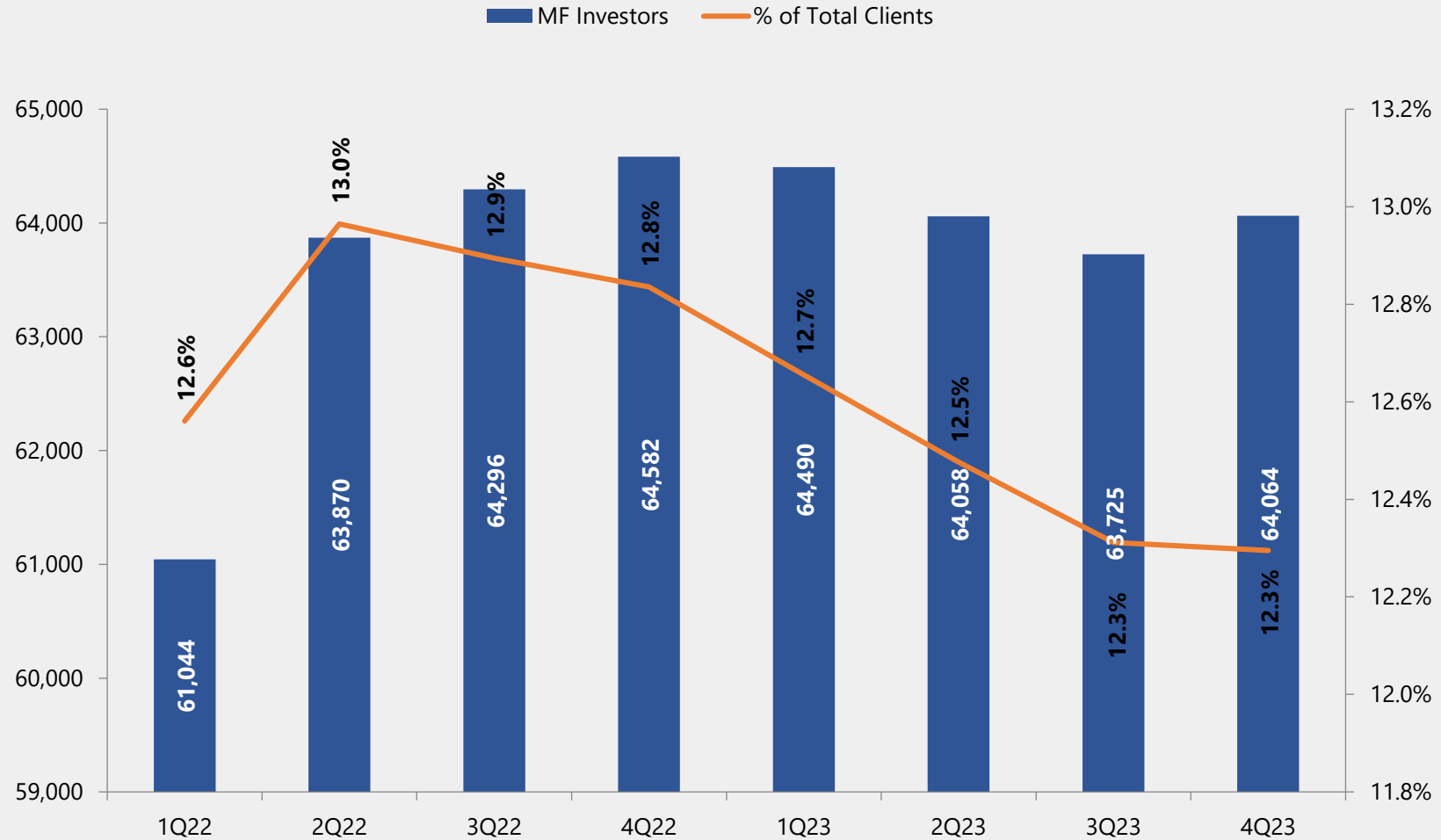
However, clients who had MF investments fell from 64,582 as of end 2022 to 64,64 as of end 2023.

Of the said number, 31.4% were Starter clients while 61.2% were Plus clients. Premium clients accounted for 7.3%.

### MF Only Clients



# Total Clients Owning MFs **Stabilized**





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