

**COL FINANCIAL GROUP, INC.**  
Annual Stockholders' Meeting  
Held at Ballrooms C, D, & E, Crowne Plaza Galleria Manila  
on 30 March 2017 at 3:00PM

|                              |   |                            |
|------------------------------|---|----------------------------|
| <b>Shareholders Present:</b> | <b>No. of Outstanding and Voting Shares</b> | <b>Percentage of Total</b> |
|                              | 385,561,152                                 | 81%                        |

**1. Call to Order, Proof of Notice and Determination of Quorum**

The Chairman of the Board called the meeting to order and requested the Corporate Secretary to give a report on the formal steps taken in connection with the holding of this annual stockholders' meeting.

The Corporate Secretary reported that the Securities & Exchange Commission, the Philippine Stock Exchange, the Transfer Agent of COL and all stockholders of record as of 28 February 2017 were furnished, by mail or personal delivery under his direct supervision, with copies of the Corporation's Definitive Information Statement containing the Notice and Agenda for the Annual Stockholders' Meeting of COL Financial Group, Inc. set for 30 March 2017, including the Audited Consolidated Financial Statements of the Corporation. The Corporate Secretary further certified that based on records, there were represented in the meeting in person or by unsolicited proxy a total of 385,561,152 shares representing 81% of the subscribed and outstanding capital stock entitled to vote and that a quorum existed for the meeting.

Based on the foregoing certification by the Corporate Secretary, the Chairman declared the meeting duly convened and open for business.

**2. Approval of the Minutes of the Previous Meeting**

The Chairman informed the stockholders that the first item in the agenda is the reading and approval of the Minutes of the previous stockholders' meeting held on 31 March 2016. Upon motion made and duly seconded, the stockholders passed and approved the following resolution:

**“RESOLVED**, that the minutes of the annual meeting of the stockholders held on 31 March 2016 be, as it is hereby confirmed, ratified and approved.”

As tabulated by the Corporate Secretary, the votes on the motion for the approval of the minutes of the 31 March 2016 Stockholders' Meeting were as follows:

|   | Yes         | No | Abstain |
|---|-------------|----|---------|
| Approval of the Minutes of the Previous Meeting | 385,547,111 | -  | -       |

**3. President's Report for 2016**

The President proceeded to give his report, a copy of which is attached hereto as Annex "A".

The Chairman then asked if there were any questions on the President's report. There being none and upon motion made and duly seconded, the stockholders passed and approved the following resolution:

**“RESOLVED**, that the stockholders of the Corporation hereby adopt the report of the President for the year 2016.”

As tabulated by the Corporate Secretary, the votes on the motion for the adoption of the President’s Report for 2016 were as follows:

|   | Yes         | No | Abstain |
|---|-------------|----|---------|
| Adoption of the 2016 President’s Report | 385,547,111 | -  | -       |

**4. Ratification of all Acts, Investments, and Resolutions of the Board of Directors and Management since the Last Annual Stockholders’ Meeting**

The Chairman then proceeded with the next item in the agenda which is the ratification of all Acts, Investments, and Resolutions of the Board of Directors and Management since the last annual stockholders’ meeting. There being no questions raised by any of the stockholders present, and upon motion made and duly seconded, the stockholders passed and approved the following resolution:

**“RESOLVED**, that all acts, investments, and resolutions of the Board of Directors and Management from the annual stockholders’ meeting held on 31 March 2016 up to the 30<sup>th</sup> of March, 2017 be, as they are hereby confirmed, ratified and approved.”

As tabulated by the Corporate Secretary, the votes on the motion for the ratification of all acts, investments, and resolutions of the Board of Directors and Management were as follows:

|  | Yes         | No | Abstain |
|--|-------------|----|---------|
| Ratification of all acts, investments, and resolutions of the Board and Management | 385,547,111 | -  | -       |

**5. Approval of the 2016 Audited Financial Statements**

The next item in the agenda as mentioned by the Chairman is the approval of the Audited Financial Statements of the Company as of December 31, 2016. Upon motion made and duly seconded, the stockholders passed and approved the following resolution:

**“RESOLVED**, that the audited financial statements for the year ended December 31, 2016 be, as the same are, hereby approved.”

As tabulated by the Corporate Secretary, the votes on the motion for the approval of the 2016 Audited Financial Statements were as follows:

|   | Yes         | No | Abstain |
|---|-------------|----|---------|
| Approval of the 2016 Audited Financial Statements | 385,547,111 | -  | -       |

**6. Election of Directors for the year 2017 – 2018**

The next item in the agenda is the election of Directors for the year 2017-2018. Mr. Khoo Boo Boon, chairman of the Nominations Committee, reported that the committee received nominations for and pre-screened the following 11 persons as members of the Corporation’s Board of Directors:



Mr. Edward K. Lee  
Mr. Alexander C. Yu  
Mr. Conrado F. Bate  
Mr. Hernan G. Lim  
Mr. Raymond C. Yu  
Mr. Wellington C. Yu  
Mr. Paulwell Han  
Mr. Joel Litman  
Mr. Khoo Boo Boon  
Ms. Catherine L. Ong  
Mr. Caesar A. Guerzon

Of the 11 nominees, 2 were nominated for the position of independent director, namely, Mr. Khoo Boo Boon and Mr. Wellington C. Yu. Upon motion duly seconded, the stockholders deemed as elected all of the eleven (11) individuals nominated to the Board of Directors of COL Financial Group, Inc. The Chairman, acting on the instructions given by the stockholders present, cast the votes in favor of the 11 nominees to the Board of Directors of the Company identified by the Chair of the Nominations Committee.

The Chairman requested the Corporate Secretary to report on the results of the election. In response, the Secretary reported that based on the partial tabulation of votes, each of the nominees of directors garnered at least 364,728,900 votes, which represent 77% of the outstanding voting shares. The Secretary certified that each nominee received sufficient votes for election to the Board.

The stockholders passed and approved the following resolution:

**“RESOLVED**, to confirm the election of the following as Members of the Board of Directors of the Corporation for the year 2017-2018:

Mr. Edward K. Lee  
Mr. Alexander C. Yu  
Mr. Conrado F. Bate  
Mr. Hernan G. Lim  
Mr. Raymond C. Yu  
Mr. Wellington C. Yu  
Mr. Paulwell Han  
Mr. Joel Litman  
Mr. Khoo Boo Boon  
Ms. Catherine L. Ong  
Mr. Caesar A. Guerzon

As tabulated by the Corporate Secretary, each nominee received the following number of votes:

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|                     |             |
|---------------------|-------------|
| 1. Edward K. Lee    | 385,547,111 |
| 2. Alexander C. Yu  | 382,547,111 |
| 3. Conrado F. Bate  | 385,547,111 |
| 4. Hernan G. Lim    | 382,547,111 |
| 5. Raymond C. Yu    | 382,547,111 |
| 6. Wellington C. Yu | 385,547,111 |
| 7. Paulwell Han     | 382,547,111 |
| 8. Joel Litman      | 382,547,111 |
| 9. Khoo Boo Boon    | 385,547,111 |

- |                       |             |
|-----------------------|-------------|
| 10. Catherine L. Ong  | 385,547,111 |
| 11. Caesar A. Guerzon | 385,547,111 |

Accordingly, the Chairman declared the above-named individuals duly elected as members of the Board of Directors of the Company for the year 2017-18.

**7. Appointment of External Auditor**

On the next item of the agenda, the Chairman opened the floor for the nomination and appointment of the Company’s external auditor. Upon motion made and duly seconded, the stockholders re-appointed Sycip, Gorres & Velayo as the Company’s external auditor by approving the following resolution:

“**RESOLVED**, that SGV & Company, Certified Public Accountants, be, as they are hereby, re-appointed as external auditors of the Company for the year 2017-2018.”

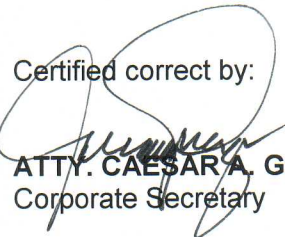
As tabulated by the Corporate Secretary, the votes on the motion for re-appointment of the external auditor of the Company for the year 2017-2018 were as follows:

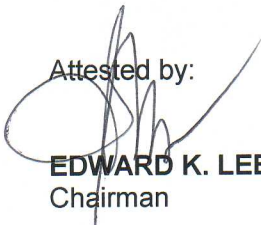
|                                 | Yes         | No | Abstain |
|---------------------------------|-------------|----|---------|
| Appointment of External Auditor | 385,547,111 | -  | -       |

**8. Other Matters and Adjournment**

On other matters, the Chairman informed the stockholders that the Board in a Special Meeting held on March 30, 2017, approved the declaration of cash dividends to all stockholders of record as of 28 April 2017, as follows: Php0.14 as regular cash dividend and Php0.46 as special cash dividend or a total of Php0.60 for the year.

There being no other matters to take up and upon motion duly seconded, the meeting was adjourned at 3:40pm.

Certified correct by:  
  
**ATTY. CAESAR A. GUERZON**  
 Corporate Secretary

Attested by:  
  
**EDWARD K. LEE**  
 Chairman

**ANNEX “A”**  
COL Annual Stockholders’ Meeting  
The President’s Report 2016

**I. PSEI Chart**

Last year, markets were volatile due to a mix of local and foreign events. The market fell to a low of 6,000 in February due to concerns over the weakening Chinese economy, before peaking close to all-time highs in July on strong domestic growth prospects and a credible presidential election. However, post-elections, political concerns rose with newly elected President Duterte’s anti-US rhetoric and war on drug campaign. Coupled with the Fed rate hike in December, all market gains were erased by the end of the year. The market closed down 1.6% for 2016.

**II. A Record Year**

Despite the tough market environment, 2016 results marked a record performance by virtually every measure for COL, which reflects the combined power of its strategy and scale—serving more clients while delivering record performance.

- **Net New Assets**

Last year, COL attracted a record 9.7 billion pesos in net new assets, up 67%, from new and existing clients. This record performance can be largely attributed to COL’s strategy of focusing on the retail investor base, which represents the core of its business. This base is rapidly growing, loyal, and scalable.

- **Total Client Assets**

COL’s total client assets rose 26% to reach 59 billion pesos at the end of last year. This makes COL the largest group of equity investors by assets locally, surpassing the size of even the largest equity funds in the country.

- **New Clients**

Another measure of COL’s success is the consistent growth in the number of its new clients – a testament to COL’s commitment to provide superior investing experience. In 2016, COL ended the year with 205 thousand clients, a 26% increase or close to 43,000 new clients.

**III. Financial Highlights**

- **Net Profit**

COL registered record earnings of 328 million pesos, a 25% increase from 2015.

- **Return on Average Equity**

COL’s Return on Average Equity stands at 24% from only 20% the year before. This outstanding performance was primarily driven by strong revenues and our continuous effort to manage our expenses. Our highly scalable business has shown strong operating leverage in 2016 as net income grew at a much faster pace than revenues.



- **Consolidated Revenue**

2016 consolidated revenues rose 13% to hit record levels of 834 million pesos, mainly driven by a 24.4% surge in commission revenues.

The strong growth in Philippine commission revenues was seen on our self-directed and advisory & agency businesses, while institutional revenues was flat. This growth can be attributed to our increased efforts to provide meaningful engagement to its clients through timely and relevant market briefings, educational roadshows in key cities, and interactive online events.

The increase in commission revenues more than offset the 5.5% decline in interest income. Despite higher interest earned from cash placements, interest income declined owing to a 38.6% drop in average margin loans as markets for most part of the year was generally weak even as we reduced rates to encourage more borrowing.

Other income also fell 54% due to the absence of one-off trading gains resulting from clients' unexercised stock rights offerings.

Finally, Hong Kong operations continued to weaken, with commissions down 67% as market prospects in China remain unattractive. As of end-2016, Our HK operations now only account for slightly over 1% of its total revenues compared to 4.8% in the previous year. We continue to maintain its HK operations at a low cost structure as a potential vehicle to build its overseas platform in the future.

- **Total Operating Expenses**

Total operating expenses increased at a slower pace of 5.5% to 396 million pesos, largely due to the booking of a one-off tax expense worth 24 million pesos in 2015.

Excluding this one-off tax expense, expenses rose 12.7%, which is still slower than the 13.1% increase in revenue for the year. Costs increased as we bolstered our manpower to support the fund distribution business and the self-directed high-net worth segment, among others. Our communications cost also increased as we added additional bandwidth providing a better online investing experience for its growing client base.

- **Balance Sheet**

COL remains cash-rich and debt-free. Total assets grew 12.2%, largely driven by the 9.1% rise in cash, while stockholders' equity was only up 8.1% as its cash dividend payout partly offset its profits.

#### **IV. Operating Highlights**

- **Average Daily Turnover**

Aside from the strong increase in the number of clients and assets, we also saw a corresponding rise in client activity as COL conducted more client engagement events. Average daily turnover jumped 25.8% to 880 million pesos compared to the PSE's 13% decrease in average daily turnover.

- **Market Share**

Consequently, our market share increased to a record-high of 5.6% from 3.9% in 2015 despite foreign flows expanding their market share last year. Excluding foreign flows, our share of value turnover increased even more from 7.7% to another record high of 11.9%. COL were able to achieve this through its ability to attract and service a broad spectrum of retail investors.

- **PSE Ranking by Value Turnover**

COL's PSE ranking by value turnover rose 2 notches to No. 6, and it remains No. 1 in terms of number of transactions with a 20.6% market share.

## **V. Increased Capacity**

Although we had a record year, it also had its share of challenges and learnings.

In the middle of the year, COL's systems hit peak capacity due to the massive increase in client access and activity. Trade and order levels for COL alone in 2016 reached roughly that of levels achieved by the entire stock exchange in 2013, slowing down its website and causing delays in order and market data processing.

## **VI. Network Upgrade**

While we had prepared by doubling its built-in capacity at the start of 2016, this was easily surpassed, breaking the projected maximum levels that the system could handle for the year.

We addressed the situation by adding 50% more state-of-the-art servers, increasing its capacity to cover the projected growth in the next 2 years, and upgrading its network and internet resources.

## **VII. COL Investor Center - Davao**

Meanwhile, on the regulatory front, the strict implementation of the face-to-face requirement under KYC hampered our ability to process requests for account openings in nearby cities, provincial areas and overseas.

However, we have begun putting up investor centers outside of Manila starting with Davao. These additional investor centers will help address the KYC requirement as well as expand its reach and localize its service. Overall, the new investor centers make it easier for us to reach out to the underserved market outside Metro Manila.

## **VIII. Fund Source**

One of the major milestones of 2016 is the success of our fund distribution business since its inception 18 months ago.

- **Assets Under Administration**

As of end 2016, COL's total Assets Under Administration was **1.3 billion** pesos, a **160%** increase from end-2015 levels.



Meanwhile, the number of mutual fund investors increased **143%** from **7,526** in 2015 to **18,317** representing **9%** of COL's client base as of end-2016. Even more encouraging is the fact that **14%** of these **18,300** mutual fund investors represents a new type of investor who invests solely in mutual funds, opening up a wider base of passive investors that remains largely untapped.

- **Equity Fund Sales**

It's also worth noting that we were able to achieve a continuous increase in equity fund sales in 2016 totaling **757 million** pesos while the equity funds industry saw a **310 million** peso net outflow for the year.

The strong showing of the fund distribution business indicates our customers' growing trust in its ability to provide a wider range of products that address their different investment needs.

## **VI. Conclusion**

2016 was a pivotal year as we reshaped the brokerage industry and began transforming itself into a formidable and diversified financial service provider. This shift will not come without challenges but we believe there are more opportunities on the horizon.

I am confident that we are ready to face the challenges of building a diversified financial services platform, but we must never lose sight of who we are as company and how we got here. COL Financial has always strived to be the company that people could trust to look out for their interests before our own. This is the driving force in our success in the past, and we expect it to be the same in the years to come.