

# COL 1Q16 Earnings Presentation

*For a Richer Life*<sup>TM</sup>



# Investor Presentation Highlights



**COMPANY  
OVERVIEW**



**FINANCIAL & OPERATING  
HIGHLIGHTS**



**GROWTH  
PLANS**

# Company Overview

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Established and licensed by the SEC in 1999

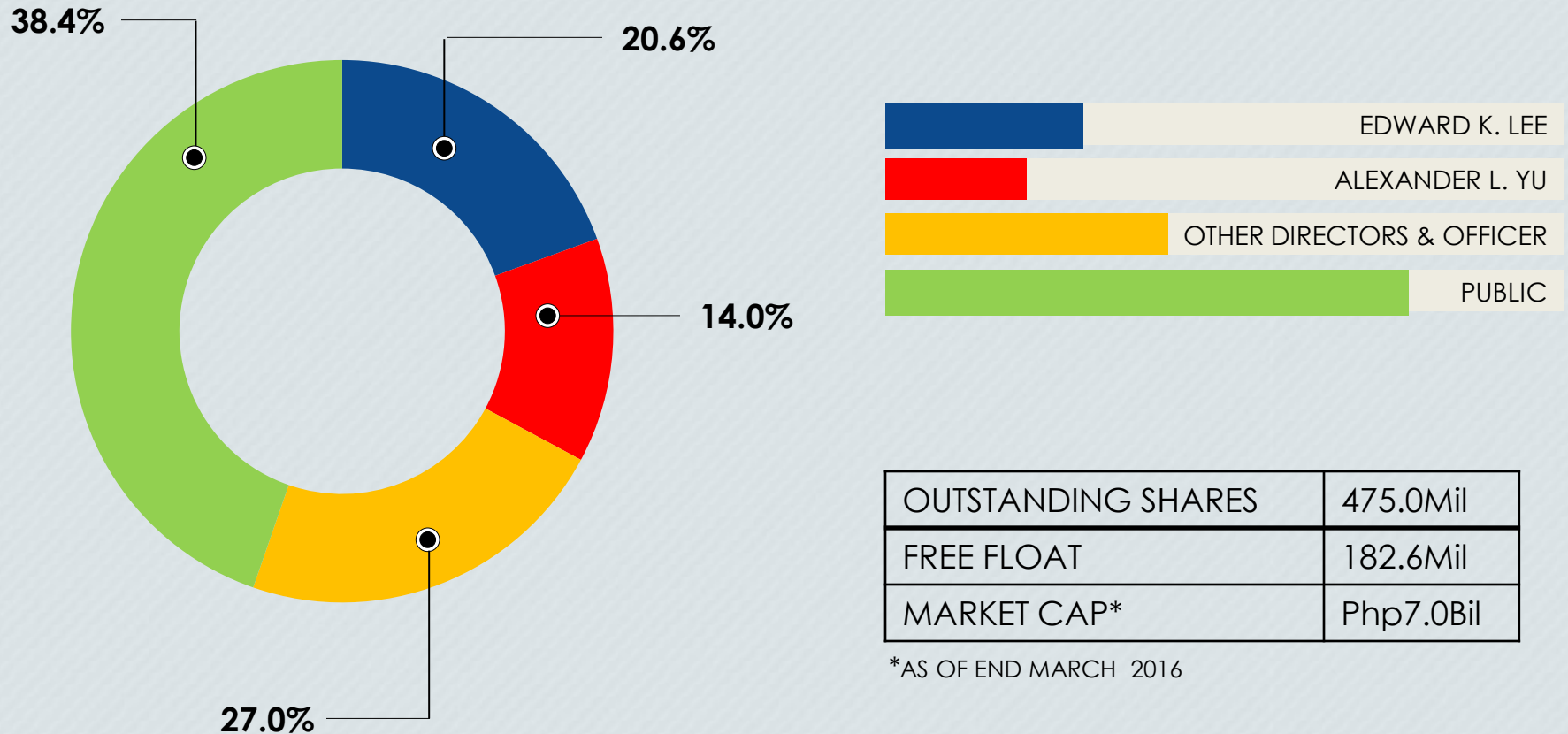
The leading and fastest-growing online stockbroker in the Philippines

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

Founder (Edward K. Lee) retains a 20.6% stake and actively manages the Company



# Ownership Structure



OUTSTANDING SHARES	475.0Mil
FREE FLOAT	182.6Mil
MARKET CAP*	Php7.0Bil

\*AS OF END MARCH 2016



## 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 the  
**Champion of the Filipino Investor**

# Leading and Fastest Growing Online Stockbroker in the Philippines in Terms of Numbers of Accounts. . .

2014 Rank	Broker Name	Total Accounts*		% Change	% of Total Accounts Online
		2013	2014		
1	COL Financial	83,540	114,078	36.6%	65.3%
2	BPI Securities	25,775	33,769	31.0%	19.3%
3	First Metro	9,995	12,207	22.1%	7.0%
4	Accord Capital	6,022	8,319	38.1%	4.8%
	Others	3,923	6,219	58.5%	3.6%
	<b>Total</b>	<b>129,255</b>	<b>174,592</b>	<b>35.1%</b>	<b>100.0%</b>

\*2014 Numbers are estimates only  
SOURCE: PSE, COL Estimates

## Also Amongst the Biggest Philippine-Based Brokers

1Q16 Rank	Broker Name	1Q16 Value Turnover (PhpBil)	% of Total
1	Deutsche Regis Partners Inc.	81.5	10.0%
2	UBS Securities Philippines Inc.	69.8	8.6%
3	CLSA Philippines, Inc.	69.2	8.5%
4	Credit Suisse Securities (Phil), Inc.	53.4	6.6%
5	Macquarie Capital Securities (Phil), Inc.	48.2	5.9%
6	Philippine Equity Partners, Inc.	46.4	5.7%
7	Maybank ATR Kim Eng Securities, Inc.	44.4	5.5%
<b>8</b>	<b>COL Financial Group, Inc.</b>	42.3	5.2%
9	J.P. Morgan Securities Philippines, Inc.	32.8	4.0%
10	Mandarin Securities Corp.	28.2	3.5%

SOURCE: PSE

# Corporate Milestones



- Became licensed by the SEC to conduct business as a broker and seller of securities in the Philippines

1999

2001-2002

- The COL PH online trading platform became operational
- CitisecOnline HK Ltd. (COL HK) became a trading participant of the HK exchange
- Launched the COL HK platform



- COL's IPO for PSE listing
- Launched the COL PH Trading platform
- PSE approved COL's application as a trading participant

2005-2006

2008-2010



- Launched the COL Easy Investment Program
- COL began to operate its PSE seat
- Launched the full-service agency and advisory team called the COL Private Clients Group (PCG)



- Official change of corporate name to COL FINANCIAL GROUP, INC.
- Received the 1st PSE Bell Award in Good Governance

2012

2013

- Signed a partnership with I-Remit to expand reach to OFWs
- Received the 2nd PSE Bell Award in Good Governance



- SEC granted COL the Mutual Distributor License
- Partnered with ALFM, ATRAM, First Metro, Philamlife, Philequity and Sun Life
- Launched the COL Mobile App for the iOS platform
- Opened the Makati Investor Center



2014

2015



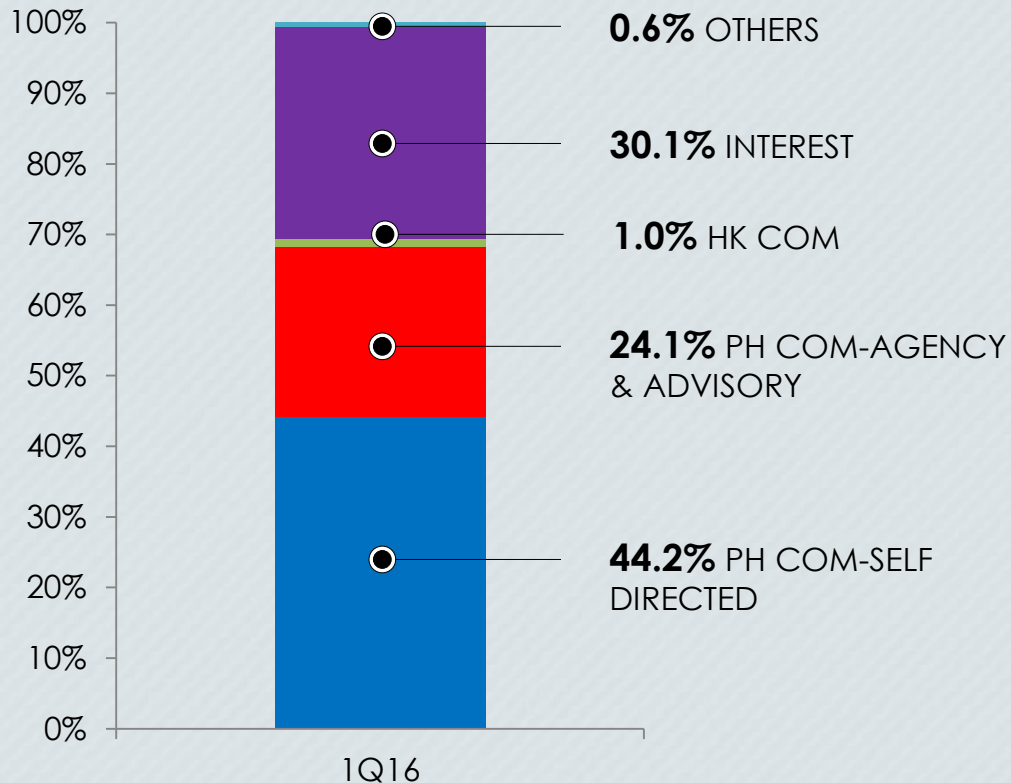
- Introduced COL Fund Source - the first fund supermarket in the country.
- Launched the COL Mobile App for the Android platform





# Bulk of Revenues Generated From Philippine Operations

## REVENUE BREAKDOWN



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COL's Philippine operations account for 99.0% of revenues, while its HK operations account for the balance.

Commissions from both Philippines and HK account for 69.3% of revenues.

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Interest income from margin loans and cash accounts for 30.1% of revenues.

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# Investor Presentation Highlights



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# Key Highlights

## POSITIVE

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- Market share in the PSE reached a new record high
- Interest income from cash placements continued to grow
- Balance sheet remained healthy
- Strong growth in new accounts & client equity
- Strong start for funds distribution business

## NEGATIVE

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- Poor market conditions dragged revenues & profits lower
- HK business generated a loss
- Margin lending down

## 1Q16 Net Income – 34.2%

1Q16 net income fell by 34.2% to Php70.6 Mil.

Consolidated revenues decreased by 21.5% Y/Y driven by the decline in all revenue items (commissions, interest and other income), brought about by poor market conditions.

Operating profit was down 31.8% to Php93.6 Mil as fixed operating expenses continued to increase even as revenues fell.

Income taxes fell by 23.3% to Php23.0 Mil.

## CONSOLIDATED INCOME STATEMENT (IN PHP MIL)

	1Q15	1Q16	Change	
			Amount	%
Income				
Commissions	154.6	118.2	(36.4)	-23.5%
Interest	61.8	52.1	(9.7)	-15.7%
Other income	1.6	1.0	(0.6)	-39.7%
Total	218.1	171.3	(46.8)	-21.5%
Expenses				
Commission expenses	28.2	20.9	(7.4)	-26.0%
Personnel costs	15.8	19.0	3.2	19.9%
Professional fees	6.3	7.6	1.2	19.6%
Stock exch. dues & fees	6.2	5.2	(1.1)	-17.2%
Communication	6.1	7.4	1.3	20.7%
Rentals & utilities	4.5	5.0	0.6	12.7%
Depreciation	3.6	4.3	0.7	20.6%
Advertising & marketing	2.2	1.5	(0.7)	-33.2%
Others	8.0	7.0	(1.0)	-12.0%
Total	80.9	77.8	(3.2)	-3.9%
PRE-TAX INCOME	137.2	93.6	(43.6)	-31.8%
TAXES	29.9	23.0	(7.0)	-23.3%
NET INCOME	107.3	70.6	(36.7)	-34.2%



## Poor Market Conditions Dragged Results

Philippine commissions fell by 20.9% to Php118.2 Mil as value turnover in the PSE fell by 36.6%.

Interest income from local operations was down by a slower pace of 15.7% to Php52.1 Mil as the 63.2% increase in interest income from cash placements partly offset the 58.2% drop in interest income from margin loans.

Interest income from cash increased due to the 48.2% rise in COL's average cash position and the 18 bps increase in average yield.

Interest income from margin fell due to the 61.0% drop in average margin loans to Php502 Mil.

## REVENUE BREAKDOWN (IN PHP MIL)

	1Q15	1Q16	Change	
			Amount	%
Philippines				
Commission	149.4	118.2	(31.2)	-20.9%
Self-directed	95.9	76.5	(19.4)	-20.2%
Agency & advisory	53.6	41.7	(11.8)	-22.1%
Interest	61.8	52.1	(9.7)	-15.7%
Others	1.5	1.0	(0.5)	-34.0%
Philippine Revenues	212.8	171.3	(41.5)	-19.5%
Hong Kong				
Commission	5.2	1.7	(3.5)	-67.8%
Interest	0.0	0.0	0.0	-
Others	0.1	0.0	(0.1)	-95.1%
HK Revenues	5.3	1.7	(3.7)	-68.5%
Revenue Share				
Philippines	97.6%	99.0%		
HK	2.4%	1.0%		
Self-directed	64.2%	64.7%		
Agency & advisory	35.8%	35.3%		

## Poor Market Conditions Dragged Results

Other income fell 34.0% due to the absence of unexercised SRO.

HK revenues fell more significantly, by 68.5% as market conditions also weakened.

HK now only accounts for only 1.0% of total revenues.

## REVENUE BREAKDOWN (IN PHP MIL)

	1Q15	1Q16	Change	
			Amount	%
Philippines				
Commission	149.4	118.2	(31.2)	-20.9%
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Agency & advisory	53.6	41.7	(11.8)	-22.1%
Interest	61.8	52.1	(9.7)	-15.7%
Others	1.5	1.0	(0.5)	-34.0%
Philippine Revenues	212.8	171.3	(41.5)	-19.5%
Hong Kong				
Commission	5.2	1.7	(3.5)	-67.8%
Interest	0.0	0.0	0.0	-
Others	0.1	0.0	(0.1)	-95.1%
HK Revenues	5.3	1.7	(3.7)	-68.5%
Revenue Share				
Philippines	97.6%	99.0%		
HK	2.4%	1.0%		
Self-directed	64.2%	64.7%		
Agency & advisory	35.8%	35.3%		

# HK Operating Losses Widened

Operating profits fell 31.8% to Php93.5 Mil, largely dragged by the increase in HK's operating loss to Php6.4 Mil.

Operating profit from the Philippines was down by 27.8% to Php99.9 Mil as fixed operating costs continued to rise.

ROAE fell to 23.0%, largely due to the decline in profits.

## SELECTED FINANCIAL INDICATORS

	1Q15	1Q16	Change	
			Amount	%
Operating Profits				
Philippines	138.3	99.9	(38.4)	-27.8%
Hong Kong	-1.1	-6.4	(5.3)	465.9%
Total	137.2	93.5	(43.7)	-31.8%
Operating Margins				
Philippines	65.0%	58.3%		
Hong Kong	-21.1%	-379.2%		
Consolidated	62.9%	54.1%		
EBITDA Margin	64.5%	57.1%		
Net Margin	49.2%	41.2%		
Asset Turnover*	12.8%	8.1%		
Asset/Equity	6.3	7.9		
ROAE*	35.4%	23.0%		

*\*Annualized*

## Fixed Operating Cost +11.3%

Total expenses fell by 3.9%, slower than the 21.5% decline in revenues.

This was largely due to the 11.3% increase in fixed operating costs which accounted for 66.5% of total expenses during 1Q16.

The increase in fixed operating costs was largely due to the double digit growth of personnel costs, professional fees and communication expense.

Personnel costs went up due to pay adjustments implemented in 2Q15. Growth should slow down in the next few quarters given the higher base of comparison.

Trading related expenses fell by 24.4% to Php26.0 Mil.

### BREAKDOWN OF EXPENSES (IN PHP MIL)

	1Q15	1Q16	Change	
			Amount	%
Trading Related Expenses				
Commission expenses	28.2	20.9	(7.4)	-26.0%
Stock exch. dues & fees	6.2	5.2	(1.1)	-17.2%
Total	34.5	26.0	(8.4)	-24.4%
Fixed Operating Costs				
Personnel costs	15.8	19.0	3.2	19.9%
Professional fees	6.3	7.6	1.2	19.6%
Communication	6.1	7.4	1.3	20.7%
Rentals & utilities	4.5	5.0	0.6	12.7%
Depreciation	3.6	4.3	0.7	20.6%
Advertising & marketing	2.2	1.5	(0.7)	-33.2%
Others	8.0	7.0	(1.0)	-12.0%
Total	46.5	51.7	5.3	11.3%
TOTAL EXPENSES	80.9	77.8	(3.2)	-3.9%



# Strong and Highly Liquid Balance Sheet

COL remained cash rich and debt free.

Total assets grew by 13.1% to Php8.9 Bil largely driven by the 16.8% increase in cash.

Receivables fell by 9.2% to Php976.3 Mil largely due to the drop in margin lending from Php640 Mil as of end 2015 to Php513 Mil as of end 1Q16.

Trade payables grew 14.9% to Php7.5Bil largely due to the increase of COL's client cash.

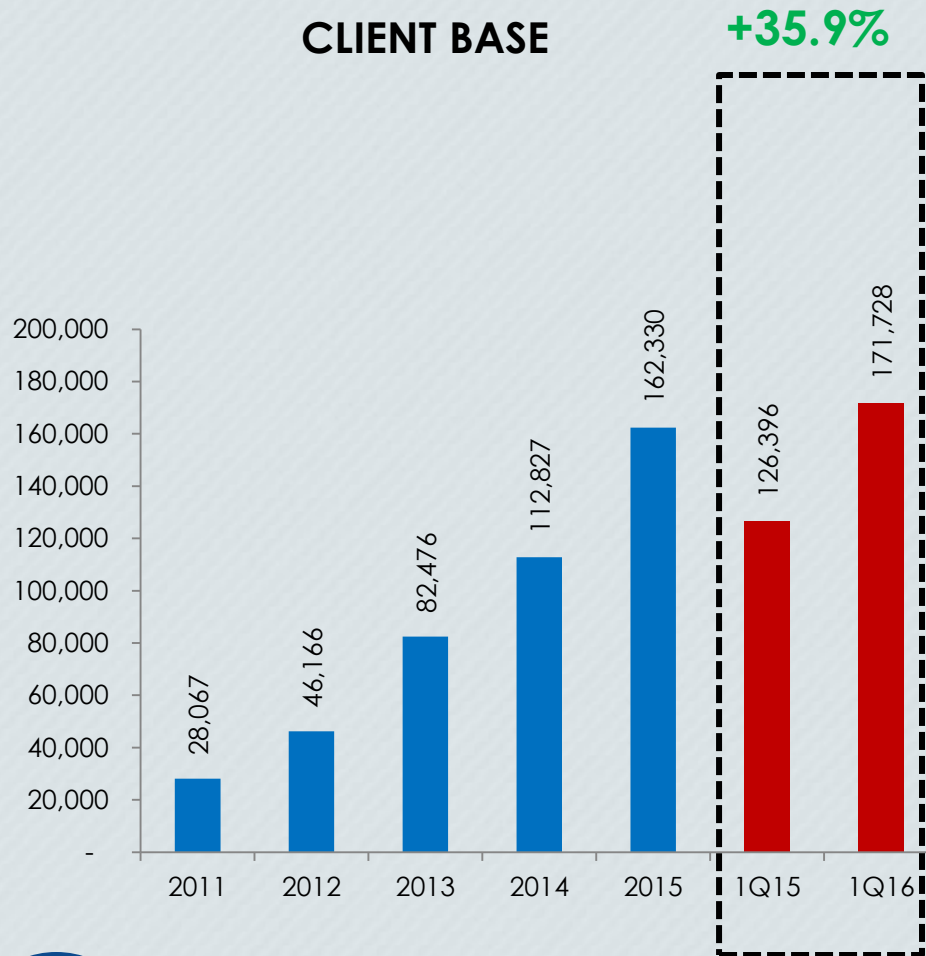
Stockholders' equity was down 13.2% to Php1.1 Bil due to the declaration of Php237.5 Mil in cash dividends, partly offset by the booking of Php70.6 Mil of profits.

BVPS fell to Php2.40/sh.

## CONSOLIDATED BALANCE SHEET (IN PHP MIL)

	12/31/15	03/31/16	Change	
			Amount	%
Cash & equivalents	6,749.2	7,881.9	1,132.7	16.8%
Receivables	1,075.8	976.3	(99.5)	-9.2%
Other current assets	12.2	18.8	6.6	53.8%
Property & equipment – net	44.3	42.4	(1.9)	-4.3%
Other non-current assets – net	71.4	75.4	4.0	5.6%
<b>TOTAL ASSETS</b>	<b>7,952.8</b>	<b>8,994.7</b>	<b>1,041.9</b>	<b>13.1%</b>
Trade payables	6,539.1	7,514.5	975.4	14.9%
Other current liabilities	70.4	310.3	239.9	340.7%
Non-current liabilities	26.3	26.3	0.0	0.0%
<b>Total Liabilities</b>	<b>6,635.8</b>	<b>7,851.2</b>	<b>1,215.3</b>	<b>18.3%</b>
<b>Total Stockholders' Equity</b>	<b>1,317.0</b>	<b>1,143.6</b>	<b>(173.4)</b>	<b>-13.2%</b>
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b>7,952.8</b>	<b>8,994.7</b>	<b>1,041.9</b>	<b>13.1%</b>
<b>BVPS</b>	<b>2.77</b>	<b>2.40</b>		

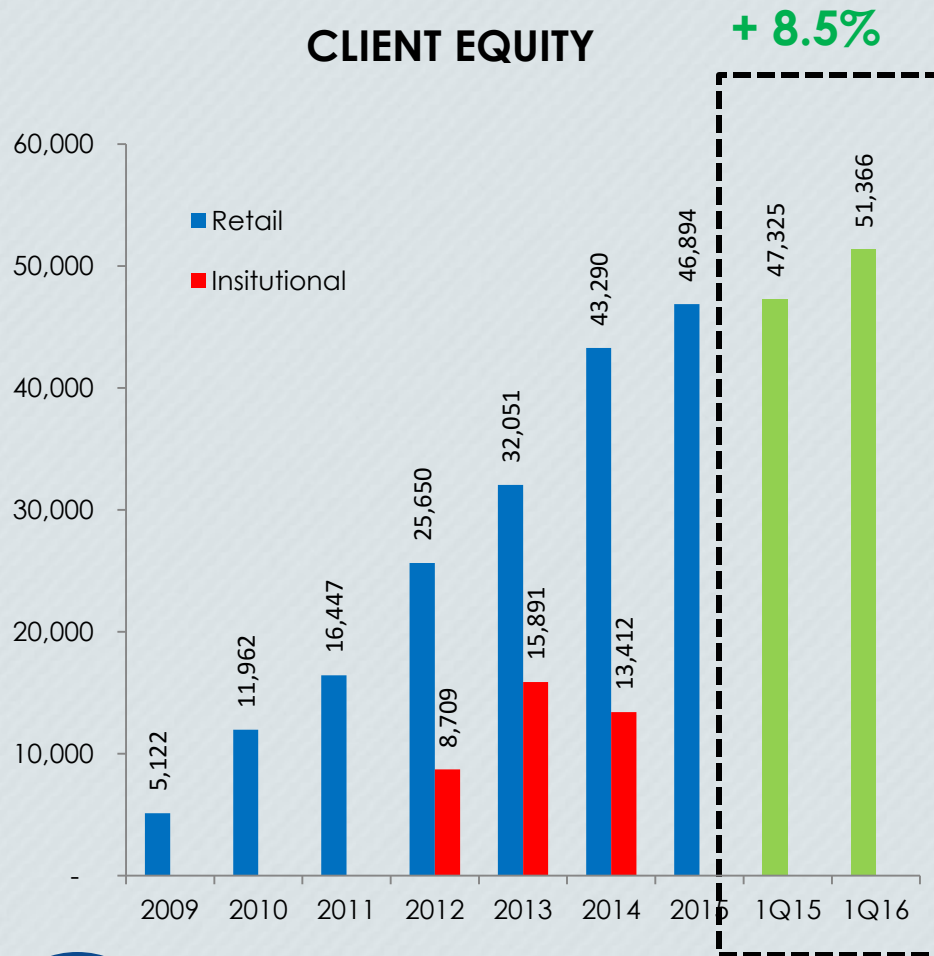
# Sustained Customer Growth



COL's client base grew by 35.9% Y/Y to 171,728 as of end March 2016.

Average monthly additions for YTD remained strong at 3,133.

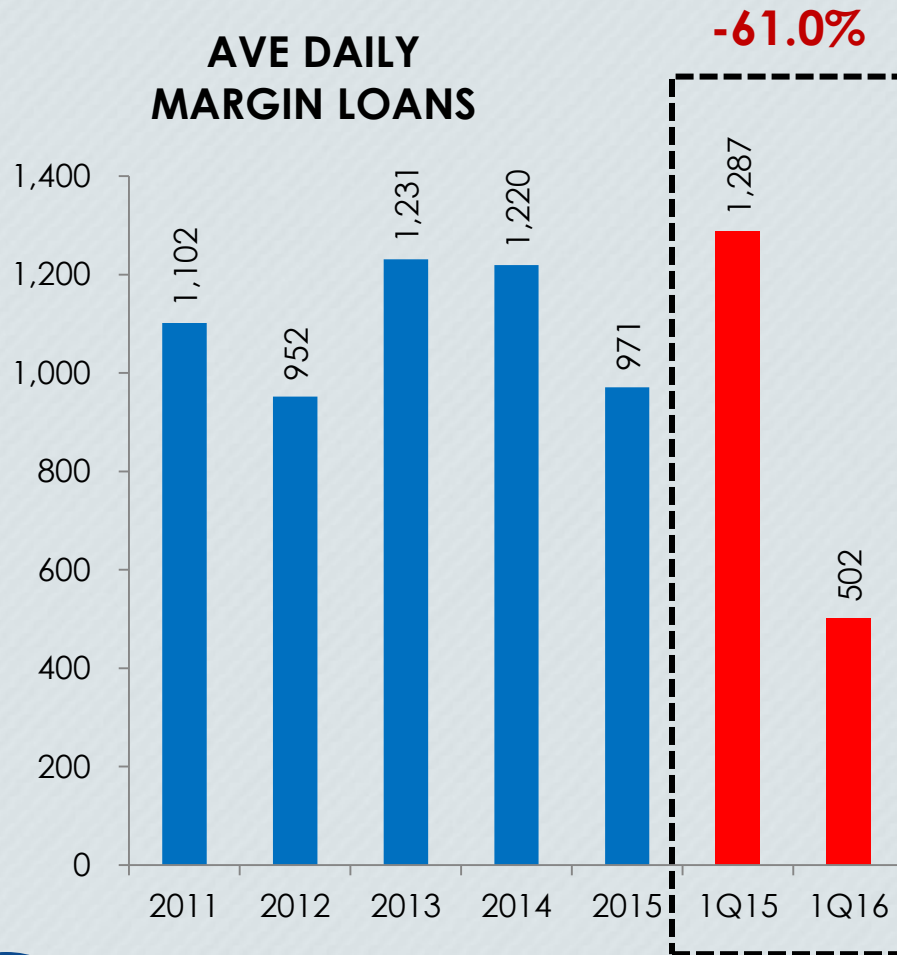
# Healthy Retail Client Inflow



Client equity rose by 8.5% Y/Y and 9.5% YTD to Php51.4 Bil.

Net new cash flow from retail investors amounted to Php1.2 Bil during 1Q16.

# Margin Loans Dropped



Average daily margin loans were down 61.0% at Php502 Mil Y/Y.

As of end March, the total number of approved margin accounts reached 1,121, flattish on a Y/Y basis.

Meanwhile, only 26.7% of approved margin accounts utilized their margin lines in 1Q16, down from 32.6% in 1Q15. In terms of value of margin granted, only 9.8% was utilized in 1Q16, down from 24.0% in 1Q15.



# Market Share Reached a New High

COL's average daily turnover fell 24.3% Y/Y to Php704.7 Mil during 1Q16, slower than the 37.6% drop in the PSE's average daily turnover.

Consequently, COL's market share in terms of value turnover increased to 5.2% in 1Q16 for the whole market from 4.3% in 1Q15. Share of value turnover for local investors likewise increased during the same period to 10.8% from 8.4%. The said levels are new record highs.

Share of number of transactions dropped to 19.1% from 21.1%.

PSE ranking in terms of value turnover was maintained at 8<sup>th</sup>.

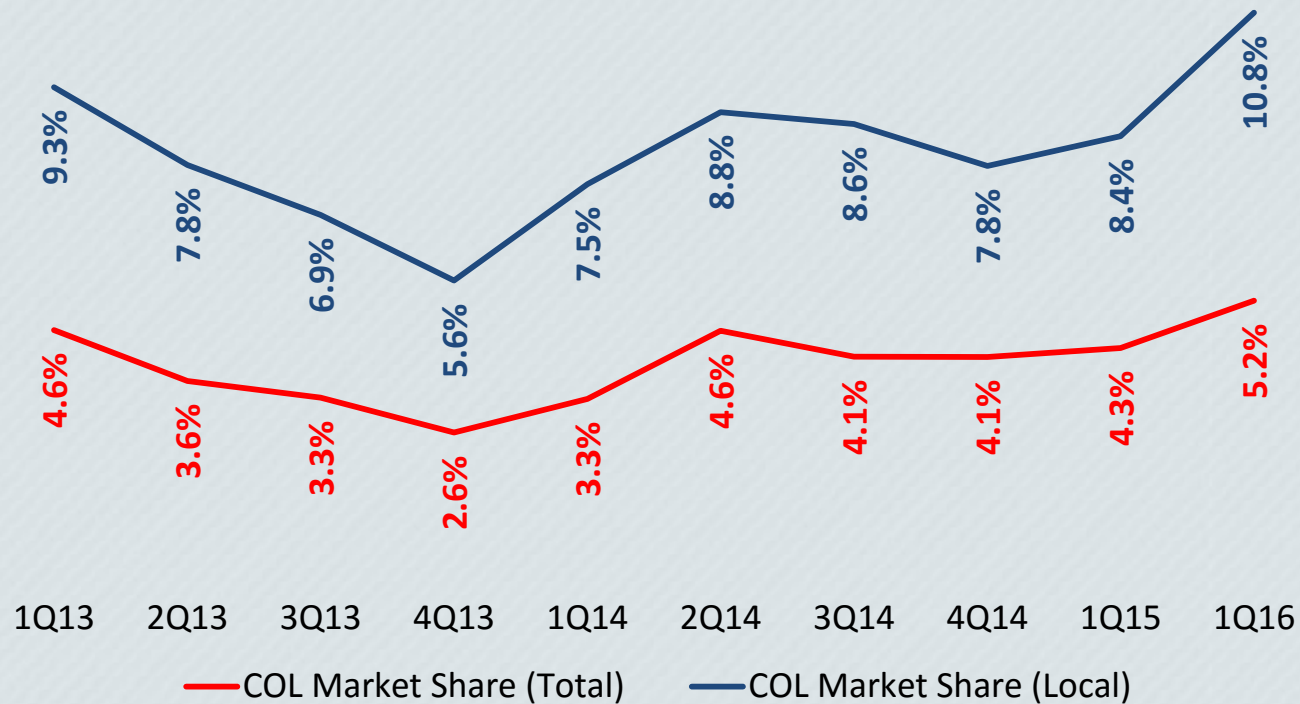
## COMPARATIVE PERFORMANCE (COL VS. PSE)

	1Q15	1Q16	Change	
			Amount	%
PSE Ave. Daily T/O (PhpMil)	10,874.5	6,784.4	(4,090.0)	-37.6%
COL Ave. Daily T/O (PhpMil)	930.5	704.7	(225.8)	-24.3%
COL Market Share (Total)	4.3%	5.2%		
COL Market Share (Local)	8.4%	10.8%		
PSE Ranking*	8	8		
No. of Transactions – PSE ('000)	6,582.0	7,125.4	543.4	8.3%
No. of Transactions – COL ('000)	1,386.1	1,359.1	(27.0)	-1.9%
COL Market Shares	21.1%	19.1%		
PSE Ranking	1	1		

\* YTD

# Market Share Reached a New High

COL Market Share (Value T/O)



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# Pro Active Growth Plans

Maintain leadership by focusing on our consistent, long-term strategic goals

Priorities	Statement	Strategies
<b>Expand Client Acquisition</b>	#1. Continue to be the leading asset gatherer in the brokerage industry	<ul style="list-style-type: none"> <li>Set up more investor centers</li> <li>Enter into tie-ups to expand market reach</li> <li>Hold more investor education seminars                             <ul style="list-style-type: none"> <li>Frequency and type</li> </ul> </li> <li>Offer more products and services that will address the needs of more investors                             <ul style="list-style-type: none"> <li>Active and passive</li> <li>Conservative to aggressive</li> <li>Basic to sophisticated</li> </ul> </li> </ul>
<b>Maintain a Mutually Beneficial Relationship</b>	#2. Offer progressive client solutions that not only create value for the targeted client segments but also produce a profitable relationship for COL	
<b>Long-Term Client Relationship</b>	#3. Maintain long-term client relationships and exploit the power of COL promoters	
<b>Expense Discipline</b>	#4. Capitalize on operating leverage and increase profitability through our unique business model	<ul style="list-style-type: none"> <li>Focus on efficient means to grow revenues &amp; profitability</li> </ul>
<b>Effective Capital Management</b>	#5. Maintain a strong balance sheet and be good stewards of stockholder values	<ul style="list-style-type: none"> <li>ROE greater than 20%</li> </ul>



# Updates on Fund Distribution Business

## Asset Mgmt. Co.s Available Through “COL Fund Source”

Asset Mgmt Co.	AUM (as of end 1Q16)	
	Value (PhpBil)	Mkt Share
<b>BPI (ALFM)</b>	96.7	40.7%
<b>Sun Life</b>	51.7	21.3%
<b>Philam</b>	49.9	20.6%
<b>Philequity</b>	17.2	7.1%
<b>First Metro Asset Mgmt.</b>	13.0	5.4%
<b>ATR KimEng</b>	7.0	2.9%
<b>Total</b>	<b>237.6</b>	<b>98.0%</b>
<b>Total MF Market</b>	<b>242.5</b>	<b>100.0%</b>

SOURCE: PIFA,

# Updates on Fund Distribution Business

## Net Sales (In PhpMil, According to Fund Type)

Type of Fund	2Q15	3Q15	4Q15	1Q16	Total Sales	% Total	Total AUA*	% Total
Money Market	19.0	0.9	75.8	0.6	96.4	<b>16.0%</b>	88.2	<b>12.6%</b>
Bond Fund	1.9	17.9	17.4	14.3	51.5	<b>8.5%</b>	51.7	<b>7.4%</b>
Balanced Fund	3.3	25.9	16.2	13.8	59.2	<b>9.8%</b>	59.5	<b>8.5%</b>
Equity Fund	30.9	156.2	154.8	150.9	492.9	<b>81.7%</b>	502.1	<b>71.6%</b>
<b>Total</b>	<b>55.2</b>	<b>200.8</b>	<b>264.3</b>	<b>179.6</b>	<b>699.9</b>		<b>701.6</b>	

\* As of end March, 2016

SOURCE: PIFA, COL Estimates

***On track to reach Php1.0 Bil AUA by first year anniversary***

## Updates on Fund Distribution Business

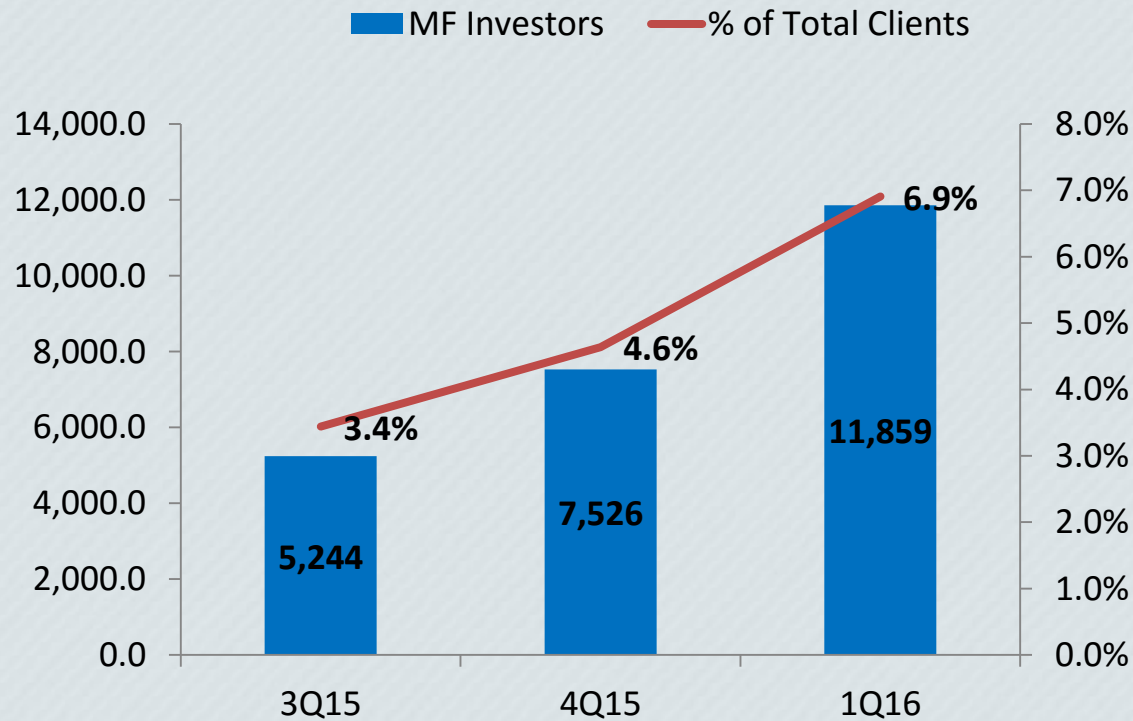
### Significant Share of Industry Equity Fund Sales (Peso Funds Only)

Fund House	2Q15	3Q15	4Q15	1Q16
COL	30.9	156.2	154.8	150.9
Industry	4,024.5	1,735.0	1,645.4	1,181.6
% Share	0.8%	9.0%	9.4%	12.8%

SOURCE: PIFA, COL Estimates

# Increasing Client Acceptance

## COL Clients with MF Investments



# Thank You



# Disclaimer

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