

# 2019 COL FINANCIAL INVESTOR PRESENTATION





Company  
Overview



Financial &  
Operating  
Highlights



Growth  
Plans

Key Highlights



# Company Overview

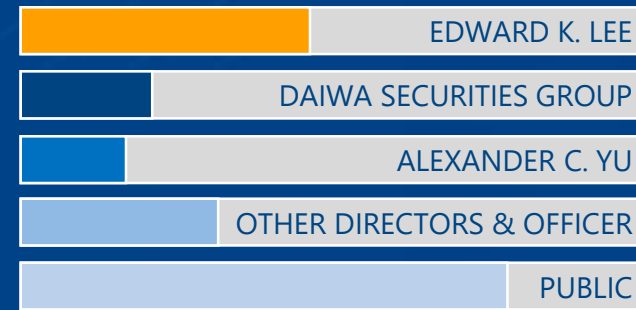
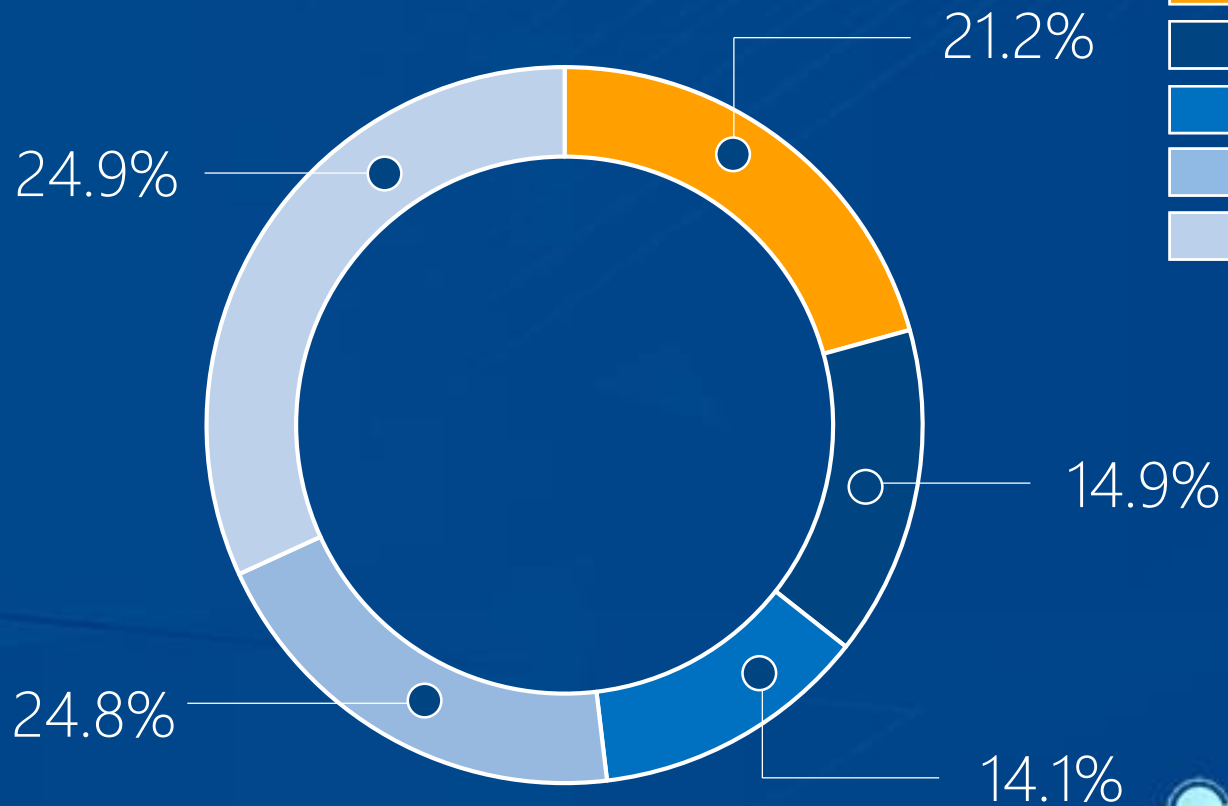
Established and licensed by the SEC in 1999

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 21.2% stake and actively manages the Company





Outstanding Shares	476.0Mil
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Free Float	122.8Mil
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Market Cap*	Php8.9Bil
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\*AS OF END JUNE 2019

# 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**



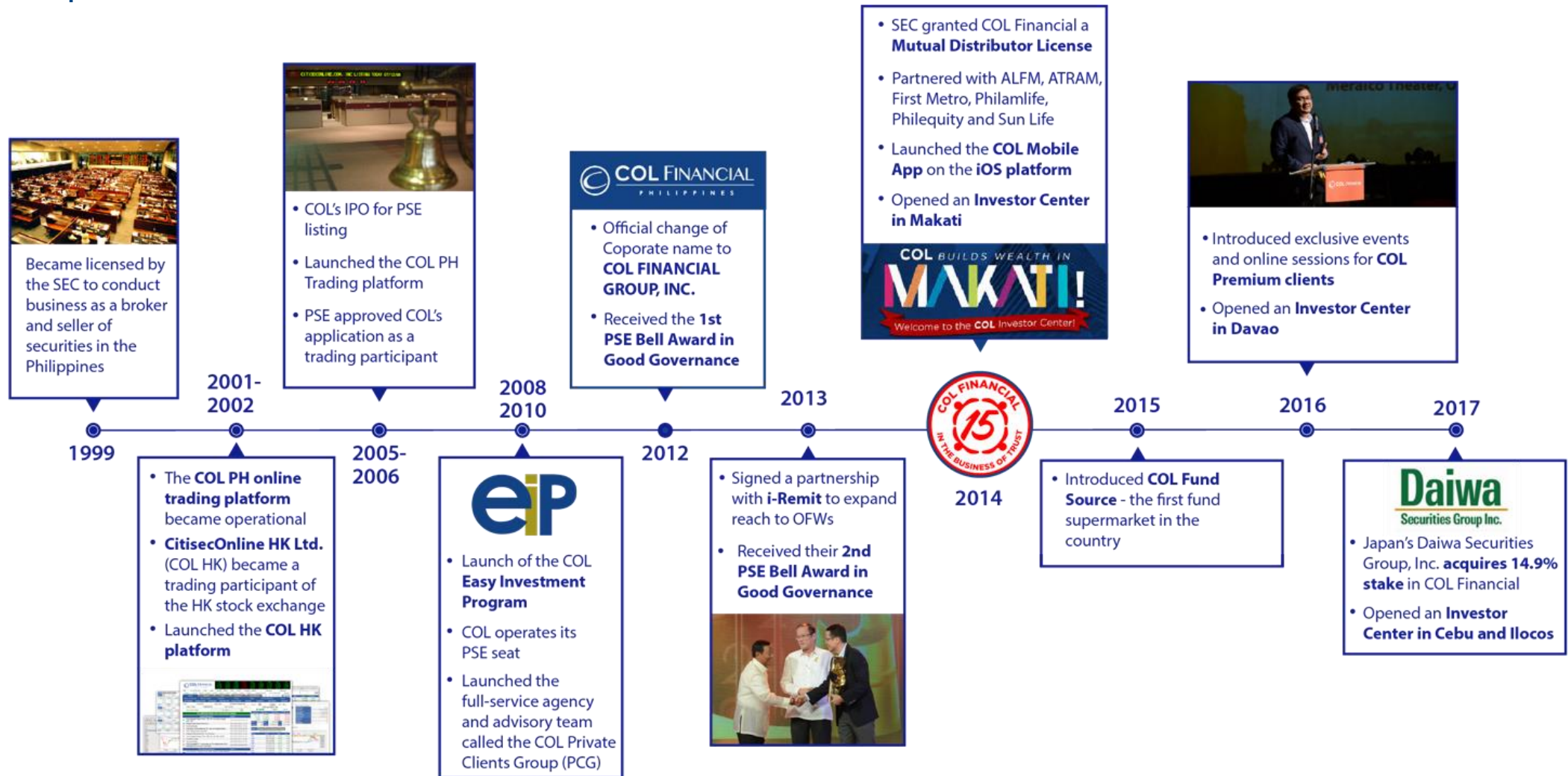
# The Biggest Philippine Based Broker

1H19 RANK	BROKER NAME	1H19 VALUE TURNOVER (PHBIL)	% OF TOTAL
1	UBS SECURITIES PHILIPPINES, INC.	166.9	8.9%
2	CLSA PHILIPPINES, INC.	145.6	7.8%
3	CREDIT SUISSE SECURITIES (PHIL), INC.	133.9	7.2%
4	DEUTSCHE REGIS PARTNERS INC.	112.8	6.0%
5	COL Financial Group, Inc.	108.2	5.8%
6	MAYBANK ATR KIM ENG SECURITIES, INC.	98.0	5.3%
7	J.P. MORGAN SECURITIES PHILIPPINES, INC.	96.0	5.1%
8	MANDARIN SECURITIES CORP.	94.4	5.1%
9	MACQUARIE CAPITAL SECURITIES (PHIL), INC.	89.1	4.8%
10	PHILIPPINE EQUITY PARTNERS, INC.	83.2	4.5%

SOURCE: PSE



# Corporate Milestones



# Bulk of Revenues Generated from Commissions & Interest

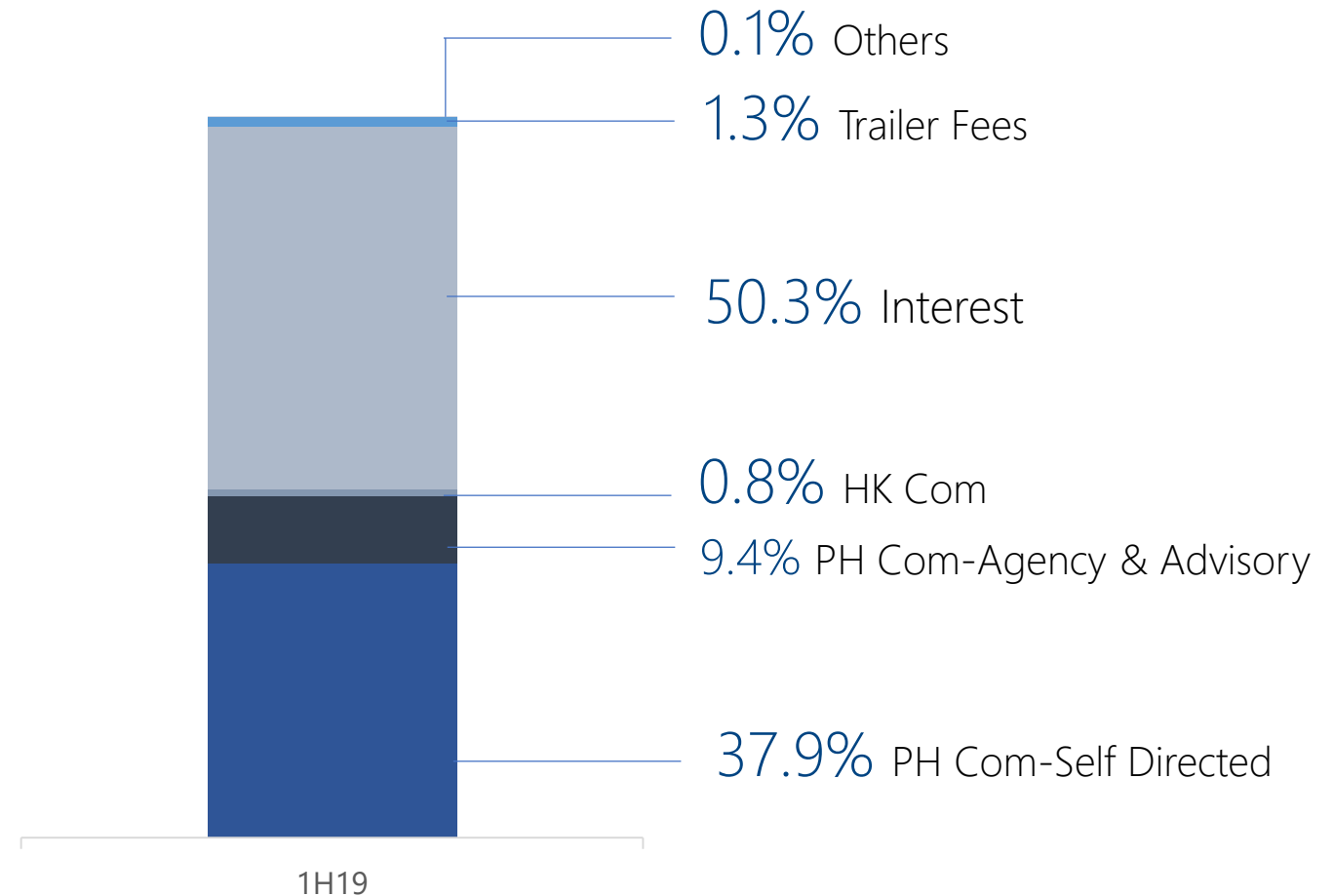
COL's Philippine operations account for 99.2% of revenues.

Commissions from both Philippines and HK account for 48.2% of revenues.

Interest income from margin loans and cash account for 50.3% of revenues.

Trailer fees from the distribution of mutual funds account for 1.3% of revenues.

## REVENUE BREAKDOWN







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# Key Highlights

## Positives

- ✓ 2Q19 profits up 16.9%
- ✓ Sustained growth in new accounts
- ✓ MF enjoyed net sales across all non-money market funds despite industry wide net redemptions
- ✓ Margin business recovered

## Negatives

- ✗ 1H19 profits still down 2.5%
- ✗ Market share in the PSE fell
- ✗ Total assets down

# 1H19 Net Income -2.5% Y/Y

1H19 net income fell slightly by 2.5% to Php314.3 Mil.

Consolidated revenues were flat at Php611.5 Mil as the decline in commission revenues and other income was offset by higher interest income and trailer fees.

Operating profits were also flat at Php414.4 Mil as the decline in trading related expenses largely offset the increase in fixed operating costs.

Profits fell slightly as taxes increased by a faster pace of 6.1% despite flattish operating profits.

## CONSOLIDATED INCOME STATEMENT (IN PHP MIL)

	1H18	1H19	CHANGE	
			AMOUNT	%
Income				
Commissions	404.7	294.5	(110.1)	-27.2%
Interest	190.7	307.5	116.7	61.2%
Trailer Fees	7.0	8.6	1.6	22.7%
Other income	12.9	0.9	(12.0)	-92.8%
<b>Total</b>	<b>615.3</b>	<b>611.5</b>	<b>(3.8)</b>	<b>-0.6%</b>
Expenses				
Commission expenses	33.4	27.0	(6.3)	-18.9%
Personnel costs	57.1	61.7	4.7	8.2%
Professional fees	21.3	23.7	2.4	11.3%
Stock exch. dues & fees	15.6	12.2	(3.4)	-21.7%
Communication	18.3	17.1	(1.2)	-6.5%
Rentals & utilities	15.3	16.8	1.5	10.0%
Depreciation	13.6	16.4	2.8	20.6%
Advertising & marketing	5.3	5.0	(0.4)	-6.7%
Others	18.7	17.1	(1.6)	-8.6%
<b>Total</b>	<b>198.6</b>	<b>197.1</b>	<b>(1.5)</b>	<b>-0.7%</b>
PRE-TAX INCOME	<b>416.7</b>	<b>414.4</b>	<b>(2.3)</b>	<b>-0.6%</b>
TAXES	94.3	100.0	5.7	6.1%
NET INCOME	<b>322.3</b>	<b>314.3</b>	<b>(8.0)</b>	<b>-2.5%</b>



## 2Q19 Net Income +16.9 Y/Y

2Q19 net income was up 16.9% to Php133.9 Mil, driven by higher interest income and trailer fees.

Consolidated revenues increased 10.3% to Php275.8 Mil as lower commission revenues and other income were offset by higher interest income and trailer fees.

Operating profits increased by a faster pace of 17.3% to Php178.8 Mil as operating expenses were flat.

Profits increased by a slightly slower pace relative to operating profits as taxes increased by 18.5% to Php44.8 Mil.

### CONSOLIDATED INCOME STATEMENT (IN PHP MIL)

	2Q18	2Q19	CHANGE	
			AMOUNT	%
Income				
Commissions	144.0	123.0	(21.0)	-14.6%
Interest	95.6	147.9	52.3	54.7%
Trailer Fees	3.5	4.4	0.8	23.3%
Other income	5.7	0.5	(5.1)	-90.8%
<b>Total</b>	<b>249.6</b>	<b>275.8</b>	<b>26.2</b>	<b>10.5%</b>
Expenses				
Commission expenses	11.2	11.0	(0.1)	-1.2%
Personnel costs	30.5	32.1	1.6	5.3%
Professional fees	11.9	12.7	0.8	7.0%
Stock exch. dues & fees	6.1	6.1	(0.0)	-0.8%
Communication	9.4	8.5	(0.8)	-8.9%
Rentals & utilities	8.1	8.9	0.9	10.8%
Depreciation	6.6	8.3	1.7	25.4%
Advertising & marketing	3.4	1.9	(1.5)	-45.1%
Others	10.1	7.4	(2.7)	-26.4%
<b>Total</b>	<b>97.2</b>	<b>97.0</b>	<b>(0.2)</b>	<b>-0.2%</b>
PRE-TAX INCOME	<b>152.4</b>	<b>178.8</b>	<b>26.4</b>	<b>17.3%</b>
TAXES	37.8	44.8	7.0	18.5%
NET INCOME	<b>114.5</b>	<b>133.9</b>	<b>19.4</b>	<b>16.9%</b>

# Flattish Expenses

Expenses were flattish at Php197.1 Mil as lower trading related expenses largely offset the increase in fixed operating costs.

Trading related expenses fell 19.8% to Php39.3 Mil due to the 18.9% drop in commission expenses to Php27.0 Mil and the 21.7% decline in stock exchange dues & fees to Php12.2 Mil, in line with the lower value turnover handled by COL.

Meanwhile, fixed expenses increased by 5.5% to Php157.9 Mil, as personnel costs, professional fees, rentals & utilities, and depreciation expenses went up, partly offset by lower communication, advertising & marketing and other costs.

## BREAKDOWN OF EXPENSES (IN PHPMIL)

	1H18	1H19	CHANGE	
			AMOUNT	%
Trading Related Expenses				
Commission expenses	33.4	27.0	-6.3	-18.9%
Stock exch. dues & fees	15.6	12.2	-3.4	-21.7%
<b>Total</b>	<b>49.0</b>	<b>39.3</b>	-9.7	-19.8%
Fixed Operating Expenses				
Personnel costs	57.1	61.7	4.7	8.2%
Professional fees	21.3	23.7	2.4	11.3%
Communication	18.3	17.1	-1.2	-6.5%
Rentals & utilities	15.3	16.8	1.5	10.0%
Depreciation	13.6	16.4	2.8	20.6%
Advertising & marketing	5.3	5.0	-0.4	-6.7%
Others	18.7	17.1	-1.6	-8.6%
<b>Total</b>	<b>149.6</b>	<b>157.9</b>	8.3	5.5%
<b>TOTAL EXPENSES</b>	<b>198.6</b>	<b>197.1</b>	-1.5	-0.7%

# Lower Market Volumes Offset by Higher Yields on Deposits

Revenues from Philippine operations were flat as higher interest income and trailer fees offset the drop in commission revenues and other income.

Commission revenues fell 26.6% coming from a high base in 1H18. The drop was led by self-directed clients which actively traded potential third telco plays during 1H18.

Other income fell 95.7% due to the absence of trading gains.

Interest income increased by 61.2% as average rates on cash placements increased by almost 300 b.p. Y/Y. Interest income from margin lending likewise improved as margin utilization rates improved.

## REVENUE BREAKDOWN (IN PHPMIL)

	1H18	1H19	CHANGE	
			AMOUNT	%
Philippines				
Commission	394.3	289.4	(105.0)	-26.6%
<i>Self-directed</i>	326.8	231.9	(94.9)	-29.0%
<i>Agency &amp; advisory</i>	67.6	57.5	(10.1)	-14.9%
Interest	190.7	307.5	116.7	61.2%
Trailer Fees	7.0	8.6	1.6	22.7%
Others	12.3	0.5	(11.8)	-95.7%
<b>Philippine Revenues</b>	<b>604.4</b>	<b>606.0</b>	<b>1.6</b>	<b>0.3%</b>
Hong Kong				
Commission	10.3	5.2	(5.2)	-50.2%
Others	0.6	0.4	(0.2)	-32.1%
<b>HK Revenues</b>	<b>10.9</b>	<b>5.5</b>	<b>(5.4)</b>	<b>-49.2%</b>
Revenue Share				
Philippines	98.2%	99.1%		
HK	1.8%	0.9%		
Self-directed	82.9%	80.1%		
Agency & advisory	17.1%	19.9%		



## Lower Market Volumes Offset by Higher Yields on Deposits

Trailer fees increased by 22.7% due to the increase in the average value of assets under administration (AUA).

Meanwhile, revenues from HK fell by 49.2% to Php5.5 Mil as value turnover in the HK Stock Exchange fell during the first half.

### REVENUE BREAKDOWN (IN PHPMIL)

	1H18	1H19	CHANGE	
			AMOUNT	%
Philippines				
Commission	394.3	289.4	(105.0)	-26.6%
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Hong Kong				
Commission	10.3	5.2	(5.2)	-50.2%
Others	0.6	0.4	(0.2)	-32.1%
<b>HK Revenues</b>	<b>10.9</b>	<b>5.5</b>	<b>(5.4)</b>	<b>-49.2%</b>
Revenue Share				
Philippines	98.2%	99.1%		
HK	1.8%	0.9%		
Self-directed	82.9%	80.1%		
Agency & advisory	17.1%	19.9%		

# Market Share Normalized

COL's average daily turnover fell 27.8% Y/Y to Php894.4 Mil in 1H19. In contrast, the PSE's average daily turnover was up slightly by 1.1%.

Consequently, COL's market share in terms of value turnover normalized to 5.8% in 1H19 for the whole market from 8.1% in 1H18. Share of value turnover for local investors likewise normalized to 13.6% from 16.9%.

COL returned as the number 5 stock broker in terms of value turnover in the Philippine Stock Exchange, after temporarily becoming number one in 1H18 due to the active trading of potential third telco plays.

## COMPARATIVE PERFORMANCE (COL VS. PSE)

	1H18	1H19	CHANGE	
			AMOUNT	%
PSE Ave. Daily T/O (PhpMil)	7,628.9	7,710.2	81.3	1.1%
COL Ave. Daily T/O (PhpMil)	1,238.7	894.4	(344.3)	-27.8%
COL Market Share (Total)	8.1%	5.8%		
COL Market Share (Local)	16.9%	13.6%		
PSE Ranking	1	5		

# ROAE Stays Healthy at 38.2%

1H19 operating profits were flat at Php414.4 Mil.

Operating profits from the Philippines were flat at Php426.1 Mil.

Operating losses from HK expanded by 112.9% to Php11.7 Mil as revenues halved to only Php5.5Mil. Nevertheless, impact to consolidate profits was minimal as HK accounted for less than 1% of total revenues.

ROAE fell but remained healthy at 38.2%.

## SELECTED FINANCIAL INDICATORS

	1H18	1H19	CHANGE	
			AMOUNT	%
Operating Profits				
Philippines	422.2	426.1	3.9	0.9%
Hong Kong	(5.5)	(11.7)	(6.2)	112.9%
<b>Total</b>	<b>416.7</b>	<b>414.4</b>	<b>(2.3)</b>	<b>-0.6%</b>
Operating Margins				
Philippines	69.9%	70.3%		
Hong Kong	-50.4%	-211.0%		
Consolidated	67.7%	67.8%		
EBITDA Margin	69.9%	70.4%		
Net Margin	52.4%	51.4%		
Asset Turnover	11.0%	11.4%		
Asset/Equity	7.0	6.5		
ROAE	42.8%	38.2%		



# Liquid Balance Sheet

Cash & cash equivalents fell by 9.8% to Php8.7 Bil largely due to the payment of cash dividends, higher receivables, lower trade payables, and capital infusion into newly formed subsidiaries.

COL paid Php404.6 Mil in cash dividends during 2Q19.

Receivables increased by 2.8% to Php834.0 Mil largely due to higher receivable from clearing house.

Total payables fell by 6.4% to Php8.6 Bil largely due to the reduction in clients' cash position and lower payables to clearing house.

COL infused Php152.5 Mil into new subsidiaries, booked under investment in shares of stock.

## CONSOLIDATED BALANCE SHEET (IN PHPMIL)

	12/31/18	6/30/19	CHANGE	
			AMOUNT	%
Cash & equivalents	9,657.4	8,707.8	(949.5)	-9.8%
Receivables	811.0	834.0	23.0	2.8%
Other current assets	62.5	80.9	18.5	29.6%
LT investments	200.0	200.0	0.0	0.0%
HTM investments	201.6	201.0	(0.6)	-0.3%
Investment in shares of stock	-	152.5	152.5	-
PPE – net	92.7	99.3	6.7	7.2%
Other non-current assets – net	93.5	80.3	(13.2)	-14.1%
TOTAL ASSETS	11,118.6	10,355.9	(762.7)	-6.9%
Trade payables	9,254.9	8,662.8	(592.1)	-6.4%
Other current liabilities	125.9	75.9	(50.0)	-39.7%
Non-current liabilities	44.3	42.9	(1.3)	-3.0%
Total Liabilities	9,425.0	8,781.6	(643.4)	-6.8%
Total Stockholders’ Equity	1,693.6	1,597.8	(95.8)	-5.7%
TOTAL LIABILITIES & STOCKHOLDERS’ EQUITY	11,118.6	10,355.9	(762.7)	-6.9%
BVPS	3.56	3.36		

# Liquid Balance Sheet

The reduction in cash was largely responsible for the 6.9% decline in total assets to Php10.4 Bil. Nevertheless, the balance sheet remained highly liquid, with cash and cash equivalents accounting for 84.1% of total assets.

Stockholders equity fell by 5.7% to Php1.6 Bil due to the declaration of Php404.6 Mil worth of cash dividends, partly offset by the booking of Php314.3 Mil in net income.

BVPS decreased to Php3.36/sh.

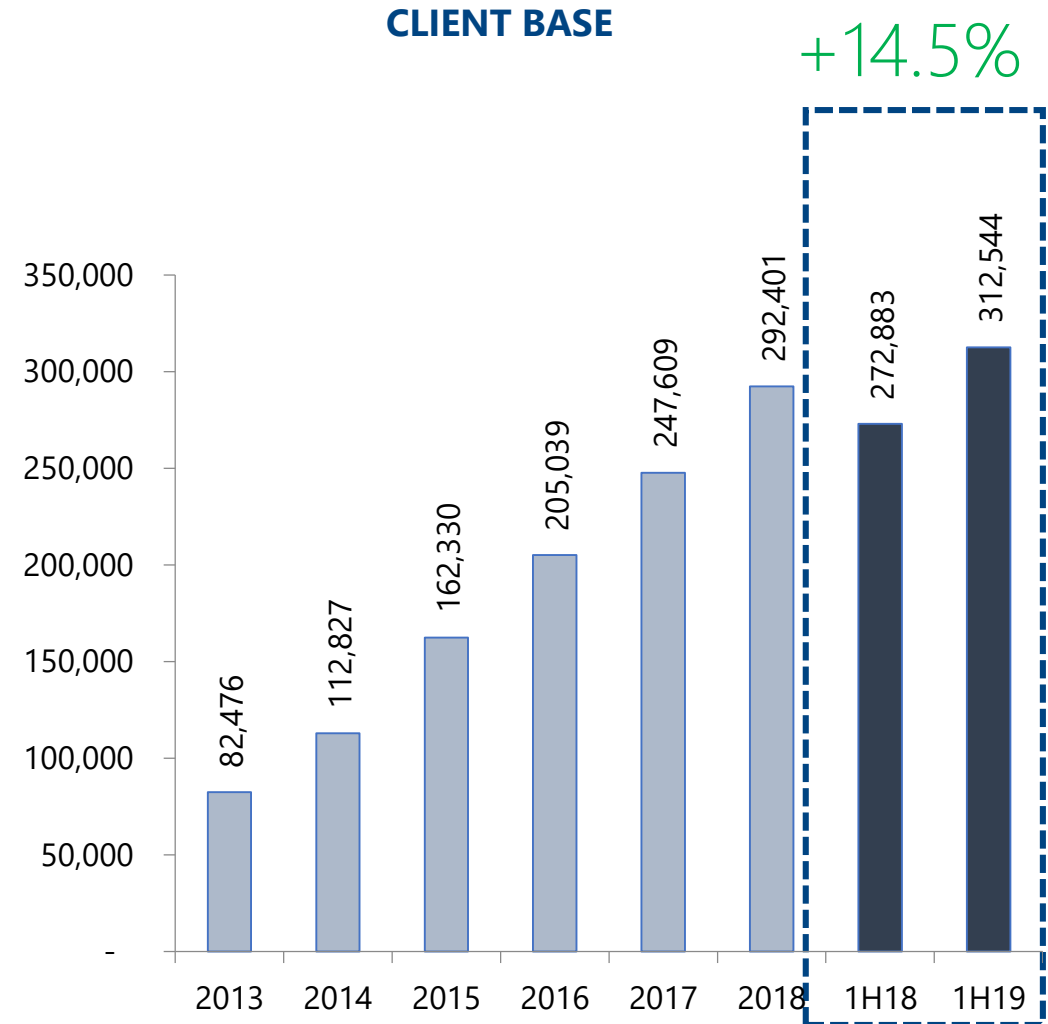
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BVPS	3.56	3.36		

# Sustained Customer Growth

COL's client base grew by 14.5% Y/Y to 312,544 as of end June 2019.

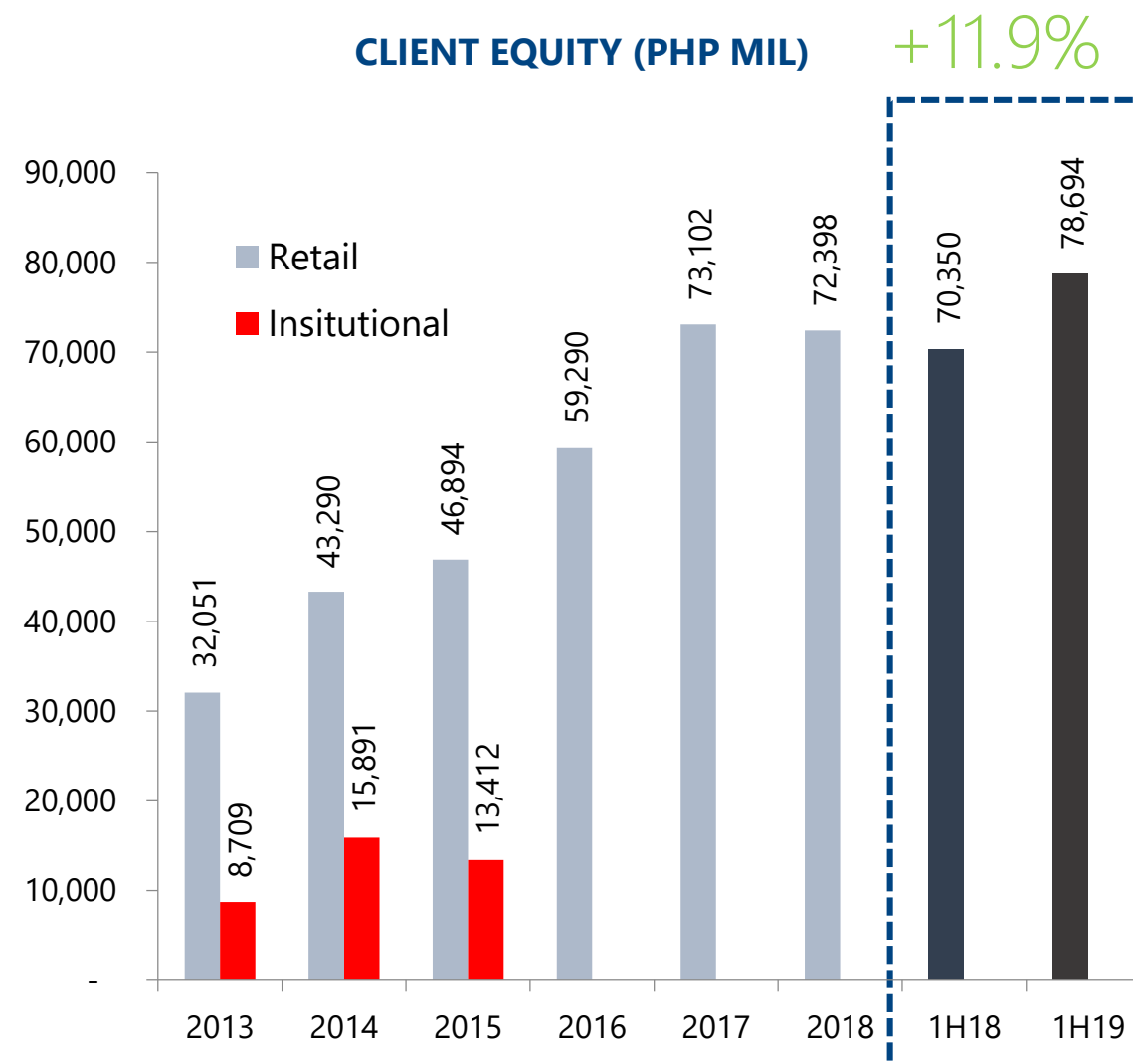
Average monthly additions during the past 12 months remained strong at 3,305.



# Client Equity Up

Client equity was up 11.9% Y/Y to Php78.6 Bil as of end June 2019, largely due to the 11.2% increase in the PSEi.

Net new flows from retail clients amounted to Php3.5Bil during the past twelve months.





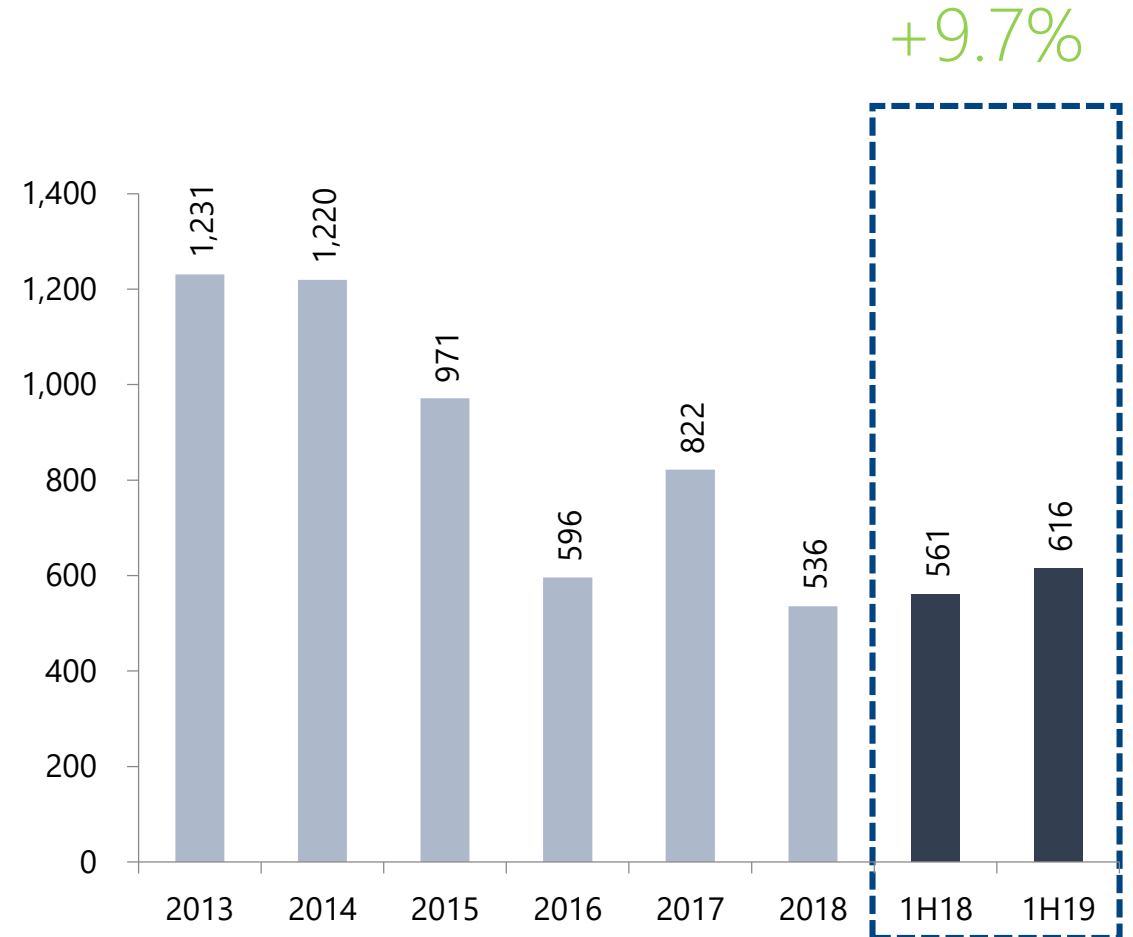
## AVE DAILY MARGIN LOANS (PHP MIL)

# Margin Loans Up

Average daily margin loans increased by 9.7% to Php616 Mil Y/Y.

As of end June, the total number of approved margin accounts was 1,141, down slightly from 1,159 during the same period last year.

30.7% of approved margin accounts utilized their margin lines in 1H19, up from 30.1% in 1H18. In terms of value of margin granted, 11.4% was utilized in 1H19, up from 10.0% in 1H18.





Company  
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Operating  
Highlights



Growth  
Plans

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# Pro Active Growth Plans

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

PRIORITIES	STATEMENT	STRATEGIES
EXPAND CLIENT ACQUISITION	#1. To be the leading asset gatherer in the retail financial services industry	<ul style="list-style-type: none"><li>• Expand and develop efficient touch points to educate and guide prospective and existing clients</li><li>• Simplify on-boarding in COL</li><li>• Aggressively promote the brand and our advocacy through various digital channels</li></ul>
MAINTAIN A MUTUALLY BENEFICIAL RELATIONSHIP	#2. Offer progressive client solutions that not only create value for the targeted client segments but also produce a profitable relationship for COL	Offer more products and services that will address the needs of the client at every stage in their life
LONG-TERM CLIENT RELATIONSHIP	#3. Maintain long-term client relationships and exploit the power of COL promoters	Achieve and maintain a Net Promoter Score of 50 by addressing the pain points of our clients
EXPENSE DISCIPLINE	#4. Capitalize on operating leverage and increase profitability through our unique business model	Focus on efficient means to grow revenues and profitability
EFFECTIVE CAPITAL MANAGEMENT	#5. Maintain a strong balance sheet and be good stewards of stockholder values	ROE greater than 20%

# Fund Source's Performance Since Launch

## NET SALES VS AUA (IN PHPMIL, ACC TO TYPE OF FUND)

TYPE OF FUND	TOTAL SALES**	% TOTAL	TOTAL AUA*	% TOTAL
Money Market	187.6	6.4%	200.9	6.5%
Bond Fund	166.2	5.7%	173.3	5.6%
Balanced Fund	166.7	5.7%	171.0	5.5%
Equity Fund	2,417.5	82.8%	2,564.5	82.5%
<b>Total</b>	<b>2,921.5</b>		<b>3,109.7</b>	

\*AS OF END JUNE 2019

\*\*SINCE LAUNCH

# Positive Net Sales Despite Challenging Environment

## 1H19 NET SALES (IN PHPMIL, ACC TO TYPE OF FUND)

TYPE OF FUND	INDUSTRY*	COL
Money Market	291.8	38.4
Bond Fund	-10,080.8	13.4
Balanced Fund	-2,095.2	3.7
Equity Fund	-187.0	5.9
<b>Total</b>	<b>-12,071.1</b>	<b>61.4</b>

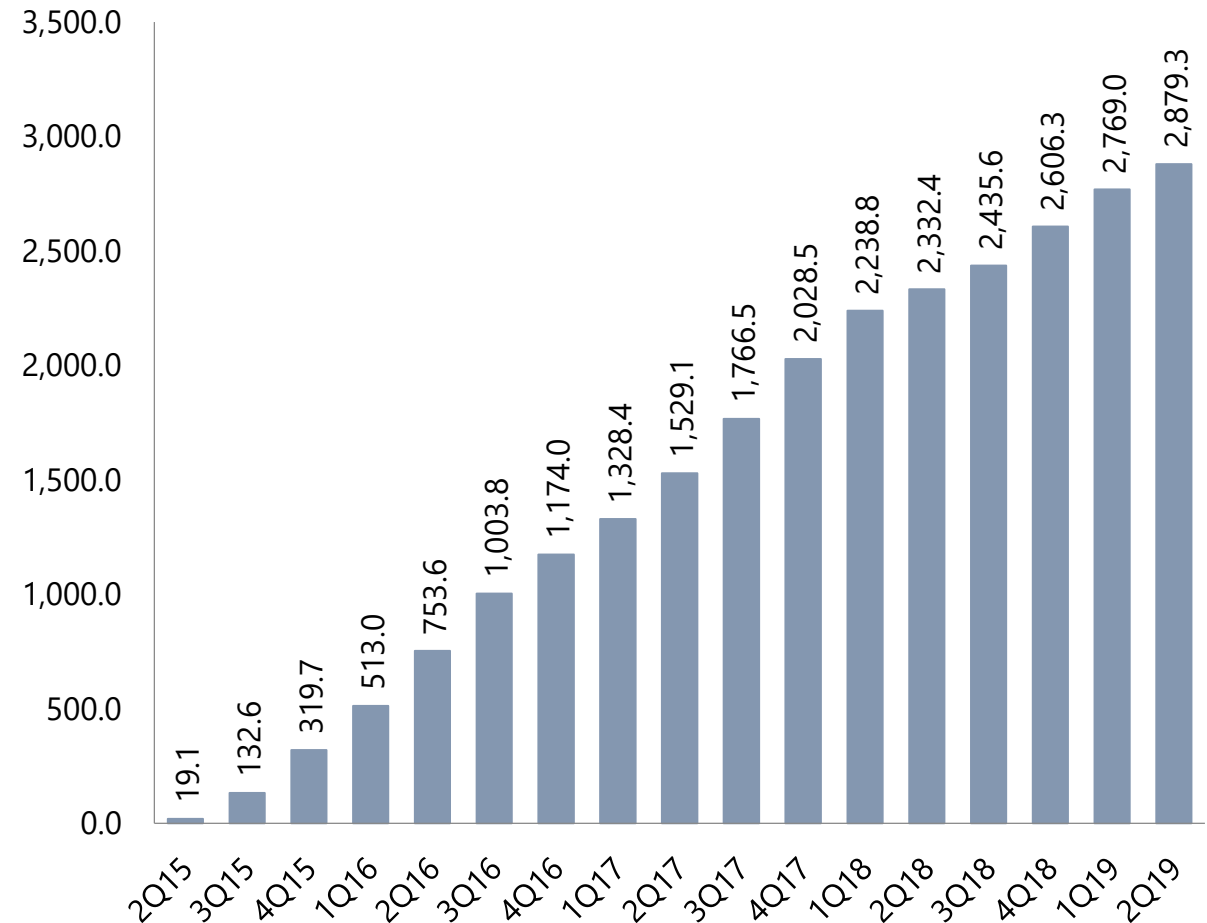
\*FUNDS AVAILABLE IN COL FUND SOURCE ONLY



# Average AUA Up

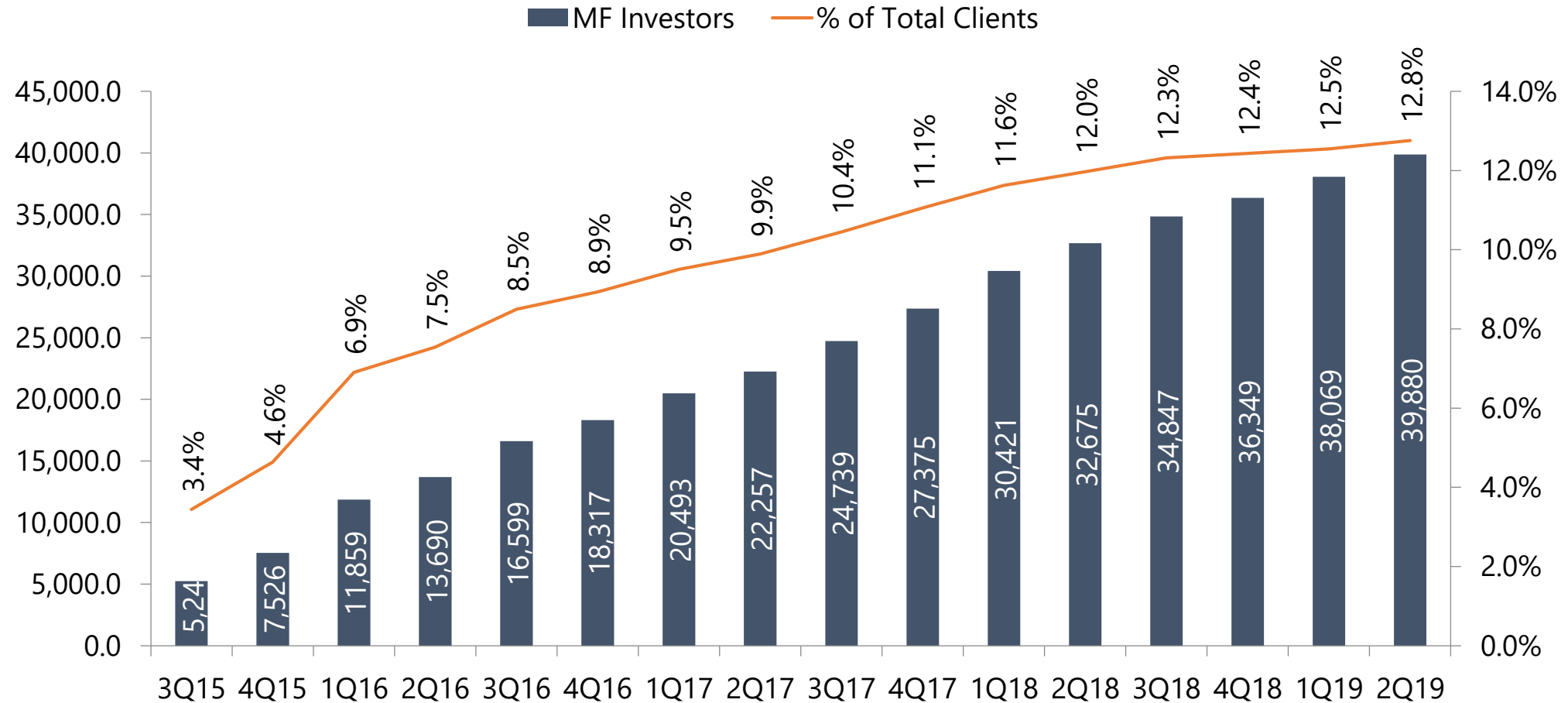
Trailer fee up due to significant growth in average AUA on a year-on-year basis.

**AVERAGE AUA  
(NON-MONEY MARKET FUNDS ONLY, IN PHP MIL)**



SOURCE: PIFA, COL ESTIMATES

# Growing Number & Percentage of Clients Own MFs



SOURCE: COL ESTIMATES



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