

# 1Q20

## COL FINANCIAL INVESTOR PRESENTATION





Company  
Overview



Financial &  
Operating  
Highlights



Growth  
Plans

Key Highlights



# Company Overview

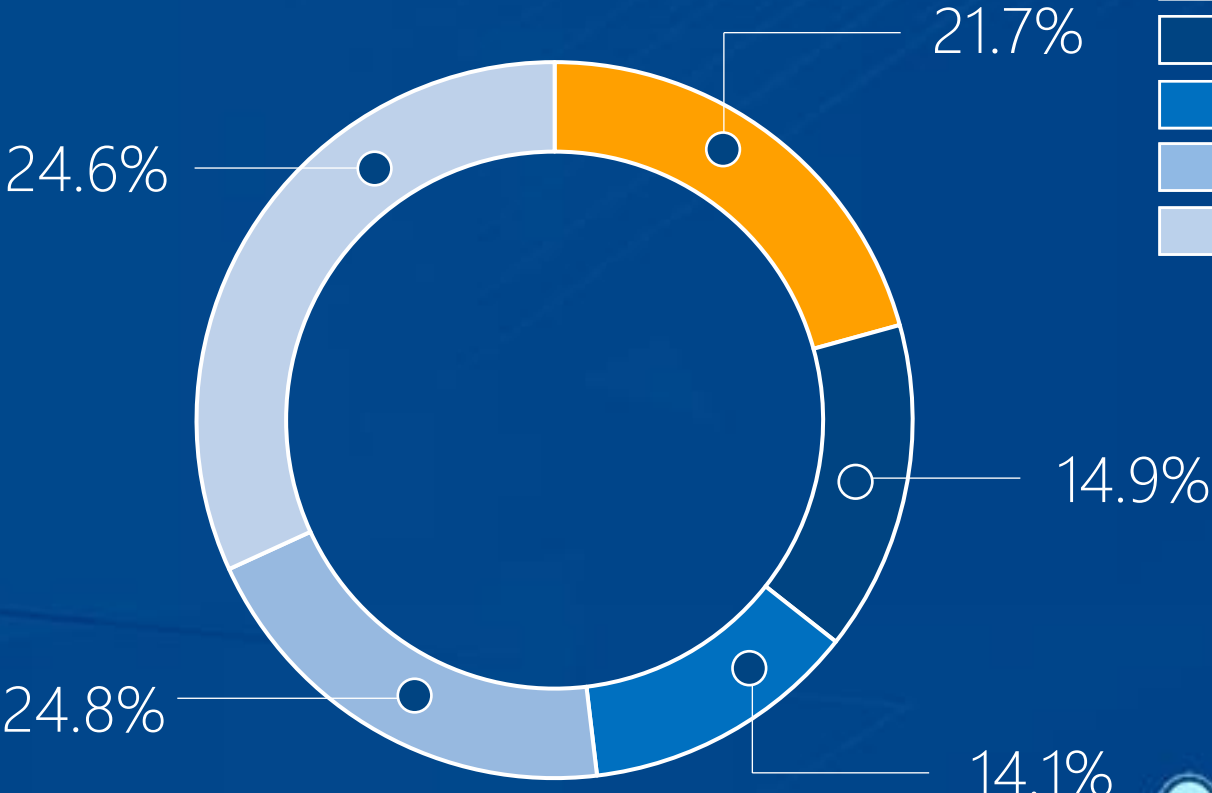
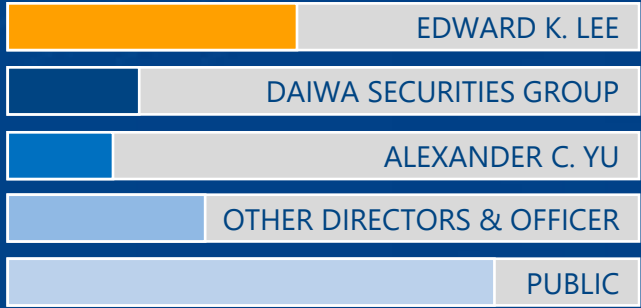
Established and licensed by the SEC in 1999

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 21.7% stake and actively manages the Company





Outstanding Shares	476.0Mil
Free Float	116.9Mil
Market Cap*	Php7.4Bil

\*AS OF END MARCH 2020

# 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**



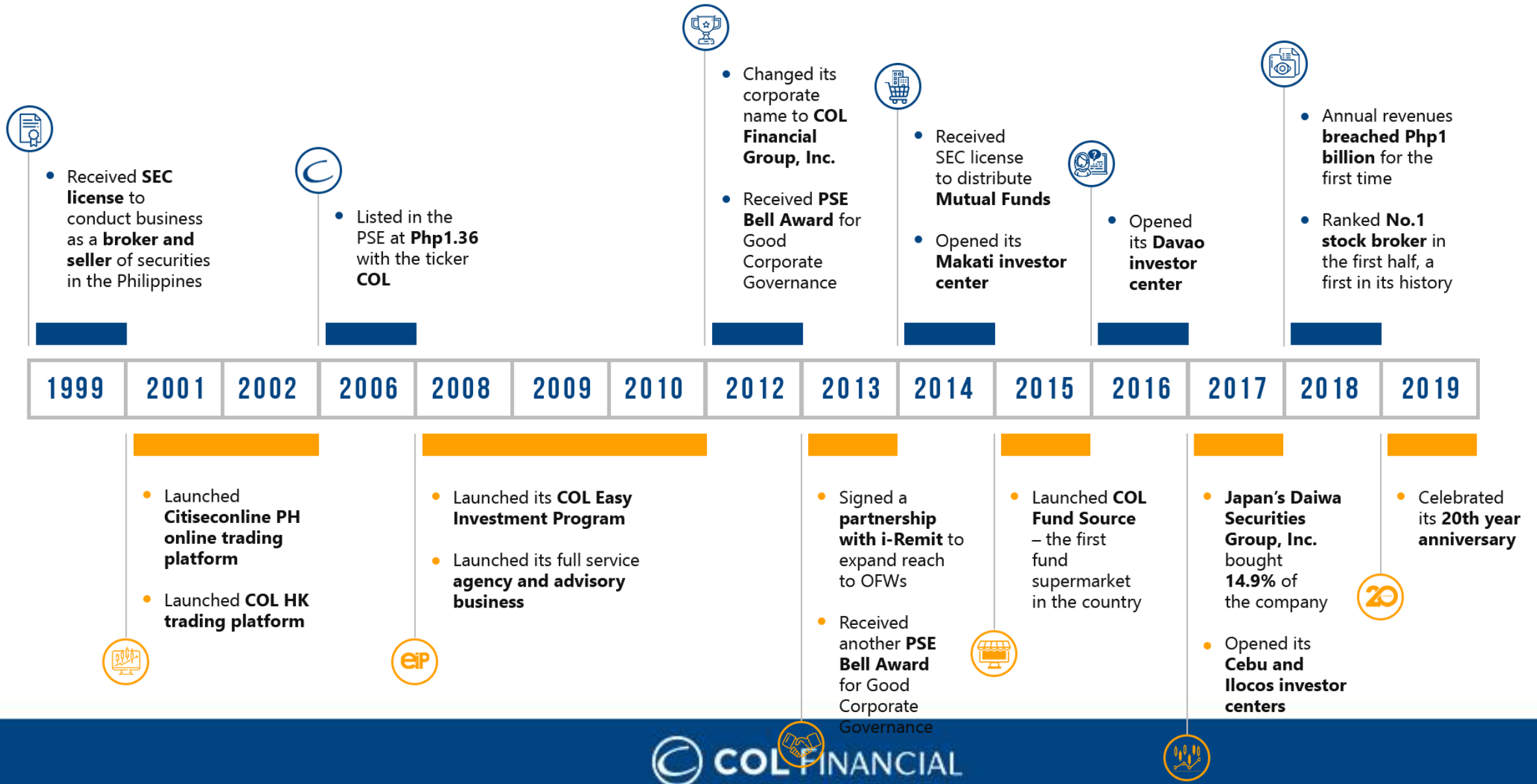
# The Biggest Philippine Based Broker

1Q20 RANK	BROKER NAME	1Q20 VALUE TURNOVER (PHBIL)	% OF TOTAL
1	CLSA PHILIPPINES, INC.	77.1	9.6%
2	UBS SECURITIES PHILIPPINES, INC.	65.0	8.1%
3	SALISBURY BKT SECURITIES CORP.	59.7	7.5%
4	MACQUARIE CAPITAL SECURITIES (PHIL), INC.	49.6	6.2%
5	J.P. MORGAN SECURITIES PHILIPPINES, INC.	48.8	6.1%
6	CREDIT SUISSE SECURITIES (PHIL), INC.	43.2	5.4%
7	COL Financial Group, Inc.	43.0	5.4%
8	MAYBANK ATR KIM ENG SECURITIES, INC.	36.2	4.5%
9	PHILIPPINE EQUITY PARTNERS, INC.	30.6	3.8%
10	MANDARIN SECURITIES CORP.	28.6	3.6%

SOURCE: PSE



# CORPORATE MILESTONES



# Bulk of Revenues Generated from Commissions & Interest

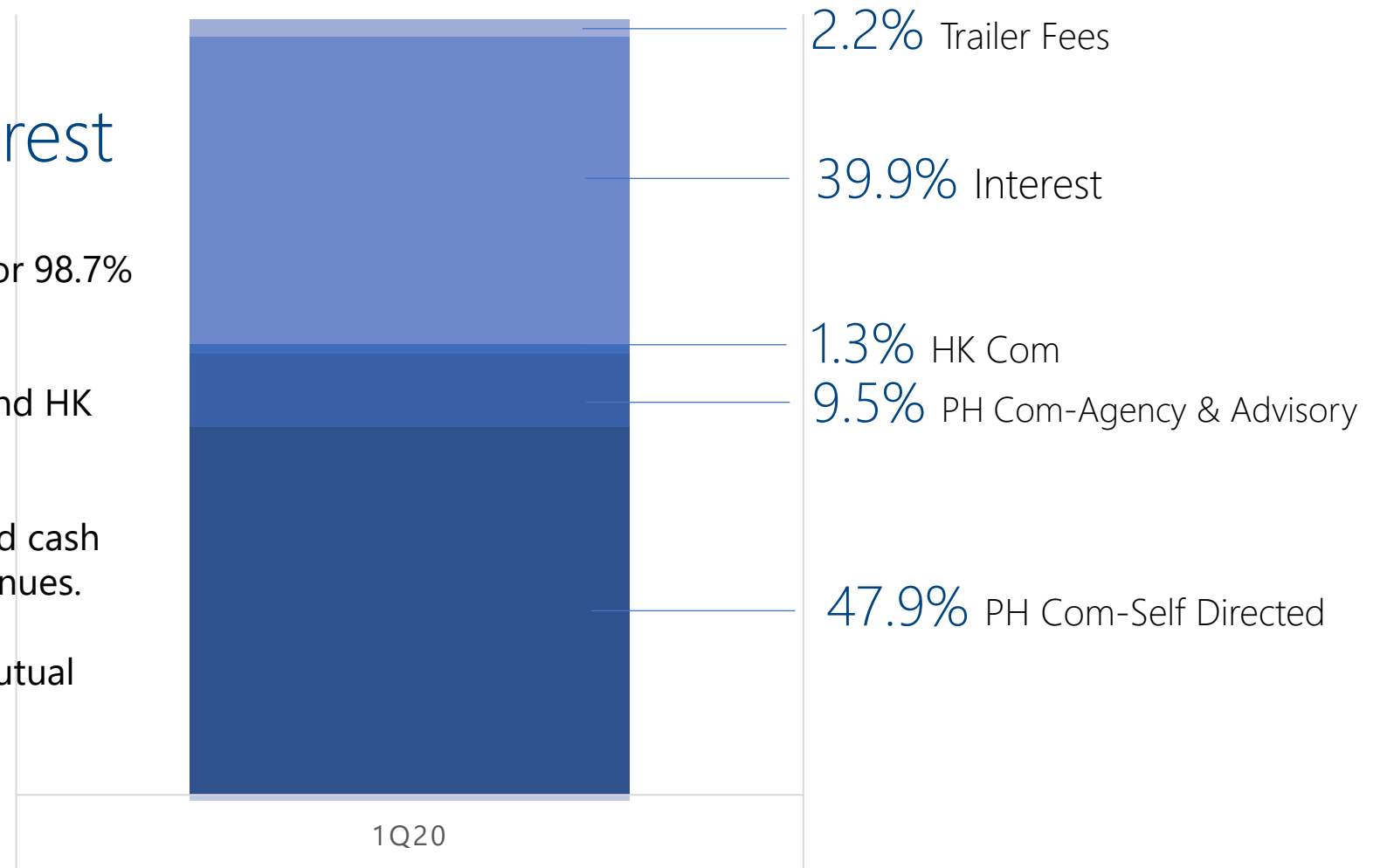
COL's Philippine operations account for 98.7% of revenues.

Commissions from both Philippines and HK account for 58.6% of revenues.

Interest income from margin loans and cash placements account for 39.9% of revenues.

Trailer fees from the distribution of mutual funds account for 2.2% of revenues.

## REVENUE BREAKDOWN







Company  
Overview



Financial &  
Operating  
Highlights



Growth  
Plans

Key Highlights

# Key Highlights

## Positives

- ✓ Commission revenues, market share improved Q/Q
- ✓ Sustained growth in new accounts
- ✓ Sustained positive net new flow

## Negatives

- ✗ Interest income registered steep drop
- ✗ Trailer fees declined
- ✗ Client equity fell steeply
- ✗ Profits fell by 55.6%

## CONSOLIDATED INCOME STATEMENT (IN PHP MIL)

### 1Q20 Net Income -55.6% Y/Y

1Q20 net income fell by 55.6% to Php80.2 Mil.

Consolidated revenues were down 41.0% to Php198.1 Mil as all revenue items fell.

Operating profits were down by a faster 54.6% to Php106.9 Mil as operating expenses dropped by only 8.9%. Although trading related expenses fell sharply by 53.2%, fixed operating expenses increased by 3.6%.

The increase of fixed operating expenses was partly due to the adoption of PFRS16 which led to the booking of Php1.42 Mil in additional expenses.

Profits were down by 55.6% to Php80.2Mil. Excluding the impact of PFRS16, profits fell by 54.8% to Php81.6 Mil.

	1Q19	1Q20	CHANGE	
			AMOUNT	%
Income				
Commissions	171.5	115.6	(56.0)	-32.6%
Interest	159.6	79.8	(79.7)	-50.0%
Trailer Fees	4.2	4.0	(0.2)	-4.3%
Other income	0.4	-1.4	(1.8)	-456.0%
<b>Total</b>	<b>335.7</b>	<b>198.1</b>	<b>(137.7)</b>	<b>-41.0%</b>
Expenses				
Commission expenses	16.0	5.6	(10.4)	-65.2%
Personnel costs	29.6	32.1	2.5	8.5%
Professional fees	11.0	11.9	0.9	7.9%
Stock exch. dues & fees	6.1	4.8	(1.4)	-22.1%
Communication	8.6	8.9	0.3	3.4%
Rentals & utilities	7.9	1.9	(6.0)	-75.4%
Depreciation	7.1	16.2	9.1	128.1%
Advertising & marketing	3.1	1.8	(1.3)	-42.7%
Others	10.6	7.9	(2.7)	-25.1%
<b>Total</b>	<b>100.1</b>	<b>91.2</b>	<b>(8.9)</b>	<b>-8.9%</b>
PRE-TAX INCOME	<b>235.6</b>	<b>106.9</b>	<b>(128.7)</b>	<b>-54.6%</b>
TAXES	55.2	26.7	(28.5)	-51.6%
NET INCOME	<b>180.4</b>	<b>80.2</b>	<b>(100.2)</b>	<b>-55.6%</b>

# Lower Expenses

Operating expenses fell by 8.9%, largely pulled down by the 53.2% drop in trading related expenses. Trading related expenses fell due to lower trading volumes and the restructuring of commissions paid to some agents.

Fixed operating expenses increased slightly by 3.6% to Php80.8 Mil largely due to higher personnel costs and professional fees.

Although depreciation expenses more than doubled to Php16.2Mil from Php7.1Mil, rentals & utilities fell by 75.4% to Php1.9Mil. This was largely due to adoption of PFRS16. As mentioned previously the adoption of PFRS16 led to the booking of Php1.42 Mil in additional expenses.

Excluding the impact of PFRS16, fixed operating expenses increased by 1.8% while total expenses fell by 10.4%.

## BREAKDOWN OF EXPENSES (IN PHPMIL)

	1Q19	1Q20	CHANGE	
			AMOUNT	%
Trading Related Expenses				
Commission expenses	16.0	5.6	-10.4	-65.2%
<i>Agency &amp; Advisory</i>	15.7	5.0	-10.7	-67.8%
<i>CROs &amp; Others</i>	0.3	0.5	0.2	79.3%
Stock exch. dues & fees	6.1	4.8	-1.4	-22.1%
<b>Total</b>	<b>22.1</b>	<b>10.4</b>	-11.8	-53.2%
Fixed Operating Expenses				
Personnel costs	29.6	32.1	2.5	8.5%
Professional fees	11.0	11.9	0.9	7.9%
Communication	8.6	8.9	0.3	3.4%
Rentals & utilities	7.9	1.9	-6.0	-75.4%
Depreciation	7.1	16.2	9.1	128.1%
Advertising & marketing	3.1	1.8	-1.3	-42.7%
Others	10.6	7.9	-2.7	-25.1%
<b>Total</b>	<b>78.0</b>	<b>80.8</b>	2.8	3.6%
<b>TOTAL EXPENSES</b>	<b>100.1</b>	<b>91.2</b>	-8.9	-8.9%



# Market Weakness and Lower Interest Rates Pull Down Revenues

Revenues from Philippine operations decreased by 41.6% as all revenue items fell.

Commission revenues fell 32.8%, led by revenues from the agency & advisory group which dropped by 44.8%. This was largely the result of poor market conditions which led to weaker market activity.

Interest income fell sharply by 50.8%. This was largely due to the 53.5% decline in interest income from placements. Note that yields on placements fell by around 300 basis points which is almost half the 1Q19 average. Interest income from margin loans also fell by 18.6% as average margin loan fell by 17.7% to Php518 Mil.

## REVENUE BREAKDOWN (IN PHPMIL)

	1Q19	1Q20	CHANGE	
			AMOUNT	%
Philippines				
Commission	168.2	113.1	(55.1)	-32.8%
<i>Self-directed</i>	134.2	94.3	(39.9)	-29.7%
<i>Agency &amp; advisory</i>	33.9	18.7	(15.2)	-44.8%
Interest	159.6	78.6	(81.0)	-50.8%
Trailer Fees	4.2	4.0	(0.2)	-4.3%
Others	0.3	-1.5	(1.8)	-618.9%
<b>Philippine Revenues</b>	<b>332.3</b>	<b>194.2</b>	<b>(138.1)</b>	<b>-41.6%</b>
Hong Kong				
Commission	3.3	2.5	(0.9)	-25.5%
Others	0.1	0.1	0.0	41.9%
<b>HK Revenues</b>	<b>3.4</b>	<b>2.6</b>	<b>(0.8)</b>	<b>-23.5%</b>
Revenue Share				
Philippines	99.0%	98.7%		
HK	1.0%	1.3%		
Self-directed	79.8%	83.4%		
Agency & advisory	20.2%	16.6%		

# Market Weakness and Lower Interest Rates Pull Down Revenues

Trailer fees fell by 4.3% to Php4.0 Mil. Trailer fees fell as assets under administration (AUA) dropped to Php2.5 Bil as of end March this year from Php3.0 Bil during the same period last year. This was despite Php312.8 Mil in net sales during the past 12 months as poor market conditions had a more significant impact on AUA.

Other income turned to a loss of Php1.5 Mil. This was due to the booking of Php1.8 Mil worth of trading losses resulting from poor market conditions.

Revenues from HK operations remained weak, falling by another 23.5% to Php2.6 Mil.

## REVENUE BREAKDOWN (IN PHPMIL)

	1Q19	1Q20	CHANGE	
			AMOUNT	%
Philippines				
Commission	168.2	113.1	(55.1)	-32.8%
Self-directed	134.2	94.3	(39.9)	-29.7%
Agency & advisory	33.9	18.7	(15.2)	-44.8%
Interest	159.6	78.6	(81.0)	-50.8%
Trailer Fees	4.2	4.0	(0.2)	-4.3%
Others	0.3	-1.5	(1.8)	-618.9%
Philippine Revenues	332.3	194.2	(138.1)	-41.6%
Hong Kong				
Commission	3.3	2.5	(0.9)	-25.5%
Others	0.1	0.1	0.0	41.9%
HK Revenues	3.4	2.6	(0.8)	-23.5%
Revenue Share				
Philippines	99.0%	98.7%		
HK	1.0%	1.3%		
Self-directed	79.8%	83.4%		
Agency & advisory	20.2%	16.6%		

# Market Share Falls

COL's average daily turnover fell 30.7% Y/Y to Php716.6 Mil in 1Q20, faster than the 16.7% drop in the PSE's average daily turnover.

Consequently, COL's market share in terms of value turnover fell to 5.4% in 1Q20 for the whole market from 6.4% in 1Q19. Share of value turnover for local investors likewise decreased to 12.5% from 14.7%.

COL fell to number 7 in terms of value turnover in the PSE from number 4 in 1Q19.

## COMPARATIVE PERFORMANCE (COL VS. PSE)

	1Q19	1Q20	CHANGE	
			AMOUNT	%
PSE Ave. Daily T/O (PhpMil)	8,015.5	6,676.6	(1,338.9)	-16.7%
COL Ave. Daily T/O (PhpMil)	1,033.6	716.6	(316.9)	-30.7%
COL Market Share (Total)	6.4%	5.4%		
COL Market Share (Local)	14.7%	12.5%		
PSE Ranking	4	7		
No. of Transactions - PSE ('000)	11,660.4	11,909.3	248.9	2.1%
No. of Transactions - COL ('000)	2,358.8	1,849.8	(509.1)	-21.6%
COL Market Share	20.2%	15.5%		
PSE Ranking	1	1		

# ROAE Down but Still Healthy at 17.9%

1Q20 operating profits were down 54.6% to Php106.9 Mil.

Operating profits from the Philippines were down by 53.9% to Php111.7 Mil as revenues and margins fell.

Operating losses from HK shrank by 29.9% to Php4.8 Mil due to lower expenses.

ROAE was down but remained healthy at 17.9%.

## SELECTED FINANCIAL INDICATORS

	1Q19	1Q20	CHANGE	
			AMOUNT	%
Operating Profits				
Philippines	242.4	111.7	(130.7)	-53.9%
Hong Kong	(6.8)	(4.8)	2.0	29.9%
<b>Total</b>	235.6	106.9	(128.7)	-54.6%
Operating Margins				
Philippines	73.0%	57.5%		
Hong Kong	-197.8%	-181.2%		
Consolidated	70.2%	54.3%		
EBITDA Margin	72.3%	62.2%		
Net Margin	53.7%	40.5%		
Asset Turnover	12.1%	7.4%		
Asset/Equity	7.5	6.1		
ROAE	45.6%	17.9%		



# Strong Balance Sheet

Cash & cash equivalents increased by 13.1% to Php9.7 Bil largely due to strong net new flows from clients.

Net new flows from clients reached Php3.7 Bil in 1Q20, leading to a 9.4% increase in payable to clients to Php8.87 Bil. This was also the main reason for the 11.5% increase in trade payables to Php9.1 Bil.

The increase in cash was largely responsible for the 10.2% increase in total assets to Php11.2 Bil.

Stockholders equity increased by 4.8% to Php1.8 Bil due to the booking of Php80.2 Mil in profits.

BVPS increased to Php3.80/sh.

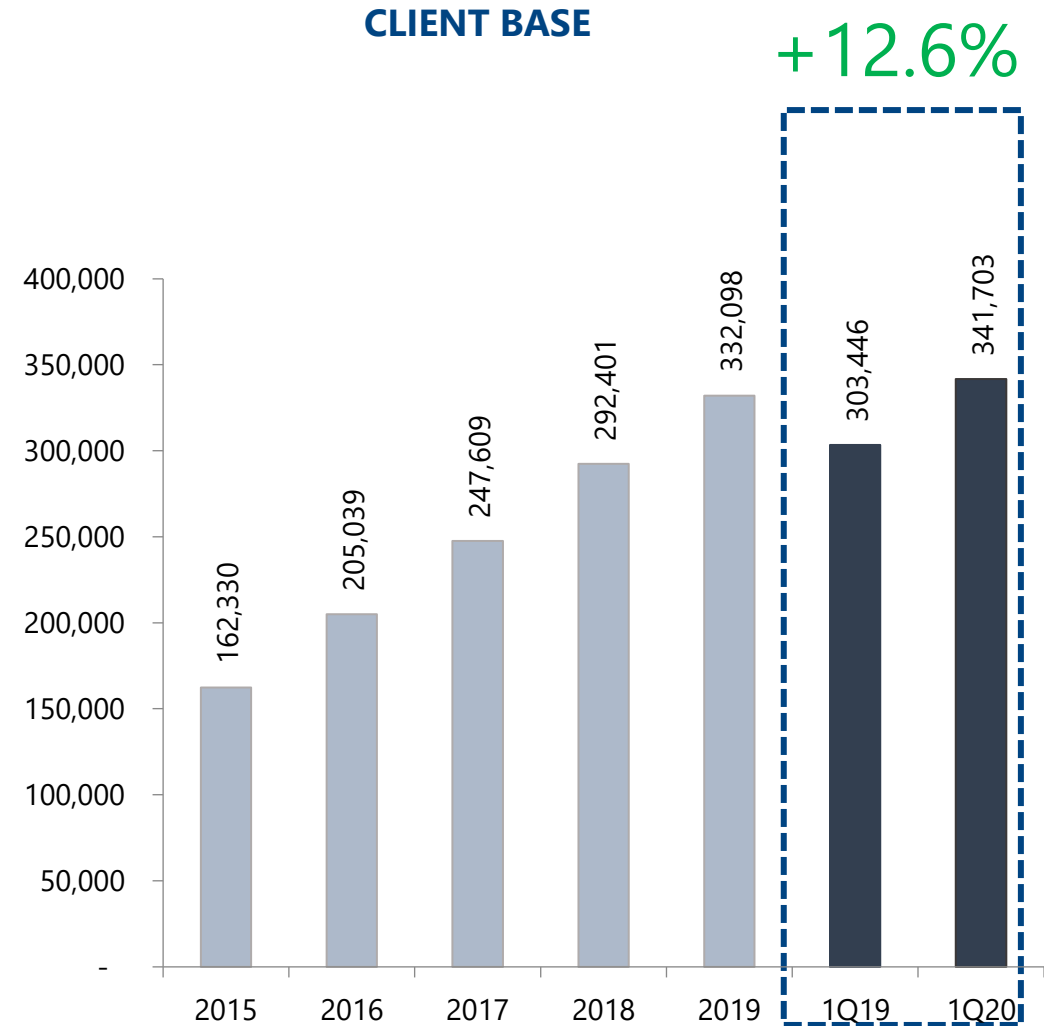
## CONSOLIDATED BALANCE SHEET (IN PHPMIL)

	12/31/19	3/31/20	CHANGE	
			AMOUNT	%
Cash & equivalents	8,563.7	9,681.5	1,117.7	13.1%
Receivables	864.3	698.3	(165.9)	-19.2%
Inv't sec at amortized cost	200.3	-	(200.3)	-100.0%
Other current assets	257.9	49.4	(8.2)	-14.2%
LT investments	200.0	200.0	0.0	0.0%
HTM investments	0.0	300.2	300.2	-
PPE – net	164.4	156.4	(8.0)	-4.9%
Other non-current assets – net	98.8	97.2	(1.6)	-1.6%
<b>TOTAL ASSETS</b>	<b>10,149.1</b>	<b>11,183.0</b>	<b>1,033.9</b>	<b>10.2%</b>
Trade payables	8,185.9	9,125.8	939.9	11.5%
Other current liabilities	112.4	124.9	12.5	11.1%
Non-current liabilities	104.8	103.9	(0.9)	-0.8%
<b>Total Liabilities</b>	<b>8,403.0</b>	<b>9,354.6</b>	<b>951.6</b>	<b>11.3%</b>
<b>Total Stockholders' Equity</b>	<b>1,746.0</b>	<b>1,828.3</b>	<b>82.3</b>	<b>4.7%</b>
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b>10,149.1</b>	<b>11,183.0</b>	<b>1,033.9</b>	<b>10.2%</b>
<b>BVPS</b>	<b>3.62</b>	<b>3.80</b>	<b>0.2</b>	<b>4.8%</b>

# Sustained Customer Growth

COL's client base grew by 12.6% Y/Y to 341,703 as of end March 2020.

Average monthly additions during the past 12 months remained strong at 3,188.

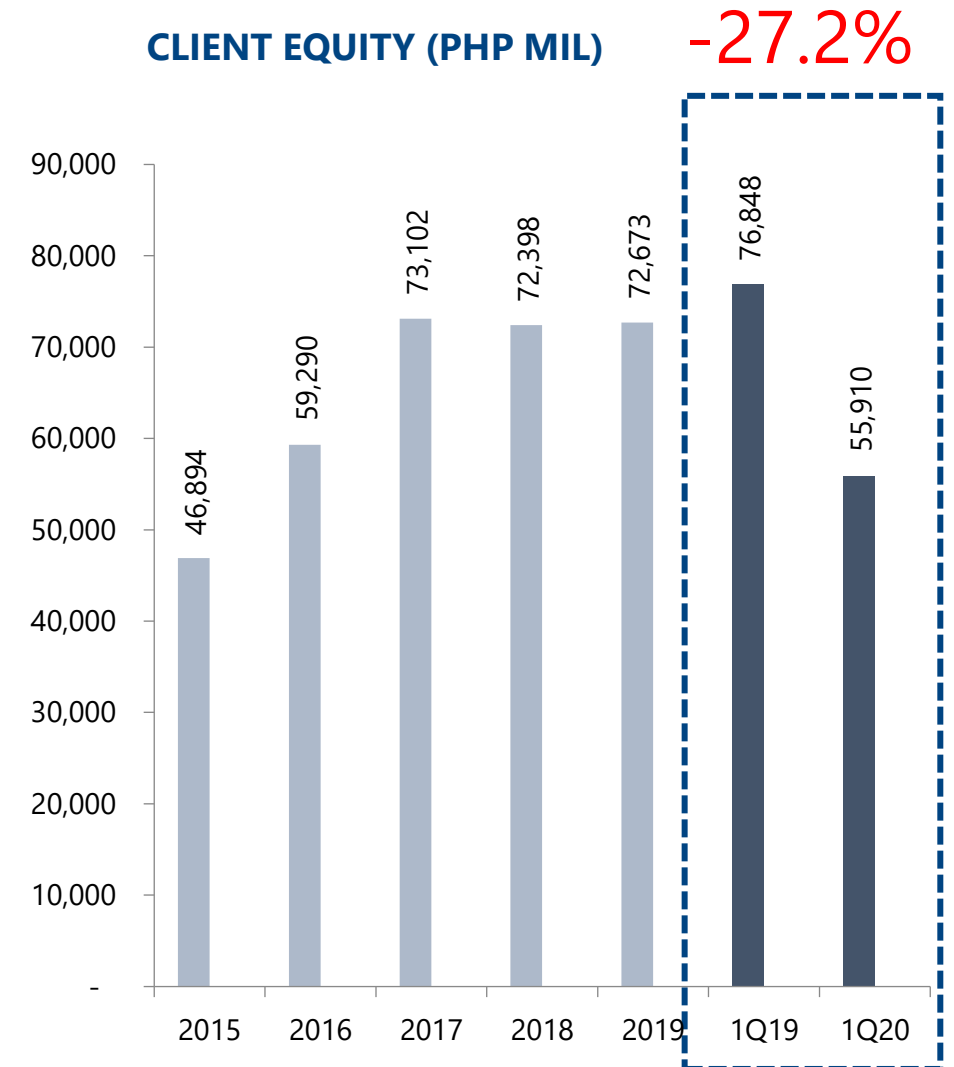


# Poor Market Conditions Pull Down Client Equity

Client equity was fell 27.2% Y/Y to Php55.9 Bil as of end March 2020.

Although net new flows from retail clients remained strong at Php6.2 Bil during the past twelve months, the weak performance dragged client equity lower.

The PSEi ended 1Q20 down 35.2% Y/Y, causing a lot of clients to lose money.



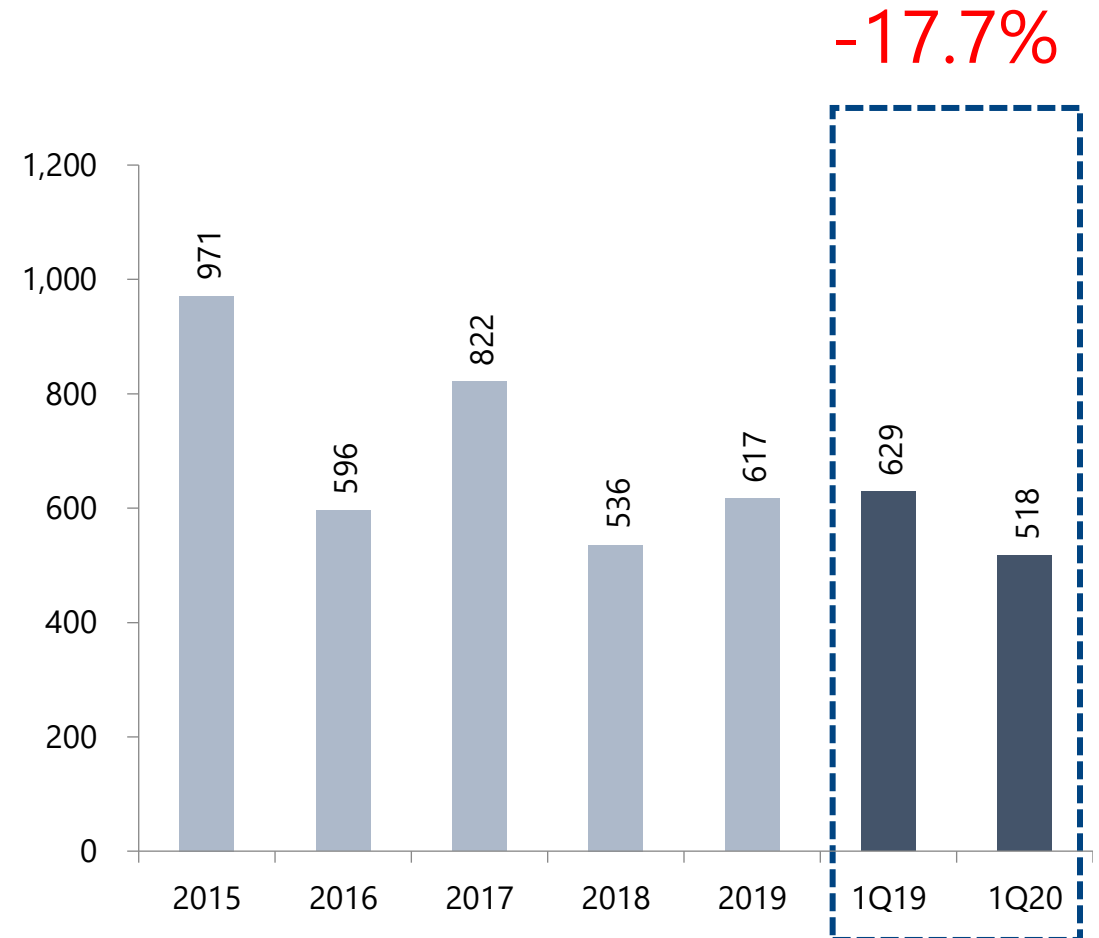
## AVE DAILY MARGIN LOANS (PHP MIL)

# Margin Loans Down

Average daily margin loans decreased by 17.7% to Php518 Mil Y/Y.

As of end March 2020, the total number of approved margin accounts was 1,084, down 5.2% compared to end March 2019.

26.9% of approved margin accounts utilized their margin lines as of end March 2020, down from 29.6% Y/Y. In terms of value of margin granted, 9.5% was utilized during the period in review, down from 11.6% in the same period last year.







Company  
Overview



Financial &  
Operating  
Highlights



Growth  
Plans

Key Highlights

# 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 of the retail financial services industry	<ul style="list-style-type: none"> <li>Expand digital efforts across the different marketing channels to generate leads and engage clients                             <ul style="list-style-type: none"> <li>Online educational courses and workshops</li> <li>Promote expert guidance</li> </ul> </li> <li>Offer the best-in-class investing experience                             <ul style="list-style-type: none"> <li>Launch new website and mobile app</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 segment but also produce a profitable relationship	<ul style="list-style-type: none"> <li>Enhance product and service capabilities                             <ul style="list-style-type: none"> <li>Relaunch COL Advantage a guidance tool to support the different client investing styles</li> </ul> </li> <li>Continue to innovate to better serve the needs of our clients through scale and efficiency                             <ul style="list-style-type: none"> <li>Introduce a Free Digital Financial Planning Service</li> </ul> </li> </ul>
<b>Long-term Client Relationship</b>	#3. Maintain long-term client relationships and exploit the power of COL promoters	<ul style="list-style-type: none"> <li>Achieve an NPS score of 50 and maintain it at those levels                             <ul style="list-style-type: none"> <li>Conduct quarterly NPS and CSAT to better respond and align our strategies to address the clients' pain points</li> </ul> </li> <li>Expand product offering                             <ul style="list-style-type: none"> <li>Actively promote COL MF products and asset management services</li> <li>Apply for a sales license to distribute fix income investment products</li> </ul> </li> </ul>
<b>Expense Discipline</b>	#4. Capitalize on operating leverage and increase profitability through our unique business model	<ul style="list-style-type: none"> <li>Diversify revenue sources to more fee based income products and services</li> <li>Maintain an expense discipline leading to enhanced performance</li> </ul>
<b>Effective Capital Management</b>	#5. Maintain a strong balance sheet and be a good stewards of shareholder value	<ul style="list-style-type: none"> <li>Support business growth</li> <li>Maintain appropriate liquidity for both firm and clients</li> <li>Sustain current dividend payment</li> </ul>

# 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	186.4	5.8%	205.7	8.3%
Bond Fund	226.7	7.0%	238.9	9.7%
Balanced Fund	178.0	5.5%	146.1	5.9%
Equity Fund	2,643.1	81.7%	1,879.9	76.1%
<b>Total</b>	<b>3,234.2</b>		<b>2,470.6</b>	

\*AS OF END MARCH 20

\*\*SINCE LAUNCH

# Positive Net Sales Despite Challenging Environment

## 1Q20 NET SALES (IN PHPMIL, ACC TO TYPE OF FUND)

TYPE OF FUND	INDUSTRY*	COL
Money Market	10,098.7	-15.5
Bond Fund	1,034.2	20.9
Balanced Fund	-429.7	1.5
Equity Fund	1,005.0	103.5
<b>Total</b>	<b>11,708.2</b>	<b>110.4</b>

\*FUNDS AVAILABLE IN COL FUND SOURCE ONLY



# Positive Net Sales Despite Challenging Environment

## 1Q20 NET SALES (IN PHPMIL, ACC TO FUND HOUSE)

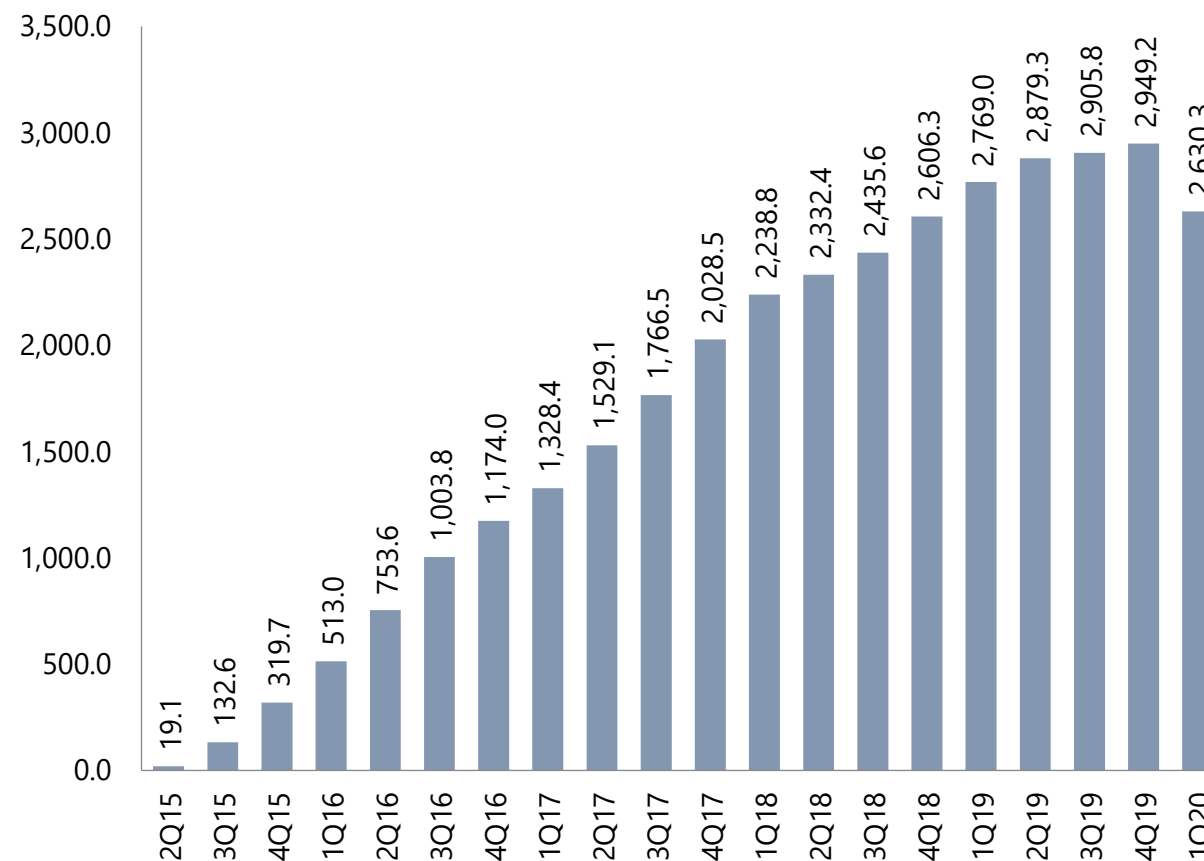
TYPE OF FUND	INDUSTRY*	COL	% SHARE
ALFM	119.0	37.5	31.6%
ATR	-51.1	3.7	
FAMI	-101.6	7.2	5.2%
Phil Equity	362.1	58.6	14.8%
PAMI	1,523.3	-13.0	
SLAMCI	9,468.3	16.4	0.2%
<b>Total</b>	<b>11,320.1</b>	<b>110.4</b>	<b>1.0%</b>

\*FUNDS AVAILABLE IN COL FUND SOURCE ONLY

# Average AUA Down

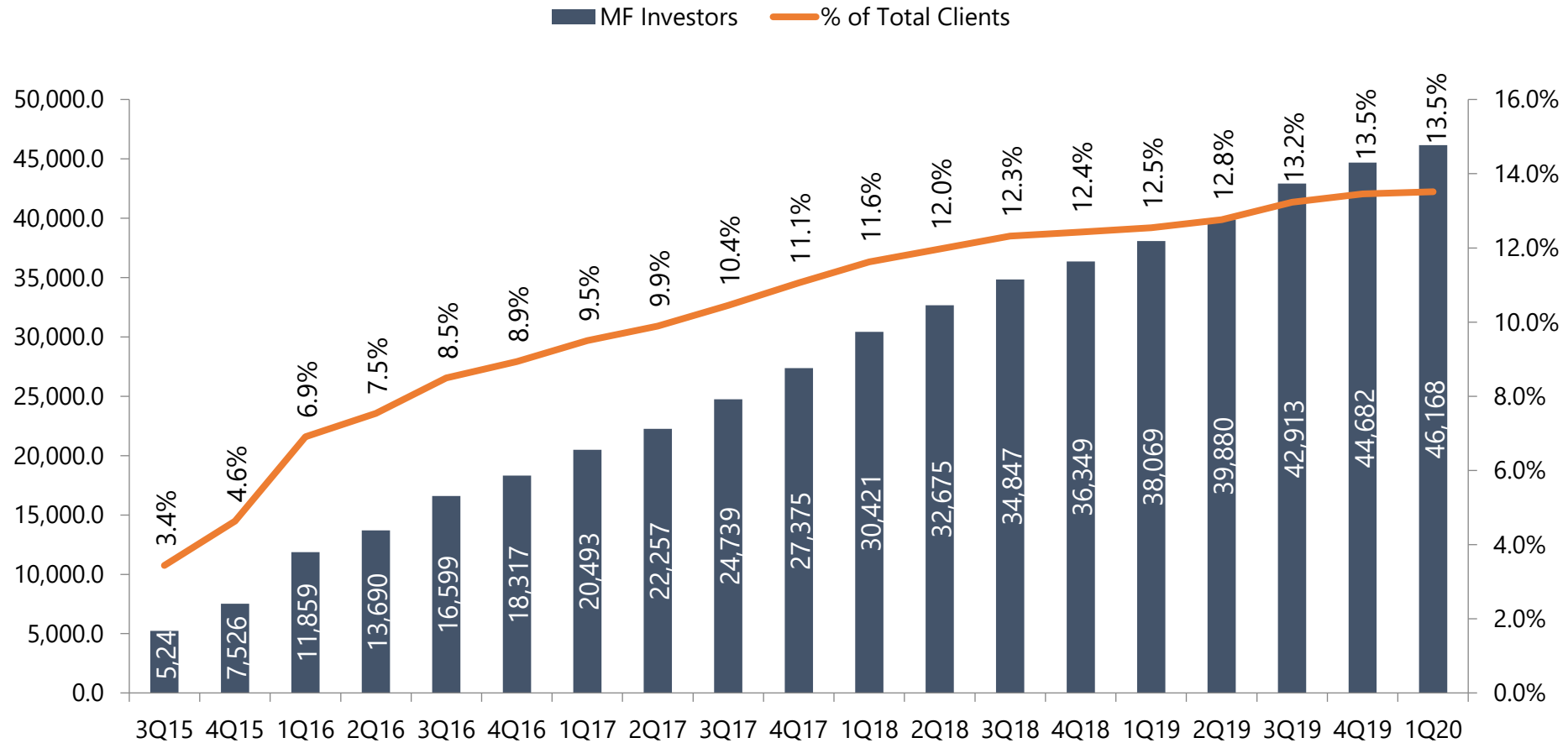
Trailer fee down due to significant drop in average AUA on a Y/Y and Q/Q basis.

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



SOURCE: PIFA, COL ESTIMATES

# Growing Number & Percentage of Clients Own MFs



SOURCE: COL ESTIMATES



# Disclaimer

This presentation was prepared solely and exclusively for discussion purposes. This presentation and/or any part thereof may not be reproduced, disclosed or used without the prior written consent of COL Financial (the "Company").

This presentation, as well as discussions arising therefrom, may contain statements relating to future expectations and/or projections of the Company by its management team, with respect to the Company. These statements are: (i) presented on the basis of current assumptions which the Company's management team believes to be reasonable and presumed correct based on available data at the time these were made, (ii) based on assumptions regarding the Company's present and future business strategies, and the environment in which it will operate in the future, (iii) a reflection of our current views with respect to future events and not a guarantee of future performance, and (iv) subject to certain factors which may cause some or all of the assumptions not to occur or cause actual results to diverge significantly from those projected. Any and all forward looking statements made by the Company or any persons acting on its behalf are deemed qualified in their entirety by these cautionary statements .

This presentation is solely for informational purposes and should in no way be construed as a solicitation or an offer to buy or sell securities or related financial instruments of the Company.