

# 1Q15 EARNINGS PRESENTATION



Dr. Pamela Ingrid Lim, 31,  
Dentist



Tess Atienza, 55,  
Future Retiree



Mikki and Nina Cuence, 30, with  
daughter Maya, 2

"COL FINANCIAL WAS BUILT ON THE FOUNDATION THAT  
EVERY FILIPINO DESERVES TO BE RICH."

- EDWARD K. LEE, CHAIRMAN & FOUNDER



Carl Stephen Ong, 29,  
Entrepreneur



Rose Fres Fausto, Author and Columnist with her sons Martin  
22, Enrique 19, and Anton 15

Invest and Build  
Genuine wealth  
with the  
Philippines' most  
trusted Online  
Stockbroker

Celebrating a  
**RICHER LIFE.**

# Investor Presentation Highlights



**COMPANY  
OVERVIEW**



**FINANCIAL & OPERATING  
HIGHLIGHTS**



**GROWTH  
PLANS**

# Company Overview

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Established and licensed by the SEC in 1999

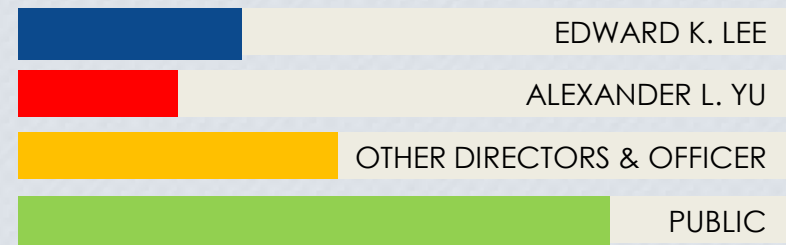
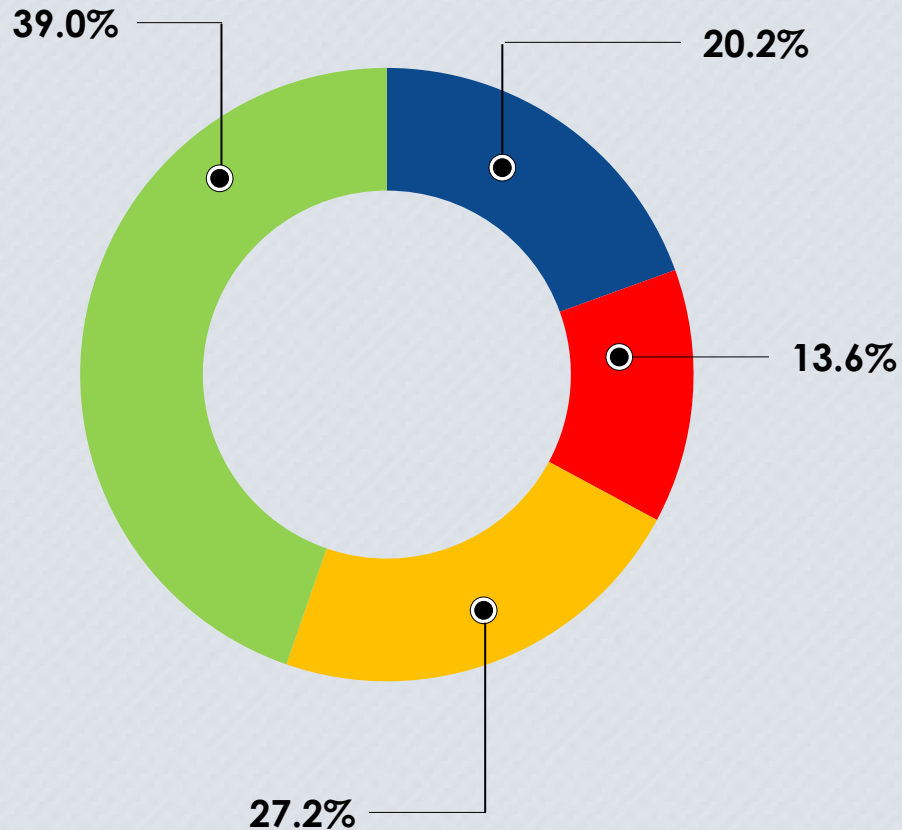
The leading and fastest-growing online stockbroker in the Philippines

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

Founder (Edward K. Lee) retains a 20.2% stake and actively manages the Company



# Ownership Structure



OUTSTANDING SHARES	474.5Mil
FREE FLOAT	185.2Mil
MARKET CAP*	Php7.8Bil

\*AS OF END MARCH 2015

## 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. . .

2013 Rank	Broker Name	Total Accounts		% Change	% of Total Accounts Online
		2012	2013		
1	<b>COL Financial</b>	<b>46,444</b>	<b>83,540</b>	<b>79.9%</b>	<b>64.6%</b>
2	BPI Securities	19,721	25,775	30.7%	19.9%
3	First Metro	6,638	9,995	50.6%	7.7%
4	Accord Capital	2,870	6,022	109.8%	4.7%
	Others	2,543	3,923	54.3%	3.0%
	<b>Total</b>	<b>78,216</b>	<b>129,255</b>	<b>65.3%</b>	<b>100.0%</b>

SOURCE: PSE

## ...And in Terms of Value and Volume of Transactions

Rank		Broker Name	Value TO (PhpBil)			% of Online Value TO	No. of Trades ('000)			No. of Online Transactions
Value TO	No. of Trades		2012	2013	% Change		2012	2013	% Change	
1	1	<b>COL Financial</b>	<b>150.4</b>	<b>182.9</b>	<b>21.7%</b>	<b>75.4%</b>	<b>2,664.5</b>	<b>3,262.0</b>	<b>22.4%</b>	<b>78.8%</b>
2	2	BPI Securities	24.5	26.6	8.3%	11.0%	331.1	408.2	23.3%	9.9%
3	3	First Metro	15.1	20.1	33.2%	8.3%	140.8	283.6	101.4%	6.8%
4	8	Accord Capital	1.4	8.6	512.4%	3.5%	6.4	105.3	83.7%	2.5%
5	4	F. Yap	2.3	1.4	-40.9%	0.6%	57.3	9.5	49.1%	0.2%
		Others	2.1	3.0	43.5%	1.2%	41.2	72.3	75.4%	1.7%
		<b>Total</b>	<b>195.7</b>	<b>242.5</b>	<b>23.9%</b>	<b>100.0%</b>	<b>3,241.4</b>	<b>4,140.9</b>	<b>27.8%</b>	<b>100.0%</b>

SOURCE: PSE

## Also Amongst the Biggest Philippine-Based Brokers

1Q15 Rank	Broker Name	1Q15 Value Turnover (PhpBil)	% of Total
1	UBS Securities Philippines Inc.	138.36	10.78
2	Deutsche Regis Partners Inc.	124.79	9.72
3	CLSA Philippines, Inc.	102.37	7.98
4	Macquarie Capital Securities (Phil), Inc.	78.63	6.13
5	Philippine Equity Partners, Inc.	65.22	5.08
6	Credit Suisse Securities (Phil), Inc.	60.85	4.74
7	Maybank ATR Kim Eng Securities, Inc.	58.58	4.57
<b>8</b>	<b>COL Financial Group, Inc.</b>	<b>54.90</b>	<b>4.28</b>
9	BPI Securities Corp.	52.41	4.08
10	First Metro Securities Brokerage Corp.	46.35	3.61

SOURCE: PSE



# Corporate Milestones



**1999**

**AUGUST**

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



**2001-02**

**MARCH**

The COL PH online trading platform became operational

**APRIL**

Citiseconline HK Ltd. (COL HK) became a trading participant of the HK Exchange

**MAY**

The COL HK platform was launched



**2005-06**

**NOVEMBER**

The COL PH Trading platform was officially launched to the public

**JULY**

COL listing in the PSE via initial public offering (IPO)

**DECEMBER**

PSE approved COL's application as a trading participant of the PSE



**2008-09**

**AUGUST**

Launch of the COL Easy Investment Program

**FEBRUARY**

COL operates its seat at the PSE



**2010**

**APRIL**

Launch of the full service independent advisory team called the Private Clients Group (PCG)



**2012**

**MARCH**

SEC approves the change in the corporate name to COL Financial Group, Inc.

**APRIL**

Launch of the new COL website with streaming data

**DECEMBER**

PSE awarded the first Bell award on Good Governance



**2013**

**NOVEMBER**

Awarded for the second time in a row the Bell Award on Good Governance

**DECEMBER**

Signed MOA with iRemit to tap OFWs



**2014**

**JAN-NOV**

Signed MOAs with majority of the Asset Mgt. Cos to distribute their funds

**JULY**

SEC grants Mutual Fund Distributor License

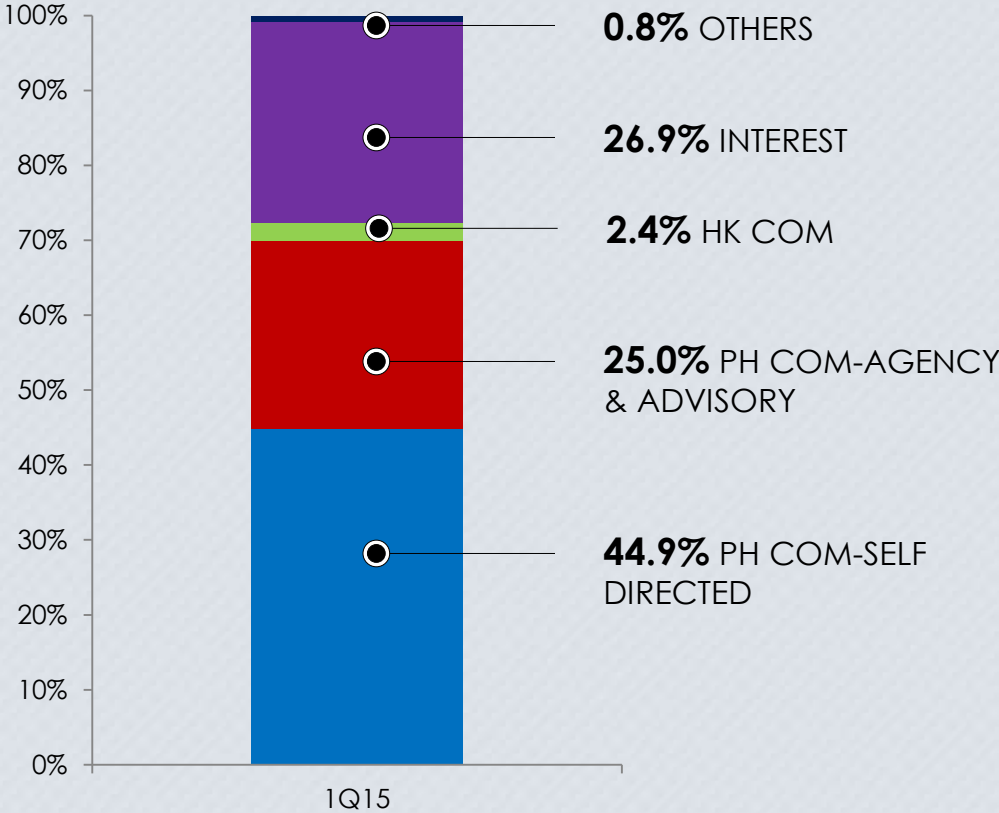
Launched COL iPhone App

**SEPTEMBER**

Opened the Makati Investor Center

# Bulk of Revenues Generated From Philippine Operations

## REVENUE BREAKDOWN



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COL's Philippine operations account for 97.5% of revenues, while its HK operations account for the balance.

Commissions from both Philippines and HK account for 72.3% of revenues.

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Interest income from margin loans and cash accounts for 26.9% of revenues.

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# Investor Presentation Highlights



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# Key Highlights

## POSITIVE

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- Strong revenue and earnings growth
- Results outperformed the PSE
- Balance sheet remained healthy
- Strong growth in new accounts
- Market share increased while market leadership position maintained

## NEGATIVE

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- HK operations remained weak
- Client equity fell due to net outflow by an institutional client

## 1Q15 Net Income Almost Doubled

1Q15 net income improved significantly by 82.3% to Php107.3 Mil.

Consolidated revenues increased by 48.6% Y/Y largely driven by the 66.1% jump in commission revenues.

Operating profit increased by 76.2% to Php132.9 Mil as growth in operating expenses was limited at 18.2%.

Income taxes increased by 54.3% to Php25.6 Mil.

## CONSOLIDATED INCOME STATEMENT (IN PHP MIL)

	1Q14	1Q15	Change	
			Amount	%
<b>Income</b>				
Commissions	93.1	154.6	61.5	66.1%
Interest	48.4	57.5	9.1	18.9%
Other income	2.4	1.6	(0.7)	-31.0%
<b>Total</b>	<b>143.9</b>	<b>213.8</b>	<b>69.9</b>	<b>48.6%</b>
<b>Expenses</b>				
Commission expenses	17.3	28.2	10.9	63.2%
Personnel costs	15.8	15.8	0.0	0.1%
Professional fees	4.9	6.3	1.4	29.6%
Stock exch. dues & fees	4.4	6.2	1.9	42.7%
Communication	6.1	6.1	0.0	0.3%
Rentals & utilities	4.3	4.5	0.2	3.9%
Depreciation	3.8	3.6	(0.2)	-6.4%
Advertising & marketing	2.7	2.2	(0.5)	-19.1%
Others	9.2	8.0	(1.2)	-13.1%
<b>Total</b>	<b>68.4</b>	<b>80.9</b>	<b>12.5</b>	<b>18.2%</b>
<b>PRE-TAX INCOME (LOSS)</b>	<b>75.4</b>	<b>132.9</b>	<b>57.5</b>	<b>76.2%</b>
<b>TAXES</b>	16.6	25.6	9.0	54.3%
<b>NET INCOME (LOSS)</b>	<b>58.8</b>	<b>107.3</b>	<b>48.4</b>	<b>82.3%</b>

## Philippines Continued to be the Main Growth Driver

Revenues increased due to the strength of Philippine operations.

Philippine revenues rose by 56.8% to Php208.4 Mil, largely driven by the 82.4% increase in commissions.

Interest income from local operations was up by 18.8% Php57.5 Mil largely as a result of the increase in COL's cash position.

HK revenues remained weak, down by 51.3% to Php5.3 Mil. However, HK's share in revenues fell to only 2.5% during 1Q15 minimizing its impact on consolidated revenues.

## REVENUE BREAKDOWN (IN PHP MIL)

	1Q14	1Q15	Change	
			Amount	%
<b>Philippines</b>				
Commission	82.0	149.4	67.5	82.4%
Self-directed	47.4	95.9	48.5	102.2%
Agency & advisory	34.5	53.6	19.0	55.1%
Interest	48.4	57.5	9.1	18.8%
Others	2.6	1.5	(1.1)	-41.7%
<b>Philippine Revenues</b>	<b>132.9</b>	<b>208.4</b>	<b>75.5</b>	<b>56.8%</b>
<b>Hong Kong</b>				
Commission	11.2	5.2	(6.0)	-53.4%
Interest	0.0	0.0	0.0	-
Others	(0.2)	0.1	0.3	-173.3%
<b>HK Revenues</b>	<b>11.0</b>	<b>5.3</b>	<b>(5.6)</b>	<b>-51.3%</b>
<b>Revenue Share</b>				
Philippines	92.4%	97.5%		
HK	7.6%	2.5%		
Self-directed	57.9%	64.2%		
Agency & advisory	42.1%	35.8%		

# ROAE Increased Significantly

Operating profits rose by 76.1% Y/Y to Php132.9 Mil, largely driven by the 85.0% increase in operating profits from Philippine operations.

Operating margin likewise improved, as the strength of Philippines more than offset the weakness of HK.

ROAE improved significantly to 35.4% brought about by higher margins, greater asset turnover and increased leverage.

## SELECTED FINANCIAL INDICATORS

	1Q14	1Q15	Change	
			Amount	%
<b>Operating Profits</b>				
Philippines	72.4	134.0	61.6	85.0%
Hong Kong	3.0	-1.1	(4.1)	-137.4%
<b>Total</b>	<b>75.4</b>	<b>132.9</b>	<b>57.4</b>	<b>76.1%</b>
<b>Operating Margins</b>				
Philippines	54.5%	64.3%		
Hong Kong	27.5%	-21.1%		
Consolidated	52.4%	62.1%		
EBITDA Margin	55.2%	63.8%		
Net Margin	40.9%	50.2%		
Asset Turnover*	11.6%	12.6%		
Asset/Equity	4.7	6.3		
ROAE*	19.7%	35.4%		

\*Annualized

## Strong and Highly Liquid Balance Sheet

COL remained cash rich and debt free.

Total assets grew by 14.0% to Php7.2 Bil largely driven by the 6.0% increase in cash.

Receivables increased 39.7% to Php2.0 Bil due to higher transaction values compared to end 2014.

Trade payables grew 16.6% to Php5.7Bil largely due to the increase of COL's client cash.

Stockholders' equity fell 10.0% to Php1.1 Bil largely due to the declaration of Php0.50/sh of cash dividends, partly offset by the booking of Php107.3 Mil in profits.

BVPS fell to Php2.42/sh.

### CONSOLIDATED BALANCE SHEET (IN PHP MIL)

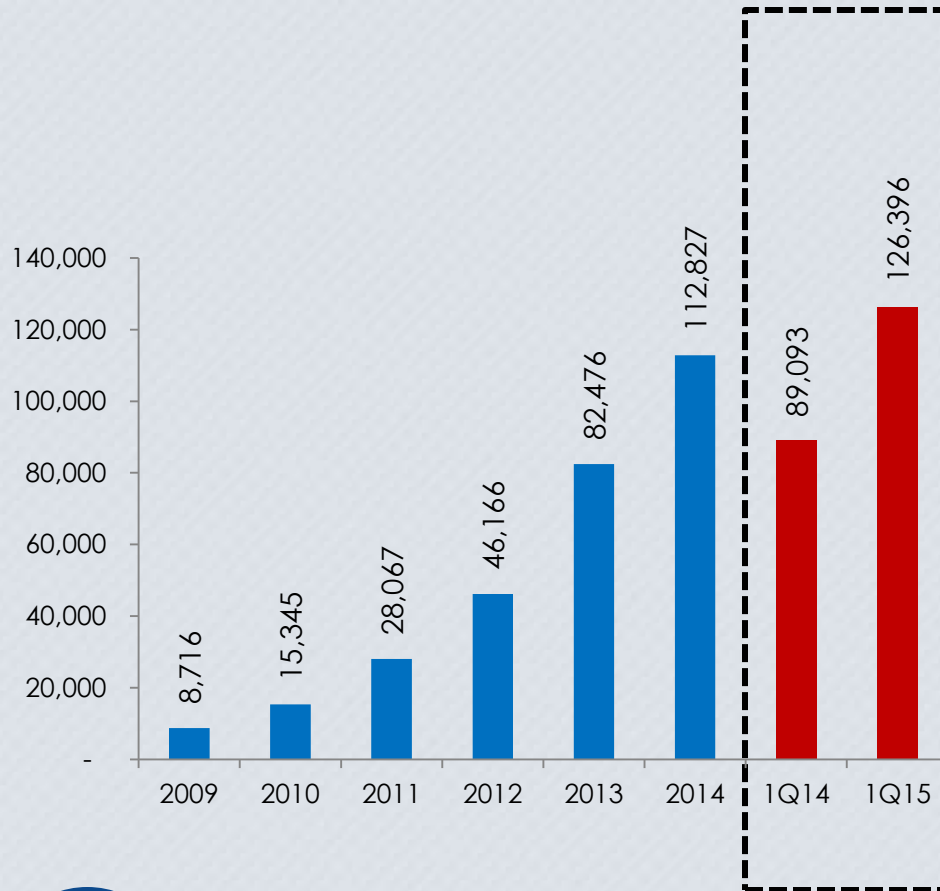
	12/31/14	03/31/15	Change	
			Amount	%
Cash & equivalents	4,794.3	5,080.5	286.2	6.0%
Receivables	1,438.4	2,009.5	571.1	39.7%
Other current assets	23.8	57.9	34.1	143.4%
Property & equipment – net	35.8	34.1	(1.7)	-4.8%
Other non-current assets – net	69.1	71.7	2.6	3.8%
<b>TOTAL ASSETS</b>	<b>6,361.4</b>	<b>7,253.7</b>	<b>892.3</b>	<b>14.0%</b>
Trade payables	4,940.9	5,762.0	821.0	16.6%
Other current liabilities	115.8	315.0	199.2	172.0%
Non-current liabilities	28.2	28.2	0.0	0.0%
<b>Total Liabilities</b>	<b>5,085.0</b>	<b>6,420.2</b>	<b>1,335.2</b>	<b>26.3%</b>
<b>Total Stockholders' Equity</b>	<b>1,276.5</b>	<b>1,148.5</b>	<b>(127.9)</b>	<b>-10.0%</b>
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b>6,361.4</b>	<b>7,253.7</b>	<b>892.3</b>	<b>14.0%</b>
BVPS	2.69	2.42		



# Sustained Customer Growth

## CLIENT BASE

**+41.9%**



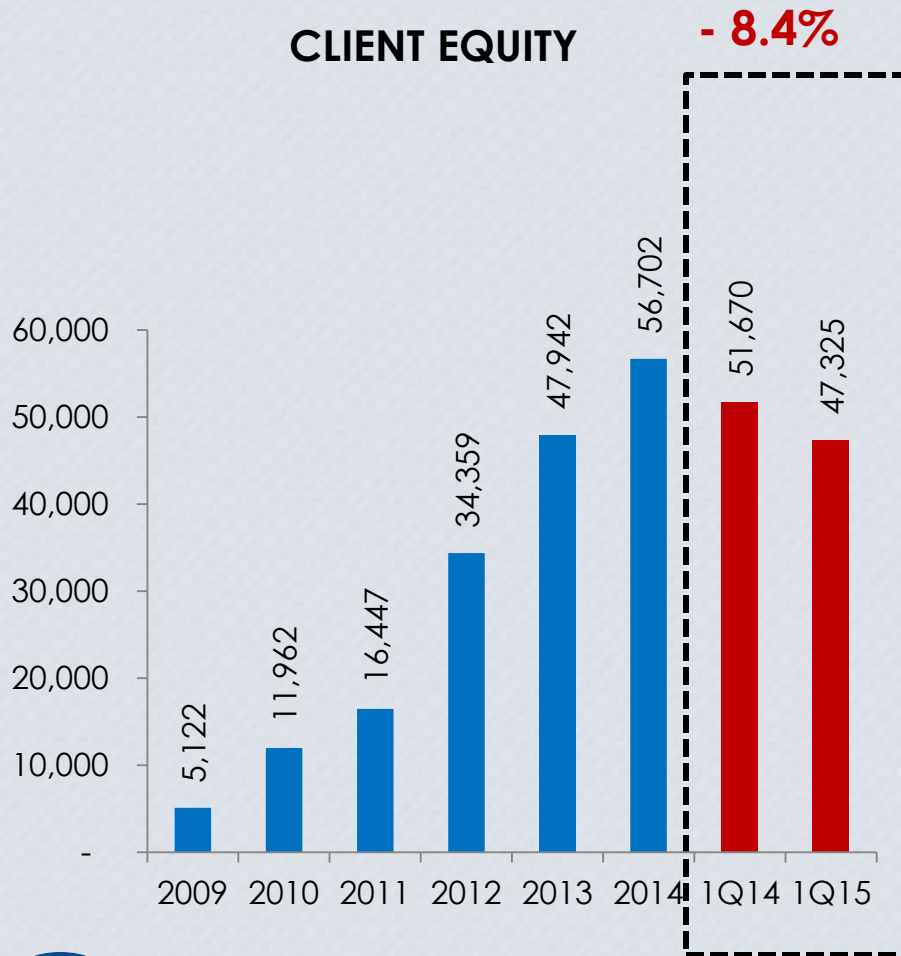
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COL's client base grew by 41.9% Y/Y to 126,396 as of end March 2015.

Average monthly additions remained strong at 4,523.

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# Hurt by Net Outflow of Institutional Client



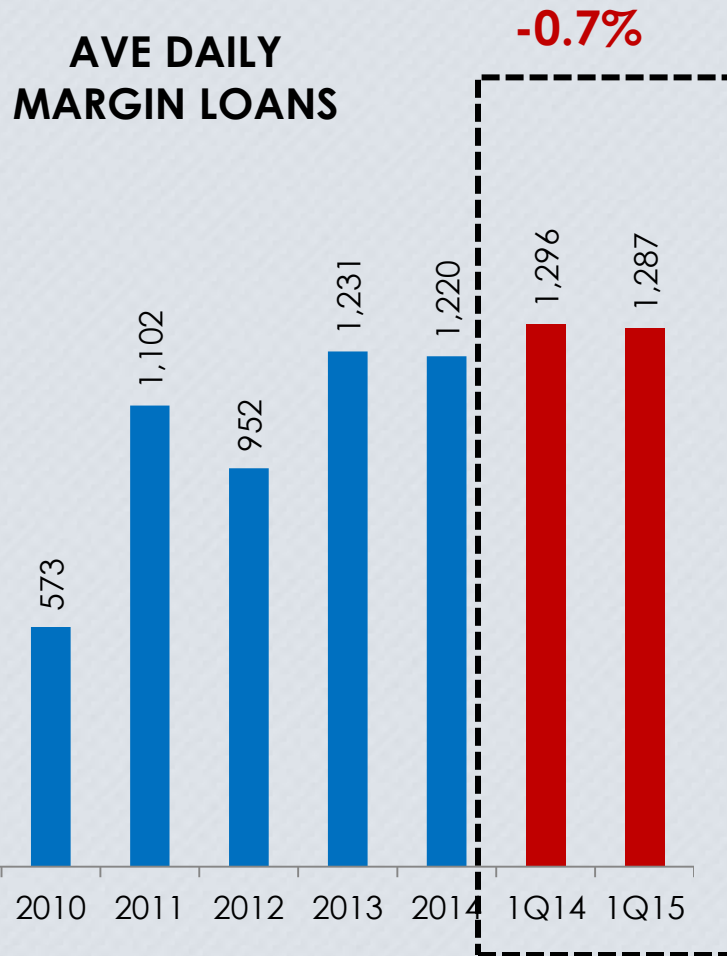
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Client equity fell by 8.4% Y/Y to Php47.3 Bil due to the Php12.4 Bil outflow by an institutional client.

Excluding the said transaction, net new flow of clients remained positive at Php1.7 Bil in 1Q15.

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# Margin Loans Flat



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Average daily margin loans were flat at Php1.3 Bil.

As of end 1Q15, the total number of approved margin accounts reached 1,119, up 6.4% Y/Y.

Meanwhile, 32.6% of approved margin accounts utilized their margin lines in 1Q15, down from 34.6% in 1Q14.

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## Gaining Market Share

COL's 1Q15 average daily turnover rose 91.5% Y/Y to Php930.5 Mil, outpacing the 47.5% improvement in the PSE's average daily turnover.

Consequently, COL's market share in terms of value turnover improved to 4.3% for the whole market. Share of value turnover for local investors likewise improved to 8.4%.

Share of number of transactions increased to 21.1% allowing COL to maintain its leadership position in terms of volume of transactions.

### COMPARATIVE PERFORMANCE (COL VS. PSE)

	1Q14	1Q15	Change	
			Amount	%
PSE Ave. Daily T/O (PhpMil)	7,372.4	10,874.5	3,502.1	47.5%
COL Ave. Daily T/O (PhpMil)	486.0	930.5	444.5	91.5%
COL Market Share (Total)	3.3%	4.3%		
COL Market Share (Local)	7.5%	8.4%		
PSE Ranking	10	8		
No. of Transactions – PSE ('000)	3,594.6	6,582.0	2,987.4	83.1%
No. of Transactions – COL ('000)	625.8	1,386.1	760.4	121.5%
COL Market Shares	17.4%	21.1%		
PSE Ranking	1	1		

# Investor Presentation Highlights



**COMPANY  
OVERVIEW**



**FINANCIAL & OPERATING  
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**GROWTH  
PLANS**

# 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 Growth Plans

## DISTRIBUTION OF THIRD PARTY FUNDS

- COL will soon be able to offer various types of professionally managed funds through its platform
- At present, COL has signed MOAs with six mutual fund companies which together account for 92.1% of the AUM of the mutual fund industry
- The SEC also granted COL a license to distribute the mutual funds of all six companies
- We are currently in the final stages of testing

**Thank You**



# Disclaimer

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