

1H14 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

Established and licensed by the SEC in 1999

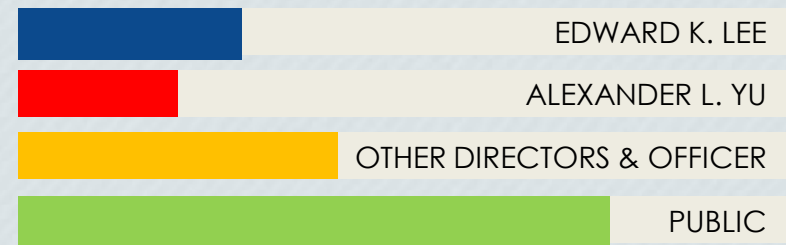
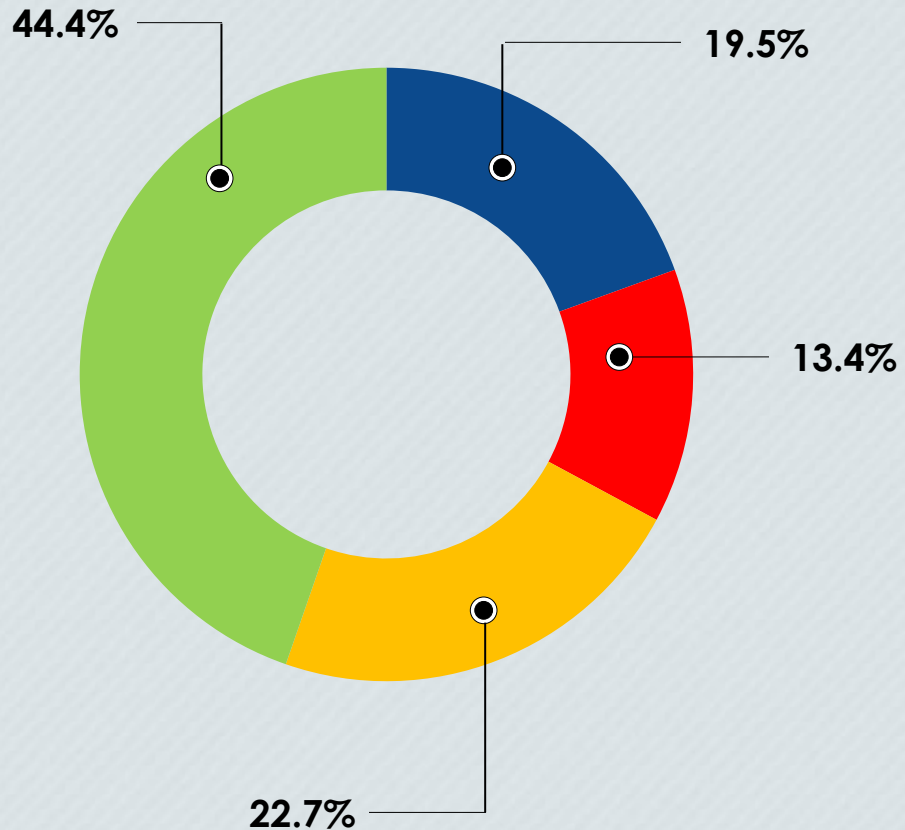
The leading and fastest-growing online stockbroker in the Philippines

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

Founder (Edward K. Lee) retains 19.5% stake and actively manages the Company



Ownership Structure



OUTSTANDING SHARES	468.8Mil
FREE FLOAT	208.2Mil
MARKET CAP*	Php7.0Bil

*AS OF END JUNE 2014

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	COL Financial	46,444	83,540	79.9%	64.6%
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%
	Total	78,216	129,255	65.3%	100.0%

...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	COL Financial	150.4	182.9	21.7%	75.4%	2,664.5	3,262.0	22.4%	78.8%
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%
		Total	195.7	242.5	23.9%	100.0%	3,241.4	4,140.9	27.8%	100.0%

Also Amongst the Biggest Philippine-Based Brokers

1H14 Rank	Broker Name	1H14 Value Turnover (PhpBil)	% of Total
1	Deutsche Regis Partners Inc.	230.12	11.59
2	CLSA Philippines, Inc.	170.83	8.60
3	UBS Securities Philippines Inc.	152.80	7.69
4	Macquarie Capital Securities (Phil), Inc.	150.95	7.60
5	Maybank ATR KimEng Securities, Inc.	141.36	7.12
6	Philippine Equity Partners, Inc.	106.34	5.35
7	Credit Suisse Securities (Phil), Inc.	103.37	5.20
8	SB Equities, Inc.	79.96	4.03
9	COL Financial Group, Inc.	79.56	4.01
10	J.P. Morgan Securities (Phil), Inc.	65.08	3.28



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

JANUARY

Signed MOA with BPI Asset Management and Sunlife

MARCH

Signed MOA with ATR KimEng Asset Management

MAY

Signed MOA with BDO - Trust

JULY

SEC grants Mutual Fund Distributor License

Launched the COL Iphone App

AUGUST

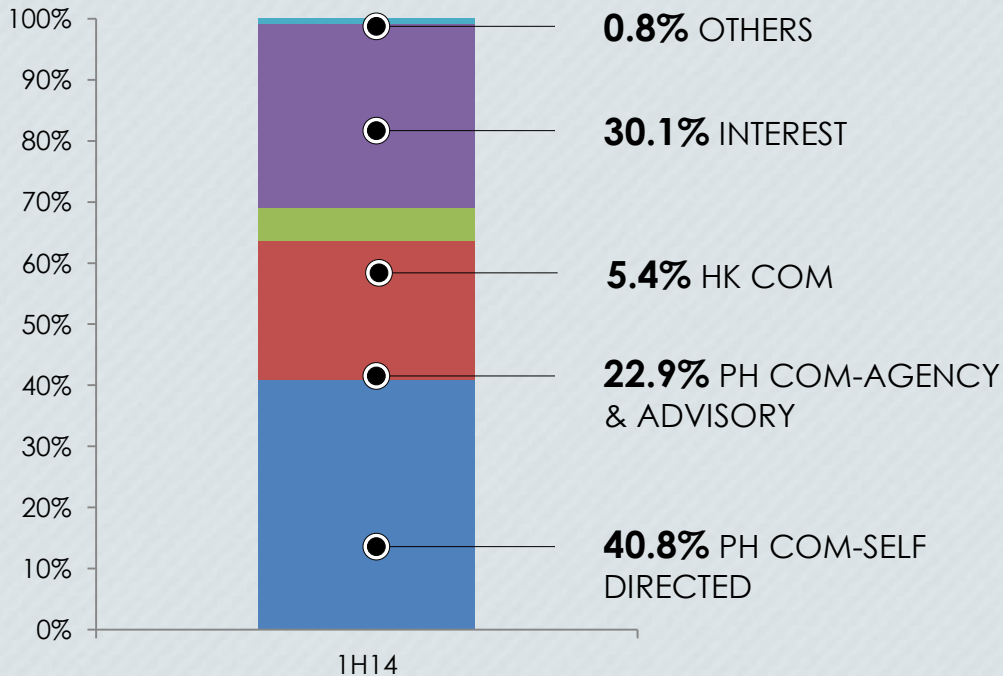
Signed MOA with Philamlife Asset Management

Signed MOA with various mutual fund companies of BPI

Corporate Milestones

Bulk of Revenues Generated From Philippine Operations

REVENUE BREAKDOWN



COL's Philippine operations account for 94.6% of revenues, while its HK operations account for the balance.

Commissions from both Philippines and HK account for 69.1% of revenues.

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

Investor Presentation Highlights



COMPANY
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FINANCIAL & OPERATING
HIGHLIGHTS



GROWTH
PLANS

Key Highlights

POSITIVE

- 2Q14 operating results rebounded Q/Q
- Balance sheet remained healthy
- Strong growth in new accounts and net new asset flows
- Market leadership position maintained

NEGATIVE

- 1H14 net profits fell Y/Y as market trading volume dropped

1H14 Net Income Fell 31.0% Y/Y

Net income dropped 31.0% Y/Y to
Php153.3 Mil.

Consolidated revenues fell 23.8% Y/Y
largely driven by weaker commission
revenues.

Operating expenses dropped 18.2%
largely due to the reduction of trading
related expenses.

CONSOLIDATED INCOME STATEMENT (IN PHP MIL)

	1H13	1H14	Change	
			Amount	%
Income				
Commissions	338.6	233.4	-105.2	-31.1%
Interest	102.9	101.6	-1.2	-1.2%
Other income	1.9	2.8	0.9	44.1%
Total	443.4	337.8	-105.6	-23.8%
Expenses				
Commission expenses	72.5	39.5	-32.9	-45.5%
Personnel costs	31.3	32.6	1.4	4.4%
Professional fees	9.2	10.1	1.0	10.5%
Stock exch. dues & fees	12.5	9.5	-3.0	-24.2%
Communication	12.0	12.2	0.2	1.7%
Rentals & utilities	7.7	8.6	1.0	12.6%
Depreciation	7.9	7.7	-0.2	-2.4%
Advertising & marketing	5.1	4.1	-1.0	-20.4%
Others	11.6	14.7	5.3	24.9%
Total	169.7	138.8	-30.9	-18.2%
PRE-TAX INCOME (LOSS)	273.7	199.0	-74.7	-27.3%
TAXES	51.4	45.7	-5.7	-11.2%
NET INCOME (LOSS)	222.2	153.3	-69.0	-31.0%
EPS – Basic	0.47	0.33	-0.14	-29.8%
EPS – Fully diluted	0.47	0.32	-0.15	-31.9%

Philippines & HK Weakened

Revenues fell 23.8% Y/Y to Php337.8 Mil as both Philippine and HK operations weakened.

Philippine revenues dropped 23.3% to Php319.6 Mil as commissions declined 31.2% to Php215.2 Mil.

Interest income from local operations was flat at Php101.6 Mil as lower yield on cash placements was offset by higher margin utilization by clients and the increase in COL's cash position.

HK revenues were down 31.3% due to the weakness of HK market.

REVENUE BREAKDOWN (IN PHP MIL)

	1H13	1H14	Change	
			Amount	%
Philippines				
Commission	312.7	215.2	(97.6)	-31.2%
<i>Self-directed</i>	188.1	137.8	(50.3)	-26.8%
<i>Agency & advisory</i>	124.6	77.4	(47.2)	-37.9%
Interest	102.9	101.6	(1.2)	-1.2%
Others	1.3	2.8	1.5	117.0%
Philippine Revenues	416.9	319.6	(97.3)	-23.3%
Hong Kong				
Commission	25.8	18.2	(7.6)	-29.6%
Interest	0.0	0.0	0.0	
Others	0.7	0.0	(0.7)	-99.6%
HK Revenues	26.5	18.2	(8.3)	-31.3%
Revenue Share				
Philippines	94.0%	94.6%		
HK	6.0%	5.4%		
Self-directed	60.1%	64.0%		
Agency & advisory	39.9%	36.0%		

Margins Remained Healthy

Operating profits fell by 27.3% Y/Y to Php199.0 Mil.

Despite the drop in operating profits, margin levels remained healthy.

Consolidated operating margin was 58.9% while EBITDA margin was 61.3%.

Annualized ROAE also remained healthy at 24.8%.

SELECTED FINANCIAL INDICATORS

	1H13	1H14	Change	
			Amount	%
Operating Profits				
Philippines	262.0	195.4	(66.6)	-25.4%
Hong Kong	11.8	3.6	(8.2)	-69.6%
Total	273.8	199.0	(74.8)	-27.3%
Operating Margins				
Philippines	62.8%	61.1%		
Hong Kong	44.7%	19.8%		
Consolidated	61.8%	58.9%		
EBITDA Margin	54.9%	61.3%		
Net Margin	47.0%	45.4%		
Asset Turnover*	17.5%	12.0%		
Asset/Equity	4.8	5.5		
ROAE*	49.0%	24.8%		

*Annualized

Expenses Remained in Check

Total expenses fell by 18.0% Y/Y to Php139.1 Mil.

Trading related expenses fell more significantly by 42.3% to Php49.0 Mil as the value of transactions handled by COL dropped.

Although up, fixed operating costs increased at a reasonable pace of 6.3% Y/Y to Php90.1 Mil .

Other expenses increased by 26.5%. However, this was largely due to non-recurring items.

BREAKDOWN OF EXPENSES (IN PHP MIL)

	1H13	1H14	Change	
			Amount	%
Trading Related Expenses				
Commission expenses	72.5	39.5	-32.9	-45.5%
Stock exchange dues & fees	12.5	9.5	-3.0	-24.2%
	85.0	49.0	-36.0	-42.3%
Fixed Operating Costs				
Personnel costs	31.3	32.6	1.4	4.4%
Professional fees	9.2	10.1	1.0	10.5%
Communication	12.0	12.2	0.2	1.7%
Rentals & utilities	7.7	8.6	1.0	12.6%
Depreciation	7.9	7.7	-0.2	-2.4%
Advertising & marketing	5.1	4.1	-1.0	-20.4%
Others	11.6	14.7	3.1	26.5%
	84.7	90.1	5.4	6.3%
TOTAL EXPENSES	169.7	139.1	-30.6	-18.0%

2Q14 Net Income Up 60.6% Q/Q

On a Q/Q basis, 2Q14 net income improved significantly by 60.6% to Php94.5 Mil.

Consolidated revenues increased by 34.8% Q/Q. Commission revenues jumped by 50.6% due to the recovery of trading volumes in the Philippines, while interest income increased by 10.0% due to higher margin utilization and higher cash balances.

Operating expenses increased marginally by only 2.8%.

CONSOLIDATED INCOME STATEMENT (IN PHP MIL)

	1Q14	2Q14	Change	
			Amount	%
Income				
Commissions	93.1	140.2	47.1	50.6%
Interest	48.4	53.2	4.8	10.0%
Other income	2.4	0.4	(1.9)	-81.7%
Total	143.9	193.9	50.0	34.8%
Expenses				
Commission expenses	17.3	22.2	5.0	28.6%
Personnel costs	15.8	16.9	1.1	6.8%
Professional fees	4.9	5.2	0.4	7.5%
Stock exch. dues & fees	4.4	5.1	0.7	16.6%
Communication	6.1	6.1	0.0	0.4%
Rentals & utilities	4.3	4.3	0.0	0.4%
Depreciation	3.8	3.9	0.0	1.2%
Advertising & marketing	2.7	1.3	(1.4)	-51.0%
Others	9.3	5.4	(3.9)	-42.0%
Total	68.4	70.4	1.9	2.8%
PRE-TAX INCOME (LOSS)	75.4	123.6	48.1	63.8%
TAXES	16.6	29.1	12.5	75.3%
NET INCOME (LOSS)	58.8	94.5	35.6	60.6%
EPS – Basic	0.13	0.20	0.07	53.8%
EPS – Fully diluted	0.12	0.20	0.08	66.7%

Strong and Highly Liquid Balance Sheet

COL remained cash rich and debt free.

Total assets grew by 33.3% to Php6.4 Bil largely driven by the 36.2% increase in cash.

Receivables increased 29.8% to Php1.8 Bil largely due to higher utilization of margin loans by clients.

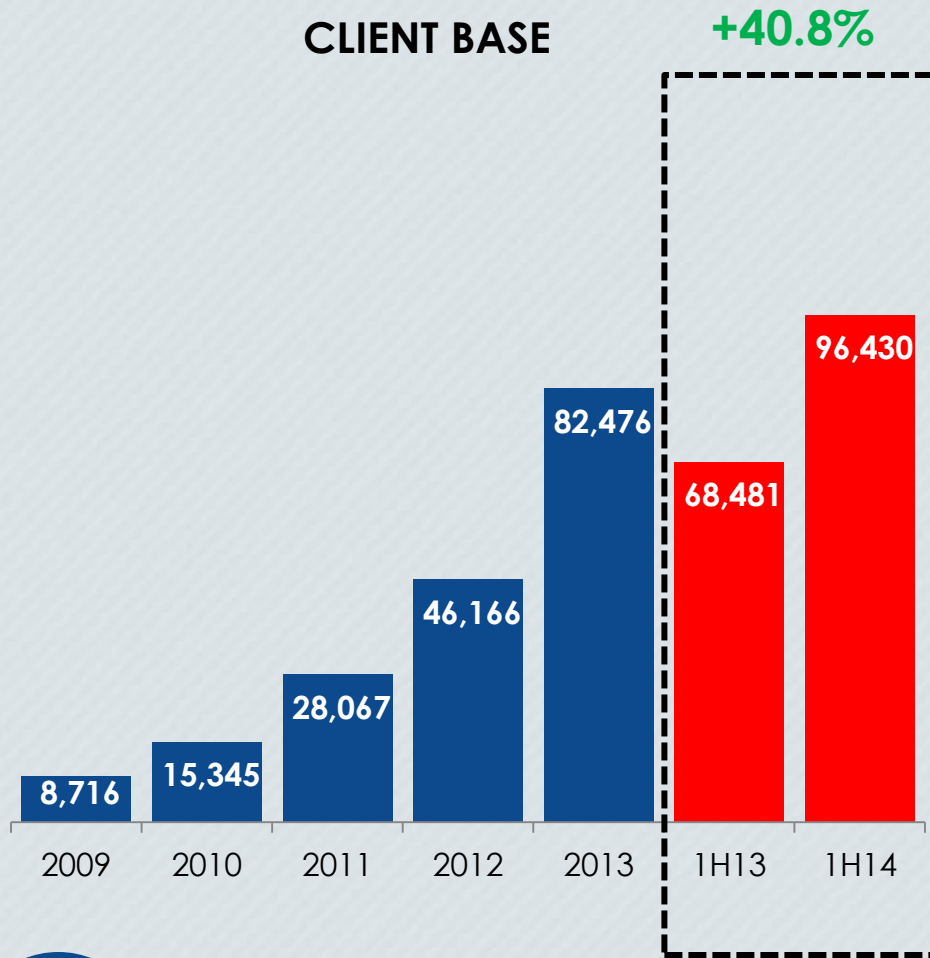
Trade payables grew 51.5% to Php5.1 Bil due to the increase of COL's client cash.

Stockholders' equity fell 10.3% to Php1.1 Bil largely due to payment of Php0.60/sh of cash dividends, offset by the booking of Php153.3 Mil in profits.

CONSOLIDATED BALANCE SHEET (IN PHP MIL)

	12/31/13	6/30/14	Change	
			Amount	%
Cash & equivalents	3,316.1	4,517.3	1,201.2	36.2%
Receivables	1,351.9	1,755.1	403.2	29.8%
Other current assets	16.2	15.2	(1.0)	-5.9%
Property & equipment - net	39.1	36.1	(2.9)	-7.5%
Other non-current assets - net	84.6	86.8	2.2	2.6%
TOTAL ASSETS	4,807.8	6,410.6	1,602.8	33.3%
Trade payables	3,398.8	5,149.8	1,751.1	51.5%
Other current liabilities	78.4	64.1	(14.2)	-18.2%
Non-current liabilities	27.6	27.6	0.0	0.0%
Total Liabilities	3,504.8	5,241.6	1,736.8	49.6%
Total Stockholders' Equity	1,303.0	1,169.0	(134.1)	-10.3%
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	4,807.8	6,410.6	1,602.8	33.3%
BVPS	2.78	2.49		

Sustained Customer Growth

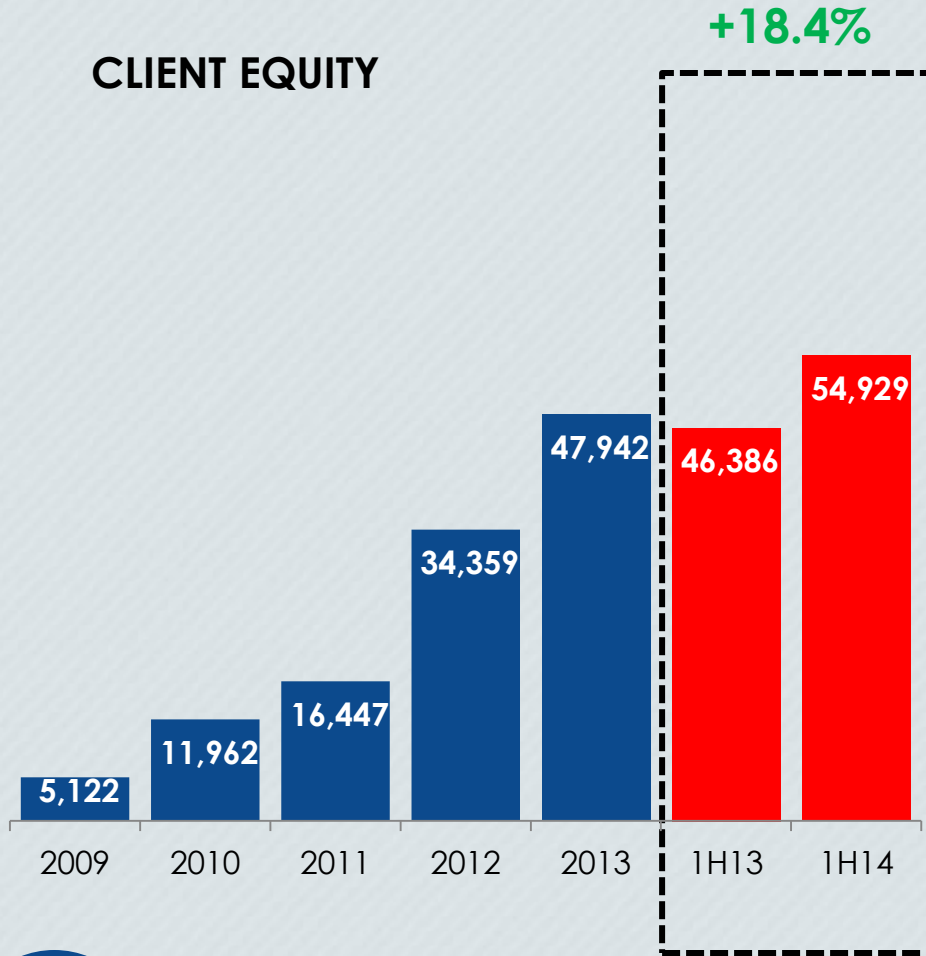


COL's client base grew by 40.8% Y/Y to 96,430 as of end June 2014.

Average monthly additions remained strong at 2,326 clients in 1H14.

Sustained Customer Growth

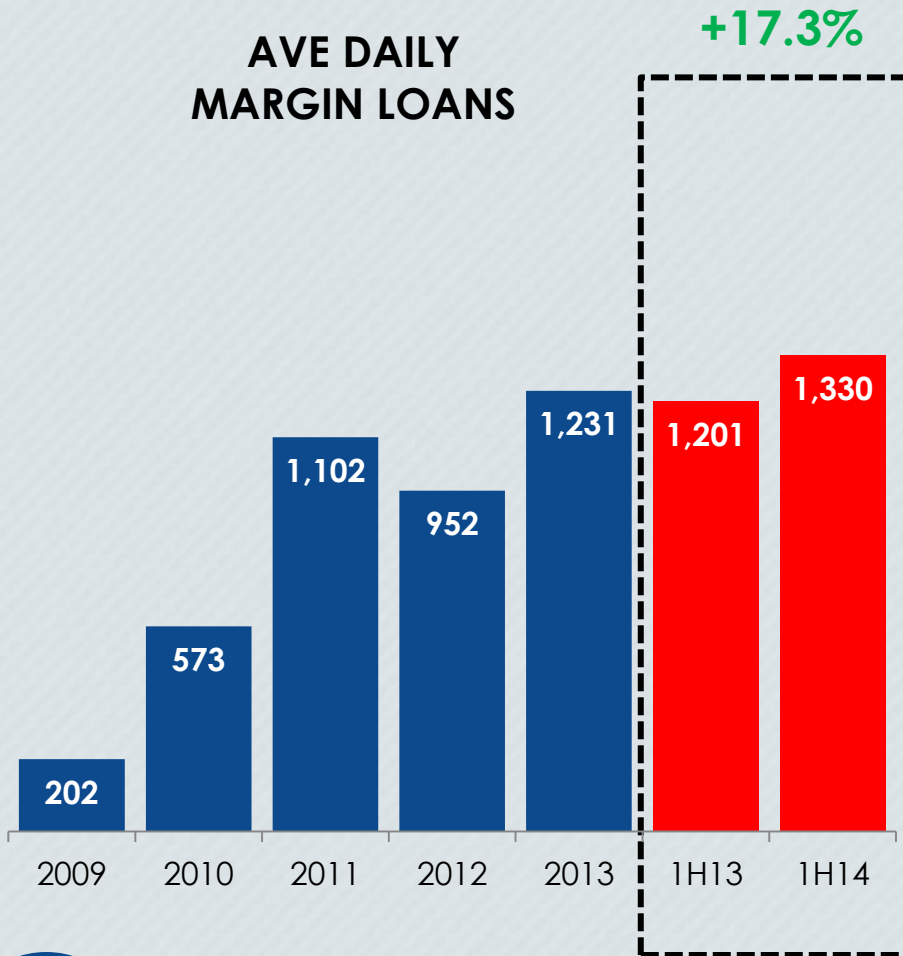
CLIENT EQUITY



Client equity grew by 18.4% Y/Y to Php54.9 Bil.

Net new flow of clients reached Php2.2 Bil in 1H14.

Margin Loans Increased



Average daily margin loans increased by 10.7% Y/Y to Php1.3 Bil.

As of end 1H14, the total number of approved margin accounts reached 1,074, up 3.7% Y/Y.

Meanwhile, 29.7% of approved margin accounts utilized their margin lines in 1H14, down from 31.3% in 1H13.

Market Leadership Position Maintained

COL's 1H14 average daily turnover fell 30.6% Y/Y to Php652.1 Mil. Nevertheless, 2Q14 average daily turnover recovered 69.5% to Php823.8 Mil from Php486.0 Mil during 1Q14.

In 1H14, average daily value turnover in the PSE fell 29.3% Y/Y.

COL's market share in terms of value turnover was flattish at 4.0%, while its market share in terms of number of transactions fell slightly to 23.3%. Nevertheless, COL maintained its leadership position in terms of volume of transactions.

COMPARATIVE PERFORMANCE (COL VS. PSE)

	1H13	1H14	Amount	%
PSE Ave. Daily T/O (PhpMil)	11,511.4	7,372.4	8,932.1	8,139.4
COL Ave. Daily T/O (PhpMil)	939.7	486.0	823.8	652.1
COL Market Share	4.1%	3.3%	4.6%	4.0%
PSE Ranking	8	10		9
No. of Transactions – PSE ('000)	7,795.8	3,594.6	4,038.4	7,633.0
No. of Transactions – COL ('000)	1,906.9	625.8	1,151	1,777.2
COL Market Shares	24.5%	17.4%	28.5%	23.3%
PSE Ranking	1	1		1

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PLANS**

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 asset management companies
- The SEC also granted COL a license to distribute the mutual funds of Sun Life and ATR KimEng in July 2014
- Target launch date is October

Updates on Growth Plans

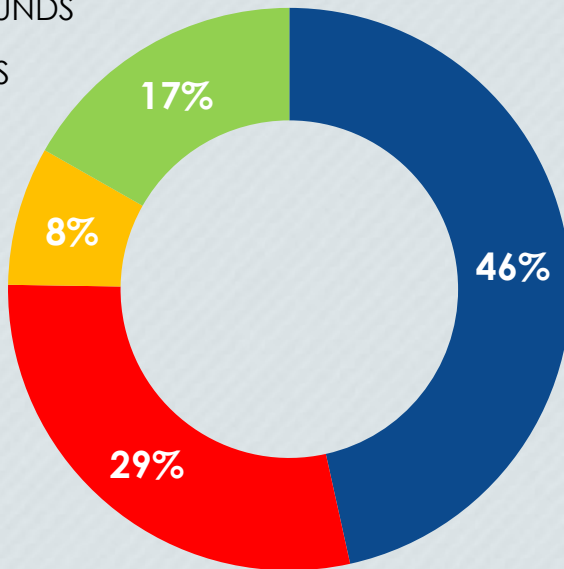
DISTRIBUTION OF THIRD PARTY FUNDS

- New service will allow COL to expand its market base
- To create a more recurring source of revenues as COL receives a share of management fees

Updates on Growth Plans

ASSET ALLOCATION OF CIS

- MONEY MARKET
- FIXED INCOME
- BALANCED FUNDS
- EQUITY FUNDS



BACKGROUND ON CIS IN THE PHILIPPINES

Total size: Php757 Bil as of end 2013. Mutual funds account for 27% while UITFs account for 73%.

Bulk (Php352 Bil or 46.5%) allocated to money market funds

Updates on Growth Plans

SIZE OF ASSET MANAGEMENT CO.S WITH MOA (In PhpMil, as of end 2013)

Asset Mgmt Co.	AUM		Share of CIS Mkt	
	Total	Non Money Mkt	Total	Non Money Mkt
BPI (UITF)	155.50	94.70	20.6%	23.4%
Sun Life	41.11	40.81	5.4%	10.1%
ATR KimEng	10.40	10.40	1.4%	2.6%
BDO- Trust	227.26	53.58	30.0%	13.2%
Philam	31.74	31.67	4.2%	7.8%
BPI (Mutual fund Co.s)	96.96	94.39	12.8%	23.3%
Total	562.98	325.56	74.4%	80.5%

Source: PIFA, BSP, Asset management cos.

Thank You