

COL FINANCIAL'S 9M 2014 EARNINGS RELEASE

Headline:

COL's Third Quarter Profits Jump 28.4% Despite Challenges

Third quarter profits of dominant online stock broker COL Financial jumped by 28.4% year-on-year to Php115.2 Mil. Growth was largely driven by the 13.5% increase in revenues from its Philippine operations to Php171.7 Mil. During the said period, the Philippines accounted for 92.1% of total revenues. Consolidated revenues grew by 15.7% to Php186.8 Mil.

The third quarter remained a challenging period for Philippine stock brokers in general as value turnover in the PSE remained weak, dropping by 8.0% compared to the same period last year. However, COL bucked the trend as it benefited from the steady growth of its client base. As of end September 2014, COL's client base reached 104,242, 34.6% higher year-on-year. Client equity likewise increased by 18.7% to Php55.9 Bil. As a result, commission revenues increased significantly by 15.2% to Php120.1 Mil, allowing COL's market share in terms of value turnover in the PSE to improve from 3.3% in the third quarter of 2013 to 4.1% in the third quarter of 2014.

Interest income was also healthy, rising by 3.7% to Php50.4 Mil during the third quarter. The increase was largely due to the continuous growth in COL's cash position from Php3.9 Bil as of end September last year to Php4.9 Bil as of end September 2014.

Also driving earnings growth was the limited increase in expenses. During the third quarter, expenses increased by only 4.8% to Php71.6 Mil, well below the 15.7% improvement in consolidated revenues. Rapid growth in revenues coupled with the limited increase of expenses allowed net profits to jump by 28.4%.

Given the strong results for the third quarter, profits for the first nine months of the year reached Php249.3 Mil. Although this is still lower by 16.1% on a year-on-year basis, the drop is much slower compared to the 22.6% drop in the PSE's value turnover for the same period.

"We are pleased to announce the continuous recovery of our profits for the third quarter. This is to no small part due to the growing number of Filipino investors who continue to put their trust in COL as their partner for achieving their long term financial goals," said COL President and CEO Dino Bate.

"However, we are more excited about the new service that we will soon be able to provide Filipino investors," added Bate.

Very soon, COL clients can access various professionally managed funds through its website. "By making funds accessible online, we will be able to address the needs of more Filipino investors, particularly those who either do not have the time to actively manage their investments, are more conservative, or are looking to diversify their portfolio outside of stocks," Bate said.

COL hopes that this new service will encourage more Filipinos to invest as buying funds become more convenient.

COL will also provide tools that will allow investors to compare the various funds that are available in its website. By doing so, investors will be in a better position to pick and choose which funds will best suit their needs.

For the year to date period, COL has already signed memorandum of agreements with several asset management companies which together account for around 86% of the assets under management of the collective investment scheme industry outside of money market funds.