

IN THE BUSINESS OF TRUST.  
**1Q14 RESULTS**



# 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

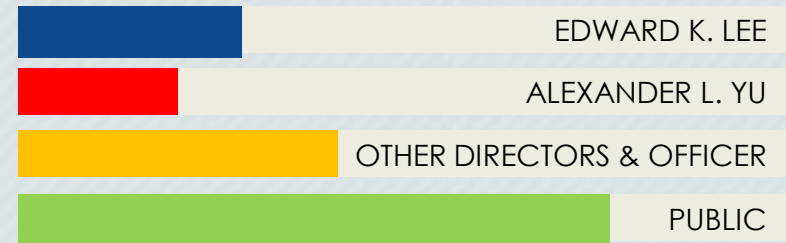
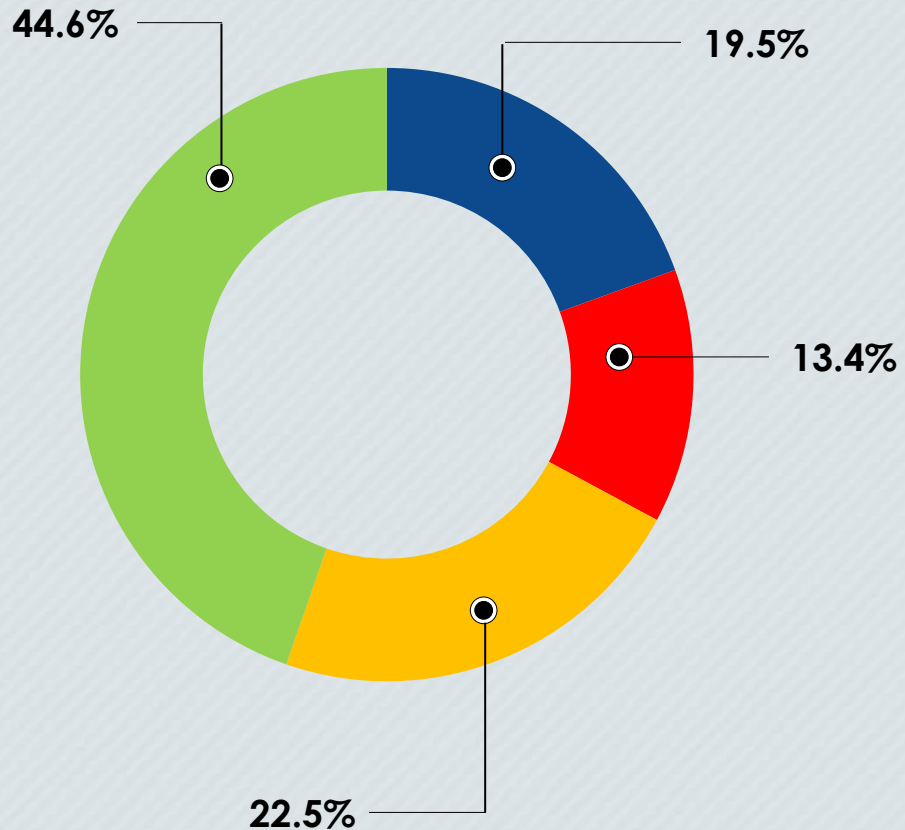
Focused on tapping the underserved retail investor base in the stock market

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





# Ownership Structure



OUTSTANDING SHARES	468.7Mil
FREE FLOAT	209.2Mil
MARKET CAP*	Php8.7Bil

\*AS OF END MARCH 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

2012 Rank	Broker Name	Total Accounts		% Change	% of Total Accounts Online
		2011	2012		
1	<b>COL Financial</b>	<b>27,969</b>	<b>46,444</b>	<b>66.1%</b>	<b>59.4%</b>
2	BPI Securities	16,543	19,721	19.2%	25.2%
3	First Metro	4,217	6,638	57.4%	8.5%
4	Accord Capital	2,184	2,870	31.4%	3.7%
	Others	1,837	2,543	38.4%	3.3%
	<b>Total</b>	<b>52,750</b>	<b>78,216</b>	<b>48.3%</b>	<b>100.0%</b>

# Leading and Fastest Growing Online Stockbroker in the Philippines In Terms of Numbers of Accounts

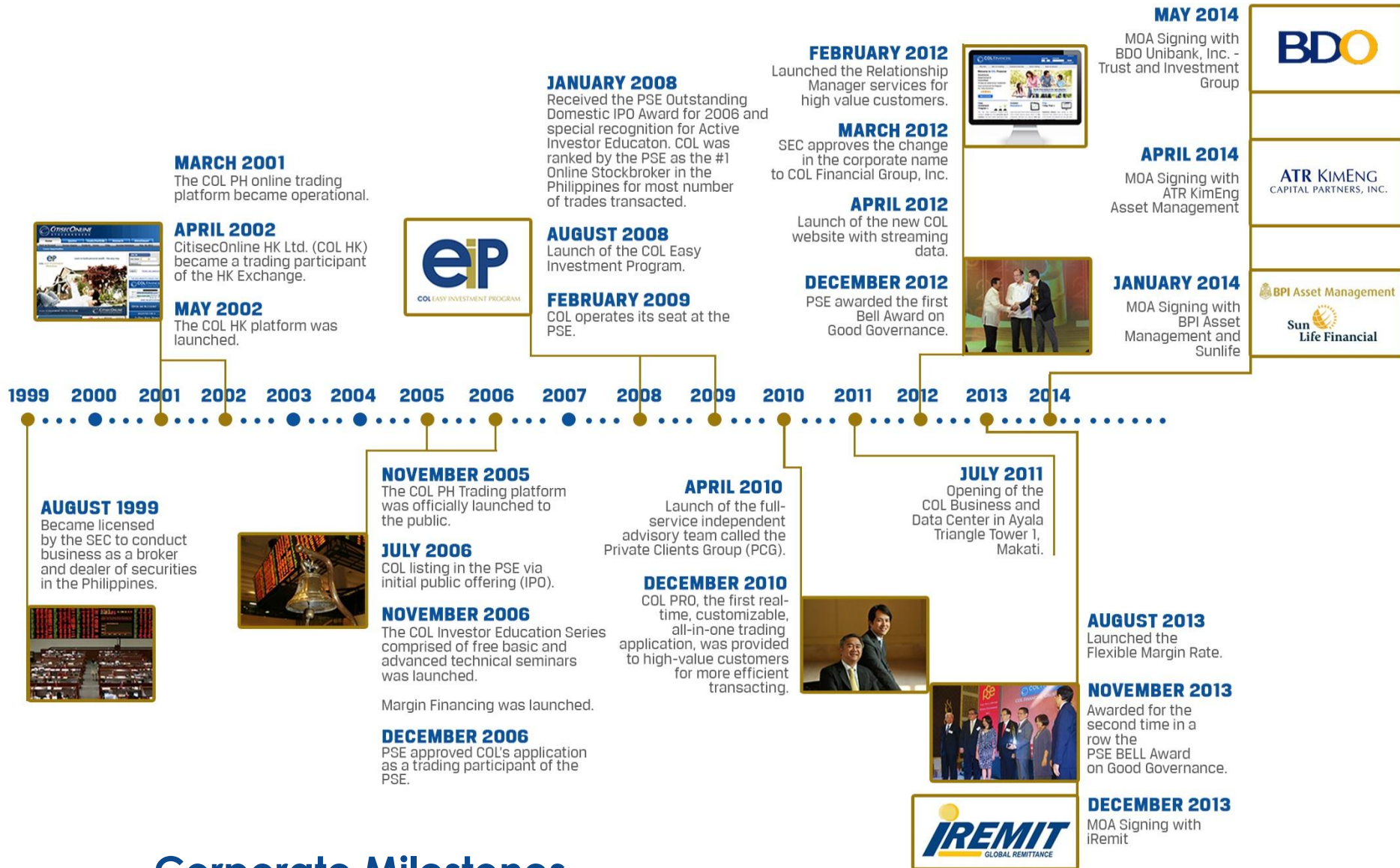
Rank		Broker Name	Value TO (PhpBil)			% of Online Value TO	No. of Trades ('000)			No. of Online Transactions
Value TO	No. of Trades		2011	2012	% Change		2011	2012	% Change	
1	1	<b>COL Financial</b>	121.9	150.4	23.3%	76.8%	1,242.2	2,664.5	114.5%	82.2%
2	2	BPI Securities	23.3	24.5	5.3%	12.5%	287.5	331.1	15.2%	10.2%
3	3	First Metro	11.4	15.1	32.1%	7.7%	117.6	140.8	19.7%	4.3%
4	8	F. Yap	4.1	2.3	-43.2%	1.2%	5.4	6.4	19.1%	0.2%
5	4	Accord Capital	1.9	1.4	-29.7%	0.7%	28.8	57.3	99.3%	1.8%
		Others	2.1	2.1	0.5%	1.1%	26.8	41.2	53.6%	1.3%
		<b>Total</b>	164.8	195.7	18.8%	100.0%	1,708.3	3,241.4	89.7%	100.0%

## Also Amongst the Biggest Philippine-Based Brokers

1Q14 Rank	Broker Name	1Q14 Value Turnover (PhpBil)	% of Total
1	Deutsche Regis Partners Inc.	111.22	12.17
2	CLSA Phils. Inc	96.91	10.60
3	Maybank ATR KimEng Securities, Inc.	71.72	7.85
4	UBS Securities Philippines Inc.	70.57	7.72
5	Macquarie Securities (Phil), Inc.	58.50	6.40
6	Philippine Equity Partners, Inc.	54.33	5.94
7	Credit Suisse Securities (Philippines), Inc.	46.81	5.12
8	SB Equities, Inc.	42.53	4.65
9	J.P Morgan Securities Phil. Inc.	30.32	3.32
<b>10</b>	<b>COL Financial Group, Inc.</b>	<b>30.13</b>	<b>3.30</b>

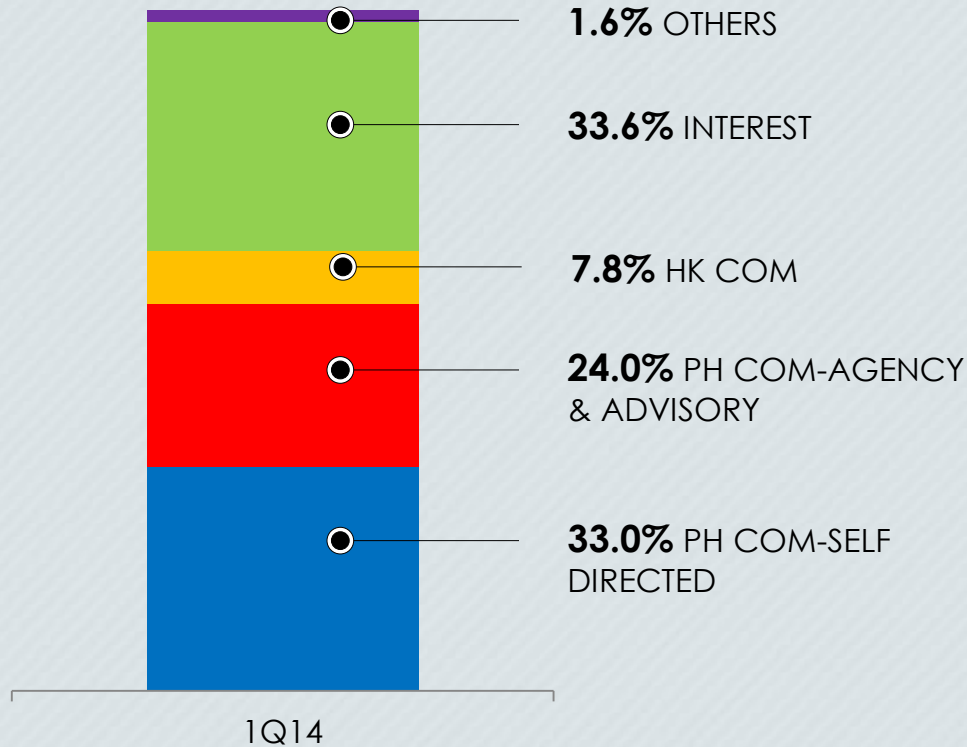


# Corporate Milestones



# Bulk of Revenues Generated From Philippine Operations

## REVENUE BREAKDOWN



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COL's Philippine operations account for 92.4% of revenues, while its HK operations account for the balance.

Commissions from both Philippines and HK account for 64.7% of revenues.

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Interest income from margin loans and cash accounts for 33.6% of revenues.

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# Investor Presentation Highlights



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# Key Highlights

## POSITIVE

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- Strong growth in new accounts and net new asset flows
- Market leadership position maintained
- Balance sheet remained healthy

## NEGATIVE

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- Net profits down as market trading volume drops



## 1Q14 Net Income Fell 46.5% Y/Y

Net income dropped 46.5% Y/Y to Php58.8 Mil.

Consolidated revenues fell 35.5% Y/Y largely driven by weaker commission revenues.

Operating expenses dropped 22.8% largely due to the reduction of trading related expenses.

## CONSOLIDATED INCOME STATEMENT (IN PHP MIL)

	1Q13	1Q14	Change	
			Amount	%
<b>Income</b>				
Commissions	172.7	93.1	(79.5)	-46.1%
Interest	49.6	48.4	(1.2)	-2.4%
Other income	0.9	2.4	1.4	156.0%
<b>Total</b>	<b>223.2</b>	<b>143.9</b>	<b>(79.3)</b>	<b>-35.5%</b>
<b>Expenses</b>				
Commission expenses	39.1	17.3	(21.8)	-55.8%
Personnel costs	15.3	15.8	0.5	3.2%
Professional fees	5.0	4.9	(0.2)	-3.3%
Stock exch. dues & fees	6.2	4.4	(1.8)	-29.3%
Communication	5.9	6.1	0.2	3.7%
Rentals & utilities	3.8	4.3	0.5	13.6%
Depreciation	3.7	3.8	0.1	3.2%
Advertising & marketing	2.7	2.7	0.1	2.9%
Others	7.0	9.3	2.3	33.2%
<b>Total</b>	<b>88.7</b>	<b>68.4</b>	<b>(20.3)</b>	<b>-22.8%</b>
PRE-TAX INCOME (LOSS)	<b>134.5</b>	<b>386.0</b>	<b>(59.1)</b>	<b>-43.9%</b>
TAXES	<b>24.5</b>	<b>75.4</b>	<b>(7.9)</b>	<b>-32.3%</b>
NET INCOME (LOSS)	<b>110.0</b>	<b>58.8</b>	<b>(51.2)</b>	<b>-46.5%</b>
EPS – Basic	<b>0.24</b>	<b>0.13</b>	<b>(0.11)</b>	<b>-45.8%</b>
EPS – Fully diluted	<b>0.23</b>	<b>0.12</b>	<b>(0.11)</b>	<b>-47.8%</b>

## Philippines & HK Weakened

Revenues fell 35.5% Y/Y to Php143.9 Mil as both Philippine and HK operations weakened.

Philippine revenues dropped 36.2% to Php132.9 Mil as commissions declined 48.3% to Php82.0 Mil.

Interest income from local operations was flat at Php28.4 Mil as higher margin utilization by clients and COL's cash position increased, partly offsetting lower yields on cash placements.

HK revenues were down 26.8% due to weakness of HK market.

## REVENUE BREAKDOWN (IN PHP MIL)

	1Q13	1Q14	Change	
			Amount	%
<b>Philippines</b>				
Commission	158.5	82.0	(76.5)	-48.3%
Self-directed	94.6	47.4	(47.2)	-49.9%
Agency & advisory	63.9	34.5	(29.3)	-45.9%
Interest	49.6	48.4	(1.2)	-2.4%
Others	0.1	2.6	2.4	2080.3%
<b>Philippine Revenues</b>	<b>208.2</b>	<b>132.9</b>	<b>(75.3)</b>	<b>-36.2%</b>
<b>Hong Kong</b>				
Commission	14.2	11.2	(3.0)	-21.3%
Interest	0.0	0.0	0.0	
Others	0.8	-0.2	(1.0)	-123.8%
<b>HK Revenues</b>	<b>15.0</b>	<b>11.0</b>	<b>(4.0)</b>	<b>-26.8%</b>
<b>Revenue Share</b>				
Philippines	93.3%	92.4%		
HK	6.7%	7.6%		
Self-directed	59.7%	57.9%		
Agency & advisory	40.3%	42.1%		

## Margins Remained Healthy

Operating profits fell by 43.9% Y/Y to Php75.4 Mil.

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

Consolidated operating margin was 52.4% while EBITDA margin was 55.2%.

ROAE also remained healthy at 19.7%.

### SELECTED FINANCIAL INDICATORS

	1Q13	1Q14	Change	
			Amount	%
<b>Operating Profits</b>				
Philippines	127.8	72.4	(55.4)	-43.3%
Hong Kong	6.7	3.0	(3.7)	-55.1%
<b>Total</b>	<b>134.5</b>	<b>75.4</b>	<b>(59.1)</b>	<b>-43.9%</b>
<b>Operating Margins</b>				
Philippines	61.4%	54.5%		
Hong Kong	44.8%	27.5%		
Consolidated	60.3%	52.4%		
EBITDA Margin	62.0%	55.2%		
Net Margin	49.3%	40.9%		
Asset Turnover	19.0%	11.6%		
Asset/Equity	4.7	4.7		
ROAE	37.2%	19.7%		

## Expenses Remained in Check

Total expenses fell by 22.7% Y/Y to Php68.6 Mil.

Trading related expenses fell more significantly by 52.2% to Php21.7 Mil as the value of transactions handled by COL dropped.

Although up, fixed operating costs increased at a reasonable pace of 8.1% Y/Y to Php46.9 Mil .

Personnel costs and professional fees increased by only 1.6% to Php20.7 Mil .

A large portion (64.8%) of the increase was due to other expenses which are non-recurring in nature.

### BREAKDOWN OF EXPENSES (IN PHP MIL)

	1Q13	1Q14	Change	
			Amount	%
<b>Trading Related Expenses</b>				
Commission expenses	39.1	17.3	(21.8)	-55.8%
Stock exchange dues & fees	6.2	4.4	(1.8)	-29.3%
	<b>45.3</b>	<b>21.7</b>	<b>(23.6)</b>	<b>-52.2%</b>
<b>Fixed Operating Costs</b>				
Personnel costs	15.3	15.8	0.5	3.2%
Professional fees	5.0	4.9	(0.2)	-3.3%
Communication	5.9	6.1	0.2	3.7%
Rentals & utilities	3.8	4.3	0.5	13.6%
Depreciation	3.7	3.8	0.1	3.2%
Advertising & marketing	2.7	2.7	0.1	2.9%
Others	7.0	9.3	2.3	33.2%
	<b>43.4</b>	<b>46.9</b>	<b>3.5</b>	<b>8.1%</b>
<b>TOTAL EXPENSES</b>	<b>88.7</b>	<b>68.6</b>	<b>(20.1)</b>	<b>-22.7%</b>



## Strong and Highly Liquid Balance Sheet

COL remained cash rich and debt free.

Total assets grew by 7.0% to Php5.1 Bil largely driven by the 7.5% increase in cash.

Receivables increased 6.7% to Php1.4 Bil largely due to higher utilization of margin loans by clients.

Trade payables grew 8.4% to Php3.6 Bil due to the increase of COL's client cash.

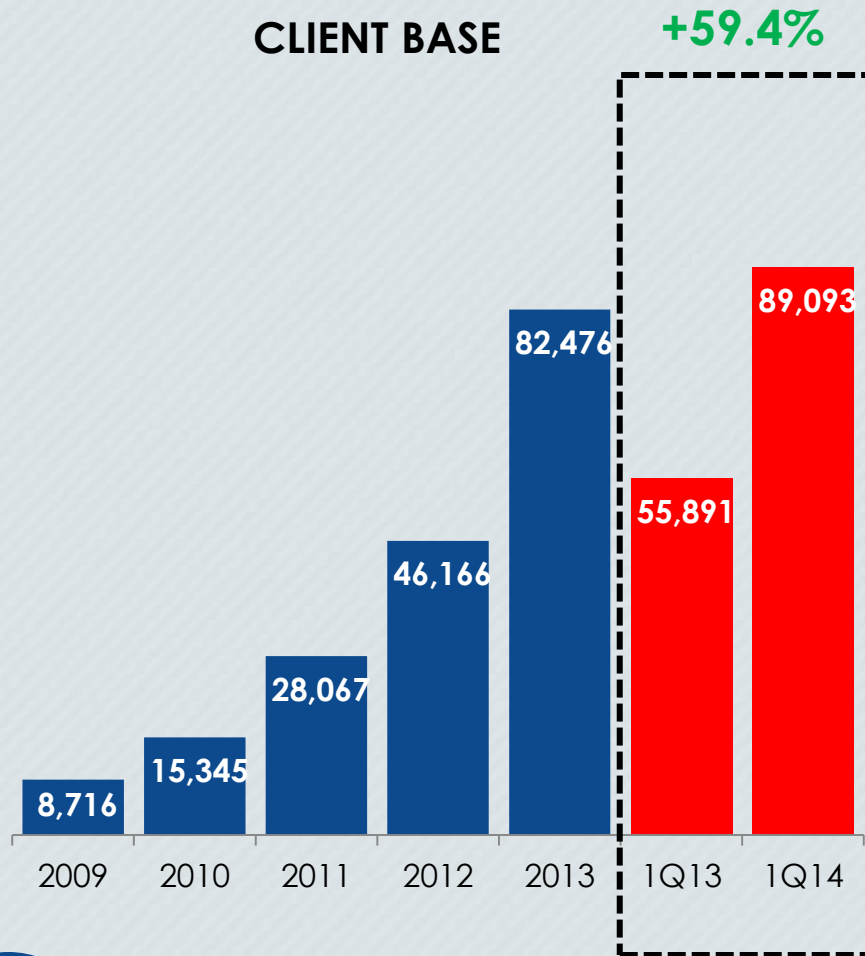
Other current liabilities jumped 341.3% to Php345.9 Bil while stockholders' equity fell 16.5% to Php1.1 Bil largely due to the declaration of Php0.60/sh of cash dividends.

### CONSOLIDATED BALANCE SHEET (IN PHP MIL)

	12/31/13	3/31/14	Change	
			Amount	%
Cash & equivalents	3,316.1	3,563.8	247.7	7.5%
Receivables	1,351.9	1,442.4	90.5	6.7%
Other current assets	16.2	14.0	(2.2)	-13.4%
Property & equipment - net	39.1	36.8	(2.2)	-5.7%
Other non-current assets - net	84.6	88.4	3.8	4.4%
<b>TOTAL ASSETS</b>	<b>4,807.8</b>	<b>5,145.4</b>	<b>337.6</b>	<b>7.0%</b>
Trade payables	3,398.8	3,684.0	285.2	8.4%
Other current liabilities	78.4	345.9	267.5	341.3%
Non-current liabilities	27.6	27.6	0.0	0.0%
<b>Total Liabilities</b>	<b>3,504.8</b>	<b>4,057.5</b>	<b>552.7</b>	<b>15.8%</b>
<b>Total Stockholders' Equity</b>	<b>1,303.0</b>	<b>1,087.9</b>	<b>(215.1)</b>	<b>-16.5%</b>
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b>4,807.8</b>	<b>5,145.4</b>	<b>337.6</b>	<b>7.0%</b>
BVPS	2.78	2.32		

# Sustained Customer Growth

## CLIENT BASE



**+59.4%**

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COL's client base grew by 59.4% Y/Y to 89,093 as of end March 2014.

Average monthly additions remained strong at 2,206 clients in 1Q14.

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# Sustained Customer Growth

## CLIENT EQUITY



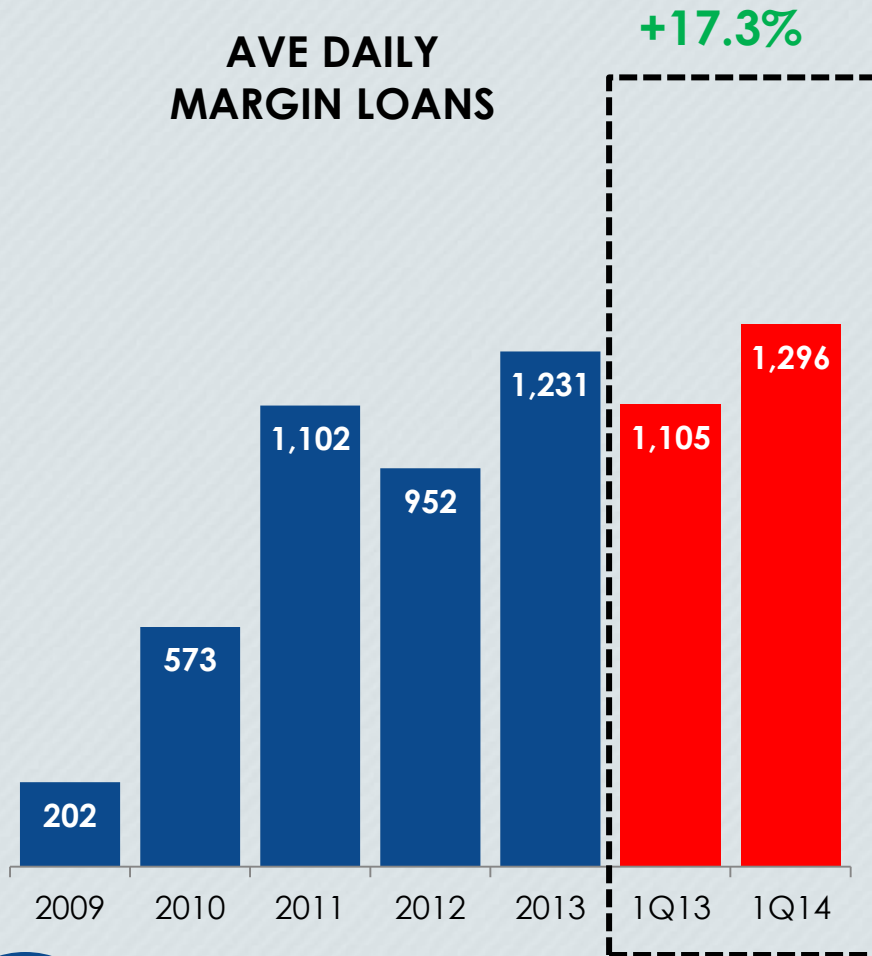
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Client equity grew by 16.1% Y/Y to Php51.7 Bil.

Net new flow of clients reached Php1.0 Bil in 1Q14.

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# Margin Loans Increased



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Average daily margin loans increased by 17.3% Y/Y to Php1.3 Bil.

As of end 1Q14, the total number of approved margin accounts reached 1,052, up 7.5% Y/Y.

Meanwhile, 34.6% of approved margin accounts utilized their margin lines in 1Q14, down from 36.3% in 1Q13.

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# Market Leadership Position Maintained

COL's average daily turnover fell 48.6% Y/Y to Php486.0 Mil. The drop is steeper compared to that of the PSE due to the sharper drop in transactions of local investors relative to foreign investors.

In 1Q14, value turnover of local investors fell 34.6%, reducing the share of local investors to the PSE's total value turnover to 44.2% vs. 49.6% in 1Q13.

Although COL's market share in terms of number of transactions fell to 17.4%, it maintained its leadership position in terms of volume of transactions.

## COMPARATIVE PERFORMANCE (COL VS. PSE)

	1Q13	1Q14	Amount	%
PSE Ave. Daily T/O (PhpMil)	10,219.4	7,372.4	(2,847.0)	-27.9%
COL Ave. Daily T/O (PhpMil)	946.0	486.0	(460.0)	-48.6%
COL Market Share	4.6%	3.3%		
PSE Ranking	8	10		
No. of Transactions – PSE ('000)	3,783.0	3,594.6	(188.4)	-5.0%
No. of Transactions – COL ('000)	921.0	625.8	(295.2)	-32.1%
COL Market Shares	24.3%	17.4%		
PSE Ranking	1	1		

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# Updates on Growth Plans

## DEC 2013: MOA WITH iREMIT

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iRemit will assist COL in processing account openings and handle remittances from overseas clients in 24 countries and territories

### **IMPLICATIONS**

To improve COL's ability to tap OFs, immigrants and other nationalities which the company was previously unable to serve

## BACKGROUND ON OVERSEAS FILIPINOS (OF)

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The government estimates that there are around 10.5 Mil OFs as of end 2011. In 2013, OF remittances reached US\$22.8 Bil.

# Updates on Growth Plans

## ABOUT iREMIT

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iRemit is the largest publicly listed non-bank Filipino-owned company engaged in the business of fund transfer and remittance services from abroad into the Philippines.

iRemit currently has more than 1,400 remittance outlets consisting of subsidiaries, agents and tie-ups in 24 countries and territories located in Asia Pacific, Europe, Middle East and North America, while it has partnerships with local banks in Indonesia and China providing it with a large distribution network in the two countries.

In 2013, iRemit handled US\$1.6 Bil worth of remittances which is equivalent to 7.0% of total remittances that flowed into the Philippines.

## Updates on Growth Plans

### **JAN 2014: MOA WITH BPI ASSET MANAGEMENT & TRUST GROUP (BPI) and SUN LIFE ASSET MANAGEMENT CO. INC. (SLAMCI)**

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COL will now be able to offer its customers various types of professionally managed funds through its platform.

#### **IMPLICATIONS**

To allow COL to address the needs of customers seeking professional fund management services and those looking to invest outside of equities, expanding COL's market base

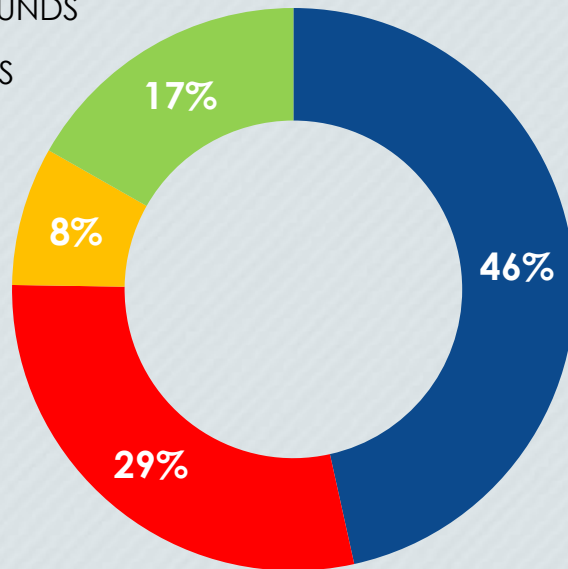
To create a more recurring source of revenues as COL receives a share of management fees



# 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

BPI and SLAMCI are among the biggest CIS companies in the Philippines

# Updates on Growth Plans

## MARKET SHARE & RANKING OF SLAMCI IN THE MUTUAL FUND INDUSTRY

(In PhpMil as of end 2013)	SLAMCI	Industry	Market Share	Rank	Total Number of Funds
Stock Fund	14,648.0	63,926.8	22.9%	1	11
Balanced Fund	18,343.4	33,897.0	54.1%	1*	11
Bond Fund	7,875.5	106,036.4	7.4%	3**	21
Money Market Fund	247.9	3,090.0	8.0%	2	4

\*COMBINED SHARE OF TWO SLAMCI BALANCED FUNDS

\*\*COMBINED SHARE OF THREE SLAMCI BOND FUNDS

Source: PIFA

# Updates on Growth Plans

## MARKET SHARE & RANKING OF BPI IN THE UTIF INDUSTRY

(In PhpMil as of end 2013)	BPI	Industry	Market Share	Rank	Total Number of Funds
Stock Fund	23,795.3	63,001.9	37.8%	2	25
Balanced Fund	11,176.8	26,435.4	42.3%	1	16
Bond Fund	59,726.8	111,232.2	53.7%	1	55
Money Market Fund	60,800.6	348,915.0	17.4%	3	31

SOURCE: VARIOUS NEWS PAPER REPORTS

# Updates on Growth Plans

## TIE UPS WITH MORE ASSET MANAGEMENT COMPANIES

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Apr 2014: MOA with ATR KimEng Asset Management, Inc.

- AUM of Php10.4 Bil as of end 2013
- Second largest net seller of stock funds in 2013 next to SLAMCI at Php5.7 Bil

May 2014: MOA with BDO Unibank Inc. – Trust and Investment Group

- Largest AUM in the UITF industry at Php227.3 Bil as of end 2013
- Largest market share in stock funds (40.1% share) and money market funds (49.8% share) in 2013

# Thank You