

# 9M14 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

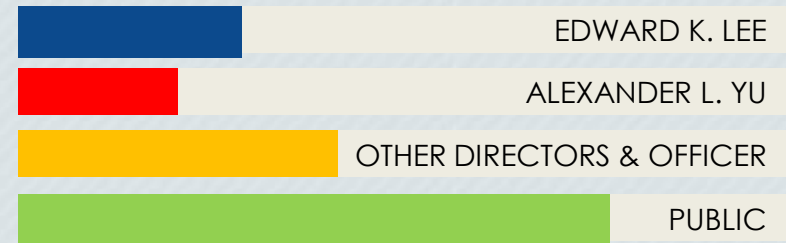
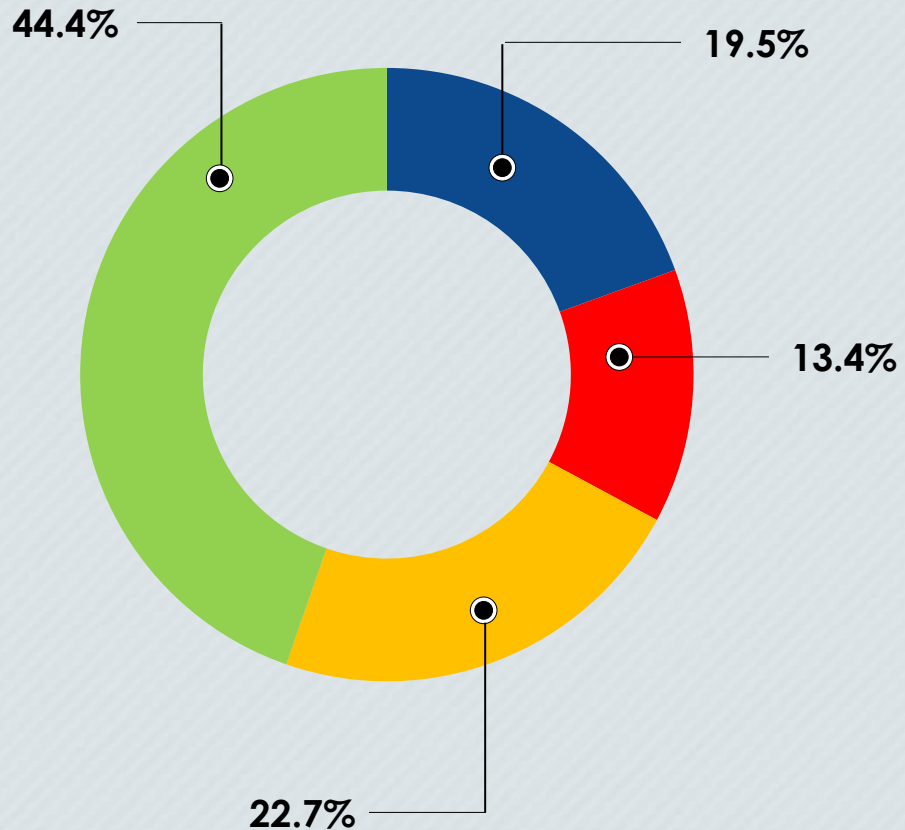
The leading and fastest-growing online stockbroker in the Philippines

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

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



# Ownership Structure



OUTSTANDING SHARES	468.8Mil
FREE FLOAT	208.1Mil
MARKET CAP*	Php6.7Bil

\*AS OF END SEPTEMBER 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	<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

9M14 Rank	Broker Name	9M14 Value Turnover (PhpBil)	% of Total
1	Deutsche Regis Partners Inc.	334.92	10.87
2	CLSA Philippines, Inc.	263.51	8.55
3	UBS Securities Philippines Inc.	251.02	8.14
4	Maybank ATR Kim Eng Securities, Inc.	227.96	7.40
5	Macquarie Capital Securities (Phil), Inc.	217.00	7.04
6	Credit Suisse Securities (Phil), Inc.	160.62	5.21
7	Philippine Equity Partners, Inc.	160.50	5.21
8	SB Equities, Inc.	130.24	4.23
<b>9</b>	<b>COL Financial Group, Inc.</b>	124.63	4.04
10	J.P. Morgan Securities (Phil), Inc.	104.38	3.39

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-OCT**

Sign MOA with Asset Mgt Cos to distribute funds

**JULY**

SEC grants Mutual Fund Distributor License

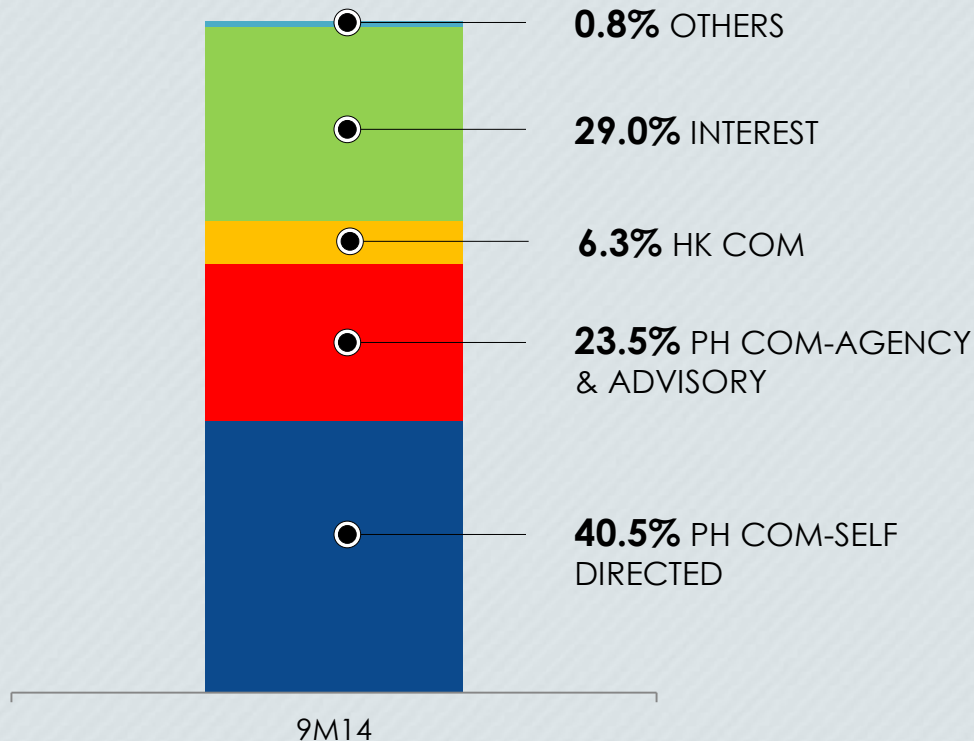
Launched COL Iphone App

**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 93.7% of revenues, while its HK operations account for the balance.

Commissions from both Philippines and HK account for 70.2% of revenues.

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Interest income from margin loans and cash accounts for 29.0% of revenues.

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# Investor Presentation Highlights



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# Key Highlights

## POSITIVE

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- 3Q14 operating results rebounded Y/Y
- Balance sheet remained healthy
- Strong growth in new accounts and healthy net new asset flows
- Market leadership position maintained

## NEGATIVE

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- 9M14 net profits still fell Y/Y due to weak 1H14 numbers resulting from lower market volumes



## 3Q14 Net Income Up 28.4% Y/Y

3Q14 net income improved significantly by 28.4% to Php96.0 Mil.

Consolidated revenues increased by 15.7% Y/Y largely driven by the 19.0% jump in commission revenues, notwithstanding the 6.7% drop in the PSE's value turnover.

Operating expenses and income taxes increased marginally by only 4.8%, leading to the faster growth in net income.

## CONSOLIDATED INCOME STATEMENT (IN PHP MIL)

	3Q14	3Q14	Change	
			Amount	%
<b>Income</b>				
Commissions	113.4	134.9	21.5	19.0%
Interest	48.6	50.4	1.8	3.7%
Other income	(0.6)	1.5	2.1	-348.1%
<b>Total</b>	<b>161.4</b>	<b>186.8</b>	<b>25.4</b>	<b>15.7%</b>
<b>Expenses</b>				
Commission expenses	23.7	23.3	(0.4)	-1.7%
Personnel costs	12.4	13.0	0.7	5.6%
Professional fees	4.2	5.4	1.2	27.7%
Stock exch. dues & fees	4.8	5.5	0.7	14.7%
Communication	6.0	6.2	0.1	2.4%
Rentals & utilities	4.3	4.5	0.2	3.9%
Depreciation	3.9	3.8	(0.1)	-3.0%
Advertising & marketing	1.8	2.1	0.3	17.9%
Others	6.9	7.7	0.8	11.0%
<b>Total</b>	<b>68.3</b>	<b>71.6</b>	<b>3.3</b>	<b>4.8%</b>
<b>PRE-TAX INCOME (LOSS)</b>	<b>93.1</b>	<b>115.2</b>	<b>22.1</b>	<b>23.7%</b>
<b>TAXES</b>	18.4	19.2	0.9	4.8%
<b>NET INCOME (LOSS)</b>	<b>74.8</b>	<b>96.0</b>	<b>21.2</b>	<b>28.4%</b>
<b>EPS – Basic</b>	<b>0.16</b>	<b>0.20</b>	<b>0.04</b>	<b>25.0%</b>
<b>EPS – Fully diluted</b>	<b>0.15</b>	<b>0.20</b>	<b>0.05</b>	<b>33.3%</b>

## Philippines & HK Rebounded

Revenues increased by 15.7% Y/Y to Php186.8 Mil as both the Philippines and HK rebounded.

Philippine revenues rose by 13.5% to Php171.7 Mil, largely driven by the 24.0% increase in commissions from self-directed clients.

Interest income from local operations was up marginally at Php50.4 Mil largely due to the increase in COL's cash position.

HK revenues were up 63.8% due to higher trading activity of clients in the HK market.

## REVENUE BREAKDOWN (IN PHP MIL)

	3Q13	3Q14	Change	
			Amount	%
<b>Philippines</b>				
Commission	104.3	120.1	15.8	15.2%
<i>Self-directed</i>	59.9	74.3	14.4	24.0%
<i>Agency &amp; advisory</i>	44.4	45.8	1.4	3.1%
Interest	48.6	50.4	1.8	3.7%
Others	-1.6	1.2	2.8	-178.1%
<b>Philippine Revenues</b>	<b>151.3</b>	<b>171.7</b>	<b>20.4</b>	<b>13.5%</b>
<b>Hong Kong</b>				
Commission	9.1	14.8	5.7	62.8%
Interest	0.0	0.0	(0.0)	-
Others	(0.1)	(0.1)	0.0	-31.9%
<b>HK Revenues</b>	<b>9.0</b>	<b>14.8</b>	<b>5.7</b>	<b>63.8%</b>
<b>Revenue Share</b>				
Philippines	94.4%	92.1%		
HK	5.6%	7.9%		
Self-directed	57.5%	61.9%		
Agency & advisory	42.5%	38.1%		

# Margins, ROAE Improved Significantly

Operating profits rose by 23.7% Y/Y to Php115.3 Mil as both the Philippines and HK improved.

Margins increased significantly due to the highly leveraged nature of the stock brokerage business.

Annualized ROAE also jumped to 31.4% largely due to the improvement in margin and increase in leverage.

## SELECTED FINANCIAL INDICATORS

	3Q13	3Q14	Change	
			Amount	%
<b>Operating Profits</b>				
Philippines	89.8	105.6	15.8	17.6%
Hong Kong	3.4	9.7	6.3	185.3%
<b>Total</b>	<b>93.2</b>	<b>115.3</b>	<b>22.1</b>	<b>23.7%</b>
Operating Margins				
Philippines	59.3%	61.5%		
Hong Kong	37.8%	65.9%		
Consolidated	58.1%	61.8%		
EBITDA Margin	44.8%	63.8%		
Net Margin	46.3%	51.4%		
Asset Turnover*	11.5%	11.3%		
Asset/Equity	4.2	5.3		
ROAE*	23.8%	31.4%		

\*Annualized

## 9M14 Net Income Fell 16.1% Y/Y

However, 9M14 net income still dropped 16.0% Y/Y to Php249.3 Mil.

Consolidated revenues fell 13.1% Y/Y largely driven by weaker commission revenues during the first half.

Operating expenses dropped 11.2% largely due to the reduction of trading related expenses.

## CONSOLIDATED INCOME STATEMENT (IN PHP MIL)

	9M13	9M14	Change	
			Amount	%
<b>Income</b>				
Commissions	452.0	368.3	(83.7)	-18.5%
Interest	151.5	152.0	0.5	0.4%
Other income	0.3	4.3	4.0	1374.1%
<b>Total</b>	<b>603.7</b>	<b>524.6</b>	<b>(79.2)</b>	<b>-13.1%</b>
<b>Expenses</b>				
Commission expenses	96.2	62.9	(33.4)	-34.7%
Personnel costs	43.6	45.7	2.1	4.8%
Professional fees	13.4	15.5	2.1	15.9%
Stock exch. dues & fees	17.3	15.0	(2.3)	-13.4%
Communication	18.0	18.4	0.3	1.9%
Rentals & utilities	12.0	13.1	1.1	9.5%
Depreciation	11.8	11.5	(0.3)	-2.6%
Advertising & marketing	6.9	6.2	(0.7)	-10.4%
Others	17.7	22.1	4.5	25.4%
<b>Total</b>	<b>236.9</b>	<b>210.4</b>	<b>(26.5)</b>	<b>-11.2%</b>
<b>PRE-TAX INCOME (LOSS)</b>	<b>366.8</b>	<b>314.2</b>	<b>(52.6)</b>	<b>-14.3%</b>
<b>TAXES</b>	69.8	64.9	(4.9)	-7.0%
<b>NET INCOME (LOSS)</b>	<b>297.0</b>	<b>249.3</b>	<b>(47.8)</b>	<b>-16.1%</b>
<b>EPS – Basic</b>	<b>0.63</b>	<b>0.53</b>	<b>(0.10)</b>	<b>-15.6%</b>
<b>EPS – Fully diluted</b>	<b>0.62</b>	<b>0.52</b>	<b>(0.10)</b>	<b>-15.5%</b>



## Philippines & HK Still Down

Revenues fell 13.2% Y/Y to Php524.3 Mil as both Philippine and HK operations suffered from lower trading volumes during 1H14.

Philippine revenues dropped 13.5% to Php491.3 Mil as commissions declined 19.6% to Php335.3 Mil, dragged by the 31.2% drop registered in 1H14.

Interest income from local operations was flat at Php152.0 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 7.2% due to the 29.6% drop in commission revenues during 1H14.

## REVENUE BREAKDOWN (IN PHP MIL)

	9M13	9M14	Change	
			Amount	%
<b>Philippines</b>				
Commission	417.0	335.3	(81.8)	-19.6%
<i>Self-directed</i>	248.0	212.1	(35.9)	-14.5%
<i>Agency &amp; advisory</i>	169.0	123.1	(45.8)	-27.1%
Interest	151.5	152.0	0.5	0.4%
Others	-0.3	4.0	4.3	-1557.4%
<b>Philippine Revenues</b>	<b>568.2</b>	<b>491.3</b>	<b>(76.9)</b>	<b>-13.5%</b>
<b>Hong Kong</b>				
Commission	34.9	33.0	(1.9)	-5.5%
Interest	0.0	0.0	0.0	-
Others	0.6	-0.1	(0.6)	-110.1%
<b>HK Revenues</b>	<b>35.5</b>	<b>33.0</b>	<b>(2.6)</b>	<b>-7.2%</b>
<b>Revenue Share</b>				
Philippines	94.1%	93.7%		
HK	5.9%	6.3%		
Self-directed	59.5%	63.3%		
Agency & advisory	40.5%	36.7%		

## Margins Remained Healthy

Operating profits fell by 14.4% Y/Y to Php314.3 Mil, largely pulled down by the 27.3% drop in operating profits during 1H14.

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

Consolidated operating margin was 59.9% while EBITDA margin was 62.2%.

Annualized ROAE also remained healthy at 25.8%.

### SELECTED FINANCIAL INDICATORS

	9M13	9M14	Change	
			Amount	%
<b>Operating Profits</b>				
Philippines	351.7	300.9	(50.8)	-14.4%
Hong Kong	15.3	13.3	(1.9)	-12.6%
<b>Total</b>	<b>367.0</b>	<b>314.3</b>	<b>(52.7)</b>	<b>-14.4%</b>
Operating Margins				
Philippines	61.9%	61.3%		
Hong Kong	43.0%	40.5%		
Consolidated	60.8%	59.9%		
EBITDA Margin	62.8%	62.2%		
Net Margin	49.2%	47.5%		
Asset Turnover*	16.8%	12.1%		
Asset/Equity	4.2	5.3		
ROAE*	30.9%	25.8%		

\*Annualized

## Strong and Highly Liquid Balance Sheet

COL remained cash rich and debt free.

Total assets grew by 40.8% to Php6.7 Bil largely driven by the 47.4% increase in cash.

Receivables increased 28.8% to Php1.7 Bil due to higher utilization of margin loans by clients and higher transaction values as of end September compared to end 2013.

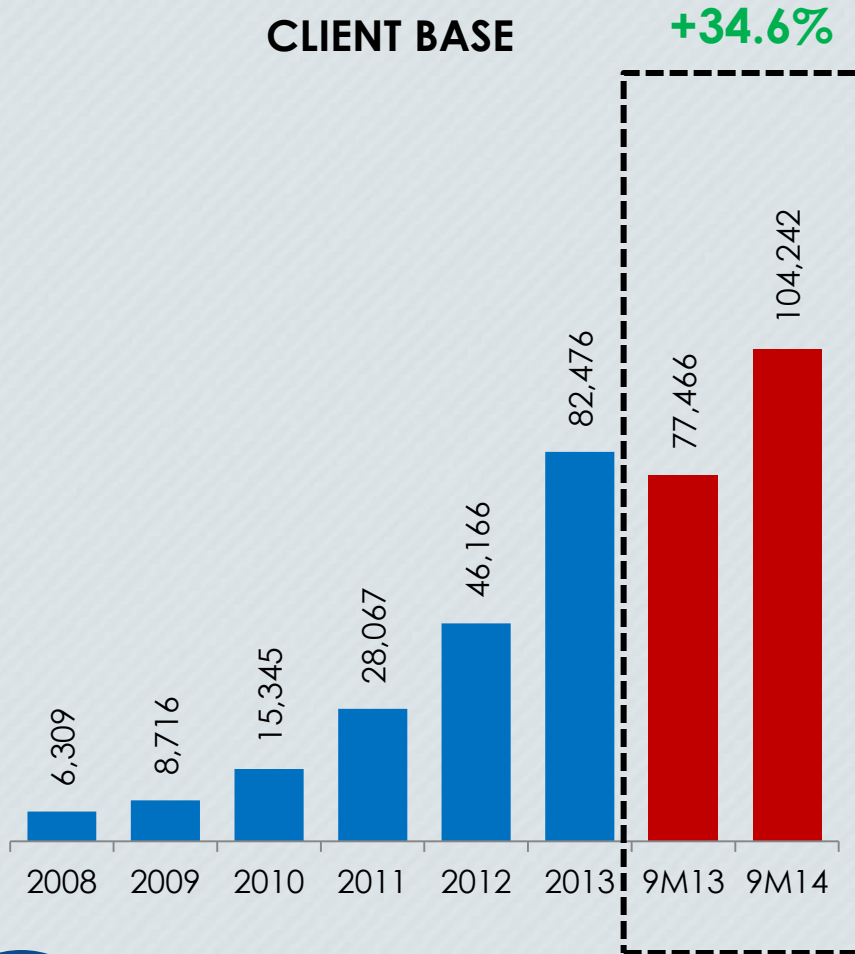
Trade payables grew 59.2% to Php5.4Bil largely due to the increase of COL's client cash.

Stockholders' equity fell 2.3% to Php1.3 Bil largely due to payment of Php0.60/sh of cash dividends, offset by the booking of Php249.3 Mil in profits.

### CONSOLIDATED BALANCE SHEET (IN PHP MIL)

	12/31/13	9/30/14	Change	
			Amount	%
Cash & equivalents	3,316.1	4,887.3	1,571.3	47.4%
Receivables	1,351.9	1,740.8	389.0	28.8%
Other current assets	16.2	20.3	4.1	25.4%
Property & equipment - net	39.1	36.5	(2.6)	-6.6%
Other non-current assets - net	84.6	85.9	1.3	1.5%
<b>TOTAL ASSETS</b>	<b>4,807.8</b>	<b>6,771.0</b>	<b>1,963.2</b>	<b>40.8%</b>
Trade payables	3,398.8	5,411.2	2,012.5	59.2%
Other current liabilities	78.4	58.9	(19.5)	-24.9%
Non-current liabilities	27.6	27.6	(0.0)	0.0%
<b>Total Liabilities</b>	<b>3,504.8</b>	<b>5,497.7</b>	<b>1,993.0</b>	<b>56.9%</b>
<b>Total Stockholders' Equity</b>	<b>1,303.0</b>	<b>1,273.2</b>	<b>(29.8)</b>	<b>-2.3%</b>
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b>4,807.8</b>	<b>6,771.0</b>	<b>1,963.2</b>	<b>40.8%</b>
BVPS	2.78	2.72		

# Sustained Customer Growth



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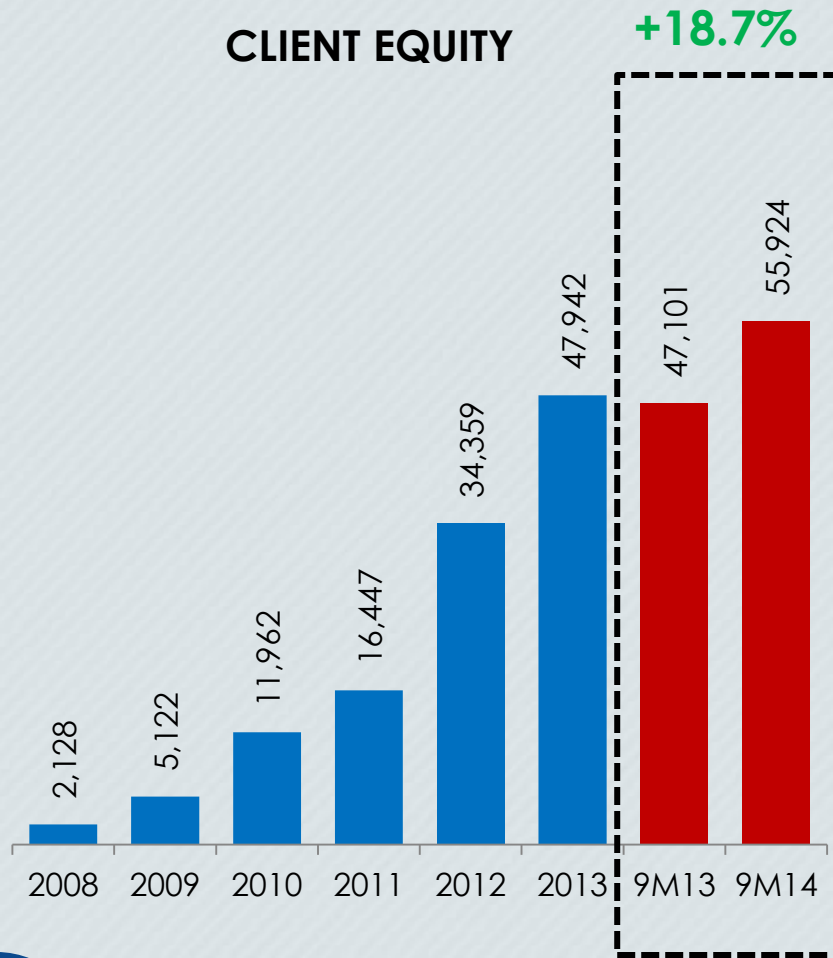
COL's client base grew by 34.6% Y/Y to 104,242 as of end September 2014.

Average monthly additions remained strong at 2,418 clients in 9M14.

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# Sustained Customer Growth



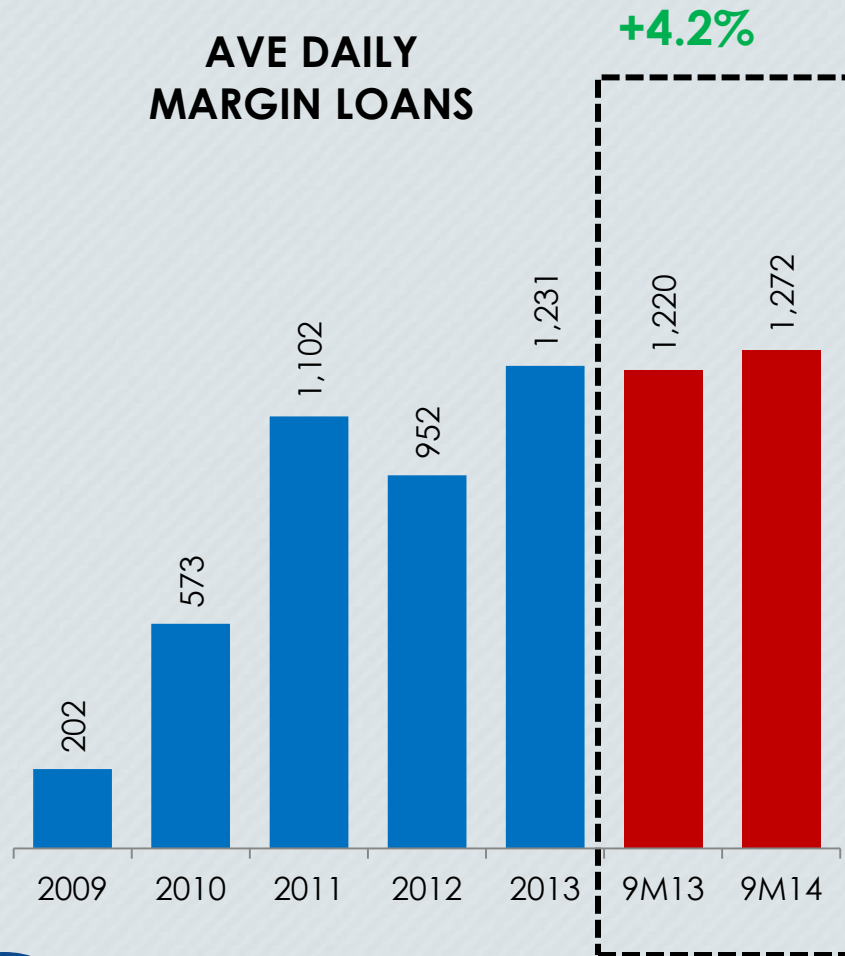
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Client equity grew by 18.7% Y/Y to Php55.9 Bil.

Net new flow of clients reached Php3.1 Bil in 9M14.

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# Margin Loans Increased



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Average daily margin loans increased by 4.2% Y/Y to Php1.3 Bil.

As of end 9M14, the total number of approved margin accounts reached 1,108, up 5.9% Y/Y.

Meanwhile, 32.6% of approved margin accounts utilized their margin lines in 9M14, down from 34.8% in 9M13.

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# Market Leadership Position Maintained

COL's 9M14 average daily turnover fell 18.7% Y/Y to Php682.9 Mil. Nevertheless, the drop was smaller compared to the 22.5% drop in the PSE's average daily turnover.

COL's market share in terms of value turnover also improved to 4.1% for the whole market and to 8.4% for value traded by local investors.

Share of number of transactions fell slightly to 21.4%. Nevertheless, COL maintained its leadership position in terms of volume of transactions.

## COMPARATIVE PERFORMANCE (COL VS. PSE)

	9M13	9M14	Amount	%
PSE Ave. Daily T/O (PhpMil)	10,884.7	8,430.4	(2,454.2)	-22.5%
COL Ave. Daily T/O (PhpMil)	839.5	682.9	(156.6)	-18.7%
COL Market Share (Total)	3.9%	4.1%		
COL Market Share (Local)	8.0%	8.4%		
PSE Ranking	8	9		
No. of Transactions – PSE ('000)	11,042.0	13,167.6	2,125.6	19.3%
No. of Transactions – COL ('000)	2,646.2	2,812.1	166.0	6.3%
COL Market Shares	24.0%	21.4%		
PSE Ranking	1	1		

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# 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>• Maintain a net margin of 30%</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

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- COL will soon be able to offer various types of professionally managed funds through its platform
- At present, COL has signed MOAs with eight asset management companies which together account for 85.8% of the total non-money market collective investment scheme or CIS market
- The SEC also granted COL a license to distribute the mutual funds of most companies

**Thank You**

# Disclaimer

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