Security Bank (Philippines) (SECB PM) Worth a second look

U/G to BUY: Cheap valuations; 16% FY24E EPS growth

SECB has dropped 23% from its peak in Mar 2023, and is now trading at 0.4x FY24E P/BV, which is >1SD below its 5yr mean. We cut our FY23/24E earnings forecasts by 5%/10% to reflect our lower loan growth and forex gain forecasts, and trim our rolled-forward TP to PHP94 (-2.1%). Despite this, we believe current levels are attractive, especially as we are forecasting 16% YoY net income growth for FY24, driven by loan growth improvement, healthy fee growth, and lower costs. Hence, we U/G our rating to BUY from HOLD.

Loan growth challenging but retail loans a mitigant

1H23 loans declined by 1% YoY as retail and MSME loans rose by 19% YoY but wholesale declined 9% YoY. Weakness in corporate lending is attributed to stiff competition in the high interest environment, which we expect to persist in 2H23 and early 2024. Given this, we cut our FY23/24E loan growth forecasts to 3%/9% from 7%/10%. On a positive note, SECB's expansion in retail enabled it to improve NIM by 24bps QoQ in 1H23.

Opex to stay elevated; no material AQ issues

We expect cost-to-income ratio to remain high around 60% due to ongoing branch expansion and higher IT investment. Management said that cost growth would only start to normalise by 2H24. Meanwhile, we expect a small uptick in its NPL ratio to 3.3% by YE23 (1H23: 3.1%) due to faster growth in the consumer segment, particularly in non-collateralised segments (i.e. credit card and personal loans). Still, we are not too worried about this space as SECB can raise its NPL cover to 100%.

Retail growth is key

For the stock to re-rate, we believe SECB needs to continue to deliver strong growth in its retail lending business, as this will be key in margin preservation and help sustain growth in its fee income. Normalized funding costs and lower opex for FY24E are also important catalysts.

FYE Dec (PHP m)	FY21A	FY22A	FY23E	FY24E	FY25E
Operating income	36,811	39,635	40,021	43,425	49,859
Pre-provision profit	15,527	16,727	15,986	17,813	22,048
Core net profit	6,917	10,556	9,903	11,522	14,769
Core EPS (PHP)	9.2	14.0	13.1	15.3	19.6
Core EPS growth (%)	(6.9)	52.6	(6.2)	16.3	28.2
Net DPS (PHP)	3.0	3.0	3.0	3.0	4.0
Core P/E (x)	13.0	6.2	5.9	5.0	3.9
P/BV (x)	0.7	0.5	0.4	0.4	0.4
Net dividend yield (%)	2.5	3.4	3.9	3.9	5.2
Book value (PHP)	165.98	167.01	189.41	201.69	217.28
ROAE (%)	5.6	8.4	7.4	7.8	9.4
ROAA (%)	1.0	1.4	1.1	1.2	1.4
Consensus net profit	-	-	10,553	11,794	13,087
MIBG vs. Consensus (%)	-	-	(6.2)	(2.3)	12.8

Rachelleen Rodriguez, CFA rachelleen.rodriguez@maybank.com (63) 2 8849 8843



BUY

[Prior:HOLD]

Share Price	PHP 77.00
12m Price Target	PHP 94.00 (+26%)
Previous Price Target	PHP 96.00

Company Description

Security Bank Corp provides commercial banking services such as deposit products, loans, trade finance, treasury, FX and trust services.

Statistics

Julistics	
52w high/low (PHP)	102.80/74.70
3m avg turnover (USDm)	0.2
Free float (%)	55.2
Issued shares (m)	754
Market capitalisation	PHP58.0B
	USD1.0B
Major shareholders:	
Dy Group (voting incl prefs)	52.5%

by Group (voting incl preis)	52.5%
Bank of Tokyo MUFG (voting incl prefs)	20.0%

Price Performance



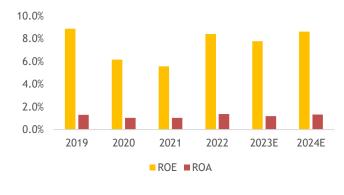
Security Bank - (LHS, PHP) — Security Bank / PSEi Philippine SE Index - (RHS, %)

	-1M	-3M	-12M
Absolute (%)	2	(10)	(4)
Relative to index (%)	1	(4)	(5)
Source: FactSet			



- SECB has a partnership with Bank of Tokyo-MUFJ, which holds a 20% stake in the bank. This partnership catapulted SECB to become the fifth-largest bank in Philippines in terms of asset size in FY17, from eighth in FY14. As of 1H23, it is 10th.
- Low-cost deposit ratio dropped to 57.8% in FY22 from 62% in FY21. It rose to 63% as of end-1H23.
- SECB's partnership with Thailand's Bank of Ayudhya aims to capitalise on the latter's expertise in the retail finance market.
- Through its subsidiary, SB Finance, SECB is looking to expand its retail loan offerings through its digital platform.

Historical and forecasted ROE and ROA

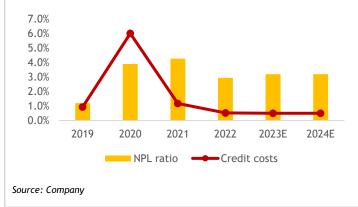


Source: Company, Maybank IBG Research

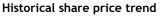
Financial Metrics

- Loans grew by 12% YoY in FY22. We expect slower lending growth at 3.4% for FY23E as a result of subdued credit demand arising from higher interest rates, before accelerating by 9% YoY in FY24E.
- We forecast credit cost to further decline to 60bps/50bps in FY23E/24E as credit quality improves. We expect a small uptick in NPL ratio to 3.3% in FY23E from 2.95% in FY22.
- Deposit costs rose significantly in FY22 to 90bps from 60bps in FY21 due to a sharp increase in time deposit rates. We expect deposit costs to rise further to 140bps for FY23E.
- Trading income to remain lacklustre in FY23E given the rising yield trajectory.

Credit costs and NPL ratio (bps)



Price Drivers





Source: Company, Maybank IBG Research

- 1. MSCI PH index rebalancing resulted in SECB's higher weighting of 1.8% from 0.9%.
- 2. Issued USD300m worth of five-year senior unsecured fixed rate notes with a coupon of 4.5%.
- 3. SECB sealed its strategic partnership with Thailand's Bank of Ayudhya.
- 4. Management said at the 3Q21 briefing it will be converting its PHP1/share special dividend to regular dividends.
- 5. SECB removed from the PSEi.

Swing Factors

Upside

- Better-than-expected loan growth recovery in wholesale and retail.
- Higher-than-expected trading gains.
- Value-enhancing acquisition, an opportunity to deploy excess capital.
- Expansion of SB Finance's loan growth through its digital platform.

Downside

- NIM contraction due to reduction of percentage of highyielding consumer loans to total loans.
- Weak treasury operations.
- Faster-than-expected new NPL formation from the buildup of consumer loans and higher loan rates.

rachelleen.rodriguez@maybank.com

ESG@MAYBANK IBG

Rachelleen.rodriguez@maybank.com

Risk Rating & Score ¹	High Risk - 32
Score Momentum ²	-7.7
Last Updated	12 Dec 2022
Controversy Score ³ (Updated: 07 Apr 2023)	2

Business Model & Industry Issues

- SECB's sustainability framework is anchored on their *BetterBanking* promise, which aims to provide an unwavering commitment to excellent service to their clients.
- Even prior to the pandemic, SECB has been making investments in their digital platform. With the investment of Bank of Tokyo in 2016 and this active involvement, Security Bank began to focus more on improving their digital footprint.
- SECB is still at the early stages of their ESG initiatives. Most of its initial efforts are focused on social initiatives. Nevertheless, it is on the right track, having made available a sustainability report beginning 2014.
- The bank is not part of any conglomerate nor is it affiliated with any group or family which are involved in other businesses (Dy family is only involved in SECB). Its standalone status enables it to act only with its own best interest in mind, which is a positive for minority shareholders.

Material E issues

- SECB has been replacing end-of-life air conditioning units with energy saving inverter-type units, which is estimated to bring PHP50,000 annual savings per branch. They also chose to replace old fluorescent bulbs with LED bulbs.
- Scope 2 emissions are up by 37% YoY to 14.1m kWh
- In 2023, the Alliance Segment expects bigger investment interest from Japanese corporations in real estate, renewable energy, infrastructure, and health care, given the momentum in these sectors.
- The bank is now monitoring its greenhouse gas (GHG) emissions from operations, particularly in electricity use and fuel consumption of generator sets, with the objective of reducing its carbon footprint.

Material S issues

- As of 2022, The Scholars for Better Communities Program supported 1,290 scholars, produced 185 college graduates, with seven of the graduates now employed with the Bank.
- SECB and SBFI, in partnership with post-graduate medical interns from the Department of Health-Philippine Centers for Specialized Health Care, provided basic medical services to 300 residents of Coron, Palawan.
- SECB has 7,344 employees as of Dec. 2022, 67% of which are women. 18% of employees are under a collective bargaining agreement.
- Employees who needed to physically report to work received hazard pay and allowances.
- SECB helps fund St. Luke's Medical Center's programme for boosting the immunity of indigent Covid-19 patients through convalescent plasma treatment.
- SECB has been actively improving its systems as it's moving towards digitalization of banking. Will continue our work with the best technology partners in different areas such as cloud migration, branch banking enhancements, and improved customer journeys.

Key G metrics and issues

- The board of directors (BOD) is made up of 16 highly qualified business professionals. Of the 16, 5 are independent directors.
- Of the 16, 3 are women, which is already above the norm for Philippine companies.
- Four of the Board members are in the 50 to 60 age bracket while ten directors are in the over 60 age group. The Board likewise benefits from the global experience of its members whose home countries include Japan, Korea, and India.
- There are 2 family members on the BOD, Frederick Y. Dy, Chairman Emeritus, and Daniel S. Dy, Director.
- The Corporate Governance Committee and Risk Oversight Committee serve as the BOD's check and balance.
- SECB has a Sustainable Committee headed by its CFO. This committee is responsible for foundation-building, and eventual development of appropriate responses to environmental and social issued relevant to the bank.
- In the 56th Anvil Awards, SECB was awarded the silver award for Specialized Public Relations Program, COVID-19 focused Internal communication, and silver award for Public Relations Program on a Sustained Basis: Education/Literacy, Build A school, Build a Nation: The Classrooms Project.
- SGV & Co, the local partner of Ernst and Young, has been Security Bank's auditor for over 15 years.

<u>Risk Rating & Score</u> - derived by Sustainalytics and assesses the company's exposure to unmanaged ESG risks. Scores range between 0 - 50 in order of increasing severity with low/high scores & ratings representing negligible/significant risk to the company's enterprise value, respectively, from ESG-driven financial impacts. <u>Score</u> <u>Momentum</u> - indicates changes to the company's score since the last update - a <u>negative</u> integer indicates a company's improving risk score; a <u>positive</u> integer indicates a deterioration. <u>Controversy Score</u> - reported periodically by Sustainalytics in the event of material ESG-related incident(s), with the impact severity scores of these events ranging from Category 0-5 (0 - no reports; 1 - negligible risks; ...; 5 - poses serious risks & indicative of potential structural deficiencies at the company).

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	Q	uantitative Paramete	ers (Score: 37	7)			
						BDO	BPI
	Particulars	Unit	2019	2020	2021	(2021)	(2021)
	Scope 1	k tCO2e	0.1	0.0	0.0	0.4	NA
	Scope 2	k tCO2e	11.7	9.6	10.3	70.6	25.7
	Total	k tCO2e	11.7	9.6	10.3	70.6	25.7
	Scope 3	k tCO2e	NA	NA	NA	NA	NA
	Total	k tCO2e	11.7	9.6	10.3	70.6	25.7
	Scope 1 & 2 emission intensity	tCO2e/empl	1.8	1.4	1.4	3.0	1.3
Е	Green energy share of power usage	%	NA	NA	NA	NA	NA
	Water recycled as % of usage	%	NA	NA	NA	6.3%	NA
	Electricity consumption intensity	MWh/empl	2.5	2.0	2.0	4.2	1.9
	Water consumption intensity	Cu.m/empl	16.2	11.7	12.0	24.0	17
	% of debt from green instruments	%	0.0%	0.0%	0.0%	0.3%	0.7%
	% of loans where ESG outcomes are		NA	NA	NA	NA	NA
	incorporated	%		INA INA	na -	INA.	114
	Exposure to coal, mining & plantation	% of loan book	NA	NA	NA	6.1%	47.0%
		0/	(7.0%)	(0.4%)			((0)/
	% of women in workforce	%	67.9%	68.1%	67.5%	75.7%	66.9%
S	% of women in management roles	%	58.6%	61.0%	61.9%	59.0%	65.0%
	Average employee training hours/days	Hours	42.4	30.6	127.1	39.0	6.1
	Employee attrition rate	%	12.48%	10.20%	12.50%	5.4%	7.5%
	CEO and EVP salary as % of net profit	%	1.0%	1.8%	2.0%	0.5%	1.1%
	Officers employees salary as % of profit	% %	37.22%	57.7%	66.9%	2.2%	40.9%
G	Independent director tenure <10 years	%	40.0%	40.0%	40.0%	45.5%	40.9%
	Women directors on board	% %		40.0%	40.0%	45.5% 18%	
	women unectors on board	70	20%	20%	20%	10%	13%

Qualitative Parameters (Score: 50)

a) is there an ESG policy in place and whether there is a standalone ESG Committee or is it part of Risk committee? Yes, there is an ESG policy in place. There is a Management-level committee (Sustainability Committee) which is under the following Board-level committees: (1) Corporate Governance Committee and (2) Risk Oversight Committee b) is the senior management salary linked to fulfilling ESG targets? No

c) Does the company follow TCFD framework for ESG reporting?

Not yet, but SECB is transitioning to align with the BSP's Sustainable Finance Guiding Principles, which includes climate change impact measurement. Since 2013, SECB has been following Global Reporting Initiative framework for ESG reporting. e) Does the company have a mechanism to capture Scope 3 emissions - which parameters are captured? No

f) What are the 2-3 key carbon mitigation/water/waste management strategies adopted by the company?

SECB aims to reduce the environmental impact of its offices though resource-recycling, and efficient use of energy and resources, such as shifting to LED lighting and inverter type air conditioning units. Also, the shift to digital is an essential strategy to reduce paper waste. SECB is also currently undergoing baseline assessment for carbon reduction and utility efficiency target setting. g) Does the bank have a policy to reduce exposure coal, oil, plantation etc sector financing? Yes. SECB is limiting support for coal plants with a target to completely exit by 2033.

Target (Score: 60)		
Particulars	Target	Achieved
Zero coal financing by 2033	Zero	NA
Reduce fraud and phishing cases by 50%	NA	NA
Reduce GHG emissions	NA	NA
Reduce energy consumption	NA	NA
Zero work-related injuries	Zero	Zero
Impact		
NA		
Overall Score: 46		
As per our ESG matrix, Security Bank Corp. (SECB PM) has an overall score of 46.		

ESG score	Weights	Scores	Final Score
Quantitative	50%	37	18
Qualitative	25%	50	13
Target	25%	60	15
Total			46

SECB has an established framework and sustainability targets which is outlined in its stand-alone sustainability report. Areas for improvement are its disclosure of quantifiable "E" metrics, board diversity, and higher lending to sustainable finance projects.

1. Forecast revisions

We cut our FY23/24E net income forecasts by 5%/10% due to the following:

Fig 1: Summary of forecast changes (PHPm)

	FY23 (Old)	FY23 (New)	% change	FY24 (Old)	FY24 (New)	% change	Remarks
Interest income	44,426	44,583	0.4%	47,935	47,054	-1.8%	We adjust our loan growth forecast to 3.4% from 7.0% to account for the weakness in 1H23, but this is offset by higher yield forecast from SECB's rising consumer book. Lower FY23E loan base, meanwhile, reduced our FY24E forecast.
Interest expense	(13,615)	(13,418)	-1.4%	(13,267)	(13,710)	3.3%	
Net interest income	30,810	31,164	1.1%	34,668	33,344	-3.8%	
Other income Service charges, fees and commissions	9,657 5,663	8,857 5,470	-8.3% -3.4%	11,004 6,546	10,080 6,271	-8.4% -4.2%	
Trading and securities gain	445	445	0.0%	715	715	0.0%	
Foreign exchange gain - net	778	222	-71.4%	834	238	-71.4%	We adjust forex gains downward to reflect the weakness in 1H23.
Share in net income of associates and JV	155	155	0.0%	162	162	0.0%	
Miscellaneous	2,615	2,566	-1.9%	2,746	2,694	-1.9%	
Gross operating profit	40,467	40,021	-1.1%	45,671	43,425	-4.9%	
Other operating expenses Compensation and fringe benefits	(24,173) (8,150)	(24,035) (8,150)	- 0.6% 0.0%	(26,068) (8,692)	(25,611) (8,692)	- 1.8% 0.0%	
Taxes and licenses	(3,237)	(3,202)	-1.1%	(3,654)	(3,474)	-4.9%	
Depreciation and amortization	(2,512)	(2,512)	0.0%	(2,657)	(2,657)	0.0%	
Occupancy costs	(412)	(412)	0.0%	(436)	(436)	0.0%	
Amortization of software costs	(554)	(554)	0.0%	(582)	(582)	0.0%	
Others	(9,307)	(9,205)	-1.1%	(10,048)	(9,771)	-2.8%	
Net operating profit	16,294	15,986	-1.9%	19,603	17,813	-9.1%	
Provision for credit losses	(2,697)	(3,125)	15.9%	(2,975)	(2,850)	-4.2%	We raise our provision forecasts given SECB's more conservative provisioning stance.
Pre-tax profit	13,597	12,861	-5.4%	16,628	14,963	-10.0%	
Provision for income tax	(3,127)	(2,958)	-5.4%	(3,824)	(3,441)	-10.0%	
Net income before minority Minority interests	10,470	9,903	-5.4%	12,803	11,522	-10.0%	
Net income after minority	10,470	9,903	-5.4%	12,803	11,522	-10.0%	

Source: Maybank IBG Research

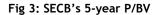
2. New rolled forward TP at PHP94; BUY

Our lower earnings forecast slightly reduces our TP by 2.1% to PHP94/sh. Despite the lower TP, we upgrade SECB to BUY given the steep price correction from its peak in Mar 2023 at -23%, which now provides attractive upside to our target. SECB is trading below 1SD below its 5-yr mean, which we think is unjustified given our 16% net income growth forecast for FY24, driven by loan growth improvement, strong fee growth, and lower costs.

Fig 2: Target price computation

	Old TP	New TP	Change
BVPS (PHP)	190.2	195.5	2.8%
Sustainable ROE	8.5%	8.3%	-1.9%
Dividend payout	23.0%	23.0%	0.0%
Sustainable growth rate	6.5%	6.4%	-1.9%
Cost of equity	10.4%	10.4%	0.0%
Risk-free rate	6.0%	6.0%	0.0%
Equity risk premium	5.5%	5.5%	0.0%
12M fwd P/B (target) (x)	0.50	0.48	-4.9%
Target price (PHP)	96.0	94.0	-2.1%

Source: Maybank IBG Research





Source: Bloomberg

Fig 4: Peer comparison

	Mkt cap		Price			P/E	(x)	P/B	(x)	Div y	ld (%)	RC)E
Stock	(USDm)	Rating	(PHP)	TP (PHP)	Upside	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
BDO	9,980	Buy	129.4	167.0	31.4%	10.2	9.5	1.3	1.2	2.3	2.3	13.5%	12.8%
BPI	9,112	Buy	105.3	128.0	24.4%	10.4	10.5	1.2	1.1	2.8	2.8	13.3%	11.2%
MBT	4,102	Buy	51.9	70.0	40.8%	5.6	5.0	0.6	0.6	5.8	3.1	11. 9 %	11 .9 %
UBP	2,284	Buy	60.6	87.0	45.8%	11.1	7.9	0.8	0.7	2.2	2.3	7.8%	9.5%
SECB	1,021	Buy	77.0	94.0	26.0%	5.9	5.0	0.4	0.4	3.9	3.9	7.4%	7.8%
PNB	499	Buy	18.6	23.0	23.7%	2.5	2.5	0.2	0.1	0.0	0.0	6.5%	6.1%

Source: FactSet, Maybank IBG Research

Appendix

A. 1H23 earnings inline, but loan growth dragged by sluggish corporate demand

SECB reported 2Q23 net income of PHP2.6b, down 27.4% YoY (+8.3% QoQ), bringing 1H23 down 21.3% YoY, in line with our FY23E estimate at 47%, but below consensus at 44%. The YoY decline was a result of 292% YoY growth in provisions set aside by the bank.

Fig 5: 1H23 earnings vs estimates

PHP m	2Q23	2Q22	% YoY	1Q23	% QoQ	1H23	1H22	% YoY	MIBG	% of
FRF III	2023	2022	<i>%</i> 101	1023	<i>‰</i> Ų0Ų	Inza	INZZ	<i>/₀</i> 101	FY23e	FY23e
Net Interest Income	8,292	7,478	10.9%	7,454	11.2%	15,746	14,445	9.0%	30,810	51.1%
Non-interest income	2,530	2,472	2.4%	2,347	7.8%	4,877	4,783	2.0%	9,657	50.5%
Fees & comms	1,486	1,321	12.5%	1,312	13.3%	2,798	2,613	7.1%	5,663	49.4%
Trading and others	1,044	1,151	(9.3%)	1,035	0.9 %	2,078	2,170	(4.2%)	3,993	52.0 %
Gross profit	10,822	9,950	8.8%	9,800	10.4%	20,623	19,228	7.3%	40,467	51.0%
Cost-to-income ratio (%)	58.4%	53.0 %		62.5%		60.3%	55.9 %		59.7 %	
Operating expenses	(6,316)	(5,277)	19.7%	(6,120)	3.2%	(12,437)	(10,748)	15.7%	-24,173	51.4%
Pre-provision op profit	4,506	4,673	(3.6%)	3,680	22.4%	8,186	8,480	(3.5%)	16,294	50.2%
Provision for credit losses	(983)	(328)	199.6%	(616)	59.7%	(1,599)	(408)	291.6%	-2,697	59.3%
Pre-tax profit	3,523	4,345	(18.9%)	3,064	15.0%	6,587	8,072	(18.4%)	13,597	48.4%
Net profit	2,555	3,521	(27.4%)	2,360	8.3%	4,915	6,245	(21.3%)	10,470	46.9%

Source: Company, Maybank IBG Research

- Net interest income grew 9% YoY in 1H23, driven by 22bps YoY NIM expansion. Net loans declined 1.1% YoY as while retail and MSME loans rose 19% YoY, wholesale declined 9% YoY. The growth in retail and MSME loans was driven by home loans (+15%), credit cards (+33%), auto loans (+13%), and MSME loans (+62%).
- Non-interest income rose 2% YoY, driven by fees which increased 7.1% YoY.
- Gross NPL ratio decreased to 3.06% from 3.12% in 1Q23. NPL cover is at 100%.
- **Opex** grew by 15.7% YoY, driven by IT spend and manpower. Cost-to-income ratio was at 60.3%.
- Annualized ROE is at 7.7%. CET1 and CAR were at 16.8% and 17.1%, respectively.



Fig 6: Loan breakdown

Source: Maybank IBG Research



FYE 31 Dec	FY21A	FY22A	FY23E	FY24E	FY25E
Key Metrics					
Core P/E (x)	13.0	6.2	5.9	5.0	3.9
Core FD P/E (x)	13.0	6.2	5.9	5.0	3.9
P/BV (x)	0.7	0.5	0.4	0.4	0.4
P/NTA (x)	0.7	0.5	0.4	0.4	0.4
Net dividend yield (%)	2.5	3.4	3.9	3.9	5.2
INCOME STATEMENT (PHP m) Interest income	32,903.5	36,755.0	44,582.6	47,054.2	50,603.2
Interest expense	(5,447.3)	(7,508.8)	(13,418.4)	(13,709.9)	(12,668.6)
Net interest income	(3,447.3) 27,456.2	(7,508.8) 29,246.2	31,164.2	33,344.3	37,934.6
Net insurance income	0.0	0.0	0.0	0.0	0.0
Net fees and commission	4,530.9	5,285.0	5,469.5	6,270.6	6,851.4
Other income	4,823.5	5,104.0	3,387.6	3,809.7	5,072.5
Total non-interest income	9,354.4	10,389.0	8,857.1	10,080.3	11,923.9
Operating income	36,810.6	39,635.2	40,021.3	43,424.7	49,858.6
Staff costs	(6,922.4)	(7,538.9)	(8,149.8)	(8,692.3)	(9,081.0)
Other operating expenses	(14,361.2)	(15,369.7)	(15,885.4)	(16,919.0)	(18,729.3)
Operating expenses	(21,283.6)	(22,908.7)	(24,035.2)	(25,611.4)	(27,810.3)
Pre-provision profit	15,527.0	16,726.5	15,986.1	17,813.3	22,048.3
Loan impairment allowances	(5,265.4)	(2,634.3)	(3,125.5)	(2,850.3)	(3,114.3)
Other allowances	0.0	(207.1)	0.0	0.0	0.0
Associates & JV income	0.0	0.0	0.0	0.0	0.0
Pretax profit	10,261.6	13,885.1	12,860.6	14,963.0	18,934.0
Income tax	(3,344.6)	(3,329.5)	(2,957.9)	(3,441.5)	(4,165.5)
Minorities	0.0	0.0	0.0	0.0	0.0
Discontinued operations	0.0	0.0	0.0	0.0	0.0
Reported net profit	6,917.0	10,555.6	9,902.7	11,521.5	14,768.5
Core net profit	6,917.0	10,555.6	9,902.7	11,521.5	14,768.5
BALANCE SHEET (PHP m)	52 424 2	60 702 8	60 572 0	45 954 4	71 612 2
Cash & deposits with banks Sec. under resale agreements	53,634.2 0.0	60,792.8 0.0	60,572.9 0.0	65,854.4 0.0	71,612.3 0.0
Derivatives financial assets	0.0	0.0	0.0	0.0	0.0
Dealing securities	6,922.5	7,566.6	12,707.7	10,361.8	11,267.8
Available-for-sale securities	80,669.2	112,891.5	12,707.7	131,249.3	142,725.0
Investment securities	21,836.6	69,230.0	88,954.0	96,710.0	105,165.8
Loans & advances	448,583.9	502,617.4	520,909.0	570,057.1	622,858.0
Central bank deposits	67,391.5	63,011.4	69,892.4	75,986.4	82,630.3
Investment in associates/JVs	1,540.2	2,440.5	2,635.8	2,846.7	3,074.4
Insurance assets	0.0	0.0	2,055.0	2,040.7	0.0
Fixed assets	6,367.8	8,483.5	8,971.8	9,489.0	10,036.8
Intangible assets	841.6	841.6	841.6	841.6	841.6
Other assets	11,829.5	14,415.7	15,136.5	15,893.4	16,688.0
Total assets	699,617.0	842,291.1	901,344.9	979,289.6	1,066,899.9
Deposits from customers	523,589.3	605,836.6	635,385.4	690,785.8	751,184.1
Deposits from banks & Fls	0.0	0.0	0.0	0.0	0.0
Derivatives financial instruments	1,285.4	1,752.8	1,752.8	1,752.8	1,752.8
Subordinated debt	0.0	0.0	0.0	0.0	0.0
Other securities in issue	28,721.3	47,111.7	56,534.0	67,840.8	78,017.0
Other borrowings	0.0	0.0	0.0	0.0	0.0
Insurance liabilities	0.0	0.0	0.0	0.0	0.0
Other liabilities	20,951.5	61,742.0	64,948.0	66,928.8	72,214.5
Total liabilities	574,547.4	716,443.1	758,620.2	827,308.2	903,168.4
Share capital	7,635.4	7,635.4	7,635.4	7,635.4	7,635.4
Reserves	117,434.1	118,212.7	135,089.4	144,346.0	156,096.1
Shareholders' funds	125,069.5	125,848.1	142,724.7	151,981.4	163,731.5
	0.0	0.0	0.0	0.0	0.0
Preference shares			0.0	0.0	0.0
			0.0		0.0
Preference shares Minority interest Total equity	0.0 125,069.5	0.0 125,848.1	0.0 142,724.7	0.0 151,981.4	0.0 163,731.5



FYE 31 Dec	FY21A	FY22A	FY23E	FY24E	FY25E
Key Ratios					
Growth (%)					
Net interest income	(10.4)	6.5	6.6	7.0	13.8
Non-interest income	(52.6)	11.1	(14.7)	13.8	18.
Operating expenses	8.0	7.6	4.9	6.6	8.
Pre-provision profit	(49.4)	7.7	(4.4)	11.4	23.
Core net profit	(6.9)	52.6	(6.2)	16.3	28.
Gross loans	1.5	11.1	3.4	9.1	9.
Customer deposits	18.9	15.7	4.9	8.7	8.
Total assets	7.2	20.4	7.0	8.6	8.
Profitability (%)					
Non-int. income/Total income	25.4	26.2	22.1	23.2	23.
Average lending yields	4.99	4.54	5.10	4.95	4.8
Average cost of funds	0.98	1.08	1.82	1.70	1.4
Net interest margin	4.25	3.98	3.70	3.66	3.8
Cost/income	57.8	57.8	60.1	59.0	55.
Liquidity (%)					
Loans/customer deposits	84.6	81.9	80.8	81.3	81.
Asset quality (%)					
Gross NPL	4.3	3.0	3.3	3.3	3
Loan loss coverage	92.3	109.0	93.0	82.4	74.
Capital adequacy (%)					
CET1	19.1	16.1	16.8	16.5	16.
Tier 1 capital	19.1	16.1	16.8	16.5	16.
Risk-weighted capital	19.8	16.6	17.3	16.9	16.
Returns (%)					
ROAE	5.6	8.4	7.4	7.8	9.
ROAA	1.0	1.4	1.1	1.2	1.
Shareholders equity/assets	17.9	14.9	15.8	15.5	15.

Source: Company; Maybank IBG Research

Research Offices

ECONOMICS

Suhaimi ILIAS Chief Economist Malaysia | Philippines | Global (603) 2297 8682 suhaimi_ilias@maybank-ib.com

CHUA Hak Bin Regional Thematic Macroeconomist (65) 6231 5830 chuahb@maybank.com

Dr Zamros DZULKAFLI Malaysia | Philippines (603) 2082 6818 zamros.d@maybank-ib.com

Erica TAY China | Thailand (65) 6231 5844 erica.tay@maybank.com

Brian LEE Shun Rong Indonesia | Singapore | Vietnam (65) 6231 5846 brian.lee1@maybank.com

Fatin Nabila MOHD ZAINI (603) 2297 8685 fatinnabila.mohdzaini@maybank-ib.com

Luong Thu Huong (65) 6231 8467 hana.thuhuong@maybank.com

FΧ

Saktiandi SUPAAT Head of FX Research (65) 6320 1379 saktiandi@maybank.com

Fiona LIM (65) 6320 1374 fionalim@maybank.com

Alan LAU (65) 6320 1378 alanlau@maybank.com

Shaun LIM (65) 6320 1371 shaunlim@maybank.com

STRATEGY Anand PATHMAKANTHAN ASEAN (603) 2297 8783 anand, pathmakanthan@maybank-ib.com

FIXED INCOME Winson PHOON, FCA Head of Fixed Income (65) 6340 1079 winsonphoon@maybank.com

SE THO Mun Yi, CFA (603) 2074 7606 munyi.st@maybank-ib.com

PORTFOLIO STRATEGY ONG Seng Yeow (65) 6231 5839

(65) 6231 5839 ongsengyeow@maybank.com

MIBG SUSTAINABILITY RESEARCH

Head of Sustainability Research (91) 22 4223 2632 jigars@maybank.com

Neerav DALAL (91) 22 4223 2606 neerav@maybank.com REGIONAL EQUITIES

Anand PATHMAKANTHAN Head of Regional Equity Research (603) 2297 8783 anand.pathmakanthan@maybank-ib.com

WONG Chew Hann, CA Head of ASEAN Equity Research (603) 2297 8686 wchewh@maybank-ib.com

MALAYSIA

Anand PATHMAKANTHAN Head of Research (603) 2297 8783 anand.pathmakanthan@maybank-ib.com Strategy

WONG Chew Hann, CA (603) 2297 8686 wchewh@maybank-ib.com • Equity Strategy • Non-Bank Financials (stock exchange) • Construction & Infrastructure

Desmond CH'NG, BFP, FCA (603) 2297 8680 desmond.chng@maybank-ib.com • Banking & Finance

ONG Chee Ting, CA (603) 2297 8678 ct.ong@maybank-ib.com • Plantations - Regional

YIN Shao Yang, CPA (603) 2297 8916 samuel.y@maybank-ib.com • Gaming - Regional • Media • Aviation • Non-Bank Financials

TAN Chi Wei, CFA (603) 2297 8690 chiwei.t@maybank-ib.com • Power • Telcos

WONG Wei Sum, CFA (603) 2297 8679 weisum@maybank-ib.com • Property • Glove

Jade TAM (603) 2297 8687 jade.tam@maybank-ib.com • Consumer Staples & Discretionary

Nur Farah SYIFAA (603) 2297 8675 nurfarahsyifaa.mohamadfuad@maybank-ib.com e Renewable Energy • REITs

LOH Yan Jin (603) 2297 8687 lohyanjin.loh@maybank-ib.com • Ports • Automotive • Technology (EMS)

Arvind JAYARATNAM (603) 2297 8692 arvind.jayaratnam@maybank.com • Technology (Semicon & Software)

Jeremie YAP (603) 2297 8688 jeremie.yap@maybank-ib.com • Oil & Gas • Petrochemicals

TEE Sze Chiah Head of Retail Research (603) 2082 6858 szechiah.t@maybank-ib.com • Retail Research

Nik Ihsan RAJA ABDULLAH, MSTA, CFTe (603) 2297 8694 nikmohdihsan.ra@maybank-ib.com • Chartist

Amirah AZMI (603) 2082 8769 amirah.azmi@maybank-ib.com • Retail Research

SINGAPORE

Thilan WICKRAMASINGHE Head of Research (65) 6231 5840 thilanw@maybank.com • Banking & Finance - Regional • Consumer

Eric ONG (65) 6231 5849 ericong@maybank.com • Healthcare • Transport • SMIDs

Kelvin TAN (65) 6231 5837 kelvin.tan1@maybank.com • Telcos • Industrials

LI Jialin (65) 6231 5845 jialin.li@maybank.com • REITs

Jarick SEET (65) 6231 5848 jarick.seet@maybank.com • Technology

Krishna GUHA (65) 6231 5842 krishna.guha@maybank.com • REITs

PHILIPPINES

Rachelleen RODRIGUEZ, CFA (63) 2 8849 8843 rachelleen.rodriguez@maybank.com • Banking & Finance • Transport • Telcos • Utilities

Daphne SZE (63) 2 8849 8847 daphne.sze@maybank.com • Consumer

Alexa Mae CARVAJAL (63) 2 8849 8838 alexamae.carvajal@maybank.com • Consumer • Gaming • Property • REITs

THAILAND Chak REUNGSINPINYA Head of Research (66) 2658 5000 ext 1399 chak.reungsinpinya@maybank.com • Strategy • Energy

Jesada TECHAHUSDIN, CFA (66) 2658 5000 ext 1395 jesada.t@maybank.com • Banking & Finance

Wasu MATTANAPOTCHANART (66) 2658 5000 ext 1392 wasu.m@maybank.com • Telcos • Technology • REITs • Property • Consumer Discretionary

Surachai PRAMUALCHAROENKIT (66) 2658 5000 ext 1470 surachai.p@maybank.com • Auto • Conmat • Contractor • Steel

Suttatip PEERASUB (66) 2658 5000 ext 1430 suttatip.p@maybank.com • Food & Beverage • Commerce

Natchaphon RODJANAROWAN (66) 2658 5000 ext 1393 natchaphon.rodjanarowan@maybank.com • Utilities

INDONESIA

Jeffrosenberg CHENLIM Head of Research (62) 21 8066 8680 jeffrosenberg.lim@maybank.com • Strategy • Banking & Finance • Property

Willy GOUTAMA (62) 21 8066 8500 willy.goutama@maybank.com • Consumer

Etta Rusdiana PUTRA (62) 21 8066 8683 etta.putra@maybank.com • Telcos • Internet • Construction

William Jefferson W (62) 21 8066 8563 william.jefferson@maybank.com • Property

Adi WICAKSONO (62) 21 8066 8686 adi.wicaksono@maybank.com • Plantations

Satriawan HARYONO, CEWA, CTA (62) 21 8066 8682 satriawan@maybank.com • Chartist

VIETNAM

Quan Trong Thanh Head of Research (84 28) 44 555 888 ext 8184 thanh.quan@maybank.com • Strategy • Banks

Hoang Huy, CFA (84 28) 44 555 888 ext 8181 hoanghuy@maybank.com • Strategy • Technology

Le Nguyen Nhat Chuyen (84 28) 44 555 888 ext 8082 chuyen.le@maybank.com • Oil & Gas • Logistics

Nguyen Thi Sony Tra Mi (84 28) 44 555 888 ext 8084 trami.nguyen@maybank.com • Consumer Discretionary

Tran Thi Thanh Nhan (84 28) 44 555 888 ext 8088 nhan.tran@maybank.com • Consumer Staples

Nguyen Le Tuan Loi (84 28) 44 555 888 ext 8182 loi.nguyen@maybank.com • Property

Nguyen Thanh Hai (84 28) 44 555 888 ext 8081 thanhhai.nguyen@maybank.com • Industrials

Nguyen Thanh Lam (84 28) 44 555 888 ext 8086 thanhlam.nguyen@maybank.com • Retail Research

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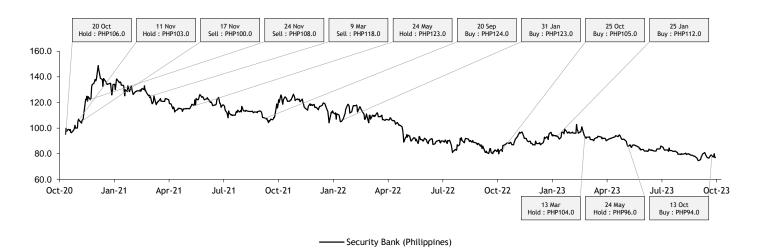
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🌏 Malaysia

Maybank Investment Bank Berhad (A Participating Organisation of Bursa Malaysia Securities Berhad) 33rd Floor, Menara Maybank, 100 Jalan Tun Perak, 50050 Kuala Lumpur Tel: (603) 2059 1888; Fax: (603) 2078 4194

Stockbroking Business: Level 8, Tower C, Dataran Maybank, No.1, Jalan Maarof 59000 Kuala Lumpur Tel: (603) 2297 8888 Fax: (603) 2282 5136

📀 Sales Trading

Indonesia Helen Widjaja helen.widjaja@maybank.com (62) 21 2557 1188

Philippines Keith Roy keith_roy@maybank.com Tel: (63) 2 848-5288 📀 Singapore

Maybank Securities Pte Ltd Maybank Research Pte Ltd 50 North Canal Road Singapore 059304

Tel: (65) 6336 9090

👩 Indonesia

PT Maybank Sekuritas Indonesia Sentral Senayan III, 22nd Floor Jl. Asia Afrika No. 8 Gelora Bung Karno, Senayan Jakarta 10270, Indonesia

Tel: (62) 21 2557 1188 Fax: (62) 21 2557 1189

👩 Thailand

Maybank Securities (Thailand) PCL 999/9 The Offices at Central World, 20th - 21st Floor, Rama 1 Road Pathumwan, Bangkok 10330, Thailand

Tel: (66) 2 658 6817 (sales) Tel: (66) 2 658 6801 (research)

London Greg Smith gsmith@maybank.com Tel: (44) 207-332-0221

India Sanjay Makhija sanjaymakhija@maybank.com Tel: (91)-22-6623-2629 👩 London

Maybank Securities (London) Ltd PNB House 77 Queen Victoria Street London EC4V 4AY, UK

Tel: (44) 20 7332 0221 Fax: (44) 20 7332 0302

🌏 India

MIB Securities India Pte Ltd 1101, 11th floor, A Wing, Kanakia Wall Street, Chakala, Andheri -Kurla Road, Andheri East, Mumbai City - 400 093, India

Tel: (91) 22 6623 2600 Fax: (91) 22 6623 2604

🌏 Vietnam

Maybank Securities Limited Floor 10, Pearl 5 Tower, 5 Le Quy Don Street, Vo Thi Sau Ward, District 3 Ho Chi Minh City, Vietnam

Tel : (84) 28 44 555 888 Fax : (84) 28 38 271 030

👩 Hong Kong

MIB Securities (Hong Kong) Limited 28/F, Lee Garden Three, 1 Sunning Road, Causeway Bay, Hong Kong

Tel: (852) 2268 0800 Fax: (852) 2877 0104

👩 Philippines

Maybank Securities Inc 17/F, Tower One & Exchange Plaza Ayala Triangle, Ayala Avenue Makati City, Philippines 1200

Tel: (63) 2 8849 8888 Fax: (63) 2 8848 5738

www.maybank.com/investment-banking www.maybank-keresearch.com