



WEALTH SECURITIES

Backed by a research group of analysts with over 25 years of experience in equity securities

Consistently ranked among the top 20 brokerages in the Philippines since opening in 1986

Recipient of the Euro Money Award for Excellence as the "Best Domestic Securities House in the Philippines"



THE WEALTH VAULT

A Product of Wealth Securities, Inc.

FRIDAY, 10 August 2012

Index	Value	Change	% Chg
PSEi	5,256.61	-52.06	0.98 ▼
All Shares	3,485.00	-32.04	0.91 ▼
Financials	1,324.06	-15.43	1.15 ▼
Industrial	7,856.86	-10.73	0.14 ▼
Holding Firms	4,378.67	-26.44	0.60 ▼
Services	1,775.92	-19.22	1.07 ▼
Mining and Oil	21,380.58	-665.68	3.02 ▼
Property	2,021.51	-53.3	2.57 ▼

AUGUST

10

2012

WORLD INDICES

Dow Jones	13,165.19	-0.08%
FTSE 100	5,851.51	+0.10%
NIKKEI 225	8,978.60	+1.10%

TRADING SNAPSHOT

Index Movers	Points
Ayala Land Inc.	-19.88
PLDT	-8.32
Ayala Corp.	-4.03
Metrobank	-3.39
Banco De Oro	-2.88

Index Out-performers	Up
Manila Water Company	2.31%
DMCI Holdings	0.87%
Universal Robina Corp.	0.76%
Aboitiz Power Corp.	0.73%
Robinsons Land Corp.	0.30%

Index Under-performers	Down
Ayala Land Inc.	5.03%
Philex Mining Corp.	3.25%
Megaworld	2.59%
Meralco	2.33%
First Gen Corp.	2.26%

CALENDAR

Aug 04	V ASM
Aug 07	Jul'12 CPI, Inflation Rate
Aug 10	ACE ASM
Aug 10	JTE SSM



PSEi Index

09 Aug 2012:	5,256.61 - 52.06
Value T/O, net	Php 3,344 million
52-week High	5,403.16
Low	3,715.01
Foreign Buying:	Php 2,130 million
Foreign Selling:	Php 2,796 million



HEADLINES

US stocks post slight gain on economic stimulus optimism

Ø US stocks managed to eke out slight gains yesterday (Aug 09) as hopes for more stimulus from the Fed and the ECB continue to push stocks higher. The Dow declined 0.08%; while the S&P and the Nasdaq rose 0.04% and 0.25% respectively. Yesterday's move marked the fifth day the S&P had risen. Material and energy stocks posted the most gains while consumer staples were the biggest drag. In specific companies, Cisco Systems rose 3.15% after Goldman Sachs raised recommendations for the stock. American Express and Visa fell 2.49% and 2.01% respectively after a report from First Data showed that credit card and debit card spending grew in July at the slowest pace in 12 months.

MPI posts 30% hike in core net income for 1H'12

Ø In a press release, Metro Pacific Investments Corp. announced that its core net income for the first half of the year reached P3.46B, 30% higher than the P2.66B recorded in 2011. Reported net income attributable to owners jumped 76% to P3.44B. Fully diluted core net income per share rose 12% to 14.01 centavos. Revenues for the period reached P13.62B, 29% higher than a year earlier. In terms of contribution from subsidiaries, Meralco posted P9.02B in core net income; Maynilad P3.34B; MPTC, P810M; and Hospital Group, P307M. Due to the company's strong performance for the first half, MPI said that it is increasing its full year income guidance to P6.3B from an initial target of P6B.

Metrobank reports 21% higher net income for the first half of 2012

Ø Metrobank reported a consolidated net income of P7.4B for the first half of the year, 21% higher than what was recorded a year earlier. Operating income increased by 15% to P29.1B with net interest income growing to P15.3B from P14.7B. Non-interest income rose 30% to P13.8B driven by sustained growth in fee-based income, higher contributions from associates, and strong treasury and investment activities.

SM Prime to open SM City General Santos

Ø SM Prime Holdings announced that it is set to open its 45th mall in the country, SM City General Santos today. The mall, having a gross floor area of 95,764 square meters, is already 80% occupied by tenants. With the opening of SM City General Santos, SM Prime now has 45 malls over the country, with a combined gross floor area of 5.4M square meters. By the end of this year, SM Prime will have 46 malls in the Philippines and five in China with an estimated combined GFA of 6.3 million sqm.

Dividends Calendar

CODE	STOCK	CASH	SPLITS	RIGHTS	EX-DIVIDEND	RECORD	PAYABLE	ANNOUNCED
LAND	20%				TBA	TBA	TBA	15-May-2012
CDC	10%				TBA	TBA	TBA	07-May-2012
NIKL	50%				TBA	TBA	TBA	28-Mar-2012
ATN	2%				TBA	TBA	TBA	28-Dec-2011
EEL		0.025			27-Nov-2012	03-Dec-2012	28-Dec-2012	23-Mar-2012
ACPA		11.1			25-Oct-2012	30-Oct-2012	25-Nov-2012	09-Dec-2011
FJP		0.05			03-Oct-2012	08-Oct-2012	02-Nov-2012	17-Jul-2012
PERC		0.1			18-Sep-2012	21-Sep-2012	17-Oct-2012	26-Apr-2012
EEL		0.025			29-Aug-2012	03-Sep-2012	27-Sep-2012	23-Mar-2012
PPREF		2.382			13-Aug-2012	16-Aug-2012	05-Sep-2012	07-Mar-2012
FJP		0.07			09-Aug-2012	14-Aug-2012	07-Sep-2012	17-Jul-2012
ABA		0.1			08-Aug-2012	11-Aug-2012	07-Sep-2012	19-Jul-2012
ABA				Abacus Goldmines common shares as would be equivalent to P0.10 per share - prop. div.	08-Aug-2012	11-Aug-2012	TBA	19-Jul-2012
MB		0.05			03-Aug-2012	08-Aug-2012	03-Sep-2012	12-Jul-2012
ACPA		11.1			26-Jul-2012	31-Jul-2012	25-Aug-2012	09-Dec-2011
IPO		0.06			24-Jul-2012	27-Jul-2012	09-Aug-2012	29-Jun-2012
MFIN	1.06%				23-Jul-2012	26-Jul-2012	20-Aug-2012	28-Jun-2012
MFIN		0.010618854			23-Jul-2012	26-Jul-2012	20-Aug-2012	28-Jun-2012

Source: Technistock

CURRENCIES

US, Dollar	41.7960
Japan, Yen	0.5327
UK, Pound	65.4316
Hong Kong, Dollar	5.3893
EU, Euro	51.6640
Bahrain, Dinar	110.8706
Saudi Arabia, Rial	11.1456
China, Yuan	6.5702

As of 8/09/2012

COMMODITIES

NYMEX		
Crude	93.35	-0.34%
Futures		
%NY Gold		
Spot (\$/t oz.)	1,611.60	+0.10%
Silver Comex		
(\$/t oz.)	28.02	+0.97%
London		
Copper Spot	7,550.00	-0.40%

As of 08/08/2012





Metropolitan Bank & Trust Co. (MBT)

Buy

Company Snapshot

Price (P)	97.50
Price Target (P)	133.60
Shares O/S (million)	2,111
Market Cap (P million)	205.860
52-week High (P)	102.50
Low (P)	60.00
12-mo Avg. Value T/O (P'm)	260.612
Shareholders	
GT Capital Holdings	25.1%
Free float	46.7%



Price Performance

	1m	6m	12m
MBT	+4.8%	+21.1%	+37.2%
PSEi	-0.1%	+10.2%	+26.5%

Delivering Growth

- Ø **Impressive 1H2012 Results.** MBT reported that its 1H2012 Net Income reached P8.2B, 22% higher YOY. This translated to an ROE of 13%. This was driven by a 4% YOY increase in Net Interest Income to P15.3B and a 30% YOY increase in Non-Interest Income to P13.8B. Operating Expenses increased by 9% YOY to P16.3B, while Provisions for Losses increased by 62% YOY to P2.5B. In the table below, we summarize how MBT's 1H2012 results fared vs. our FY2012 estimates.

	1H2012A	FY2012E	% of FY2012E
Net Interest Income	15.3	37.1	41%
Non-Interest Income	13.8	19.5	71%
Trading Income	6.1	4.5	136%
Operating Expenses	16.3	33.9	48%
Provisions for Losses	2.5	4.0	63%
Net Income	8.2	14.1	58%

Amounts in billions

Sources: Company data, Wealth Securities estimates

We think that MBT's 1H2012 results are largely in-line with our expectations. Though the bank's Net Interest Income appears to be lagging our estimates, the bank has more than compensated by delivering higher than expected Non-Interest Income. This was driven by stellar Trading Gains, which were 49% higher YOY and have already exceeded our FY2012 expectations.

- Ø **Momentum from 1Q2012.** While MBT's 1H2012 results look impressive, most of it can be attributed to the bank's stellar performance in 1Q2012. Of the P8.2B in MBT's 1H2012 Net Income, P4.7B (+41% YOY) was from 1Q2012 while P3.5B (+4% YOY) was from 2Q2012.

Financial and Valuation Highlights

in P'million	2009A	2010A	2011A	2012E	2013E
Net Revenues	43,679	48,100	50,417	56,647	62,620
Operating Expenses	25,842	27,818	30,680	33,869	36,644
PPOP	17,837	20,282	19,737	22,778	25,977
Net Income	6,795	9,266	12,390	14,084	15,733
ROE	9.1%	10.7%	11.8%	11.8%	12.1%
ROA	0.8%	1.1%	1.3%	1.3%	1.3%
EPS	3.07	4.18	4.98	5.76	6.46
BVPS	38.11	43.31	48.99	51.42	56.89
PE	14.67	18.87	13.59	16.93	15.09
P/BV	1.18	1.82	1.38	1.90	1.71

Sources: Company data, Wealth Securities estimates

A = Actual calendar/fiscal year results; C = Bloomberg consensus; I = Annualized interim results; E = Wealth Securities estimates

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	1Q2012	YOY Growth	2Q2012	YOY Growth
Net Interest Income	7.8	6.8%	7.5	1.3%
Non-Interest Income	8.7	95.4%	5.1	-17.7%
Trading Income	5.2	315.4%	0.8	-70.1%
Operating Expenses	8.9	26.6%	7.4	-6.6%
Provisions for Losses	1.5	183.9%	1.0	0.5%
Net Income	4.7	41.1%	3.5	4.3%

Amounts in billions

Sources: Company data, Wealth Securities estimates

Ø **Maintaining BUY, Upgrading TP.** We think that MBT can meet or even exceed our FY2012E Net Income of P14.1B. The bank continues to deliver solid loan growth figures, as it is encouraged by a lower NPL Ratio (2.2%) and improving NPL Cover (109%). Moreover, as we wrote in a previous report (*The GT Revaluation*, April 26, 2012), we think that the bank can benefit if its non-banking assets are revalued and/or transferred to GT Capital Holdings. With this, we maintain our BUY rating on MBT with an upgraded TP of P133.60. Our TP already considers the possible revaluation gains from MBT's non-banking assets, which we estimate to be worth P9.90 / share. Considering this, our TP translates to 2.0x 2013E P/BV.

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RATINGS DEFINITION



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