PhilRatings PHILIPPINE RATING SERVICES CORPORATION *The Pioneer Domestic Credit Rating Agency*	**RATING NEWS** **April 15, 2025**

Asialink Gets PRS A plus (corp.) Rating

Philippine Rating Services Corporation (PhilRatings) has assigned an Issuer Credit Rating of **PRS A plus (corp.),** with a **Stable Outlook**, to Asialink Finance Corporation (Asialink). Asialink is reportedly one of the fastest growing financing companies in the Philippines, with 192 branches nationwide as of July 2024. Asialink will use the assigned Issuer Credit Rating for its future fund-raising efforts.

A company rated **'PRS A'** has an above average capacity to meet its financial commitments relative to that of other Philippine corporates. The company, however, is somewhat susceptible to adverse changes in circumstances and economic conditions than higher-rated corporates. The "plus" further qualifies the assigned rating. A **Stable Outlook**, on the other hand, is defined as: "The rating is likely to remain unchanged in the next twelve months."

PhilRatings has taken into account the following factors in assigning the rating and its Outlook: a) Asialink's experienced shareholders and management team; b) the continuous growth of its branch network and loan portfolio; c) the Company's strong earnings generation, backed by sustained loan expansion; and d) its more than satisfactory loan portfolio quality.

PhilRatings based its assessment on available information and projections at the time that the rating was assigned. PhilRatings shall continuously monitor developments relating to Asialink and may change the ratings at any time, should circumstances warrant a change.

Incorporated in the year when the Asian Financial Crisis started (1997), Asialink has managed to ride out the country's economic highs and lows, including the adverse impact of the COVID-19 pandemic. Asialink offers unsecured and secured credit facilities that cater to the financial needs of businesses, particularly small and medium enterprises (SMEs) and individuals, without engaging in quasi-banking (QB) functions. Moving forward, the Company plans to also grow and diversify its funding sources, in line with expansion.

Asialink's management is supported by a team of experienced professionals with technical expertise in and understanding of the industry. The presence of experienced professionals is seen to be supportive of sustained and stable operations. PhilRatings notes, however, that decision making remains with the Lugtu Family, given the family's 80.3% ownership stake in Asialink. The support of the Company's shareholders to key management has been a significant factor in the continuing growth and expansion of Asialink.

To support its growth, Asialink has been aggressively expanding its branch network across the Greater Manila Area, Northern Luzon, Visayas and Mindanao in the last three years. The Company's branch network significantly grew from 86 branches as of end-September 2021 to 192 branches as of July 2024. Moving forward, the Company plans to further expand its presence through additional brick and mortar branches in key municipalities and cities within the next two to three years.

The Company's total assets showed a generally increasing trend from ₱2.1 billion as of end-2016 to ₱16.2 billion as of end-2023, and which represents a compound annual growth rate (CAGR) of 35.5%. Growth was mainly backed by net loans to customers, which was the biggest asset component with an average share of 91.8% over the historical period. Net loans to customers steadily grew from ₱1.3 billion as of end-2016 to ₱15.1 billion as of end-2023, representing a CAGR of 37.4%.

Supported by the steady expansion of the Company's loan portfolio, Asialink's revenues posted consistent growth from ₱1.6 billion in 2020 to ₱4.3 billion in 2023, translating to a CAGR of 37.6%. Interest income recorded a CAGR of 39.2%, from ₱1.4 billion in 2020 to ₱3.8 billion in 2023. Loan portfolio growth supported the robust growth in net income, which had a CAGR of 74.6%, from ₱215.6 million in 2020 to ₱1.2 billion in 2023.

In the first nine months of 2024 (9M2024), interest income amounted to ₱4.0 billion, up by 50.7% from ₱2.7 billion in 9M2023, on account of higher loan balance of customers. Net other income from fees also went up by 56.5% to ₱550.4 million, mainly due to penalties and other handling fees. Revenues for the aforementioned period totaled ₱4.6 billion, higher by 51.4% compared with ₱3.0 billion in 9M2023. Net income, on the other hand, posted an increase of 19.5% in 9M2024 to ₱927.0 million, compared with ₱776.2 million in the previous year's same period.

Asialink's loan portfolio was composed mainly of high-grade and standard loans. Such accounted for approximately 72.6% and 74.2% of the Company's total gross loans as of end-2022 and end-2023, respectively. Also, Asialink was able to maintain the share of non-performing loans (NPL) to total gross loans at a minimal level of 0.85% as of end-June 2024 due to the implementation of various risk control measures.

In addition, as of end-2023, around 99.8% of Asialink's total loans to customers were collateralized. The Company was able to maintain the significant share of secured loans to total loans, in line with its strategy to focus on secured businesses and personal loans since the onset of the COVID-19 pandemic.