



Manabat Sanagustin & Co., CPAs

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Financial Services

March 10, 2010 to March 23, 2010



This industry update from Manabat Sanagustin & Co. CPAs is a biweekly collection of the latest news and developments from the country's Financial Services segment. We hope that you will find this service, which the Firm provides its clients for the different Lines Of Business (LOB), interesting and useful.

Government may begin selling OFW bonds by end-April

The policymaking Monetary Board (MB) of the Bangko Sentral ng Pilipinas was seen to review and likely approve on Thursday the proposed overseas Filipino worker (OFW) bonds that Finance Secretary Margarito Teves plans to sell finally toward the end of April. This was learned from Finance Undersecretary Rosalia de Leon in a spot interview at the Asian Development Bank, where she said at least \$500 million worth of OFW bonds have been submitted to the MB for approval. As much as \$1 billion was earlier seen sold to a sector responsible for some 10 percent of local output or the gross domestic product totaling \$17 billion just last year alone. Should the planned sale muster the seven-man MB this Thursday, actual marketing should begin in earnest as early as toward the end of April, de Leon said. Proceeds from the proposed bond sale had earlier been earmarked for budgetary support this year when the deficit was seen to hit P293 billion. The bond sale, along with the problematic sale of the remaining big-ticket items handled by the Privatization Management Office, was to reinforce revenue collection that continues to lag behind clearly stated goals.

http://www.businessmirror.com.ph/index.php?option=com_content&view=article&id=23296:government-may-begin-selling-ofw-bonds-by-end-april&catid=25:bankingandfinance&Itemid=61

DBP eases lending to small businesses

The country's biggest banks are now aggressively trying to penetrate the middle market—comprising the micro, small and medium enterprises (MSMEs)—as they have announced plans to increase loan exposures to these largely untapped market segments. The latest announcement comes from state-run Development Bank of the Philippines (DBP), which said it was making its lending window more accessible to MSMEs by simplifying and easing documentary and collateral requirements for loan applicants.

DBP, the country's fifth-biggest bank in terms of assets as of end-2009, is looking to substantially reduce processing time for loan applications to 12 working days upon submission of complete requirements.

The enhanced retail-lending program, according to DBP president Reynaldo David, also involves making loan repayments flexible and convenient for MSMEs. DBP's loans to MSMEs had reached P10.9 billion as of end-2009, less than 10 percent of its total loan portfolio of P167 billion. The loan facility is intended for start-up or existing MSMEs with asset size of not more than P15 million and with loan requirements of over P150,000, but not more than P10 million.

http://www.businessmirror.com.ph/index.php?option=com_content&view=article&catid=25%3Abankingandfinance&id=23295%3Adbp-eases-lending-to-small-businesses&Itemid=61

RBAP to El Niño-ravaged debtors: Loan relief under way

The Rural Bankers Association of the Philippines (RBAP) has thrown its El Niño-ravaged borrowers a lifeline, telling clients it stands ready to reschedule loan payments for farmer-borrowers whose crops have been sapped dry by the ongoing dry spell. In a statement, RBAP president Joseph Omar Andaya recognized the urgency of the situation and bared the group's collective decision to provide some relief to so-called agri-agra borrowers, whose loan-repayment schedules have been wrecked by the El Niño.

"Our bank-members are ready to provide assistance in the form of loan rescheduling for farmers affected by El Niño. For

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small- and medium-scale entrepreneur borrowers, we remain ready to provide additional loans for operational expenses such as for equipment purchases like water pumps and generators in Mindanao, which has been severely hit by El Niño and brownouts," Andaya said. "We will also start offering microinsurance packages to better prepare farmers and SMEs [small and medium enterprises] to secure their future. We cannot lose these sectors given that our businesses are closely intertwined with their successes and failures," he added.

http://www.businessmirror.com.ph/index.php?option=com_content&view=article&catid=25%3Abankingandfinance&id=23240%3Arbap-to-el-nino-ravaged-debtors-loan-relief-under-way&Itemid=61

HSBC says fund managers cautious on bonds, bullish on stocks in emerging markets

Thirteen of the world's leading fund managers have turned cautious in investing in bonds and now prefer equities, especially those in emerging markets, according to a quarterly survey by British banking giant HSBC. With bonds achieving record gains in 2009, the bank said 56 percent of the respondents have taken a "neutral" view on bonds as an investment class in the first quarter of 2010, compared with 33 percent in the previous quarter. "Four in 10 fund managers [44 percent] are bullish on bonds this quarter, down from 56 percent last quarter," a news release HSBC sent to Manila-based journalists read. Bruno Lee, HSBC regional head of wealth management for Asia-Pacific, said: "We see appetite for equities returning as increased signs of economic recovery are evident in emerging markets. This trend is particularly true within Asia-Pacific, where growth is forecast to be sustainable. Lee said: "2009 marked the return of investor confidence as wealth flows either strongly recovered from the slump in 2008, or exceeded even the highs of 2007. Investors will continue to focus on the short term, maintaining the flexibility to change course as market conditions change."

http://www.businessmirror.com.ph/index.php?option=com_content&view=article&catid=25%3Abankingandfinance&id=23164%3Ahsbc-says-fund-managers-cautious-on-bonds-bullish-on-stocks-in-emerging-markets&Itemid=61

Barclays Capital sees further hike in BSP's rediscount rate

The Bangko Sentral ng Pilipinas (BSP) is likely to keep its policy rates at record lows until the third quarter of this year, but may further hike the rediscount rate and reduce its budget for the rediscounting facility available to banks, according to investment bank Barclays Capital. Prakriti Sofat, Barclays Capital regional economist, said the BSP was expected to keep its overnight interest rates at 4.00 percent for borrowing and 6.00 percent for lending for a few more months given still-benign inflation and its cautious outlook on domestic economy. The central bank, however, will continue withdrawing in a gradual manner the emergency liquidity-enhancing measures that were introduced at the height of the global financial crisis, he said in a research report. The BSP's policy rates, which were slashed by a total of 200 basis points between December 2008 and July 2009, have been kept steady after five policy-setting meetings of the central bank's Monetary Board over the past seven months. The BSP had maintained a P20-billion budget for its rediscounting facility before the financial crisis. "We continue to believe that the first 25-basis-point hike [in policy rates] will materialize in the third quarter, with the [headline rate] ending the year at 4.5 percent," the Barclays Capital economist said. The BSP, in its latest policy statement issued last week, said the inflation outlook remained manageable, with its latest baseline projections indicating within-target inflation in 2010 and 2011 as demand-side pressures remain modest and inflation expectations well-contained.

http://www.businessmirror.com.ph/index.php?option=com_content&view=article&catid=25%3Abankingandfinance&id=23107%3Abarclays-capital-sees-further-hike-in-bsps-rediscount-rate&Itemid=61

Thrift banks seek BSP nod to expand their operations

Thrift banks want to expand their spheres of influence and they will likely get it soon, the Bangko Sentral ng Pilipinas said on Friday. BSP Governor Amando Tetangco Jr. was not very specific on what the thrift banks want, saying only that the Chamber of Thrift Banks (CTB) and their members want to be able to do business in more places than they actually do right now. BSP Deputy Governor Nestor Espenilla Jr., who heads the powerful Supervision and Examination Sector of the BSP, said regulators are now more concerned about financial inclusion than in fostering financial stability and efficiency. He said while those goals are very important, the greater challenge was enabling banks to have greater reach to the countryside so more Filipinos can have access to financial services than is possible at the moment.

"The challenge we are facing, really, is overall economic development. But that development is further facilitated if financing is readily available. That's why we have, among other things, innovative delivery services such as mobile banking and microfinance, to be able to provide [better] access to credit," Espenilla said. To achieve this, Espenilla said the BSP has totally lifted the ban on bank branches outside of the overbanked National Capital Region (NCR). "We are really sending a signal to put branches outside so that you can better serve the public. For example, in Mindanao, the density of banking offices to population is so low. In the ARMM area there is only one banking office for 40,000 people," he said of the Autonomous Region in Muslim Mindanao, where bank presence consists of only 24 bank branches in all. Contrast this with the Cordillera Autonomous Region, for instance, which hosts 117 bank offices and branches, or Eastern Visayas, which hosts another 131.

http://www.businessmirror.com.ph/index.php?option=com_content&view=article&catid=25%3Abankingandfinance&id=23060%3Athrif-banks-seek-bsp-nod-to-expand-their-operations&Itemid=61

Philippine Stock Exchange Weekly Top Gainers March 10 - 23, 2010

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Last Trade Price, Comparative Price Change & Total Value

Rank	Stock	Last Traded Price (in P)	Comparative Price Change (%)		Total Value (in P'000)
			1 Week	4 Weeks	
	Active Alliance, Inc	7.60	49.02	-15.56	8
2	Prime Media Holdings, Inc.	2.00	23.46	11.11	40
3	Mabuhay Vinyl Corporation	1.20	20.00	25.00	82
4	Suntrust Home Developers, Inc.	0.54	14.89	20.00	29,426
5	RFM Corporation	0.62	14.81	14.81	16,166
6	Alcorn Gold Resources Corporation	0.0080	14.29	14.29	200
7	JTH Davies Holdings, Inc.	1.54	13.24	10.00	7,730
8	Leisure & Resorts World Corporation	1.70	11.84	19.72	15,221
9	Manchester International Holdings Unlimited Corporation	1.20	11.11	-29.41	12
10	Cityland Development Corporation	1.42	9.23	9.23	9

Philippine Stock Exchange Weekly Top Gainers

March 10 - 23, 2010

PER, EPS & BPV

Rank	Stock	PER	EPS	PBV
1	Active Alliance, Inc	386.26	0.02	7.75
2	Prime Media Holdings, Inc.	-65.48	-0.03	-0.91
3	Mabuhay Vinyl Corporation	9.84	0.12	0.71
4	Suntrust Home Developers, Inc.	-19.12	-0.03	11.49
5	RFM Corporation	5.38	0.12	0.39
6	Alcorn Gold Resources Corporation	13.85	0.001	0.70
7	JTH Davies Holdings, Inc.	296.40	0.01	2.67
8	Leisure & Resorts World Corporation	9.11	0.19	1.04
9	Manchester International Holdings Unlimited Corporation	3.40	0.35	0.58
10	Cityland Development Corporation	5.46	0.26	0.76

Source: Philippine Stock Exchange, Weekly Market Watch,

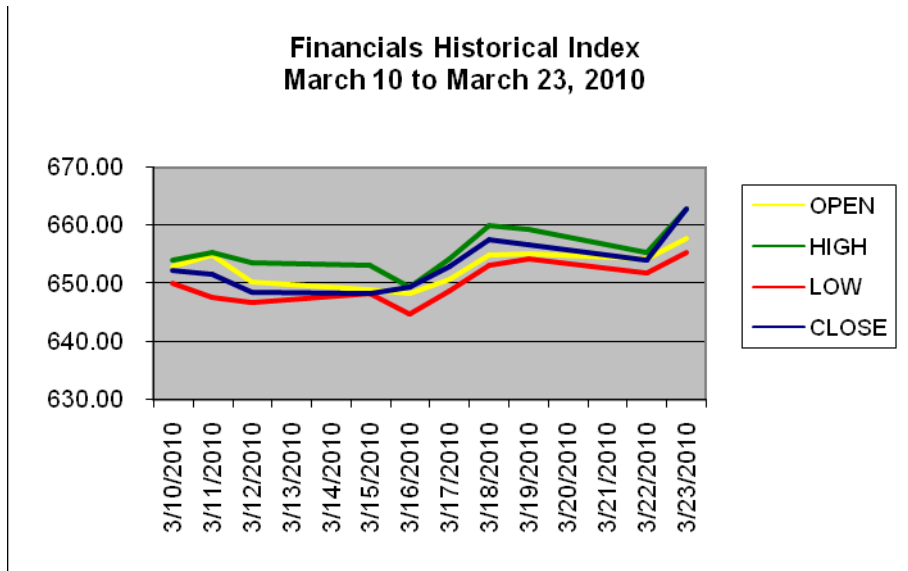
Philippine Stock Exchange Index Composition for Financials

As of TUE MAR 23, 2010 12:10:00 PM

SECURITY NAME	PRICE	OUTSTANDING SHARES	FREE FLOAT LEVEL	FREE FLOAT - ADJUSTED MARKET CAPITALIZATION	% WT.
BANCO DE ORO UNIBANK, INC.	38.50	2,339,768,510	34.0 %	30,627,569,795.90	15.74
BANK OF THE PHILIPPINE ISLANDS	47.00	3,246,938,604	46.0 %	70,198,812,618.48	36.08
CHINA BANKING CORPORATION	357.50	97,508,772	56.0 %	19,521,256,154.40	10.03

CITISECONLINE.COM, INC.	10.50	434,800,000	45.0 %	2,054,430,000.00	1.06
I-Remit, Inc.	4.90	553,088,000	30.0 %	813,039,360.00	0.42
METROPOLITAN BANK & TRUST COMPANY	46.00	1,807,269,350	46.0 %	38,241,819,446.00	19.65
PHILIPPINE NATIONAL BANK	25.50	662,245,916	30.0 %	5,066,181,257.40	2.60
THE PHILIPPINE STOCK EXCHANGE, INC.	295.00	30,655,010	63.0 %	5,697,233,608.50	2.93
RIZAL COMMERCIAL BANKING CORPORATION	17.50	898,129,515	41.0 %	6,444,079,270.12	3.31
SECURITY BANK CORPORATION	51.50	418,631,411	39.0 %	8,408,211,889.94	4.32
UNION BANK OF THE PHILIPPINES	39.00	641,422,420	30.0 %	7,504,642,314.00	3.86

Source: Philippine Stock Exchange, PSE Composite and Sectoral Indices



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