



# Manabat Sanagustin & Co., CPAs

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## Financial Services

March 24, 2010 to April 05, 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.

### Banks, GFIs asked to fast-track loans to rural farmers

LOCAL banks and government financial institutions are being asked to fast-track compliance with the implementation of the revised agri-agra law to boost financial support for rural farmers. In a statement, vice-presidential bet Sen. Loren Legarda took up the cudgels for rural farmers, whom she dubbed as the country's "silent heroes," invoking the law that mandates banks and financial institutions to extend 25 percent of loanable funds to the agricultural, fisheries and agrarian-reform sectors. "Our farmers are our silent heroes. They feed the country, and yet they are the ones who go hungry. They deserve more support from the government and the private sector, especially at a time when the country faces drought and food scarcity," the senator said. She emphasized the urgency of implementing agri-agra programs to farmers in the provinces, citing the widespread damage wrought by El Niño to the country's farm crops estimated to have increased to P8 billion (\$174.6 million).

[http://www.businessmirror.com.ph/index.php?option=com\\_content&view=article&catid=33%3Aeconomy&id=23740%3Abanks-gfis-asked-to-fast-track-loans-to-rural-farmers&Itemid=60](http://www.businessmirror.com.ph/index.php?option=com_content&view=article&catid=33%3Aeconomy&id=23740%3Abanks-gfis-asked-to-fast-track-loans-to-rural-farmers&Itemid=60)

### Allied Bank in talks with buyer of 28-percent stake in US bank

TYCOON Lucio Tan's Allied Banking Corp. is in talks with a potential buyer of its 28-percent stake in California-based Oceanic Bank, the sale of which will pave the way for its merger with Philippine National Bank (PNB). "The disposition is still being negotiated and we are hopeful that the parties can come to an agreement at the earliest time possible," Allied Bank told the Philippine Stock Exchange on Monday.

The value of the bank's shares in Oceanic Bank was previously estimated to be worth \$30 million. PNB, which is also controlled by Tan, is hopeful its long-delayed merger with Allied Bank will finally push through this year. PNB, the surviving entity, expects the union to catapult it toward becoming the fourth-largest private local bank. The sale of Allied Bank's stake in Oceanic Bank is required under US regulations before it can merge with PNB. Because of the recession in the US, finding a buyer proved difficult in recent months, even as Allied Bank had hired some investment banks to help it dispose of the shares. PNB, the seventh-largest local bank by assets as of end-2009, early this month said its merger with Allied bank "signals a new phase and a new set of opportunities such as revenue and cost synergies, market expansion and wider domestic and international footprint that are expected to significantly enhance the bank's financial prospects."

[http://www.businessmirror.com.ph/index.php?option=com\\_content&view=article&id=23530:allied-bank-in-talks-with-buyer-of-28-percent-stake-in-us-bank&catid=25:bankingandfinance&Itemid=61](http://www.businessmirror.com.ph/index.php?option=com_content&view=article&id=23530:allied-bank-in-talks-with-buyer-of-28-percent-stake-in-us-bank&catid=25:bankingandfinance&Itemid=61)

### BDO says no offer made for acquisition of Asiatruster Devt Bank

TYCOON Henry Sy's Banco de Oro Unibank (BDO), the country's biggest bank, remains in expansion mode but on Monday denied it had made any offer to acquire control of Quezon City-based Asiatruster Development Bank. Asiatruster also issued a statement saying it was not in talks with any parties to sell the bank. Shares in BDO rose 3.6 percent, or P1.50, to P43 apiece on Monday following a newspaper report saying it was one of two local banks looking to acquire

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control of Asiatruster. Asiatruster shares surged 33.33 percent, or P1.65, to P6.60. BDO, in a brief disclosure to the exchange, said there were "no definite agreements for a controlling stake in Asiatruster Development Bank." BDO president Nestor Tan further clarified in a text message to the BusinessMirror: "We have not made any offer for Asiatruster." Asiatruster told the exchange it was "unaware of any material information that may have affected the value and trading" of Asiatruster shares. Officials of the unlisted AUB were not immediately available to comment. AUB, which has more than 50 branches mostly located in Metro Manila, is a joint venture between a group of Filipino businessmen and Taiwanese investment banks. AUB is 44-percent owned by Republic Biscuit Corp. Asiatruster said it "has not been in talks with any potential buyer/s or any party/ies for the purpose of selling" the bank. The stock rose to as high as P7.40 on Monday. Asiatruster, which has 28 branches, was previously reported to be up for sale, with the Yuchengcos' Rizal Commercial Banking Corp. (RCBC) one of the prospective buyers. [http://www.businessmirror.com.ph/index.php?option=com\\_content&view=article&id=23738:bdo-says-no-offer-made-for-acquisition-of-asiatruster-devt-bank&catid=25:bankingandfinance&Itemid=61](http://www.businessmirror.com.ph/index.php?option=com_content&view=article&id=23738:bdo-says-no-offer-made-for-acquisition-of-asiatruster-devt-bank&catid=25:bankingandfinance&Itemid=61)

### **Asset-sale talks still on, says Exportbank**

Midsized Export and Industry Bank (Exportbank) on Monday said it was still engaged in talks with a prospective buyer of some of its assets and hoping to conclude the discussions in the near future.

"The bank has ongoing discussions with its investors with the objective of concluding the same soon," it told the Philippine Stock Exchange. Tycoon Henry Sy's Banco de Oro Unibank Inc. (BDO), meanwhile, said in a separate disclosure it was still in expansion mode. It issued the statement three months after disclosing it was in talks with Exportbank on "potential areas of cooperation," and following a newspaper report on Monday saying it was looking to acquire Quezon City-based Asiatruster Development Bank.

BDO denied it had made any offer to buy into Asiatruster. In November last year Exportbank said its board had authorized its president, Juan Victor Tanjuatco Jr., and chairman Jaime Gonzalez to finalize and execute the sale of select assets and liabilities of the bank upon the approval of regulators. PDIC president Jose Nograles, however, had said the loan would not be due and demandable if and when a sale agreement between Exportbank and the buyer is executed.

Exportbank had total assets of P44 billion and net loans and receivables of P13.2 billion as of September 2009. Exportbank is 37-percent owned by the Hong Kong-based Lippo group. Other major shareholders are AO Capital Partners Group with 22 percent, juice maker Zest-O Corp. and Zest Air owner Ambassador Alfredo Yao with 20 percent, and Austria's RZB Group with 9.5 percent.

[http://www.businessmirror.com.ph/index.php?option=com\\_content&view=article&catid=25%3Abankingandfinance&id=23737%3Aasset-sale-talks-still-on-says-exportbank&Itemid=61](http://www.businessmirror.com.ph/index.php?option=com_content&view=article&catid=25%3Abankingandfinance&id=23737%3Aasset-sale-talks-still-on-says-exportbank&Itemid=61)

### **BSP promulgates rules governing MIRA**

The Bangko Sentral ng Pilipinas (BSP) has approved the rules and regulations for the recognition and de-recognition of Microfinance Institution Rating Agencies (MIRAs), particularly for those that provide ratings for banks with micro-finance operations. This measure aims to create the enabling environment for the appropriate use of objective, credible and competent third-party ratings of micro-finance institutions. These MIRAs provide an intuitional rating rather than just a rating related to a safely grade of a specific instrument or a rating on an institution's ability to service an existing or proposed debt. Instead, this institutional assessment looks holistically at the governance, human resource, as well as the strategic, management and financial performance of the micro-finance institution. Ratings are seen as an effective tool to raise the quality and efficiency in the industry as well as provide confidence for social and commercial investors. For banks with microfinance operations, ratings may provide valuable assessment that can materially improve access to financing and capital by qualified banks and generate a useful benchmark vis-à-vis other microfinance institutions both locally and internationally.

<http://www.mb.com.ph/articles/250694/bsp-promulgates-rules-governing-mira>

### **NPL ratio of thrift banks declines to 7.27%**

The thrift banking industry's non-performing loan ratio stood at 7.27 percent last year, easing by 1.17 percentage points from last quarter's 8.44 percent, the Bangko Sentral ng Pilipinas (BSP) data showed.

The BSP, however, said last year's NPL ratio of thrift banking sector was 0.11 percentage point higher compared with the 7.16 percent ratio in the previous year. The reduction from last quarter was due to simultaneous 6.55 percent cut in NPLs and the 8.42 percent growth in total loan portfolio (TLP).

Furthermore, the industry was able to maintain a single digit NPL ratio for the past 19 quarters and was able to pull the ratio below the pre-Asian crisis ratio of 7.74 percent at end-June 1997. Exclusive of interbank loans (IBL), the NPL ratio also eased to 7.40 percent from 8.54 percent last quarter as the 7.86 percent growth in core lending to P316.08 billion complemented the decline in NPLs. Likewise, this quarter's ratio was better than last year's 7.61 percent as the increased activity in core lending outpaced the NPL buildup. The ratio of restructured loans (RLs) to TLP posted a lower figure of 1.36 percent compared with last quarter's 1.41 percent. The quarter-on-quarter expansion of RLs by 4.36 percent to P4.41 billion was surpassed by the faster increment in TLP. The real and other properties acquired (ROPA) to gross assets (GA) ratio barely moved to 4.42 percent from 4.41 percent last quarter. This developed as the 4.78 percent buildup of ROPA almost matched the expansion of GAs.

<http://www.mb.com.ph/articles/249985/npl-ratio-thrift-banks-declines-727>

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### Banks' capital adequacy ratios remain comfortable

Capital adequacy ratios (CARs) of the banking system remained enough as they continued to exceed the Bangko Sentral ng Pilipinas (BSP) minimum requirement of 10 percent and the Basel Accord's standard ratio of 8 percent. As of end-September last year, the banking system's CARs were at 14.82 percent on solo basis and 15.76 percent on consolidated basis, both of which were slightly higher than the comparable June 2009 ratios. Likewise, at end-September Tier 1 capital ratios of the banking system remained significantly higher than the BSP's required 6 percent minimum ratio as they stood at 12.22 percent and 12.36 percent on solo and consolidated bases, respectively. The slight improvement in the banking system's CARs was due to the almost matching growth rate of qualifying capital and risk weighted assets (RWA). Universal and commercial banking sector's CAR of 14.94 percent on solo basis went down by 0.04 percentage point as compared with its previous quarter. (CSL)

<http://www.mb.com.ph/articles/249315/banks-capital-adequacy-ratios-remain-comfortable>

### Philippine Stock Exchange Weekly Top Gainers March 29 to March 31, 2010

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	
	Prime Gaming Philippines, Inc.	25.00	23.46	4.17	5
2	Philippine Seven Corporation "Common"	13.75	19.57	19.57	19
3	Manchester International Holdings Unlimited Corporation	1.20	17.65	13.21	16
4	Interport Resources Corporation "B"	0.75	15.38	1.35	127
5	Leisure & Resorts World Corporation	2.02	12.22	44.29	14,518
6	Manila Mining Corporation "A"	0.0200	11.11		7,797
7	Vitarich Corporation	0.35	9.38	12.90	13
8	Acesite (Philippines) Hotel Corporation	3.00	9.09	-1.64	6
9	South China Resources, Inc.	2.65	8.61	7.72	7,919
10	Interport Resources Corporation "A"	0.76	8.57	-11.63	8

### Philippine Stock Exchange Weekly Top Gainers March 29 to March 31, 2010

PER, EPS & BPV

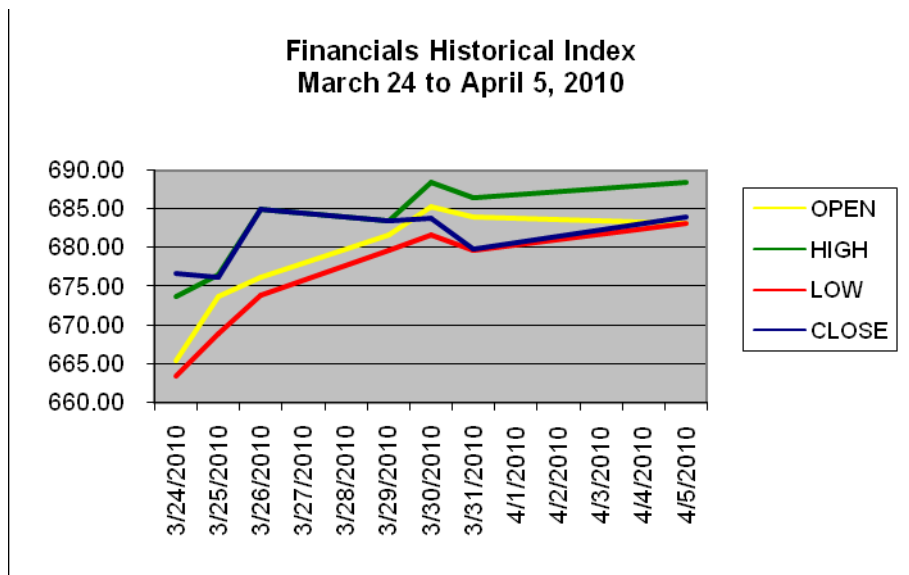
Rank	Stock	PER	EPS	BPV
1	Prime Gaming Philippines, Inc.	29.54	0.85	11.63
2	Philippine Seven Corporation "Common"	34.24	0.40	4.70
3	Manchester International Holdings Unlimited Corporation	3.40	0.35	0.58
4	Interport Resources Corporation "B"	-2.47	-0.30	3.64
5	Leisure & Resorts World Corporation	10.82	0.19	1.23
6	Manila Mining Corporation "A"	-31.99	-0.001	3.37
7	Vitarich Corporation	-0.63	-0.56	0.18
8	Acesite (Philippines) Hotel Corporation	115.03	0.03	0.28
9	South China Resources, Inc.	34.94	0.08	4.66
10	Interport Resources Corporation "A"	-2.50	-0.30	3.69

Source: Philippine Stock Exchange, Weekly Market Watch,

**Philippine Stock Exchange Index Composition for Financials**  
As of MON APR 05, 2010 12:10:00 PM

SECURITY NAME	PRICE	OUTSTANDING SHARES	FREE FLOAT LEVEL	FREE FLOAT - ADJUSTED MARKET CAPITALIZATION	% WT.
BANCO DE ORO UNIBANK, INC	43.00	2,339,768,510	34.0 %	34,207,415,616.20	17.04
BANK OF THE PHILIPPINE ISLANDS	45.50	3,246,975,046	46.0 %	67,959,187,712.78	33.85
CHINA BANKING CORPORATION	367.50	97,508,772	56.0 %	20,067,305,277.60	9.99
CITISECONLINE.COM, INC.	11.00	434,800,000	45.0 %	2,152,260,000.00	1.07
I-Remit, Inc.	4.85	553,088,000	30.0 %	804,743,040.00	0.40
METROPOLITAN BANK & TRUST COMPANY	49.50	1,807,269,350	46.0 %	41,151,523,099.50	20.50
PHILIPPINE NATIONAL BANK	26.50	662,245,916	30.0 %	5,264,855,032.20	2.62
THE PHILIPPINE STOCK EXCHANGE, INC.	310.00	30,655,010	63.0 %	5,986,923,453.00	2.98
RIZAL COMMERCIAL BANKING CORPORATION	18.25	898,129,515	41.0 %	6,720,254,095.99	3.35
SECURITY BANK CORPORATION.	52.50	418,631,411	39.0 %	8,571,478,140.22	4.27
UNION BANK OF THE PHILIPPINES	41.00	641,422,420	30.0 %	7,889,495,766.00	3.93

Source: Philippine Stock Exchange, PSE Composite and Sectoral Indices



Source: Philippine Stock Exchange, PSE Composite and Sectoral Indices

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