



FINANCIAL SERVICES



Week ended **20 June 2008**

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This industry update from KPMG Manabat Sanagustin & Co. is a bi-monthly 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, interesting and useful.

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UCPB earmarks millions to upgrade core banking system

Sequestered bank United Coconut Planters Bank (UCPB) is setting aside \$10.1 million over the next five years for information technology (IT) investments. In a statement, the bank said the amount, equivalent to around P449.45 million at \$1:P44.50, will cover the acquisition of a new core banking system application software, hardware, customization work, and training and implementation activities.

<http://www.bworldonline.com/BW061708/content.php?id=023>

Metrobank to offer P10B in debt paper

Metropolitan Bank and Trust Co., the country's biggest bank in assets, will soon offer new debt paper that may qualify as tier 2, or supplementary capital, worth up to P10 billion or its equivalent in US dollars. Among other big banks that recently issued tier 2 notes, to expand lending or refinance debts, were Banco de Oro Unibank and Philippine National Bank.

http://archive.inquirer.net/view.php?db=1&story_id=143731

Pursuing Ro-Ro scheme, DBP acquires maritime firm

State-owned Development Bank of the Philippines (DBP) announced Thursday it had completed acquisition of a maritime leasing company as part of efforts to expand the inter-island shipping. It said it had signed an agreement with the government's National Development Co. on acquisition of NDC Maritime Leasing Corp. (NMLC) to "fast-track the development of the road roll-on, roll-off (ro-ro) terminal system through the acquisition of ships under a financial leasing scheme."

http://archive.inquirer.net/view.php?db=1&story_id=143734

AIG Philam Savings acquires Primus

AIG Philam Savings Bank and Philippine American Life and General Insurance Co. (Philamlife)—subsidiaries of American International Group Inc. (AIG)—said they had completed the acquisition of the majority stake in Primus Finance & Leasing Inc., previously held by Ford Credit International, a subsidiary of Ford Motor Co. Primus, established in 1999, provides automotive financing to Ford and Mazda dealers in the Philippines. AIG Philam Savings Bank and Philamlife closed the share purchase transaction with Ford Credit on April 17, 2008.

http://archive.inquirer.net/view.php?db=1&story_id=143734

Philippines can withstand more rate hikes -- central bank

The economy is still resilient enough to deal with further rate rises, the Bangko Sentral ng Pilipinas (central bank) governor said on Thursday. "The economy can weather some measured tightening as and when that becomes necessary as we move on," Amando Tetangco said in an interview with Reuters. The monetary authority raised headline interest rates by 25 basis points earlier this month in the first hike in nearly three years.

http://archive.inquirer.net/view.php?db=1&story_id=143734



PNB doubles Tier 2 notes offer to P6B

MANILA, Philippines -- Philippine National Bank (PNB), the nation's fourth-biggest private commercial bank, said on Friday it was doubling its offer of lower Tier 2 capital subordinated debt to P6 billion (\$135 million), with the interest rate fixed at 8.5 percent. PNB did not elaborate in a brief statement to Manila's stock exchange. On Tuesday, PNB said it was looking to offer Tier 2 notes worth P3 billion to investors to raise capital to refinance outstanding notes callable in February 2009. The notes will have an initial maturity of 10 years but are callable by 2013.

<http://business.inquirer.net/money/breakingnews/view/20080613-142522/PNB-doubles-Tier-2-notes-offer-to-P6B>

Banks sell P55B in bad loans

Bad loans disposed of by banks upon the conclusion of the second round of the special purpose vehicle (SPV) law may be less than projected, the central bank said, as banks tapped other ways to improve their asset quality. Bangko Sentral ng Pilipinas (BSP) Deputy Governor Nestor A. Espenilla, Jr. said bad loans disposed of when the SPV law expired last month probably reached P55 billion, lower than the P70-billion projection, as banks formed joint ventures with property firms and held auction sales in trimming their dud loans and idle assets.

<http://www.bworldonline.com/BW061608/content.php?id=021>

BSP approves P200M Tier 2 notes issuance of CRBB

The policy-making Monetary Board (MB) of the Bangko Sentral ng Pilipinas (BSP) on Thursday approved the P200 million Tier 2 notes issuance of Cooperative Rural Bank of Bulacan (CRBB). BSP Deputy Governor Nestor Espenilla Jr. told reporters that the subordinated debt issuance aims to beef up the rural bank's capital.

http://www.positivenewsmedia.net/am2/publish/Business_19/BSP_approves_P200M_Tier_2_notes_issuance_of_CRBB.shtml

Philippines BSP relaxes LDR regulation, streamlines branch reportorial requirements

Banks outside the National Capital Region (NCR) have been excluded from the central bank's regulation to have 75 percent minimum loans-to-deposits ratio (LDR) to have special banking authorities. The policy-making Monetary Board (MB) of the Bangko Sentral ng Pilipinas (BSP) approved the new rule during its meeting last May 29. Under the new rule, instead of being a pre-condition for special banking authorities LDR reports will just be used as monitored indicator or statistics to be compiled by the central bank for the banking sector.

http://positivenewsmedia.net/am2/publish/Business_19/BSP_relaxes_LDR_regulation_streamlines_branch_reportorial_requirements.shtml

Toyota Financial obtains quasi banking license

The Bangko Sentral ng Pilipinas (BSP) has formally awarded Toyota Financial Services Philippines Corporation (TFS Philippines) a quasi-banking license, which will allow the firm to borrow funds from the public for re-lending. Non-bank financial institutions with quasi-banking functions are authorized to borrow funds from 20 or more individuals for re-lending or purchasing receivables, but not the issuance of deposit liabilities. TFS Philippines is 60% owned by Japan-based financial services group Toyota Financial Services Corporation and Toyota Motor Corporation. The Metrobank Group holds the remaining 40%.

<http://www.gmanews.tv/story/100632/Toyota-Financial-obtains-quasi-banking-license>



Banks' IT investment at P14.9 billion in '08

Local banks are poised to spend billions in information technology (IT) this year, as they compete in the areas of remittance, consumer banking and lending, a leading research firm said. In a report based on interviews with senior executives of 10 major Philippine banks and nine IT firms, Financial Insights estimated that local banks will spend approximately \$338 million (P14.87 billion at P44:\$1) on IT and related financial technology this year. The amount represents a year-on-year growth of 11% or a compound annual growth rate of 8.5% from 2007 to 2010.

<http://www.bworldonline.com/BW061108/content.php?id=021>

Feedback

Please contact Ernie Diaz (+632 885 7000 ext: 229 or etdiaz@kpmg.com.ph) or Gillian de Guzman (+632 885 7000 ext: 369 or gddeguzman@kpmg.com.ph) to discuss your views/suggestions.

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