

CLIENT : Rural Bankers Association of the Philippines
BRAND : Rural Bankers Association of the Philippines
PROJECT : RBAP PR Campaign
RE : Media Monitoring on Banks
PERIOD : May 21, 2009

BANKNEWS

Thursday, May 21, 2009

Rural banks upbeat, eye 13% profit growth – Phil. Daily Inquirer p. B3

The rural banking industry, which appears unaffected by the global financial crisis, is projecting at least 13 percent growth in its combined net income this year.

Tomas Gomez IV, president of the Rural Bankers Association of the Philippines [RBAP], told the Inquirer that lending was expected to remain the industry's growth driver for 2009.

“We are not affected by the financial crisis. We don't have treasury operations. Our portfolio is invested mostly in lending to SMEs [small and medium enterprises] and in micro-financing,” Gomez said in a recent roundtable discussion with Inquirer reporters and editors.

Online link: <http://business.inquirer.net/money/topstories/view/20090521-206217/Rural-banks-upbeat-eye-13-profit-growth>

RBAP, Thomson Reuters ink deal improving the performance of RBAP member banks – Manila Bulletin p. B5

The Rural Bankers Association of the Philippines (RBAP) recently signed a memorandum of agreement (MOA) with Thomson Reuters to improve the performance of member rural banks, especially on technology and transparency and governance. Photo shows (from left) Thomson Reuters Country Manager Rainer Fuchsluger and RBAP President Tomas Gomez IV shaking hands after signing the agreement. The MOA calls for the development of an exclusive customized solution for rural banks to participate in Bureau of Treasury (BTr) auction.

To the point (a column by Emil Jurado) – Manila Standard Today, pA5

Another significant thing going on in the industry is the use of technology by rural banks embarking on an innovation—the mobile banking in partnership with Globe Telecoms and the USAID-supported MABS program. Rural banks now provide their clients access to a wide range of banking transactions using only their mobile phones.

Mobile phone banking via GCASH now a prominent feature of Rural Banks

RBAP holds 56th National Convention – Phil. Daily Inquirer, p.B6

The Rural Bankers Association of the Philippines (RBAP) held their Annual Convention last May 14-15, 2009. The event launched RBAP's new information campaign for clients of the rural banking industry. This new campaign demonstrates not just the traditional role of rural banks as depository banks in the countryside, but also as a critical provider of loans for community

development and micro-entrepreneurship. It also highlights the use by rural banks of innovative mobile technology to do business with clients.

Rural banks' books probed – Manila Standard Today p. B1

The Commission on Audit wants to gain access to the books of rural banks in its review of the central bank's P60-billion rediscounting facility to check on loan valuations, senior central bank officials said.

Nine banks up for possible downgrade – BusinessWorld p. S1/1

9 biggest banks face downgrade by Moody's – Malaya p. A1

Moody's to assess RP's ability to rescue banks – BusinessMirror p. B8

Moody's may downgrade nine RP banks – Manila Times p. B1

Moody's puts 9 banks on review for possible downgrade – Manila Standard Today p. B1

A HOST OF ASIAN BANKS may be up for a downgrade, Moody's Investors Service yesterday said, as the global financial crisis has likely weighed down the capabilities of governments to provide support.

Nine Philippine banks — Allied Banking Corp., *Banco de Oro Unibank, Inc. (BDO)*, Bank of the Philippine Islands (BPI), state-run Development Bank of the Philippines (DBP) and Land Bank of the Philippines (Landbank), Metropolitan Bank and Trust Co. (Metrobank), Philippine National Bank (PNB), Rizal Commercial Banking Corporation (RCBC), and United Coconut Planters Bank (UCPB) — are included in the review.

Joining the Philippines were Indonesia, Malaysia, Cambodia and South Korea.

Rate cut prospect sends share prices soaring – BusinessWorld p. S2/2

SHARE PRICES closed 1.05% higher yesterday to hit a seven-month high on expectations of another round of interest rate cuts, dealers said.

The composite index rose by 24.18 points to close at 2,333.76, while the all-shares index rose by 1.50%, or 22.40 points, to close at 1,506.96.

...The Metropolitan Bank & Trust Co. added 4.47% or P1.50 to P35 while *Sy-led Banco de Oro Unibank, Inc.* jumped by 3.12% or a peso to P33.

Due Diligence (Emeterio S. Perez) – BusinessMirror p. B1

Overspending. 1 Alliance Global Group Inc., the listed flagship of the group of companies controlled by businessman Andrew Tan and his family, paid *Banco de Oro (BDO) Universal Bank* P1.419 billion of the proceeds from the company's international stock offering. The amount, according to the Philippine Stock Exchange (PSE) exceeded by 141.90 percent the P1-billion allocation for debt payment the PSE approved on the use of the proceeds from the offering. Despite this deviation, Alliance Global was not penalized by either by the PSE or the Securities and Exchange Commission.

Peso unchanged – BusinessWorld p. S2/1

THE PESO yesterday closed unchanged from Tuesday after the failure of the dollar to sustain its rally in the early trade saw investors buying risky assets.

The local currency capped the day at P47.28 to a dollar, same as on Tuesday.

ING sees peso dropping to 48.50 per dollar in second quarter – Phil. Star p. B6
Peso expected to trade well in second half – Phil. Daily Inquirer p. B2

ING said it expects the peso to drop to 48.50 per dollar in the next quarter as the country's balance of payments continues to weaken with a steady outflow of portfolio investments.

The balance of payments (BOP) strengthened to a \$2.198-billion surplus in the first four months of the year, with the April position reversing the \$472-million deficit in March into a \$466-million surplus.

ING said the source of the April surplus could have been the increase in remittances from overseas Filipinos as the peso weakened against the dollar, considering that other components of the BOP were negative.

RP sticking to modest GDP goals – BusinessMirror p. A8

The government is playing it safe and sticking to its 3.1-percent to 4.1-percent gross domestic product (GDP) target rise for the year despite what it says is growing optimism of a better world economy in the offing and "evidence" of a "truly resilient" local economy.

Rolando Tungpalan, deputy director general of the National Economic and Development Authority, said in a news briefing in Malacañang that the government may adjust its macroeconomic targets later on, when there are "better signs."

Lower govt spending seen to meet fiscal target – Manila Times p. B1

THE government may meet its budget deficit target this year, but at the expense of promised spending in the second half if the decline in revenues persists, according to market observers.

"This trend [decline in revenues] would not reverse quickly in 2009," Philippine Equity Partners Inc. (PEPI) said in a research note.

The decline resulted from lower corporate income taxes, tax breaks to low-income earners, and lower tariffs due to contracting imports. Taxes normally peak in April, but last month collections fell by 4.4 percent year-on-year.

RP slips in competitiveness list – BusinessWorld p. S1/1

RP competitiveness nears the bottom – Malaya p. A1

RP least competitive in Asia; graft blamed – Daily Tribune p. 1

Indonesia zooms past RP in competitiveness survey – BusinessMirror p. A2

RP competitiveness, lags in region – Manila Times p. A1

JOINT PUBLIC AND PRIVATE sector efforts to make the Philippines more competitive have apparently slipped, with the country falling three notches in annual ranking of economies.

At 43rd in a list of 57 nations, the Philippines was also the worst among 13 Asia Pacific states, according to the World Competitiveness Yearbook prepared by Swiss business school Institute for Management Development.

The country's overall score of 50.490 was slightly better than 2008's 50.478 but this was not enough to prevent a reversal of last year's five-point gain to 40th place. It also imperils the National Competitiveness Council's (NCC) aim of taking the country to the upper third of the list by next year.

Leaders from the public and private sectors downplayed the latest ranking but conceded that more needed to be done, particularly in terms of infrastructure and the bureaucracy.

Gov't borrowings rise – BusinessWorld p. S1/3

Gov't local, foreign borrowings up 23.4% - Phil. Daily Inquirer p. B3

Fresh borrowings rise amid wider deficit – Manila Times p. B1

Government borrowings rise 23% - Manila Standard Today p. B1

STATE BORROWINGS rose by nearly a fourth in the first four months as the government continues to source more funds from foreign creditors to support the budget and to contain the impact of the global financial crisis.

Data released by the Finance department yesterday showed that January-April borrowings totaled P246.39 billion, compared to the P199.74 billion borrowed in the same period last year.

The increase was mainly due to higher external borrowings, which almost tripled to P100.73 billion from P39.44 billion a year ago.

Deficit target 'intact' – BusinessWorld p. S1/8

DESPITE the weakness in collections in April, several observers still expect the country to meet its budget deficit target for the year, saying that the government may not have to spend as much with the worst effects of the global recession already over.

Reacting to the government's announcement of a P7.9-billion surplus in April, entailing an almost 70% year-on-year decline in collections for that month when revenues are usually at their strongest, several international financial giants said the government's targeted P200-billion deficit cap remained "intact."

Bonds rally after BSP signals more easing – BusinessWorld p. S2/1

HONG KONG — Philippine bond yields yesterday fell to their lowest level so far this year after the central bank chief said that the easing cycle is not yet over, traders said.

The yield on the five-year bond fell by as much as 13 basis points (bps) to 6%, a 2009 low, and was last traded at 6.05% in the afternoon session, traders said.

"The market was pretty upbeat. The latest statement from the central bank governor was more accommodative than the previous ones," a Manila-based trader said.

RP seen staying within P200-B budget deficit ceiling for '09 – Phil. Daily Inquirer p. B1

Analysts still see P200B deficit for 2009 – Malaya p. A8

Amid doubts raised on the Philippine government's ability to stay on track of its fiscal target for 2009, three investment banks said they believed the budget deficit for the year would not exceed the official ceiling.

ING, Citigroup and JP Morgan said the Philippine government was unlikely to allow the budget gap to surpass the ceiling for the year—set at 2.5 percent of the targeted gross domestic product, or nearly P200 billion.

Although the government has made pronouncements it would pump-prime the economy through aggressive spending in social services and infrastructure, the banks said the government seemed unlikely to do it to the extent of breaching the deficit ceiling.

\$1 billion raised from bonds – BusinessWorld p. S2/1

PSALM raises \$1B from 10-yr global bond offer – Phil. Star p. B1

PSALM issues \$1B in global bonds – Phil. Daily Inquirer p. B1

\$1-B PSALM bond offering oversubscribed – Manila Bulletin p. B1

PSALM bond float oversubscribed – Malaya p. A2

Psalm borrows \$1B more to fund Napocor operations – Daily Tribune p. 8

PSALM raises \$1 billion – Manila Times p. B1

PSALM sells \$1-B bonds – Manila Standard Today p. B1

STATE-RUN Power Sector Assets and Liabilities Management Corp. (PSALM) has raised \$1 billion from the issuance of 10-year global bonds, the proceeds of which will be used to settle part of the \$6-billion debt of the National Power Corp. (Napocor).

In a joint statement released yesterday, PSALM and the Finance department said the notes would yield 7.375% and were priced at 99.127, with a semi-annual coupon of 7.25%.

The bonds, which are "unconditionally and irrevocably guaranteed" by the government, will mature on May 27, 2019. PSALM said a total of 208 investors participated in the transaction with 55% of the debt papers allotted to Asia, 27.5% to the United States and 17.5% to Europe.

Charges filed vs firm – BusinessWorld p. S1/6

SEC sues another pre-need firm – Phil. Star p. B7

SEC sues Capitol Plans for selling life plans sans OK – BusinessMirror p. B1

Another pre-need company faces suit – Manila Standard Today p. A2

THE SECURITIES and Exchange Commission (SEC) is seeking criminal charges against directors and officials of Capitol Plans, Inc. for supposedly selling unregistered securities to the public. In a 15-page complaint, the corporate regulator said the firm was liable for violating the Securities Regulation Code, which states that "no person shall sell or offer for sale to the public any pre-need plan except in accordance with rules and regulations which the commission shall prescribe."

The SEC noted that Capitol Plans had secured approval for the sale of P30 million worth of pension plans and P10 million worth of life plans. But the permit did not indicate the type of plan covered, it said. Capitol Plans sold two type of life plans: Life Plans and the Bayanihan Life Plan Program. "[The permit] simply stated that respondent Capitol is authorized to sell life plans. But certainly such permit should only pertain only to one type of plan," the SEC said.

Capitol Plans also failed to remit part of their monthly collection of premiums to its trust fund, the SEC said. It asked the Justice department to put the company's top officials on the immigration watchlist.

Legacy owner linked to Davao housing mess – Phil. Star p. A20

The controversial owner of the failed Legacy group of companies, Celso de los Angeles, was linked yesterday to a housing mess in Davao City involving at least 55,000 homeowners.

Davao City Councilor Danilo Dayanghirang told the House committee on housing and urban development that De los Angeles was one of the incorporators of Balikatan Housing Inc. in December 2004.

He said documents show that a few weeks after Balikatan was incorporated, the National Home Mortgage Finance Corp. (NHMFC), whose chairman then was De los Angeles, transferred P13 billion worth of housing mortgages to Balikatan in exchange for a P5-billion payment.

Allied Bank net income in Q1 down 50% - BusinessMirror p. B8

LUCIO Tan-controlled Allied Banking Corp. posted a 50-percent drop in quarterly earnings due to foreign exchange and trading losses and higher provisions for income tax and probable loan losses.

Net income in the first quarter of this year fell to P148.3 million from P297.3 million in the same period last year.

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