

aboitiz outlook



March 10, 2010

• Aboitiz Equity to increase ownership in City Savings Bank

Aboitiz Equity Ventures, Inc. (AEV) plans to increase, directly and through a subsidiary, its ownership in Cebu-based thrift bank City Savings Bank (CSB) to 100% from the current 34%.

The AEV Board approved the proposal for the planned purchase at its regular meeting on Wednesday (March 10). The additional acquisition is conditional upon regulatory approval for the transaction.

AEV will acquire additional shares to bring its ownership up to 60% while its wholly-owned subsidiary, Pilmico Foods Corp., will acquire the remaining shares in CSB.

Various Aboitiz family members own approximately 39% of CSB while third party shareholders hold the remaining 27%.

As a thrift bank, CSB is primarily engaged in offering loans to schoolteachers under the Department of Education's Automatic Payroll Deduction System. Teachers have been the main market of CSB since it began operations over 40 years ago. The bank's other products include salary loans to government and private sector employees, home mortgage and home improvement loans, as well as small business loans.

CSB currently has over 300 employees serving over 90,000 borrowers and more than 53,000 depositors. It has 12 full branches and 11 extension offices in the Visayas and Mindanao areas. The bank has total capital funds of over ₱700 million and total resources of over ₱6 billion. CSB has one of the best operating efficiencies in the thrift banking industry with a low past due ratio and among the highest capital adequacy ratios.

For the last five Bangko Sentral ng Pilipinas (BSP) examinations, covering a period of 10 years, CSB has received an average CAMELS rating of "4", which indicates it is able to withstand unfavorable outside influences. In March 2009, CSB issued P1 billion worth of 5-year peso-denominated corporate fixed rate notes via a private placement to primary institutional lenders. Proceeds of the issuance are being used to augment the bank's funding base and support its long-term asset growth objectives.

The acquisition, should it find regulatory approval, will provide CSB with greater access to resources to sustain its high level of growth, and to drive further expansion.

"The support that AEV can give CSB is vital to catapult the bank to its ambitious growth plan in the years to come," says AEV President & CEO Erramon Aboitiz.

AEV is the publicly listed holding company for the Aboitiz Group's investments in power, financial services, food and transport.

For more information:

Theresa Gonzales

theresa.gonzales@aboitiz.com

Tel 63-32 411-1753

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Head Office: Aboitiz Corporate Center, Manuel A. Cuenco Ave., Cebu City, Philippines

Phone: c/o Theresa Sederiosa (63-32) 411-1800 **Fax:** (63-32) 231-4031

Manila Office: 110 Legazpi Street, Legaspi Village, Makati City, Philippines **Phone:** (63-2) 793-2800 **Fax:** (63-2) 817-9508

Email: aev@aboitiz.com

Website: www.aboitiz.com