Outline of the Presentation

Philippine Economic Environment

Stock Market Highlights

Prospects of the Securities Industry
### Philippine Economic Environment

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>Latest 2011</th>
<th>2011 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GDP Growth (in %)</strong></td>
<td>7.3</td>
<td>4.0 (1H)</td>
<td>4.0% to 5.0%</td>
</tr>
<tr>
<td><strong>Inflation Rate, Average (in %)</strong></td>
<td>3.8</td>
<td>4.3 (8M)</td>
<td>3.0% to 5.0%</td>
</tr>
<tr>
<td><strong>91-Day T-Bill Rate (in %)</strong></td>
<td>3.7</td>
<td>2.40 (Jul)</td>
<td></td>
</tr>
<tr>
<td><strong>Exchange Rate (Php:US$), Average</strong></td>
<td>43.89</td>
<td>43.29 (8M)</td>
<td></td>
</tr>
</tbody>
</table>

Stock Market Highlights

*as of September 14, 2011

End-2010 Level
4,201.14

Record High Level
(August 01, 2011)
4,550.53

As of September 28 Level
3,876.12

Down by 48%
Up by 63%
Up by 38%
*Up by 1.4%
Stock Market Highlights

Total Market Capitalization (in Php billion)

Domestic Market Capitalization (in Php billion)

Domestic MCAP to GDP Ratio
Stock Market Highlights

Net Foreign Transactions (in Php billion)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>23.53</td>
</tr>
<tr>
<td>2006</td>
<td>68.49</td>
</tr>
<tr>
<td>2007</td>
<td>55.57</td>
</tr>
<tr>
<td>2008</td>
<td>(22.16)</td>
</tr>
<tr>
<td>2009</td>
<td>14.88</td>
</tr>
<tr>
<td>2010</td>
<td>35.62</td>
</tr>
<tr>
<td>Sept. 14, 2011</td>
<td>19.56</td>
</tr>
</tbody>
</table>

Foreign Activity Ratio

<table>
<thead>
<tr>
<th>Year</th>
<th>Local</th>
<th>Foreign</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>51%</td>
<td>49%</td>
<td>49%</td>
</tr>
<tr>
<td>2009</td>
<td>68%</td>
<td>32%</td>
<td>68%</td>
</tr>
<tr>
<td>2010</td>
<td>62%</td>
<td>38%</td>
<td>62%</td>
</tr>
<tr>
<td>September 14, 2011</td>
<td>63%</td>
<td>37%</td>
<td>63%</td>
</tr>
</tbody>
</table>
Stock Market Highlights

Average Daily Trading Value (in Php billion)

Capital Raised (in Php billion)

% Share to Capital Raised (as of 14 September 2011)

- Stock Rights, 50.9%
- Follow-On, 24.9%
- Private Placement, 20.4%
- IPO, 3.8%
Prospects of the Securities Industry

Challenges to Growth

Lack of Liquidity
• Cash equity focus
• Untapped investor base
• Limited roster of listed companies

Corporate Governance
• Lingering negative perception of the country
• Need to further boost confidence, not only in the PSE but also the whole country
Prospects of the Securities Industry

PSE’s Strategic Agenda

- List more companies and securities
- Expand and educate the investor base
- Value and enforce corporate governance standards
- Enhance shareholder value
- Launch new products and services
- Upgrade market infrastructure and human resources
- Partner with government and other stakeholders
Prospects of the Securities Industry

Increasing Liquidity

• Extended Trading Hours
  - To be implemented in October 2011

• PSE INVEST! (Integrated Viral Education Strategy)
  - launches the PSE Foundation Market Education website, which will feature internet-based investor education programs
Prospects of the Securities Industry

Increasing Liquidity

• Rule Amendments
  - Revised Rules on Listing by Way of Introduction
  - Reinstatement of Minimum 10% Public Float Rule
  - Relaxed listing requirements for oil and renewable energy firms

• Structural Change
  - Change in index management policy
Prospects of the Securities Industry

Increasing Liquidity

• ASEAN Trading Linkage Project
  - Allows cross-border trading
  - Participated by PSE, SGX, BM, SET, IDX, HSX, and Hanoi SE

• ASEAN Exchanges website launched on April 08, 2011
  - www.aseanexchanges.org
  - Features ASEAN Stars and other ASEAN-centric products
Prospects of the Securities Industry

Corporate Governance Improvement Plan

• Spin-off of Market Regulation

• EXTURE, the Exchange’s new surveillance system
  • Capital Markets Integrity Corporation (CMIC) signed MOA with KRX on May 3

• Proposed Maharlika Board
  • Creation of a separate listing segment for listed companies that voluntarily subscribe to higher standards of corporate governance
  • Target launch in 4Q
Thank You

ありがとうございます