

SC Malampaya ruling expected to boost investor confidence

THE SUPREME COURT (SC) ruling confirming that the income taxes of private contractors in the Malampaya natural gas project are included in the government's share of proceeds is expected to reassure investors, according to the Department of Energy (DoE).

"We're happy that the issue has been resolved because it gives stability and security to our investors," Energy Secretary Sharon S. Garin said in an interview last week.

Ms. Garin said that the decision could attract more exploration investment.

In a decision dated July 30, the SC overturned the charges against Shell Philippines Explo-

ration B.V., Chevron Malampaya LLC, and state-run PNOC Exploration Corp. for unpaid taxes.

In 1990, the government awarded a service contract to the Shell Philippines, Chevron, and PNOC for the Malampaya project. Under the contract, the contractors are required to remit 60% of the project's net proceeds to the government.

While they were exempt from all taxes except income tax, the contract included a tax assumption provision, specifying that their income taxes from 2002 to 2009 would be covered by the government's share.

Following a post-audit, the Commission on Audit (CoA)

found that over P53 billion in income taxes had been deducted from the government's share. The agency argued that contractors were liable for these taxes due to the absence of an express legal provision that states that their income taxes should be part of the government's share.

While the case was pending, the International Chamber of Commerce issued an arbitral award affirming the validity of the tax assumption provision in the service contract.

The SC reversed the CoA's ruling citing Presidential Decree (PD) No. 87, or the Oil Exploration and Development Act, which says that income taxes paid by

or on behalf of petroleum contractors form part of the government's guaranteed 60% share of net proceeds from petroleum operations.

It said that the law seeks to encourage private investment in petroleum exploration by allowing the government to assume contractors' income tax obligations.

This is stated in PD 1206 and PD 1459, which confirm that the state's share includes all taxes.

The SC said that the tax assumption clause under the Malampaya contract does not constitute a tax exemption as the government assumes the obligation. — **Sheldeen Joy Talavera**

Free WiFi target set at 70,000 sites in 2026

THE Department of Information and Communications Technology (DICT) said it is hoping to establish up to 70,000 free WiFi sites by next year.

"Maybe we can implement between 60,000 and 70,000 sites. We will try to do that. It is important to finish the National Fiber Backbone project, which was originally scheduled to be completed by 2028 but we want to finish it by 2026," Information and Communications Technology Secretary Henry Rhoel R. Aguda told reporters last week.

Once the National Fiber Backbone project is completed, the DICT will have more capacity to establish free WiFi sites, Mr. Aguda said, adding that the goal for the end of the year is 30,000 free sites.

In July, the government launched the second and third phases of its National Fiber Backbone project, which aims to provide high-speed internet to underserved and remote areas.

The DICT has said that it had obtained a \$287.24-million loan from the World Bank to accelerate phases 4 and 5 of

the project. The completion of the project is expected to spur growth in rural areas, especially in the Visayas and Mindanao.

So far, the DICT has established 19,000 free WiFi sites, Mr. Aguda said.

The DICT will be needing up to P4 billion to implement the expansion of its free WiFi sites next year, he said, noting that it can draw funding from spectrum user fees (SUF).

Spectrum user fees are collected annually from public telecommunications entities (PTEs), or those engaged in the provision of telecommunications services to the public for compensation.

"The SUF is between P6 billion and P9 billion, but we will not use it all. Maybe around P3 billion to P4 billion to cover (our target)," he said.

In March, the DICT said it will overhaul the free Wi-Fi Program to make use of low-earth orbit (LEO) satellites.

LEO satellites have the potential to increase internet capacity and reduce data transmission delays. Such satellites typically orbit at around 1,000 kilometers above the Earth.

— **Ashley Erika O. Jose**

Philippine debt payments down 1.42% in June

THE National Government's (NG) debt service bill fell in June as amortization on domestic debt declined, the Bureau of the Treasury (BTr) reported.

The BTr said the debt service bill was P65.14 billion in June, down 1.42%.

Month-on-month, the debt service bill fell 18.62%.

Debt service refers to the payments made by the government on domestic and foreign borrowing.

In June, amortization payments stood at P7.72 billion, down 25.99% year on year.

Principal payments on domestic debt were down 97.91% at P54 billion in June.

Amortization paid on foreign debt fell 2.39% to P7.67 billion in June.

Interest payments rose 3.19% to P57.42 billion.

Domestic interest payments increased 4.96% to P38.48 billion in June.

This consisted of P19.18 billion in retail Treasury bonds, P14.74

billion in fixed-rate Treasury bonds, P3.15 billion in Treasury bills (T-bills) and others (P1.41 billion). — **Aubrey Rose A. Inosante**



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Metro Manila, Mindanao top list of official dev't assistance commitments

THE NATIONAL Capital Region (NCR) and Mindanao hosted the most official development assistance (ODA) projects in 2024, the Department of Economy, Planning, and Development (DEPDev) said.

"ODA support was geographically distributed, with Mindanao and NCR receiving larger allocations," DEPDev said in its ODA Portfolio Review Report issued on Thursday.

ODA refers to the a form of aid, typically loans and grants, provided by gov-

ernments or international organizations to developing countries to support their social and economic development.

Overall, \$11.88 billion supports 123 loans or grants to Philippine regions. Overall ODA commitments amounted to \$39.61 billion in 2024.

Some 30.1% of ODA commitments are region-specific, 38.53% nationwide, and 31.47% multi-regional.

The DEPDev said the NCR received the largest region-specific allocation at

\$5.35 billion across 28 projects, accounting for 45% of the total region-specific portfolio.

"As the country's primary economic center, NCR received ODA directed towards urban development, transport infrastructure, and public service improvements, including efforts to reduce congestion and enhance productivity," it said.

If the NCR is excluded from Luzon, Mindanao received the largest share

among the three island groups, accounting for \$2.68 billion across 62 loans and grants, or 23% of region-specific ODA.

"This reflects continued support for peacebuilding, post-conflict development, and inclusive infrastructure in the island group. Major interventions were concentrated in the Davao Region (Region XI), which received \$1.93 billion for 12 projects — making it the highest among all regions," DEPDev said.

Among the regions excluding the NCR, Davao Region received \$1.93 billion, Central Luzon \$1.55 billion, Central Visayas \$1.46 billion and Bangsamoro Autonomous Region in Muslim Mindanao \$585.89 million.

Some 43 projects were identified as "at-risk," most of them being implemented by the Department of Public Works and Highways and the Department of Transportation. — **Aubrey Rose A. Inosante**

OUTLIER

BDO shares down after profit taking

BDO UNIBANK, Inc. was one of the most actively traded stocks in the local market last week after disclosing its second-quarter earnings and latest offering of peso-denominated sustainability bonds.

Data from the Philippine Stock Exchange (PSE) showed that BDO was the third most actively traded stock last week, with 18.71 million shares worth a total of P2.73 billion traded from July 28 to Aug. 1.

At the end of the trading week, BDO closed at P143 per share, down 6% from the previous Friday's close of P152.20.

The decline was also reflected in the financial sector, which fell by 2.7%, while the benchmark PSE index (PSEi) contracted by 1.7% week on week.

Year to date, the stock contracted slightly by 0.7%, a reversal from the financial sector's 1.6% growth but better than the PSEi's 3.4% decline.

Regina Capital Development Corp. Head of Sales Luis A. Limlingan said in a Viber message that the various news surrounding BDO drove investors to trade more actively.

"Some investors may have had higher expectations for the earnings, prompting them to take profits. In contrast, others might have viewed the oversubscribed bond issuance as a potential catalyst for BDO in the remaining months of the year," said Mr. Limlingan.

Mr. Limlingan added that investors are still digesting BDO's earnings report, as the increase in net income for the first half of 2025 is relatively modest compared to its growth from the first half of 2023 to the first half of 2024.

"This could weigh on investors' sentiment. However, investors might view the recent decline in price as a bargain opportunity," said Mr. Limlingan.

"BDO reported a flat income, up only 3% for the first half of 2025, though its revenue increased by almost 10% and its net interest margin rose by five basis points quarter-on-quarter. Also, gross loans were up by double digits broadly across all segments, and management expects to sustain the pace of loan growth going into the rest of the year," said Aniceto K. Pangan, equity trader at Diversified Securities, Inc.

Mr. Pangan added that the bottom-line income was affected by the increase in operating ex-

penses due to expanded market coverage such as branch expansion and higher business volumes, together with investments in information technology infrastructure supportive of maintaining growth momentum.

"Cost of this growth is expected to decelerate going forward. Also, provision for credit losses increased by 38% in the second quarter but it's within expectation with annualized credit cost a bit down when compared to last year with nonperforming loan improving to 1.75% from 2% at second quarter," added Mr. Pangan.

The Sy-led bank's attributable net profit stood at P20.91 billion in the first quarter, almost flat from its P20.94-billion net income in the same period last year. This brought its attributable income to P40.62 billion for the first half of the year, a 3% increase from P39.44 billion posted in the same period last year.

Meanwhile, BDO's net interest income in the second quarter picked up by 8.3% to P50.38 billion from P46.51 billion a year earlier.

Net interest margin inched down to 4.3% as of June from 4.34% a year ago amid lower rates due to the central bank's monetary easing cycle and "competitive market pricing."

Customer loans and total deposits in the first half rose to P3.48 trillion and P4.03 trillion, respectively.

BDO's assets expanded to P5.13 trillion at end-June amid higher customer loans and were mainly funded by deposits.

In a disclosure last week, BDO raised P115 billion for its fourth peso-denominated ASEAN Sustainability Bond issue, twenty-three times oversubscribed against the original offer of P5 billion.

The bonds have a tenor of 1.5 years and carry a coupon rate of 5.875% per annum.

They were sold at a minimum investment amount of P500,000 and in additional increments of multiples of P100,000 thereafter.

The public offering for the bonds was first set to run from July 9 to 22 but was closed earlier than planned because of strong demand.

The net proceeds of the issuance are aimed at financing or refinancing eligible assets as defined in the bank's Sustainable Finance Framework, supporting the bank's lending activities, and diversifying the bank's funding sources, BDO said in a disclosure. — **Lourdes O. Pilar**

SEC warns public against Sana Credit

THE Securities and Exchange Commission (SEC) has issued a cease-and-desist (CDO) order against Sana Credit over its operation of an online lending platform (OLP).

The commission's Financing and Lending Companies Department issued the order on July 28, directing Sana Credit to halt its lending activities due to the absence of required registration and approval.

Sana Credit was reported to have a virtual presence on the App Store, Play Store, LoanPHI, and Similarweb.

According to the SEC, Sana Credit has violated SEC Memorandum Circular (MC) No. 19 issued in 2019 that requires financing and lending companies to fully disclose and report the OLPs they operate, as well as MC No. 10 issued in 2021 that imposed a moratorium on new OLPs.

"By operating an unregistered and undisclosed online lending platform, [Sana Credit] effectively circumvents the commission's regulatory and supervisory authority. Consequently, the general public, particularly borrowers, are exposed to potential risks, including abusive



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and unfair debt collection practices, unjust interest rates, [and] violation of data privacy rights," the order read.

"In light of [Sana Credit's] continued unauthorized operation of its OLP, the commission finds it necessary to issue this [CDO] in order to prevent further harm or prejudice to the public, and to safe-

guard the integrity of the regulatory framework governing lending companies," it added.

The SEC has the power to conduct enforcement actions against financial service providers as provided under Republic Act No. 11765 or the Financial Products and Services Consumer Protection Act. — **Revin Mikhael D. Ochave**

EDC plans expansion of geothermal complex

RENEWABLE ENERGY firm Energy Development Corp. (EDC) is looking to expand its existing Bacon-Manito (Bac-Man) geothermal complex with an additional 90 megawatts (MW) of capacity.

EDC President and Chief Operating Officer Jerome H. Cainglet said the company is evaluating the opportunity based on the results of its resource assessment.

He said the planned expansion may be pursued within the next five to six years, and the development could take up to three years.

Excluding expenses related to drilling activities, the official said developing a geothermal facility would require around \$6 million per MW.

The Bac-Man Geothermal Power Plant sits on a 25,000-hectare geothermal reservation spanning Bacon, Sorsogon City, and Manito in Albay.

The complex consists of two steam power generating plants with a combined capacity of 150 MW.

Adding to this is the recently inaugurated P7-billion Tanawon Geothermal Power, which can produce 22 MW of capacity.

Completed over 27 months, the geothermal facility is expected to generate 159,000 megawatt-hours of electric-

ity, contributing to the country's baseload renewable energy capacity.

"Tanawon's inauguration is not only a proud achievement for First Gen and EDC, but also a win for the country's energy security and climate resilience journey. We dedicate it to our communities, government partners, and everyone committed to a decarbonized, regenerative future," Mr. Cainglet said.

For this year, EDC is targeting to commission four of its growth projects, including the 28-MW Mahanagdong Binary Geothermal Power Plant in Leyte and three battery energy storage systems projects totaling 40 megawatt-hours.

EDC, the renewable energy arm of Lopez-led First Gen Corp., has an installed capacity of 1,480.19 MW, representing around 20% of the country's total installed renewable energy capacity.

Since 1976, EDC has led the exploration, development, and operation of geothermal energy, resulting in the development of geothermal power facilities across Bicol, Leyte, Negros Island, and Mindanao.

EDC has earmarked up to P30 billion for the drilling of 40 new wells through 2026. — **Sheldeen Joy Talavera**