

Philippine Banking System: Selected Performance Indicators

Growth Rates	1998	1999 ^{1/}	2000	2001 ^{1/}	2002 ^{p/}
Balance Sheet					
Total Assets ^{2/}	-	6.7 %	9.5 %	0.8 %	6.6 %
Loans, gross	(2.2 %)	2.2 %	3.0 %	0.4 %	2.5 %
Allowance for Probable Losses	72.3 %	45.8 %	17.0 %	18.0 %	9.9 %
Accumulated Market Gains/(Losses)			10.4 %	14.9 %	1.4 %
Loans, net	(3.9 %)	0.3 %	2.1 %	(0.8 %)	1.9 %
Interbank Loans Receivable (IBL)	29.8 %	19.0 %	(21.6 %)	12.9 %	5.1 %
Loans, gross (exclusive of IBL)	(5.2 %)	0.0 %	6.8 %	(1.0 %)	2.2 %
Loans, net (exclusive of IBL)	(7.2 %)	(2.2 %)	6.0 %	(2.5 %)	1.4 %
Investment, gross	14.4 %	9.7 %	28.5 %	15.3 %	15.7 %
Allowance for Probable Losses	49.7 %	0.8 %	(1.2 %)	61.8 %	31.7 %
Investment, net	14.3 %	9.8 %	27.9 %	15.7 %	15.8 %
Other Assets	12.1 %	37.8 %	17.9 %	(0.9 %)	6.0 %
Deposits	4.8 %	9.4 %	8.6 %	5.5 %	7.0 %
Bills Payable	(19.3 %)	5.5 %	19.2 %	(17.2 %)	4.0 %
Special Financing	(1.6 %)	(1.5 %)	(54.0 %)	(15.3 %)	(25.0 %)
Total Capital Accounts ^{3/}	7.5 %	9.9 %	2.1 %	1.3 %	4.6 %
Income Statement					
Net Income After Tax (NIAT)	(47.6 %)	(46.5 %)	(3.0 %)	23.6 %	98.1 %
Net Operating Income	(61.3 %)	(82.7 %)	85.8 %	(9.1 %)	417.0 %
Total Operating Income	4.1 %	(8.9 %)	(8.6 %)	6.8 %	16.6 %
Net Interest Income	7.1 %	(18.6 %)	(7.6 %)	1.7 %	7.5 %
Non-interest Income	(4.0 %)	19.6 %	(10.6 %)	17.3 %	33.1 %
Operating Expenses	26.9 %	(1.1 %)	(10.4 %)	7.4 %	3.5 %
Bad Debts/Provisions for Probable Losses	65.6 %	(5.9 %)	(48.9 %)	18.9 %	11.3 %
Other Operating Expenses	16.4 %	0.8 %	3.5 %	5.3 %	2.0 %
Extraordinary Credits/(Charges)	45.8 %	23.4 %	(25.6 %)	31.9 %	(46.2 %)
Selected Ratios					
Liquidity					
Cash and Due from Banks to Deposits	18.7 %	17.6 %	17.2 %	13.6 %	14.1 %
Loans (gross) to Deposits	97.8 %	91.3 %	86.6 %	82.4 %	78.9 %
Asset quality					
Non-performing Loans (NPL) Ratio (inclusive of IBL)	11.0 %	12.7 %	14.9 %	16.9 %	15.4 %
Non-performing Loans (NPL) Ratio (exclusive of IBL)	12.4 %	14.6 %	16.6 %	19.0 %	17.5 %
NPL Coverage Ratio	36.4 %	45.2 %	43.7 %	45.3 %	53.2 %
Non-performing Assets (NPA) to Gross Assets	8.9 %	11.3 %	12.7 %	14.6 %	13.9 %
NPA Coverage Ratio	27.9 %	29.8 %	28.6 %	29.6 %	32.5 %
Distressed Asset Ratio ^{4/}	16.6 %	21.4 %	25.1 %	28.4 %	28.3 %
Capital Adequacy					
Capital Adequacy Ratio (CAR) ^{5/}	n.a.	n.a.	n.a.	14.5 % *	15.7 % **
Net worth-to-risk assets ratio ^{6/}	17.7 %	17.5 %	16.2 %	16.1 %	16.7 %
Total Capital Accounts to Total Assets	14.1 %	14.5 %	13.6 %	13.6 %	13.4 %
Profitability					
Return on Assets (ROA)	0.8 %	0.4 %	0.4 %	0.4 %	0.8 %
Return on Equity (ROE)	5.9 %	2.9 %	2.6 %	3.2 %	6.2 %

^{1/} Revised

^{2/} Adjusted to net off the account "Due from Head Office" with "Due to Head Office" of branches of foreign banks

^{3/} Inclusive of the portion of the "Net Due To/From Head Office" which qualified as capital

^{4/} Distressed Assets Ratio refers to the ratio of Distressed Assets to TLP plus ROPOA

^{5/} Based on the new framework provided for under Circular No. 280 dated 29 March 2001, formally adopted 1 July 2001

^{6/} Based on the old framework provided for under Section 22 of the old General Banking Act

* Data on Rural Bank includes only the Top 200 RBs ranked as to resources

** Commercial banks and Thrift banks only; preliminary data as of end-September 2002

n.a. Data not available

p/ Preliminary

Philippine Banking System: Profitability Indicators

Levels (₱ Billion)	1998	1999	2000	2001 ^{1/}	2002 ^{2/}
Net Income After Tax (NIAT)	22.1	11.8	11.5	14.2	28.1
Net Operating Income	15.4	2.7	4.9	4.5	23.2
Total Operating Income	160.1	145.8	133.2	142.2	165.9
Net Interest Income	119.7	97.5	90.0	91.6	98.4
Interest Income	295.9	235.9	235.1	248.4	198.3
Interest Expenses	176.2	138.5	145.1	156.9	99.8
Non-interest Income	40.4	48.3	43.2	50.7	67.4
Fee-based income	19.3	17.9	18.9	20.8	21.8
Trading Income	10.8	20.0	12.7	18.7	33.8
Trust department income	2.2	2.6	2.5	2.6	3.4
Other income	8.2	7.8	9.2	8.6	8.4
Operating Expenses	144.7	143.1	128.3	137.8	142.6
Bad Debts/Provisions for Probable Losses	40.2	37.9	19.3	23.0	25.6
Other Operating Expenses	104.4	105.3	108.9	114.8	117.1
Extraordinary Credits/(Charges)	9.4	11.6	8.6	11.4	6.1
Growth Rates					
Net Income After Tax (NIAT)	(47.6 %)	(46.5 %)	(3.0 %)	23.6 %	98.1 %
Net Operating Income	(61.3 %)	(82.7 %)	85.8 %	(9.1 %)	417.0 %
Total Operating Income	4.1 %	(8.9 %)	(8.6 %)	6.8 %	16.6 %
Net Interest Income	7.1 %	(18.6 %)	(7.6 %)	1.7 %	7.5 %
Interest Income	14.2 %	(20.3 %)	(0.3 %)	5.7 %	(20.2 %)
Interest Expenses	19.5 %	(21.4 %)	4.8 %	8.1 %	(36.4 %)
Non-interest Income	(4.0 %)	19.6 %	(10.6 %)	17.3 %	33.1 %
Fee-based income	2.7 %	(6.8 %)	5.2 %	10.2 %	5.1 %
Trading Income	(21.7 %)	85.8 %	(36.7 %)	48.0 %	80.3 %
Trust department income	(5.2 %)	21.1 %	(4.3 %)	4.1 %	29.6 %
Other income	12.3 %	(5.7 %)	17.8 %	(6.7 %)	(1.3 %)
Operating Expenses	26.9 %	(1.1 %)	(10.4 %)	7.4 %	3.5 %
Bad Debts/Provisions for Probable Losses	65.6 %	(5.9 %)	(48.9 %)	18.9 %	11.3 %
Other Operating Expenses	16.4 %	0.8 %	3.5 %	5.3 %	2.0 %
Extraordinary Credits/(Charges)	45.8 %	23.4 %	(25.6 %)	31.9 %	(46.2 %)
Selected Ratios					
Earning Asset Yield	14.0 %	10.9 %	10.3 %	10.2 %	7.7 %
Funding Cost	8.5 %	6.4 %	6.1 %	6.2 %	3.8 %
Interest Spread	5.5 %	4.6 %	4.2 %	4.0 %	3.9 %
Net Interest Margin	5.7 %	4.5 %	3.9 %	3.8 %	3.8 %
Non-interest Income to Total Operating Income	25.2 %	33.1 %	32.4 %	35.6 %	40.7 %
Cost-to-Income Ratio	65.2 %	72.2 %	81.8 %	80.7 %	70.6 %
Return on Assets (ROA)	0.8 %	0.4 %	0.4 %	0.4 %	0.8 %
Return on Equity (ROE)	5.9 %	2.9 %	2.6 %	3.2 %	6.2 %

^{1/} Revised

^{2/} Preliminary

Definition of ratios:

Earning Asset Yield refers to the ratio of interest income to average earning assets

Funding Cost refers to the ratio of interest expenses to average interest-bearing liabilities

Interest Spread refers to the difference between earning asset yield and funding cost

Net Interest Margin refers to the ratio of net interest income to average earning assets

Cost-to-Income Ratio refers to operating expenses, exclusive of bad debts and provisions to total operating income

Philippine Banking System: Asset Quality Indicators

Major Accounts	1998	1999 ^{1/}	2000	2001 ^{1/}	2002 ^{p/}
Levels (P Billion)					
Gross Assets ^{2/}	2,840.2	3,057.5	3,356.5	3,406.3	3,638.8
Total Loan Portfolio (TLP)	1,714.9	1,752.6	1,804.8	1,812.2	1,857.5
Interbank Loans Receivable (IBL)	195.8	233.0	182.6	206.1	216.7
Total Loan Portfolio (TLP), (exclusive of IBL)	1,519.2	1,519.6	1,622.2	1,606.1	1,640.9
Total Loan Portfolio (TLP), net (exclusive of IBL)	1,450.4	1,418.7	1,504.3	1,466.8	1,487.9
Non-performing Loans (NPL)	189.1	222.0	268.7	305.8	286.6
Loan Loss Reserves (LLR)	68.8	100.4	117.4	138.6	152.4
ROPOA, gross ^{3/}	63.5	122.4	158.5	191.4	217.5
Allowance for ROPOA	1.7	2.3	4.7	8.4	11.3
Restructured Loans (RL), gross	49.2	76.8	103.7	117.9	132.5
Restructured Loans (RL), current	41.7	56.1	65.8	72.7	83.7
Distressed Assets ^{4/}	294.4	400.5	492.9	569.9	587.9
Non-performing Assets (NPAs) ^{5/}	252.6	344.4	427.1	497.2	504.2
Allowance for Probable Losses on NPAs	70.5	102.7	122.1	147.0	163.7
Growth Rates					
Gross Assets ^{2/}	1.0 %	7.7 %	9.8 %	1.5 %	6.8 %
TLP	(2.2 %)	2.2 %	3.0 %	0.4 %	2.5 %
IBL	29.8 %	19.0 %	(21.6 %)	12.9 %	5.1 %
TLP (exclusive of IBL)	(5.2 %)	0.0 %	6.8 %	(1.0 %)	2.2 %
TLP, net (exclusive of IBL)	(7.2 %)	(2.2 %)	6.0 %	(2.5 %)	1.4 %
NPL	99.4 %	17.4 %	21.0 %	13.8 %	(6.3 %)
LLR	72.3 %	45.8 %	17.0 %	18.0 %	9.9 %
ROPOA, gross ^{3/}	133.7 %	92.8 %	29.4 %	20.8 %	13.7 %
Allowance for ROPOA	67.6 %	39.1 %	99.6 %	80.4 %	34.6 %
RL, gross	213.4 %	56.1 %	35.0 %	13.7 %	12.4 %
RL, current	259.6 %	34.4 %	17.3 %	10.5 %	15.2 %
Distressed Assets ^{4/}	120.3 %	36.1 %	23.1 %	15.6 %	3.2 %
NPAs ^{5/}	107.0 %	36.3 %	24.0 %	16.4 %	1.4 %
Allowance for Probable Losses on NPAs	72.2 %	45.7 %	18.9 %	20.4 %	11.4 %
Selected Ratios					
RL to TLP	2.9 %	4.4 %	5.7 %	6.5 %	7.1 %
LLR to TLP	4.0 %	5.7 %	6.5 %	7.6 %	8.2 %
NPL Ratio (inclusive of IBL)	11.0 %	12.7 %	14.9 %	16.9 %	15.4 %
NPL Ratio (exclusive of IBL)	12.4 %	14.6 %	16.6 %	19.0 %	17.5 %
NPL Coverage ^{6/}	36.4 %	45.2 %	43.7 %	45.3 %	53.2 %
NPA to Gross Assets	8.9 %	11.3 %	12.7 %	14.6 %	13.9 %
NPA Coverage ^{7/}	27.9 %	29.8 %	28.6 %	29.6 %	32.5 %
Distressed Asset Ratio ^{8/}	16.6 %	21.4 %	25.1 %	28.4 %	28.3 %

^{1/} Revised

^{2/} Gross Assets refers to Total Assets, net of reserves plus Loan Loss Reserves (LLR) plus provision for ROPOA

^{3/} ROPOA refers to Real and Other Properties Owned or Acquired

^{4/} Distressed Assets refers to NPAs and Current Restructured Loans

^{5/} NPA refers to NPLs plus ROPOA, gross

^{6/} NPL Coverage refers to the ratio of LLR to NPL

^{7/} NPA Coverage refers to the ratio of LLR (for Loans and ROPOA) to NPAs

^{8/} Distressed Assets Ratio refers to the ratio of Distressed Assets to TLP plus ROPOA

^{p/} Preliminary