

Table 1. Philippine Banking System: Selected Performance Indicators

| Growth Rates | End- December | | | End-June | |
|---|---------------|----------|--------------------|----------|----------------------|
| | 2000 | 2001 | 2002 ^{1/} | 2002 | 2003 ^{2/} |
| Balance Sheet | | | | | |
| Total Assets ^{3/} | 9.5 % | 0.8 % | 6.6 % | 2.3 % | 5.8 % |
| Cash and Due from Banks | 6.1 % | (16.5 %) | 10.8 % | (12.4 %) | (5.4 %) |
| Interbank Loans Receivable (IBL) | (21.6 %) | 12.9 % | 5.1 % | 42.5 % | 19.9 % |
| Loans, gross (exclusive of IBL) | 6.8 % | (1.0 %) | 2.2 % | (1.5 %) | 4.7 % |
| Allowance for Probable Losses | 17.0 % | 18.0 % | 10.0 % | 13.9 % | 7.0 % |
| Loans, net (exclusive of IBL) | 6.0 % | (2.5 %) | 1.4 % | (2.9 %) | 4.5 % |
| Investment, net | 27.9 % | 15.7 % | 15.8 % | 11.5 % | 10.3 % |
| ROPOA, net | 28.0 % | 19.0 % | 12.7 % | 16.5 % | 8.9 % |
| Other Assets | 17.9 % | (0.9 %) | 6.1 % | 2.6 % | 3.3 % |
| Total Liabilities | 10.7 % | 0.7 % | 7.0 % | 2.5 % | 5.9 % |
| Deposits | 8.6 % | 5.5 % | 7.0 % | 3.0 % | 6.5 % |
| Bills Payable | 19.2 % | (17.2 %) | 4.0 % | (0.7 %) | (7.8 %) |
| Special Financing | (54.0 %) | (15.3 %) | (23.9 %) | (20.9 %) | (27.2 %) |
| Other Liabilities | 16.2 % | (7.9 %) | 10.7 % | 2.6 % | 19.3 % |
| Total Capital Accounts ^{4/} | 2.1 % | 1.3 % | 4.6 % | 1.6 % | 5.0 % |
| Income Statement | | | | | |
| Total Operating Income | (8.6 %) | 6.8 % | 15.4 % | 13.7 % | 4.4 % |
| Net Interest Income | (7.6 %) | 1.7 % | 5.6 % | 1.4 % | 4.1 % |
| Non-interest Income | (10.6 %) | 17.3 % | 33.1 % | 35.8 % | 4.9 % |
| Operating Expenses | (10.4 %) | 7.4 % | 3.7 % | 2.4 % | 0.9 % |
| Bad Debts/Provisions for Probable Losses | (48.9 %) | 18.9 % | 11.2 % | 1.1 % | 5.2 % |
| Other Operating Expenses | 3.5 % | 5.3 % | 2.2 % | 2.6 % | .. |
| Net Operating Income | 85.8 % | (9.1 %) | 374.6 % | 229.3 % | 25.3 % |
| Extraordinary Credits/(Charges) | (25.6 %) | 31.9 % | (46.1 %) | (26.4 %) | (0.7 %) |
| Net Income After Tax (NIAT) | (3.0 %) | 23.6 % | 84.7 % | 100.8 % | 16.5 % |
| Selected Ratios | | | | | |
| Liquidity | | | | | |
| Cash and Due from Banks to Deposits | 17.2 % | 13.6 % | 14.1 % | 14.0 % | 12.4 % |
| Liquid Asset to Deposits Ratio ^{5/} | 45.0 % | 44.4 % | 47.7 % | 46.6 % | 46.2 % |
| Loans (gross) to Deposits | 86.6 % | 82.4 % | 78.9 % | 80.2 % | 80.2 % |
| Asset quality | | | | | |
| Non-performing Loans (NPL) Ratio | 14.9 % | 16.9 % | 14.6 % | 17.6 % | 15.0 % |
| Non-performing Loans (NPL) Ratio (exclusive of IBL) | 16.6 % | 19.0 % | 16.6 % | 20.0 % | 17.4 % |
| NPL Coverage Ratio | 43.7 % | 45.3 % | 50.2 % | 47.0 % | 49.4 % |
| Non-performing Assets (NPA) to Gross Assets | 12.7 % | 14.6 % | 13.4 % | 14.9 % | 13.7 % |
| NPA Coverage Ratio | 28.6 % | 29.6 % | 30.1 % | 30.5 % | 30.8 % |
| Distressed Asset Ratio | 25.1 % | 28.4 % | 27.7 % | 29.5 % | 28.0 % |
| Capital Adequary | | | | | |
| Total Capital Accounts to Total Assets | 13.6 % | 13.6 % | 13.4 % | 13.6 % | 13.5 % |
| Capital Adequacy Ratio (CAR) ^{6/} | 15.6 % | 14.5 % | 15.5 % | 15.7 % | 15.5 % ^{7/} |
| Profitability ^{8/} | | | | | |
| Cost-to-Income Ratio | 81.8 % | 80.7 % | 71.4 % | 76.4 % | 70.0 % |
| Return on Assets (ROA) | 0.4 % | 0.4 % | 0.8 % | 0.6 % | 0.8 % |
| Return on Equity (ROE) | 2.6 % | 3.2 % | 5.8 % | 4.7 % | 6.1 % |

^{1/} Revised

^{2/} Preliminary

^{3/} Adjusted to net off the account "Due from Head Office" with "Due to Head Office" of branches of foreign banks

^{4/} Inclusive of the portion of the "Net Due To/From Head Office" which qualified as capital

^{5/} Liquid Assets refers to Cash and Due from Banks plus Investment, net (less equity investments, net)

^{6/} Based on Circular No. 280 dated 29 March 2001, formally adopted 1 July 2001 except end-December 2000 which was based on the Net Worth-to-Risk-Assets ratio provided under Section 22 of R. A. No. 337

^{7/} Data as of end-December 2002

^{8/} Annualized; first semester ratios based on second half of previous year plus first half of the current year

.. Less than 0.05%

Table 2. Philippine Banking System: Financial Highlights

| Levels (₱ Billion) | End-December | | | End-June | |
|--|--------------|---------|--------------------|----------|--------------------|
| | 2000 | 2001 | 2002 ^{1/} | 2002 | 2003 ^{2/} |
| Balance Sheet | | | | | |
| Total Assets ^{3/} | 3,234.5 | 3,259.3 | 3,475.7 | 3,335.5 | 3,529.1 |
| Cash and Due from Banks | 359.0 | 299.8 | 332.0 | 313.5 | 296.6 |
| Interbank Loans Receivable (IBL) | 182.6 | 206.1 | 216.7 | 221.2 | 265.2 |
| Loans, gross (exclusive of IBL) | 1,622.2 | 1,606.1 | 1,641.1 | 1,579.1 | 1,653.9 |
| Allowance for Probable Losses | 117.4 | 138.6 | 152.4 | 148.8 | 159.2 |
| Loans, net (exclusive of IBL) | 1,504.3 | 1,466.8 | 1,488.1 | 1,429.6 | 1,494.0 |
| Investment, net | 656.6 | 759.7 | 880.0 | 815.3 | 899.4 |
| ROPOA, net | 153.8 | 183.0 | 206.3 | 194.0 | 211.1 |
| Other Assets | 532.0 | 526.9 | 559.0 | 555.8 | 573.9 |
| Total Liabilities | 2,796.0 | 2,815.2 | 3,011.2 | 2,882.3 | 3,053.1 |
| Deposits | 2,085.2 | 2,199.5 | 2,353.5 | 2,245.4 | 2,391.7 |
| Bills Payable | 415.0 | 343.5 | 357.3 | 358.8 | 330.7 |
| Special Financing | 2.5 | 2.1 | 1.6 | 1.7 | 1.2 |
| Other Liabilities | 293.3 | 270.1 | 298.8 | 276.4 | 329.5 |
| Total Capital Accounts ^{4/} | 438.5 | 444.1 | 464.5 | 453.2 | 476.0 |
| Income Statement | | | | | |
| Total Operating Income | 133.2 | 142.2 | 164.2 | 82.4 | 86.0 |
| Net Interest Income | 90.0 | 91.6 | 96.7 | 47.2 | 49.2 |
| Non-interest Income | 43.2 | 50.7 | 67.4 | 35.2 | 36.9 |
| Operating Expenses | 128.3 | 137.8 | 142.8 | 70.5 | 71.1 |
| Bad Debts/Provisions for Probable Losses | 19.3 | 23.0 | 25.6 | 12.2 | 12.9 |
| Other Operating Expenses | 108.9 | 114.8 | 117.3 | 58.3 | 58.3 |
| Net Operating Income | 4.9 | 4.5 | 21.3 | 11.9 | 14.9 |
| Extraordinary Credits/(Charges) | 8.6 | 11.4 | 6.1 | 4.0 | 3.9 |
| Net Income After Tax (NIAT) | 11.5 | 14.2 | 26.2 | 14.1 | 16.4 |

^{1/} Revised

^{2/} Preliminary

^{3/} Adjusted to net off the account "Due from Head Office" with "Due to Head Office" of branches of foreign banks

^{4/} Inclusive of the portion of the "Net Due To/From Head Office" which qualified as capital

Table 3 . Philippine Banking System: Profitability Indicators

| Levels (P Billion) | 2000 | 2001 | 2002 ^{1/} | First Semester | |
|---|----------|----------|--------------------|----------------|--------------------|
| | | | | 2002 | 2003 ^{2/} |
| Total Operating Income | 133.2 | 142.2 | 164.2 | 82.4 | 86.0 |
| Net Interest Income | 90.0 | 91.6 | 96.7 | 47.2 | 49.2 |
| Interest Income | 235.1 | 248.4 | 198.4 | 103.3 | 99.9 |
| Interest Expenses | 145.1 | 156.9 | 101.6 | 56.1 | 50.8 |
| Non-interest Income | 43.2 | 50.7 | 67.4 | 35.2 | 36.9 |
| Fee-based Income | 18.9 | 20.8 | 21.9 | 10.4 | 11.7 |
| Trading Income | 12.7 | 18.7 | 33.8 | 19.0 | 18.6 |
| Trust Department Income | 2.5 | 2.6 | 3.4 | 1.5 | 2.0 |
| Other Income | 9.2 | 8.6 | 8.4 | 4.3 | 4.5 |
| Operating Expenses | 128.3 | 137.8 | 142.8 | 70.5 | 71.1 |
| Bad Debts/Provisions for Probable Losses | 19.3 | 23.0 | 25.6 | 12.2 | 12.9 |
| Other Operating Expenses | 108.9 | 114.8 | 117.3 | 58.3 | 58.3 |
| Net Operating Income | 4.9 | 4.5 | 21.3 | 11.9 | 14.9 |
| Extraordinary Credits/(Charges) | 8.6 | 11.4 | 6.1 | 4.0 | 3.9 |
| Provisions for Income Tax | 2.1 | 1.7 | 1.3 | 1.7 | 2.4 |
| Net Income After Tax (NIAT) | 11.5 | 14.2 | 26.2 | 14.1 | 16.4 |
| Growth Rates | | | | | |
| Total Operating Income | (8.6 %) | 6.8 % | 15.4 % | 13.7 % | 4.4 % |
| Net Interest Income | (7.6 %) | 1.7 % | 5.6 % | 1.4 % | 4.1 % |
| Interest Income | (0.3 %) | 5.7 % | (20.2 %) | (20.2 %) | (3.3 %) |
| Interest Expenses | 4.8 % | 8.1 % | (35.2 %) | (32.4 %) | (9.5 %) |
| Non-interest Income | (10.6 %) | 17.3 % | 33.1 % | 35.8 % | 4.9 % |
| Fee-based Income | 5.2 % | 10.2 % | 5.1 % | 3.5 % | 12.5 % |
| Trading Income | (36.7 %) | 48.0 % | 80.3 % | 88.8 % | (1.9 %) |
| Trust Department Income | (4.3 %) | 4.1 % | 29.6 % | 23.0 % | 34.2 % |
| Other Income | 17.8 % | (6.7 %) | (1.2 %) | (6.3 %) | 6.1 % |
| Operating Expenses | (10.4 %) | 7.4 % | 3.7 % | 2.4 % | 0.9 % |
| Bad Debts/Provisions for Probable Losses | (48.9 %) | 18.9 % | 11.2 % | 1.1 % | 5.2 % |
| Other Operating Expenses | 3.5 % | 5.3 % | 2.2 % | 2.6 % | .. |
| Net Operating Income | 85.8 % | (9.1 %) | 374.6 % | 229.3 % | 25.3 % |
| Extraordinary Credits/(Charges) | (25.6 %) | 31.9 % | (46.1 %) | (26.4 %) | (0.7 %) |
| Provisions for Income Tax | (13.6 %) | (19.7 %) | (24.7 %) | (11.3 %) | 37.0 % |
| Net Income After Tax (NIAT) | (3.0 %) | 23.6 % | 84.7 % | 100.8 % | 16.5 % |
| Selected Ratios ^{3/} | | | | | |
| Earning Asset Yield ^{4/} | 10.3 % | 10.2 % | 7.7 % | 9.0 % | 7.4 % |
| Funding Cost ^{5/} | 6.1 % | 6.2 % | 3.9 % | 5.1 % | 3.6 % |
| Interest Spread ^{6/} | 4.2 % | 4.0 % | 3.8 % | 3.9 % | 3.8 % |
| Net Interest Margin ^{7/} | 3.9 % | 3.8 % | 3.8 % | 3.7 % | 3.7 % |
| Non-interest Income to Total Operating Income | 32.4 % | 35.6 % | 41.1 % | 39.4 % | 41.2 % |
| Cost-to-Income Ratio ^{8/} | 81.8 % | 80.7 % | 71.4 % | 76.4 % | 70.0 % |
| Return on Assets (ROA) | 0.4 % | 0.4 % | 0.8 % | 0.6 % | 0.8 % |
| Return on Equity (ROE) | 2.6 % | 3.2 % | 5.8 % | 4.7 % | 6.1 % |

^{1/} Revised

^{2/} Preliminary

^{3/} Annualized; first semester ratios based on second half of previous year plus first half of the current year

^{4/} Earning Asset Yield refers to the ratio of interest income to average earning assets

^{5/} Funding Cost refers to the ratio of interest expenses to average interest-bearing liabilities

^{6/} Interest Spread refers to the difference between earning asset yield and funding cost

^{7/} Net Interest Margin refers to the ratio of net interest income to average earning assets

^{8/} Cost-to-Income Ratio refers to operating expenses, exclusive of bad debts and provisions to total operating income

.. Less than 0.05%

Chart 1. Philippine Banking System: Distribution of Assets

