

Table 3. Philippine Banking System: Selected Performance Indicators

Selected Ratios	End-December			End-June	
	2009	2010 ^{r/}	2011 ^{r/}	2011 ^{r/}	2012 ^{p/}
Profitability*					
Earning Asset Yield ^{1/}	7.0 %	5.9 %	5.6 %	5.9 %	5.5 %
Funding Cost ^{2/}	2.6 %	2.1 %	2.0 %	2.1 %	2.0 %
Interest Spread ^{3/}	4.5 %	3.8 %	3.6 %	3.8 %	3.6 %
Net Interest Margin ^{4/}	4.4 %	3.9 %	3.8 %	3.9 %	3.7 %
Non-interest Income to Total Operating Income ^{5/}	33.6 %	37.2 %	35.8 %	37.7 %	37.3 %
Cost-to-Income ^{6/}	65.8 %	63.6 %	65.0 %	63.2 %	64.6 %
Return on Assets (ROA) ^{7/}	1.2 %	1.4 %	1.5 %	1.5 %	1.6 %
Return on Equity (ROE) ^{7/}	10.8 %	12.2 %	12.1 %	13.0 %	12.7 %
Liquidity					
Cash and Due from Banks to Deposits	18.8 %	25.9 %	25.3 %	23.8 %	22.5 %
Liquid Assets to Deposits ^{8/}	52.7 %	59.7 %	56.5 %	57.1 %	54.7 %
Loans, gross to Deposits	68.1 %	64.5 %	70.0 %	68.8 %	73.5 %
Asset quality					
Restructured Loans to Total Loan Portfolio	1.6 %	1.5 %	1.2 %	1.4 %	1.0 %
Allowance for Credit Losses on Loans to TLP	3.4 %	3.5 %	3.0 %	3.2 %	3.0 %
Non-performing Loans (NPL)	3.7 %	3.6 %	2.8 %	3.1 %	2.6 %
NPL, exclusive of IBL	4.1 %	3.9 %	3.0 %	3.3 %	2.8 %
NPL Coverage	93.1 %	97.6 %	103.6 %	103.9 %	112.4 %
Non-performing Assets (NPA) to Gross Assets	4.5 %	3.9 %	3.3 %	3.6 %	3.2 %
NPA Coverage	48.7 %	52.7 %	57.0 %	56.0 %	60.9 %
ROPA to Gross Assets Ratio	2.6 %	2.3 %	1.9 %	2.1 %	1.8 %
ROPA Coverage Ratio	18.2 %	19.7 %	22.1 %	21.1 %	22.4 %
Distressed Assets	9.3 %	8.8 %	7.0 %	7.7 %	6.5 %
Capital Adequacy					
Total Capital Accounts to Total Assets ^{9/}	11.1 %	11.7 %	12.6 %	12.0 %	12.8 %
Capital Adequacy Ratio (Solo) ^{10/}	14.9 %	16.0 %	16.7 %	16.3 %	16.7 % ^{a/}

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

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

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

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

5/ Non-interest income now includes dividends income

6/ Cost-to-Income Ratio refers to the ratio of non-interest expenses to total operating income

7/ ROA and ROE refers to the ratio of annualized net profit to average assets and capital, respectively.

8/ Liquid Assets refers to Cash and Due from Banks plus Financial Assets, net of amortization (net of financial assets in equity)

9/ Total capital accounts includes redeemable preferred shares

10/ Based on the new framework provided for under Circular No. 280 dated 29 March 2001, formally adopted 1 July 2001; Under Circular No. 360 dated 3 December 2002, adopted 1 July 2003, Universal/Commercial Banks are to incorporate market risks in addition to credit risks; Under Circular No. 538 dated 4 August 2006, effective 1 July 2007, U/KBs are to incorporate operational risk in addition to credit and market risks.

r/ Revised

p/ Preliminary

a/ Data as of end-December 2011

* Annualized