



Senate Economic
Planning Office

Universal and Commercial Banks: *At a Glance*

September 2005

AG-09-2005

Asset and Deposit Accounts

Table 1. Selected Accounts of the Universal and Commercial Banking System, (As of End of Periods Indicated)

| Selected Accounts (in Php billion) | Jun-04 | Dec-04 | Jun-05 |
|---------------------------------------|----------|----------|----------|
| Gross Assets | 3,634.88 | 3,770.64 | 4,043.17 |
| Loans Portfolio | 1,778.66 | 1,784.24 | 1,897.96 |
| Investments | 1,074.22 | 1,188.05 | 1,318.48 |
| Deposit Liabilities ^a | 2,456.84 | 2,624.71 | 2,748.33 |
| % change | | | |
| Gross Assets | - | 3.73% | 7.50% |
| Loans Portfolio | - | 0.31% | 6.39% |
| Investments | - | 10.60% | 12.14% |
| Deposit Liabilities | - | 6.83% | 5.03% |

Note: ^a Businessworld data

Source: *Bangko Sentral ng Pilipinas (BSP) data*

Ø The assets of universal and commercial banks (UKBs)¹ expanded in the first semester of 2005 by 7.5% from the year-end level of 2004. The rise was due to the increase in investments by 12% while loans grew by 6% and deposit liabilities increased by 5%.

Ø A large portion of UKBs' assets consist of loans and investments, together comprising 79% of total assets as of June this year. As a percentage of assets, the share of loans declined to 47% from 49%, while investments' share increased to 33% compared to 30% in June 2004.

Table 2. Amount and Composition of Loans and Investments of UKBs, (As of End of Periods Indicated)

| Selected Accounts (in Php billion) | June 2004 | % share | June 2005 | % share |
|---|-----------|---------|-----------|---------|
| Loans | 1,778.66 | 48.93% | 1,897.96 | 46.94% |
| Investments | 1,074.22 | 29.55% | 1,318.48 | 32.61% |
| Investment in Bonds/Debt Instruments | 717.99 | 19.75% | 514.80 | 12.73% |
| Account Securities for Sale | 177.12 | 4.87% | 529.81 | 13.10% |
| Trading Account Securities | 83.98 | 2.31% | 170.33 | 4.21% |
| Equity Investment in Various Undertakings | 95.02 | 2.61% | 103.48 | 2.56% |
| Underwriting Accounts | 0.10 | 0.00% | 0.58 | 0.01% |
| GROSS ASSETS | 3,634.88 | 100.00% | 4,043.17 | 100.00% |

Source: *BSP*

Distressed Asset Indicators

Ø Continuing the momentum from the passage of the Special Purpose Vehicles (SPV) Act in 2002, non-performing loans (NPLs) dropped to P175 billion in June 2005 from P245 billion in the same period of last year, causing the NPL ratio to decrease from 13.8% to 9.2% (see Table 4). The aggressive disposal of NPLs by United Coconut Planters Bank (UCPB), Philippine National Bank (PNB), and Landbank largely accounted for the said decrease. UCPB trimmed its NPL by selling P11.9 billion worth of NPLs to Amroc Investments Asia, while PNB recently completed a P4.8 billion SPV sale. The improvement in Landbank's NPL ratio meanwhile, was due to the P13.5 billion worth of NPLs sold late last year (Table 3).

¹ Universal and commercial banks (UKBs) dominate the banking industry, comprising 90% of the industry's assets and 64% of total bank branches nationwide

**Table 3. NPL and NPA Ratios of Philippine Local Universal and Commercial Banks
(As of End of Periods Indicated)**

| LOCAL BANKS | NPL Ratio | | NPA Ratio* | |
|---|-----------|-----------|------------|-----------|
| | June 2004 | June 2005 | June 2004 | June 2005 |
| Al Amanah Islamic Inv't. Bank of the Phils. | 97.0 | no data | 46.5 | 34.2 |
| Allied Banking Corporation | 15.4 | 9.8 | 9.4 | 9.7 |
| Asia United Bank Corporation | 11.3 | 6.8 | 8.7 | 9.5 |
| Banco de oro Universal Bank | 6.1 | 5.3 | 5.9 | 0.1 |
| Bank of Commerce | 21.5 | 19.7 | 16.1 | 8.1 |
| Bank of the Philippine Islands | 6.1 | 4.8 | 6.1 | 5.6 |
| BDO Private Bank | no data | no data | 2.0 | 1.0 |
| China Banking Corporation | 11.6 | 10.9 | 10.8 | 9.7 |
| Development Bank of the Philippines | 10.2 | 8.8 | 8.7 | 7.3 |
| East West Banking Corporation | 7.9 | 10.0 | 7.0 | 7.7 |
| Equitable PCI Bank | 14.4 | 7.0 | 13.3 | 8.5 |
| Export and Industry Bank | 19.8 | no data | 27.7 | no data |
| International Exchange Bank | 8.3 | 10.0 | 9.5 | 10.4 |
| Land Bank of the Philippines | 16.3 | 7.0 | 13.4 | 8.2 |
| Metropolitan Bank and Trust Company | 13.4 | 12.8 | 12.7 | 12.2 |
| Philippine Bank of Communication | 17.8 | 18.3 | 5.8 | 5.9 |
| Philippine National Bank | 43.0 | 26.0 | 31.5 | 24.3 |
| Philippine Trust Company | 10.0 | 9.7 | 9.7 | 9.5 |
| Philippine Veterans Bank | 15.6 | 12.6 | 19.7 | 15.7 |
| Prudential Bank | 33.7 | 17.5 | 22.5 | 8.1 |
| Rizal Commercial Banking Corporation | 11.2 | 12.7 | 12.1 | 11.9 |
| Security Bank Corporation | 9.9 | 5.0 | 7.3 | 4.6 |
| Union Bank of the Philippines | 9.5 | 6.1 | 9.8 | 9.1 |
| United Coconut Planters Bank | 36.3 | 17.3 | 37.1 | 26.5 |

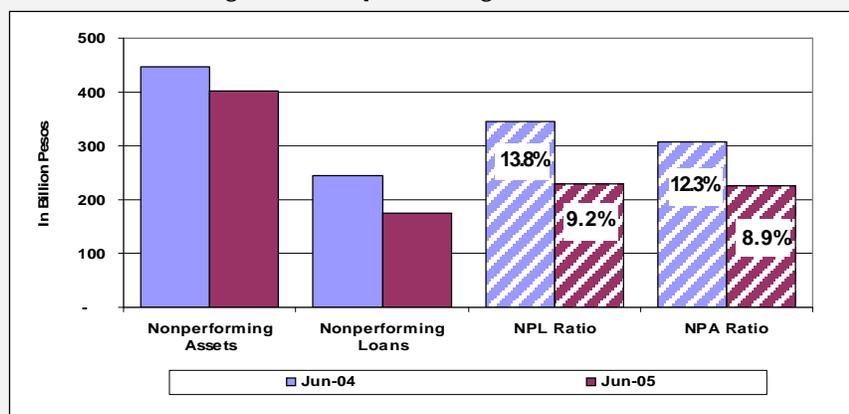
Source: BSP (for NPL Ratios) and Businessworld (for NPA Ratios)

**Table 4. Asset Quality Indicators of UKBs
(As of End of Periods Indicated)**

| Selected Indicators (in Php billion) | June 2004 | June 2005 | increase/ (decrease) |
|---|-----------|-----------|-------------------------|
| Nonperforming Loans | 244.85 | 174.87 | (28.58%) |
| ROPOA | 207.51 | 197.22 | (4.96%) |
| Nonperforming Assets | 446.84 | 402.52 | (9.92%) |
| NPL Ratio | 13.77% | 9.21% | (4.56% pts.) |
| NPA Ratio | 12.29% | 8.99% | (3.30% pts.) |

Source: BSP

Figure 1. Nonperforming Assets of UKBs



Ø Real and Other Properties Owned or Acquired (ROPOAs) likewise declined to P197 billion as of June 2005, decreasing by 5% from a level of P207 billion as of June 2004.

Ø The decrease in NPL and ROPOA resulted to the decrease in total nonperforming assets to P403 billion from P 447 billion as of June 2004. The non-performing assets ratio, likewise, fell to 8.9% from 12.3% as of June last year.