

*BusinessWorld* as of the first quarter on a solo basis (head office plus branches) showed the gross NPL ratio averaging 4.12% as of end-March 2021, coming from 3.68% in the previous quarter and 1.93% in the comparative period last year.

While the formal application for COEs have yet to kick off as of writing, *BusinessWorld* asked commercial and government banks on whether they are keen to clean their balance sheet through the FIST Law.

Among those interested is Ayala-led Bank of the Philippine Islands (BPI). BPI Chief Financial Officer Maria Theresa Marcial-Javier said they have already been in touch with parties interested to create a FISTC.

“BPI is keen on selling its NPAs via FIST. For the banking industry, we see the FIST Law, with its tax benefits, as an enabler to sell our non-earning assets and free up capital for lending and other growth opportunities,” Ms. Marcial said in an e-mail.

In particular, she said the bank is looking to sell a mix of corporate,

SME (small and medium-sized enterprises).

Philippine National Bank (PNB) has also expressed earlier on that they are looking to tap the provisions of the FIST Law. Pressed for updates, the Tan-led lender said they are in the process of identifying eligible NPLs and NPAs that can be transferred to a FISTC.

“We are reviewing the portfolio size and establishing processes to ensure an organized and smooth transfer of identified accounts to [FISTC]. We are considering offloading consumer and business loans which are not susceptible to the normal collection process and those that will take too much time to collect,” PNB said in an e-mailed statement.

Yuchengco-led Rizal Commercial Banking Corp. (RCBC) is likewise not closing its doors and is in the process of looking into the law and its implementing rules and regulation. At the same time, the bank is reviewing its portfolio.

“Yes, RCBC is looking at the FIST Law as an option to unload its NPAs. The FIST Law will help the overall recovery and collection process, given the bank’s limited resources,” the bank said in an e-mailed statement.

“The bank’s asset quality is still weighed down by the effects of the quarantine restrictions due to the COVID pandemic but is managed through its collection and recovery programs including a COVID-19 assistance program,” RCBC said.

On the other hand, there are banks that have hinted at not touching the provisions of the FIST Law. Take the case of BDO Unibank, Inc. the country’s largest bank by asset, which stressed

“We are not keen on selling our NPLs to FIST [corporations], as we have kept the level of our NPLs at manageable levels. Our balance



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