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ABOUT THIS ISSUE

The final three months of 2021 were not bad for the country's big banks still reeling from the ongoing pandemic.

Total loans extended by the 46 Philippine universal and commercial banks (U/KBs) quickened by 5.93% year on year — its fastest pace since the start of the pandemic — to P10.15 trillion in the fourth quarter.

This brought the total assets during the period to P20.56 trillion. It grew by 8.59% year on year, easing down from 8.97% in the third quarter but higher than the 5.59% growth in the same period in 2020.

On the other hand, asset quality somewhat improved on a quarterly basis as bad loans went down by 7.11% to P371.65 billion in last year's final three months from P400.08 billion in the third quarter. Year on year, however, bad loans — also known as nonperforming loans (NPLs) — increased by 20.34%.

This brought the NPL as a portion of the total loan portfolio to 3.95% in the fourth quarter, improving from 4.49% in the third quarter but remained higher than the 3.57% last year.

Meanwhile, the big banks' nonperforming asset (NPA) ratio — or the NPLs and foreclosed properties in proportion to total assets — stood at 1.27% during the period. This was lower than 1.43% in the third quarter, lower than the previous quarter's 1.46% but still elevated from 1.17% in the final three months of 2020.

As the country shifts to conduct its transactions online, we talked to the Philippine central bank and the lenders on how they are utilizing the massive data generated online to further improve the consumers' experience as well as onboard those who are still yet to part of the formal banking system through the use of big data — including "alternative" ones — and data analytics.

Other stories in this report include the economists' local financial markets outlook, analysts' recommendations for bank stocks, and a Q&A with Fintech Alliance.PH's founding chairman, Angelito "Lito" M. Villanueva, to catch up on the latest happenings in the local financial technology (fintech) space and how the organization has been utilizing the big data for its use.

Since 1987, *BusinessWorld* has been tallying the quarterly performance of the country's U/KBs based on their published statements of condition. Apart from asset size, the Quarterly Banking Report provides other key ratios used in measuring bank performance, such as capital adequacy, earnings, and liquidity.

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