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# ABOUT THIS ISSUE

**T**he second quarter of the year saw the total assets of the country's 45\* universal and commercial banks (U/KBs) jumped by double digits annually – a pace not seen since before the pandemic – thanks to a surge in total loans extended by the big banks.

Total assets climbed by 11.72% year on year to P20.84 trillion in the April–June period from P18.66 trillion a year ago. It was the fastest increase in 19 quarters or since the 14.12% jump in the third quarter of 2017.

The combined loans extended by the U/KBs also rose by 12.61% to P10.39 trillion in the second quarter. It was the quickest loan expansion in 14 quarters or since the 15.13% growth in the fourth quarter of 2018.

Bad loans during the period declined 9.60% quarter on quarter to P356.75 billion. On an annual basis, it also decreased by 8.33%.

This brought the share of bad loans to total loan portfolio to 3.75% in the second quarter, an improvement from 4.03% in the previous quarter and 4.67% last year. Meanwhile, the big banks' nonperforming asset (NPA) ratio – or the NPLs and foreclosed properties in proportion to total assets – reached 1.17% during the period. It was lower than 1.31% in the preceding quarter and 1.46% in last year's second quarter.

Despite the improvements in the banking industry's performance during the period, the coronavirus pandemic has left its lasting mark in the sector. In this issue, we look at how the pandemic-induced uncertainties pushed foreign banks like the United States-headquartered Citigroup, Inc. and the Netherlands-based ING Bank N.V. to exit the Philippine retail banking market.

We also looked at how the unserved and underserved Filipinos could take advantage debt, especially during this high-interest rate environment.

Other stories in this report include a Q&A with Maya Bank on its recent rebranding as well as its digital banking services; economists' financial market outlook for the rest of the year; and stock analysts' bank stocks recommendations.

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.

\*Effective March 1, the United Coconut Planters Bank merged with the Land Bank of the Philippines.

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