

STOCK MARKET	ASIAN MARKETS	WORLD MARKETS	PESO-DOLLAR RATES	ASIAN MONIES-US\$ RATE	WORLD CURRENCIES	DUBAI CRUDE OIL																																																																				
PSEI OPEN: 6,570.95 HIGH: 6,570.95 LOW: 6,496.47 CLOSE: 6,530.20 VOL: 1.047 B VAL(P): 4.555 B 30.02 pts. 0.45% 30 DAYS TO MAY 26, 2023	MAY 26, 2023 <table border="1"> <tr><th>CLOSE</th><th>NET</th><th>%</th></tr> <tr><td>JAPAN (NIKKEI 225)</td><td>30,916.31</td><td>▲ 115.18 0.37</td></tr> <tr><td>HONG KONG (HANG SENG)*</td><td>18,746.92</td><td>▼ -369.01 -1.93</td></tr> <tr><td>TAIWAN (WEIGHTED)</td><td>16,505.05</td><td>▲ 213.05 1.31</td></tr> <tr><td>THAILAND (SET INDEX)</td><td>1,530.84</td><td>▼ -4.58 -0.30</td></tr> <tr><td>S.KOREA (KSE COMPOSITE)</td><td>2,558.81</td><td>▲ 4.12 0.16</td></tr> <tr><td>SINGAPORE (STRAITS TIMES)</td><td>3,207.39</td><td>▼ -0.33 -0.01</td></tr> <tr><td>SYDNEY (ALL ORDINARIES)</td><td>7,154.80</td><td>▲ 16.60 0.23</td></tr> <tr><td>MALAYSIA (KLSE COMPOSITE)</td><td>1,402.98</td><td>▲ 0.50 0.04</td></tr> </table>	CLOSE	NET	%	JAPAN (NIKKEI 225)	30,916.31	▲ 115.18 0.37	HONG KONG (HANG SENG)*	18,746.92	▼ -369.01 -1.93	TAIWAN (WEIGHTED)	16,505.05	▲ 213.05 1.31	THAILAND (SET INDEX)	1,530.84	▼ -4.58 -0.30	S.KOREA (KSE COMPOSITE)	2,558.81	▲ 4.12 0.16	SINGAPORE (STRAITS TIMES)	3,207.39	▼ -0.33 -0.01	SYDNEY (ALL ORDINARIES)	7,154.80	▲ 16.60 0.23	MALAYSIA (KLSE COMPOSITE)	1,402.98	▲ 0.50 0.04	MAY 26, 2023 <table border="1"> <tr><th>CLOSE</th><th>NET</th></tr> <tr><td>Dow Jones</td><td>33,093.340 ▲ 328.690</td></tr> <tr><td>NASDAQ</td><td>12,975.688 ▲ 277.594</td></tr> <tr><td>S&P 500</td><td>4,205.450 ▲ 54.170</td></tr> <tr><td>FTSE 100</td><td>7,627.200 ▲ 56.330</td></tr> <tr><td>Euro Stoxx50</td><td>4,027.710 ▲ 54.770</td></tr> </table>	CLOSE	NET	Dow Jones	33,093.340 ▲ 328.690	NASDAQ	12,975.688 ▲ 277.594	S&P 500	4,205.450 ▲ 54.170	FTSE 100	7,627.200 ▲ 56.330	Euro Stoxx50	4,027.710 ▲ 54.770	FX OPEN P56.030 HIGH P55.670 LOW P56.050 CLOSE P55.790 W.AVE. P55.833 VOL. P986.20 M SOURCE: BAP 27.50 ctyvs 30 DAYS TO MAY 26, 2023	MAY 26, 2023 LATEST BID (0900GMT) <table border="1"> <tr><th>PREVIOUS</th></tr> <tr><td>JAPAN (YEN)</td><td>140.620 ▼ 139.510</td></tr> <tr><td>HONG KONG (HK DOLLAR)</td><td>7.833 — 7.833</td></tr> <tr><td>TAIWAN (NT DOLLAR)</td><td>30.681 ▲ 30.790</td></tr> <tr><td>THAILAND (BAHT)</td><td>34.710 ▼ 34.610</td></tr> <tr><td>S. KOREA (WON)</td><td>1,322.660 ▼ 1,326.290</td></tr> <tr><td>SINGAPORE (DOLLAR)</td><td>1.352 — 1.352</td></tr> <tr><td>INDONESIA (RUPIAH)</td><td>14,950 ▼ 14,945</td></tr> <tr><td>MALAYSIA (RINGGIT)</td><td>4.597 ▲ 4.621</td></tr> </table>	PREVIOUS	JAPAN (YEN)	140.620 ▼ 139.510	HONG KONG (HK DOLLAR)	7.833 — 7.833	TAIWAN (NT DOLLAR)	30.681 ▲ 30.790	THAILAND (BAHT)	34.710 ▼ 34.610	S. KOREA (WON)	1,322.660 ▼ 1,326.290	SINGAPORE (DOLLAR)	1.352 — 1.352	INDONESIA (RUPIAH)	14,950 ▼ 14,945	MALAYSIA (RINGGIT)	4.597 ▲ 4.621	MAY 26, 2023 <table border="1"> <tr><th>CLOSE</th><th>PREVIOUS</th></tr> <tr><td>US\$/UK POUND</td><td>1.2343 ▼ 1.2369</td></tr> <tr><td>US\$/EURO</td><td>1.0724 ▼ 1.0727</td></tr> <tr><td>\$/AUST DOLLAR</td><td>0.6517 ▼ 0.6528</td></tr> <tr><td>CANADA DOLLAR/US\$</td><td>1.3613 ▼ 1.3595</td></tr> <tr><td>SWISS FRANC/US\$</td><td>0.9053 ▼ 0.9058</td></tr> </table>	CLOSE	PREVIOUS	US\$/UK POUND	1.2343 ▼ 1.2369	US\$/EURO	1.0724 ▼ 1.0727	\$/AUST DOLLAR	0.6517 ▼ 0.6528	CANADA DOLLAR/US\$	1.3613 ▼ 1.3595	SWISS FRANC/US\$	0.9053 ▼ 0.9058	FUTURES PRICE ON NEAREST MONTH OF DELIVERY \$75.20/BBL ▼ 30 DAYS TO MAY 26, 2023
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PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • MAY 26, 2023 (PSEI snapshot on S1/2; article on S2/2)

ICT	P195.000	SM	P920.000	SMPH	P34.000	PCOR	P4.650	BDO	P135.000	ALI	P25.900	AC	P686.000	BPI	P100.500	RLC	P14.360	ANI	P7.320
Value	P519,848,868	Value	P329,238,495	Value	P269,226,745	Value	P262,720,380	Value	P248,313,614	Value	P172,025,305	Value	P128,190,325	Value	P112,628,433	Value	P110,982,562	Value	P107,917,068
	-P5.000 ▼ -2.500%		P4.000 ▲ 0.437%		P0.000 — 0.000%		P0.450 ▲ 10.714%		P0.000 — 0.000%		-P0.100 ▼ -0.385%		-P5.500 ▼ -0.795%		-P2.500 ▼ -2.427%		-P0.380 ▼ -2.578%		P0.040 ▲ 0.549%

BSP to extend relief for small banks

THE BANGKO SENTRAL ng Pilipinas (BSP) will extend the alternative reserve compliance for small banks to ensure there will be no adverse impact after the relief measure expires on June 30.

BSP Governor Felipe M. Medalla said the relief measure is no longer necessary

since the economy has clearly recovered from the pandemic, but the central bank will make some considerations for small lenders.

"There may be provisions for small banks to allow (the relief measure) to go on until the loans have matured, *para di*

silang mabigla (so they won't be shocked)," he said during a book launch event on Friday.

"*Pag nag mature na 'yung loans, 'yung bagong loans hindi na* (Once the loans have matured, the new loans won't be counted as reserve compliance)."

Mr. Medalla said these considerations will be extended only to thrift banks and rural banks.

During the pandemic, the BSP allowed banks to count their lending to micro, small, and medium enterprises (MSMEs) and pandemic-hit large enterprises as

part of their alternative compliance with the reserve requirements.

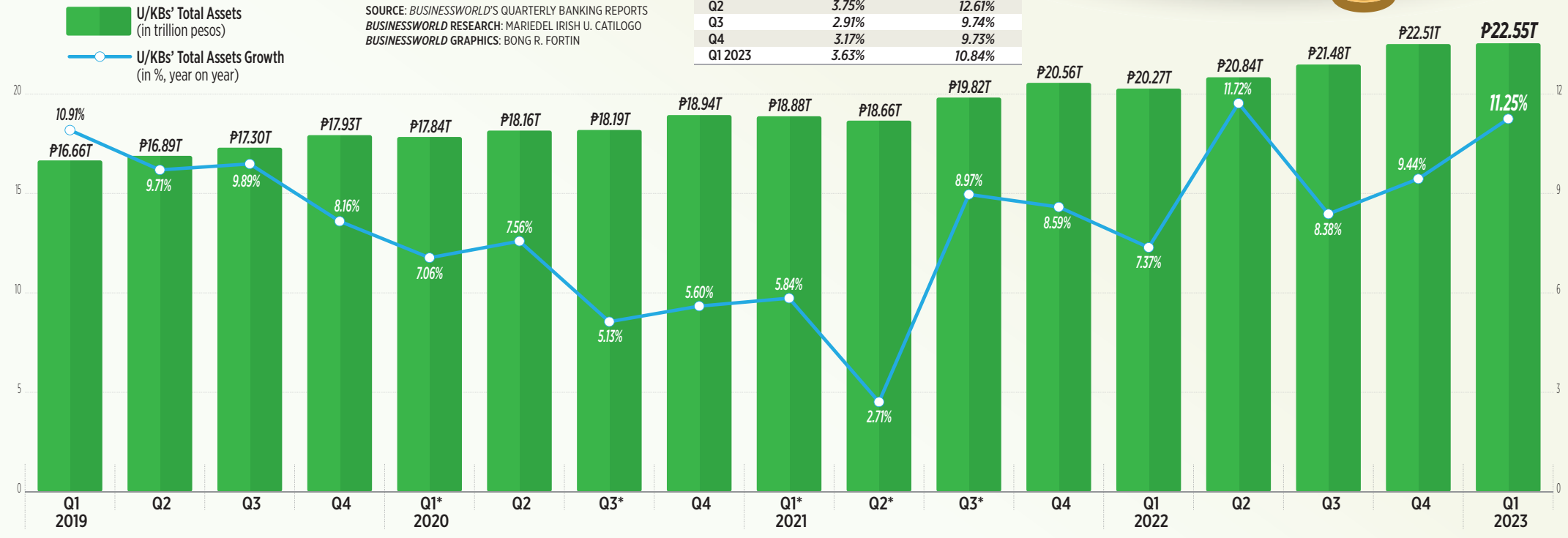
The relief measure has been extended three times since it was implemented in April 2020, and is now set to expire on June 30.

Relief, S1/9

Q1 BIG BANKS' ASSET GROWTH FASTEST IN 3 QUARTERS

The total assets of the country's universal and commercial banks (U/KBs) went up by 11.25% year on year to P22.55 trillion in the first three months of 2023. This was an improvement from the 9.44% growth in the previous quarter and the 7.37% in the first quarter in 2022. Total loans of these banks also rose by 10.84% year on year to P11 trillion during the period.

NOTES:
 * Five of the big banks were excluded in the first quarter of 2020 due to unavailability of data at the time of collection. One during the third quarter of 2020 and first quarter of 2021, four in the second quarter of 2021, and two in the third quarter of 2021 were also unavailable.
 ** The current method distinguishes bad loans without deductions (gross nonperforming loans) and bad loans minus specific allowance for credit losses (net nonperforming loans). Previously, banks presented bad loan data that already excluded loans that were already fully provisioned as of the last examination by the Bangko Sentral ng Pilipinas.



Period	Gross Nonperforming Loans Ratio (Q1 2019-Q1 2023)**	U/KBs' Total Loans Growth (% Year on Year)
Q1 2019	1.53%	12.38%
Q2	1.58%	10.25%
Q3	1.66%	9.10%
Q4	1.88%	9.30%
Q1 2020*	1.93%	9.73%
Q2	2.02%	5.37%
Q3*	3.57%	-0.74%
Q4	3.68%	-3.96%
Q1 2021*	4.12%	-5.98%
Q2*	4.67%	-5.60%
Q3*	4.49%	3.24%
Q4	3.95%	5.93%
Q1 2022	4.03%	6.21%
Q2	3.75%	12.61%
Q3	2.91%	9.74%
Q4	3.17%	9.73%
Q1 2023	3.63%	10.84%



Lenders' Q1 asset growth quickest in 3 quarters

THE COMBINED ASSETS of the Philippines' largest banks climbed by 11.25% in the first quarter, the fastest growth in three quarters.

BusinessWorld's latest quarterly banking report showed the combined assets of 45 universal and commercial banks (U/KBs) jumped to P22.55 trillion in the January-to-March period from P20.27 trillion in the same period a year ago.

The 11.25% asset growth is faster than the 9.44% expansion seen in the fourth quarter of 2022.

This was also the quickest pace in three quarters or since the 11.72% increase seen in the second quarter last year.

Big banks' aggregate loans went up by 10.84% to P11 trillion during the first three months of 2023. This marked the seventh quarter of loan growth, and the fastest ex-

pansion since the 12.61% logged in the second quarter of 2022.

The nonperforming loans (NPL) ratio, or the bad loans as a portion of the total loan portfolio, reached 3.63% in the January-to-March period. This was higher than the NPL ratio of 3.17% in the fourth quarter but lower than 4.03% recorded in the first three months last year.

The U/KBs' nonperforming asset (NPA) ratio — the share of NPLs and foreclosed properties to total assets — inched up to 1% in the first three months of 2023, from 0.99% in the previous quarter. However, this was still lower than the 1.31% in the first quarter of 2022.

Foreclosed real and other properties as a share of the U/KBs' total assets stood at 0.27%, slightly lower than the 0.28% in the

preceding quarter but higher than the 0.26% in the same period last year.

Total loan loss reserves expanded by 7.68% annually to P391.47 billion during the period.

Big banks' median capital adequacy ratio (CAR) — or the ability to absorb losses from risk-weighted assets — stood at 19.73%. This was higher than 17.97% in the fourth quarter but lower than the 21.73% in the same quarter in 2022.

The banks' CAR remained above the required minimum 10% set by the Bangko Sentral ng Pilipinas as well as the international minimum standard of 8% under the Basel III framework.

Its return on equity (RoE) stood at 8.79% in the January-to-March period, higher than 6.36% in the previous quarter and 3.96% in the first quarter of 2022.

Asset, S1/9

PHL roads, railways and ports highly vulnerable to climate risks — experts

By Arjay L. Balinbin
Multimedia Editor

LEIPZIG, Germany — Road, railway, and port infrastructure in the Philippines are among those most at risk of multihazard damage caused by climate change, according to experts at the International Transport Forum (ITF).

"In the Philippines, up to 25,000 kilometers of roads are exposed to increased flooding by 2050 if global emissions continue to rise," said Sudhir Gota, co-team leader of Asia Transport Outlook, in an interview with *BusinessWorld* on the sidelines of the ITF Summit 2023 on May 25.

Citing data from the latest Asia Transport Outlook report, he said that the projected annual damage to roads and railways in the Philippines may reach as much as \$410 million a year.

To compare, Indonesia may incur up to \$730 million worth of damage to roads and railways, while Vietnam may face up to \$465 million worth of damage.

Projected annual damage to roads and railways are also significant in other Southeast Asian countries such as Myanmar (\$293 million), Thailand (\$149 million), and Malaysia (\$99 million).

Tax, S1/9

Mr. Sudhir said the Philippines also needs to strengthen its ports against the impact of climate change, as the projected damage may reach up to \$196 million — the highest among its peers. To compare, Vietnam's ports may face up to \$128 million in damage, followed by Indonesia (\$70 million), Thailand (\$31 million), Malaysia (\$27 million), and Myanmar (\$15 million).

The Philippines accounts for 42% of potential damage due to hazards in Southeast Asia, he said.

He also noted that disruptions caused by climate hazards can result in downtime at ports, which would hamper the flow of goods.

Among countries in Asia, the Philippines has the highest share of trades at risk due to climate hazards, at 1.3%, followed by China and Vietnam with less than 1.2% each, he said.

While Philippine ports are improving, Mr. Sudhir said there is a need to build resilience due to future threats arising from climate change.

"Resilience means developing a green port plan, a climate adaptation strategy, particularly to make the ports resilient against rising sea levels... You need to strengthen your ports against these risks, which implies that for building resilience for your ports, you will require a significant investment," he said.

Climate risks, S1/9

Tax reforms generated P202.8B in revenues in 2022

THE IMPLEMENTATION of key tax reform laws generated P202.8 billion in additional revenues in 2022, the Department of Finance (DoF) said.

"The total collection last year was 26.3% or P42.3 billion higher than the 2021 full-year incremental revenue of P160.5 billion on the back of full economic recovery due to lifting of stringent quarantine measures," Finance Secretary Benjamin E. Diokno said in a statement.

Higher revenues were attributed to the comprehensive tax reform program (CTRP),

which included the Tax Reform for Acceleration and Inclusion (TRAIN) law; the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) law; the Tax Amnesty Law, and "sin" taxes on alcohol and tobacco.

Data provided by the DoF showed these tax reforms generated P709.9 billion in total revenues since 2018.

Total collections from the TRAIN law reached P216.5 billion, up by 27% from the P171 billion in 2021.

Excise tax collections on imported petroleum rose by 10.7%

to P132.6 billion, "due to higher volume of oil imports," the DoF said.

Meanwhile, collections from sweetened beverages rose by 12.7% to P44.3 billion, while those from tobacco jumped by 2.5% to P15.7 billion. Excise taxes from alcohol increased by 23% to P31.8 billion.

Also, documentary stamp tax collection jumped by 58.8% to P58.8 billion.

Data from the DoF showed that the government lost P51.1 billion from the reduced income tax rates in 2022, slightly lower