



Bangko Sentral ng Pilipinas

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Outstanding FCDU Loans Down in Second Quarter of 2009

As of end-June 2009, outstanding loans granted by Foreign Currency Deposit Units (FCDUs) of banks amounted to US\$4.6 billion, reflecting a US\$521 million (or 10 percent) decline from the previous quarter's level of US\$5.1 billion. "Principal repayments which outpaced loan releases by US\$384 million, and negative audit adjustments of US\$137 million pulled down the outstanding loan portfolio," BSP Officer-in-Charge Nestor A. Espenilla, Jr. noted. The decline was a manifestation of continued aversion to foreign exchange risk by borrowers who turned to peso loans for their financing needs. Banks' peso loan portfolio for the same period increased by PHP70 billion (or about US\$1.48 billion).

Year-on-year, however, a slight increase of US\$56 million (or 1 percent) was noted compared to the US\$4.57 billion recorded in June 2008, due mainly to net loan releases (excess of new loans over principal repayments), which were partially offset by audit adjustments.

Decreases were observed in the second quarter for both short-term (ST) and medium and long-term (MLT) loans, although the maturity mix remained biased towards MLT loans, whose share to total portfolio remained at 60 percent. MLT accounts are those with original payment terms of more than one year, while ST loans have original tenors of up to one year.

Gross loan disbursements and repayments were both higher than the previous period's levels: from US\$1.45 billion to US\$1.47 billion for availments and from US\$1.6 billion to US\$1.9 billion for repayments. Of the new loan releases, about US\$1.3 billion (85.3 percent) had short-term maturities, reflecting a cautious attitude to longer-term exposure; the balance of US\$217 million (or 14.7 percent) were medium to long-term in nature.

FCDU deposit liabilities continued to rise, and stood at US\$21.8 billion by the close of the second quarter of 2009, the highest level recorded since 1994. The figure reflected an increase of US\$611 million (or 2.9 percent) from US\$21.2 billion in March. The bulk (98 percent) of these deposits were held by residents.

With the contraction in FCDU loans and expansion in deposits, the overall loans-to-deposits ratio declined to 21 percent from almost 24 percent in the first quarter.

View table: http://www.bsp.gov.ph/publications/tables/2009_10/news-10092009a1.htm

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