

October 16, 2019

BPI posts 38.6% increase in 3Q 2019 net income

MAKATI CITY, Philippines --- Bank of the Philippine Islands posted P8.29 billion in Net Income in the third quarter of 2019, higher by 38.6% compared to the third quarter of 2018. This resulted in P22.03 billion in Net Income for the nine-month period ending September 2019, an increase of 29.5% from the P17.01 billion registered in the same period last year. Comprehensive Income for the nine-month period was P23.12 billion, up 51.1%.

Total Revenues for the nine-month period increased by 24.8% to P71.00 billion, driven by a 19.8% year-on-year growth in Net Interest Income which reached P48.66 billion. Net Interest Margin widened by 26 basis points on higher asset yields which rose by 89 basis points, partially offset by higher cost of funds.

Total Loans as of September 30, 2019 reached P1.37 trillion, registering a growth of 8.2% year-on-year, on the back of consumer and corporate loan growth of 12.5% and 7.4%, respectively. Within the consumer segment, credit card loan growth continued its upward trajectory, climbing 24.6% year-on-year. Total Deposits reached P1.62 trillion, higher by 5.0% year-on-year. The Bank's CASA Deposit Ratio stood at 69.1% while the Loan-to-Deposit Ratio was at 84.7%.

Non-Interest Income reached P22.34 billion in the nine-month period, a 37.5% increase year-on-year, driven by higher securities trading gains and fee-based income. The Bank's total securities position stood at P392.99 billion, up by 17.3% year-on-year. Fees, Commissions, and Other Income increased by 19.1%, primarily from higher fee revenues from credit cards, transaction banking, electronic channels, deposit products, and insurance.

Operating Expenses stood at P37.09 billion in the nine-month period, higher by 15.6% year-on-year. Cost-to-Income Ratio was at 52.2%, lower than the 56.4% recorded in the same period last year.

Provision for Losses for the nine-month period, including specific reserves for Hanjin, was at P4.58 billion, bringing the Bank's Loss Coverage Ratio to 102.7%. NPL Ratio was at 1.81%, flat compared to the prior year.

Total Assets stood at P2.13 trillion, higher by 8.4% year-on-year, with Return on Assets at 1.4%. Total Equity reached P267.85 billion, providing a strong capital position to support future growth, with an indicative Common Equity Tier 1 Ratio of 15.87% and Capital Adequacy Ratio of 16.76%.

ABOUT BPI

The 168-year-old Bank of the Philippine Islands is the first bank in the Philippines and Southeast Asia. We are licensed as a universal bank by the Bangko Sentral ng Pilipinas to provide a diverse range of financial services: deposit taking and cash management, payments, lending and leasing, asset management, bancassurance, investment banking, securities brokerage, and foreign exchange and capital markets. BPI has significant financial strength, with robust Tier 1 capital adequacy ratios and profitability, underpinned by a stringent compliance and risk management regimes. BPI has investment-grade ratings of BBB+ (S&P), Baa2 (Moody's), and BBB (Capital Intelligence), and BBB- (Fitch).

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On August 27, 2019, S&P Global Ratings (“S&P”) assigned ‘BBB+’ long-term and ‘A-2’ short-term issuer credit ratings (“ICR”) to the Bank. S&P’s outlook on the Bank’s long-term rating is stable and the stand-alone credit profile (“SACP”) was assessed to be ‘bbb+’. This is the first credit rating assigned by S&P to the Bank, which is at par with the Philippine Sovereign Rating of “BBB+”. BPI is the first private domestic bank in the Philippines to achieve investment-grade ratings of bbb+/BBB+ in both SACP and ICR ratings.

The Bank also had two milestone transactions in the third quarter of 2019.

On August 29, 2019, BPI priced its inaugural CHF 100 million two-year interest free ASEAN Green Bond. This is the first ever public Swiss franc-denominated benchmark out of the Philippines, the first ASEAN Green Bond benchmark for BPI, the first ever rated Philippine Green Bond in the international capital markets, and the first negative yielding bonds to be issued out of the Philippines in the international capital markets.

On September 3, 2019, BPI successfully priced a USD 300 million Senior Unsecured Fixed Rate ASEAN Green Bond via a drawdown under its USD 2 billion Medium Term Note Programme. This is the first USD-denominated ASEAN green bond issued by a Philippine bank, with the lowest coupon (2.500% p.a.) and yield (2.577%) ever paid for a USD-denominated bond from the Philippines, and the lowest credit spread ever paid by a Philippine bank.

The net proceeds from both bonds will be used for the financing and/or re-financing, in whole or in part, of “green” eligible projects under BPI’s Green Finance Framework.

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