**Press Release**

July 20, 2022

# BPI net income up 73% for the first half of 2022

MAKATI CITY, Philippines --- Bank of the Philippine Islands delivered strong first half results posting a net income of P20.4 billion up 73.0% year-on-year on higher revenues and lower provisions. This result is inclusive of a net gain on sale of property and tax adjustments due to the CREATE Law. Excluding the impact of the asset sale and tax adjustments, net income stood at P16.7 billion, up 24.0% for the period.

Total revenues for the first half of the year increased by 19.8% year-on-year to P57.6 billion driven by the growth in net interest income of 16.2% to P39.3 billion on the back of 14.4% loan growth and a 15-basis point expansion in net interest margin to 3.46%. Non-interest income was also up 28.4% to P18.3 billion as fee income increased 42.2% year-on-year, slightly tempered by notably lower securities trading gains which came off a high base last year.

Total operating expenses for the first semester was P25.8 billion, higher by 7.3% compared to the previous year, with investments in technology as the main accelerator. Cost-to-income ratio was 44.8%. Excluding the income from asset sale, cost-to-income ratio stood at 49.1%

The Bank recognized provisions of P5.0 billion for the first half of the year, a 23.1% reduction from the P6.5 billion booked over the same period last year. NPL ratio further improved to 1.99% and NPL coverage ratio stood at a comfortable 170.7%. The sustained strong metrics in asset quality resulted in a continued decline in credit cost, to 66 basis points, towards pre-pandemic levels. Return on Equity was 13.98%, while Return on Assets was 1.71%.

For the second quarter of the year, the Bank recorded the highest quarterly net income of P12.5 billion, up 82.9% year-on-year. Total revenues reached P32.3 billion for the quarter, up 35.6% on robust performances from net interest income and non-interest income. Excluding the impact of the asset sale, it was nonetheless still a record revenue of P27.3 billion and record income of P8.7 billion for the second quarter of 2022.

Total loans as of June 30, 2022 was P1.6 trillion, a 14.4% growth year-on-year, due to higher loan volumes across the board, led by growth in the corporate and SME, credit card, and auto portfolios of 16.3%, 16.5%, and 5.9%, respectively. Total deposits grew 18.3% year-on-year to P2.0 trillion. The Bank's CASA increased by 12.6% with a CASA Ratio of 79.2%, while the Loan-to-Deposit Ratio was 78.1%. Both loan and deposit volumes remain above pre-pandemic levels.

Total assets reached P2.5 trillion, up 13.1% versus the same period last year. Total equity stood at P304.1 billion, with an indicative Common Equity Tier 1 Ratio of 16.0% and a Capital Adequacy Ratio of 16.9%, both above regulatory requirements.



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In May 2022, the Bank announced the shift to a dividend policy based on a dividend payout ratio of 35% to 50% of previous year's earnings and the distribution of P1.06 dividend per share for the first semester of 2022, up P0.16 or 17.8% from the same period last year. This dividend policy replaces the fixed P0.90 dividend per share per semester paid by the Bank in prior years.

On July 1, 2022, Moody's Investors Service affirmed the Baa2 long-term deposit ratings of BPI with a Stable outlook while on April 26, 2022, Fitch Ratings affirmed the long-term issuer default ratings of BPI at BBB-. The Bank also currently enjoys the investment-grade ratings of BBB+ from S&P Global Ratings and BBB from Capital Intelligence. These affirmations reflect expectations that the Bank's credit profile will remain robust over the next 12 to 18 months.



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