Press Release

July 19, 2023

BPI sustains earnings momentum with first semester net income up 23%

MAKATI CITY, Philippines --- Bank of the Philippine Islands capped its first half of 2023 with net income of P25.1 billion, up 23.0%, delivering a Return on Equity of 15.5%. Drivers of the strong financial performance were average asset base expansion, margin growth, and lower provisions.

Total revenues for the first semester of the year ramped up 13.8% to P65.6 billion, on the back of the 27.4% increase in net interest income to P50.1 billion, attributable to average asset base expansion of 9.2% and net interest margin widening by 56 basis points to 4.03%. This was tempered by the 15.4% decline in non-interest income to P15.5 billion due to the property sale gain recognized in the prior year. Removing the impact of this one-off transaction, non-interest income would be higher by P2.2 billion or 16.3%, led by the increase in fees from credit cards, various service charges, and securities trading.

Operating expenses for the first six months of the year jumped 21.4% to P31.4 billion, primarily from the growth in spending for structural and one-time salary increases, continued investments in digitalization programs, and various marketing campaigns, rewards, and other selling expenses. Cost-to-income ratio stood at 47.9%.

Asset quality remains robust with an NPL Ratio of 1.88% and NPL Coverage Ratio of 167.44% as of June 30, 2023. The Bank recognized provisions of P2.0 billion year-to-date, 60.0% below the P5.0 billion recorded over the same period last year.

For the second quarter of the year, the Bank booked quarterly net income of P13.0 billion, up 4.5% year-on-year, even without the benefit of a one-time gain. Total revenues reached P33.9 billion for the quarter, up 4.9%, owing to the decline in non-interest income offsetting the increase in net interest income. Without the effect of the prior year gain from property sale, quarterly net income would be higher by 49.3% from the same quarter last year.

Total assets of P2.7 trillion is higher by 8.9% compared to the first half of 2022, with Return on Assets at 1.92%. Total loans for the first semester climbed 10.5% to P1.7 trillion, boosted by the loan growth in the corporate, credit card, and auto portfolios of 8.0%, 42.7%, and 20.4%, respectively. Total deposits also grew 7.6% year-on-year to P2.1 trillion. The Bank's CASA Ratio was 70.2%, while the Loan-to-Deposit Ratio was 80.2%. Total equity was P336.1 billion, with an indicative Common Equity Tier 1 Ratio of 15.5% and a Capital Adequacy Ratio of 16.4%, both well above regulatory requirements.

In May 2023, Fitch Ratings revised the Outlook on BPI's Long-Term Foreign- and Local-Currency Issuer Default Ratings (IDRs) to Stable from Negative, affirmed the Long-Term IDRs at 'BBB-', and affirmed the Bank's Government Support Rating (GSR) at 'bbb-'. This rating action followed a similar revision in the Outlook on the Philippines' sovereign rating to Stable from Negative, which reflects Fitch's improved confidence that the Philippines is returning to strong medium-term growth after the COVID-19 pandemic.

Contact Us: Media: corporate affairs@bpi.com.ph| Investor Relations: investorrelations@bpi.com.ph Bank of the Philippine Islands l 22/F - 28/F fAyala Triangle Gardens Tower 2, Paseo De Roxas Cor. Makati Ave., Bel-Air, Makati City 1226 PH l +632 8663 6733

In July 2023, the Bank completed the relocation of various BPI Head Office units — formerly located in Ayala North Exchange, Insular Life, and Makati Stock Exchange — to Ayala Triangle Gardens Tower 2, at the corner of Paseo de Roxas and Makati Avenue, Makati City. Consolidating these units into one central location will increase organizational productivity and collaboration through co-location, improve building maintenance, and optimize costs.

Contact Us: Media: corporate affairs@bpi.com.ph| Investor Relations: investorrelations@bpi.com.ph Bank of the Philippine Islands l 22/F - 28/F fAyala Triangle Gardens Tower 2, Paseo De Roxas Cor. Makati Ave., Bel-Air, Makati City 1226 PH l +632 8663 6733