BPI Investor Presentation

4Q and FY 2023

Performance Highlights

2023 Performance Highlights

Profitability

- Record FY23 income of P51.69 Bn, up 30.5% YoY, driven by record revenues
- Excluding gain from sale of property last year, net income was up 44.1%
- Sustained ROE at 15.35% and ROA at 1.93%

Balance Sheet

- Loans and deposit growth at 10.5% and 9.5% YoY
- Liquidity ratios remained strong: indicative LCR at 207.49%; NSFR at 153.10%
- Further strengthened capital position: indicative CET1 at 15.3%; CAR at 16.2%

Asset Quality

- Asset quality remained strong with sufficient NPL cover
- NPL ratio at 1.84%, NPL cover at 156%

Growth

- Strengthened customer franchise: 1.7 Mn new clients and highest NPS among banks
- Record volume and gained market share in several businesses
- Combined network and resources of BPI and RBC in effect starting January 2024

Profitability – QoQ

In P bn	4Q 2022	3Q 2023	4Q 2023	QoQ	YoY
Net Interest Income	23.42	26.67	27.57	3.4%	17.7%
Non-Interest Income	7.65	8.62	9.87	14.6%	29.1%
Trading Income	0.88	1.20	1.69	40.9%	93.1%
Fee Income	6.77	7.42	8.18	10.3%	20.8%
Net Revenues	31.07	35.29	37.45	6.1%	20.5%
Opex	17.90	17.23	20.49	18.9%	14.5%
PPOP	13.17	18.05	16.96	-6.0%	28.8%
Provisions	1.67	1.00	1.00	0.0%	-40.0%
NIBT	11.50	17.05	15.96	-6.4%	38.8%
Income Taxes	2.37	3.54	2.82	-20.5%	19.0%
Net Income	9.06	13.47	13.07	-3.0%	44.3%

Quarter-on-Quarter

- 4Q23 net income at P13.07 Bn, down 3% QoQ
  - increase in operating expenses, up 18.9%, offset the increase in revenues, up 6.1%

Year-on-Year

- 4Q23 net income, up P4 Bn or 44% YoY on strong revenue generation, up 21%
  - Net interest income, up 17.7%; loans up 10.1%, and NIMs up 40bps
  - Record trading income, up 93%
  - Fee income, up 20.8% on higher transaction count and volume
- PPoP, up P3.8 Bn or 29%; sustained positive jaw
- Provision, down P0.7Bn or 40%, further boosted net income

Profitability – Full Year

In P bn	2022	2023	YoY
Net Interest Income	85.07	104.35	22.7%
Non-Interest Income	33.46	33.97	1.5%
Trading Income	3.78	5.18	37.0%
Fee Income	29.68	28.79	-3.0%
Net Revenues	118.52	138.32	16.7%
Opex	57.99	69.11	19.2%
PPOP	60.54	69.21	14.3%
Provisions	9.17	4.00	-56.4%
NIBT	51.37	65.21	26.9%
Income Taxes	11.53	13.30	15.3%
Net Income	39.60	51.69	30.5%

- Record net income of P51.69 Bn, up 30.5% YoY, largely driven by record revenues and lower provisions which offset the increase in operating expenses
  - Record net interest income, up 22.7% and record trading income, up 37%, offset the decline in fees
  - Operating expenses, up 19.2%, driven predominantly by manpower, technology and marketing expenses
  - Provisions, down 56%

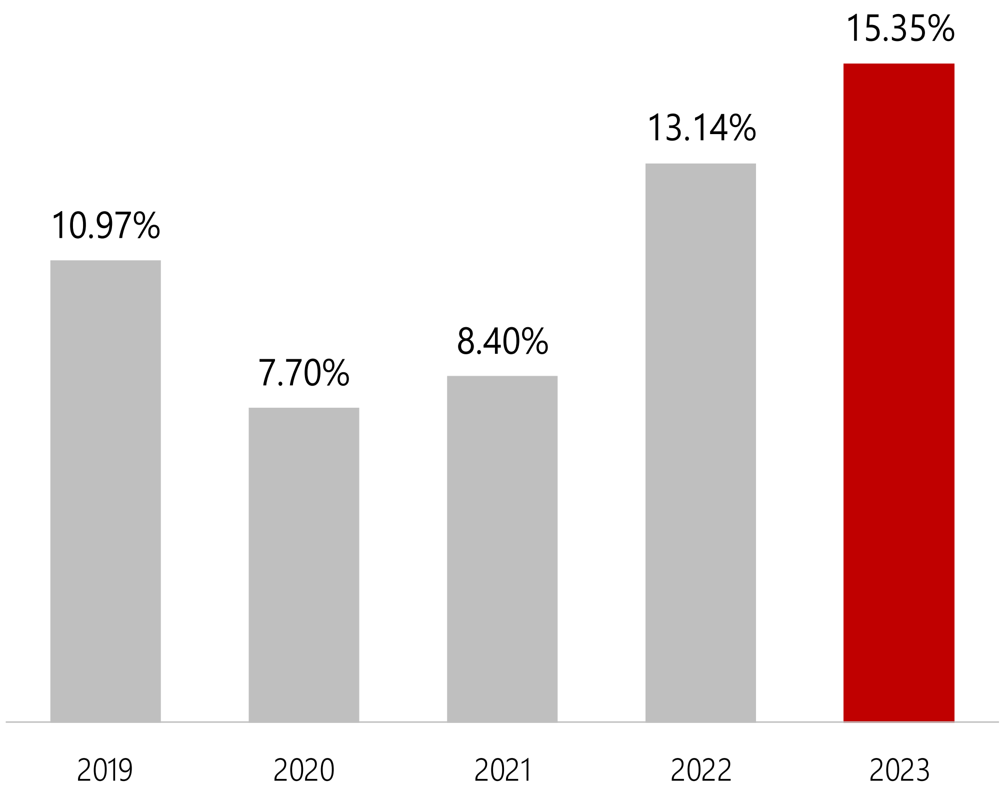
Profitability – Full Year (Ex One-Off)

2021 net income includes 1.65bn adjustment due to CREATE and 2022 excludes gain from sale of an asset

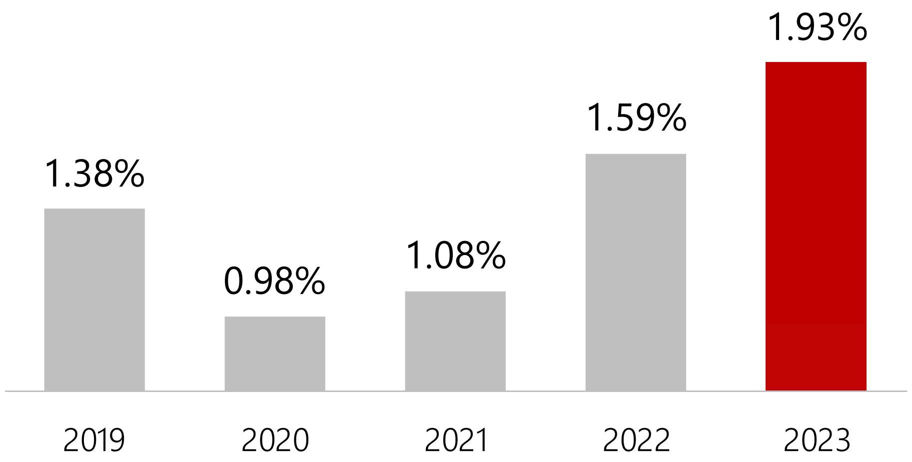
In P bn	2021	2022	2023	2021 vs 2022	2022 vs 2023
Net Interest Income	69.58	85.07	104.35	22.3%	22.7%
Non-Interest Income	27.82	28.47	33.97	2.3%	19.3%
Trading Income	3.99	3.78	5.18	-5.3%	37.0%
Fee Income	23.83	24.69	28.79	3.6%	16.6%
Net Revenues	97.40	113.54	138.32	16.6%	21.8%
Opex	50.73	57.99	69.11	14.3%	19.2%
PPOP	46.67	55.55	69.21	19.0%	24.6%
Provisions	13.14	9.17	4.00	-30.2%	-56.4%
NIBT	33.54	46.38	65.21	38.3%	40.6%
Income Taxes	7.77	10.29	13.30	32.3%	29.3%
Net Income	25.53	35.86	51.69	40.5%	44.1%

Shareholder Returns

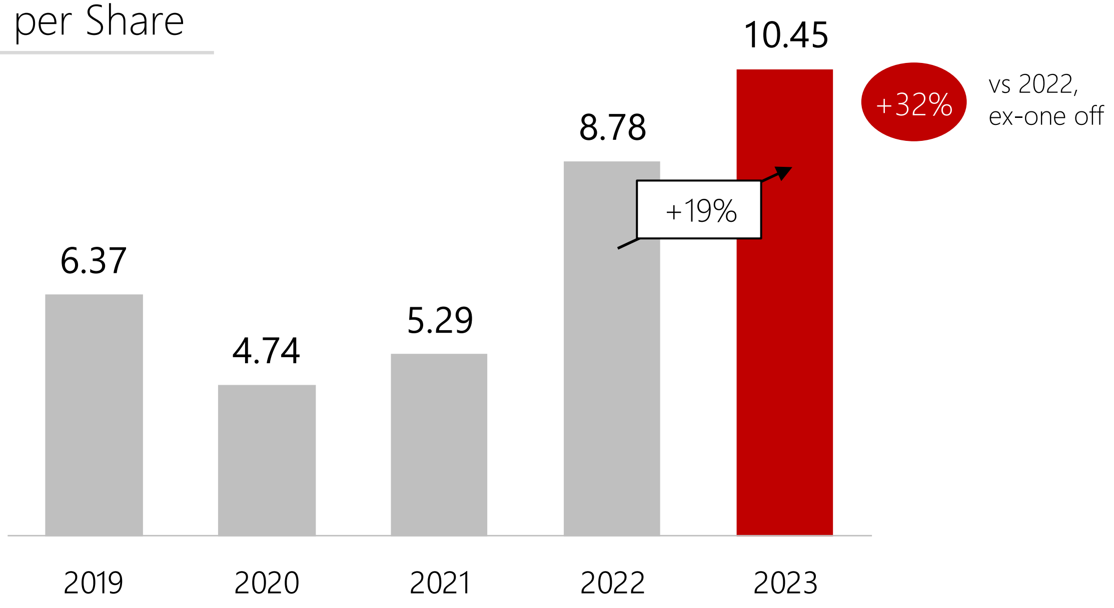
Return on Equity



Return on Assets



Earnings per Share



Balance Sheet

In P bn	Dec 2022	Sep 2023	Dec 2023	QoQ	YoY
Assets	2,604.3	2,709.9	2,891.7	6.7%	11.0%
Gross Loans	1,756.8	1,795.1	1,935.3	7.8%	10.2%
Net Loans	1,703.0	1,741.1	1,882.0	8.1%	10.5%
Securities	530.8	596.6	621.2	4.1%	17.0%
Deposits	2,096.2	2,171.2	2,295.1	5.7%	9.5%
CASA	1,558.6	1,504.8	1,537.6	2.2%	-1.3%
Time	537.6	666.4	757.5	13.7%	40.9%
Borrowings	97.5	101.6	137.1	34.9%	40.6%
Capital	317.7	349.6	356.8	2.0%	12.3%
LCR	194.52%	193.82%	207.49%[1]	14 ppts	13 ppts
LDR (Net Loans)	81.24%	80.19%	82.00%	181 bps	76 bps
CASA ratio	74.35%	69.31%	66.99%	-231 bps	-736 bps

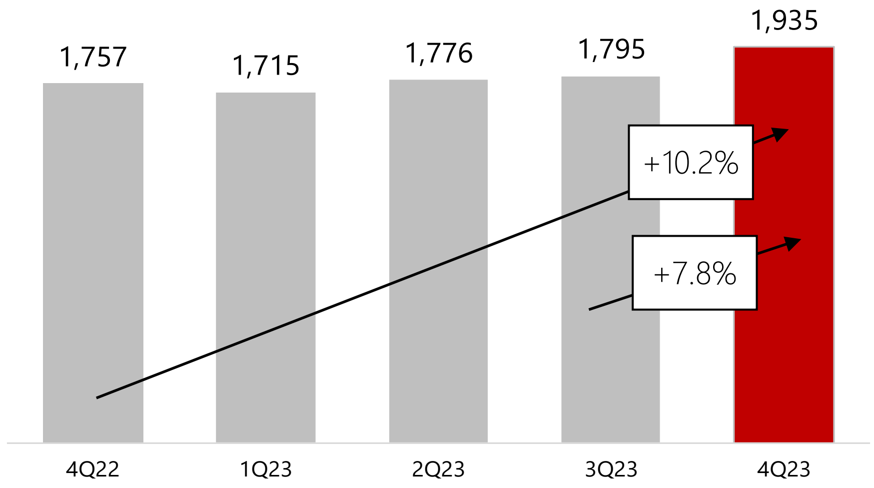
[1] indicative

- Loans growth at 10.5% and deposit growth at 9.5% are trending above industry (as of Nov 2023); FY23 Loans ADB up 10.8%; Deposit ADB up 6.3%
- 84% of the deposit growth is from retail, despite the lower branch count
- Managed deposit growth
  - Growth in Time Deposit offset the decline in CASA, resulting in lower CASA ratio at 67%; CASA Average Daily Ratio at 70.5%
  - LDR continued to improve, up 181bps QoQ and 76bps YoY vs decline for the industry
  - Excess deposits over loans invested in securities, up 17%
- Increase in capital driven by solid income generation notwithstanding strong increase in dividends paid

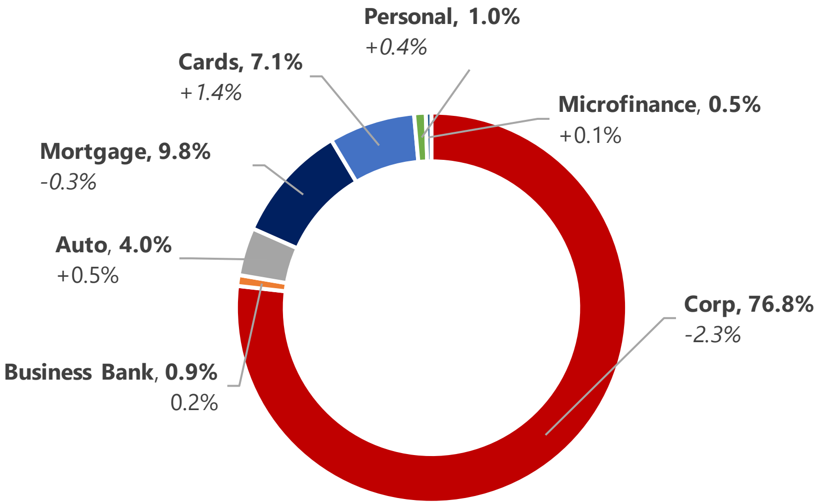
Loan Book

Quarter-on-Quarter

Amounts in P bn



Loan Mix, YoY change



Strong volume growth in all segments

Loans up 10% YoY and 7.8% QoQ; Loan mix continued to shift in favor of consumer with Consumer loans up 21% vis Corporate up 7%;

- Credit Card loans, up 38% (+P38.2 Bn) on a higher card base, up 24%; market share up 112bps to 19% as of Dec 2023
- Auto loans, up 24% (+P15 Bn), with growth in both regular loans, up 24%, and floorstock portfolio, up 17%; market share up 96bps to 15% as of Sept 2023
- Mortgage loans, up 6.7% (+12Bn); growth in the end-user housing loans, up 10.2%, offset the decline in the Contract-to-Sell portfolio, down 4.8%; market share stable
- Personal loans, up 106% (+P9.6 Bn) driven by diversification of channels, launch of new products and expansion of prequalification criteria; Loan releases reached P1.5Bn in December, 2x the previous year
- Microfinance loans up 34.5% (+P2.3 Bn) on a 38% increase in loan releases partly arising from additional 33 BanKo branches last year and roll out of BanKo-on-the-Go

Loan Book per Segment

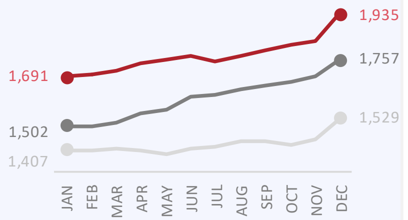
TOTAL GROSS LOANS

₱1,935.3B

As of Dec 2023

140.2B +7.8% vs. Last Quarter

178.6B +10.2% vs. Last Year

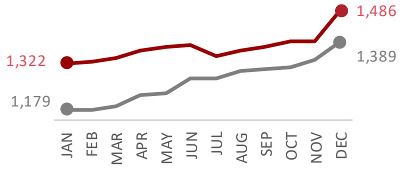


INSTITUTIONAL

₱1,486.0B

112.6B +8.2% vs. Last Quarter

97.1B +7.0% vs. Last Year

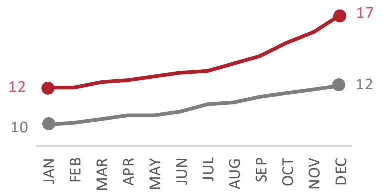


BUSINESS BANK

₱17.4B

3.0B +20.7% vs. Last Quarter

5.1B +41.0% vs. Last Year

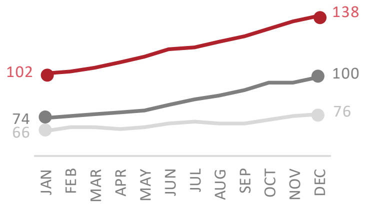


CREDIT CARDS

₱137.9B

12.7B +10.2% vs. Last Quarter

38.2B +38.3% vs. Last Year



AUTO

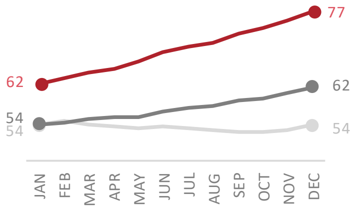
₱76.8B

4.6B +6.3% vs. Last Quarter

15.0B +24.3% vs. Last Year

Floorstock: ₱ 3.53B

Regular Auto Loan: ₱73.24B



MORTGAGE

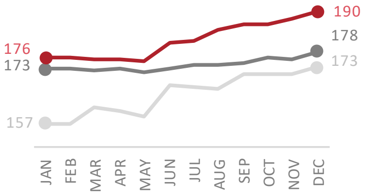
₱189.5B

4.2B +2.3% vs. Last Quarter

11.9B +6.7% vs. Last Year

CTS: ₱ 34.84B

Regular Housing Loan: ₱ 154.76B

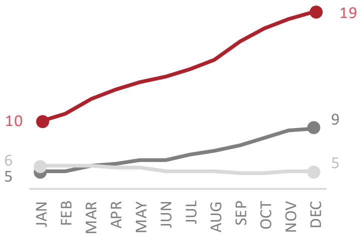


PERSONAL

₱18.6B

2M +14.9% vs. Last Quarter

9.6B +106.3% vs. Last Year

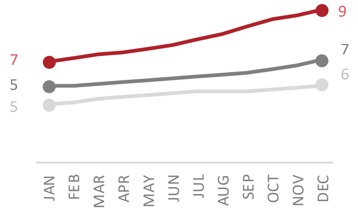


MICROFINANCE

₱9.0B

1M +8.9% vs. Last Quarter

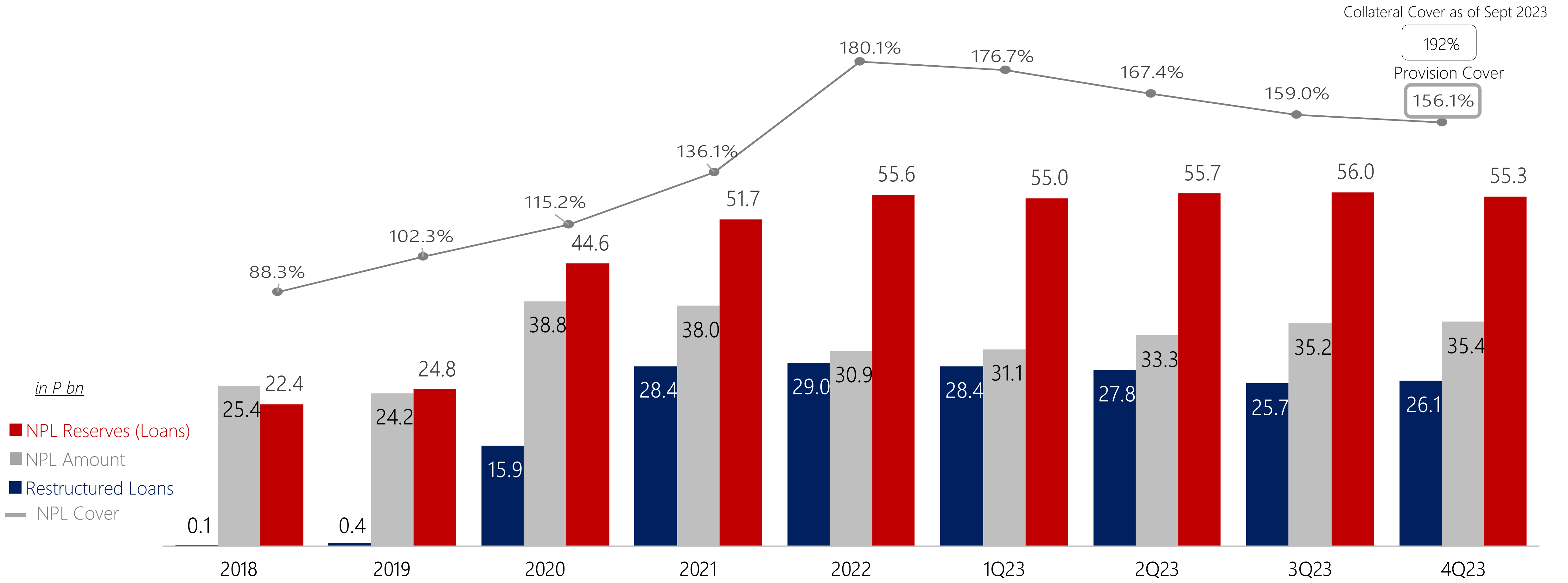
2.3B +34.5% vs. Last Year



2021 2022 2023

Asset Quality

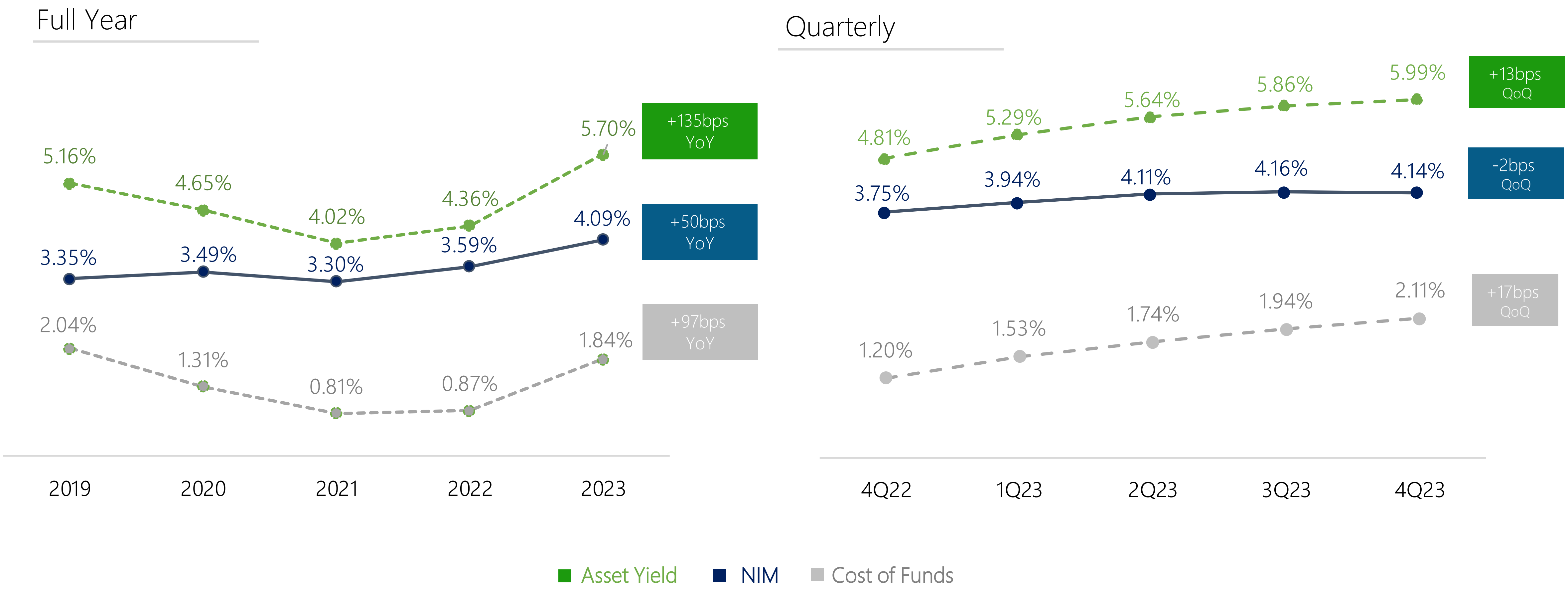
Strong asset quality with sufficient provisions cover and collateral cover



NPL Ratio	1.85%	1.63%	2.68%	2.49%	1.76%	1.82%	1.88%	1.97%	1.84%
RL Ratio	0.01%	0.03%	1.09%	1.86%	1.65%	1.66%	1.57%	1.44%	1.35%
Credit Cost (in bps)	40	41	196	93	58	24	23	23	23

Net Interest Margin

- YoY improvement in NIM driven by increases in interest rates
- Higher NIM supported by managing deposit growth and increasing consumer in the loan mix
- NIM slightly declined in 4Q23 as impact of higher asset yield and LDR was offset by higher cost of funds

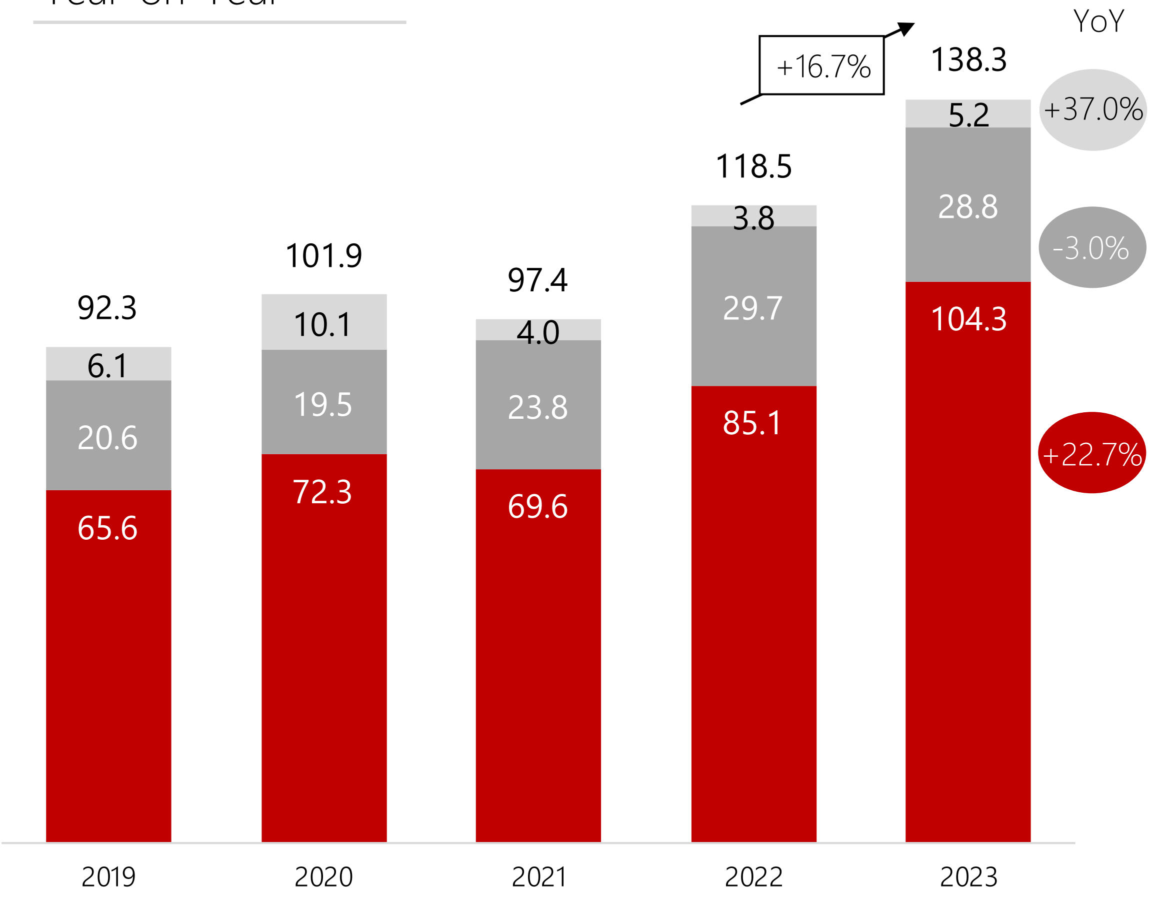


Revenues

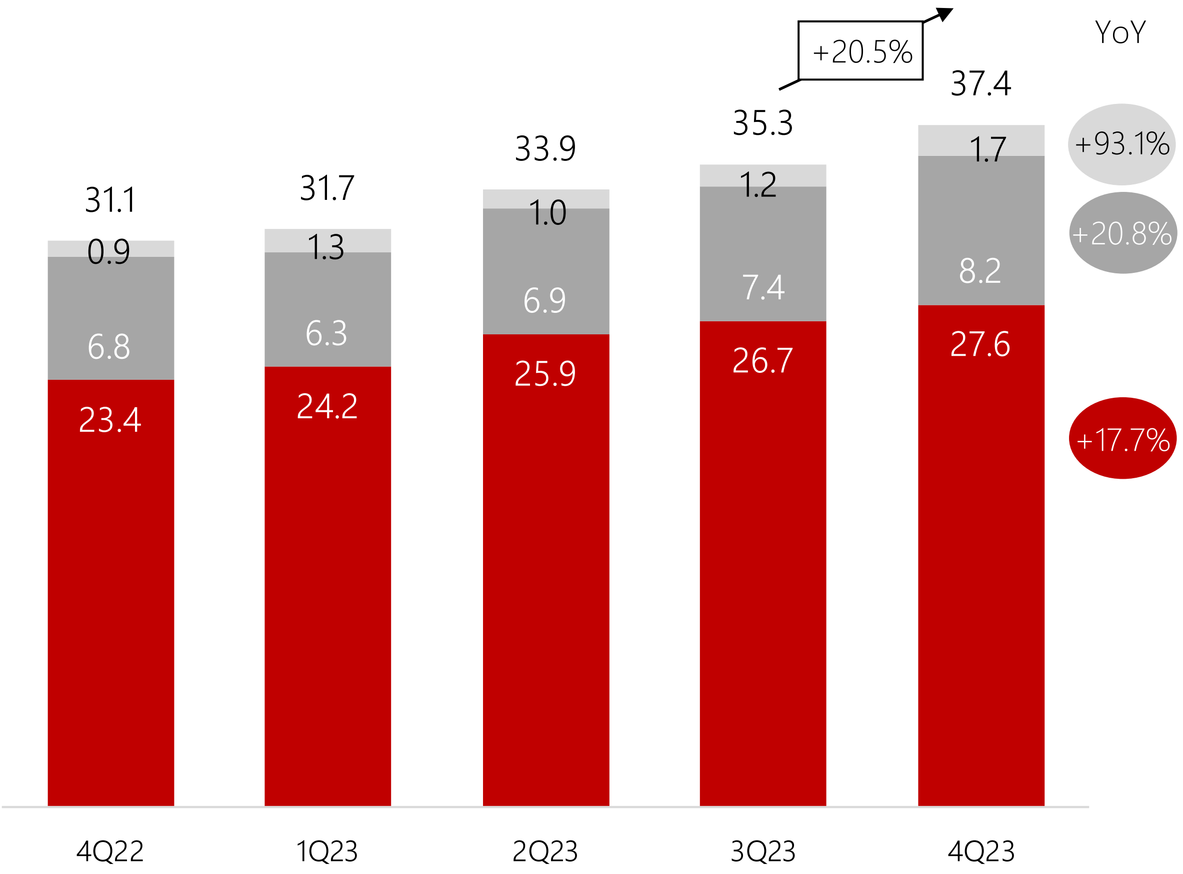
- Record revenue for the second year driven by net interest income and record trading income; fee down 3% due to one-off gain last year
- 4Q23 fee income growth up 20.8% YoY from higher client count and client engagement
- Positive trend intact with six sequential quarters of growth

Amounts in P bn

Year-on-Year



Quarter-on-Quarter



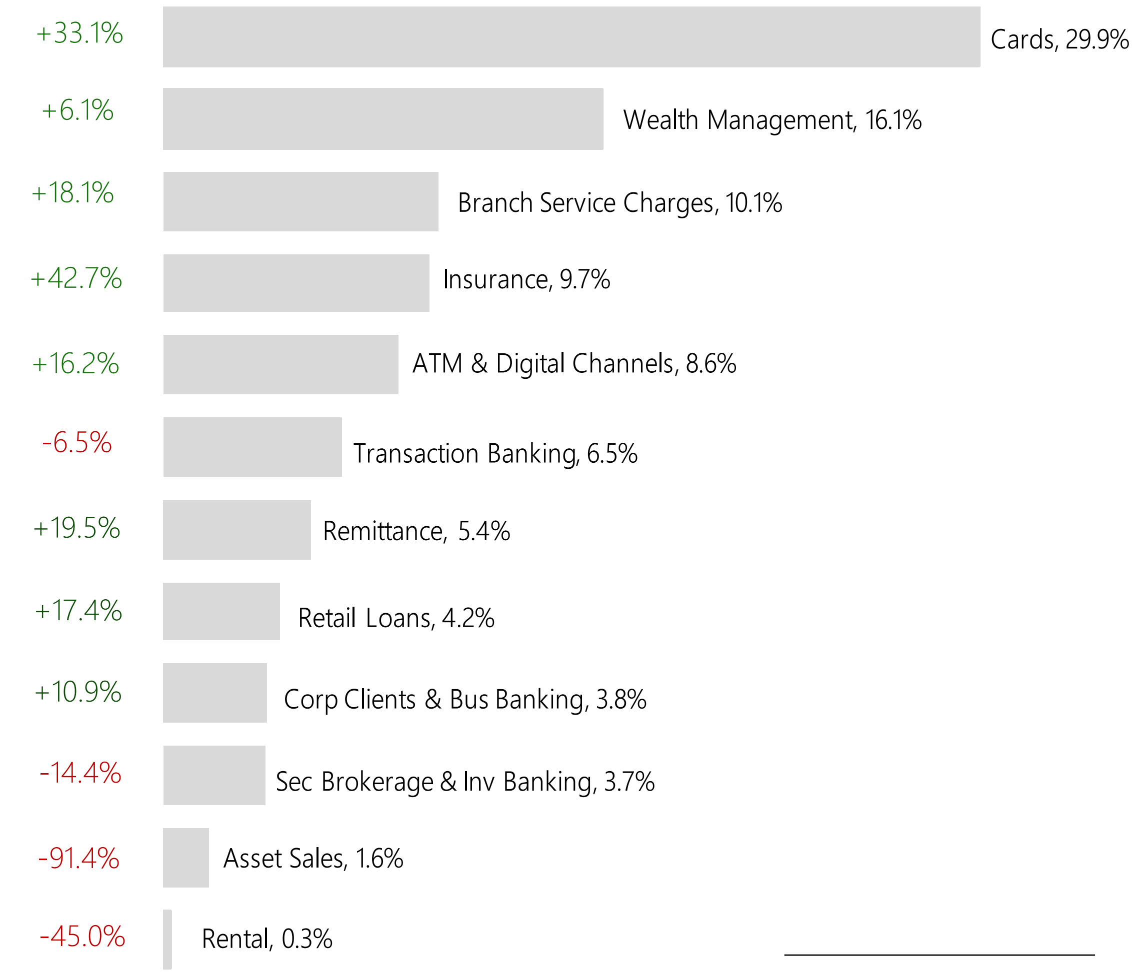
Net Interest Income Fee Income Trading Income

Fee Income

Revenue growth was supported by all business :

YoY Growth

Ranked by Contribution to FY 2023 Fee Income*

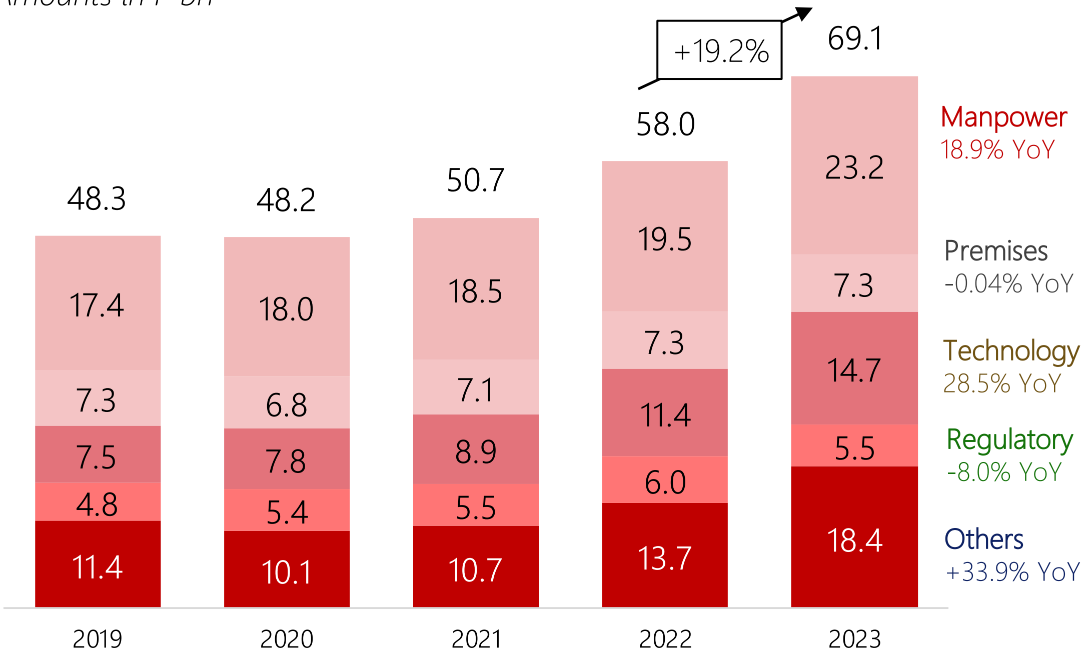


* gross of GRT and Others

- **Cards** fees up 33% driven by an increase in active customer base (+27%) and billings, up 41%; Card base market share up 83bps to 18.2%; card billings market share up 1.2ppt to 19% as of Dec 2023
- **Wealth Mgt** fee up 6%; AUM, up 19% with 16 successive months of net inflow; client base up 31% YoY with 98% of new clients acquired digitally; market share gains vis trust industry (+306bps to 19.4%), vis UITFs (+171bps to 30.4%), vis Mutual Funds (+557bps to 57.5%) as of Sept 2023
- **Branch Service** up by 18.1% driven by 15% increase in transaction fees from 11% increase in transaction count; branch commissions, up by 27% notably from Bancassurance product; service penalty charges up by 10%
- **Insurance** up 43% from higher equity income predominantly from BPI AIA and increase in life insurance branch commission, up 32%, following a 20% increase in new plans;
- **ATM and Digital Channels** up 16%, driven by increase in ATM and digital transaction count subject to fees; digital fees up x% driven by 19 new partners bringing total to 128 partners offering 16K services from 2.2K last year
- **Transaction Banking** down 7% predominantly from lower supply chain revenue as a result of lower balances on project financed-based contracts that are nearing their tail end
- **Remittance** fees up 19% from higher transaction count, up 36%, and volume, up 19%; market share in land and sea –based remittances up 5ppt to 28% YTD Nov 2023
- **Retail Loan** fees up 17% driven by x% increase in loan releases and decline in waived fees
- **Securities Brokerage and IB** down 14% on lower number of deals this year; BPI Capital continues to rank 1st in the Bloomberg League Table for DCM and 2nd for the ECM
- Decline in **Asset Sales** and **Rental** largely due to last year's sale of the Pasong Tamo Property which was also being leased out prior to the sales

Operating Expenses

Amounts in P bn



	2019	2020	2021	2022	2023
Cost-to-Income	52.4%	47.3%	52.1%	48.9%	50.0%[1]
Customer Count (in mn)	8.66	8.57	8.46	9.32	10.67
Headcount	21,429	19,952	19,181	18,204	19,499
BPI Branches (Physical Locations)	867	866	813	752	709
BanKo Branches	300	304	307	317	348

1 CIR including impact of sale of property; 51.08% excluding revenue from sale of property

2 2020 and 2021 include BFB branches

Delivered solid returns and growth while investing in people and technology

- **Manpower** up 19%, on structural salary increases, wage inflation, and increase in headcount
- **Technology** up 29% from volume-related expense; investments in new products and services, platform enhancements, regulatory compliance and cybersecurity
- **Premises** was flat YoY; decline in leases due to branch co-locations was offset by improvements, repairs and maintenance
- **Regulatory** down 8% due to lower fines in relation to Agri-Agra compliance which offset insurance cost for deposits
- **Other Expenses** up 34% include Rewards, Marketing and Advertising and expenses for new client acquisition and higher client engagement
- Short-term payoffs:
  - 1.66 million new customers; #1 in NPS among banks
  - Growth in volume across the bank; gains in market share
  - Operational efficiencies; declining CIR (vs 51.1% in 2022, excluding one-off)

Capital Position

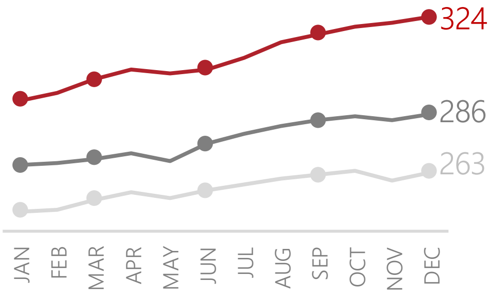
2021 2022 2023

CET1 Level (in ₱ bn)

₱324B

7B +2.1% vs. Last Quarter

38B +13.4% vs. Last Year

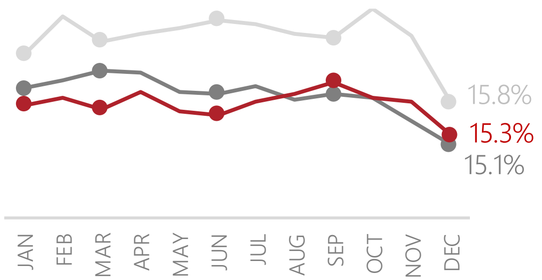


CET1 Ratio

15.3%

-82bps vs. Last Quarter

15bps vs. Last Year

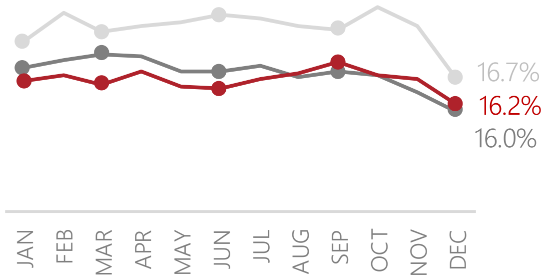


CAR Ratio

16.2%

-82bps vs. Last Quarter

14bps vs. Last Year

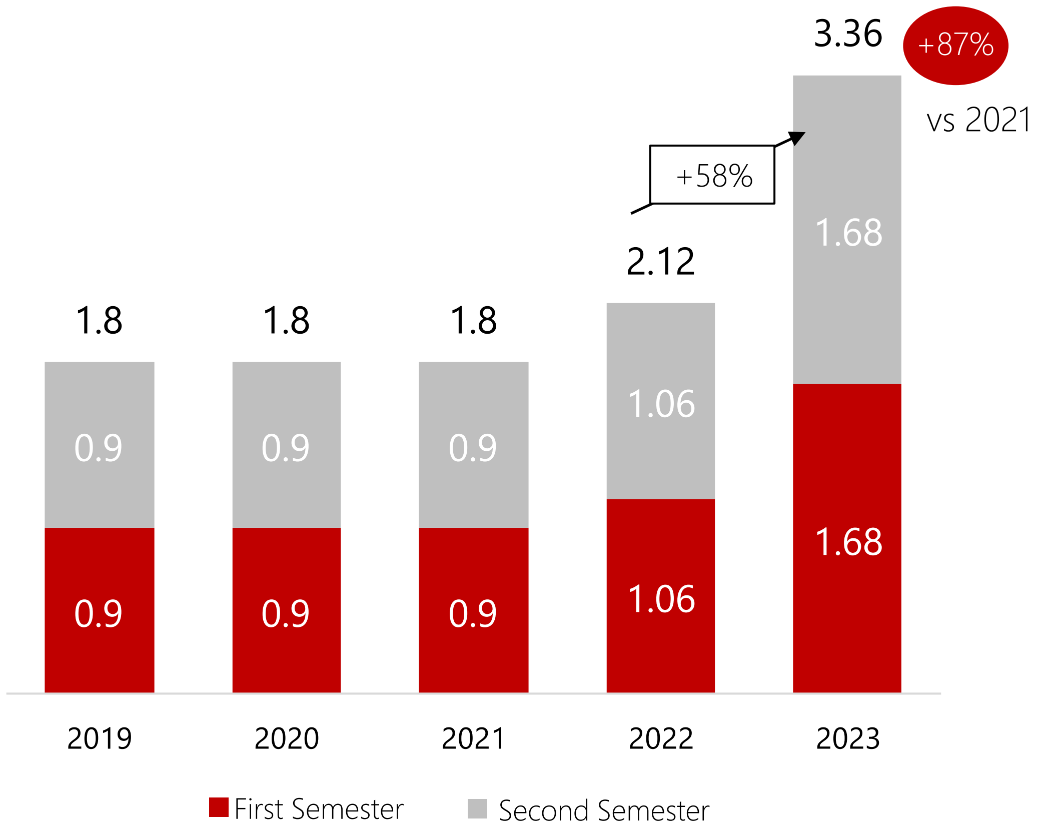


Indicative – December 2023 CET1 and CAR

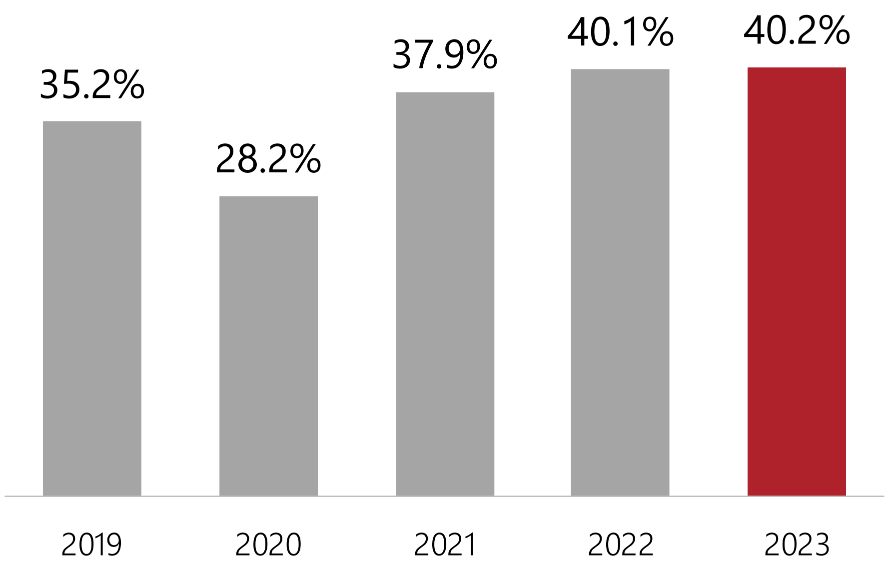
- Continued growth in CET1 from strong net income accretion
- CET1 ratio up 15bps while distributing higher dividends for the year
- Ratios comfortably above internal and regulatory thresholds

Capital Distribution

Dividend per Share



Dividend Payout



Payout Ratio = Cash Dividends Declared/Previous Year's Income

Summary

1 **Profitability:** Record income driven by record revenue, reflecting strong underlying performance across our businesses

2 **Balance Sheet:** Further strengthened balance sheet with higher liquidity and capital ratios

3 **Asset Quality:** Strong asset quality with sufficient allowance

4 **Growth:** Strong new client acquisition and client engagement resulting in record volumes and increase in market share

BPI

ELEVATING FINANCIAL INCLUSION

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