

Message

from the President

2009 PERFORMANCE HIGHLIGHTS

- Adopted a 'Back to Basics' Deposit and Lending Approach
- Delivered strong business and revenue growth
- Improved deposit float to bought ratio to 54:46
- BPI Express Online ranked first among financial institutions
- Outperformed credit card industry and became the second most used card
- Held the country's first Nationwide Auto Madness
- Middle market and SME loans grew by 10%
- BPI Capital was recognized by the PDS Group as Top Fixed Income Brokering Participant for Retail Transactions in 2008
- Obtained Type 2 Derivatives license
- Awarded Best Asset Management Company in the Philippines by The Asset
- Forged strategic tie-up arrangements for overseas Filipino remittances in Saudi Arabia
- BPI/MS Insurance obtained ISO 9001:2008 certification
- Pioneered interactive distance learning in partnerships with Harvard Business School Publishing

Once again, the Philippines and the Philippine Banking System proved its mettle in 2009 as the global financial crisis eventually graduated into a global economic crisis. With hard earned lessons from the 1997 Asian crisis and relatively lower corporate and bank leverage, the banking system remained healthy, well capitalized and more profitable. Credit should also be given to prudent regulation by the BSP, savvy management by local bankers, and expansion of local capital markets. After the end of the year, rating agency Moody's Investors Service upgraded the outlook to stable from negative of 12 banking systems in Asia Pacific, the Philippines included, on the basis of improving local economic prospects and stabilizing global conditions, and improving access to international debt and money markets.

At BPI, our strategy of 'Back to Basics' deposit taking and lending approach in 2009 delivered strong business volume and revenue growth. Our significant 33% growth in net income was supported by a 15% increase in revenues.

For deposits, we focused on low cost deposits and offered BPI Maxi Saver, BPI Get Started and BPI Save-Up, a deposit product line-up to meet customers' financial needs. This was augmented by the 'Gift with Account Opening' and 'Real Thrills' instant gift for deposit account build up promotional campaigns. These products dramatically reversed our low cost float to bought funds ratio from 47:53 to 54:46.

We always believe that innovation and our 24/7 banking channels will service our clients better and faster beyond the confines of our branches. We thus increased the number of our cash acceptance machines. Our BPI Express Online ranked first among financial institutions with a monthly splash page hit of 4.1 million. We did not only expand the availability of BPI Express Mobile to SMART



For the third consecutive year, our BPI Capital was the Joint Issue Manager for the Bureau of Treasury's Retail Treasury Bond (RTB) which generated P114.4 billion for the national treasury. We also acted as Sole Issue Manager and Lead Underwriter for Globe Telecom's fixed rate retail bonds and Ayala Land Inc.'s Homestarter Bonds and as Issue Manager and Lead Manager/ Bookrunner for Petron Corporation's fixed rate issue, the largest corporate issue of its kind in the country. For generating the most number of trades in the Philippine Dealing System in 2008, BPI Capital was recognized as the Top Fixed Income Brokering Participant for Retail Transactions.

Our Financial Markets Group continued to play an active role in the Philippine financial markets, ensuring adequate liquidity for its clients. We sourced P27 billion in lower cost funds to cushion the impact of lower interest rates on our net interest income. We also obtained our Type 2 Derivatives license from the BSP to capitalize on opportunities offered by cross currency swaps and non-deliverable forward markets. BPI, as well as some of our traders were recognized as one of the most Astute Investors in Asian G3 bonds by The Asset.

BPI Asset Management outperformed the industry as it grew by 50% and captured 25% of the market. Our complete line of trust products, state-of-the-art system infrastructure, and Registered Financial Consultants as part of the Investment Management team earned for us the Best Asset Management Company in the Philippines award in The Asset Triple A Investment Awards 2009.

We serviced 26% of the country's OF remittances and named as the Best Commercial Bank Respondent on OF Remittances by the BSP. We expanded our network in regions with high concentration of OFs. In Saudi Arabia, we forged strategic tie-up agreements with National Commercial Bank, the largest bank in the Kingdom, and The Bank of Albilad.

