

Results of Operations

Net income for the year 2010 reached P11.3 billion, P2.8 billion or 33% better than the previous year's P8.5 billion on higher revenues and lower taxes. Return on equity was better at 15.6% against previous year's 13.0% and return on assets also improved to 1.5% from 1.3% a year ago.

Total revenues of P39.0 billion was P4.6 billion or 13% more than 2009's P34.4 billion. The increase in revenues came from combined improvements in net interest and other income of P2.2 billion and P2.4 billion, respectively.

Net interest income ended at P23.6 billion or 10% higher than last year on account of the expansion of P80 billion in average asset base.

Other income at P15.4 billion increased by 18% largely from the increment of P1.0 billion in trading gain on securities. Fees and commissions and income from foreign exchange trading also recorded growths of P730 million and P511 million, respectively. These positive results were tempered by the drop in other operating income by P592 million on lower asset sales.

Impairment losses at P3.4 billion was P919 million or 36% higher than the previous year inclusive of the P274 million reserves for the goodwill on the Prudential Bank acquisition.

Operating expenses at P21.0 billion were P1.3 billion or 6% higher than the previous year. Other operating expenses rose by P858 million or 18% on higher regulatory, and variable products and services costs. Occupancy and equipment-related expenses also grew by P438 million or 8% on increased premises related costs as well as hardware and software maintenance costs.

Income taxes declined by P409 million or 12% due to lower deferred taxes this year as the previous year carried the tax effect of the expiring net operating loss carryover write-off.

Financial Condition

Total resources at the end of 2010 reached P878.1 billion, P153.7 billion or 21% higher than 2009's P724.4 billion level. Asset growth was attributed mainly to the rise in total deposits of P140.3 billion or 24%. Time deposits expanded by P85 billion and current and savings account grew by P55 billion.

Total capital increased by P14.5 billion or 21% to P82.3 billion this year. The growth in capital came from the P10 billion stock rights issue, higher earnings from operation net of cash dividends paid and the P2.1 billion increase in other comprehensive income. The increase in comprehensive income resulted from the favorable market valuation of the Bank's and the insurance companies' securities inventory. The bank's capital adequacy ratio based on the Basel II framework thus improved to 15.4% from last year's 14.7%. BPI share price closed higher at P59 or 23% better than 2009, pushing the bank's market capitalization to P209.8 billion, the highest in the industry. This year's closing price was 2.6x the book value per share of P22.78.

Loans, net of impairment loss reserves, ended at P378.7 billion, P51.2 billion or 16% higher than the previous year. Double-digit growth rates in loans were recorded across all market segments. Non-performing loans ratio further improved from 2.8% the previous year to 2.1% this year.

Liquid assets at P231.5 billion were P37.0 billion or 19% higher than previous year due to increase in Bank's balances with BSP on account of higher reserves on incremental deposits and SDA investments.

Investment securities rose to P208.0 billion, P61.3 billion or 42% ahead of the previous year due to increased government securities holdings and investments in higher yielding foreign currency bank bonds.