

WE MAKE CREATING VALUE

EASY

BPI's mission has always been to help the Customer, the Shareholders, the Community and the Country. As such, we conduct our business responsibly and pursue quality and sustainable growth.





for our **shareholders**

BPI further pulled ahead of the industry with a market capitalization of Php337.8 billion, 72.1% better than the Php196.3 billion at end 2011. The Bank's share price ended at Php95.00 and traded at a premium of 3.5x its book value per share of Php27.30.

Our capital adequacy ratio (CAR) at 14.2% was slightly below the previous year's 14.9%. This was due to the higher risk weighted assets brought about by the healthy loan growth. The ratio however remained comfortably above the regulatory minimum requirement of 10%.

Notwithstanding our total loan portfolio growth of 15.9% to Php526.6 billion, our asset quality improved with our non-performing loans ratio at 1.5% from 1.9%, previously. We also retained our Capital Adequacy, Asset Quality, Management Quality, Earnings, Liquidity, and Sensitivity to Market Risks (CAMELS) in the latest BSP examination.

STRONG

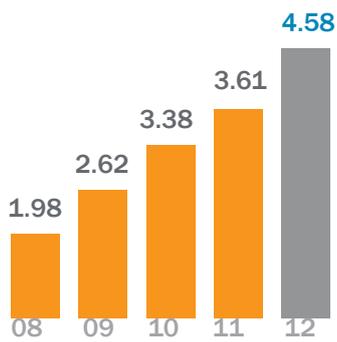
We generated record profits of Php16.3 billion, Php3.5 billion or 27.1% higher than the previous year's Php12.8 billion. We exceeded our return on equity (ROE) goal of 15%, posting a higher 17.5% compared to 15.2% in 2011.

Our deposit base expanded by 17.8% to Php802.3 billion, but we managed to maintain our loan to deposit ratio at 67%. Our assets under management likewise rose 11.3% to Php739 billion, bringing our total intermediated funds to Php1.5 trillion.

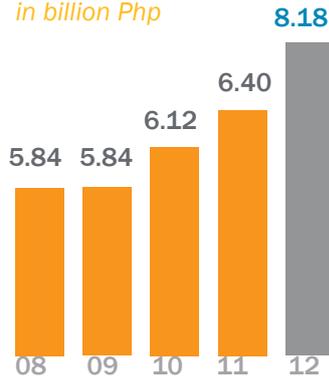
We gained almost a million new customers bringing the total customer base that we serve to almost six million.

Given our record gains and the unabated fall in interest rates, our challenge for 2013 will be to sustain quality earnings growth that will continue to deliver value to our shareholders.

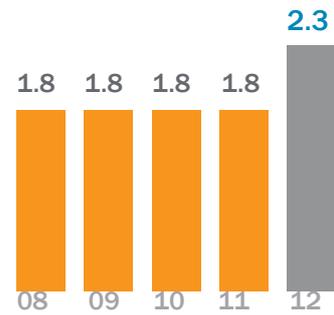
Earnings per share
in Php



Cash Dividends Declared
in billion Php

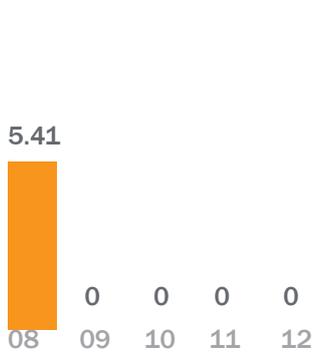


Cash Dividends per share
in Php

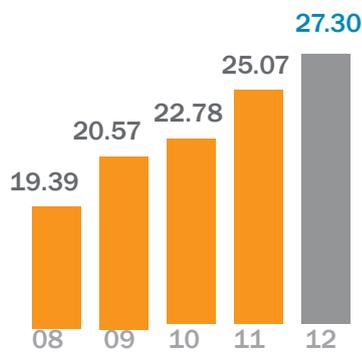


PERFORMANCE

Stock Dividends Paid
in million Php



Book Value per share
in Php



Php **95.00**

BPI share closing price at a premium of 3.5x its book value per share of Php27.30

Our record growth stems from a deep understanding of the needs of our customers. We not only offer the right financial solutions, but we also create innovative solutions to make banking easier for them.

Consumer Banking

BPI ushered in yet another milestone in its history when it opened in 2012 its smallest full-service branch to date.

The branch occupies a barely 10-square meter space inside the Asian Development Bank (ADB) Headquarters in Ortigas, Pasig City. Packed with BPI's innovative technology, the ADB branch can handle transactions and cross selling as any traditional branch ten times its size.

After only one month in operation, the branch was able to process about 500 transactions a day, more than half of which were completed online.

A showcase of BPI's commitment to green banking, the ADB branch makes use of energy-saving equipment, promotes minimal use of paper and operates within a smaller footprint complemented by the strength of BPI's electronic banking channels. This makes it easy for branch customers, made up of high net worth employees of ADB who are mostly expatriates, do routine banking transactions anytime and wherever they may be.

Electronic Banking

Through BPI 24/7 Banking, our customers can avail of our products and services through devices that are available to them 24/7 such as landline telephone, mobile phone and any internet-enabled device.

As of end-2012, 31.6% of BPI's 5.8 million individual customers are already enrolled in our electronic channels. On the corporate side, 18.4% of our 81,948 corporate customers now use BPI ExpressLink for their cash management needs.

Card Banking

Our Card Banking Group delivered a combination of healthy lending growth and a string of innovations aimed at displacing cash in 2012.

In Credit Cards, we remained to be one of the largest card issuer in the Philippines with a cardholder base of 1.1 million. Our credit card usage and loans both grew by 19.0%.

Gaining greater momentum in 2012, our Personal Loans were offered to over 14,000 customers with an outstanding portfolio of Php1 billion, half of which were booked in the last seven months.

Our Debit and Prepaid business also made significant strides in 2012. Transactions processed through our

Express Payment System (EPS) facility increased by 16.0% in terms of count as more of our debit cardholders saw the convenience of paying with their ATM cards. Our prepaid card business has also seen dramatic shift in focus towards spending and bookings online at merchants with transaction volume increasing by 439.0% versus cash dispensing declining by 57.0% in withdrawals.

BPI also maintains the country's largest self-service network of 24/7 ATMs and Express Deposit Machines, numbering 1,900 and 200, respectively. Transaction count made through these channels grew by 10.0%.

On the merchant acquiring side, we continued to be one of the leaders in terms of point of sale (POS) terminals distribution with over 24,000 installed all over the country.

Our smallest full-service BPI Branch inside the ADB Headquarters serves as a showcase of our commitment to green banking.



ELECTRONIC BANKING 

% CHANGE

BPI EXPRESS ONLINE

ENROLLED CUSTOMER	38
FINANCIAL TRANSACTION COUNT	28
NO. OF EOL USERS WHO REQUESTED FOR SOA SUPPRESSION	168

BPI EXPRESS MOBILE

ENROLLED CUSTOMER	51
FINANCIAL TRANSACTION COUNT	87

38%

Percentage of individual investment transactions done through EOL (vs. branch)

18%

Percentage of corporate customers enrolled in ExpressLink

QUALITY SUSTAINABLE GROWTH

Consumer Lending

Our consumer lending arm, BPI Family Savings Bank (BFSB), sustained its leadership position in the industry in 2012. BFSB posted a double-digit growth of 16.1% in its loan portfolio.

Faster loan approval process and wider provincial coverage due to the opening of new lending desks resulted in a 17.7% rise in retail mortgage loans and a 10.4% growth in auto loans.

Corporate Banking

Our corporate loan portfolio grew by 14.4% to Php364.8 billion. Despite relatively moderate expansion, our asset quality remained significantly lower than the industry's 2.15% with our non-performing loan (NPL) ratio at 1.3%.

To capitalize on two fast-growing segments, we created the Asian and PEZA Corporate Divisions in 2012. The combined performance of the two teams resulted in a year-on-year loan growth of 28.2%.

BPI Leasing Corp. and its wholly owned subsidiary BPI Rental Corporation continued to be the dominant industry player in this segment. Their lease portfolio reached Php10.0 billion in 2012, a 10.0% growth from 2011. A more active drive for business development, particularly in structuring leases for vehicle fleet, medical equipment, logistics and construction machines, largely contributed to new account acquisitions.

16%

Growth in BPI Family Savings Bank's loan portfolio in 2012 from year-ago levels

14%

Expansion in BPI's corporate loan portfolio in 2012 vs. 2011

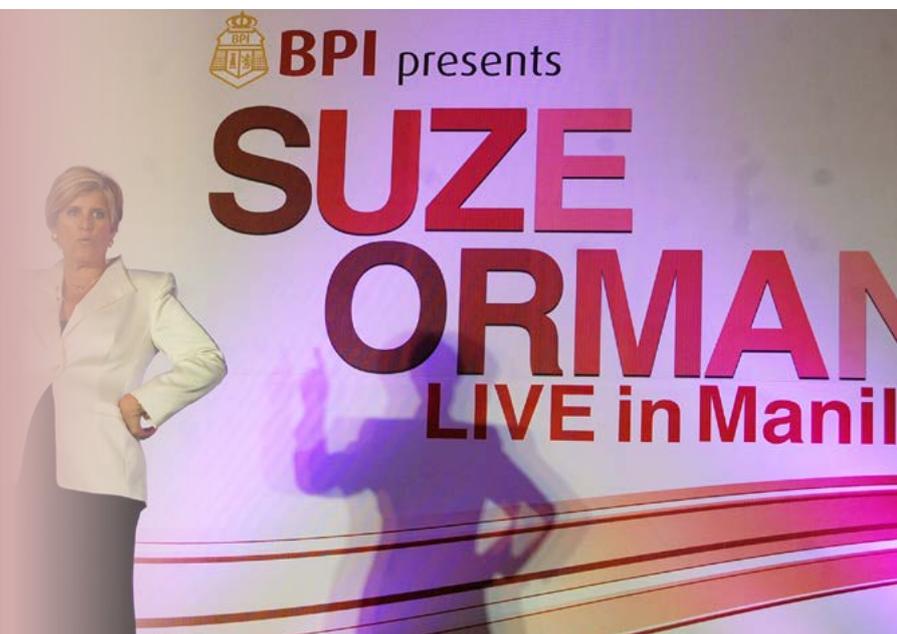
75%

Increase in trading income in 2012 from year-ago

28%

BPI's market share in remittances

Suze Orman, personal finance expert and one of the world's 100 Most Powerful Women, gave over 1,000 BPI clients sound advice on attaining financial freedom.



Our cash management business continued to thrive through our flagship one-stop shop web-based solution, BPI ExpressLink.

In 2012, BPI ExpressLink's customer base grew by 19.2% while the volume of transactions rose by 3.9% than a year ago. We expanded our services to key cities such as Cebu, Davao, Lipa in Batangas and San Fernando, Pampanga.

Global Banking

In a year marked with global market volatilities and domestic market opportunities, our Financial Markets team attained a record-high trading income, posting a 74.6% increase over 2011 as we took advantage of the rise in peso bond prices and the volatility in the U.S. market.

In addition to strong revenue growth, we also maintained our lead in the government securities, swap and foreign exchange markets. For this, the Bureau of the Treasury named us the top local bank in the primary market for peso government securities. We were also ranked No. 1 by the Philippine Dealing and Exchange Corporation in terms of trading volume in the secondary market for peso bonds.

Our remittance business also continued to dominate with a market share of 28.1%. It expanded its market with the establishment of the Korean desk and a representative office in the United Arab Emirates in 2012.

We also increased our remittance market coverage in the Middle East, East Asia and the developed economies of North America by adding more remittance centers, tie-ups and alliances to better serve overseas Filipinos around the world. BPI Europe opened a new branch in Milan, Italy to serve the banking needs (EUR deposits and loans) of OFs in the area.

Asset Management and Trust

2012 is another solid year for BPI Asset Management as assets under management grew by 11.3% to Php739 billion. This translated to a 23.5% share of the industry. Earnings were up 13.4% to Php2.9 billion from 2011 levels. We made progress on all our major fund management businesses, which exhibited an increase of 19.0%.

BPI Asset Management was awarded the Best Asset Management Company in the Philippines by The Asset Triple A Investment Awards 2012 for the second year. The award recognized our comprehensive platform for investing in different asset classes and serving the investing needs of institutional, corporate and retail clients, as well as achieving strong performances despite challenging market conditions.

For the third time in a row, the group also remained as the "Best Fund House" in the Philippines in the Asian Investor's Investment Performance Awards 2012 in recognition of its excellence in fund management. BPI Asset Management also earned the Gold distinction in the Investment Funds Category of the Reader's Digest Trusted Brands for the sixth year.

Investment Banking

BPI Capital Corporation, the investment bank subsidiary of BPI, continued to be an active contributor in capital market development. In 2012, it played key roles in major capital market deals as corporations capitalized on positive investor sentiment, favorable interest rate environment, high liquidity in the market, and strong interest from foreign investors.

BPI Capital handled six corporate bond offerings in 2012 with total combined issue size of Php67.0 billion. Tenors of the corporate bonds ranged from 5 up to market first extended tenor of 15 years. The diversity of the bond issuers and the tenors offered allowed a wide array of investors to actively participate, thus promoting a vibrant capital market.

BPI Capital acted as Issue Manager and Selling Agent for the record-breaking issuance of Php180.0 billion of 15- and 20-year Retail Treasury Bonds (RTBs), the largest in terms of issue size since the start of the program. It was also a Selling Agent for the first ever 25-year RTB Offering in October 2012.

Among its major deals in the equity front were the Php13.6 billion overnight private placement of Ayala Land, Inc. shares, considered the largest equity raising by a real estate company in Asia (ex-Japan) in 2012, in which BPI Capital served as the Sole Domestic Bookrunner of the deal; and the Php10.0 billion preferred shares offering of First Generation Corp. where it acted as Lead Underwriter.

BPI Securities Corporation, our stock brokerage arm, experienced a near doubling of value turnover on the back of a strong equities market and major block sale transactions.

22%

Increase in gross premiums written by BPI/MS Insurance Corporation in 2012 from year-ago levels

25%

ROE of BPI/MS Insurance in 2012

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Insurance

Our insurance business contributed a pre-tax net income of Php693.0 million in 2012.

BPI-Philam Life Assurance Corp. (BPLAC), our strategic partnership with The Philippine American Life Insurance Company (Philamlife) in bancassurance, generated total direct premiums of Php11.5 billion for 2012, 78.4% higher than the previous year's Php6.4 billion.

Higher sales were mainly due to single-pay variable life products, including Max Growth Philippines and Max Growth 6, which generated over Php5 billion in single premium; and Invest Plus Peso, a single-pay variable life product linked to six local BPI AMTG funds, including the Odyssey Funds, which was introduced in 2012.

The introduction of these new funds drove the sales of Invest Plus Peso up to reach Php3.8 billion. The strongest contributor in the regular-pay line is Build Plus Peso, linked to BPI AMTG funds as well, with sales of Php156.9 million.

BPI/MS Insurance Corporation, our non-life insurance subsidiary, maintained its standing as the best financially managed non-life insurance company in the Philippines for more than five years.

In 2012, it posted a 21.7% growth in gross premiums written to Php4.6 billion in 2012 from year ago. Total underwriting (operating) profit rose by 7.9% to Php827.0 million and net income after tax stood at Php570.0 million, 20.6% higher than in 2011. This translated to an ROE of 25.0%.

The company was re-certified in 2012 as ISO 9001:2008 compliant, a testament to the commitment of the company to provide its stakeholders, clients, business partners and employees with the best customer service.