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BPI posts Net Income of P6.25 billion for Q1 2018

MAKATI CITY, Philippines ---- Bank of the Philippine Islands (BPI) posted P6.25 billion in net income for the first quarter of 2018, flat versus the same period last year, and up by 16.4 % quarter on quarter.

Total revenues reached P18.45 billion, higher by 2.7% versus the first quarter of 2017. Net interest income was P12.51 billion, up by 8.9% on account of the expansion in average asset base. Interest income from loans grew by 18.4% year-on-year driven by the improvement in loan yields. Meanwhile, interest expense tempered the growth in net interest income, partly due to higher DST (documentary stamp tax) rates on deposits which increased the cost of funds by 5 basis points. Net interest margin (NIM) widened by 4 basis points year-on-year.

Total loans stood at P1.21 trillion, a growth rate of 17.2% year-on-year driven primarily by corporate loans. Total deposits reached P1.59 trillion, up by 10.4%. The Bank's current account and savings account ratio (CASA) stood at 71.6% while the loan-to-deposit ratio (LDR) settled at 76.2%.

The Bank's holdings in securities totaled P309.95 billion, up only 2.3% year-on-year. Almost 90% of the securities portfolio was in Hold-to-Collect, and thus less exposed to interest rate risk.

Non-interest income dropped by 8.1% to P5.94 billion due to lower income from trust and investment management fees, securities trading and asset sales. Meanwhile, credit card fees, bank commissions, stock brokerage fees, and foreign exchange trading were higher for the period.

Operating expenses totaled P9.75 billion, up by 11.7%, driven mainly by accelerated technology spending. Likewise, manpower costs and premises costs were higher by 9% due to increased headcount and the continued build up of microfinance branches.

In January 2018, the Bank adopted the expected credit loss (ECL) models required under the Philippine Financial Reporting Standards (PFRS 9) as the basis for the provisioning for loan losses. Provision for loan losses for the first quarter 2018 amounted to P785 million, 35.1% lower than the first quarter of 2017. The Bank's ECL models showed relatively small potential loan losses for the period, reflective of the quality of the loan book and relatively benign economic conditions. In terms of asset quality, NPL ratio increased slightly from the previous quarter's 1.29% to 1.32%. Reserve cover ratio increased from 129.2% to 130.1% quarter-on-quarter. Based on BSP Circular 941, the NPL ratio at the end of the first quarter 2018 translates to 1.72% and the reserve cover ratio was 100.3%

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Cost-to-income ratio was at 52.8% for the first quarter of 2018, up from 48.6% the previous year. Return on Equity (ROE) was 13.5%, lower by 1.5 percentage points, and Return on Assets (ROA) was 1.4%, lower by 0.11 percentage points, compared to the first quarter of 2017.

At the end of the first quarter, the Bank's total assets stood at P1.91 trillion, up by 10.4%, while total capital reached P189.54 billion, up by 10.3%. Capital Adequacy Ratio (CAR) was at 13.55% and Common Equity Tier 1 Ratio (CET1) was at 12.65%. Subsequently, the Bank completed its Stock Rights Offering on 25 April 2018, raising P50 billion in additional capital to fund its growth strategy.

ABOUT BPI

The 166-year-old Bank of the Philippine Islands is the first bank in the Philippines and Southeast Asia. We are licensed as a universal bank by the Bangko Sentral ng Pilipinas to provide a diverse range of financial services: deposit taking and cash management, payments, lending and leasing, asset management, bancassurance, investment banking, securities brokerage, and foreign exchange and capital markets. BPI has significant financial strength, with robust Tier 1 capital adequacy ratios and profitability, underpinned by a stringent compliance and risk management regimes. BPI has investment-grade ratings of BBB- (Fitch), Baa2 (Moodys), and BBB (Capital Intelligence).

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