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BPI Posts Net Income of P11.03 billion in First Semester 2018

MAKATI CITY, Philippines ---- The Bank of the Philippine Islands (BPI) posted P11.03 billion in net income for the first half of 2018, 5.7% lower versus the same period last year.

Total Revenues of P37.22 billion were driven by strong net interest income of P26.21 billion in the first half of 2018, up by 11.5% on account of a 9.3 % increase in average asset base and net interest margin (NIM) expansion of 8 basis points. Interest income from loans grew by 21.1% year-on-year driven by a 16 basis points improvement in loan yields. However, cost of funds increased by 17 basis points for the period partly due to the higher documentary stamp tax (DST) on deposits.

On a quarter-on-quarter basis, NIM expanded by 15 bps as a result of favorable loan repricing and liquidity provided by the proceeds from the Bank's recent Stock Rights Offering which allowed for the paydown of more expensive time deposits. NIM increased from 2.91% in Q1 to 3.06% in Q2.

Total loans stood at P1.22 trillion, higher by 15.7% year-on-year driven primarily by strong growth in corporate loans and credit cards at 17.1% and 22.7%, respectively. Total deposits reached P1.53 trillion, up by 7.2%, with current and savings accounts (CASA) registering faster growth at 10.0%. The Bank's CASA ratio stood at 75.3% while the loan-to-deposit ratio (LDR) was at 79.7%.

Lower income from securities trading, trust and investment management and assets sales contributed to a 6.9% year-on-year decline in total non-interest income from P 11.82 billion in the first semester 2017 to P11.01 billion in the first semester 2018. The Bank registered higher revenues from credit card fees and rental income.

Provision for loan losses for the first semester 2018 amounted to P1.91 billion, 22.2% lower than 2017's first half. The lower provisioning level is based on the Bank's Expected Credit Loss models under PFRS9 which showed relatively benign increases in potential impairment losses.

Based on BSP Circular 941, the NPL ratio increased slightly from 1.72% last March to 1.80% with a reserve cover ratio of 97.1% at the end of the first semester 2018.

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Operating expenses which totaled P21.22 billion was higher by 16.3% year-on-year on accelerated spending on manpower, premises and technology. This is to support the Bank's continued implementation of its digitalization strategy and its commitment to serve the self-employed micro-entrepreneurs by expanding the network of BPI Direct BanKo branches. Cost-to-income ratio was at 57.0% in the first semester of 2018, up from 51.6% the previous year.

The Bank's holdings in securities totaled P303.06 billion, up only 4.9% year-on-year. More than 90% of the securities portfolio was in Hold-to-Collect, and thus less exposed to interest rate risk.

Return on Equity (ROE) was 10.8%, lower by 2.9 percentage points, and Return on Assets (ROA) was 1.2%, lower by 19 basis points, compared to the same period in 2017.

At the end of the first half, the Bank's total assets stood at P1.90 trillion, up by 10.8%, while total capital reached P239.70 billion, up by 38.2% on account of the recent stock rights offering. Capital Adequacy Ratio (CAR) was at 17.29% and Common Equity Tier 1 Ratio (CET1) was at 16.40%.

ABOUT BPI

The 167-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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