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Makati City, Philippines

2019: BPI's Milestone Year for Financial Inclusion, Green Financing and Operating Results

Financial Inclusion

Bank of the Philippine Islands has grown to 300 branches the nationwide network of its wholly-owned microfinance bank, BPI Direct BanKo ("BanKo"), with 100 branches opened in 2019 alone. More than 50% of BanKo's branches and branch-lite units are located in town centers in North and South Luzon, while the rest are distributed throughout various municipalities in Visayas and Mindanao. Now in its third year of operations, BanKo has more than doubled its loan portfolio every year. From only 2,500 clients in 2016, BanKo has since served over 103,000 self-employed micro-entrepreneurs, providing business loans and financial advice.

Green Financing

In June 2019, BPI successfully established its Green Finance Framework. In August 2019, S&P Global Ratings rated BPI a "BBB+" credit, which is at par with the Philippine Sovereign Credit Rating of "BBB+". These two events paved the way for BPI's successful green bond issuances of CHF100 million in August 2019 and USD300 million in September 2019, both landmark financial transactions undertaken in support of the Bank's sustainability goals. The net proceeds from both bond issues will be used for financing the green projects undertaken by BPI's clients.

BPI also issued over P3.1 billion of Long-Term Negotiable Certificates of Time Deposit (LTNCTDs) in October 2019. The LTNCDs have a tenor of 5.5 years and an interest rate of 4% p.a. In December 2019, BPI Family Savings Bank ("BFSB"), the Bank's wholly-owned thrift bank and consumer lending unit, issued P9.6 billion of 2.5-year bonds with an interest rate of with 4.3% p.a.

These debt capital market issuances provided the BPI Group with more diversified sources of funding while offering clients attractive fixed income investment opportunities.

Financial and Operating Results

The Bank's 2019 financial performance continues to reflect robust operating results and a strong balance sheet. The Bank posted P28.80 billion in Net Income for the full year 2019, an increase of 24.8% from 2018. Net Income for the fourth quarter of 2019 was P6.77 billion, higher by 11.6% compared to the same period in 2018. Comprehensive Income for the full year 2019 was P28.77 billion.

ABOUT BPI

The 168-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 products and services including: deposits, loans, cash management, payments, remittances, credit cards, asset management & trust, insurance, investment banking, securities brokerage, and foreign exchange. BPI has a strong capital position underpinned by stringent compliance and risk management regimes. BPI has investment-grade ratings of BBB+ (S&P), Baa2 (Moody's), and BBB- (Fitch).

Net Interest Margin increased by 24 basis points from 3.11% in 2018 to 3.35% in 2019. Non-Interest Income was P28.39 billion, an increase of 25.2% versus 2018, primarily from higher fee-based income and securities trading gains.

Operating Expenses totaled P50.08 billion, higher by 14.8% from the previous year. Cost-to-Income Ratio was at 53.1%, lower than the 55.5% recorded in the prior year.

Provision for Losses for 2019 was P5.82 billion, increasing the Bank's Loss Coverage Ratio to 104.8%. NPL Ratio improved to 1.66% from 1.85% in 2018.

Total Loans as of December 31, 2019 was P1.48 trillion, an increase of 8.9% year-on-year driven primarily by consumer loans which grew by 13.4%, while corporate and SME loans grew by 7.9% and 5.8%, respectively. Total Deposits stood at P1.70 trillion, higher by 6.9%. The Bank's CASA Ratio stood at 69.1% while the Loan-to-Deposit Ratio was at 87.0%.

Total Assets stood at P2.21 trillion, higher by 5.7% year-on-year, with Return on Assets at 1.38%. Total Equity amounted to P269.58 billion, with an indicative Common Equity Tier 1 Ratio of 15.17% and Capital Adequacy Ratio of 16.07%, both well above regulatory requirements. Return on Equity for 2019 was at 10.97%.

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