

July 15, 2020

BPI raises 1H 2020 provisions to P15 billion

MAKATI CITY, Philippines --- Bank of the Philippine Islands booked P15.01 billion in provisions for loan losses in the first semester of 2020 as the COVID-19 pandemic ushers in a difficult period for consumers and businesses that could lead to potentially higher NPLs. This provision is 4.3x more than the P3.48 billion set aside during the same period in 2019.

This resulted in a Net Income of P11.68 billion for first semester 2020, a decline of 15.0% from P13.74 billion registered in the same period last year. The second quarter net income was at P5.29 billion, a drop of 24.6% from P7.01 billion recorded in the same period last year.

For the first semester 2020, total Revenues increased by 14.8% to P52.69 billion. Net Interest Income grew by 12.5%, reaching P36.40 billion on 5.9% expansion in average asset base supported by an 18-basis point expansion in Net Interest Margin to 3.55%. Non-Interest Income was P16.29 billion, an increase of 20.3% versus 2019, primarily from higher securities trading gains.

Operating Expenses for the first semester 2020 totaled P24.19 billion, slightly down by 0.3% from the previous year on lower premises, technology, and marketing and product expenses. Cost-to-Income Ratio was at 45.9%, lower than the 52.9% recorded in the prior year.

Total Loans as of June 30, 2020 reached P1.43 trillion, up 5.9% year-on-year, with growth recorded in microfinance, corporate, and consumer loan segments at 41.4%, 8.4%, 2.5%, respectively. Total Deposits increased to P1.76 trillion, up 6.3% year-on-year, driven by CASA deposits which grew by 11.8%. The Bank's CASA Ratio was 71.8%, while the Loan-to-Deposit Ratio was 81.4%.

The Bank's NPL ratio stood at 1.83% with NPL Coverage ratio increasing to 140.7% in June 2020 compared to 97.5% as of June 2019.

As of June 30, 2020, Total Assets stood at P2.26 trillion, higher by 5.8% year-on-year. Total Equity amounted to P278.81 billion, with an indicative Common Equity Tier 1 Ratio of 15.63% and a Capital Adequacy Ratio of 16.52%, both well above regulatory requirements. Return on Equity was 8.56%, while Return on Assets was 1.08%.

The Bank recently completed the offering for the BPI COVID Action Response Bonds (CARE), with a tenor of 1.75 years and a coupon rate of 3.05% p.a. paid quarterly. The BPI CARE Bonds are slated for issuance and listing on the Philippine Dealing & Exchange Corp. ("PDEX") on August 7, 2020. The proceeds of the CARE Bonds will be used to finance and refinance eligible Micro, Small and Medium Enterprises ("MSMEs") under the Bank's Sustainable Funding Framework. MSMEs have been significantly affected by the global pandemic and BPI recognizes that these enterprises, which account for a significant percentage of the country's employment, are critical to the growth and recovery of our economy.

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 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+ (S&P), Baa2 (Moody's), and BBB (Capital Intelligence), and BBB- (Fitch).

Contact Us: Media: corporateaffairs@bpi.com.ph | Investor Relations: investorrelations@bpi.com.ph Bank of the Philippine Islands | Ayala North Exchange Tower 1, Ayala Avenue corner Salcedo St., Legaspi Village, Makati City 1229 PH | +632 8246 6364