

October 21, 2020

BPI raises 9M 2020 provisions to P21.1 billion

MAKATI CITY, Philippines --- Bank of the Philippine Islands booked P21.06 billion in provisions for loan losses in the first nine months of 2020 in anticipation of an increase in NPL levels in light of the continued weakness in the economic landscape. This provision is 4.6x more than the P4.58 billion set aside during the same period in 2019.

This resulted in a 2020 year-to-date Net Income of P17.17 billion, a 22.1% drop from the P22.03 billion registered in the same period last year. The third quarter net income was P5.50 billion, a 33.7% decrease from last year's P8.29 billion.

Total Revenues for the nine-month period increased by 9.7% to P77.88 billion. Net Interest Income grew by 11.8% to P54.40 billion, on the back of a 5.7% expansion in average asset base supported by an 18-basis point widening in Net Interest Margin to 3.51%. Non-Interest Income reached P23.48 billion, higher by 5.1% versus 2019 levels, primarily from robust securities trading gains.

Total Operating Expenses as of September 30, 2020 amounted to P36.48 billion, down by 1.6% from the previous year due to lower premises, technology, and various discretionary costs such as marketing, advertising, and management and professional fees. Cost-to-Income Ratio stood at 46.8%, lower than the 52.2% recorded in the prior year.

Total Loans as of September 30, 2020 reached P1.38 trillion, increasing by 0.9% year-on-year, with growth led by the mortgage and corporate loan segments at 8.7% and 2.6%, respectively. Total Deposits increased to P1.68 trillion, up 4.0% year-on-year, boosted by CASA deposits which grew by 14.7%. The Bank's CASA Ratio was 76.2%, while the Loan-to-Deposit Ratio was 82.1%.

The Bank's third quarter 2020 NPL ratio was 2.98%, with NPL Coverage ratio at 100.4%.

Total Assets stood at P2.20 trillion as of September 30, 2020, 3.6% higher year-on-year. Total Equity amounted to P283.44 billion, with an indicative Common Equity Tier 1 Ratio of 15.46% and a Capital Adequacy Ratio of 16.35%, both well above regulatory requirements. Return on Equity was 8.32%, while Return on Assets was 1.05%.

In August, the Bank raised P21.5 billion for its pioneering COVID Action Response, or CARE Bonds, to finance and refinance eligible Micro, Small and Medium Enterprises (MSMEs), one of the sectors hardest hit by COVID-19. BPI exceeded initial targets for the CARE Bonds, as subscriptions for the offering reached more than seven times the initial planned issue size of P3 billion. The CARE Bonds have a tenor of 1.75 years and an interest rate of 3.05% p.a. The overwhelming reception of investors to the CARE Bonds highlights the potential of the social bond market, which the SEC has put forward as a funding source for projects to address the devastating impact of the global health crisis.

ABOUT BPI

The 169-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, foreign exchange and treasury. BPI has investment-grade ratings of BBB+ (S&P), Baa2 (Moody's), BBB (Capital Intelligence), and BBB- (Fitch).

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