

# BPI Investor Presentation

3Q and 9M 2023 Earnings Call



# Performance Highlights

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# Performance Highlights

## Profitability

- Record YTD Sept income of P38.62 Bn, up 26% YoY, largely driven by record revenues
- Excluding gain from sale of property last year, net income was up 44%
- Sustained ROE at 15.56% and ROA at 1.95%, highest in a decade

## Balance Sheet

- Loans growth has moderated, up 8.4% YoY
- Liquidity ratios are well above regulatory requirement; LCR at 193.82%; NSFR at 150.2%
- Further strengthened capital position: CET1 at 16.09%; CAR at 16.98%

## Asset Quality

- Asset quality remained strong with sufficient NPL cover
- NPL ratio at 1.97%, NPL cover at 159%
- Lower credit cost at 23bps

## Shareholder Returns

- Sustained share value creation
- EPS of P7.81, up 15% YoY; up 31% excluding the one-off gain last year
- On track to sustain payments of improved cash dividends

# Profitability – QoQ



In P bn	3Q 2022	2Q 2023	3Q 2023	QoQ	YoY
Net Interest Income	22.31	25.95	26.67	2.8%	19.6%
Non-Interest Income	7.51	7.92	8.62	8.7%	14.7%
Trading Income	1.29	1.03	1.20	16.0%	-6.8%
Fee Income	6.22	6.89	7.42	7.7%	19.2%
Net Revenues	29.82	33.87	35.29	4.2%	18.3%
Opex	14.24	16.33	17.23	5.5%	21.0%
PPOP	15.57	17.55	18.05	2.9%	15.9%
Provisions	2.50	1.00	1.00	0.0%	-60.0%
NIBT	13.07	16.55	17.05	3.1%	30.4%
Income Taxes	2.94	3.50	3.54	1.2%	20.6%
Net Income	10.10	13.02	13.47	3.4%	33.3%

## Quarter-on-Quarter

- Record quarter net income of P13.47 Bn driven by record revenue partly offset by increase in operating expenses

## Year-on-Year

- 3Q23 net income was up 33% YoY on strong revenue generation
- PPoP up 16%
- Lower provision further boosted income

# Profitability – 9M



In P bn	9M 2022	9M 2023	YoY
Net Interest Income	61.65	76.78	24.5%
Non-Interest Income	25.81	24.10	-6.6%
Trading Income	2.91	3.49	20.1%
Fee Income	22.91	20.61	-10.0%
Net Revenues	87.46	100.87	15.3%
Opex	40.09	48.62	21.3%
PPOP	47.37	52.25	10.3%
Provisions	7.50	3.00	-60.0%
NIBT	39.87	49.25	23.5%
Income Taxes	9.17	10.48	14.4%
Net Income	30.55	38.62	26.4%
<b>Excluding One-Off Gain from Asset Sale</b>			
Fee Income	17.92	20.61	15.0%
Revenue	82.47	100.87	22.3%
Net Income	26.81	38.62	44.1%

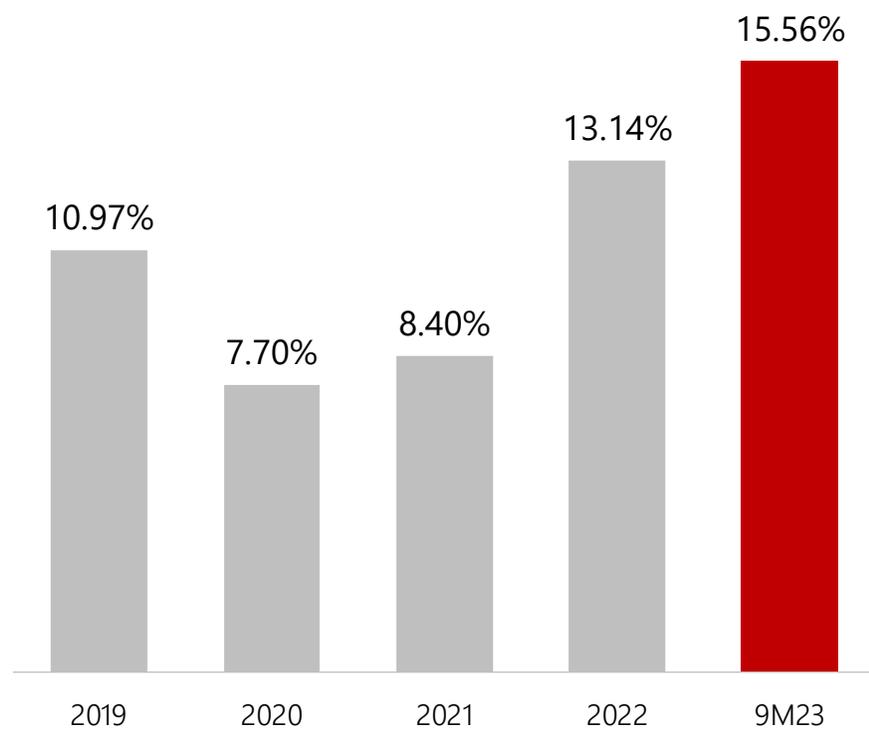
- Record net income of P38.62 Bn, up 26% YoY, largely driven by revenues and lower provisions which offset the increase in operating expenses
  - Impact of sustained expansion of loans and NIM offset the decline in fee income
  - Solid trading income, up 20% YoY
- Excluding gain from asset last year -
  - Fee income up 15%, on sustained volume growth in our biggest businesses
  - Revenue up 22% ahead of the 21% increase in operating expenses
  - Net income up 44%

# Shareholder Returns

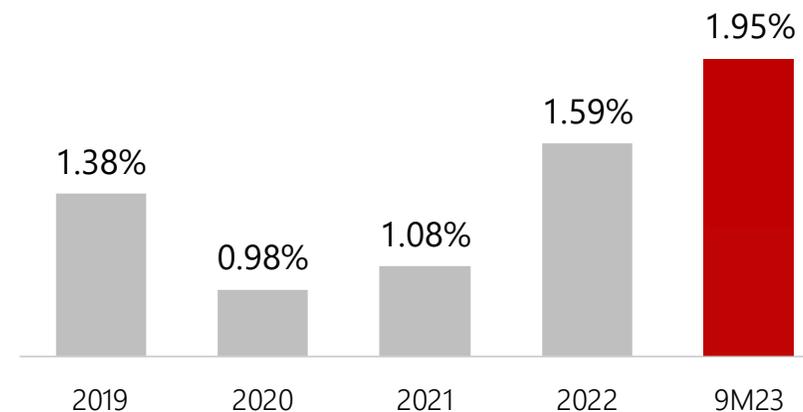


Increased profitability and share value creation

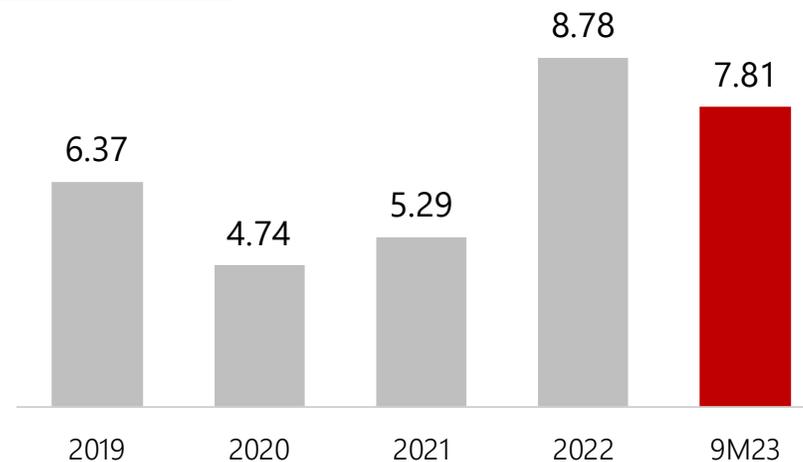
## Return on Equity



## Return on Assets



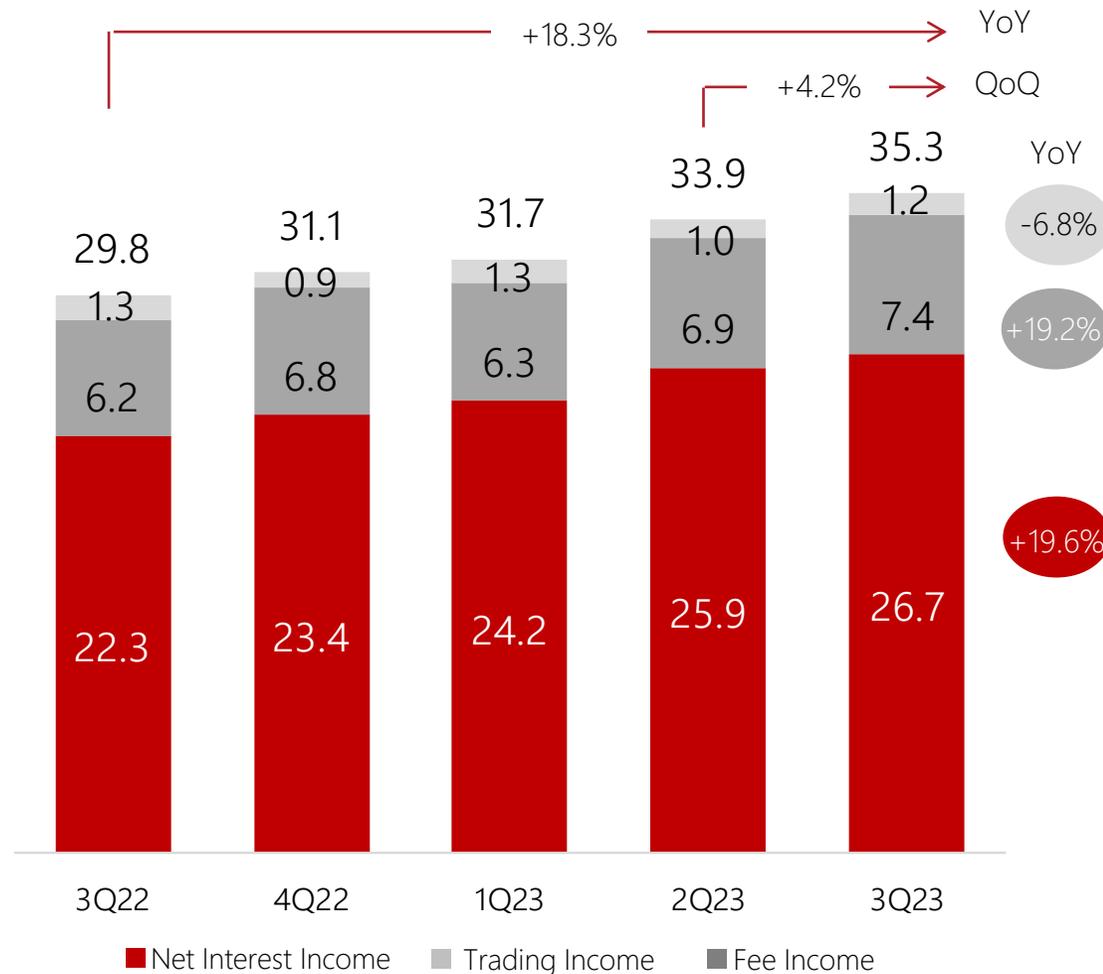
## Earnings per Share



# Revenues

Robust revenue performance, driven by interest income and fee income

Quarter-on-Quarter (in P bn)



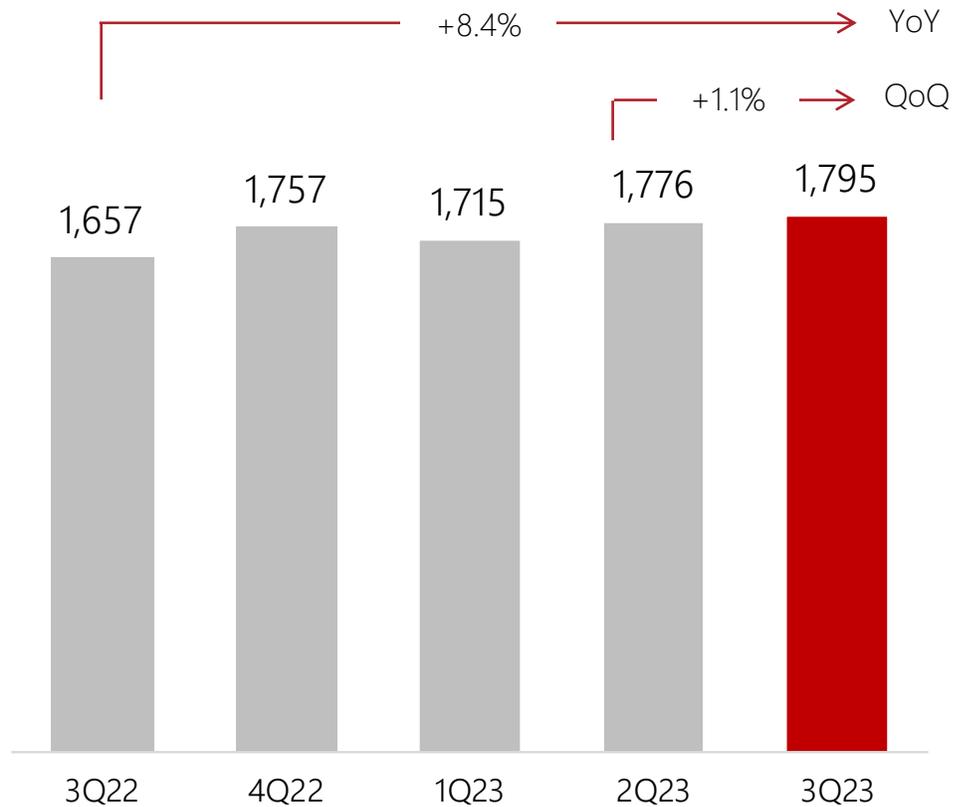
- New high in quarter revenues
- Record net interest income on sustained loan growth and highest NIM since the pandemic
- Record fee income on strong increase in client base and client engagement

# Loans and Quarter NIM

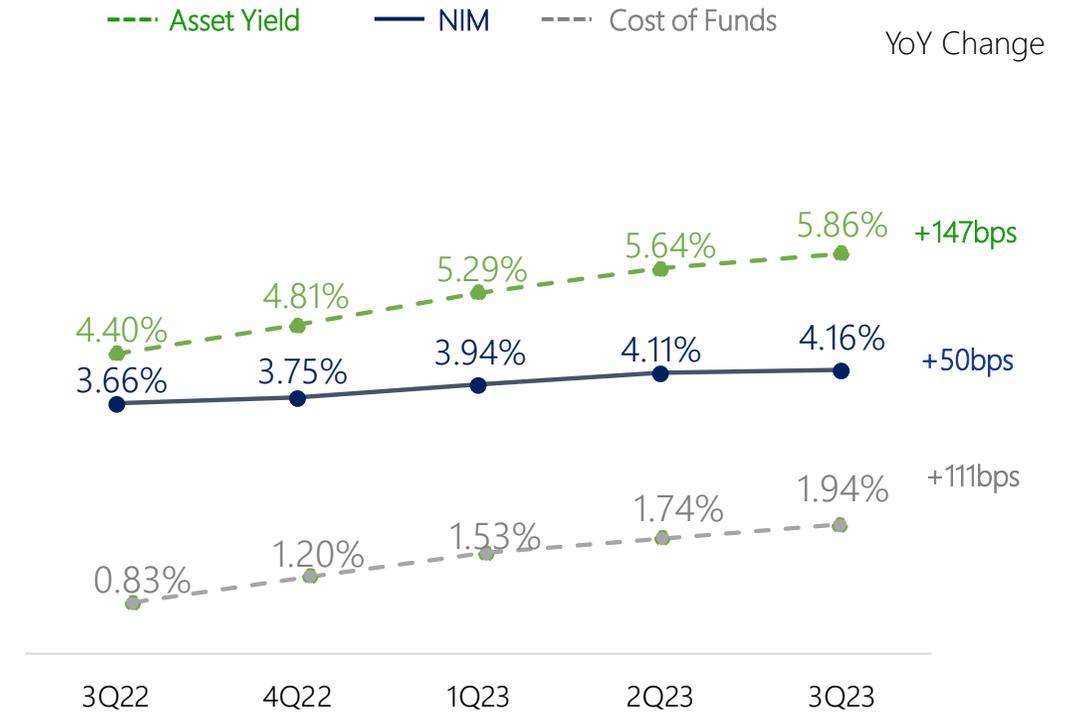


Sustained loan growth and NIM expansion

Gross Loans (in P bn)

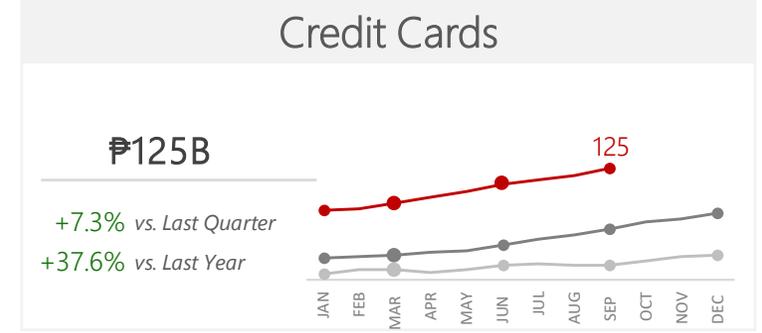


Quarter NIM

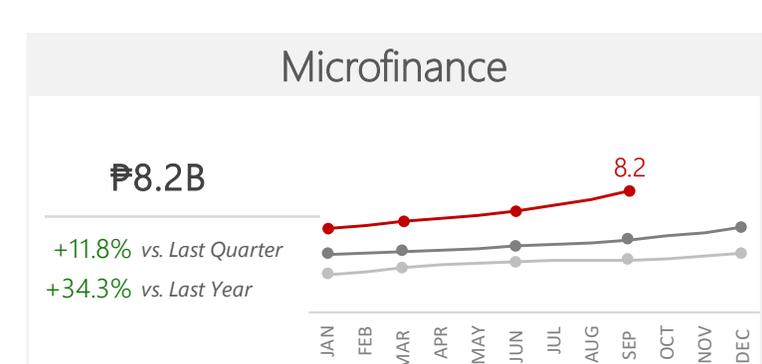
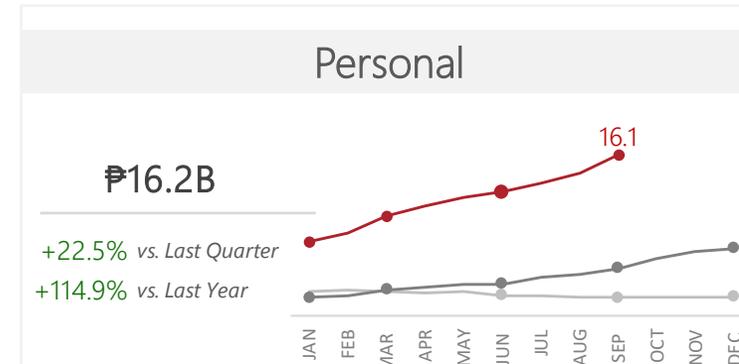
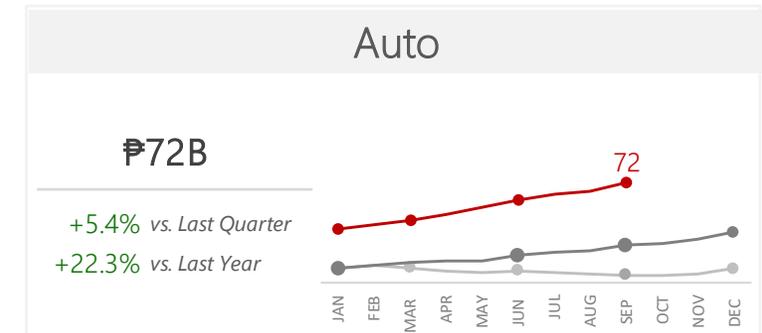
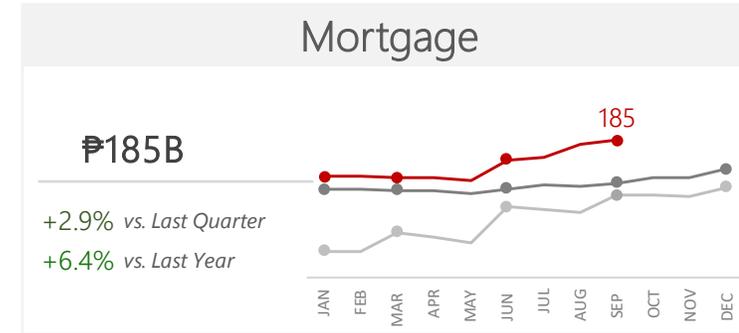
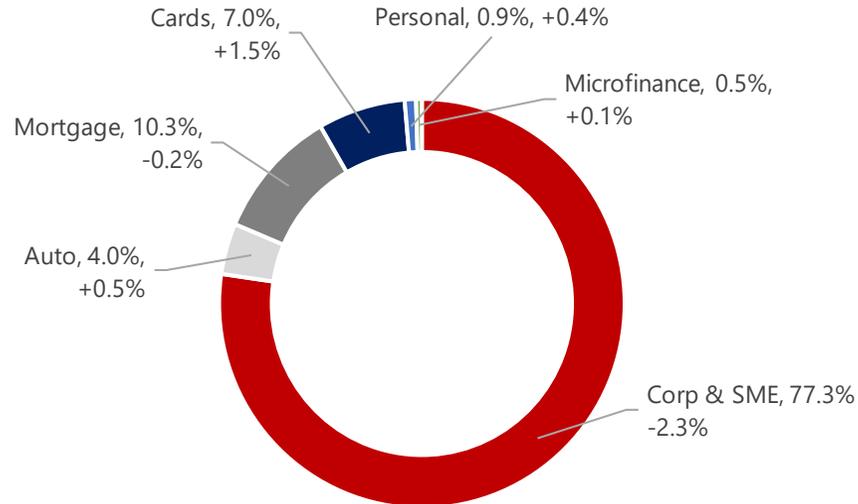


# Loan Book per Segment

Loan mix further improved, consumer lending up 20% YoY



## Loan Mix, YoY change

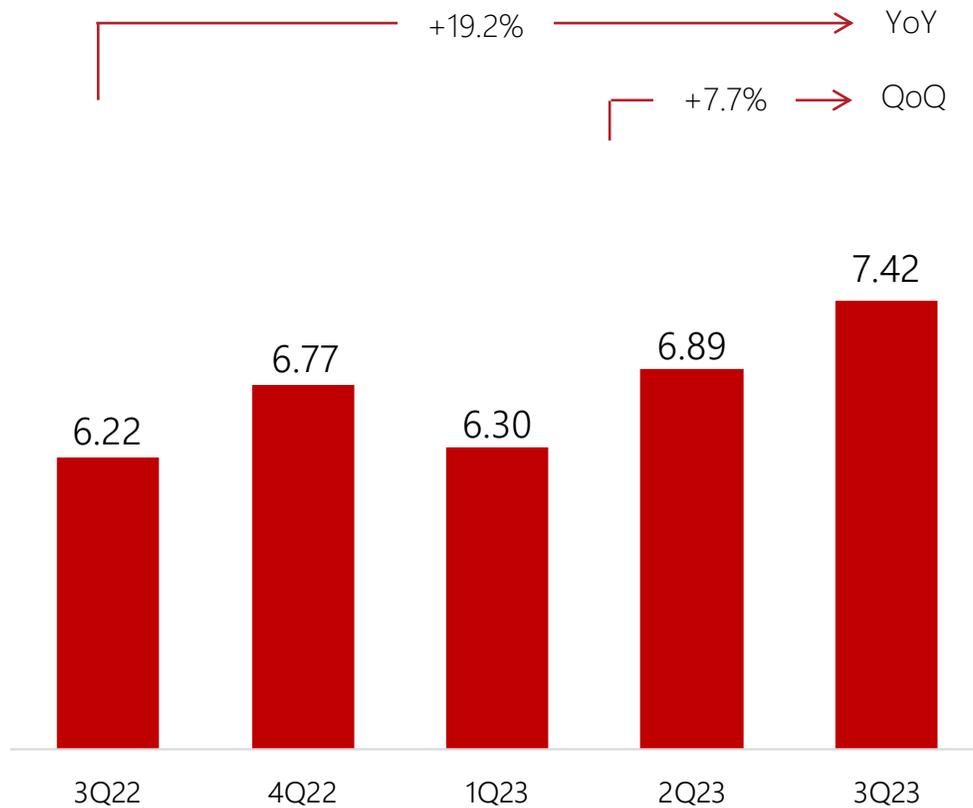


# Fee Income



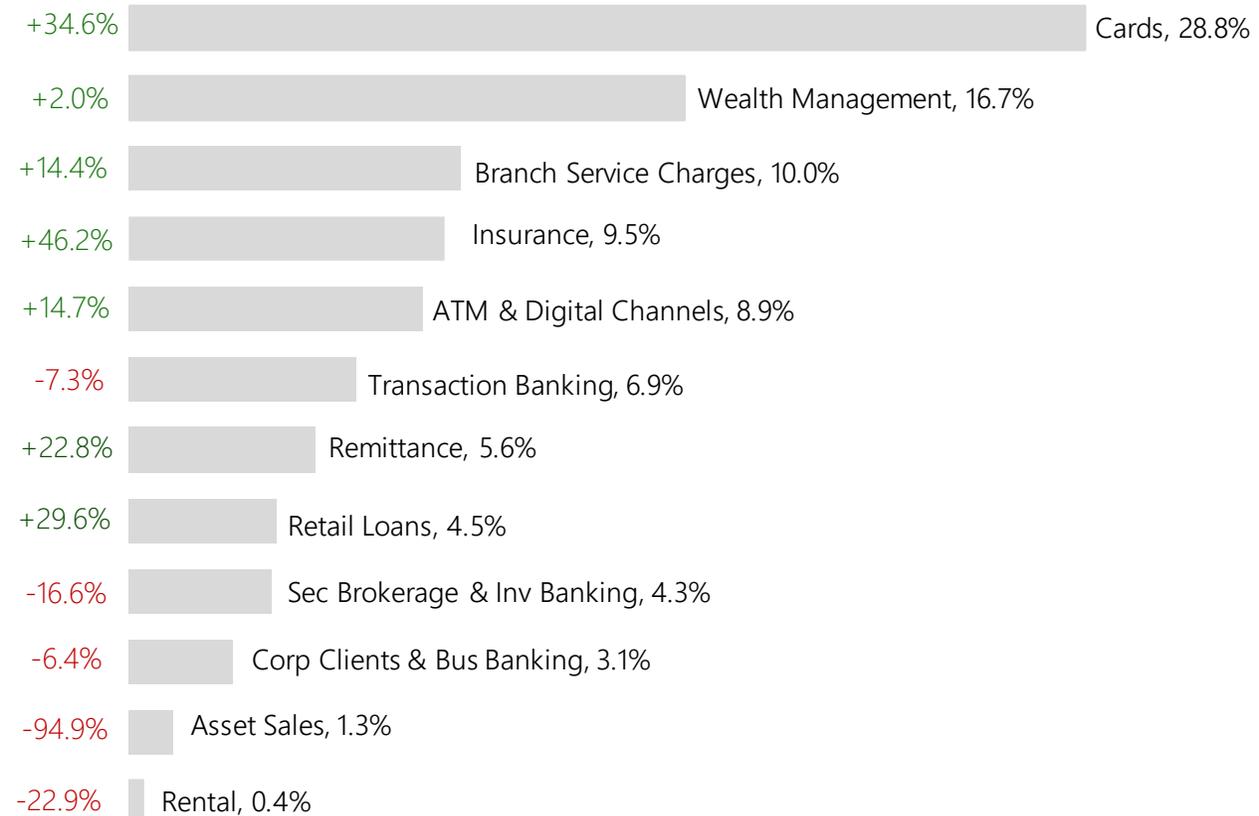
Positive momentum across top businesses on higher client count and customer engagement

Amounts in P bn



Ranked by Contribution to 9M 2023 Fee Income\*

YoY Growth

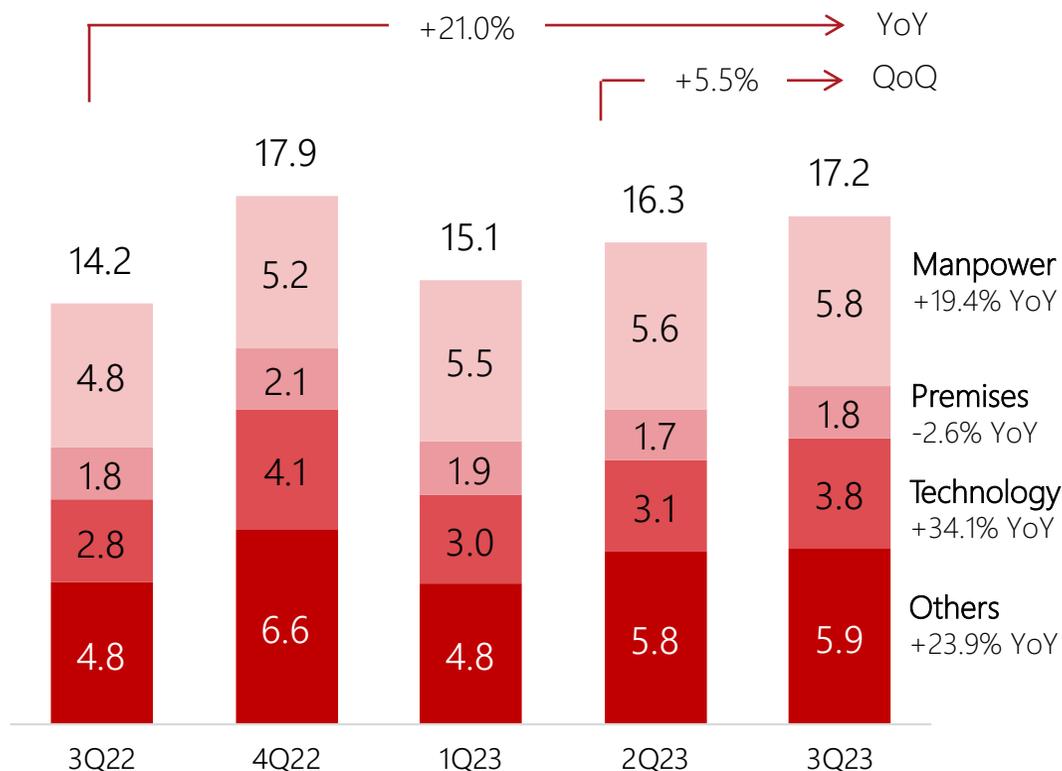


\* gross of GRT and Others

# Operating Expenses



Focused on improving cost-to-income than absolute cost target



	2019	2020	2021	2022	9M23
Cost-to-Income	52.4%	47.3%	52.1%	48.9%	48.2%
Customer Count (in mn)	8.66	8.57	8.46	9.32	10.06
Digital Customers (in mn)	0.51	1.45	1.87	2.80	3.52 <sup>1</sup>
Headcount	21,429	19,952	19,181	18,204	18,657
Customer Count/Headcount	404	429	441	508	539
Local Branch Count (Physical Locations)					
BPI	867	866	813	752	738
BanKo	300	304	307	317	340
Ave Deposit Per BPI Branch (in P bn)	1.96	1.98	2.40	2.79	2.94

<sup>1</sup> As of Aug 2023

## DRIVERS:

Manpower: structural salary increase and higher headcount

Technology: volume and headcount-related expenses; continued investments in platforms and infrastructure

Others: marketing campaigns, rewards program and volume-related card transaction charges

# Balance Sheet



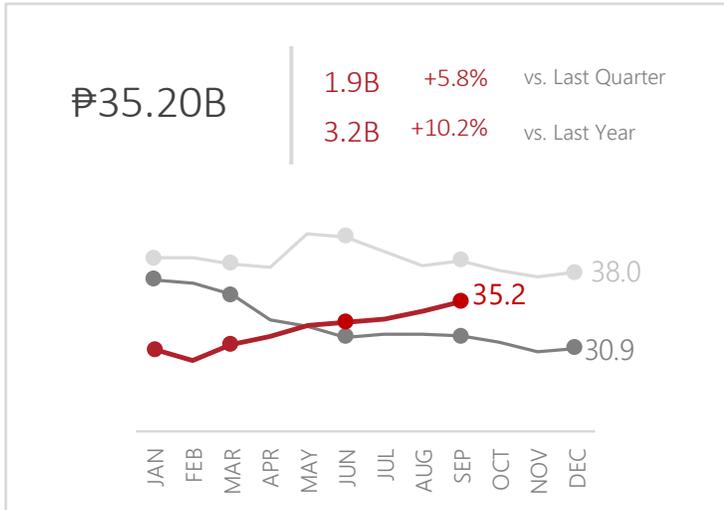
In P bn	Sep 2022	June 2023	Sep 2023	QoQ	YoY
Assets	2,528.2	2,684.7	2,709.9	0.9%	7.2%
Gross Loans	1,656.7	1,775.7	1,795.1	1.1%	8.4%
Net Loans	1,600.4	1,720.5	1,741.1	1.2%	8.8%
Securities	568.3	582.6	596.6	2.4%	5.0%
Deposits	2,033.9	2,144.1	2,171.2	1.3%	6.7%
CASA	1,547.7	1,505.7	1,504.8	-0.1%	-2.8%
Time	486.2	638.3	666.4	4.4%	37.1%
Borrowings	84.2	106.5	101.6	-4.6%	20.7%
Capital	313.4	336.1	349.6	4.0%	11.6%
LCR	203.14%	203.47%	193.82%	-965 bps	-932 bps
LDR (Net Loans)	78.68%	80.25%	80.19%	-5 bps	151 bps
CASA ratio	76.09%	70.23%	69.31%	-92 bps	-679 bps

- High quality funding with LCR at 194%; CASA ratio declined in line with industry
- Gradual build-up in securities, up 5% YoY, as rates increased
- YoY increase in capital driven by solid income generation

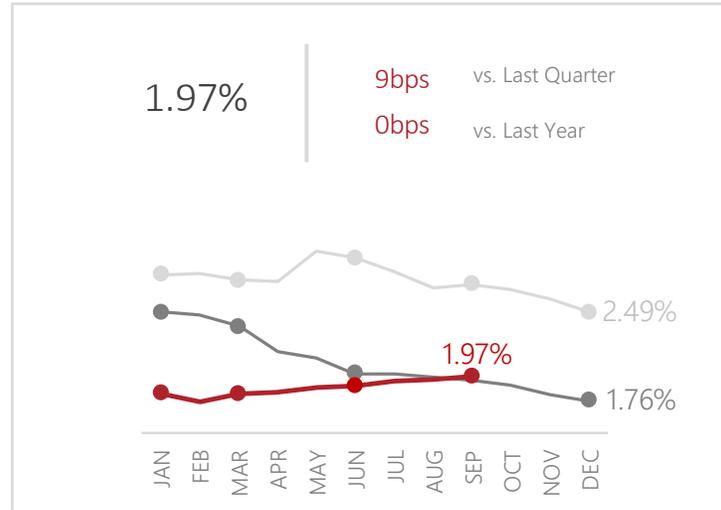
# Asset Quality



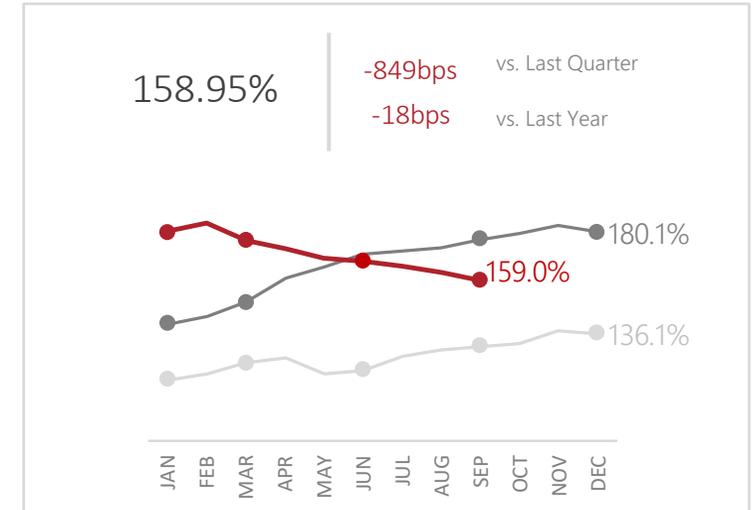
NPL Level (in ₱ bn)



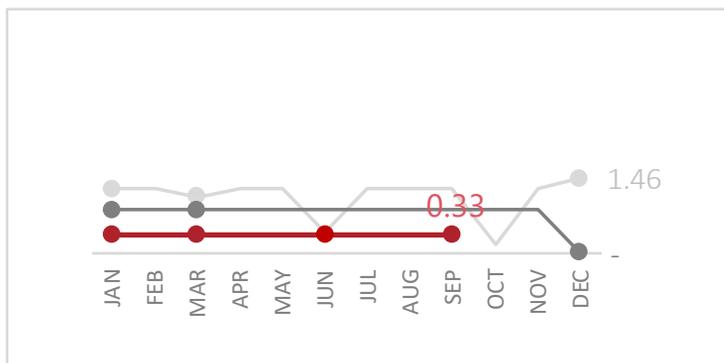
NPL Ratio



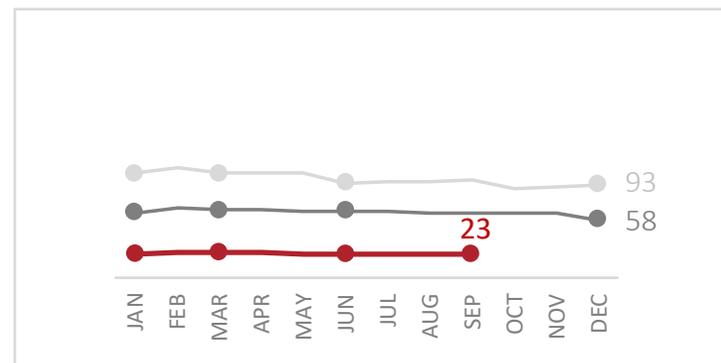
NPL Cover



Provisions (in ₱ bn)



Credit Cost (in bps)



- QoQ, higher NPL ratio on corporates, credit card and personal loans; other segments remained resilient
- NPL ratio is 30 bps above pre-pandemic levels
- Asset quality remained strong with comfortable NPL cover allowing lower credit cost

2021

2022

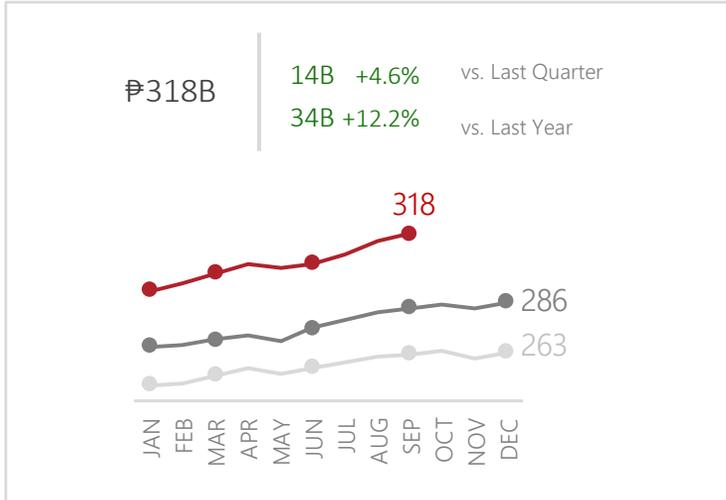
2023

# Capital Position

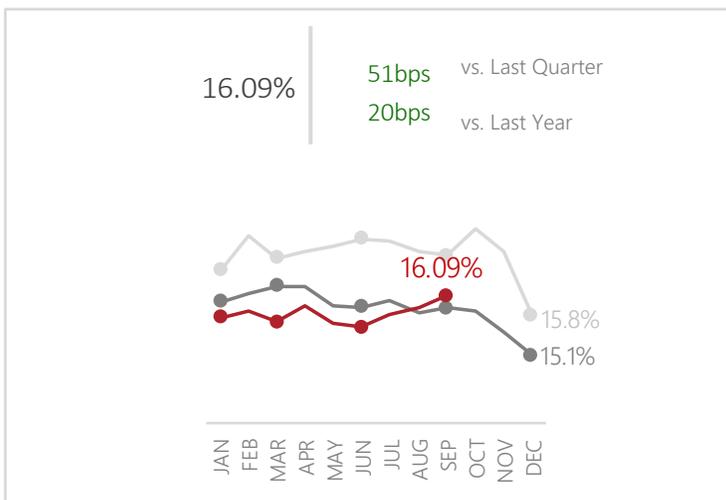


2021 2022 2023

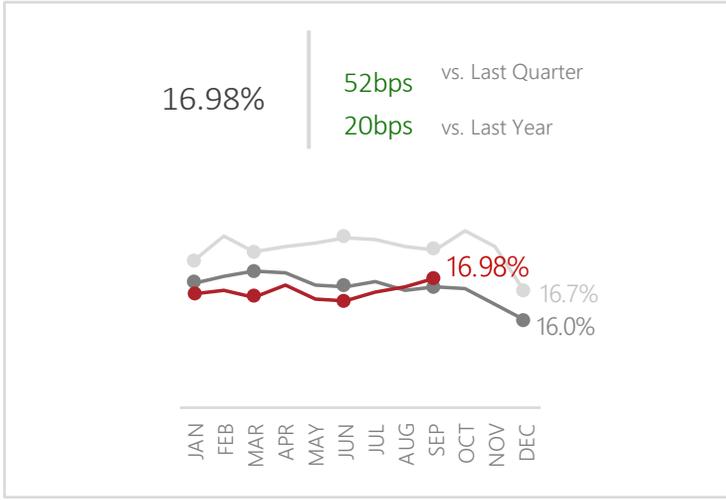
CET1 Level (in ₱ bn)



CET1 Ratio



CAR Ratio



- Increase in CET1 capital from strong net income accretion
- CET1 ratio improved 20bps notwithstanding the higher dividends distributed in the first half of the year
- Ratios comfortably above internal and regulatory thresholds

# Summary



- 1 Profitability :** Improved profitability and shareholder returns; revenue generation remains strong
- 2 Balance Sheet :** Moderating loan growth; healthy liquidity and capital position
- 3 Asset Quality :** Strong asset quality with sufficient allowance
- 4 Digitalization:** Delivered strong client acquisition and higher customer engagement



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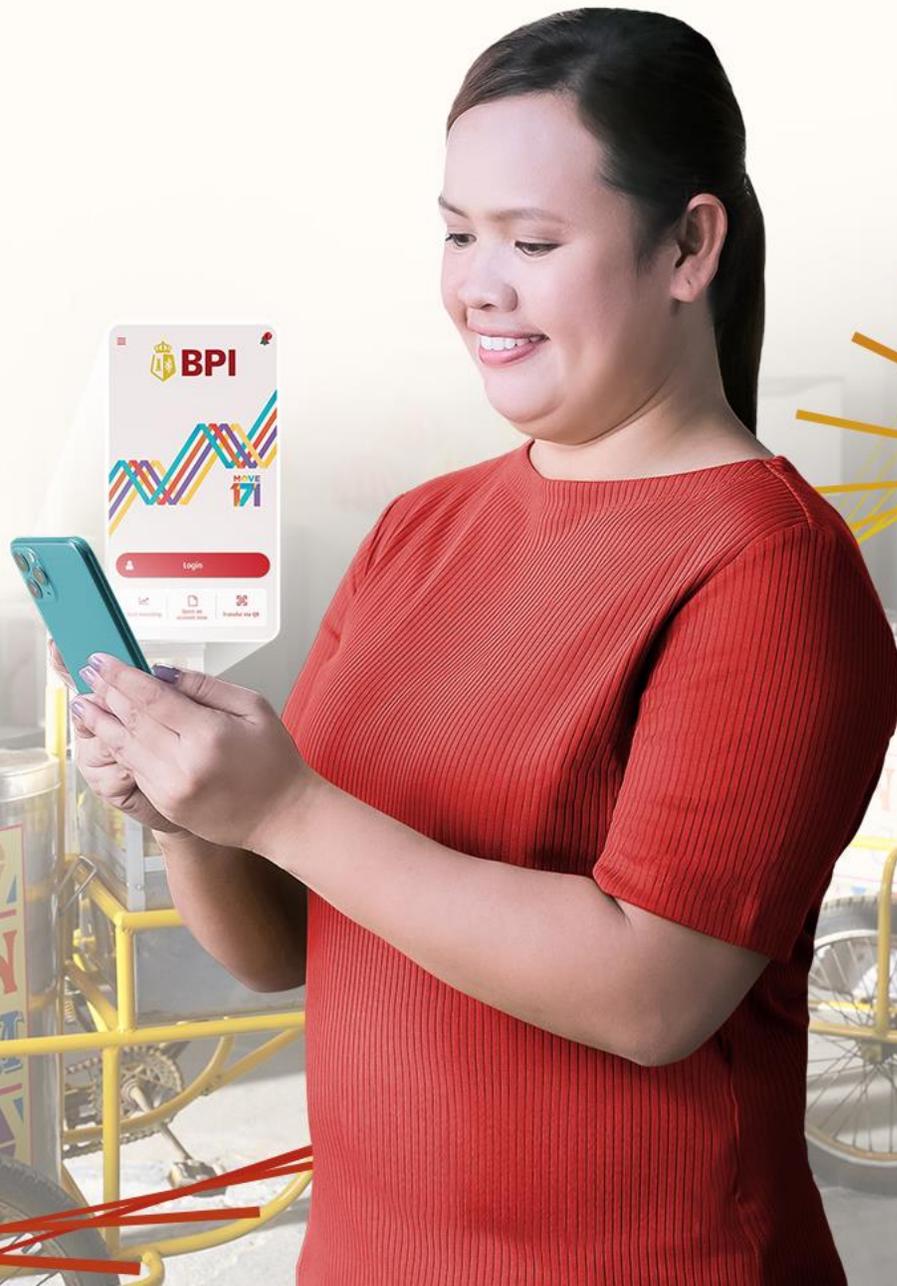
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