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BPI raises Q1 provisions to P4.23 billion due to COVID-19 crisis

MAKATI CITY, Philippines --- Bank of the Philippine Islands booked P4.23 billion in provisions for loan losses in the first quarter 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 2.4x more than the P1.80 billion set aside during the same period in 2019.

This resulted in a Net Income of P6.39 billion for first quarter 2020, a decline of 5.0% from P6.72 billion registered in the same period last year.

For the first quarter 2020, total Revenues increased by 10.9% to P25.26 billion. Net Interest Income grew by 13.0%, reaching P18.14 billion. Net Interest Margin was 3.63%, up by 24 basis points from 3.39% in the first quarter of 2019 as lower asset yields were offset by lower cost of funds. Non-Interest Income was P7.12 billion, an increase of 5.8% versus 2019, primarily from higher securities trading gains.

Operating Expenses for the first quarter 2020 totaled P12.53 billion, slightly up by 3.8% from the previous year. Cost-to-Income Ratio was at 49.6%, lower than the 53.0% recorded in the prior year.

Total Loans as of March 31, 2020 reached at P1.45 trillion, up 7.3% year-on-year, with growth recorded in microfinance, SME, consumer, and corporate loan segments at 66.6%, 14.2%, 9.5%, and 6.7%, respectively. Total Deposits increased to P1.68 trillion, up 4.3% year-on-year. The Bank's CASA Ratio was 73.5%, while the Loan-to-Deposit Ratio was 86.3%.

The Bank's indicative NPL Coverage Ratio increased to 109.02% in March 2020 compared to 92.55% as of March 2019. NPL Ratio stood at 1.82% as of the end of the first quarter 2020.

As of March 31, 2020, Total Assets stood at P2.19 trillion, higher by 5.1% year-on-year. The Bank's total securities position was at P338.13 billion, of which 73.5% was in Hold-to-Collect, therefore less sensitive to market risk. Total Equity amounted to P272.70 billion, with an indicative Common Equity Tier 1 Ratio of 15.19% and a Capital Adequacy Ratio of 16.08%, both well above regulatory requirements. Return on Equity was 9.38%, while Return on Assets was 1.21%.

In January 2020, BPI successfully raised P15.3 billion in 2-year peso bonds, followed by another P33.9 billion via a 1.5-year peso bond issuance in March 2020. Both debt capital market transactions further enhanced the Bank's liquidity position.

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).

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