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BPI posts 13.0% increase in Q4 net income

MAKATI CITY, Philippines ---- Bank of the Philippine Islands (BPI) posted P6.07 billion in net income in the fourth quarter of 2018, up 13.0% from P5.37 billion in the same period of 2017, on the back of strong revenues which grew 20.4%. Net interest income rose by 19.4% while non-interest income increased by 22.6%.

Full year net income reached P23.08 billion or 3.0% up versus 2017. Comprehensive income was at P21.88 billion. Total revenues increased by 10.6% to P78.52 billion, driven by 16.2% growth in net interest income, which reached P55.84 billion. The increase in net interest income was a result of a 9.0% increase in average asset base, and a 21-basis point expansion in net interest margin (NIM). Yield on interest-earning assets improved by 49 basis points, partially offset by a 34-basis point increase in cost of funds, owing to higher documentary stamp taxes, higher time deposit rates, and an increase in other borrowings.

Total loans stood at P1.35 trillion, reflecting a 12.7% growth year-on-year, boosted by strong growth in corporate loans and credit card loans at 13.3% and 23.8%, respectively. Total deposits reached P1.59 trillion, up by 1.5%, with current and savings accounts (CASA) growing at 2.4%. The Bank's CASA ratio stood at 71.9% while the loan-to-deposit ratio (LDR) was at 85.4%.

The Bank registered higher fee income from its transaction-based service charges, credit card and rental businesses. However, lower trust and investment management fees, corporate finance fees, and securities trading income tempered the overall non-interest income results, ending at P22.68 billion.

"The capital that we raised in 2018 allowed us to invest in our ongoing digitalization program, and in our high yielding SME, consumer and microfinance businesses," said BPI President and CEO Cezar P. Consing. "The returns from these investments will become apparent in the coming years. We're quite excited by what 2019 offers."

Operating expenses totaled P43.60 billion in 2018, an increase of 13.2% year-on-year, across all major categories of manpower, premises, technology, and other operating expenses. Cost-to-Income ratio was 55.5%, up from 54.3% in 2017, reflecting the impact of the Bank's continued investments in digitalization and the microfinance network. BPI Direct BanKo, BPI's microfinance arm, doubled its branch count to 200 as of year-end 2018. Provision for losses of P4.92 billion was 29.7% higher year-on-year. NPL ratio was 1.85%. The Bank's total loss coverage, including allowances for contingent liabilities, stood at 91.3%.

ABOUT BPI

The 167-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- (Fitch), Baa2 (Moodys), and BBB (Capital Intelligence).

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The Bank's securities holdings totaled P337.47 billion, up by 10.2% year-on-year. About 85% of the securities portfolio was in Hold-to-Collect, and thus less exposed to market volatility.

In 2018, BPI tapped the equity and debt capital markets with landmark issuances, starting with the P50 billion stock rights offering (SRO) in May 2018. This was followed by the issuance of USD600 million in senior unsecured bonds in August 2018, and the issuance of P25 billion in peso fixed rate bonds in December 2018. The overwhelming success of these fund raising transactions is testament to the strength of the BPI franchise.

At the end of December 2018, the Bank's total assets stood at P2.09 trillion, up by 9.5%, and Return on Assets (ROA) was 1.2%. Total capital reached P248.52 billion, up by 37.5% on account of the SRO. Return on Equity (ROE) was 10.2%, lower by 2.5 percentage points, reflecting the impact of the dilution from the SRO. Capital Adequacy Ratio (CAR) was at 16.09% and Common Equity Tier 1 Ratio (CET1) was at 15.19%.

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