

PRESS RELEASE | July 29, 2016

BPI posts Net Income of P12.7 billion in 2016 H1, up 35.6%
Total Loans up 18.6% to P904.38 billion; Total Deposits up 10.8% to P1.33 trillion

MAKATI CITY, Philippines—Bank of the Philippine Islands (BPI) 2016 H1 Net Income was P12.67 billion, up 35.6% year-on-year. Comprehensive income was P13.94 billion, up 53.5%. BPI declared total dividends of P3.54 billion in June 2016 (P0.90 per share). As a result, book value of equity rose P11.10 billion in 2016 H1.

Revenues. Total revenues rose 20.9% to P35.20 billion. Net Interest Income +9.6% to P20.70 billion; Non-Interest Income, +41.7% to P14.50 billion. Growth drivers for Non-Interest Income were securities trading (see Investment Securities below), bank fees and commissions, bancassurance, and capital markets.

Operating Expenses. Operating expenses ended at P17.31 billion, or +14.4%, driven mainly by up-front collective bargaining related costs and accelerated spending in technology. The Bank also raised provisions +47.5% to P3.10 billion. BPI anticipates continued discipline--and slower growth rates--in overhead spending and provisioning for the remainder of the year.

Profitability. The Bank's 2016 H1 cost-to-income ratio was 49.2%, as compared to 51.9% this time last year. ROA and ROE were 1.6% and 16.4%, respectively.

Total Loans and Deposits. Total loans stood at P904.38 billion, +18.6%, driven largely by gains in corporate loans (+20.4%). Gross 90-day NPLs dropped to 1.6%, from 1.8%. Reserve cover rose to 117.8%. Total deposits stood at P1.33 trillion, +10.8% year-on-year. CASA ratio was 73.5 %.

Investment Securities. Securities ended the half at P269.33 billion, down 2.13%. In June 2016, taking advantage of a rallying bond market, the Bank sold a portion of HTM securities to fund loan growth, reduce relatively expensive deposits, and enhance capital. HTM balances were not reclassified and stood at P216.66 billion, down 8.17%.

Total Assets. Total assets ended at P1.58 trillion, +11.2% or P159.07 billion above that of the same period last year.

Total Capital. Capital was P160.79 billion, up 7.4%. CAR and CET1 ended at 13.9% and 13.0%, respectively.

Client Franchise Drives Growth

BPI experienced robust client volumes in the first half of 2016. Against a backdrop of choppy markets and elections, the Bank's business with top corporates grew **25.5%**, driving growth in overall corporate business to **20.4%**.

The Bank's recent landmark financings include:

- **P12.5 bn** in debt for **AP Renewables' Tiwi-Makban** geothermal plant, the first climate bond ever issued in the Emerging Markets; and
- Significant participation in the largest outbound acquisition by a Philippine company: **Monde Nissin's** purchase of UK's **Quorn Foods**, a deal valued at **P38.8 bn**.

BPI Capital is currently Domestic Lead Underwriter for the recently-filed IPO of **Pilipinas Shell**, the country's 2nd largest fuel retailer. It was likewise a Joint Issue Manager for **DoubleDragon's** P10-bn preferred shares offering earlier this year.

In retail, the Bank launched the **Pamana** brand of deposit products, which offers unique protection against certain losses owing to unexpected death of account holders. This product has been enthusiastically received by a wide range of customers and their families.

"Unusually strong markets results complemented steady growth in client revenues. The quality of our client business is high, and we are scaling up to do more and more."

**—Cezar P. Consing, President & CEO
Bank of the Philippine Islands**

ABOUT BPI

At 165 years, BPI is the first bank established in the Philippines and in Southeast Asia. We are licensed as a universal bank by the Bangko Sentral 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 (Moody's), and BBB- (Capital Intelligence).