PRESS RELEASE

POST-REHAB INCOME SURGES; ASSET QUALITY FORTIFIED

The Philippine National Bank, one of the leading universal banks in the country fresh out of its recent successfully-completed rehab program, reported a consolidated net income of P622 million for the first semester of 2007, a substantial 46% improvement compared to the P427 million income registered for the same period last year. More importantly, this primed PNB towards attaining a ten-year high annual income target of at least P1.2 billion. As a result, the Bank's Return on Equity (ROE) ratio for the first half of the year jumped to 5.1% from the previous year's comparative figure of 3.8%.

In June 2007, the Bank settled in full its P6.1 billion loan with the Philippine Deposit Insurance Corporation (PDIC) four years ahead of the loan's due date with payment being sourced from excess liquidity. The Bank during the semester also realized a P1.55 billion reduction in the level of its non-performing loans (NPL's) to P10.747 billion by June 30, 2007. As a result, total assets at semester end registered a slight reduction of 1.36% to P240.14 billion from P243.47 billion.

With its successful exit from the government's Rehab program as of June 30, 2007, PNB subsequently achieved full independence from government support when the Bank recently completed a successful Follow-on Equity Offering. Total offer size was 160.8 million shares made up of 89 million primary shares and 71.8 million secondary shares owned by the National Government thru PDIC and DOF. The offering finally allowed PNB to be fully privatized.

The Bank's total deposits as of June 30, 2007 stood at P183.4 billion. Though finally fully privatized, PNB was granted by the BSP the authority to accept government deposits on a continuing basis, having complied with all the criteria for a government depository bank. During the second quarter, with the introduction of the Special Deposit Accounts (SDA) of the BSP, the Bank through its Trust Banking Group generated additional funds which, as of June 30, 2007, registered an outstanding balance totaling P9.086 billion.

In terms of capital adequacy, the Bank's consolidated capital adequacy ratio as of June 30, 2007 stood at a solid 20% well above the required 10% floor. With the proceeds of the successful follow-on equity offering, the Bank's capital accounts have recently been increased by more than P5.0 billion that would improve capital adequacy ratio to an estimated 24%.

The Bank achieved another milestone as it recently became the first Philippine bank to be granted a license to operate a cargo company in the United States. With the recent establishment of PNB Cargo Services (PNBCS), PNB now provides freight forwarding services to overseas Filipinos who regularly send goods from the United States to the Philippines. With PNBCS, existing clientele will now be able to send goods and remit money at the same time to their loved ones in the Philippines.

During the second quarter, PNB sealed agreements with various entities to strengthen its remittance business. First, an agreement with G-Xchange, Inc. (GXI) that will allow payout of PNB overseas remittances in the growing number of GCash outlets all over the country to bring greater convenience to beneficiaries of OFWs. The Bank also signed a Memoranda of Agreement with 1) Sta. Lucia Realty (SLR) to receive remittances of SLR customers via PNB overseas offices or remittance centers and 2) Quadrillion Inc. to expedite remittance of its Filipino migrant workers. In addition, another MOA was signed with PNCC Skyway Corporation (PSC) to allow PNCC ePass subscribers to replenish their ePass tags via PNB's eCollect services facility and to send payments using any of the Bank's electronic channels such as over-the-counter, ATM, phone, mobile, and internet banking facilities.