



News Release

Marketing Group

PNB Posts P1.2 Billion Net Income in First Quarter of 2015

The Philippine National Bank (PNB) sustained its profitability in the first quarter of 2015 with consolidated net income reaching P1.2 billion.

During the quarter, the Bank's net interest income stood at P4.25 billion, slightly down by 4.4% from the year-ago level which included one-time gains from the redemption of non-performing assets. Excluding these gains, the Bank's net interest income actually grew by 11.4%. This growth was fueled by the strong performance of PNB's core lending business. Loans grew by 17% year-on-year to P302 billion in the first quarter of 2015 with substantial contributions coming from corporate and commercial/SME loans which posted double-digit increases. Likewise, the Bank's loans-to-deposits ratio significantly improved to 69% from 57% a year ago, reflecting the Bank's continued focus on generating a more stable stream of income.

On the other hand, fee-based and other income which comprised 32% of the Bank's total operating income increased by 9.1% to P1.96 billion compared to the same period last year. Reduction in treasury-related income was compensated by a strong growth in the Bank's insurance business, the sale of foreclosed assets and service fees which collectively grew by 31.5%.

Meanwhile, PNB's initiatives to streamline operations enabled the Bank to keep the growth of overhead expenses to a moderate 5% to reach P4.4 billion.

By end-March 2015, PNB's consolidated total assets stood at P620.6 billion. The Bank continued to improve its asset quality as non-performing loans (NPL) decreased to P9.3 billion from end-



2014 level of P9.9 billion. Gross NPL ratio and net NPL ratio went down to 3.24% and 0.64% from 3.42% and 0.92%, respectively in December 2014. NPL coverage is now at 108.4%.

The Group's consolidated capital position remained strong with a Capital Adequacy Ratio (CAR) of 21.32% and a CET 1 ratio of 18.09% against 20.61% and 17.43%, respectively in December 2014.

As a partner in countryside development, PNB also entered into a loan agreement of up to Php 1.2 billion with Misamis Oriental 1 Rural Electric Service Cooperative, Inc. (MORESCO I). The 10-year term loan facility will be used to finance the construction of transmission lines, rehabilitation and upgrading of existing distribution lines and system loss reduction projects. MORESCO I services the electricity needs of 10 Municipalities in Misamis Oriental.

About PNB

Philippine National Bank is the country's fourth largest private commercial bank in terms of assets and deposits. It is a universal bank providing a full range of banking and other financial services to large corporate, middle market, small and medium enterprises, and retail customers.

As of March 31, 2015, PNB had a total of 660 branches and 853 ATMs strategically located nationwide. In addition, PNB boasts of having the most extensive international footprint across Asia, Europe, Middle East, and North America with 74 overseas branches and offices among Philippine banks.