

News Release

PNB registers P2.7B net income in the first half of 2017

August 2017, Pasay, Philippines – The Philippine National Bank (SEC: PNB) posted net profits of P2.7 billion for the first six months of 2017 on sustained growth momentum in its core lending and deposit-taking businesses and notable gains from fee-based activities.

The Bank's net interest income increased by 8% year-on-year, primarily driven by 13% growth in interest income earned from loans and receivables on the back of 16% expansion in loan portfolio, boosted by increases in loans to corporate, commercial and small and medium-sized enterprises. During the first half of the year, the Bank also accessed the BSP's term deposit facility which offered better yields that led to a substantial hike in interest income earned from placements with banks and others, thus more than offsetting the lower interest income contribution from trading and investment securities. The Bank's net income for the first semester was lower than the P4.3 billion posted for the same period in 2016 that included one-time gains amounting to P2.7 billion.

Non-interest income reached P3.4 billion, lower than the year-ago mainly due to the one-off revenues earned in the first half of 2016 consisting of net gains from major disposals of foreclosed assets, net gain on the sale of shares of stock of a subsidiary and collection of non-performing assets. Net service fees and commission income grew by 12% as the Bank intensified its cross-selling efforts to its customers. Meanwhile,



treasury-related income decreased substantially owing to muted trading opportunities as investors continue to stay on the sidelines amid further global monetary tightening and interest rate development in the international markets.

Operating expenses excluding provision for impairment and credit losses, on the other hand, expanded moderately at 6% over the same period last year due to prudent spending despite aggressive business growth.

As of end-June 2017, PNB's total consolidated resources stood at P824.0 billion, up by P111.6 billion or 16% from year-ago level. The asset expansion was largely funded by deposits which increased by 17% from June 2016 levels as the Bank continued to focus on generating low-cost funds and replacing matured high-cost Tier 2 Notes with Long-Term Negotiable Certificates of Deposit (LTNCD). Notwithstanding the aggressive loan growth, the Bank's net non-performing loans (NPL) ratio remained low at 0.25%. NPL coverage is now at 130%. PNB's consolidated risk-based capital adequacy ratio (CAR) based on BSP guidelines was at 15.89% as of June 2017, above the regulatory requirement of 10%.

As of June 30, 2017, PNB had a total of 685 branches and 1,143 ATMs strategically located nationwide. In addition, PNB boasts of having the most extensive international footprint among Philippines banks with 70 overseas branches, representative offices, remittance centers and subsidiaries across Asia, Europe, the Middle East, and North America.



The Bank, in honor of the country's modern-day heroes, launched the PNB Global Filipino Lounge at NAIA Terminal 2 in June 2017. With the lounge, travelling Filipinos can conveniently do last minute transactions at the airport, and can easily access remittance services and other financial solutions. The PNB Global Filipino Lounge is part of PNB's initiative to serve the banking needs of the overseas Filipino market that has helped the country's economy throughout the years.

PNB also received the "Best in Customer Experience – Mobile" award from the Annual Customer Experience in Financial Awards 2017 for its Mobile Banking App last June 14, 2017 in Singapore. The award recognizes PNB's continuing initiatives to adapt to its clients' fast-paced lifestyle and serve their mobile banking needs. True to its brand promise of "You First", PNB continues to develop financial solutions to respond to the needs of its diverse markets.

About PNB

Philippine National Bank is one of the country's largest private universal banks in terms of assets and deposits. It provides a full range of banking and other financial services to its highly diverse clientele comprised of individual depositors, small and medium enterprise, domestic and international corporations, government institutions, and overseas Filipinos. Backed by 100 years of stability and excellence, PNB looks forward to another hundred years of serving its customers first.

To know more about PNB, visit its official website: www.pnb.com.ph.