



News Release

Marketing Group

PNB's Net Income in First Nine Months of 2015 up 27% to P4.7 Billion

Philippine National Bank (PNB) reported a net income of P1.1 billion for the third quarter of 2015, more than double its earnings of P505 million for the same period last year. The strong performance for the quarter was attributed to the 20% growth in operating income primarily core revenues as net service fees and net interest income posted increases of 46% and 10%, respectively. Operating expenses excluding provision for impairment and credit losses, on the other hand, expanded at a slower rate of 3% over the same period last year.

For the nine-month period ending September 30, 2015, PNB posted a net income of P4.7 billion, 27% higher than the year-ago level of P3.7 billion despite weak trading and foreign exchange gains. Total operating income stood at P20 billion, up by 5% compared to year-ago level, driven by substantial increases in gains from sale of assets and net service fees by 126% and 21%, respectively. Net interest income, which accounted for 66% of total operating income, increased by 5% from the year-ago level that included one-time gains from the redemption of non-performing assets. Excluding these gains, the Bank's net interest income actually posted a 10% improvement. The 6% growth in interest income came largely from loans as the Bank expanded its loan portfolio by 13% year-on-year to P329.0 billion, propelled by its strong corporate and commercial/SME lending business. On the other hand, increase in interest expense on deposits remained moderate due to improving deposit mix.

As of end-September 2015, PNB's total assets reached P653.5 billion. The Bank continued to enhance its asset deployment as asset balances moved from Cash and Other Cash Items, and Due from Banks to higher-yielding assets like Loans and Available-For-Sale investments. Likewise, asset quality steadily improved as the NPL ratios declined further to 0.30% (net of valuation reserves) and 2.99% (at gross) from 1.0% and 3.8%, respectively, a year ago. NPL



coverage is now at 121.2%. The Bank's real and other properties acquired (ROPA) declined by P3.4 billion due to sustained disposal off foreclosed properties as well as conversion to bank premises. Consequently, the ratio of ROPA to total assets dropped to 2.4% from 3.5%. PNB's capital position remained solid with a Capital Adequacy Ratio (CAR) of 20.26%, well-above the minimum 10% required by the BSP.

Fitch Ratings recently gave PNB a credit rating of "BB" with a stable outlook, reflecting the Bank's strong franchise and high capital ratios. This credit rating is two notches below investment grade level and higher than the current credit rating of S&P at "B+" which is four notches below investment grade. Last May 2015, Moody's Investors Service has also upgraded the rating of PNB to investment grade, reflecting the consistent improvement in the Bank's credit profile. PNB's long-term and short-term ratings were raised two levels up from Ba2/NP to Baa3/P-3.

Last October 2, 2015, PNB was awarded the Excellence in Retail Financial Services award under the "Best Remittance Business in the Philippines" category by The Asian Banker. This is in recognition of the value-added differentiation that the Bank provides to the overseas Filipinos beyond remittance to include financial services such as Own-a-Philippine Home Loan, Pangarap Loan and Overseas Bills Payable System as well as other innovative products like Healthy Ka Pinoy medical card and ATM Safe insurance.

PNB and its wholly-owned subsidiary PNB Capital and Investment Corporation were likewise recognized internationally last October 30, 2015 when they won four awards from The Asset Triple A Asia Infrastructure Awards in Hong Kong. The awards were given for the following deals: a) Best Project Finance Deal of the Year and Best Transport Deal, both for the P31 billion project finance syndicated term loan facility for Metro Manila Skyway Stage 3 Project; b) Best Transport Deal, Highly Commended for the P23.3 billion financing facility for GMR Megawide Cebu Airport Corporation Project; and c) Best Power Deal for the P33.3 billion financing facility for Pagbilao Energy Corporation Project. These awards demonstrate clearly the Bank's



commitment in offering competitive financing structures to clients while contributing to economic development and nation building.

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.

To date, PNB has 662 branches and 923 ATMs strategically located nationwide. It has the most extensive international presence among Philippine banks with 75 overseas branches, representative offices, remittance centers, and subsidiaries in key cities in the United States, Canada, Europe, the Middle East, and Asia.