

News Release

PNB profits grow 37% in 3Q, brings 9-month net income to P4.5B

November 2017, Pasay, Philippines – The Philippine National Bank (SEC: PNB) registered net profits of P4.5 billion for the first nine months of 2017, aided by a 37% improvement in its net income for the third quarter compared to the same period last year, spurred by sustained momentum in core lending and fee-based activities.

The Bank's nine-month net interest income increased by 10% year-on-year, driven by 14% growth in interest income earned from loans and receivables on the back of 11% expansion in loan portfolio, boosted by increases in loans to corporate, commercial and small and medium-sized enterprises. During the third quarter of the year, the Bank saw 15% quarter-on-quarter growth in net interest income, 35% increase in net fees and commissions, and higher revenues from foreign exchange by 10%. The Bank also posted significantly higher net gains on disposal of repossessed properties during the period compared to last year.

The Bank's net income for the first three quarters of 2017 was lower than the P5.7 billion posted for the same period in 2016 that included one-time gains amounting to P2.7 billion. Non-interest income reached P5.5 billion for the first nine months, 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 18% as the Bank continues to intensify its cross-selling

efforts to its customers. Meanwhile, treasury-related income declined owing to muted trading opportunities as investors continue to stay on the sidelines amid further global monetary tightening, geopolitical uncertainties, and interest rate development in the international markets.

On the other hand, operating expenses, excluding provision for impairment and credit losses, were kept to a minimal increase of 3% over the same period last year due to prudent spending despite aggressive business growth.

As of end-September 2017, PNB's total consolidated resources stood at P799.2 billion, up by P80.8 billion or 11% from year-ago level. The asset expansion was largely funded by deposits which increased by 13% from September 2016 levels as the Bank continued to focus on generating low-cost funds and replaced 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 0.08%. NPL coverage is now at 137.06%. PNB's consolidated risk-based capital adequacy ratio (CAR) based on BSP guidelines was at 15.45% as of September 2017, above the regulatory requirement of 10%.

By the end of the third quarter, PNB had a total of 689 branches and 1,176 ATMs strategically located nationwide. Plus, PNB maintained its position as the Philippine bank with the most extensive international footprint with 71 overseas branches, representative offices, remittance centers and subsidiaries across Asia, Europe, the Middle East, and North America.

The Bank received the Outstanding PhilPaSS REMIT Participant award from the BSP during the 2017 Awards Ceremony and Appreciation Lunch for BSP Stakeholders. The

award recognizes the Bank's exceptional performance in terms of remittance volume sent via the BSP's Philippine Payments and Settlement System (PhilPaSS) for processing and settlement. As a settlement arm for overseas Filipino remittances, PhilPaSS ensures the safe and immediate transfer and settlement of remittance funds.

The Bank organized the PNB MyFirst Savings Roadshow, attended by around 300 grade school students of St. Scholastica's College-Manila. The PNB MyFirst Savings account is for children and teenagers aged 19 and below, designed to help teach the value of saving.

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.