

PNB posts 1.3B Income for the First Quarter

The Philippine National Bank posted a Net Income of Php 1.3 billion for the first quarter of 2014. Last year's first quarter performance was 53% higher, which was mainly brought about by substantial gains in trading and investment securities. The Bank's Net Interest Income, which accounted for 68% of the Bank's total operating income, rose by 70% to Php 4.5 billion. This was a result of a 31% increase in interest income, coupled with a 38% decline in interest expense. During the quarter, the Bank's loan portfolio increased by P4.3 billion across all customer segments despite the squeeze in margins amidst a low interest rate environment. With the redemption of the Bank's P4.5 billion unsecured subordinated debt with an interest rate of 7.13%, the Bank's interest expense was substantially reduced.

The Bank's consolidated assets reached Php 611.9 billion for the first quarter of 2014. Two years after the sale of a significant amount of Held to Maturity (HTM) securities in October 2011, the Bank reclassified P18.3 billion of its Available for Sale Investments to HTM investments to mitigate the marked-to-market impact on the Bank's investment securities due to market volatilities.

The Bank's gross non-performing loans (NPL) decreased to Php 10.3 Billion as of March 31, 2014. The Bank's net NPL ratio was 1.3% while the gross NPL coverage was 93%.

The Bank beefed up its capital through a Stock Rights Offering in February 2014. The Bank has successfully completed its Stock Rights Offering of 162,931,262 common shares with a par value of Php 40.00 per share, at a price of Php 71.00 each. The Offer was oversubscribed and raised gross proceeds of Php 11.6 billion. As a result, the Bank's consolidated equity stood at Php 87.9 billion, up by 4.8% from the year-ago level. Consequently, its consolidated risk-based capital adequacy ratio (CAR), computed based on BSP Circular 781 (BASEL III guidelines), was at 19.5%, exceeding the regulatory 10% CAR. Likewise, the consolidated Common Equity Tier 1 (CET 1) ratio was at 16.1%, surpassing the BSP's minimum threshold of 8.5% with conservation buffer.

In recognition of the Bank's business excellence, two of its products and services recently garnered accolades from industry peers. *ATM Safe* won the Best in Innovation Award in the 2013 Philippine Insurers and Reinsurance Association, Inc. (PIRA) Awards while the *Healthy Ka Pinoy* (HKP) Emergency Card won the award for Excellence in Business Model Innovation in the 2013 Asian Trailblazer Awards of Retail Banker International.