



PRESS RELEASE

PNB SETS SIGHTS ON 10-YEAR-HIGH PROFITS; Q1 GAINS UP 60% Y-O-Y

The Philippine National Bank, in a determined bid to successfully complete the last two months of its rehabilitation program, posted a consolidated net income of P308.3 million during the first quarter of 2007 translating to a substantial year-on-year growth of 60% over the comparative net income earned in the first quarter of 2006 of P193 million.

With this performance, PNB is in a prime position towards achieving a P1.0 billion annual Net Income level for 2007 that will be a ten-year high for the Bank. The last time the Bank surpassed the P1.0 billion net income level was in 1997 when it reported an annual net income of P1.14 billion.

Pursuing improvements in all major aspects of its operations, PNB saw its Capital Adequacy ratio rise to almost 20% by March 31, 2007. To further strengthen capital and in preparation for compliance with Basel II, the Bank intends to offer up to 90 million shares from its authorized but unissued common stock by way of a Tier 1 offering targeted within the year. As of the end of the first quarter, PNB equity stood at P24.5 billion.

The Bank's asset quality was significantly enhanced with the recent sale of P19.3 billion in non-performing assets. Further to this, PNB continues to evaluate its remaining non-performing accounts to identify those that can either be restructured or similarly sold under the extended SPAV law of 2002 to generate increased proceeds that may be channeled to higher earning assets. The Bank's Non-Performing Loans was reduced to less than P10.0 billion as of March 31, 2007 from a high of almost P50.0 billion in 2004.

Total assets as of the end of the first quarter reached P244.8 billion with the ratio of liquid assets to total assets at 43.3 %. Total liabilities expanded to P220.3 billion primarily because total deposits grew by P3.42 billion or from P181.67 billion to P185.09 billion during the same period.

The Bank continued its thrust to constantly improve the quality of its services such that last April 2007, for the fourth consecutive year, PNB was once again chosen to receive the Reader's Digest Gold Award as one of the Most Trusted Brands in the Philippines indicating consumers' selection of the Bank for its trustworthiness, credible image, value, quality, innovativeness and understanding of customers' needs. In addition, PNB received two awards from Megalink for having the Highest Controllable Approval Rate and the Highest Reply Rate among Megalink member-banks.

With the continued close relationship between its professional management team and Board, PNB is poised to further strengthen its overall performance in order to realize a ten-year milestone of attaining P1.0 billion in annual Net Income level during year 2007. PNB is now ready to fly out of the nest of rehabilitation.