



PRESS RELEASE

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PNB NINE-MONTH INCOME EXPANDS BY 86%; HITS P1.11 B

The Philippine National Bank, one of the leading universal banks in the country, reported a significant surge in net income to reach P1.11billion during the nine-month period ending September 30, 2007. This represented a substantial 82% year-on-year improvement over the comparative P609.9 million total for the first three quarters of 2006. PNB's third quarter performance highlighted the momentum in income growth as the quarter's net income alone reached P490.7 million for an impressive 167.7% growth over the 2006 third quarter figure of P183.3 million. Furthermore, current year-to-date income performance already approximates the bank's ten-year-historical-high annual income of P1.14billion with still a full quarter to go.

Net interest income for the nine months totaled P4.158 billion, P243 million better than the year ago total.

Total Resources as of September 30, 2007 stood at P236.36 billion, leaner by 2.9% compared to the December 2006 level with the full payment of the P6.1 billion PDIC loan last June 2007. Non Performing Loans (NPL) level by the end of the third quarter of the current year dropped to P10.9 billion from a high of P45.2 billion in 2003. The bank improved on its liquidity position registering a higher 48.2% ratio of liquid assets to total assets at the end of September 2007 versus only 42.3% at the close of 2006.

On the Liabilities and Equity side, total deposits of P174.3 billion as of end-September 2007 was lower by 4% against the end-2006 level due to the reduced peso equivalent of the bank's dollar deposits as a result of the strong appreciation of the Philippine Peso against the US dollar. In the same period, the bank also saw the shift of some high cost deposits to the Special Deposits Accounts (SDA) of the BSP. By the end of the third quarter 2007, low-cost CASA deposits increased by more than P3.0 billion and comprised 48% of total deposits compared to 44% as of year end 2006.

The bank completed its Tier 1 follow-on equity offering where it raised about P5.0 billion in Tier 1 capital. Together with the sale of 89 million primary shares, 71.8 million secondary shares owned by the national government thru PDIC and DOF

were sold to the public and thus bringing about a complete exit of the government from PNB.

With the additional common shares, the bank's consolidated capital funds as of September 30, 2007 amounted to P29.25 billion. Computed in accordance with the latest risk-based framework that conforms to Basel II requirements, capital adequacy ratio stood at a solid 20%, double the required minimum ratio of 10%.

During the third quarter, PNB continued to strengthen its remittance business as it sealed agreements with various entities. First, the Bank confirmed authorization for Cebuana Lhuillier pawnshops which number more than 500 branches as PNB payout outlets for remittances in the country. Likewise, the Bank inked agreements with 1) Prime Asia & Jewelry Shop officially making Prime Asia and its 107 outlets as accredited remittance payout agents of the Bank and 2) Paysetter International, Inc., a Filipino-owned company involved in wireless person-to-person solutions on SMS. This allows the PNB global network to tap the latter's more than 500 agents located worldwide.

A subsidiary of the bank, PNB Remittance Centers, Inc. opened a branch in Miami, Florida on September 15, 2007, while another subsidiary, PNB Remittance Company, Canada established a remittance tie-up with P2P-Paytrends Corporation to act as an agent of PNB RCC to receive funds for remittance to the Philippines.

In addition, a MOA was signed with the Manila International Airport Authority (MIAA) stipulating the online collection system between MIAA and its stakeholders within the NAIA compound. This enables all clients of the MIAA to use PNB's different facilities, such as internet, mobile and phone banking, ATM bills payment, auto debit arrangement and over-the-counter bills payment, in transacting their business with the airport authority.

With its successful exit from the government's Rehab program and the strong income performance, PNB has demonstrated its ability to sustain its heightened competitiveness based on the three tenets of reducing non performing assets, strengthening core businesses and increasing profitability.