

**Date:** May 26, 2015

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## **PNB targets double-digit profit growth**

***LISTED LENDER Philippine National Bank wants to at least double its net income in 2015 from last year's levels on the back of growth in its core businesses, a senior official yesterday said.***

The Lucio C. Tan-led lender saw its income grow by 5% to P5.5 billion last year, up from the P5.2 billion recorded in 2013. PNB's main businesses propelled the bank's growth despite a decline in trading gains.

"The number we're looking at is we intend to at least double that (2014 income). We're looking at double-digit growth in terms of net income for this year," PNB Chief Financial Officer Nelson C. Reyes said in a press briefing after the lender's annual stockholders meeting in Manila.

"What we're really trying to focus is improve our ROE (return on equity). Our ROE is around five percent, we hope that that would also reach double digits in the next two to three years," he added.

Horacio E. Cebrero III, executive vice-president and head of PNB's Treasury group, said the drivers of the bank's profitability are improvements in its core businesses, retail, consumer lending and taking advantage of the lender's overseas operations.

Genon C. Audencial, executive vice-president and Institutional Banking Group head, added financing public-private partnership projects and catering to its middle market segments will also contribute to PNB's bottom line this year.

"We have instituted structural changes in our organization to address the needs that we see both in the regions and in Metro Manila," Mr. Audencial said.

PNB's net interest income last year grew 23% to P16.9 billion, comprising 64% of total operating income during the period. Operating income increased by 12% to P26.4 billion, augmented by other income -- excluding gains from securities trading -- which rose by 33%, principally from the sale of PNB's foreclosed assets.

Its interest income on loans and receivables also expanded by 16% to P15.2 billion. As of end-2014, PNB's total consolidated resources also expanded to P625.4 billion, P9.2 billion higher from the preceding year.

The bank's capital adequacy ratio -- a measure of a bank's financial strength -- stood at 20.6%, still above the central bank's 10% minimum requirement while its minimum Common Equity Tier

1 (CET1) ratio of 17.4% also exceeded the minimum CET1 ratio of 8.5%.

For the first quarter of 2015, PNB booked P1.2 billion in earnings, down from P1.3 billion last year due to absence of one-time gains.

Mr. Reyes said the end-March figure was 8% below the bank's target, although he expects PNB to recover in the next nine months.

"We expect the second quarter to be better because of the growth in our loans. We do expect to catch up in terms of our performance against the first half of last year," Mr. Reyes said.

For its branch operations, Jovencio DB. Hernandez, executive vice-president and head of retail banking, said PNB plans to further expand its network, particularly for its thrift arm, PNB Savings Bank.

"We're looking at adding 20-25 new branches but the focus of growth will be on our retail business," Mr. Hernandez said.

New branches will be concentrated in non-restricted areas in Metro Manila as well as in Southern Luzon.

"Next year, we'll probably move to Visayas and other key cities," Mr. Hernandez later said at the sidelines of the press briefing.

Shares in PNB lost 50 centavos to end at P73.40 each yesterday.

Source: <http://www.bworldonline.com/content.php?section=Finance&title=pnb-targets-double-digit-profit-growth&id=108623>