



News Release

Marketing Group

PNB Reports P6.3 Billion Net Income in 2015

The Philippine National Bank (PNB) sustained its profitability in 2015 with consolidated net income increasing by 15% to P6.3 billion, driven by continued improvements on earnings from its core business particularly net interest income and net service fees and commissions.

During the year, PNB's net interest income, comprising 67% of the total operating income, improved by 7% to P17.7 billion. Despite the squeeze in margins, interest income on loans and receivables grew by 13% to P17.1 billion, supported by a steady growth in the Bank's loan portfolio, propelled by strong corporate and commercial/SME lending business. The loan-to-deposit ratio rose to 74% given the Bank's 18% loan expansion which outpaced the industry's 13% growth. On the other hand, the increase in interest expense on deposits was contained at 7% to P3.0 billion despite a 9% growth in deposits as the bulk of these continued to be in low cost funds. PNB's interest expense on borrowings rose by 20% to P1.0 billion as the Bank successfully closed and signed a USD150 million 3-year syndicated term loan facility with a large group of international and regional banks in April 2015, marking its return to the syndicated loan market after more than a decade, the last being in 1998. The said loan facility was 1.5 times oversubscribed, indicating a strong capital market's confidence in the credit strength of the Bank.

Net service fees and commissions reached P3.6 billion, a 25% increase from previous year, principally generated from underwriting and credit-related transactions. The improvements in core revenues compensated for the reduced trading gains which declined by 55% ending at P574 million due to challenging conditions in both the local and international financial markets. Operating income was augmented by gains from the sale of PNB's foreclosed assets which improved by 10% to P1.6 billion.



As of the end of 2015, PNB's total consolidated resources stood at P679.7 billion, up P54.2 billion or 9% from year-ago level. The Bank continued to improve its asset quality as net non-performing loans (NPL) ratio decreased to 0.25% from 0.92% in December 2014 while the NPL coverage ratio improved to 125.57% from 99.19% in December 2014.

In 2015, we continue to see marked improvement in PNB's financial strength. In May, Moody's upgraded the Bank's long-term and short term rating two levels to investment grade from Ba2/NP to Baa3/P-3. Fitch, in October, likewise gave a higher credit rating of "BB" with a stable outlook reflecting the Bank's strong franchise and high capital ratios.

Recognizing the Bank's strong brand and the synergy it offers, global insurance company Allianz entered into a 15-year exclusive distribution partnership with PNB. Under the agreement, Allianz will acquire 51% of PNB Life Insurance Inc., the life insurance subsidiary of PNB. The joint venture company will operate under the name of "Allianz PNB Life Insurance, Inc." and will provide Allianz exclusive access to more than 660 branches located nationwide, and four million customers. The closing of the transaction is expected to be completed in 2016 pending regulatory approvals.

PNB's achievements did not go unnoticed as the Bank won a number of prestigious awards in 2015. In March, PNB's retail product ATMSafe, the first insurance product against ATM fraud, was awarded as the Most Innovative Banking Product by Global Banking Finance and Review, a renowned London-based publication. In October, PNB was given the Excellence in Retail Financial Services award under the "Best Remittance Business in the Philippines" category by The Asian Banker. This is in recognition of the value-added differentiation that the Bank provides to the overseas Filipinos beyond remittance to include financial services such as Own-a-Philippine Home Loan, Pangarap Loan and Overseas Bills Payable System as well as other innovative products like Healthy Ka Pinoy medical card and ATMSafe insurance. PNB and its wholly-owned subsidiary PNB Capital and Investment Corporation were likewise recognized



internationally in the same month when they won four awards from The Asset Triple A Asia Infrastructure Awards in Hong Kong. The awards were given for the following deals: a) Best Project Finance Deal of the Year and Best Transport Deal, both for the P31 billion project finance syndicated term loan facility for Metro Manila Skyway Stage 3 Project; b) Best Transport Deal, Highly Commended for the P23.3 billion financing facility for GMR Megawide Cebu Airport Corporation Project; and c) Best Power Deal for the P33.3 billion financing facility for Pagbilao Energy Corporation Project. These awards demonstrate clearly the Bank's commitment in offering competitive financing structures to clients while contributing to economic development and nation building.

About PNB

Philippine National Bank is the country's fourth largest private commercial bank in terms of assets and deposits. It is a universal bank providing 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.

As of December 31, 2015, PNB had a total of 665 branches and 937 ATMs strategically located nationwide. In addition, PNB boasts of having the most extensive international footprint across Asia, Europe, Middle East, and North America with 75 overseas branches and offices among Philippine banks.

In 2016, PNB is proud to celebrate its 100 years in the Philippine banking industry. For the past century, PNB has always been the bank that customers can lean on, offering a heritage and unique brand of Filipino service to address their diverse banking needs. Backed by 100 years of stability and excellence, PNB looks forward to another hundred years of serving *You First*.