



News Release

PNB hikes net income by 14% to P7.2B

March 2017, Pasay, Philippines -The Philippine National Bank (SEC: PNB) registered a net income of P7.2 billion in 2016, reflecting a 14% increase compared to earnings of P6.3 billion posted a year ago. The growth in net income was driven by a steady improvement in its core income, supplemented by non-recurring revenues. The Bank's net interest income grew 11% to P19.6 billion, accounting for nearly two-thirds of total operating income. Net interest margin was maintained at 3.2%, despite the decline in asset yields, as this was compensated by the 12% growth in low cost deposits combined with the redemption of its P6.5 billion Lower Tier 2 Unsecured Subordinated Notes in June 2016. The Bank's loans-to-deposits ratio stood at 73% reflecting the Bank's continued focus on the efficient deployment of funds. The Bank's strong performance during the year was also attributed to the double-digit growth in its non-interest income. Trading and foreign exchange gains registered a 61% increase year-on-year, as the bank benefited from growth in transaction volumes and favorable market conditions. Significant increase in net gains from sale of foreclosed assets was achieved, highlighting the Bank's continued efforts to reduce non-earning assets. Higher miscellaneous income augmented the Bank's revenues primarily from a one-time gain from the sale of the Bank's 51% stake in its life insurance subsidiary.

On the other hand, operating expenses were kept at single-digit growth, excluding the expenses incurred for the Bank's migration to a more secured EMV chip for its ATM and POS terminals, debits, and credit cards, and the successful thematic marketing campaign.

“PNB’s healthy financials is the result of our continuing efforts to enhance our core business,” said Reynaldo A. Maclang, PNB President. *“A robust loans business and strong trading gains contributed to the bank’s sustained growth. The bank’s various business sectors played key roles in helping PNB keep its position as one of the country’s top private universal banks. We owe our success to the continued trust and support of our clients and business partners.”*

At the end of December 2016, PNB’s total consolidated resources stood at P753.7 billion, up 11% or P74.0 billion from year-ago level. During the same period, loans and receivables grew by 17% to P428.0 billion as corporate and commercial lendings expanded by 16% and 25%, respectively while consumer loans increased by 10%. Deposits, on the other hand, grew 17% to P570.5 billion, on the back of higher low-cost deposits which comprised more than half of total deposits.

Nelson C. Reyes, PNB EVP and Chief Financial Officer, pointed out, *“Even as lending activities accelerated, the Bank’s asset quality remained solid as the Non-Performing Loan (NPL) ratios declined further to 0.18% (net of valuation reserves) and 2.3% (at gross) from 0.25% and 2.6%, respectively in December 2015. NPL coverage is now at 133%. With a Capital Adequacy Ratio (CAR) of 16.7% and a Common Equity Tier (CET) 1 ratio of 15.8% which are well-above the minimum regulatory requirements, PNB’s consolidated capital position remained strongly positioned to take on growth opportunities as well as withstand external shocks.”*

PNB celebrated its centennial anniversary last July 22, 2016. For the past century, PNB has been the bank that customers can lean on, offering a heritage of Filipino service to

address their diverse banking needs. The centennial was highlighted by a series of initiatives that further cemented the Bank's legacy of excellence.

In 2016, PNB also launched its new tagline, "You First", which speaks of the Bank's renewed brand promise to put customers first. "You First" lays the foundation for the next chapter of the PNB's growth story as it continues to pioneer a series of banking "firsts" in the industry to address the diverse needs of customers, specifically in the field of digital banking. The Bank is looking forward to provide more mobile banking services to clients, especially the so-called "millennials" or member of "Generation Z" who are digital-savvy.

As of December 31, 2016, PNB had a total of 675 branches and 1,051 ATMs strategically located nationwide. In addition, PNB boasts of having the most extensive international footprint among Philippines banks with 73 overseas branches and offices across Asia, Europe, Middle East, and North America.

To bolster its insurance business, PNB forged a strategic partnership with Allianz SE, one of the leading global financial services companies. In June 2016, PNB concluded the sale of its 51% ownership on its life insurance subsidiary, PNB Life Insurance, Inc., to Allianz SE. The acquisition marks Allianz SE's entry into the fast-growing insurance market with an established distribution network.

PNB continued to garner awards for its product and service innovation. The Bank received the award for Best Remittance Product in the Philippines at The Asian Banker Philippine Country Awards. PNB's Bank on Wheels was also recognized by three international award-giving bodies.

PNB Savings Bank (PNBSB), the Bank's thrift banking subsidiary, received the New Consumer Lending Product of the Year Award for its SSS Pension Loan Program in the Asian Banking and Finance Retail Banking Awards 2016. During the SSS Balikat ng Bayan Award Ceremonies, PNB was recognized as Best OFW Collecting Partner. At the same time, PNBSB was awarded as Best Collecting Partner in the thrift bank category for consistently being among the top banks with the highest collections, the biggest volume of transactions and the widest coverage.

About PNB

Philippine National Bank is one of the country's largest private universal banks in terms of assets and deposits. It provides 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. Backed by 100 years of stability and excellence, PNB looks forward to another hundred years of serving its customers first.

To know more about PNB, visit its official website: www.pnb.com.ph.