

PRESS RELEASE

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PNB net profit hikes 17% for the 3rd quarter of 2019

For the third quarter of 2019, Philippine National Bank (PSE: PNB) registered a 17 percent increase in its consolidated net income to P2.4 billion compared to its performance in the same quarter last year, boosted by continuous growth in core lending and fee-based activities.

This brings the total consolidated net income to P6.4 billion for the nine-month period ending on September 30, 2019, which is lower than the P7.5 billion net income reported in the same period in 2018 due to non-recurring gains from the sale of foreclosed assets in that year.

“PNB is reporting a solid nine months and third quarter, with good operational execution in our wholesale and retail businesses. Excluding the impact of non-recurring earnings from the sale of foreclosed assets, the Bank’s core net income grew by 29% for the first nine months of the year,” PNB President and CEO Wick Veloso said. “Driven by our Strategy focused on Safe, Aggressive Growth, we continue to track the growth of the economy as we support our customers in key infrastructure projects throughout the archipelago. The economy continues to demonstrate strength, helping push our performance level up,” he added.

PNB’s net interest income increased by 17 percent year-on-year to P23.4 billion on account of improved earnings from loans to corporate, commercial and small and medium enterprises, and other interest-earning assets. Loan receivables continued to register double-digit growth, which now stand at P644.8 billion as of end-September 2019, higher

by 11 percent from end-December 2018. On the other hand, deposit liabilities amounting to P820.9 billion grew by 12 percent versus 2018 year-end level.

Net trading and foreign exchange gains expanded by 33 percent resulting mainly from favorable opportunities in the market. Net fee-based revenues also posted increases with 14 percent growth year-on-year spurred by continuous efforts in cross-selling deposits and credit cards to customers, as well as revenues from underwriting deals.

Operating expenses, excluding provisions for impairment and credit losses, were up by 13 percent from over the same period last year as robust revenue streams translated to higher business taxes and other business-related expenses.

Total consolidated assets stood at P1.18 trillion as of September 2019, higher by 30 percent or P269 billion from year-ago level driven by sustained momentum in its core lending, investments, and deposit-taking activities. On July 22, 2019, PNB issued and listed 276,625,172 new shares from its Stock Rights Offering with net proceeds of P11.7 billion. In addition, on October 11, 2019, PNB listed P4.6 billion worth of Long-Term Negotiable Certificates of Deposit (LTNCDs), which was double the announced issue size of P2.0 billion. With these capital and fund-raising initiatives, PNB foresees improvement in its capital adequacy ratio (CAR) and solid support for its growth strategy and efforts to diversify its funding sources to meet the financial needs of clients. As of end-September 2019, PNB's CAR and Common Equity Tier 1 Ratio stood at 14.6 percent and 13.8 percent, respectively, exceeding the minimum regulatory requirement of 10.0 percent.

During the third quarter, PNB was recognized by the Social Security System (SSS) as its "Best Paying Commercial Bank" partner during the 2019 Balikat Ng Bayan Awards. PNB has consistently been a reliable partner in providing diverse business services to SSS and its members. Adding to its third quarter achievements, PNB and its life insurance affiliate, Allianz PNB Life Insurance, Inc., received four Quill Awards, which is given by



the International Association of Business Communicators (IABC) to the most reputable business organizations in the Philippines for the use of excellent communication in attaining business goals and in making a difference to society.

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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 enterprises, domestic and international corporations, government institutions, and overseas Filipinos. Backed by over a century of stability and excellence, PNB looks forward to more years of serving its customers first. To know more about PNB, visit its official website: www.pnb.com.ph.