



PRESS RELEASE

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PNB sustains strong core operating income in 2021

Philippine National Bank (PSE: PNB) reported income from its core banking operations of P40.1 billion in 2021, growing by 2 percent year-on-year despite the continued impact of the COVID-19 pandemic.

Net service fees and commissions grew by 43 percent driven by higher loan-related and deposit-related transactions, as well as significant bancassurance and underwriting deals completed during the year. This was supplemented by the upward traction on fees from the increasing use of the Bank's digital platform.

The Bank reported net interest income of P34.8 billion in 2021, which is relatively flat year-on-year, and managed to maintain its net interest margin at 3.2 percent. The Bank's loan portfolio grew by 1 percent to reach P607.0 billion as of end-2021, while total deposits increased year-on-year by P4.6 billion, closing at P894.9 billion as of end-2021.

The Bank's core operating income is complemented by a P33.4 billion gain from the properties-for-share swap completed during the year with PNB Holdings Corporation. This is part of a series of transactions which aim to monetize the value of the Bank's low-earnings assets. This brought the consolidated net income of the Bank at P31.7 billion for the year 2021, 12 times higher than the bottom line income in the previous year.

The Bank recorded trading and foreign exchange gains of P1.5 billion in 2021. This was lower by 65 percent year-on-year, because in 2020 the Bank took advantage of the decline in benchmark interest rates to off load a significant amount of its trading portfolio.

While the Bank continued to build its loss reserves on loans of borrowers which are directly hit by the pandemic, it recorded much lower impairment and credit provisions in

2021 by 24 percent. As part of its continuing strategy to trim down its nonperforming loans (NPL), the Bank sold certain NPLs in 2021 with gross carrying amounts prior to sale of P5.5 billion, resulting in gain on sale of P767.0 million.

Operating expenses, excluding provisions, are also lower by 6 percent compared to the previous year as the Bank focused on more essential expenditures especially during these challenging times.

The Bank's Capital Adequacy Ratio of 13.66 percent and Common Equity Tier 1 Ratio of 12.96 percent remained above the minimum regulatory requirement of 10 percent.

"PNB continued to be profitable and was able to provide non-stop banking services to customers and the general public during the pandemic," said PNB President and CEO Wick Veloso. "We continued to play our part in helping customers and employees by building safer banking processes and services amidst the continuing pandemic situation," he added.

In 2021, PNB was awarded as "Best Bank for Investment Research" during Asiamoney's Private Banking Awards. This is a testament to how the Bank supports clients through research capabilities. Several PNB branches were also recognized by the BSP as "Outstanding Regional Partners" in the 2021 BSP Stakeholders Appreciation Ceremony – in recognition of its continuing support for the initiatives of the national government. PNB also received the "Green Leadership Award" in the 2021 Asia Responsible Enterprise Awards (AREA) for its Project P.L.A.N.E.T. (Protect, Love, and Nurture the Environment Together). PNB was honored in 2021 by a joint program of the European Union and UN Women as "Champion for Transparency and Reporting" in the UN Women 2021 Philippines Women's Empowerment Principles (WEPs) Awards. The Bank was cited for its commitment to transparency and reporting that reflects gender data and indicators.

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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.