



PRESS RELEASE

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PNB net income up 71% in Q1 2023

Philippine National Bank (PSE: PNB) started the year with a strong growth in profitability as it posted a consolidated net income of P4.8 billion in the first quarter of 2023, 71 percent higher than year-ago net results, driven by robust increases in interest margins, fee-based income and gains on disposal of the Bank's foreclosed properties.

Income from core businesses continued to show progress as the Bank's net interest income rose by 23 percent year-on-year to reach P10.5 billion due to improvement in loan-to-deposit ratio to 70 percent from 65 percent a year ago, as well as higher yield rates on earning assets amid the rising interest rate environment. As a result, the Bank turned in better net interest margin of 4.22 percent in the first quarter of 2023 against 3.39 percent a year ago. Fee-based revenues likewise grew by 24 percent year-on-year to P1.6 billion on the back of increases in volume of credit and deposit-related transactions.

During the first quarter of 2023, the Bank continued its strategy to dispose and monetize the values of its foreclosed properties, translating to net gains on sale and exchange of assets of P2.6 billion, which is 19 times higher than the gains recorded in the same quarter last year. Despite the limited trading opportunities and market liquidity, the Bank also managed to double its net trading and foreign exchange gains from last year to P387.6 million as it took advantage of the rate movements in the market during the period.

Operating expenses moderately increased by 12 percent year-on-year mainly due to the taxes related to the property sales.

As of end-March 2023, the Bank's gross loan portfolio expanded by 4 percent versus the previous year to P609.0 billion, propelled by higher lending to large corporates and commercial, small-and-medium-sized entities. The Bank continued to fast-track collection of short-term low-yielding loans and grant credits to essential sectors that thrive in the new norm. Meanwhile, the Bank continued its conservative approach in its provisioning due to uncertainties brought about by the rising interest rates as it provided additional

loan reserves of P1.6 billion in the first quarter of 2023, compared to a reversal in provisioning a year ago owing to a reduction in loan levels.

On the other hand, deposit liabilities of the Bank stood at P833.5 billion, lower by 4 percent from year-ago level, contributed partly by the maturity of Long-Term Negotiable Certificates of Deposit in June and October of 2022, as well as the Bank's strategy to trim down high-cost deposits.

The Bank ended the first quarter of 2023 with a 9 percent growth in total equity to P176.7 billion, translating to improved Common Equity Tier 1 Ratio of 15.60 percent and Total Capital Adequacy Ratio of 16.41 percent.

"PNB's core earnings has been increasing," President Florido Casuela said. "We remain focused on improving efficiencies and in supporting our customers, their businesses and our stakeholders capture opportunities presented by the thriving economy," he added.

PNB was ranked "2nd Best Bank in the Philippines" by Forbes Media in its list of World's Best Banks for 2023. The Forbes ranking is based on a worldwide survey of 48,000 banking customers in 32 countries in terms of general satisfaction, recommendation, trust, terms and conditions, digital services, customer service, and financial advice. Further, the Bank's investment banking arm, PNB Capital and Investment Corporation, won three awards, namely "Best IPO", "Best Transition Bond", and "Best New Bond", at The Asset Triple A Country Awards for Sustainable Finance 2022 held last February 2023 in Hong Kong. PNB also received recognition during the 18th Philippine Dealing System Annual Awards Night last March 2023 for its strong contribution to the growth and stability of local financial markets.

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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.