



PRESS RELEASE

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PNB records P11.1 billion net income for 1st half of 2022

Philippine National Bank (PSE: PNB) ended the first half of 2022 with net income of P11.1 billion, increasing by P8.2 billion from the net results as of the first quarter of the year, mainly due to higher net interest income and gain on sale of a major investment property, as well as net reversals of credit provisions during the period. This translates to a return on equity of 11.4 percent.

The year-to-date net income is lower than the P22.1 billion net income posted for the same period last year as the Bank recognized a one-off P33.6 billion gain from the property-for-shares swap transaction executed in 2021. Taking out the effect of this one-off transaction, the operating income of the Bank increased by 20 percent year-on-year to P26.1 billion.

The Bank's net interest income increased by 3 percent from the same period last year to P17.3 billion on account of higher yields on loans and receivables, coupled with lower cost rate of deposits, improving the net interest margin of the Bank to 3.4 percent from 3.3 percent in the same period in 2021.

Loan receivables ended at P596.5 billion as of the first half of 2022, lower by 4 percent from the year-ago level in line with the Bank's prudent approach in asset deployment to optimize the use of its capital. Deposit liabilities, in contrast, rallied by 7 percent year-on-year to P885.5 billion as of end-June 2022 coming from the continued build-up of the Bank's current and savings accounts.

The Bank's operating income for the first six months of the year was complemented by a P3.6 billion gain earned from the sale of an investment property located in the Manila Harbour Centre Industrial Zone in April 2022.

The Bank performed an extensive review of the credit status of its borrowers, which resulted in stage upgrading of some borrowers and consequently, booking of net reversals of credit provisions of P3.2 billion for the first half of 2022.

Net fee-based income slightly slipped by 3 percent year-on-year coming from the surge of underwriting transactions in the prior year backed by the re-opening of the economy during the first half of 2021. Further, the Bank continues to be challenged by the hike in benchmark interest rates during the period, resulting in contractions in trading and foreign exchange gains by 60 percent year-on-year.

Operating expenses increased by 11 percent from prior year on account of the taxes related to the sale of the Manila Harbour property, as well as higher amortization costs for the leased properties of the Bank where it is currently holding its operations. These properties were the subject of the properties-for-shares swap executed in 2021.

As of end-June 2022, the Bank's consolidated resources stood at P1.2 trillion, up by 5 percent from year-ago level, primarily driven by higher treasury assets. The Bank's total equity also expanded by 12 percent year-on-year, bringing its Capital Adequacy Ratio to 15.2 percent and Common Equity Tier 1 Ratio to 14.5 percent, both of which remained well above the minimum regulatory requirement of 10.0 percent.

"PNB continues to be profitable despite the challenging economic and rate environment," said PNB Acting President Florido Casuela. "Our strategy is in place and we are pursuing a growth path amidst a recovering economy. Our various businesses continue to focus on the needs of our customers as we support the local economy," he added.

In June 2022, the Bank's Internal Audit Group was given the highest rating by auditing firm, Punongbayan & Araullo, in conformance with the Institute of Internal Auditors' Standards and Code of Ethics, which is proof of the Bank's commitment to uphold the best practices in internal auditing.

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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