



## **PRESS RELEASE**

*August 2023*

### **PNB registers P9.7B net income for first half of 2023**

Philippine National Bank (PSE: PNB) posted net profits of P9.7 billion for the first six months of 2023 on the back of sustained growth in net interest margin and revenues from fee-based businesses.

The Bank's net interest income grew by 25 percent year-on-year to P21.6 billion, primarily driven by higher yield rates on earning assets amid the rising interest rate environment. This translated to an improved net interest margin of 4.24 percent from the 3.35 percent reported in the same period last year. Likewise, fee-based revenues increased by 31 percent to P3.1 billion with higher volumes of credit and deposit-related transactions as well as intensified cross-selling efforts of the Bank during the first half of the year.

The Bank's net income for the first semester, however, was lower than its year-ago level of P11.1 billion, which included substantial reversals of credit provisions aggregating P3.2 billion as a major portion of the Bank's nonperforming Covid-impacted accounts showed improvements in their credit and payment status with the re-opening of the economy and recovery of most businesses in 2022. On the other hand, the Bank prudently set aside additional provisions amounting to P1.6 billion given the prevailing uncertainties in 2023 due to rising interest rates.

Meanwhile, the Bank took advantage of the market rate movements during the period resulting in a 53 percent growth in treasury-related income despite the limited trading opportunities brought about by the ongoing global monetary tightening. The Bank also continued its strategy to dispose and monetize the values of its foreclosed properties in the first half of 2023, albeit lower than the gains posted a year ago.

Operating expenses remained flat at P14.9 billion due to prudent spending despite the continued business growth.

As of end-June 2023, the Bank's total consolidated assets stood at P1.16 trillion, which is relatively flat against the year-ago level. Gross loans inched higher from year-ago by 0.7 percent to P615.0 billion as the Bank accelerated its commercial lending by 9 percent year-on-year. The growth in loans was funded by deposits, which likewise slightly went up by 0.8 percent year-on-year to P892.9 billion, following the maturities during the period of Long-Term Negotiable Certificates of Deposit worth P10.1 billion.

The Bank's consolidated Common Equity Tier 1 Ratio and Capital Adequacy Ratio based on Bangko Sentral guidelines rose to 16.0 percent and 16.8 percent, respectively, as of end-June 2023, well-above the regulatory requirement of 10 percent.

"PNB is able to sustain its profitability on the back of sound execution of business strategies that are expected to ensure long-term growth as set forth in our vision, mission, and strategy for the next five years," said PNB President Florido P. Casuela. "Our growth initiatives are focused on strengthening commercial banking and the consumer finance business. We intend to play a key role in helping small and medium enterprises flourish as the nation continues to journey towards recovery."

Earlier this year, PNB was recognized by Asiamoney as the Best Bank for Investment Research in the Philippines for the third consecutive year during its Private Banking Awards. The Bank was cited for delivering relevant and up-to-date economic and market insights to its investors, clients, and the general banking public.

Likewise, the Bank recently scored a double win in the Asia Responsible Enterprise Awards 2023. The first award was in the Corporate Governance category, citing PNB for adhering to and maintaining the quality and completeness of disclosure and reporting of governance practices in annual reports. The second award was in the Corporate Sustainability Reporting category, citing the Bank's comprehensive sustainable reporting in disclosure, transparency, and credibility while bridging the social, environmental, and economic issues affiliated to the business.

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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](http://www.pnb.com.ph).*