



PRESS RELEASE

November 2021

PNB core income up 8% in third quarter

Philippine National Bank (PSE: PNB) posted a consolidated net income of P24.3 billion for the first nine months of 2021, with core operating income growing by 8 percent in the third quarter spurred by sustained momentum in core lending and fee-based activities.

The Bank's nine-month net service fees and commissions improved by 52 percent year-on-year, driven by higher investment banking revenues as capital markets re-opened during the year, coupled with the increases in bancassurance fees and volumes of credit and deposit-related transactions.

During the third quarter, the Bank registered a 3 percent quarter-on-quarter growth in net interest income to P8.9 billion on account of lower costs of funding. On a year-to-date basis, the Bank's net interest income remained relatively flat against the levels seen in the previous year, despite lower yields on loans and investments brought about by the prevailing interest rate environment for the first nine months of 2021.

As reported last quarter, the Bank also recognized in May 2021 a one-off gain of P33.6 billion from the transfer of prime real estate properties in exchange for shares of PNB Holdings Corporation. This further aided the Bank's consolidated year-to-date net income to grow 6 times higher compared to the earnings for the same period last year.

Trading and foreign exchange gains slid by 66 percent year-on-year to P1.6 billion, resulting mainly from limited trading opportunities in the market during the period.

As of end-September 2021, the Bank's non-performing loan coverage ratio rallied to 63.6 percent from 58.2 percent last year, with the booking of additional loan provisions of P1.4 billion in the third quarter of 2021. Further, the Bank managed to maintain the level of its

operating expenses, excluding provisions, at P19.8 billion as it continued to focus on essential expenditures during this pandemic.

The Bank's consolidated total assets improved by 11 percent from year-ago levels to P1.1 trillion on account of higher loans and treasury assets. Loans and receivables, net of provisions, grew by 4 percent year-on-year to P600.1 billion as the Bank continued to grant loans to financially resilient borrowers. Similarly, deposit liabilities increased by 16 percent year-on-year to P854.7 billion with growth mostly coming from CASA deposits. The Bank's Capital Adequacy Ratio of 14.3 percent and Common Equity Tier 1 Ratio of 13.5 percent remained well above the minimum regulatory requirement of 10 percent.

"Our performance this quarter shows that PNB continues to be profitable despite the negative impact of the pandemic on some of our customers and the overall economy," said PNB President and CEO Wick Veloso. "With the recent reduction in COVID-19 cases, we are seeing a better-moving economy as the government is allowing more mobility. We continue to serve our customers and work together with the government with the goal of supporting the Philippine economy in the road to recovery," he further added.

PNB was recognized by the Bangko Sentral ng Pilipinas (BSP) as "Outstanding Regional Partners" in the 2021 BSP Stakeholders Appreciation Ceremony held last July 2021. Further, PNB's Own a Philippine Home Loan (OPHL) was recognized as the "Best Mortgage and Home Loan Product of the Year" by the Asian Banking and Finance's Retail Banking Awards 2021. OPHL provides a convenient way for Filipinos and foreigners residing and working abroad to acquire properties in the Philippines without the need to actually fly in. PNB was likewise honored for "Transparency and Reporting" and gender equality initiatives in the UN Women 2021 Philippine Women's Empowerment Principles Awards.

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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.