



PRESS RELEASE

February 2024

PNB posts highest net income growth by 55% in 2023

Core banking income up by a record 156%

Philippine National Bank (PSE: PNB) recorded a consolidated net income of P18.0 billion in 2023, growing by 55 percent year-on-year on the back of robust net interest income and lower credit provisions. Net core banking income, which excludes gains on sale of acquired properties, climbed by a record 156 percent year-on-year. This translated to an improved return on equity of 10 percent from the 7 percent posted a year ago.

The Bank's net interest margin widened to 4.2 percent in 2023, compared to the 3.6 percent in the previous year, as the Bank continued its focus on the efficient deployment of funds. Gross loans increased by 5 percent from year-ago to P642 billion by end-2023 as the Bank expanded its lending to the commercial sector and small and medium-sized entities. Likewise, the Bank continued to build up its current and savings accounts (CASA) deposits, growing by 4 percent year-on-year, and accounting for 83 percent of the Bank's total deposits as of end-2023.

Trading and foreign exchange gains at P1.8 billion rose by more than 4 times year-on-year as the Bank was able to capitalize on market opportunities, despite the limited market liquidity and rising interest rate environment in 2023. The Bank also offloaded certain high-value foreclosed properties as it continues to aggressively dispose off of non-performing assets.

The healthier performance in 2023 was augmented by lower provisions on distressed loans and other credit assets as the market continued to rebound during the year from the lingering effects of the pandemic and other adverse market conditions in recent years.

Operating expenses remained flat at P28.4 billion in 2023 due to prudent spending despite the continued business growth. As a result, cost efficiency ratio improved to 50 percent from last year's 54 percent.

As of end-2023, the Bank's total assets stood at P1.2 trillion, increasing by 6 percent from the previous year's level, buoyed by higher loans and investment portfolio. Meanwhile, the Bank's capital at P191 billion grew by 13 percent year-on-year, resulting in stronger Common Equity Tier 1 Ratio and Capital Adequacy Ratio of 16.85 percent and 17.7 percent, respectively.

"Our performance for 2023 is a testament to the Bank's efforts in upholding our vision of being among the top banks in terms of customer growth and satisfaction as well as return on equity," said PNB President Florido P. Casuela. "We have made it our mission to promote financial prosperity for all Filipinos and their businesses, locally and internationally. Apart from providing financial solutions to our customers, we have made it our purpose to empower them by helping build a competitive, inclusive, and sustainable economy."

PNB recently received accolades in various areas from several award-giving bodies. The Bank was ranked second in the Philippines in Forbes' list of World's Best Banks for 2023. The ranking was based on a worldwide survey of 48,000 banking customers in 32 countries as highlighted in Forbes' story, *"Meet the World's Best Banks 2023"*. Moreover, the PNB Digital App won the Philippines Digital Experience of the Year award under the Banking Industry category at the recently held Asian Experience Awards 2023, hosted by the Asian Business Review. The prestigious award recognizes the enterprising initiatives of companies that deliver meaningful brand experiences to their stakeholders. Further, PNB bagged the award for the Best Bank for Corporate Social Responsibility in the Philippines by the International Business Magazine Awards 2023. The award manifests PNB's sincerity and commitment to implement a culture of creating a meaningful impact by respecting and supporting communities and the environment.

In 2023, PNB also launched its new tagline, "Every Step Together", which speaks of the Bank's renewed brand promise to work in close collaboration with all of its customers and stakeholders.

###

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.