

Simultaneously, the Bank's Acquired Assets declined by P7.0 billion due to sustained disposal off foreclosed properties. Hence, ratio of non-performing assets to total assets declined to 2.1% in 2015 from 3.7% a year-ago.

Meanwhile, the Group's consolidated Capital Adequacy Ratio (CAR) of 19.24% and a Common Equity Tier 1 (CET1) ratio of 16.23% are well above the minimum 10% and 8.5% required by BSP, respectively.

Notwithstanding our remarkable accomplishments in 2015, the Bank's first quarter performance this year ushers in far greater achievements for 2016.

The Bank sustained its strong profitability momentum in the first quarter of 2016 with a net income of P2.6 billion, more than twice the level posted for the same period last year. The robust performance was driven by substantial improvements in both core and non-recurring revenues.

Income from core businesses continued to show progress as net interest income increased by 12% year-on-year while net service fees and commissions combined with net insurance premiums rose by 22%.

The Bank also benefited from the 50% growth in trading and foreign exchange gains, substantial gains from sale of foreclosed assets, and collections of non-performing assets.

As we look forward to better times ahead, we shall continue to leverage on our strengths and build on our vast experiences to face the challenges that we will encounter in our goal to become a bigger, better and stronger bank..”

After the Chief Financial Officer's Report, the Chairman invited comments and questions from the floor.

Mr. Alfred Reiferer took the floor and asked regarding the strategy of the Bank with respect to prospective partnerships. Mr. Maclang said that PNB is always looking for opportunities. He added that if they see a distinct advantage for the Bank, they will be open for proposals for possible partnerships. Mr. Maclang also expressed the Bank's openness in light of the ASEAN integration. He clarified, however, that the Bank was not looking for a particular partnership as of the moment.

On another query of Mr. Reiferer regarding dividends, Mr. Maclang said Management was looking at year-end computations to determine if the Bank was in a position to declare dividends. He mentioned, however, that PNB is a banking institution, and as such, it was not enough to post profits and declare dividends right away. He said that there should be a safety buffer for the Bank. He added that external auditors will examine the interim financial statements of the Bank, and based on the said examination, the Bank will look for an opportunity to satisfy the stockholders.

Mr. Mariano M. Soria, a retiree of the Bank, took the floor and congratulated the Bank for a job well done and for celebrating its centennial year. He expressed his wish for the Bank to invite all Bank retirees to join the Centennial Celebration.

Ms. Ida Tiongson, a former employee of the Bank also congratulated the Bank, its Board, Management and staff for the very good performance and for the centennial celebration. According to Ms. Tiongson, the Bank reached its 100<sup>th</sup> year through good times and bad times.

Ms. Socorro Gomez, a former employee of the Bank, thanked everyone including the ex-Philnabankers and most especially Chairman Tarriela for making the former employees' stay in PNB more meaningful.

Mr. Ishmael Canua, a stockholder, asked when the Bank will PNB launch its debit card. He also inquired on the Bank's action plans with respect to cyber crimes. In response, Mr. Martin Reyes said that the debit cards of PNB will be released in July. With respect to cyber crimes, Mr. Reyes said that Management ensured that the Bank's system was tested by third parties. Further, aside from the security of the systems, the Bank also ensured conformity to global and local standards. Mr. Reyes said that PNB will continue to make sure that its systems will be protected to ensure the safety of clients' funds.

Mr. Alejandro Villapando, a retiree and stockholder of the Bank, had queries about the Bank's income. He asked why the Bank's net income in 2015 was bigger than 2014's when the Gross Income for 2015 was smaller than 2014's. He also took note of the drop in the Bank's share price and asked when he will receive returns on his investments in the Bank. He said that he has not received dividends from the Bank.

Mr. Maclang confirmed that the performance of the Bank was better in 2015 than in 2014. Mr. Nelson Reyes remarked that he understood the sentiments of Mr. Villapando, and explained that while the Bank posted revenues, it also incurred expenses. As such, the bigger net income in 2015 was likewise a result of a decline in expenses. On dividends, he said that the financials are currently being assessed by Management, which will then be subject to audit-to determine the propriety of declaring dividends. Mr. Reyes said that the Bank needs to have sufficient capital to sustain its growth. On the share price, he explained that this is determined by the market but he assured the stockholders of Management's hard work to increase the market price of PNB shares. Mr. Maclang added that Management shared the stockholders' desire to see the Bank in a position where it can declare dividends.

After further discussion, Ms. Tarriela thanked the stockholders for their comments. The President's Report and the foregoing exchanges were duly noted by those present at the meeting.

## **V. APPROVAL OF THE 2015 ANNUAL REPORT**

The next item in the Agenda was the approval of the Annual Report containing the audited financial statements of the Bank as of December 31, 2015.

Ms. Valerie D. Gonzales moved for the notation and approval of the Annual Report, including the audited financial statements of PNB as of December 31, 2015.

