



**OFFICE OF THE CORPORATE SECRETARY**

Direct Line: 8536-0540  
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Local: 4582

March 18, 2021

**PHILIPPINE DEALING & EXCHANGE CORPORATION**

29<sup>th</sup> Floor, BDO Equitable Tower  
8751 Paseo de Roxas  
Makati City


Attention: **ATTY. MARIE ROSE M. MAGALLEN-LIRIO**  
Head - Issuer Compliance and Disclosure Department (ICCD)

Dear Atty. Magallen-Lirio:

We are pleased to furnish the Philippine Dealing and Exchange Corporation (PDEX) a copy of our disclosure to the Philippine Stock Exchange regarding the press release of the Bank entitled "PNB Sustains its Profitability in 2020 Amid the Pandemic".

We trust you will take note accordingly. Thank you.

Very truly yours,



**RUTH PAMELA E. TANGHAL**  
Corporate Secretary

Philippine National Bank  
PNB Financial Center  
Pres. Diosdado Macapagal Blvd.,  
Pasay City, Metro Manila 1300, Philippines

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Authorized Depository of the Republic of the Philippines  
Member: PDIC

C01729-2021

## SECURITIES AND EXCHANGE COMMISSION

### SEC FORM 17-C

#### CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)  
Mar 17, 2021
2. SEC Identification Number  
ASO96-005555
3. BIR Tax Identification No.  
000-188-209-000
4. Exact name of issuer as specified in its charter  
Philippine National Bank
5. Province, country or other jurisdiction of incorporation  
Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office  
PNB Financial Center, Pres. Diosdado Macapagal Blvd., Pasay City, Metro Manila  
Postal Code  
1300
8. Issuer's telephone number, including area code  
(632) 8526-3131 to 70 (632) 8891-6040 to 70
9. Former name or former address, if changed since last report  
Not Applicable
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA
 

| Title of Each Class | Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding |
|---------------------|---|
| Common Shares       | 1,525,764,850   |
11. Indicate the item numbers reported herein  
Item 9

*The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to*

the Corporate Information Officer of the disclosing party.



# PNB

## Philippine National Bank PNB

**PSE Disclosure Form 4-31 - Press Release**  
**References: SRC Rule 17 (SEC Form 17-C)**  
**Section 4.4 of the Revised Disclosure Rules**

### Subject of the Disclosure

Press Release - PNB Sustains its Profitability in 2020 Amid the Pandemic

### Background/Description of the Disclosure

We are pleased to furnish the Exchange a copy of the press release of the Bank entitled "PNB Sustains its Profitability in 2020 Amid the Pandemic".

We trust you will take note accordingly. Thank you.

### Other Relevant Information

None.

### Filed on behalf by:

|                    |                     |
|--------------------|---------------------|
| <b>Name</b>        | Ruth Pamela Tanghal |
| <b>Designation</b> | Corporate Secretary |

## **PRESS RELEASE**

*March 2021*

### **PNB Sustains its Profitability in 2020 Amid the Pandemic**

Philippine National Bank (PSE: PNB) closed the year 2020 with net profit before provisions for impairment and taxes of P17.6 billion, an increase of 17% year on year, driven by continued improvement on net interest income and robust trading gains amid the economic downturn due to the pandemic.

PNB's net interest income, comprising 79% of the total operating income, increased by 11% to P35.8 billion, supported by lower funding cost which cushioned the drop in yield rates of earning assets. Interest expense on deposits declined by almost half its year-ago level despite an 8% growth in deposits to P890.3 billion as the bulk of these incremental deposits continued to be in low-cost funds, combined with the reduction in high-cost deposits, partly due to the maturity of P7.0 billion worth of Long-Term Negotiable Certificates of Time Deposit (LTNCDs). On the other hand, interest income on loans and receivables decreased by 6% as the Bank's loan portfolio declined by 9% year-on-year to P600.0 billion. This reflected the weak demand for loans owing to economic uncertainties as well as PNB's strategy to focus on strengthening its liquidity position by investing most of the available funds in short-term and more liquid placements to remain resilient during the pandemic.

The Bank took advantage of favorable market opportunities during most part of the year, resulting in more than three-fold increase in net trading securities gains to reach P3.3 billion from year-ago level. These gains more than compensated for the decrease in net service fees and commission income which was significantly reduced by the general decline in corporate banking transactions. In addition, the Bank waived fees on local interbank transfers and overseas remittances as an affirmation of its commitment to be an institution that can be relied on not only in terms of sustained delivery of financial services but also in easing the financial burdens of its customers in times of crisis.

Growth in operating expenses, excluding provisions for impairment and credit losses, was kept moderate at 8% as the Bank adjusted its expenditure priorities and supported pandemic-related expenses such as supplemental costs for frontline employees supporting the Bank's operations during the quarantine period.

During this pandemic year, the Bank booked P16.9 billion in provisions for credit losses, more than 5x the year-ago level, as a pro-active approach in addressing potential delinquencies that may arise from the impact of the prolonged pandemic. Specifically, the Bank set aside loan loss reserves for severely impacted essential industries such as real estate, transportation, wholesale and retail trade as an anticipatory measure to manage its risk exposures. As a result of the loan loss provisions, net income of the Bank stood at P2.6 billion as of December 31, 2020, 73% lower against previous year.

"The economic fallout from the COVID-19 pandemic made it necessary for PNB to adopt a more prudent approach in asset deployment and recognize substantial credit provisioning which adversely impacted its bottom line in order to protect the balance sheet. However, we remain confident that these strategies, along with our planned tactical moves will ensure that the Bank will emerge from the crisis stronger in the long-run. We remain hopeful that the arrival of the COVID-19 vaccine will further open the economy enabling these challenged industries to begin the road to recovery. This will allow us to claw back our provisions in the future", PNB President and CEO Wick Veloso said. "As the pandemic inevitably reshaped how businesses are conducted and transformed customer behavior, we are focused on exploring new opportunities, particularly in the digital space, that will translate to new revenue streams for the Bank, while at the same time mitigating the risks arising from operating in the new normal," he added.

As of end-December 2020, PNB's consolidated resources aggregated P1.2 trillion, up by 8% from year-ago level. The Bank's Capital Adequacy Ratio of 15.14% and Common Equity Tier 1 Ratio of 14.47% remained well above the minimum regulatory requirement of 10%.

In September 2020, the Bank's Board of Directors (BOD) approved the plan to realize the market value of certain real estate properties. The said plan is part of the Bank's ongoing strategy to reduce its low-earning assets to strengthen its financial position.

Meanwhile, PNB's achievements in the area of corporate governance did not go unnoticed as the Bank was recognized as one of the Golden Arrow Awardees by the Institute of Corporate Directors last February 19, 2021. This symbolized the continuing efforts of PNB to raise the level of compliance with the ASEAN corporate governance principles.

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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).*