



OFFICE OF THE CORPORATE SECRETARY

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November 17, 2020

PHILIPPINE DEALING & EXCHANGE CORPORATION

29th 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 their request for clarification and confirmation of the news article "PNB seen gaining P80B from sale of property assets" posted in Inquirer.net on November 16, 2020.

We trust you will take note accordingly. Thank you.

Very truly yours,



RUTH PAMELA E. TANGHAL
Corporate Secretary

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**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)
Nov 17, 2020
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 4-13 - Clarification of News Reports
References: SRC Rule 17 (SEC Form 17-C) and
Section 4.4 of the Revised Disclosure Rules

Subject of the Disclosure

Clarification of News Article - PNB seen gaining P80B from sale of property assets

Source	Inquirer.net
Subject of News Report	PNB seen gaining P80B from sale of property assets
Date of Publication	Nov 16, 2020

Clarification of News Report

We write in response to the letter of Ms. Hannah De Guzman today, seeking clarification and/or confirmation of the news article entitled "PNB seen gaining P80B from sale of property assets" posted in the Inquirer.net on November 16, 2020, reporting in part that:

"Tycoon Lucio Tan-led Philippine National Bank (PNB) expects to unlock about P80 billion from an ongoing program to monetize valuable but currently low-earning real estate assets, thus boosting lending activities in the years ahead.

At a press briefing on Friday, PNB president Wick Veloso said once bank regulators approve its asset monetization program, this could be converted into P80 billion in new loans.

PNB has not disclosed details of the program but earlier bank presentations to investors cited three valuable assets waiting to be monetized: the 10-hectare existing head office along Macapagal Avenue, the old Allied Bank building in Ayala Avenue and the 8,000-square-meter prime lot foreclosed from musician Ramon "RJ" Jacinto. The total fair value of these three properties was earlier estimated at P50 billion.

Veloso's latest estimate of P80 billion that PNB could unlock from its entire asset monetization program is nearly double the bank's current market capitalization of P43 billion.

'I expect the monetization [program] that we have submitted—of course I can't provide other details but if we're successfully able to get the nod of the regulator, which we aim for within the year—that allows us P80 billion worth of more loans,' Veloso said.

Assuming a conservative net interest margin of 3 percent, Veloso said this would give the bank an additional P2.4 billion in annual net interest income for PNB.

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For next year, assuming a modest 5-percent economic growth, Veloso said PNB was expecting to make at least P1 billion in operating profit before credit provisions and taxes a month or a total of P12 billion, based on conservative estimates. Combining this with P2.4 billion in interest earnings from the additional loans and about P9 billion in potential loan-loss provisions that the bank could gradually claw back, Veloso said PNB could post at least P23 billion in operating profit before tax.

This is, in turn, seen to restore the bank's return on equity (ROE) to pre-COVID-19 level of more than 9 percent, Veloso said.

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Please be advised that the statements in the various news articles were in response to questions raised during PNB's Virtual Media Roundtable on 3Q2020 Performance held on November 13, 2020. The Bank's plans to realize the market value of its prime properties and reduce its low earning assets are expected to improve its capital position and allow the Bank to book additional assets in the form of loans. The P80 billion quoted in the article is the estimated amount of incremental loans to be generated upon execution of the plan and the 2.4 billion in net interest income is the expected income based on the Bank's current net interest margin. In the course of the Bank's annual planning process, income projections are made taking into account various operating scenarios. Based on this exercise, the Bank projects operating profits before tax to reach P23 billion in 2021 taking into account the expected improvements in the Bank's operating revenues and significant reduction in levels of loan loss provisioning.

We trust that we have sufficiently addressed your concern. Thank you.

Other Relevant Information

None.

Filed on behalf by:

Name	Ruth Pamela Tanghal
Designation	Corporate Secretary