



**MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING
HELD ON JUNE 23, 2020
via Microsoft Live Events**

DIRECTORS/STOCKHOLDERS PRESENT

Please refer to "Annex A"

I. CALL TO ORDER

The meeting commenced at 8:00 am with the singing of the National Anthem, and thereafter an invocation led by EVP Roberto D. Baltazar.

Chairman Florencia G. Tarriela then welcomed the stockholders to the Bank's first virtual stockholders' meeting and called the meeting to order.

The Corporate Secretary, Ms. Maila Katrina Y. Ilarde recorded the minutes of the proceedings.

II. SECRETARY'S PROOF OF NOTICE AND QUORUM

The Chairman requested the Corporate Secretary to show proof that the required notice of the meeting was provided to all the stockholders of record. In response, the Corporate Secretary said that in accordance with the requirements of the Securities and Exchange Commission and the Bank's Amended By-Laws, notice of the meeting stating the date and time of the meeting and the link for attendance via remote communication was published, in print and online format, from June 1, 2020 to June 2, 2020 in the Philippine Star and in the Business World, and from June 7, 2020 to June 13, 2020 in the Manila Bulletin, the Philippine Star and the Business World. The supporting Affidavits of Publication of the Notice were submitted for the record. Further, Ms. Ilarde said that the notice of the meeting was posted in the Bank's website at www.pnb.com.ph and in the Bank's PSE EDGE profile. The Corporate Secretary therefore certified that the notice of the meeting was provided to all stockholders of record.

The Chairman thereafter requested the Corporate Secretary to certify the existence of a quorum. The Corporate Secretary said that based on the tally of those who successfully registered for the virtual meeting and the validated Proxies and Powers of Attorney, there were present a total of 1,280,790,678 shares or 83.94% of the Bank's total outstanding shares. As reported, the validation of Proxies took place on June 18, 2020. The Corporate Secretary therefore certified that a quorum existed for the valid transaction of business.

Chairman Tarriela said that despite the pandemic, the Bank still endeavored to provide the stockholders the opportunity to participate, to the extent possible, as if the Bank conducted its Annual Stockholders' Meeting in person. As such, the Bank allowed means and ways for the stockholders to participate and vote on the items to be discussed during the meeting. She then requested the Corporate Secretary to briefly discuss the voting rights, rules of conduct and voting procedure for the 2020 Annual Stockholders' Meeting.

The Corporate Secretary said that the voting rights of each stockholder, as well as the requirements and procedure for participation and voting through remote communication were clearly set out under item 11 of the Bank's Definitive Information Statement.

The Corporate Secretary briefly discussed the voting procedure and conduct of the meeting, as follows:

1. Stockholders who completed the registration and verification procedure on or before June 16, 2020 were allowed to attend and participate in the meeting and were included in determining the quorum for the meeting;
2. Stockholders who wished to inquire about the matters to be discussed at the meeting were requested to send their questions to pnb_asm@pnb.com.ph on or before June 21, 2020. Queries relevant to the matters set out in the Agenda, and which were received on or before June 21, 2020 will be addressed in the meeting. All other questions received, but were not addressed during the meeting due to time constraints or for any other reason will be replied to by the Bank through electronic mail;
3. 5 items will be presented for approval or ratification of the stockholders during the meeting and each item will be presented on the screen for the reference of the stockholders;
4. Stockholders who completed the registration and verification procedure were given the opportunity to vote in absentia by accessing the Bank's Voting Portal no later than 5:00 p.m. of June 18, 2020. Stockholders were also given the opportunity to cast their votes by sending their proxy forms no later than 5:00 p.m. of June 18, 2020.
5. The Bank had tabulated the votes received on or before 5:00 p.m. of June 18, 2020, which votes will be presented throughout the meeting;
6. The Annual Stockholders' Meeting will be recorded in video and audio format.

III. APPROVAL OF THE MINUTES OF THE 2019 ANNUAL STOCKHOLDERS' MEETING HELD ON APRIL 30, 2019

The next item in the Agenda was the approval of the Minutes of the 2019 Annual Stockholders' Meeting held on April 30, 2019. The Chairman inquired if the stockholders were apprised of the said item in the Agenda. In response, the Corporate Secretary said that copies of the Minutes of the 2019 Annual Stockholders' Meeting held on April 30, 2019 were uploaded on the Bank's website on April 30, 2019 after the meeting and were prepared in accordance with the Revised Corporation Code.

A summary of the matters discussed in the 2019 Annual Stockholders' Meeting was then shown on the screen for the examination of the stockholders. The Corporate Secretary further advised that the salient matters approved in the 2019 Annual Stockholders' Meeting can also be found on page 38, under item 9 of the Information Statement. Since the stockholders were fully apprised of the matter, Ms. Ilarde proposed to dispense with the reading of the Minutes of the 2019 Annual Stockholders' Meeting held on April 30, 2019, and to approve the said Minutes as appearing in the Bank's records.

As reported, based on the total votes cast by proxy and via remote communication, a total of 1,253,842,006 shares voted in favor of approving the Minutes of the 2019 Annual Stockholders' Meeting held on April 30, 2019.

With the favorable vote of stockholders owning more than a majority of the outstanding shares of the Bank, the Minutes of the 2019 Annual Stockholders' Meeting held on April 30, 2019 were approved.

The Corporate Secretary was then instructed to reflect the tally of votes in the Minutes:

	No. of Shares	%
Approving	1,253,842,006	82.18%
Dissenting	0	0
Abstaining	26,871,730	1.76%

IV. REPORT OF THE PRESIDENT ON THE RESULTS OF OPERATIONS FOR THE YEAR 2019

The President and Chief Executive Officer, Jose Arnulfo A. Veloso, presented the results of operations for the year 2019. He rendered the President's report, as follows:

2019 Highlights - Financial Performance

Philippine National Bank sustained healthy financial results in 2019 and scored milestones in various areas in the business. PNB registered a net income of Php9.8 billion, slightly higher than the earnings of Php9.6 billion in 2018. The growth in net profit resulted from sustained efforts in strengthening the Bank's core business. We did not rely on non-recurring gains from the sale of foreclosed assets, and the Bank's core net income grew by 57% year-on-year. In March 2019, we hit the Php1 trillion mark in consolidated assets. *Lahat ng ito nagawa namin sa pagtutulungan*, constant communication, collaboration, building bridges and making sure that each and every one of us are part and parcel of the stellar performance of Philippine National Bank.

PNB celebrated 103 years

We celebrated our 103rd Anniversary of being a Partner Ng Bayan or the partner of every Filipino in their financial journey. Being a former government bank and transforming to a private universal bank, we have cemented relationships with all the participants in the Philippine economy from captains of industry, to our overseas heroes- Filipino workers, farmers and fishermen, entrepreneurs and employees.

Domestic Network

At end 2019, the Bank had a domestic network of 715 branches. The number of our ATMs increased by 10%, the total reaching 1,553 terminals as we installed more Cash Accept Machines. In support of the BSP's objective of financial inclusion, three branch-lite units were opened bringing banking facilities to serve the remote and unbanked communities. We still have branches in areas where there were only a few rural banks and Philippine National Banks operating.

Overseas Network

At the overseas front, PNB remains the largest among Philippine universal banks, with 71 overseas branches and offices and 123 agents and partners in Asia, Europe, Middle East, and North America.

Remittance

This wide network allowed us to open 106 thousand more accounts connected with the Overseas Filipinos last year. This, as PNB is building an end-to-end business proposition that allows funds being sent from abroad to be used here in the

Philippines. By using our digital platform, beneficiaries of overseas Filipinos can now pay matriculations, pay bills, transfer funds and purchase online without leaving their homes.

Own a Philippine Home Loan (OPHL)

We leveraged on our global network through our “Own a Philippine Home Loan” or OPHL. OPHL is a distinct product that only PNB can offer overseas, since the bank has banking license in various jurisdictions like the United States and several Asian countries. It is a convenient way for overseas Filipinos to apply, book, and pay for loans without the need to fly to the Philippines, which is very costly. Our OPHL provides a good retirement option for Filipinos abroad. *Lagi nilang sinasabi gusto naming umuwi at bumalik sa aming pinanggalingan, at ito ang aming sagot sa kanilang kahilingan.* So when the time comes when they do want to come back home, PNB can help them return to a more comfortable and stable life.

Major Deals

The Bank continued to serve our customers and help build the economy by supporting our clients to grow their business. We funded several projects—including those in power, water, and infrastructure—helping our customers capture opportunities in building better infrastructure and improving agricultural activity in a fast-moving economy.

Landmark deals coming from our Institutional Banking Sector last year included infrastructure projects for skyway. They also built new relationships, opening doors to great transactions that happened this year. We developed new relationships with other conglomerates.

For PNB Capital, we did a P14-Billion Initial Public Offering- the largest IPO in the country in 2019. PNB Capital executed a record-number 16 capital market transactions of bonds and equity- the highest among investment banking firms in the Philippines.

To raise funding to support our growth strategy, we issued US\$750 million worth of Senior Notes, which is the largest in Philippine banking history. I will share with you, during our roadshow, our bankers managed our expectations and said, at the onset, we probably can only issue between 100 to 150 million dollars. And they said, we are going to leave with what your perceived to be the orders from various investors. During the time that we are going to launch, an order book value of over USD3.25 billion was posted. This is the biggest in terms of demand size in Philippine banking history. A testament to our leader- Dr. Lucio Tan’s capability in being a very strong, and reputable business leader.

Accolades

On the awards front, several accolades were given to PNB. We received an award for the bank transaction we did. Recognizing the overwhelming appetite for the US\$750 million fixed rate notes that we did. The deal marked our successful return to the offshore bond market with the largest offering size from the Philippine banking sector. PNB was also awarded by the Social Security System as its “Best Paying Commercial Bank” partner during the 2019 Balikat Ng Bayan Awards proving that the Bank is a reliable partner in providing diverse banking services to SSS and its members. Lastly, for the second straight year, we were recognized by the Institute of Corporate Directors for being one of the awardees of its ASEAN Corporate Governance Scorecard Arrow for 2018.

PNB in the “New Normal”

These past few months have been tough for most of us. The pandemic showed us how powerful a microorganism could reshape the economy and the banking industry. Despite the challenges and risks brought about by the virus, it is my pleasure to report to you that the Bank continues to operate and serve our customers as we all adjust to the changing business environment.

PNB is operating business-as-usual, providing uninterrupted financial services to our customers. For many of my colleagues in the Bank, telecommuting is now our new normal. We have a dedicated skeletal workforce to make sure that critical support functions are not disrupted. And to make sure that the offices are safe for our colleagues who are part of the skeletal working force in our offices-- these offices and our branches are constantly being sanitized to keep our employees and customers safe at all times.

When the enhanced community quarantine was announced in March, we swiftly set up the COVID-19 Command Center and continued operational support for all business units. Many *Philnabankers* went home and have been working from home since. I would like to report to you that many of the staff quickly adjusted.

Thanks to the quick actions of our Information Technology Group, and we're able to bring our devices, our computers and our work outside the office. By activating our video conferencing capabilities, we limited the unnecessary exposure. Since then, our employees have been using this platform to work and to have daily virtual meetings with one another.

These past months, we have worked closely with our men and women on the ground. We met with branches- from Aparri to Tawi-Tawi, as well as colleagues from more than 135 branches and offices around the world, including the United States, Canada, London, Japan, Hong Kong, Singapore, Guam and the Middle East.

We had to make sure that they get to hear, from Management, their concerns, their issues, and just to hear that the voice of the Management is there to support them as they continue to brave being out in the open- meeting customers; making sure that they do not only help them but also help the Filipino people.

We worked with our Teams as we targeted industries that were of strategic importance and, those that were thriving during this time of pandemic. PNB went after businesses that are in the retail and wholesale of basic necessities -of food, medical supplies and services, logistics and transport companies, service providers and the contractors of telecommunications companies.

Our priority is to ensure optimal asset quality to protect primary stakeholders, depositors and shareholders of PNB. Since March, we have adapted a deliberate lending stance. We have been supporting our valued customers as we structure loans as needed to ensure that borrowers get through the time of COVID.

We were able to work closely with customers on programs intended to relieve financial pressure on their businesses while mitigating what we expect to be increasing credit risk within the loan portfolio. All these, while working from home.

Bank On Wheels

One of our biggest accolade is our legacy - Bank on Wheels. We have deployed six units and these allow Filipinos to perform cash transactions such as cash

withdrawal, bills payment, and funds transfer, specially to those locked up areas, when it is very difficult to go out and be able to access to funds to buy their day to day needs. Our Bank On Wheels are situated in areas where accessibility to cash is limited and where front-liners continue to work. Our Bank On Wheels was able to serve our *kababayans* in Metro Manila, Pampanga, Bulacan, Marikina, Rizal, Cavite, Laguna, Batangas, Lucena, and Cebu. It was a very important part of banking services during the lockdown.

Digital Transformation

It is very clear that digital products are now more relevant than ever. As social distancing becomes the new normal and quarantine measures are today's reality, we need to quickly deploy technology to make it easier for more Filipinos to do their banking transactions anytime, anywhere. As we face the "new normal", we are embarking on speeding up all our other digital initiatives to meet this need. I am happy to report to you that our mobile banking portal registered 3.1 million transactions in the month of May; 25% from April. We are encouraging all of you to open an account with PNB and use our PNB Mobile Banking for all your fund transfer and payment needs to over 200 billers and soon to be more.

We applaud our employees

We greatly appreciate the dedication of PNB employees. We clearly see the risk of having to work in time of crisis, and this is why we have implemented various initiatives to ensure our employees' well-being. Our accredited health care provider included COVID-19-related hospitalization expenses in our employees' health care coverage. We have designated Flu Managers per group to monitor the health of their personnel. We also have a mental wellness hotline to provide support to employees. They can approach and speak with our Certified Psycho-social Support Facilitator to help relieve their stress or anxieties. All of these stress and anxieties, we realized, are very important concern of employees as we continue to call and meet each branch and check how they were.

Safe and Sustainable Banking

Today, we are determined more than ever to pursue Safe, Sustainable and Profitable Banking while carry on PNB's purpose of supporting our customers with financial solutions that make lives better for our fellow Filipinos.

Maraming Salamat!

Kami po ang inyong Partners, ang inyong katulong sa inyong mga pangangailangan na pinansiyal. Sa ngalan ng top management at lahat ng Philnabankers, maraming salamat po sa patuloy ninyong tiwala at suporta sa PNB.

Thereafter, the Chief Financial Officer, Mr. Nelson C. Reyes, presented the financial report for the year 2019, as follows:

FY2019 vs FY2018

Our Bank registered a net profit of Php9.8 billion in 2019, slightly higher than its year-ago earnings of Php9.6 billion, as a result of continued efforts in strengthening its core business. The Bank's core net income, which excludes non-recurring gains from the sale of foreclosed assets, grew by 57% year-on-year, reflecting the strength of PNB's franchise in its wholesale and retail businesses.

Total operating income improved by 6% to Php41.1 billion from its year-ago level of Php38.9 billion on the back of solid growth in net interest income, fees and

commissions as well as trading gains despite the substantial decline in net gains from sale of foreclosed assets. Excluding net gains from sales of foreclosed asset sales, total operating income increased by 22% year-on-year.

Net interest income reached Php32.4 billion, 20% higher compared to the previous year, boosted by improved earnings from loans to corporate, commercial, small and medium enterprises, and other interest-earning assets.

Net service fees and commission income grew by 20% to Php4.2 billion from enhanced cross selling efforts leading to improvements in underwriting fees from capital market transactions as well as loan, deposit and credit card-related fees. Net trading and foreign exchange gains expanded by 97% resulting mainly from favorable opportunities in the market. However, net gains from sale of acquired assets declined to Php691 million compared to previous year's Php5.9 billion.

Operating expenses, excluding provisions for impairment and credit losses, grew by 9% from 2018 year-end level as strong revenue growth translated to higher business taxes and other business-related expenses.

We were relentless in growing and strengthening the Bank's balance sheet. By the end of 2019, PNB's total consolidated resources stood at Php1.1 trillion, up by 16% from year ago level. The asset build-up was funded primarily by deposits aggregating Php826.0 billion, consisting mostly of CASA deposits as the Bank continued to focus on generating low-cost funds and other stable sources of funding.

Loan receivables registered double-digit growth of 12% to reach Php657.9 billion. Despite the robust loan growth, PNB's asset quality remained strong with non-performing loan ratios of 0.68% net of valuation reserves and 1.99% at gross.

As of end-December 2019, PNB's total equity stood at Php155.0 billion, augmented by the Php11.7 billion net proceeds from the Stock Rights Offering in July 2019. The Bank's consolidated risk-based capital adequacy ratio (CAR) continued to exceed the minimum regulatory requirement of 10%, with CAR at 14.80% and Common Equity Tier (CET) 1 ratio at 14.10% by end-2019.

March 2020 vs March 2019

For the first 3 months of 2020, amidst a tough and challenging economic environment, and dynamically evolving banking landscape, PNB concluded the first quarter with total operating income of Php12.4 billion, an increase of 33% from the same quarter last year, anchored on sustained growth in net interest income as well as non-interest income primarily gains from securities trading. Net profit before taxes and provisions for impairment also improved by 77% year-on-year.

The Bank's core lending and deposit-taking businesses continued to provide a steady and increasing source of revenues. During the first quarter, net interest income grew by 25% to Php8.8 billion owing largely to higher volume of interest-earning assets, notably loan receivables which continued to post double-digit growth to settle at Php651 billion as of end-March 2020. Meanwhile, interest expense on deposit liabilities declined by 20% even with the 6% year-on-year growth in balances as deposit mix improved in favor of low-cost CASA.

Non-interest income expanded by 58% resulting mainly from strong trading income spurred by favorable opportunities in the market.

Although PNB delivered a remarkable performance during the first quarter of 2020, it was necessary to exercise extraordinary prudence during these uncertain times in the aftermath of COVID-19 and aggressively build up the Bank's loan provisions due to the potential economic downturn which will adversely affect local businesses. As a result of this proactive approach, PNB's loan provisions reached Php3.4 billion during the period, higher by Php3.0 billion compared to the Php346 million during the same period last year. As a result of these loan provisions, the Bank's net income for the quarter declined by 30% to Php1.3 billion from Php1.9 billion for the same quarter last year.

To sustain the Bank's positive financial performance for the rest of the year will require striking a balance between exploring business opportunities and effectively managing programs intended to relieve financial pressure on our customers while mitigating the increasing credit risk".

Chairman Tarriela thanked Mr. Veloso and Mr. Reyes for an extensive report on the overall performance of the Bank. She also acknowledged the Board of Directors and Advisors, the President, Senior Management, officers and all the employees of PNB for their service, valuable contribution and commitment to the Bank.

V. APPROVAL OF THE 2019 ANNUAL REPORT

The Corporate Secretary presented the proposed resolution regarding the notation and approval of the Bank's 2019 Annual Report, together with the Audited Financial Statements as of December 31, 2019. She further reported that copies of the Annual Report and the Audited Financial Statements were attached to the Information Statement and uploaded to the Bank's website.

Based on the total votes cast by proxy and via remote communication, a total of 1,253,156,585 shares voted in favor of approving the Bank's 2019 Annual Report, together with the Audited Financial Statements as of December 31, 2019.

With the shareholders owning more than a majority of the outstanding shares voting in favor of the matter, the Bank's 2019 Annual Report, together with its Audited Financial Statements as of December 31, 2019, was noted and confirmed, as follows:

STOCKHOLDERS' RESOLUTION NO. 01-20

RESOLVED, AS IT IS HEREBY RESOLVED, that the Bank's 2019 Annual Report, together with the Audited Financial Statements for the year ended December 31, 2019, be noted and approved.

The Corporate Secretary was then instructed to reflect the tally of votes in the Minutes:

	No. of Shares	%
Approving	1,253,156,585	82.13%
Dissenting	0	0
Abstaining	27,557,151	1.81%

VI. AMENDMENT OF SECTIONS 4.6 AND 4.7 OF ARTICLE 4 AND SECTION 5.9 OF ARTICLE 5 OF THE BANK'S AMENDED BY-LAWS

The next item in the Agenda was the amendment of Sections 4.6 and 4.7 of Article 4 and Section 5.9 of Article 5 of the Bank's Amended By-Laws.

The Chairman requested the Corporate Secretary to explain the proposal. The Corporate Secretary said that the amendment of Sections 4.6 and 4.7 of Article 4 of the Amended By-Laws was proposed to allow the stockholders to vote at stockholders' meetings through remote communication or in absentia, subject to such rules and regulations as may hereafter be issued by the Securities and Exchange Commission. On the other hand, the amendment of Section 5.9, Article 5 of the Amended By-Laws was proposed to allow the Board members to participate and vote at Board meetings through remote communication, such as videoconferencing, teleconferencing, or other alternative modes of communication.

The Corporate Secretary further reported that the proposed amendments were consistent with the provisions of the Revised Corporation Code of the Philippines and SEC Memorandum Circular No. 6, Series of 2020. She then presented the proposed resolution on the proposed amendment of the Amended By-Laws.

As reported, based on the total votes cast by proxy and via remote communication, a total of 1,253,650,285 shares voted in favor of approving the amendments to the Bank's By-Laws.

With shareholders owning at least a majority of the outstanding shares of the Bank voting in favor of the matter, the amendment of Sections 4.6 and 4.7 of Article 4 and Section 5.9 of Article 5 of the Bank's Amended By-Laws was approved, as follows:

STOCKHOLDERS' RESOLUTION NO. 02-20

RESOLVED, AS IT HEREBY RESOLVED, that the Bank's Amended By-Laws be amended, as follows:

- a) Article IV, Section 4.6, to include in the determination of quorum for stockholders' meetings stockholders present through remote communication or voting in absentia;
- b) Article IV, Section 4.7, to allow stockholders to participate and vote at stockholders' meeting through remote communication; and
- c) Article V, Section 5.9, to allow the Board members to participate and vote at Board meetings through remote communication, such as videoconferencing, teleconferencing, or other alternative modes of communication.

The Corporate Secretary was then instructed to reflect in the Minutes the tally of votes:

	No. of Shares	%
Approving	1,253,650,285	82.17%
Dissenting	191,831	0.01%
Abstaining	26,871,620	1.76%

VII. RATIFICATION OF ALL THE LEGAL ACTS, RESOLUTIONS AND PROCEEDINGS OF THE BOARD OF DIRECTORS AND CORPORATE OFFICERS SINCE THE 2019 ANNUAL STOCKHOLDERS' MEETING

The next item in the Agenda was the confirmation and ratification of all the legal acts, resolutions and proceedings of the Board of Directors and Officers since the 2019 Annual Stockholders' Meeting. A summary of the acts submitted for ratification was flashed on the screen for the examination of the stockholders. As explained by the President, all the said acts, resolutions and proceedings consisted of regular banking transactions and policy formulation which were undertaken in the regular course of business of the Bank.

The Corporate Secretary then presented the proposed resolution for the matter. She also reported that they tallied and validated the votes cast by proxy and via remote communication.

Based on the total votes received, a total of 1,253,167,246 outstanding shares of the Bank voted in favor of approving all the legal acts, resolutions and proceedings of the Board of Directors and Corporate Officers of the Bank from the date of the Bank's last Annual Stockholders' Meeting on April 30, 2019 up to the present date.

With the shareholders owning more than a majority of the outstanding shares voting in favor of the matter, the legal acts, resolutions and proceedings of the Board of Directors and Corporate Officers of the Bank from the date of the Bank's last Annual Stockholders' Meeting on April 30, 2019 up to the present date were approved, confirmed and ratified, as follows:

STOCKHOLDERS' RESOLUTION NO. 03-20

RESOLVED, AS IT HEREBY RESOLVED that all legal acts, resolutions and proceedings of the Board of Directors and Corporate Officers of the Bank from the last Annual Stockholders' Meeting on April 30, 2019 up to the present, as reflected in the Minutes of the Meetings of the Board of Directors and the Board Committees be approved, confirmed and ratified.

The Corporate Secretary was then instructed to reflect the tally of votes in the Minutes:

	No. of Shares	%
Approving	1,253,167,246	82.13%
Dissenting	0	0
Abstaining	27,546,490	1.81%

VIII. ELECTION OF DIRECTORS

The Corporate Secretary reported that the Bank's Corporate Governance and Sustainability Committee, acting as the Nomination Committee, approved the nomination of the following as Directors of the Bank for 2020-2021:

1. Mr. Felix Enrico R. Alfiler
2. Mr. Florido P. Casuela
3. Mr. Leonilo G. Coronel
4. Mr. Edgar A. Cua
5. Mr. Estelito P. Mendoza
6. Mr. Christopher J. Nelson
7. Mr. Federico C. Pascual
8. Ms. Sheila T. Pascual
9. Ms. Carmen K. Tan
10. Mr. Lucio C. Tan
11. Mr. Michael G. Tan
12. Ms. Vivienne K. Tan
13. Ms. Florencia G. Tarriela
14. Mr. Jose Arnulfo A. Veloso
15. Mr. Domingo H. Yap

Ms. Ilarde further reported that Mr. Felix Enrico R. Alfiler, Mr. Edgar A. Cua, Mr. Federico C. Pascual, Ms. Florencia G. Tarriela, and Mr. Domingo H. Yap were nominated as Independent Directors. She explained that as per the endorsement of the Corporate Governance and Sustainability Committee, should any of the regulators not approve the independent directorship of any of the nominees, any such nominee shall be deemed automatically elected as a regular director.

The Corporate Secretary said that the profile of the nominees, who were also the incumbent directors of the Bank, were set out in item 5 of the Information Statement of the Bank. Further, to reinforce the competency of each of the nominees, a summary of the appraisal and performance report for the Board was presented to the stockholders.

Since there were only fifteen (15) nominees to the fifteen (15) available seats in the Board of Directors, and since each of the nominees has received votes in their names, the Corporate Secretary proposed that the fifteen (15) nominees be proclaimed as duly elected directors of the Bank, to serve as such until the election and qualification of their successors.

The Corporate Secretary presented the votes received by each of the nominees and the proposed resolution for the election of Directors for 2020-2021.

Having received the requisite votes, the nominees were then declared as duly elected Directors of the Bank, to serve immediately as such until the election and qualification of their successors.

STOCKHOLDERS RESOLUTION NO. 04-20

RESOLVED, AS IT IS HEREBY RESOLVED, to approve and confirm the election of the following as members of the Board of Directors of the Bank for the year 2020-2021:

1. Mr. Felix Enrico R. Alfiler (Independent Director)
2. Mr. Florido P. Casuela
3. Mr. Leonilo G. Coronel
4. Mr. Edgar A. Cua (Independent Director)
5. Mr. Estelito P. Mendoza
6. Mr. Christopher J. Nelson
7. Mr. Federico C. Pascual (Independent Director)
8. Ms. Sheila T. Pascual
9. Ms. Carmen K. Tan
10. Mr. Lucio C. Tan
11. Mr. Michael G. Tan
12. Ms. Vivienne K. Tan
13. Ms. Florencia G. Tarriela (Independent Director)
14. Mr. Jose Arnulfo A. Veloso
15. Mr. Domingo H. Yap (Independent Director)

The Corporate Secretary was also instructed to reflect in the Minutes the votes received by each of the nominees, as follows:

NOMINEE	NO. OF VOTES
Felix Enrico R. Alfiler	1,253,631,048
Florido P. Casuela	1,253,575,763
Leonilo G. Coronel	1,253,457,745
Edgar A. Cua	1,251,878,584
Estelito P. Mendoza	1,233,196,124
Christopher J. Nelson	1,253,459,567
Federico C. Pascual	1,251,856,668
Sheila T. Pascual	1,253,457,755
Carmen K. Tan	1,251,772,848
Lucio C. Tan	1,251,844,918
Michael G. Tan	1,251,834,858
Vivienne K. Tan	1,251,772,838
Florencia G. Tarriela	1,251,554,687
Jose Arnulfo A. Veloso	1,253,631,024
Domingo H. Yap	1,253,832,859

The Chairman thanked the stockholders for their continuing support to the PNB Board of Directors.

Chairman Tarriela also took the opportunity to express the Board's gratitude to Director Lucio "Bong" K. Tan, Jr., whose passing on November 11, 2019 was a great loss to the Bank and to the country's business community. The Bank honored his passion for service and steadfast generosity.

VIII. APPOINTMENT OF EXTERNAL AUDITOR

On behalf of the Board Audit and Compliance Committee (BACC) Chairman, Mr. Edgar A. Cua, Chairman Tarriela explained that the appointment of the Bank's External Auditor underwent a process mandated by the Bank's Manual of Corporate Governance, which was in compliance with the requirements of the Securities and Exchange Commission.

As provided in the Bank's Manual, the BACC was responsible for the selection, evaluation, appointment, dismissal, replacement and reappointment of the External Auditor, which was thereafter endorsed to the Board of Directors and presented to the stockholders for approval. Chairman Tarriela said that the Committee took into consideration many factors in selecting an External Auditor for the Bank, such as:

- size of the auditing firm
- reputation and professionalism of the partners
- track record
- knowledge of current auditing and accounting practices
- integrity and competencies of their staff
- resources and facilities
- the Bank's trust and confidence in their skills

Chairman Tarriela reported that after careful deliberation and compliance with the Bank's rules and procedures for the appointment of External Auditor, the BACC recommended and endorsed the appointment of SGV & Co. as External Auditor of the Bank. The partner-in-charge of the Bank's account, Ms. Janeth Nunez Javier, was appointed on April 20, 2017, and as such, there was no need to request for a change in the partner-in-charge of the Bank's account. The appointment of SGV & Co. as External Auditor of the Bank was also approved by the Board of Directors on May 22, 2020 and was being presented for the ratification of the stockholders.

The Corporate Secretary presented the proposed resolution for the appointment of the External Auditor for the ensuing year. She also reported that based on the total votes received by proxy and via remote communication, a total of 1,252,440,710 shares of the Bank voted in favor of the appointment of SGV & Co. as External Auditor of the Bank.

With the shareholders owning more than a majority of the outstanding shares voting in favor of the matter, SGV & Co. was appointed as External Auditor of the Bank for the ensuing year, as follows:

STOCKHOLDERS' RESOLUTION NO. 05-20

RESOLVED, AS IT IS HEREBY RESOLVED, to approve the appointment of SGV & Co. as the External Auditor of the Bank for the fiscal year 2020 to 2021.

The Corporate Secretary was then instructed to reflect in the Minutes the votes received, as follows:

	No. of Shares	%
Approving	1,252,440,710	82.09%
Dissenting	265,324	0.02%
Abstaining	6,338,847	0.42%

IX. OTHER MATTERS

Thereafter, the Chairman requested the Investors Relations Officer, SVP Emeline C. Centeno, to read the questions received from the stockholders so that they may be addressed.

The first question was from Mr. Alvin Kong. He asked how big the Bank's loan exposure was to the most vulnerable sectors to COVID-19. He further asked about the Bank's policies in dealing with the said exposure and if restructuring the said loans was being considered.

In response, Mr. Veloso said that the Bank had limited exposure, or less than 10%, to the vulnerable sectors. Nonetheless, like any other borrower in this situation, the Bank was in continuous dialogue with concerned borrowers to engage with them and to find out what was going on and what was new in the industry. This was also a way to connect the borrowers to new trends and government initiatives, and to ensure that risks were mitigated and loans were serviced. In addition, the Bank already started to integrate the impact of COVID-19 to the industry and credit assessment of the Bank's existing borrowers and implemented a stricter policy on granting new loans.

The next question was from Ms. Evelyn Abao. She noted that PNB reported additional provisioning of P3B for Q1 2020, which was on the high side compared to its peer banks. She asked if this was representative of credit procedures being lax. She further asked if the Bank expected to raise additional loan loss provisions for the rest of the year.

Mr. Reyes said that the increase in provisions was not reflective of the Bank's asset quality nor its credit procedures, but rather an indication of the deterioration in the Bank's assessment of macroeconomic outlook as a result of the impact of the global pandemic and domestic lockdowns. In determining the loan loss provisions, the Bank computed for the Expected Credit Loss (ECL) which considered the probability of default, exposure of default, loss-given-default and the macro-economic forecasts. Mr. Reyes said that the downside macroeconomic forecasts in the next 6 to 12 months significantly affected the Bank's calculations on probabilities of default, thus resulting in higher ECL. Other banks may not necessarily share the same level of assessment on the downside impact to the economy, hence the reason for their relatively lower provisioning levels. He said that for the rest of the year, the need for additional provisioning will depend on significant changes in the economic scenarios and macroeconomic factors considered in the calculation of ECL or if there were actual delinquencies that happened which will require increase in provisioning.

The next question was from Ms. Mary Grace Lumongsod. She asked if PNB will declare dividends in 2020.

Mr. Veloso said that as a publicly-listed company, the Bank was unable to provide forward-looking statements. He recalled that a similar question was asked during the 2019 Annual Stockholders' Meeting, and as such the Senior Management worked hard to grow the Bank's profitability to allow a declaration of cash dividends on a regular and sustainable basis without compromising its growth trajectory. The Bank, however, was faced with a pandemic, and it had to assess the impact, not only to the institution, but to the whole banking system as well. The Bank needed to make sure that it was prepared and that there was ample capital preservation amidst possible asset quality deterioration. Mr. Veloso said that the Bank must take into consideration its compliance with regulations on capital adequacy to absorb potential losses and build up the capital requirements for the Bank's business growth while taking into account the shareholders' interest. He assured the stockholders that their interests are always on top of mind.

The next question was from Mr. Justino Aquino. He asked for the measures being implemented by the Bank to protect its liquidity and capital.

According to Mr. Reyes, for liquidity risk, even at the early stage of the pandemic, the Bank had taken on proactive measures to build up its liquidity via enhanced deposit drive, as well as selective asset build-up with focus on high-quality loans. Management had been keeping a closer watch of the Bank's liquidity ratios and early warning triggers on market liquidity and systemic risks. Internally, targets on liquidity ratios were increased to ensure that the Bank had sufficient cushion should the crisis worsen. Mr. Reyes also said that in terms of capital, PNB's consolidated risk-based capital adequacy ratio (CAR) continued to exceed the minimum regulatory requirement of 10%, with CAR at 14.7% and Common Equity Tier (CET) 1 ratio at 13.8% by end-March 2020. He also assured the stockholders that the Bank had a well-defined ICAAP framework that had internal triggers with corresponding capital contingency plans.

Thereafter, Ms. Centeno read a message received from Ms. Jenny Gomez, a PNB stockholder. In the said message, Ms. Gomez commended all the employees of PNB who reported for work in their respective branches to service the clients during the enhanced community quarantine. According to Ms. Gomez, the employees were frontliners who braved going to their branches in spite of the lockdown. By way of example, Ms. Gomez cited the SSH of PNB Felix Avenue Branch in Cainta, who together with the tellers, would cross the footbridge along Marcos Highway and walk a few kilometers to get to their branch. She hoped that Management can acknowledge the hardship of the said employees and grant them a promotion. Ms. Gomez again thanked the frontliners in PNB.

Mr. Veloso said that he constantly communicated via videoconference with the different PNB branches, not only in Metro Manila, but also in the provinces which covered different areas such as Aparri all the way to Tawi-Tawi. He said that there were so many heroes in PNB. During the first few days of the pandemic, colleagues were very emotional and close to tears; they were in fear of going out and being at risk of acquiring the virus.

Mr. Veloso said that he also heard good stories. He shared that a lot of colleagues took different ways just to report to the branches and the Head Office. A lot of employees walked to their offices since there were no available public transportation. Some used bicycles and some even walked for 2 hours just to reach their offices. He commended the PNB employees and highlighted the spirit of bayanihan. According to him, employees who had vehicles fetched those without vehicles even in far flung areas just so they could report for work. In addition, since restaurants were closed, employees started to bring their own food and some of them tried to cook whatever they can just to be of service to the Bank's customers and the Filipino people. He said that many employees really sacrificed and became heroes. According to Mr. Veloso, when the crisis is over, he will make sure that the said employees will be honored.

The last question was from Mr. Angelito Doble. He asked about the initiatives undertaken by the Bank to mitigate the impact of the COVID-19 pandemic on its profitability.

Mr. Veloso said that the Bank was conducting a portfolio review to assess both industry-wide vulnerability and individual account resilience. In order to mitigate the risks in the Bank's portfolio, the Bank will immediately reduce exposures to vulnerable sectors, and strengthen security positions. Likewise, more emphasis will be given on returns over RWA rather than simple asset growth in the Bank's lending activities. In this regard, the Bank will re-focus new loan grants to essential sectors and industries critical to function during ECQ and to those that will thrive in the new norm.

According to Mr. Veloso, to meet the dynamically evolving consumer behavior brought about by the pandemic, there will be a lot of changes in the way the Bank operated and its services. He said that the Bank was converting its passbook customers to mobile banking, as online banking was the way to thrive in this new norm. He added that the Bank will push for more digital products and services, not only in retail, but also in

corporate banking. Specifically, the Bank was accelerating the following digital features: a) online account opening and registration; b) the Bank's connections to payout partners to make it easier for our customers to receive cash; and c) payment gateways and connection to eCommerce providers. Mr. Veloso said that serious ways of reviewing costs will be done. In addition, newer ways to generate revenues will be reviewed, specifically on areas where fees and commissions will be further generated.

Chairman Tarriela thanked Mr. Veloso, Mr. Reyes and Ms. Centeno. She advised the stockholders that questions received but were not read and addressed in the meeting will be responded to by Management via electronic mail.

X. ADJOURNMENT

After a discussion of all the items in the Agenda, the Chairman, on behalf of the PNB Board of Directors, Advisors, and Senior Management, thanked the stockholders for taking time to attend PNB's virtual Annual Stockholders' Meeting. She said that PNB continued to be one of the country's leading banks because of the shareholders' trust and confidence in the institution.

According to Chairman Tarriela, the pandemic posed difficulties for the country and the Filipino people, and while the Bank had not experienced anything like this before, the Board of Directors and Senior Management were determined to work even harder and PNB was committed to enhance shareholder value.

She said that the Bank supported the initiatives of the *Bayanihan To Heal As One Law*, as well as initiatives that will transform the customers' experience to make it simple, seamless, and secure. PNB had served Filipinos all over the world for more than a century. The Bank's rich history had given PNB its legacy as a true *Partner Ng Bayan*, serving *You First*. She said that this crisis shall pass, and we will recover.

Thereafter, the 2020 Annual Stockholders' Meeting was adjourned at 9:13 a.m.

CERTIFIED CORRECT:

(original signed)
MAILA KATRINA Y. ILARDE
Corporate Secretary

ATTESTED BY:

(original signed)
FLORENCIA G. TARRIELA
Chairman of the Meeting



**ANNUAL STOCKHOLDERS' MEETING
HELD ON JUNE 23, 2020
via Microsoft Live Events**

NUMBER OF SHARES PRESENT:

Total Outstanding Shares	:	1,525,764,850
Present in Person and Represented by Proxy	:	1,280,790,678
Percentage of Total Shares Present in Present in Person and Represented by Proxy	:	83.94%

DIRECTORS PRESENT:

Mr. Felix Enrico R. Alfiler (Independent Director)
Mr. Florido P. Casuela
Mr. Leonilo G. Coronel
Mr. Edgar A. Cua (Independent Director)
Mr. Estelito P. Mendoza
Mr. Christopher J. Nelson
Mr. Federico C. Pascual (Independent Director)
Ms. Sheila T. Pascual
Ms. Carmen K. Tan
Dr. Lucio C. Tan
Mr. Michael G. Tan
Ms. Vivienne K. Tan
Ms. Florencia G. Tarriela (Independent Director)
Mr. Jose Arnulfo A. Veloso
Mr. Domingo H. Yap (Independent Director)