



OFFICE OF THE CORPORATE SECRETARY

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April 16, 2025

PHILIPPINE DEALING & EXCHANGE CORPORATION

29th Floor, BDO Equitable Tower
8751 Paseo de Roxas
Makati City

Attention: **ATTY. SUZY CLAIRE R. SELLEZA**
Head, Issuer Compliance and Disclosure Department
Philippine Dealing & Exchange Corporation

Subject: Inquiry Regarding Accuracy of News Article

Dear Atty. Selleza:

We write in response to your letter dated April 16, 2025, seeking confirmation of the news article entitled “Moody’s upgrades PNB’s credit rating” posted in the Business World on April 16, 2025, reporting in part that:

“MOODY’S RATINGS on Tuesday upgraded Philippine National Bank’s (PNB) credit ratings, assigning stable outlooks, on the back of its improved profitability and strong capital position.

The debt watcher raised PNB’s long-term (LT) foreign-currency (FC) and local-currency (LC) deposit ratings to Baa2 from Baa3, it said in a statement.

Moody’s also upgraded the bank’s short-term (ST) foreign- and local-currency deposit ratings to P-2 from P-3, its baseline credit assessment (BCA) and adjusted BCA to baa3 from ba1, its FC senior unsecured rating to Baa2 from Baa3 and its FC senior unsecured medium-term note program rating to (P)Baa2 from (P)Baa3.

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“Furthermore, the decrease in credit costs supported the increase in overall profitability. We expect the bank’s profitability to range around 1.7%-1.8% in 2025, with NIM expansion underpinned by the bank’s large proportion of loans with higher rates fixed for three to five years, growth of higher yielding retail, small and medium enterprise-sized, and commercial loans, as well as its low funding costs. We expect credit costs to increase modestly, but remain low, supporting the bank’s profits,” Moody’s said.

“As of end-2024, the bank’s tangible common equity to risk-weighted assets ratio was at 20.8%, the highest among its rated-peers in the Philippines. We expect PNB’s capitalization to decrease over the next 3 years as growth accelerates, but remain robust at above 16%,” it added.

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We confirm the veracity of the above news article as posted in the Business World.

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

Very truly yours,

A handwritten signature in black ink, appearing to read 'Ruth Pamela E. Tanghal', written in a cursive style.

RUTH PAMELA E. TANGHAL
Corporate Secretary