

# Philippine National Bank

AUTHORIZED DEPOSITORY OF THE REPUBLIC OF THE PHILIPPINES

**RENATO J. FERNANDEZ**  
CORPORATE SECRETARY

November 28, 2002

**Atty. Jose G. Cervantes**  
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Philippine Stock Exchange  
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Dear Atty. Cervantes:

Attached for your information is a Press Release of the Philippine National Bank (PNB) re: PNB Inks MOA with Other National Steel Secured Creditors, Shareholders.

Thank you.

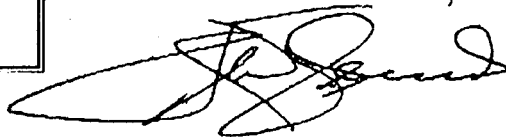
CIRCULAR FOR BROKERS NO. 3139-2002

Disclosure

November 29, 2002

DATE

Very truly yours,



1/2



**SS RELEASE**

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## **PNB Inks MOA with Other National Steel Secured Creditors, Shareholders**

The Philippine National Bank recently signed the Memorandum of Agreement (MOA) with 16 other creditors and three National Steel Corporation (NSC) shareholders led by Hotlick Investments, Ltd. in ceremonies held at the Malacanang Palace. PNB President Lorenzo V. Tan signed for the bank. The MOA paves the way for the rehabilitation of the giant steel company. It provides for the adoption of a Liquidation Plan and the creation of Special Purpose Vehicles (SPVs) that will operate, lease, or dispose of NSC's Iligan Plant as an integrated facility (and not on a piecemeal basis).

The Special Purpose Vehicles which will be owned by both creditors and shareholders under an 80 per cent - 20 per cent equity sharing basis will enable creditors like PNB to convert part of the loans they granted to NSC into equity. The immediate effect of the conversion of PhP4.8 billion out of the total of PhP5.6 billion loan into equity for PNB is the reduction of the Bank's non-performing loan ratio by approximately 4 per cent.

The rehabilitation of National Steel Corporation is expected to bring in far-reaching effects not only in improving the economy of Iligan City where the main plant is located, but also in the overall economy of Mindanao.

Following directives from President Gloria Macapagal Arroyo, the Department of Trade & Industry led by Secretary Mar Roxas spearheaded efforts to find a workable solution for the eventual rehabilitation of the country's only integrated steel mills company. PNB, as the biggest creditor of NSC, was primarily responsible for convincing the other creditors to agree to the proposed solution. The consequent forging of the agreement among the creditors and the major shareholders of NSC not only brings new hope for this major Philippine company but also has the added result of bringing down further PNB's non-performing loan portfolio.

1/2

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