

		Board Directors and Top Management	
Federico C. Pascual	October 7, 2016	Distinguished Corporate Governance Speaker Series Seminar	Institute of Corporate Directors
Edgar A. Cua	August 25, 2016	Corporate Governance Orientation Program	Institute of Corporate Directors
Estelito P. Mendoza	August 9, 2016	Seminar on Corporate Governance	SGV & Co.
Florencia G. Tarruela Felix Enrico R. Alfiler Florido P. Casuela Leonilo G. Coronel Edgar A. Cua Reynaldo A. Maclang Cecilio K. Pedro Carmen K. Tan Lucio C. Tan Michael G. Tan	August 3, 2016	Corporate Governance Forum	Securities & Exchange Commission (SEC)
Florido P. Casuela Leonilo G. Coronel Federico C. Pascual Cecilio K. Pedro	April 6, 2016	Learning Session with Gallups Senior Practice Expert	Gallup
Washington Z. Sycip	Per SEC letter dated Feb. 24, 2016, Director Sycip has granted a permanent exemption from attending the corporate governance trainings/seminars requirement pursuant to SEC Memo Circular No. 20, Series of 2013, for his known probity and of a well-recognized stature, influence and reputation in the business community.		

B. CODE OF BUSINESS CONDUCT & ETHICS

- 1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

Business Conduct & Ethics	Directors	Senior Management	Employees	Reference/Circular
(a) Conflict of Interest	Covered	Covered	Covered	Personal Investment Policy (Gen. Cir. 1-874/2013 dated May 16, 2013); Employee Handbook
(b) Conduct of Business and Fair Dealings		Covered	Covered	Personal Investment Policy (Gen. Cir. 1-874/2013 dated May 16, 2013)
(c) Receipt of gifts from third parties		Covered	Covered	Policy on Soliciting and/or Receiving Gifts (Gen. Cir. 1-866/2013 dated April 10, 2013)
(d) Compliance with Laws & Regulations		Covered	Covered	Manual of Policies on Human Resource Management and Development; Code of Conduct (OPP 0318/16 dated May 2, 2016); Employee Handbook
(e) Respect for Trade Secrets/Use of Non-public Information	Covered	Covered	Covered	Personal Investment Policy (Gen. Cir. 1-874/2013 dated May 16, 2013); Confidentiality of Information (Gen. Cir. 1-878/2013 dated June 4, 2013); Employee Handbook
(f) Use of Company Funds, Assets and Information		Covered	Covered	Confidentiality of Information (Gen. Cir. 1-878/2013 dated June 4, 2013); Employee Handbook
(g) Employment & Labor Laws & Policies		Covered	Covered	Manual of Policies on Human Resource Management and Development; Employee Handbook
(h) Disciplinary action		Covered	Covered	Code of Conduct (OPP 0318/16 dated May 2, 2016); Employee Handbook
(i) Whistle Blower	Covered	Covered	Covered	Whistleblower Policy (OPP 0320/16 dated May 2, 2016)
(j) Conflict Resolution		Covered	Covered	Code of Conduct (OPP 0318/16 dated May 2, 2016)

- Personal Investment Policy – The purpose of PNB's Personal Investment Policy is to set forth prudent standards of behavior for all employees when conducting their personal investment transactions. Accordingly, the policy provides minimum standards and specifies investment practices which are either prohibited or subject to special constraints. PNB employees (officers and staff) may make investments for their personal accounts as long as these transactions are consistent with laws and regulations, and the Personal Investment Policy of the Bank. The investments should not involve or appear to involve a conflict of interest with the activities of PNB or its customers. Employee investment decisions must be based solely on publicly available information, and should be oriented toward long term investment rather than short term speculation.
- Policy on Soliciting and/or Receiving Gifts – The Bank recognizes that maintaining good relationships with clients often require the exchange of gifts as token of appreciation. However, employees are expected to observe discretion and prudence in receiving gifts or donations whether in cash or in kind and other form of hospitality. Soliciting gifts/donations/sponsorship whether in cash or in kind from clients, suppliers, and other business-related parties is strictly prohibited. Employees may be allowed to receive gifts/donations/sponsorship/ financial assistance whether in cash or in kind from clients, suppliers, and other business-related parties, subject to various conditions.
- Code of Conduct Manual – The Code of Conduct ("Code") is constituted to prescribe a moral code for PNB employees which would not only instill discipline among them but would yield higher productivity at the workplace and enhance and safeguard the corporate image of the Bank. While the Code defines the offenses as well as the corresponding disciplinary measures that may be imposed, its overall

intent is more of prevention of the infraction rather than the administration of disciplinary measures. The Code defines and provides the standards of conduct expected of all employees and enumerates the act or omissions prejudicial to the interest of the Bank.

- Policy on Office Decorum – Bank employees should conduct themselves with proper decorum at all times within or outside the Bank premises in order to protect the good name of the Bank as well as to merit and maintain the trust and confidence not only of Bank clients or customers but the public in general. Proper office decorum includes, among others, the use of stationery and supplies and the principle of confidentiality of information.
- Whistleblower Policy – The Whistleblower Policy aims to: (1) encourage employees to report internally any suspected or actual commission of theft/fraud, violation of ethical standard, law, rule or regulations and/or any misconduct by its directors, officers or staff; (2) conduct a prompt and thorough investigation of any alleged/reported commission of theft/fraud and/or violation and take appropriate corrective action; (3) protect the employee/whistleblower against retaliation, discrimination, harassment or adverse personnel action, for reporting in good faith a suspected or actual violation; (4) reduce, if not eliminate, the occurrence of corporate fraud in line with sound banking practice and risk management; and (5) strengthen the Bank's system on detection and prevention of corporate fraud.

2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?

Yes. The Bank's human resource policies, including but not limited to, the Code of Conduct are disseminated by the Human Resource Group through the Bank's online intranet system and posted at PNB Cybermag, which may be accessed by employees.

3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

As required, each bank director and employee accomplishes an Acknowledgement Receipt certifying therein that he/she has been furnished with copies of the above mentioned manuals and policies; that he/she has fully read and understood the provisions embodied therein; and that he/she promises to abide with the rules/regulations of the said manuals and policies. Any failure to abide with the above mentioned manuals and policies is reported by the immediate supervisor and/or Head of Office concerned to the Human Resource Group (HRG) and/or Corporate Governance/Nomination/Remuneration Committee. A designated committee may subsequently validate/evaluate the report to determine if any sanction or disciplinary action should be taken against the erring employee or director.

4) Related Party Transactions

(a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

Related Party Transactions	Policies and Procedures
<p>Covered Related Party Transactions (RPTs) are as follows:</p> <ol style="list-style-type: none"> 1. Credit exposures and claims and write-offs; 2. Investments/ subscriptions for debt/equity issuances; 3. Consulting, professional, agency and other service arrangements/contracts; 4. Purchases and sales of assets, including transfer of technology and intangible items (research and development, trademarks and license agreements); 5. Construction arrangements/ contracts; 6. Lease arrangements/contracts; 7. Trading and derivative transactions; 8. Borrowings, commitments, fund transfers and guarantees; 9. Sale, purchase or supply of any goods or materials; and 10. Establishment of joint venture entities. 	<p>The Board of Directors, Management and Staff of the Philippine National Bank, including trust department and its subsidiaries and affiliates commit themselves to adopt and adhere with the RPT Policy Guidelines. The RPT Policy Framework guidelines were formulated in accordance with the requirements of the SEC and BSP regulations, as well as, the Basel Core Principles (BCP) for Effective Banking Supervision No. 20 and other related laws and regulations.</p> <p>The key elements of the RPT Policy Framework include the board and senior management oversight; policies and procedures; training; monitoring and assessment; and disclosures/reports. The RPT guidelines cover a wide range of transactions that could pose credit risk, counterparty risk, material risk and potential abuse to the bank and its stakeholders. The Bank ensures that individual and aggregate exposures to related parties are within prudent levels consistent with existing prudential limits and internal limits; monitored through independent reviews by Internal Audit and Global Compliance Groups; covered in disclosures and/or reporting requirements; as well as sustained awareness through RPT Framework Training Programs. The members of the Board, shareholders, and management shall disclose to the Board whether they directly, indirectly or on behalf of third parties, have a financial interest in any transaction or matters affecting the Bank. Directors and officers involved in possible conflict of interest shall disassociate themselves from the decision making process and to not be involved in the discussion, approval and management of such transactions or matters affecting the Bank. The Board Oversight RPT Committee, may inform the Corporate Governance/Nomination/Remuneration Committee of the directors/officers' actual/potential conflicts of interest with the Bank, as necessary.</p> <p>The Bank strictly applies the arm's length policy in the management of RPTs. The following critical factors are to be considered in the evaluation (a) the related party's relationship to the Bank and interest in the transaction, (b) the material facts of the proposed RPT, including the proposed aggregate value of such transactions, (c) the benefits to the bank of the proposed RPT, (d) the availability of other sources of comparable products or services, and (e) the assessment of whether the proposed RPT is on the terms and conditions that are comparable to the terms generally</p>