

### 1.1. Composition of the Board and the Independent Directors

The Board shall be composed of at least five (5), but not more than fifteen (15) members who are elected by the stockholders as provided for in the Articles of Incorporation and By-Laws.

The members of the board of directors shall be selected from a broad pool of qualified candidates.

A sufficient number of qualified non-executive members shall be elected to promote the independence of the board from the views of senior management. For this purpose, non-executive members of the board of directors shall refer to those who are not part of the day-to-day management of banking operations and shall include the independent directors.

**The Bank conforms to have five (5) independent directors representing 33.33% or 34% of the Board, beyond the 20% requirement defined by law. Any fractional result from applying the required minimum proportion shall be rounded-up to the nearest whole number.**

### 1.2. General Principles

1.2.1. The Board is primarily accountable to the stockholders. It should provide them with a balanced/fair and comprehensible assessment of the PNB Group performance, position and prospects on a quarterly basis, including interim and other reports on matters that could adversely affect its business, as well as reports to regulators that are required by law;

1.2.2. The principle of fairness refers to the protection of the rights of all shareholders, treatment in share purchases, issuance of reports to all and by and large the specific policies on the treatment of stakeholders;

1.2.3. Transparency refers to the adherence to the disclosure standards on the issuance of periodic reports regarding material information and the over-all performance of management. It also covers the standards used both by the internal and external auditors in reporting their audit findings; and

1.2.4. In accepting memberships in other corporate boards, the members of the Board of Directors of PNB Group shall always be guided by the basic consideration of how much time they can effectively discharge their duties in PNB Group as well as in the other corporate boards.

1.2.5. The board of directors and management should have an effective oversight on the bank's disclosure practices, i.e., accurate, clear and presented in a manner that shareholders, depositors, other relevant stakeholders and market participants can understand easily; and

1.2.6. The responsibilities of the board of directors and management are in no way diminished by the existence of a system for the supervision of the bank by BSP or by a requirement for the bank's financial statements to be audited by an external auditor.

### 1.3. Powers, Duties and Responsibilities of the Board of Directors

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