



**MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING
HELD ON MAY 26, 2015 AT THE GRAND BALLROOM
UPPER LOBBY, CENTURY PARK HOTEL
599 PABLO OCAMPO SR., MALATE MANILA**

I. CALL TO ORDER

The meeting commenced with the singing of the National Anthem and the delivery of the Invocation by Mr. Nelson C. Reyes, EVP and Chief Finance Officer. Mr. Roberto C. Vergara, FVP and Trust Banking Group Head, acted as Master of Ceremonies.

Chairman Florencia G. Tarriela then welcomed the stockholders and called the meeting to order at 8:07 a.m.

Corporate Secretary Doris S. Te acted as secretary of the meeting.

II. SECRETARY'S PROOF OF NOTICE AND QUORUM

The Chairman asked the Corporate Secretary to show proof that the required notice of the meeting was duly sent to all the stockholders. The Corporate Secretary stated that, in accordance with the requirements of the Securities Regulation Code and the New Disclosure Rules of the Securities and Exchange Commission, written notice of the meeting was sent to all shareholders of record at least fifteen (15) business days prior to the date of the meeting based on a certification to this effect executed by the bank's Stock Transfer Agent. She added that, in accordance with Section 4.4, Article IV of the bank's Amended By-Laws, the notice was likewise published alternately in the "Philippine Daily Inquirer", "Philippine Star", "Pilipino Star NGAYON", "BusinessWorld", "The Manila Times", "Business Mirror" and "The Standard" for one week, from May 10 to 16, 2015.

The Chairman, thereafter, requested the Corporate Secretary to certify to the existence of a quorum. The Corporate Secretary stated that based on the attendance record and the proxies and powers of attorney on hand, there was present, in person and represented by proxy, a total of 1,055,775,383 shares or 84.52% of the bank's total outstanding issued shares, hence, there was a quorum for the valid transaction for business.

III. APPROVAL OF THE MINUTES OF THE 2014 ANNUAL STOCKHOLDERS' MEETING HELD ON MAY 27, 2014

The next item in the Agenda was the approval of the Minutes of the 2014 Annual Stockholders' Meeting held on May 27, 2014. Copies of the minutes of said meeting were made available at the registration table for all stockholders desiring to inspect the same.

Ms. Janice M. Adaoag, a stockholder, moved that the reading of the Minutes of the 2014 Annual Stockholders' Meeting held on May 27, 2014 be dispensed with and that the same as appearing in the books of the Corporate Secretary be approved. Ms. Rochelle S. Ardiente, another stockholder, seconded the motion.

There being no comments or objections, the Minutes of the 2014 Annual Stockholders' Meeting held on May 27, 2014 were duly approved.

IV. REPORT OF THE PRESIDENT ON THE RESULTS OF OPERATIONS FOR THE YEAR 2014

The Chairman called on the President and CEO, Mr. Reynaldo A. Maclang, to present his report on the results of operations for the year 2014.

The President proceeded to render his report as follows:

Members of the PNB Board of Directors, fellow stockholders and Philnabankers, ladies and gentlemen: good morning. On behalf of the PNB Board of Directors, officers and staff, I welcome all of you to our Annual Stockholders' Meeting.

When I was elected PNB President exactly one year ago, I accepted this position with deep humility knowing what a great privilege and responsibility it is to lead a much revered institution such as PNB. My presidency came at an exciting chapter in the Bank's history as we have just carried out in 2013 the much-awaited merger with Allied Banking Corporation. In a span of two years, we have substantially completed our operational integration except for the transition into a unified core banking platform, the development of which is progressing on schedule.

2014 Roadmap to Growth and Profitability

With much of the merger work behind us, we focused in 2014 on the sustained execution of the Bank's strategic plan: fortifying our business fundamentals to deliver improved value to our shareholders. Our Board of Directors and senior management have crafted a clear roadmap on what we need to do to sustain PNB's status as one of the premier financial institutions in the industry. I am pleased to report to you that we have made significant headway towards the realization of our long-term corporate goals of high profitability supported by a solid balance sheet.

While 2014 presented challenges to the financial industry in terms of low interest rate regime which compressed margins and also adversely affected trading gains, PNB's net income reached P5.5 billion, up by 5% from previous year's level. The improvement in the Bank's bottomline resulted from three key priorities in 2014 namely, strengthening revenue streams, improving cost efficiency, and enhancing further the quality of our balance sheet.

Leveraging on PNB's solid franchise and further maximizing the synergies from the merger, the net interest margin posted a strong 23% growth from P13.7 billion to P16.9 billion. Behind this significant accomplishment was the 20% hike in our loan book.

In the corporate segment, we are particularly proud to have been instrumental for five landmark deals in 2014 involving a total deal size of P96.8 billion. PNB also funded many key Public-Private Partnership (PPP) projects which are part of the government's priority infrastructure program. Through our lending to the middle market and SMEs nationwide, we contributed to the strength of local economies.

We are relentlessly pursuing to grow this segment more briskly by capitalizing on our extensive distribution network.

In the consumer loan market, PNB took a strategic move in infusing P10 billion capital in PNB Savings Bank, formerly known as Allied Savings Bank. Although operational integration was a major concern in 2014, the consumer loan business continued to grow by 14% year-on-year.

Given the Bank's double-digit loan growth in 2014, our loan to deposit ratio rose to 68% from 55% in 2013.

Our branch banking business, meanwhile, continued to provide a stable source of low-cost funds while showing higher success rate in its cross-selling initiatives. Since I assumed office, I took the time to visit as many branches as I could to talk and rally our branch personnel who are our most visible brand ambassadors in the field. Low cost funds composed the bulk of deposits at 60%, well within our minimum benchmark. The transformation of PNB branches into one-stop shops for a full range of banking products has borne fruit. Cross-selling of consumer loans, credit cards, bancassurance and investment products grew by 38% in 2014. To further complement the existing distribution network of 660 branches and 884 ATMs, a major ATM acquisition and upgrading was approved during the year with the order placement of 1,000 new machines that are compliant with Europay/Mastercard/Visa protocols, the new standard come January 2016.

Due to the volatility in the financial markets in the past year, we realized at the onset that there would be limited opportunities for trading gains unlike in previous periods. Aside from growing substantially our lending business, we also fortified our recurring fee-based business.

In the area of remittance, we further beefed up our global reach as new agency partners were accredited in USA, Canada and Europe in 2014. The most significant of this is our strategic alliance with Wells Fargo, one of the biggest financial services providers in the USA. With this tie-up, millions of Filipino Americans get to enjoy wider and convenient options to remit money to the Philippines with Wells Fargo's more than 6,000 offices.

Our trust business likewise gained traction in 2014. Assets Under Management grew briskly by 17% to close at P65.8 billion. All products exhibited high take-up rates, reflecting customers' confidence in the Bank's fund management capabilities and the solid yield performance of its managed portfolios. PNB's Unit Investment Trust Funds showed a 62% growth year-on-year. We were the first to provide the investing public with an end-to-end online platform for UITF investing through our UITF Online Facility. Seven of our UITFs were among the top three best performing funds in their categories in 2014.

With all these gains in our core businesses, total operating income in 2014 reached P26.4 billion, 12% higher than 2013.

While we aggressively pursued our growth strategies, we remained prudent in our risk taking and mindful of sound corporate governance practices. High credit underwriting standards continued to be adopted. At the same time, a proactive management of liabilities reduced interest expenses by 23%.

We employed new technology to acquire additional business and move clients towards more cost efficient channels. This is exemplified by the launch of PNB ITax, the first online tax payment system for individuals in the country. New functionalities were also added in our internet banking facility: UITF placement and ATM Safe enrollment. Moreover, through our phone banking and web-based platforms in North America and Europe, we are able to process remittance transactions faster and at lower cost while providing clients added convenience.

We were likewise decisive in strengthening our balance sheet to mitigate risks and prepare the Bank well for a stricter regulatory regime. A major step in this direction was the stock rights offering implemented in February 2014 which raised P11.6 billion fresh capital for the Bank. We thank you, our stockholders, for supporting this capital call which was highly oversubscribed. The capital raising activity increased the Bank's capital position by 21% from P79.3 billion to P95.8 billion, in line with the accelerated implementation of Basel III standards by the BSP. At the end of 2014, the Group's consolidated Capital Adequacy Ratio (CAR) of 20.6% and a Common Equity Tier 1 (CET1) ratio of 17.4% far exceeded the minimum 10% and 8.5% required by the BSP, respectively.

Total resources stood at P625.4 billion, exceeding prior year's level by P9.2 billion. Our asset quality further improved with the significant progress in the reduction of our non-performing loans and foreclosed assets. Non-performing loans were pared down to P9.9 billion at the end of the year. Non-performing loan ratio (net of valuation reserves), based on BSP guidelines, declined to 0.92% from 1.39% in the prior year. Similarly, the non-performing assets were likewise cut with the sale of P2.2 billion in foreclosed properties.

All told, PNB ended 2014 with a healthier balance sheet which would allow it to sufficiently cover growth objectives, regulatory requirements and material risks it might face in the course of doing business.

First Quarter 2015 Business Results

The Bank sustained its profitability in the first quarter of 2015 with consolidated net income reaching P1.2 billion. Net interest income stood at P4.25 billion, slightly down by 4.4% from the year-ago level which included one-time gains from the redemption of non-performing assets. Excluding these gains, the net interest income actually grew by 11.4%. This growth was fueled by the strong performance of PNB's core lending business. Loans grew by 17% year-on-year.

Moreover, PNB successfully closed and signed a USD150 million 3-year syndicated term loan facility with a large group of international and regional banks in April this year. The facility was launched at USD150 million and attracted total commitments of USD220 million at the close of syndication, representing an oversubscription of 1.5 times. This marked PNB's return to the syndicated loan market after more than a decade, the last being in 1998. The success of the transaction is a strong acknowledgment of the capital market's confidence in the credit strength of the Bank. The loan is intended to fund asset growth through loans and investments in support of the build-up of our FCDU books' accrual income.

Awards and Credit Rating Upgrade

At this point, allow me to mention the awards that were given to PNB for our two key retail products which are both innovations in the industry. The ATMSafe, the first insurance product against ATM fraud, was awarded as the Most Innovative Banking Product by Global Banking Finance and Review, a renowned London-based publication last March 20, 2015. To date, ATMSafe has more than one million users. With ATM fraud becoming more rampant and sophisticated these days, the Philippine legislature is looking at the universal adoption of a similar protection for all ATM cardholders in the country.

PNB was also cited for excellence in business model innovation in the 2014 Retail Banker International Asia Trailblazer Award for launching the Healthy Ka Pinoy Emergency Medical Card. This low-cost health insurance provides the unbanked sector with a very affordable protection against emergency medical needs on top of accident, death and burial benefits.

Likewise, PNB was recognized as the Outstanding *PhilPass* REMIT Participant by the BSP in 2014 for its exceptional performance in terms of remittance volume sent via the Philippine Payments and Settlement System (*PhilPass*).

I am very pleased to inform you that last week, Moody's Investor Service has upgraded the long-term and short-term deposit ratings of PNB to investment grade, reflecting the consistent improvement in the Bank's credit profile. Standard & Poor's also upgraded its outlook on PNB from "stable" to "positive" in March 2014.

The Next Big Step

On July 22 next year, PNB will celebrate its 100th year anniversary. This is a very meaningful milestone for us knowing that we have served at the very least two generations of Filipinos and a multitude of companies of all sizes that have shaped the economic history of this country. We, the present Philnabankers, are very proud to be part of this institution that has endured the test of time. While we consider our PNB badge an honor, it conversely demands from the Bank sustained responsibility to be a positive force in nation-building in the years ahead.

Our past successes provide the springboard for our future vision of a reinvigorated PNB: a Bank serving the evolving needs of the Filipinos wherever they may be with expertise, dedication, care and speed. We have been investing over time to transform the Bank into a more agile, sales driven and customer centric organization. While we have achieved tangible success in this regard, we will continue to put a lot of hard work in making PNB solid and ready to advance in the next 100 years. Soon, we will be launching an institutional campaign to articulate the essence of the PNB brand, and highlight the refreshed logo and renewed branch premises in order to differentiate PNB from its competitors.

We are confident that with the breadth of our products and services, our strong domestic and international presence, and dedicated corps of officers and employees, PNB will remain one of the country's premiere banks that will serve a new generation of Filipinos. With your continuing support, we will make sure that PNB's legacy in the next 100 years will have more impact on the communities and markets we serve and on the Philippine nation as a whole.

Thank you for your time and a pleasant good morning once again.

After the President's Report, the Chairman invited comments and questions from the floor.

Mr. Mariano M. Soria, a stockholder and a retired Philnabanker, took the floor and congratulated the Board of Directors, Management and the ranks for the major accomplishments of the bank in 2014. He said that it was not only the new Philnabankers who are proud of the achievements of the bank but also the retirees like himself as well. He was thankful that the bank is taking care of its people even after they retire through the extension of the health maintenance organization (HMO) insurance plan for retirees.

Mr. Albert Christian Silva, another stockholder, said that Management, particularly the President, should be commended for the 5% increase in net income and the improved ratings by Moody's and Standard & Poors.

The Chairman expressed her gratitude to the Board of Directors, the President, and Management, officers and staff and all the employees of the bank for their valuable contributions to the good performance of the bank for the year 2014. She thanked the stockholders for their invaluable support and understanding.

Thereafter, the President's Report and the foregoing exchanges were duly noted by those present at the meeting.

V. APPROVAL OF THE 2014 ANNUAL REPORT

The Chairman then proceeded to the next item in the Agenda which was the approval of the Annual Report containing the audited financial statements of the bank for the year 2014. She said that the body had just heard the report of the President explaining the results of operations as reflected in the bank's audited financial statements. The Chairman said that she would entertain queries from the floor.

Since there was none, Ms. Doanni Lou F. Dequina, a stockholder, took the floor and moved that the audited financial statements of PNB as contained in the 2014 Annual Report be duly noted and approved. There being no objections, the stockholders approved thus:

STOCKHOLDERS RESOLUTION NO. 01-15

RESOLVED, AS IT IS HEREBY RESOLVED, that the stockholders hereby confirm and ratify PNB's 2014 Annual Report together with the Audited Financial Statements for the year ended December 31, 2014.

VI. RATIFICATION OF ALL LEGAL ACTS, RESOLUTIONS AND PROCEEDINGS OF THE BOARD OF DIRECTORS AND CORPORATE OFFICERS SINCE THE 2013 ANNUAL STOCKHOLDERS' MEETING

The next item in the Agenda was the ratification of all legal acts, resolutions and proceedings of the Board of Directors and corporate officers since the 2014 Annual Stockholders' Meeting. The Chairman stated that the minutes of all Board meetings were on file with the Office of the Corporate Secretary and were available for inspection upon the request of any shareholder.

Mr. Edward Angelo M. Polistico, a stockholder, took the floor and moved that all the legal acts, resolutions and proceedings of the Board of Directors and the corporate officers of the bank since the 2014 Annual Stockholders' Meeting on May 27, 2014, as reflected in the minutes of the meetings of the Board and the corresponding Board Committees be approved, confirmed and ratified. Ms. Lourdes B. Santillan, another stockholder, seconded the motion.

There being no objection, the Chairman declared the motion approved and all the legal acts, resolutions and proceedings of the Board of Directors and corporate officers since the 2014 Annual Stockholders' Meeting were thereby considered duly approved, confirmed and ratified. The stockholders approved the following resolution:

STOCKHOLDERS RESOLUTION NO. 02-15

RESOLVED, AS IT IS HEREBY RESOLVED, to ratify and confirm all legal acts, resolutions, and proceedings of the Board of Directors and of Management/corporate officers during the year 2014-2015:

VII. ELECTION OF DIRECTORS

The Chairman proceeded to the next item in the Agenda which was the election of the bank's Board of Directors. She asked the Corporate Secretary to read out the names of the nominees for the Board of Directors as approved by the Corporate Governance Committee acting as the bank's Nominations Committee.

The undersigned Corporate Secretary informed the shareholders that the Corporate Governance Committee, acting as the Nominations Committee of the bank under its Manual on Corporate Governance, had approved the nomination of the following for election as members of the Board of Directors for the year 2015-2016:

1. Ms. Florencia G. Tarriela
2. Mr. Felix Enrico R. Alfiler
3. Mr. Florido P. Casuela
4. Mr. Leonilo G. Coronel
5. Mr. Reynaldo A. Maclang
6. Mr. Estelito P. Mendoza
7. Mr. Christopher J. Nelson
8. Mr. Federico C. Pascual
9. Mr. Cecilio K. Pedro
10. Mr. Washington Z. SyCip
11. Mr. Harry C. Tan
12. Mr. Lucio C. Tan
13. Mr. Lucio K. Tan, Jr.
14. Mr. Michael G. Tan
15. Mr. Deogracias N. Vistan

The Corporate Secretary further stated that Ms. Florencia G. Tarriela, Mr. Felix Enrico R. Alfiler, Mr. Deogracias N. Vistan, Mr. Federico C. Pascual and Mr. Cecilio K. Pedro were nominated for re-election as Independent Directors. However, should any of the nominated independent directors be unable to meet the requirement of any of the regulators, the committee had recommended that said nominee be deemed automatically elected as a regular director.

Ms. Sherilyn D. Calderon, a stockholder, moved that since there were only fifteen (15) available seats in the Board of Directors, the Corporate Secretary be instructed to cast all votes equally among them and that the fifteen (15) nominees be proclaimed as duly elected directors of the bank, to serve as such until the election and qualifications of their successors. The motion was properly seconded by Mr. Michael D. Uy

There being no objection, the Chairman instructed the Corporate Secretary to cast due votes in favor of the nominated directors and declare them as duly elected directors of the bank, to serve immediately as such until the election and qualification of their successors.

The Chairman, thereafter, warmly congratulated the newly-elected Board of Directors. She also thanked outgoing director, Mr. Joseph Chua, for his contributions and support, and welcomed Mr. Christopher J. Nelson, Chairman of the British Chamber of Commerce, as incoming director.

STOCKHOLDERS RESOLUTION NO. 03-15

RESOLVED, AS IT IS HEREBY RESOLVED, to approve and confirm the election of members of the Board of Directors of the bank for the year 2015-2016.

1. Ms. Florencia G. Tarriela (Independent Director)
2. Mr. Felix Enrico R. Alfiler (Independent Director)
3. Mr. Florido P. Casuela
4. Mr. Leonilo G. Coronel
5. Mr. Reynaldo A. Maclang
6. Mr. Estelito P. Mendoza
7. Mr. Christopher J. Nelson
8. Mr. Federico C. Pascual (Independent Director)
9. Mr. Cecilio K. Pedro (Independent Director)
10. Mr. Washington Z. SyCip
11. Mr. Harry C. Tan
12. Mr. Lucio C. Tan
13. Mr. Lucio K. Tan, Jr.
14. Mr. Michael G. Tan
15. Mr. Deogracias N. Vistan (Independent Director)

VIII. APPOINTMENT OF EXTERNAL AUDITOR

The Chairman then proceeded to the next item in the Agenda which was the appointment of the bank's External Auditor. The bank's Board Audit and Compliance Committee had duly recommended and endorsed the appointment of SyCip Gorres Velayo & Co. (SGV) as External Auditor for the approval of the Board and ratification by the stockholders. The Chairman said that the partner-in-charge of the bank's account is Ms. Vicky B. Lee-Salas who was appointed last year. In accordance with BSP Circular No. 660 and Rule 68 of the Securities Regulation Code, there was no need to change the partner-in-charge.

Ms. Sherleen Lourdes R. Macatangay, a stockholder, moved that the auditing firm of SGV be nominated as the External Auditor of the bank for the ensuing year.

Ms. Cria Marie Pasquil, another stockholder, then moved that the nomination be closed, after which Ms. Karen L. Dialino seconded the motion.

There being no objection to the motion, the Chairman declared the approval of the appointment of SGV as the External Auditor of the bank for the ensuing year. The stockholders approved thus:

STOCKHOLDERS RESOLUTION NO. 04-15

RESOLVED, AS IT IS HEREBY RESOLVED, to approve the appointment of SyCip Gorres Velayo and Company as the External Auditor of the bank for the fiscal year 2015 to 2016.

IX. ADJOURNMENT


After witnessing the various discussions and exchanges from the floor, Mr. Armand Morales moved that the Annual Meeting of the Stockholders be adjourned, which motion was duly seconded by Ms. Katrina Ilarde.

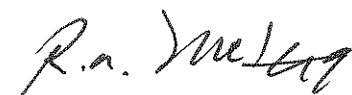
There being no objections, the Chairman thanked everyone and adjourned the Annual Stockholders' Meeting for the year 2015 at 8:52 a.m.

CERTIFIED CORRECT:


DORIS S. TE
Corporate Secretary

ATTESTED BY:


FLORENCIA G. TARRIELA
Chairman of the Board


REYNALDO A. MACLANG
President & CEO