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**Philippine National Bank**  
**PNB**

**PSE Disclosure Form CGR-1 - Compliance Report on Corporate Governance**  
**Reference: Corporate Governance Guidelines for Companies Listed on the Philippine Stock Exchange**

For the year ended Dec 31, 2014

**Description of the Disclosure**

PNB Corporate Governance Guidelines Disclosure Survey for the Year 2014 in compliance with PSE Memorandum CN - No. 2015-0072 dated February 18, 2015.

**Filed on behalf by:**

<b>Name</b>	Doris Te
<b>Designation</b>	Corporate Secretary



**THE PHILIPPINE STOCK EXCHANGE, INC.**

**Corporate Governance Guidelines for**

**Listed Companies**

Disclosure Template for the Year 2014 – **(Philippine National Bank)**

	APPLY	EXPLAIN
<b>Guidelines No.1: DEVELOPS AND EXECUTES A SOUND BUSINESS STRATEGY</b>		
1.1 Have a clearly defined vision, mission and core values.	√	The PNB vision, mission and core values are clearly defined in the Bank website <a href="http://www.pnb.com.ph">www.pnb.com.ph</a> .  Source: 1. <a href="http://www.pnb.com.ph/index.php/about/mission-and-vision">http://www.pnb.com.ph/index.php/about/mission-and-vision</a>
1.2 Have a well developed business strategy.	√	PNB aims to fortify its position as the fourth largest private domestic bank through delivery of high profitability supported by a solid balance sheet.  Source: 1. Bank's 3-year Strategic Business Plan as contained in the Bank's ICAAP document submitted to BSP on February 23, 2015 approved by the Board under Res. No. 32 dated January 30, 2015; 2. Business Planning Workshop held in March 2013; series of workshops in the fourth quarter of 2014 3. <a href="http://www.pnb.com.ph/images/stories/docs/prospectus-2014-11-25.pdf">http://www.pnb.com.ph/images/stories/docs/prospectus-2014-11-25.pdf</a> (p. 24 par. 6; p. 56 par. 10; p. 57 par 2; p. 70 par. 2; p. 80 par. 8) 4. Quarterly monitoring reports to the Board Committees and Board
1.3 Have a strategy execution process that facilitates effective performance management, and is attuned to the company's business environment, management style and culture.	√	Source: 1. <a href="http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf">http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf</a> (p. 6) 2. <a href="http://www.pnb.com.ph/images/stories/docs/Minutes-of-2013-Annual-Stockholders-Meeting.pdf">http://www.pnb.com.ph/images/stories/docs/Minutes-of-2013-Annual-Stockholders-Meeting.pdf</a> (p. 2 Item IV) 3. Business Planning Workshop held in March 2013; series of workshops in the fourth quarter of 2014 4. Minutes of the Board and Management Committee meetings; 5. Bank's 3-year Strategic Business Plan as contained in the Bank's ICAAP document submitted to BSP on February 23, 2015; and
1.4 Have its board continually engaged in discussions of strategic business issues.	√	The Board continuously and regularly meet with senior management to engage in discussions, question and critically review reports and information provided by senior management. This practice can be found in the 2014 Corporate Governance Manual accessible through PNB Website: <a href="http://www.pnb.com.ph">www.pnb.com.ph</a> .  Source: 1. <a href="http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf">http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf</a> (p. 4 par. 2)

		<p>2. Minutes of Board, Board and Management Committee meetings;</p> <p>3. Bank's 3-year Strategic Business Plan as contained in the Bank's ICAAP document submitted to BSP on February 23, 2015; and</p> <p>4. Business Planning Workshop held in March 2013 and series of workshops in the fourth quarter of 2014 attended by Board of Directors.</p>
<b>Guidelines No.2: ESTABLISHES A WELL-STRUCTURED AND FUNCTIONING BOARD</b>		
2.1 Have a board composed of directors of proven competence and integrity.	√	<p>The PNB Board of Directors is composed of 15 members with proven competence and integrity. They are a combination of highly qualified business professionals and individuals with distinguished reputations, with each director exercising independent judgment. They hold a broad range of expertise and business experience and adhere to high standards of good corporate governance. This information is posted in the Bank's website under Investor Relations (Company Profile – Board of Directors; SEC Filings - Definitive Information Statement; PSE Filings – Corporate Governance Manual; Corporate Documents – General Information Statement [GIS] and Financial Performance – Annual Report).</p> <p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/index.php/about/investor-relations/board-of-directors">http://www.pnb.com.ph/index.php/about/investor-relations/board-of-directors</a></li> <li>2. <a href="http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf">http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf</a> (p. 15 par. 3)</li> <li>3. <a href="http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf">http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf</a> (p. 15 Item 2)</li> <li>4. <a href="http://www.pnb.com.ph/images/stories/docs/gis-pse-2015-01-21.pdf">http://www.pnb.com.ph/images/stories/docs/gis-pse-2015-01-21.pdf</a> (p. 8)</li> <li>5. <a href="http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf">http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf</a> (p. 50)</li> </ol>
2.2 Be led a chairman who shall ensure that the board functions in an effective and collegial manner.	√	<p>The Bank's Board of Directors (Board) is led by Chairperson Florencia G. Tarriela, who is an Independent Director. The Board meets every month and holds special meetings as the need arises. The meetings are scheduled ahead at the beginning of each year.</p> <p>Ms. Tarriela presides over all board meetings. She was formerly an Undersecretary of Finance and alternate member of the BSP Monetary Board, PDIC and Land Bank of the Philippines. She was the former Deputy Country Head and Managing Partner of Citibank N.A. Philippines. Ms. Tarriela was a graduate of the University of the Philippines and topped the Masters Comprehensive Examination from the University of California, Los Angeles. Her profile is included in the Definitive Information Statement.</p> <p>The specific duties and responsibilities of the Chairman are stated in the Bank's website under Investor Relations</p>

		<p>(Corporate Documents - By-Laws; Corporate Governance Manual, Annual Corporate Governance Report [ACGR]).</p> <p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/index.php/about/investor-relations/board-of-directors">http://www.pnb.com.ph/index.php/about/investor-relations/board-of-directors</a></li> <li>2. <a href="http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf">http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf</a> (p. 15 par. 3)</li> <li>3. <a href="http://www.pnb.com.ph/images/stories/docs/bl-2014-11-07.pdf">http://www.pnb.com.ph/images/stories/docs/bl-2014-11-07.pdf</a> (p. 8 Art V Sec. 5.6)</li> <li>4. <a href="http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf">http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf</a> (p. 18 Item 2.7)</li> <li>5. <a href="http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf">http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf</a> (p. 8 Item 2)</li> </ol>
2.3 Have at least three (3) or thirty percent (30%), whichever is higher, of its directors as independent directors.	√	<p>The Bank currently has five (5) Independent Directors (IDs), representing 33% of the members of the board, beyond the 20% requirement of the SEC, namely: Ms. Florencia G. Tarriela, Mr. Felix Enrico R. Alfiler, Mr. Federico C. Pascual, Mr. Cecilio K. Pedro and Mr. Deogracias N. Vistan. Their appointment as independent directors was already confirmed by the appropriate regulatory bodies.</p> <p>The profiles of the above-named IDs are included in the Definitive Information Statement. Their certifications as IDs are also in the Bank's website under Investor Relations - SEC Filings. The nomination, election and qualifications of an ID are stated in the Bank's By-Laws, Corporate Governance Manual and ACGR.</p> <p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/index.php/about/investor-relations/board-of-directors">http://www.pnb.com.ph/index.php/about/investor-relations/board-of-directors</a></li> <li>2. <a href="http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf">http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf</a> (p. 15 par. 1)</li> <li>3. <a href="http://www.pnb.com.ph/images/stories/docs/03-12-14-Certification-of-Independent-Director.pdf">http://www.pnb.com.ph/images/stories/docs/03-12-14-Certification-of-Independent-Director.pdf</a></li> <li>4. <a href="http://www.pnb.com.ph/images/stories/docs/06-06-14-Certification-of-Independent-Director.pdf">http://www.pnb.com.ph/images/stories/docs/06-06-14-Certification-of-Independent-Director.pdf</a></li> <li>5. <a href="http://www.pnb.com.ph/images/stories/docs/06-19-14-Certification-of-Independent-Director.pdf">http://www.pnb.com.ph/images/stories/docs/06-19-14-Certification-of-Independent-Director.pdf</a></li> <li>6. <a href="http://www.pnb.com.ph/images/stories/docs/06-19-14-Amended-Certification-of-Independent-Director.pdf">http://www.pnb.com.ph/images/stories/docs/06-19-14-Amended-Certification-of-Independent-Director.pdf</a></li> <li>7. <a href="http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf">http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf</a> (p. 17 Item 2.4)</li> <li>8. <a href="http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf">http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf</a> (p. 15 par. 2)</li> </ol>
2.4 Have in place written manuals, guidelines and issuances that routine procedures and processes.	√	<p>The Bank's Board-approved manuals, operating guidelines and bulletins are annually reviewed and revised, as needed. These are circularized to all employees and posted in the Bank's Intranet/Cybermag and website for easy reference.</p>

		<p>Compilation of approved Manuals and Circulars on the policies and procedures/guidelines are available and being kept by Business Systems and Support Division.</p> <p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf">http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf</a></li> <li>2. PNB Intranet: Cybermag</li> </ol>
2.5 Have Audit, Risk, Governance and Nomination and Election Committees.	√	<p>The functions, members and charters of the Bank's Board Audit and Compliance Committee, Risk Oversight Committee and Corporate Governance Committee (acting as the Nomination and Election Committee), together with the other board committees, are in the Bank's website under Corporate Governance – Board Committees, Corporate Governance Manual and ACGR.</p> <p>The Corporate Governance Committee, Executive Committee (renamed to Board Credit Policy Committee) and Trust Committee are also mentioned in the Bank's By-Laws.</p> <p>Evidence of the proactive existence of said committees can be found in the Corporate Governance Manual which is uploaded in the Bank's website.</p> <p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/index.php/about/corporate-governance/board-committees">http://www.pnb.com.ph/index.php/about/corporate-governance/board-committees</a></li> <li>2. <a href="http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf">http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf</a> (p. 46-59)</li> <li>3. <a href="http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf">http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf</a> (p. 34-36)</li> <li>4. <a href="http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf">http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf</a> (p. 13 Item 2 (c), (d) &amp; (e))</li> <li>5. <a href="http://www.pnb.com.ph/images/stories/docs/bl-2014-11-07.pdf">http://www.pnb.com.ph/images/stories/docs/bl-2014-11-07.pdf</a> (p. 7 &amp; 11 Art. V Sec. 5.5 &amp; 5.17)</li> </ol>
2.6 Have its Chairman and CEO positions held separately by individuals who are not related to each other's.	√	<p>The Chairman of the Board is Ms. Florencia G. Tarriela while the President of the Bank is Mr. Reynaldo A. Maclang. They are not related to each other. The complimentary relationship of their positions provides the appropriate balance of power, increased accountability, independent decision-making by the board, and management responsibility to execute strategic plans of the Bank. Their profiles are included in the Definitive Information Statement.</p> <p>The specific duties and responsibilities of the Chairman of the Board and of the President of the Bank are clearly defined in the Bank's By-Laws, Corporate Governance Manual and ACGR.</p>

		<p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/index.php/about/investor-relations/board-of-directors">http://www.pnb.com.ph/index.php/about/investor-relations/board-of-directors</a></li> <li>2. <a href="http://www.pnb.com.ph/images/stories/docs/Definitive%20Information%20Statement.pdf">http://www.pnb.com.ph/images/stories/docs/Definitive Information Statement.pdf</a> (p. 15 par. 4)</li> <li>3. <a href="http://www.pnb.com.ph/images/stories/docs/bl-2014-11-07.pdf">http://www.pnb.com.ph/images/stories/docs/bl-2014-11-07.pdf</a> (Art V Sec. 5.6 &amp; Art VI Sec. 6.3)</li> <li>4. <a href="http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf">http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf</a> (p. 18 Item 2.7 &amp; p. 24 Item 5)</li> <li>5. <a href="http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf">http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf</a> (p. 10 Item 2)</li> <li>6. <a href="http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf">http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf</a> (p. 6 Item 2)</li> </ol>
2.7 Have a director nomination and election process that ensures that all shareholders are given the opportunity to nominate and elect directors individually based on the number of shares voted.	√	<p>The Corporate Governance Committee, acting as the Bank's Nomination Committee, receives and considers the shortlist of the candidates nominated to sit as members of the board of directors according to prescribed qualifications and disqualifications. After a thorough review and evaluation of the qualifications of the nominees, the Corporate Governance Committee endorses the nomination of the individuals for election to the board of directors.</p> <p>The right of the stockholders to vote is explained in the Definitive Information Statement and By-Laws of the Bank.</p> <p>The voting results of the Annual Stockholders' Meeting are stated in the ACGR and immediately disclosed to the regulators.</p> <p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf">http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf</a> (p. 4 Item 4 &amp; p. 32 Item 11)</li> <li>2. <a href="http://www.pnb.com.ph/images/stories/docs/bl-2014-11-07.pdf">http://www.pnb.com.ph/images/stories/docs/bl-2014-11-07.pdf</a> (Art. V; Art. IV Sec. 4.7 &amp; 4.9)</li> <li>3. <a href="http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf">http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf</a> (p. 83 Item 11)</li> <li>4. <a href="http://www.pnb.com.ph/images/stories/docs/amendments-to-annual-corporate-governance-report-for-2013.pdf">http://www.pnb.com.ph/images/stories/docs/amendments-to-annual-corporate-governance-report-for-2013.pdf</a> (p. 33 Item (e))</li> <li>5. <a href="http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf">http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf</a> (p. 34 Item 3)</li> </ol>
2.8 Have in place a formal board and director development program.	√	<p>The BSP requires all newly-elected directors to attend a Corporate Governance Seminar. Likewise, a once a year attendance in a corporate governance program is required by the SEC.</p>

		<p>The members of the Board of Directors are compliant with the above requirements. Their certificates of attendance are posted in the Bank's website under Investor Relations – SEC Filings.</p> <p>The requirements for training as well as the list of in-house trainings and external courses attended by the directors and senior management are included in the Corporate Governance Manual and ACGR.</p> <p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/images/stories/docs/12-15-14-Certificate-of-Attendance.pdf">http://www.pnb.com.ph/images/stories/docs/12-15-14-Certificate-of-Attendance.pdf</a></li> <li>2. <a href="http://www.pnb.com.ph/images/stories/docs/10-28-14-Certificate-of-Attendance.pdf">http://www.pnb.com.ph/images/stories/docs/10-28-14-Certificate-of-Attendance.pdf</a></li> <li>3. <a href="http://www.pnb.com.ph/images/stories/docs/10-16-14-Certificate-of-Attendance.pdf">http://www.pnb.com.ph/images/stories/docs/10-16-14-Certificate-of-Attendance.pdf</a></li> <li>4. <a href="http://www.pnb.com.ph/images/stories/docs/08-27-14-Certificate-of-Attendance.pdf">http://www.pnb.com.ph/images/stories/docs/08-27-14-Certificate-of-Attendance.pdf</a></li> <li>5. <a href="http://www.pnb.com.ph/images/stories/docs/06-02-14-Certificate-of-Attendance.pdf">http://www.pnb.com.ph/images/stories/docs/06-02-14-Certificate-of-Attendance.pdf</a></li> <li>6. <a href="http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf">http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf</a> (p. 44 Item X)</li> <li>7. <a href="http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf">http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf</a> (p. 17 Item 6)</li> <li>8. <a href="http://www.pnb.com.ph/images/stories/docs/amendments-to-annual-corporate-governance-report-for-2013.pdf">http://www.pnb.com.ph/images/stories/docs/amendments-to-annual-corporate-governance-report-for-2013.pdf</a> (p. 8 Item 2)</li> <li>9. <a href="http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf">http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf</a> (p. 7 Item 5)</li> </ol>
2.9 Have a corporate secretary.	√	<p>The Corporate Secretary of the Bank is Atty. Doris S. Te. She joined the Bank in 2009 and was appointed as Corporate Secretary in January 2012. Her profile is included in the Definitive Information Statement.</p> <p>The duties and responsibilities of the Corporate Secretary are stated in Bank's By-Laws and Corporate Governance Manual.</p> <p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf">http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf</a> (p. 21 par. 4)</li> <li>2. <a href="http://www.pnb.com.ph/images/stories/docs/bl-2014-11-07.pdf">http://www.pnb.com.ph/images/stories/docs/bl-2014-11-07.pdf</a> (Art. VI Sec. 6.5)</li> <li>3. <a href="http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-04.pdf">http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-04.pdf</a> (p. 24 Item 6)</li> </ol>
2.10 Have no shareholder agreement, by-laws provisions, or other arrangements that constrains the directors' ability to vote independently.	√	<p>There are no shareholder agreements, by-laws provisions, or other arrangements that constrains the directors' ability to vote independently.</p>
<b>Guidelines No. 3:</b>		



MAINTAINS A ROBUST INTERNAL AUDIT AND CONTROL SYSTEM		
3.1 Establish the internal audit function as a separate unit in the company which would be overseen at the Board level.	√	<p>The Chief Audit Executive and Internal Audit Group reports directly to the Board Audit &amp; Compliance Committee, chaired by Independent Director Deogracias N. Vistan.</p> <p>The internal audit function provides an independent assessment of the adequacy and effectiveness of the overall risk management framework and governance structures. The Bank's subsidiaries also observed independent function and report directly to their respective Board Audit and Compliance Committee.</p> <p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf">http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf</a> (p. 72)</li> <li>2. <a href="http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf">http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf</a> (p. 34 and p. 61 Item G)</li> <li>3. <a href="http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf">http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf</a> (p. 20 Item F)</li> <li>4. <a href="http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf">http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf</a> (p. 49 - 51)</li> <li>5. <a href="http://www.pnb.com.ph/images/stories/docs/bl-2014-11-07.pdf">http://www.pnb.com.ph/images/stories/docs/bl-2014-11-07.pdf</a> (Art. VI Sec. 6.8)</li> <li>6. Charter of the Internal Audit Group</li> </ol>
3.2 Have a comprehensive enterprise-wide compliance program that is annually reviewed.	√	<p>The Bank has in place a board-approved comprehensive enterprise-wide compliance program which is constantly being reviewed and updated to conform to regulations. The manuals are available through the Bank's intranet/cybermag and website for easy access by employees and the publics/shareholders.</p> <p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/index.php/about/corporate-governance/compliance-system">http://www.pnb.com.ph/index.php/about/corporate-governance/compliance-system</a></li> <li>2. <a href="http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf">http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf</a> (p. 26 Item 7.2.4 and p. 50 Item 3)</li> <li>3. <a href="http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf">http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf</a> (p. 33)</li> <li>4. PNB Intranet/Cybermag</li> </ol>
3.3 Institutionalize quality service programs for the internal audit function.	√	<p>The Internal Audit function has established a quality assessment and improvement program which subjects the Internal Audit Activity to regular quality assurance assessment in compliance with regulations.</p> <p>Source:</p> <ol style="list-style-type: none"> <li>1. <b>External Quality Assessment (EQAR)</b> undertaken by SGV every 5 years. The most recent EQAR rating was</li> </ol>

		<p>Generally Compliant (GC). The next EQAR of PNB Internal Audit function is scheduled in 2015.</p> <ol style="list-style-type: none"> <li>2. <b>Audit Quality Assurance Section</b>, which is a dedicated section of the Internal Audit Group (IAG) comprised of 5 officers and was organized in June 2011. The role of IAG-AQuA is to conduct regularly independent assessments of the Internal Audit Activity, and evaluate IAG's effectiveness in carrying out its responsibilities and identify opportunities to enhance its processes. Four (4) of the QA officers are Institute of Internal Auditors (IIA) accredited Quality Assessment Validators;</li> <li>3. <b>Audit Client Satisfaction Survey</b> is a routine procedure observed by IAG-AQuA Section. The results of the surveys are regularly reported to the Board Audit and Compliance Committee; and</li> <li>4. <a href="http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf">http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf</a> (p. 72)</li> <li>5. <a href="http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf">http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf</a> (p. 20 Item F)</li> <li>6. <b>Board approved Internal Audit Manual</b></li> </ol>
3.4 Have in place a mechanism that allows employees, suppliers and other stakeholders to raise valid issues.	√	<p>The Bank has Board-approved policies that protect/allows employees, suppliers and other stakeholders to raise valid issues. Under the Bank's Whistleblower Policy, employees can report or complain about internally any suspected or actual commission of theft/fraud, corruption, etc.). The employee or the whistleblower is protected against retaliation, discrimination, harassment or adverse personnel action, for reporting in good faith a suspected or actual violation.</p> <p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/index.php/about/corporate-governance">http://www.pnb.com.ph/index.php/about/corporate-governance</a> (Company Policy)</li> <li>2. <a href="http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf">http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf</a> (p. 64 Item H)</li> <li>3. <a href="http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf">http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf</a> (p. 23 Item G)</li> <li>4. PNB Intranet: Cybermag (Knowledge Base section)</li> </ol>
3.5 Have the Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	√	<p>As per ISPPIA Standard No. 2130 (Control) and Practice Advisory 2130-1 (Assessing the adequacy of control processes) the Chief Audit Executive should submit an Annual Report on the Internal Control Environment to the Board Audit and Compliance Committee for endorsement to the PNB Board and Senior Management.</p> <p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf">http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf</a> (p. 26 Item 7)</li> <li>2. <a href="http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf">http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf</a> (p. 68)</li> <li>3. Chief Audit Executive – Annual Internal Control Environment Report;</li> <li>4. Chief Executive Officer – Annual Corporate Governance Report</li> </ol>

		5. Compliance Officer - Compliance Reports and Certifications
<b>Guidelines No. 4: RECOGNIZES AND MANAGES ITS ENTERPRISE RISKS</b>		
4.1 Have its board oversee the company's risk management function.	√	<p>The Board Risk Oversight Committee (ROC) is headed by Director Florido P. Casuela, former Land Bank of the Philippines President and BSP Advisor.</p> <p>The ROC assists the Board to oversee the risk profile and approves the risk management framework of the Bank and its related allied subsidiaries and affiliates. It is mandated to set risk appetite, approve frameworks, policies and processes for managing risk, and accept risks beyond the approval discretion provided to Management.</p> <p>The ROC holds concurrent meeting with the Board Credit &amp; Policy Committee for the Market and Credit Risk segments. The Risk Management Group Reports submitted to the Board ROC are endorsed to the Board for notation/approval. Monthly ROC meetings are held and special ROC meeting may be conducted, as necessary.</p> <p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf">http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf</a> (p. 30 Item 10)</li> <li>2. <a href="http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf">http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf</a> (p. 35)</li> <li>3. <a href="http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf">http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf</a> (p. 43 Item 10)</li> <li>4. <a href="http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf">http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf</a> (p. 51 Item F)</li> <li>5. <a href="http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf">http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf</a> (p. 20 Item E)</li> <li>6. Enterprise Risk Management (ERM) Manual;</li> <li>7. Bank's 3-year Strategic Business Plan as contained in the Bank's ICAAP document submitted to BSP on January 31, 2014</li> </ol>
4.2 Have a formal risk management policy that guides the company's risk management and compliance processes and procedures.	√	<p>The risk management policy includes: (1) a comprehensive risk management approach; (2) a detailed structure of limits, guidelines and other parameters used to govern risk-taking; (3) a clear definition of lines of responsibilities for managing risks; (4) an adequate system for measuring risk; and (5) effective internal controls and a comprehensive risk-reporting process.</p> <p>The policy and manuals are available in the Bank's Intranet/cybermag which is accessible by employees 24/7.</p>

		<p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf">http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf</a> (p. 35)</li> <li>2. <a href="http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf">http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf</a> (p. 43 Item 10)</li> <li>3. <a href="http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf">http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf</a> (p. 51 Item F)</li> <li>4. <a href="http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf">http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf</a> (p. 20 Item E)</li> <li>5. PNB Enterprise Risk Management Manual</li> </ol>
4.3 Design and undertake its Enterprise Risk Management (ERM) activities on the basis of, or in accordance with, internationally recognized frameworks such as but not limited to, COSO, (The Committee of Sponsoring Organizations of the Treadway Commission) I and II.	√	<p>The bank's ERM Manual is aligned with the following internationally recognized frameworks: ICAAP BASEL II, COBIT, ISACA</p> <p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf">http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf</a> (p. 35)</li> </ol>
4.4 Have a unit at the management level, headed by Risk Management Officer (RMO).	√	<p>The Bank's Risk Management Group is headed by a Chief Risk Officer (CRO) who reports to the Risk Oversight Committee. She is primarily responsible for the risk management functions to ensure that a robust organization is maintained. The group, independent from the business lines is organized in 5 divisions: Credit Risk and BASEL II and ICAAP Implementation Division, Market &amp; ALM Division, Operational Risk Management Division, Information Security &amp; Technology Risk Division, and Business Intelligence Division.</p> <p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf">http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf</a> (p. 35)</li> <li>2. <a href="http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf">http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf</a> (p. 30 Item 10)</li> <li>3. <a href="http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf">http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf</a> (p. 26 par. 3)</li> <li>4. <a href="http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf">http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf</a> (p. 51 Item F)</li> <li>5. <a href="http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf">http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf</a> (p. 21 par. 4)</li> </ol>
4.5 Disclose sufficient information about its risk management procedures and processes as well as the key risks the company is currently facing including how these are being managed.	√	<p>The Bank's Board ICAAP Steering Committee, Board Credit &amp; Policy Committee, Risk Oversight Committee, Board Audit and Compliance Committee and the Management ICAAP Steering Committee as well as the Senior Management Committee are responsible to oversee and ensure regular reviews/evaluation of the bank's key risk areas including corrective actions/project plans. The specific areas, i.e. Credit/Market and Liquidity, are also discussed in the Senior Management Committee, Senior Management Credit Committee and the Asset and</p>

		<p>Liability Committee (ALCO).</p> <p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf">http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf</a> (p. 35)</li> <li>2. <a href="http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf">http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf</a> (p. 51 Item F)</li> <li>3. <a href="http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf">http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf</a> (p. 26 par. 3)</li> </ol>
4.6 Seek external technical support in risk management when such competence is not available internally.	√	Expertise is available and subject to a continuing development through internal and external trainings.
<b>Guidelines No. 5: ENSURES THE INTEGRITY OF FINANCIAL REPORTS AS WELL AS ITS EXTERNAL AUDITING FUNCTION</b>		
5.1 Have the board Audit Committee approve all non-audit services conducted by the external auditor. The Committee should ensure that the non-audit fees do not outweigh the fees earned from the external audit.	√	<p>The Board Audit and Compliance Committee (BACC) approved all audit and non-audit services of the bank and its foreign branches and confirmed services engaged for both domestic and foreign subsidiaries.</p> <p>The BACC evaluates and determines the non-audit work of the External Auditor, and review periodically the non-audit fees paid to the External Auditor in relation to their total annual income and to the Bank's overall consultancy expenses.</p> <p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf">http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf</a> (p. 50)</li> <li>2. <a href="http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf">http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf</a> (p. 49)</li> <li>3. <a href="http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf">http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf</a> (p. 34)</li> <li>4. <a href="http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf">http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf</a> (p. 21 Item F)</li> </ol>
5.2 Ensure that the external auditor is credible, competent, and should have the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	√	<p>The Bank has written policy on the selection of external auditors, aligned with the requirements of BSP. All external auditors are approved and such are documented in the Board Audit and Compliance Committee minutes of meetings for endorsement to the Board and ratification by the stockholders.</p> <p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf">http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf</a> (p. 50)</li> <li>2. <a href="http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf">http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf</a> (p. 45)</li> <li>3. <a href="http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf">http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf</a> (p. 34)</li> <li>4. <a href="http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf">http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf</a> (p. 21 Item</li> </ol>

		F)
5.3 Ensure that the external auditor has adequate quality control procedures.	√	<p>The bank engages Class A SEC accredited external auditors.</p> <p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf">http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf</a> (p. 70)</li> <li>2. <a href="http://www.sec.gov.ph/accountantsinfo/auditingfirms/Feb2015_List_of_Accredited_External_Auditors_Under_Group_A.pdf">http://www.sec.gov.ph/accountantsinfo/auditingfirms/Feb2015_List_of_Accredited_External_Auditors_Under_Group_A.pdf</a> (p. 2 Item 110)</li> </ol>
5.4 Disclose relevant information on the external auditors.	√	<p>SGV &amp; Co. is the incumbent external auditor of PNB. They have the advantage of having historical knowledge of the bank's business and its subsidiaries and affiliates, having been the appointed external auditor of PNB in 2014 and prior years.</p> <p>The bank complies with BSP Circular No 660, S. 2009 and the amended SRC Rule 68 (3)(b)(ix) which require the change of external auditor or rotation of the lead and concurring partner every 5 years or earlier.</p> <p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/images/stories/docs/Minutes-of-2013-Annual-Stockholders-Meeting.pdf">http://www.pnb.com.ph/images/stories/docs/Minutes-of-2013-Annual-Stockholders-Meeting.pdf</a> (p. 11 Item IX)</li> <li>2. <a href="http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf">http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf</a> (p. 30 Item 7)</li> <li>3. <a href="http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf">http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf</a> (p. 32 Item 10)</li> </ol>
5.5 Ensures that the external audit firm is selected on the basis of a fair and transparent tender process.	√	<p>The Board Audit and Compliance Committee reviewed and properly discussed the appointment of the bank's external auditor before the same is endorse to the Board for approval and to the stockholders for ratification.</p> <p>The External Auditor as appointed by the stockholders shall undertake an independent audit of the Bank, and shall provide an objective assurance regarding the manner under which the financial statements are prepared and presented to the stockholders</p> <p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf">http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf</a> (p. 50)</li> <li>2. <a href="http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf">http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf</a> (p. 49)</li> <li>3. <a href="http://www.pnb.com.ph/images/stories/docs/Minutes-of-2013-Annual-Stockholders-Meeting.pdf">http://www.pnb.com.ph/images/stories/docs/Minutes-of-2013-Annual-Stockholders-Meeting.pdf</a> (p. 11)</li> </ol>

2014 CORPORATE GOVERNANCE GUIDELINES: DISCLOSURE SURVEY

Company Name: PHILIPPINE NATIONAL BANK (PNB)

Date: March 31, 2015

		<p>Item IX)</p> <p>4. <a href="http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf">http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf</a> (p. 30 Item 7)</p> <p>5. <a href="http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf">http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf</a> (p. 34)</p>
5.6 Have its audit committee conduct regular meetings and dialogues with the external audit team without anyone from management present.	√	<p>On a periodic basis, the Board Audit and Compliance Committee holds meetings/dialogue with the external auditor. Directors call the SGV Managing Partners for specific clarifications and vice versa, as necessary.</p> <p>Source:</p> <p>1. <a href="http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf">http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf</a> (p. 53)</p>
5.7 Have the financial reports attested to by the Chief Executive Officer and Chief Financial Officer.	√	<p>On a quarterly basis, the financial statements are submitted to the SEC, PSE and BSP attested by the President &amp; CEO and the Chief Financial Officer. The Chairman also signed the bank's consolidated financial statements for the year ending December 31, 2013.</p> <p>Source:</p> <p>1. <a href="http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf">http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf</a> (p. 68)</p> <p>2. <a href="http://www.pnb.com.ph/images/stories/docs/PNB_SEC17Q_SEPTEMBER_30_2014.pdf">http://www.pnb.com.ph/images/stories/docs/PNB_SEC17Q_SEPTEMBER_30_2014.pdf</a> (p. 57)</p> <p>3. PNB Intranet Website: Cybermag</p>
5.8 Have a policy of rotating the lead audit partner every five years.	√	<p>The BACC had duly recommended and endorsed SGV's appointment as External Auditor which was approved by the Board and ratified by the stockholders. The partner-in-charge of the bank's account Ms. Vicky B. Lee-Salas replaced former partner-in-charge, Ms. Janeth T. Nuñez, in compliance with the term limit of auditing partner-in-charge under BSP Circular No. 660 and Rule 68 of SRC.</p> <p>Source:</p> <p>1. <a href="http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf">http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf</a> (p. 27 Item 8 &amp; p. 52 Item 2)</p> <p>2. <a href="http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf">http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf</a> (p. 51 par. 8)</p> <p>3. <a href="http://www.pnb.com.ph/images/stories/docs/Minutes-of-2013-Annual-Stockholders-Meeting.pdf">http://www.pnb.com.ph/images/stories/docs/Minutes-of-2013-Annual-Stockholders-Meeting.pdf</a> (p. 11 Item IX)</p>
<b>Guidelines No. 6: RESPECTS AND PROTECTS THE RIGHTS OF ITS SHAREHOLDERS, PARTICULARLY THOSE THAT BELONG TO THE MINORITY OR NON-CONTROLLING GROUP</b>		

6.1 Adopt the principle of "one share, one vote."	√	<p>The Bank adopts the principle of "one share, one vote" as stated in Section 4.9 of the Bank's By-Laws and Definitive Information Statement.</p> <p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/images/stories/docs/bl-2014-11-07.pdf">http://www.pnb.com.ph/images/stories/docs/bl-2014-11-07.pdf</a>, (Art. IV Sec. 4.9)</li> <li>2. <a href="http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf">http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf</a>, (p. 4 Item 4 &amp; p. 81 par. 1)</li> </ol>
6.2 Ensure that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	√	<p>Equal treatment of stockholders with respect to voting rights, subscription rights and transfer rights is provided in the Bank's By-Laws and Definitive Information Statement.</p> <p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/images/stories/docs/bl-2014-11-07.pdf">http://www.pnb.com.ph/images/stories/docs/bl-2014-11-07.pdf</a>, (Art. IV Sec. 4.9)</li> <li>2. <a href="http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf">http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf</a>, (p.81 par. 1)</li> </ol>
6.3 Have an effective, secure and efficient voting system.	√	<p>The notice for the Annual Stockholders' Meeting of the Bank contains, among others, the reminders to the Bank's stockholders of their right to vote at the meeting and to designate a proxy.</p> <p>All proxies received are validated and counted by the Bank together with the Bank's stock transfer agent. During the meeting, all stockholders that are present are likewise counted.</p> <p>The notice of meeting is part of the Definitive Information Statement. The provisions on quorum, right to vote, proxies and voting of shares in general are also included in the Bank's By-Laws.</p> <p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf">http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf</a>, (p.32 Item 11)</li> <li>2. <a href="http://www.pnb.com.ph/images/stories/docs/bl-2014-11-07.pdf">http://www.pnb.com.ph/images/stories/docs/bl-2014-11-07.pdf</a>, (Art. IV Sec. 4.7, &amp; 4.9)</li> </ol>
6.4 Have effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	√	<p>Stockholders have the right to exercise cumulative voting.</p> <p>A stockholder may vote such number of shares for as many persons as there are directors to be elected, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected, or he may distribute them on the same principle among as many candidates as he shall see fit, provided the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of directors to be elected.</p>



		Source: 1. <a href="http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf">http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf</a> , (pp. 32-33 Item 11)
6.5 Provide all shareholders with the notice and agenda of the annual general meeting (AGM) at least thirty (30) days before a regular meeting and twenty (20) days before a special meeting.	√	<p>A written notice and agenda of the Annual Stockholders' Meeting (ASM), together with the Definitive Information Statement, Management Report and Audited Financial Statement, are mailed and/or delivered to the last known/valid addresses of all stockholders of record at least 15 business days prior to the date of the ASM.</p> <p>The notice and agenda are disclosed to the regulators right after the Board approval. They are also published for one (1) week in three (3) newspapers of general circulation at least ten (10) days prior to the date of the meeting.</p> <p>Source: 1. <a href="http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf">http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf</a>, (p. 2 &amp; p. 3, Item 1) 2. <a href="http://www.pnb.com.ph/images/stories/docs/notice-of-stockholders-meeting-04-22-2014.pdf">http://www.pnb.com.ph/images/stories/docs/notice-of-stockholders-meeting-04-22-2014.pdf</a> 3. <a href="http://www.pnb.com.ph/images/stories/docs/Minutes-of-2013-Annual-Stockholders-Meeting.pdf">http://www.pnb.com.ph/images/stories/docs/Minutes-of-2013-Annual-Stockholders-Meeting.pdf</a>, (p. 1 Item II) 4. <a href="http://www.pnb.com.ph/images/stories/docs/bl-2014-11-07.pdf">http://www.pnb.com.ph/images/stories/docs/bl-2014-11-07.pdf</a>, (Art. IV Sec. 4.4)</p>
6.6 Allow shareholders to call a special shareholders meeting, submit a proposal for consideration at the AGM or the special meeting, and ensure the attendance of the external auditor and other relevant individuals to answer shareholder questions in such meetings.	√	<p>The requirements for calling a special meeting of stockholders are provided in the Bank's By-Laws.</p> <p>Stockholders are given the opportunity to take the floor and ask questions or air their concerns during the meeting. If the queries cannot be immediately addressed on the floor, the stockholders are encouraged to dialogue with Management after the meeting. The minutes of the ASM are also uploaded in the Bank's website under Investor Relations – SEC Filings.</p> <p>The senior management team and external auditor of the Bank are actually attending the meeting and assist in answering the concerns of the stockholders. The Bank's regulators are likewise invited to send representatives to attend the meeting on matters that cannot be immediately addressed.</p> <p>Source: 1. <a href="http://www.pnb.com.ph/images/stories/docs/bl-2014-11-07.pdf">http://www.pnb.com.ph/images/stories/docs/bl-2014-11-07.pdf</a>, (Art. IV Sec. 4.3) 2. <a href="http://www.pnb.com.ph/images/stories/docs/Minutes-of-2013-Annual-Stockholders-Meeting.pdf">http://www.pnb.com.ph/images/stories/docs/Minutes-of-2013-Annual-Stockholders-Meeting.pdf</a>, (p. 11)</p>

6.7 Ensure that all relevant questions during the AGM are answered.	√	<p>The stockholders are allowed to take the floor and ask questions to the Board or senior management of the Bank during the Annual Stockholders' Meeting. The stockholders are encouraged to dialogue with Management after the meeting on matters which cannot be immediately addressed.</p> <p>The proceedings of the ASM, including the question and answer (Q &amp; A) portion, are carefully documented, recorded, kept and preserved by the Corporate Secretary through the minutes of the meeting. The Q &amp; A portion of the minutes is included in updates on the ACGR. The minutes of the meeting are available in the Bank's website.</p> <p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/images/stories/docs/Minutes-of-2013-Annual-Stockholders-Meeting.pdf">http://www.pnb.com.ph/images/stories/docs/Minutes-of-2013-Annual-Stockholders-Meeting.pdf</a>, (p.5 par. 9)</li> <li>2. <a href="http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf">http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf</a>, (p.82 Item 10)</li> <li>3. <a href="http://www.pnb.com.ph/images/stories/docs/amendments-to-annual-corporate-governance-report-for-2013.pdf">http://www.pnb.com.ph/images/stories/docs/amendments-to-annual-corporate-governance-report-for-2013.pdf</a>, (p.32 Item d)</li> <li>4. <a href="http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf">http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf</a>, (p. 34 Item 2)</li> <li>5. <a href="http://www.pnb.com.ph/images/stories/docs/acgr-update-06-27-2014.pdf">http://www.pnb.com.ph/images/stories/docs/acgr-update-06-27-2014.pdf</a>, (p. 34 Item 2)</li> </ol>
6.8 Have clearly articulated and enforceable policies with respect to treatment of minority shareholders.	√	<p>The policy with respect to the treatment of the minority shareholders is included in the Corporate Governance Manual of the Bank.</p> <p>Source:</p> <p><a href="http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-04.pdf">http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-04.pdf</a>, (p.39 Item VI)</p>
6.9 Avoid anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group.	√	<p>The Bank ensures full adherence and compliance with the SEC Revised Code of Corporate Governance covering Code of Conduct and Business Ethics. These are present in Code of Conduct Manual, Corporate Governance Manual, DOSRI/RPT Policy, Whistle-blower Policy, Conflict of Interest Policy, Soliciting and/or Receiving Gifts Policy and Personal Investment Policy.</p> <p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf">http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf</a> (p. 29)</li> <li>2. <a href="http://www.pnb.com.ph/index.php/about/corporate-governance/company-policies/whistleblower-policy">http://www.pnb.com.ph/index.php/about/corporate-governance/company-policies/whistleblower-policy</a></li> </ol>

		<p>3. <a href="http://www.pnb.com.ph/index.php/about/corporate-governance/company-policies/conflict-of-interest-policy">http://www.pnb.com.ph/index.php/about/corporate-governance/company-policies/conflict-of-interest-policy</a></p> <p>4. <a href="http://www.pnb.com.ph/index.php/about/corporate-governance/company-policies/insider-trading-policy">http://www.pnb.com.ph/index.php/about/corporate-governance/company-policies/insider-trading-policy</a></p> <p>5. <a href="http://www.pnb.com.ph/index.php/about/corporate-governance/code-of-business-conduct-and-ethics">http://www.pnb.com.ph/index.php/about/corporate-governance/code-of-business-conduct-and-ethics</a></p>
6.10 Provide all shareholders with accurate and timely information regarding the number of shares of all classes held by controlling shareholders and their affiliates.	√	<p>The Bank immediately discloses to regulators all material information relating to the controlling stockholders of the Bank. This is included in the report on computation of public ownership, Definitive Information Statement and ACGR.</p> <p>All Bank disclosures are posted in the Bank's website and may also be viewed at the PSE website.</p> <p>Source:</p> <ol style="list-style-type: none"> <li><a href="http://www.pnb.com.ph/index.php/about/investor-relations/computation-of-public-ownership">http://www.pnb.com.ph/index.php/about/investor-relations/computation-of-public-ownership</a></li> <li><a href="http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf">http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf</a>, (p. 79 Item 2)</li> <li><a href="http://www.pnb.com.ph/images/stories/docs/acgr-consolidated-changes-2014.pdf">http://www.pnb.com.ph/images/stories/docs/acgr-consolidated-changes-2014.pdf</a>, (p. 32 Item 1)</li> </ol>
6.11 Have a communication strategy to promote effective communication with shareholders.	√	<p>The Bank immediately sends formal notices to the regulators for all material information. From time to time, the Marketing Group coordinates press releases to effectively communicate with its shareholders and investing public on significant developments and new initiatives. All disclosures are found in the Bank's website which is easily accessed by the shareholders.</p> <p>PNB press releases to the public are updated regularly in the PNB and PSE websites and published in major newspapers.</p> <p>Source:</p> <ol style="list-style-type: none"> <li><a href="http://www.pnb.com.ph/index.php/about/investor-relations">http://www.pnb.com.ph/index.php/about/investor-relations</a></li> <li><a href="http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf">http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf</a>, pp.21-22 (5)</li> <li><a href="http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf">http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf</a>, pp.32-36, I.</li> <li><a href="http://www.pnb.com.ph/images/stories/docs/acgr-consolidated-changes-2014.pdf">http://www.pnb.com.ph/images/stories/docs/acgr-consolidated-changes-2014.pdf</a>, pp.32-36, I.</li> <li><a href="http://edge.pse.com.ph/companyDisclosures/form.do?cmpr_id=139">http://edge.pse.com.ph/companyDisclosures/form.do?cmpr_id=139</a></li> </ol>
6.12 Have at least thirty percent (30%) public float to increase liquidity in the market.	√	<p>As of December 31, 2014, the Bank's public ownership level was 22.23% (including 1.19% Bank directors' shares) which is above the minimum percentage of 10% public ownership requirement for listed company by PSE under</p>

		<p>Memo No. 2010-0505</p> <p>This is included in the quarterly report on computation of public ownership submitted to the PSE.</p> <p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/index.php/about/investor-relations/computation-of-public-ownership">http://www.pnb.com.ph/index.php/about/investor-relations/computation-of-public-ownership</a></li> <li>2. <a href="http://edge.pse.com.ph/companyDisclosures/form.do?cmpry_id=139">http://edge.pse.com.ph/companyDisclosures/form.do?cmpry_id=139</a>, Public Ownership Report</li> </ol>
6.13 Have a transparent dividend policy.	√	<p>Article IX of the Bank's By-Laws contains the following provisions on dividends: "Dividends shall be declared and paid out of the surplus profits of the Bank as often and at such times as the Board may determine and in accordance with the provisions of law and the regulations of the Bangko Sentral ng Pilipinas."</p> <p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/images/stories/docs/bl-2014-11-07.pdf">http://www.pnb.com.ph/images/stories/docs/bl-2014-11-07.pdf</a> (Art. IX)</li> <li>2. <a href="http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf">http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf</a> (p.88 par. 4)</li> <li>3. <a href="http://www.pnb.com.ph/images/stories/docs/acgr-consolidated-changes-2014.pdf">http://www.pnb.com.ph/images/stories/docs/acgr-consolidated-changes-2014.pdf</a> (p. 31 Item 2)</li> <li>4. <a href="http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf">http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf</a> (page 79 Item 3 (incorporated in the Definitive Information Statement distributed to Stockholders in CD Form))</li> </ol>
<b>Guidelines No. 7: ADOPTS AND IMPLEMENTS AN INTERNATIONALLY-ACCEPTED DISCLOSURE AND TRANSPARENCY REGIME</b>		
7.1 Have written policies and procedures designed to ensure compliance with the PSE and SEC disclosure rules, as well as other disclosure requirements under existing laws and regulations.	√	<p>As a publicly-listed company, PNB has written policies and procedures formulated to fully comply and adhere with the PSE and SEC disclosure rules and regulations. The Corporate Governance Manual of the Bank contains the reportorial or disclosure system of the Bank.</p> <p>The Corporate Governance Monitoring Division of the Global Compliance Group provides support to the Board and Management for the necessary disclosures.</p> <p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-04.pdf">http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-04.pdf</a> (p. 43 Item VIII)</li> </ol>
7.2 Disclose the existence, justification, and details on shareholders agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and	√	<p>The Bank immediately discloses to regulators all material information that may impact the control, ownership and strategic direction of the company. This is included in the PSE and SEC Filings and likewise found in the Bank's website.</p>

strategic direction of the company.		<p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/index.php/about/investor-relations">http://www.pnb.com.ph/index.php/about/investor-relations</a></li> <li>2. <a href="http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf">http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf</a> (p.13, Item 4)</li> </ol>
7.3 Disclose its director and executive compensation policy.	√	<p>The PNB Group remuneration structure is based on the Bank policy covering Remuneration of Directors and Officers. The bank's Amended By-Laws provides that Directors may receive compensation for their services and from time to time may be fixed by the stockholders subject to the limitations set forth in Section 30 of the Corporation Code. Each director shall also be entitled to a reasonable per diem, as may be determined by the Board. The officers' salary or compensation elected or appointed by the Board of Directors shall be fixed by the Board.</p> <p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf">http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf</a> (p. 234 Item 10A)</li> <li>2. <a href="http://www.pnb.com.ph/images/stories/docs/bl-2014-11-07.pdf">http://www.pnb.com.ph/images/stories/docs/bl-2014-11-07.pdf</a> (Art. V Sec. 5.8)</li> <li>3. <a href="http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf">http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf</a> (p. 20, Item 2.9)</li> <li>4. PNB Intranet: Cybermag</li> </ol>
7.4 Disclose names of groups of individuals who hold five percent (5%) or more ownership interest in the company, significant cross-shareholding relationship and cross guarantees, as well as the nature of the company's other companies if it belongs to a corporate group.	√	<p>PNB is a member of the LT Group, Inc. The security ownership of certain record and beneficial owners holding more than 5% of voting stock of the bank is included in the Definitive Information Statement.</p> <p>The Bank also regularly reports the shareholdings of the directors and senior management as well as major stockholders of the bank. This can be found in PSE and SEC Filings and also in the Bank's website.</p> <p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/images/stories/docs/Definitive_InformationStatement.pdf">http://www.pnb.com.ph/images/stories/docs/Definitive_InformationStatement.pdf</a> (p.79 Item 2)</li> <li>2. <a href="http://www.pnb.com.ph/images/stories/docs/top_100_stockholders_03312014.pdf">http://www.pnb.com.ph/images/stories/docs/top_100_stockholders_03312014.pdf</a></li> </ol>
7.5 Disclose annual and quarterly consolidated reports, cash flow statements and special audit revisions. Consolidated financial statements shall be published within ninety (90) days from the end of the financial year, while interim reports shall be published within forty-five (45) days from the end of the reporting period.	√	<p>The Bank's audited financial statements, both consolidated and parent company, are submitted to regulators within the prescribed period. The Consolidated Statement of Condition is published quarterly in major newspapers. SEC 17-A, SEC 17-Q and SEC 17-C are filed in accordance with regulatory requirements. All financial reports of the bank are found in the website of the bank and PSE.</p> <p>Source:</p>

		<ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/index.php/about/investor-relations/financial-statements">http://www.pnb.com.ph/index.php/about/investor-relations/financial-statements</a></li> <li>2. <a href="http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf">http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf</a> (pp.67-73)</li> <li>3. Published Consolidated Statement of Condition in major newspapers</li> <li>4. PNB Intranet: Cybermag</li> </ol>
7.6 Disclose to shareholders and the Exchange any changes to its corporate governance manual and practices, and the extent to which such practices conform to the SEC and PSE CG Guidelines.	√	<p>The Bank's Corporate Governance Manual, including updates, are immediately disclosed to the regulators for the information of the investing public and shareholders. This is also included in the Definitive Information Statement.</p> <p>The Corporate Governance Manual is updated at least annually and revisions to the Corporate Governance Manual are found in the bank's website.</p> <p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf">http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf</a></li> <li>2. <a href="http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf">http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf</a> (p. 33 Item 12)</li> <li>3. PNB Intranet: Cybermag</li> </ol>
7.7 Publish and/or deliver to its shareholders in a timely fashion all information and materials relevant to corporate actions that require shareholder approval.	√	<p>A written notice and agenda of the Annual Stockholders' Meeting (ASM), together with the Definitive Information Statement, Management Report and Audited Financial Statement, are mailed and/or delivered to the last known/valid addresses of all stockholders of record at least 15 business days prior to the date of the ASM.</p> <p>The notice and agenda are disclosed to the regulators right after the Board approval. They are also published for one (1) week in three (3) newspapers of general circulation at least ten (10) days prior to the date of the meeting.</p> <p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/images/stories/docs/bl-2014-11-07.pdf">http://www.pnb.com.ph/images/stories/docs/bl-2014-11-07.pdf</a> (Art. IV Sec. 4.4)</li> <li>2. <a href="http://www.pnb.com.ph/images/stories/docs/Minutes-of-2013-Annual-Stockholders-Meeting.pdf">http://www.pnb.com.ph/images/stories/docs/Minutes-of-2013-Annual-Stockholders-Meeting.pdf</a> (p. 1 Item II)</li> <li>3. <a href="http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf">http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf</a> (p.3, Item 1)</li> </ol>
7.8 Disclose the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This shall also include the disclosure of the company's purchase of its shares	√	<p>The report on the stockholdings of the directors and senior officers of the Bank is disclosed to the regulators. This information is included in the SEC 23-A, SEC 23-B, Computation of Public Ownership, GIS, Definitive Information Statement and ACGR.</p>

<p>from the market (e.g share buy-back program).</p>		<p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/index.php/about/investor-relations/report-shareholdings">http://www.pnb.com.ph/index.php/about/investor-relations/report-shareholdings</a></li> <li>2. <a href="http://www.pnb.com.ph/images/stories/docs/SEC23-A-Dir-Pedro-2014-03-05.pdf">http://www.pnb.com.ph/images/stories/docs/SEC23-A-Dir-Pedro-2014-03-05.pdf</a></li> <li>3. <a href="http://www.pnb.com.ph/images/stories/docs/SEC23-B-Dir-Alfiler-2014-02-19.pdf">http://www.pnb.com.ph/images/stories/docs/SEC23-B-Dir-Alfiler-2014-02-19.pdf</a></li> <li>4. <a href="http://www.pnb.com.ph/index.php/about/investor-relations/computation-of-public-ownership">http://www.pnb.com.ph/index.php/about/investor-relations/computation-of-public-ownership</a></li> <li>5. <a href="http://www.pnb.com.ph/images/stories/docs/gis-pse-2015-01-21.pdf">http://www.pnb.com.ph/images/stories/docs/gis-pse-2015-01-21.pdf</a> (p. 8)</li> <li>6. <a href="http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf">http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf</a> (p.79 Item 2)</li> <li>7. <a href="http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf">http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf</a> (p. 10)</li> <li>8. <a href="http://www.pnb.com.ph/images/stories/docs/amendments-to-annual-corporate-governance-report-for-2013.pdf">http://www.pnb.com.ph/images/stories/docs/amendments-to-annual-corporate-governance-report-for-2013.pdf</a> (p. 7 Item b)</li> <li>9. <a href="http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf">http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf</a> (p. 6 Item c)</li> </ol>
<p>7.9 Disclose in its annual report the principal risks to minority shareholders associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.</p>	<p>√</p>	<p>The Bank's Annual Report disclosed the top 20 holders of common shares, the number shares held and the percentage to total shares outstanding held by each of stockholder. In the PNB website, top 100 stockholders information is also provided.</p> <p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf">http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf</a> (p. 235)</li> <li>2. <a href="http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf">http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf</a> (p. 29)</li> <li>3. <a href="http://www.pnb.com.ph/images/conglomerate_map/">http://www.pnb.com.ph/images/conglomerate_map/</a></li> </ol>
<p><b>Guidelines No. 8: RESPECTS AND PROTECTS THE RIGHTS AND INTEREST OF EMPLOYEES, COMMUNITY, ENVIRONMENT, AND OTHER STAKEHOLDERS</b></p>		
<p>8.1 Establish and disclose a clear policy statement that articulates the company's recognition and protection of the rights and interests of key stakeholders specifically its employees, suppliers and customers, creditors as well the community, environment and other key stakeholder groups.</p>	<p>√</p>	<p>The Philippine National Bank aspires to live up to the trust and regard it has been bestowed upon by the Filipino people. The Bank intends to do this is by being a good and responsible corporate citizen that contributes to the country's sustainable development, respects the interests and promotes the wellbeing of its various stakeholders, and creates value in everything it does.</p> <p>For PNB, social responsibility is a commitment that begins with the exercise of sound and fair corporate practices. The Bank ensures that its entire business is conducted according to rigorous professional, ethical, regulatory, and legal standards. PNB strives to adhere to high standard of integrity, courtesy, and fairness as defined in its various corporate policies and frameworks. Social responsibility is a commitment that is shared by</p>

		<p>everyone in PNB Group.</p> <p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/index.php/about/corporate-governance/company-policies/whistleblower-policy">http://www.pnb.com.ph/index.php/about/corporate-governance/company-policies/whistleblower-policy</a></li> <li>2. <a href="http://www.pnb.com.ph/index.php/about/corporate-governance/company-policies/conflict-of-interest-policy">http://www.pnb.com.ph/index.php/about/corporate-governance/company-policies/conflict-of-interest-policy</a></li> <li>3. <a href="http://www.pnb.com.ph/index.php/about/corporate-governance/company-policies/insider-trading-policy">http://www.pnb.com.ph/index.php/about/corporate-governance/company-policies/insider-trading-policy</a></li> <li>4. <a href="http://www.pnb.com.ph/index.php/about/corporate-governance/company-policies/related-party-transactions-policy">http://www.pnb.com.ph/index.php/about/corporate-governance/company-policies/related-party-transactions-policy</a></li> <li>5. <a href="http://www.pnb.com.ph/index.php/about/corporate-governance/company-policies/policies-employee-welfare">http://www.pnb.com.ph/index.php/about/corporate-governance/company-policies/policies-employee-welfare</a></li> <li>6. <a href="http://www.pnb.com.ph/index.php/about/corporate-governance/code-of-business-conduct-and-ethics">http://www.pnb.com.ph/index.php/about/corporate-governance/code-of-business-conduct-and-ethics</a></li> <li>7. <a href="http://www.pnb.com.ph/index.php/about/corporate-social-responsibility">http://www.pnb.com.ph/index.php/about/corporate-social-responsibility</a></li> <li>8. <a href="http://www.pnb.com.ph/index.php/about/corporate-governance">http://www.pnb.com.ph/index.php/about/corporate-governance</a> (Company Policy)</li> <li>9. <a href="http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf">http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf</a> (p. 64 H)</li> <li>10. <a href="http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf">http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf</a> (p. 23 Item G)</li> <li>11. PNB Intranet: Cybermag</li> </ol>
<p>8.2 Have in place a workplace development program.</p>	<p>√</p>	<p>PNB has several policies and programs that benefit to the health, safety and welfare of employees. The health program of the bank includes enrolment of all employees and their dependents with an accredited HMO company. The bank participates in safety and security seminars conducted by government agencies and external service providers. Executive officers undergo annual medical examination.</p> <p>PNB Board has approved an annual budget to support the various personnel training programs conducted in-house or by competent external service providers. It is mandatory for select officers to participate annually in continuing education for technical functions in information technology, risk management, treasury/trust product management, audit and compliance, as well as specific areas in credit management and legal.</p> <p>Directors and key officers are required to attend corporate governance seminar/workshop annually.</p> <p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf">http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf</a> (p. 67 Item c)</li> <li>2. <a href="http://www.pnb.com.ph/images/stories/docs/amendments-to-annual-corporate-governance-report-for-">http://www.pnb.com.ph/images/stories/docs/amendments-to-annual-corporate-governance-report-for-</a></li> </ol>



		<p>2013.pdf (p. 16 Item 2)</p> <p>3. <a href="http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf">http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf</a> (p. 24, Item 2)</p> <p>4. PNB Training Programs</p>
8.3 Have in place a merit-based performance incentive mechanism such as an employee stock option plan (ESOP) or any such scheme that awards and incentivizes employees, at the same time aligns their interests with those of the shareholders.	√	<p>PNB recognizes and values its employees as its greatest asset. PNB also believes that the promotion of employee welfare can create happy, loyal and productive employees. Therefore, PNB has institutionalized programs and policies that protect, enhance and nurture employees' health, safety and general welfare and the giving of awards/recognition (e.g. Service Excellence Awards, Loyalty Awards for employees who have rendered long years of service to the Bank, periodic review of salary and benefits of rank and file employees through the Collective Bargaining Agreement)</p> <p>Source:</p> <p>1. <a href="http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf">http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf</a> (p. 67 Item 3)</p> <p>2. <a href="http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf">http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf</a> (p. 24 Item 2)</p> <p>3. PNB Intranet: Cybermag</p> <p>4. The Bank's CBAs are duly registered with DOLE</p>
8.4 Have in place a community involvement program.	√	<p>As a corporate citizen, PNB shall undertake various community/social and philanthropic activities to uplift the lives of the Filipino people by giving donations to select charities, communities, schools, etc., for various projects on infrastructure improvement and social development including critical assistance in times of calamities and disasters</p> <p>The bank is actively involved in several Corporate Social Responsibility (CSR) projects. The bank is part of the Lucio Tan Group, Inc. which has the <b>Tan Yan Kee Foundation</b> as lead non-profit organization for CSR projects.</p> <p>The bank continued to extend assistance to the community in partnership with various government agencies and private institutions such as: (1) Financial Literacy Project in partnership with Bangko Sentral ng Pilipinas (BSP); (2) Global Pilipino Scholarship Project; (3) Zamboanga Community Assistance Project; (4) Pagtutulungan ng Bayan (support to calamities' victims, i.e., Yolanda, Bohol Earthquake)</p> <p>Source:</p> <p>1. <a href="http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf">http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf</a> (p. 24)</p>

		<p>2. <a href="http://www.pnb.com.ph/index.php/about/mission-and-vision">http://www.pnb.com.ph/index.php/about/mission-and-vision</a>                  3. <a href="http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf">http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf</a> (p. 65 par. 2 &amp; p. 67 Item 2)                  4. <a href="http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf">http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf</a> (p. 24 Item 2 &amp; p. 37 Item K)</p>
<p>8.5 Have in place an environment-related program.</p>	<p>√</p>	<p>PNB is deeply committed to the cause of environmental protection as it is an issue that affects all mankind. The Bank sees its active involvement in protecting the environment as crucial contributions towards attaining the wider goal of sustainable development</p> <p>The Bank implemented, among others, the following environment-related programs as part of its Corporate Social Responsibility: (1) NLEX Tree Planting Project; (2) Tree Planting Project – PNB Branches Grow Greener; (3) Earth Hour; (4) PNB/PAL Recyclables Event; (5) Anti-Plastic Bags Drive - Pasay City Walang Plastikan Project; and (6) Corporate Social Responsibility (CSR) Bulletin -- Electronic Newsletter</p> <p>Source:</p> <p>1. <a href="http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf">http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf</a> (p. 24)                  2. <a href="http://www.pnb.com.ph/index.php/about/corporate-social-responsibility">http://www.pnb.com.ph/index.php/about/corporate-social-responsibility</a>                  3. <a href="http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf">http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf</a> (p. 65 par. 2 &amp; p. 67 Item 2)                  4. <a href="http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf">http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf</a> (p. 24 Item 2 &amp; p. 37 Item K)</p>
<p>8.6 Have clear policies that guide the company in its dealing with its suppliers, customers, creditors, analysts, market intermediaries and other market participants.</p>	<p>√</p>	<p>PNB has Board-approved policies regarding selection of suppliers, target market/customer selection, granting of loans, and evaluation of business prospects, bank products and services which are regularly reviewed to be aligned with the market for better public service.</p> <p>The Bank has a Bids and Awards Committee tasked to review and approve proposals with accredited suppliers. The Service Quality Division of the Bank is dedicated to manage timely resolution of queries/recommendations received from customers. The Investors Relations Officers, Marketing Group and Corporate Secretary's Office coordinate to implement the written policies and procedures of the bank in dealing with external parties.</p> <p>Source:</p> <p>1. <a href="http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf">http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf</a> (p. 64 Item H)                  2. <a href="http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf">http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf</a> (p.23 Item</p>

		<p>G)</p> <p>3. <a href="http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf">http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf</a> (p. 38 Item 4.2)</p> <p>4. PNB Intranet: Cybermag</p>
<p><b>Guidelines No. 9: DOES NOT ENGAGE IN ABUSIVE RELATED-PARTY TRANSACTIONS AND INSIDER TRADING</b></p>		
<p>9.1 Develop and disclose a policy governing the company's transactions with related parties.</p>	<p>√</p>	<p>The Bank has a board-approved policy on related party transactions that assists the Board in performing its oversight functions in monitoring and managing potential conflicts of interest of management, board members and shareholders.</p> <p>Since 2013, PNB has created the Board Oversight RPT Committee (BORC) to assist the board in performing its oversight functions in monitoring and managing potential conflicts of interest and ensuring transactions of management, board members and shareholders are conducted in an arm's length basis at all times.</p> <p>Source:</p> <p>1. <a href="http://www.pnb.com.ph/index.php/about/corporate-governance/company-policies/related-party-transactions-policy">http://www.pnb.com.ph/index.php/about/corporate-governance/company-policies/related-party-transactions-policy</a></p> <p>2. <a href="http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf">http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf</a> (p. 32 Item V)</p>
<p>9.2 Clearly define the thresholds for disclosure and approval for RPTs and categorize such transactions according to those that are considered de minimis or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate of RPT within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.</p>	<p>√</p>	<p>The PNB board has approved the bank's Related Party Transaction (RPT) policy in 2013 and has undergone revisions in 2014. All DOSRI/RPTs are reviewed/approved by the Board Oversight RPT Committee (BORC) that has the authority, among others, to oversee the evaluation of relevant related party transactions that present the risk of potential abuse and ensure that rules and regulations, accounting standards in each jurisdiction are considered to properly and effectively implement the Bank's RPT policy guidelines.</p> <p>Information related to transactions with related parties and with subsidiaries/affiliates, directors, officers, stockholders and related interests (DOSRI) is included in the Audited Financial Statement of the Bank.</p> <p>All DOSRI transactions are reported to the Bangko Sentral ng Pilipinas on a monthly basis, as required under the regulations.</p> <p>Source:</p>

		<ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf">http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf</a> (p. 36 Item 2.4)</li> <li>2. <a href="http://www.pnb.com.ph/images/stories/docs/charter-board_oversight_rpt_committee.pdf">http://www.pnb.com.ph/images/stories/docs/charter-board_oversight_rpt_committee.pdf</a></li> <li>3. <a href="http://www.pnb.com.ph/images/stories/docs/PNB_SEC_17A_DECEMBER_31_2013.pdf">http://www.pnb.com.ph/images/stories/docs/PNB_SEC_17A_DECEMBER_31_2013.pdf</a> (p. 10 Item 5 &amp; p. 79 Item 12)</li> <li>4. <a href="http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf">http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf</a> (p. 212 Item 32)</li> </ol>
9.3 Establish a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions in shareholders meetings.	√	<p>All resolutions of the Board, including approvals on the related party transactions endorsed by the Board Oversight RPT Committee, are included in the agenda of the Annual Stockholders' Meeting for ratification of the stockholders.</p> <p>Source.</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf">http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf</a> (p. 32 Item 11)</li> </ol>
9.4 Have its independent directors or audit committee play an important role in reviewing significant RPTs.	√	<p>The Independent Directors are appointed Chairman of the Board Audit and Compliance Committee (BACC) and the Board Oversight RPT Committee (BORC).</p> <p>The BORC has three (3) independent directors and two (2) non-voting members, the Chief Compliance Officer and the Chief Audit Executive.</p> <p>The BACC Secretariat is the Chief Audit Executive. The BORC Secretariat is the Chief Compliance Officer.</p> <p>Source:</p> <ol style="list-style-type: none"> <li>2. <a href="http://www.pnb.com.ph/index.php/about/corporate-governance/company-policies/related-party-transactions-policy">http://www.pnb.com.ph/index.php/about/corporate-governance/company-policies/related-party-transactions-policy</a></li> <li>3. <a href="http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf">http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf</a> (p. 70)</li> <li>4. <a href="http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf">http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf</a> (p. 42 Item 5)</li> </ol>
9.5 Be transparent and consistent in reporting its RPTs. A summary of such transactions shall be published in the company's annual report.	√	<p>Full disclosure of DOSRI and Related Party Transactions (RPT) to regulators and public.</p> <p>The Board Oversight RPT Committee (BORC) was created to oversee and monitor the RPT activities and transactions of the bank, its subsidiaries and affiliates as well as entities belonging to the conglomerate.</p> <p>The committee is tasked to thoroughly review and scrutinize dealings of all relevant related party transactions to ensure that related party transaction dealings are conducted at arms-length basis before they are elevated</p>

		<p>to the Board of Directors for approval/notation. All DOSRI/RPTs are properly minuted in the BORG and PNB Board meetings.</p> <p>Information related to transactions with related parties and with subsidiaries/affiliates, directors, officers, stockholders and related interests (DOSRI) is included in the Audited Financial Statement of the Bank</p> <p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf">http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf</a> (p. 212 Item 32)</li> <li>2. <a href="http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf">http://www.pnb.com.ph/images/stories/docs/Definitive_Information_Statement.pdf</a> (p. 42 Item 5)</li> <li>3. <a href="http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf">http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf</a> (p. 32 Item V)</li> <li>4. <a href="http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf">http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf</a> (p. 19 Item 4 &amp; p. 78 Item 7)</li> <li>5. <a href="http://www.pnb.com.ph/images/stories/docs/amendments-to-annual-corporate-governance-report-for-2013.pdf">http://www.pnb.com.ph/images/stories/docs/amendments-to-annual-corporate-governance-report-for-2013.pdf</a> (p. 29 Item 3)</li> <li>6. <a href="http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf">http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf</a> (p. 31 Item 5)</li> <li>7. DOSRI and RPT Reports submitted to BSP</li> </ol>
<p>9.6 Have clear policy in dealing with material non-public information by company insiders.</p>	<p>√</p>	<p>PNB has a policy to adhere to the highest standards of ethical, moral and legal conduct in the operation of its business. The Bank has established policies and procedures that ensure non-disclosure of confidential / non – public information, i.e. Code of Conduct; Policy on Personal Investment; Confidentiality of Information (as stipulated in the Bank’s Policy on Office Decorum).</p> <p>Said policies are included in various personnel training programs, i.e., compliance awareness, internal control and compliance awareness, information security seminars and corporate security workshops.</p> <p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf">http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf</a> (p. 19 Item 1)</li> <li>2. <a href="http://www.pnb.com.ph/images/stories/docs/amendments-to-annual-corporate-governance-report-for-2013.pdf">http://www.pnb.com.ph/images/stories/docs/amendments-to-annual-corporate-governance-report-for-2013.pdf</a> (p. 9 Item 1)</li> <li>3. <a href="http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf">http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf</a> (p. 10 Item B)</li> <li>4. <a href="http://www.pnb.com.ph/index.php/about/corporate-governance/company-policies/insider-trading-policy">http://www.pnb.com.ph/index.php/about/corporate-governance/company-policies/insider-trading-policy</a></li> <li>5. PNB Intranet: Cybermag</li> </ol>

9.7 Have a clear policy and practice of full and timely disclosure to shareholders of all material transactions with affiliates of the controlling shareholders, directors or management.	√	<p>All material information about the Bank which could adversely affect its viability or the interest of its stockholders and other stakeholders is publicly disclosed in a timely manner, as required under the rules of the PSE. This is included in the reportorial or disclosure system of the bank under the Corporate Governance Manual.</p> <p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf">http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf</a> (p. 43 Item VIII)</li> </ol>
<b>Guidelines No. 10: DEVELOPS AND NURTURES A CULTURE OF ETHICS, COMPLIANCE AND ENFORCEMENT</b>		
10.1 Formally adopt a code of ethics and proper conduct that guides individual behavior and decision making, clarify responsibilities, and inform other stakeholders on the conduct expected from company personnel.	√	<p>To instill discipline and promote a culture of ethics and compliance, the Bank has existing policies which are circularized and posted in the Bank's intranet/cybermag for easy access/reference by all employees. The Bank has likewise designated disciplinary authorities who will ensure that the provisions of the Bank's Code of Conduct are enforced.</p> <p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/index.php/about/corporate-governance/code-of-business-conduct-and-ethics">http://www.pnb.com.ph/index.php/about/corporate-governance/code-of-business-conduct-and-ethics</a></li> <li>2. <a href="http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf">http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf</a> (p. 19 Item B)</li> <li>3. <a href="http://www.pnb.com.ph/images/stories/docs/amendments-to-annual-corporate-governance-report-for-2013.pdf">http://www.pnb.com.ph/images/stories/docs/amendments-to-annual-corporate-governance-report-for-2013.pdf</a> (p. 9 Item 1)</li> <li>4. <a href="http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf">http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf</a> (p. 10 Item B)</li> <li>5. PNB Intranet: Cybermag</li> </ol>
10.2 Have a formal comprehensive compliance program covering compliance with laws and relevant regulations. The program should include appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.	√	<p>The Bank has a Board-approved comprehensive compliance program which is constantly being reviewed and updated to fully align with laws and relevant regulations. The manual is circularized to all employees and is available in the Bank's intranet/cybermag and website.</p> <p>The Compliance Program includes Manuals, Compliance Bulletins, Compliance Alerts and Training Programs that are reviewed and updated annually.</p> <p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf">http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf</a> (p. 4 par. 3)</li> </ol>

2014 CORPORATE GOVERNANCE GUIDELINES: DISCLOSURE SURVEY

Company Name: PHILIPPINE NATIONAL BANK (PNB)

Date: March 31, 2015

		<p>&amp; p. 44 Item X)</p> <ol style="list-style-type: none"> <li>http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf (p. 29)</li> <li>http://www.pnb.com.ph/index.php/about/corporate-governance/compliance-system</li> <li>PNB Intranet: Cybermag</li> </ol>
10.3 Not seek exemption from the application of a law, rule regulation especially when it refers to a corporate governance issue. Should it do so, it has to disclose the reason for such action as well present the specific steps being taken to finally comply with the applicable law, rule or regulation.	√	<p>PNB Board and Senior Management are committed to fully comply and adhere with laws, rules and regulations and have transparent relationship with regulators. To ensure compliance, the Bank has in place pertinent policies, guidelines and procedures which are constantly being reviewed and updated.</p> <p>PNB employees, directors and accredited external service providers are governed by strict compliance to laws, rules and regulations.</p>
10.4 Have clear and stringent policies and procedures on curbing and penalizing company or employee involvement in offering, paying and receiving bribes.	√	<p>The bank has a board-approved policies and procedures which are circularized and posted in the Bank's intranet/ cybermag and website for easy access/reference by all employees. The PNB Code of Conduct clearly defines policies and sanctions including penalties that may be imposed on erring employees.</p> <p>Source:</p> <ol style="list-style-type: none"> <li>http://www.pnb.com.ph/images/stories/docs/annual-corporate-governance-report-2012.pdf (p. 19 Item 1)</li> <li>http://www.pnb.com.ph/images/stories/docs/amendments-to-annual-corporate-governance-report-for-2013.pdf (p.9 Item 1)</li> <li>http://www.pnb.com.ph/images/stories/docs/consolidated_changes_in_the_ACGR_for_2014.pdf (p.10 Item B)</li> <li>http://www.pnb.com.ph/index.php/about/corporate-governance (Company Policy)</li> <li>PNB Intranet: Cybermag</li> </ol>
10.5 Have a designated officer responsible for ensuring compliance with all relevant laws, rules, and regulation, as well as all regulatory requirements.	√	<p>The Board has appointed the Chief Compliance Officer (CCO) as the Corporate Governance Executive. The CCO acting as the Global Compliance Group Head has direct management of the Corporate Governance Monitoring Division in the Global Compliance Group. The latter supports the Board and Senior Management in ensuring strict compliance with all relevant laws, rules and regulations, as well as corporate standards across all business vehicles and jurisdiction. The CCO, as Corporate Governance Executive, in concurrent capacity is charge of monitoring the bank compliance with provisions and requirements of the Corporate Governance Manual.</p> <p>Source:</p> <ol style="list-style-type: none"> <li>http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf p. 26 Item 7</li> </ol>

		<p>2. <a href="http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf">http://www.pnb.com.ph/images/stories/docs/2013-AnnualReport.pdf</a> (pp. 29 &amp; 47)</p> <p>3. <a href="http://www.pnb.com.ph/index.php/about/corporate-governance/compliance-system">http://www.pnb.com.ph/index.php/about/corporate-governance/compliance-system</a></p> <p>4. PNB Intranet: Cybermag</p>
<p>10.6 Respect intellectual property rights.</p>	<p>√</p>	<p>To ensure compliance with the Intellectual Property Code of the Philippines, the bank issued the following advisories/internal circulars/policy/ manual available through the bank's Online Intranet: Cybermag (Knowledge Base):</p> <p>Source:</p> <ol style="list-style-type: none"> <li>1. PNB Intranet: Cybermag             <ul style="list-style-type: none"> <li>➤ Anti-Piracy Warning: Copyright Infringement Alert (Gen. Cir. Nos. 18-12/2007 and 18-60/2010);</li> <li>➤ Illegitimate Software Media Policy and Guidelines (Gen. Cir. No. 18-10/2007);</li> <li>➤ Software Use Policy (Gen. Cir. No. 18-45/2010);</li> <li>➤ Acceptable Use of Bank Computers and Systems (OPP 0051/14); and</li> <li>➤ Standard Information Processing and Security Manual</li> <li>➤ Information Asset Management Policy (OPP 0021/14)</li> <li>➤ Information System Acquisition, Development and Maintenance Policy (OPP 0096/14)</li> </ul> </li> </ol> <p>This topic is also being discussed during the regular classroom orientation conducted for employees.</p>
<p>10.7 Establish and commit itself to an alternative dispute resolution system so that conflicts and difference with counterparties, particularly with shareholders and other key stakeholders, would be settled in a fair and expeditious manner.</p>	<p>√</p>	<p>The Corporate Governance/Nomination/Remuneration Committee and the Board Oversight RPT Committee (BORC) may coordinate to implement a dispute resolution system to manage conflicts and differences with counterparties, shareholders and other key stakeholders and ensure fair settlement in an expeditious manner. The corporate policy standards are found in the Corporate Governance Manual.</p> <p>Source:</p> <ol style="list-style-type: none"> <li>1. <a href="http://www.pnb.com.ph/index.php/about/corporate-governance/company-policies/conflict-of-interest-policy">http://www.pnb.com.ph/index.php/about/corporate-governance/company-policies/conflict-of-interest-policy</a></li> <li>2. <a href="http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf">http://www.pnb.com.ph/images/stories/docs/pnb-corporate-governance-manual-2014-06.pdf</a> (p. 13 Item 1.3.4.18 &amp; p. 70)</li> </ol>



2014 CORPORATE GOVERNANCE GUIDELINES: DISCLOSURE SURVEY

Company Name: PHILIPPINE NATIONAL BANK (PNB)

Date: March 31, 2015

This is to certify that the undersigned reviewed the contents of this document and to the best of my knowledge and belief, the information contained set forth in this document is true, complete and correct.

Done this March 31, 2015 in Pasay City.



**FLORENCIA G. TARRIELA**

**Chairman and Independent Director**



**REYNALDO A. MACLANG**

**President & CEO**

