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PNB

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, 2016

Description of the Disclosure

PNB Corporate Governance Guidelines Disclosure Survey for the Year 2016

Filed on behalf by:

Name

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Designation

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THE PHILIPPINE STOCK EXCHANGE, INC.

Corporate Governance Guidelines for Listed Companies

Disclosure Template for the Year 2016

Philippine National Bank

	APPLY	EXPLAIN
Guidelines No.1: DEVELOPS AND EXECUTES A SOUND BUSINESS STRATEGY		Source Link:
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 www.pnb.com.ph). The review of the vision and mission is done every year at the start of the strategic planning process as all objectives, KRAs and performance indicators are aligned with the strategic directions of the Bank as articulated in the vision-mission statements. A more structured review of the vision and mission for possible revision is conducted at the start of the crafting of a long-range plan such as the five-year development plan of the Bank. Source 1. http://www.pnb.com.ph/index.php/about/mission-and-vision
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. http://www.pnb.com.ph/images/stories/docs/finaloffering-2016-12.pdf (p.61 to 62 par 3) 2. http://www.pnb.com.ph/images/stories/docs/2015-AnnualReport.pdf (p. 29 par 2) 3. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 54 par. 4)
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.	√	PNB's Consolidated Financial Highlights in 2014 and 2015 are in the 2015 Annual Report; Report of the President on the Results of Operations in the Minutes of the Stockholders' Meeting held on May 31, 2016. Source: 1. http://www.pnb.com.ph/images/stories/docs/2015-AnnualReport.pdf (p.4) 2. http://www.pnb.com.ph/images/stories/docs/2016_ASM_Minutes_of_PNB.pdf (p. 2 item IV) 3. http://www.pnb.com.ph/images/stories/docs/PNBSEC17Q_09302016.pdf (p. 34 par. 2) 4. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p 57)
1.4 Have its board continually engaged in discussions of strategic business issues.	√	The Board regularly meet with senior management to engage in discussions of strategic business issues and performance. Board Committees such This practice can be found in the Corporate Governance Manual Board Committee Charters accessible through PNB Website: www.pnb.com.ph . Source:

		<ol style="list-style-type: none"> http://www.pnb.com.ph/images/stories/docs/2016_CORPORATE_GOVERNANCE_MANUAL.pdf (p.3 par 3 and p. 49 to 74 Board Committee Charters) http://www.pnb.com.ph/images/stories/docs/2015-AnnualReport.pdf (p. 4 Message to Shareholders)
Guidelines No.2: ESTABLISHES A WELL-STRUCTURED AND FUNCTIONING BOARD		
<p>2.1 Have a board composed of directors of proven competence and integrity.</p>	√	<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"> http://www.pnb.com.ph/index.php/about/investor-relations/board-of-directors http://www.pnb.com.ph/images/stories/docs/SEC-2016-04-19-Definitive-Information-Statement.pdf (p11-27) http://www.pnb.com.ph/images/stories/docs/Updates-in-the-2015-Annual-Corporate-Governance-Report.pdf (p. 4 Item 1) http://www.pnb.com.ph/images/stories/docs/gis-sec-2016-12-29_full.pdf (p14) http://www.pnb.com.ph/images/stories/docs/2015-AnnualReport.pdf (p47) http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 4 item A)
<p>2.2 Be led a chairman who shall ensure that the board functions in an effective and collegial manner.</p>	√	<p>The Bank’s Board of Directors (Board) is led by Chairperson Florencia G. Tarriela, 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>Chairperson F. 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. Chairperson F. Tarriela was a graduate of the University of the Philippines & topped the Masters Comprehensive Examination from the University of California, Los Angeles. Her profile is included in the Definitive Information Statement and Annual Report.</p> <p>The specific duties and responsibilities of the Chairman are stated in the Bank’s website under Investor Relations (Corporate Documents - By-Laws; Corporate Governance Manual, Annual Corporate Governance</p>

2016 CORPORATE GOVERNANCE GUIDELINES: DISCLOSURE SURVEY

Company Name: PHILIPPINE NATIONAL BANK (PNB)

Date: March 31, 2017

		<p>Report [ACGR]).</p> <p>Source:</p> <ol style="list-style-type: none"> 1. http://www.pnb.com.ph/index.php/about/investor-relations/board-of-directors 2. http://www.pnb.com.ph/images/stories/docs/SEC-2016-04-19-Definitive-Information-Statement.pdf (p. 12) 3. http://www.pnb.com.ph/images/stories/docs/bl-2014-11-07.pdf (p. 8 Art V Sec. 5.6) 4. http://www.pnb.com.ph/images/stories/docs/2016_CORPORATE_GOVERNANCE_MANUAL.pdf (P22 Item 2.8) 5. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 15 item 2)
<p>2.3 Have at least three (3) or thirty percent (30%), whichever is higher, of its directors as independent directors.</p>	<p>√</p>	<p>Presently, the Bank's five (5) Independent Directors (IDs) represents 33% (5/15) of the members of the board, beyond the 20% requirement of the SEC, namely: ID Florencia G. Tarriela, ID Felix Enrico R. Alfiler, ID Edgar A. Cua, ID Federico C. Pascual, and ID Cecilio K. Pedro. Their appointment as IDs was confirmed by the appropriate regulatory bodies.</p> <p>The profiles of the above-named IDs are included in the Definitive Information Statement and Annual Report. 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"> 1. http://www.pnb.com.ph/index.php/about/investor-relations/board-of-directors 2. http://www.pnb.com.ph/images/stories/docs/06-28-16-Certification-of-Independent-Director.pdf 3. http://www.pnb.com.ph/images/stories/docs/2016_CORPORATE_GOVERNANCE_MANUAL.pdf (p 21 item 2.4) 4. http://www.pnb.com.ph/images/stories/docs/SEC-2016-04-19-Definitive-Information-Statement.pdf (p 12) 5. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 18 par. 2)
<p>2.4 Have in place written manuals, guidelines and issuances that routine procedures and processes.</p>	<p>√</p>	<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. During the year, significant changes in policies and procedures due to new laws and regulations are covered by Board approved bulletins that are eventually codified in the manuals and endorsed for Board approval.</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>

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		<p>Source: 1. http://www.pnb.com.ph/images/stories/docs/2016_CORPORATE_GOVERNANCE_MANUAL.pdf (page 3 paragraph Policy Statement paragraph 4)</p> <p>The Bank's operations is managed through properly established organizational structure and adequate policies and procedures embodied in the manuals approved by the management committees, board committees and the board. These manuals are subject to periodic review and update to align and consistent with new laws and regulations and generally conform to the evolving global and regional standards and best practices.</p>
<p>2.5 Have Audit, Risk, Governance and Nomination and Election Committees.</p>	<p>√</p>	<p>The functions, members and charters of the Bank's Board Audit and Compliance Committee, Risk Oversight Committee and Corporate Governance (acting as the Nomination and Election Committee), together with the other board committees, are in the annual report, Bank's website under Corporate Governance – Board Committees, Corporate Governance Manual and ACGR.</p> <p>The Corporate Governance Committee, Executive Committee and Trust Committee are also mentioned in the Bank's By-Laws. 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: 1. http://www.pnb.com.ph/images/stories/docs/2016_CORPORATE_GOVERNANCE_MANUAL.pdf (p. 49-62) 2. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 37 - 42) 3. http://www.pnb.com.ph/images/stories/docs/bl-2014-11-07.pdf (p. 7 & 11 Art. V Sec. 5.5 & 5.17) 4. http://www.pnb.com.ph/images/stories/docs/2015-AnnualReport.pdf (p. 24)</p>
<p>2.6 Have its Chairman and CEO positions held separately by individuals who are not related to each others.</p>	<p>√</p>	<p>The Chairman of the Board is Ms. Florencia G. Tarriela while the President 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 and annual report.</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: 1. http://www.pnb.com.ph/index.php/about/investor-relations/board-of-directors</p>

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		<p>2. http://www.pnb.com.ph/images/stories/docs/SEC-2016-04-19-Definitive-Information-Statement.pdf (p.12 & 16)</p> <p>3. http://www.pnb.com.ph/images/stories/docs/2016_CORPORATE_GOVERNANCE_MANUAL.pdf (p. 22 item 2.8 & p. 28 item 5)</p> <p>4. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 15 item 2)</p>
<p>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>	<p>√</p>	<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. The bank may engage an external party to search for candidates. 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 immediately disclosed to the regulators and stated in the ACGR.</p> <p>Source:</p> <ol style="list-style-type: none"> http://www.pnb.com.ph/images/stories/docs/SEC-2016-04-19-Definitive-Information-Statement.pdf (p. 5 item 4 & p. 39 item 11) http://www.pnb.com.ph/images/stories/docs/bl-2014-11-07.pdf (Art. IV Sec. 4.7 & 4.9; Art. V Sec. 5.3) http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 80 item 5)
<p>2.8 Have in place a formal board and director development program.</p>	<p>√</p>	<p>All newly-elected and existing directors attend Corporate Governance Seminars accredited by BSP and SEC. Special courses, workshops and seminars are attended by directors on corporate governance, strategic planning, AML and technical courses as part of their continuing education and development program.</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 while seminar attended are tracked and recorded in the respective bio-data.</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 ACGR.</p> <p>Source:</p>

		<ol style="list-style-type: none"> 1. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 21 item 6) 2. http://www.pnb.com.ph/images/stories/docs/SEC_Attendance_in_CG_Seminar_November_22_2016_Dir_Nelson.pdf 3. http://www.pnb.com.ph/images/stories/docs/SEC_Attendance_in_Corgov_Seminar_Dir_Lucio_K_Tan_Jr.pdf 4. http://www.pnb.com.ph/images/stories/docs/SEC_Certificate_of_Attendance_in_Corporate_Governance_Seminar_Dir_Pascual.pdf 5. http://www.pnb.com.ph/images/stories/docs/SEC_Certificate_of_Attendance_in_Corporate_Governance_Seminar_Dir_Cua_August_25_2016.pdf 6. http://www.pnb.com.ph/images/stories/docs/SEC_Attendance_in_Corporate_Governance_Seminar_Dir_Mendoza_August_9_2016.pdf 7. http://www.pnb.com.ph/images/stories/docs/SEC_Attendance_in_Corporate_Governance_Seminar_August_3_2016.pdf
2.9 Have a corporate secretary.	√	<p>The Corporate Secretary of the Bank is Atty. Maila Katrina Y. Ilarde. She was appointed as Corporate Secretary in June 2015. 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"> 1. http://www.pnb.com.ph/images/stories/docs/bl-2014-11-07.pdf (Art. VI Sec. 6.5) 2. http://www.pnb.com.ph/images/stories/docs/2016_CORPORATE_GOVERNANCE_MANUAL.pdf (p29 Item 6) 3. http://www.pnb.com.ph/images/stories/docs/PSE-2015-06-29-Hiring-of-Corsec-and-Sale-of-PHIC.pdf (p. 4) 4. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p.31 item c)
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> <p>Source:</p> <ol style="list-style-type: none"> 1. http://www.pnb.com.ph/images/stories/docs/bl-2014-11-07.pdf (Art. V)
<p>Guidelines No. 3: MAINTAINS A ROBUST INTERNAL AUDIT AND CONTROL SYSTEM</p>		
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 & Internal Audit Group reports directly to Board Audit & Compliance Committee, chaired by Independent Director Edgar A. Cua.</p> <p>The internal audit function provides an independent assessment of the adequacy & effectiveness of the overall</p>

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		<p>risk management framework & governance structures. The Internal Audit Group has a board approved charter and responsible to conduct independent audits across all business legal vehicles. The Bank's subsidiaries have their respective Internal Auditor that report directly to their respective Board Audit and Compliance Committee.</p> <p>Source:</p> <ol style="list-style-type: none"> 1. http://www.pnb.com.ph/images/stories/docs/2016_CORPORATE_GOVERNANCE_MANUAL.pdf (P.34) 2. http://www.pnb.com.ph/images/stories/docs/bl-2014-11-07.pdf (Art. VI Sec. 6.8 P.16) 3. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 59 item G) 4. http://www.pnb.com.ph/images/stories/docs/2015-AnnualReport.pdf (p. 45)
<p>3.2 Have a comprehensive enterprise-wide compliance program that is annually reviewed.</p>	<p>√</p>	<p>The Bank has in place a board-approved comprehensive enterprise-wide compliance program which is constantly reviewed and updated to conform to recent regulations. Each business vehicle has Board approved Compliance Programs patterned from the Parent Bank. The manuals are available through the Bank's intranet/cybermag for easy access by employees. The Bank also has a Chief Compliance Officer who oversees the implementation of the Bank's compliance system.</p> <p>Source:</p> <ol style="list-style-type: none"> 1. http://www.pnb.com.ph/images/stories/docs/2015-AnnualReport.pdf (p. 26 Compliance System) 2. http://www.pnb.com.ph/images/stories/docs/2016_CORPORATE_GOVERNANCE_MANUAL.pdf (p. 31 item 7.2.4 and p 53 Role of the Chief Compliance Officer) 3. http://www.pnb.com.ph/images/stories/docs/SEC-2016-04-19-Definitive-Information-Statement.pdf (p .44 Compliance System)
<p>3.3 Institutionalize quality service programs for the internal audit function.</p>	<p>√</p>	<p>The Internal Audit function has established a quality assessment and improvement program which subject the Internal Audit Activity to regular quality assurance assessment in compliance with regulations.</p> <p>Source:</p> <ol style="list-style-type: none"> 1. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 60 to 62 Item 2) 2. http://www.pnb.com.ph/images/stories/docs/2015-AnnualReport.pdf (p. 45 & 46)
<p>3.4 Have in place a mechanism that allows employees, suppliers and other stakeholders to raise valid issues.</p>	<p>√</p>	<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"> 1. http://www.pnb.com.ph/index.php/about/corporate-governance (Company Policy) 2. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (63 Item H) 3. http://www.pnb.com.ph/images/stories/docs/SEC-2016-04-19-Definitive-Information-Statement.pdf (p.43)
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 issues an Annual Report on the Internal Control Environment to the Board Audit and Compliance Committee that is confirmed by the Board.</p> <p>Source:</p> <ol style="list-style-type: none"> 1. http://www.pnb.com.ph/images/stories/docs/2016_CORPORATE_GOVERNANCE_MANUAL.pdf (p. 28 & 34) 2. http://www.pnb.com.ph/images/stories/docs/2015-AnnualReport.pdf (p. 45 & 60 BACC Chairman Message) 3. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p.59 item G) 4. http://www.pnb.com.ph/images/stories/docs/PNBSEC17Q_09302016.pdf (p. 58)
Guidelines No. 4: RECOGNIZES AND MANAGES ITS ENTERPRISE RISKS		
4.1 Have its board oversee the company's risk management function.	√	<p>The Bank has the Risk Oversight Committee (ROC) to oversee its risk management functions wherein the Risk Management Group acts the Secretariat.</p> <p>Source:</p> <ol style="list-style-type: none"> 1. http://www.pnb.com.ph/images/stories/docs/2016_CORPORATE_GOVERNANCE_MANUAL.pdf (P. 26 Item 3.3 & 59) 2. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 39 & 50 item F) 3. http://www.pnb.com.ph/images/stories/docs/2015-AnnualReport.pdf (p. 33)
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. Such risk management manuals are under the direct supervision of the Chief Risk Officer.</p> <p>Source:</p>

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		<ol style="list-style-type: none"> 1. http://www.pnb.com.ph/images/stories/docs/2015-AnnualReport.pdf (p. 33) 2. http://www.pnb.com.ph/images/stories/docs/SEC-2016-04-19-Definitive-Information-Statement.pdf (p. 53 Item 10) 3. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 50 item F)
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 policies.</p> <p>Source:</p> <ol style="list-style-type: none"> 1. http://www.pnb.com.ph/images/stories/docs/2015-AnnualReport.pdf (p. 34) 2. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 50 item F)
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 & ALM Division, Operational Risk Management Division, Information Security & Technology Risk Division, and Business Intelligence Division.</p> <p>Source:</p> <ol style="list-style-type: none"> 1. http://www.pnb.com.ph/images/stories/docs/2015-AnnualReport.pdf (p. 33) 2. http://www.pnb.com.ph/images/stories/docs/2016_CORPORATE_GOVERNANCE_MANUAL.pdf (P. 35 item 10) 3. http://www.pnb.com.ph/images/stories/docs/SEC-2016-04-19-Definitive-Information-Statement.pdf (p. 34 par. 2) 4. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 51 par. 1)
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 & 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 Liability Committee (ALCO).</p> <p>Source:</p> <ol style="list-style-type: none"> 1. http://www.pnb.com.ph/images/stories/docs/2015-AnnualReport.pdf (p. 33) 2. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf

		(p. 50 Item F) 3. http://www.pnb.com.ph/images/stories/docs/SEC-2016-04-19-Definitive-Information-Statement.pdf (p.53 Item 10)
4.6 Seek external technical support in risk management when such competence is not available internally.	√	Bank employees are sent to external trainings/seminars to be updated on risk management matters. As necessary, the bank engages accredited external service providers on specific areas that requires higher level of expertise and includes conducting workshops for bank personnel. Source: 1. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 54 People Risk Letter b) 2. http://www.pnb.com.ph/images/stories/docs/2016_CORPORATE_GOVERNANCE_MANUAL.pdf (p.36 Item 10.4 par 5) 3. http://www.pnb.com.ph/images/stories/docs/2015-AnnualReport.pdf (p.38 par 10)
Guidelines No. 5: ENSURES THE INTEGRITY OF FINANCIAL REPORTS AS WELL AS ITS EXTERNAL AUDITING FUNCTION		
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.	√	The Board Audit and Compliance Committee (BACC) approve all audit engagements and non-audit services of the bank including those that cover the foreign branches and subsidiaries. The BACC evaluates and determines the non-audit work of the External Auditor, and reviews periodically the non-audit fees paid to the External Auditors in consideration of the scope required, regulatory requirements and historical performance as well as the Bank’s overall consultancy expenses. Source: 1. http://www.pnb.com.ph/images/stories/docs/2016_CORPORATE_GOVERNANCE_MANUAL.pdf (p. 53) 2. http://www.pnb.com.ph/images/stories/docs/2015-AnnualReport.pdf (p. 45) 3. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 44)

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<p>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>	<p>√</p>	<p>The Bank has written policy on the selection of external auditors, aligned with the requirements of BSP and SEC. All external auditors are BSP/SEC accredited and approved by the Board Audit and Compliance Committee which are covered in the minutes of meetings for endorsement to the Board and ratification by the stockholders during the annual stockholder's meeting for the primary external financial auditor of PNB Parent Bank.</p> <p>Source: 1. http://www.pnb.com.ph/images/stories/docs/2016_CORPORATE_GOVERNANCE_MANUAL.pdf (p. 53) 2. http://www.pnb.com.ph/images/stories/docs/2015-AnnualReport.pdf (p. 45) 3. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 59 Item G)</p>
<p>5.3 Ensure that the external auditor has adequate quality control procedures.</p>	<p>√</p>	<p>The bank engages only Class A SEC and BSP accredited external auditors. For foreign entities, the external auditors are also approved by the respective host country regulators.</p> <p>Source: 1. http://www.pnb.com.ph/images/stories/docs/2015-AnnualReport.pdf (p. 61) 2. http://www.pnb.com.ph/images/stories/docs/2016_CORPORATE_GOVERNANCE_MANUAL.pdf (p. 31 Item 8)</p>
<p>5.4 Disclose relevant information on the external auditors.</p>	<p>√</p>	<p>SGV & 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 2015 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: 1. http://www.pnb.com.ph/images/stories/docs/2016_ASM_Minutes_of_PNB.pdf (p. 10 Item IX) 2. http://www.pnb.com.ph/images/stories/docs/SEC-2016-04-19-Definitive-Information-Statement.pdf (p. 38 Item 7 and p. 39 Item 10) 3. http://www.pnb.com.ph/images/stories/docs/2016_CORPORATE_GOVERNANCE_MANUAL.pdf (p. 31 Item 8)</p>
<p>5.5 Ensures that the external audit firm is selected on the basis of a fair and transparent tender process.</p>	<p>√</p>	<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</p>

		<p>and presented to the stockholders</p> <p>Source:</p> <ol style="list-style-type: none"> 1. http://www.pnb.com.ph/images/stories/docs/2016_CORPORATE_GOVERNANCE_MANUAL.pdf (p. 53) 2. http://www.pnb.com.ph/images/stories/docs/2015-AnnualReport.pdf (p. 45) 3. http://www.pnb.com.ph/images/stories/docs/2016_ASM_Minutes_of_PNB.pdf (p. 10) 4. http://www.pnb.com.ph/images/stories/docs/SEC-2016-04-19-Definitive-Information-Statement.pdf (p. 38 Item 7 and p. 39 Item 10) 5. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 38 Item B and p. 44 par. 1)
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 hold meetings/dialogue with the external auditor. The BACC directors require the presence of the SGV Managing Partners for specific clarifications and vice versa, as necessary without management.</p> <p>Source:</p> <ol style="list-style-type: none"> 1. http://www.pnb.com.ph/images/stories/docs/2016_CORPORATE_GOVERNANCE_MANUAL.pdf (p. 56) 2. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 44 par. 1)
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 & CEO and the Chief Financial Officer. The Chairman also signs the bank's consolidated financial statements for the calendar year ending December 31.</p> <p>Source:</p> <ol style="list-style-type: none"> 1. http://www.pnb.com.ph/images/stories/docs/PNBSEC17Q_09302016.pdf (p. 58) 2. http://www.pnb.com.ph/images/stories/docs/2015-AnnualReport.pdf (p. 60)
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> <ol style="list-style-type: none"> 1. http://www.pnb.com.ph/images/stories/docs/2016_CORPORATE_GOVERNANCE_MANUAL.pdf (p. 31 Item 8 & p. 55 Item 2) 2. http://www.pnb.com.ph/images/stories/docs/2015-AnnualReport.pdf (p. 45) 3. http://www.pnb.com.ph/images/stories/docs/2016_ASM_Minutes_of_PNB.pdf (p. 10) 4. http://www.pnb.com.ph/images/stories/docs/SEC-2016-04-19-Definitive-Information-Statement.pdf (p. 38)

		Item 7; p. 39 Item 10 and p. 73 Item C)
Guidelines No. 6: RESPECTS AND PROTECTS THE RIGHTS OF ITS SHAREHOLDERS, PARTICULARLY THOSE THAT BELONG TO THE MINORITY OR NON-CONTROLLING GROUP		
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"> 1. http://www.pnb.com.ph/images/stories/docs/SEC-2016-04-19-Definitive-Information-Statement.pdf (p. 5 Item 4 and p. 39 Item 11) 2. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 81 Item iii) 3. http://www.pnb.com.ph/images/stories/docs/2016_CORPORATE_GOVERNANCE_MANUAL.pdf
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, Definitive Information Statement, and Corporate Governance Manual.</p> <p>Source:</p> <ol style="list-style-type: none"> 1. http://www.pnb.com.ph/images/stories/docs/SEC-2016-04-19-Definitive-Information-Statement.pdf (p. 39 Item 11) 2. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 11) 3. http://www.pnb.com.ph/images/stories/docs/2016_CORPORATE_GOVERNANCE_MANUAL.pdf (p. 43 Item VII)
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"> 1. http://www.pnb.com.ph/images/stories/docs/bl-2014-11-07.pdf, (Art. IV Sec. 4.7, & 4.9) 2. http://www.pnb.com.ph/images/stories/docs/SEC-2016-04-19-Definitive-Information-Statement.pdf (p. 39 Item 11)

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		3. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 80 Item B)
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> <p>Source:</p> <ol style="list-style-type: none"> http://www.pnb.com.ph/images/stories/docs/SEC-2016-04-19-Definitive-Information-Statement.pdf (p. 39 Item 11) http://www.pnb.com.ph/images/stories/docs/2016_CORPORATE_GOVERNANCE_MANUAL.pdf (p. 43 Item VII) http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 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:</p> <ol style="list-style-type: none"> http://www.pnb.com.ph/images/stories/docs/bl-2014-11-07.pdf, (Art. IV Sec. 4.4) http://www.pnb.com.ph/images/stories/docs/notice_of_stockholders_meeting_04_20_2016.pdf http://www.pnb.com.ph/images/stories/docs/2016_ASM_Minutes_of_PNB.pdf (p. 1 Item 2) http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 78 Item 1 & 3 and p. 82 item d)
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</p>

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		<p>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:</p> <ol style="list-style-type: none"> 1. http://www.pnb.com.ph/images/stories/docs/bl-2014-11-07.pdf, (Art. IV Sec. 4.3) 2. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 78 Item d-1 and p. 80 Item b) 3. http://www.pnb.com.ph/images/stories/docs/2016_ASM_Minutes_of_PNB.pdf (p. 5-6)
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 & A) portion, are carefully documented, recorded, kept and preserved by the Corporate Secretary through the minutes of the meeting. The Q & 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"> 1. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 79 Item 4) 2. http://www.pnb.com.ph/images/stories/docs/2016_ASM_Minutes_of_PNB.pdf (p. 6 par 3 and 4)
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 and the ACGR.</p> <p>Source:</p> <ol style="list-style-type: none"> 1. http://www.pnb.com.ph/images/stories/docs/2016_CORPORATE_GOVERNANCE_MANUAL.pdf (p. 43 Item VII) 2. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 11 Item b)
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, Related Party Transaction Manual, 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"> 1. http://www.pnb.com.ph/images/stories/docs/2016_CORPORATE_GOVERNANCE_MANUAL.pdf (p 40 Item 2.10 , p. 42 Item 3 & 5, and p. 43, Item 6) 2. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 26 Item b) 3. http://www.pnb.com.ph/images/stories/docs/GEN_Cir_1-873-2013_Code_of_Conduct.pdf (p. 2 Item I)
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"> 1. http://www.pnb.com.ph/images/stories/docs/public_ownership_09302016.pdf 2. http://www.pnb.com.ph/images/stories/docs/SEC-2016-04-19-Definitive-Information-Statement.pdf (p.85 Item 2) 3. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 73 Item I)
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 accessible by shareholders and the public.</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"> 1. http://www.pnb.com.ph/index.php/about/investor-relations 2. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 74 Item 4)
6.12 Have at least thirty percent (30%) public float to increase liquidity in the market.	√	<p>As of December 31, 2016, the Bank’s public ownership level was 22.22% (including 1.19% Bank directors’ shares) which is above the minimum percentage of 10% public ownership requirement for listed company by PSE under 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"> 1. http://www.pnb.com.ph/index.php/about/investor-relations/computation-of-public-ownership 2. http://www.pnb.com.ph/images/stories/docs/Ownership_Structure_as_of_December_31_2016.pdf
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." For the year 2016, the Bank declared and paid dividends.</p> <p>Source:</p> <ol style="list-style-type: none"> 1. http://www.pnb.com.ph/images/stories/docs/bl-2014-11-07.pdf (Art. IX) 2. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (P32 Item 7 and p. 74 Item 2) 3. http://www.pnb.com.ph/images/stories/docs/SEC-2016-04-19-Definitive-Information-Statement.pdf (p. 85 Item 3) 4. http://www.pnb.com.ph/images/stories/docs/2016_CORPORATE_GOVERNANCE_MANUAL.pdf (p. 44) 5. http://www.pnb.com.ph/images/stories/docs/PSE_Amended_Declaration_of_Dividends.pdf
Guidelines No. 7: ADOPTS AND IMPLEMENTS AN INTERNATIONALLY-ACCEPTED DISCLOSURE AND TRANSPARENCY REGIME		
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. The Corporate Governance Monitoring Division of the Global Compliance Group provides support to the Board and Management for the necessary disclosures in coordination with the Corporate Secretary's Office and the Controllership Group and other units of the Bank.</p> <p>Source:</p> <ol style="list-style-type: none"> 1. http://www.pnb.com.ph/images/stories/docs/2016_CORPORATE_GOVERNANCE_MANUAL.pdf (p. 46 Item IX) 2. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 73 Item I)
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 strategic direction of the company.	√	<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> <p>Source:</p> <ol style="list-style-type: none"> 1. http://www.pnb.com.ph/index.php/about/investor-relations

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		2. http://www.pnb.com.ph/images/stories/docs/SEC-2016-04-19-Definitive-Information-Statement.pdf (p. 10 Item 4)
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"> http://www.pnb.com.ph/images/stories/docs/bl-2014-11-07.pdf (Art. V Sec. 5.8) http://www.pnb.com.ph/images/stories/docs/2016_CORPORATE_GOVERNANCE_MANUAL.pdf (p. 24, Item 2. 10) http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 35 Item D) http://www.pnb.com.ph/images/stories/docs/SEC-2016-04-19-Definitive-Information-Statement.pdf (p. 244 par. 6) http://www.pnb.com.ph/images/stories/docs/2015-AnnualReport.pdf (P. 137 par. 6)
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 as well as in the Bank's website.</p> <p>Source:</p> <ol style="list-style-type: none"> http://www.pnb.com.ph/images/stories/docs/top_100_stockholders_09302016.pdf http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 73 Item I) http://www.pnb.com.ph/images/stories/docs/SEC-2016-04-19-Definitive-Information-Statement.pdf (p. 85 Item 2) http://www.pnb.com.ph/images/stories/docs/2015-AnnualReport.pdf (. 57 Item 2) http://www.pnb.com.ph/index.php/about/investor-relations/shareholdings-structure
7.5 Disclose annual and quarterly consolidated reports, cash flow statements and special audit revisions. Consolidated financial statements shall be published within ninety (90)	√	<p>The Bank's audited financial statements, both solo and consolidated 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>

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<p>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>		<p>Source: 1. http://www.pnb.com.ph/images/stories/docs/PNBSEC17Q_09302016.pdf 2. Published Consolidated Statement of Condition in major newspapers 3. http://www.pnb.com.ph/images/stories/docs/2015-AnnualReport.pdf (p. 60) 4. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 75 Item 6)</p>
<p>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>	<p>√</p>	<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: 1. http://www.pnb.com.ph/images/stories/docs/2016_CORPORATE_GOVERNANCE_MANUAL.pdf 2. http://www.pnb.com.ph/images/stories/docs/SEC-2016-04-19-Definitive-Information-Statement.pdf (p. 40 Item 12) 3. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 11 item b)</p>
<p>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>	<p>√</p>	<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 published for one (1) week in three (3) newspapers of general circulation at least ten (10) days prior to the date of the meeting. They are also available in the Bank's website.</p> <p>Source: 1. http://www.pnb.com.ph/images/stories/docs/bl-2014-11-07.pdf (Art. IV Sec. 4.4) 2. http://www.pnb.com.ph/images/stories/docs/SEC-2016-04-19-Definitive-Information-Statement.pdf (p. 4 Item 1) 3. http://www.pnb.com.ph/images/stories/docs/2016_ASM_Minutes_of_PNB.pdf (p. 1 Item II) 4. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p.78 Item 3 and p. 82 Item d)</p>

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<p>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 from the market (e.g share buy-back program).</p>	<p>√</p>	<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, ACGR, PNB website and PSE Edge.</p> <p>Source:</p> <ol style="list-style-type: none"> 1. http://www.pnb.com.ph/index.php/about/investor-relations/report-shareholdings 2. http://www.pnb.com.ph/images/stories/docs/SEC23A_Statements_of_Beneficial_Ownership_of_Ms_Carmen_Tan_and_Mr_Edgar_A_Cua.pdf 3. http://www.pnb.com.ph/images/stories/docs/PSE_Statement_of_Beneficial_Ownership_Ms_Tan.pdf 4. http://www.pnb.com.ph/images/stories/docs/PSE_Statement_of_Beneficial_Ownership_Mr_Cua.pdf 5. http://www.pnb.com.ph/images/stories/docs/PSE_Amended_Statement_of_Beneficial_Ownership_of_Ms_Tan.pdf 6. http://www.pnb.com.ph/images/stories/docs/PSE_Amended_Statement_of_Beneficial_Ownership_of_Mr_Cua.pdf 7. http://www.pnb.com.ph/images/stories/docs/PSE_Amended_GIS_of_PNB_for_the_Y2016_December_29_2016.pdf 8. http://www.pnb.com.ph/images/stories/docs/public_ownership_09302016.pdf 9. http://www.pnb.com.ph/images/stories/docs/SEC-2016-04-19-Definitive-Information-Statement.pdf (p. 85 Item 2) 10. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 14 Item e) 11. http://www.pnb.com.ph/index.php/about/investor-relations/shareholdings-structure
<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"> 1. http://www.pnb.com.ph/images/stories/docs/2015-AnnualReport.pdf (p. 57 Item 2) 2. http://www.pnb.com.ph/images/stories/docs/top_100_stockholders_09302016.pdf 3. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 55 Item C) 4. http://www.pnb.com.ph/images/conglomerate_map/ 5. http://www.pnb.com.ph/index.php/about/investor-relations/heads-subsiidiaries-affiliates

Guidelines No. 8: RESPECTS AND PROTECTS THE RIGHTS AND INTEREST OF EMPLOYEES, COMMUNITY, ENVIRONMENT, AND OTHER STAKEHOLDERS		
<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 continue 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 everyone in PNB Group.</p> <p>Source:</p> <ol style="list-style-type: none"> 1. http://www.pnb.com.ph/images/stories/docs/2016_CORPORATE_GOVERNANCE_MANUAL.pdf (p. 42 Item 4 & 5 and p. 43 Item 6) 2. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 26 Item B) 3. http://www.pnb.com.ph/images/stories/docs/GEN_Cir_1-873-2013_Code_of_Conduct.pdf (p. 2 Item I) 4. http://www.pnb.com.ph/images/stories/docs/2016_REVISIED_RPT_POLICY_MANUAL.pdf 5. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 65 Item 3) 6. http://www.pnb.com.ph/images/stories/docs/GEN_Cir_1-873-2013_Code_of_Conduct.pdf 7. http://www.pnb.com.ph/index.php/about/corporate-social-responsibility 8. http://www.pnb.com.ph/index.php/about/corporate-governance (Company Policy)
<p>8.2 Have in place a workplace development program.</p>	<p>√</p>	<p>PNB has several policies and programs that benefit the health, safety and welfare of its 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. Directors and key officers are required to attend an annual corporate governance seminar/workshop conducted by SEC-accredited training providers.</p>

		<p>Source:</p> <ol style="list-style-type: none"> 1. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 65-73 Item 3) 2. http://www.pnb.com.ph/images/stories/docs/2016_CORPORATE_GOVERNANCE_MANUAL.pdf (p. 47 Item XI) 3. http://www.pnb.com.ph/images/stories/docs/PSE_Attendance_in_CG_Seminar_November_22_2016_Mr_Nelson.pdf 4. http://www.pnb.com.ph/images/stories/docs/PSE_Certificate_of_Attendance_in_CorGov_Seminar_Dir_Lucio_K_Tan_Jr.pdf 5. http://www.pnb.com.ph/images/stories/docs/PSE_Certificate_of_Attendance_in_Corporate_Governance_Seminar_Dir_Pascual.pdf 6. http://www.pnb.com.ph/images/stories/docs/PSE_Certificate_of_Attendance_in_Corporate_Governance_Seminar_Dir_Cua_August_25_2016.pdf 7. http://www.pnb.com.ph/images/stories/docs/PSE_Attendance_in_Corporate_Governance_Seminar_August_9_2016.pdf 8. http://www.pnb.com.ph/images/stories/docs/PSE_Attendance_in_Corporate_Governance_Seminar_August_3_2016.pdf 9. http://www.pnb.com.ph/images/stories/docs/PSE-2016-05-03-Certificates-of-Attendance-DNV-HCT-CKP-WZS.pdf
<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>	<p>√</p>	<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). The Bank's CBAs are duly registered with DOLE.</p> <p>Source:</p> <ol style="list-style-type: none"> 1. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 65-66 Item 3 and p. 73 Item d) 2. http://www.pnb.com.ph/images/stories/docs/PSE_Statement_of_Beneficial_Ownership_Mr_Cua.pdf (p. 18 par. 6)
<p>8.4 Have in place a community involvement program.</p>	<p>√</p>	<p>As a corporate citizen, PNB 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</p>

		<p>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 Tan Yan Kee Foundation 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) Young & Empowered Students for the Philippines; (2) Pagtutulungan ng Bayan Outreach Projects, i.e. medical/funeral assistance to PNB employees and their families and cash assistance to employee who are victims of calamities, i.e. Typhoon Lando; and (3) PNB-Tan Yan Kee Foundation, Inc. Partnership - TESDA Tacloban Motorcycle Repair Training.</p> <p>Source:</p> <ol style="list-style-type: none"> 1. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 65 Item 2) 2. http://www.pnb.com.ph/images/stories/docs/2015-AnnualReport.pdf (p. 19) 3. http://www.pnb.com.ph/index.php/about/corporate-social-responsibility
<p>8.5 Have in place an environment-related program.</p>	<p>√</p>	<p>The Bank continued to pursue corporate social responsibility (CSR) initiatives and implement programs and projects under the framework that promotes shared responsibility, respect for people and culture and sound governance. Through partnerships and linkages with the various sectors of the society, PNB made significant contributions through its ongoing scholarship programs, campaigns in environmental protection and philanthropic initiatives. 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) PNB Branches Grow Greener - Tree Planting Project; (2) Earth Hour; (3) PNB/PAL Recyclables Event; and Pasay City Walang Plastikan Project (Anti-Plastic Bags Drive).</p> <p>The Bank further ensures environmentally operations by limiting paper consumption through the use of electronic/paper-less means of communication and documentation.</p> <p>Source:</p> <ol style="list-style-type: none"> 1. http://www.pnb.com.ph/images/stories/docs/2015-AnnualReport.pdf (P. 19) 2. http://www.pnb.com.ph/index.php/about/corporate-social-responsibility 3. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 63 - 66 Item H)

<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's Bids and Awards Committee is 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: 1. http://www.pnb.com.ph/images/stories/docs/2016_CORPORATE_GOVERNANCE_MANUAL.pdf (p. 42 Item 2) 2. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 63 Item H)</p>
<p>Guidelines No. 9: DOES NOT ENGAGE IN ABUSIVE RELATED-PARTY TRANSACTIONS AND INSIDER TRADING</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 RPT Policy aligned with BSP and SEC regulations. The Bank created a Board Oversight RPT Committee (BORC), governed by a charter, composed of independent directors and Chief Audit Executive & Chief Compliance Officer as non-voting members to assist the board in performing its oversight functions in monitoring and managing potential conflicts of interest of management, board members and shareholders. The Board, through the BORC, has the overall responsibility in ensuring that transactions with related parties are done at arm's length basis and handled in a sound and prudent manner with a high degree of integrity; exercise sound and objective judgment; and compliance with applicable laws and regulations to protect the interest of the stockholders and other stakeholders.</p> <p>Source: 1. http://www.pnb.com.ph/images/stories/docs/2016_REVISED_RPT_POLICY_MANUAL.pdf 2. http://www.pnb.com.ph/images/stories/docs/2016_CORPORATE_GOVERNANCE_MANUAL.pdf (p. 37 Item V and p. 69) 3. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p.27 Item 4)</p>
<p>9.2 Clearly define the thresholds for disclosure and approval for RPTs and categorize such transactions according to those that are considered deminimis or transactions that need not be reported or announced, those that need to</p>	<p>√</p>	<p>Since 2013, the Board approved RPT Policy has undergone several revisions to comply with existing laws, rules and regulations, accounting standards and global best practices.</p> <p>All DOSRI/RPTs are reviewed/approved/noted by the Board Oversight RPT Committee (BORC) that has the</p>

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<p>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>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 and Annual Report. The RPTs approved for the year are confirmed by the bank's stockholders during the annual stockholders' meeting. All DOSRI transactions are reported to the regulatory agencies on a monthly basis, as required under the regulations.</p> <p>Source:</p> <ol style="list-style-type: none"> 1. http://www.pnb.com.ph/images/stories/docs/2016_CORPORATE_GOVERNANCE_MANUAL.pdf (p. 37 Item 1, p. 40 Item 2.9 and p. 69) 2. http://www.pnb.com.ph/images/stories/docs/2015-AnnualReport.pdf (p. 28) 3. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 27 Item 4) 4. http://www.pnb.com.ph/images/stories/docs/SEC-2016-04-19-Definitive-Information-Statement.pdf (p. 52 Item 5 and p. 238 Item 34) 5. http://www.pnb.com.ph/images/stories/docs/2016_ASM_Minutes_of_PNB.pdf (p. 8 par 5)
<p>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>	<p>√</p>	<p>All legal acts, resolutions and proceedings of the Board of Directors, 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"> 1. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (P. 80-82 Items b & c) 2. http://www.pnb.com.ph/images/stories/docs/2016_CORPORATE_GOVERNANCE_MANUAL.pdf (p. 13 Item 1.3.4.7.2) 3. http://www.pnb.com.ph/images/stories/docs/SEC-2016-04-19-Definitive-Information-Statement.pdf (p. 39 Item 11) 4. http://www.pnb.com.ph/images/stories/docs/notice_of_stockholders_meeting_04_20_2016.pdf (Item 7)
<p>9.4 Have its independent directors or audit committee play an important role in reviewing significant RPTs.</p>	<p>√</p>	<p>The Chairman of the Board Audit and Compliance Committee (BACC) and the Board Oversight RPT Committee (BORC) are independent directors and appointed by the Board.</p> <p>The BORC is composed of 5 members, 3 independent directors and 2 non-voting members, the Chief Audit Executive (CAE) and the Chief Compliance Officer (CCO). The designated Secretariat of BORC is the CCO</p>

		<p>while the BACC is the CAE.</p> <p>Source:</p> <ol style="list-style-type: none"> 1. http://www.pnb.com.ph/images/stories/docs/2015_RPT_Policy.pdf 2. http://www.pnb.com.ph/images/stories/docs/2016_CORPORATE_GOVERNANCE_MANUAL.pdf (p. 69) 3. http://www.pnb.com.ph/images/stories/docs/SEC-2016-04-19-Definitive-Information-Statement.pdf (p. 52 Item 5) 4. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 27-28 Item 4)
<p>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>	<p>√</p>	<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 to the Board of Directors for approval/notation. All DOSRI/RPTs are properly minuted in the BORC 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"> 1. http://www.pnb.com.ph/images/stories/docs/2016_CORPORATE_GOVERNANCE_MANUAL.pdf (p. 37 Item V) 2. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 75 Item 7) 3. http://www.pnb.com.ph/images/stories/docs/2015-AnnualReport.pdf (p. 134 item 34) 4. http://www.pnb.com.ph/images/stories/docs/SEC-2016-04-19-Definitive-Information-Statement.pdf (p. 36 Item e & p. 238 Item 34)
<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 information security seminars and corporate security workshops.</p>

		<p>Source:</p> <ol style="list-style-type: none"> 1. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 26 Item B) 2. http://www.pnb.com.ph/images/stories/docs/2016_CORPORATE_GOVERNANCE_MANUAL.pdf (p. 42 Item 4 & p. 43 Item VI)
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"> 1. http://www.pnb.com.ph/images/stories/docs/2016_CORPORATE_GOVERNANCE_MANUAL.pdf (p. 46 Item IX) 2. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 11 Item b & p. 73 Item I) 3. http://www.pnb.com.ph/index.php/about/investor-relations#disclosures
Guidelines No. 10: DEVELOPS AND NURTURES A CULTURE OF ETHICS, COMPLIANCE AND ENFORCEMENT		
10.1 Formally adopt a code of ethics and proper conduct that guides individual behaviour 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 cybermag/intranet for easy access/reference by all employees. All employees of the Bank were likewise furnished a copy of the Code of Ethics. The Bank has 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"> 1. http://www.pnb.com.ph/images/stories/docs/GEN_Cir_1-873-2013_Code_of_Conduct.pdf 2. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 26 Item B) 3. http://www.pnb.com.ph/images/stories/docs/2015-AnnualReport.pdf (p. 24 par. 2)
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 cybermag/intranet and website.</p> <p>The Compliance Program includes Manuals, Compliance Bulletins, Compliance Alerts and Training Programs that are reviewed and updated annually.</p>

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		<p>Source:</p> <ol style="list-style-type: none"> 1. http://www.pnb.com.ph/images/stories/docs/2016_CORPORATE_GOVERNANCE_MANUAL.pdf (p. 3 Item I & p.46 Item IX) 2. http://www.pnb.com.ph/images/stories/docs/2015-AnnualReport.pdf (p. 26 par.17 to p. 27) 3. http://www.pnb.com.ph/images/stories/docs/SEC-2016-04-19-Definitive-Information-Statement.pdf (p. 44) 4. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 47 Item 11)
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's policies, guidelines and procedures are aligned with the existing laws, rules and regulations which are being reviewed and updated annually, if necessary.</p> <p>PNB directors, employees, 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 cybermag/intranet 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"> 1. http://www.pnb.com.ph/index.php/about/corporate-governance (Policies on Business Conduct and Ethics) 2. http://www.pnb.com.ph/images/stories/docs/2016_CORPORATE_GOVERNANCE_MANUAL.pdf (p. 42-43 Item VI) 3. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 26-27 Item B)
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"> 1. http://www.pnb.com.ph/images/stories/docs/2016_CORPORATE_GOVERNANCE_MANUAL.pdf (p. 31 Item 7)

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		<p>2. http://www.pnb.com.ph/images/stories/docs/2015-AnnualReport.pdf (p. 26 par. 18)</p> <p>3. http://www.pnb.com.ph/images/stories/docs/SEC-2016-04-19-Definitive-Information-Statement.pdf (p. 44 par. 3)</p> <p>4. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p.31 par. 24)</p>
10.6 Respect intellectual property rights.	√	<p>The Banks policies on Intellectual Property Rights are posted on PNB Website.</p> <p>Source:</p> <p>1. http://www.pnb.com.ph/images/stories/docs/compliance_intellectual_property_rights.pdf</p> <p>2. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 55 par. 4-5)</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>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> <p>1. http://www.pnb.com.ph/images/stories/docs/2016_CORPORATE_GOVERNANCE_MANUAL.pdf (p. 40 Item 2.10)</p> <p>2. http://www.pnb.com.ph/images/stories/docs/2016_CORPORATE_GOVERNANCE_MANUAL.pdf (p. 17 Item 1.3.4.18 and p. 69)</p> <p>3. http://www.pnb.com.ph/images/stories/docs/Updates_in_the_2015_ACGR_of_PNB_November_22_2016.pdf (p. 29 Item 6 and p. 63 Item H)</p>

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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, 2017 in Pasay City.



FLORENCIA G. TARRIELA
Chairperson/Independent Director



REYNALDO A. MACLANG
President & CEO

