

Copies of the Minutes of the Meetings of the Board of Directors may be examined by the stockholders of record as of May 2, 2016 at the Office of the Corporate Secretary during business hours.

Item 10. OTHER ACTIONS

(a) Election of Directors

Fifteen (15) directors will be elected for the year 2016.

(b) Appointment of External Auditor

The Bank intends to retain SGV as its external auditor for the year 2016. This requires the endorsement of the Board Audit and Compliance Committee with the approval of the Board of Directors and ratification by the stockholders during the Annual Stockholders' Meeting of the Bank.

SGV has the advantage of having historical knowledge of the business of the Bank and its subsidiaries and affiliates, having been the appointed external auditor of the Bank in 2015 and prior years.

Ms. Vicky B. Lee-Salas, SGV's Leader for Market Group 5 and one of the experienced audit partners in the banking industry, will be retained as audit partner-in-charge. In accordance with the amended SRC Rule 68(3)(b)(ix), there is no need at this time to change the audit partner for the Bank.

Item 11. VOTING PROCEDURES

The affirmative vote of the stockholders present in person or by proxy representing at least a majority of the stockholders present at the meeting shall be sufficient to carry the vote for any of the matters submitted to a vote at the Annual Stockholders' Meeting, except for Items 6 and 8 of the Agenda, on the amendment of the Amended By-Laws and election of directors.

For Item 6, on the amendment of the Bank's Amended By-Laws, particularly Section 4.2, Article IV, to change the holding of the Annual Stockholders' Meeting from the last Tuesday of May to the last Tuesday of April of each year, the favorable vote of the stockholders representing at least majority of the outstanding capital stock of the Bank is required.

For Item 8, on election of directors, the fifteen (15) nominees garnering the highest number of votes from the stockholders present or represented by proxy shall be elected directors for the ensuing year.

The manner of voting and counting of votes will be as follows:

- a) Every stockholder entitled to vote shall have the right to vote, either in person or by proxy, the number of shares registered in his name on record as of the close of business hours on May 2, 2016. Only written proxies, signed by the stockholders and duly presented to the Corporate Secretary on or before May 26, 2016 for inspection and recording, shall be honored for purposes of voting.
- b) For purposes of electing directors, the system of cumulative voting shall be followed. Each stockholder has a number of votes equal to the number of shares he owns, times the number of directors to be elected. Under this voting system, the stockholder has the option to (i) cast all his votes in favor of one (1) nominee, or (ii) distribute those votes under the same principle among as many nominees as he shall see fit. Only candidates duly nominated shall be voted upon by the stockholders entitled to vote or by their proxies.
- c) Unless required by law, or upon motion by any stockholder, voting need not be by ballot and may be done by show of hands.

- d) The manner of election and the counting of the votes to be cast shall be under the supervision of the Corporate Secretary.

Item 12. CORPORATE GOVERNANCE

The Bank acknowledges that corporate governance is a dynamic concept and is a framework of rules, systems and processes in the organization. It governs the performance of the Board of Directors and Management of their respective duties and responsibilities to the stockholders and other stakeholders. It provides direction for the promotion of a strong corporate governance culture and recognizes current best practices. It also strives to raise corporate governance standards to a level that is at par with global standards and ultimately contributes to the development of Philippine capital markets.

The Bank adheres to the highest principles of good corporate governance as embodied in its Amended Articles of Incorporation, Amended By-Laws Code of Conduct and Revised Corporate Governance Manual. It subscribes to the philosophy of rational checks and balances, fairness, integrity, accountability and transparency in its manner of doing business, dealing fairly with its clients, investors, stockholders, and the communities affected by the Bank's activities. The Bank espouses professionalism among its Board of Directors, executives and employees, subsidiaries and affiliates and respect for laws and regulations.

The Bank's operations are managed through an established organizational structure with adequate policies and procedures embodied in manuals approved by management, board committees and the Board of Directors. These manuals are subjected to periodic review and are updated to be consistent with the new laws and regulations and to conform with international standards and best practices. The Bank has adopted the Revised Corporate Governance Manual to align its internal policies with recently issued regulatory guidelines and new reportorial disclosures for significant transactions among related parties.

The Bank was a recipient of the Silver Award for good corporate governance from the Institute of Corporate Directors (ICD) for two consecutive years, in 2011 and 2012. This is in recognition of the Bank's existing organization composed of dedicated corporate directors and senior management committed to the professional corporate directorship in line with global principles of modern corporate governance.

In 2015, PNB was recognized among all publicly listed companies in the country by the PSE as one of the Top Ten Bell Awardees. The awards commend listed companies and trading participants that practice the highest standards of corporate governance in the country.

Board of Directors

PNB is led by its Board of Directors, which is composed of fifteen members including five independent directors and the Chairperson. The members of the Board are elected annually by the stockholders. The Board is primarily responsible for approving and overseeing the implementation of the Bank's strategic objectives, risk management strategy, corporate governance, and corporate values.

The Board represents a combination of highly qualified business professionals, former bank presidents, and former senior officials affiliated with regulatory bodies and international organizations such as the International Monetary Fund and the World Bank, individuals with distinct finance, audit and legal competencies, and collectively holds a broad range of expertise and related banking experience that provide value to the strengthening and upholding of good corporate governance practices in the Bank.

The Board of Directors, the key officers of the Bank and its subsidiaries undergo continuing training in corporate governance. The most recent seminar was conducted by the ICD in December 2015. There are two directors inducted "fellow" by the Philippine ICD and one director certified as a "fellow" by the Australian ICD. This is in recognition of their distinguished reputation and commitment to the highest standards of corporate governance principles, ethics and social responsibility.