

- c. **Power Earner 5 plus 1 (PNB Savings Bank)**
Power Earner 5 plus 1 is a 5-year and 1-day Time Deposit that offers a higher yielding rate, a fixed income through monthly credit of interest. The interest earned shall be withholding tax-free for individual depositors provided there is no pre-termination made. It was launched last February 2015.
- d. **PNB Unit Investment Trust Fund (UITF) ATM Investment Facility**
The Bank further expanded the distribution channel of the PNB UITF through its ATM Investment Facility. Soft launch was done at the ATM of the Main Branch last May 2015.
- e. **Anti-Skimming Protection Solution (SPS)**
All new ATM units acquired by the Bank and currently being installed have a real-time detection of the presence of a fraudulent device on the ATMs that can manage response to a potential skimming attack before it occurs.
- f. **Adoption of Triple Data Encryption Standard (3DES)**
The Bank replaced all Single DES ATMs in March 2015 with 3DES, a more secure form of encryption and has the advantage of proven reliability against attacks. This is in line with BSP Circular No. 808 pertaining to the Guidelines on Information Technology Risk Management for all Banks and other BSP Supervised Institutions.
- g. **PNB Revolutionizes Bank on Wheels**
True to its philosophy of prioritizing its customers, PNB created the Bank on Wheels project to provide Filipinos easy access to their banking needs anytime, anywhere. Now revolutionized to meet the evolving needs of the market, Bank on Wheels was re-launched last December 11, 2015 to provide cash services when clients need it most.

5. Related Party Transactions

In the ordinary course of business, the Bank has loans and other transactions with its subsidiaries and affiliates, and with certain directors, officers, stockholders and related interests (DOSRI). Under the Bank's policy, these loans and other transactions are made substantially on the same terms as with other individuals and businesses of comparable risks. The amount of direct credit accommodations to each of the Bank's DOSRI, 70.00% of which must be secured, should not exceed the amount of their respective deposits and book value of their respective investments in the Bank.

In the aggregate, DOSRI loans generally should not exceed the Bank's equity or 15% of its total loan portfolio, whichever is lower. As of December 31, 2015 and 2014, the Bank and the Group were in compliance with such regulations.

For proper monitoring of related party transactions (RPT) and to assist the Board in performing its oversight functions in monitoring and managing potential conflicts of interest of management, board members and shareholders, the Bank created the Board Oversight RPT Committee (BORC). The BORC is composed of at least five (5) regular members which include three (3) independent directors and 2 non-voting members (the Chief Audit Executive and the Chief Compliance Officer). The Chairman of the committee is an independent director and appointed by the Board.

6. Patents, Trademarks, Licenses, Franchises, Concessions and Royalty Agreements

The Bank's operations are not dependent on any patents, trademarks, copyrights, franchises, concessions and royalty agreements.

7. Government Approval of Principal Products or Services

Generally, e-banking products and services require BSP approval. New deposit products require notification to the BSP. The Bank has complied with the aforementioned BSP requirements.