

warrants over the company's shares:

| Director's Name | Number of Direct Option/Rights/Warrants | Number of Indirect Option/Rights/Warrants | Number of Equivalent Shares | Total % from Capital Stock |
|-----------------|---|---|-----------------------------|----------------------------|
| Not Applicable | Not Applicable | Not Applicable | Not Applicable | Not Applicable |

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

| Incentive Program | Amendments | Date of Stockholders' Approval |
|-------------------|----------------|--------------------------------|
| None | Not Applicable | Not Applicable |

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year: (updated - 2015)

| Name of Officer/Position | Total Remuneration |
|--|--------------------|
| Audencial, Cenon, Jr. C.; Cebrero, Horacio III E.; Dobles, Christopher C.; Hernandez, Reyes, Nelson C. | ₱78,504,053.00* |

* Inclusive of the remuneration of the President

E. **BOARD COMMITTEES**

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board: (updated – July 22, 2016)

| Committee | No. of Members | | | Committee Charter |
|---|--------------------|------------------------|----------------------|-------------------|
| | Executive Director | Non-Executive Director | Independent Director | |
| Executive Committee | 1 | 5 | 3* | Yes |
| Board Audit and Compliance Committee | 0 | 0 | 3 | Yes |
| Corporate Governance/Nomination Committee | 1 | 0 | 4 | Yes |
| Risk Oversight Committee | 0 | 1 | 2 | Yes |
| Trust Committee | 2** | 2 | 1 | Yes |
| Board Oversight Committee – Domestic & Foreign Offices/Subsidiaries | 0 | 3 | 0 | Yes |
| Board Oversight RPT Committee | 2*** | 0 | 3 | Yes |
| Board I.T. Governance Committee | 0 | 4 | 1 | Yes |

(*) Non-voting members

(**) Ex-officio members

(***) Resource Persons

BOARD COMMITTEES' FUNCTIONS/KEY RESPONSIBILITIES AND POWER/AUTHORITY (updated – June 24, 2016):

A. EXECUTIVE COMMITTEE (EXCOM)

Function: The Executive Committee shall perform the functions and duties as the Board may delegate.

Key Responsibilities and Power/Authority:

- To exercise its authority to endorse or approve loan recommendations from the Corporate Banking Group (CBG), Commercial Banking Group (ComBG), Retail Banking Group (RBG), and Consumer Finance Group (CFG).
- To evaluate, approve and endorse for Board approval investments in bonds, shares of stock or other financial assets; any borrowings, issuance of capital market instruments and bonds, capital allocation and necessary equity raising exercise

3. To approve the restructuring, payment plan, compromise settlement or write-off of past due, problematic and remedial accounts.
4. To endorse for Board approval the establishment, relocation, renovation or closure of domestic and overseas branches/offices including the approval of the needed budget.
5. To act on proposal for the lease, sale, disposal and any matter pertaining to Real and Other Properties Acquired (ROPAs).
6. To approve disbursements for expenses, fines and penalties.
7. To propose mergers and acquisitions and provide the budget thereof for Board approval.
8. To approve the purchase of real & personal property, divestiture or disposal of assets.
9. To review, evaluate, approve and/or endorse for Board approval policies, procedures and manuals of products and services to be offered to the Bank's domestic and overseas market.
10. To determine the risk appetite and set limits on risk taking activities.
11. To evaluate and endorse for Board approval Annual Strategic Forecasts, Plans and Budget
12. In coordination with the Board Audit & Compliance committee, conduct monthly/quarterly/periodic reviews of financial reports.
13. To review, evaluate, approve and/or endorse for board approval the Bank's capital planning, risk assessment, policies and procedures and provide oversight on the adoption and implementation of the Bank's board-approved ICAPP program.
14. All credit transactions approved by the Executive Committee shall be submitted to the Board for notation.

B. BOARD AUDIT AND COMPLIANCE COMMITTEE (BACC)

Function: The purpose of the Board Audit and Compliance Committee is: (i) to assist the Board in the performance of its oversight responsibility relating to financial reporting process, systems of internal control, audit process and monitoring of compliance with applicable laws, rules and regulations. ; (ii) provide oversight functions over internal and external auditors and ensure that the internal and external auditors act independently from each other; (iii) provide oversight over compliance functions and/or oversee the compliance program; (iv) the annual independent audit of PNB's financial statements, engagement of the external auditors and the evaluation of the external auditor's qualifications, independence and performance; (v) compliance by PNB with legal and regulatory requirements, including PNB's disclosure controls and procedures; and (vi) fulfillment of the other responsibilities set out therein.

Key Responsibilities and Power/Authority:

1. On Financial Statements: (a) review the quarterly, semi-annual, annual and periodic financial statement signed by the CEO and CFO prior to submission to the Board; and (b) establish a system that addresses, in a timely and effective manner, findings or fraud or error on the financial statements.
2. As an oversight of the Bank's External Auditors.
3. As an oversight of the Bank's Internal Auditor.
4. As an oversight of the Bank's Chief Compliance Officer.
5. Monitor and evaluate the adequacy and effectiveness of the Bank's internal control system including financial reporting control and information technology security.
6. Receive and review reports of internal and external auditors, compliance and regulatory agencies, where applicable and ensure that Management is taking appropriate corrective actions in a timely manner.
7. Conduct self-assessment of the performance of the Bank, BACC as a whole, as well as the individual performance of each committee member annually.
8. Review and evaluate the self-assessment of the performance of the Compliance and Audit Committees of the Bank's subsidiaries and affiliates to ensure that the respective Compliance and Audit Committee policies and activities are aligned with the Bank.
9. Review and assess the adequacy of the BACC Charter annually and recommend any proposed changes for approval of the Board of Directors.
10. Establish effective audit programs that cover IT risk exposures throughout the Bank, risk-focused, promote sound IT controls, ensure the timely resolution of audit deficiencies and period reporting to the Board on the effectiveness of the Banks' IT risk management, internal controls, and IT governance.
11. Shall have explicit authority to investigate any matter within its terms and reference, full access to and cooperation by Management and full discretion to invite any director or executive officer to attend its meetings, and adequate resources to enable it to effectively discharge its functions.
12. Shall have the sole authority to select, evaluate, appoint, dismiss, replace and re-appoint the external auditor (subject to stockholder ratification) based on fair and transparent criteria.
13. Shall have the authority, to the extent it deems necessary or appropriate, to retain special legal, accounting, or other consultants to advise the Committee.
14. May form and delegate authority to sub-committees, comprised of one or more members of the Committee, as necessary or appropriate.
15. Shall ensure that a review of the effectiveness of the institution's internal controls, including financial, operational and compliance controls, and risk management, is conducted at least annually.
16. Shall establish and maintain mechanisms by which officers and staff may, in confidence, raise concerns about possible improprieties or malpractices in matters of financial reporting, internal control, auditing or other issues to persons or entities that have the power to take corrective action.

C. CORPORATE GOVERNANCE/NOMINATION/REMUNERATION COMMITTEE

Function: The Corporate Governance/Nomination/Remuneration Committee assists the Board of Directors in fulfilling its corporate governance responsibilities and ensures the Board's effectiveness and due observance of corporate governance principles and guidelines and the selection of members of the Board and senior executives of the Bank as well as in the appointment of the members of the respective Board committees.

Key Responsibilities and Power/Authority:

1. Review and evaluate the qualifications of all persons nominated to the Board as well as those nominated to other positions requiring appointment by the Board of Directors.
2. Assess the effectiveness of the Board's processes and procedures in the election or replacement of directors.
3. Ensure that the Bank shall have at least two (2) Independent Directors (IDs) or such IDs shall constitute at least twenty percent (20%) of the members of the Board, and that any fractional result from applying the required minimum proportion, shall be rounded-up to the nearest whole number.
4. Pre-screen and shortlist all candidates nominated to become a member of the Board of Directors in accordance with the qualifications and disqualification.
5. Develop a form on full business interest disclosure as part of the pre-employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired.
6. Oversee the periodic performance evaluation of the Board and its committees and executive management.
7. Review and evaluate the annual self-assessment of the directors, board and committees prior to Board approval/notation.
8. Conduct an annual self-evaluation of the board committee's performance prior to Board approval/notation.
9. Decide the manner by which the Board's performance may be evaluated, as well as whether or not a director is able to and has been adequately carrying out his/her duties as director bearing in mind the director's contribution and performance (e.g. competence, candor, attendance, preparedness and participation).
10. Adopt internal guidelines that will determine the number of directorships of its members that can hold in other corporations and address the competing time commitments that are faced when directors of the Bank serve on multiple boards.
11. Make recommendation to the Board and formulate such policies regarding the continuing education of directors, assignment to Board Committees, succession plan for Board members and senior officers, and their remuneration commensurate with corporate and individual performance.
12. Review and formulate policies to strengthen provision on conflict of interest, salaries and benefits, promotion and career advancement of personnel concerned in line with the existing professional development program and succession plan for senior management.
13. Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Bank's culture, financial capacity, business strategy and control environment.
14. Designate the amount of remuneration and fringe benefits, which shall be at a sufficient level to attract and retain directors and officers who are needed to run the Bank successfully.
15. Disallow any director to decide his or her own remuneration.
16. Provide in the Bank's annual reports, information and proxy statements a clear, concise and understandable disclosure of the aggregate compensation of its executive officers for the previous year and the ensuing year.
17. Establish strategic objectives and a set of corporate values that are communicated throughout the institution.
18. Set and enforce clear lines of responsibility and accountability throughout the Bank.
19. Ensure that the Board members are qualified for their positions, have a clear understanding of their role in corporate governance and are not subject to undue influence from Management or outside concerns.
20. Effectively utilize the work conducted by internal and external auditors in recognition of the important control function they provide.
21. Ensure that compensation approaches are consistent with the Bank's ethical values, objectives, strategy and control environment.
22. Conduct corporate governance in a transparent manner.
23. Receive and evaluate complaints regarding conflict of interest situations.

D. RISK OVERSIGHT COMMITTEE (ROC)

Functions: The BSP-mandated functions of the Risk Oversight Committee are as follows:

1. Identify and evaluate exposures – the ROC shall assess the probability of each risk becoming reality and shall estimate its possible effect and cost. Priority areas of concern are those risks that are most likely to occur (high probability) and are costly when they happen (high severity).
2. Develop risk management strategies – the ROC shall develop a written plan defining the strategies for managing and controlling the major risks. It shall identify practical strategies to reduce the chance of harm and failure or minimize losses if the risk becomes real.
3. Oversee the implementation of the risk management plan – the ROC shall conduct regular discussions on the Bank's current risk exposures based on regular management reports and assess how the concerned units or offices reduced these risks.
4. Review and revise the plan as needed – the ROC shall evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. It shall revisit strategies, look for emerging or changing exposures, and stay abreast of developments that affect the likelihood or harm or loss.

Key Responsibilities: The duties and responsibilities of the ROC with respect to the different fields that it covers according to its charter are the following:

Operational and Legal Risks

1. Approve the basic structure of the framework for managing operational risk (i.e. arising from process, system, people and external event), which includes legal risk.
2. Mandated to be aware of the major aspects of the Bank's operational and legal risks, it shall: (a) review, on continuing basis, operational and legal risk exposures and loss events by major business lines; and (b) oversee the effective resolution, management and control of the Bank's operational and legal risk.
3. Assume an oversight role through the Chief Risk Officer and Chief Audit Executive with respect to the management's responsibility for

maintaining and implementing effective policies and procedures for managing operational risk in all of the Bank's products, activities, processes and systems; and through the Chief Legal Counsel with respect to legal risk.

Strategic and Financial Risks

1. Assume an oversight role through the Head of Corporate Planning Division in monitoring the compatibility of the Bank's strategic goals, business strategies developed, resources deployed and quality of implementation.
2. Review and discuss with management the performance versus target of major business units. ROC may request management for an explanation on unfavourable variance and direct management to change certain policies and strategies.
3. Assess how the Bank generates income and analyze the sensitivity of the Bank's earnings given a set of business conditions.

Reputation Risk: Assume an oversight role through the Service Quality Officer in ensuring the abundance of caution in dealing with customers and the community, as well as the Bank's responsiveness in addressing negative public opinion.

Technology Risk: Assume an oversight role through the IT Governance Committee in ensuring that technology and information security risks are properly identified, monitored, reported and mitigated. This assumes that each member of the ROC:

1. Have the knowledge and skills necessary to understand and effectively manage technology-related risks.
2. Ensure that – (a) an effective technology planning process exists; (b) technology is implemented properly with appropriate controls; and (c) measurement and monitoring efforts effectively identify ways to manage risk exposure.
3. Review, recommend for Board approval, and monitor technology projects that may have significant impact on the Bank's operations, earnings or capital.
4. Establish clearly-defined measurement objectives and conduct periodic reviews to ensure that goals and standards established by management are met.

Compliance Risk: Assume an oversight role through the Chief Compliance Officer with respect to compliance with laws, rules, regulations, prescribed practices, internal policies and procedures or ethical standards.

Trust Risk: Assumes the oversight role through the bank's Trust Risk Officer with the Corporate Risk Manager, for the identification, measurement, monitoring and control of operations of the Trust Banking Group. This is a specialized function that is distinct from Trust banking Operations.

Credit Risk

1. Oversee the Bank wide management of the credit risk internal in the entire portfolio and ensure the adequacy of provisions.
2. Ensure that the following sound and best practices in credit risk management are in place and conduct periodic review of the same: (a) policy and infrastructure; (b) sound credit granting process; (c) system for administration and monitoring of exposure; (d) portfolio management; (e) credit review; (f) review the adequacy of valuation reserves; and (g) work out system for managing problem credits.

Market Risk: Recommend for Board approval market risk policies and risk limits for all trading and balance sheet-related market risks and for investment securities activities.

Interest Rate Risk: Approve the methodology, models and assumptions used to measure market and interest rate risks.

Liquidity Risk: Review compliance with established limits.

Others: Performs such other functions as may be mandated by the Board and regulatory bodies relevant to risk management.

Power/Authority: The ROC has the authority to implement the following:

1. Direct management to submit regular reports on current risk exposures on operational, legal, compliance, strategic, reputation, technology and other risks as well to address said risks.
2. Approve or endorse for Board approval the proposed risk policies and procedures.
3. Access to all Bank's records and any officer or employee of the Bank, as it deems necessary.

E. TRUST COMMITTEE

Function: The Trust Committee provides direction for the trust business and management of trust assets, fiduciary accounts, investments and trust services.

Key Responsibilities and Power/Authority:

1. Acts within the sphere of authority as may be provided in the Amended By-Laws and/or as may be delegated by the Board of Directors, such as but not limited to the following:
 - (a) The formulation of specific policies with regard to: (i) correlation of the Trust Banking Group with other departments of the Bank; (ii) personnel; (iii) cost and charges; (iv) kinds of business to be accepted; (v) trust business development; (vi) work with other banks and/or financial institutions;
 - (b) The acceptance and closing of trust and other fiduciary accounts;
 - (c) The initial review of assets placed under the custody of the Trust Banking Group as trustee or fiduciary;

- (d) The investment, reinvestment and disposition of funds or property;
 - (e) The review and approval of transactions between trust and/or fiduciary accounts; and
 - (f) The review of trust and other fiduciary accounts at least once every twelve (12) months to determine the advisability of retaining or disposing of the trust or fiduciary assets, and/or whether the account is being managed in accordance with the instrument creating the trust or other fiduciary relationship.”
2. Reports directly to the Board of Directors and is primarily responsible for overseeing the fiduciary activities of the Bank/NBFI. In discharging its functions, it shall:
- (a) Ensure that fiduciary activities are conducted in accordance with applicable laws, rules and regulations and prudent practices;
 - (b) Ensure that policies and procedures that translate the Board’s objectives and risk tolerance into prudent operating standards are in place and continue to be relevant, comprehensive and effective;
 - (c) Oversee the implementation of the risk management framework and ensure that internal controls are in place relative to fiduciary activities;
 - (d) Adopt an appropriate organizational structure/staffing pattern and operating budgets that shall enable the Trust Banking Group to effectively carry out its functions;
 - (e) Oversee and evaluate performance of the Trust Officer; and
 - (f) Report regularly to the Board of Directors on matters arising from fiduciary activities.

F. BOARD OVERSIGHT COMMITTEE – DOMESTIC & FOREIGN OFFICES/SUBSIDIARIES

Function: The Board Oversight Committee was created to provide the required oversight on the domestic and foreign offices/subsidiaries to ensure their profitable operations and long-term viability consistent with the Bank’s strategic goals.

Key Responsibilities and Power/Authority:

1. To provide oversight on the business plans, initiatives, overall business operations and regulatory compliance of the domestic subsidiaries and overseas offices to include foreign branches, subsidiaries, marketing desk offices and representative offices.
2. To establish the strategic objectives and the business priorities for the domestic subsidiaries and overseas offices that needs to be regularly communicated throughout the domestic subsidiaries and overseas offices. This will include the evaluation and approval of the Bank’s short term, medium term and long term strategic plans and the supporting schedules as components of the major plans and key activities. On periodic basis, the Committee will require the re-forecasting of financial budgets/plans, capital/equity investments, contingency plans and significant changes in market positioning, budgets and re-alignment of the ICAAP Programs for specific business entities.
3. To supervise the formulation of policy guidelines and procedures to ensure the quality of compliance and risk management of the different business legal vehicles by focusing on key risk areas that require closer supervision by the Board and implementation of timely effective corrective actions and/or plans by senior management.
4. To conduct periodic financial performance and management profitability reviews and be informed of market and economic developments and changes in laws and regulatory environment for each of the domestic and overseas business legal vehicle, in coordination with the respective entity Board of Directors, other board committees and senior management group heads that provide oversight support to the domestic subsidiaries and overseas offices.
5. To review and approve business models/licenses, product programs, operations policy and procedures manuals, IT systems and developments, major marketing tie-ups/programs.
6. To review and evaluate qualification of key personnel recommended to be hired or appointed for the domestic subsidiaries and overseas offices as well as those nominated to positions requiring the confirmation of the Board of Directors, and formulate policies for the continuing education of key officers in domestic subsidiaries and overseas offices, their assignment to management committees and the succession planning for the domestic subsidiaries and overseas offices senior management.

G. BOARD OVERSIGHT RPT COMMITTEE

Function: The Board Oversight RPT Committee (BORC) was created to assist the Board in performing its oversight functions in monitoring and managing potential conflicts of interest of management, board members and shareholders.

Key Responsibilities and Power/Authority:

1. Oversee the evaluation of relevant related party transactions (RPT) 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;
2. Exercise sound and objective judgment on the related party transactions for the best interest of the Bank and that the processes and approvals are conducted at arm’s length basis;
3. Endorse the related party transaction to the Board for approval.
4. Review and approve policy guidelines and implementing procedures in the handling of relevant RPTs by ensuring an effective compliance with existing laws, rules and regulations, accounting standards and global best practices;
5. Review and inform the Board in advance of any related party transaction causing material conflicts of interest, conclude the transaction with the approval of the Board through an effective monitoring system;
6. Oversee the proposed deals on RPTs clearly articulate the identity of the parties involved and the terms of transactions are made substantially on the same terms as other individuals and businesses of comparable risk;
7. Ensure Bank compliance with the disclosure and reporting of materially significant RPTs.

H. BOARD I.T. GOVERNANCE COMMITTEE

Function: The Board I.T. Governance Committee was created to assist the Board in performing its oversight functions in reviewing, approving and monitoring the Information Technology (IT) Risk Management Framework and IT Strategic Plan of the PNB Group.

Key Responsibilities and Power/Authority:

1. Oversee the development of the long-term and short-term Enterprise IT Strategic Plans.
2. Ensure that IT laws, IT regulatory guidelines and IT corporate standards are considered in the proper and effective implementation of IT risk management policies and procedures.
3. Endorse IT related plans, IT projects, IT policy guidelines and procedures to the Board for approval.
4. Has oversight of the IT Risk Management System.
5. Review and endorse for approval of the Board the Enterprise IT Strategic Plans of the Parent Bank, its subsidiaries and affiliates.
6. Evaluate and endorse for approval of the Board the IT Organizational Structure of the PNB Parent Bank and related entities belonging to the PNB Group - foreign branches, domestic and foreign subsidiaries and affiliates.
7. Review and endorse for approval of the Board the IT Risk Assessment of the PNB Group and its member entities.
8. Review and endorse for approval of the Board IT policy guidelines and implementing procedures in related to IT functions, processes and systems and ensuring adherence to existing laws, rules and regulations, and global best practices;
9. Review and inform the Board in a timely manner critical IT Projects and endorse approval of necessary IT budgets to support business plans and priorities.
10. Oversee that IT Project proposals are consistent with the overall IT Strategic Plans.
11. Monitor the IT Group performance, IT Projects and in-sourcing and out-sourcing activities of IT functions and services provided to related entities.
12. Review and monitor significant IT concerns and corrective actions arising from regulatory examinations, internal audits and external reviews.

2) Committee Members (updated – October 28, 2016)

(a) Executive Committee

| Office | Name | Date of Last Appointment |
|----------------|-------------------------|--------------------------|
| Chairman (NED) | Florido P. Casuela | May 31, 2016 |
| Member (NED) | Leonilo G. Coronel | May 31, 2016 |
| Member (ED) | Reynaldo A. Maclang | May 31, 2016 |
| Member (NED) | Christopher J. Nelson | May 31, 2016 |
| Member (NED) | Lucio K. Tan, Jr. | May 31, 2016 |
| Member (NED) | Michael G. Tan | May 31, 2016 |
| Member (ID) | Felix Enrico R. Alfiler | May 31, 2016 |
| Member (ID) | Federico C. Pascual | May 31, 2016 |
| Member (ID) | Florencia G. Tarriela | May 31, 2016 |

(b) Board Audit and Compliance Committee (BACC)

| Office | Name | Date of Last Appointment |
|---------------|-------------------------|--------------------------|
| Chairman (ID) | Edgar A. Cua | October 28, 2016 |
| Member (ID) | Felix Enrico R. Alfiler | May 31, 2016 |
| Member (ID) | Florencia G. Tarriela | May 31, 2016 |

The Board Audit and Compliance Committee shall be composed of at least three (3) Board members, who shall preferably have accounting and finance background, two (2) of whom shall be independent directors, including the Chairman and another non-executive director with audit experience. The members of the BACC and the Committee Chair shall be appointed by the Board.

Disclose the profile and qualification of the Audit Committee members.

| | |
|--|---|
| Name | FELIX ENRICO R. ALFILER |
| Age | 66 |
| Nationality | Filipino |
| Education | Bachelor of Science and Masters in Statistics from the University of the Philippines |
| Current Position in the Bank | Vice Chairman/Independent Director |
| Date of First Appointment | January 1, 2012 |
| Directorship in Other Listed Companies | None |
| Other Current Positions | * Chairman/Independent Director of PNB RCI Holdings Co., Ltd. * Independent Director of PNB-IBJL Leasing and Finance Corporation, PNB Savings Bank and PNB International Investments Corp. |
| Other Previous Positions | * Senior Advisor to the World Bank Group Executive Board in Washington, D.C. |