

Board of Directors	President & CEO
<ul style="list-style-type: none"> • Corporate Governance Committee • Board Audit and Compliance Committee • Risk Oversight Committee • Board Oversight Committee - Domestic and Foreign Offices/Subsidiaries • Board Oversight RPT Committee • Board Policy Committee • Executive Committee • Trust Committee • Board Information Technology Governance Committee 	<ul style="list-style-type: none"> • Senior Management Credit Committee • Senior Management Team Committee • Acquired Assets Disposal Committee • Operations Committee • Administrative Investigation Committee • Bids and Awards Committee • IT Evaluation Committee • Asset Liability Committee (with sub committee on Capital Management) • Anti-Money Laundering Review Committee • IT Management Committee • Product Committee • PNB Retirement Fund Board • Promotions Committee • Branch Site Selection Committees • Asset Disposal Committee • Selection Committee for Expatriate Personnel • Committee on Accreditation of Overseas Remittance Agent (CAORA) • Committee on Decorum and investigation

Figure 1: Board & Management Committees

The risk management framework of the Bank is under the direct oversight of the Chief Risk Officer (CRO) who is directly reporting to the Risk Oversight Committee. The CRO is supported by Division Heads with specialized risk management functions to ensure that a robust organization is maintained. The Risk Management Group is independent from the business lines and organized into the following divisions: Credit Risk Division, BASEL and ICAAP Implementation Division, Market & ALM Division, Operational Risk Division, Information Security / Technology Risk Management, Trust and Fiduciary Risk Division and Business Intelligence & Warehouse Division.

- (b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof: (updated – October 2016)

The risk management system and the directors' criteria for assessing its effectiveness are revisited on an annual basis and limit settings are discussed with the Business Units and presented to the Risk Oversight Committee for endorsement for final Board Approval.

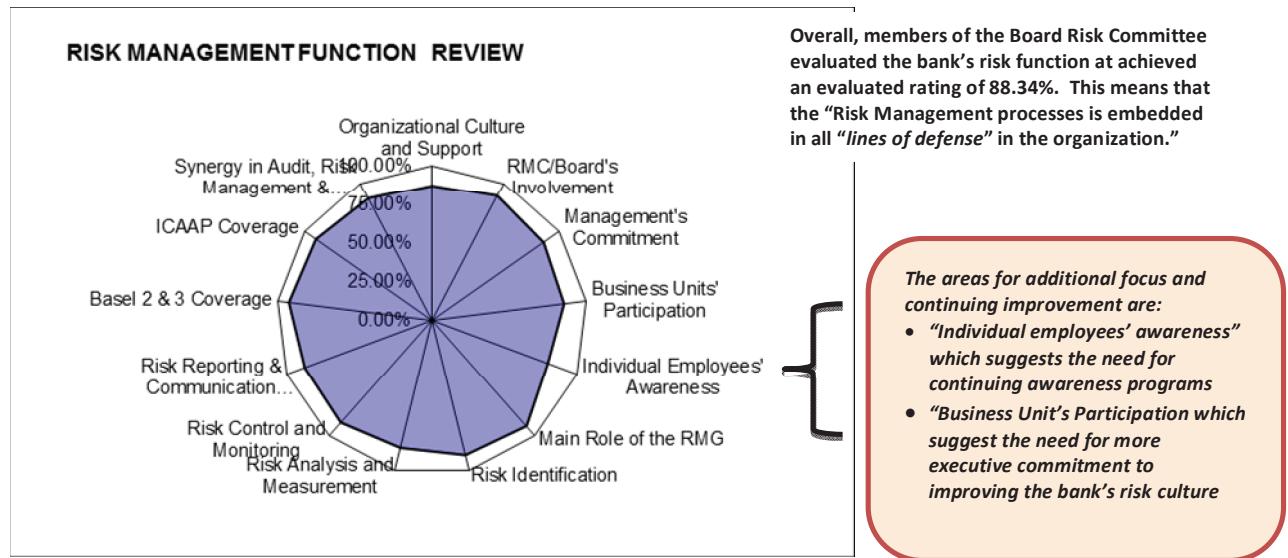


Figure 1: 2016 Overall Assessment of the Risk Management Function

Regular review and assessment of the Enterprise Risk Management Function is completed by both the senior management team (including 1-downs) and the Risk Oversight Committee members. The above evaluation refers to the review by the members of the Risk Oversight Committee.

- (c) Period covered by the review;
One year.
- (d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness?
Annually.