



Corporate Secretary's Office

March 31, 2014

MR. J. ARGEL G. ASTUDILLO

Vice President

Governance, Risk and Compliance

The Philippine Stock Exchange, Inc.

Dear Mr. Astudillo:

In compliance with PSE Memorandum CN - No. 2014-0002 dated January 10, 2014, we are pleased to submit the attached Philippine National Bank (PNB) duly accomplish Corporate Governance Guidelines Disclosure Survey for the year 2013.

Thank you.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Doris S. Te".

DORIS S. TE

Corporate Secretary

Philippine National Bank
PNB Financial Center
Pres. Diosdado Macapagal Blvd.,
Pasay City, Metro Manila 1300,
Philippines

T. (632) 526-3131 to 70 / 891-6040 to 70
P.O. Box 1844 (Manila)
P.O. Box 410 (Pasay City)
www.pnb.com.ph

Authorized Depository of the Republic of the Philippines
Member: PDIC



**THE PHILIPPINE STOCK
EXCHANGE, INC.**

**Corporate Governance Guidelines
for
Listed Companies
Disclosure Template**

	COMPLY	EXPLAIN
<p>Guideline No. 1: DEVELOPS AND EXECUTES A SOUND BUSINESS STRATEGY</p>		
<p>1.1 Have a clearly defined vision, mission and core values.</p>	<p>Yes</p>	<p>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 (Ref: 2012 ACGR, Page-5).</p> <p>A more structured review of the vision and mission for possible revision is conducted at the start of the crafting of the long-range plan, i.e., 5-year strategic business plan of the bank or the crafting of the integration plan of the merged bank (Ref: 2012 ACGR, Page 5).</p> <p>MISSION AND VISION</p> <p>Mission Statement</p> <p>We are a leading, dynamic Filipino financial services group with a global presence committed to delivering a whole range of quality products and services that will create value and enrich the lives of our customers, employees, shareholders and the communities we serve.</p> <p>Vision 2010 and Beyond</p> <p>To be the most admired financial services organization in the country in terms of:</p> <ul style="list-style-type: none"> • Financial performance – rank #1 or #2 in its businesses in terms of return on equity

		<ul style="list-style-type: none"> • Innovativeness – in products, services, distribution and the use of cutting-edge technology • Customer perception <ul style="list-style-type: none"> ○ The preferred financial services provider ○ The customer-centered organization with a passion for service excellence • Social responsibility – the employer of choice, a good corporate citizen and partner in nation-building • Long-term vision – developing competitive advantage on a sustained basis by anticipating changes in customer’s preferences and in the manner of doing business. <p>Core Values: passion for excellence, integrity, customer-centeredness, innovativeness, meritocracy, and teamwork.</p> <p>The 2010 vision, mission and core values were reviewed in 2013 and retained.</p> <p>Information Source:</p> <ol style="list-style-type: none"> 1. Employee’s Handbook; 2. Orientation/training programs; 3. Bank’s Training Program; and 4. Business planning presentations 5. Information is also available at PNB Website: www.pnb.com.ph
<p>1.2 Have a well developed business strategy.</p>	<p>Yes</p>	<p>Information source:</p> <ol style="list-style-type: none"> 1. Bank’s 3-year Strategic Business Plan as contained in the Bank’s ICAAP document submitted to BSP on January 31, 2014 approved by the Board under Res. No. 20 dated January 28, 2014; 2. Business Planning Workshop held in March 2013;

		<p>3. PNB's Offering Circular for its stock rights offering in January 2014 (Pages 92-93); and</p> <p>4. Quarterly monitoring reports to the Board Committees and Board.</p>
<p>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.</p>	<p>Yes</p>	<p>Information Source:</p> <ol style="list-style-type: none"> 1. Business Planning Workshop held in March 2013; 2. Minutes of the Board, Board and Management Committee meetings; 3. Annual Report, Message to Shareholders Pages 2-4; 4. Bank's 3-year Strategic Business Plan as contained in the Bank's ICAAP document submitted to BSP on January 31, 2014; and 5. 2013 Minutes of the Annual Stockholders' Meeting (Report of the President, p.2).
<p>1.4 Have its board continually engaged in discussions of strategic business issues.</p>	<p>Yes</p>	<p>Information Source:</p> <ol style="list-style-type: none"> 1. 2013 Revised Manual on Corporate Governance (pages 2-9); 2. Minutes of Board, Board and Management Committee meetings; 3. Bank's 3-year Strategic Business Plan as contained in the Bank's ICAAP document submitted to BSP on January 31, 2014; and 4. Business Planning Workshop held in March 2013 attended by Board of Directors.
<p>Guideline No. 2: ESTABLISHES A WELL-STRUCTURED AND FUNCTIONING BOARD</p>		
<p>2.1. Have a board composed of directors of proven competence and integrity.</p>	<p>Yes</p>	<p>The Board Corporate Governance/Nomination/Remuneration Committee evaluates the qualifications of each Board member nominee.</p> <p>The Board of Directors are also subjected to review and evaluation by the host country regulators (among the key regulators are UK, HK, Singapore, Japan, US) wherein PNB has business operations.</p>

		<p>Information Source:</p> <ol style="list-style-type: none"> 1. Annual Definitive Information Statement - Profiles and Business Experiences of Directors for the past five (5) years. Biographical Data of Directors submitted to BSP; 2. Directors' Certifications of Qualifications and Non-Disqualifications; 3. SEC Form 17-C (Current Reports); 4. SEC Form 17-A (Annual Report); 5. PSE website: www.edge.pse.com.ph; and 6. PNB Website: www.pnb.com.ph
<p>2.2. Be lead by a chairman who shall ensure that the board functions in an effective and collegial manner.</p>	<p>Yes</p>	<p>The 15-man Board chaired by Independent Director Florencia G. Tarriela meets every month and as the need arises.</p> <p>Chairperson Tarriela was former Undersecretary of Finance and alternate member of the BSP Monetary Board, PDIC and Land Bank of the Philippines. She was former Deputy Country Head and Managing Partner and the first Filipino lady Vice President of Citibank N.A. Philippines.</p> <p>The 15 bank directors are highly regarded in the banking and business community.</p> <p>Information Source:</p> <ol style="list-style-type: none"> 1. 2013 Revised Corporate Governance Manual – Duties and Responsibilities of the Chairman of the Board (p.13-14); 2. Amended By-Laws, Art. V Sec. 5.6 Powers and Duties of the Chairman of the Board (p.7); 3. Annual Corporate Governance Report- Roles, Accountabilities and Deliverables of the Chairman of the Board (p.8-9); and 4. PNB Website: www.pnb.com.ph (Composition of the Board Members); and

		<p>5. PSE Website: www.edge.pse.com.ph (Composition of the Board Members)</p>
<p>2.3 Have at least three (3) or thirty percent (30%), whichever is higher, of its directors as independent directors.</p>	<p>Yes</p>	<p>PNB has three (3) Independent Directors (Dir. Florencia G. Tarriela, Dir. Deogracias N. Vistan and Dir. Felix Enrico R. Alfiler), which is compliant with MORB Part I, X141.1 and SEC Memorandum Circular No. 6 Series of 2009.</p> <p>The 3 Independent Directors are prominent members of various financial institutions and business organizations.</p> <p>Director Tarriela held various senior positions and directorship in several banks and also co-author of several books. She is also an ICD "Fellow".</p> <p>Director Vistan was former Chairman/Director/President of 6 universal banks/financial institutions after he held various senior management position in Citibank Manila and Citibank New York. He was former President of the Banker's Association of the Philippines.</p> <p>Director Alfiler was former BSP Director, Assistant to the Governor of BSP, Advisor to the Executive Director of the IMF, Associate Director of BSP and former Head of the Technical Group of the BSP Open Market Committee. He was the Philippine Representative to the World Bank Group Executive Board in Washington D.C. and was the Special Assistant to the Philippine Secretary of Finance for Internal Operations and Privatization. He is also President of numerous manufacturing associations.</p> <p>Additional independent directors were appointed by the Board of Directors, awaiting regulatory approvals, namely: Directors Leonilo G. Coronel and Cecilio K. Pedro.</p>

		<p>Director Coronel was Executive Director of the BAP and Managing Director of the BAP-Credit Bureau, Inc. He was a Fellow of the Australian Institute of Company Directors in 2002.</p> <p>Director Pedro is the President/CEO of Lamoiyan Corporation; Chairman /CEO of Action Container, Inc., and Pneumatic Equipment Corp.; and Vice President for the Federation of Filipino-Chinese Chambers of Commerce and Industry, Inc.</p> <p>With five (5) independent directors, the bank complies with the 30% independent director requirement.</p> <p>Information Source:</p> <ol style="list-style-type: none"> 1. 2013 Revised Corporate Governance Manual (p.2); 2. Amended By-Laws (Art. V, Sec. 5.4) (p. 5); 3. Annual Definitive Information Statement - Profiles and Business Experiences of Directors for the past five (5) years. Annual Corporate Governance Report- Qualifications and Roles, Accountabilities and Deliverables of ID- p9-13); and 4. PSE website: www.edge.pse.com.ph 5. PNB Website: www.pnb.com.ph
<p>2.4 Have in place written manuals, guidelines and issuances that outline procedures and processes.</p>	<p>Yes</p>	<p>The bank has approved manuals, operating guidelines and bulletins. Manuals are reviewed annually and revised, as needed.</p> <p>These are available 24/7 through the bank's Intranet/Cybermag – I-Comply and Knowledge Base for easy access by concerned employees.</p> <p>Compilation of approved Manuals and Circulars on the policies and procedures/guidelines are available and being kept by Systems and Methods Division.</p>

<p>2.5 Have Audit, Risk, Governance and Nomination & Election Committees of the board.</p>	<p>Yes</p>	<p>Board Audit and Compliance Committee – Headed by former President of the Land Bank of the Philippines, Dir. Deogracias N. Vistan, which meets every month and as the need arises. He is also the Chairman of the Board Oversight RPT Committee and Board Overseas Offices Oversight Committee.</p> <p>Risk Oversight Committee – Headed by former Land Bank of the Philippines President and BSP Advisor, Dir. Florido P. Casuela.</p> <p>Corporate Governance and Nomination/ Remuneration Committee – Headed by Board Chairperson Florencia G. Tarriela. She is also the Chairperson of Board ICAAP Steering Committee</p> <p>Information Source: 1. 2013 Revised Corporate Governance Manual- Board Committees p-15-16 and Charter under Annexes: A to C); 2. Amended By-Laws (Art. V, Sec. 5.5) (p.5); and 3. Annual Corporate Governance Report (p.31)</p>
<p>2.6 Have its Chairman and CEO positions held separately by individuals who are not related to each other.</p>	<p>Yes</p>	<p>The Chairman, Ms. Florencia G. Tarriela, is an Independent Director. The President, Mr. Omar Byron T. Mier, is a Board Member and designated CEO.</p> <p>Information Source: 1. Amended By-Laws (Art. V, Sec. 5.6 and Art. VI, Sec. 6.3) (pages 7 and 11); 2. 2013 Corporate Governance Manual; 3. Minutes of the Organizational Board Meeting; 4. SEC Form 17-C (Result of the Annual Stockholders’ Meeting on 05-28-13); 5. PNB Website: www.pnb.com.ph; and 6. PSE Website: www.edge.pse.com.ph</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>Yes</p>	<p>The Corporate Governance Committee handles the functions of the Nomination Committee. All directors are nominated and elected by the stakeholders.</p> <p>Information Source:</p> <ol style="list-style-type: none"> 1. Amended By-Laws, Art. IV, Sections 4.7 and 4.9 and Art. V. Sec. 5.3 (pages 3 - 5); 2. Annual Definitive Information Statement (p. 4); 3. Annual Corporate Governance Report (p.30); 4. 2013 Revised Corporate Governance Manual (p. 28); 5. SEC Form 20-IS; 6. PSE Website: www.edge.pse.com.ph; and 7. PNB Website: www.pnb.com.ph
<p>2.8 Have in place a formal board and director development program.</p>	<p>Yes</p>	<p>The Directors attend Corporate Governance, AML, strategic planning, ICAAP seminars, workshops for new laws, and regulations, business briefings on a regular periodic basis. Chairman Tarriela, Directors Casuela and Coroner are fellows of the Institute of Corporate Directors (ICD). Most of the directors are active members of prominent business organizations, professional organizations, banking related organizations and recipients of numerous awards from both local and international government agencies, non-profit organizations and the academe in recognition of their contributions to the banking industry and other major industries as well as the community either as Director or in their own personal capacity.</p> <p>Directors of Parent Bank and subsidiaries are also active participants to the ICD seminars/round table meetings, particularly those with "Fellow" status.</p>

		<p>All directors have attended the formal Corporate Governance Seminar conducted by BSP and SEC accredited service providers.</p> <p>Information Source:</p> <ol style="list-style-type: none"> 1. 2013 Revised Corporate Governance Manual (pages 10 and 32); 2. 2012 Annual Corporate Governance Manual (pages 15-16); 3. Changes or updates in the ACGR of PNB for 2013 (p.5); and 4. Biographical Data of Directors submitted to BSP
<p>2.9 Have a corporate secretary.</p>	<p>Yes</p>	<p>PNB has a Corporate Secretary's Office headed by Atty. Doris S. Te. She was appointed as Corporate Secretary in January 2012. She was Assistant Corporate Secretary and later as acting Corporate Secretary prior to her appointment.</p> <p>Information Source:</p> <ol style="list-style-type: none"> 1. 2013 Revised Corporate Governance Manual (Duties and Responsibilities - p. 20); 2. 2013 Organizational Meeting of the BOD (Approval of Appointment); 3. Amended By-Laws (Art. V, Sec. 6.5) (p. 12); 4. 2012 Annual Corporate Governance Report (p.21); 5. 2012 Definitive Information Statement (p.19); 6. PSE website: www.edge.pse.com.ph; and 7. PNB Website: www.pnb.com.ph
<p>2.10 Have no shareholder agreements, by-laws provisions, or other arrangements that constrains the directors' ability to vote independently.</p>	<p>Yes</p>	<p>There are no shareholder agreements, by-laws provisions, or other arrangements that constrains the directors' ability to vote independently.</p>

Guideline 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>	<p>Yes</p>	<p>The Chief Audit Executive and Internal Audit Group reports directly to the Board Audit & Compliance Committee, chaired by Independent Director Deogracias N. Vistan.</p> <p>The internal audit functions in the subsidiaries also observed independent function and report directly to their respective Board Audit and Compliance Committee.</p> <p>Information Source:</p> <ol style="list-style-type: none"> 1. 2013 Revised Corporate Governance Manual (p. 22); 2. Amended By-Laws (Art. VI, Sec. 6.8) (p.13); 3. 2012 Annual Corporate Governance Report (p.59); and 4. Charter of the Internal Audit Group
<p>3.2 Have a comprehensive enterprise-wide compliance program that is annually reviewed.</p>	<p>Yes</p>	<p>The Bank's Compliance Program is reviewed and updated annually and approved by the Board. The Bank's domestic and overseas subsidiaries also have Board-approved compliance program which is consistent with the Parent Bank's Compliance Program.</p> <p>The Compliance Program was disseminated and circularized to all employees, including the subsidiaries and affiliates, and posted in the Bank's Intranet/cybermag which is accessible by all employees 24/7.</p> <p>Information Source:</p> <ol style="list-style-type: none"> 1. 2013-2014 Compliance Program; 2. PNB Website: www.pnb.com.ph; 3. Intranet/Cybermag – I-Comply page; and 4. Circulars and Compliance Bulletins

<p>3.3 Institutionalize quality service programs for the internal audit function.</p>		<p>The Internal Audit function is subjected to regular quality assurance internally and periodically in compliance with regulations.</p> <p>Information Source:</p> <ol style="list-style-type: none"> 1. External Quality Assessment (QA) undertaken by SGV every 5 years. The last QA was in August 2013; 2. Internal Audit Group which has a dedicated Quality Assurance Section comprised of 3 officers was organized in June 2011. The role of the IAG-QA is to conduct independent review of the audit reports. Two of the QA officers are Institute of Internal Auditors (IIA) accredited Quality Assessment Validators; 3. Client Satisfaction Survey is conducted with the Auditees by Internal Audit Group – Audit Quality Assurance Section regularly conduct survey and the results are reported to the Board Audit and Compliance Committee; and 4. Board approved Internal Audit Manual
<p>3.4 Have in place a mechanism that allows employees, suppliers and other stakeholders to raise valid issues.</p>	<p>Yes</p>	<p>The Bank has a dedicated web management team that handles customer queries/complaints/comments sent thru the Bank’s website.</p> <p>Complaints received from both internal and external customers are managed by the Service Quality Division under the Global Operations Group of the Bank.</p> <p>Information Source:</p> <ol style="list-style-type: none"> 1. Minutes of the Annual Stockholders’ Meeting; 2. Employees’ Handbook; 3. Suggestion Boxes; 4. Whistleblower Policy; 5. Gen. Cir. No. 2-1889/2013 - Customer Service Hotline;

		<p>6. 2013 Revised Corporate Governance Manual (p.28); and 7. Intranet/Cybermag - Knowledge Base where database of manuals and circulars are being maintained</p>
<p>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>	<p>Yes</p>	<p>The Chief Audit Executive and Chief Compliance Officer submitted an annual assessment of the internal controls and compliance environment to the Board Audit and Compliance Committee for endorsement to the PNB Board with copy to the President & CEO.</p> <p>Information Source: 1. Chief Audit Executive – Annual Internal Audit Report issued; 2. Compliance Officer - Compliance Reports and Certifications issued; 3. CEO and CFO – 2012 Annual Report; 4. SEC Form 17-A; 5. PNB Website: www.pnb.com.ph</p>
<p>Guideline No. 4: RECOGNIZES AND MANAGES ITS ENTERPRISE RISKS</p>		
<p>4.1 Have its board oversee the company’s risk management function.</p>	<p>Yes</p>	<p>The Board Risk Oversight Committee is headed by Director Florido P. Casuela, former Land Bank of the Philippines President and BSP Advisor.</p> <p>The Risk Oversight Committee holds concurrent meeting with the Board Executive Committee for the Market and Credit Risk segments.</p> <p>The Risk Management Group Reports submitted to the Board Risk Oversight Committee are endorsed to the Board for notation/approval</p>

		<p>Monthly Risk Oversight Committee meetings are held and special Risk Oversight Committee meeting may be conducted, as necessary.</p> <p>The Risk Oversight Committee assists the Board to oversee the risk profile and approves the risk management framework of the bank and its related allied subsidiaries and affiliates.</p> <p>Information Source:</p> <ol style="list-style-type: none"> 1. Enterprise Risk Management (ERM) Manual; 2. 2013 Revised Corporate Governance Manual- (Charter of Risk Oversight Committee); 3. Bank’s 3-year Strategic Business Plan as contained in the Bank’s ICAAP document submitted to BSP on January 31, 2014; 4. Annual Report; 5. Definitive Information Statement (Management Report; and 6. PSE website: www.edge.pse.com.ph
<p>4.2 Have a formal risk management policy that guides the company’s risk management and compliance processes and procedures.</p>	<p>Yes</p>	<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.</p> <p>Information Source:</p> <ol style="list-style-type: none"> 1. PNB Enterprise Risk Management Manual; 2. Annual Report: Risk Management (pages 18 and 21);

2013 CORPORATE GOVERNANCE GUIDELINES: DISCLOSURE SURVEY

Company Name: PHILIPPINE NATIONAL BANK (PNB)

Date: March 28, 2014

		<p>3. Definitive Information Statement (Management Report – p. 7); and</p> <p>4. Annual Corporate Governance Report (p.49)</p> <p>5. PNB Website: www.pnb.com.ph</p>
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>Yes</p> <p>The bank’s ERM Manual is aligned with the following internationally recognized frameworks: ICAAP BASEL II, COBIT, ISACA</p>
4.4	Have a unit at the management level, headed by a Risk Management Officer (RMO).	<p>Yes</p> <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 4 divisions: Credit Risk and BASEL II and ICAAP Implementation Division, Market & ALM Division, Operational & Information Technology Security Risk Management and Business Intelligence Division. (ACGR p. 49)</p> <p>Information Source:</p> <ol style="list-style-type: none"> 1. Annual Report (Corporate Governance - pages 18-19 and Risk Management – pages 20-29); 2. 2013 Revised Corporate Governance Manual (p. 23 and the Charter of Risk Oversight Committee); 3. Definitive Information Statement (Management Report p. 7); 4. Annual Corporate Governance Report (p.49); and 5. PNB Website: www.pnb.com.ph
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>Yes</p> <p>The Bank’s Board ICAAP Steering Committee, Management ICAAP Steering Committee, Risk Oversight Committee and the Board Audit and Compliance Committee are responsible to oversee and ensure regular reviews/evaluation of the bank’s key risk areas including corrective actions/project plans to address immediate</p>

		<p>concerns. 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>Information Source:</p> <ol style="list-style-type: none"> 1. Annual Report (Risk Management – pages 20-29); 2. Annual Corporate Governance Report (p.49); 3. Definitive Information Statement – Management Report (p.7-17); and 4. PNB Website: www.pnb.com.ph
<p>4.6 Seek external technical support in risk management when such competence is not available internally.</p>	<p>Yes</p>	<p>Expertise is available and subject to a continuing development through internal and external trainings.</p>
<p>Guideline No. 5: ENSURES THE INTEGRITY OF FINANCIAL REPORTS AS WELL AS ITS EXTERNAL AUDITING FUNCTION</p>		
<p>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.</p>	<p>Yes</p>	<p>The Board Audit and Compliance Committee (BACC) approved all audit and non-audit services of the bank including services engaged for both domestic and foreign subsidiaries and foreign branches.</p> <p>The BACC evaluate and determine the non-audit work of the External Auditor, and review periodically the non-audit fees paid to the External Auditor in relation to their total annual income and to the Bank’s overall consultancy expenses. (ACGR p. 38)</p> <p>Information Source:</p> <ol style="list-style-type: none"> 1. 2013 Revised Corporate Governance Manual (Charter Board Audit and Compliance Committee);

		<p>2. Definitive Information Statement (Management Report p. 23-24);</p> <p>3. Annual Corporate Governance Report (pages 32-33 and 38); and</p> <p>4. PNB Website: www.pnb.com.ph</p>
<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>Yes</p>	<p>The Bank has written policy on engagement of third party providers.</p> <p>All external auditors are approved and documented in the Board Audit and Compliance Committee meetings for endorsement to the Board and ratification by the stockholders.</p> <p>Information Source:</p> <ol style="list-style-type: none"> 1. Selection process of external auditor is stated in the 2013 Revised Corporate Governance Manual (p.22) and Charter of BACC; 2. Definitive Information Statement (pages 27-30); 3. SEC Form 20-IS; 4. PNB Website: www.pnb.com.ph; and 5. PSE website: www.edge.pse.com.ph
<p>5.3 Ensure that the external auditor has adequate quality control procedures.</p>	<p>Yes</p>	<p>The bank engages Class A SEC accredited external auditors.</p>
<p>5.4 Disclose relevant information on the external auditors.</p>	<p>Yes</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 2013 and prior years.</p> <p>The bank comply 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>Information Source:</p> <ol style="list-style-type: none"> 1. 2012 Definitive Information Statement (pages 27-30) and Management Report (p. 23); 2. Minutes of the 2013 Annual Stockholders' Meeting (p.11); 3. PNB Website: www.pnb.com.ph; and 4. PSE website: www.edge.pse.com.ph
<p>5.5 Ensures that the external audit firm is selected on the basis of a fair and transparent tender process.</p>	<p>Yes</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>Information Source:</p> <ol style="list-style-type: none"> 1. 2013 Revised Corporate Governance Manual (p. 22) and Charter of BACC; 2. 2012 Definitive Information Statement (pages 27-30); 3. 2012 Annual Corporate Governance Report (p.32-33 and 38); 4. PNB Website: www.pnb.com.ph; and 5. PSE website: www.edge.pse.com.ph
<p>5.6 Have its audit committee conduct regular meetings and dialogues with the external audit team without anyone from management present.</p>	<p>Yes</p>	<p>On a periodic basis, the Board Audit and Compliance Committee holds meetings/dialogue with the external auditor. Directors call the SGV Managing Partners for specific clarifications, as necessary.</p>
<p>5.7 Have the financial reports attested to by the Chief Executive Officer and Chief Financial Officer.</p>	<p>Yes</p>	<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.</p> <p>The Chairman also signed the bank's consolidated financial statements for the year ending December 31.</p>

		<p>Information Source:</p> <ol style="list-style-type: none"> 1. Annual Report (Statement of Management’s Responsibility for Financial Statements) (p.47); 2. SEC Form 17-Q (Quarterly Report); 3. PNB Website: www.pnb.com.ph; and 4. PSE website: www.edge.pse.com.ph
<p>5.8 Have a policy of rotating the lead audit partner every five years.</p>	<p>Yes</p>	<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>Information Source:</p> <ol style="list-style-type: none"> 1. 2013 Revised Corporate Governance Manual (p.22); 2. Annual Stockholders’ Meeting (p. 11); 3. Definitive Information Statement (pages 27-30); 4. PNB Website: www.pnb.com.ph; and 5. PSE website: www.edge.pse.com.ph
<p>Guideline No. 6: RESPECTS AND PROTECTS THE RIGHTS OF ITS SHAREHOLDERS, PARTICULARLY THOSE THAT BELONG TO THE MINORITY OR NON- CONTROLLING GROUP</p>		
<p>6.1 Adopt the principle of “one share, one vote.”</p>	<p>Yes</p>	<p>Information Source:</p> <ol style="list-style-type: none"> 1. Amended By-Laws (Art. IV, Section 4.9) (p.4); 2. Definitive Information Statement (p. 4); 3. Annual Corporate Governance Report (pages 82-83);

2013 CORPORATE GOVERNANCE GUIDELINES: DISCLOSURE SURVEY

Company Name: PHILIPPINE NATIONAL BANK (PNB)

Date: March 28, 2014

		<p>4. PNB Website: www.pnb.com.ph; and</p> <p>5. PSE website: www.edge.pse.com.ph</p>
6.2	Ensure that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	<p>Yes</p> <p>Information Source:</p> <ol style="list-style-type: none"> 2013 Revised Corporate Governance Manual (p. 28); Annual Corporate Governance Report (p. 5); and PNB Website: www.pnb.com.ph
6.3	Have an effective, secure and efficient voting system.	<p>Yes</p> <p>Managed by the Corporate Secretary's Office.</p>
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>Yes</p> <p>Yes, since they can pool their votes.</p> <p>Information Source:</p> <ol style="list-style-type: none"> Amended By-Laws (Art. IV, Sections. 4.7 and 4.9); Definitive Information Statement [Item 4 (a)]; and 2013 Revised Corporate Governance Manual (p. 28)
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>Yes</p> <p>Written notices of the Annual Stockholders' Meeting schedule and venue, together with Information Statement were mailed to the last known address of each stockholder at least 15 business days prior to the date of the Annual Stockholders' Meeting. The Notice of meeting was likewise published for 1 week in a major newspaper of general circulation at least 10 days prior to the date of the meeting.</p> <p>Information source:</p> <ol style="list-style-type: none"> Certification of Stock Transfer Agent and Affidavits of Publication issued by Newspapers; Amended By-Laws (Art. IV Sec. 4.3 & 4.4) (p.3); Minutes of the Annual Stockholders' Meeting, Item 2 (p.1);

2013 CORPORATE GOVERNANCE GUIDELINES: DISCLOSURE SURVEY

Company Name: PHILIPPINE NATIONAL BANK (PNB)

Date: March 28, 2014

		<p>4. Annual Corporate Governance Report (p. 79); and</p> <p>5. PNB Website: www.pnb.com.ph</p>
<p>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>	<p>Yes</p>	<p>All shareholders meeting, including special meetings, are always attended by the external auditor, regulators, i.e. BSP, PDIC and SEC, and relevant individuals.</p> <p>The representatives of SGV & Co. are expected to be present at the Annual Stockholders' Meeting. (definitive info stat p.7)</p> <p>Information source:</p> <ol style="list-style-type: none"> 1. Definitive Information Statement (p.27-28); 2. Amended By-Laws (Art. IV, Sec. 4.3) p.3; 3. PNB Website: www.pnb.com.ph; and 4. PSE website: www.edge.pse.com.ph
<p>6.7 Ensure that all relevant questions during the AGM are answered.</p>	<p>Yes</p>	<p>The minutes of the Annual Stockholders' Meetings are documented and recorded by the Corporate Secretary's Office.</p> <p>Information Source:</p> <ol style="list-style-type: none"> 1. Minutes of the Annual Stockholders' Meetings; 2. Annual Corporate Governance Report (p. 80); and 3. PNB Website: www.pnb.com.ph
<p>6.8 Have clearly articulated and enforceable policies with respect to treatment of minority shareholders.</p>	<p>Yes</p>	<p>The Revised Corporate Governance Manual contains a section on the required treatment of all shareholders, including minority shareholders.</p> <p>The manual was circularized and disseminated to all employees and posted at the Bank's online intranet/cybermag that can be access 24/7.</p>

		<ol style="list-style-type: none"> 1. 2013 Revised Corporate Governance Manual (p. 28); 2. Annual Corporate Governance Report (p. 5-6); and 3. PNB Website: www.pnb.com.ph
6.9	Avoid anti-takeover measures or similar devices that may entrench management or the existing controlling shareholder group.	<p>Yes</p> <p>Information source:</p> <ol style="list-style-type: none"> 1. Definitive Information Statement, Item 4(c)(2), Pages 10-11; 2. SEC Form 23-A and Form 23-B; 3. PNB Website: www.pnb.com.ph; and 4. PSE Website: www.edge.pse.com.ph
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>yes</p> <p>As a publicly-listed company, PNB fully comply with the PSE and SEC disclosure rules and regulation.</p> <p>All Bank disclosures are posted at the Bank's website and may also be viewed at the PSE website.</p> <p>Information Source:</p> <ol style="list-style-type: none"> 1. PNB Website: www.pnb.com.ph; and 2. PSE Website: www.edge.pse.com.ph
6.11	Have a communications strategy to promote effective communication with shareholders.	<p>Yes</p> <p>The bank's press releases and/or pronouncements to the market are available in the PNB and PSE websites and published in major newspapers with general circulation.</p> <ol style="list-style-type: none"> 1. Press release to shareholder about the PNB-ABC merger; 2. Annual/Special Stockholders' Meeting; 3. Regular Press Release on the Bank's financial, i.e. Quarterly and 1st & 2nd Semester Income; 4. Appreciation Party for Customers/Shareholders; 5. PNB Website: www.pnb.com.ph; and

		6. PSE Website: www.edge.pse.com.ph
6.12 Have at least thirty percent (30%) public float to increase liquidity in the market.	No	As of December 31, 2013, public ownership percentage was at 22.37%. Information source: 1. Quarterly Report on Computation of Public Ownership; 2. PNB Website www.pnb.com.ph ; and 3. PSE Website: www.edge.pse.com.ph
6.13 Have a transparent dividend policy.	Yes	The Bank has not declared any cash or stock dividends on its common equity since its last declaration on June 20, 1997. PNB's ability to pay dividends is contingent on the ability to set aside unrestricted retained earnings for dividend distribution. In addition, the Bank's declaration of dividends, including computation of unrestricted retained earnings, is subject to compliance with certain rules and regulations prescribed by the BSP as provided under the Manual of Regulations for Banks (MORB). Information Source: 1. Amended By-Laws (Art. IX) p. 16; 2. Definitive Information Statement (Management Report) p. 40; 3. ICAAP Document submitted to BSP; 4. Annual Corporate Governance Report (p. 79); 5. PNB Website: www.pnb.com.ph ; and 6. PSE website: www.edge.pse.com.ph
Guideline 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.	Yes	As a publicly-listed company, PNB fully comply and adhere with the PSE and SEC disclosure rules and regulation.

2013 CORPORATE GOVERNANCE GUIDELINES: DISCLOSURE SURVEY

Company Name: PHILIPPINE NATIONAL BANK (PNB)

Date: March 28, 2014

		<p>The Corporate Secretary’s Office is responsible for timely disclosures to regulators.</p> <p>The Global Compliance Group provides support to the Board and Management for required disclosures to regulators.</p> <p>Information source: 2013 Revised Corporate Governance Manual and internal operating manuals.</p>
<p>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>	<p>Yes</p>	<p>All material information about matters affecting control, ownership, and strategic direction is publicly disclosed in a timely manner. All disclosures are available in the PNB and PSE websites.</p>
<p>7.3 Disclose its director and executive compensation policy.</p>	<p>Yes</p>	<p>Information Source:</p> <ol style="list-style-type: none"> 1. Amended By-Laws (Art. V, Sec. 5.8); 2. Definitive Information Statement [Item 6(a)], pages 26-27; 3. Annual Corporate Governance Report (pages 28-31); 4. PNB Website: www.pnb.com.ph; and 5. PSE website: www.edge.pse.com.ph
<p>7.4 Disclose names of groups or individuals who hold 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>	<p>Yes</p>	<p>Information Source:</p> <ol style="list-style-type: none"> 1. Report to BSP on Conglomerate Map/ Organizational Structure as of December 31, 2013; 2. Available in PNB and PSE website: www.pnb.com.ph www.edge.pse.com.ph; 3. 2013 Amended General Information Sheet (p.10); and 4. Annual Corporate Governance Report (pages 74-75)

<p>7.5 Disclose annual and quarterly consolidated reports, cash flow statements and special audit revisions. Consolidated financial statements shall be published within 90 days from the end of the financial year, while interim reports shall be published within 45 days from the end of the reporting period.</p>	<p>Yes</p>	<p>The Bank's financial reports, i.e. annual, quarterly reports, were duly disclosed/filed in accordance with required regulations.</p> <p>Information Source:</p> <ol style="list-style-type: none"> 1. Disclosures – Quarter and Annual Financial Reports; 2. SEC Form 17-A, 17-Q, 17-C; 3. Annual Report; 4. Audited Financial Statements; 5. PNB Website: www.pnb.com.ph; 6. PSE Website: www.edge.pse.com.ph; and 7. Published Consolidated Statement of Condition in major newspapers.
<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>Yes</p>	<p>The Annual Report has a section on Corporate Governance and Risk Management with full disclosures.</p> <p>To conform to the regulations issued by BSP, SEC and PSE, the Bank's Corporate Governance Manual is periodically reviewed and updated annually, approved by the Board and disclosed to the appropriate regulatory bodies.</p> <p>Information Source:</p> <ol style="list-style-type: none"> 1. PNB Group of Companies' Code of Conduct; 2. Manual on Corporate Governance; 3. SEC Form 17-A; 4. PNB Website: www.pnb.com.ph; 5. PSE website: www.edge.pse.com.ph; and 6. Definitive Information Statement (p.30)
<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>Yes</p>	<p>The Definitive Information Statement containing the notice of the meeting is mailed to the stockholders in CD format through the Stock Transfer Agent. This is also disclosed to the</p>

		<p>Philippine Stock Exchange and uploaded to the Bank's website. The notice is also published alternately in 3 newspapers for one week. (ACGR p.83)</p> <p>Information Source: 1. Annual Corporate Governance Report (p.83); 2. Minutes of the Annual Stockholders Meeting; and 3. PNB Website: www.pnb.com.ph</p>
7.8	<p>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>Yes</p> <p>Information on the shareholdings of the bank's directors, officers, controlling shareholders and other material information regarding the company's purchase of its shares from the market were reported/disclosed to the regulators, i.e. PSE, SEC and BSP and posted in the Bank's website.</p>
7.9	<p>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>Yes</p> <p>Information Source: 1. Annual Report (p. 52); 2. 2013 Revised Corporate Governance Manual; 3. PNB Website: www.pnb.com.ph; and 4. PSE Website: www.edge.pse.com.ph</p>
<p>Guideline No. 8: RESPECTS AND PROTECTS THE RIGHTS AND INTERESTS OF EMPLOYEES, COMMUNITY, ENVIRONMENT, AND OTHER STAKEHOLDERS</p>		
8.1	<p>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 & customers, creditors, as well the community, environment and other key stakeholder groups.</p>	<p>Yes</p> <p>Information Source: 1. Annual Corporate Governance Report (p.62); 2. Customer Service Policy Guidelines; 3. Accreditation of Suppliers/Contractors; 4. Policy on Whistleblower; 5. Code of Ethics; 6. Corporate Social Responsibility; 7. Policy on Soliciting and/or Receiving of Gifts; 8. PNB online intranet/cybermag; and</p>

		9. PNB Website: www.pnb.com.ph
8.2	Have in place a workplace development program.	Yes Information Source: 1. PNB Training Programs; 2. 2013 Revised Corporate Governance Manual (page 32); and 3. Annual Corporate Governance Report (pages 15-16)
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.	Yes Information Source: 1. Annual merit increase for officers and CBA for rank and file subject to re-negotiation; 2. PNB Regular Retirement Plan (RRP) under Gen. Cir. 1-475/2001 and amendment to RRP; 3. PNB Employee Investment Program (EIP) under internal bank circulars; 4. Employee benefits and incentive programs are approved by the Corporate Governance Committee/Board; and 5. CBA Booklets are distributed to all employees and registered with the Department of Labor and Employment (DOLE)
8.4	Have in place a community involvement program.	Yes 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. The bank continued to extend assistance to the community in partnership with various government agencies and private institutions such as: 1. Financial Literacy Project in partnership with Bangko Sentral ng Pilipinas (BSP); 2. Global Pilipino Scholarship Project; 3. Zamboanga Community Assistance Project 4. Pagtutulungan ng Bayan (support to calamities' victims, i.e., Yolanda, Bohol Earthquake)

		<p>Information Source:</p> <ol style="list-style-type: none"> 1. Annual Report (Corporate Social Responsibility, page 17); 2. Vision and Mission; 3. SEC Form 17-C; 4. Annual Corporate Governance Report (p.88); 5. PNB Website: www.pnb.com.ph; and 6. PSE website: www.edge.pse.com.ph
<p>8.5 Have in place an environment-related program.</p>	<p>Yes</p>	<p>The bank implemented, among others, the following environment-related programs as part of its corporate social responsibility:</p> <ol style="list-style-type: none"> 1. NLEX Tree Planting Project; 2. Tree Planting Project – PNB Branches Grow Greener; 3. Earth Hour; 4. PNB/PAL Recyclables Event ; and 5. Anti-Plastic Bags Drive - Pasay City Walang Plastikan Project <p>Information Source:</p> <ol style="list-style-type: none"> 1. Annual Report – Corporate Social Responsibility (p.17); 2. Annual Corporate Governance Report (p.62-65); 3. Board Approved Corporate Social Responsibility (CSR) Policy; and 4. PNB Website: www.pnb.com.ph
<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>Yes</p>	<p>The bank has Board approved policies on the selection of suppliers, target market/customer selection, granting of loans, and evaluation of business prospects, bank products and services.</p> <p>These policies are reviewed regularly to align with the market to better serve the public.</p>

		<p>Information Source: 1. Annual Corporate Governance Report (p.62-64); and 2. PNB Website: www.pnb.com.ph</p>
<p>Guideline 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>Yes</p>	<p>The PNB Board has approved the adoption of the Policy on Related Party Transaction (RPT) to comply with BSP and SEC regulations. Likewise, the Board also approved the Board Oversight RPT Committee its composition and Charter to oversee the RPT activities of the bank between its subsidiaries and affiliates and entities belonging to the conglomerate; and ensure that RPT dealings are conducted at arm’s length basis for the bank’s interest.</p> <p>The bank submits to BSP Secretary’s Certificates pertaining to the DOSRI/RPT accounts approved by the Board. The bank strictly observes full compliance with DOSRI/RPT rules.</p> <p>Information Source: 1. 2013 Revised Corporate Governance Manual (incorporated RPT Policy); 2. Internal circulars: (i) Amendments to Policy on Loans to Directors, Officers, Stockholders and their Related Interests (DOSRI); and (ii) Revised Policy on Related Party Transaction 3. Manual on Signing Authority; 4. Credit, Risk and Operations Manual; 5. DOSRI Reports submitted to the BSP; 6. Annual Report 7. Intranet/Cybermag; and</p>

2013 CORPORATE GOVERNANCE GUIDELINES: DISCLOSURE SURVEY

Company Name: PHILIPPINE NATIONAL BANK (PNB)

Date: March 28, 2014

		8. PNB Website: www.pnb.com.ph
9.2 Clearly define the thresholds for disclosure and approval for RPTs and categorize such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPT within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.	Yes	<p>Managed by Corporate Secretary's Office and the Board and Officers of the bank are required to submit periodic certification.</p> <p>Information Source:</p> <ol style="list-style-type: none"> 1. 2013 Revised Corporate Governance Manual 2. DOSRI Report in the Annual Report
9.3 Establish a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions in shareholders meetings.	Yes	<p>Related Party Transactions (RPTs) are approved by the board as endorsed by the Board Oversight RPT Committee (BORC) and ratified by the stockholders during its annual meeting.</p> <p>The Board Oversight RPT Committee (BORC) was created in September 2013 composed of six members (4 voting members, 3 of which are independent directors and a non-executive director, chairman of the ROC and 2 non-voting members, the Chief Audit Executive and Chief Compliance Officer).</p>
9.4 Have its independent directors or audit committee play an important role in reviewing significant RPTs.	Yes	<p>The Board Oversight RPT Committee (BORC) assists the Board in the oversight of RPT activities and transactions of bank, its subsidiaries and affiliates including entities in the conglomerate. It is composed of 6 regular members that includes 3 independent directors, the Chairman of the Risk Oversight Committee, the Chief Audit Executive and Chief Compliance Officer are both non-voting members. The Chairman of the Committee is an independent director appointed by the Board.</p> <p>Information Source:</p> <ol style="list-style-type: none"> 1. 2013 Revised Corporate Governance Manual (Charter BORC); 2. List of Board Committees; and

		3. PNB Website: www.pnb.com.ph
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>Yes</p> <p>Full disclosure of DOSRI and Related Party Transactions (RPT) to regulators and public.</p> <p>Information Source:</p> <ol style="list-style-type: none"> 1. Definitive Information Statement - Management Report; 2. DOSRI and RPT Reports submitted to BSP; 3. Annual Report (p. 138); 4. PNB Website: www.pnb.com.ph; and 5. PSE Website: www.edge.pse.com.ph
9.6	Have a clear policy in dealing with material non-public information by company insiders.	<p>Yes</p> <p>Information Source:</p> <ol style="list-style-type: none"> 1. Code of Conduct and non-disclosure policies; 2. Internal policy re Personal Investment Policy; 3. Revised Policy on Related Party Transaction; 4. Annual Corporate Governance Report (p.17); 5. 2013 Revised Corporate Governance Manual (p. 24); 6. PNB Intranet/Cybermag (Knowledge Base); and 7. PNB Website: www.pnb.com.ph
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>Yes</p> <p>Information Source:</p> <ol style="list-style-type: none"> 1. 2013 Revised Corporate Governance Manual (p.28 and 32); 2. Annual Corporate Governance Report (p.5 and 22); 3. DOSRI Reports submitted to BSP; 4. PNB Intranet/ Cybermag; 5. PNB Website: www.pnb.com.ph; and 6. PSE Website: www.edge.pse.com.ph
<p>Guideline No. 10: DEVELOPS AND NURTURES A CULTURE OF ETHICS, COMPLIANCE, & ENFORCEMENT</p>		

2013 CORPORATE GOVERNANCE GUIDELINES: DISCLOSURE SURVEY

Company Name: PHILIPPINE NATIONAL BANK (PNB)

Date: March 28, 2014

<p>10.1 Formally adopt a code of ethics and proper conduct that guides individual behavior and decision making, clarify responsibilities, and inform other stakeholders on the conduct expected from company personnel.</p>	<p>Yes</p>	<p>All employees are provided a copy of the Code of Conduct Manual and they are required to sign/conform thereto upon employment.</p> <p>Information Source: 1. PNB Group of Companies Code of Conduct Manual; 2. Employees' Handbook; 3. Annual Report (p. 18); 4. Manual of Policies on Human Resource Management and Development; 5. PNB Online Intranet: Cybermag (Knowledge Base); 6. PNB Website: www.pnb.com.ph; and 7. PSE Website: www.edge.pse.com.ph</p>
<p>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>	<p>Yes</p>	<p>The Bank reviewed annually the compliance program to fully align with the new rules and regulations.</p> <p>Information Source: 1. Annual Report (p.19); and 2. 2013-2014 Revised Compliance Program</p>
<p>10.3 Not seek exemption from the application of a law, rule or 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>	<p>Yes</p>	<p>Board and Senior Management are committed to fully comply and adhere with laws, rules and regulations and have transparent relationship with regulators.</p>
<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>	<p>Yes</p>	<p>The business success of the Bank is largely dependent on the trust and confidence of the general public. It is therefore important that Bank personnel have integrity and practice the highest level of professionalism in all their dealing with clients and the general public.</p> <p>Information Source: 1. PNB Group of Companies Code of Conduct</p>

		<p>Manual; 2. PNB Employees Handbook; 3. 2013 Revised Corporate Governance Manual (p.24); 4. Annual Corporate Governance Report (p.17); 5. Manual of Policies on Human Resource management and Development; 6. PNB Online Intranet: Cybermag (Knowledge Base); 7. Internal policy re Policy on Soliciting and/or Receiving Gifts; and 8. PNB Website: www.pnb.com.ph</p>
<p>10.5 Have a designated officer responsible for ensuring compliance with all relevant laws, rules, and regulation, as well as all regulatory requirements.</p>	<p>Yes</p>	<p>The Bank has an appointed Chief Compliance Officer (CCO) and created the Corporate Governance Monitoring Division in the Global Compliance Group to support the Board and Senior Management in ensuring full compliance with all relevant laws, rules and regulations as well as corporate standards across all business vehicles and jurisdiction. The CCO was also appointed as Corporate Governance Executive, in concurrent capacity, in charge of monitoring the bank compliance with the provisions and requirements of the Corporate Governance Manual.</p> <p>Information Source: 1. 2013-2014 PNB Compliance Program (p.23); 2. 2013 Revised Corporate Governance Manual (p.21); 3. Annual Corporate Governance Report (p.22); 4. Annual Report (p.19); and 5. PNB Website: www.pnb.com.ph</p>
<p>10.6 Respect intellectual property rights.</p>	<p>Yes</p>	<p>To ensure compliance with the Intellectual Property Code of the Philippines, the bank issued the following advisories/internal circulars/policy/</p>

		<p>manual available through the bank's Online Intranet: Cybermag (Knowledge Base):</p> <ol style="list-style-type: none"> 1. Anti-Piracy Warning: Copyright Infringement Alert (Gen. Cir. Nos. 18-12/2007 and 18-60/2010); 2. Illegitimate Software Media Policy and Guidelines (Gen. Cir. No. 18-10/2007); 3. Software Use Policy (Gen. Cir. No. 18-45/2010); 4. Information Security Acceptable Use Policy; and 5. Standard Information Processing and Security Manual
<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>	<p>Yes</p>	<p>The bank has several options to ensure early resolution of disputes, if any.</p> <p>Information Source:</p> <ol style="list-style-type: none"> 1. 2013 Revised Corporate Governance Manual (p.9); 2. Annual Corporate Governance Report (p.20); 3. Code of Conduct Manual; 4. PNB Website: www.pnb.com.ph; and 5. PNB's Intranet/Cybermag (Knowledge Base)

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 28, 2014 in Pasay City.


CHAIRPERSON FLORENCIA G. TARRIELA
Independent director


OMAR BYRON T. MIER
President & CEO