

CR05198-2016

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PNB

Philippine National Bank

PNB

PSE Disclosure Form ACGR-2 - Update on Annual Corporate Governance Report
Reference: Revised Code of Corporate Governance of the
Securities and Exchange Commission and SEC Memorandum Circular
No. 1 and 12 Series of 2014

Description of the Disclosure

In compliance with SEC Memorandum Circular No. 1, Series of 2014, re: Guidelines for Changes and Updates in the Annual Corporate Governance Report (ACGR), we submit herewith the updates in the ACGR of PNB.

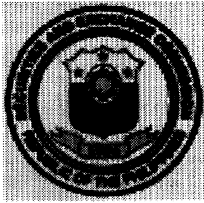
We trust you will take note accordingly. Thank you.

Filed on behalf by:

Name	Maila Katrina Ilarde
Designation	Corporate Secretary



107272016002255



SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines
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S.E.C. Registration Number

PHILIPPINE NATIONAL BANK

Company's Full Name)

9th Floor PNB Financial Center

Macapagal Blvd., Pasay City

(Business Address: No. Street City/Town/ Province)

MAILA KATRINA Y. ILARDE
Corporate Secretary
Contact Person

834-0780
Company Telephone Number

1 2 3 1
Month Day
Fiscal Year

Updates in ACGR
FORM TYPE

May 31
Month Day
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total amount of Borrowings
Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

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PNB

Office of the Corporate Secretary

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July 27, 2016

Ms. Justina F. Callangan

Director
Corporation Finance Department
Securities and Exchange Commission
SFC Building, EDSA
Greenhills, Mandaluyong City


Dear Director Callangan

In compliance with SEC Memorandum Circular No. 1, Series of 2014, re Guidelines for Changes and Updates in the Annual Corporate Governance Report (ACGR), we submit herewith the following updates in the ACGR of the Bank:

1. Board Matters
 - a. Board of Directors
 - b. Other Executive, Non-Executive and Independent Directors
 - c. Orientation and Education Program
2. Board Meetings & Attendance
 - a. Change/s in existing policies
3. Board Committees
 - a. Number of Members, Functions and Responsibilities
 - b. Committee Members
 - c. Changes in Committee Members
4. Role of Stakeholders
5. Rights of Stockholders

For your record. Thank you.

Very truly yours,


MAILA KATRINA Y. ILARDE
Corporate Secretary


ALICE Z. CORDERO
Chief Compliance Officer

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

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Authorized Depository of the Republic of the Philippines
Member: PDIC

A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	15
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Actual number of Directors for the year 2016	15
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(a) Composition of the Board (updated as of May 31, 2016)

Complete the table with information on the Board of Directors:

Director's Name	Type (Executive (ED), Non-Executive (NED) or Independent Director (ID))	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) ¹	Elected when (Annual/Special Meeting)	No. of years served as director
1. Florencia G. Tarruela	ID	N/A	Mr. Reynaldo A. Maclang, None	May 29, 2001	May 31, 2016 (5 years)	Annual Meeting	15 yrs.
2. Felix Enrico R. Alfiler	ID	N/A	Mr. Reynaldo A. Maclang, None	Dec. 16, 2011	May 31, 2016 (5 years)	Annual Meeting	4 yrs. 5 mos.
3. Florido P. Casuela	NED	N/A	Mr. Reynaldo A. Maclang	May 30, 2006	May 31, 2016	Annual Meeting	10 yrs.
4. Leonilo G. Coronel	NED	N/A	Mr. Reynaldo A. Maclang	May 28, 2013	May 31, 2016	Annual Meeting	3 yrs.
5. Edgar A. Cua	ID	N/A	Mr. Reynaldo A. Maclang, None	May 31, 2016	May 31, 2016 (0)	Annual Meeting	0
6. Reynaldo A. Maclang	ED	N/A	Mr. Reynaldo A. Maclang	February 9, 2013	May 31, 2016	Annual Meeting	3 yrs. 3 mos.
7. Estelito P. Mendoza	NED	N/A	Mr. Reynaldo A. Maclang	Dec. 23, 2008	May 31, 2016	Annual Meeting	7 yrs. 5 mos.
8. Christopher J. Nelson	NED	N/A	Mr. Reynaldo A. Maclang	May 26, 2015	May 31, 2016	Annual Meeting	1 yr.
9. Federico C. Pascual	ID	N/A	Mr. Reynaldo A. Maclang, None	May 27, 2014	May 31, 2016 (2 year)	Annual Meeting	2 yrs.
10. Cecilio K. Pedro	ID	N/A	Mr. Reynaldo A. Maclang, None	February 28, 2014	May 31, 2016 (2 year)	Annual Meeting	2 yr. 3 mos.
11. Washington Z. Sycip	NED	N/A	Mr. Reynaldo A. Maclang	Dec. 8, 1999	May 31, 2016	Annual Meeting	16 yrs. 5 mos.
12. Carmen K. Tan	NED	N/A	Mr. Reynaldo A. Maclang	May 31, 2016	May 31, 2016	Annual Meeting	0
13. Lucio C. Tan	NED	N/A	Mr. Reynaldo A. Maclang	Dec. 8, 1999	May 31, 2016	Annual Meeting	16 yrs. 5 mos.
14. Lucio K. Tan, Jr.	NED	N/A	Mr. Reynaldo A. Maclang	Sept. 28, 2007	May 31, 2016	Annual Meeting	8 yrs. 8 mos.
15. Michael G. Tan	NED	N/A	Mr. Reynaldo A. Maclang	February 9, 2013	May 31, 2016	Annual Meeting	3 yrs. 3 mos.

Name	FLORENCIA G. TARRUELA
Age	69
Nationality	Filipino
Education	* Bachelor of Science in Business Administration degree, Major in Economics, University of the Philippines * Masters in Economics degree from the University of California, Los Angeles, where she topped the Masters Comprehensive Examination
Current Position in the Bank	Chairman of the Board/Independent Director

¹ Reckoned from the election immediately following January 2, 2012.

Date of First Appointment * May 29, 2001 (as Director)
 * May 24, 2005 (as Chairman of the Board)
 * May 30, 2006 (as Independent Director)

Directorship in Other Listed Companies Independent Director of LT Group, Inc.

Other Current Positions * Independent Director of PNB Capital and Investment Corporation, PNB Life Insurance, Inc., PNB International Investments Corporation, and LT Group, Inc.
 * Columnist for "Business Options" of the Manila Bulletin and "FINEX Folio" of Business World
 * Director/Vice President of Tarriela Management Company and Director/Vice President/Assistant Treasurer of Gozon Development Corporation
 * Life Sustaining Member of the Bankers Institute of the Philippines and FINEX, where she is also a Director
 * Trustee of TSPI Development Corporation, TSPI MBA, and Foundation for Filipino Entrepreneurship, Inc.
 * Co-author of several inspirational books - "Coincidence or Miracle? Books I, II, III ("Blessings in Disguise"), IV ("Against All Odds"), and V ("Beyond All Barriers"), and gardening books - "Oops-Don't Throw Those Weeds Away!" and "The Secret is in the Soil"
 * Environmentalist and practices natural ways of gardening

Other Previous Positions * Undersecretary of Finance
 * Alternate Board Member of the Monetary Board of the Bangko Sentral ng Pilipinas, Land Bank of the Philippines and the Philippine Deposit Insurance Corporation
 * Deputy Country Head, Managing Partner and the first Filipina Vice President of Citibank N. A.

Awards/Citations * 2014 Most Outstanding Citibank Philippines Alumni awardee for community involvement

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.
 * Special Assistant to the Philippine Secretary of Finance for International Operations and Privatization
 * Director of the Bangko Sentral ng Pilipinas
 * Assistant to the Governor of the Central Bank of the Philippines
 * Senior Advisor to the Executive Director at the International Monetary Fund
 * Associate Director at the Central Bank
 * Head of the Technical Group of the CB Open Market Committee
 * Monetary Policy Expert in the Economics Sub-Committee of the 1985-1986 Philippine Debt Negotiating Team which negotiated with over 400 private international creditors for the rescheduling of the Philippines' medium- and long-term foreign debts
 * Advisor at Lazaro Tiu and Associates, Inc.
 * President of Pilgrims (Asia Pacific) Advisors, Ltd.
 * President of the Cement Manufacturers Association of the Philippines (CeMAP)
 * Board Member of the Federation of Philippine Industries (FPI)
 * Vice President of the Philippine Product Safety and Quality Foundation, Inc.
 * Convenor for Fair Trade Alliance.

Name **FLORIDO P. CASUELA**
 Age 74
 Nationality Filipino
 Education * Bachelor of Science in Business Administration, Major in Accounting from the University of the Philippines
 * Masters in Business Administration from the University of the Philippines
 * Advanced Management Program for Overseas Bankers from the Philadelphia National Bank in conjunction with Wharton School of the University of Pennsylvania

Government Civil Service Eligibilities Certified Public Accountant, Economist, Commercial Attaché

Current Position in the Bank Director

Date of First Appointment May 30, 2006

Directorship in Other Listed Companies	None
Other Current Positions	<ul style="list-style-type: none"> * Chairman of PNB Securities, Inc. * Director of PNB Savings Bank, PNB International Investments Corporation, PNB RCI Holdings Co., Ltd., PNB Life Insurance, Inc., and Surigao Micro Credit Corporation * Senior Adviser of the Bank of Makati, Inc.
Other Previous Positions	<ul style="list-style-type: none"> * President of Maybank Philippines, Inc., Land Bank of the Philippines, and Surigao Micro Credit Corporation * Senior Adviser in the Bangko Sentral ng Pilipinas. * Senior Executive Vice President of United Overseas Bank (Westmont Bank) * Executive Vice President of PDCP (First Bank) * Senior Vice President of Philippine National Bank * First Vice President of Bank of Commerce * Vice President of Metropolitan Bank & Trust Co. * Special Assistant to the Chairman of the National Power Corporation * Audit Staff of Joaquin Cunanan, CPAs
Awards/Citations	<ul style="list-style-type: none"> * One of the ten (10) awardees of the 2001 Distinguished Alumni Award of the UP College of Business Administration * Most Outstanding Surigaonon in the field of Banking and Finance, awarded by the Rotary Club – Surigao Chapter

Name	LEONILLO G. CORONEL
Age	69
Nationality	Filipino
Education	<ul style="list-style-type: none"> * Bachelor of Arts degree, Major in Economics from the Ateneo de Manila University * Advance Management Program of the University of Hawaii
Current Position in the Bank	Director
Date of First Appointment	May 28, 2013
Directorship in Other Listed Companies	Independent Director of Megawide Construction Corporation
Other Current Positions	<ul style="list-style-type: none"> * Chairman of PNB-IBJL Leasing and Finance Corporation and PNB-IBJL Equipment Rentals Corporation * Independent Director of DBP-Daiwa Capital Markets Phil. * Director of Software Ventures International
Other Previous Positions	<ul style="list-style-type: none"> * Executive Director of the Bankers Association of the Philippines and RBB Micro Finance Foundation * Director/Treasurer of Philippine Depository and Trust Corporation * Director of the Philippine Clearing House Corporation, the Philippine Dealing System and the Capital Markets Development Council * Managing Director of BAP-Credit Bureau * President of Cebu Bankers Association * Consultant of Land Bank of the Philippines, Arthur Young, U.S. Aid, Bankers Association of the Philippines and Economic Development Corporation
Awards/Citations	<ul style="list-style-type: none"> * Worked with Citibank, Manila for twenty (20) years, occupying various positions. Fellow of the Australian Institute of Company Directors in 2002

Name	EDGAR A. CUA
Age	60
Nationality	Filipino
Education	<ul style="list-style-type: none"> * Bachelor of Arts in Economics degree (Honors Program) from the Ateneo de Manila University * Masters of Arts in Economics degree from the University of Southern California * Masters of Planning Urban and Regional Environment degree from the University of Southern California * Advanced Chinese from the Beijing Language and Culture University * Sustainable Development Training Program, Cambridge University
Current Position in the Bank	* Independent Director
Date of First Appointment	* May 31, 2016
Other Current Positions	* Director of Davao Unicar Corporation
Previous Positions	<ul style="list-style-type: none"> * Held various managerial and staff positions at the Asian Development Bank (ADB) during a 30-year professional career. Retired in 2015 as Senior Advisor, East Asia Department of the Asian Development Bank (ADB), based in ADB's Resident Mission in Beijing, People's Republic of China (PRC). Other managerial positions in ADB included Deputy Director General, East Asia Department, Country Director, ADB Resident Mission in Indonesia and Deputy Country Director, ADB Resident Mission in PRC. * Staff Consultant, SGV & Co.

Name REYNALDO A. MACLANG
Age 77
Nationality Filipino
Education Bachelor of Laws from the Ateneo de Manila University
Current Position in the Bank President of the Bank

Date of First Appointment * February 9, 2013 (as Director)
 * May 27, 2014 (as President)

Directorship in Other Listed Companies None

Other Current Positions

- * Chairman of PNB (Europe) Plc.
- * Director of Allied Leasing & Finance Corporation, PNB Savings Bank, PNB Global Remittance and Financial Co., HK, Ltd., Bulawan Mining Corporation, PNB Management & Development Corporation and PNB Forex, Inc.
- * Director of the Bankers Association of the Philippines, Asian Bankers Association, and Bancnet, Inc., where he is also a Treasurer.

Other Previous Positions

- * President of Allied Savings Bank from 1986 to 2001
- * President of Allied Banking Corporation (ABC) from 2001 to 2009
- * Director of ABC, PNB Life Insurance, Inc., PNB Italy SpA, PNB International Investments Corporation, PNB Holdings Corporation, PNB Securities, Inc., PNB Forex, Inc., and Eton Properties Philippines, Inc.

Name ESTELITO P. MENDOZA
Age 86
Nationality Filipino
Education

- * Bachelor of Laws (cum laude) from the University of the Philippines
- * Master of Laws from the Harvard University

Current Position in the Bank Director
Date of First Appointment January 1, 2009
Directorship in Other Listed Companies Director of San Miguel Corporation and Petron Corporation

Other Current Positions

- * Chairman of Prestige Travel, Inc.
- * Director of Philippine Airlines, Inc.
- * Practicing lawyer for more than sixty (60) years

Other Previous Positions

- * Professorial Lecturer of law at the University of the Philippines
- * Undersecretary of Justice, Solicitor General and Minister of Justice
- * Member of the Batasang Pambansa and Provincial Governor of Pampanga
- * Chairman of the Sixth (Legal) Committee, 31st Session of the UN General Assembly and the Special Committee on the Charter of the United Nations and the Strengthening of the Role of the Organization.

Awards/Citations

- * Doctor of Laws degree (honoris causa) by Central Colleges of the Philippines, Hanyang University, University of Manila, Angeles University Foundation and the University of the East
- * Doctor of Humane Letters degree by the Misamis University
- * Recipient of a Presidential Medal of Merit as Special Counsel on Marine and Ocean Concerns
- * University of the Philippines Alumni Association's 1975 "Professional Award in Law" and 2013 "Lifetime Distinguished Achievement Award"

Name CHRISTOPHER J. NELSON
Age 56
Nationality British
Education

- * Bachelor of Arts and Masters of Arts in History from Emmanuel College, Cambridge University, U.K.,
- * Diploma in Marketing from the Institute of Marketing, Cranfield, U.K.

Current Position in the Bank Director
Date of First Appointment March 21, 2013 (Director)
 May 27, 2014 (Board Advisor)
 May 26, 2015 (Director)

Directorship in Other Listed Companies None

Other Current Positions

- * Chairman of Lux Et Sal Corporation
- * Director of the Philippine Band of Mercy, the Federation of Philippine Industries, Bellagio 3 Condominium Association, Inc., and Greenlands Community
- * Member of the Board of Trustees of the American Chamber Foundation Philippines, Inc., and British Chamber of Commerce of the Philippines, where he is also the Chairman
- * Member of the Society of Fellows of the Institute of Corporate Directors.

Other Previous Positions

- * Director of PNB Holdings Corporation
- * Trustee of Tan Yan Kee Foundation
- * Director of the American Chamber of Commerce of the Philippines, Inc.
- * President of Philip Morris Philippines Manufacturing, Inc., a position he held for 10 years
- * Various management positions with Philip Morris International for 25 years including Area Director for Saudi Arabia, Kuwait, Gulf Cooperation Council, Yemen, and Horn of Africa

Name **FEDERICO C. PASCUAL**
Age 73
Nationality Filipino
Education

- * Bachelor of Arts, Ateneo de Manila University
- * Bachelor of Laws (Member, Law Honors Society), University of the Philippines
- * Masters of Laws in Columbia University

Current Position in the Bank Independent Director
Date of First Appointment May 27, 2014
Directorship in Other Listed Companies None

Other Current Positions

- * Chairman/Independent Director of PNB General Insurers Co., Inc.
- * Independent Director of PNB International Investments Corporation and PNB Holdings Corporation
- * President/Director of Tala Properties, Inc. and Woldingham Realty, Inc.
- * Director of Global Energy Growth System and Apo Reef World Resort
- * Proprietor of Green Grower Farm
- * Partner of the University of Nueva Caceres in Bataan.

Other Previous Positions

- * President and General Manager of Government Service Insurance System
- * President and CEO of Allied Banking Corporation
- * Various positions with PNB for twenty (20) years in various positions, including Acting President, CEO and Vice Chairman
- * President and Director of Philippine Chamber of Commerce and Industry
- * Chairman of National Reinsurance Corporation and PNOC-AFC
- * Co-Chairman of the Industry Development Council of the Department of Trade and Industry
- * Treasurer of BAP-Credit Guarantee
- * Director of San Miguel Corporation, Philippine Stock Exchange, Manila Hotel Corporation, Cultural Center of the Philippines, CITEM, Bankers Association of the Philippines, Philippine National Construction Corporation, Allied Cap Resources HK, Oceanic Bank SF, USA, AIDSISA Sugar Mill, PDCP Bank, Equitable PCIB, Bankard, Philippine International Trading Corporation, Philippine National Oil Corporation and Certified Data Centre Professional

Name **CECILIO K. PEDRO**
Age 62
Nationality Filipino

Education

- * Bachelor of Science in Business Management from the Ateneo de Manila University
- * Honorary Doctorate of Philosophy in Technological Management from the Technological University of the Philippines

Current Position in the Bank Independent Director
Date of First Appointment February 28, 2014

Other Current Positions

- * Chief Executive Officer (CEO)/President of Lamoayan Corporation
- * Chairman and CEO of Pneumatic Equipment Corporation and Action Container, Inc.
- * Director of CATS Motors, Manila Doctors Hospital and Philippine Business for Social Progress
- * Independent Director of PNB Savings Bank
- * Chairman of the Deaf Evangelistic Alliance Foundation, Inc.
- * Vice President of the Federation of Filipino-Chinese Chambers of Commerce and Industry, Inc.

Other Previous Positions

- * CEO/President of Aluminum Container, Inc.
- * Director of DBS Philippines, Inc. (formerly Bank of Southeast Asia, Inc.)

Awards/Citations

- * Recipient of the Ten Outstanding Young Men in the field of Business Entrepreneurship, Aurelio Periquet Award on Business Leadership, Ateneo Sports Hall of Fame, CEO Excel Award, Ozanam Award for Service, Entrepreneur of the Year for Social Responsibility, Ten Outstanding Manileños, and PLDT SME Nation and Go Negosyo's Grand MVP Bossing Award
- * Recognized by the House of Representative for his Exemplary Accomplishment in the Promotion of the Welfare of the Deaf Community on October 16, 2012

Name	WASHINGTON Z. SYCIP
Age	94
Nationality	Filipino-American
Education	* Bachelor of Science in Commerce from the University of Sto. Tomas * Masters in Commerce from the University of Sto. Tomas and Columbia University
Current Position in the Bank	Director
Date of First Appointment	December 8, 1999
Directorship in Other Listed Companies	* Chairman of Cityland Development Corporation * Independent Director of Belle Corporation, First Philippine Holdings Corporation * Lopez Holdings Corporation, and Metro Pacific Investments Corporation * Director of LT Group, Inc. and MacroAsia Corporation
Other Current Positions	* Founder of SGV Group * One of the founders and Chairman Emeritus of the Asian Institute of Management * Member of the Board of Overseers of the Graduate School of Business at Columbia University * Honorary Chairman of the Euro-Asia Centre of INSEAD in Fontainebleau, France * Honorary Life Trustee of The Asia Society * Member of the Board of Directors of a number of other major corporations in the Philippines and other parts of the world
Other Previous Positions	* President of the International Federation of Accountants * Member of the International Advisory Board of the Council on Foreign Relations * Vice Chairman of the Board of Trustees of The Conference Board * Chairman of the Asia Pacific Advisory Committee of the New York Stock Exchange * Served in the international boards of the American International Group, AT&T, Australia & New Zealand Bank, Caterpillar, Chase Manhattan Bank, Owens-Illinois, Pacific Dunlop and United Technologies Corporation, among others.
Awards/Citations	* Board of Trustees of the Ramon Magsaysay Award Foundation and Eisenhower Exchange Fellowship * Order of Lakandula, Rank of Grand Cross, conferred by Philippine President Benigno S. Aquino, III on June 30, 2011 * Lifetime Achievement Award given by Columbia Business School and Asia Society * Ramon Magsaysay Award for International Understanding * Management Man of the Year given by the Management Association of the Philippines * Officer's Cross of the Order of Merit given by the Federal Republic of Germany * Star of the Order of Merit Conferred by the Republic of Australia * Officer First Class of the Royal Order of the Polar Star awarded by H.M. the King of Sweden

Name	CARMEN K. TAN
Age	75
Nationality	Filipino
Current Position in the Bank	Director
Date of First Appointment	May 31, 2016
Directorship in Other Listed Companies	* Director of MacroAsia Corporation, LT Group, Inc., and PAL Holdings, Inc.
Other Current Positions	* Director: Asia Brewery, The Charter House, Dominion Realty and Construction Corporation, Eton City, Inc., Foremost Farms, Inc., Philippine Airlines, Inc., Air Philippines Corporation, Fortune Tobacco Corporation, Himmel Industries, Incorporated, Lucky Travel Corporation, Manufacturing Services & Trade Corp., Progressive Farms, Inc., PMFTC, Inc., Shareholdings Inc., and Sipalay Trading Corp.

Name	LUCIO C. TAN
Age	81
Nationality	Filipino
Education	Bachelor of Science in Chemical Engineering degree from Far Eastern University and later from the University of Sto. Tomas Doctor of Philosophy, Major in Commerce, from University of Sto. Tomas
Current Position in the Bank	Director
Date of First Appointment	December 8, 1999
Directorship in Other Listed Companies	* Chairman and CEO: LT Group, Inc., PAL Holdings, Inc., and MacroAsia Corporation
Other Current Positions	* Chairman and CEO of Philippine Airlines, Inc. * Chairman/President: Tangent Holdings Corporation and Lucky Travel Corporation * Chairman: Eton Properties Philippines, Inc., Asia Brewery, Inc., Tanduary Distillers, Inc., Fortune Tobacco Corporation, PMFTC, Inc., PNB Holdings Corporation, PNB Life Insurance, Inc., Allied Leasing and Finance Corporation, Allied Commercial Bank, PNB

Savings Bank, and Allied Banking Corporation (HK) Ltd.

- * President: Basic Holdings Corporation, Himmel Industries, Inc., and Grandspan Development Corporation
- * Chairman Emeritus of the Federation of Filipino-Chinese Chambers of Commerce and Industry, Inc.
- * Founder and Vice Chairman of the Foundation for Upgrading the Standard of Education, Inc.
- * Founded the Tan Yan Kee Foundation, Inc., of which he is the Chairman and President
- * Chairman: Allied Banking Corporation
- * Various honorary degrees for his outstanding achievements and leadership in the Philippines and other parts of the world

Other Previous Positions Awards/Citations

Name LUCIO K. TAN, JR.
Age 49
Nationality Filipino
Education

- * Bachelor of Science degree in Civil Engineering (Minors in classical Chinese Mandarin and Mathematics), University of California Davis, U.S.A.
- * Executive Masters in Business Administration, Hong Kong University of Science and Technology (Business School) and J.L. Kellogg School of Management of Northwestern University, Hong Kong
- * Courses in Basic and Intermediate Japanese Language, Languages International, Makati and Asia Center for Foreign Languages, Ortigas

Current Position in the Bank Director
Date of First Appointment September 28, 2007
Directorship in Other Listed Companies

- * Director of MacroAsia Corporation, LT Group, Inc., PAL Holdings, Inc. and Victorias Milling Company

Other Current Positions

- * President/Director of Tanduay Distillers, Inc. and Eton Properties Philippines, Inc.
- * Director of Bulawan Mining Corporation, PNB Capital and Investment Corporation, PNB Forex, Inc., PNB Management and Development Corporation, PNB Savings Bank, Allied Leasing and Finance Corporation, PNB Global Remittance and Financial Company (HK) Ltd., and Allied Banking Corporation (HK) Limited
- * Director of PMFTC, Inc., Philippine Airlines, Inc., Air Philippines Corporation, Allied Bankers Insurance Corporation, Foremost Farms, Inc., Manufacturing Services & Trade Corp., Grandspan Development Corporation, Absolut Distillers, Inc., Asia Brewery, Inc., Eton City, Inc., Asian Alcohol Corporation, Lucky Travel Corporation, Progressive Farms, Inc., Tanduay Brands International, Inc., The Charter House, Incorporated, Himmel Industries, Incorporated
- * EVP and Director of Fortune Tobacco Corporation

Other Previous Positions

- * President and Chief Executive Officer of MacroAsia Corporation
- * Director of Tanduay Distillers, Inc.
- * Executive Vice President of Fortune Tobacco Corporation

Name MICHAEL G. TAN
Age 50
Nationality Filipino
Education Bachelor of Applied Science in Civil Engineering, Major in Structural Engineering, from the University of British Columbia, Canada

Current Position in the Bank Director
Date of First Appointment February 9, 2013
Directorship in Other Listed Companies

- * Director and President of LT Group, Inc.
- * Director of PAL Holdings, Inc. and Victorias Milling Corporation

Other Current Positions

- * Chairman of PNB Management and Development Corporation
- * Director of PNB Forex, Inc., Bulawan Mining Corporation, PNB Savings Bank, Allied Commercial Bank, PNB Global Remittance and Financial Company (HK) Ltd. and Allied Banking Corp. (Hong Kong) Limited
- * Chief Operating Officer of Asia Brewery, Inc.
- * Director of the following companies: Philippine Airlines Foundation, Inc., Air Philippines Corp., Philippine Airlines, Inc., Absolut Distillers, Inc., Eton Properties Phils., Inc., Grandway Construct, Inc., Shareholdings, Inc., Lucky Travel Corporation, Eton City, Inc., Abacus Distribution Systems Philippines, Inc., PMFTC, Inc., Tangent Holdings Corporation, and Alliedbankers Insurance Corporation

Other Previous Positions

- * Chairman of PNB Holdings Corporation
- * Director of Allied Banking Corporation (ABC) from January 30, 2008 until the ABC's merger with PNB on February 9, 2013

(b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities. (updated - 2015)

The Board of Directors ("Board") and Management of the Philippine National Bank ("PNB" or "Bank") commit themselves to adhere to the highest principles of good corporate governance as embodied in the Bank's Amended Articles of Incorporation, Amended By-Laws, Code of Conduct and its Revised Corporate Governance Manual ("Manual"). The Bank subscribes to the philosophy of integrity, accountability and transparency in its manner of doing business; dealing fairly with its clients, investors, stockholders, the communities affected by its activities and various public; professionalism among its Board of Directors, executives and employees in managing the Bank, its subsidiaries and affiliates; and respect for the laws and regulations of the countries affecting its businesses. Internally, it follows a philosophy of rational check and balances as well as structured approach to its business operations.

The Board and Management believe that corporate governance is a critical component of sound strategic business management and will, therefore, undertake every effort necessary to create awareness within the organization to ensure that the principles of fairness, accountability and transparency are indispensable in conducting the day-to-day business of the Bank, its subsidiaries and affiliates.

The Bank recognizes that the most cogent proof of good corporate governance is visible to the eyes of its investors. Therefore, the following provisions regarding the Shareholders' Rights and Protection of Minority Stockholders' Interest are included in the Bank's Revised Corporate Governance Manual, for the guidance of all internal and external parties concerned, as governance covenant between the Bank and all its investors:

- (1) Right to vote on all matters that requires their consent or approval
 - Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.
- (2) Right to inspect corporate books and records
 - All shareholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code and shall be furnished with annual reports, including financial statements, without cost or restrictions.
- (3) Right to information
 - The shareholders shall be provided, upon request, with periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the Bank's shares, dealings with the Bank, relationships among directors and key officers, and the aggregate compensation of directors and officers.
 - The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate purposes; and
 - The minority shareholders shall have access to any information relating to matters for which management is accountable.
- (4) Appraisal right
 - The shareholders shall have the appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 82 of the Corporation Code, under certain circumstances.
- (5) Right to dividends
 - Dividends shall be declared and paid out of the surplus profits of the Bank as often and at such times as the Board may determine and in accordance with the provisions of the law and regulations of the Bangko Sentral ng Pilipinas.

It shall be the duty of the directors to promote shareholder rights, remove impediments to the exercise of shareholders rights and allow possibilities to seek redress for any violation of their rights. They shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions, subject to legal constraints.

All material information about the Bank which could adversely affect its viability or the interest of its stockholders and other stakeholders shall be publicly disclosed to the regulators in a timely manner. All disclosed information shall be released via the approved stock exchange procedure for company announcements as well as through the Annual Report.

The Board is primarily accountable to the stockholders. The Board shall commit at all times to fully disclose material information dealings for the interest of the stakeholders. It shall be the Board's responsibility to foster the long-term success of the Bank, its subsidiaries and affiliates; and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives, for the best interest of the Bank, its stockholders, its depositors and other creditors, its management and employees, the regulators, deposit insurer and the public at large.

Title X – Section 81 of the Corporation Code of the Philippines allows a stockholder to exercise his right to dissent and demand payment of the fair value of his shares in certain instances, to wit: (1) in case an amendment to the Articles of Incorporation will change or restrict the rights of such stockholder or otherwise extend or shorten the term of the company; (2) in case of the sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the company's properties; or (3) in cases of merger or consolidation. Under Section 42 of the Corporation Code, a stockholder is likewise given an appraisal right in cases where a corporation decides to invest its funds in another corporation or business. The stockholder must have voted against the proposed corporate action in order to avail himself of the appraisal right.

(c) How often does the Board review and approve the vision and mission?

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.

A more structured review of the vision and mission for possible revision is conducted at the start of the crafting of a long-range plan such as the five-year development plan of the Bank or the crafting of the integration plan of the merged Bank.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group² (updated – June 24, 2016)

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Florencia G. Tarriela	PNB Capital and Investment Corporation	Chairman/ID
	PNB International Investments Corporation	ID
	PNB-IBJL Leasing and Finance Corporation	Chairman/ID
	PNB-IBJL Equipment Rentals Corporation	Chairman/ID
Felix Enrico R. Alfiler	PNB RCI Holdings Co., Ltd.	Chairman/ID
	PNB International Investments Corporation	ID
	PNB Savings Bank	ID
	PNB Securities, Inc.	ID
Florido P. Casuela	PNB Securities, Inc.	Chairman
	PNB RCI Holdings Co., Ltd.	NED
	PNB International Investments Corporation	NED
	PNB Life Insurance, Inc.	NED
Leonilo G. Coronel	PNB Savings Bank	NED
	None	Not Applicable
Edgar A. Cua	PNB Capital and Investment Corporation	ID
Reynaldo A. Maclang	PNB (Europe) Plc	Chairman
	PNB Savings Bank	Vice Chairman
	Allied Leasing and Finance Corporation	NED
	PNB Forex, Inc.	NED
	Bulawan Mining Corporation	NED
	PNB Management Development Corporation	ED
	PNB Global Remittance and Financial Co., (HK) Ltd.	ED
Estelito P. Mendoza	None	Not Applicable
Christopher J. Nelson	None	Not Applicable
Federico C. Pascual	PNB General Insurers Co., Inc.	Chairman/ID
	PNB Holdings Corporation	ID
	PNB-IBJL Leasing and Finance Corporation	ID
	PNB-IBJL Equipment and Rentals Corporation	ID
Cecilio K. Pedro	PNB International Investments Corporation	ID
	PNB Savings Bank	ID
Washington Z. Sycip	None	Not Applicable
Carmen K. Tan	None	Not Applicable
Lucio C. Tan	Allied Leasing and Finance Corporation	Chairman
	PNB Life Insurance, Inc.	Chairman
	PNB Savings Bank	Chairman
	Allied Commercial Bank	Chairman
	Allied Banking Corporation (HK) Ltd.	Chairman
Lucio K. Tan, Jr.	PNB Holdings Corporation	Chairman
	PNB Forex, Inc.	NED
	Bulawan Mining Corporation	NED
	PNB Management Development Corporation	NED
	Allied Leasing and Finance Corporation	NED
	PNB Savings Bank	NED
	Allied Commercial Bank	NED
Allied Banking Corporation (HK) Ltd.	NED	
Michael G. Tan	PNB Global Remittance and Financial Co., (HK) Ltd.	NED
	PNB Management Development Corporation	Chairman
	PNB Forex, Inc.	NED
	Bulawan Mining Corporation	NED

² The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

	PNB Savings Bank	NED
	Allied Commercial Bank	NED
	PNB Global Remittance and Financial Co., (HK) Ltd.	NED
	Allied Banking Corporation (HK) Ltd.	NED

(ii) Directorship in Other Listed Companies (updated – May 31, 2016)

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Florencia G. Tarriela	LT Group, Inc.	ID
Leonilo G. Coronel	Megawide Construction Corporation	ID
Estelito P. Mendoza	San Miguel Corporation Petron Corporation	NED NED
Washington Z. SyCip	Belle Corporation Cityland Development Corporation First Philippine Holdings Corporation Lopez Holdings Corporation LT Group, Inc. MacroAsia Corporation Metro Pacific Investments Corporation	ID Chairman ID ID NED NED ID
Carmen K. Tan	LT Group, Inc. MacroAsia Corporation PAL Holdings, Inc.	NED NED NED
Lucio C. Tan	PAL Holdings, Inc. LT Group, Inc. MacroAsia Corporation	Chairman and CEO Chairman and CEO Chairman/NED
Lucio K. Tan, Jr.	MacroAsia Corporation LT Group, Inc. PAL Holdings, Inc. Victorias Milling Corporation	NED NED NED NED
Michael G. Tan	LT Group, Inc. PAL Holdings, Inc. Victorias Milling Company	ED NED NED

(iii) Relationship within the Company and its Group (updated – May 31, 2016)

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

Director's Name	Name of the Significant Shareholder	Description of the relationship
Lucio C. Tan	LT Group, Inc. (LTG) (indirect – beneficial owner)	Mr. L. Tan is the Chairman and CEO of LTG.
Carmen K. Tan		Ms. Tan is a director of LTG.
Lucio K. Tan, Jr.		Mr. L. Tan, Jr. is a director of LTG.
Washington Z. SyCip		Mr. SyCip is a director of LTG.
Michael G. Tan		Mr. M. Tan is the President and COO of LTG.
Florencia G. Tarriela		Ms. Tarriela is an independent director of LTG.

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines: (updated – 2015)

	Guidelines	Maximum Number of Directorships in other companies
Executive Director (ED)/ Chief Executive Officer (CEO)	PNB Revised Corporate Governance Manual	The following guidelines shall be considered in the determination of the number of directorship in the Board: (i) nature of the business of the corporations in which the director is a director; (ii) age of the director; (iii) number of directorship/ active membership and officership in other corporations or organizations; and (iv) possible conflict of interest.
Non-Executive Director (NED)		

		In general, the optimum number shall be related to the capacity of a director to perform his duties diligently.
	Guideline	Maximum Number of Directorships in Other Companies
	Sec. X145 of the Manual of Regulations for Bank (MORB) re: Interlocking Directorships and/or Officerships	Subject to MORB restrictions which state that "except as may be authorized by the Monetary Board or as otherwise provided in the MORB, there shall be no concurrent directorship or interlocking directorship and officership between banks or between a bank and a quasi-bank (QB) or a non-bank financial institution (NBF1)".
	PNB Revised Corporate Governance Manual	An Independent Director (ID) can be elected to a maximum of five (5) companies within a single business conglomerate, i.e., parent company, subsidiary or affiliate. ID of the bank may only serve as such for a total of five (5) consecutive years. ID shall be ineligible for re-election unless he has undergone a "cooling off" period for two (2) years. After the two (2) year "cooling off" period, an ID can be re-elected and serve for another five (5) consecutive years and shall be perpetually barred from being elected as such after serving for ten (10) years.

(e) Shareholding in the Company (updated – July 22, 2016)

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Florencia G. Tarruela	2	0	0.000001601
Felix Enrico R. Alfiler	0	10,215 (PCD Nominee Corporation – Filipino)	0.0008177628
Florido P. Casuela	0	133 (PCD Nominee Corporation – Filipino)	0.0000106473
Leonilo G. Coronel	0	1 (PCD Nominee Corporation – Filipino)	0.000000801
Edgar A. Cua	100	0	0.000080055
Reynaldo A. Maclang	155	0	0.0000124085
Estelito P. Mendoza	0	1,150 (PCD Nominee Corporation – Filipino)	0.0000920634
Christopher J. Nelson	0	100 (PCD Nominee Corporation – Non-Filipino)	0.000080055
Federico C. Pascual	38	1 (PCD Nominee Corporation – Filipino)	0.000031222
Cecilio K. Pedro	5,000	0	0.0004002755
Washington Z. Sycip	39,111	0	0.0031310350
Carmen K. Tan	0	5,000 (PCD Nominee Corporation – Filipino)	0.0004002755
Lucio C. Tan	14,843,119	0	1.1882673540
Lucio K. Tan, Jr.	2,300	0	0.0001841267
Michael G. Tan	250	0	0.0000200138
TOTAL	14,889,975	16,700	1.1933553359

4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain. (updated – July 22, 2016)

The Bank welcomes diversity in the Board of Directors. It is represented by a combination of highly qualified business professionals, former bank presidents and senior officials affiliated with regulatory bodies and international organizations, such as the International Monetary Fund (IMF) and World Bank. Furthermore, it is composed of individuals with distinct finance, marketing, audit, risk and legal competencies. This broad and collective range of expertise is taken into account by the Corporate Governance Committee (acting as the

Bank's Nomination and Remuneration Committee) in its screening process of nominees to the Board of Directors as it recognizes that diversity provides value in strengthening and upholding good corporate governance practices of the Bank. The Committee further allows the use of external/professional channels in the search of candidates to the Board of Directors. There are no policies which limit or restrict membership in the Board on account of age, gender, nationality or race.

The Bank's Board of Directors is chaired by a woman, Ms. Florencia G. Tarriela, who is likewise an Independent Director. Further, the Bank's Board of Directors consists of former Bank presidents and well respected finance professionals (Ms. Florencia G. Tarriela, Mr. Florido P. Casuela, Mr. Leonilo G. Coronel, Mr. Federico C. Pascual, Mr. Edgar A. Cua and Mr. Reynaldo A. Maclang), experienced regulator who represented the country with the IMF and World Bank (Mr. Felix Enrico R. Alfiler), an esteemed accounting and management consulting guru (Mr. Washington Z. SyCip), a renowned leader in the business community (Mr. Lucio C. Tan), one of the best legal minds in the Philippines (Mr. Estelito P. Mendoza), well known consumer marketing experts (Mr. Cecilio K. Pedro and Mr. Christopher J. Nelson) and business leaders with extensive knowledge and experience in different industries such as real estate, fast moving consumer goods and airline industry (Carmen K. Tan, Lucio K. Tan, Jr. and Mr. Michael G. Tan).

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

Yes. Majority of the directors of the Bank have been senior officers, presidents and/or directors of other financial institutions, with integrity, decade of experience and technical expertise in banking and finance.

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

	Executive	Non-Executive	Independent Director
Role	The President of the Bank shall, among other powers and duties inherent in his office, execute and administer the policies, measures, orders and resolutions approved by the Board of Directors, and direct and supervise the operations and administration of the Bank.	The Board of Directors is primarily responsible for approving and overseeing the implementation of the Bank's strategic objectives, risk strategy, corporate governance and values. Further, the Board of Directors is also responsible for monitoring and overseeing the performance of senior management as the latter manages the day-to-day affairs of the Bank, its subsidiaries and affiliates.	Recognizing the importance of the role of independent directors (ID), the Board has elected the independent directors to act as Chairman of the Board and various board committees.
Accountabilities	Particularly, he shall have the power and duty:	The Board shall formulate the Bank's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance of PNB Group.	In the various board committees, the independent directors play an active role in the formulation of the business strategies and priorities of the Bank, its subsidiaries and affiliates.
Deliverables	<ol style="list-style-type: none"> 1. To execute all contracts and to enter into all authorized transactions in behalf of the Bank. 2. To exercise, as Chief Executive Officer, the power of supervision and control over decisions or actions of subordinate officers and all other powers that may be granted by the Board. 3. To recommend to the Board the appointment, promotion or removal of all officers of the Bank with the rank of Vice President or its equivalent. 4. To appoint, promote or remove employees and officers of the Bank, except those who are to be appointed or removed by the Board of Directors. 5. To transfer, assign and reassign officers and personnel of the Bank in the interest of the service. 6. To report periodically to the Board of Directors on the operations of the Bank. 7. To submit annually a report on the result of the operations of the Bank to the stockholders of the Bank; and 8. To delegate any of his powers, duties and functions to any official of the Bank, with the approval of the Board of Directors. 	<p>It shall be the Board's responsibility to foster the long-term success of the Bank, its subsidiaries and affiliates and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives, for the best interest of PNB Group, its stockholders and other stakeholders, its depositors and other creditors, its management and employees, the regulators, deposit insurer and the public at large.</p> <p>Below are the specific roles, accountabilities and deliverables of the Non-Executive Directors:</p> <ol style="list-style-type: none"> 1. To approve and monitor the implementation of strategic objectives. 2. To approve and oversee the implementation of policies governing major areas of operations enterprise wide. 3. To approve and oversee the implementation of risk management policies. 4. Identify key risk areas and performance indicators and monitor these factors with due diligence to 	The Board and the Committees continue to review and strengthen the corporate governance policies to adopt consistency in the corporate governance framework in the Bank, its subsidiaries, and affiliates.

		<p>enable the Bank, including its trust operations and international operations, to anticipate and prepare for possible threats to its operational and financial viability.</p> <ol style="list-style-type: none"> 5. Adopt and maintain adequate risk management policy. 6. To oversee selection and performance of senior management. 7. To consistently conduct the affairs of the Bank, its subsidiaries and affiliates with a high degree of integrity. 8. To define appropriate governance policies and practices for the PNB Group and for its own work and to establish means to ensure that such are followed and periodically reviewed for ongoing improvement. 9. To constitute committees to increase efficiency and allow deeper focus in specific areas. 10. To effectively utilize the work conducted by the internal audit, risk management and compliance functions and the external auditors. 11. In PNB Group structures, the Board of Directors of the Bank shall have the overall responsibility for defining an appropriate corporate governance framework that shall contribute to the effective oversight over entities in the PNB Group. Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. 12. Implement a process for selection of Directors, who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. 13. Ensure the PNB Group faithful compliance with all applicable laws, regulations and best business practices. 14. Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the PNB Group. 15. Identify the stakeholders in the community in which the PNB Group operates or which are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them. 16. Adopt a system of check and balance within the Board. 17. Formulate and implement policies and procedures that will ensure the integrity and transparency of related party transactions between and among the Bank and its joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships by members of the Board. 	
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		<ul style="list-style-type: none"> 18. Establish and maintain an alternative dispute resolution system in the PNB Group that can amicably settle conflicts or differences between the Bank, its subsidiaries and affiliates and its stockholders; and third parties, including the regulatory authorities. 19. Meet at such times or frequency as may be needed. 20. Keep the activities and decisions of the Board within its authority under the Amended Articles of Incorporation and Amended By-Laws, and in accordance with existing laws, rules and regulations. 21. Appoint a Compliance Officer who shall have the rank of at least a Vice President. 22. Adequate governance structures and control processes related to the different activities of the bank, ie., systems to identify and monitor material risks; organizational structures and accounting procedures; evaluation of quality assets; and disclosure of material information including related party transactions. 23. Adequate governance structures and control processes for areas of exposures that pose significant risk to bank. 24. Establish appropriate management information systems. 25. Protect the interests of stakeholders adequately. 	
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Provide the company's definition of "independence" and describe the company's compliance to the definition. (updated – 2015)

Independence means the exercise of independent judgment. A director should view each problem or situation objectively. When a disagreement with others occurs, a director should carefully evaluate the situation and state his position. He should not be afraid to take a position even though it might be unpopular. Corollary, a director should support plans and ideas that will be beneficial to the Bank.

The Bank fully complies with the definition of independence by having Independent Directors (IDs) in its Board. As defined in Section 38 of the Securities Regulation Code (SRC), an ID means a person who, apart from his fees and shareholdings, is independent of management, and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in the Bank.

An Independent Director shall refer to a person who (a) is not and has not been an officer or employee of the bank, its subsidiaries or affiliates or related interests during the past three (3) years counted from the date of his election; (b) is not a director or officer of the related companies of the Bank's majority stockholder; (c) is not a stockholder with shares of stock sufficient to elect one seat in the board of directors of the Bank, or in any of its related companies or of its majority corporate shareholders; (d) is not a relative, legitimate or common-law of any director, officer or majority shareholder of the Bank or any of its related companies. For this purpose, relatives refer to the spouse, parent, child, brother, sister, parent-in-law, son-/daughter-in-law, and brother-/sister-in-law; (e) is not acting as a nominee or representative of any director or substantial shareholder of the Bank, any of its related companies or any of its substantial shareholders; (f) is not retained as professional adviser, consultant, agent or counsel of the Bank, any of its related companies or any of its substantial shareholders, either in his personal capacity or through his firm; is independent of management and free from any business or other relationship, has not engaged and does not engage in any transaction with the institution or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and could not materially interfere with or influence the exercise of his judgment.

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

The Bank is compliant with the term limit of independent directors imposed by BSP Circular No. 749, Series of 2012 and SEC Memorandum Circular No. 9, Series of 2011.

Section 2.6 of the Revised Corporate Governance Manual provides the term limits for independent directors (ID) as follows: (a) ID can be elected to only five (5) companies of the conglomerate, parent bank and its subsidiaries and affiliates; (b) ID of the Bank may only serve as such for a total of five (5) consecutive years. ID shall be ineligible for reelection unless he has undergone a "cooling off" period of two (2)

years; and (c) After the two-year cooling off period, an ID can be reelected and to serve for another five (5) consecutive years and shall be perpetually barred from being elected as such after serving for ten (10) years.

6) Orientation and Education Program

(a) Disclose details of the company's orientation program for new directors, if any. (updated – July 22, 2016)

The Bank furnishes all of its directors with a copy of the specific duties and responsibilities of the Board of Directors as prescribed under Items "b" and "c" of Subsection X141.3 of the Manual of Regulations for Banks (MORB) at the time of their election. Meetings are conducted with the President and the Corporate Secretary to provide the new directors relevant information concerning the Bank's processes and operations, Manual of Corporate Governance, trading guidelines and schedule of meetings. Further, the directors concerned are each required to acknowledge receipt of the copies of such specific duties and responsibilities and certify that they fully understand the same. Copies of the acknowledgment and certification are then submitted to the BSP within 20 business days after the date of election.

C. BOARD MEETINGS & ATTENDANCE

7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change: (updated – July 22, 2016)

There are several policy changes in the regular course of business for improved process and efficiency, as well as the alignment of policies of the Bank in view of the merger.

Amendments to the following: a. Approving Limits of Various Credit Committees b. Approving Authorities for Specific Credit Transactions	Amendments to the approving authorities: 1. Deletion of sub-limit on unsecured portion for grant of credit facilities and on all specific credit transactions in the MSA for Credit Matters 2. Earmarking of DBPL against an approved line of higher risk 3. Full/Partial waiver of penalties including re-instated penalties and other charges	To facilitate the approval process and expedite the turnaround time of loan accounts.
Proposed Amendments to the Policy on Country Risk Limits	Amendments to the Policy on Country Risk Limits, as follows: • Management Action Trigger • Counterparty Transactions per Country Risk Category • Internal Country Risk Rating Methodology	<ul style="list-style-type: none"> To expand the trigger and include the downgrade in country rating by Moody's/Standard & Poor's in view of the proposed revised internal country risk rating methodology of Financial Institutions Division per their Board recommendation dated June 6, 2016. To align existing policy with the transactions of the Treasury Group.

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

2) Committee Members (updated – July 22, 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)	Felix Enrico R. Alfiler	May 31, 2016
Member (ID)	Edgar A. Cua	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	<ul style="list-style-type: none"> * 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	<ul style="list-style-type: none"> * Senior Advisor to the World Bank Group Executive Board in Washington, D.C. * Special Assistant to the Philippine Secretary of Finance for International Operations and Privatization * Director of the Bangko Sentral ng Pilipinas * Assistant to the Governor of the Central Bank of the Philippines * Senior Advisor to the Executive Director at the International Monetary Fund * Associate Director at the Central Bank * Head of the Technical Group of the CB Open Market Committee * Monetary Policy Expert in the Economics Sub-Committee of the 1985-1986 Philippine Debt Negotiating Team which negotiated with over 400 private international creditors for the rescheduling of the Philippines' medium- and long-term foreign debts * Advisor at Lazaro Tiu and Associates, Inc. * President of Pilgrims (Asia Pacific) Advisors, Ltd. * President of the Cement Manufacturers Association of the Philippines (CeMAP) * Board Member of the Federation of Philippine Industries (FPI) * Vice President of the Philippine Product Safety and Quality Foundation, Inc. * Convenor for Fair Trade Alliance.

Name	EDGAR A. CUA
Age	60
Nationality	Filipino
Education	<ul style="list-style-type: none"> * Bachelor of Arts in Economics degree (Honors Program) from the Ateneo de Manila University * Masters of Arts in Economics degree from the University of Southern California * Masters of Planning Urban and Regional Environment degree from the University of

	Southern California
	* Advanced Chinese from the Beijing Language and Culture University
	* Sustainable Development Training Program, Cambridge University
	* Independent Director
Current Position in the Bank	
Date of First Appointment	* May 31, 2016
Other Current Position	* Director of Davao Unicar Corporation
Previous Positions	* Held various managerial and staff positions at the Asian Development Bank (ADB) during a 30-year professional career. Retired in 2015 as Senior Advisor, East Asia Department of the Asian Development Bank (ADB), based in ADB's Resident Mission in Beijing, People's Republic of China (PRC). Other managerial positions in ADB included Deputy Director General, East Asia Department, Country Director, ADB Resident Mission in Indonesia and Deputy Country Director, ADB Resident Mission in PRC.
	* Staff Consultant, SGV & Co.
Name	FLORENCIA G. TARRIELA
Age	69
Nationality	Filipino
Education	* Bachelor of Science in Business Administration degree, Major in Economics, University of the Philippines
	* Masters in Economics degree from the University of California, Los Angeles, where she topped the Masters Comprehensive Examination
Current Position in the Bank	Chairman of the Board/Independent Director
Date of First Appointment	* May 29, 2001 (as Director)
	* May 24, 2005 (as Chairman of the Board)
	* May 30, 2006 (as Independent Director)
Directorship in Other Listed Companies	Independent Director of LT Group, Inc.
Other Current Positions	* Independent Director of PNB Capital and Investment Corporation, PNB Life Insurance, Inc., PNB International Investments Corporation, and LT Group, Inc.
	* Columnist for "Business Options" of the Manila Bulletin and "FINEX Folio" of Business World
	* Director/Vice President of Tarruela Management Company and Director/Vice President/Assistant Treasurer of Gozon Development Corporation
	* Life Sustaining Member of the Bankers Institute of the Philippines and FINEX, where she is also a Director
	* Trustee of TSPI Development Corporation, TSPI MBA, and Foundation for Filipino Entrepreneurship, Inc.
	* Co-author of several inspirational books - "Coincidence or Miracle? Books I, II, III ("Blessings in Disguise"), IV ("Against All Odds"), and V ("Beyond All Barriers"), and gardening books - "Oops-Don't Throw Those Weeds Away!" and "The Secret is in the Soil"
Other Previous Positions	* Environmentalist and practices natural ways of gardening
	* Undersecretary of Finance
	* Alternate Board Member of the Monetary Board of the Bangko Sentral ng Pilipinas, Land Bank of the Philippines and the Philippine Deposit Insurance Corporation
	* Deputy Country Head, Managing Partner and the first Filipina Vice President of Citibank N. A.
Awards/Citations	* 2014 Most Outstanding Citibank Philippines Alumni awardee for community involvement

Describe the Audit Committee's responsibility relative to the external auditor.

The Committee shall have the sole authority to select, evaluate, appoint, and replace the External Auditors subject to stockholder ratification. It shall recommend to the Board of Directors to grant the President the authority to negotiate and finalize the terms and conditions of the audit engagement as well as the audit fees, and sign, execute and deliver the corresponding contract and all non-audit engagement with the External Auditors subject to the confirmation of the BACC members. Provide oversight of the Bank's External Auditor. Discuss with the External Auditor before the audit commences the nature, scope of the audit. Responsible for the selection process and endorsement of the External Auditor to the Board for approval. Receive and review the reports of external auditor and ensure that Management is taking appropriate corrective actions in a timely manner in addressing control and compliance functions with regulatory agencies. 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.

(c) Corporate Governance Committee*

Office	Name	Date of Last Appointment
Chairman (ID)	Florencia G. Tarruela	May 31, 2016
Member (ED)	Reynaldo A. Maclang	May 31, 2016
Member (NED)	Felix Enrico R. Alfiler	July 22, 2016

Member (NED)	Federico C. Pascual	July 22, 2016
Member (NED)	Cecilio K. Pedro	July 22, 2016

* The Corporate Governance Committee acts as the Bank's Nomination and Remuneration Committee

(d) Risk Oversight Committee

Office	Name	Date of Last Appointment
Chairman (ID)	Felix Enrico R. Alfiler	May 31, 2016
Member (NED)	Florido P. Casuela	May 31, 2016
Member (ID)	Edgar A. Cua	May 31, 2016

(e) Trust Committee

Office	Name	Date of Last Appointment
Chairman (ID)	Federico C. Pascual	May 31, 2016
Member (NED)	Leonilo G. Coronel	May 31, 2016
Member (ID)	Christopher J. Nelson	July 22, 2016
Ex-Officio Member	Reynaldo A. Maclang	May 31, 2016
Ex-Officio Member	Roberto S. Vergara	May 31, 2016

(f) Board Oversight Committee – Domestic and Foreign Offices/Subsidiaries

Office	Name	Date of Last Appointment
Chairman (NED)	Christopher J. Nelson	May 31, 2016
Member (ID)	Florido P. Casuela	July 22, 2016
Member (ID)	Michael G. Tan	July 22, 2016

(*) Domestic Subsidiaries

Office	Name	Date of Last Appointment
Chairman (NED)	Christopher J. Nelson	May 31, 2016
Member (ID)	Florido P. Casuela	July 22, 2016
Member (ID)	Michael G. Tan	July 22, 2016

(*) Overseas Subsidiaries

(g) Board Oversight RPT Committee

Office	Name	Date of Last Appointment
Chairman (ID)	Federico C. Pascual	May 31, 2016
Member (ID)	Edgar A. Cua	May 31, 2016
Member (ID)	Cecilio K. Pedro	May 31, 2016
Non-voting Member	Alice Z. Cordero	May 31, 2016
Non-voting Member	Dioscoro Teodorico L. Lim	May 31, 2016

(h) Board IT Governance Committee

Office	Name	Date of Last Appointment
Chairman (NED)	Leonilo G. Coronel	May 31, 2016
Member (NED)	Lucio K. Tan, Jr.	May 31, 2016
Member (NED)	Christopher J. Nelson	May 31, 2016
Member (NED)	Florido P. Casuela	May 31, 2016
Member (ID)	Florencia G. Tarriela	May 31, 2016

3) Changes in Committee Members (updated – July 22, 2016)

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

Name of Committee	Name	Reason
1. Executive Committee	Christopher J. Nelson	Appointed as new member
	Felix Enrico R. Alfiler	Appointed as new member

	Federico C. Pascual	Appointed as new member
	Florencia G. Tarriela	Appointed as new member
	Harry C. Tan	Expiration of term
2. Board Audit and Compliance Committee	Edgar A. Cua	Appointed as new member
	Florencia G. Tarriela	Appointed as new member
	Florido P. Casuela	Appointed to another committee
	Christopher J. Nelson	Appointed to another committee
	Deogracias N. Vistan	Expiration of term
	Harry C. Tan	Expiration of term
3. Corporate Governance/ Nomination/ Remuneration Committee	Florido P. Casuela	Appointed to another committee
	Felix Enrico R. Alfiler	Appointed as new member
	Federico C. Pascual	Appointed as new member
	Cecilio K. Pedro	Appointed as new member
	Christopher J. Nelson	Appointed to another committee
	Michael G. Tan	Appointed to another committee
4. Risk Oversight Committee	Felix Enrico R. Alfiler	Appointed as new member
	Edgar A. Cua	Appointed as new member
	Florencia G. Tarriela	Appointed to another committee
	Leonilo G. Coronel	Appointed to another committee
	Christopher J. Nelson	Appointed to another committee
	Harry C. Tan	Expiration of term
5. Board Oversight Committee – Domestic & Foreign Offices/ Subsidiaries	Felix Enrico R. Alfiler	Appointed to another committee
	Federico C. Pascual	Appointed to another committee
	Florido P. Casuela	Appointed as new member
	Michael G. Tan	Appointed as new member
6. Board Oversight RPT Committee	Edgar A. Cua	Appointed as new member
	Cecilio K. Pedro	Appointed as new member
	Felix Enrico R. Alfiler	Appointed to another committee
	Deogracias N. Vistan	Expiration of term
7. Board IT Governance Committee	Florencia G. Tarriela	Appointed as new member
	Michael G. Tan	Appointed to another committee
8. Trust Committee	Christopher J. Nelson	Appointed as new member
	Cecilio K. Pedro	Appointed to another committee

H. ROLE OF STAKEHOLDERS

- 1) Disclose the company's policy and activities relative to the following: (updated – July 22, 2016)

	Policy	Activities
Customers' welfare	The Bank established Customer Service Policy Guidelines under Circular No. 1-774/2006 which will govern the conduct and manner by which all personnel render customer service to bank clients following the office decorum, standard greetings and spiels, as well as common courtesy.	The Bank continues to update the Customer Service Policy Guidelines issued in 2006. Gen Cir. 2-1653/2008 sets the standard for Service Quality. It sets forth the guiding principles of customer service, the protocols to be followed and the procedures for handling complaints. Further enhancements to this standard were issued, namely, Gen Cir. 2-1740/2009 announcing the Customer Service Hotlines and merging all helpdesks and Gen Cir. 2-1803/2010 which refined the procedures when replying to customer inquiries and/or complaints. The Bank likewise utilizes social media to disseminate relevant information regarding its products and services, and to receive and promptly address concerns and complaints of the customers.
Supplier/contractor selection practice	The bank has an established guideline on the "Accreditation of Suppliers/ Contractors" per Sel. Cir. No. 8-169/2005 dated August 26, 2005 to ensure that the Bank, as much as	From among the list of accredited suppliers/contractors, Corporate Services Division (CSD) invites bidders to submit bids for a particular item/s to be procured. For purchases

	<p>possible/practicable, deals only with the best suppliers/contractors, pre-screened as to their capacity to deliver the best goods/services to the Bank at the lowest possible cost.</p> <p>The Bank has an established "Manual of Signing Authority (MSA)" as guide to the proper recommending and approving authority/ies in the procurement processes depending on the degree and amount involved on the items to be procured.</p>	<p>amounting to P5,000.00 and below, a telephone canvas is used; for over P5,000.00 but less than P5,000.00, a formal quotation is used; and for over P50,000.00, a sealed quotation is used. At least 3 bidders are gathered for each item purchased before an evaluation is made based on the terms of pricing and quality of goods/services offered, recommends to proper approving authority/ies (Heads of CSD/Heads of FAG/Bids and Awards Committee [BAC]/BCPC) the best complying bid/s and upon approval, award the transaction/s to the winning bidder/s.</p>
Environmentally friendly value-chain	<p>PNB participates in environmental protection projects of both the government and private sectors.</p>	<ul style="list-style-type: none"> • PNB's Branches Grow Greener -- Tree Planting Project • Earth Hour • PNB/PAL Recycables Event • Pasay City Walang Plastikan Project (Anti-Plastic Bags Drive) <p>The Bank sponsors various tree/mangrove planting activities all over the country. These activities are conducted by branch personnel in various regions.</p> <p>The Bank further ensures environmentally friendly operations by limiting paper consumption through the use of electronic/paper-less means of communication and documentation. For instance, Notices, agenda, and relevant materials and documents are sent electronically. Copies of the Definitive Information Statement, Annual Report and Financial Statements are likewise provided to the stockholders in CD format.</p>
Community interaction	<p>PNB gets involved in community/school/health/relief/calamity assistance project.</p>	<ul style="list-style-type: none"> • PNB Pagtutulungan ng Bayan outreach projects through distribution of relief goods • PNB Brigada Eskwela – volunteer work of employees to help prepare for school opening. • PNB Tan Yan Kee Philhealth Card Distribution Project – free health card for indigents • Young & Empowered Students for the Philippines (YESPH) • Various Pagtutulungan ng Bayan program. The program provides immediate assistance to victims of natural calamities, and various kinds of assistance to indigents and special communities in hospitals, hospices, orphanages, and other centers. • The Bank continues to grant scholarship to deserving students through the Tan Yan Kee Foundation, the CSR arm of the Lucio Tan Group of Companies. • In 2015, PNB is pursuing a Financial Literacy Program targeted at the youth, in partnership with the BSP. At the same time, the Bank continues to support initiative to build libraries in various schools in the countryside.
Anti-corruption programmes and procedures	<p>Under the Bank's Whistleblower Policy (as amended), employees can report or complain about internally any suspected or actual commission of theft/fraud, corruption, etc. The employee or the whistleblower is protected against retaliation, discrimination, harassment or adverse personnel action, for reporting in good faith a suspected or actual violation. Hence, anyone who retaliates against the whistleblower is subject to disciplinary action, including the possibility of termination/dismissal from the Bank service.</p>	<p>A whistleblower can submit a confidential report on suspected or alleged actual event/violation to any head of Corporate Security Group, Legal Group, Internal Audit Group or Human Resource Group using the Disclosure of Violation/Complain Form. The Head of such group shall gather details and information and validate and determine the scope and nature of the complaint and forward the complaint to the Head of Corporate Security Group for further evaluation and thereafter prepare an Incident/Preliminary Report and submit the same to the Admin Investigation Committee for appropriate disposition. The</p>

	Policy on Soliciting and/or Receiving Gifts under Gen. Cir. 1-866/2013. Soliciting gifts/ donations/ sponsorship whether in cash or in kind from clients, suppliers and other business-related parties is strictly prohibited.	identity of the whistleblower or complainant must be kept in strict confidence. Employees may be allowed to receive gifts/ donations/ sponsorship/ financial assistance whether in cash or in kind from clients, suppliers, and other business-related parties, subject to reporting to HRG using the Gift List Form for worth P2,000.00 and above; and more than P5,000.00 must be turned over to HRG for donation to any legitimate charitable institution. To instill professionalism, superiors/bosses are encouraged to return or decline gifts from subordinates with value of more than P2,000.00.
Safeguarding creditors' rights	The Bank adheres to the highest principles of good corporate governance as embodied in its By-Laws and Articles of Incorporation, Code of Conduct and Corporate Governance Manual. It subscribes to the philosophy of integrity, accountability and transparency in its manner of doing business.	

J. RIGHTS OF STOCKHOLDERS

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

Stockholders' Rights under The Corporation Code	Stockholders' Rights <u>not</u> in The Corporation Code
Stockholders' rights concerning stockholders' meetings which are provided under the Corporation Code are afforded every stockholder of the Bank.	None

Dividends (updated – July 22, 2016)

Declaration Date	Record Date	Payment Date
July 22, 2016	August 19, 2016	On or before September 15, 2016

Note:

The Bank's ability to pay dividends is contingent on its 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 Bangko Sentral ng Pilipinas (BSP) as provided under the Manual of Regulations for Banks (MORB) and subject to compliance with such financial regulatory requirements as may be applicable to the Bank at the time of such declaration.

PNB, however, has adopted the following general policy on the declaration of dividends:

"Dividends shall be declared and paid out of the surplus profits of the Bank at such times and in such amounts as the Board of Directors may determine in accordance with the provisions of law and the regulations of the Bangko Sentral ng Pilipinas (BSP) and the Securities and Exchange Commission (SEC), subject to compliance with such financial regulatory requirements as may be applicable to the Bank."

The Bank has not declared any cash or stock dividends on its common equity for the fiscal year 2015.