

## **COVER SHEET**

FILE COPY

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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

## Metro Manila

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

MAILA KATRINA Y. ILARDE

Corporate Secretary

**Contact Person**

834-0780

**Company Telephone Number**

|              |            |
|--------------|------------|
| 1            | 2          |
| <i>Month</i> | <i>Day</i> |
| Fiscal Year  |            |

2018 Integrated Annual Corporate Governance Report (I-ACGR)

**FORM TYPE**

April 30

*Month Day*  
Annual Meeting

**Secondary License Type, If Applicable**

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Dept. Requiring this Doc.

### **Amended Articles Number/Section**

Total No. of Stockholders

### Total amount of Borrowings

## Foreign

To be accomplished by SEC Personnel concerned

|             |  |  |  |  |  |  |  |  |  |
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Cashier

## STAMPS

Remarks = pls. use black ink for scanning purposes



May 29, 2019

**Securities and Exchange Commission**  
G/F Secretariat Building  
PICC Complex, Roxas Boulevard  
Pasay City

**Attention : MS. RACHEL ESTHER J. GUMTANG-REMALANTE**  
OIC, Corporate Governance and Finance Department

**The Philippine Stock Exchange**  
6<sup>th</sup> Floor PSE Tower  
28<sup>th</sup> Street corner 5<sup>th</sup> Avenue  
Bonifacio Global City, Taguig City

**Attention : MS. JANET A. ENCARNACION**  
Head, Disclosure Department

Gentlemen:

In compliance with SEC Memorandum Circular No. 15, Series of 2017, we are pleased to submit herewith the 2018 Integrated Annual Corporate Governance Report (I-ACGR) of the Philippine National Bank.

For your record. Thank you.

Very truly yours,

**MAILA KATRINA Y. ILARDE**  
Corporate Secretary

a/s

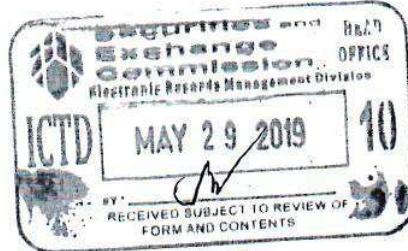
Philippine National Bank  
PNB Financial Center  
Pres. Diósodado Macapagal Blvd.,  
Pasay City, Metro Manila 1300,  
Philippines

T. (632) 526-3131 to 70/891-6040 to 70  
P.O. Box 1884 (Manila)  
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Securities and  
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Commission  
PHILIPPINES



## SEC FORM – I-ACGR

### INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended 2018
2. SEC Identification Number AS096-005555 3. BIR Tax Identification No. 000-188-209
4. Exact name of issuer as specified in its charter PHILIPPINE NATIONAL BANK
5. PHILIPPINES  
Province, Country or other jurisdiction of incorporation or organization
6.  (SEC Use Only)  
Industry Classification Code:
7. PNB FINANCIAL CENTER, PRESIDENT DIOSDADO MACAPAGAL BLVD., PASAY CITY, METRO MANILA  
Address of principal office 1300  
Postal Code
8. (632) 891-6040 to 70 / (632) 526-3131 to 70  
Issuer's telephone number, including area code
9. NOT APPLICABLE  
Former name, former address, and former fiscal year, if changed since last report.



Securities and  
Exchange  
Commission  
PHILIPPINES

## SEC FORM – I-ACGR

### INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended **2018**
2. SEC Identification Number **AS096-005555** 3. BIR Tax Identification No. **000-188-209**
4. Exact name of issuer as specified in its charter **PHILIPPINE NATIONAL BANK**
5. **PHILIPPINES**  
Province, Country or other jurisdiction of incorporation or organization
6.  (SEC Use Only)  
Industry Classification Code:
7. **PNB FINANCIAL CENTER, PRESIDENT DIOSDADO MACAPAGAL BLVD., PASAY CITY, METRO MANILA**  
Address of principal office **1300**  
Postal Code
8. **(632) 891-6040 to 70 / (632) 526-3131 to 70**  
Issuer's telephone number, including area code
9. **NOT APPLICABLE**  
Former name, former address, and former fiscal year, if changed since last report.

| INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT   |                              |  |  |
|---|------------------------------|--|--|
|   | COMPLIANT /<br>NON-COMPLIANT | ADDITIONAL INFORMATION   | EXPLANATION  |
| <b>The Board's Governance Responsibilities</b>  |                              |  |  |
| <b>Principle 1:</b> The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders. |                              |  |  |
| <b>Recommendation 1.1</b>   |                              |  |  |
| 1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.   | COMPLIANT                    |  | <p>The Bank's Board of Directors is composed of 15 individuals of proven competence, integrity, and probity. All are Non-Executive Members except the President and the five Independent Directors. The members of the Board are selected from a broad pool of competent and qualified candidates and elected annually by the stockholders. The Board has former bank presidents and senior officials affiliated with regulatory bodies and international organizations. The members of the Board believe in the highest level of integrity and possess a broad and collective range of expertise that provides value in sustaining and upholding good corporate governance practices.</p>   |
| 2. Board has an appropriate mix of competence and expertise.  | COMPLIANT                    | <p>Provide information or link/reference to a document containing information on the following:</p> <ol style="list-style-type: none"> <li>1. Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors</li> <li>2. Qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of its performance</li> </ol> | <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Board Composition (Pages 57–58)</li> <li>• Profiles of the Board of Directors (Pages 95–105)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul>   |
| 3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.  | COMPLIANT                    |  | <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>• Profile of the Board of Directors (Pages 11–26)</li> <li>• Board Composition (Page 43)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul> <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Composition of the Board and Independent Directors (Pages 6–7)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul> |
| <b>Recommendation 1.2</b>   |                              |  |  |

PNB Board of Directors is composed of 1 Executive Director, 5 Independent Directors, and 9 Non-Executive Directors.

| <b>Board of Directors</b> | <b>Type of Directorship<br/>(ED/NED/ID)</b> |
|---------------------------|---|
| Florencia G. Tariela      | ID (Chairperson)                            |
| Felix Enrico R. Alfiler   | ID (Vice-Chairman)                          |
| Jose Arnulfo A. Veloso*   | ED  |
| Florido P. Casuela        | NED   |
| Leonilo G. Coronel        | NED   |
| Edgar A. Cua              | ID  |
| Estelito P. Mendoza       | NED   |
| Christopher J. Nelson     | NED   |
| Federico C. Pascual       | ID  |
| Cecilio K. Pedro          | ID  |
| Carmen K. Tan             | NED   |
| Lucio C. Tan              | NED   |
| Lucio K. Tan, Jr.         | NED   |
| Michael G. Tan            | NED   |
| Vivienne K. Tan           | NED   |

Identify or provide link/reference to a document identifying the directors and the type of their directorships

COMPLIANT

1. Board is composed of a majority of non-executive directors.

#### 2018 Annual Report

- Board Composition (Pages 57–58)
- LINK: [https://www.pnb.com.ph/wp-content/uploads/docs/SEC\\_2019\\_Definitive\\_Information\\_Statement.pdf](https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf)

#### 2019 Definitive Information Statement

- Board Composition (Page 43)
- LINK: [https://www.pnb.com.ph/wp-content/uploads/docs/SEC\\_2019\\_Definitive\\_Information\\_Statement.pdf](https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf)

**Recommendation 1.3**

|   |  |  |
|---|--|--|
| <p>1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.</p> | <p><b>COMPLIANT</b></p> <p>Provide link or reference to the company's Board Charter and Manual on Corporate Governance relating to its policy on training of directors.</p>  | <p>PNB believes that continuous training and education aids the Board in the performance of their functions and optimizes the expertise and competence of the individual Directors. All key officers and members of the Board are required to attend, at least once a year, a program on corporate governance conducted by training providers accredited by SEC or BSP. First-time directors shall attend corporate governance training for at least eight hours, while the annual continuing training shall be for at least four hours.</p>   |
| <p>2. Company has an orientation program for first time directors.</p>  | <p><b>COMPLIANT</b></p> <p>Provide information or link/reference to a document containing information on the orientation program and trainings of directors for the previous year, including the number of hours attended, and topics covered.</p> | <p>As part of the Bank's Compliance Academy Program, a home study program for Directors was established to apprise the members of the Board on the latest anti-money laundering trends and threats, risk management, internal policies and procedures, and sound industry practices. The program also covers updates on global corporate governance standards and revised RPT policies aligned with regulatory guidelines. In-house training programs are in place to ensure that the Directors, Management Committee, and staff are up-to-date in their qualifications for their respective positions and areas of responsibility.</p>  |
| <p>3. Company has relevant annual continuing training for all directors.</p>  | <p><b>COMPLIANT</b></p> <p>Provide information or link/reference to a document containing information on the orientation program and trainings of directors for the previous year, including the number of hours attended, and topics covered.</p> | <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>○ Orientation and Education Program (<i>Page 47-48</i>)</li> <li>○ LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul> <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Training Process (<i>Pages 51-52</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul> |

|                           |  |
|---------------------------|--|
|                           | <b>PSE Disclosure Form 17-18: Attendance in Corporate Governance Seminar</b> <ul style="list-style-type: none"> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_Corgov_Seminar_of_Mr_Veloso.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_Corgov_Seminar_of_Mr_Veloso.pdf</a></li> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/PSE_Corgov_Seminar_for_year_2018.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/PSE_Corgov_Seminar_for_year_2018.pdf</a></li> </ul>  |
| <b>Recommendation 1.4</b> | <p>Board diversity is not an end of itself. Instead, it is a means to develop an enabling environment which allows the Bank to leverage on the diverse background and expertise of its individual directors, foster innovation, and achieve a balanced approach in making sound and objective board decision. As such, the Bank recognizes and welcomes diversity in the Board of Directors to enhance the quality of its performance.</p> <p>In designing the Board's composition, diversity shall be considered from various aspects including but not limited to age, gender, ethnicity, cultural and educational background, skills, competence and knowledge. These variables shall be taken into account in the selection and nomination of candidates to the Board. The Board shall also strive to ensure that there is appropriate representation of women in the Board. Moreover, the Bank recognizes that both social diversity (e.g., gender, race/ethnicity, and age diversity) and professional diversity are both important for bringing diverse perspectives in order to arrive at thorough and intelligent decisions on matters that require the board's approval. The Board Diversity Policy shall be reviewed annually to incorporate relevant laws, rules, regulations, and corporate governance best practices concerning board diversity.</p> <p>Provide information on or link/reference to a document containing information on the company's board diversity policy.</p> <p>Indicate gender composition of the board.</p> <p><b>COMPLIANT</b></p> <p>1. Board has a policy on board diversity.</p> |

|  | <ul style="list-style-type: none"> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul> <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>Board Composition (Page 43)</li> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul> | <p>Diversity objectives in the composition of the Board of Directors include:</p> <ul style="list-style-type: none"> <li>At least one (1) female independent director</li> <li>At least fifty percent (50%) of the members of the Board have educational background in banking and finance, accounting, economics, or law</li> <li>At least fifty percent (50%) of the members of the Board have relevant skills and experience in the areas of banking and finance, accounting, economics, or law</li> <li>At least one member of the Board is a Foreign citizen</li> </ul>   |             |   |           |  |                 |  |     |   |        |  |
|--|--|--|-------------|---|-----------|--|-----------------|--|-----|---|--------|--|
| <p><b>Optional: Recommendation 1.4</b></p> | <p>Provide information on or link/reference to a document containing the company's policy and measurable objectives for implementing board diversity.</p> <p>Provide link or reference to a progress report in achieving its objectives.</p> <p>1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.</p> <p>COMPLIANT</p>  | <p><b>Progress Report on Board Diversity Policy</b></p> <table border="1"> <thead> <tr> <th>Nationality</th> <td>Fourteen (14) Directors are Filipino citizens and one (1) Director is a British citizen</td> </tr> </thead> <tbody> <tr> <td>Education</td> <td>Educational background of the Board of Directors covers various areas such as economics, law, statistics, accounting and business management</td> </tr> <tr> <td>Work Experience</td> <td>Diverse work experience, including: Former bank presidents, previously affiliated with regulatory bodies such as BSP and PDIC, and various international organizations</td> </tr> <tr> <td>Age</td> <td>Two (2) directors are above 80 years old, five (5) are above 70 years old, three (3) and five (5) are in their 60s and 50s, respectively.</td> </tr> <tr> <td>Gender</td> <td>Three (3) out of fifteen (15) members or 20% of the Board are women.</td> </tr> </tbody> </table> | Nationality | Fourteen (14) Directors are Filipino citizens and one (1) Director is a British citizen | Education | Educational background of the Board of Directors covers various areas such as economics, law, statistics, accounting and business management | Work Experience | Diverse work experience, including: Former bank presidents, previously affiliated with regulatory bodies such as BSP and PDIC, and various international organizations | Age | Two (2) directors are above 80 years old, five (5) are above 70 years old, three (3) and five (5) are in their 60s and 50s, respectively. | Gender | Three (3) out of fifteen (15) members or 20% of the Board are women. |
| Nationality                                | Fourteen (14) Directors are Filipino citizens and one (1) Director is a British citizen  |  |             |   |           |  |                 |  |     |   |        |  |
| Education                                  | Educational background of the Board of Directors covers various areas such as economics, law, statistics, accounting and business management   |  |             |   |           |  |                 |  |     |   |        |  |
| Work Experience                            | Diverse work experience, including: Former bank presidents, previously affiliated with regulatory bodies such as BSP and PDIC, and various international organizations   |  |             |   |           |  |                 |  |     |   |        |  |
| Age  | Two (2) directors are above 80 years old, five (5) are above 70 years old, three (3) and five (5) are in their 60s and 50s, respectively.  |  |             |   |           |  |                 |  |     |   |        |  |
| Gender                                     | Three (3) out of fifteen (15) members or 20% of the Board are women.   |  |             |   |           |  |                 |  |     |   |        |  |

|  |                      |  |
|--|----------------------|--|
|  | Type of Directorship | The Board is composed of 1 Executive Director, 5 Independent Directors, and 9 Non-Executive Directors.   |
|  |                      | <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Board Diversity Policy (<i>Page 7</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul>   |
|  |                      | <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Board Composition (<i>Pages 57–58</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul>   |
| <b>Recommendation 1.5</b>  |                      | <p>The Corporate Secretary of the Bank is Atty. Maila Katrina Y. Ilarde. She is not the Chief Compliance Officer nor is she a director of the Bank.</p>  |
| 1. Board is assisted by a Corporate Secretary.                               | COMPLIANT            | <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Corporate Secretary (<i>Pages 25–27</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul>   |
| 2. Corporate Secretary is a separate individual from the Compliance Officer. | COMPLIANT            | <p>Provide information on or link/reference to a document containing information on the Corporate Secretary, including his/her name, qualifications, duties and functions.</p>   |
| 3. Corporate Secretary is not a member of the Board of Directors.            | COMPLIANT            | <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>• Profile of the Corporate Secretary (<i>Page 27</i>)</li> <li>• Profile of the Chief Compliance Officer (<i>Page 33</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul> <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Profile of the Corporate Secretary (<i>Page 105</i>)</li> <li>• Profile of the Chief Compliance Officer (<i>Page 113</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> |

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|--|-----------|---|
|  |           | The Corporate Secretary has attended the 5 <sup>th</sup> SEC-PSE Corporate Governance Forum last October 23, 2018. She is required to attend trainings on corporate governance annually.  |
| 4. Corporate Secretary attends training/s on corporate governance. | COMPLIANT | <p>Provide information or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered</p> <ul style="list-style-type: none"> <li>• Certificate of Attendance of Ms. Maila Katrina Y. Ilarde (<i>Page 20</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/PSE_Corgov_Seminar_for_year_2018.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/PSE_Corgov_Seminar_for_year_2018.pdf</a></li> </ul>  |
| <b>Optional: Recommendation 1.5</b>                                |           | <p>As part of the duties and responsibilities of the Corporate Secretary set forth in the Corporate Governance Manual, she inform members of the Board of the agenda of their meetings and distribute materials for board meetings at least five business days before the scheduled meeting, and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval.</p> <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Board Meetings and Quorum Requirement (<i>Page 14</i>)</li> <li>• Duties and Responsibilities of the Corporate Secretary (<i>Item 7.1.2, Page 26</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul> <p>Please refer to Annex B for the corresponding Secretary's certificate.</p> |
| <b>Recommendation 1.6</b>  |           | <p>Provide proof that corporate secretary distributed board meeting materials at least five business days before scheduled meeting</p> <ul style="list-style-type: none"> <li>1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.</li> </ul> <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Duties and Responsibilities of the Corporate Secretary (<i>Item 7.1.2, Page 26</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul> <p>Please refer to Annex B for the corresponding Secretary's certificate.</p>  |
| 1. Board is assisted by a Compliance Officer.                      | COMPLIANT | <p>Provide information on or link/reference to a document containing information on the Compliance Officer, including his/her name, position, qualifications, duties and functions.</p> <ul style="list-style-type: none"> <li>2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.</li> </ul>   |

|  |  |   |
|--|--|---|
| <p>3. Compliance Officer is not a member of the board.</p> | <p><b>COMPLIANT</b></p> <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> <li>• Profile of the Chief Compliance Officer (<i>Page 113</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>• Profile of the Chief Compliance Officer (<i>Page 33</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul> | <p><b>PSE Disclosure Form 17-18: Attendance in Corporate Governance Seminar</b></p> <ul style="list-style-type: none"> <li>• Certificate of Attendance of Ms. Alice Z. Cordero (<i>Page 33</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/PSE_Corgov_Seminar_for_year_2018.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/PSE_Corgov_Seminar_for_year_2018.pdf</a></li> </ul> <p><b>Principle 2:</b> The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.</p> <p><b>Recommendation 2.1</b></p> |
|--|--|---|

|                           |           |   |
|---------------------------|-----------|---|
|                           |           | The Directors of the Bank act on a fully informed basis, honestly and in good faith, with loyalty and in the best interest of the Bank, its stockholders, regardless of the amount of their stockholdings, and other stakeholders such as its depositors, investors, borrowers, other clients and the general public. A director must always act in good faith, with the care which an ordinarily prudent man would exercise under similar circumstances.   |
| 1.                        | COMPLIANT | <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Specific Duties and Responsibilities of Directors (<i>Item C, Page 21</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul> <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Board's Overall Responsibility (<i>Page 56</i>)</li> <li>• Directors' Attendance to Board Meetings (<i>Page 62</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>• Board's Overall Responsibility (<i>Page 42</i>)</li> <li>• Directors' Attendance to Board Meetings (<i>Pages 46-47</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul> |
|                           | COMPLIANT | <p>Provide information or reference to a document containing information on how the directors performed their duties (can include board resolutions, minutes of meeting)</p> <ul style="list-style-type: none"> <li>• Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.</li> </ul>  |
| <b>Recommendation 2.2</b> |           | <p>Provide information or link/reference to a document containing information on how the directors performed this function (can include board resolutions, minutes of meeting)</p> <p>Indicate frequency of review of business objectives and strategy</p> <p>The Board oversees the development of and approve the Bank's business objectives and strategy, and monitor their implementation, in order to sustain the Bank's long-term viability and strength. The Board Strategy &amp; Policy Committee (BSPC) is the governing board committee exercising authority to delegate to management the implementation of the board approved strategic plans and policies. On an annual basis, the Committee reviews the strategic objectives and business priorities, strategy, direction, overall plans, result areas that relates to the thrusts and programs of the Bank.</p>  |

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|    |   | <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Powers, Duties and Responsibilities of the Board of Directors (<i>Item 1.3.2, Pages 7–8</i>)</li> <li>• Board Strategy and Policy Committee Charter (<i>Annex H</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul>   |
| 2. | Board oversees and monitors the implementation of the company's business objectives and strategy. | <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Board's Overall Responsibility (<i>Page 56</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018_AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018_AnnualReport.pdf</a></li> </ul>  |
|    |   | <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>• Board's Overall Responsibility (<i>Page 42</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul>   |
|    |   | <p>The Board of Directors is primarily responsible for defining the Bank's vision and mission and ensuring that it is periodically revisited, reviewed, and updated.</p> <p>Corporate Objectives: PNB aims to continually provide the best customer experience to generations of Filipinos here and abroad.</p> <p>Mission Statement: 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: To be the most admired financial services organization in the country in terms of:</p> <ul style="list-style-type: none"> <li>• Financial performance – rank #1 or #2 in its businesses in terms of return on equity</li> <li>• Innovativeness – in products, services, distribution and the use of cutting-edge</li> </ul> |

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|  | <p>technology</p> <ul style="list-style-type: none"> <li>• Customer perception           <ul style="list-style-type: none"> <li>◦ The preferred financial services provider</li> <li>◦ The customer-centered organization with a passion for service excellence</li> </ul> </li> <li>• Social responsibility – the employer of choice, a good corporate citizen and partner in nation-building</li> <li>• Long-term vision – developing competitive advantage on a sustained basis by anticipating changes in customer's preferences and in the manner of doing business</li> </ul> <p>The Bank's vision and mission is formally reviewed annually during the strategic planning process when the Bank's strategic plans are formulated and aligned vertically and horizontally.</p> |
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|    |   | The Board oversees the development of and approve the Bank's business objectives and strategy, and monitor their implementation, in order to sustain the Bank's long-term viability and strength. The Board Strategy and Policy Committee, a separate board-level committee, has been created to evaluate and endorse for Board approval Annual Strategic Plan of the Bank.   |
| 2. | Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture. | <p>Provide information on or link/reference to a document containing information on the strategy execution process.</p> <p>COMPLIANT</p>  |
|    |   | <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Specific Duties and Responsibilities of Directors (<i>Item 1.3.2.2, Pages 8–9</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul> <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Board-level Committees, Membership, and Functions (<i>Pages 59–61</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>• Board-level Committees, Membership, and Functions (<i>Pages 44–46</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul> |
|    |   | <p>The Board Chairperson is Ms. Florencia G. Tariela, who has held the position since 2005. Chairperson Tariela has extensive experience in the banking industry and is an active member of numerous banking and non-profit institutions. She is currently a Life Sustaining Member of Bankers Institute of the Philippines (BAIPHIL), Financial Executives of the Philippines (FINEX) and Institute of Corporate Directors (ICD). She has also been a Board Trustee of Tulay sa Pag-unlad, Inc. (TSP) since 2003. A former Undersecretary of Finance, she also used to be an alternate Board Member of the following: Monetary Board of BSP, Land Bank of the Philippines, and the Philippine Deposit Insurance Corporation (PDIC). She was a Managing Partner and the first Filipina Vice President of Citibank N.A., Philippines. Currently, she is a</p> <p><b>Recommendation 2.3</b></p> <p>Provide information or reference to a document containing information on the Chairperson, including his/her name and qualifications</p> <p>COMPLIANT</p> <p>1. Board is headed by a competent and qualified Chairperson.</p>             |

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|  |  | columnist for "Business Options" of the Manila Bulletin and "FINEX Folio" of BusinessWorld.  |           |   |  |           |  |  |
|  | <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Chairperson of the Board (<i>Page 57</i>)</li> <li>• Profile of Ms. Florencia G. Tarriela (<i>Page 98</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>• Chairperson of the Board (<i>Pages 42–43</i>)</li> <li>• Profile of Ms. Florencia G. Tarriela (<i>Page 11</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul> |  |           |   |  |           |  |  |
|  | <p><b>Recommendation 2.4</b></p> <table border="1"> <tr> <td>1. Board ensures and adopts an effective succession planning program for directors, key officers and management.</td> <td>COMPLIANT</td> <td>Disclose and provide information or link/reference to a document containing information on the company's succession planning policies and programs and its implementation</td> </tr> <tr> <td>2. Board adopts a policy on the retirement for directors and key officers.</td> <td>COMPLIANT</td> <td>A Talent Board consisting of senior officers has been created to monitor and review the success and progress of the Program. It renders decisions on nominations and acceptance of talents in the Talent Pool.</td> </tr> </table>  | 1. Board ensures and adopts an effective succession planning program for directors, key officers and management.   | COMPLIANT | Disclose and provide information or link/reference to a document containing information on the company's succession planning policies and programs and its implementation | 2. Board adopts a policy on the retirement for directors and key officers. | COMPLIANT | A Talent Board consisting of senior officers has been created to monitor and review the success and progress of the Program. It renders decisions on nominations and acceptance of talents in the Talent Pool. | <p>The Succession Management Program of the Bank is a continuing and evolving process of strategically and systematically identifying, assessing, and developing talents for future critical roles to ensure consistent and effective organizational performance. It ensures the availability of talents who have the potential and required competencies and are ready to assume vacant positions as the need arises, due to organizational exigencies, particularly for key or critical positions.</p> <p>A Talent Board consisting of senior officers has been created to monitor and review the success and progress of the Program. It renders decisions on nominations and acceptance of talents in the Talent Pool.</p> <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Selection Process for Board and Senior Management (<i>Page 58</i>)</li> <li>• Retirement and Succession Management Program (<i>Page 63</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>• Selection Process for Board and Senior Management (<i>Pages 43–44</i>)</li> <li>• Retirement and Succession Management Program (<i>Pages 48–49</i>)</li> </ul> |
| 1. Board ensures and adopts an effective succession planning program for directors, key officers and management. | COMPLIANT  | Disclose and provide information or link/reference to a document containing information on the company's succession planning policies and programs and its implementation                                      |           |   |  |           |  |  |
| 2. Board adopts a policy on the retirement for directors and key officers.                                       | COMPLIANT  | A Talent Board consisting of senior officers has been created to monitor and review the success and progress of the Program. It renders decisions on nominations and acceptance of talents in the Talent Pool. |           |   |  |           |  |  |

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|                           |  | <ul style="list-style-type: none"> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul> <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>Retirement and Succession Planning for Directors (<i>Page 15</i>)</li> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul>  |
| <b>Recommendation 2.5</b> |  | <p>PNB aims to sustain a strong, performance-conducive environment that would attract, motivate, and retain the best talents and is aligned with the long-term interests of the company. For this purpose, the Bank maintains a Remuneration Policy that commensurately compensates its directors and officers for high levels of performance. Such policy complements the Bank's efforts to hire and develop the best talents through its competitive recruitment program and continuing learning programs. A well-compensated and rewarded human resource enables the Bank to provide the highest quality of products and services to the public it serves.</p> <p>The PNB Remuneration Policy provides a sustainable compensation structure and fringe benefits program for directors and officers. The policy allows the Bank to be competitive with industry counterparts. It identifies basic compensation, incentives, recognition and rewards for those who meet their performance targets and goals.</p> <p>Provide information on or link/reference to a document containing information on the company's remuneration policy and its implementation, including the relationship between remuneration and performance.</p> <p>1. Board aligns the remuneration of key officers and board members with long-term interests of the company.<br/>COMPLIANT</p> <p>2. Board adopts a policy specifying the relationship between remuneration and performance.<br/>COMPLIANT</p> <p>3. Directors do not participate in discussions or deliberations involving his/her own remuneration.<br/>COMPLIANT</p> |
|                           |  | <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>Remuneration Policy (<i>Page 64</i>)</li> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>Remuneration Policy (<i>Page 49</i>)</li> </ul>  |

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| <b>Optional: Recommendation 2.5</b>   |           | <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• 2019 Corporate Governance Manual (Item 1.3.2.3, Page 9)</li> <li>• Remuneration of Directors &amp; Officers (Page 22)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul> <p>The Corporate Secretary certifies that the remuneration structures are based on the approved Bank's Policy on Remuneration of Directors and Officers under Board Executive Session Resolution No. 06/10-23-09 dated October 23, 2009.</p> <p>Please refer to Annex A for the Secretary's certificate on remuneration of senior executives.</p> |
| 1. Board approves the remuneration of senior executives.  | COMPLIANT | <p>Provide proof of board approval</p> <p>Provide information on or link/reference to a document containing measurable standards to align performance-based remuneration with the long-term interest of the company.</p>  |
| 2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses. | COMPLIANT | <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Remuneration Policy (Page 64)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>• Remuneration Policy (Page 49)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul>  |

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|   |           | The Corporate Governance and Sustainability Committee (acting as the Bank's Nomination Committee) shall promulgate the guidelines or criteria to govern the conduct of the nomination; and performs other duties as provided under the BSP rules and regulations. Nomination of the directors shall be conducted by the Committee prior to an Annual Stockholders' Meeting. All recommendations shall be signed by the nominating stockholder/s together with the acceptance and conformity by the would-be nominees. The Committee shall pre-screen the qualifications and prepare the final list of all candidates which shall contain all the information about the nominees. |
| 1. Board has a formal and transparent board nomination and election policy.                                       | COMPLIANT | As set forth in the Corporate Governance Manual, minority shareholders have the right to nominate candidates to the board.   |
| 2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.             | COMPLIANT | Provide information or reference to a document containing information on the company's nomination and election policy and process and its implementation, including the criteria used in selecting new directors, how the shortlisted candidates and how it encourages nominations from shareholders.  |
| 3. Board nomination and election policy includes how the company accepted nominations from minority shareholders. | COMPLIANT | Provide proof if minority shareholders have a right to nominate candidates to the board  |
| 4. Board nomination and election policy includes how the board shortlists candidates.                             | COMPLIANT | Provide information if there was an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.   |

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| <p>5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.</p> | <p><b>COMPLIANT</b></p> <ul style="list-style-type: none"> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>• Selection Process for Board and Senior Management (Pages 43–44)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul> <p>The Board of Directors, through the Corporate Governance and Sustainability Committee, ensures and observes an effective process for identifying the quality of directors that is aligned with the strategic direction of the Bank.</p> <p><b>Criteria for the nomination and election of members of the Board of Directors:</b></p> <ul style="list-style-type: none"> <li>• Knowledge, skills, experience, and particularly in the case of non-executive directors, independence of mind given their responsibilities to the Board and in light of the Bank's business and risk profile;</li> <li>• Have a record of integrity and good repute;</li> <li>• Have sufficient time to carry out their responsibilities; and</li> <li>• Have the ability to promote a smooth interaction between members of the Board.</li> <li>• Have educational background, relevant skills and experience in banking and finance, accounting, economics, or law</li> <li>• Must contribute to the Board's social and professional diversity consistent with the Board Diversity Policy</li> </ul> <p>The Committee identifies and evaluates the suitability of each particular candidate to the Board.</p> <p><b>Process of the nomination and election of members of the Board of Directors:</b></p> <p>Nomination of the directors shall be conducted by the Committee prior to an Annual Stockholders' Meeting. All recommendations shall be signed by the nominating stockholder/s together with the acceptance and conformity by the would-be nominees. The Committee shall pre-screen the qualifications and</p> |
| <p>6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.</p>   | <p><b>COMPLIANT</b></p>  |

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| <p>prepare the final list of all candidates which shall contain all the information about the nominees.</p> <p>All shareholders, including minority shareholders, who wish to recommend a person for election as a director of the Bank may submit a written notice of nomination to the Corporate Secretary. The written notice of nomination, duly signed by the nominating stockholder and the nominee, must clearly set out the names and contact information of both the nominating stockholder and the nominee, and must be supported by the biographical data of the nominee, including his or her relevant qualifications and experiences.</p> <p>Only nominees whose names appear on the final list of candidates shall be eligible for election. No other nominations shall be entertained after the final list of candidates shall have been prepared; and no further nominations shall be entertained or allowed on the floor during the actual annual stockholders' meeting. The directors shall be elected by the stockholders entitled to vote during the annual meeting of stockholders and shall hold for one (1) year and until their successors are elected and qualified.</p> <p>The nomination process is consistent with Section 132 MORB of the BSP and in accordance with the procedures for the nomination and election of independent directors set forth in Rule 38 of the Securities Regulation Code.</p> |  |
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**Optional: Recommendation to 2.6**

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|                           |   | <p>The Bank has four (4) directors are who Fellows of the Institute of Corporate Directors (ICD): Chairperson Florencia G. Tariela, Director Florido P. Casuela, Director Leonilo G. Coronel and Director Christopher J. Nelson. Thus, the Bank has access to the ICD database/members.</p>  |
|                           |   | <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Nomination and Election of Directors (<i>Pages 14–15</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul>  |
|                           | <p>1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.</p> | <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Selection Process for Board and Senior Management (<i>Page 58</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/2018-AnnualReport.pdf</a></li> </ul> <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>• Selection Process for Board and Senior Management (<i>Pages 43–44</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul>   |
| <b>Recommendation 2.7</b> | <p>1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.</p>               | <p>As set forth in the RPT Policy Manual, the board of directors has established an effective system to determine, identify and monitor related parties and RPTs; continuously review and evaluate existing relationships between and among businesses and counterparties; and identify, measure, monitor and control risks arising from RPTs.</p> <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Dealings with Related Parties (<i>Pages 35–40</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul> <p>Provide information on or reference to a document containing the company's policy on related party transaction, including policy on review and approval of significant RPTs</p> <p>Identify transactions that were approved pursuant to the policy.</p> |

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|  |   | <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Policies and Procedures on Related Party Transactions (Pages 64-66)</li> <li>• Board Oversight RPT Committee (Page 66)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>• Certain Relationships and Related Transactions (Pages 37-38)</li> <li>• Policies and Procedures on Related Party Transactions (Pages 49-50)</li> <li>• Board Oversight RPT Committee (Page 66)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul> <p><b>2018 RPT Policy Manual</b></p> <ul style="list-style-type: none"> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018_REVISED_RPT_POLICY_MANUAL.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018_REVISED_RPT_POLICY_MANUAL.pdf</a></li> </ul> |
| 2.                                       | RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.        | COMPLIANT   |
| 3.                                       | RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations. | COMPLIANT   |
| <b>Supplement to Recommendations 2.7</b> |   | <p>Information related to transactions with related parties and with subsidiaries/affiliates, directors, officers, stockholders and related interests (DOSRI) is included in the Audited Financial Statements of the Bank and Annual Report. All legal acts, resolutions and proceedings of the Board of Directors, including approvals on the related party transactions endorsed by the Board Oversight RPT Committee, are included in the agenda of the Annual Stockholders' Meeting for ratification of the stockholders. All DOSRI transactions are reported to the regulatory agencies on a monthly basis, as required under the regulations.</p> <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Policies and Procedures on Related Party Transactions (Pages 64-66)</li> <li>• Board Oversight RPT Committee (Page 66)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> <p><b>2019 Definitive Information Statement</b></p>  |

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|    |  | <ul style="list-style-type: none"> <li>• Certain Relationships and Related Transactions (<i>Page 37-38</i>)</li> <li>• Policies and Procedures on Related Party Transactions (<i>Pages 49-50</i>)</li> <li>• Board Oversight RPT Committee (<i>Page 66</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul>   |
| 2. | Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings. | <p>COMPLIANT</p> <p>Provide information on voting system, if any.</p>   |
|    |  | <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Dealings with Related Parties (<i>Item 4.4, Pages 40</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_Governance_MANUAL.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_Governance_MANUAL.pdf</a></li> </ul> <p><b>Minutes of the 2019 Annual Stockholders' Meeting</b></p> <ul style="list-style-type: none"> <li>• Ratification of all the Legal Acts, Resolutions and Proceedings of the Board of Directors &amp; Corporate Officers since the 2018 Annual Stockholders' Meeting (<i>Item V, Page 6</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_ASM_Minutes.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_ASM_Minutes.pdf</a></li> </ul> <p><b>2018 RPT Policy Manual</b></p> <ul style="list-style-type: none"> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018_REVISED_RPT_POLICY_MANUAL.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018_REVISED_RPT_POLICY_MANUAL.pdf</a></li> </ul> |
|    |  | <p>The Board oversees selection of the CEO and other key personnel, including members of senior management and heads of control functions based on the application of fit and proper standards. Integrity, technical expertise, and experience in the Bank's business, either current or planned, shall be the key considerations in the selection process. Moreover, since mutual trust and a close working relationship are important, the members of senior management shall uphold the general operating philosophy, vision and core values of the Bank.</p> <p>Provide information on or reference to a document containing the Board's policy and responsibility for approving the selection of management.</p> <p>Identity the Management team appointed</p> <p>1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>  |

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|--|------------------|--|
|  |                  | <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Selection Process for Board and Senior Management (<i>Page 58</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>• Selection Process for Board and Senior Management (<i>Pages 43–44</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul> |
|  |                  | <p>The board of directors regularly monitors and assesses the performance of the management team and heads of control functions based on approved performance standards. Moreover, the board of directors holds members of senior management accountable for their actions and enumerate the possible consequences if those actions are not aligned with the board of directors' performance expectations. These expectations shall include adherence to the Bank's values, risk appetite and risk culture, under all circumstances.</p>   |
| <p>2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p> | <p>COMPLIANT</p> | <p>Provide information on or reference to a document containing the Board's policy and responsibility for assessing the performance of management.</p> <p>Provide information on the assessment process and indicate frequency of assessment of performance.</p>   |
|  |                  | <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Performance Assessment Program (<i>Page 61</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>• Performance Assessment Program (<i>Page 46</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul>   |
|  |                  | <p><b>Recommendation 2.9</b></p> <p>1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.</p>   |
|  |                  | <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Performance Assessment Program (<i>Page 61</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> <p><b>2019 Definitive Information Statement</b></p>  |

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|                            |  |  | <ul style="list-style-type: none"> <li>• Performance Assessment Program (<i>Page 46</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul>   |
| <b>Recommendation 2.10</b> |  |  | <p>The Board of Directors approves, reviews, and updates, at least annually or whenever there are significant changes therein, the charter of the Board Audit and Compliance Committee.</p> <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Specific Duties and Responsibilities of the Board of Directors (<i>Item 1.3.2.2[d], Pages 8–9</i>)</li> <li>• Specific Duties and Responsibilities of Directors (<i>Item B, Pages 20–21</i>)</li> <li>• Internal Auditor (<i>Pages 32–33</i>)</li> <li>• Board Audit and Compliance Committee Charter (<i>Annex B</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul> |
|                            |  |  | <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Message from the Board Audit and Compliance Committee (<i>Pages 49–51</i>)</li> <li>• Board-Level Committees, Membership, and Functions: Board Audit and Compliance Committee (<i>Page 59</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul>   |
| <b>Recommendation 2.11</b> |  |  | <p>Provide reference or link to the company's Internal Audit Charter</p> <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>• Board-Level Committees, Membership, and Functions: Board Audit and Compliance Committee (<i>Pages 44–45</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul>   |

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| <p>1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.</p>             | <p>The PNB risk management framework banks on a dynamic process that supports the development and implementation of the strategy of the Bank. The process revolves around methodically addressing risks associated with the business lines of the bank. The ERM Framework, with regular reviews and updates, has served PNB well and has been resilient through economic cycles. The organization has placed a strong reliance on this risk governance framework and the three lines-of-defense model, which are fundamental to PNB's aspiration to be world-class at managing risk.</p> <p>Provide information on or link/reference to a document showing the Board's oversight responsibility on the establishment of a sound enterprise risk management framework and how the board was guided by the framework.</p> <p>Provide proof of effectiveness of risk management strategies, if any.</p>  |
| <p>2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.</p> | <p>Provide proof of effectiveness of risk management strategies, if any.</p> <p>2018 Annual Report</p> <ul style="list-style-type: none"> <li>• Enterprise Risk Management Framework (<i>Pages 36–37</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> <p>2019 Definitive Information Statement</p> <ul style="list-style-type: none"> <li>• Enterprise Risk Management Framework (<i>Pages 7–8</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul> <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> <li>• Specific Duties and Responsibilities of the Board of Directors (<i>Item 1.3.2.5., Page 13</i>)</li> <li>• Chief Risk Officer (<i>Pages 33–34</i>)</li> <li>• Risk Oversight Committee Charter (<i>Annex C</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul> |

## Recommendation 2.12

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| <p>1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.</p> | <p>COMPLIANT</p>  | <p>The Corporate Governance Manual is disclosed in the Bank's website.</p>                              |
|   | <p>2019 Corporate Governance Manual</p> <ul style="list-style-type: none"> <li>• Powers, Duties and Responsibilities of the Board of Directors (<i>Item 1.3, Pages 7–13</i>)</li> <li>• Roles and Responsibilities of the Chairperson of the Board of Directors (<i>Item 3.6(a), Pages 19–20</i>)</li> <li>• Specific Duties and Responsibilities of Directors (<i>Item 3.7, Pages 20–22</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul> |   |
|   | <p>Provide link to the company's website where the Board Charter is disclosed.</p>  |   |
| <p>3. Board Charter is publicly available and posted on the company's website.</p>  | <p>COMPLIANT</p>  |   |
|   | <p>Additional Recommendation to Principle 2</p>   |   |
| <p>1. Board has a clear insider trading policy.</p>   | <p>COMPLIANT</p>  | <p>Provide information on or link/reference to a document showing company's insider trading policy.</p> |
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|  |           | <p><b>2018 RPT Policy Manual</b></p> <ul style="list-style-type: none"> <li>• Coverage of RPT Policy Guidelines and Limits (<i>Item V, Pages 7–9</i>)</li> <li>• General Policies and Procedures (<i>Item VI, Pages 9–10</i>)</li> <li>• Guidelines covering the Approval Process of RPTs (<i>Item VII, Pages 11–12</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018_REVISED_RPT_POLICY_MANUAL.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018_REVISED_RPT_POLICY_MANUAL.pdf</a></li> </ul> <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Dealing with Related Parties (<i>Item 2, Pages 36–38</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul> <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Policies and Procedures on Related Party Transactions (<i>Pages 64–66</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>• Policies and Procedures on Related Party Transactions (<i>Pages 49–50</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul> |
|  | COMPLIANT | <p>Provide information on or link/reference to a document showing company's policy on granting loans to directors, if any.</p> <ol style="list-style-type: none"> <li>1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.</li> </ol>  |

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|    |           | All material transactions and decisions approved by the Board of Directors are immediately disclosed after each Board meeting.  |
|    |           | In compliance with the reportorial requirements of the SEC, the Bank provides a full, fair and accurate disclosure to the public of every material fact or event that occurs which would reasonably be expected to affect the investors' decisions.   |
| 2. | COMPLIANT | <p>Annually, all legal acts, resolutions and proceedings of the Board of Directors are summarized and endorsed to the Stockholders for ratification during the Annual Stockholders Meeting.</p> <p><b>PSE Edge</b></p> <ul style="list-style-type: none"> <li>• <b>LINK:</b><br/><a href="http://edge.pse.com.ph/company/information/form.do?cmpy_id=139">http://edge.pse.com.ph/company/information/form.do?cmpy_id=139</a></li> </ul> <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Reportorial or Disclosure System of the Bank's Corporate Governance (Pages 50–51)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul> |

**Principle 3:** Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.

#### Recommendation 3.1

|   | <p>The Board has established eight (8) board-level committees to increase efficiency and allow deeper focus in specific areas.</p> <table border="1"> <thead> <tr> <th><b>Board-level Committees</b></th></tr> </thead> <tbody> <tr> <td>Board Audit &amp; Compliance Committee (BACC)</td></tr> <tr> <td>Corporate Governance &amp; Sustainability Committee</td></tr> <tr> <td>Risk Oversight Committee (ROC)</td></tr> <tr> <td>Board Oversight RPT Committee (BORC)</td></tr> <tr> <td>Executive Committee</td></tr> <tr> <td>Trust Committee</td></tr> <tr> <td>Board IT Governance Committee (BITGC)</td></tr> <tr> <td>Board Strategy and Policy Committee (BSPC)</td></tr> </tbody> </table> | <b>Board-level Committees</b>  | Board Audit & Compliance Committee (BACC) | Corporate Governance & Sustainability Committee | Risk Oversight Committee (ROC) | Board Oversight RPT Committee (BORC) | Executive Committee | Trust Committee | Board IT Governance Committee (BITGC) | Board Strategy and Policy Committee (BSPC) |  |
|---|--|--|---|---|--------------------------------|--------------------------------------|---------------------|-----------------|---------------------------------------|--|--|
| <b>Board-level Committees</b>   |  |  |   |   |                                |                                      |                     |                 |                                       |  |  |
| Board Audit & Compliance Committee (BACC)   |  |  |   |   |                                |                                      |                     |                 |                                       |  |  |
| Corporate Governance & Sustainability Committee   |  |  |   |   |                                |                                      |                     |                 |                                       |  |  |
| Risk Oversight Committee (ROC)  |  |  |   |   |                                |                                      |                     |                 |                                       |  |  |
| Board Oversight RPT Committee (BORC)  |  |  |   |   |                                |                                      |                     |                 |                                       |  |  |
| Executive Committee   |  |  |   |   |                                |                                      |                     |                 |                                       |  |  |
| Trust Committee   |  |  |   |   |                                |                                      |                     |                 |                                       |  |  |
| Board IT Governance Committee (BITGC)   |  |  |   |   |                                |                                      |                     |                 |                                       |  |  |
| Board Strategy and Policy Committee (BSPC)  |  |  |   |   |                                |                                      |                     |                 |                                       |  |  |
| 1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities. | <p>Provide information or link/reference to a document containing information on all the board committees established by the company.</p> <p>COMPLIANT</p>   | <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Board-Level Committee (Pages 22–23)</li> <li>• Board-Level Committee Charters (Annex A–H)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul> <p><b>2019 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Board-Level Committees, Membership, and Functions (Pages 59–61)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/2018-AnnualReport.pdf</a></li> </ul> <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>• Board-Level Committees, Membership, and Functions (Pages 44–46)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul> |   |   |                                |                                      |                     |                 |                                       |  |  |
|   |  | <p><b>Recommendation 3.2</b></p>   |   |   |                                |                                      |                     |                 |                                       |  |  |

| <p>1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.</p> | <p>Provide information or link/reference to a document containing information on the Audit Committee, including its functions.</p> <p>Indicate if it is the Audit Committee's responsibility to recommend the appointment and removal of the company's external auditor.</p> | <p>The Board Audit and Compliance Committee assists the Board in the performance of its oversight responsibility relating to financial reporting process, systems of internal control, audit process and monitoring of compliance with applicable laws, rules and regulations.</p> <p>As set forth in its Charter, the Board Audit and Compliance Committee shall be composed of at least three (3) Board members, who shall all be non-executive directors, must have accounting, auditing or related financial management expertise, 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. The Chairman of the Board Audit and Compliance Committee should not be the Chairman of the Board or any other Board Level Committee.</p> <table border="1" data-bbox="709 105 938 792"> <thead> <tr> <th colspan="3">Board Audit and Compliance Committee</th> </tr> <tr> <th>Name</th> <th>Type of Directorship</th> <th>ID</th> </tr> </thead> <tbody> <tr> <td>Edgar A. Cua – Chairman</td> <td></td> <td>ID</td> </tr> <tr> <td>Felix Enrico R. Alfiler – Member</td> <td></td> <td>ID</td> </tr> <tr> <td>Florencia G. Tariela – Member</td> <td></td> <td>ID</td> </tr> </tbody> </table> <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Board Audit and Compliance Committee Charter (<i>Annex B</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul> <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Message from the Board Audit and Compliance Committee (<i>Pages 49–51</i>) <ul style="list-style-type: none"> <li>• Board Audit and Compliance Committee (<i>Pages 49–51</i>)</li> <li>• Board-Level Committees, Membership, and Functions: Board Audit and Compliance Committee (<i>Pages 59</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> </li> </ul> <p><b>2019 Definitive Information Statement</b></p> | Board Audit and Compliance Committee |  |  | Name | Type of Directorship | ID | Edgar A. Cua – Chairman |  | ID | Felix Enrico R. Alfiler – Member |  | ID | Florencia G. Tariela – Member |  | ID |
|---|--|---|--------------------------------------|--|--|------|----------------------|----|-------------------------|--|----|----------------------------------|--|----|-------------------------------|--|----|
| Board Audit and Compliance Committee  |  |   |                                      |  |  |      |                      |    |                         |  |    |                                  |  |    |                               |  |    |
| Name  | Type of Directorship   | ID  |                                      |  |  |      |                      |    |                         |  |    |                                  |  |    |                               |  |    |
| Edgar A. Cua – Chairman   |  | ID  |                                      |  |  |      |                      |    |                         |  |    |                                  |  |    |                               |  |    |
| Felix Enrico R. Alfiler – Member  |  | ID  |                                      |  |  |      |                      |    |                         |  |    |                                  |  |    |                               |  |    |
| Florencia G. Tariela – Member   |  | ID  |                                      |  |  |      |                      |    |                         |  |    |                                  |  |    |                               |  |    |
| <p>2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.</p>   | <p>COMPLIANT</p>   | <p>Provide information or link/reference to a document containing information on the members of the Audit Committee, including their qualifications and type of directorship.</p>   |                                      |  |  |      |                      |    |                         |  |    |                                  |  |    |                               |  |    |
| <p>3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.</p>   | <p>COMPLIANT</p>   | <p>Provide information or link/reference to a document containing information on the background, knowledge, skills, and/or experience of the members of the Audit Committee.</p>  |                                      |  |  |      |                      |    |                         |  |    |                                  |  |    |                               |  |    |
| <p>4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.</p>   | <p>COMPLIANT</p>   | <p>Provide information or link/reference to a document containing information on the Chairman of the Audit Committee</p>  |                                      |  |  |      |                      |    |                         |  |    |                                  |  |    |                               |  |    |

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|   |           | <ul style="list-style-type: none"> <li>• Board-Level Committees, Membership, and Functions: Board Audit and Compliance Committee (<i>Pages 44–45</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul> |
| <b>Supplement to Recommendation 3.2</b>   |           |   |
| 1. Audit Committee approves all non-audit services conducted by the external auditor.   | COMPLIANT | <p>Provide proof that the Audit Committee approved all non-audit services conducted by the external auditor.</p>  |
| 2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present. | COMPLIANT | <p>Provide proof that the Audit Committee conducted regular meetings and dialogues with the external audit team without anyone from management present.</p>   |
| <b>Optional: Recommendation 3.2</b>   |           |   |
| 1. Audit Committee meet at least four times during the year.  | COMPLIANT | <p>Indicate the number of Audit Committee meetings during the year and provide proof</p>  |

|   |                             | <ul style="list-style-type: none"> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul>   |  |                             |                                     |    |
|---|-----------------------------|---|--|-----------------------------|-------------------------------------|----|
|   |                             | <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>Board Audit and Compliance Committee Charter (<i>Annex B</i>)</li> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_MANUAL.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_MANUAL.pdf</a></li> </ul>   |  |                             |                                     |    |
| 2. Audit Committee approves the appointment and removal of the internal auditor.  | COMPLIANT                   | <p>Provide proof that the Audit Committee approved the appointment and removal of the internal auditor.</p> <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>Message from the Board Audit and Compliance Committee (<i>Pages 49–51</i>)</li> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul>  |  |                             |                                     |    |
| <b>Recommendation 3.3</b>   |                             | <p>The Corporate Governance and Sustainability Committee is a board-level committee tasked to promote ESG advocacies and exercise corporate governance oversight functions. The Committee shall be composed of at least three (3) members of the board of directors, all of whom shall be independent Directors (IDs), including the Chairman. The Committee shall invite resource persons in any of its meetings to render a report, clarify and provide guidance to the Committee on any relevant issue the Committee is confronted with.</p> <p>Provide information or reference to a document containing information on the Corporate Governance Committee, including its functions</p> <p>Indicate if the Committee undertook the process of identifying the quality of directors aligned with the company's strategic direction, if applicable.</p> |  |                             |                                     |    |
| 1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee. | COMPLIANT                   | <table border="1"> <thead> <tr> <th><b>Corporate Governance &amp; Sustainability Committee</b></th> <th><b>Type of Directorship</b></th> </tr> </thead> <tbody> <tr> <td>Florencia G. Tarriela – Chairperson</td> <td>ID</td> </tr> </tbody> </table>   | <b>Corporate Governance &amp; Sustainability Committee</b> | <b>Type of Directorship</b> | Florencia G. Tarriela – Chairperson | ID |
| <b>Corporate Governance &amp; Sustainability Committee</b>  | <b>Type of Directorship</b> |   |  |                             |                                     |    |
| Florencia G. Tarriela – Chairperson   | ID                          |   |  |                             |                                     |    |

|                                     |  |  |                                  |    |                              |    |                           |    |
|-------------------------------------|--|--|----------------------------------|----|------------------------------|----|---------------------------|----|
|                                     |  | <table border="1"> <tr> <td>Felix Enrico R. Alfiler – Member</td><td>ID</td></tr> <tr> <td>Federico C. Pascual – Member</td><td>ID</td></tr> <tr> <td>Cecilio K. Pedro – Member</td><td>ID</td></tr> </table>  | Felix Enrico R. Alfiler – Member | ID | Federico C. Pascual – Member | ID | Cecilio K. Pedro – Member | ID |
| Felix Enrico R. Alfiler – Member    | ID   |  |                                  |    |                              |    |                           |    |
| Federico C. Pascual – Member        | ID   |  |                                  |    |                              |    |                           |    |
| Cecilio K. Pedro – Member           | ID   |  |                                  |    |                              |    |                           |    |
| 2.                                  | Corporate Governance Committee is composed of at least three members, all of whom should be independent directors. | <p>Provide information or link/reference to a document containing information on the members of the Corporate Governance Committee, including their qualifications and type of directorship.</p> <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Board-Level Committees, Membership, and Functions (<i>Page 23</i>)</li> <li>• Corporate Governance &amp; Sustainability Committee Charter (<i>Annex A</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul>  |                                  |    |                              |    |                           |    |
| 3.                                  | Chairman of the Corporate Governance Committee is an independent director.   | <p>Provide information or link/reference to a document containing information on the Chairman of the Corporate Governance Committee.</p> <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Board-Level Committees, Membership, and Functions (<i>Page 59</i>)</li> <li>• Profiles of the Board of Directors (<i>Pages 95–105</i>)</li> <li>• Role of Independent Directors (<i>Pages 56–57</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>• Board-Level Committees, Membership, and Functions: Corporate Governance &amp; Sustainability Committee (<i>Page 45</i>)</li> <li>• Role of Independent Directors (<i>Page 42</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul> |                                  |    |                              |    |                           |    |
| <b>Optional: Recommendation 3.3</b> |  |  |                                  |    |                              |    |                           |    |

|  |           |   |
|--|-----------|---|
|  |           | The Corporate Governance and Sustainability Committee met fourteen (14) times in 2018.  |
|  |           | <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Directors' Attendance to Board Meetings (<i>Page 62</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Corporate Governance &amp; Sustainability Committee Charter (<i>Annex A</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul> <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>• Directors' Attendance to Board Meetings (<i>Pages 46–47</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul> |
| 1. Corporate Governance Committee meet at least twice during the year. | COMPLIANT | Indicate the number of Corporate Governance Committee meetings held during the year and provide proof thereof.  |
| <b>Recommendation 3.4</b>  |           | Risk Oversight Committee assists the Board to oversee the risk profile and approve the risk management framework of PNB and its related allied subsidiaries and affiliates. It is mandated to set risk appetite, approve frameworks, policies, plans, programs and processes for managing risk, and accept risks beyond the approval discretion provided to management.   |

|  |                      | <p>The Risk Oversight Committee shall be composed of at least six (6) members of the Board of Directors, majority of whom shall be Independent Directors including the Chairperson. The Chairperson shall not be the Chairperson of the Board of Directors, or any other board-level committee.</p> <p>The members shall possess a range of expertise as well as adequate knowledge of the Bank's risk exposures. They should also meet the requirements of the Securities and Exchange Commission, the Bangko Sentral ng Pilipinas and other applicable laws and regulations.</p>   |                          |  |      |                      |                             |    |                                  |    |                             |     |                       |    |                             |     |                          |     |
|--|----------------------|--|--------------------------|--|------|----------------------|-----------------------------|----|----------------------------------|----|-----------------------------|-----|-----------------------|----|-----------------------------|-----|--------------------------|-----|
| 2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman. | COMPLIANT            | <p>Provide information or link/reference to a document containing information on the members of the BROC, including their qualifications and type of directorship</p> <table border="1"> <thead> <tr> <th colspan="2">Risk Oversight Committee</th> </tr> <tr> <th>Name</th> <th>Type of Directorship</th> </tr> </thead> <tbody> <tr> <td>Cecilio K. Pedro – Chairman</td> <td>ID</td> </tr> <tr> <td>Felix Enrico R. Alfieri – Member</td> <td>ID</td> </tr> <tr> <td>Florido P. Casuela – Member</td> <td>NED</td> </tr> <tr> <td>Edgar A. Cua – Member</td> <td>ID</td> </tr> <tr> <td>Leonilo G. Coronel – Member</td> <td>NED</td> </tr> <tr> <td>Vivienne K. Tan – Member</td> <td>NED</td> </tr> </tbody> </table> | Risk Oversight Committee |  | Name | Type of Directorship | Cecilio K. Pedro – Chairman | ID | Felix Enrico R. Alfieri – Member | ID | Florido P. Casuela – Member | NED | Edgar A. Cua – Member | ID | Leonilo G. Coronel – Member | NED | Vivienne K. Tan – Member | NED |
| Risk Oversight Committee   |                      |  |                          |  |      |                      |                             |    |                                  |    |                             |     |                       |    |                             |     |                          |     |
| Name   | Type of Directorship |  |                          |  |      |                      |                             |    |                                  |    |                             |     |                       |    |                             |     |                          |     |
| Cecilio K. Pedro – Chairman  | ID                   |  |                          |  |      |                      |                             |    |                                  |    |                             |     |                       |    |                             |     |                          |     |
| Felix Enrico R. Alfieri – Member   | ID                   |  |                          |  |      |                      |                             |    |                                  |    |                             |     |                       |    |                             |     |                          |     |
| Florido P. Casuela – Member  | NED                  |  |                          |  |      |                      |                             |    |                                  |    |                             |     |                       |    |                             |     |                          |     |
| Edgar A. Cua – Member  | ID                   |  |                          |  |      |                      |                             |    |                                  |    |                             |     |                       |    |                             |     |                          |     |
| Leonilo G. Coronel – Member  | NED                  |  |                          |  |      |                      |                             |    |                                  |    |                             |     |                       |    |                             |     |                          |     |
| Vivienne K. Tan – Member   | NED                  |  |                          |  |      |                      |                             |    |                                  |    |                             |     |                       |    |                             |     |                          |     |
|  |                      | <p>The Risk Oversight Committee met twenty (20) times in 2018.</p>   |                          |  |      |                      |                             |    |                                  |    |                             |     |                       |    |                             |     |                          |     |
| 3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.                                      | COMPLIANT            | <p>Provide information or link/reference to a document containing information on the Chairman of the BROC</p>  |                          |  |      |                      |                             |    |                                  |    |                             |     |                       |    |                             |     |                          |     |
| 4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.               | COMPLIANT            | <p>Provide information or link/reference to a document containing information on the background, skills, and/or experience of the members of the BROC.</p>   |                          |  |      |                      |                             |    |                                  |    |                             |     |                       |    |                             |     |                          |     |

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|---------------------------|---|
|                           | <ul style="list-style-type: none"> <li>• Board-Level Committees, Membership, and Functions: Risk Oversight Committee (<i>Page 45</i>)</li> <li>• Role of Independent Directors (<i>Page 42</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul>   |
| <b>Recommendation 3.5</b> | <p>The Board Oversight RPT Committee (BORC) assists the Board in performing its oversight functions in monitoring and managing potential conflicts of interest of shareholders, board members, management, and other stakeholders. The BORC oversees the evaluation of related party transactions that present the risk of potential abuse and ensure that rules and regulations are considered to properly and effectively implement the bank's RPT policy guidelines and exercises sound and objective judgment on the related party transactions for the best interest of the bank and that the processes and approvals are conducted at arm's length basis.</p> <p>The BORC shall be composed of at least three (3) Non-Executive Directors, two (2) of whom shall be independent directors, including the Chairperson. In case a member has conflict of interest in an RPT, he should refrain from evaluating that particular transaction. The Chief Compliance Officer and Chief Audit Executive should sit as Non-Voting Members in the committee.</p> <p>Provide information or link/reference to a document containing information on the Related Party Transactions (RPT) Committee, including its functions.</p> <p>1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.</p> <p style="text-align: center;">COMPLIANT</p> |

| <b>Board Oversight RPT Committee</b> |                             |
|--------------------------------------|-----------------------------|
| <b>Name</b>                          | <b>Type of Directorship</b> |
| Federico C. Pascual – Chairman       | ID                          |
| Edgar A. Cua – Member                | ID                          |
| Cecilio K. Pedro – Member            | ID                          |

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- Board-Level Committees, Membership, and Functions (*Page 59*)

|  |           |  |
|--|-----------|--|
|  |           | <ul style="list-style-type: none"> <li>• Message from the Board Oversight PRT Committee Chairman (Pages 31–32)</li> <li>• Board Oversight RPT Committee (Page 67)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul>  |
|  |           | <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Board Oversight RPT Committee Charter (Annex D)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/2019_Corporate_Governance_Manual.pdf</a></li> </ul>  |
|  |           | <p><b>2018 RPT Policy Manual</b></p> <ul style="list-style-type: none"> <li>• Board Oversight RPT Committee (Pages 5–6)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018_REVISED_RPT_POLICY_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018_REVISED_RPT_POLICY_Manual.pdf</a></li> </ul>  |
|  |           | <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>• Board-Level Committees, Membership, and Functions: Board Oversight RPT Committee (Pages 45 &amp; 50)</li> <li>• Role of Independent Directors (Page 42)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul>   |
|  |           | <p>The Board of Directors approves, reviews, and updates, at least annually or whenever there are significant changes therein, the respective charters of each committee or other documents that set out its mandate, scope and working procedures. The charters articulate how the committee will report to the full board of directors, what is expected of the committee members, and tenure limits for serving on the committee. The Board of Directors shall also consider occasional rotation of committee members and chairs to avoid undue concentration of power and promote fresh perspective consistent with the Bank's Board Diversity Policy.</p> |
| <b>Recommendation 3.6</b>  |           | <p>Provide information on or link/reference to the company's committee charters, containing all the required information, particularly the functions of the Committee that is necessary for performance evaluation purposes.</p>   |
| 2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman. | COMPLIANT | <p>1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.</p>  |

|   |           |  |
|---|-----------|--|
|   |           | All the Charters of the Board Committees are incorporated as Annexes to the Manual on Corporate Governance of the Bank posted in the Bank's website under Corporate Governance.  |
| 2. Committee Charters provide standards for evaluating the performance of the Committees.   | COMPLIANT | <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Board-Level Committees (Pages 23–25)</li> <li>• Board Committee Charters (Annex A-H)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul> |
| 3. Committee Charters were fully disclosed on the company's website.  | COMPLIANT | Provide link to company's website where the Committee Charters are disclosed.  |
| <b>Principle 4:</b> To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business. |           |  |
| <b>Recommendation 4.1</b>   |           |  |
| 1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.   | COMPLIANT | <p>Provide information or link/reference to a document containing information on the process and procedure for tele/videoconferencing board and/or committee meetings.</p>   |
| 2. The directors review meeting materials for all Board and Committee meetings.   | COMPLIANT | <p>Provide information or link/reference to a document containing information on the attendance and participation of directors to Board, Committee and shareholders' meetings.</p>   |
|   |           | <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>• Directors' Attendance (Pages 46–47)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul>                           |
|   |           | <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Duties and Responsibilities of the Corporate Secretary (Item 7.1.10, Page 27)</li> </ul>   |

|   |           |   |   |
|---|-----------|---|---|
|   |           |   | <ul style="list-style-type: none"> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul> |
| 3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings. | COMPLIANT | Provide information or link/reference to a document containing information on any questions raised or clarification/explanation sought by the directors | <ul style="list-style-type: none"> <li>Please refer to Annex B for the corresponding Secretary's certificate.</li> </ul>  |
| <b>Recommendation 4.2</b>   |           |   |   |

|   | <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Limit on Directorship of Non-Executive Directors (<i>Page 19</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul> |   |                 |  |                       |  |                    |  |                     |  |               |  |              |   |                  |  |                |   |
|---|---|---|-----------------|--|-----------------------|--|--------------------|--|---------------------|--|---------------|--|--------------|---|------------------|--|----------------|---|
| <p>1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.</p> | <p>COMPLIANT</p> <p>Disclose if the company has a policy setting the limit of board seats that a non-executive director can hold simultaneously.</p> <p>Provide information or reference to a document containing information on the directorships of the company's directors in both listed and non-listed companies</p>   | <table border="1"> <thead> <tr> <th>Director's Name</th> <th>Directorship in other Listed Companies</th> </tr> </thead> <tbody> <tr> <td>Florencia G. Tarriela</td> <td> <ul style="list-style-type: none"> <li>• LT Group, Inc.</li> </ul> </td> </tr> <tr> <td>Leonilo G. Coronel</td> <td> <ul style="list-style-type: none"> <li>• Megawide Construction Corporation (Independent Director)</li> </ul> </td> </tr> <tr> <td>Estelito P. Mendoza</td> <td> <ul style="list-style-type: none"> <li>• San Miguel Corporation (Director)</li> <li>• Petron Corporation (Director)</li> </ul> </td> </tr> <tr> <td>Carmen K. Tan</td> <td> <ul style="list-style-type: none"> <li>• LT Group, Inc. (Director)</li> <li>• MacroAsia Corporation (Director)</li> <li>• PAL Holdings, Inc. (Chairman &amp; CEO)</li> </ul> </td> </tr> <tr> <td>Lucio C. Tan</td> <td> <ul style="list-style-type: none"> <li>• MacroAsia Corporation (Chairman &amp; CEO)</li> <li>• PAL Holdings, Inc. (Chairman &amp; CEO)</li> </ul> </td> </tr> <tr> <td>Lucio K. Tan, Jr</td> <td> <ul style="list-style-type: none"> <li>• LT Group, Inc. (Director)</li> <li>• MacroAsia Corporation (Director)</li> <li>• PAL Holdings, Inc. (Director)</li> </ul> </td> </tr> <tr> <td>Michael G. Tan</td> <td> <ul style="list-style-type: none"> <li>• LT Group, Inc. (Director and President)</li> <li>• Victoria Milling Company Corporation (Director)</li> <li>• PAL Holdings, Inc. (Director)</li> </ul> </td> </tr> </tbody> </table> | Director's Name | Directorship in other Listed Companies | Florencia G. Tarriela | <ul style="list-style-type: none"> <li>• LT Group, Inc.</li> </ul> | Leonilo G. Coronel | <ul style="list-style-type: none"> <li>• Megawide Construction Corporation (Independent Director)</li> </ul> | Estelito P. Mendoza | <ul style="list-style-type: none"> <li>• San Miguel Corporation (Director)</li> <li>• Petron Corporation (Director)</li> </ul> | Carmen K. Tan | <ul style="list-style-type: none"> <li>• LT Group, Inc. (Director)</li> <li>• MacroAsia Corporation (Director)</li> <li>• PAL Holdings, Inc. (Chairman &amp; CEO)</li> </ul> | Lucio C. Tan | <ul style="list-style-type: none"> <li>• MacroAsia Corporation (Chairman &amp; CEO)</li> <li>• PAL Holdings, Inc. (Chairman &amp; CEO)</li> </ul> | Lucio K. Tan, Jr | <ul style="list-style-type: none"> <li>• LT Group, Inc. (Director)</li> <li>• MacroAsia Corporation (Director)</li> <li>• PAL Holdings, Inc. (Director)</li> </ul> | Michael G. Tan | <ul style="list-style-type: none"> <li>• LT Group, Inc. (Director and President)</li> <li>• Victoria Milling Company Corporation (Director)</li> <li>• PAL Holdings, Inc. (Director)</li> </ul> |
| Director's Name   | Directorship in other Listed Companies  |   |                 |  |                       |  |                    |  |                     |  |               |  |              |   |                  |  |                |   |
| Florencia G. Tarriela   | <ul style="list-style-type: none"> <li>• LT Group, Inc.</li> </ul>  |   |                 |  |                       |  |                    |  |                     |  |               |  |              |   |                  |  |                |   |
| Leonilo G. Coronel  | <ul style="list-style-type: none"> <li>• Megawide Construction Corporation (Independent Director)</li> </ul>  |   |                 |  |                       |  |                    |  |                     |  |               |  |              |   |                  |  |                |   |
| Estelito P. Mendoza   | <ul style="list-style-type: none"> <li>• San Miguel Corporation (Director)</li> <li>• Petron Corporation (Director)</li> </ul>  |   |                 |  |                       |  |                    |  |                     |  |               |  |              |   |                  |  |                |   |
| Carmen K. Tan   | <ul style="list-style-type: none"> <li>• LT Group, Inc. (Director)</li> <li>• MacroAsia Corporation (Director)</li> <li>• PAL Holdings, Inc. (Chairman &amp; CEO)</li> </ul>  |   |                 |  |                       |  |                    |  |                     |  |               |  |              |   |                  |  |                |   |
| Lucio C. Tan  | <ul style="list-style-type: none"> <li>• MacroAsia Corporation (Chairman &amp; CEO)</li> <li>• PAL Holdings, Inc. (Chairman &amp; CEO)</li> </ul>   |   |                 |  |                       |  |                    |  |                     |  |               |  |              |   |                  |  |                |   |
| Lucio K. Tan, Jr  | <ul style="list-style-type: none"> <li>• LT Group, Inc. (Director)</li> <li>• MacroAsia Corporation (Director)</li> <li>• PAL Holdings, Inc. (Director)</li> </ul>  |   |                 |  |                       |  |                    |  |                     |  |               |  |              |   |                  |  |                |   |
| Michael G. Tan  | <ul style="list-style-type: none"> <li>• LT Group, Inc. (Director and President)</li> <li>• Victoria Milling Company Corporation (Director)</li> <li>• PAL Holdings, Inc. (Director)</li> </ul>   |   |                 |  |                       |  |                    |  |                     |  |               |  |              |   |                  |  |                |   |

**Recommendation 4.3**

|  |                  |  |
|--|------------------|--|
| <p>1. The directors notify the company's board before accepting a directorship in another company.</p> <p><b>Optional: Principle 4</b></p> | <p>COMPLIANT</p> | <p>Provide copy of written notification to the board or minutes of board meeting wherein the matter was discussed.</p> <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Concurrent Directorship (Page 44)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf</a></li> </ul>   |
| <p>1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.</p>        | <p>COMPLIANT</p> | <p>Mr. Jose Arnulfo "Wick" A. Veloso, the Bank's sole executive director, does not serve on more than two boards of listed companies outside of the group. His other directorships include:</p> <ul style="list-style-type: none"> <li>• Allianz-PNB Life Insurance, Inc.</li> <li>• Philippine Dealing &amp; Exchange Corporation</li> <li>• Philippine Securities Settlement Corporation</li> <li>• Asian Bankers Association</li> <li>• Bancnet, Inc.</li> </ul> <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Profile of Mr. Jose Arnulfo "Wick" A. Veloso (Page 99)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>• Profile of Mr. Jose Arnulfo "Wick" A. Veloso (Page 26)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul> |
| <p>2. Company schedules board of directors' meetings before the start of the financial year.</p>   | <p>COMPLIANT</p> | <p>Board meetings are held every fourth Friday of the month. The schedule is set every December of each year. The Board of Directors met sixteen (16) times in 2018.</p> <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Board Meetings and Quorum Requirement (Page 14)</li> <li>• Duties and Responsibilities of the Corporate Secretary (Item 7.1.1, Page 26)</li> </ul>  |

|   |                                  |   | <ul style="list-style-type: none"> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul>   |
|---|----------------------------------|---|---|
| 3. Board of directors meet at least six times during the year.  | COMPLIANT                        | Indicate the number of board meetings during the year and provide proof | <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>Directors' Attendance to Board Meetings (<i>Page 62</i>) <ul style="list-style-type: none"> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> </li> </ul>  |
| 4. Company requires as minimum quorum of at least 2/3 for board decisions.  | COMPLIANT                        | Indicate the required minimum quorum for board decisions                | A majority of the directors shall be necessary at all meetings to constitute a quorum for the transaction of any business, and the affirmative vote of two-thirds (2/3) of the directors present shall be required for any Board decision, unless otherwise provided by law. A minority of the Board present at any regular or special meeting shall, in the absence of a quorum, adjourn to a later date, and shall not transact any business until a quorum has been secured. |
| <b>Principle 5:</b> The board should endeavor to exercise an objective and independent judgment on all corporate affairs. |                                  |   |   |
| <b>Recommendation 5.1</b>   |                                  |   | The Bank conforms to have five (5) independent directors representing or 33% of the Board.  |
| Board of Directors  | Type of Directorship (ED/NED/ID) |   |   |
| Florencia G. Tariela  | ID (Chairperson)                 |   |   |
| Felix Enrico R. Alfiler   | ID (Vice-Chairman)               |   |   |
| Jose Arnulfo A. Veloso*   | ED                               |   |   |
| Florido P. Casuela  | NED                              |   |   |
| Leonilo G. Coronel  | NED                              |   |   |
| Edgar A. Cua  | ID                               |   |   |
| Estelito P. Mendoza   | NED                              |   |   |
| Christopher J. Nelson   | NED                              |   |   |
| Federico C. Pascual   | ID                               |   |   |



|  |                    | There are no shareholder agreements, by-laws provisions, or other arrangements that constrains the directors' ability to vote independently.   |                 |                    |  |                      |              |        |                          |               |        |              |              |                   |                     |              |                   |                  |                   |                    |
|--|--------------------|--|-----------------|--------------------|--|----------------------|--------------|--------|--------------------------|---------------|--------|--------------|--------------|-------------------|---------------------|--------------|-------------------|------------------|-------------------|--------------------|
| 1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently. | COMPLIANT          | <p>Provide link/reference to a document containing information that directors are not constrained to vote independently.</p> <p><b>Amended By-Laws</b></p> <ul style="list-style-type: none"> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/b1-2019-03-29.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/b1-2019-03-29.pdf</a></li> </ul> <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>Specific Duties and Responsibilities of Directors (<i>Item 3.7[g], Page 22</i>)</li> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul> |                 |                    |  |                      |              |        |                          |               |        |              |              |                   |                     |              |                   |                  |                   |                    |
|  |                    | <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>Term Limits for Independent Director (<i>Page 19</i>)</li> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul>  |                 |                    |  |                      |              |        |                          |               |        |              |              |                   |                     |              |                   |                  |                   |                    |
| <b>Recommendation 5.3</b>  |                    | <p>Provide information or link/reference to a document showing the years IDs have served as such.</p> <table border="1"> <thead> <tr> <th>Director's Name</th> <th>Date first elected</th> <th>No. of years served as independent director*</th> </tr> </thead> <tbody> <tr> <td>Florencia G. Tariela</td> <td>May 29, 2001</td> <td>7 yrs.</td> </tr> <tr> <td>Felix Enrico R. Alfiller</td> <td>Dec. 16, 2001</td> <td>7 yrs.</td> </tr> <tr> <td>Edgar A. Cua</td> <td>May 31, 2016</td> <td>2 yrs. and 7 mos.</td> </tr> <tr> <td>Federico C. Pascual</td> <td>May 27, 2014</td> <td>4 yrs. and 7 mos.</td> </tr> <tr> <td>Cecilio K. Pedro</td> <td>February 24, 2014</td> <td>4 yrs. and 10 mos.</td> </tr> </tbody> </table>                      | Director's Name | Date first elected | No. of years served as independent director* | Florencia G. Tariela | May 29, 2001 | 7 yrs. | Felix Enrico R. Alfiller | Dec. 16, 2001 | 7 yrs. | Edgar A. Cua | May 31, 2016 | 2 yrs. and 7 mos. | Federico C. Pascual | May 27, 2014 | 4 yrs. and 7 mos. | Cecilio K. Pedro | February 24, 2014 | 4 yrs. and 10 mos. |
| Director's Name  | Date first elected | No. of years served as independent director*   |                 |                    |  |                      |              |        |                          |               |        |              |              |                   |                     |              |                   |                  |                   |                    |
| Florencia G. Tariela   | May 29, 2001       | 7 yrs.   |                 |                    |  |                      |              |        |                          |               |        |              |              |                   |                     |              |                   |                  |                   |                    |
| Felix Enrico R. Alfiller   | Dec. 16, 2001      | 7 yrs.   |                 |                    |  |                      |              |        |                          |               |        |              |              |                   |                     |              |                   |                  |                   |                    |
| Edgar A. Cua   | May 31, 2016       | 2 yrs. and 7 mos.  |                 |                    |  |                      |              |        |                          |               |        |              |              |                   |                     |              |                   |                  |                   |                    |
| Federico C. Pascual  | May 27, 2014       | 4 yrs. and 7 mos.  |                 |                    |  |                      |              |        |                          |               |        |              |              |                   |                     |              |                   |                  |                   |                    |
| Cecilio K. Pedro   | February 24, 2014  | 4 yrs. and 10 mos.   |                 |                    |  |                      |              |        |                          |               |        |              |              |                   |                     |              |                   |                  |                   |                    |
| 1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).   | COMPLIANT          | <p>Provide information or link/reference to a document containing information on the company's policy on term limits for its independent director</p>  |                 |                    |  |                      |              |        |                          |               |        |              |              |                   |                     |              |                   |                  |                   |                    |
| 2. The company bars an independent director from serving in such capacity after the term limit of nine years.                                    | COMPLIANT          | <p>Provide information or link/reference to a document containing information on the company's policy on term limits for its independent director</p>  |                 |                    |  |                      |              |        |                          |               |        |              |              |                   |                     |              |                   |                  |                   |                    |

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|                           |  | The Bank has no independent director that served for more than nine (9) years from 2012.   |
| 3.                        | In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting. | <p>COMPLIANT</p> <p>Provide reference to the meritorious justification and proof of shareholders' approval during the annual shareholders' meeting.</p>  |
| <b>Recommendation 5.4</b> |  | <p>Nevertheless, the Corporate Governance Manual of the Bank provides that in the instance that a Bank wants to retain an independent director who has served for nine (9) years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting.</p> <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Term Limits for Independent Directors (<i>Item 3.4 [b], Page 19</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul>   |
|                           |  | <p>The Bank's Chief Executive Officer is Mr. Jose Arnulfo "Wick" A. Veloso while the Chairman of the Board is Ms. Florencia G. Tarriela.</p> <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Chairperson of the Board of Directors (<i>Pages 19–20</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul> <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Profile of Ms. Florencia G. Tarriela, Chairperson (<i>Page 98</i>)</li> <li>• Profile of Mr. Jose Arnulfo "Wick" A. Veloso, President and CEO (<i>Page 99</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>• Profile of Ms. Florencia G. Tarriela, Chairperson (<i>Page 11</i>)</li> <li>• Profile of Mr. Jose Arnulfo "Wick" A. Veloso, President and CEO (<i>Page 26</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul> |

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|   |           | <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Chairperson of the Board of Directors (Pages 19–20)</li> <li>• The President (Pages 25)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_Governance_Manual.pdf</a></li> </ul> <p><b>Amended By-Laws</b></p> <ul style="list-style-type: none"> <li>• Powers and Duties of the Chairman (Page 7)</li> <li>• The President (Pages 11–12)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/bl-2019-03-29.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/bl-2019-03-29.pdf</a></li> </ul> |
| 2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.                                       | COMPLIANT | <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Chairperson of the Board (Pages 57)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018_AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018_AnnualReport.pdf</a></li> </ul>  |
| <b>Recommendation 5.5</b>   |           | <p>Provide information or link/reference to a document containing information on a lead independent director and his roles and responsibilities, if any.</p> <p>Indicate if Chairman is independent.</p>   |
| 1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors. | COMPLIANT | <p>Provide information or link/reference to a document containing information on a lead independent director and his roles and responsibilities, if any.</p> <p>Indicate if Chairman is independent.</p>   |
| <b>Recommendation 5.6</b>   |           |  |

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|  |           | The members of the board, stockholders, and management shall disclose to the board whether they directly, indirectly or on behalf of third parties, have a financial interest in any transaction or matters affecting the bank. Directors and officers involved in possible conflict of interests shall disassociate from participating in the decision-making process and abstain in the discussion, approval and management of such transaction or matters affecting the bank. The Board Oversight RPT Committee may inform the Corporate Governance and Sustainability Committee of the directors/officers' actual/potential conflicts of interest with the Bank, as necessary. |
| 1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.   | COMPLIANT | Provide proof of abstention, if this was the case  |
| <b>Recommendation 5.7</b>  |           |  |
| 1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present. | COMPLIANT | Provide proof and details of said meeting, if any.   |
| 2. The meetings are chaired by the lead independent director.  | COMPLIANT | Provide information on the frequency and attendees of meetings.  |
| <b>Optional: Principle 5</b>   |           | The Board Audit and Compliance Committee held 16 meetings during the year – 12 regular meetings and 4 special meetings. A separate meeting was also held by the Committee with the external auditors, without anyone from Management present, as mandated by BSP Memorandum 2014-11 and BSP Circular 969.  |
|  |           | <b>2019 Corporate Governance Manual</b> <ul style="list-style-type: none"> <li>• Specific Duties and Responsibilities of the Board of Directors (Item 1.3.2.3. [c, iii] &amp; 1.3.2.5. [d, ii], Pages 9 &amp; 13)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul>  |

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|---|-------------------------|---|---|---|-------------------------|---|---|---|-------------------------|--|--|--|-------------------------|--|--|
| <p>1. None of the directors is a former CEO of the company in the past 2 years.</p> | <p><b>COMPLIANT</b></p> | <p>Provide name/s of company CEO for the past 2 years</p>   | <p>Mr. Reynaldo A. Maclaing served as the Bank's CEO and President from May 27, 2014 to November 15, 2018.<br/>The Bank's current President and CEO is Mr. Jose Arnulfo "Wick" A. Veloso, effective November 16, 2018.</p> <p><b>Principle 6:</b> The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.</p> <p><b>Recommendation 6.1</b></p> <table border="1" data-bbox="567 31 1287 2019"> <tr> <td data-bbox="567 31 780 2019"> <p>1. Board conducts an annual self-assessment of its performance as a whole.</p> </td><td data-bbox="780 31 829 2019"> <p><b>COMPLIANT</b></p> </td><td data-bbox="829 31 1041 2019"> <p>Provide proof of self-assessments conducted for the whole board, the individual members, the Chairman and the Committees</p> </td><td data-bbox="1041 31 1287 2019"> <p>At PNB, evaluating the performance of the Board and the Management Committee is the foundation of the Bank's corporate governance assessment and monitoring.</p> <p>The Chairman, individual members of the Board, and the Committees conduct annual self-assessment to evaluate performance in the previous year. The self-assessment is done through an established evaluation system, a tool to determine and measure directors' and senior management's compliance with corporate governance standards and practices. An external facilitator is engaged every three years to assist in the self-assessment exercise. A Management Component Rating Checklist is employed based on the Management criteria per BSP CAMELS rating system. This tool is designed to assess and measure the quality of corporate governance practices of the Bank.</p> <p>Annual results are discussed in the Corporate Governance and Sustainability Committee and to the Board.</p> <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Corporate Governance Assessment and Monitoring (Pages 49–50)</li> <li>• Corporate Governance and Sustainability Committee Charter (Annex A)</li> <li>• Performance Evaluation Form (Annex I)</li> </ul> </td></tr> <tr> <td data-bbox="567 1347 780 2019"> <p>2. The Chairman conducts a self-assessment of his performance.</p> </td><td data-bbox="780 1347 829 2019"> <p><b>COMPLIANT</b></p> </td><td data-bbox="829 1347 1041 2019"></td><td data-bbox="1041 1347 1287 2019"></td></tr> <tr> <td data-bbox="567 1600 780 2019"> <p>3. The individual members conduct a self-assessment of their performance.</p> </td><td data-bbox="780 1600 829 2019"> <p><b>COMPLIANT</b></p> </td><td data-bbox="829 1600 1041 2019"></td><td data-bbox="1041 1600 1287 2019"></td></tr> </table> | <p>1. Board conducts an annual self-assessment of its performance as a whole.</p> | <p><b>COMPLIANT</b></p> | <p>Provide proof of self-assessments conducted for the whole board, the individual members, the Chairman and the Committees</p> | <p>At PNB, evaluating the performance of the Board and the Management Committee is the foundation of the Bank's corporate governance assessment and monitoring.</p> <p>The Chairman, individual members of the Board, and the Committees conduct annual self-assessment to evaluate performance in the previous year. The self-assessment is done through an established evaluation system, a tool to determine and measure directors' and senior management's compliance with corporate governance standards and practices. An external facilitator is engaged every three years to assist in the self-assessment exercise. A Management Component Rating Checklist is employed based on the Management criteria per BSP CAMELS rating system. This tool is designed to assess and measure the quality of corporate governance practices of the Bank.</p> <p>Annual results are discussed in the Corporate Governance and Sustainability Committee and to the Board.</p> <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Corporate Governance Assessment and Monitoring (Pages 49–50)</li> <li>• Corporate Governance and Sustainability Committee Charter (Annex A)</li> <li>• Performance Evaluation Form (Annex I)</li> </ul> | <p>2. The Chairman conducts a self-assessment of his performance.</p> | <p><b>COMPLIANT</b></p> |  |  | <p>3. The individual members conduct a self-assessment of their performance.</p> | <p><b>COMPLIANT</b></p> |  |  |
| <p>1. Board conducts an annual self-assessment of its performance as a whole.</p>   | <p><b>COMPLIANT</b></p> | <p>Provide proof of self-assessments conducted for the whole board, the individual members, the Chairman and the Committees</p> | <p>At PNB, evaluating the performance of the Board and the Management Committee is the foundation of the Bank's corporate governance assessment and monitoring.</p> <p>The Chairman, individual members of the Board, and the Committees conduct annual self-assessment to evaluate performance in the previous year. The self-assessment is done through an established evaluation system, a tool to determine and measure directors' and senior management's compliance with corporate governance standards and practices. An external facilitator is engaged every three years to assist in the self-assessment exercise. A Management Component Rating Checklist is employed based on the Management criteria per BSP CAMELS rating system. This tool is designed to assess and measure the quality of corporate governance practices of the Bank.</p> <p>Annual results are discussed in the Corporate Governance and Sustainability Committee and to the Board.</p> <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Corporate Governance Assessment and Monitoring (Pages 49–50)</li> <li>• Corporate Governance and Sustainability Committee Charter (Annex A)</li> <li>• Performance Evaluation Form (Annex I)</li> </ul>   |   |                         |   |   |   |                         |  |  |  |                         |  |  |
| <p>2. The Chairman conducts a self-assessment of his performance.</p>               | <p><b>COMPLIANT</b></p> |   |   |   |                         |   |   |   |                         |  |  |  |                         |  |  |
| <p>3. The individual members conduct a self-assessment of their performance.</p>    | <p><b>COMPLIANT</b></p> |   |   |   |                         |   |   |   |                         |  |  |  |                         |  |  |

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|  |           | <ul style="list-style-type: none"> <li>• Management Component Rating Checklist (<i>Annex J</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul>  |
| 4. Each committee conducts a self-assessment of its performance.   | COMPLIANT | <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Performance Assessment Program (<i>Page 61</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul>  |
| 5. Every three years, the assessments are supported by an external facilitator.  | COMPLIANT | <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>• Performance Assessment Program (<i>Page 46</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul>   |
| <b>Recommendation 6.2</b>  |           | <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Corporate Governance Assessment and Monitoring (<i>Pages 49–50</i>)</li> <li>• Corporate Governance and Sustainability Committee Charter (<i>Annex A</i>)</li> <li>• Performance Evaluation Form (<i>Annex J</i>)</li> <li>• Management Component Rating Checklist (<i>Annex J</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul>  |
| 1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees. | COMPLIANT | <p>Provide information or link/reference to a document containing information on the system of the company to evaluate the performance of the board, individual directors and committees, including a feedback mechanism from shareholders</p>   |
| 2. The system allows for a feedback mechanism from the shareholders.   | COMPLIANT | <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Stakeholder Engagement, Sustainability Report (<i>Pages 73–74</i>)</li> <li>• Performance Assessment Program (<i>Page 61</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>• Performance Assessment Program (<i>Page 46</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul> |

| <b>Principle 7:</b> Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.   |           |   |
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| <b>Recommendation 7.1</b>   |           |   |
| 1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company. | COMPLIANT | <p>Provide information on or link/reference to the company's Code of Business Conduct and Ethics.</p> <p>The Revised Corporate Governance Manual serves the as the Code of Conduct for the Board of Directors, prescribing appropriate norms of conduct and behavior expected to individual directors of PNB Group. It articulates the role and responsibilities as well as the scope of activities of the principal parties that directly and indirectly influence the corporate governance practices of the Bank enterprise-wide, primarily the Members of the Board, as well as constituting at a minimum, the Board Audit &amp; Compliance Committee, Risk Oversight Committee and Corporate Governance and Sustainability Committee, as well as the Board Oversight RPT Committee, that directly engage in monitoring and controlling business risks.</p>  |
| 2. The Code is properly disseminated to the Board, senior management and employees.   | COMPLIANT | <p>Provide information on or discuss how the company disseminated the Code to its Board, senior management and employees.</p> <p>The Code of Conduct, Office Decorum, policies on Whistleblowing and Anti-Bribery and Anti-Corruption are part of the on-boarding process for new employees. For easy reference, all employees can access the documents through the Bank's intranet facility. To date, there has been no reported incidents of bribery and corruption among employees.</p> <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Policy Statement (<i>Page 1</i>)</li> <li>• Code of Conduct and Business Ethics (<i>Pages 44 –47</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul> <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Lawful &amp; Ethical Behavior, Sustainability Report (<i>Page 81</i>)</li> </ul> |

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| <p>3. The Code is disclosed and made available to the public through the company website.</p> | <p><b>COMPLIANT</b></p> | <p>Provide a link to the company's website where the Code of Business Conduct and Ethics is posted/ disclosed.</p> <ul style="list-style-type: none"> <li>• <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">LINK: https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> <li>• <b>Code of Conduct</b></li> <li>• <a href="https://www.pnb.com.ph/wp-content/uploads/docs/Code%20of%20Conduct-OPP0451-17.pdf">LINK: https://www.pnb.com.ph/wp-content/uploads/docs/Code%20of%20Conduct-OPP0451-17.pdf</a></li> <li>• <b>Whistleblower Policy</b></li> <li>• <a href="https://www.pnb.com.ph/wp-content/uploads/docs/Whistleblower-Policy-OPP0393-17.pdf">LINK: https://www.pnb.com.ph/wp-content/uploads/docs/Whistleblower-Policy-OPP0393-17.pdf</a></li> </ul>  |
| <p><b>Supplement to Recommendation 7.1</b></p>  | <p><b>COMPLIANT</b></p> | <p>Provide information on or link/reference to a document containing information on the company's policy and procedure on curbing and penalizing bribery</p> <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Lawful &amp; Ethical Behavior, Sustainability Report (<i>Page 81</i>)</li> <li>• <a href="https://www.pnb.com.ph/wp-content/uploads/2018-AnnualReport.pdf">LINK: https://www.pnb.com.ph/wp-content/uploads/2018-AnnualReport.pdf</a></li> </ul> <p><b>Code of Conduct</b></p> <ul style="list-style-type: none"> <li>• Administrative Procedures governing PNB Domestic or Overseas Branches/Offices (<i>Pages 7–11</i>)</li> <li>• Schedule of Offenses and Penalties (<i>Page 15</i>)</li> <li>• <a href="https://www.pnb.com.ph/wp-content/uploads/docs/Code%20of%20Conduct-OPP0451-17.pdf">LINK: https://www.pnb.com.ph/wp-content/uploads/docs/Code%20of%20Conduct-OPP0451-17.pdf</a></li> </ul> |
| <p><b>Recommendation 7.2</b></p>  | <p><b>COMPLIANT</b></p> | <p>Provide proof of implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.</p> <p>The Board of Directors approves the Code of Conduct, which articulates acceptable and unacceptable activities, transactions and behaviors that could result or potentially result in conflict of interest, personal gain at the expense of the Bank as well as the corresponding disciplinary actions and sanctions. The Code of Conduct explicitly provides that directors, officers, and all</p> <p>1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.</p>  |

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|   |  | Indicate who are required to comply with the Code of Business Conduct and Ethics and any findings on non-compliance.  |
| 2.  | Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies. | <p><b>COMPLIANT</b></p> <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Specific Duties and Responsibilities of the Board of Directors, Item 1.3.2.1. (Page 8)</li> <li>• Code of Conduct and Business Ethics (Pages 44–47)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul> |
| <b>Disclosure and Transparency</b>  |  |   |
| <p><b>Principle 8:</b> The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.</p> <p><b>Recommendation 8.1</b></p> |  |   |

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|  | <p>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 regulatory in a full, fair accurate and timely manner. An independent party, appointed by the Board, shall evaluate the fairness of the transaction price on the acquisition or disposal of assets.</p> <p>Such information shall include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management.</p> | <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>Reportorial or Disclosure System of the Bank's Corporate Governance (Pages 50–51)</li> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_MANUAL.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_MANUAL.pdf</a></li> </ul> <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> <p><b>PNB Website: Quarterly Financial Statements</b></p> <ul style="list-style-type: none"> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/PNB_SEC_17Q_MARCH_31_2018.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/PNB_SEC_17Q_MARCH_31_2018.pdf</a></li> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/PNB_SEC_17Q_JUNE_30_2018.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/PNB_SEC_17Q_JUNE_30_2018.pdf</a></li> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/PNB_SEC_17Q_SEPTMBER_30_2018.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/PNB_SEC_17Q_SEPTMBER_30_2018.pdf</a></li> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/PNB_SEC_17A_DECEMBER_31_2018.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/PNB_SEC_17A_DECEMBER_31_2018.pdf</a></li> </ul> <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul> |  |
|  |   | <p><b>Supplement to Recommendations 8.1</b></p>   | <p>SEC Form – I-AAGR * Updated 21Dec2017</p> |

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|    |   | <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• 2018 Notes to Financial Statements and Management's Discussion and Analysis</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> <p><b>PNB Website: Quarterly Financial Statements</b></p> <ul style="list-style-type: none"> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/PNB_SEC_17Q_MARCH_31_2018.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/PNB_SEC_17Q_MARCH_31_2018.pdf</a></li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/PNB_SEC_17Q_JUNE_30_2018.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/PNB_SEC_17Q_JUNE_30_2018.pdf</a></li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/PNB_SEC_17Q_SEPTEMBER_30_2018.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/PNB_SEC_17Q_SEPTEMBER_30_2018.pdf</a></li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/PNB_SEC_17A_DECEMBER_31_2018.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/PNB_SEC_17A_DECEMBER_31_2018.pdf</a></li> </ul> |
| 1. | Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period. | <p>Indicate the number of days within which the consolidated and interim reports were published, distributed or made available from the end of the fiscal year and end of the reporting period, respectively.</p> <p>COMPLIANT</p>   |

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| <p>2. Company discloses in its annual report the principal risks 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 power and overall equity position in the company.</p> | <p><b>COMPLIANT</b></p> | <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Conglomerate Map (<i>Page 65</i>)</li> <li>• Holders (<i>Pages 118–119</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>• Control and Compensation Information (<i>Pages 4–7</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul>  |
| <p><b>Recommendation 8.2</b></p>  | <p><b>COMPLIANT</b></p> | <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Specific Duties and Responsibilities of Directors (<i>Item j, Page 20</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Governance_Manual.pdf</a></li> </ul> <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>• Security Ownership of Management (<i>Pages 8–9</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul> <p><b>PSE Disclosure Form POR-1-Public Ownership Report</b></p> <ul style="list-style-type: none"> <li>• LINK: <a href="https://www.pnb.com.ph/index.php/investor-relations/computation-of-public-ownership">https://www.pnb.com.ph/index.php/investor-relations/computation-of-public-ownership</a></li> </ul> <p><b>Summary of the Shareholdings of the Board of Directors and Key Officers of the Bank</b></p> <ul style="list-style-type: none"> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/Summary_of_Shareholdings_of_the_BOD_and_Key_Officers_as_of_Dec_2018.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/Summary_of_Shareholdings_of_the_BOD_and_Key_Officers_as_of_Dec_2018.pdf</a></li> </ul> |

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|    |  | <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>Duties and Responsibilities of Officers (Item E, Page 23)</li> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_Governance_MANUAL.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_Governance_MANUAL.pdf</a></li> </ul>  |
| 2. | Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days. | <p>Provide information on or link/reference to the company's policy requiring directors and officers to disclose their dealings in the company's share.</p> <p>Indicate actual dealings of directors involving the corporation's shares including their nature, number/percentage and date of transaction.</p> <p><b>Summary of the Shareholdings of the Board of Directors and Key Officers of the Bank</b></p> <ul style="list-style-type: none"> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/Summary_of_Shareholdings_of_the_BOD_and_KeyOfficers_as_of_Dec_2018.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/Summary_of_Shareholdings_of_the_BOD_and_KeyOfficers_as_of_Dec_2018.pdf</a></li> </ul>   |
|    |  | <p><b>PSE Disclosure Form POR-1-Public Ownership Report (December 31, 2017)</b></p> <ul style="list-style-type: none"> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/public_ownership_12312017.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/public_ownership_12312017.pdf</a></li> </ul> <p><b>PSE Disclosure Form POR-1-Public Ownership Report (December 31, 2018)</b></p> <ul style="list-style-type: none"> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/public_ownership_12312018.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/public_ownership_12312018.pdf</a></li> </ul>  |
|    |  | <p><b>Supplement to Recommendation 8.2</b></p> <p>1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).</p> <p>Provide information on or link/reference to the shareholdings of directors, management and top 100 shareholders.</p> <p>Provide link or reference to the company's Conglomerate Map.</p> <p>The Bank's Summary of Shareholdings Report reveals the level of shareholdings of Directors and Key Officers at the beginning and end of Year 2018.</p> <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>Code of Conduct and Business Ethics (Item 5, Page 45)</li> </ul> |

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| <b>Recommendation 8.3</b>   |  | <p>Provide link or reference to the directors' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.</p> <p><b>COMPLIANT</b></p>  |
| 1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications and assess any potential conflicts of interest that might affect their judgment. |  | <p>Provide link or reference to the key officers' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.</p> <p><b>COMPLIANT</b></p>   |
| 2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications and assess any potential conflicts of interest that might affect their judgment.           |  | <p>Provide link or reference to the key officers' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.</p> <p><b>COMPLIANT</b></p>   |

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|                           |               | <b>Amended By-Laws</b>  |  |
| 1.                        | COMPLIANT     | <p>Disclose or provide link/reference to the company policy and practice for setting board remuneration</p> <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Remuneration Policy (Page 64)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> | <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>• Remuneration Policy (Page 49)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul>   |
| 2.                        | COMPLIANT     | <p>Disclose or provide link/reference to the company policy and practice for determining executive remuneration</p>   | <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Remuneration of Directors and Officers (Page 22)</li> <li>• Corporate Governance and Sustainability Committee Charter (Annex A)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual_AL.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual_AL.pdf</a></li> </ul>  |
| 3.                        | NON-COMPLIANT | <p>Provide breakdown of director remuneration and executive compensation, particularly the remuneration of the CEO.</p>   | <p>The total per diem given to the Board of Directors as well as the total compensation of the President and four (4) most highly compensated executive officers of the Bank are provided in the 2019 Definitive Information Statement.</p> <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>• Compensation of Directors and Executive Officers (Pages 38–39)</li> <li>• Compensation of Key Management Personnel (Page 273)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul> |
| <b>Recommendation 8.5</b> |               |   |  |

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| <p>1. Company discloses its policies governing Related Party Transactions (RPT's) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.</p> | <p><b>COMPLIANT</b></p> | <p>Disclose or provide reference/link to company's RPT policies</p> <p>Indicate if the director with conflict of interest abstained from the board discussion on that particular transaction.</p> <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Dealings with Related Parties (Pages 33–38)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_MANUAL.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_MANUAL.pdf</a></li> </ul> <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Policies and Procedures on Related Party Transactions (Pages 64–66)</li> <li>• Board Oversight RPT Committee (Page 66)</li> <li>• Related Party Transactions, 2018 Notes to Financial Statements and Management's Discussion and Analysis (Pages 166–173)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>• Certain Relationships and Related Transactions (Pages 37–38)</li> <li>• Policies and Procedures on Related Party Transactions (Pages 49–50)</li> <li>• Board Oversight RPT Committee (Page 66)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul> <p><b>2018 RPT Policy Manual</b></p> <ul style="list-style-type: none"> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018_REVISED_RPT_POLICY_MANUAL.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018_REVISED_RPT_POLICY_MANUAL.pdf</a></li> </ul> |
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### Supplement to Recommendation 8.5

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|    |  | <p>The members of the Board, stockholders, and management shall disclose to the Board whether they directly, indirectly or on behalf of third parties, have a financial interest in any transaction or matters affecting the Bank. Directors and officers involved in possible conflict of interests shall disassociate from participating in the decision-making and abstain in the discussion, approval and management of such transaction or matters affecting the Bank. The Board Oversight RPT Committee may inform the Corporate Governance and Sustainability Committee of the directors'/officers' actual/potential conflicts of interest with the Bank, as necessary.</p>  |
| 1. | Company requires directors to disclose their interests in transactions or any other conflict of interests. | <p>Indicate where and when directors disclose their interests in transactions or any other conflict of interests.</p> <p>COMPLIANT</p> <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Dealing with Related Parties (<i>Item 2.3, Page 36</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul> <p><b>2018 RPT Policy Manual</b></p> <ul style="list-style-type: none"> <li>• Conflicts of Interest arising from RPTs (<i>Item 5.4, Page 9</i>)</li> <li>• General Policies and Procedures (<i>Item 3, Page 9</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018_Revised_RPT_Policy_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018_Revised_RPT_Policy_Manual.pdf</a></li> </ul> |

**Optional: Recommendation 8.5**



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|    |   |  | <ul style="list-style-type: none"> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul>   |
|    |   | <b>2018 Annual Report</b>  | <ul style="list-style-type: none"> <li>Fair Value Measurement, 2018 Notes to Financial Statements and Management's Discussion and Analysis (<i>Pages 95–101</i>)</li> <li>Assets and Liabilities of Disposal Group held for Sale and Discontinued Operation, 2018 Notes to Financial Statements and Management's Discussion and Analysis (<i>Pages 176–179</i>)</li> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> |
|    |   | <b>2019 Corporate Governance Manual</b>  | <ul style="list-style-type: none"> <li>Reportorial or Disclosure System of the Bank's Corporate Governance (<i>Item 5, Page 51</i>)</li> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul>   |
|    |   | <b>SEC Form 17-C (Current Report)</b>  | <ul style="list-style-type: none"> <li>LINK: <a href="https://www.pnb.com.ph/index.php/investor-relations">https://www.pnb.com.ph/index.php/investor-relations</a></li> </ul>   |
|    |   | <b>Supplement to Recommendation 8.6</b>  | <p>Provide link or reference where these are disclosed.</p>   |
| 2. | Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets. | COMPLIANT  | <p>1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.</p>   |
|    |   | <b>Recommendation 8.7</b>  | <p>The Corporate Governance Manual of the Bank was submitted to SEC and PSE and is available in the Bank's website.</p>   |
|    |   | 1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG). | <p>1. Provide link to the company's website where the Manual on Corporate Governance is posted.</p> <p><b>2019 Corporate Governance Manual</b></p>  |

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|   |  | <ul style="list-style-type: none"> <li>• Policy Statement (<i>Page 1</i>)</li> <li>• Corporate Governance Structure (<i>Pages 6–33</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul>  |
| 2.                                      | Company's MCG is submitted to the SEC and PSE.   | COMPLIANT  |
| 3.                                      | Company's MCG is posted on its company website.  | COMPLIANT  |
| <b>Supplement to Recommendation 8.7</b> |  |  |
|   |  | <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul> <p>Please refer to Annex C for the receiving copy stamped by the SEC of the 2019 Corporate Governance Manual.</p> |
| <b>Optional: Principle 8</b>            |  |  |
| 1.                                      | Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices. | COMPLIANT  |
| 1.                                      | Does the company's Annual Report disclose the following information:   |  |
| a.                                      | Corporate Objectives   | COMPLIANT  |
| b.                                      | Financial performance indicators   | COMPLIANT  |
|   |  | <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Corporate Objectives (<i>Page 2</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul>   |
|   |  | <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Financial Summary/Financial Highlights (<i>Page 1</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul>   |

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| c. Non-financial performance indicators   | COMPLIANT | <p>Provide link or reference to the company's Annual Report containing the said information.</p> | <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Operational Highlights (Pages 14–21)</li> <li>• Sustainability Report (Pages 70–89)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> |
| d. Dividend Policy  | COMPLIANT | <p>Provide link or reference to the company's Annual Report containing the said information.</p> | <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Dividend Policy (Pages 14–21)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul>   |
| e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors | COMPLIANT | <p>Provide link or reference to the company's Annual Report containing the said information.</p> | <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Profiles of the Board of Directors (Pages 94–105)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul>                                   |
| f. Attendance details of each director in all directors meetings held during the year   | COMPLIANT | <p>Provide link or reference to the company's Annual Report containing the said information.</p> | <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Directors' Attendance to Board Meetings (Page 62)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul>                                   |

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|   |               | The total per diem given to the Board of Directors as well as the total compensation of the President and four (4) most highly compensated executive officers of the Bank are provided in the 2019 Definitive Information Statement.  |
| g. Total remuneration of each member of the board of directors  | NON-COMPLIANT | <p>Provide link or reference to the company's Annual Report containing the said information.</p> <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>• Compensation of Directors and Executive Officers (<i>Pages 38–39</i>)</li> <li>• Compensation of Key Management Personnel (<i>Page 273</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul>   |
| 2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue. | COMPLIANT     | <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Corporate Governance (<i>Page 56</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> <p>The Bank adopts a policy of full compliance with the Code of Corporate Governance. As of December 31, 2018, the Bank has substantially complied with the recommendations of the Code of Corporate Governance for Publicly-listed Companies, except for: 1) Thirty percent (30%) public float requirement to increase liquidity in the market, 2) Secure electronic voting in absentia at the Annual Shareholders' Meeting; and 3) Disclosure of director remuneration and executive compensation on an individual basis.</p> <p>Moreover, the Bank has substantially complied with the provisions and requirements set forth in the Corporate Governance Manual and there were no reported significant deviations from what is expected to its Directors, Board Advisors, Officers, and employees.</p> |

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| 3.   | The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems. | COMPLIANT<br><br>Provide link or reference to where this is contained in the Annual Report   |
| 4.   | The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.                          | COMPLIANT<br><br>Provide link or reference to where this is contained in the Annual Report   |
| 5.   | The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational, including IT, environmental, social, economic).                                   | COMPLIANT<br><br>Provide link or reference to where these are contained in the Annual Report |
| <b>Principle 9:</b> The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality. |  | <b>Recommendation 9.1</b>  |

|    |  | <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Board Audit and Compliance Committee Charter (<i>Annex B</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_Governance_Manual.pdf</a></li> </ul>   |            |           |            |            |  |             |        |   |
|----|--|---|------------|-----------|------------|------------|--|-------------|--------|---|
| 1. | Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.                          | <p>Provide information or link/reference to a document containing information on the process for approving and recommending the appointment, reappointment, removal and fees of the company's external auditor.</p> <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Message from the Board Audit and Compliance Committee Chairman (<i>Pages 49–51</i>)</li> <li>• Board-Level Committees, Membership, and Functions (<i>Page 59</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>• Independent Public Accountant (<i>Page 39</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul> |            |           |            |            |  |             |        |   |
| 2. | The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders. | <p><b>Minutes of the 2019 Annual Stockholders' Meeting</b></p> <ul style="list-style-type: none"> <li>• Appointment of External Auditor (<i>Pages 8–9</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_ASM_Minutes.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_ASM_Minutes.pdf</a></li> </ul> <p>Votes of shareholders that ratified the appointment of the external auditor of the Bank:</p> <table border="1"> <thead> <tr> <th></th> <th>Approving</th> <th>Dissenting</th> <th>Abstaining</th> </tr> </thead> <tbody> <tr> <td></td> <td>971,230,249</td> <td>70,970</td> <td>0</td> </tr> </tbody> </table>   |            | Approving | Dissenting | Abstaining |  | 971,230,249 | 70,970 | 0 |
|    | Approving  | Dissenting  | Abstaining |           |            |            |  |             |        |   |
|    | 971,230,249  | 70,970  | 0          |           |            |            |  |             |        |   |

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|  |           | SGV & Co. is the incumbent external auditor of the Bank. 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 2018 and prior years.  |
| 3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures. | COMPLIANT | Provide information on or link/reference to a document containing the company's reason for removal or change of external auditor.<br><br>There was no removal or change of external auditor in 2018.  |
| <b>Supplement to Recommendation 9.1</b>  |           | <p><b>Minutes of the 2019 Annual Stockholders' Meeting</b></p> <ul style="list-style-type: none"> <li>• Appointment of External Auditor (Pages 8–9)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_ASM_Minutes.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_ASM_Minutes.pdf</a></li> </ul>   |
| 1. Company has a policy of rotating the lead audit partner every five years.   | COMPLIANT | Provide information on or link/reference to a document containing the policy of rotating the lead audit partner every five years. <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• The External Auditor (Item 9.18, Page 31)</li> <li>• Board Audit and Compliance Committee Charter (Annex B, Page 3)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul> |
| <b>Recommendation 9.2</b>  |           | Ms. Janeth Nunez Javier was the appointed lead audit partner for the Bank in 2017. Prior to Ms. Nunez's appointment, the partner-in-charge of the Bank's account was Ms. Vicky B. Lee-Salas.  |

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| <p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <ul style="list-style-type: none"> <li>i. assessing the integrity and independence of external auditors;</li> <li>ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and</li> <li>iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.</li> </ul> | <p>COMPLIANT</p> <p>Provide link/reference to the company's Audit Committee Charter</p> | <p>The Board Audit and Compliance Committee shall have the sole authority to select, evaluate, appoint, dismiss, replace and re-appoint the External Auditors (subject to stockholder ratification) based on fair and transparent criteria such as (i) core values, integrity, culture and high regard for excellence in audit quality; (ii) technical competence and expertise of auditing staff; (iii) independence and objectivity; (iv) effectiveness of the audit process; (v) reliability and relevance of the external auditor's reports; and (vi) adequacy of the quality control procedures.</p> <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Board Audit and Compliance Committee Charter (Annex B, Pages 1–4)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul> |
| <p>2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p>  | <p>COMPLIANT</p>  |   |

### Supplement to Recommendations 9.2

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|  |           | <p>The Board Audit and Compliance Committee shall have the sole authority to select, evaluate, appoint, dismiss, replace and re-appoint the External Auditors (subject to stockholder ratification) based on fair and transparent criteria such as (i) core values, integrity, culture and high regard for excellence in audit quality; (ii) technical competence and expertise of auditing staff; (iii) independence and objectivity; (iv) effectiveness of the audit process; (v) reliability and relevance of the external auditor's reports; and (vi) adequacy of the quality control procedures.</p> |
| 1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions. | COMPLIANT | <p>Provide link/reference to the company's Audit Committee Charter</p> <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• The External Auditor (<i>Pages 28–31</i>)</li> <li>• Board Audit and Compliance Committee Charter (<i>Annex B, Pages 1–4</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul>  |
| 2. Audit Committee ensures that the external auditor has adequate quality control procedures.  | COMPLIANT | <p>Provide link/reference to the company's Audit Committee Charter</p> <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Message from the Board Audit and Compliance Committee Chairman (<i>Pages 49–51</i>)</li> <li>• Board-Level Committees, Membership, and Functions (<i>Page 59</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul>  |
| <b>Recommendation 9.3</b>  |           |   |

**SEC 17A**

- Audit and other Related Fees (Item 8 [B], Pages 44 –45)
- LINK: <https://www.pnb.com.ph/wp-content/uploads/docs/PNB-SEC-17A-DECEMBER-31-2018.pdf>

The table below shows the non-audit services performed by the external auditor with brief description and fees paid in 2018.

| <b>Nature of service</b> | <b>Description</b>   | <b>Professional fee<br/>(in P million)</b> |
|--------------------------|--|--|
| Review                   | Interim condensed Consolidated Statement of Financial Position of PNB and its Subsidiaries as of September 30, 2018                            | 2.200                                      |
| Due diligence            | Issuance of Comfort Letter related to the proposed offering by PNB of Long-Term Negotiable Certificates of Deposit (1st tranche for 2018-2019) | 2.750                                      |
| Due diligence            | Issuance of Comfort Letters related to the issuance of Notes from the Medium Term Note Programme of the Bank.                                  | 5.390                                      |
| Accounting advisory      | Advisor for the preparation for the adoption of PFRS 9, 15 and 16  | 3.385                                      |
| Taxation compliance      | Tax compliance advisory  | 0.401                                      |
| IT assurance             | Vulnerability Assessment and Penetration Testing   | 0.246                                      |

Disclose the nature of non-audit services performed by the external auditor, if any.

1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.

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|  |           | The Board Audit and Compliance Committee evaluates and determines non-audit work/services by External Auditor and keep under review the non-audit fees paid to the External Auditor both in relation to their significance to the auditor and in relation of the Bank's total expenditure on consultancy and whether provision of non-audit services is compatible with maintaining the External Auditor's independence.   |        |      |   |      |   |       |        |    |        |    |           |       |    |        |    |       |       |     |        |     |
|--|-----------|--|--------|------|---|------|---|-------|--------|----|--------|----|-----------|-------|----|--------|----|-------|-------|-----|--------|-----|
| 2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity. | COMPLIANT | <p>Provide link or reference to guidelines or policies on non-audit services</p> <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Board Audit and Compliance Committee Charter (<i>Annex B</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul>   |        |      |   |      |   |       |        |    |        |    |           |       |    |        |    |       |       |     |        |     |
|  |           | <p><b>SEC 17A</b></p> <ul style="list-style-type: none"> <li>• Audit and other Related Fees (<i>Item 8 [B], Pages 44 –45</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/PNB-SEC-17A-DECEMBER-31-2018.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/PNB-SEC-17A-DECEMBER-31-2018.pdf</a></li> </ul> <p>The table below shows the breakdown of audit and non-audit fees paid in 2017 and 2018.</p> <table border="1"> <thead> <tr> <th>Fees</th> <th>2017</th> <th>%</th> <th>2018</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Audit</td> <td>17,450</td> <td>55</td> <td>22,054</td> <td>61</td> </tr> <tr> <td>Non-audit</td> <td>14,48</td> <td>45</td> <td>14,372</td> <td>39</td> </tr> <tr> <td>Total</td> <td>31.93</td> <td>100</td> <td>36.426</td> <td>100</td> </tr> </tbody> </table> | Fees   | 2017 | % | 2018 | % | Audit | 17,450 | 55 | 22,054 | 61 | Non-audit | 14,48 | 45 | 14,372 | 39 | Total | 31.93 | 100 | 36.426 | 100 |
| Fees   | 2017      | %  | 2018   | %    |   |      |   |       |        |    |        |    |           |       |    |        |    |       |       |     |        |     |
| Audit  | 17,450    | 55   | 22,054 | 61   |   |      |   |       |        |    |        |    |           |       |    |        |    |       |       |     |        |     |
| Non-audit  | 14,48     | 45   | 14,372 | 39   |   |      |   |       |        |    |        |    |           |       |    |        |    |       |       |     |        |     |
| Total  | 31.93     | 100  | 36.426 | 100  |   |      |   |       |        |    |        |    |           |       |    |        |    |       |       |     |        |     |
|  |           | <b>Additional Recommendation to Principle 9</b>  |        |      |   |      |   |       |        |    |        |    |           |       |    |        |    |       |       |     |        |     |

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| <p>1. Company's external auditor is duly accredited by the SEC under Group A category.</p> <p>2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).</p> | <p><b>COMPLIANT</b></p> <p>Provide information on company's external auditor, such as:</p> <ol style="list-style-type: none"> <li>1. Name of the audit engagement partner;</li> <li>2. Accreditation number;</li> <li>3. Date Accredited;</li> <li>4. Expiry date of accreditation; and</li> <li>5. Name, address, contact number of the audit firm.</li> </ol> <p>Provide information on the following:</p> <ol style="list-style-type: none"> <li>1. Date it was subjected to SOAR inspection, if subjected;</li> <li>2. Name of the Audit firm; and</li> <li>3. Members of the engagement team inspected by the SEC.</li> </ol> | <p>Name of Audit Engagement Partner: Janeth T. Nunez-Javier<br/>SEC Accreditation Number: 1328-AR-1 (Group A)</p> <p>Date Accredited: July 28, 2016</p> <p>Expiry date of accreditation: July 28, 2019</p> <p>Name of Audit Firm: SGV &amp; Co.</p> <p>Address of Audit Firm: 6760 Ayala Ave., 1226 Makati City</p> <p>Contact Number of the Audit Firm: (632) 891-0307</p> <p>Upon verification from the Bank's external auditor, SGV &amp; Co. is covered by the SEC Oversight Assurance Review (SOAR) Inspection Program, in compliance with SEC Memorandum Circular No. 9, Series of 2017.</p> <p>Date the external auditor was subjected to SOAR inspection: November 12–23, 2018</p> <p>Name of the audit firm: SyCip Gorres Velayo (SGV) &amp; Co.</p> <p>The names of the members of the engagement team were provided to the SEC during the SOAR inspection</p> <p><b>Principle 10:</b> The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.</p> <p><b>Recommendation 10.1</b></p> <p>1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.</p> <p><b>COMPLIANT</b></p> <p>Disclose or provide link on the company's policies and practices on the disclosure of non-financial information, including EESG issues.</p> <p>For PNB, sustainability is a commitment that begins with the exercise of sound and fair corporate practices. At the same time, sustainability is a commitment that is shared by every employee of the Bank. The measurement and evaluation of the real impact of PNB's sustainability programs shall be pursued as a means of ensuring that the Bank is living up to its expectations.</p> <p>For this purpose, a quarterly report shall be submitted to the Bank's Corporate Governance Committee on the progress and status of the Bank's sustainability program. The Annual Report contains economic, environmental, social and governance (EESG) impacts of the Bank.</p> <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Reporting Coverage and Parameters, Sustainability Report (Page 72)</li> </ul> |
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|  | <ul style="list-style-type: none"> <li>• Reporting Process (<i>Page 72</i>)</li> <li>• Sustainability (<i>Page 53</i>)</li> <li>• Corporate Governance and Sustainability Committee Charter (<i>Annex A</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Sustainability (<i>Page 53</i>)</li> <li>• Corporate Governance and Sustainability Committee Charter (<i>Annex A</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul> | <p>The Corporate Governance and Sustainability Committee ensures adherence to an internationally recognized sustainability reporting framework, such as the Global Reporting Initiative (GRI), which enables the Bank to disclose, measure and monitor its contributions towards achieving universal targets of sustainability.</p>   |
|  |  | <p>The 2018 Annual Report has been prepared in accordance with the GRI Standards: Core option. It covers initiatives within the period of January 1 to December 31, 2018. It provides a snapshot of the Bank's overall financial, environmental, social, and governance performance and how the Bank creates shareholder value.</p> <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Reporting Coverage and Parameters, Sustainability Report (<i>Page 72</i>)</li> <li>• Reporting Process (<i>Page 72</i>)</li> <li>• GRI Content Index (<i>Pages 90–93</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Sustainability (<i>Page 53</i>)</li> <li>• Corporate Governance and Sustainability Committee Charter (<i>Annex A</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul> |
| 2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues. | COMPLIANT  | <p>Provide link to Sustainability Report, if any. Disclose the standards used.</p>  |

**Principle 11:** The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

**Recommendation 11.1**

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|    | <p>The Bank uses the following communication channels to ensure timely and accurate dissemination of information to its shareholders, investors, and other stakeholders:</p> <ul style="list-style-type: none"> <li>• Internal and External Email Broadcasts</li> <li>• Investors' &amp; Analysts' briefings</li> <li>• Facebook &amp; Twitter</li> <li>• Print Media</li> <li>• Radio</li> <li>• Letter Advises to Publics</li> <li>• TV Advertisements (Local, Cable and Overseas)</li> <li>• Press Releases</li> <li>• Short message service alerts</li> <li>• Electronic Channels – ATM, Phone, Mobile</li> <li>• Websites and Social Networks</li> </ul> <p><b>PNB Website:</b> <a href="https://www.pnb.com.ph/">https://www.pnb.com.ph/</a><br/> <b>Facebook:</b> <a href="https://www.facebook.com/PNBph/">https://www.facebook.com/PNBph/</a><br/> <b>Instagram:</b> <a href="https://www.instagram.com/pnphph/">https://www.instagram.com/pnphph/</a><br/> <b>YouTube:</b> <a href="https://www.youtube.com/pnphph/">https://www.youtube.com/pnphph/</a></p> <p><b>Investor Briefing Notes</b></p> <ul style="list-style-type: none"> <li>• <a href="https://www.pnb.com.ph/wp-content/uploads/docs/Joint_LTG_PNB_Analyst_Briefing_March_16_2018.pdf">LINK: https://www.pnb.com.ph/wp-content/uploads/docs/Joint_LTG_PNB_Analyst_Briefing_March_16_2018.pdf</a></li> <li>• <a href="https://www.pnb.com.ph/wp-content/uploads/docs/PNB_write-up_for_Analysts_Briefing_May_11_2018.pdf">LINK: https://www.pnb.com.ph/wp-content/uploads/docs/PNB_write-up_for_Analysts_Briefing_May_11_2018.pdf</a></li> </ul> <p><b>Press Releases</b></p> <ul style="list-style-type: none"> <li>• <a href="https://www.pnb.com.ph/wp-content/uploads/docs/PSE_Press_Release_PNB_net_income_up_20pct_to_P1.5_billon_in_the_first_quarter_of_2018.pdf">LINK: https://www.pnb.com.ph/wp-content/uploads/docs/PSE_Press_Release_PNB_net_income_up_20pct_to_P1.5_billon_in_the_first_quarter_of_2018.pdf</a></li> <li>• <a href="https://www.pnb.com.ph/wp-content/uploads/docs/PSE_Press_Release_PNB_sustains_strong_profitability_in_the_first_half_of_2018.pdf">LINK: https://www.pnb.com.ph/wp-content/uploads/docs/PSE_Press_Release_PNB_sustains_strong_profitability_in_the_first_half_of_2018.pdf</a></li> <li>• <a href="https://www.pnb.com.ph/wp-content/uploads/docs/PSE_Pres_Release_PNB_announces_Maclang_retirement_namex_Veloso_as_new_president.pdf">LINK: https://www.pnb.com.ph/wp-content/uploads/docs/PSE_Pres_Release_PNB_announces_Maclang_retirement_namex_Veloso_as_new_president.pdf</a></li> <li>• <a href="https://www.pnb.com.ph/wp-content/uploads/docs/PSE_Press_Release_Philippine_National_Bank_acquires_PNB_Savings_Bank.pdf">LINK: https://www.pnb.com.ph/wp-content/uploads/docs/PSE_Press_Release_Philippine_National_Bank_acquires_PNB_Savings_Bank.pdf</a></li> </ul> <p><b>Investor Relations Program</b></p> <ul style="list-style-type: none"> <li>• <a href="https://www.pnb.com.ph/index.php/investor-relations-program">LINK: https://www.pnb.com.ph/index.php/investor-relations-program</a></li> </ul> <p><b>Notice of Analysts' Briefing</b></p> <ul style="list-style-type: none"> <li>• <a href="https://www.pnb.com.ph/wp-content/uploads/docs/PSE_Notece_of_Analysis_Briefing_November_12_2018.pdf">LINK: https://www.pnb.com.ph/wp-content/uploads/docs/PSE_Notece_of_Analysis_Briefing_November_12_2018.pdf</a></li> <li>• <a href="https://www.pnb.com.ph/wp-content/uploads/docs/PSE_Notece_of_Analysis_Briefing_August_13_2018.pdf">LINK: https://www.pnb.com.ph/wp-content/uploads/docs/PSE_Notece_of_Analysis_Briefing_August_13_2018.pdf</a></li> <li>• <a href="https://www.pnb.com.ph/wp-content/uploads/docs/PSE_Notece_of_Analysis_Briefing_May_11_2018.pdf">LINK: https://www.pnb.com.ph/wp-content/uploads/docs/PSE_Notece_of_Analysis_Briefing_May_11_2018.pdf</a></li> </ul> |
| 1. | <p>Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.</p> <p>Provide links, if any.</p> <p><b>COMPLIANT</b></p> <p>Disclose and identify the communication channels used by the company (i.e., website, Analyst's briefing, Media briefings /press conferences, Quarterly reporting, Current reporting, etc.).</p>  |

| <b>Supplemental to Principle 11</b>  |  |
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| 1. Company has a website disclosing up-to-date information on the following: | COMPLIANT                                    |
| a. Financial statements/reports (latest quarterly)                           | COMPLIANT                                    |
| b. Materials provided in briefings to analysts and media                     | COMPLIANT<br>Provide link to company website |
| c. Downloadable annual report  | COMPLIANT                                    |
| d. Notice of ASM and/or SSM  | COMPLIANT                                    |
| e. Minutes of ASM and/or SSM   | COMPLIANT                                    |

**Quarterly Financial Statements**

- LINK: <https://www.pnb.com.ph/index.php/investor-relations/quarterly-financial-statements>

**Investor Briefing Notes**

- LINK: [https://www.pnb.com.ph/wp-content/uploads/docs/Joint\\_LTG\\_PNB\\_Analyst\\_Briefing\\_March\\_16\\_2018.pdf](https://www.pnb.com.ph/wp-content/uploads/docs/Joint_LTG_PNB_Analyst_Briefing_March_16_2018.pdf)
- LINK: [https://www.pnb.com.ph/wp-content/uploads/docs/PNB\\_write-up\\_for\\_Analysts\\_Briefing\\_May\\_11\\_2018.pdf](https://www.pnb.com.ph/wp-content/uploads/docs/PNB_write-up_for_Analysts_Briefing_May_11_2018.pdf)

**2018 Annual Report**

- LINK: <https://www.pnb.com.ph/index.php/investor-relations/annual-report>

**Notice of Annual Stockholders' Meeting**

- LINK: [https://www.pnb.com.ph/wp-content/uploads/docs/notice\\_of\\_stockholders\\_meeting\\_04\\_30\\_2019.pdf](https://www.pnb.com.ph/wp-content/uploads/docs/notice_of_stockholders_meeting_04_30_2019.pdf)

**Minutes of Annual Stockholders' Meeting**

- LINK: [https://www.pnb.com.ph/wp-content/uploads/docs/2019\\_ASM\\_Minutes.pdf](https://www.pnb.com.ph/wp-content/uploads/docs/2019_ASM_Minutes.pdf)

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| <p>f. Company's Articles of Incorporation and By-Laws</p> <p>COMPLIANT</p>        | <p><b>Articles of Incorporation and By-Laws</b></p> <ul style="list-style-type: none"> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/aoi-2014-07-18-2.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/aoi-2014-07-18-2.pdf</a></li> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/bi-2019-03-29.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/bi-2019-03-29.pdf</a></li> </ul>   |
|   | <p><b>Additional Recommendation to Principle 11</b></p> <p>The Bank complies with the disclosure requirements and template set forth in SEC Memorandum Circular No. 11, Series of 2014.</p>  |
| <p>1. Company complies with SEC-prescribed website template.</p> <p>COMPLIANT</p> | <p><b>PNB Website</b></p> <ul style="list-style-type: none"> <li>Home: <a href="https://www.pnb.com.ph/">https://www.pnb.com.ph/</a></li> <li>Corporate Governance: <a href="https://www.pnb.com.ph/index.php/corporate-governance">https://www.pnb.com.ph/index.php/corporate-governance</a></li> <li>Investor Relations: <a href="https://www.pnb.com.ph/index.php/investor-relations">https://www.pnb.com.ph/index.php/investor-relations</a></li> <li>Company Disclosures: <a href="https://www.pnb.com.ph/index.php/investor-relations#disclosures">https://www.pnb.com.ph/index.php/investor-relations#disclosures</a></li> <li>Press Releases: <a href="https://www.pnb.com.ph/index.php/investor-relations/press-releases-of-pnb-financial-performance">https://www.pnb.com.ph/index.php/investor-relations/press-releases-of-pnb-financial-performance</a></li> <li>Corporate Social Responsibility: <a href="https://www.pnb.com.ph/corporate-social-responsibility.html">https://www.pnb.com.ph/corporate-social-responsibility.html</a></li> </ul> |
|   | <p><b>Internal Control System and Risk Management Framework</b></p> <p><b>Principle 12:</b> To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.</p> <p><b>Recommendation 12.1</b></p>  |

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| <p>1. Company has an adequate and effective internal control system in the conduct of its business.</p>              | <p><b>COMPLIANT</b></p> <p>List quality service programs for the internal audit functions.</p> <p>Indicate frequency of review of the internal control system</p> | <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• The Internal Auditor (Pages 32–33)</li> <li>• Board Audit and Compliance Committee Charter (<i>Annex B</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul> <p>Review of the Bank's internal control system is done annually as input to the Annual Audit Planning Session.</p>   | <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Message from the Board Audit and Compliance Committee Chairman (Pages 49–51)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> |
| <p>2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.</p> | <p><b>COMPLIANT</b></p> <p>Indicate frequency of review of the enterprise risk management framework.</p>  | <p>In developing the Bank's Enterprise Risk Management Framework, the following international frameworks have been utilized and considered:</p> <ul style="list-style-type: none"> <li>• BIS Guidelines on sound banking practices</li> <li>– BCBs 230 – Core principles for effective banking supervision</li> <li>– BSBc November 2005 – Basel II: International Convergence of Capital Measurement and Capital Standards</li> <li>– BCBs June 2011 – Basel III: A Global Regulatory Framework for more Resilient Banks and Banking Systems</li> <li>– Recent BCBS releases on Basel III implementation</li> <li>• Global References on Risk Management</li> <li>– ISO 31000: Risk Management Standards</li> <li>– COSO: Enterprise Risk Management – Integrated Framework</li> </ul> | <p>The Enterprise Risk Management Framework is being reviewed on annual basis.</p>   |
|  |   | <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Message from the Risk Oversight Committee Chairman (<i>Page 33</i>)</li> <li>• Enterprise Risk Management Framework (<i>Pages 36–37</i>)</li> </ul>   |  |

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|   | <ul style="list-style-type: none"> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>Risk Oversight Committee Charter (Annex C)</li> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_GOVERNANCE_MANUAL.pdf</a></li> </ul> <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>Risk Management, Management Report (Pages 57–70)</li> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul>  |
| <b>Supplement to Recommendations 12.1</b> | <p>The Bank is committed to actively promote the safety and soundness of its banking operations through a Compliance Program that fully adheres to banking laws, rules and regulations, and to maintain an environment that is governed by the highest standards and best global practices of good corporate governance. These will be achieved primarily through the formulation of policies and procedures, an organizational structure, and an effective compliance program that will support the Bank's compliance risk management system. The Compliance Program is designed to identify and mitigate the risks which may erode the franchise value of the Bank.</p> <p><b>PNB's Effective Compliance Framework</b></p> <ul style="list-style-type: none"> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/PNB_Compliance_Framework_and_Ethics_Shorted_version_FINAL.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/PNB_Compliance_Framework_and_Ethics_Shorted_version_FINAL.pdf</a></li> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/8_Elements_PNB_Effective_Compliance_Framework.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/8_Elements_PNB_Effective_Compliance_Framework.pdf</a></li> </ul> <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>Compliance System, Corporate Governance (Pages 66–68)</li> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> |
|   | <p>Provide information on or link/ reference to a document containing the company's compliance program covering compliance with laws and relevant regulations.</p> <p>Indicate frequency of review.</p> <p>1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes COMPLIANT appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.</p>   |

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|   | <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>• Compliance System, Corporate Governance (Pages 50–52)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul> | <p>The Board IT Governance Committee (ITGC) was established to assist the Board in performing its oversight functions of reviewing, approving, and monitoring the IT Risk Management Framework and IT Strategic Plan of PNB. It reviews and endorses for approval of the Board the Enterprise IT Strategic Plans of the Parent Bank, its subsidiaries, and affiliate. The Committee also reviews and monitors significant IT concerns and corrective actions arising from regulatory examinations, internal audits, and external reviews.</p> <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Board IT Governance Committee Charter (Annex G)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul> <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• IS/Cyber Security Governance Framework (Page 37)</li> <li>• Enterprise Information Security Group (Page 38)</li> <li>• Message from the Board IT Governance Committee (Pages 52–53)</li> <li>• Board-Level Committees, Membership and Functions: Board IT Governance Committee</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> |
| <p><b>Optional: Recommendation 12.1</b></p> | <p>1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.</p>   | <p>COMPLIANT</p> <p>Provide information on IT governance process</p>   |
| <p><b>Recommendation 12.2</b></p>           |  |  |

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|    |   | <p>The Internal Audit Group, headed by the Chief Audit Executive (CAE), is tasked to perform the internal audit activity for the Bank. Its functions include assessment of internal controls and the recommendations to implement measures to ensure adequate control. In addition, it is expected to assist in the Bank's risk management activities and corporate governance initiatives. The Group supports the Board Audit and Compliance Committee (BACC) in carrying out the latter responsibilities. The authority and responsibility of the Internal Audit Group are defined in the internal audit charter, a formal document that establishes the internal audit activity's position within the Bank, including the nature of the chief audit executive's functional reporting relationship with the board; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.</p> |
| 1. | Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations. | <p>Disclose if the internal audit is in-house or outsourced. If outsourced, identify external firm.</p> <p><b>COMPLIANT</b></p>   |
|    |   | <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• The Internal Auditor (Pages 32–33)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul> <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Three lines-of-defense Model (Page 36)</li> <li>• Message from the Board Audit and Compliance Committee Chairman (Pages 49–51)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul>   |

**Recommendation 12.3**

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|   |                  | <p>Mr. Martin G. Tengco, Jr., First Vice President, is the Chief Audit Executive (CAE) of the Bank. A Certified Public Accountant, he holds a Bachelor of Science in Business Administration degree, Major in Accounting, from the Philippine School of Business Administration. He obtained his Masters in Business Administration degree at Ateneo de Manila University under the Ateneo-Ragis University MBA program. He started his career as a working student in 1984 as an accountant in a construction company before joining Allied Banking Corporation (ABC) on June 1, 1992 as a Junior Auditor. He rose from the ranks to become an officer in 1996, and in 2009, was designated as Deputy CAE and Information Systems Audit Division Head until his appointment as CAE of PNB on June 1, 2017. He also served as the Business Continuity Coordinator of ABC from June 2007 to April 2008. He was a member of the Audit Committee of Bancnet from 2009 to 2014. He is a member of the Philippine Institute of Certified Public Accountants, Institute of Internal Auditors (IIA), Information Systems Audit and Control Association (ISACA) and Association of Certified Fraud Examiners-Philippines.</p>   |
| <p>1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.</p>   | <p>COMPLIANT</p> | <p>Identify the company's Chief Audit Executive (CAE) and provide information on or reference to a document containing his/her responsibilities.</p> <ul style="list-style-type: none"> <li>• The Internal Auditor (Pages 32–33)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul> <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Profile of the Chief Audit Executive (Page 115)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Profile of the Chief Audit Executive (Page 36)</li> <li>• LINK: <a href="https://www.pnb.com.ph/2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/2019_Definitive_Information_Statement.pdf</a></li> </ul> <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>• Profile of the Chief Audit Executive (Page 36)</li> <li>• LINK: <a href="https://www.pnb.com.ph/2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/2019_Definitive_Information_Statement.pdf</a></li> </ul> |
| <p>2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third-party service provider.</p> | <p>COMPLIANT</p> |   |

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| <p>3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.</p> | <p>COMPLIANT</p> | <p>Identify qualified independent executive or senior management personnel, if applicable.</p> | <p>The internal audit function of the Bank is in-house. Nevertheless, the Bank has an independent Chief Audit Executive responsible for overseeing and ensuring the adequacy and soundness of the Bank's control and internal audit system. He is well-qualified for the position as he possesses the necessary qualifications, experience, and professional background and has sound understanding of the Bank's business and operations.</p>  |
| <p><b>Recommendation 12.4</b></p>   | <p></p>          | <p></p>  | <p>Risk Management Group (RMG) is independent from the business lines and is organized into 7 divisions: Credit Risk Division, BASEL/ICAAP/Operational Risk Management Division, Market &amp; ALM Division, Information Technology Risk Division (to include Business Continuity Management, Outsourcing Risk, Project Management Monitoring), Data Privacy Management Division, Trust Risk Division and Business Intelligence &amp; Data Warehouse Division.</p> <p>Each division is tasked to monitor the implementation of the processes and procedures that support the policies for risk management applicable to the organization. These policies clearly define the types of risks to be managed, define the risk organizational structure and provide appropriate training necessary to manage and control risks. The policies also provide for the validation, audits &amp; compliance testing to measure the effectiveness and suitability of the risk management structure.</p> <p>RMG also functions as the Secretariat to the Risk Oversight Committee which meets monthly to discuss the most recent risk profile of the Bank according to the material risks defined in the bank's ICAAP document. Further, each risk division engages with all levels of the organization among its business and support groups, including domestic/overseas branches and domestic/foreign subsidiaries. This ensures that risk management and monitoring is embedded at origination.</p> <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Risk Management Group (Page 37)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> |

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|  |  | <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>• Risk Management, Management Report (Pages 57–70)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul> <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• The Chief Risk Officer (Item 11.4, Page 32)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul>  |
|  |  | <p>Risk management personnel shall possess sufficient experience and qualifications, including knowledge on the banking business, the developments in the market, industry and product lines, as well as mastery of risk disciplines. By the same token, risk management personnel shall continually receive internal and external trainings and seminars to aid them in the effective performance of their risk management functions. They shall have the ability and willingness to challenge business lines regarding all aspects of risk arising from the bank's activities. The Bank shall also engage accredited external service providers on specific areas that require higher level of expertise and includes conducting workshops for bank personnel.</p> <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• The Chief Risk Officer (Item 11.5, Page 34)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul> |
|  | <p><b>Supplement to Recommendation 12.4</b></p> <ol style="list-style-type: none"> <li>1. Company seeks external technical support in risk management when such competence is not available internally.</li> </ol>                                     | <p>Identify source of external technical support, if any.</p> <p>COMPLIANT</p>   |
|  | <p><b>Recommendation 12.5</b></p> <ol style="list-style-type: none"> <li>1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).</li> </ol> | <p>Identify the company's Chief Risk Officer (CRO) and provide information on or reference to a document containing his/her responsibilities and qualifications/background.</p> <p>COMPLIANT</p>   |

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|  |   | Mr. Simeon T. Yap is the ultimate champion of Enterprise Risk Management (ERM).  |
|  |   | <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• The Chief Risk Officer (Pages 33–34)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul> |
| 2.   | CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.   | <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Profile of the Chief Risk Officer (Page 115)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul>                                     |
| <b>Additional Recommendation to Principle 12</b>   |   |  |
| 1.   | Company's 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><b>COMPLIANT</b></p> <p>Provide link to CEO and CAE's attestation</p> <p>Please refer to Annex D for CEO and CAE's attestation on the soundness of the Bank's internal audit, control and compliance system.</p>  |
| <b>Cultivating a Synergic Relationship with Shareholders</b>   |   |  |
| <p><b>Principle 13:</b> The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.</p> <p><b>Recommendation 13.1</b></p> |   |  |

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|  |           |   | <b>2019 Corporate Governance Manual</b>   |  |
| 1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.  | COMPLIANT | Provide link or reference to the company's Manual on Corporate Governance where shareholders' rights are disclosed. | <ul style="list-style-type: none"> <li>Shareholders' Rights and Protection of Minority Stockholders' Interests (Pages 47-49)</li> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul> <p>The 2019 Corporate Governance Manual and Amended By-Laws, containing the basic rights of shareholders, are disclosed in the Bank's website.</p>   |  |
| 2. Board ensures that basic shareholder rights are disclosed on the company's website.   | COMPLIANT | Provide link to company's website   | <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>Shareholders' Rights and Protection of Minority Stockholders' Interests (Pages 47-49)</li> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul> <p><b>Amended By-Laws</b></p> <ul style="list-style-type: none"> <li>Stockholders (Article IV, Pages 3-4)</li> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/bl-2019-03-29.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/bl-2019-03-29.pdf</a></li> </ul>   |  |
| <b>Supplement to Recommendation 13.1</b>   |           |   | <p><b>Amended By-Laws</b></p> <ul style="list-style-type: none"> <li>Voting of Shares in General (Page 4)</li> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/bl-2019-03-29.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/bl-2019-03-29.pdf</a></li> </ul> <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>Voting Securities and Principal Holders thereof (Page 4)</li> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul> <p><b>Amended By-Laws</b></p> <ul style="list-style-type: none"> <li>Stock and Stock Certificates (Page 1)</li> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/bl-2019-03-29.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/bl-2019-03-29.pdf</a></li> </ul> <p><b>2019 Corporate Governance Manual</b></p> |  |
| 1. Company's common share has one vote for one share.  | COMPLIANT |   | <p>Provide information on all classes of shares, including their voting rights if any.</p>  |  |
| 2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights. | COMPLIANT |   |   |  |

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|  |   | <ul style="list-style-type: none"> <li>• Shareholders' Rights and Protection of Minority Stockholders' Interests (Item 5, Pages 49)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Manual.pdf</a></li> </ul>                           |
|  |   | <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>• Voting Procedures (Page 41)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul>                                |
|  |   | <p><b>Amended By-Laws</b></p> <ul style="list-style-type: none"> <li>• Right to Vote; Proxies (Page 4)</li> <li>• Presiding Officer; Order of Business (Page 4)</li> <li>• Voting of Shares in General (Page 4)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/b1-2019-03-29.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/b1-2019-03-29.pdf</a></li> </ul> |
|  | <p>3. Board has an effective, secure, and efficient voting system.</p> <p>COMPLIANT</p>   | <p>Provide link to voting procedure. Indicate if voting is by poll or show of hands.</p>  |
|  | <p>4. Board has an effective shareholder voting mechanism such as supermajority or "minority" requirements to protect minority shareholders against actions of controlling shareholders.</p> <p>COMPLIANT</p> | <p>Provide information on shareholder voting mechanisms such as supermajority or "minority", if any.</p>  |

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|    |   | <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>Shareholders' Rights and Protection of Minority Stockholders' Interests (Item 1.1, Page 47)</li> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_Governance_Manual.pdf</a></li> </ul> |
| 5. | Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting. | <p><b>COMPLIANT</b></p> <p>Provide information on how this was allowed by board (i.e., minutes of meeting, board resolution)</p>  |
| 6. | Board clearly articulates and enforces policies with respect to treatment of minority shareholders.   | <p><b>COMPLIANT</b></p> <p>Provide information or link/reference to the policies on treatment of minority shareholders</p>  |
|    |   | <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>Shareholders' Rights and Protection of Minority Stockholders' Interests (Pages 47–49)</li> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_CORPORATE_Governance_Manual.pdf</a></li> </ul>       |

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|  |  | The Bank did not declare dividends in 2018.  |
|  |  | <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Dividend Policy, Corporate Governance (Page 69)</li> <li>• Dividend Policy, Sustainability Report (Page 75)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/ddocs/b1-2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/ddocs/b1-2018-AnnualReport.pdf</a></li> </ul>          |
|  |  | <p><b>Amended By-Laws</b></p> <ul style="list-style-type: none"> <li>• Distribution of Dividends (Page 17)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/03-29.pdf">https://www.pnb.com.ph/wp-content/uploads/03-29.pdf</a></li> </ul>   |
|  |  | <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>• Dividend Policy (Pages 53–54)</li> <li>• Management Report (Page 1)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul> |
|  |  | <p><b>Optional: Recommendation 13.1</b></p>  |
|  |  | <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>• Voting Procedures (Page 41)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul>   |
|  |  | <p>1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.</p> <p>Identify the independent party that counted/validated the votes at the ASM, if any.</p>   |
|  |  | <p>Please refer to Annex E for the Secretary's certificate on the presence of external counsel who validated the votes at the 2019 Annual Shareholders' Meeting.</p>   |
|  |  | <p><b>Recommendation 13.2</b></p>  |

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|  |  |           | <p>In accordance with the requirements of the Securities Regulation Code, the New Disclosure Rules of the Securities and Exchange Commission, and SEC Memorandum Circular No. 19, Series of 2016, written notice of the meeting was sent to all shareholders of record as of record date, on April 2, 2019, at least 28 days prior to the date of the meeting. In accordance with Section 4.4, Article IV of the Bank's Amended By-Laws, the notice was likewise published daily for one week from April 13 to 22, 2019 in the Philippine Star, Business World, and Manila Bulletin.</p> |
|  |  |           | <p>Indicate the number of days before the annual stockholders' meeting or special stockholders' meeting when the notice and agenda were sent out</p> <ul style="list-style-type: none"> <li>1. Indicate whether shareholders' approval of remuneration or any changes therein were included in the agenda of the meeting.</li> </ul>   |
|  |  | COMPLIANT | <p>Provide link to the Agenda included in the company's Information Statement (SEC Form 20-IS)</p>   |
|  |  |           | <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Shareholders' Rights and Protection of Minority Stockholders' Interests (Item 2, Page 49)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul>  |
|  |  |           | <p><b>Notice of the 2019 Annual Stockholders' Meeting</b></p> <ul style="list-style-type: none"> <li>• Secretary's Proof of Notice and Quorum (Page 1)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/notice_of_stockholders_meeting_04_30_2019.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/notice_of_stockholders_meeting_04_30_2019.pdf</a></li> </ul>   |
|  |  |           | <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul>  |
|  |  |           | <p><b>Notice of the 2019 Annual Stockholders' Meeting</b></p> <ul style="list-style-type: none"> <li>• LINK:</li> <li>• <a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=19bb08a03a922a5c4efdc15ec263a54d">http://edge.pse.com.ph/openDiscViewer.do?edge_no=19bb08a03a922a5c4efdc15ec263a54d</a></li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/notice_of_stockholders_meeting_04_30_2019.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/notice_of_stockholders_meeting_04_30_2019.pdf</a></li> </ul>  |
|  |  |           | <p><b>Notice of the 2019 Annual Stockholders' Meeting</b></p> <ul style="list-style-type: none"> <li>• Provide link or reference to the company's notice of Annual Shareholders' Meeting</li> </ul>  |
|  |  | COMPLIANT | <p>1. Company's Notice of Annual Stockholders' Meeting contains the following information:</p>   |

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| <p>a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)</p> | <p><b>COMPLIANT</b></p> | <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>Profiles of the Board of Directors (<i>Pages 11–26</i>)</li> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul>  |
| <p>b. Auditors seeking appointment/re-appointment</p>  | <p><b>COMPLIANT</b></p> | <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>Independent Public Accountant (<i>Page 39</i>)</li> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul>   |
| <p>c. Proxy documents</p>  | <p><b>COMPLIANT</b></p> | <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>Proxy Form (<i>Page 56</i>)</li> <li>LINK: <a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=19b08a03a922a5c4efdfc15ec263a54d">http://edge.pse.com.ph/openDiscViewer.do?edge_no=19b08a03a922a5c4efdfc15ec263a54d</a></li> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/notice_of_stockholders_meeting_04_30_2019.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/notice_of_stockholders_meeting_04_30_2019.pdf</a></li> </ul> |
| <p><b>Optional: Recommendation 13.2</b></p>  | <p><b>COMPLIANT</b></p> | <p><b>Notice of the 2019 Annual Stockholders' Meeting</b></p> <ul style="list-style-type: none"> <li>LINK: <a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=19b08a03a922a5c4efdfc15ec263a54d">http://edge.pse.com.ph/openDiscViewer.do?edge_no=19b08a03a922a5c4efdfc15ec263a54d</a></li> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/notice_of_stockholders_meeting_04_30_2019.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/notice_of_stockholders_meeting_04_30_2019.pdf</a></li> </ul>                            |
| <p><b>2019 Definitive Information Statement (Annex A)</b></p>  |                         |   |

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|  |           | <ul style="list-style-type: none"> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul>   |
| <b>Recommendation 13.3</b>   |           |   |
| 1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day. | COMPLIANT | <p>Provide information or reference to a document containing information on all relevant questions raised and answers during the ASM and special meeting and the results of the vote taken during the most recent ASM/SSM.</p> <p><b>Minutes of the 2019 Annual Stockholders' Meeting</b></p> <ul style="list-style-type: none"> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_ASM_Minutes.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_ASM_Minutes.pdf</a></li> </ul> |
| 2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.   | COMPLIANT | <p>Provide link to minutes of meeting in the company website.</p> <p>Indicate voting results for all agenda items, including the approving, dissenting and abstaining votes.</p> <p>Indicate also if the voting on resolutions was by poll.</p> <p>Include whether there was opportunity to ask question and the answers given, if any</p>  |
| <b>Supplement to Recommendation 13.3</b>   |           |   |

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|   |           | 11 Directors, Key Officers of the Bank, and the External Auditor were all present during the 2019 Annual Stockholders' Meeting.  |
| 1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.                     | COMPLIANT | <p>Indicate if the external auditor and other relevant individuals were present during the ASM and/or special meeting</p> <p><b>Minutes of the 2019 Annual Stockholders' Meeting</b></p> <ul style="list-style-type: none"> <li>• Independent Public Accountant (Page 39)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul> <p><b>Minutes of the 2019 Annual Stockholders' Meeting</b></p> <ul style="list-style-type: none"> <li>• Appointment of External Auditor (Pages 8-9)</li> <li>• Annex A (Page 10)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_ASM_Minutes.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_ASM_Minutes.pdf</a></li> </ul> |
| <b>Recommendation 13.4</b>  |           |  |
| 1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner. | COMPLIANT | <p>Provide details of the alternative dispute resolution made available to resolve intra-corporate disputes</p> <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Shareholders' Rights and Protection of Minority Stockholders' Interests (Item 6, Page 49)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul>  |
| 2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.   | COMPLIANT | <p>Provide link/reference to where it is found in the Manual on Corporate Governance</p>   |
| <b>Recommendation 13.5</b>  |           | <p>Disclose the contact details of the officer/office responsible for investor relations, such as:</p> <ol style="list-style-type: none"> <li>1. Name of the person</li> <li>2. Telephone number</li> <li>3. Fax number</li> <li>4. E-mail address</li> </ol>  |
| 1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.  | COMPLIANT | <p><b>Name:</b> Ms. Emeline C. Centeno, Senior Vice President and Investor Relations Officer<br/> <b>Telephone number:</b> (632) 526-3131 local 2120<br/> <b>Fax number:</b> (632) 573-4580<br/> <b>E-mail address:</b> centenoec@pnb.com.ph, iru@pnb.com.ph</p>   |

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|  |               | The Bank's Investor Relations Officer (IRO), Ms. Emeline C. Centeno, was present during the 2019 Annual Stockholders' Meeting.  |
| 2. IRO is present at every shareholder's meeting.  | COMPLIANT     | <p>Indicate if the IRO was present during the ASM.</p> <ul style="list-style-type: none"> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_ASM_Minutes.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_ASM_Minutes.pdf</a></li> </ul>  |
| <b>Supplemental Recommendations to Principle 13</b>  |               | <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>Specific Duties and Responsibilities of the Board of Directors (Item 1.3.2.6., Page 13)</li> <li>Code of Conduct and Business Ethics (Pages 44–47)</li> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul> <p><b>2019 Definitive Information Statement</b></p> <ul style="list-style-type: none"> <li>Voting Procedures (Page 41)</li> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/SEC_2019_Definitive_Information_Statement.pdf">https://www.pnb.com.ph/wp-content/uploads/SEC_2019_Definitive_Information_Statement.pdf</a></li> </ul> |
| 1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group | COMPLIANT     | <p>Provide information on how anti-takeover measures or similar devices were avoided by the board, if any.</p>  |
| 2. Company has at least thirty percent (30%) public float to increase liquidity in the market.   | NON-COMPLIANT | <p>Indicate the company's public float.</p>   |
| <b>Optional: Principle 13</b>  |               | <p>As of Dec. 31, 2018, the public ownership percentage of the Bank is at <b>21.02%</b>, in compliance with minimum regulatory public float. The Bank intends to create a program to achieve the desired 30% public float to comply within five (5) years.</p> <p><b>PSE Disclosure Form POR-1-Public Ownership Report</b></p> <ul style="list-style-type: none"> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/public_ownership_12312018.pdf">https://www.pnb.com.ph/wp-content/uploads/public_ownership_12312018.pdf</a></li> </ul>  |

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|   | <p>The Bank is consistent in its efforts to establish and maintain constant and effective engagement with shareholders, through analysts' &amp; investors' briefings, media briefings, investor relations program, conferences, and other forms of communication that the Bank may deem necessary and appropriate. These practices are designed to improve shareholders' perception of PNB by keeping them abreast of the developments in the Bank through constant communications and maintaining cordial relations with them. For easy reference, notices and corresponding materials are disclosed in the Bank's website and in the PSE Edge.</p>   |
| <p>1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting</p> | <p><b>COMPLIANT</b></p> <p>Disclose or provide link/reference to policies and practices to encourage shareholders' participation beyond ASM</p> <p><b>Investor Relations Program</b></p> <p>1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting</p> <p><b>Notice of Analysts' Briefing</b></p> <ul style="list-style-type: none"> <li>• <b>Stakeholder Management Plan, Sustainability Report (Pages 70-71)</b></li> <li>• <b>Stakeholder Engagement, Sustainability Report (Pages 73-74)</b></li> <li>• <b>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></b></li> </ul> <p><b>Investor Briefing Notes</b></p> <ul style="list-style-type: none"> <li>• <b>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/Joint_LTG_PNB_Analyst_Briefing_March_16_2018.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/Joint_LTG_PNB_Analyst_Briefing_March_16_2018.pdf</a></b></li> <li>• <b>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/PNB_write-up_for_Analysts_Briefing_May_11_2018.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/PNB_write-up_for_Analysts_Briefing_May_11_2018.pdf</a></b></li> </ul> <p><b>Notice of Analysts' Briefing</b></p> <ul style="list-style-type: none"> <li>• <b>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/PSE_Note_of_Analysts_Briefing_November_12_2018.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/PSE_Note_of_Analysts_Briefing_November_12_2018.pdf</a></b></li> <li>• <b>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/PSE_Note_of_Analysts_Briefing_August_13_2018.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/PSE_Note_of_Analysts_Briefing_August_13_2018.pdf</a></b></li> <li>• <b>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/PSE_Note_of_Analysts_Briefing_May_11_2018.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/PSE_Note_of_Analysts_Briefing_May_11_2018.pdf</a></b></li> </ul> |

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|  |               | To protect shareholders' right to vote and ensure the integrity of the voting procedure, Management is ensuring that all security measures and verification procedures are in place prior to the implementation of electronic voting in absentia. Moreover, the Bank is awaiting the issuance by the SEC of the Implementing Rules and Regulations governing stockholder participation/voting in absentia, as mandated under the Revised Corporation Code, to ensure that our procedures will be aligned with the provisions of pertinent rules and regulations.   |
| 2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting. | NON-COMPLIANT | <p>Disclose the process and procedure for secure electronic voting in absentia, if any.</p> <p><b>Duties to Stakeholders</b></p> <p><b>Principle 14:</b> The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.</p>   |
|  |               | <p><b>Recommendation 14.1</b></p> <p>Becoming cognizant of the stakeholders' key concerns and expectations is a universal goal in PNB—one that is embedded at the heart of its operations, strategy, and culture. The Bank recognize the inseparable link between the health of its business and the long-term interests of its stakeholders.</p> <p>The Bank seeks to provide solutions that meet the fast-paced and ever-changing issues, concerns, and expectations of a broad spectrum of stakeholders—internal and external—to effectively build a truly sustainable organization.</p> <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Stakeholder Management Plan, Sustainability Report (Pages 70–71)</li> <li>• Stakeholder Engagement, Sustainability Report (Pages 73–74)</li> <li>• Social Section, Sustainability Report (Pages 78–88)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> |
|  | COMPLIANT     | <p>1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.</p> <p><b>Recommendation 14.2</b></p>   |

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| <p>1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.</p>  | <p><b>COMPLIANT</b></p> | <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Consumer Protection Practices, Corporate Governance (Page 69)</li> <li>• Stakeholder Management Plan, Sustainability Report (Pages 70–71)</li> <li>• Stakeholder Engagement, Sustainability Report (Pages 73–74)</li> <li>• Social Section, Sustainability Report (Pages 78–88)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> <p>Identify policies and programs for the protection and fair treatment of company's stakeholders</p>  |
| <p><b>Recommendation 14.3</b></p>   |                         |  |
| <p>1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.</p>   | <p><b>COMPLIANT</b></p> | <p><b>PNB Website</b></p> <ul style="list-style-type: none"> <li>• Contacts, Investor Relations</li> <li>• LINK: <a href="https://www.pnb.com.ph/index.php/investor-relations/contacts">https://www.pnb.com.ph/index.php/investor-relations/contacts</a></li> </ul> <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Contact Information, Sustainability Report</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> <p>Provide the contact details (i.e., name of contact person, dedicated phone number or e-mail address, etc.) which stakeholders can use to voice their concerns and/or complaints for possible violation of their rights.</p> <p>Provide information on whistleblowing policy, practices and procedures for stakeholders</p> |
| <p><b>Supplement to Recommendation 14.3</b></p> <p>Customer Service Hotline: (632) 573-8888<br/>Email: <a href="mailto:customercare@pnb.com">customercare@pnb.com</a></p> <p>PNB – Office of the Corporate Secretary<br/>9F, PNB Financial Center, Pres. D. Macapagal Blvd., Pasay City<br/>Tel. No. (+632) 526 3131 Local 4106<br/>Stockholder Relations Officer: Atty. Maila Katrina Y. Ilarde<br/>Email: <a href="mailto:ilardeky@pnb.com.ph">ilardeky@pnb.com.ph</a></p> <p>PNB – Investor Relations Unit<br/>9F, PNB Financial Center, Pres. D. Macapagal Blvd., Pasay City<br/>Tel. No: (632) 526-3131 local 2120<br/>Investor Relations Officer: Ms. Emeline C. Centeno<br/>E-mail address: <a href="mailto:centenoec@pnb.com.ph">centenoec@pnb.com.ph</a>, <a href="mailto:iru@pnb.com.ph">iru@pnb.com.ph</a></p> <p>PNB – Stock Transfer Agent, Trust Banking Group<br/>3F, PNB Financial Center, Pres. D Macapagal Boulevard,, Pasay City<br/>Tel. No. (632) 526-3131 loc. 2307<br/>Stockholder Relations Officer: Ms. Emylyn P. Audemard<br/>Email: <a href="mailto:audemardep@pnb.com.ph">audemardep@pnb.com.ph</a></p> |                         |  |

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|  |   | <p>It is the policy of the Bank to resolve disputes and conflicts with stockholders, regulators and other third parties. As such, the Bank has installed various communication channels allowing its external stakeholders to exercise their rights and communicate their concerns and queries to the Bank. The contact details of the Office of the Corporate Secretary, Stock Transfer Agent, and the Investor Relations Officer of the Bank are posted in the Bank's website for easy reference of shareholders and other stakeholders. For regulatory issues, the Bank follows the procedure set forth by concerned regulators.</p>   |
|  | <p>1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.</p> | <p>Provide information on the alternative dispute resolution system established by the company.</p> <p><b>COMPLIANT</b></p>   |
|  |   | <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Shareholders' Rights and Protection of Minority Stockholders' Interests (<i>Item 6, Page 49</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul> <p><b>PNB Website</b></p> <ul style="list-style-type: none"> <li>• Contacts, Investor Relations</li> <li>• LINK: <a href="https://www.pnb.com.ph/index.php/investor-relations/contacts">https://www.pnb.com.ph/index.php/investor-relations/contacts</a></li> </ul> <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Contact Information, Sustainability Report</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> |
|  |   | <p>PNB has not requested any exemption from the application of a law, rule or regulation related to corporate governance. In fact, the Bank is committed to align its internal policies and procedures to local regulations issued by its regulators, globally recognized standards and international best practices, such as the ASEAN Corporate Governance Scorecard.</p> <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Specific Duties and Responsibilities of the Board of Director (<i>Item 1.3.2.4a [viii], Page 10</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul>  |

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|   | <p>The principles of fairness, accountability and transparency shall be observed in all aspects of the Bank's operations and business. This commitment to fairness stems from the Bank's aspiration to maintain its reputation as a fair &amp; honest financial institution and comply with existing regulations governing intellectual property rights. This obligation includes respecting the intellectual property rights of our suppliers, customers, vendors, and other third-party service providers.</p>  |
| 2. Company respects intellectual property rights. | <p>Provide specific instances, if any.</p> <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Code of Conduct and Business Ethics (<i>Item 8, Page 46</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul>   |
| <b>Optional: Principle 14</b>                     | <p>Embedding consumer protection practices across the organization is at the forefront of the Bank's corporate responsibility—from the Board of Directors which approves the policies and conducts oversight in the implementation of procedures, to the Management Committee which ensures that all relevant units effectively support the consumer protection activities of the Bank.</p> <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Consumer Protection Practices, Corporate Governance (<i>Page 69</i>)</li> <li>• Stakeholder Management Plan, Sustainability Report (<i>Pages 70–71</i>)</li> <li>• Stakeholder Engagement (<i>Pages 73–74</i>)</li> <li>• Enhancing Customer Experience, Sustainability Report (<i>Page 88</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> <p><b>Policies and practices of the Bank in ensuring creditors' rights:</b></p> <p>PNB takes pride in taking an active role in safeguarding the rights of its creditors. Since deposit-taking is one of the Bank's principal banking activities, we put a special premium on the protection of our depositors, who serve as our main creditors. The Bank recognizes that consumers/creditors have the right to safeguard their transactions with the Bank and be heard through appropriate channels when they escalate feedback and concerns.</p> |

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|  | <ul style="list-style-type: none"> <li>• Disclosure and Transparency – In the provision of its products and services, the Bank ensures that depositors have a reasonable holistic understanding of the products they may be acquiring. The Bank provides its depositors with ready access to information that accurately represents the fundamental benefits and risks, as well as the terms and conditions of a financial product or service.</li> </ul> <p>Moreover, the Bank is one with the Philippine Deposit Insurance Corporation (PDIC) in promoting public confidence and stability in the economy. As such, PNB advertises PDIC's deposit insurance protection in appropriate and accurate manner by including the official PDIC Insurance Statement (Member: PDIC. Maximum Deposit Insurance for Each Depositor P500,000) in general advertisements of the Bank and advertisements relating to deposit products and services appearing in print ads, TV, official website, and other forms of marketing communications.</p> <ul style="list-style-type: none"> <li>• Protection of Client Information – With PNB, customers have the right to expect that their financial transactions are kept confidential. The Bank ensures that appropriate information security and data privacy policies, well-defined protocols, secured databases, and periodically re-validated procedures in handling depositor information are in place. Likewise, the Bank is consistent in its adherence to laws, rules and regulations with respect to privacy and security of client information, particularly the Law on Secrecy of Bank Deposits under R.A. 1405, as amended, and other related laws.</li> </ul> |
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|   | <ul style="list-style-type: none"> <li>• Fair Treatment – PNB's depositors are treated fairly, honestly, professionally and are not offered financial products and services that are not aligned to their financial needs. The Bank ensures that the necessary resources and procedures are in place, and that internal monitoring and control mechanisms are established for safeguarding the best interest of the customers.</li> <li>• Effective Recourse – PNB's depositors are provided accessible, affordable, independent, fair, accountable, timely, and efficient means for resolving complaints.</li> <li>• Financial Education and Awareness – As part of PNB's corporate social responsibility program, the Bank provides financial education initiatives to give depositors the knowledge, skills, and confidence to understand and evaluate the information they receive and to empower them to make informed financial decisions.</li> </ul> | <p>As a financial services organization, PNB follows a simple and practical procurement process. Sourcing of requirements is being facilitated by the Corporate Services Department (CSD). The objective of the procurement process is to minimize risks in case of disruption. CSD is also required to keep a pool of accredited suppliers and service providers to ensure availability of materials and services when required.</p> <p>Moreover, the Bank maintains and adheres to an Outsourcing and Vendor Management Policy which requires business owners to periodically evaluate the capacity and technical capability of suppliers and outsourcing partners. The policy is consistent with applicable statutory, regulatory, and supervisory requirements, such BSP Circular No. 899: Amendments to the Guidelines on Outsourcing.</p> | <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Procurement Practice, Sustainability Report (Page 75)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> |
| 2. Company discloses its policies and practices that address supplier/contractor selection procedures | COMPLIANT   |   |   |

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| <b>Principle 15:</b> A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes. |           |  |
| <b>Recommendation 15.1</b>  |           |  |
| 1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.                              | COMPLIANT | <p>Provide information on or link/reference to company policies, programs and procedures that encourage employee participation.</p> <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Succession Management Program, Corporate Governance (Page 63)</li> <li>• Stakeholder Management Plan, Sustainability Report (Pages 70-71)</li> <li>• Stakeholder Engagement (Pages 73-74)</li> <li>• Social Section, Sustainability Report (Pages 78-82)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul>   |
| <b>Supplement to Recommendation 15.1</b>  |           | <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Remuneration Policy, Corporate Governance (Page 64)</li> <li>• Competitive Remuneration &amp; Benefits Package, Sustainability Report (Pages 79-80)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Remuneration of Directors and Officers (Page 22)</li> <li>• Remuneration of Directors and Officers, Corporate Governance Charter (Annex A)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul> |

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|  |           | Cognizant of the need to provide a safe environment to its employees and clientele, the Bank created an Occupational Safety, Health and Family Welfare Committee that takes care of safety and health concerns within bank premises. The committee is composed of representatives from both management and employees, with the latter represented by employee union officers. Meetings are held regularly, and reports are submitted to monitor and evaluate the committee's programs. |   |
| 2. Company has policies and practices on health, safety and welfare of its employees.  | COMPLIANT | Disclose and provide information on policies and practices on health, safety and welfare of employees. Include statistics and data, if any.  | <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Health and Safety, Sustainability Report (Page 80)</li> <li>• Promoting Work-Life Harmony, Sustainability Report (Pages 81–82)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul>                    |
| 3. Company has policies and practices on training and development of its employees.  | COMPLIANT | Disclose and provide information on policies and practices on training and development of employees. Include information on any training conducted or attended.  | <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Orientation and Education Program, Corporate Governance (Page 63)</li> <li>• Continuous Learning and Development, Sustainability Report (Page 79)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> |
| <b>Recommendation 15.2</b>   |           | Identify or provide link/reference to the company's policies, programs and practices on anti-corruption  | As a leading financial institution, PNB is committed to uphold the public's trust. Following are the policies and guidelines established to ensure lawful and ethical behavior among its directors, top management, and employees: Code of Conduct, Corporate Governance Manual, Policy on Selling PNB Securities, Policy on Soliciting and/or Receiving Gifts, Personal Investment Policy,                     |
| 1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct. |           | Identify how the board disseminated the policy and program to employees across the organization  |   |

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|    |  | <p>Whistleblower Policy, and Office Decorum including Anti-Bribery and Anti-Corruption provisions.</p> <p>The Code of Conduct, Office Decorum, policies on Whistleblowing and Anti-Bribery and Anti-Corruption are part of the on-boarding process for new employees. For easy reference, all employees can access the documents through the Bank's intranet facility.</p> <p>To date, there has been no reported incidents of bribery and corruption among employees.</p>  |
| 2. | Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture. | <p>COMPLIANT</p> <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Lawful &amp; Ethical Behavior, Sustainability Report (<i>Page 81</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>• Specific Duties and Responsibilities of the Board of Directors (<i>Item 1.3.2.1., Page 8</i>)</li> <li>• Code of Conduct and Business Ethics (<i>Pages 44–47</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul>          |
|    |  | <p><b>Supplement to Recommendation 15.2</b></p> <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Lawful &amp; Ethical Behavior, Sustainability Report (<i>Page 81</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> <p><b>Code of Conduct</b></p> <ul style="list-style-type: none"> <li>• Administrative Procedures governing PNB Domestic or Overseas Branches/Offices (<i>Pages 7–11</i>)</li> <li>• Schedule of Offenses and Penalties (<i>Page 15</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/Code%20of%20Conduct-OPP0451-17.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/Code%20of%20Conduct-OPP0451-17.pdf</a></li> </ul> |
|    |  | <p><b>Recommendation 15.3</b></p> <p>SEC Form – IACGR * Updated 21Dec2017</p>   |

|   |           |  |   |
|---|-----------|--|---|
|   |           | <p>The Bank is committed to adhere to the highest standards of ethical, moral and legal conduct in the operation of its business. To maintain these standards, it is the policy of the Bank to encourage employees to report internally any suspected or actual commission of theft/fraud, violation of ethical standard, law, rule or regulation and/or any misconduct by its Directors, officers or staff.</p> <p>The whistleblower can report the alleged suspected or actual event/violation through a conversation with, text message, call (via call center / hotlines), e-mail correspondence, and/or a written complaint to any of the following:</p> <ul style="list-style-type: none"> <li>• Head, Security Group (SG);</li> <li>• Head, Legal Group (LG);</li> <li>• Head, Internal Audit Group (IAG);</li> <li>• Head, Human Resource Group (HRG); or</li> <li>• Whistleblower's immediate officer (i.e. if the whistleblower is an employee of the Bank)</li> </ul> |   |
| 1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation           | COMPLIANT | <p>Disclose or provide link/reference to the company whistle-blowing policy and procedure for employees.</p> <p>Indicate if the framework includes procedures to protect the employees from retaliation.</p> <p>Provide contact details to report any illegal or unethical behavior.</p>   |   |
| 2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns. | COMPLIANT |  | <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Message from the Board Audit and Compliance Committee Chairman (<i>Page 50</i>)</li> <li>• Lawful &amp; Ethical Behavior, Sustainability Report (<i>Page 81</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> <p><b>Whistleblower Policy</b></p> |

|  |           |  |  |
|--|-----------|--|--|
|  |           |  | <ul style="list-style-type: none"> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/20-Whistleblower-Policy-OPP0393-17.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/20-Whistleblower-Policy-OPP0393-17.pdf</a></li> </ul> <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>Powers, Duties and Responsibilities of the Board of Directors (<i>Item 1.3.2.1. [c], Page 8</i>)</li> <li>Dealing with Related Parties (<i>Item 2.11, Page 39</i>) <ul style="list-style-type: none"> <li>Code of Conduct and Business Ethics (<i>Item 7, Page 46</i>)</li> <li>Board Audit and Compliance Committee (<i>Annex B, Page 2</i>)</li> </ul> </li> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul>  |
| 3. Board supervises and ensures the enforcement of the whistleblowing framework. | COMPLIANT | <p>Provide information on how the board supervised and ensured enforcement of the whistleblowing framework, including any incident of whistleblowing.</p>  | <p><b>Principle 16:</b> The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.</p> <p><b>Recommendation 16.1</b></p>  |
|  |           |  | <p>In 2018, PNB embarked on a series of initiatives as part of our continuing journey towards sustainability. The Bank recognizes that its capacity to sustain its business is contingent on the quality of human capital, the condition of its physical resources, the viability of the businesses that it supports, and its relationship with the communities.</p> <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>Environmental &amp; Social Section, Sustainability Report (<i>Pages 76–88</i>) <ul style="list-style-type: none"> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> </li> </ul> <p><b>PNB Website: Corporate Social Responsibility</b></p> <ul style="list-style-type: none"> <li>LINK: <a href="https://www.pnb.com.ph/corporate-social-responsibility.html">https://www.pnb.com.ph/corporate-social-responsibility.html</a></li> </ul> <p><b>2019 Corporate Governance Manual</b></p> <ul style="list-style-type: none"> <li>Sustainability (<i>Page 53</i>) <ul style="list-style-type: none"> <li>LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2019_Corporate_Governance_Manual.pdf</a></li> </ul> </li> </ul> |
|  |           | <p>1. Company recognizes and places importance on the interdependence between business and society and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.</p> | <p>1. Company recognizes and places importance on the interdependence between business and society and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.</p>   |

|    |  |   |
|----|--|---|
|    |  | <p>PNB monitors creditors' compliance with environmental laws and regulations. This is made possible through covenants provided in the financial agreements and through submission of permits such as the Environmental Compliance Certificate (ECC) issued by the Department of Environment Natural Resources (DENR). This is done upon satisfactory review of documentary requirements such as, but not limited to, the Environmental Impact Assessment (EIA) Report for Environmentally Critical Projects (ECPs). By law, this includes power, infrastructure, industrial and mining projects as well as projects situated in Environmentally Critical Areas (i.e. national parks, sanctuaries, and potential tourist spots).</p>  |
| 1. | Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development | <p><b>COMPLIANT</b></p> <p>Identify or provide link/reference to policies, programs and practices to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development.</p> <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Managing the Supply Chain, Sustainability Report (<i>Page 85</i>)</li> <li>• Assessing Environmental Impact, Sustainability Report (<i>Pages 85–86</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul>   |
| 2. | Company exerts effort to interact positively with the communities in which it operates                                   | <p><b>COMPLIANT</b></p> <p>Identify or provide link/reference to policies, programs and practices to interact positively with the communities in which it operates.</p> <p><b>2018 Annual Report</b></p> <ul style="list-style-type: none"> <li>• Environmental &amp; Social Section, Sustainability Report (<i>Pages 76–88</i>)</li> <li>• LINK: <a href="https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf">https://www.pnb.com.ph/wp-content/uploads/docs/2018-AnnualReport.pdf</a></li> </ul> <p><b>PNB Website: Corporate Social Responsibility</b></p> <ul style="list-style-type: none"> <li>• LINK: <a href="https://www.pnb.com.ph/corporate-social-responsibility.html">https://www.pnb.com.ph/corporate-social-responsibility.html</a></li> </ul> |

Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Pasay on

SIGNATURES

  
FLORENCE G. TARRIELA  
Chairman of the Board/Independent Director

  
FELIX ENRICO R. ALFILER  
Vice Chairman/Independent Director

  
FEDERICO C. PASQUAL  
Independent Director

  
ISAGANI A. CORTES  
FSVP & Chief Compliance Officer

  
JOSE ARNULFO A. VELOSO  
President & Chief Executive Officer

  
EDGAR A. CUA  
Independent Director

  
CECILIO K. PEDRO  
Independent Director

  
MAILA KATRINA Y. ILARDE  
Corporate Secretary

SUBSCRIBED AND SWORN to before me on MAY 29 2019, affiant(s) exhibiting to me their Passports, as follows:

| NAME/NO.  | DATE OF ISSUE     | PLACE OF ISSUE    |
|---|-------------------|-------------------|
| Florencia G. Tarriela<br>Passport No. P3341932A   | June 9, 2017      | DFA Manila        |
| Jose Arnulfo A. Veloso<br>Passport No. P1090101A  | December 5, 2016  | DFA Manila        |
| Felix Enrico R. Alfiler<br>Passport No. EC2635029 | November 5, 2014  | PE Washington     |
| Edgar A. Cua<br>Passport No. EC4519130            | June 27, 2015     | PE Beijing        |
| Federico C. Pascual<br>Passport No. EC7275885     | April 7, 2016     | DFA Manila        |
| Cecilio K. Pedro<br>Passport No. P5504648A        | January 4, 2018   | DFA Manila        |
| Isagani A. Cortes<br>Passport No. EC3605748       | March 6, 2015     | DFA NCR Northeast |
| Maila Katrina Y. Ilarde<br>Passport No. P5034194A | November 17, 2017 | DFA Manila        |

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Book No. VI  
Series of 2019.

  
ATTY. SHERRYL R. BLANQUISCO-SANTIAGO, CPA  
Notary Public for Pasay City  
Commission No. 18-34 until December 31, 2019  
9F PNB Financial Center,  
Pres. D.P. Macapagal Blvd., Pasay City  
Roll No. 55787/IBP Lifetime Member No. 07522  
PTR No. PC6437311/01-14-19/Pasay City

"ANNEX A"



### SECRETARY'S CERTIFICATE

I, MAILA KATRINA Y. ILARDE, Corporate Secretary of the Philippine National Bank ("PNB", the "Bank"), a universal banking corporation organized and existing under the laws of the Republic of the Philippines, with principal office address at PNB Financial Center, Pres. Diosdado Macapagal Blvd., Pasay City, Metro Manila, do hereby certify that the remuneration structure of PNB senior executives is based on the Board-approved Policy on Remuneration under Board Executive Session Resolution No. 06/10-23-09 dated October 23, 2009.

IN WITNESS WHEREOF, I have hereunto affixed my signature on May 23, 2019 in Pasay City, Metro Manila.

MAILA KATRINA Y. ILARDE  
Corporate Secretary

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ in Pasay City, Metro Manila, affiant exhibited to me her TIN ID No. 260-890-405.

Doc. No. 515  
Page No. 104  
Book No. V  
Series of 2019.

Atty. J. Sarmiento, CPA  
Pasay City, December 31, 2019  
Commissioner of PNB,  
Pres. D.P. Macapagal Blvd., Pasay City  
Roll No. 35787/IIIP Lifetime Member No. 07522  
PFR No. PC6437211/01-14-19/Pasay City

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 1884 (Manila)  
P.O. Box 410 (Pasay City)  
[www.pnb.com.ph](http://www.pnb.com.ph)

Authorized Depository of the Republic of the Philippines  
Member: PDIC

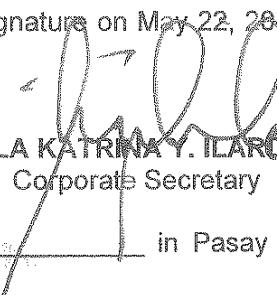


### SECRETARY'S CERTIFICATE

I, MAILA KATRINA Y. ILARDE, Corporate Secretary of the Philippine National Bank ("PNB"), a universal banking corporation organized and existing under the laws of the Republic of the Philippines, with principal office address at PNB Financial Center, Pres. Diosdado Macapagal Blvd., Pasay City, Metro Manila, do hereby certify that:

1. The agenda and materials for all scheduled Board and Board Committee meetings are sent to the directors ahead of time to provide them ample time to review the same;
2. Directors attending the meetings through video/teleconferencing are likewise provided with the agenda and all materials for the meetings, in accordance with SEC Memorandum Circular No. 15, Series of 2001; and
3. Questions asked and discussions during Board and Committee meetings are fully documented in the minutes books which are available for examination during office hours at the Corporate Secretary's Office upon request of stockholders of record.

IN WITNESS WHEREOF, I have hereunto affixed my signature on May 22, 2019 in Pasay City, Metro Manila.

  
MAILA KATRINA Y. ILARDE  
Corporate Secretary

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ in Pasay City, Metro Manila, affiant exhibited to me her TIN ID No. 260-890-405.

Doc. No. 514  
Page No. 104  
Book No. V  
Series of 2019.

  
NOTARY PUBLIC, 1st Class, No. 1160, CPA  
Notary Public, 1st Class, No. 1160, CPA  
Commission No. 18-34 until December 31, 2019  
OF PNB Financial Center,  
Pres. D.P. Macapagal Blvd., Pasay City  
Reg. No. 55787/DP Lifetime Member No. 07523  
PTB No. PC6497311/31-14-19/Pasay City

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

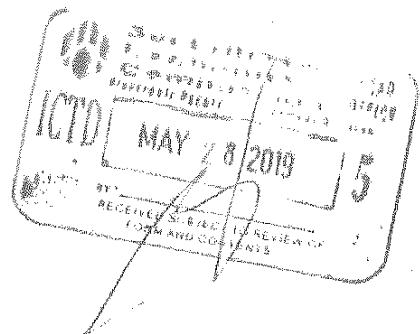
T. (632) 526-3131 to 70/891-6040 to 70  
P.O. Box 1884 (Manila)  
P.O. Box 410 (Pasay City)  
[www.pnb.com.ph](http://www.pnb.com.ph)



Global Compliance Group  
Direct Line: 573-4051  
Trunk Lines: 891-6040 to 70  
Locals: 4051, 4543, 2174 & 4715

May 24, 2019

MS. RACHEL ESTHER J. GUMTANG-REMALANTE  
Officer in Charge (OIC)  
Corporate Governance and Finance Department  
Securities and Exchange Commission  
G/F Secretariat Building  
PICC Complex, Roxas Boulevard  
Pasay City, 1307



Dear Ms. Remalante:

We are pleased to submit to the Commission Philippine National Bank's revised Manual on Corporate Governance, duly approved by its Board in its meeting on May 24, 2019.

The Manual was revised to incorporate among others, the following sections:

1. Board Diversity Policy

- \* Expanded the diversity requirement in the composition of the Board and transformed it into a formal policy consistent with the standards of the ASEAN Corporate Governance Scorecard

2. Sustainability

- \* Specified the responsibility of the Board and the Corporate Governance & Sustainability Committee in overseeing and ensuring the disclosure of the Bank's non-financial information pertaining to economic, environmental, social & governance (EESG) issues pursuant to SEC Memorandum Circular 4, Series of 2019

Thank you very much.

Very truly yours,

ESVP ATTY. ISAGAN A. CORTES  
Chief Compliance Officer

FLORENCIA G. TARRIELA  
Chairman of the Board



## PRESIDENT AND CHIEF AUDIT EXECUTIVE ATTESTATION

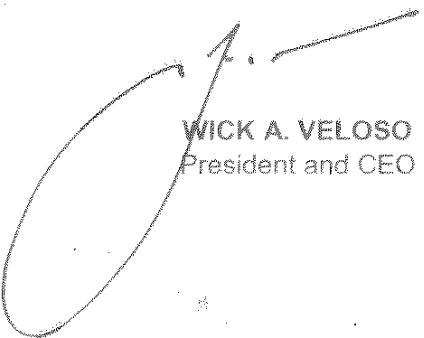
The results of the 2018 independent audit work performed by the Internal Audit Group and the reviews undertaken by the external reviewers comprised of the Bank's external auditors, by Bangko Sentral Ng Pilipinas (BSP) as the Bank's supervising regulator, and by the various foreign regulators on the Bank's overseas branches and subsidiaries, disclosed that the Bank's overall risk management system, internal control systems, governance processes, and compliance with policies, procedures and regulations as generally effective in all material respects. We likewise attest that the audit scope and coverage are adequate, comprehensive, risk-based and process-focused, that Management is aware of its responsibility for internal control, and that the accomplishment of audit activities and reporting of relevant issues and other pertinent information to the Board Audit and Compliance Committee and the Board of Directors is free from any interference.

We also acknowledge the Board of Directors and Senior/Top Management's strong discharge of their oversight and governance functions over the Bank's internal control system through constant monitoring of risk issues on various operations of the Bank, updating of Operations and Policy manuals and issuances of appropriate Operations Policies and Procedures (OPP) to strengthen the control environment against significant impact on changes in business related industries where the Bank operates.

We are confident that under the strong governance of the Board and with the strong support of Senior Management to oversee the establishment, administration, and assessment of the Bank's system of risk management and control processes, Philippine National Bank's internal control environment will remain effective and dynamic, hence ensures the attainment of its business objectives with reasonable assurance.

### PHILIPPINE NATIONAL BANK

  
MARTIN G. TENGCO, JR.  
FVP & Chief Audit Executive

  
WICK A. VELOSO  
President and CEO



**SECRETARY'S CERTIFICATE**

I, MAILA KATRINA Y. ILARDE, Corporate Secretary of the Philippine National Bank ("PNB", the "Bank"), a universal banking corporation organized and existing under the laws of the Republic of the Philippines, with principal office address at PNB Financial Center, Pres. Diosdado Macapagal Blvd., Pasay City, Metro Manila, do hereby certify that PNB engaged Roxas delos Reyes Laurel Rosario & Leagogo Law Offices, its external counsel, for the validation of proxies and votes cast for the Bank's 2019 Annual Stockholders' Meeting held on April 30, 2019.

IN WITNESS WHEREOF, I have hereunto affixed my signature on May 22, 2019 in Pasay City, Metro Manila.



MAILA KATRINA Y. ILARDE  
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 23 MAY 2019 in Pasay City, Metro Manila, affiant exhibited to me her TIN ID No. 260-890-405.

Doc. No. 516  
Page No. 104  
Book No. V  
Series of 2019.

*Maynes*  
CITY, STATE, ZIP: PASAY CITY, 1300, PH  
on May 22, 2019, Pasay City  
Commission No. 14-14 and 7 December 21, 2018  
of PNB Financial Center,  
Pres. D.P. Macapagal Blvd., Pasay City  
Tel No. 09177171717, License Number No. 07522  
PTR No. PC6437311/00-14-19/Pasay City

Philippine National Bank  
PNB Financial Center  
Pres. Diosdado Macapagal Blvd.,  
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Office of the FVP & CAE for Internal Audit Group

Direct Lines: 833-4796 Fax: 526-3044  
Trunk Lines: 526-3131 to 70/891-6040 to 70  
Locals: 4667

May 15, 2019

**CERTIFICATION**

To the Corporate Secretary:

This is to certify that the Board Audit and Compliance Committee (BACC) annually meets with the External Auditor without the presence of Management.

For 2018 and 2019, the meetings were held on September 19, 2018 and February 28, 2019, respectively, attended by the following members of the BACC and the External Auditor.

| Date               | Attendees   |   | Agenda   |
|--------------------|---|---|--|
|                    | BACC Members  | External Auditor                                      |  |
| September 19, 2018 | Dir. Edgar A. Cua, Chairman<br>Dir. Felix Enrico R. Alfiler, Member<br>Dir. Florencia G. Tarriela, Member | SGV & Co. - Janeth T. Nunez-Javier, Partner-In-Charge | Planning Meeting with the BACC (for the 2018 Audit Engagement) |
| February 22, 2019  |   |   | Closing Meeting with the BACC (for the 2018 Audit Engagement)  |

This certification is being issued as an integral part of the Integrated Annual Corporate Governance Report (I-ACGR) of PNB.

MARTIN G. TENGCO, JR.  
FVP & Chief Audit Executive