

Consolidated Updates and Changes in the ACGR for 2014

A. BOARD MATTERS

1) Board of Directors

	2013	2014
Number of Directors per Articles of Incorporation	15	15
Actual number of Directors for the year	15	15

(a) Composition of the Board

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) ¹	Elected when (Annual /Special Meeting	No. of years served as director
Eric O. Recto	NED			7/26/11	4/7/14	ASM	3 yrs., 5 mos.
Leonardo B. Dayao	NED			9/29/14	9/29/14	SM	3 mos.
Henry Y. Uy	NED			7/18/86	4/7/14	ASM	28 yrs., 4 mos.
Nina D. Aguas	ED			8/29/12	4/7/14	ASM	2 yrs., 4 mos.
Ralph C. Nubla, Jr.	NED			3/24/82	4/7/14	ASM	32 yrs., 9 mos.
Bunsit Carlos G. Chung	NED			6/17/97	4/7/14	ASM	17 yrs., 6 mos.
Lucio L. Co	NED			9/29/14	9/29/14	SM	3 months
Susan P. Co	NED			9/29/14	9/29/14	SM	3 months
Patrick Sugito Walujo	NED			7/26/11	4/7/14	ASM	3 yrs., 5 mos.
Gregorio T. Yu	NED			7/26/11	4/7/14	ASM	3 yrs., 5 mos.
David L. Balangue	ID			4/7/14	4/7/14	ASM	8 months
Jesus S. Jalandoni, Jr.	ID			1/28/13	4/7/14	ASM	1 yr., 11 mos.
Levi B. Labra	ID			10/24/14	10/24/14	SM	2 mos.
Roberto Z. Lorayes	ID			10/24/14	10/24/14	SM	2 mos.
Emmanuel Y. Mendoza	ID			12/19/14	12/19/14	SM	1 month

(d) Directorship in Other Companies

(i) Directorship in the Company's Group²

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Eric O. Recto	ISM Communications Corporation	Executive, Chairman & CEO
Nina D. Aguas	PBCom Finance Corporation	Non-Executive
	PBCom Insurance Security Agency, Inc.	Non-Executive, Chairman
Lucio L. Co	P.G. Holdings, Inc.	Executive, Chairman & President
Susan P. Co	P.G. Holdings, Inc.	Non-Executive
Bunsit Carlos G. Chung	PBCom Finance Corporation	Non- Executive
	Telengtan Brothers and Sons, Inc.	Non-Executive
Ralph C. Nubla, Jr.	PBCom Finance Corporation	Non-Executive
Henry Y. Uy	PBCom Finance Corporation	Non-Executive, Chairman

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

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

(ii) Directorship in Other Listed Companies

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Recto, Eric O.	Petron Corporation (PCOR)	Non-Executive
	ISM Communications Corporation (ISM)	Executive, Chairman & CEO
	Atok-Big Wedge, Co Inc. (AB)	Executive, Vice Chairman
Lucio L. Co	Puregold Price Club, Inc. (PGOLD)	Non-Executive, Chairman
	Cosco Capital, Inc.(COSCO)	Non-Executive, Chairman
	Da Vinci Capital Holdings, Inc.	Executive, Chairman & President
Jesus S. Jalandoni, Jr.	Liberty Flour Mills (LFM)	Non-Executive
Gregorio T. Yu	I-remit Inc (I)	Independent Director
	Yehey! Corporation (YEHEY)	Independent Director
	iRipple Inc. (RPL)	Non-Executive
	National Reinsurance Corporation of the Philippines (NRCP)	Non-Executive
	Vantage Equities, Inc	Independent Director
Leonardo B. Dayao	Puregold Price Club, Inc.(PGOLD)	Executive, President
	Cosco Capital, Inc.(COSCO)	Executive, President
Susan P. Co	Puregold Price Club, Inc. (PGOLD)	Executive, Treasurer
	Cosco Capital, Inc. (COSCO)	Non-Executive
Levi B. Labra	Cosco Capital, Inc. (COSCO)	Non-Executive
Roberto Z. Lorayes	Vantage Equities, Inc.	Director

(iii) Relationship within the Company and its Group

Director's Name	Name of the Significant Shareholder	Description of the relationship
Lucio L. Co	P.G. Holdings, Inc.	Chairman and President
Susan P. Co	P.G. Holdings, Inc.	Director
Chung, Carlos Bunsit G.	Telengtan Brothers and Sons, Inc.	Director

(c) Shareholding in the Company

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Eric O. Recto	66,529,424	0	13.84%
Leonardo B. Dayao	1	0	0.00%
Henry Y. Uy	10	0	0.00%
Nina D. Aguas	1,490,010	0	0.31%
Bunsit Carlos G. Chung	550,716	449,294 thru immediate members of the family of the same household	0.21%
Lucio L. Co	1	90,540,304 thru P.G. Holdings, Inc.	18.84%
Susan P. Co	1	54,324,182 thru P.G. Holdings, Inc.	11.30%
Ralph C. Nubla, Jr.	51,779,374	0	10.77%
Patrick Sugito Walujo	10	0	0.00%
Gregorio T. Yu	1,490,010	0	0.00%
David L. Balangue	50	0	0.00%
Jesus S. Jalandoni, Jr.	10	0	0.00%
Levi B. Labra	100	0	0.00%
Roberto Z. Lorayes	500	0	0.00%
Emmanuel Y. Mendoza	100	0	0.00%

5) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

Yes, the Bank's Corporate Governance Committee which is composed of five (5) members, two (2) of whom are independent directors conducts review and evaluation of the qualifications of all persons nominated to the board as well as those appointed to other positions requiring appointment by the Board of Directors. The Governance Committee also serves as the Company's Nomination Committee, Compensation and Remuneration Committee and Performance Evaluation Committee.

6) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

Name	Position	Date of Cessation	Reason
Imelda S. Singzon	Director	March 26, 2014	<i>Resigned as a consequence of the Bank's exit from the Financial support of the PDIC under the Financial Assistance Agreement (FAA)</i>
Raul O. Serrano	Independent Director	March 26, 2014	
Roberto M. Macasaet, Jr.	Independent Director	March 26, 2014	
Teresita Ang-See*	Independent Director	March 26, 2014	
	Independent Director	October 24, 2014	<i>Other professional commitments</i>
Colin D. Keogh	Independent Director	June 4, 2014	<i>Other professional commitments overseas.</i>
Mario J. Locsin	Vice Chairman, Director	September 15, 2014	<i>Other professional commitments.</i>
Edgar J. Sia II	Director	September 30, 2014	<i>Focus on other business interests.</i>
Tomas I. Alcantara	Independent Director	October 24, 2014	<i>Other professional commitments.</i>
Luis Y. Benitez	Independent Director	December 12, 2014	<i>Other professional commitments.</i>

**Re-elected as an independent member of the Board during the Annual Stockholders meeting held on April 7, 2014.*

Voting Result of the last Annual General Meeting.

Voting Result of the last Annual General Meeting	
Name of Director	Votes Received
Eric O. Recto	<i>Since there were only 15 nominees, the shareholders approved a motion to cast all the votes of all shareholders present equally among all the 15 nominees.</i>
Mario J. Locsin	
Henry Y. Uy	
Nina D. Aguas	
Bunsit Carlos G. Chung	
Ralph C. Nubla, Jr.	
Edgar J. Sia II	
Patrick Sugito Walujo	
Gregorio T. Yu	
Tomas I. Alcantara	
David L. Balangue	
Luis Y. Benitez	
Colin D. Keogh	
Jesus S. Jalandoni, Jr.	
Teresita Ang-See	

7) Orientation and Education Program

(a) Disclose details of the company's orientation program for new directors, if any.

New directors are required to attend a special seminar on corporate governance for board of directors which shall be conducted by a private or government institute recognized/accredited by the BSP and SEC.

The Corporate Governance Seminar (BSP required) covers the following topics:

- *Module 1 - Overview of Good Corporate Governance*
- *Module 2 - Board Qualifications and Practices and*
- *Module 3 - Complex or Opaque Corporate Structures*
- *Module 4 - Compensation Systems*
- *Module 5 - Checks and Balances Systems and Module 6 - Disclosure and Transparency*

Corporate Governance Seminar (SEC Required) conducted by ROAM last May 28, 2014 covers the following topics:

Introduction to Corporate Governance (Background and Rationale)

SEC Code of Corporate Governance

Completed Staff Work (CSW)

Functions of the Board:

- *Strategic Guidance*
- *Risk*
- *Audit, Controls and Compliance*
- *Nomination, Compensation, Performance Evaluation, Capability*
- *Building*

Specific Issues in Corporate Governance:

- *Composition, Qualifications, and Selection of the Board of Directors*
- *Compensation of Corporate Directors and Officers*
- *Role of the Board of Directors*
- *Conflicts of Interest*
- *Shareholder Rights*
- *A Note on Director Liability*

Annual Corporate Governance Report (ACGR)

ASEAN Corporate Governance Scorecard (ACGS)

Part 1: Overview and Perspective

Part 2: Key developments in Corporate Governance

1. *SEC Corporate Governance Survey*
2. *PSE Corporate Guidelines for listed companies*
3. *The ASEAN Corporate Governance Scorecard*

Part 3: Actual Cases and Case Studies of the following:

1. *Illegal Activities of Corporations/ Directors/ Officers*
2. *Insider Trading*
3. *Protection of Minority Stockholders*
4. *Short-Swing Transactions*
5. *Liabilities of Directors*
6. *Confidentiality*
7. *Conflict of Interest*
8. *Related Party Transactions*

(b) State any in-house training and external courses attended by Directors and Senior Management³ for the past three (3) years:

Directors and Senior Management attended the seminar on Corporate Governance Seminar (SEC required) conducted by the Risks, Opportunities, Assessment and Management (ROAM) Inc. last 28 May 2014. Some of them also attended Corporate Governance Seminar (BSP required) conducted by Bankers Institute of the Philippines last September 18 and 19, 2014.

For 2014, below table indicates the In-house and External training/ courses which were attended by Directors and Senior Management

<i>Name</i>	<i>Position Title</i>	<i>Training Title</i>	<i>Date</i>	<i># of Hours</i>	<i>Training Partner</i>	<i>Name of Facilitator</i>
<i>Eric O. Recto</i>	<i>Chairman of the Board</i>	<i>Corporate Governance Seminar (SEC required)</i>	<i>May 28, 2014</i>	<i>3</i>	<i>ROAM Inc.</i>	<i>Dr. Benjamin I. Espiritu</i>
<i>Henry Y. Uy</i>	<i>Vice Chairman</i>	<i>Corporate Governance Seminar (SEC required)</i>	<i>May 28, 2014</i>	<i>3</i>	<i>ROAM Inc.</i>	<i>Dr. Benjamin I. Espiritu</i>

³ Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

Nina D. Aguas	President and CEO	Corporate Governance Seminar (SEC required)	May 28, 2014	3	ROAM Inc.	Dr. Benjamin I. Espiritu
Ralph C. Nubla, Jr.	Director	Corporate Governance Seminar (SEC required)	May 28, 2014	3	ROAM Inc.	Dr. Benjamin I. Espiritu
Bunsit Carlos G. Chung	Director	Corporate Governance Seminar (SEC required)	May 28, 2014	3	ROAM Inc.	Dr. Benjamin I. Espiritu
Patrick Sugito Walujo	Director	Corporate Governance Seminar (SEC required)	May 28, 2014	3	ROAM Inc.	Dr. Benjamin I. Espiritu
David L. Balangue	Independent Director	Corporate Governance Seminar (SEC required)	June 30, 2014	4	Securities and Exchange Commission	Securities and Exchange Commission
		Corporate Governance Seminar (BSP required)	September 18 & 19, 2014	16	Bankers Institute of the Philippines	Ms. Carmelita R. Araneta, Atty. Antonio V. Viray, Ms. Susan R. Uianza, Ms. Edel Mary D. Vegamora
Jesus S. Jalandoni, Jr.	Independent Director	Corporate Governance Seminar (SEC required)	May 28, 2014	3	ROAM Inc.	Dr. Benjamin I. Espiritu
Teresita Ang See	Independent Director	Corporate Governance Seminar (SEC)	May 28, 2014	3	ROAM Inc.	Dr. Benjamin I. Espiritu
Mario J. Locsin	Independent Director	Corporate Governance Seminar (SEC)	May 28, 2014	3	ROAM Inc.	Dr. Benjamin I. Espiritu
Edgar J. Sia II	Director	Corporate Governance Seminar (SEC)	May 28, 2014	3	ROAM Inc.	Dr. Benjamin I. Espiritu
Tomas I. Alcantara	Independent Director	Corporate Governance Seminar (SEC)	May 28, 2014	3	ROAM Inc.	Dr. Benjamin I. Espiritu
Luis Y. Benitez	Independent Director	Corporate Governance Seminar (SEC)	May 28, 2014	3	ROAM Inc.	Dr. Benjamin I. Espiritu
		Corporate Governance Seminar (BSP required)	September 18 & 19, 2014	16	Bankers Institute of the Philippines	Ms. Carmelita R. Araneta, Atty. Antonio V. Viray, Ms. Susan R. Uianza, Ms. Edel Mary D. Vegamora
Horatio S. Aycardo	Operations and Technology Segment Head	Corporate Governance Seminar (SEC)	May 28, 2014	3	ROAM Inc.	Dr. Benjamin I. Espiritu
		Corporate Governance Seminar (BSP required)	September 18 & 19, 2014	16	Bankers Institute of the Philippines	Ms. Carmelita R. Araneta, Atty. Antonio V. Viray, Ms. Susan R. Uianza, Ms. Edel Mary D. Vegamora
Eriene C. Lao	Information Systems Group Head	Sapphire Ticketing System User Training	July 2, 2014	3	H2 Consulting Services	H2 Consulting Services
Rose Margaret T. Cuatico	Compliance Group Head and Chief Compliance Officer	Meet and Greet (Risk Control and Compliance Officers)	March 24, 2014	3.5	PBCom ERMG & CG	PBCom ERMG & CG
		T24 Training	January 14, 2014	3.5	PBCom ISG	PBCom ISG
		BSP Compliance, Trust and Governance Rating Systems	November 7, 2014	7.5	Bankers Institute of the Philippines Inc.	Bankers Institute of the Philippines Inc.
		1st AML Officers Workshop: Raising the Bar of AML & Combating Terrorist Financing (CTF) Compliance	October 24-25, 2014	16	Association of Bank Compliance Officers - Anti-Money Laundering Officer (ABCOMP-AMLO)	Association of Bank Compliance Officers - Anti-Money Laundering Officer (ABCOMP-AMLO)

		FATCA Goes Live!	July 12, 2014	7.5	Bankers Institute of the Philippines Inc.	Bankers Institute of the Philippines Inc.
		ASEAN Corporate Governance Scorecard Workshop for Publicly Listed Companies	April 1, 2014	6	Institute of Corporate Directors, Inc.	Institute of Corporate Directors, Inc.
		Financial Wellness Seminar	October 15, 2014	1	PBCom PSAI & PruLife UK	PBCom PSAI & PruLife UK
		BEST (Building Excellence through Synergy and Teamwork) Compliance Group	January 10-11, 2014	20	PBCom - HRG TDAD	Ma. Victoria D. Romero & Ma. Glafel D. Almarez
Kevin R. Lynch	Consumer Finance Group Director	Identifying and Mitigating Risks in Consumer Loans Processes	May 3, 2014	8.5	Bankers Institute of the Philippines Inc.	Bankers Institute of the Philippines Inc.
Maria Teresita R. Dean	Credit Management Group Head	Philippine Financial Reporting Standards (PFRS) 9 Briefing	June 20, 2014	3	SGV & Co.	SGV & Co.
		Credit Risk Management	December 5, 2014	7.5	Bankers Institute of the Philippines Inc.	Bankers Institute of the Philippines Inc.
		Corporate Governance Seminar (BSP required)	September 18 & 19, 2014	16	Bankers Institute of the Philippines	Ms. Carmelita R. Araneta, Atty. Antonio V. Viray, Ms. Susan R. Uranza, Ms. Edel Mary D. Vegamora
Evelyn D. Vinluan	Chief Risk Officer	T24 Technical Walkthrough Sessions	March 31, 2014	7	PBCom ISG	PBCom ISG
		Meet and Greet (Risk Control and Compliance Officers)	March 24, 2014	3.5	PBCom - Compliance & RMG Faci	PBCom - Compliance & RMG Faci
		T24 Training	January 16, 2014	3.5	PBCom ISG	PBCom ISG
		Philippine Financial Reporting Standards (PFRS) 9 Briefing	June 20, 2014	3	SGV & Co.	SGV & Co.
Daniel L. Ang Tan Chai	Finance Group Head and Chief Finance Officer	Corporate Governance Seminar (SEC)	May 28, 2014	3	ROAM Inc.	Dr. Benjamin I. Espiritu
Maria Cristina M. Bonifacio	Human Resources Group Head	Corporate Governance Seminar (SEC)	May 28, 2014	3	ROAM Inc.	Dr. Benjamin I. Espiritu
Jeruel N. Lobien	Internal Audit Group Head and Chief Audit Executive	Corporate Governance Seminar (BSP required)	September 18 & 19, 2014	16	Bankers Institute of the Philippines	Ms. Carmelita R. Araneta, Atty. Antonio V. Viray, Ms. Susan R. Uranza, Ms. Edel Mary D. Vegamora
Jason J. Alba	Legal Services Group Head	Financial Wellness Seminar	October 15, 2014	1	PBCom PSAI & PruLife UK	PBCom PSAI & PruLife UK
Melissa Angela L. Henson	Marketing Group Head	P-ONE (PBCom On-boarding Program for New Employees)/PMS Module	January 8-10, 2014	3	PBCom Mixed Facilitators	PBCom Mixed Facilitators
Victor Q. Lim	Retail Banking Segment Head	Corporate Governance Seminar (SEC)	May 28, 2014	3	ROAM Inc.	Dr. Benjamin I. Espiritu
Armando A. Inabangan, Jr.	SME Banking Segment Head	EBS Trade Seminar: Credit Risk, Remedial & Litigations	March 11, 2014	4	PBCom Credit Mgt. Group & Legal Services Group	Bremel Guiao, Imelda See & Atty. Gabriel Corpuz
		Basics of International Trade	March 15, 2014	8	PBCom - EBS	Ms. Mercy G. Gamboa

Bremel Peter R. Guiao	SME Banking Segment Head	Corporate Governance Seminar (BSP required)	September 18 & 19, 2014	16	Bankers Institute of the Philippines	Ms. Carmelita R. Araneta, Atty. Antonio V. Viray, Ms. Susan R. Uianza, Ms. Edel Mary D. Vegamora
Helen G. Oleta	Treasury Segment Head	Philippine Financial Reporting Standards (PFRS) 9 Briefing	June 20, 2014	3	SGV & Co.	SGV & Co.
		BEST (Building Excellence through Synergy and Teamwork) Treasury Segment	January 25, 2014	9	PBCOM - HRG TDAD	Ma. Victoria D. Romero & Ma. Glofel D. Almarez
		Corporate Governance Seminar (BSP required)	September 18 & 19, 2014	16	Bankers Institute of the Philippines	Ms. Carmelita R. Araneta, Atty. Antonio V. Viray, Ms. Susan R. Uianza, Ms. Edel Mary D. Vegamora
		Basics of International Trade	March 15, 2014	8	PBCOM - EBS	Ms. Mercy G. Gamboa
Patrick D. Cheng	Trust & Wealth Management Group Head and Chief Trust Officer	Corporate Governance Seminar (SEC)	May 28, 2014	3	ROAM Inc.	Dr. Benjamin I. Espiritu

(c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

Name	Position Title	Training Title	Date	# of Hours	Training Partner	Name of Facilitator
Eric O. Recto	Chairman of the Board	Corporate Governance Seminar (SEC required)	May 28, 2014	3	ROAM Inc.	Dr. Benjamin I. Espiritu
Henry Y. Uy	Vice Chairman	Corporate Governance Seminar (SEC required)	May 28, 2014	3	ROAM Inc.	Dr. Benjamin I. Espiritu
Nina D. Aguas	President and CEO	Corporate Governance Seminar (SEC required)	May 28, 2014	3	ROAM Inc.	Dr. Benjamin I. Espiritu
Ralph C. Nubla, Jr.	Director	Corporate Governance Seminar (SEC required)	May 28, 2014	3	ROAM Inc.	Dr. Benjamin I. Espiritu
Bunsit Carlos G. Chung	Director	Corporate Governance Seminar (SEC required)	May 28, 2014	3	ROAM Inc.	Dr. Benjamin I. Espiritu
Patrick Sugito Walujo	Director	Corporate Governance Seminar (SEC required)	May 28, 2014	3	ROAM Inc.	Dr. Benjamin I. Espiritu
David L. Balangue	Independent Director	Corporate Governance Seminar (SEC required)	June 30, 2014	4	Securities and Exchange Commission	Securities and Exchange Commission
		Corporate Governance Seminar (BSP required)	September 18 & 19, 2014	16	Bankers Institute of the Philippines	Ms. Carmelita R. Araneta, Atty. Antonio V. Viray, Ms. Susan R. Uianza, Ms. Edel Mary D. Vegamora
Jesus S. Jalandoni, Jr.	Independent Director	Corporate Governance Seminar (SEC required)	May 28, 2014	3	ROAM Inc.	Dr. Benjamin I. Espiritu
Teresita Ang See	Independent Director	Corporate Governance Seminar (SEC)	May 28, 2014	3	ROAM Inc.	Dr. Benjamin I. Espiritu
Mario J. Locsin	Independent Director	Corporate Governance Seminar (SEC)	May 28, 2014	3	ROAM Inc.	Dr. Benjamin I. Espiritu
Edgar J. Sia II	Director	Corporate Governance Seminar (SEC)	May 28, 2014	3	ROAM Inc.	Dr. Benjamin I. Espiritu

Tomas I. Alcantara	Independent Director	Corporate Governance Seminar (SEC)	May 28, 2014	3	ROAM Inc.	Dr. Benjamin I. Espiritu
Luis Y. Benitez	Independent Director	Corporate Governance Seminar (SEC)	May 28, 2014	3	ROAM Inc.	Dr. Benjamin I. Espiritu
		Corporate Governance Seminar (BSP required)	September 18 & 19, 2014	16	Bankers Institute of the Philippines	Ms. Carmelita R. Araneta, Atty. Antonio V. Viray, Ms. Susan R. Uranza, Ms. Edel Mary D. Vegamora
Horatio S. Aycardo	Operations and Technology Segment Head	Corporate Governance Seminar (SEC)	May 28, 2014	3	ROAM Inc.	Dr. Benjamin I. Espiritu
		Corporate Governance Seminar (BSP required)	September 18 & 19, 2014	16	Bankers Institute of the Philippines	Ms. Carmelita R. Araneta, Atty. Antonio V. Viray, Ms. Susan R. Uranza, Ms. Edel Mary D. Vegamora
Eriene C. Lao	Information Systems Group Head	Sapphire Ticketing System User Training	July 2, 2014	3	H2 Consulting Services	H2 Consulting Services
Rose Margaret T. Cuatico	Compliance Group Head and Chief Compliance Officer	Meet and Greet (Risk Control and Compliance Officers)	March 24, 2014	3.5	PBCom ERMG & CG	PBCom ERMG & CG
		T24 Training	January 14, 2014	3.5	PBCom ISG	PBCom ISG
		BSP Compliance, Trust and Governance Rating Systems	November 7, 2014	7.5	Bankers Institute of the Philippines Inc.	Bankers Institute of the Philippines Inc.
		1st AML Officers Workshop: Raising the Bar of AML & Combating Terrorist Financing (CTF) Compliance	October 24-25, 2014	16	Association of Bank Compliance Officers - Anti-Money Laundering Officer (ABCOMP-AMLO)	Association of Bank Compliance Officers - Anti-Money Laundering Officer (ABCOMP-AMLO)
		FATCA Goes Live!	July 12, 2014	7.5	Bankers Institute of the Philippines Inc.	Bankers Institute of the Philippines Inc.
		ASEAN Corporate Governance Scorecard Workshop for Publicly Listed Companies	April 1-3, 2014	18	Institute of Corporate Directors, Inc.	Institute of Corporate Directors, Inc.
		Financial Wellness Seminar	October 15, 2014	1	PBCom PSAI & PruLife UK	PBCom PSAI & PruLife UK
		BEST (Building Excellence through Synergy and Teamwork) Compliance Group	January 10-11, 2014	20	PBCom - HRG TDAD	Ma. Victoria D. Romero & Ma. Glofel D. Almaraz
Kevin R. Lynch	Consumer Finance Group Director	Identifying and Mitigating Risks in Consumer Loans Processes	May 3, 2014	8.5	Bankers Institute of the Philippines Inc.	Bankers Institute of the Philippines Inc.
Maria Teresita R. Dean	Credit Management Group Head	Philippine Financial Reporting Standards (PFRS) 9 Briefing	June 20, 2014	3	SGV & Co.	SGV & Co.
		Credit Risk Management	December 5, 2014	7.5	Bankers Institute of the Philippines Inc.	Bankers Institute of the Philippines Inc.
		Corporate Governance Seminar (BSP required)	September 18 & 19, 2014	16	Bankers Institute of the Philippines	Ms. Carmelita R. Araneta, Atty. Antonio V. Viray, Ms. Susan R. Uranza, Ms. Edel Mary D. Vegamora

Evelyn D. Vinluan	Chief Risk Officer	T24 Technical Walkthrough Sessions	March 31, 2014	7	PBCom ISG	PBCom ISG
		Meet and Greet (Risk Control and Compliance Officers)	March 24, 2014	3.5	PBCom - Compliance & RMG Faci	PBCom - Compliance & RMG Faci
		T24 Training	January 16, 2014	3.5	PBCom ISG	PBCom ISG
		Philippine Financial Reporting Standards (PFRS) 9 Briefing	June 20, 2014	3	SGV & Co.	SGV & Co.
Daniel L. Ang Tan Chai	Finance Group Head and Chief Finance Officer	Corporate Governance Seminar (SEC)	May 28, 2014	3	ROAM Inc.	Dr. Benjamin I. Espiritu
Maria Cristina M. Bonifacio	Human Resources Group Head	Corporate Governance Seminar (SEC)	May 28, 2014	3	ROAM Inc.	Dr. Benjamin I. Espiritu
Jeruel N. Lobien	Internal Audit Group Head and Chief Audit Executive	Corporate Governance Seminar (BSP required)	September 18 & 19, 2014	16	Bankers Institute of the Philippines	Ms. Carmelita R. Araneta, Atty. Antonio V. Viray, Ms. Susan R. Uranza, Ms. Edel Mary D. Vegamora
Jason J. Alba	Legal Services Group Head	Financial Wellness Seminar	October 15, 2014	1	PBCom PSAI & PruLife UK	PBCom PSAI & PruLife UK
Melissa Angela L. Henson	Marketing Group Head	P-ONE (PBCom On-boarding Program for New Employees)/PMS Module	January 8-10, 2014	3	PBCom Mixed Facilitators	PBCom Mixed Facilitators
Victor Q. Lim	Retail Banking Segment Head	Corporate Governance Seminar (SEC)	May 28, 2014	3	ROAM Inc.	Dr. Benjamin I. Espiritu
Armando A. Inabangan, Jr.	SME Banking Segment Head	EBS Trade Seminar: Credit Risk, Remedial & Litigations	March 11, 2014	4	PBCom Credit Mgt. Group & Legal Services Group	Bremel Guiao, Imelda See & Atty. Gabriel Corpuz
		Basics of International Trade	March 15, 2014	8	PBCom - EBS	Ms. Mercy G. Gamboa
Bremel Peter R. Guiao	SME Banking Segment Head	Corporate Governance Seminar (BSP required)	September 18 & 19, 2014	16	Bankers Institute of the Philippines	Ms. Carmelita R. Araneta, Atty. Antonio V. Viray, Ms. Susan R. Uranza, Ms. Edel Mary D. Vegamora
Helen G. Oleta	Treasury Segment Head	Philippine Financial Reporting Standards (PFRS) 9 Briefing	June 20, 2014	3	SGV & Co.	SGV & Co.
		BEST (Building Excellence through Synergy and Teamwork) Treasury Segment	January 25, 2014	9	PBCom - HRG TDAD	Ma. Victoria D. Romero & Ma. Glofel D. Almaraz
		Corporate Governance Seminar (BSP required)	September 18 & 19, 2014	16	Bankers Institute of the Philippines	Ms. Carmelita R. Araneta, Atty. Antonio V. Viray, Ms. Susan R. Uranza, Ms. Edel Mary D. Vegamora
		Basics of International Trade	March 15, 2014	8	PBCom - EBS	Ms. Mercy G. Gamboa
Patrick D. Cheng	Trust & Wealth Management Group Head and Chief Trust Officer	Corporate Governance Seminar (SEC)	May 28, 2014	3	ROAM Inc.	Dr. Benjamin I. Espiritu

B. CODE OF BUSINESS CONDUCT & ETHICS

3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

Human Resources Group of the Bank conduct lifestyle checking of officers and employees of the Bank as part of their core functions. The Bank also required directors and officer to disclose Outstanding Obligations and Equity Holdings annually.

Additionally, the Bank has in place policies on Whistle Blowing/Reporting of Crimes and Losses and Handling of Administrative Cases to support the monitoring of employees' compliance with the Code and implementation of sanctions as applicable

5) Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a family,⁴ commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
<i>P.G. Holdings, Inc.</i>	<i>Commercial/Business/Contractual</i>	<i>Mr. Lucio L. Co is the Chairman, President and shareholder of P.G. Holdings, Inc.</i>
<i>P.G. Holdings, Inc.</i>	<i>Commercial/Business/Contractual</i>	<i>Ms. Susan P. Co is a Director and shareholder of P.G. Holdings, Inc.</i>
<i>Telengtan Brothers and Sons, Inc. and Bunsit Carlos G. Chung</i>	<i>Commercial/Business/Contractual</i>	<i>Mr. Bunsit Carlos G. Chung is a director of Telengtan Brothers and Sons, Inc.</i>

C. BOARD MEETINGS & ATTENDANCE

2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
<i>Chairman</i>	<i>Eric O. Recto</i>	<i>7/26/11</i>	<i>14</i>	<i>14</i>	<i>100.00%</i>
<i>Vice Chairman</i>	<i>Leonardo B. Dayao</i>	<i>9/29/14</i>	<i>4</i>	<i>4</i>	<i>100.00%</i>
<i>Vice Chairman</i>	<i>Henry Y. Uy</i>	<i>7/18/86</i>	<i>14</i>	<i>14</i>	<i>100.00%</i>
<i>Member</i>	<i>Nina D. Aguas</i>	<i>8/29/12</i>	<i>14</i>	<i>13</i>	<i>92.86%</i>
<i>Member</i>	<i>Bunsit Carlos G. Chung</i>	<i>6/17/97</i>	<i>14</i>	<i>12</i>	<i>85.71%</i>
<i>Member</i>	<i>Lucio L. Co</i>	<i>9/29/14</i>	<i>4</i>	<i>4/4</i>	<i>100.00%</i>
<i>Member</i>	<i>Susan P. Co</i>	<i>9/29/14</i>	<i>4</i>	<i>2/4</i>	<i>50.00%</i>
<i>Member</i>	<i>Ralph C. Nubla, Jr.</i>	<i>3/24/82</i>	<i>14</i>	<i>14</i>	<i>100%</i>
<i>Member</i>	<i>Patrick Sugito Walujo</i>	<i>7/26/11</i>	<i>14</i>	<i>11</i>	<i>78.57%</i>
<i>Member</i>	<i>Gregorio T. Yu</i>	<i>7/26/11</i>	<i>14</i>	<i>13</i>	<i>92.86%</i>
<i>Independent</i>	<i>David L. Balangue</i>	<i>4/7/14</i>	<i>11</i>	<i>9</i>	<i>81.82%</i>
<i>Independent</i>	<i>Jesus S. Jalandoni, Jr.</i>	<i>1/28/13</i>	<i>14</i>	<i>13</i>	<i>92.86%</i>
<i>Independent</i>	<i>Levi B. Labra</i>	<i>10/24/14</i>	<i>3</i>	<i>3</i>	<i>100%</i>
<i>Independent</i>	<i>Roberto Z. Lorayes</i>	<i>10/24/14</i>	<i>3</i>	<i>3</i>	<i>100%</i>
<i>Independent</i>	<i>Emmanuel Y. Mendoza</i>	<i>12/19/14</i>	<i>1</i>	<i>1</i>	<i>100%</i>

⁴ Family relationship up to the fourth civil degree either by consanguinity or affinity.

7) Change/s in existing policies

Existing Policies	Changes	Reason
Enterprise Risk management	<p>In light of the recommendations from the review of the Bank's ERM Framework, the risk control function is now embedded in the business/operating line units. This is facilitated thru the Risk Control and Compliance Officer function (or RCCO) who acts as the liaison between the Risk Management and Compliance Groups and the business units. The RCCO's responsibility includes the following, among others:</p> <p>a. Facilitate effective risk management and compliance at the Business/Operating Unit level;</p> <p>b. Oversee the implementation of controls within the Business/Operating Unit to meet all regulatory and internal requirements;</p> <p>c. Monitor effectiveness of day-to-day controls, and coordinate the timely resolution of risk, compliance and audit issues.</p> <p>A policy and procedure on Control Validation was also put into place to strengthen integrity of the Risk and Control Self-Assessment process</p>	To strengthen the enterprise risk management structure and effectively manage risk across all banking units.

D. REMUNERATION MATTERS

3) Aggregate Remuneration

The director's per Diem as of Dec 31, 2014 is P21.788million.

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration			
(b) Variable Remuneration			
(c) Per diem Allowance		P21.788M	
(d) Bonuses			
(e) Stock Options and/or other financial instruments			
(f) Others (Specify)			
Total		P21.788M	

5) Remuneration of Management

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

Name of Officer/Position	Total Remuneration
Horatio S. Aycardo, Jr., EVP & COO (January – December 2014)	P39.9M
Emmanuel S. Santiago, EVP (January – December 2014)	
Victor Q. Lim, EVP (January – December 2014)	
Patrick Cheng, EVP & Chief Trust Officer (October – December 2014)	
Daniel Ang Tan Chai, EVP & CFO (January – December 2014)	

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Audit	0	2	2	yes	<i>The function of the Committee is oversight.</i>	<i>The Committee assists the Board in fulfilling its oversight responsibilities with respect to internal controls including financial reporting control and information technology security, accounting policies, and auditing and financial reporting practices</i>	<i>The Committee will have full access to the Bank's books, records, facilities, and personnel. The Committee has the authority and available funding to perform or supervise special investigations, to engage outside experts, including legal and accounting experts, and to incur administrative expenses in connection with fulfilling its obligations. The Committee will have the sole authority to approve fees and related terms of engagements for outside experts.</i>
Others (specify) Risk Oversight	1	3	2	yes	<i>Risk Oversight Committee has been established by the Board of Directors to assist it in the effective discharge of its function in overseeing the risk management program of the Bank, its subsidiaries and its trust unit. It is a critical component for the safe and sound operation of the Bank and a key element in achieving PBCOM's goals and objectives, optimizing growth and capital while minimizing losses to the Bank.</i>	<ul style="list-style-type: none"> • Review and recommend for approval by the BOD PBCOM's written risk management program to identify, measure, monitor and control the following risks: <ul style="list-style-type: none"> -Credit -Market -Interest Rate -Liquidity -Operational -Compliance -Strategic -Reputation • Review reports on risk exposures, recommend necessary actions and communicate risk management plan to concerned segment/group to address or reduce the risks. • Report to the BOD significant 	<i>The Risk Oversight Committee was established by the Board of Directors to approve and oversee the processes used to identify, evaluate and manage risk across the Bank for all categories of Risk.</i>

						<p>matters concerning risk exposures of the Bank including any BSP examination findings on unsafe and unsound banking practices and actions taken to manage those risks.</p> <ul style="list-style-type: none"> • Recommend a system of risk limits and authorities for approval by the BOD and any necessary changes to these limits and authorities. • Establish a monitoring system to ensure that limits set are observed and that immediate corrective actions are taken whenever limits are breached. • Evaluate the magnitude, direction and distribution of risk across the Bank and its subsidiary. • Ensure that business units provide for ongoing review and validation of the adequacy and soundness of risk management policies and practices. • Create and promote a risk culture that requires and encourages the highest standards of ethical behavior by risk managers and risk-taking personnel. 	
--	--	--	--	--	--	--	--

2) Committee Members

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Lucio L. Co	9/29/14	6	6	100.00	3 mos.
Member (NED)	Eric O. Recto (Vice Chairman)	7/26/11	22	13	59.10	3 yrs & 5 mos.
Member (NED)	Leonardo B. Dayao (Vice Chairman)	11/17/2014	3	3	100.00	1 mo.
Member (ED)	Nina D. Aguas	9/26/12	22	18	81.82	1 yr., 3 mos
Member (NED)	Ralph C. Nubla, Jr.	4/7/14	16	14	87.50	8 mos.
Member (NED)	Bunsit Carlos G. Chung	4/7/14	16	13	81.25	8 mos.
Member (NED)	Henry Y. Uy	4/7/14	16	16	100.00	8 mos.
Member (NED)	Mario J. Locsin *	12/19/11	15	12	80.00	2 yrs & 9 mos
Member (NED)	Gregorio T. Yu**	9/26/12	19	18	94.74	2 yrs & 1 mo.
Member (ID)	Imelda S. Singzon***	10/15/10	6	3	50.00	3 yrs. & 5 mos.
Member (ID)	Roberto M. Macasaet, Jr.***	10/15/10	6	6	100.00	3 yrs. & 5 mos.
Member (ID)	Raul O. Serrano***	10/15/10	6	6	100.00	3 yrs. & 5 mos.

*Resigned September 15, 2014

**Resigned as of November 17, 2014

***Resigned as of March 26, 2014

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Luis Y. Benitez	04/07/2014	11	11	100	8mos
Member (ID)	Emmanuel Y. Mendoza	12/19/2014	-na-	-na-	-na-	1mo
Member (ID)	Levi B. Labra	10/24/2014	3	3	100	2mos
Member (NED)	Bunsit Carlos G. Chung	07/26/2011	14	9	64	3yrs & 5mos
Member (NED)	Henry Y. Uy	09/26/2012	14	14	100	2yrs & 3mos
Chairman (ID)	Raul O. Serrano	10/15/10	3	3	100	4yrs & 5mos
Member (ID)	Teresita A. See	07/28/11	11	11	100	3yrs & 3mos
Member (NED)	Imelda S. Singzon	10/15/10	3	0	0	4yrs & 5mos

Disclose the profile or qualifications of the Audit Committee members.

Luis Y. Benitez*

He was elected Independent Director on April 07, 2014. He is a Director of ISM Communications Corp. Mr. Benitez is a Senior Adviser of SMIC for Internal Audit. Prior to joining SMIC, he was a Senior Partner of SyCip Gorres Velayo & Co., where he served as Vice Chairman and Head of the Assurance & Advisory Business Services. He is a member of the Makati Business Club, The Philippine British Business Council, and the Philippine Institute of Certified Public Accountants. Mr. Benitez holds a Master of Business Administration degree from New York University, Stern School of Business. He is a graduate of the Pacific Rim Bankers Program, University of Washington. He holds a Bachelor of Science in Business Administration degree, Major in Accounting from the University of the Philippines.

*Resigned on December 12, 2014

Emmanuel Y. Mendoza

He was elected Independent Director on December 19, 2014. He is the Managing Partner of Mendoza, Querido and Co. Mr. Mendoza started his career and spent 10 years with the Financial Services Group of the leading accounting firm in the Philippines, SyCip Gorres Velayo & Co. He was the Deputy Managing Partner of a local accounting firm and headed the Business Consulting and Tax Group for three years. He was also directly involved in banking operations, as First Vice President and Financial Controller of Global Business Bank. Mr. Mendoza also served as Global Business Bank's Deputy Compliance Officer and Liaison Officer with the Bangko Sentral ng Pilipinas and was a member of the Bank's Asset Liability Committee and the Operations and Compliance Committee.

Mr. Mendoza is a graduate of Bachelor in Business Administration in Accountancy from the University of the Philippines and took his Master in Management from the Asian Institute of Management. He is a Certified Public Accountant and is a member of the Philippine Institute of Certified Public Accountants (PICPA) and the Association of Certified Public Accountants in Public Practice (ACPAPP). He is also a member of the Bank Institute of the Philippines.

Levi B. Labra

He was elected Independent Director on October 24, 2014. Mr. Labra is a Director of Cosco Capital, Inc.. He was the former Director for Customer Business Development for the Asia Pacific Region of Procter and Gamble Distributions, Inc. He was with P & G for 35 years and involved himself in sales management, distributor operations, logistics, forecasting, among others. He is a graduate of San Carlos University with a Bachelor of Science in Business Administration.

Henry Y. Uy

He was elected Director on July 18, 1986 and Vice Chairman of the Board on August 29, 2012. He is the Chairman of the Board of PBCOM Finance Corporation and Vice President of Echague Realty Corporation. In the past, he served as the Bank's President and CEO. He graduated magna cum laude in Business Administration and has an MBA from De La Salle University.

Bunsit Carlos G. Chung

He was elected Director on June 17, 1997. He is President of Supima Holdings, Inc., and Director of Hambrecht & QUIST (Phils.), La Suerte Cigar & Cigarette Factory, Century Container Corporation, Bicutan Container Corporation, Toson Foods Corporation and PBCOM Finance Corporation. He is also a member of the Board of Trustees of Xavier School Inc., Mother Ignacia National Social Apostolate Center, Seng

Guan Temple and Kim Siu Ching Family Association. Mr. Chung has a degree in Economics from De La Salle University as well as an MBA from the University of Southern California.

Raul O. Serrano*

He was elected Independent Director on October 15, 2010. In the past, he was a member of the Board of Trustees of the Government Service Insurance System. He held various managerial positions in Solidbank Corporation and Allied Banking Corporation until retirement. He holds a degree in Bachelor of Science in Commerce major in Finance from Ateneo de Naga University.

**Resigned on March 26, 2014.*

Imelda S. Singzon*

Currently, she is Executive Vice President for Examination and Resolution Sector of the Philippine Deposit Insurance Corporation. In the past, she was Independent Director of Export Industry Bank, First Senior Vice President of the Philippine National Bank, Vice President of New York-based First Philippine Fund, a director in various government corporations such as the National Food Authority, Livelihood Corporation, Fertilizer and Pesticides Authority. She holds a degree in Bachelor of Science in Statistics as well as a Certificate in Development Economics (with distinction) from the University of the Philippines.

**Resigned on March 26, 2014.*

Teresita A. See*

She was elected Independent Director on October 15, 2010. Her experience broadly encompass that of being an educator and resource person, author, cultural and social development worker, peace and anti-crime advocate. She was founding President of Kaisa Para sa Kaunlaran, a Chinese-Filipino NGO, President of Kaisa Heritage Center which houses Bahay Tsinoy, Secretary Treasurer of International Society for the Study of Chinese Overseas (ISSCO). Visiting Lecturer at Ateneo de Manila University, Spokesperson of Citizens Action Against Crime (CAAC), and the Founding Chairperson of Movement for Restoration of Peace and Order (MRPO). She is also the Chairman of Philippine National Police Foundation. She obtained her A.B. Political Science As well as a Masters degree in Asian Studies (candidate) from the University of the Philippines.

**Resigned on October 24, 2014.*

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

1. *The Committee has direct responsibility to select and appoint the external auditors. Annually, the Committee will recommend that the Board request shareholder ratification of the appointment of the external auditors. The external auditors are to report to the Committee. The Committee also has the responsibility to evaluate and, when appropriate, to remove the external auditors. If the external auditor resigns or communicates an intention to resign, the Audit Committee should follow up on the reasons/explanations giving rise to such resignation and consider whether it needs to take any action in response to those reasons. The Committee is responsible for setting the compensation of the external auditors, and the Committee shall periodically review the fees charged by the external auditors for all audit services and permitted audit-related, tax and other services.*
2. *The Committee shall appoint, dismiss and re-appoint external auditors based on fair and transparent criteria such as:*
 - a. *core values, culture and high regard for excellence in audit quality,*
 - b. *technical competence and expertise of auditing staff,*
 - c. *independence,*
 - d. *effectiveness of the audit process, and*
 - e. *reliability and relevance of the external auditor's reports.*
3. *The Committee will ensure that the internal and external auditors act independently from each other and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions.*
4. *The Committee shall regularly review and monitor the external auditor's technical competence, independence, objectivity and overall effectiveness of the external audit process. The Committee is responsible for oversight of the external auditors' work as it pertains to the audit of the Bank's financial statements and related disclosures, control evaluations and other audit or attest services. The Committee will discuss with the external auditors the overall scope and plans for their audit, including the adequacy of staffing and it will continually engage the external auditor on matters concerning audit quality. The external auditors will also report to the Committee on the results of the audit, and the Committee will discuss any management or internal control letter issued or proposed to be issued by the external auditors. The Committee shall establish a system that addresses, in a timely and effective manner any findings of fraud or error on the financial statements.*

5. *In assessing the effectiveness of the external auditor's work, the Audit Committee should closely coordinate with the external auditor during all phases of the external audit engagement, as follows:*
 - a. *It should discuss and agree to the terms of the engagement letter issued by the external auditor prior to the approval of the engagement. Where relevant, the engagement letter should reflect changes in circumstances relevant to the external audit;*
 - b. *It should obtain an understanding of the scope and audit approach which shall be adopted by the external auditor for purposes of meeting the Bank's financial reporting requirements;*
 - c. *It should ascertain and take steps to address the major areas of concern identified by the external auditor during the course of its audit. These issues may cover significant accounting estimates, valuation methodologies and accounting policies adopted;*
 - d. *It should review management representation letters before these are transmitted to the external auditor to ensure that items in the letter are complete and appropriate;*
 - e. *It should assess the extent of cooperation provided by the Bank's management during the conduct of the external audit; and*
 - f. *It should understand and duly assess the external auditor's opinion regarding the capability of Bank management and the adequacy of accounting/ information systems to comply with financial and prudential reporting responsibilities.*
6. *The Committee will ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts.*
7. *The Committee will receive from the external auditors written disclosures about their independence and discuss with them any factors that might detract from their independence. Public accountants will not be independent if, at any point during the audit and professional engagement period, any audit partner earns or receives compensation based on that partner's procuring engagements with the Bank to provide any services other than audit, review, or attest services. The lead and concurring partner must rotate after five years and be subject to a five-year "time-out" period after rotation. Audit partners, other than the lead and concurring partner, will be subject to rotation and time-out periods as prescribed by regulation.*
8. *The Committee is responsible for the pre-approval of all audit and permitted non-audit services performed by the external auditors, and the Committee will not engage the external auditors to perform the specific non-audit services prescribed by law or regulation. The Committee may delegate authority for the pre-approval of all audit and non-audit services to a member of the Committee. All such approvals will be reported at the next subsequent Committee meeting. As an alternative to pre-approving each non-audit service, the Committee may establish and disclose policies and procedures for pre-approval, provided they are consistent with requirements of applicable laws and regulations. The Committee will review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the corporation's overall consultancy expenses.*
9. *The Committee will disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, will be disclosed in the Bank's annual report.*
10. *The Committee will require the external auditors to certify annually that they are in compliance with all applicable legal and regulatory requirements including those addressing rotation of lead and concurring partners, provisions of prohibited services, document retention, and the submission of timely reports.*
11. *The Committee will prohibit management from hiring as a manager overseeing financial reporting matters of the Bank, any person who was employed by the external auditors and was the lead partner, concurring partner, or any other member of the audit engagement team who provided more than ten hours of audit, review or attest services for the Bank within the one-year period preceding the commencement of the audit of the current year's financial statements.*
12. *The Committee will review with the external auditors any audit problems or difficulties and management's response and will consider disagreements between management and the external auditors, if any arise, and oversee any process for resolution.*
13. *In order to reinforce the Audit Committee's effectiveness in performing its key role in strengthening corporate governance, the Audit Committee shall maintain effective communication channels with the external auditor through regular and structured dialogues in the course of the external audit. Such communications should focus on the key accounting or auditing issues that, in the external auditor's judgment, give rise to a greater risk of material misstatement in the financial reports, as well as other external audit concerns of the Audit Committee. On a regular basis, meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately. During regular meetings of the Audit Committee, matters that may be raised include audit findings that would impact on the Bank's compliance with regulatory requirements, disclosures and other accounting concerns.*

(b) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Jose P. Leviste, Jr. *	9/26/12	4	3	75	1 yr & 6 mos
Member (NED)	Mario J. Locsin **	4/7/14	4	4	100	5 mos.
Member (NED)	Eric O. Recto	7/26/11	12	10	83	3 yrs & 5 mos
Member (NED)	Ralph C. Nubla, Jr.	7/26/11	12	12	100	3 yrs & 5 mos
Member (ID)	Raul O. Serrano ***	10/28/10	4	4	100	3 yrs & 5 mos
Member (ID) Chairman (ID) (4/1/14-10/21/14)	Teresita Ang See ****	10/28/10	11	10	91	4 yrs
Member (NED)	David L. Balangue	5/26/14	8	6	75	7 mos.
Chairman (ID)	Roberto Z. Loraves	12/18/14	1	1	100	1 mo.
Member (NED)	Leonardo B. Dayao	12/18/14	1	0	0	1 mo.

*resigned March 2014

** resigned Sept 2014

*** resigned March 26, 2014

****resigned Oct 2014

(c) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Jose P. Leviste, Jr. *	9/26/12	4	3	75	1 yrs & 6 mos
Member (NED)	Mario J. Locsin **	4/7/14	4	4	100	5 mos.
Member (NED)	Eric O. Recto	7/26/11	12	10	83	3 yrs & 5 mos
Member (NED)	Ralph C. Nubla, Jr.	7/26/11	12	12	100	3 yrs & 5 mos
Member (ID)	Raul O. Serrano ***	10/28/10	4	4	100	3 yrs & 5 mos
Member (ID) Chairman (ID) (4/1/14-10/21/14)	Teresita Ang See ****	10/28/10	11	10	91	4 yrs
Member (NED)	David L. Balangue	05/26/14	8	6	75	7 mos.
Chairman (ID)	Roberto Z. Loraves	12/18/14	1	1	100	1 mo.
Member (NED)	Leonardo B. Dayao	12/18/14	1	0	0	1 mo.

(d) Others (Specify) Risk Oversight Committee

Provide the same information on all other committees constituted by the Board of Directors:

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	David L. Balangue	4/7/14	9	9	100	8 mos.
Member (ID)	Jesus S. Jalandoni Jr.	4/7/14	9	8	89	8 mos.
Member (ID)	Luis Y. Benitez Jr. *	4/7/14	9	7	78	8 mos.
Member (NED)	Ralph C. Nubla, Jr.	6/23/13	22	21	95	4 yrs. & 2 mos.
Member (NED)	Henry Y. Uy	6/23/13	22	22	100	2 yrs.
Member (ED)	Nina D. Aguas	6/23/13	22	18	82	2 yrs.
Chairman (ID)	Roberto M. Macasaet, Jr.	6/23/13	13	11	85	3 yrs. & 5 mos.
Member (NED)	Bunsit Carlos G. Chung	6/23/13	13	13	100	2 yrs. & 8 mos.

Member (NED)	Gregorio T. Yu	6/23/13	13	5	38	2 yrs. & 8 mos.
Member (ID)	Imelda S. Singzon	6/23/13	13	5	38	3 yrs. & 5 mos.

*Resigned on December 12, 2014

**Reckoned from date of initial appointment as ROC Member

3) Changes in Committee Members

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

Name of Committee	Name	Reason
Audit Committee	Raul O. Serrano	Exit from PDIC Financial Assistance Agreement (FAA)
	Imelda S. Singzon	Exit from PDIC Financial Assistance Agreement (FAA) t
	Teresita Ang See	Focus on other business interest.
	Luis Y. Benitez	Focus on other professional commitments.
Governance Committee	Jose P. Leviste	Resignation – March 2014
	Raul O. Serrano	Resignation – March 2014
	Mario J. Locsin	Resignation – September 2014
	Teresita Ang See	Resignation – October 2014
	Roberto Z. Loraves	Appointed December 2014
	Leonardo B. Dayao	Appointed December 2014
Risk Oversight Committee	Dir. David L. Balangue, Dir. Jesus Y. Jalandoni Jr. and Dir. Luis Y. Benitez Jr. replaced Dir. Roberto M. Macasaet Jr., Dir. Imelda S. Singzon and Dir. Carlos G. Chung.	<p>Dir. Roberto M. Macasaet and Dir. Imelda S. Singzon resigned from PBCOM's Board of Directors on March 26, 2014 following the Bank's exit from the financial support of the Philippine Deposit Insurance Corporation (PDIC) under the Financial Assistance Agreement.</p> <p>At the Organizational Meeting of the Board of Directors of the Company held immediately after the Annual Meeting of Stockholders on April 7, 2014, Dir. David L. Balangue was elected Chairman whereas Dir. Jesus Y. Jalandoni Jr., Dir. Luis Y. Benitez, Jr. Dir. Ralph Nubla Jr., Dir. Henry Y. Uy and Dir. Nina D. Aguas were elected members of the Risk Oversight Committee (ROC).</p> <p>Dir. Luis Y. Benitez, Jr. resigned from the Board of Directors on December 12, 2014.</p>

4) Work Done and Issues Addressed

Name of Committee	Work Done	Issues Addressed
Audit	<ul style="list-style-type: none"> Reviewed and approved the 2014 Audit Plan & Budget and related status updates. Approved Audit Policy, Audit Charter and Core Audit Manual updates Assessed 2013 Audit Performance 	Oversight over the Audit Function
	<ul style="list-style-type: none"> Reviewed and approved updates to the Audit Committee Charter Reviewed the 2013 Audited Financial Statements Reviewed the ongoing audit of the 2014 Financial Statements Performed 2013 Self-Assessment Reviewed the 2013 BSP Final Report of Examination Reviewed the 2014 BSP Advance Findings and Bank's Replies Reviewed the Early Adoption of PFRS 9 	Regulatory and/or leading practices

	<ul style="list-style-type: none"> • <i>Various instructions and directives</i> 	<p><i>These relate to risk management, policy, training, business continuity & disaster recovery, human resource, process improvement, accounting & reconciliation, legal, taxes, regulatory, compliance, financial reporting, operational, security and business issues.</i></p>
	<ul style="list-style-type: none"> • <i>Reviewed Credit Review, Business Center, Head Office and Information Systems audit reports and the results of special investigations/incident reports (if any)</i> 	<p><i>Operational and ethical</i></p>
	<ul style="list-style-type: none"> • <i>Reviewed outstanding internal audit issues, comparative audit ratings, ratings profiles and common risk issues</i> 	<p><i>Risk management and operational</i></p>
	<ul style="list-style-type: none"> • <i>Reviewed and approved the 2014 Audit Plan & Budget and related status updates.</i> • <i>Approved Audit Policy, Audit Charter and Core Audit Manual updates</i> • <i>Assessed 2013 Audit Performance</i> 	<p><i>Oversight over the Audit Function</i></p>
Nomination	<ul style="list-style-type: none"> • <i>Review of qualifications & confirmation of appointment and promotions of senior officers</i> 	<p><i>Qualifications/disqualifications of senior officers</i></p>
Risk Oversight	<ul style="list-style-type: none"> • <i>Review the Bank's Risk Management Structure</i> • <i>Oversee and confirm significant activities of the Enterprise Risk Management/ICAAP Group</i> • <i>Review and Update of Policies and Procedures</i> • <i>Analysis and confirmation of results of reviews or assessments made by RMG and other units</i> 	<ul style="list-style-type: none"> • <i>Commented and approved the revisions made on the Risk Oversight Committee (ROC) and Enterprise Risk Management Group (ERMGM) Charters based on ERMGM's annual review to align them with pertinent BSP circulars and memorandums.</i> • <i>Evaluated, commented and approved the revisions to the Market & Liquidity Risk Management Policy & Process covering Maximum Cumulative Outflow (MCO); Liquidity Funding Concentration; Value-at-Risk Policy; Interest Rate Risk Management and Market & Liquidity Risk Assessment Matrix.</i> • <i>Evaluated, commented and approved the 2015 Trust & Wealth Management Group (TWMGM) Internal Risk Limits and the 2015 key risk indicators of the Trust and Wealth Management business.</i> • <i>Evaluated, commented and endorsed for approval of the Board the Updated Bankwide Business Continuity Plan.</i> • <i>Evaluated, commented and noted the risk profile of the Bank's system and applications as of June 30, 2014.</i> • <i>Evaluated, commented and endorsed for approval of the Board the Holistic Risk Appetite levels for 2015.</i> • <i>Evaluated, commented and approved the VaR policy and process revisions.</i> • <i>Evaluated, commented and approved the amendments to delegated limits and updating of person-specific delegated authorities for Consumer Lending.</i> • <i>Evaluated, commented & upheld the periodic credit risk management assessment reports.</i> • <i>Evaluated, commented & upheld the periodic Trust Risk assessment/Dashboard report.</i> • <i>Evaluated, commented & upheld the periodic reports on Internal Operational Loss Database.</i> • <i>Evaluated, commented & noted the reports on the results of the T24 Parameter review.</i> • <i>Evaluated, commented & upheld the periodic Information System Risk assessment/Dashboard reports.</i> • <i>Evaluated, commented & upheld the periodic</i>

		<p><i>Market Risk assessment reports.</i></p> <ul style="list-style-type: none"> • <i>Evaluated, commented & upheld the results of the Enterprise Risk Management Group's Risk Control Self-Assessment report as of June 2014.</i> • <i>Evaluated, commented & upheld the periodic reports of the Bank's Legal Cases Profile.</i> • <i>Evaluated, commented & upheld the ATM Unit update in line with the BSP proposed specific controls to mitigate exposure from ATM skimming attacks (as indicated in BSP Memorandum No. M-2014-040).</i> • <i>Evaluated, commented & noted the periodic status updates on outstanding issues on the core banking system (T24) migration.</i> • <i>Evaluated, commented and approved the policy on classification and provisioning of Consumer Loans.</i> • <i>Evaluated, commented & upheld the results of impairment testing of the Bank's Unquoted Debt Securities Classified as Loans.</i> • <i>Evaluated, commented & noted the presentation of the Moody's Credit Rating System.</i> • <i>Evaluated, commented & upheld the periodic reports of the Bank's Profile of Complaints.</i> • <i>Evaluated, commented and approved the policy on approval matrix on fraud related losses.</i> • <i>Evaluated, commented & noted the presentation of the Moody's Credit Rating System.</i> • <i>Evaluated, commented & upheld the periodic reports of the Bank's Profile of Complaints.</i> • <i>Evaluated, commented and approved the policy on approval matrix on fraud related losses.</i> • <i>Evaluated, commented and approved the updated Operations Committee (OPCOM) Charter and Policies & Procedures Manual.</i> • <i>Evaluated, commented and approved the policy on Approving Authorities and Approval Limits for Treasury Operations and Cash Management 37 Services.</i> • <i>Evaluated, commented & upheld the minutes of the ICAAP Steering Committee Reports.</i> • <i>Evaluated, commented & upheld the periodic Liquidity Risk assessment reports.</i> • <i>Evaluated, commented & noted the CFO's presentation on the Financial Asset Classification and highlights of the Business Model under PFRS 9.</i> • <i>Approved the timeline for the regularization of risk related policies based on the recommended priority level.</i> • <i>Evaluated, commented and approved the amendments to the Risk Management Guidelines for Trust and Other Fiduciary Business and Investment Management Activities</i> • <i>Evaluated, commented and approved the alignment of credit limits of the Enterprise Banking Group (EBG) head and division/region heads with their counterparts in Credit Management Group (CMG), the adjustments in the proposing and approving limits of ranking officers, updating of designations to align with the existing Table of Organization, and revisions on various provisions in the policy on Commercial Lending.</i>
--	--	--

- *Evaluated, commented & noted the Chief Information Security Officer's report on the result of the external vulnerability assessment and the new guidelines on data classification and handling.*
- *Evaluated, commented & upheld the periodic ICAAP monitoring reports.*
- *Evaluated, commented & noted the Financial Risk Assessment of PFRS 9 – Phase 1. The report provides the financial risk-based assessment to the Bank's adoption of PFRS 9 highlighting only the Phase 1 "Classification & Measurement Standard" among the 3 phases of the said accounting standard.*
- *Evaluated, commented and approved 38 the amended policies on Condonation of Penalty/interest approval authority and limits of Convenience Segment Head, Rewrite Requirements and Top-Up Program RAC , Verification and Documentation Requirements.*
- *Evaluated, commented and approved the amended policies on Classification and Managing Large Exposures and Credit Risk Concentrations, revisions in the industry classification of the Bank by adopting the 2009 Philippine Standard Industry Classification (PSIC) and replacing the previous 1994 PSIC deletion of several provisions particularly on submission of sensitivity analysis, proper disclosure of Exit Industries, and updating of Listing of Industry Prospects.*
- *Evaluated, commented and approved the policy on Parameter Change Control covering all parameter changes initiated to: resolve a processing problem; enhance operational performance of an existing system, new functions or form; upgrades for acquired or in-house developed system or application; acquisition and maintenance of I.T. systems or resources; and set-up or changes related to development of new products or services.*
- *Evaluated, commented & upheld the periodic ICAAP monitoring reports on the Eight (8) Components of the Holistic Risk Appetite.*
- *Evaluated, commented & upheld the periodic Loan impairment assessment report.*
- *Evaluated, commented & upheld the periodic Stress-Test result of Trust and Wealth Management portfolio.*
- *Evaluated, commented and approved the policy revisions to the Liquidity Risk Management Process.*
- *Evaluated, commented and approved the policy revisions to the Liquidity Gap report cash flow assumptions.³⁹*
- *Evaluated, commented and approved revisions made to Credit Policies (CP) of the Bank on Credit Approval Process (CP#2), Transaction Medium - Offering Ticket (CP#4C), and Bills Purchased (CP#19).*
- *Evaluated, commented & noted the periodic reports on results of the Uniform Stress Testing for Credit and Market Risks*
- *Evaluated, commented and approved revisions made to the policy on Closure of CASA Accounts with Zero Balance.*
- *Evaluated, commented and approved revisions made to the existing Liquidity Contingency Funding*

		<p>Plan (LCFP).</p> <ul style="list-style-type: none"> • Evaluated, commented and approved the proposed 2014 Liquidity Risk Limits. • Evaluated, commented and approved the revisions to the Operational Losses and Key Risk Indicators Report (OLKRIR) which include the definition of thresholds, general and specific KRIs; establish the Red-Amber-Green (RAG) ratings as basis for escalation triggers and management action; and adopt the Corrective Action Plan (CAP) template as tracking tool for actionable items. • Evaluated, commented and approved the amendments to the Risk and Control Self-Assessment (RCSA) Guidelines covering the Risk Dictionary and severity rating specific to the Financial Impact of Operational Losses. • Evaluated, commented and approved the RCSA control validation guidelines. • Evaluated, commented and approved the revisions to the Legal Risk Management Manual which contains relevant provisions and internal controls pertaining to Collateral Registration under Legal Documentation. • Commented and noted the report on the call-tree testing result.⁴⁰ • Evaluated, commented and upheld the OPCOM approval of the proposed process for the encashment of Manager's Checks (MC) issued by the Cards and Operations Group, representing Personal Loans proceeds, at Branch level eliminating the process of having the issuing unit to have these MCs approved first before the Branches can encash. • Evaluated, commented and approved the revisions to the General Guidelines on Consumer Loan Financing credit policies covering Non-Targeted Business (High Risk); Use of Documented/Verified Income in Credit Line Setting (Credit Card Program); Amendment on Rewrite and Settlement Program and Approval Process (Granting of Credit Delegation). • Evaluated, commented and approved the policy on Segregation and Limitation of Functions of Trading Participants in accordance with the checklist requirement of SEC in applying for a Broker Dealer license. • Commented and noted the report on the risk profiles of Human Resource Group, Corporate Security, Operations Group, Cards and Loans Operations Group, Bank Properties Sales and Leases Group and Client Engagement Group. • Evaluated, commented and approved the policy on Delegated Approving Authorities for Treasury Segment. • Evaluated, commented and approved the amendments made to Credit Policy#2 to include the Credit Management Group (CMG) head as part of the approving authority for consumer loans. • Evaluated, commented and approved the amendments made to Market & Liquidity Risk process policy on Counterparty Credit Risk Earmarking and revisions on policy on Backtesting of the VAR Model.
--	--	---

		<ul style="list-style-type: none"> • Commented and noted ERMG's impact assessment report on PBCOM's compliance with the BASEL 41 3 standards on its Capital Ratios, Asset Quality • Commented and noted the report on the risk profiles of Premises, Logistics and Supply Chain Management Group and Legal Services Group. • Commented and noted the progress update on the resolution of issues raised in the 2013 BSP Advance Findings of Enterprise Risk Management/ICAAP Group. • Evaluated, commented and approved the revised policies and processes for market and liquidity risk management covering a) Value-atRisk (VAR): basis for Peso & Dollar Bonds inventory at deal date instead of Settlement date; Dollar denominated debt securities and FX Position will be expressed in PHP to consider the risk factors for the exchange rate between the domestic currency (PHP) against foreign currencies (USD and Third currencies); Inclusion of Parametric VAR definition; Course of action in the event the Board-approved VaR Limit will be exceeded; Responsibility and frequency of VaR measurement, monitoring and reporting b) Interest Rate Risk Management: Repricing assumptions used for Balance Sheet accounts and interest sensitivity to include assumption of ± 300, 400, and 500 bps interest rate movement for Earnings-at-Risk (EaR) and ± 300 and 500 bps for Economic Value of Equity (EVE). • Evaluated, commented and approved the policy on Debt Securities Price Sensitivity Testing. • Evaluated, commented and approved the revisions on the Bank's business continuity planning process covering PPM on BCP General Guidelines; BCP Testing Program; New Call Tree Guidelines. • Evaluated, commented and approved the proposed amendments on Credit Policy #s 2, 4-C, 4-D and 42 to include in the delegation of authority that of the GM of Baguio Business Center, and that the proposed limits are 42 subject for approval of the Executive Committee (ExCom) and the Offering Ticket Template, to reflect a more appropriate job title for the "risk specialist" function. • Evaluated, commented and approved the revised Information Security Group Key Risk Indicators. • Evaluated, commented and approved the minutes of the ICAAP Steering Committee meeting dtd 12/12/13. • Evaluated, commented and approved the Bank-wide Risk Profile. • Evaluated, commented and approved the 2014 ICAAP Document. • Evaluated, commented and approved the 2014 Information Security Plan
--	--	---

5) Committee Program

Name of Committee	Planned Programs	Issues to be Addressed
Audit	Quality Assurance and Improvement Program for 2014/2015	To validate the Audit Function's effectiveness in evaluating the Bank's governance, risk management and control processes.

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

PBCom recognizes that enterprise risk management is fundamental for its safe and sound operation and sustainable growth. It ensures business success through balanced risk and reward, operational excellence and conformance to the highest ethical standards and regulatory requirements.

Enterprise Risk Management in the bank is aligned to its business objectives and strategies. It operates at all levels and in all units of the bank that continually manage risk in an environment fostered by an appropriate governance structure, a strong "control culture" and a proactive process of identification, understanding, assessment and mitigation of all its material risks.

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

Overseeing the bankwide implementation of the risk management process and ensuring compliance with defined risk parameters is the Risk Oversight Committee (ROC). It is composed of members of the Board of Directors who possess adequate knowledge of the Bank's risk exposures. Directly reporting to the ROC is the Enterprise Risk Management Group (ERMG), a 43 distinct and independent unit in the bank whose responsibility is to enable the risk management process in the areas of Treasury, Credit, Operations, Trust and Information Security, and to develop and continually update the bank's risk management system.

The PBCOM Risk Oversight Committee charter mandates the review and revision of the risk management plan as needed to ensure its continued relevance, comprehensiveness and effectiveness. The charter also requires the ROC to assess the performance of the Chief Risk Officer (CRO) and the Enterprise Risk Management Group on an annual Basis.

ERMG received a composite rating of "Strong" in the latest (2013) Risk Oversight Committee assessment of ERMG's oversight of the management of risks inherent in the Bank's activities. A rating of "Strong" signifies that ERMG's mandate, organization structure, resources, methodologies and practices meet or exceed what is considered necessary, given the nature, scope, complexity and risk profile of the Bank and that it has consistently demonstrated highly effective performance, superior to generally accepted risk management practices

(c) Period covered by the review; 2014

(d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and

The PBCOM Risk Oversight Committee charter mandates the review and revision of the risk management plan as needed to ensure its continued relevance, comprehensiveness and effectiveness. The charter also requires the ROC to assess the performance of the Chief Risk Officer (CRO) and the Risk Management Group on an annual basis.

PBCOM's Risk Management Function Assessment Survey is an annual evaluation made by the members of the Risk Oversight Committee (ROC) to assess the effectiveness with which the Enterprise Risk Management Group (ERMG) demonstrates its ability to support the Bank's risk mission of developing risk awareness and a risk/return consciousness in order to protect deposits, preserve capital and ensure adequate return on capital. The ROC rates the Group in the areas of carrying out its mandate, its organizational structure, resources, methodologies and practices; and the manner of reporting its assessments and recommendations.

2) Risk Policy

Risk aggregation is a process of grouping correlated or similar identified negative events of all business units (i.e. an enterprise-wide scale), in order to obtain the Top Key Residual Risks of the Bank. It provides current risk information and an overall status of risks relevant to the management of the business, as of a certain cut-off date. Risk Names with High or Moderate Residual Risks items shall comprise the Top Key Residual Risks of the Bank.

The Top Key Residual Risks of the Bank are as follows:

Risk Exposure	Risk Management Policy	Objective
Operational Risk on: Deficiencies in Policies & Procedures	<p style="text-align: center;"><u>Action Plan</u></p> <ul style="list-style-type: none"> • Policy updating & enforcement for both procedure and products • Operational incident escalation process • Regular refresher training • Document Service Level Agreement for interdependencies between units. • Reporting/Disclosure through: Incident Reports, Monthly report of units on losses and risk indicators; Internal Audit Reports 	<p style="text-align: center;"><u>Risk Treatment</u></p> <p>Risk Avoidance and Risk Reduction</p>
Operational Risk on: Errors in Transaction Processing	<ul style="list-style-type: none"> • Adherence to policies & procedures • Improve and standardize business processes including timely report generation • Communication of policy and process changes • Resolution of any reported system issues • Performance metrics for accuracy in processing • Enforce internal controls e.g. Maker-Checker • Training and refresher seminars • Reporting/Disclosure through: Incident Reports, Monthly report of units on losses and risk indicators; Internal Audit Reports 	Risk Reduction
Operational Risk on: Non-conformance to other external regulations or ethical standards	<ul style="list-style-type: none"> • Monitor new circulars or regulations • Ensure dissemination of regulatory policies and procedures • Trainings to secure updates on recent developments in regulations • Reporting/Disclosure through: Incident Reports, Monthly report of units on losses and risk indicators; Internal Audit Reports 	Risk Reduction
Operational Risk on: Potential losses from dependability or readiness of hardware, software or utilities to provide regular service or continuous operation in contingencies	<ul style="list-style-type: none"> • Timely reporting of issues affective systems • Coordination between units on resolution of system issues • Upgrade or replacement of systems • Periodic system maintenance • Ensure presence of Business Continuity Plan (BCP) • Update BCP for e.g. emerging risks • Data back-up • Reporting/Disclosure through: Incident Reports, Monthly report of units on losses and risk indicators; Internal Audit Reports 	Risk Reduction
Operational Risk on: Errors or deficiencies in processing of transactions on the validity, propriety or absence of authorizations	<ul style="list-style-type: none"> • Improvement of Maker-Checker procedures • Monitor and regularize policy deviations • Embed controls in the system • Enhance or update system of limits and authorizations • Ensure compliance to existing procedures • Reporting/Disclosure through: Incident Reports, Monthly report of units on losses and risk indicators; Internal Audit Reports 	Risk Reduction

3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
---------------	---	--

<u>Operational Risk on:</u> <i>Deficiencies in Policies & Procedures</i>	<ul style="list-style-type: none"> • Residual Risk Rating through Inherent Risk Rating and Control Assessment • Reporting, recording and escalation through related Incident Reports, Loss Database, Operational Losses & Key Risk Indicators Report, and Reports on Crimes and Losses 	<p style="text-align: center;"><u>Action Plan</u></p> <ul style="list-style-type: none"> • Policy updating & enforcement for both procedure and products • Operationalize incident escalation process • Regular refresher training • Document Service Level Agreements for interdependencies between units • Reporting/Disclosure through: Incident Reports, Monthly report of units on losses and risk indicators; Internal Audit Reports
<u>Operational Risk on:</u> <i>Errors in Transaction Processing</i>	<ul style="list-style-type: none"> • Residual Risk Rating through Inherent Risk Rating and Control Assessment • Reporting, recording and escalation through related Incident Reports, Loss Database, Operational Losses & Key Risk Indicators Report, and Reports on Crimes and Losses 	<ul style="list-style-type: none"> • Adherence to policies & procedures • Improve and standardize business processes including timely report generation • Communication of policy and process changes • Resolution of any reported system issue • Performance metrics for accuracy in processing • Enforce internal controls e.g. Maker-Checker • Training and refresher seminars • Reporting/Disclosure through: Incident Reports, Monthly report of units on losses and risk indicators; Internal Audit Reports
<u>Operational Risk on:</u> <i>Non-conformance to other external regulations or ethical standards</i>	<ul style="list-style-type: none"> • Residual Risk Rating through Inherent Risk Rating and Control Assessment • Reporting, recording and escalation through related Incident Reports, Loss Database, Operational Losses & Key Risk Indicators Report, and Reports on Crimes and Losses 	<ul style="list-style-type: none"> • Monitor new circulars or regulations • Ensure dissemination of regulatory policies and procedures • Trainings to secure updates on recent developments in regulations • Reporting/Disclosure through: Incident Reports, Monthly report of units on losses and risk indicators; Internal Audit Reports
<u>Operational Risk on:</u> <i>Potential losses from dependability or readiness of hardware, software or utilities to provide regular service or continuous operation in contingencies</i>	<ul style="list-style-type: none"> • Residual Risk Rating through Inherent Risk Rating and Control Assessment • Reporting, recording and escalation through related Incident Reports, Loss Database, Operational Losses & Key Risk Indicators Report, Technology Risk Indicators Report and Reports on Crimes and Losses 	<ul style="list-style-type: none"> • Timely reporting of issues affective systems • Coordination between units on resolution of system issues • Upgrade or replacement of systems • Periodic system maintenance • Ensure presence of Business Continuity Plan(BCP) • Update BCP for e.g. emerging risk • Data back-up • Reporting/Disclosure through: Incident Reports, Monthly report of units on losses and risk indicators; Internal Audit Reports
<u>Operational Risk on:</u> <i>Errors or deficiencies in processing of transactions on the validity, propriety or absence of authorizations</i>	<ul style="list-style-type: none"> • Residual Risk Rating through Inherent Risk Rating and Control Assessment • Reporting, recording and escalation through related Incident Reports, Loss Database, Operational Losses & Key Risk Indicators Report, and Reports on Crimes and Losses 	<ul style="list-style-type: none"> • Improvement of Maker-Checker procedures • Monitor and regularize policy deviations • Embed controls in the system • Enhance or update system of limits and authorizations • Ensure compliance to existing procedures • Reporting/Disclosure through: Incident Reports, Monthly report of units on losses and risk indicators; Internal Audit Reports

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

Committee/Unit	Control Mechanism	Details of its Functions
Internal Audit Group	Validation of controls	<ul style="list-style-type: none"> • Periodic testing of adequacy and effectiveness of internal control system

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

- (b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;

Such statement is found in the Bank's 2014 Annual Report wherein the Audit Committee assists the Board of Directors in fulfilling its statutory and fiduciary responsibilities with respect to internal control among others.

2) Internal Audit

- (a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/ Auditing Firm	Reporting process
<i>Internal Audit is an independent appraisal function that examines and evaluates bank activities as a service to management and the Board of Directors. The mission of Internal Audit is to support officers and staff of the bank in the effective discharge of their responsibilities. To this end, Internal Audit will furnish them with analyses, recommendations, counsel and information concerning the activities examined.</i>	<i>Internal Audit's coverage and service extends to all Business and operating units of the bank as well as to its subsidiaries.</i>	<i>In-house</i>	<i>Jeruel N. Lobien, MBA, CPA, CIA, CFSA</i>	<i>A written report is prepared and issued by the Chief Audit Executive following the conclusion of each audit engagement. Copies of the reports are provided to appropriate parties. Concerned management receiving the report is responsible for ensuring that progress is made toward correcting any unsatisfactory conditions. Internal Audit is responsible for determining whether the action taken is adequate to resolve the audit findings. If the action is not adequate, Internal Audit will inform Bank Management of the potential risk and exposure in allowing the unsatisfactory condition to continue.</i>

- (d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

Name of Audit Staff	Reason
<i>Arleen C. Monterey</i>	<i>Transferred to Post-Credit Review</i>

(e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

Progress Against Plans	<i>The 2014 Plan was substantially met.</i>
Issues⁵	<i>There were no "Issues" pertaining to compliance matters during audit engagements that arose from adopting different interpretations as defined under this report.</i>
Findings⁶	<i>"Findings" were mostly composed of non-conformances manifesting certain lapses that generally points to operations risk.</i>
Examination Trends	<i>The audits generally point toward an emphasis on branches audit given the Bank's expansion through organic growth and acquisitions where significant expenditures have been incurred. As earlier discussed above, "findings" were mostly composed of non-conformances manifesting certain lapses that generally points to operations risk.</i>

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "Implementation."

Policies & Procedures	Implementation
<i>Annual Planning</i>	<i>Implemented</i>
<i>Deviations to the Annual Plan</i>	<i>Implemented</i>
<i>Annual Planning – Monitoring System</i>	<i>Implemented</i>
<i>Engagement Planning</i>	<i>Implemented</i>
<i>Performing and Supervising the Engagement</i>	<i>Implemented</i>
<i>Communicating the Results</i>	<i>Implemented</i>
<i>Monitoring Progress</i>	<i>Implemented</i>
<i>Monitoring Outstanding Audit Exceptions</i>	<i>Implemented</i>
<i>Management's Acceptance of Risk</i>	<i>Implemented</i>
<i>Understanding Business Risks, Internal Controls, and Governance Processes</i>	<i>Implemented</i>
<i>Working Papers</i>	<i>Implemented</i>
<i>Audit Rating System</i>	<i>Implemented. Revised in 2014</i>
<i>Audit Time and Project Management</i>	<i>Implemented</i>
<i>Code of Conduct in Fieldwork</i>	<i>Implemented</i>
<i>Measuring the Effectiveness of the Audit Process</i>	<i>Implemented</i>
<i>Review of the Audit Group</i>	<i>Implemented</i>
<i>Quality Assurance and Improvement Program</i>	<i>Defined. For implementation in 2015</i>
<i>Control Objectives and Guidelines for IS Audit</i>	<i>Implemented</i>
<i>Audit's Role in the System Development Lifecycle</i>	<i>Implemented</i>
<i>Personnel</i>	<i>Implemented</i>
<i>Training and Professional Development</i>	<i>Implemented</i>
<i>Performance Evaluation</i>	<i>Implemented</i>
<i>Audit's Role in the Business Continuity Plan</i>	<i>Defined and periodically tested.</i>
<i>Audit's Role after a Disaster</i>	<i>Defined and periodically tested.</i>

(g) Mechanism and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these

⁵"Issues" are compliance matters that arise from adopting different interpretations.

⁶"Findings" are those with concrete basis under the company's policies and rules.

transactions, limitation on the non-audit services that an external auditor may provide to the company):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
<p><i>External Audit. The Audit Committee Charter provides that:</i></p> <ul style="list-style-type: none"> • <i>The Committee has direct responsibility to select and appoint the external auditors... The Committee is responsible for setting the compensation of the external auditors, and the Committee shall periodically review the fees charged by the external auditors for all audit services and permitted audit-related, tax and other services.</i> • <i>The Committee shall appoint, dismiss and re-appoint external auditors based on fair and transparent criteria...</i> • <i>The Committee will ensure that the internal and external auditors act independently from each other...</i> • <i>The Committee will receive from the external auditors written disclosures about their independence and discuss with them any factors that might detract from their independence....</i> • <i>The Committee is responsible for the pre-approval of all audit and permitted non-audit services performed by the external auditors, and the Committee will not engage the external auditors to perform the specific non-audit services prescribed by law or regulation...</i> • <i>The Committee will disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence...</i> • <i>The Committee will prohibit management from hiring as a manager overseeing financial reporting matters of the Bank, any person who was employed by the external auditors and was the lead partner, concurring partner, or any other member of the audit engagement team who provided more than ten hours of audit, review or attest services for the Bank within the one-year period preceding the commencement of the audit of the current year's financial statements.</i> 			

(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

Chairman, President & CEO and Chief Compliance Officer

H. ROLE OF STAKEHOLDERS

1) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?
Yes. There is a section in the company's website under Corporate Governance which talks about the Bank's Corporate Social Responsibility

3) Performance-enhancing mechanisms for employee participation.

(a) What are the company's policy for its employees' safety, health, and welfare?

The Bank maintains a healthcare plan under an HMO for every Bank employee and one nominated dependent. The plan provides out-patient and in-patient benefits in HMO accredited hospitals and clinic up to a maximum benefit limit of P200,000.00 per illness per year.

(c) State the company's training and development programmes for its employees. Show the data.

For 2014, below table indicates the In-house training programs which were conducted for PBCom's employees arranged per training category.

2014 LEARNING & DEVELOPMENT CALENDAR		
CODE	TRAINING TITLE	DESCRIPTION

REGULATORY TRAININGS		
SigVer & CoDe	Signature Verification and Counterfeit Detection Seminars	<p>SigVer & CoDe is an eleven-hour module conducted by subject matter experts from NBI which aims to:</p> <ul style="list-style-type: none"> • Provide basic training and information to selected employees whose work requires an understanding of the basic principles of signature verification and counterfeit detection • Establish a pool of efficient verifiers familiar with signature comparison process and recognition of currency bills (foreign and local) who are able to detect possible fraudulent transactions involving fake signatures/ handwritings and currencies including the different kinds of forgery that may be encountered during regular official transactions
Corp. Gov.	Corporate Governance Course (Directors)	The Corporate Governance Course for Directors is a mandatory requirement for all Directors of the Bank as part of their qualifying requirements of BSP. Senior Officers are also included as this is part of best practice to have Senior Officers aware of and instill Corporate Governance.
ON-BOARDING ORIENTATION		
P-ONE	PBCom Orientation for New Employees	<p>The PBCom Orientation for New Employees or P-ONE has the following general objectives for participants:</p> <ul style="list-style-type: none"> • Acquire the necessary information they need to hit the ground running and work productively • Develop critical thinking about their work, which will inspire them to contribute
TA	BCOO: Training Academy	The BCOO Training Academy is a classroom training for newly-hired CRAs and BSAs. It is a 2-week training program conducted by BCOO SQ Trainers, supported by ROMs. The program consists of basic modules on tellering, new accounts, and maintenance functions of branches, business standards and cross-selling. At the end of the program is a commencement exercise where new hires are given a certificate of completion.
CIO	Corporate Image Orientation	<p>"PBCom Corporate Image Orientation (CIO) is an hour program that has the following general objectives for participants:</p> <ul style="list-style-type: none"> • Project and promote the institutional and professional image of the Bank • Define the uniform and corporate attire standards"
PBS-ST	PBS: On-boarding Orientation and Sales Training for New Hires	<p>A five-day training program that orient all new hires and employee transferees of Prosperity Banking Segment on the following topics:</p> <ul style="list-style-type: none"> • Business overview of the bank • Goals, KRAs, products and services of PBS • Functional scope and coordination done with other segments/groups (i.e. Enterprise Banking, SME Banking, Convenience Banking, BCOO) • Market Scanning and micro-marketing • Prospecting, networking and sales planning
CBS-PLT	CBS: On-boarding Orientation for New Hires (Personal Loan Training)	A ten-day orientation program that allows new hires of Convenience Banking Segment to learn the various products and services of the group (i.e. Personal Loan, House Loan, Auto Loan) through on-the-job training or business center immersion.
EBS-TMA	EBS: On-boarding Orientation for New Hires (Training for Marketing Assistant)	A five to ten-day orientation program of Enterprise Banking Segment for new-hired Marketing Assistant that aims to immerse MAs to different business centers within their region so they can learn and adapt effectively with the functional requirement of their job.
BEHAVIORAL AND MANAGEMENT TRAININGS		
BEST: Compliance	Compliance Group: Building Excellence through Synergy and Teamwork	<p>Compliance BEST is a two-day workshop that aim to deliver the following training outcomes:</p> <ul style="list-style-type: none"> • Alignment of each individual roles to the Top Goals of the group so each member can deliver the set goals effectively and efficiently • Setting of norms that will help each team member become efficient in facilitating meetings and cascading information • Examination of individual and team differences to make relationships better • Development of plans of action for Compliance members to become effective individuals and team.
BEST: Treasury	Treasury Segment: Building	Treasury BEST is a whole day workshop that aim to deliver the following training outcomes:

	<i>Excellence through Synergy and Teamwork</i>	<ul style="list-style-type: none"> • Alignment of each individual roles to the Top Goals of the group so each member can deliver the set goals effectively and efficiently • Examination of individual and team differences as well as feedback from other units of the bank to make relationships and processes better • Development of plans of action for Treasury members to become effective individuals and team.
LDP	<i>Leadership Development Program</i>	<p>The objectives of this 33-hour or 3-day Leadership Development Program are to help the participant:</p> <ul style="list-style-type: none"> • Appreciate the new realities and challenges of leadership in today's business enterprise • Enumerate the 7 significant roles a PBCom manager-leader must play to be effective • Get feedback on and gain practice of the prescribed leader behaviors, skills & attitudes underlying each role • Identify areas of personal strength and areas for improvement • Commit to a plan of action to improve oneself as a leader & apply learning back at work
TDAD LS	<i>TDAD Learning Session: 17 Essential Qualities of A Team Player</i>	A one-hour learning session conducted by HRG-Talent Development and Advancement Division that aims to present a clear analysis of the personal characteristics necessary for becoming an effective team player based on the book titled <i>The 17 Essential Qualities of A Team Player</i> by John C. Maxwell.
SME Teambuilding	<i>SME Banking Teambuilding</i>	A one-day teambuilding or summer outing conducted by SME Banking Segment that aims to discuss marketing sales updates for SME Quarterly Performance Report and continuously form camaraderie among teammates.
ARL	<i>Action Reflection Learning (ARL) Coaching Taster</i>	<p>A two-hour learning session that provide better understanding of ARL Team Coaching. At the end of the session, participants will gain learnings on the following aspects:</p> <ul style="list-style-type: none"> • Business: addressed 1 or 2 current business challenges; • Organization: identified how we can apply what we learned today and how we can learn more; • Team: acquired a few practical ways of better engaging our own team as well as our customers' teams; • Professional: a better understanding of ARL principles and tried out some ARL concepts and tools; • Personal: discovered more about ourselves and our colleagues.
TECHNICAL/JOB-SPECIFIC TRAININGS		
T C/P	<i>Trade Cash/Payment Workshop</i>	A six-hour training program for Enterprise Banking Segment Unit Heads that will furnish them with the complete budget allocations for 2014 and teach them how to properly accomplish Trade Questionnaire to be used for assessing corporate loans.
CFMT	<i>SME Banking: Cash Flow Management Training</i>	Cash Flow Management Training for Account Officers of the SME Banking Segment is a one day training program that teaches participants to analyze cash flow using bank statements and equip them also to analyze financial statements using financial ratios.
BCIT	<i>BCOO: Business Center Immersion Training</i>	<p>The objectives of branch immersion are as follows:</p> <ul style="list-style-type: none"> • Able for the participants to apply what they've learn to actual day-to-day scenarios in the branch • Evaluate the participants performance to determine their standing for regularization
CBS Rollout	<i>Convenience Banking Segment: Rollout</i>	<p>The objectives of this one-hour training program are to:</p> <ul style="list-style-type: none"> • Give an overview about Convenience Banking Segment and its Value Proposition to clients • Answer common questions of clients about Consumer Finance products and Cross-sell the same • Properly handle loan application referrals • Enable you to earn additional incentive while helping your clients, friends and PBCom reach their goals
TS: BIT	<i>Enterprise Banking Segment (EBS) Trade Seminar: Basics of International Trade</i>	<p>The specific objectives of this one day training program is to provide the participants proper and additional knowledge on International Trade including the following:</p> <ul style="list-style-type: none"> • Risks and Payment Methods including its process flow, basics consideration, preliminary arrangements, modes of settlement;

		<ul style="list-style-type: none"> • Familiarity on LC issuance requirements and; • Awareness on UCP 600 and proper trade document examination
TS: CRL	EBS Trade Seminar: Credit Policy, Remedial and Litigations	<p>This 4-hour training aims to enhance the knowledge of the participants on:</p> <ul style="list-style-type: none"> • Credit Policy which focuses on import LC process and documentation deferral • Updates on Legal trade bulletins and trade litigation learnings
RCCO	Meet & Greet: Risk, Control & Compliance Officers	<p>The specific objectives of this 4-hour training are to:</p> <ul style="list-style-type: none"> • Facilitate effective risk management and compliance at the Business/Operating Unit level • Oversee the implementation of controls within the Business/Operating Unit to meet all regulatory and internal requirements • Monitor effectiveness of day-to-day controls, and coordinate the timely resolution of risk, compliance and audit issues • Institutionalize Risk ownership within the business units
FOL	Fine-tuning Our Language	<p>A two-hour learning session which aims to clarify and simplify grammar concerns and sentence construction in English. Further, this workshop aims to help participants:</p> <ul style="list-style-type: none"> • Understand writing principles by analyzing and editing their actual emails, letters, and reports • Learn how to read like a writer by providing essential materials that would enhance their language, reading and listening skills and; • Review grammar and language through active class discussion and exercises
CTS	Credit Training Session: Securing the Homefront	<p>A two-hour training program designed to develop and equip the participants with the knowledge and awareness to determine and identify areas of possible current fraud trends within their functional responsibilities and respective businesses that can expose the institution to fraud risks, inclusive of financial and reputational risk.</p>
WMT	Wealth Management Training	<p>A comprehensive two-day training program that covers basic economics and investments and trust products and services. At the end of the program, participants undergo a UITF accreditation exam.</p>
ATM Recon	ATM Reconciliation	<p>A four-hour training which aims:</p> <ul style="list-style-type: none"> • To review the ATM Reconciliation process (full cycle) • To understand and be familiar with daily HPS Internal reports such as approved and rejected transactions • To identify valid payables and credit these to Cardholder's account using Debit without expense, Dispense without debit and Cash retracted
TCAF	BCOO: Training on Common Audit Findings	<p>A four-hour training conducted by BCOO Regional Operations Managers (ROMS) to educate business center personnel on the common audit findings rose in the business centers.</p>
FAS	Fraud Awareness Session	<p>A one and half hour learning session that informs and updates participants on the current fraud and cyber trends or schemes in the Banking institution.</p>
FWS	Financial Wellness Seminar	<p>A one-hour learning session initiated by PBCOM Insurance Services Agency Inc. (PISAI) in cooperation with Pru Life UK that enables participants to acquire additional knowledge and awareness on how to be in control of their work-life and financial wellness.</p>
CRT	Credit Refresher Training	<p>A two-hour training that aims to revalidate familiarity of Credit Investigators and Credit Officers on the Auto Loans policy and update them with the recent changes in CP2 and CP45.</p>
PRC-1st Aid	Philippine Red Cross: First Aid Training and Certification	<p>A one-day program aims to equip select bank employees with knowledge, skills and confidence in providing immediate care for another individual who gets injured or unexpectedly becomes ill. The training includes a series of lectures and actual demonstration in administering First Aid for sudden accidents or illnesses.</p>
SME Planning	SME Banking Segment: Budget Planning Session	<p>A eight-hour budget planning session of SME Banking Segment that aims to discuss the Team's 2014 Performance, establish their 2015 Goals and explain further current SME Products.</p>
SYSTEMS TRAININGS		
T-24 Immersion	T-24 Immersion Part 2	<p>This one-day training seeks to:</p> <ul style="list-style-type: none"> • Train the Subject Matter Experts (SMEs) of each branch for new and updated processes that were not covered during the first T24 Immersion

		<ul style="list-style-type: none"> Assist the SMEs in practicing the old processes taught during the first T24 Immersion (refresher)
T24-HPS	T-24 Training - HPS	This is a six-day training that seeks to provide users with hands-on exposure to the system for proper use of Powercard for Customer Care
T-24 System Training	T-24 System Training	<p>"The T-24 System Training aims to target the following objectives for participants:</p> <ul style="list-style-type: none"> Provide a venue to explore T24 functionalities thru practical learning Discover T24 modules and functionalities and be able to relate them to one's day-to-day work activities Be able to write high level test scenarios at the end of each module, which will also be the basis for UAT test cases"
BIR: LBDES	BIR: Local Bank Data Entry System Training	Local Bank Data Entry System (LBDES) is a BIR system, wherein branches encode all collections/tax returns for the day and transmit these to the branch assigned RDO. This 8-hour system navigation training is given to all the current and new users of the system.
DOC	Documentum Training	This is a 4-hour training that discusses the document management software called Documentum which provides management of document content system and a repository that stores all documents.
T-24 Technical	T-24 Technical Walkthrough Sessions	<p>T-24 Walkthrough Session is a 6-day systems training which primarily covers bank's new core operating system. It emphasizes the testing analysis and advancement of all T-24 software applications, including the following software used by respective segments/groups:</p> <ol style="list-style-type: none"> Business Center Operation and Revenue Generating Groups: Accounts, Teller, Deposits, Payments, Retail and Corporate Lending Governance Groups: AML Base 60 – Code Operation and Technology Group: Interfaces on ATM, Swift & RTGS Philpass, SSS and PCHC Other systems: FMS, Salary Crediting, BIR Interface <p>The session also intends to lead the bank's T-24 operating system in complying to all its requirements and to monitor possible risks that can affect the institution.</p>
AML B60	AML Base 60 Walkthrough Learning Session	A 2-hour/ 4-hour orientation on the basic functionalities of the AML Base 60 System
ET	Edgeconnect Training	A five-day system training that focuses in learning the functionalities of the EdgeConnect Web Tool. This training primarily instill to participants the proper use of the application which will be a partner tool in operating the T24 system.
TD	T-24 User Training: Time Deposit	A four-hour T-24 UAT that aims to walkthrough business center employees and support groups in the time deposit function of the system.
Sapphire	Sapphire Ticketing System User Training	<p>A nine-day system training on Sapphire Ticketing System that aims to:</p> <ul style="list-style-type: none"> Introduce to end-users the importance of the paperless ticketing system for service requests raised to ISG Educate end-users on the system procedures and policies that come with the ticketing system when raising service requests to ISG
CBT-UAT	Computer-Based Training: User Acceptance Testing	Computer-Based Training (CBT) is an interactive method of learning that provides a series of self-paced, hands-on, web-based courses. The PBCOM CBT will offer regulatory, management, supervisory and on-boarding training and development courses that can be effectively learned in this manner. These courses will contain modules for competency enhancement, human resource & culture management and business compliance.

For 2014, a total of 1,170 training hours were spent by the bank on its external training programs participated in by 71 Bank officers/employees.

EXTERNAL TRAININGS/ CERTIFICATIONS/ EXAMINATIONS FOR 2014	TOTAL PAX	TOTAL TRAINING HOURS	SEGMENTS/GROUPS
Effective Project Management Seminar	1	25	Business Center Operations Oversight
1st AML Officers Workshop: Raising the Bar of Anti-Money Laundering (AML)	3	48	Compliance Group

<i>and Combating Terrorist Financing (CTF) Compliance</i>			
<i>ASEAN Corporate Governance Scorecard Workshop for Publicly Listed Companies</i>	3	18	
<i>BSP Compliance, Trust and Governance Rating Systems</i>	2	15	
<i>Concentration Risk and Related Party Transactions Seminar</i>	1	7	
<i>FATCA Goes Live!</i>	3	22.5	
<i>Free Technical Session on Basic Fraud in Investment Banking</i>	1	3	
<i>Free Technical Session on Fraud Related Compliance</i>	1	3	
<i>1st National Summit on Cybercrime: "CRIMES WITHOUT BORDERS"</i>	1	18	
<i>Comprehensive Real Estate Appraisal Seminar (CREAS)</i>	1	135	
<i>Credit Analysis Seminar</i>	1	29	
<i>Credit Risk Management</i>	4	30	<i>Credit Management Group</i>
<i>Cybercrime Forum</i>	1	3.5	
<i>Fraud Risk Mgmt. and Forensics Technology Seminar</i>	1	15	
<i>30th Financial Modelling Masterclass</i>	1	16	
<i>31st Certified Internal Auditor (CIA) Seminar Series</i>	1	40	
<i>Advanced Credit Risk Management Program</i>	1	7.5	
<i>Advanced Enterprise and Operational Risk Management Program</i>	1	7.5	
<i>Asset Liability Management</i>	2	15	
<i>Concentration Risk and Related Party Transactions Seminar</i>	2	7.5	<i>Enterprise Risk Management Group</i>
<i>Credit Risk Management</i>	2	7.5	
<i>Identifying and Mitigating Risks in Consumer Loans Processes</i>	2	17	
<i>Introduction to Key Risk Indicators (KRI)</i>	1	7.5	
<i>Supervisory Expectation of ICAAP Implementation Seminar</i>	1	7.5	
<i>4 Disciplines of Execution Overview</i>	2	7	
<i>High Impact Presentation Skills that Matter</i>	1	7	
<i>Identify. Enable. Retain. Optimal Talent Management Solutions (Realizing ROI through Training)</i>	1	4	<i>Human Resources Group</i>
<i>Identify. Enable. Retain. Optimal Talent Management Solutions (The Art of Hiring Smart)</i>	1	4	
<i>Retirement Plan Set-up and Fund Administration Seminar</i>	1	4	
<i>Administering System Center 2012 Configuration Manager Training</i>	1	35	
<i>F5 Application Security Management Training: Configuring BIG-IP ASM v11</i>	2	80	<i>Information Systems Group</i>
<i>Fraud Risk Mgt and Forensics Technology Seminar</i>	1	7.5	
<i>The Fundamentals of IT Auditing Seminar</i>	1	24	
<i>Identifying and Mitigating Risks in Consumer Loans Processes</i>	2	17	
<i>Lean Six Sigma Tools for Internal Audit Fieldwork</i>	1	17	<i>Internal Audit Group</i>
<i>How to be an Effective Auditor-in-Charge</i>	1	15	
<i>2014 Annual Convention (ACI: Surpassing Challenges Together)</i>	6	144	
<i>Market Reading Seminar</i>	1	8	
<i>2014 MART Annual Convention</i>	2	32	<i>Treasury Segment</i>
<i>Market Reading Seminar</i>	1	8	
<i>2014 MART Annual Convention</i>	2	32	
<i>Treasury: A Front to Back Overview</i>	2	54	<i>Operations Group</i>
<i>63rd BAP Treasury Certification Program</i>	1	99	
<i>Standardized UITF Training Program</i>	2	22	<i>Trust and Wealth Management Group</i>
<i>Identifying and Mitigating Risks in Consumer Loans Processes</i>	1	8.5	<i>Convenience Banking Segment</i>
TOTAL (EXTERNAL)	71		

For 2014, a total of 30,790 training hours were spent by the bank on its in-house training programs participated in by 3,516 employees.

IN-HOUSE TRAININGS FOR 2014	TOTAL PAX	TOTAL # OF HOURS	SEGMENT/ GROUP/ DIVISION
Signature Verification Seminar	184	1,012	Various Segments/Groups
Counterfeit Detection Seminar	155	853	Various Segments/Groups
Corporate Governance Course	55	378	BOD & Senior Officers
P-ONE (PBCOM Orientation for New Employees)	222	5,320	Various Segments/Groups
BCOO: Training Academy	114	6,160	BCOO
Corporate Image Orientation	132	132	EBS, O&T
PBS: On-boarding Orientation and Sales Training for New Hires	26	896	Prosperity Banking Segment
CBS: On-boarding Orientation for New Hires (Personal Loan Training)	6	848	Convenience Banking Segment
EBS: On-boarding Orientation for New Hires (Training for MA)	3	120	Enterprise Banking Segment
BEST (Building Excellence through Synergy and Teamwork)	31	379	Compliance Group, Treasury Segment
LDP (Leadership Development Program)	45	1,372	Various Segments/Groups
TDAD Learning Session: 17 Essential Qualities of A Team Player	59	59	Human Resources Group
SME Banking Teambuilding	33	264	SME Banking Segment
Action Reflection Learning (ARL) Coaching Taster	7	14	Human Resources Group
Trade Cash/Payment Workshop	7	42	Enterprise Banking Segment
SME Banking: Cash Flow Management Training	25	200	SME Banking & Treasury Segments
BCOO: Business Center Immersion Training	13	1,776	BCOO
Convenience Banking Segment: Rollout	439	439	Various Segments/Groups
EBS Trade Seminar: Basics of International Trade	91	728	Various Segments/Groups
EBS Trade Seminar: Credit Policy, Remedial and Litigations	74	296	Various Segments/Groups
Meet & Greet: Risk, Control & Compliance Officers	57	200	Various Segments/Groups
Fine-tuning Our Language	24	48	CBS, CMG
Credit Training Session: Securing the Homefront	40	80	Convenience Banking Segment
Wealth Management Training	82	1,050	Various Segments/Groups
ATM Reconciliation	72	288	BCOO
BCOO: Training on Common Audit Findings	254	1,001	BCOO
Fraud Awareness Session	11	17	Prosperity Banking Segment
Financial Wellness Seminar	39	39	Various Segments/Groups
Credit Refresher Training	29	58	Convenience Banking Segment
Philippine Red Cross: First Aid Training and Certification	21	168	Various Segments/Groups
SME Banking Segment: Budget Planning Session	25	200	SME Banking Segment
T-24 Immersion Part 2	92	828	BCOO, PBS
T-24 Training – HPS	139	712	Various Segments/Groups
T-24 System Training	48	306	Various Segments/Groups
BIR: Local Bank Data Entry System Training	58	464	BCOO, ISG
Documentum Training	26	104	BCOO
T-24 Technical Walkthrough Sessions	81	567	Various Segments/Groups
AML Base 60 Walkthrough Learning Session	28	109	Various Segments/Groups
Edgeconnect Training	4	160	Information Systems Group
T-24 User Training: Time Deposit	419	1,676	Various Segments/Groups
Sapphire Ticketing System User Training	230	1,380	Various Segments/Groups
Computer-Based Training: User Acceptance Testing	16	48	Human Resources Group
TOTAL (IN-HOUSE)	3,516		

The combined Total Training Hours for In-house and External Training Programs is 31,960. Since the closing employee complement for 2014 is 1,544, the average total training hours per employee is 20.69 or 21 hours which is less than the target of 25 hours for the year 2014.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
P.G. Holdings, Inc.	181,080,608	37.67%	Same as record owner
PCD Nominee Corporation	96,918,224	20.17	various
Eric O. Recto	66,529,424	13.84%	Same as record owner
Ralph C. Nubla, Jr.	51,779,374	10.77	Same as record owner
Telengtan Brothers & Sons, Inc.	31,859,844	6.63%	Same as record owner

2) Does the Annual Report disclose the following: (SEC Form 17A – Annual Report)

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	Yes
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	No
Number of board of directors/commissioners meetings held during the year	No
Attendance details of each director/commissioner in respect of meetings held	No
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure. Those items not disclosed in the Annual Report (SEC 17A) are included in the SEC Form 17-C Manual on Corporate Governance and Annual Report - Audited Financial Statement .

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
Sycip, Gorres, Velayo and Co. (2013)	P3,018,400	P1,601,600

5) Date of release of audited financial report:

The 2013 Audited Financial Statements were authorized for issue by the Board of Directors of the Bank on March 25, 2015

6) Company Website

Does the company have a website disclosing up-to-date information about the following?

Company's constitution (company's by-laws, memorandum and articles of association)	Yes
--	-----

6) Disclosure of Related Party Transaction (RPT)

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Bank's transactions with related parties include key management personnel, affiliates (i.e. entities which are controlled significantly influenced by or for which significant voting power is held by the Bank or key management personnel or their close family members and retirement plan for the benefit of the Bank's employee). These transactions are made in the ordinary course of business and on substantially same terms with that of other parties.

The Bank's related party transactions below are also presented and discussed in details in Note 27 of the Audited Financial Statements

Related Party	Transaction with the Bank
Post-retirement Plan	Investment made in retirement plan is approved by the Bank's Retirement Board. Interest income from such service and total deposits maintained with the Bank in 2014 amounted P1.61M and P 23,042, respectively while interest expenses paid by the Bank to the deposits was P196,578.
Provident Fund	Outstanding deposit and interest paid by the Bank as of year-end was P5.37M and P0.5M, respectively while trust fees earned from such service amounted to P2.78M.
Key Management Personnel	Senior Management Team constitutes key management personnel for purposes of PAS 24. Short term benefits and post-employment benefits given to SMT in 2014 amounted to P160.2M and P51.9M, respectively. Year-end balance of deposits and interest expenses increased amounted to P623.9M and P7.3M, respectively. Outstanding balance of loans and interest income earned from SMT amounted to P1.781M and P0.1M, respectively.
Affiliates	Year-end balance of deposits and interest expenses incurred by the Bank amounted P11.7M and P0.02M, respectively. Rental income earned for the year is P0.12M.
Subsidiaries	Year-end balance of deposits and interest expenses incurred by the Bank amounted P263.93M and P1.196M, respectively. While interest income on deposit placements by PBCom amounted to P0.05M during the year.
Significant Investors	Year-end balance of deposits and interest expenses incurred by the Bank amounted to P21.897B and P10.08M, respectively. Rental income and expenses during the year amounted to P7.25M and P3.712M.

The transactions with related parties are made in the ordinary course of business, under commercial terms and on an arm's length basis. For DOSRI Loans, the Bank adheres at all times the legal limits prescribed under current BSP regulations. Full disclosures of these transactions were made through reports with the appropriate regulatory agency. As of December 31, 2014, the bank is in compliance with such regulations.

J. RIGHTS OF STOCKHOLDERS

3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?

Notices to the Annual General Meeting where there are items to be resolved by the shareholders are sent fifteen (15) business days prior to the meeting.

- Date of sending out notices: March 17, 2014
- Date of the Annual Stockholders' Meeting: April 7, 2014

6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:
April 7, 2014

(f) Stockholders' Attendance

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	Eric O. Recto Mario J. Locsin Henry Y. Uy Nina D. Aguas Carlos Bunsit G. Chung Ralph C. Nubla, Jr. Gregorio T. Yu Teresita Ang See Rodolfo Ma. A. Ponferrada	April 7, 2014				

<i>Jovita D.S. Larrazabal</i> <i>Roberto Ma. Hizon</i> <i>Evelyn Vinluan</i> <i>Rose Margaret Cuatico</i> <i>Emmanuel S. Santiago</i> <i>Victor Q. Lim</i> <i>Daniel Ang Tan Chai</i> <i>Concepcion Barcenas</i> <i>Melissa Angela Henson</i> <i>Belle Rosamond Justiniani</i> <i>Bremel Peter R. Guiao</i> <i>Patrick Peter R. Santos</i>					
---	--	--	--	--	--

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	<i>402 Shareholders</i>
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	<i>March 17, 2014</i>
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	<i>March 17, 2014</i>

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY)S.S.

SECRETARY'S CERTIFICATE

I, MICHAEL STEPHEN H. LAO, of legal age, Filipino and with office address at the 5th Floor, PBCom Tower, 6795 Ayala Avenue corner V.A. Rufino Street, Makati City, after being duly sworn in accordance with the law, hereby certify that:

1. I am the Assistant Corporate Secretary of the PHILIPPINE BANK OF COMMUNICATIONS (the "Bank"), a corporation organized under Philippine laws, with office address at the PBCom Tower, 6795 Ayala Avenue corner V.A. Rufino Street, Makati City.
2. At the regular meeting of the Board of Directors of the Bank held on 25 February 2015, at 5/F PBCom Tower, 6795 Ayala Avenue corner V.A. Rufino St., Makati City, the Board approved the changes and updates in the Annual Corporate Governance Report (ACGR) for the year 2014.

IN WITNESS WHEREOF, I have hereunto affixed my signature this APR 20 2015 at Makati City, Philippines.


MICHAEL STEPHEN H. LAO
Assistant Corporate Secretary

SUBSCRIBED AND SWORN TO before me this APR 20 2015, affiant exhibiting to me his Philippine Passport No. EB1661990 issued by the Department of Foreign Affairs, Manila, on 06 January 2011 and valid until 05 January 2016.

Doc. No. 203
Page No. 41
Book No. I
Series of 2015.


MARIA YVET B. CARINGAL-DE CASTRO
APPOINTMENT No. M-141
Notary Public for Makati City
Until December 31, 2015
27th Flr., 88 Corporate Center
Sedeño St., Salcedo Vill., Makati City
Roll No. 82192
PTR No. 4756011/ 01-06-2015/ Makati City
ISP No. 0981790/ 01-05-2015/ Cavite-City Chapter