

Consolidated Updates and Changes in the ACGR for 2013

A. BOARD MATTERS

1) Board of Directors

	2012	2013
Number of Directors per Articles of Incorporation	15	15
Actual number of Directors for the year	14	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
<i>Recto, Eric O.</i>	NED			7/26/11	6/25/13	ASM	2 yrs., 5 mos.
<i>Uy, Henry Y.</i>	NED			7/18/86	6/25/13	ASM	27 yrs., 4 mos.
<i>Locsin, Mario J.</i>	NED			10/27/11	6/25/13	ASM	2 yrs., 2 mos.
<i>Aguas, Nina D.</i>	ED			8/29/12	6/25/13	ASM	1 yr., 4 mos.
<i>Nubla, Ralph, Jr. C.</i>	NED			3/24/82	6/25/13	ASM	31 yrs., 9 mos.
<i>Chung, Carlos Bunsit G.</i>	NED			6/17/97	6/25/13	ASM	16 yrs., 6 mos.
<i>Yu, Gregorio T.</i>	NED			7/26/11	6/25/13	ASM	2 yrs., 5 mos.
<i>Walujo, Patrick Sugito</i>	NED			7/26/11	6/25/13	ASM	2 yrs., 5 mos.
<i>Singzon, Imelda S</i>	NED			10/15/10	6/25/13	ASM	3 yrs., 2 mos.
<i>Alcantara, Tomas I.</i>	ID			3/28/12	6/25/13	ASM	1 yr., 11 mos.
<i>Jalandoni, Jesus, Jr. S.</i>	ID			1/28/13	6/25/13	ASM	11 mos.
<i>Leviste, Jose, Jr. P.</i>	ID			3/28/12	6/25/13	ASM	1 yr., 9 mos.
<i>Macasaet, Roberto, Jr. M.</i>	ID			10/15/10	6/25/13	ASM	3 yrs., 2 mos.
<i>See, Teresita Ang</i>	ID			10/15/10	6/25/13	ASM	3 yrs., 2 mos.
<i>Serrano, Raul O.</i>	ID			10/15/10	6/25/13	ASM	3 yrs., 2 mos.

(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.
Chung, Carlos Bunsit G.	Telengtan Brothers and Sons, Inc.	None-Executive

(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.
Jesus S. Jalandoni, Jr.	Liberty Flour Mills (LFM)	Non-Executive

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.

(iii) Relationship within the Company and its Group

Director's Name	Name of the Significant Shareholder	Description of the relationship
Chung, Carlos Bunsit G.	Telengtan Brothers and Sons, Inc.	Director and Shareholder

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

Yes. For the CEO. The CEO is mandated to devote his/her full-time to the Bank. For the other directors, there is no limit as to the number of directorships in other companies that he/she may hold simultaneously. However, there is a guideline that an individual who is an independent director in more than five entities shall provide sufficient justification on his/her ability to effectively perform his/her duties.

	Guidelines	Maximum Number of Directorships in other companies
CEO	The CEO is not allowed to hold any simultaneous position with other entities	None

(c) Shareholding in the Company

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
<i>Recto, Eric O.</i>	<i>72,479,427</i>		<i>29.54%</i>
<i>Nubla, Ralph, Jr. C.</i>	<i>51,779,374</i>		<i>17.28%</i>
<i>Chung, Bunsit Carlos G.</i>	<i>550,716</i>	<i>449,294</i>	<i>0.33%</i>
<i>Yu, Gregorio T.</i>	<i>1,790,863</i>		<i>1.04%</i>
<i>Leviste, Jose, Jr. L.</i>	<i>900</i>		<i>0.00%</i>
<i>Aguas, Nina D.</i>	<i>10</i>		<i>0.00%</i>
<i>Locsin, Mario J.</i>	<i>10</i>		<i>0.00%</i>
<i>Uy, Henry Y.</i>	<i>10</i>		<i>0.00%</i>
<i>Walujo, Patrick Sugito</i>	<i>10</i>		<i>0.00%</i>
<i>Alcantara, Tomas I.</i>	<i>10</i>		<i>0.00%</i>
<i>Jalandoni, Jesus, Jr. S.</i>	<i>10</i>		<i>0.00%</i>
<i>Macasaet, Roberto, Jr. M.</i>	<i>1</i>		<i>0.00%</i>
<i>See, Teresita A.</i>	<i>1</i>		<i>0.00%</i>
<i>Serrano, Raul O.</i>	<i>1</i>		<i>0.00%</i>
<i>Singzon, Imelda S.</i>	<i>1</i>		<i>0.00%</i>
TOTAL	126,601,344	449,294	30.58%

5) 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:

None for 2013.

Voting Result of the last Annual General Meeting

Voting Result of the last Annual General Meeting	
Name of Director	Votes Received
<i>Eric O. Recto</i>	<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</i>
<i>Mario J. Locsin</i>	
<i>Henry Y. Uy</i>	

Nina D. Aguas	nominees.
Bunsit Carlos G. Chung	
Ralph C. Nubla, Jr.	
Imelda S. Singzon	
Patrick Sugito Walujo	
Gregorio T. Yu	
Tomas I. Alcantara	
Jesus S. Jalandoni, Jr.	
Jose P. Leviste, Jr.	
Roberto M. Macasaet, Jr.	
Teresita Ang See	
Raul O. Serrano	

6) Orientation and Education Program

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

On 27 February 2013, Directors and Senior Management attended the Anti-Money Laundering Seminar conducted by the AMLC representative.

Newly elected Directors were also attended the Corporate Governance Seminar conducted by Institute of Corporate Directors on February 28 to March 1, 2013 and Baiphil on May 30 to 31, 2013.

For 2013, below table indicates the In-house and External training/ courses which were attended by Directors and Senior Management

Name	Position Title	Training Title	# of Hours
Recto, Eric O.	Chairman of the Board	Anti-Money Laundering Seminar	3
Uy, Henry Y.	Vice-Chairman	Anti-Money Laundering Seminar	3
Locsin, Mario J.	Vice-Chairman	Anti-Money Laundering Seminar	3
Nubla, Ralph Jr. C.	Director	Anti-Money Laundering Seminar	3
Chung, Carlos G.	Director	Anti-Money Laundering Seminar	3
Yu, Gregorio T.	Director	Anti-Money Laundering Seminar	3
Alcantara, Tomas I.	Independent Director	Basic Course on Corporate Governance for Banks	16
		Anti-Money Laundering Seminar	3
Singzon, Imelda S.	Independent Director	Anti-Money Laundering Seminar	3
Leviste, Jose P. Jr.	Independent Director	Corporate Governance Orientation Program	20
		Anti-Money Laundering Seminar	3
Macasaet, Roberto Jr. M.	Independent Director	Anti-Money Laundering Seminar	3
Serrano, Raul O.	Independent Director	Anti-Money Laundering Seminar	3
Ang See, Teresita	Independent Director	Anti-Money Laundering Seminar	3
Jalandoni, Jesus Jr. S.	Independent Director	Corporate Governance Orientation Program	20
		Anti-Money Laundering Seminar	3
Aguas, Nina D.	President & CEO	Anti-Money Laundering Seminar	3
		Corporate Governance Orientation Program	20
		Innovative Thinking Training	5
Yulo, Marriana H.	Exec. Assist. to the Chairman	Anti-Money Laundering Seminar	3
Ponferrada, Rodolfo Ma. A.	Corporate Secretary	Anti-Money Laundering Seminar	3
Santiago, Emmanuel S.	Head, Enterprise Banking Segment	Financial Analysis Workshop	20
		Mastering Enterprise-Wide Risk Management	7
		Anti-Money Laundering Briefing	2
		Innovative Thinking Training	5
Lim, Victor Q.	Head, Prosperity Banking Segment	Corporate Governance	4
		Anti-Money Laundering Seminar	2
		Innovative Thinking Training	5
Lynch, Kevin R.	Head, Convenience Banking	Teambuilding: Convenience Banking Segment	20

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

	<i>Segment</i>	<i>Innovative Thinking Training</i>	5
<i>Inabangan, Armando Jr. A.</i>	<i>Head, SME Banking Segment</i>	<i>Innovative Thinking Training</i>	5
		<i>PMS (Performance Management System) Workshop</i>	3
		<i>Total Relationship Management Workshop</i>	12
		<i>Briefing on BSP Rediscounting</i>	3
		<i>Trust Group Learning Session</i>	2
		<i>Appraisal Training</i>	8
		<i>Financial Analysis Workshop</i>	20
		<i>Credit Assessment Workshop - Enterprise Banking Segment</i>	12
		<i>P-ONE (PBCOM On-boarding Program for New Employees)</i>	16
		<i>CEP (9th Continuing Education Program)</i>	8
		<i>Teambuilding: SME Banking Best</i>	17
		<i>Oleta, Helen G.</i>	<i>Head, Treasury Segment</i>
<i>CEP (9th Continuing Education Program)</i>	8		
<i>P-ONE (PBCOM On-boarding Program for New Employees)</i>	16		
<i>Innovative Thinking Training</i>	5		
<i>Barcenas, Concepcion L.</i>	<i>Head, Marketing Group</i>	<i>P-ONE (PBCOM On-boarding Program for New Employees)</i>	8
		<i>Design and Alignment Workshop</i>	8
		<i>Innovative Thinking Training</i>	5
<i>Alba, Jason J.</i>	<i>Head, Legal Services Group</i>	<i>Anti-Money Laundering Briefing</i>	2
		<i>Enterprise Risk Management Session</i>	4
		<i>MCLE Seminar</i>	28.6
		<i>Innovative Thinking Training</i>	5
<i>Bonifacio, Maria Cristina M.</i>	<i>Head, Human Resources Group</i>	<i>CEP (9th Continuing Education Program)</i>	8
		<i>Innovative Thinking Training</i>	5
		<i>Corporate Governance</i>	4
		<i>Anti-Money Laundering Briefing</i>	2
		<i>Design and Alignment Workshop</i>	16
<i>Aycardo, Horatio S.</i>	<i>Head, Operations and Technology</i>	<i>Enterprise Risk Management Session</i>	4
		<i>Anti-Money Laundering Briefing</i>	2
		<i>Innovative Thinking Training</i>	5
<i>Ang Tan Chai, Daniel L.</i>	<i>Head, Finance Group</i>	<i>Corporate Governance</i>	4
		<i>P-ONE (PBCOM On-boarding Program for New Employees)</i>	8
		<i>CEP (9th Continuing Education Program)</i>	8
		<i>Innovative Thinking Training</i>	5
<i>Cheng, Patrick D.</i>	<i>Head, Trust and Wealth Management Group; Trust Officer</i>	<i>Innovative Thinking Training</i>	5
		<i>P-ONE (PBCOM On-boarding Program for New Employees)</i>	12
		<i>CEP (9th Continuing Education Program)</i>	8
<i>Cuatico, Rose Margaret T.</i>	<i>Head, Compliance Group; Chief Compliance Officer</i>	<i>Business Continuity Plan Testing</i>	8
		<i>Enterprise Risk Management Session</i>	4
		<i>Job Analysis & Documentation (JAD) Workshop</i>	4
		<i>Anti-Money Laundering Briefing</i>	2
		<i>Trust Products and Services</i>	5
		<i>Asean CG Score Information Briefing</i>	7
		<i>BSP CCAT Rating System (Strengthening Governance, Risk & Compliance Management)</i>	31
		<i>2013 TOAP Summit: The Next Engines of Growth</i>	17
		<i>FATCA & Bank Taxation Updates</i>	7.5
		<i>Innovative Thinking Training</i>	5
		<i>Dean, Maria Teresita R.</i>	<i>Head, Credit Management Group</i>
<i>Innovative Thinking Training</i>	5		
<i>P-ONE (PBCOM On-boarding Program for New Employees)</i>	12		

		<i>Employees)</i>	
		<i>PMS (Performance Management System) Workshop</i>	4
<i>Vinluan, Evelyn D.</i>	<i>Head, Enterprise Risk Management Group; Chief Risk Officer</i>	<i>CEP (9th Continuing Education Program)</i>	8
		<i>Anti-Money Laundering Seminar</i>	2
		<i>Basel III: Building Strong Decision Making and Implementation Instincts</i>	64.5
		<i>Enterprise Risk Management Session</i>	4
		<i>Operational Risk Management</i>	8
		<i>Trust Products and Services</i>	5
<i>Yan, Meryll Anne C.</i>	<i>Head, Corporate Communications Group</i>	<i>Innovative Thinking Training</i>	5
		<i>Innovative Thinking Training</i>	5

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

Name of Director/Officer	Date of Training	Program	Name of Training Institution
<i>Eric O. Recto</i>	<i>January 19, 2013</i>	<i>Anti-Money Laundering Seminar</i>	<i>AMLC</i>
<i>Henry Y. Uy</i>	<i>January 19, 2013</i>	<i>Anti-Money Laundering Seminar</i>	<i>AMLC</i>
<i>Mario J. Locsin</i>	<i>January 19, 2013</i>	<i>Anti-Money Laundering Seminar</i>	<i>AMLC</i>
<i>Ralph C. Nubla Jr</i>	<i>January 19, 2013</i>	<i>Anti-Money Laundering Seminar</i>	<i>AMLC</i>
<i>Nina D. Aguas</i>	<i>January 19, 2013</i>	<i>Anti-Money Laundering Seminar</i>	<i>BSP - AMLC</i>
	<i>Feb. 28 & March 1, 2013</i>	<i>Corporate Governance Orientation Program</i>	<i>Institute of Corporate Directors, Inc.</i>
<i>Carlos G. Chung</i>	<i>January 19, 2013</i>	<i>Anti-Money Laundering Seminar</i>	<i>AMLC</i>
<i>Gregorio T. Yu</i>	<i>January 19, 2013</i>	<i>Anti-Money Laundering Seminar</i>	<i>AMLC</i>
<i>Tomas I. Alcantara</i>	<i>January 19, 2013</i>	<i>Anti-Money Laundering Seminar</i>	<i>AMLC</i>
	<i>May 30-31, 2013</i>	<i>Basic Course on Corporate Governance for Banks</i>	<i>BAIPHIL</i>
<i>Imelda S. Singzon</i>	<i>January 19, 2013</i>	<i>Anti-Money Laundering Seminar</i>	<i>AMLC</i>
	<i>February 2-10, 2013</i>	<i>Meetings of the Executive Councils, Standing Committees and First Annual Conference</i>	<i>International Association of Deposits Insurers (Canada)</i>
	<i>March 15 & 26, 2013</i>	<i>Effective Media Skills for Executives</i>	
	<i>October 2013</i>	<i>Banking Forum</i>	<i>Punongbayan and Araullo</i>
<i>Jose P. Leviste, Jr</i>	<i>October 23-24, 2013</i>	<i>Financial Sector Assessment Program Training, Workshop 1</i>	<i>Bank Guarantee Fund</i>
	<i>January 19, 2013</i>	<i>Anti-Money Laundering Seminar</i>	<i>AMLC</i>
	<i>Feb. 28 & March 1, 2013</i>	<i>Corporate Governance Orientation Program</i>	<i>Institute of Corporate Directors, Inc.</i>
	<i>January 19, 2013</i>	<i>Anti-Money Laundering Seminar</i>	<i>AMLC</i>
<i>Roberto M. Macasaet, Jr</i>	<i>January 19, 2013</i>	<i>Anti-Money Laundering Seminar</i>	<i>AMLC</i>
<i>Raul O. Serrano</i>	<i>January 19, 2013</i>	<i>Anti-Money Laundering Seminar</i>	<i>AMLC</i>
<i>Teresita Ang See</i>	<i>January 19, 2013</i>	<i>Anti-Money Laundering Seminar</i>	<i>AMLC</i>
<i>Jeus S. Jalandoni, Jr</i>	<i>Feb. 28 & March 1, 2013</i>	<i>Corporate Governance Orientation Program</i>	<i>Institute of Corporate Directors, Inc.</i>
	<i>January 19, 2013</i>	<i>Anti-Money Laundering Seminar</i>	<i>AMLC</i>

B. CODE OF BUSINESS CONDUCT & ETHICS

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>ISM Communications Corporations and Eric O. Recto</i>	<i>Commercial/Business/Contractual</i>	<i>Eric O. Recto is the Chairman, a Director and Shareholder of ISM Communications Corporation</i>

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

Telengtan Brothers and Sons, Inc. and Bunsit Carlos G. Chung	Commercial/Business/Contractual	Mr. Bunsit Carlos G. Chung is a director of Telengtan Brothers and Sons, Inc.
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C. BOARD MEETINGS & ATTENDANCE

2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Eric O. Recto	7/26/11	13	12	92.31%
Vice Chairman	Mario J. Locsin	10/27/11	13	12	92.31%
Vice Chairman	Henry Y. Uy	7/18/86	13	13	100%
Member	Nina D. Aguas	8/29/12	13	12	92.31%
Member	Bunsit Carlos G. Chung	6/17/97	13	12	92.31%
Member	Ralph C. Nubla, Jr.	3/24/82	13	13	100%
Member	Imelda S. Singzon	10/15/10	13	10	76.92%
Member	Patrick Sugito Walujo	7/26/11	13	7	53.85%
Member	Gregorio T. Yu	7/26/11	13	11	84.61%
Independent	Tomas I. Alcantara	3/28/12	13	12	92.31%
Independent	Jesus S. Jalandoni, Jr.	1/28/13	13	13	100%
Independent	Jose P. Leviste, Jr.	3/28/12	13	12	92.31%
Independent	Roberto M. Macasaet, Jr.	10/15/10	13	11	84.61%
Independent	Teresita Ang See	10/15/10	13	11	84.61%
Independent	Raul O. Serrano	10/15/10	13	12	92.31%

D. REMUNERATION MATTERS

3) Aggregate Remuneration

The director's per Diem amounts to P23.3M as of 31 December 2013.

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration			
(b) Variable Remuneration			
(c) Per diem Allowance		P23.3M	
(d) Bonuses			
(e) Stock Options and/or other financial instruments			
(f) Others (Specify)			
Total		P23.3M	

5) Remuneration of Management

Name of Officer/Position	Total Remuneration
Horatio S. Aycardo, Jr., EVP & COO	P27.4M
Emmanuel S. Santiago, EVP	
Victor Q. Lim, EVP	
Patrick D. Cheng, EVP (Oct – Dec 2013)	
Daniel Ang Tan Chai, EVP & CFO	

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)				
Executive	1	4	2	Yes / By Laws	<p>The Executive Committee shall have and exercise all the powers and authority of the Board, within the limits set forth, in overseeing bank operations in between monthly meetings of the entire Board. The Executive Committee shall focus in providing business development and financial policy directions</p>	<ul style="list-style-type: none"> • Review of corporate financial status, policies and procedures and the approval/ recommendation for revisions thereto, including periodic registration and disclosure statements, publications. • Review of specific business or operating plans (e.g. CAPEX, OPEX,) regarding significant investments, acquisition or disposal of assets. • Authorization or approval, subject to limits imposed by the Board, to invest in or acquire another company, extend loans to corporations or individuals, enter or terminate partnership, joint venture or any other business dealing, sell or dispose acquired and/or fixed bank properties. • Evaluation and recommendation to the Board of policies and/or actions where the amount involved exceeded the limit imposed. • Approval of any and all major policy and strategic actions to be undertaken by management beyond the authorities established for management. • Such other functions that may be delegated by the Board to perform any and all functions including approval of credits and 	<p>The Executive Committee shall have the power to exercise functions and prerogatives of the Board of Directors during intervals between meetings of said Board except as to such matters as the Board may have specifically reserved for itself by appropriate resolution.</p>

						setting of authorization limits thereof.	
Audit	0	3	2	yes	The function of the Committee is oversight.	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	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.

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	Gregorio T. Yu	12/19/11	19	17	89.47	2yrs.
Member (NED)	Eric O. Recto (Vice Chairman)	7/26/11	19	16	84.21	3 yrs. & 5 mos.
Member (ED)	Nina D. Aguas	9/26/12	19	16	84.12	1 yr., 3 mos
Member (NED)	Mario J. Locsin	12/19/11	19	13	68.42	2 yrs.
Member (NED)	Imelda S. Singzon	10/29/10	19	11	57.89	3 yrs. & 2 mos
Member (ID)	Roberto M. Macasaet, Jr.	10/29/10	19	17	89.47	3 yrs. & 2 mos
Member (ID)	Raul O. Serrano	10/29/10	19	18	94.74	3 yrs. & 2 mos
Member (NED)	Ralph C. Nubla, Jr. (Alternate)	1/18/12	NA	NA	NA	NA
Member (NED)	Bunsit Carlos G. Chung (Alternate)	1/18/12	NA	19	100	NA
Member (NED)	Henry Y. Uy (Alternate)	9/26/12	NA	19	100	NA

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Raul O. Serrano	10/15/10	13	13	100	3yrs & 2mos
Member (NED)	Bunsit Carlos G. Chung	07/26/11	13	12	92	2yrs & 6mos
Member (NED)	Henry Y. Uy	09/26/12	13	13	100	1yr & 3mos
Member (ID)	Teresita A. See	07/28/11	13	7	54	2yrs & 6mos
Member (NED)	Imelda S. Singzon	10/15/10	13	10	77	3yrs & 2mos

Disclose the profile or qualifications of the Audit Committee members.

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.

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, Tosen 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.

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.

Teresita A. See

She was elected Independent Director on October 15, 2010. Her experience broadly encompasses 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 Master's degree in Asian Studies (candidate) from the University of the Philippines.

(c) 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	12	12	100	1 yr. & 3 mos
Member (ED)						
Member (NED)	Eric O. Recto	7/26/11	12	11	92	2 yrs. & 5 mos
Member (NED)	Ralph C. Nubla, Jr.	7/26/11	12	10	83	2 yrs. & 5 mos
Member (ID)	Raul O. Serrano	10/28/10	12	12	100	3 yrs. & 2 mos
Member (ID)	Teresita Ang See	10/28/10	12	9	75	3 yrs. & 2 mos

(d) 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	12	12	100	1 yr. & 3 mos
Member (ED)						
Member (NED)	Eric O. Recto	7/26/11	12	11	92	2 yr. & 5 mos
Member (NED)	Ralph C. Nubla, Jr.	7/26/11	12	10	83	2 yr. & 5 mos
Member (ID)	Raul O. Serrano	10/28/10	12	12	100	3 yrs. & 2 mos
Member (ID)	Teresita Ang See	10/28/10	12	9	75	3 yrs. & 2 mos

(e) 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)	Roberto M. Macasaet, Jr.	10/28/10	14	12	86	3 yrs. & 2 mos

Member (NED)	Gregorio T. Yu	07/26/11	14	7	50	2 yrs. & 5 mos
Member (NED)	Ralph C. Nubla, Jr.	10/10/10	14	13	93	3 yrs. & 2 mos
Member (NED)	Bunsit Carlos G. Chung	07/26/11	14	14	100	2 yrs. & 5 mos
Member (ED)	Nina D. Aguas	12/12/12	14	12	86	1 yr.
Member (ID)	Imelda S. Singzon	10/28/10	14	8	57	3 yrs. & 2 mos
Member (NED)	Henry Y. Uy (alternate)	12/12/12	14	14	100	1 yr.

3) Changes in Committee Members

There were no changes in 2013.

4) Work Done and Issues Addressed

Name of Committee	Work Done	Issues Addressed
Audit	<ul style="list-style-type: none"> Reviewed and approved the 2013 Audit Plan & Budget and related status updates and revisions. Approved Audit Policy, Audit Charter and Core Audit Manual updates Approved the 2013 Training Plan for Auditors Assessed 2012 Audit Performance 	Oversight over the Audit Function
	<ul style="list-style-type: none"> Reviewed and approved updates to the Audit Committee Charter Reviewed and approved the SEC Comment and Response Sheet for the Audited Financial Statements as of December 31, 2011 Reviewed the 2012 Audited Financial Statements Performed 2012 Self-Assessment Monitored the status of the 2012 Final BSP Report of Examination Reviewed the 2013 BSP Advance Findings and the 2013 PDIC Preliminary Findings Noted the 2012 Report on Significant Risk Management Activities and the Consolidated Report on Compliance. 	Regulatory
	<ul style="list-style-type: none"> Annual review of the Audit Committee Charter 	Leading practices
	<ul style="list-style-type: none"> Various instructions and directives 	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.
	<ul style="list-style-type: none"> Reviewed credit/trust accounts review, business center, Head Office and Information Systems audit reports and the results of special investigations/incident reports (if any) 	Operational and ethical
	<ul style="list-style-type: none"> Reviewed outstanding internal audit issues, comparative audit ratings, ratings profiles and common risk issues 	Risk management and operational
	Risk Oversight	<ul style="list-style-type: none"> Review the Bank's Risk Management Structure Enable External Assessment of the Bank's ERM System Oversee and confirm significant activities of the Risk Management Group Review and Update of Policies and Procedures Analysis and confirmation of results of reviews or assessments made by RMG and other units Initiate Preparation for Basel 3

		<p><i>delineating duties & responsibilities between middle and back offices.</i></p> <ul style="list-style-type: none"> • <i>Evaluated, commented and approved revisions in Credit Policies.</i> • <i>Approval of Treasury Risk management policy and process revisions on back testing of VAR model, Counter Party credit risk limit treatment and measurement parameters, counter party lending pre-settlement & settlement risk, stop loss limit, nominal position limit and interest rate risk management.</i> • <i>Receive updates and resolution on BSP Results of Examination findings on ERMG.</i> • <i>Evaluated, commented and approved the Bank wide Risk Profile as of January 31, 2013 and the revised Risk Assessment Guidelines.</i> • <i>Evaluated, commented and upheld the Basel 3 impact assessment on the bank's capital position.</i> • <i>Approval of the 2013 renewal of market & liquidity risk limits and Policy on liquidity funding concentration.</i> • <i>Approval of Trust Risk limits.</i> • <i>Approval of Risk Management policy on Electronic Banking and Enterprise Information Security Standards.</i> • <i>Approval of the revised BCP for Electronic Channels.</i> • <i>Evaluated, commented and upheld periodic Market Risk assessment reports.</i> • <i>Evaluated, commented and upheld periodic Head Office Operational Risk assessment reports.</i> • <i>Approval of policy on ATM security & safety measures.</i> • <i>Approval of limits for Convenience Banking Officers.</i> • <i>Approval of Risk Management Charter.</i> • <i>Evaluated, commented and upheld the impact assessment of the PDIC-FAA expiration.</i> • <i>Evaluated, commented and upheld the quarterly Risk Appetite monitoring report.</i> • <i>Evaluated, commented and upheld the Risk Profile of IT-enabled Systems & Application.</i> • <i>Approval of the revised policy on Home Loans and Auto Loans.</i> • <i>Approval of the revised IT Risk Management Framework and policy on Project Initiation.</i> • <i>Evaluated, commented and upheld the PBCom Secure Workplace Guidelines & Procedure and Third Party Information Security Assessment guidelines.</i> • <i>Evaluated, commented and upheld the BCP Business Impact Analysis report.</i> • <i>Evaluated, commented and upheld the Credit by Industry risk report.</i> • <i>Approval of the Trust Risk Management guidelines for Trust, Other Fiduciary and Investment Management Activities.</i> • <i>Evaluated, commented and approved the Credit Delegation Authority for Relationship Managers and Credit Officers.</i> • <i>Approval of the Business Continuity Management Framework.</i> • <i>Approval of the 2013 Business Continuity Plan.</i> • <i>Evaluated, commented and upheld the revised</i>
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		<p><i>Operational Loss Key Risk Indicator Report (OLKRIR).</i></p> <ul style="list-style-type: none"> • <i>Received updates on the 2014 ICAAP process.</i> • <i>Approval of the policy on Sales Contract Receivables.</i> • <i>Evaluated, commented and upheld the Information Technology & Business Continuity Risk reports.</i> • <i>Evaluated, commented and upheld results of the periodic Rapid Portfolio review.</i> • <i>Evaluated, commented and upheld the revised Market and liquidity Risk Matrix.</i> • <i>Evaluated, commented and upheld the periodic Capital and Financial Performance review.</i> • <i>Approval of the proposed 2014 Holistic Risk Appetite Framework</i> • <i>Approval of the request for temporary increase in VAR limit on peso bonds.</i> • <i>Approval of the Information Security Policy.</i> • <i>Approval of the policy on investment in Unquoted Debt Securities Classified as Loans (UDSCL).</i> • <i>Approval on the request for increase in the Management Action Trigger (MAT) limit on AFS securities.</i> • <i>Approval of the revised Enterprise Risk Management Group (ERMG) organizational structure and the Risk Control and Compliance Officer (RCCO) function.</i> • <i>Evaluated, commented and upheld the periodic Impairment Test results.</i> • <i>Evaluated, commented and upheld the Credit Management Group Credit Policy outline.</i> • <i>Evaluated, commented and upheld the revised Trust Risk rating system.</i> • <i>Approval of the Enterprise Risk Management Framework.</i> • <i>Approval of the Financial Risk & Capital Management Framework.</i> • <i>Approval of the Operational Risk Management Framework.</i> • <i>Approval of the Operational Loss Database Guidelines.</i> • <i>Approval of the stress testing policy on Trust portfolio.</i> • <i>Evaluated, commented and upheld the Key Risk Indicators (KRI) of the Trust Group and Information Security Group.</i> • <i>Evaluated, commented and upheld the periodic Profile of Complaints report.</i> • <i>Approval of the Enterprise Risk Management Group 2014 Operating Plan.</i> • <i>Received and noted the report on 2013 Fraud Cases and Fraud Risk management initiatives..</i>
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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:

(c) Period covered by the review; 2013

(d) How often the risk management 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

(a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

RISK ASSESSMENT AND PRIORITIZATION POLICY

All units across the Bank should account for, quantify and assess the risks it takes through a risk assessment process at least annually. Each division or segment of the Bank shall update its Risk Profile when an emerging risk surfaces in conjunction with their business planning process; when there are new products, services or processes; and if new or emerging risks are identified. Hence, everyone has a responsibility to continually apply the risk management process when making business decisions and when conducting day-to-day management of the business.

OBJECTIVES

The Risk Assessment and Prioritization Process aims to:

- *Ensure that risks are understood;*
- *Ensure that each unit of the Bank fully identifies and effectively manages its risks that is consistent with the Banks's risk appetite;*
- *Have a complete list of assessed risks (i.e. risk universe) and related information and provide aid for informed decisions in strategic and operational objectives;*
- *Provide a standard approach and risk assessment criteria across the Bank in identifying and measuring risks;*
- *Monitor and review risk levels to ensure that risk exposure remain within an acceptable level.*

The process involves a series of ratings using a numeric system with qualitative equivalents after identifying the risk events. In summary, the rating process for each negative event entails:

<i>RISK IDENTIFICATION</i>	<i>1. Enumerating risk events and identifying their causes and consequences</i>
<i>INHERENT RISK LEVEL</i>	<i>2. Rating its Probability 3. Rating its Severity along its impact areas 4. Using the highest severity impact rate as its Severity Rating 5. Using the Probability and Severity ratings to get the Inherent Risk Level 6. Identifying the qualitative value of the Inherent Risk Level and its matching quantitative value</i>
<i>EXISTING CONTROL LEVEL</i>	<i>7. Rating its Existing Control level</i>
<i>RESIDUAL RISK LEVEL</i>	<i>8. Using the Inherent Risk Level quantitative value and the Existing Control Level to get the Residual Risk 9. Identifying the Residual Risk qualitative value</i>

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
<i>Operational Risk on: Deficiencies in Policies & Procedures</i>	<ul style="list-style-type: none"> • Policy updating & enforcement • Formulate and update HR policies and procedures (revision of Code of Ethics) • Establish a Change Mgt. Board • Process validation through UAT • Consolidation of policies and procedures for internal reference • Training/Coaching/Mentoring • Reporting/Disclosure through: Incident Reports, Monthly report of units on losses and risk indicators; Internal Audit Reports 	Risk Reduction
<i>Operational Risk on: Errors in Transaction Processing</i>	<ul style="list-style-type: none"> • Adherence to policies & procedures • Training and skills enhancement • Improvement of and standardized policies and processes • Performance monitoring of employees • Reporting/Disclosure through: Incident Reports, Monthly report of units on losses and risk indicators; Internal Audit Reports 	Risk Reduction
<i>Operational Risk on: Personnel not being equipped with the necessary competencies and skills to function as intended</i>	<ul style="list-style-type: none"> • Identification of training needs and analysis, including job profiling for all functions • Ensure regular schedule of training (Internal/External). • Improve performance assessment method and strengthen recruitment process • Reporting/Disclosure through: Incident Reports, Monthly report of units on losses and risk indicators; Internal Audit Reports 	Risk Reduction
<i>Operational Risk on: 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"> • Periodic inventory of Disaster Recovery resources • Continuous inspection of premises and equipment • Complete the Infrastructure Upgrade project • Maintenance/updating of BCP manual • Maintain account records for manual processing contingency • Reporting/Disclosure through: Incident Reports, Monthly report of units on losses and risk indicators; Internal Audit Reports 	Risk Reduction
<i>Operational Risk on: Incorrect or inadequate information provided or report submitted</i>	<ul style="list-style-type: none"> • Regular refresher training • Reiteration of procedures; • Periodic review of policies • Implement a Quality Assurance program • 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)
<i>Operational Risk on: 1. Deficiencies in Policies</i>	<ul style="list-style-type: none"> • Residual Risk Rating through Inherent Risk Rating and Control Assessment 	<p style="text-align: center;"><u>Action Plan</u></p> <ul style="list-style-type: none"> • Policy updating & enforcement • Formulate and update HR policies and

& Procedures	<ul style="list-style-type: none"> • KRI to be identified 	<p>procedures (revision of Code of Ethics)</p> <ul style="list-style-type: none"> • Establish a Change Mgt. Board • Process validation through UAT • Consolidation of policies and procedures for internal reference • Training/Coaching/Mentoring • Reporting/Disclosure through: Incident Reports, Monthly report of units on losses and risk indicators; Internal Audit Reports
<p><u>Operational Risk on:</u></p> <p>2. Errors in Transaction Processing</p>	<ul style="list-style-type: none"> • Residual Risk Rating through Inherent Risk Rating and Control Assessment • KRI to be identified 	<ul style="list-style-type: none"> • Adherence to policies & procedures • Training and skills enhancement • Improvement of and standardized policies and processes • Performance monitoring of employees • Reporting/Disclosure through: Incident Reports, Monthly report of units on losses and risk indicators; Internal Audit Reports
<p><u>Operational Risk on:</u></p> <p>3. Personnel not being equipped with the necessary competencies and skills to function as intended</p>	<ul style="list-style-type: none"> • Residual Risk Rating through Inherent Risk Rating and Control Assessment • KRI to be identified 	<ul style="list-style-type: none"> • Identification of training needs and analysis, including job profiling for all functions • Ensure regular schedule of training (Internal/External). • Improve performance assessment method and strengthen recruitment process • Reporting/Disclosure through: Incident Reports, Monthly report of units on losses and risk indicators; Internal Audit Reports
<p><u>Operational Risk on:</u></p> <p>4. Potential losses from dependability or readiness of hardware, software or utilities to provide regular service or continuous operation in contingencies</p>	<ul style="list-style-type: none"> • Residual Risk Rating through Inherent Risk Rating and Control Assessment • KRI to be identified 	<ul style="list-style-type: none"> • Periodic inventory of Disaster Recovery resources • Continuous inspection of premises and equipment • Complete the Infrastructure Upgrade project • Maintenance/updating of BCP manual • Maintain account records for manual processing contingency • Reporting/Disclosure through: Incident Reports, Monthly report of units on losses and risk indicators; Internal Audit Reports
<p><u>Operational Risk on:</u></p> <p>5. Incorrect or inadequate information provided or report submitted</p>	<ul style="list-style-type: none"> • Residual Risk Rating through Inherent Risk Rating and Control Assessment • KRI to be identified 	<ul style="list-style-type: none"> • Regular refresher training • Reiteration of procedures; • Periodic review of policies • Implement a Quality Assurance program • Reporting/Disclosure through: Incident Reports, Monthly report of units on losses and risk indicators; Internal Audit Reports

G. INTERNAL AUDIT AND CONTROL

2) Internal Audit

(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
Loreto D. Lopez	Transferred to another financial institution
Arthem A. Advincula	Transferred to another financial institution

<i>Danilo M. Lazatin</i>	<i>Transferred to the Information Systems Group</i>
<i>Josue M. Lorenzo</i>	<i>Transferred to the Compliance Group</i>
<i>Faye Ivy M. Caranceja</i>	<i>Resigned due to health reasons</i>
<i>Bobby F. Fabreag</i>	<i>Resigned due to health reasons</i>
<i>Mario M. Escobar</i>	<i>Retired</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 2013 Plan was not met as it was premised on a complement of 18 auditors being achieved at the start of the year and to remain constant throughout the year, an assumption that was not attained. The expected manpower complement was not achieved due to unavailability of suitable talents to fill up resignations or internal transfers. The Group eventually conducted spot or focus audits in certain areas that were initially planned for full scope audits to compensate for the apparent gap of its oversight function had it maintained its original plan with only so much of manpower. The overall value of the performance is still significant having covered the key areas and maintained an institutional awareness that the role of the internal audit activity is effectively functioning.</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 the cause of which generally points to the people component of operations.</i>
Examination Trends	<i>The results of audits in 2013 generally suggest significant improvement particularly in the operations of business centers manifesting that the control maturity of personnel have already hurdled the awareness level and showing that business centers should now be able to support business and maintain compliance at the same time.</i>

H. ROLE OF STAKEHOLDERS

1) Disclose the company's policy and activities relative to the following:

	Policy	Activities
Customers' welfare	<i>Employees must act fairly and in good faith towards clients while protecting the legitimate interest of the Bank.</i>	<i>Training on Service Fundamentals scheduled beginning April 2014 for all employees of the Bank</i>
Community interaction	<i>The Bank espouses being meaning and relevant to the communities where it is located and serves. The Bank also endeavors fulfill its corporate social responsibility by reaching communities in most need of help that the Bank can provide & sustain.</i>	<i>The Prosperity Segment of the Bank has developed a calendar of interactions with its community and customers in an effort to serve them better. In 2013, PBCOM activated 'PBCOM Moves', in response to those affected by Typhoon Yolanda. Employees and the Corporation collaborated with Organizations on the Ground to deliver meaningful help to the Eastern Visayas communities</i>
Anti-corruption programmes and procedures?	<i>Bank's Code of Ethics states that Employees of PBCOM should ensure that their interest do not conflict with the duties which they must perform for the Bank or the duties which the Bank performs for its clients.</i> <i>Employees should not transact business on behalf of the Bank, with organizations with which they are affiliated with and has direct or indirect financial interest including close friends or relatives.</i> <i>Employees shall also not be involved in the business of "lending and investing" as well as the buying and selling of foreign exchange. Such acts deprive the Bank of legitimate business and directly competing with the Bank's business.</i>	<i>In 2014, the Code of Ethics will be updated, re-circularized, and orientation programs for managers to cascade the latest provisions are scheduled</i>

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.

Employees may not receive gifts, free travel, out-of-the-ordinary entertainment, or anything else of value in exchange for a favorable decision on Bank-related matters.

3) Performance-enhancing mechanisms for employee participation.

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

For 2013, below table indicates the In-house training programs which were conducted for PBCom's employees.

2013 LEARNING & DEVELOPMENT CALENDAR		
CODE	TRAINING TITLE	DESCRIPTION
AC_DC	Assessment Center-Development Center	AC_DC is a two-hour orientation on the basics of Assessment Center-Development Center Administration and us
AR_REC	Avoiding Risks in accepting Real Estate as Collateral (Appraisal Seminar)	The specific objectives of this eight-hour program is to provide the participants the fundamentals, updates and risks of appraising real property/estate in an environment that would allow sharing of actual experiences. This whole day seminar is designed to complement the presentation of theory with practical application.
BEI	Behavioral Event Interview-Learning Session	BEI learning session is a two-hour workshop that teaches Interviewers/Assessors on how to conduct Behavioral Event Interview and Assessment Center Simulations.
BSP ReSem	BSP Rediscounting Seminar	BSP Rediscounting Seminar is a four-hour orientation on and technical assistance that include the following activities: <ul style="list-style-type: none"> • Documentary requirements on the application of the Rediscounting Line, • Documentary requirements to participate in Electronic Rediscounting System (ERS) of BSP, • Briefing on the BSP Rediscounting Facility, and • Hands-on training on the use of the ERS.
CAD	Credit Administration Training for CPRG	Credit Administration Training is a -twelve hour training that aims to orient and familiarize CPRG Officers & Staff in the new processes and systems that they will administer in credit appraisal & investigation.
CEP	Continuing Education Program	The CEP is an eight-hour session and is a mandatory training requirement of the Bangko Sentral ng Pilipinas. The objective of the program is to promote and support a working environment, which reflects PBCom's commitment to the highest level of integrity and ethical standards. It promotes a risk-awareness culture consistent with laws, regulations, and internal ethics and business policies by following recognized best practices for compliance and risk management groups. This program will cover: <ul style="list-style-type: none"> • AML Updates • Report of Examination • Compliance, Corporate Governance, Operational Risk • Business Continuity Planning Process and • Information Security At the end of the program, participants will have a deep understanding and appreciation for the necessity of a strong and well equipped compliance function.
CFA and RM Training	Credit Fraud Awareness& Risk Management Training	CFARM is a one-day training that seeks to provide participants with knowledge on risk management and enable the participants to determine and identify areas within their respective businesses and functional areas of responsibility that may expose the institution to fraud risks (including financial and reputational risks).
CMT	Career Management Training	To be taught to SMT & LEVEL 2 only (Philosophy, FW, Policies & Procedures); modules are to be identified yet.
Corp. Gov.	Corporate Governance (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.
CT	Credit Training for	CT for RMs is a twelve-hour training that aims to help Relationship Managers of Enterprise Banking

	<i>Relationship Managers: Enterprise Banking Segment</i>	<i>Segment to learn credit assessment within overall credit process and identify elements of credit assessment focusing on quantitative and qualitative aspects.</i>
FAW	<i>Financial Analysis Workshop for RMs: Enterprise Banking Segment</i>	<p><i>FAW is a three-day training program with the following program objectives:</i></p> <ul style="list-style-type: none"> • <i>Learn the different techniques in analyzing financial statements, understanding which of these tools and techniques are useful to specific situations;</i> • <i>Recognize the interrelationships among financial statements and other related sources of information, and perform a comprehensive analysis thereof; and</i> • <i>Analyze and evaluate the financial performance of a company and its ability to generate future earnings and cash flows and service its obligations to lenders and other investors.</i>
JAD	<i>Job Analysis & Documentation</i>	<p><i>JAD is a four-hour workshop that seeks to:</i></p> <ul style="list-style-type: none"> • <i>Articulate and align Functions to the company goals.</i> • <i>Identify and confirm the Key Result Areas under each of the Functions</i> • <i>Identify Critical Activities that contribute to the achievement of each KRAs.</i> • <i>Identify the Competencies (knowledge, skills and attitude) necessary to carry out the activities.</i> • <i>Clearly-define and distinguish Role Assignments for each position/level.</i>
Moody's	<i>Moody's Training for CPRG</i>	<i>Moody's Training, is an eight-day systems training orientation which includes the workflow walkthrough of the Moody's system, process of administration, scoring, spreading and dashboard reporting configuration.</i>
P2B	<i>Proud To Be PBCom - Q3-June</i>	<p><i>P2B is a one-day training intervention that will provide every PBCom employee the following:</i></p> <ul style="list-style-type: none"> • <i>A deeper understanding of the forces of change that will affect them and the way they do their jobs</i> • <i>A picture of the new work standards, norms and attitudes expected from them in realizing Next Level Banking</i> • <i>The New and revitalized PBCom corporate values which they will be expected to embody.</i>
P-ONE	<i>PBCom Orientation for New Employees</i>	<p><i>The PBCom Orientation for New Employees or P-ONE has the following general objectives for participants:</i></p> <ul style="list-style-type: none"> • <i>Acquire the necessary information they need to hit the ground running and work productively</i> • <i>Develop critical thinking about their work, which will inspire them to contribute</i>
PMS1 - Officers	<i>Performance Management System: Contracting</i>	<p><i>PMS is a two-day orientation on PBCom's Performance Management System consisting of Performance Planning, Monitoring and Evaluation with Development Planning. The specific objectives of the new Performance Management System:</i></p> <ul style="list-style-type: none"> • <i>Reinforce a performance-driven & quality-conscious culture</i> • <i>Establish clear business, individual goals/priorities</i> • <i>Provide employees with coaching feedback on current & past performance to spur improvement</i> • <i>Assist managers with an objective basis for development, pay adjustments, promotions, demotions, movements & other actions</i> • <i>Provide basis for behavior modification towards effectiveness</i> • <i>Identify and plan performance-related training & development</i>
PMS1 - Staff	<i>Performance Management System: Contracting</i>	
PMS2	<i>Performance Management System: Monitoring & Evaluation: 4 Disciplines of Execution</i>	
RMDP	<i>Relationship Manager Development Program - Prosperity Banking Segment</i>	<i>The Relationship Management Development Program (RMDP) is a three-month training & certification program designed for newly-appointed management trainees who are commencing careers as Relationship Managers in PBCom</i>
SDP	<i>Supervisory Development Program</i>	<i>A three-day training focused on the basic management function of Planning, Leading, Organizing and Controlling.</i>
SV/CD	<i>Signature Verification and Counterfeit Detection</i>	<p><i>SV/CD is a ten-hour module conducted by subject matter experts from NBI that cover the following:</i></p> <p>Signature Verification:</p> <ul style="list-style-type: none"> • <i>Handwriting Qualities, Features, Elements and Characteristics</i> • <i>Kinds of Forgeries in Signatures</i> • <i>The Signature Verification Process</i> <p>Counterfeit Detection:</p> <ul style="list-style-type: none"> • <i>Recognizing Genuine from Counterfeit Peso (Old Bank Notes) with practical exercises and practical examination</i>

		<ul style="list-style-type: none"> • Recognizing Genuine from Counterfeit Peso Bills (New Generation Bank Notes) with practical exercises and practical examination • Recognizing Genuine from Counterfeit US Dollar Banknotes with practical exercises
T-24 User Training	Temenos System Training	<p>The T24 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
T4T	Training for Trainers	<p>T4T is a three-day training that will help participants to:</p> <ul style="list-style-type: none"> • Assess our personal strengths in teaching/facilitation and reflect on our purpose in teaching • Gain knowledge and skills in Personal Learning Styles, Accelerated Learning, the Phases of Learning and the corresponding tools and techniques. • Formulate effective training goals or outcomes • Prepare a coherent and effective presentation or training by applying the principles of Accelerated Learning • Practice delivering a presentation that stimulates involvement from participants and receive feedback on our performance
TLS	Trust Learning Session	<p>This 3.5-hour Trust Learning Session seeks to orient participants on the function of the Trust Group and current trust products as well as certify them to sell UITF.</p>
TNLBP	The Next Level Banking Professional	<p>The Next Level Banking Professional (TNLBP) is a two-day skills-based and mindset setting program designed exclusively by the Global Learning Solutions (GLS) for Region Heads, Business Center General Managers, Relationship Managers and Product Support Managers to achieve the strategic thrust of PBCom to bring its services to the "next level" of banking.</p> <p>The following are the program objectives:</p> <ul style="list-style-type: none"> • To understand what it takes to become a Sales Achiever in a highly competitive world and develop the necessary mindset to become a Next Level Banking Professional • To learn the key drivers of the PBCom Client Experience in line with the Business Center Approach and develop the necessary skills to build, develop and deepen Client Trust • To practice the skills of creating client conversations, discovering client needs, translating product solutions to client benefits and deepening client commitment using the PBCOM Trust-Based Selling Model and • To develop strategies to manage and grow the business by developing client pipelines, deepening client connections, tracking and improving sales performance.
TRM Workshop	Total Relationship Management Workshop: Enterprise Banking Segment	<p>TRMW is a twelve-hour workshop that aims to help Relationship Managers of Enterprise Banking Segment establish strategic partnerships with their clients via a thorough understanding of their clients' businesses, processes and systems and providing expert advice on business enabling financial solutions through PBCom's array of products and services.</p>
Trust PB	Trust Product Briefing	<p>Trust Products Briefing is a 3.5 hour session that aims to familiarize the participants of the Trust Products including Unit Investment Trust Fund (UITF) and the new Directional Trust Account as well as the Trust Fund Generation Campaign</p>
VIEW: CCSD	Values for Integration & Effectiveness Workshop for Tellers - 2 batches	<p>By the end of the 3-day VIEWWorkshop, the participants would have:</p> <ul style="list-style-type: none"> • Clarified their personal values that align with Corporate values • Developed a personal vision for oneself • Discussed and tried out practices that enhance personal effectiveness using the rainbow life framework • Formulated "back-home" plans to apply significant learning gained
VIEW: HRG	Values for Integration & Effectiveness Workshop for HRG	
VIEW: RMDP	Values for Integration & Effectiveness Workshop for RMs	

For 2013, below table indicates the mandatory regulatory programs which were conducted for PBCom's employees

2013 LEARNING & DEVELOPMENT CALENDAR		
CODE	TRAINING TITLE	DESCRIPTION
CEP	Continuing Education Program	<p>The CEP is an eight-hour session and is a mandatory training requirement of the Bangko Sentral ng Pilipinas. The objective of the program is to promote and support a working environment, which reflects PBCom's commitment to the highest level of integrity and ethical standards. It promotes a risk-awareness culture consistent with laws, regulations, and internal ethics and business policies by following recognized best practices for compliance and risk management groups. This program will cover:</p> <ul style="list-style-type: none"> • AML Updates • Report of Examination • Compliance, Corporate Governance, Operational Risk • Business Continuity Planning Process and • Information Security <p>At the end of the program, participants will have a deep understanding and appreciation for the necessity of a strong and well equipped compliance function.</p>
Corp. Gov.	Corporate Governance (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.
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
SV/CD	Signature Verification and Counterfeit Detection	<p>SV/CD is a ten-hour module conducted by subject matter experts from NBI that cover the following:</p> <p>Signature Verification:</p> <ul style="list-style-type: none"> • Handwriting Qualities, Features, Elements and Characteristics • Kinds of Forgeries in Signatures • The Signature Verification Process <p>Counterfeit Detection:</p> <ul style="list-style-type: none"> • Recognizing Genuine from Counterfeit Peso (Old Bank Notes) with practical exercises and practical examination • Recognizing Genuine from Counterfeit Peso Bills (New Generation Bank Notes) with practical exercises and practical examination • Recognizing Genuine from Counterfeit US Dollar Banknotes with practical exercise

For 2013, a total of 3057 training hours were spent by the bank on its external training programs participated in by 93 Bank officers/employees.

External Trainings / Certifications / Examinations for 2013	Total Pax	Total Training Hours	Segments/Groups
VNX Training	2	80	Information Systems Group
McAfee Virus Scan & e-Policy Orchestrator Admin Training	1	40	
Aruba APJ Airheads Training (Wireless Airheads Conference)	2	129	
Information Security Governance Summit	1	8	
CyberGatekeeper \ CGX Administration Training	3	63	
Business Continuity Plan and Disaster Recovery Plan	1	8	Risk Management Group
AML Risk Rating System & Amendments to Circular No. 706	1	7	
Associated Person Certification Program (APCP)	1	14	
Risk Management Seminar	1	7	
Foreign Currency Deposit Unit	2	28	
Quantitative Financial Risk Management	5	35	

One-Year Course on Trust Operations & Investment Management	1	320	
Seminar on Philippine Financial Reporting Standard (PFRS 9)	1	4	
BSP Compliance, Trust & Governance Rating Systems	1	8	
IFRS Updates & Financial Regulatory Developments	1	8	
2013 TOAP Summit: The Next Engines of Growth	1	17	
Basel III: Building Strong Decision Making and Implementation Instincts	1	65	
Standardized UITF Training Program	4	44	
One-Year Course on Trust Operations & Investment Management	3	960	Trust & Wealth Management Group
Retirement Benefit Seminar	4	16	
Philippine Financial Reporting Standards	4	16	
SEC Certification Program/Exam for Fixed Income Salesman	3	27	
SEC Certification Program/Exam for Fixed Income Salesman	3	9	
2013 TOAP Summit: The Next Engines of Growth	5	85	
All About Fringe Benefits & Tax Deductible Items	1	15	Finance Group
PFRS Changes in 2013 and Beyond	1	17	
Basel III: Building Strong Decision Making and Implementation Instincts	1	65	
Asean CG Score Information Briefing	2	14	Compliance Group
Understanding Impact of BSP Regulations to Bank Products	5	75	
BSP CCAT Rating System (Strengthening Governance, Risk & Compliance Mgt.)	3	93	
BSP Compliance, Trust & Governance Rating Systems	4	30	
FATCA & Bank Taxation Updates	5	38	
Mastering the Asean Corporate Governance Scorecard (ACGS)	2	14	
2013 TOAP Summit: The Next Engines of Growth	2	34	
Payments, Settlements & Remittances Asia 2013	2	32	Prosperity Banking Segment
One-Year Course on Trust Operations & Investment Management	1	320	
Corporate Governance Orientation Program	3	60	Office of the President
PMAP	1	?	Human Resource Group
All About Fringe Benefits & Tax Deductible Items	1	15	
The 1st International Talent Assessment and Dev't Conference	1	24	
Credit Analysis and Lending Seminar	2	32	Credit Management Group
Remedial Management Seminar	1	15	
Payments, Settlements & Remittances Asia 2013	1	16	Enterprise Banking Segment
Mastering Enterprise-Wide Risk Management	2	14	
MCLE Seminar (January)	1	38	Legal Services Group
MCLE Seminar (February)	1	36	
2013 TOAP Summit: The Next Engines of Growth	1	17	Internal Audit Group
Advanced Supervisory Skills Training	1	8	
CSP Review Program	1	35	Corporate Security
Advanced Supervisory Skills Training	1	6	Convenience Banking Segment
TOTAL (External)	93	3,057	

For 2013, a total of 98,012 training hours were spent by the bank on its external training programs.

In-House Trainings for 2013	Total Pax	Total # of Hours	Segment/ Group/ Division
T24	333	5,152	Various Segments
Relationship Management Development Program (RMDP)	30	608	Prosperity Banking Segment
P-ONE (PBCOM On-boarding Program for New Employees)	493	14,182	Various Segments
9th Continuing Education Program (CEP)	1,116	54,601	Various Segments

Teambuilding (Ops Group, HRG, CBS, SME)	289	4,268	Ops Group, HRG, CBS, SME
Values for Integration & Effectiveness Workshop	108	3,416	Various Segments
Signature Verification/Counterfeit Detection Seminar	313	2,469	Various Segments
Performance Management System (PMS) Workshop	1,224	4,664	Various Segments
Proud To Be PBCOM (1 run and AVP Cost)	30	240	HRG, BCOO, Central Ops., PLSG
Supervisory Development Program (SDP)	35	945	BCOO, HRG, PLSG
Financial Analysis Workshop	59	874	Enterprise Banking Segment
Next level Banking Professional	141	2,348	Prosperity Banking Segment
Total Relationship Management (TRM) Workshop	51	520	Enterprise Banking Segment
Credit Assessment Workshop	44	512	Enterprise Banking Segment
Corporate Governance	15	60	BOD & Senior Officers
Appraisal Training	54	432	Various Segments
Art of Interviewing for Bank Sales	18	144	Various Segments
Moody's Training	16	32	Credit Management Group
Credit Fraud Awareness & Risk Management Training	33	264	Various Segments
Documentum	146		BCOO, Various Segments
Innovation Thinking Workshop for Senior Management Team	20	100	Various Segments
Anti-Money Laundering Seminar	50	120	BOD & Senior Officers
Fundamentals of IT Audit Training	31	608	Audit Group
Trust Group Learning Session/Trust Products Briefing	63	254	Various Segments
Enterprise Economic Briefing for 2014	21		Various Segments
Unit Investment Trust Fund (UITF)	26	824	Various Segments
Career Advancement Program (CAP)	20	50	Various Segments
Briefing on BSP Rediscounting	22	66	Central Operations
CAD Training/Seminar	10	30	BCOO, Various Segments
Introduction to Powercard	16	112	Various Segments
Job Analysis & Documentation (JAD) Workshop	82	82	Various Segments
Accrual Training	25	35	
TOTAL (IN-HOUSE)	4,934	98,012	

The combined Training Hours for In-house and External Training Programs is 101,069. Since the closing employee complement for 2013 is 1328, the average total training hours per employee is 76 hours, almost twice the target of 40 hours for the year 2013.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
Eric O. Recto	72,479,427	24.19%	Same as record owner
ISM Communications Corporation	64,048,425	21.38%	Same as record owner
Ralph C. Nubla, Jr.	51,779,374	17.28%	Same as record owner
Telengtan Brothers and Sons, Inc.	31,859,844	10.64%	Same as record owner
Langford Universal Finance Ltd.	15,263,964	5.10%	Same as record owner

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
Sycip, Gorres, Velayo and Co. (2013)	P3,193,344	P1,923,647

5) Date of release of audited financial report:

7) 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 2013 amounted P1.34 million and P11.78 million, respectively while interest expenses paid by the Bank to the deposits was P0.2 million.
Provident Fund	Outstanding deposit and interest paid by the Bank as of year-end was P25.7M and 0.6million, respectively while trust fees earned from such service amounted to P2.84million.
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 2013 amounted to P136.5 million and P40.9 million, respectively. Year-end balance of deposits and interest expenses increased amounted to P72.05M and P0.4M, respectively.
Affiliates	Year-end balance of deposits and interest expenses incurred by the Bank amounted P9.9 million and P0.02 million, respectively.
Significant Investors	Year-end balance of deposits and interest expenses incurred by the Bank amounted to P140.0 million and P2.61 million, respectively.

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, 2013, the bank is in compliance with such regulations.

J. RIGHTS OF STOCKHOLDERS

- 1) Right to participate effectively in and vote in Annual/Special Stockholders' Meeting
- (b) System Used to Approve Corporate Acts

System Used	Voting is based on the number of shares held.
Description	Voting upon all questions at all meetings of the stockholders shall be by the number shares of stock and not per capita. In the election of Directors cumulative voting shall be allowed. A majority of the votes cast shall decide every question submitted to the shareholders at any meeting, except in cases where the law or the By-laws require the affirmative vote of a greater number.

- (d) Stockholders' Participation

- 1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

Measures Adopted	Communication Procedure
Sending of notice of stockholders' meeting and information statement	Disclosures to the PSE and SEC; The information statement is mailed to the addresses of the stockholders' recorded in the books of the Corporation. They are given the option to contact the Bank, thru the Office of the Corporate Secretary.

Open Forum during the stockholders' meeting	During all stockholders' meeting, all stockholders present are given the right to object to or oppose to any proposed action to be voted upon. All stockholders present are also invited to ask questions to the board of directors and management during the meeting. All questions will be answered by the board and management.
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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.

a. Date of sending out notices: June 3, 2013

b. Date of the Annual/Special Stockholders' Meeting: 25 June 2013

5. Result of Annual/Special Stockholders' Meeting's Resolutions

Resolution	Approving	Dissenting	Abstaining
<ul style="list-style-type: none"> • Approval of the Minutes of the ASM held on 28 March 2012 • Annual Report of Management & Approval of the Audited Financial Statements for 2012 • Ratification of Acts of the Board of Directors & Management Since the last Annual Meeting of the Shareholders • Election of Directors • Amendment of the Article Second of the Articles of Incorporation of the Bank to perform the functions of a Universal (expanded commercial) bank • <u>Waiver of the conduct of the rights offering required under Part A Article V of the PSE Revised Listing Rules in connection with the listing at the Philippine Stock Exchange of the 100,559,153 common shares of the Bank issued to the Chung & Nubla Groups and to ISM Communications Corporation.</u> • Appointment of External Auditor 	Approved by all		

6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:
25 June 2013

- (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 Roberto M. Macasaet, Jr. Teresita Ang See Raul O. Serrano Imelda I. Singzon Rodolfo Ma. A. Ponferrada Jovita D.S. Larrazabal Roberto Ma. Hizon Evelyn Vinluan Rose Margaret Cuatico	June 25, 2013				

	Romeo G. Dela Rosa Edith N. Bautista Emmanuel S. Santiago Victor Q. Lim Daniel Ang Tan Chai Concepcion Barcenas Melissa Angela Henson Belle Rosamond Justiniani Bremel Peter R. Guiao Patrick Peter R. Santos					
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(i) Definitive Information Statements and Management Report

Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	3 June 2013
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	3 June 2013
State whether CD format or hard copies were distributed	<i>The Definitive Information Statement and Management Report and Other materials were distributed to the shareholders in CD format.</i>
If yes, indicate whether requesting stockholders were provided hard copies	<i>The Definitive Information Statement and Management Report and Other materials were distributed to the shareholders in CD format.</i>

K. INVESTORS RELATIONS PROGRAM

- 3) What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?

For 2013, the Bank did not enter into any such transactions. However, in the event that the Bank will consider entering into such transactions, it does the necessary due diligence for the project. Moreover, all such transactions shall be submitted to the Executive Committee of the Board of Directors, then to the full Board of Directors for approval.

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.

None for 2013

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.

Initiative	Beneficiary
<i>PBCom Moves – Employee-Initiated Project initially to raise funds to respond to Typhoon Yolanda victims. They donated personal, solicited funds which ground-swelled. Then they decided to do Christmas Caroling for this purpose and they went on to donate the employees' Christmas Ham and party budgets. The Bank decided to match whatever employees contributed by 150%. All these monies totaled in excess of P3.0M</i>	<i>In lieu of providing relief goods, a committee overseeing PBCom Moves was formed to explore the best means of responding to the community. Two partnerships were formed: 1)Ormoc Sugar Planters Foundation, Inc. where funds were spent for repairs on the Training Center which was damaged by the typhoon and 2) Pinoy Relief where funds were spent on constructing fishing boats for fishermen, houses for those who lost homes and school houses for the children in Guian, Samar.</i>

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

SECRETARY'S CERTIFICATE

I, JOVITA D.S. LARRAZABAL, of legal age, Filipino and with office address at the 5th Floor, PBCom Tower, 6795 Ayala Avenue corner V.A. Rufino Street, Makati City, Metro Manila after being duly sworn in accordance with the law, hereby certify that:

1. I am the 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 June 2014, at the 5/F PBCom Tower, 6795 Ayala Avenue corner V.A. Rufino St., Makati City, the following resolution was approved:

"RESOLVED, that the Philippine Bank of Communications (the "Bank") approves the Changes and Updates to the Annual Corporate Governance Report (ACGR) for the year 2013".

3. The foregoing resolutions are still in force and have not been amended or revoked by a subsequent resolution.

IN WITNESS WHEREOF, I have hereunto affixed my signature this
JUL 11 2014 at Makati City.


JOVITA D.S. LARRAZABAL
Corporate Secretary

SUBSCRIBED AND SWORN TO before me this JUL 11 2014, affiant exhibiting to me her TIN ID No. 920-856-572.

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Book No. 77
Series of 2014.


BUENAVENTURA U. MENDOZA
Notary Public
Until December 31, 2014
PTR No. 4225659 Makati City-1/02/14
IBP No. 948362 01-02-14 Roll No. 31206
800-A Medrigal Bldg., Ayala Ave. Makati City