



**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

Recommended CG Practice/Policy	Compliant/ Non-Compliant	Additional Information	Explanation
<b>The Board's Governance Responsibilities</b>			
<p><b>Principle 1:</b> The company should be headed by a competent, working board to foster the long-term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and other stakeholders.</p>			
<b>Recommendation 1.1</b>			
<p>1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/ sector.</p>	Compliant	<p><b>Alfredo M. Yao (Filipino, 74 years old)</b></p> <p>Mr. Alfredo M. Yao is the Chairman Emeritus of PBB. He is con-currently the Chairman of Zest-O Corporation, Semexco Marketing Corp., and Asiawide Refreshments Corp. He is the President of Solmac Marketing Inc., Harman Foods (Phil.) Inc., and Amchem Marketing, Inc. and was a former director of Export and Industry Bank. Mr. Yao has participated in the following seminars: Corporate Governance; AML and Risk Management, all conducted by the Pacific Management Forum and PBB; CISA for the Credit Bureau; SME Related Issues; and other CTB Related seminars. He has also attended several Philippine Chambers of Commerce &amp; Industry (PCCI) Business Fora given by PCCI, the International Trade Organization, and the Department of Trade and Industry.</p> <hr style="width: 20%; margin: 20px auto;"/> <p><b>Francis T. Lee (Filipino, 70 years old)</b></p> <p>Mr. Francis T. Lee was appointed Chairman of the Board on July 26, 2010 and was last re-elected as Director on May 25, 2018. Before holding the Chairmanship position, Mr. Lee was first appointed as Chief Operating Officer (COO) last September 1, 2011. He was also President of the AMY Foundation - the social responsibility arm of the Yao Group of Companies, from December 8, 2003 up to December 8, 2013.</p>	
<p>2. Board has an appropriate mix of competence and expertise.</p>			
<p>3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.</p>			

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		<p>An experienced banker for more than 30 years. Mr. Lee started his banking career with Pacific Bank. He has held a number of executive positions from Senior Manager to Senior Vice President at the Metrobank Group from 1988 to 2000 before joining PBB.</p> <p>Mr. Lee has participated in the following seminars: Philippine Institute of Banking in 1969; Corporate Governance &amp; Risk Management for Bank's Board of Directors at the Development Finance Institute in 2002; Team Building Workshop in 2004 at PBB; Risk Awareness Seminar in 2009 at the Pacific Management Forum; Anti Money Laundering Act Seminar at the Bangko Sentral ng Pilipinas in 2012 and in 2014; and Corporate Governance Seminar for Board of Directors on December 10, 2015.</p> <p>Mr. Lee studied Bachelor of Arts in Business Administration at Manuel L. Quezon University.</p> <p>Committee(s): Executive and Trust*</p> <p><i>* Based on the revised composition of the board-level and management level committees (LSG2018-004)</i></p> <hr/> <p><b><u>Jeffrey S. Yao (Filipino, 51 years old)</u></b></p> <p>Mr. Jeffrey S. Yao was appointed to the Board in 1999. On April 01, 2016, he assumed the position of Vice-Chairman.</p> <p>He is a Director at Asiadwide Refreshments Corporation and has been the Chief Operating Officer (COO) of the Zest-O Corporation since 2005. Mr. Yao started his career in the food and beverage industry when he was appointed as Plant Manager at Harman Food Philippines from 1990 to 1995. He has attended the following training programs: Basics of Trust at the Trust Institute of the Philippines in 2002; Corporate Governance &amp; Risk Management for Bank's Board of Directors at the Development Finance</p>	

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		<p>Institute in 2002; Anti Money Laundering Act Seminar at the Bangko Sentral ng Pilipinas in 2014; and Distinguished Corporate Governance Speaker Series on August 24, 2015.</p> <p>Mr. Yao graduated from the Ateneo De Manila University with Bachelor of Science in Management Engineering degree.</p> <p>Committee(s): Executive, IT Steering, Trust*, Audit*, Risk Oversight* and Corporate Governance.*  <i>* Based on the revised composition of the board-level and management level committees (LSG2018-004)</i></p> <hr/> <p><b><u>Rolando R. Avante (Filipino, 60 years old)</u></b></p> <p>Mr. Rolando R. Avante was appointed President and Chief Executive Officer since November 2, 2011.</p> <p>Because of his strong background in treasury management, PBB has become one of the largest, fastest-growing and most respected savings banks. PBB was listed at The Philippine Stocks Exchange last February of 2013.</p> <p>His banking career includes stints as Vice President for Local Currency Desk at City Trust Banking Corp. from 1988 to 1994; Senior Vice President &amp; Treasurer at Urban Bank from 1994 to 1995; First Vice President for Domestic Funds Management at Philippine Commercial International Bank from 1995 to 1999; Executive Vice President &amp; Treasurer at China Trust (PHILS.) Commercial Bank Corp. from 1999 to 2009; Executive Vice President &amp; Treasurer at Sterling Bank of Asia from 2009 to 2011. He was elected President and Director at the Money Market Association of the Phil. (MART) in 1999. He was elected the same position at ACI Philippines in</p>	

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		<p>2011.</p> <p>His training includes Money Market at the Inter Forex Corp. in 1983; Treasury Management in Times of Crisis in 1984, Bourse Game in 1987 both conducted by FINEX; Rate Risk Game in 1989, Investment Banking Fundamental in 1990, Managing People in 1991 at the Citibank APBI; Capital Market Instruments in Asia in 1992, Asset &amp; Liability Management in 1995 both conducted by Euro money; Asian Bond Fund II Workshop in 2004 at the Asian Bank; Securitization Law in 2006 at FINEX &amp; SEC; ACI World Congress in 2011 at ACI Phil.; Economic Outlook 2012 in 2012 at the ANZ Private Bank Exclusive; Annual Global Markets Outlook in 2012 at Deutsche Bank; Entrepreneurs Forum in 2012 conducted by Business World; AMLA Seminar in 2012 at the Bangko Sentral ng Pilipinas; CEO Business Forum in 2012 at Punongbayan &amp; Araullo; Cross-Border RMB Business in 2012 at Bank of China; Eco Forum in 2012 at Security Bank; Phil. Business Conference in 2012 at the Philippine Chamber of Commerce &amp; Industry; Annual Investment Outlook 2013 in 2013 at ANZ Private Bank; Philippine Investment Summit 2013 in 2013 at the Investment Banking Group; IPO Annual Asia Pacific in 2013 at CIMB; Corporate Governance Seminar for Board of Directors on December 10, 2015.</p> <p>Mr. Avante graduated from the De La Salle University with the degree of Bachelor of Science in Commerce major in Marketing Management and has taken MBA units from DLSU.</p> <p>Committee(s): Anti-Money Laundering &amp; FATCA, Asset &amp; Liability, Bid, Credit, Executive, Management, IT Steering, Remedial &amp; Special Assets Management, and Trust.</p> <hr style="width: 20%; margin: 20px auto;"/>	

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		<p><b><u>Honorio O. Reyes - Lao (Filipino, 75 years old)</u></b></p> <p>Mr. Honorio O. Reyes-Lao, was appointed to the Board on April 29, 2011 and last re-elected as Director on May 25, 2018.</p> <p>A seasoned banker, he has more than 40 years of experience in corporate and investment banking, branch banking, and credit management. Mr. Reyes-Lao started his banking career at China Banking Corporation in 1973 to 2004. He served as Senior Management Consultant from 2005 to 2006 at East West Banking Corporation. He was a consultant at Antel Group of Companies from 2007 to 2009 and was appointed President at Gold Venture Lease and Management Services, Inc. from 2008 to 2009. Currently, he is an independent director at the DMCI Holding Corporation and a Member of the Society of Institute of Corporate Directors (ICD) Fellows since 2004.</p> <p>His background and trainings include Overall Banking Operations at the Philippine Institute of Banking in 1971 to 1972; Director Certification Program at the Institute of Corporate Directors (ICD) in 2004; and the AMLA Seminar at the Bangko Sentral ng Pilipinas in 2014; ASEAN Corporate Governance Conferences and Awards 2016 on November 14, 2015; Distinguished Corporate Governance Speaker Series on August 24, 2015.</p> <p>Mr. Lao holds a post-graduate degree, Masters in Business Management, from the Asian Institute of Management and he graduated with a double degree in Bachelor of Science in Business Administration major in Economics and Bachelor of Science in Commerce major in Accountancy from the De La Salle University.</p> <p>Committee(s): Risk Oversight, Trust and Related Party Transaction*.</p> <p><i>*Based on the revised composition of the board-level and management level committees (LSG2018-004)</i></p>	

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		<hr/> <p><b><u>Danilo A. Alcoseba (Filipino, 67 years old)</u></b></p> <p>Mr. Danilo A. Alcoseba was the former President &amp; CEO of PBB and was appointed to the Board on May 25, 2018. His work experience include: Branch Head at Bancom Development Bank, Cebu Branch from 1977-1979, Assistant Vice-President of Traders Royal Bank from 1979-1983, First Vice-President/Treasury Division of Boston Bank of the Philippines from 1983-1998 and Consultant at SM Investments Corporation from 2005-2007.</p> <p>He also had various trainings and seminars in banking related fields such as financial derivatives, fixed income trading, foreign exchange, investment banking, corporate governance, risk management and international trade.</p> <p>Mr. Alcoseba obtained his college degree, Bachelor of Science in Commerce, Major in Accounting, at the University of San Carlos. He also has a post-graduate in Industrial Economics at the University of the Philippines in 1976.</p> <p>Committee(s): Audit, Related Party Transaction, Corporate Governance* and Risk Oversight*.  <i>* Based on the revised composition of the board-level and management level committees (LSG2018-004)</i></p> <hr/> <p><b><u>Roberto A. Atendido (Filipino, 72 years old)</u></b></p> <p>Mr. Roberto A. Atendido, was appointed to the Board on May 26, 2006 and last re-elected as Director on May 25, 2018.</p>	



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		<p>He is a seasoned investment banker and a recognized expert in the field with over 30 years of investment banking and consulting experience in the Philippines and in the ASEAN region. Mr. Atendido started his career in consulting with the management services group of Sycip, Gorres &amp; Velayo, the largest accounting and consulting group in the Philippines. He began his investment banking career in Bancom Development Corporation, the leading investment house in the Philippines during the late 60's and 70's. He was later posted as Vice President of Bancom International Ltd in HK from 1980-1982. He then moved to PCI Capital Asia, Ltd. (HK) as Vice President from 1982-1983. The PCI Group posted him in Indonesia as Managing Director of PT Duta Perkasa Chandra Inti Leasing, a joint venture between the PCI Group of the Philippines and Bank Duta and Gunung Agung Group of Indonesia, from 1983-1988. Mr. Atendido moved back to the Philippines in 1988 as President of Asian Oceanic Investment House, Inc., a fully owned subsidiary of the Asian Oceanic Group of HK. The company was later bought by the Insular Life Group and renamed Insular Investment &amp; Trust Corporation. In 1996, Mr. Atendido together with several investors organized Asian Alliance Holdings &amp; Development Corporation (AAHDC) and later established Asian Alliance Investment Corp. (AAIC) as a wholly owned investment banking subsidiary. He is currently President of AAHDC and Executive Vice Chairman of AAIC.</p> <p>Currently, Mr. Atendido is a member of the Board of Directors of Paxys Inc., Philippine Business Bank, PICOP Resources, Inc., Pharmarex, Inc. Ardent Property Development Corp., First Ardent Property Corp., and GEM Communications &amp; Holding Corp. He is also Vice Chairman and Director of Sinag Energy Philippines, Inc., (since 2008), Chairman and President of Myka Advisory and Consulting Services, Inc. (since 2010). He has also held directorships in the past in the Philippine Stock Exchange (2005-2009), Securities Clearing Corporation (2006-2010), Export &amp; Import Bank as an Independent Director (2006-2012), Marcventures Holdings, Inc. (2010-2013), Carac-An Development Corp. as Chairman from 2010-2013, and Beneficial Life Insurance Corp. from 2008-2014. Apart from his business</p>	



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		<p>activities, Mr. Atendido is also active in the Brotherhood of Christian Businessmen and Professionals, a nationwide Christian community where he served as Chairman from 2009-2011.</p> <p>He has attended trainings in Corporate Governance &amp; Risk Management for the Bank's Board of Directors at the Development Finance Institute in 2003; Risk Management and Basel 2 Seminar at the Export &amp; Industry Bank in 2007. In 2014, he attended the Anti-Money Laundering Act Seminar at the Bangko Sentral ng Pilipinas, Distinguished Corporate Governance Speaker Series on August 24, 2015, 2015 Distinguished Corporate Governance Speaker Series 2 on September 15, 2015 and 2015 Distinguished Corporate Governance Speaker Series 3 on November 06, 2015.</p> <p>Mr. Atendido is a graduate of the Asian Institute of Management with a Master's Degree in Business Management in 1973. He completed his Bachelor of Science in Management Engineering from the Ateneo de Manila University.</p> <p>Committee(s): Audit, Corporate Governance, Related Party Transaction, and Risk Oversight.</p> <hr/> <p><b><u>Leticia M. Yao (Filipino, 66 years old)</u></b></p> <p>Leticia M. Yao was appointed to the Board on April 29, 2011 and last re-elected as Director on May 25, 2018.</p> <p>A well-respected figure in the healthcare industry, Yao was appointed at the United Doctors Medical Center (UDMC) as a Consultant at the Department of Medicine from 1991 to 2012.</p>	

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		<p>She participated in training sessions for Corporate Governance &amp; Risk Management for Banks' Board of Directors at the Development Finance Institute in 2002 and further taken the Risk Awareness Seminar at the Pacific Management Forum in 2009. Earlier this year, she attended the AMLA Seminar at the Bangko Sentral ng Pilipinas, Distinguished Corporate Governance Speaker Series on August 24, 2015 and Corporate Governance Seminar for Board of Directors on December 10, 2015 to hone her skills as Director of PBB.</p> <p>Yao graduated from the University of Sto. Tomas with a Bachelor of Science degree in Medical Technology then pursued her post graduate degree in Medicine also from the University of Sto. Tomas.</p> <p>Committee(s): Trust.</p> <hr/> <p><b><u>Paterno H. Dizon (Filipino, 81 years old)</u></b></p> <p>Mr. Paterno H. Dizon, was appointed Independent Director to the Board on April 27, 2012 and last re-elected as Independent Director on May 25, 2018.</p> <p>He had previously served as President to the following institutions: Science Park of the Phil. Inc., Cebu Light Industrial Park, Inc., and RFM Science Park of the Philippines from 1997 to 2003. Mr. Dizon held directorships at Hermosa Ecozone Development Corp. from 1997 to 2003; Export &amp; Industry Bank from 1994 to 2006; and EIB Securities from 2004 to 2006. He served on the board of Phil. Export-Import Credit Agency from 2010 to 2012. He was elected as Chairman of the Phil. Exporters' Confederation Inc. since 1990 up to the present. He has been the President and CEO of Holy</p>	

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		<p>Cross College of Pampanga since 2012.</p> <p>He has attended training sessions in Financial Management at SGV in 1974, Money and Banking from the Ateneo De Manila University in 1959, Corporate Governance &amp; Risk Management for Bank’s Board of Directors at the Development Finance Institute in 2002, Risk Awareness Seminar at the Pacific Management Forum in 2009, and the Anti Money Laundering Act Seminar at the Bangko Sentral ng Pilipinas in 2014; ASEAN Corporate Governance Conferences and Awards 2016 on November 14, 2015; Distinguished Corporate Governance Speaker Series on August 24, 2015.</p> <p>Mr. Dizon holds a Bachelor of Science in Economics from the Ateneo De Manila University and a Master in Business Administration from the University of the Philippines.</p> <p>Committee(s): Audit, Corporate Governance, Related Party Transaction, and Risk Oversight.</p> <hr/> <p><b><u>Benjamin R. Sta. Catalina, Jr. (Filipino, 71 years old)</u></b></p> <p>Mr. Benjamin R. Sta. Catalina, Jr., was appointed Independent Director to the Board on July 2012 and last re-elected as Independent Director on May 25, 2018. He first assumed his independent directorship at PBB in 2003 to 2005.</p> <p>During his early professional years, Mr. Sta. Catalina was the Senior Vice President of the Asset Based Finance Group of FNCF Finance Co. from 1980 to 1981. He later joined Citibank N.A. from 1981 to 1995 where he has served as Asst. Vice President &amp; Division Head for the Public Sector Division, then became the Vice President and Asst. Director of the Asia Pacific Training Center. He later handled the Middle East Africa Division</p>	

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		<p>Training Center as Vice President and Associate Director, and then handled the World Corporation Group for Middle East Africa, Division Training Center as Regional Administrator. He was appointed to General Manager and handled the Center for International Banking Studies. In 1993 to 1994, Mr. Sta. Catalina was appointed Vice President and Chief of Staff of the Global Finance Marketing, then rose to Group Head where he handled the Pan Asian Corporate Team in 1994 to 1995.</p> <p>In the academic sphere, he was the Executive Director of the Center for Banking and Financial Management of the Asian Institute of Management in 1996.</p> <p>In addition to holding a number of executive positions, he attended training seminars such as the Makati CAD in 1974, Philippine Core Credit in 1976, Intermediate Credit Seminar in 1977, Exceptional Sales Performance in 1978, Bourse Game in 1979, Asset Based Finance Seminar in 1980, Electronic Banking Seminar in 1981, Selling Skills Train the Trainer Program in 1982, Advanced Lending Strategy in 1982, Technology for Senior Management in 1983 from the Asia Pacific Training Center. He attended Multinational Business Course in 1980 at Citibank New York, Face to Face Selling Skills in 1986 at the Boston Consulting Group. In 1987 he has attended the MAC Approach Course and Alcar Valuation Seminar at MEAD Training Center in Greece. He attended the Corporate Finance II in 1988 at the Asia Pacific Banking Institute. At MEAD Training Center in London, he attended the Risk Management Seminar and the Risk Management III – Corporate Finance in 1991. From 1993 to 1995, Mr. Sta. Catalina attended the Strengthening Organizational Capabilities, Service Quality Management, Technology Solutions for the Business, Marketing Derivatives Ideas, Standards Workshop, Marketing Financing Ideas to Issuers at Citibank Training Center.</p> <p>Most recently, he attended the Corporate Governance &amp; Risk Management for Bank’s Board of Directors at the Development Finance Institute in 2003,</p>	

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		<p>and the Anti Money Laundering Act Seminar in 2014, Distinguished Corporate Governance Speaker Series on August 24, 2015 and 2015 Distinguished Corporate Governance Speaker Series 2 on September 15, 2015.</p> <p>Mr. Sta. Catalina is a graduate of the Asian Institute of Management with a post graduate degree of Masters in Business Management. He finished his Bachelor of Science in Management Engineering from the Ateneo De Manila University.</p> <p>Committee(s): Audit, Corporate Governance, Related Party Transaction, and Risk Oversight.</p> <hr/> <p><b><u>Narciso DL. Eraña (Filipino, 67 years old)</u></b></p> <p>Mr. Narciso DL. Eraña was appointed Independent Director to the Board on May 25, 2018.</p> <p>Mr. Eraña has an extensive career spanning over 30 years, about 23 of which were spent in the Philippine finance industry. This included about 16 years in various banks, and seven (7) years as President of a multinational brokering company. He also spent many years as an entrepreneur in the family business.</p> <p>He started his career with Bank of America, Manila handling credit and trade finance for the mining industry, pharmaceuticals, and small medium scale businesses. He moved into the bank’s Treasury Department and eventually became Bank of America’s youngest Country Treasurer, handling the overall Treasury Trading and Management functions. This served as the foundation for the rest of his Finance career which focused</p>	

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		<p>on Treasury management in Multinational and local institutions, from savings banks and unibanks.</p> <p>His banking experience involved managing the banks’ liquidity in all currencies, and FX and Government Securities trading as well as investments in Structured Products and derivatives.</p> <p>His last position was President of ICAP Philippines for seven (7) years, a subsidiary of ICAP Plc., a London based FTSE company and the world’s largest Interdealer broker, with average volumes in excess of USD 1 trillion daily. ICAP Philippines was appointed by the Bankers Association of the Philippines to manage the first Peso Interest Rate Swap Central Trade Reporting System in the country.</p> <p>Active in financial market associations, Mr. Eraña was a Director of the Money Market Association of the Philippines for four (4) years and a Director of the ACI Financial Markets Association for another four (4) years. Activities included the formulation of policies and procedures for the operation of the Banking as well as brokering industries. These activities entailed frequent interaction with associations and regulators, including the Bangko Sentral ng Pilipinas, Securities and Exchange Commission, and the Banker’s Association of the Philippines. During this time, he was also a member of Financial Executive Institute of the Philippines (FINEX).</p> <p>Mr. Eraña is a graduate of Business Management at Schiller College in Heidelberg, Germany and obtained his MBA from the Thunderbird School of Global Management in Glendale, Arizona.</p> <p>Committee(s): Audit, Corporate Governance, Related Party Transaction, and Risk Oversight.</p> <hr style="width: 20%; margin-left: auto; margin-right: auto; border: 1px solid blue;"/>	

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		<p><b><u>Roberto C. Uyquiengco (Filipino, 71 years old)</u></b></p> <p>Mr. Roberto C. Uyquiengco was appointed to the Board as Independent Director on May 25, 2018.</p> <p>He has been in the banking and finance industry for almost 34 years. He started with Sycip Gorres Velayo &amp; Co. (SGV) from 1970 to 1974 and later with North Negros Loggers Corporation until 1976. His stint in the banking industry started with Allied Banking Corporation from 1970 to 1980 and later with State Investment House (Bacolod Branch) from 1980 to 1984. He was last connected with China Banking Corporation as First Vice President and Region Head for North Luzon from 1984 until his retirement in 2011. He took up and passed the Trust Officers' Training Program (TOTP) given by the Philippine Trust Institute in 1991. Further, Mr. Uyquiengco attended some international and local conferences related to the banking and finance industry, among of which is the Bankers' of America Institute Conference in November 2007, held in Las Vegas, Nevada, USA and the Asian Bankers Conference in 1996 which was held in Singapore.</p> <p>Currently, he is affiliated with the following private institutions: (a) Emmanuel Multi-purpose Cooperative, Inc., in Cuenca, Batangas as Director since 2011; (b) Green Leaf Foreign Exchange Corporation as its Chairman and CEO since its incorporation in 2012; and (c) Manulife as a Financial Adviser since July 2017.</p> <p>Mr. Uyquiengco is also a known advocate of education, being a part-time faculty of the College of Business and Accountancy of National University since 2012 and as a part-time training consultant of the Chinabank Academy since 2013.</p> <p>Mr. Uyquiengco is both a lawyer and a Certified Public Accountant (CPA) by profession. He obtained his undergraduate degree from La Salle College, Bacolod City in 1970 with a degree in BS in Commerce, Major in Accounting</p>	



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		(graduating cum laude) and passed the CPA board in the same year. Thereafter, in 1975, he took up his Bachelor of Laws degree from the University of Negros Occidental-Recoletos, Bacolod City, graduating in 1980 and passing the bar examinations also in the same year. He also took up the advance Bank Management Program of the Asian Institute of Management from August to October 1993 and was awarded with the Highest Honor for superior performance among the forty (40) participants from various international banks.																									
<b>Recommendation 1.2</b>																											
1. Board is composed of a majority of non-executive directors.	Compliant	<table border="1"> <thead> <tr> <th data-bbox="821 768 1253 812">Director's Name</th> <th data-bbox="1253 768 1625 812">Type</th> </tr> </thead> <tbody> <tr> <td data-bbox="821 812 1253 849">Francis T. Lee</td> <td data-bbox="1253 812 1625 849">Non-Executive Director</td> </tr> <tr> <td data-bbox="821 849 1253 886">Jeffrey S. Yao</td> <td data-bbox="1253 849 1625 886">Non-Executive Director</td> </tr> <tr> <td data-bbox="821 886 1253 924">Rolando R. Avante</td> <td data-bbox="1253 886 1625 924">Executive Director</td> </tr> <tr> <td data-bbox="821 924 1253 961">Honorio O. Reyes-Lao</td> <td data-bbox="1253 924 1625 961">Non-Executive Director</td> </tr> <tr> <td data-bbox="821 961 1253 998">Dra. Leticia M. Yao</td> <td data-bbox="1253 961 1625 998">Non-Executive Director</td> </tr> <tr> <td data-bbox="821 998 1253 1036">Roberto A. Atendido</td> <td data-bbox="1253 998 1625 1036">Non-Executive Director</td> </tr> <tr> <td data-bbox="821 1036 1253 1073">Danilo A. Alcoseba</td> <td data-bbox="1253 1036 1625 1073">Non-Executive Director</td> </tr> <tr> <td data-bbox="821 1073 1253 1110">Paterno H. Dizon</td> <td data-bbox="1253 1073 1625 1110">Independent Director</td> </tr> <tr> <td data-bbox="821 1110 1253 1148">Benjamin R. Sta. Catalina, Jr.</td> <td data-bbox="1253 1110 1625 1148">Independent Director</td> </tr> <tr> <td data-bbox="821 1148 1253 1185">Narciso DL Eraña</td> <td data-bbox="1253 1148 1625 1185">Independent Director</td> </tr> <tr> <td data-bbox="821 1185 1253 1222">Roberto C. Uyquiengco<sup>1</sup></td> <td data-bbox="1253 1185 1625 1222">Independent Director</td> </tr> </tbody> </table>	Director's Name	Type	Francis T. Lee	Non-Executive Director	Jeffrey S. Yao	Non-Executive Director	Rolando R. Avante	Executive Director	Honorio O. Reyes-Lao	Non-Executive Director	Dra. Leticia M. Yao	Non-Executive Director	Roberto A. Atendido	Non-Executive Director	Danilo A. Alcoseba	Non-Executive Director	Paterno H. Dizon	Independent Director	Benjamin R. Sta. Catalina, Jr.	Independent Director	Narciso DL Eraña	Independent Director	Roberto C. Uyquiengco <sup>1</sup>	Independent Director	
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<sup>1</sup> Elected on May 25, 2018, but assumed the position only on January 11, 2019 or upon approval of PBB's Amended Articles of Incorporation and By-Laws by the SEC.

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Recommendation 1.3						
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	Compliant	See item X on page 10 and item P on pages 63-64 of the Board Charter and Manual on Corporate Governance and Compliance Program, respectively.				
2. Company has an orientation program for first time directors.		<b>Name of Seminar</b>	<b>Date Conducted</b>	<b>No. of Hours</b>	<b>Topics Covered</b>	
3. Company has relevant annual continuing training for all directors.		AMLA for Board of Directors and Senior Officers	26 September 2018	6.5 hrs.	Philippine Regulatory Framework (RA 9160; RA10167; RA 10168' RA 10365	
		BSP Cir. #706 as amended by BSP Cir. # 950				
		Overview of the AML Risk Rating System				
		International Aspects and Cooperation in AML Investigation				
		Corporate Governance	27 November 2018	4 hrs.	SEC and some other Regulatory Update on Corporate Governance	
Review of 2016 SEC Code of Corporate Governance						
RA 11032 – Ease of Doing Business and Efficient Delivery of Gov't Services ACT						

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					Economic Statistics and Other Updates Highlights of comprehensive tax Reform – program Proposed package 2 (TRAIN 2) Corporate Governance Trends for 2018 Corporate Governance Cases																									
<b>Recommendation 1.4</b>																														
1. Board has a policy on board diversity.	Compliant	See E.2.a.i last paragraph on page 17 of the Manual on Corporate Governance and Compliance Program. <table border="1" data-bbox="884 873 1520 1351"> <thead> <tr> <th>Director’s Name</th> <th>Gender</th> </tr> </thead> <tbody> <tr><td>Francis T. Lee</td><td>Male</td></tr> <tr><td>Jeffrey S. Yao</td><td>Male</td></tr> <tr><td>Rolando R. Avante</td><td>Male</td></tr> <tr><td>Danilo A. Alcoseba</td><td>Male</td></tr> <tr><td>Roberto A. Atendido</td><td>Male</td></tr> <tr><td>Paterno H. Dizon</td><td>Male</td></tr> <tr><td>Honorio O. Reyes-Lao</td><td>Male</td></tr> <tr><td>Benjamin R. Sta. Catalina, Jr.</td><td>Male</td></tr> <tr><td>Leticia M. Yao</td><td>Female</td></tr> <tr><td>Narciso DL Eraña</td><td>Male</td></tr> <tr><td>Roberto C. Uyquiengco<sup>2</sup></td><td>Male</td></tr> </tbody> </table>				Director’s Name	Gender	Francis T. Lee	Male	Jeffrey S. Yao	Male	Rolando R. Avante	Male	Danilo A. Alcoseba	Male	Roberto A. Atendido	Male	Paterno H. Dizon	Male	Honorio O. Reyes-Lao	Male	Benjamin R. Sta. Catalina, Jr.	Male	Leticia M. Yao	Female	Narciso DL Eraña	Male	Roberto C. Uyquiengco <sup>2</sup>	Male	
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<sup>2</sup> Elected on May 25, 2018, but assumed the position only on January 11, 2019 or upon approval of PBB’s Amended Articles of Incorporation and By-Laws by the SEC.

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

Recommended CG Practice/Policy	Compliant/ Non-Compliant	Additional Information	Explanation
Recommendation 1.5			
<p>1. Board is assisted by a Corporate Secretary.</p> <p>2. Corporate Secretary is a separate individual from the Compliance Officer.</p> <p>3. Corporate Secretary is not a member of the Board of Directors.</p>	Compliant	<p>Atty. Roberto S. Santos is the Bank’s Corporate Secretary with a rank of Vice President. He was a Senior Assistant Vice President at Security Bank Corporation from 1996 to 2001. He also held an Assistant Manager position at Traders Royal Bank.</p> <p>His expertise and training includes Seminars on Corporate Governance and Best Practices Guide to Compliance with the Anti-Money Laundering Law and Its IRR in 2018, Seminar on Data Privacy Act and Best Practice in Corporate Housekeeping in 2017, Corporate Governance Seminar, AMLA for Board of Directors and Senior Officers, Revised ISBP on LC Transactions, and Do’s and Don’ts in Hiring and Firing Endo Workers 2016, Corporate Governance Seminar for Directors and Senior Officers, Mandatory Continuing Legal Education, A Guide to Mergers and Acquisitions for Banks and Updated Guidelines on Sound Credit Risk Management in 2015. Corporate Governance Seminar for Directors &amp; Senior Officers and AMLA Seminar for Board of Directors and Senior Officers in 2014 and 2012, Risk Awareness Seminar in 2012, Corporate Governance Seminar in 2011 and Mandatory Continuing Legal Education (MCLE) in 2009.</p> <p>Atty. Santos is a graduate of Bachelor of Arts from the University of the East and took up Bachelor of Laws in the same university</p> <p>The Corporate Secretary is the custodian of and maintains corporate books and record and the recorder of the Bank’s formal actions and transactions. He is primarily responsible to the bank</p>	

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

Recommended CG Practice/Policy	Compliant/ Non-Compliant	Additional Information	Explanation
		<p>and its shareholders, and has, among others, the following duties and responsibilities:</p> <ul style="list-style-type: none"> <li>(a) Assists the Board and the board committees in the conduct of their meetings, including preparing an annual schedule of Board and committee meetings and the annual board calendar and assisting the chairs of the Board and its committees to set agendas for those meetings;</li> <li>(b) Safe keeps and preserves the integrity of the minutes of the meetings of the Board and its committees, as well as other official records of the bank;</li> <li>(c) Keeps abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the bank, and advises the Board and the chairperson all relevant issues as they arise;</li> <li>(d) Works fairly and objectively with the Board, Management and stockholders and contributes to the flow of information between the Board and management, the Board and its committees, and the Board and its stakeholders, including shareholders;</li> <li>(e) Advises on the establishment of board committees and their terms of reference;</li> <li>(f) Informs members of the Board, in accordance with the by-laws, of the agenda of their meetings at least five working days in advance, and ensures that the members have before them accurate information that will enable them to arrive at intelligent decision on matters that require their approval;</li> <li>(g) Attends all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious</li> </ul>	

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

Recommended CG Practice/Policy	Compliant/ Non-Compliant	Additional Information	Explanation														
		accidents, prevent him/her from doing so; (h) Performs required administrative functions; (i) Oversees the drafting of the by-laws and ensures that they conform with regulatory requirement; and (j) Performs such other duties and responsibilities as may be provided by the SEC.															
4. Corporate Secretary attends training/s on corporate governance.	Compliant	Trainings on Corporate Governance: <table border="1" data-bbox="810 659 1614 1057"> <thead> <tr> <th data-bbox="810 659 1312 699">Nature/Title</th> <th data-bbox="1312 659 1614 699">Date Taken</th> </tr> </thead> <tbody> <tr> <td data-bbox="810 699 1312 740">Seminar on Corporate Governance</td> <td data-bbox="1312 699 1614 740">27 November 2018</td> </tr> <tr> <td data-bbox="810 740 1312 821">Best Practices in Corporate Housekeeping</td> <td data-bbox="1312 740 1614 821">11-12 May2017</td> </tr> <tr> <td data-bbox="810 821 1312 862">Corporate Governance Seminar</td> <td data-bbox="1312 821 1614 862">22 December 2016</td> </tr> <tr> <td data-bbox="810 862 1312 943">Corporate Governance Seminar for Directors &amp; Senior Officers</td> <td data-bbox="1312 862 1614 943">10 December 2015</td> </tr> <tr> <td data-bbox="810 943 1312 1024">Corporate Governance Seminar for Directors &amp; Senior Officers</td> <td data-bbox="1312 943 1614 1024">23 December 2014</td> </tr> <tr> <td data-bbox="810 1024 1312 1057">Corporate Governance Seminar</td> <td data-bbox="1312 1024 1614 1057">3 September 2011</td> </tr> </tbody> </table>	Nature/Title	Date Taken	Seminar on Corporate Governance	27 November 2018	Best Practices in Corporate Housekeeping	11-12 May2017	Corporate Governance Seminar	22 December 2016	Corporate Governance Seminar for Directors & Senior Officers	10 December 2015	Corporate Governance Seminar for Directors & Senior Officers	23 December 2014	Corporate Governance Seminar	3 September 2011	
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Optional: Recommendation 1.5																	
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	Compliant	The Office of the Corporate Secretary distributes the materials at least one (1) week prior to the date of actual meeting (hard and soft copies)															
Recommendation 1.6																	
1. Board is assisted by a Compliance Officer.	Compliant	Mr. Reynaldo E. Ebanen was hired by the Bank as Deputy Chief Compliance Officer in April 2016 and assumed the position of															

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

Recommended CG Practice/Policy	Compliant/ Non-Compliant	Additional Information	Explanation
		Acting Chief Compliance Officer in January 2018 up to the present.	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.		He started his banking career in Active Bank as an Accounting Assistant from 1991 to 1992 and was promoted to Branch Accountant in 1993 to 1995 and Account Officer in 1996 to 1997. His other banking experiences include: Branch Accountant (1998 to 2000), Branch Manager (2000- 2001), Head of AML Unit (2001 to 2006) at United Overseas Bank; AML Officer at United Coconut Planters Bank (2006 to 2008); and Compliance and AML Officer at Bank of Makati Inc. (2008 to 2016).	
3. Compliance Officer is not a member of the board.		<p>Mr. Ebanen is a graduate of Bachelor of Science in Business Administration Major in Accounting from the University of the East and attended the Trust Operations and Investment Management Program at the Asian Institute of Management (AIM).</p> <p>He shall perform the following duties:</p> <ul style="list-style-type: none"> <li>i. Ensures that the compliance system is designed to specifically identify and mitigate compliance/business risks, which may erode the franchise value of the bank.</li> <li>ii. Ensures that the compliance function shall have formal status within the Bank, which shall be established by a charter duly approved by the Board of Directors that defines the compliance function’s standing, authority and independence, and addresses the following issues:</li> </ul>	



**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

Recommended CG Practice/Policy	Compliant/ Non-Compliant	Additional Information	Explanation
		<p>(1) Measures to ensure the independence of the compliance function from the business activities of the bank;</p> <p>(2) The organizational structure and responsibilities of the unit or department administering the compliance program;</p> <p>(3) The relationship of the Compliance Office with other functions or units of the organization, including the delineation of responsibilities and lines of cooperation;</p> <p>(4) The right of the Compliance Office to obtain access to information necessary to carry out its responsibilities;</p> <p>(5) The right of the Compliance Office to conduct investigations of possible breaches of the compliance policy;</p> <p>(6) The formal reporting relationships of the Compliance Office to Senior Management, the Board of Directors, and the appropriate board-level Committee; and</p> <p>(7) The rights of the Compliance Office direct access to the Board of Directors and to the appropriate Committee level Committee.</p> <p>iii. Is tasked in managing the implementation of the Corporate Governance and Compliance Program of the Bank, with the following specific duties and responsibilities:</p> <p>(1) Ensures proper on-boarding of new directors (i.e., orientation on the bank’s business, charter, articles of incorporation and by-laws, among others);</p> <p>(2) Monitors, reviews, evaluates and ensures the compliance by the Bank, its officers and directors with the relevant laws, this Code, rules and regulations and all governance</p>	

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

Recommended CG Practice/Policy	Compliant/ Non-Compliant	Additional Information	Explanation						
		issuances of regulatory agencies; (3) Reports the matter to the Corporate Governance Committee if violations are found and recommends the imposition of appropriate disciplinary action; (4) Ensures the integrity and accuracy of all documentary submission to regulators; (5) Appears before the SEC when summoned in relation to compliance with this Code; (6) Collaborates with other departments to properly address compliance issues, which may be subject to investigation; (7) Identifies possible areas of compliance issues and works towards the resolution of the same; (8) Ensures the attendance of board members and key officers to relevant trainings; (9) Performs such other duties and responsibilities as may be provided by the SEC; (10) Manages the implementation, and periodic revision, of the Corporate Governance and Compliance Program; and (11) Develops and recommends policies and programs to the Board of Directors, through the Corporate Governance Committee, which will encourage officers and employees to report suspected fraud and other improprieties without fear of retaliation.							
4. Compliance Officer attends training/s on corporate governance.	Compliant	Trainings on Corporate Governance: <table border="1" data-bbox="844 1318 1575 1432"> <thead> <tr> <th data-bbox="844 1318 1312 1360">Nature/Title</th> <th data-bbox="1312 1318 1575 1360">Date Taken</th> </tr> </thead> <tbody> <tr> <td data-bbox="844 1360 1312 1398">Seminar on Corporate Governance</td> <td data-bbox="1312 1360 1575 1398">27 November 2018</td> </tr> <tr> <td data-bbox="844 1398 1312 1432">Corporate Governance Seminar</td> <td data-bbox="1312 1398 1575 1432">22 December 2016</td> </tr> </tbody> </table>	Nature/Title	Date Taken	Seminar on Corporate Governance	27 November 2018	Corporate Governance Seminar	22 December 2016	
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**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

Recommended CG Practice/Policy	Compliant/ Non-Compliant	Additional Information	Explanation
<p><b>Principle 2:</b> The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company’s articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.</p>			
<p>Recommendation 2.1</p>			
<p>1. Directors act on a fully informed basis, in good faith, with due diligence and care and in the best interest of the company.</p>	<p>Compliant</p>	<p>Page 26 (vi) of PBB’s Revised Corporate Governance Manual 2019 (link: <a href="https://www.pbb.com.ph/SEC/Corporate%20Governance/Others/Manuals%20on%20Corporate%20Governance/Revised%20Manual%20on%20Corporate%20Governance%20and%20Compliance%20Program%202019.pdf">https://www.pbb.com.ph/SEC/Corporate%20Governance/Others/Manuals%20on%20Corporate%20Governance/Revised%20Manual%20on%20Corporate%20Governance%20and%20Compliance%20Program%202019.pdf</a>)</p>	
<p>Recommendation 2.2</p>			
<p>1. Board oversees the development, review and approval of the company’s business objectives and strategy.</p>	<p>Compliant</p>	<p>Page 18 (#2) of PBB’s Revised Corporate Governance Manual 2019 (link: <a href="https://www.pbb.com.ph/SEC/Corporate%20Governance/Others/Manuals%20on%20Corporate%20Governance/Revised%20Manual%20on%20Corporate%20Governance%20and%20Compliance%20Program%202019.pdf">https://www.pbb.com.ph/SEC/Corporate%20Governance/Others/Manuals%20on%20Corporate%20Governance/Revised%20Manual%20on%20Corporate%20Governance%20and%20Compliance%20Program%202019.pdf</a>)</p>	
<p>2. Board oversees and monitors the implementation of the company’s business objectives and strategy.</p>			
<p>Supplement to Recommendation 2.2</p>			
<p>1. Board has a clearly defined and updated vision, mission and core values.</p>	<p>Compliant</p>	<p><a href="http://pbb.com.ph/mission_and_vision.htm">http://pbb.com.ph/mission_and_vision.htm</a>  Review of the vision, mission and core values is being conducted yearly.</p>	
<p>2. Board has a strategy execution process that</p>	<p>Compliant</p>	<p>The Board of Directors has general responsibilities of: (1) approving and overseeing the implementation of the Bank’s</p>	

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

Recommended CG Practice/Policy	Compliant/ Non-Compliant	Additional Information	Explanation
<p>facilitates effective management performance and is attuned to the company's business environment, and culture.</p>		<p>strategic objectives, risk strategy, corporate governance and corporate values; (2) monitoring and overseeing the performance of senior management as the latter manages the day-to-day affairs of the institution.</p>	
<p><b>Recommendation 2.3</b></p>			
<p>1. Board is headed by a competent and qualified Chairperson.</p>	<p>Compliant</p>	<p>PBB's Chairman of the Board is Mr. Francis T. Lee. See recommendation 1.1 for his qualifications.</p>	
<p><b>Recommendation 2.4</b></p>			
<p>1. Board ensures and adopts an effective succession planning program for directors, key officers and management.</p>	<p>Compliant</p>	<p>Succession Planning is established (1) To ensure unhampered operations of the Bank; (2) To ensure continuity in management of its corporate affairs/operations; and (3) To avoid strategic risk resulting from a sudden vacancy of key and critical positions in the Bank.</p>	
<p>2. Board adopts a policy on the retirement for directors and key officers.</p>		<p>The Bank's Succession Planning is also designed to:</p> <ul style="list-style-type: none"> <li>• Strengthen leadership stability so that critical positions are accordingly filled up.</li> <li>• Identify high potential employees who display the competencies required to perform assigned functions effectively.</li> <li>• Develop effective development programs to address the competency gaps of incumbents and potential successors.</li> </ul> <p>The Bank's Succession Planning was updated and approved by the BOD in 2018. The updated succession plan includes the framework, implementing guidelines, requirements for identified successors, and development plans to be given to</p>	

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

Recommended CG Practice/Policy	Compliant/ Non-Compliant	Additional Information	Explanation
		<p>talents identified as successors. All these were included to ensure effectiveness of the program.</p> <p>The retirement policy of the Bank is being implemented with the approval of EXCOM and Retirement Committee.</p>	
Recommendation 2.5			
<p>1. Board aligns the remuneration of key officers and board members with long-term interests of the company.</p>	Compliant	<p>The bank’s compensation strategy provides for a competitive pay structure that rewards the attainment of long-term and short-term objectives and how the goals and objectives are attained. Thus, part of the performance metrics include governance ratings such as Audit and compliance, customer service, business process improvement</p>	
<p>2. Board adopts a policy specifying the relationship between remuneration and performance.</p>	Compliant	<p>The bank’s compensation strategy is performance-based, and performance is not only in terms of numbers but other equally important metrics to ensure the sustainability of the bank as discussed above.</p> <p>Compensation and Benefits packages are benchmarked with the industry, and reviewed based on the internal standards of the bank in terms of reasonability and affordability vis-à-vis bank performance.</p>	
<p>3. Directors do not participate in discussions or deliberations involving his/her own remuneration.</p>	Compliant	<p>See item D.2.i on page 11 of the Manual on Corporate Governance and Compliance Program.</p>	
Optional: Recommendation 2.5			
<p>1. Board approves the</p>	Compliant	<p>The Board approved the Performance Bonus and Merit Increase</p>	

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

<b>Recommended CG Practice/Policy</b>	<b>Compliant/ Non-Compliant</b>	<b>Additional Information</b>	<b>Explanation</b>
remuneration of senior executives		Principles being adhered to by the bank in formulating its compensation and benefits level. Remuneration and benefits of the employees are approved by the Executive Committee and confirmed by the Board. Annual performance management guidelines are also presented to the Executive Committee and the Board for approval.	
2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.	Compliant	The Bank's Performance Management System includes metrics that promote the long-term interest of the bank. Please see discussion in Recommendation 2.5	
<b>Recommendation 2.6</b>			
1. Board has a formal and transparent board nomination and election policy.	Compliant	The Corporate Governance/Nomination Committee pre-screens and short-lists all candidates nominated to become members of the BOD in accordance with the qualifications and disqualifications provisions of the Bank's Manual on Corporate Governance and Compliance Program.	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.		The Corporate Governance/Nomination Committee conducts annual evaluation of the performance of all directors. The results in this annual activity is the basis of the Committee in coming up with the list of nominees to be submitted to the Corporate Secretary for possible re-appointment/re-election to the Board as director during the stockholders meeting.	
3. Board nomination and election policy includes how the company accepted			

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

<b>Recommended CG Practice/Policy</b>	<b>Compliant/ Non-Compliant</b>	<b>Additional Information</b>	<b>Explanation</b>
nominations from minority shareholders.			
4. Board nomination and election policy includes how the board shortlists candidates.			
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.			
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.			
<b>Optional: Recommendation 2.6</b>			
1. Company uses professional search firms or other external sources of candidates (such as director database set up by director or shareholder bodies) when searching for candidates to the board of directors.	Compliant	Sourcing of candidates are mostly coming from recommendations of the members of the Board of Directors and other Senior Officers, as well as known personalities with the Institute of Corporate Directors, wherein one of the current directors of PBB is a member.	
<b>Recommendation 2.7</b>			



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<b>Recommended CG Practice/Policy</b>	<b>Compliant/ Non-Compliant</b>	<b>Additional Information</b>	<b>Explanation</b>
<p>1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.</p>	<p>Compliant</p>	<p><a href="http://pbb.com.ph/SEC/Corporate%20Governance/Policies/RPT%20Policy.pdf">http://pbb.com.ph/SEC/Corporate%20Governance/Policies/RPT%20Policy.pdf</a></p>	
<p>2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.</p>			
<p>3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.</p>			
<p><b>Supplement to Recommendations 2.7</b></p>			
<p>1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered de minimis or transactions that need not be reported</p>	<p>Compliant</p>	<p>A threshold amount, as approved by the Board, is prescribed for each type of transaction with each related party or group of related parties. An RPT that crossed the applicable threshold amount shall be considered material RPT and shall be subject to materiality threshold requirements, i.e., evaluation and approval by RPT Committee and BOD, respectively, and reporting to the BSP.</p>	

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<b>Recommended CG Practice/Policy</b>	<b>Compliant/ Non-Compliant</b>	<b>Additional Information</b>	<b>Explanation</b>
<p>or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.</p>		<p>The following transactions shall not be deemed related party transactions and shall therefore be excluded from materiality thresholds requirement and reporting to the BSP.</p> <ul style="list-style-type: none"> <li>i. Transactions concerning deposit operations;</li> <li>ii. Regular trade transactions involving purchases and sales of debt securities traded in an active market;</li> <li>iii. Transactions allowed/granted under BSP-approved fringe benefit programs; and</li> <li>iv. Executive Officer and Director compensation arrangements.</li> </ul>	
<p>2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.</p>	<p align="center">Compliant</p>	<p>All related party transactions are coursed through the recommending approval of the Related Party Transactions (RPT) Committee and endorsed to the Board and that any Board member who have material interest with the transaction does not participate in the approval of the same (proof of which are the Minutes of the Meetings of the Board as well as the RPT Committee).</p> <p>Link:  <a href="https://www.pbb.com.ph/SEC/Corporate%20Governance/Policies/RPT%20Policy.pdf">https://www.pbb.com.ph/SEC/Corporate%20Governance/Policies/RPT%20Policy.pdf</a></p>	
<p><b>Recommendation 2.8</b></p>			
<p>1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions</p>	<p align="center">Compliant</p>	<p>See E.2.a.iv (3) on page 19 of the Manual on Corporate Governance and Compliance Program</p> <p>The appointed senior officers were vetted by the Executive Committee, approved and duly endorsed by the Corporate Governance Committee to the Board and confirmed by the Board of Directors.</p>	

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

Recommended CG Practice/Policy	Compliant/ Non-Compliant	Additional Information	Explanation										
(Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive)		<p>The Management Team appointed:</p> <table border="1" data-bbox="789 423 1593 662"> <thead> <tr> <th data-bbox="789 423 1131 464">Name</th> <th data-bbox="1131 423 1593 464">Position</th> </tr> </thead> <tbody> <tr> <td data-bbox="789 464 1131 505">Rolando R. Avante</td> <td data-bbox="1131 464 1593 505">President and CEO</td> </tr> <tr> <td data-bbox="789 505 1131 545">Reynaldo E. Ebanen</td> <td data-bbox="1131 505 1593 545">Acting Chief Compliance Officer</td> </tr> <tr> <td data-bbox="789 545 1131 586">Belinda C. Rodriguez</td> <td data-bbox="1131 545 1593 586">Chief Risk Officer</td> </tr> <tr> <td data-bbox="789 586 1131 662">Laurence R. Rapanut</td> <td data-bbox="1131 586 1593 662">Chief Audit Executive/Internal Auditor</td> </tr> </tbody> </table>	Name	Position	Rolando R. Avante	President and CEO	Reynaldo E. Ebanen	Acting Chief Compliance Officer	Belinda C. Rodriguez	Chief Risk Officer	Laurence R. Rapanut	Chief Audit Executive/Internal Auditor	
Name	Position												
Rolando R. Avante	President and CEO												
Reynaldo E. Ebanen	Acting Chief Compliance Officer												
Belinda C. Rodriguez	Chief Risk Officer												
Laurence R. Rapanut	Chief Audit Executive/Internal Auditor												
2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliant	All Group Heads reporting to Board Level Committees are being rated by each member of the committee i.e. Chief Risk Officer is rated by Risk Committee, Chief Compliance Officer and Internal Auditor are rated by the Audit Committee and Trust Officer is rated by Trust Committee. With the agreement of the Committee members, the Chair of the Board Committees may gather all the ratings of the members of the Board and present one rating to the ratee, or each Committee member will submit his/her individual rating and HR will average the rating.											
Recommendation 2.9													
1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	Compliant	<p>Bank's Performance Management System provides for KRAs and KPIs that are measurable, and includes not only the numerical results, but also how the numerical results were achieved through governance and organization development metrics.</p> <p>The performance standards and measures, feedback system and performance monitoring, recognition mechanism and developmental plans to support employee development, give due recognition to deserving employees.</p>											

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

<b>Recommended CG Practice/Policy</b>	<b>Compliant/ Non-Compliant</b>	<b>Additional Information</b>	<b>Explanation</b>
2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.		A Performance Improvement Plan is implemented to assist all employees who get a Below Average rating in their Performance Appraisal.	
<b>Recommendation 2.10</b>			
1. Board oversees that an appropriate internal control system is in place.	Compliant	See E.2.a.v on page 25 of the Manual on Corporate Governance and Compliance Program	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management members and shareholders.			
3. Board approves the Internal Audit Charter.	Compliant	<a href="http://pbb.com.ph/SEC/Corporate%20Governance/BOC/Committee%20Charters/PBB_AuditCommitteeCharter.pdf">http://pbb.com.ph/SEC/Corporate%20Governance/BOC/Committee%20Charters/PBB_AuditCommitteeCharter.pdf</a>	
<b>Recommendation 2.11</b>			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business	Compliant	See E.2.a.ix on page 40 of the Manual on Corporate Governance and Compliance Program  see Annex A - PBB Risk Management Profile	

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

Recommended CG Practice/Policy	Compliant/ Non-Compliant	Additional Information	Explanation
<p>risk.</p> <p>2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.</p>			
Recommendation 2.12			
<p>1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.</p>	Compliant	<a href="http://pbb.com.ph/SEC/Corporate%20Governance/BOC/Board%20of%20Director's%20Charter%20-%20Philippine%20Business%20Bank.pdf">http://pbb.com.ph/SEC/Corporate%20Governance/BOC/Board%20of%20Director's%20Charter%20-%20Philippine%20Business%20Bank.pdf</a>	
<p>2. Board Charter serves as a guide to the directors in the performance of their functions.</p>			
<p>3. Board Charter is publicly available and posted on the company's website.</p>			
Additional Recommendation to Principle 2			
<p>1. Board has a clear insider trading policy.</p>	Compliant	<a href="http://pbb.com.ph/SEC/Corporate%20Governance/Policies/Insider%20Trading%20Policy%20(for%20PBB%20Website).pdf">http://pbb.com.ph/SEC/Corporate%20Governance/Policies/Insider%20Trading%20Policy%20(for%20PBB%20Website).pdf</a>	
Optional: Principle 2			
<p>1. Company has a policy on</p>	Compliant	<a href="http://pbb.com.ph/SEC/Corporate%20Governance/Policies/RPT%">http://pbb.com.ph/SEC/Corporate%20Governance/Policies/RPT%</a>	

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

Recommended CG Practice/Policy	Compliant/ Non-Compliant	Additional Information	Explanation
granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.		<a href="#">20Policy.pdf</a>	
2. Company discloses the types of decision requiring board of directors' approval.			

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

**Recommendation 3.1**

1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	See E.2.a.ix on page 34 of the Manual on Corporate Governance and Compliance Program	
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**Recommendation 3.2**

1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and	Compliant	See E.2.a.ix on page 35 of the Manual on Corporate Governance and Compliance Program.  The committee is responsible for the appointment, fees, and replacement of external auditor. It reviews and approves the engagement contract and ensures that the scope of audit likewise	
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**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

Recommended CG Practice/Policy	Compliant/ Non-Compliant	Additional Information	Explanation												
external audit processes, and compliance with applicable laws and regulations.		cover areas specifically prescribed by the Bangko Sentral and other regulators [see item (4) on page 36 of the Corporate Governance Manual].													
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	Compliant	See recommendation 1.1 for their qualifications <table border="1" data-bbox="810 542 1623 751" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th data-bbox="810 542 1314 586">Director's Name</th> <th data-bbox="1314 542 1623 586">Type</th> </tr> </thead> <tbody> <tr> <td data-bbox="810 586 1314 618">Benjamin R. Sta. Catalina, Jr. – Chairman</td> <td data-bbox="1314 586 1623 618">Independent Director</td> </tr> <tr> <td data-bbox="810 618 1314 651">Paterno H. Dizon – Member</td> <td data-bbox="1314 618 1623 651">Independent Director</td> </tr> <tr> <td data-bbox="810 651 1314 683">Danilo A. Alcosoba – Member</td> <td data-bbox="1314 651 1623 683">Non-Executive Director</td> </tr> <tr> <td data-bbox="810 683 1314 716">Roberto A. Atendido – Member</td> <td data-bbox="1314 683 1623 716">Non-Executive Director</td> </tr> <tr> <td data-bbox="810 716 1314 748">Narciso DL. Eraña – Member</td> <td data-bbox="1314 716 1623 748">Independent Director</td> </tr> </tbody> </table>	Director's Name	Type	Benjamin R. Sta. Catalina, Jr. – Chairman	Independent Director	Paterno H. Dizon – Member	Independent Director	Danilo A. Alcosoba – Member	Non-Executive Director	Roberto A. Atendido – Member	Non-Executive Director	Narciso DL. Eraña – Member	Independent Director	
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Roberto A. Atendido – Member	Non-Executive Director														
Narciso DL. Eraña – Member	Independent Director														
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	See recommendation 1.1 for their qualifications													
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Compliant	<a href="http://pbb.com.ph/SEC/Corporate%20Governance/BOC/PBB_BoardCommitteeMembers.pdf">http://pbb.com.ph/SEC/Corporate%20Governance/BOC/PBB_BoardCommitteeMembers.pdf</a>													
<b>Supplement to Recommendation 3.2</b>															
1. Audit Committee approves all non-audit services conducted by the external auditor.	Compliant	The Bank has not engaged any non-audit services from the external auditor, Punongbayan & Araullo.  Attached as Annex B is the report of the Punongbayan & Araullo under Section 4 of the Audit Result for Philippine Business Bank, Inc. (for the year ended December 31, 2018) which states “P&A													

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

Recommended CG Practice/Policy	Compliant/ Non-Compliant	Additional Information	Explanation
		<p>has not been engaged by the Bank for any non-audit services during the year.”</p> <p>The said SEC’s recommendation/ provision is included in the revised Audit Committee Charter approved by the Audit Committee on May 9, 2018 and confirmed by the Board of Directors on May 16, 2018. (See Annex C).</p>	
<p>2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.</p>	<p>Compliant</p>	<p>The Bank’s Audit Committee has conducted regular meetings and dialogues with the external audit team without anyone from the management present on September 12, 2018 and March 13, 2019.</p> <p>Attached as proof are following:</p> <p>1) Minutes of Meeting dated September 12, 2018 and March 13, 2019 (See Annexes D &amp; E);</p> <p>2) P&amp;A’s letter to the Bank’s Audit Committee dated September 6, 2018 on their discussion pertaining to their Audit Plan for PBB for the year ending December 31, 2018 (See Annex F).</p>	
<p>Optional: Recommendation 3.2</p>			
<p>1. Audit Committee meet at least four times during the year.</p>	<p>Compliant</p>	<p>The Audit Committee met monthly or twelve (12) times during the year. This is provided under the Revised Audit Committee Charter (under page 6) which states that “The Committee will meet once every month or as often as necessary to fulfill its duties and responsibilities”</p> <p>Attached as Annex C is a copy of the Revised Audit Committee Charter.</p>	



**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

Recommended CG Practice/Policy	Compliant/ Non-Compliant	Additional Information	Explanation										
<p>2. Audit Committee approves the appointment and removal of the internal auditor.</p>	<p>Compliant</p>	<p>The Audit Committee approves the appointment and removal of the Internal Auditor.</p> <p>This is provided under item 21 of the revised Audit Committee Charter which states that the Audit Committee “Approve the appointment and removal of the Chief Internal Auditor and key internal auditors or contracted internal auditors, if applicable.”</p> <p>Attached as Annex C is a copy of the Audit Committee Charter.</p>											
<p><b>Recommendation 3.3</b></p>													
<p>1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.</p>	<p>Compliant</p>	<p>See item D on page 10 of the Manual on Corporate Governance and Compliance Program.</p> <p>The committee reviews and evaluates the qualifications of all persons nominated to the board of directors as well as those nominated to other positions requiring appointment by the board of directors.</p> <p>The committee recommends to the board of directors matters pertaining to the assignment to board committees, as well as succession plan for the members of the board of directors and senior management.</p>											
<p>2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.</p>	<p>Compliant</p>	<p>See recommendation 1.1 for their qualifications</p>											
<p>3. Chairman of the Corporate Governance Committee is</p>		<table border="1"> <thead> <tr> <th data-bbox="795 1247 1310 1289">Director’s Name</th> <th data-bbox="1310 1247 1619 1289">Type</th> </tr> </thead> <tbody> <tr> <td data-bbox="795 1289 1310 1325">Paterno H. Dizon – Chairman</td> <td data-bbox="1310 1289 1619 1325">Independent Director</td> </tr> <tr> <td data-bbox="795 1325 1310 1360">Benjamin R. Sta. Catalina, Jr. – Member</td> <td data-bbox="1310 1325 1619 1360">Independent Director</td> </tr> <tr> <td data-bbox="795 1360 1310 1396">Narciso DL. Eraña – Member</td> <td data-bbox="1310 1360 1619 1396">Independent Director</td> </tr> <tr> <td data-bbox="795 1396 1310 1432">Roberto A. Atendido – Member</td> <td data-bbox="1310 1396 1619 1432">Non-Executive Director</td> </tr> </tbody> </table>	Director’s Name	Type	Paterno H. Dizon – Chairman	Independent Director	Benjamin R. Sta. Catalina, Jr. – Member	Independent Director	Narciso DL. Eraña – Member	Independent Director	Roberto A. Atendido – Member	Non-Executive Director	
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**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

Recommended CG Practice/Policy	Compliant/ Non-Compliant	Additional Information		Explanation												
an independent director.		Jeffrey S. Yao – Member	Non-Executive Director													
Optional: Recommendation 3.3																
1. Corporate Governance Committee meet at least twice (2x) during the year.	Compliant	The Corporate Governance Committee had seven (7) meetings for the year 2018.														
Recommendation 3.4																
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company’s Enterprise Risk Management system to ensure its functionality and effectiveness.	Compliant	See E.2.a.ix on page 40 of the Manual on Corporate Governance and Compliance Program.														
2. BROC is composed of at least three (3) members, the majority of whom should be independent directors, including the Chairman.	Compliant	See recommendation 1.1 for their qualifications. <table border="1" data-bbox="795 899 1612 1117" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Director’s Name</th> <th>Type</th> </tr> </thead> <tbody> <tr> <td>Narciso DL. Eraña – Chairman</td> <td>Independent Director</td> </tr> <tr> <td>Paterno H. Dizon – Member</td> <td>Independent Director</td> </tr> <tr> <td>Benjamin R. Sta. Catalina, Jr. – Member</td> <td>Independent Director</td> </tr> <tr> <td>Honorio O. Reyes-Lao – Member</td> <td>Non-Executive Director</td> </tr> <tr> <td>Roberto A. Atendido – Member</td> <td>Non-Executive Director</td> </tr> </tbody> </table>		Director’s Name	Type	Narciso DL. Eraña – Chairman	Independent Director	Paterno H. Dizon – Member	Independent Director	Benjamin R. Sta. Catalina, Jr. – Member	Independent Director	Honorio O. Reyes-Lao – Member	Non-Executive Director	Roberto A. Atendido – Member	Non-Executive Director	
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Honorio O. Reyes-Lao – Member	Non-Executive Director															
Roberto A. Atendido – Member	Non-Executive Director															
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Compliant	<a href="http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=640#viewer">http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=640#viewer</a>														
4. At least one member of the BROC has relevant thorough	Compliant	see recommendation 1.1 for their qualifications														

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

Recommended CG Practice/Policy	Compliant/ Non-Compliant	Additional Information	Explanation												
knowledge and experience on risk and risk management.															
<b>Recommendation 3.5</b>															
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Compliant	See E.2.a.ix on page 37 of the Manual Corporate Governance and Compliance Program.													
2. RPT Committee is composed of at least three (3) non-executive directors, two (2) of whom should be independent, including the Chairman.	Compliant	See recommendation 1.1 for their qualifications <table border="1" data-bbox="795 776 1623 995"> <thead> <tr> <th data-bbox="795 776 1287 816">Director's Name</th> <th data-bbox="1287 776 1623 816">Type</th> </tr> </thead> <tbody> <tr> <td data-bbox="795 816 1287 857">Paterno H. Dizon – Chairman</td> <td data-bbox="1287 816 1623 857">Independent Director</td> </tr> <tr> <td data-bbox="795 857 1287 898">Benjamin R. Sta. Catalina, Jr. – Member</td> <td data-bbox="1287 857 1623 898">Independent Director</td> </tr> <tr> <td data-bbox="795 898 1287 938">Narciso DL. Eraña – Member</td> <td data-bbox="1287 898 1623 938">Independent Director</td> </tr> <tr> <td data-bbox="795 938 1287 979">Danilo A. Alcoseba – Member</td> <td data-bbox="1287 938 1623 979">Non-Executive Director</td> </tr> <tr> <td data-bbox="795 979 1287 995">Roberto A. Atendido – Member</td> <td data-bbox="1287 979 1623 995">Non-Executive Director</td> </tr> </tbody> </table>	Director's Name	Type	Paterno H. Dizon – Chairman	Independent Director	Benjamin R. Sta. Catalina, Jr. – Member	Independent Director	Narciso DL. Eraña – Member	Independent Director	Danilo A. Alcoseba – Member	Non-Executive Director	Roberto A. Atendido – Member	Non-Executive Director	
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<b>Recommendation 3.6</b>															
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	Compliant	Board Committee Charters: <table border="1" data-bbox="795 1133 1656 1409"> <thead> <tr> <th data-bbox="795 1133 1003 1174">Committee</th> <th data-bbox="1003 1133 1656 1174">Link</th> </tr> </thead> <tbody> <tr> <td data-bbox="795 1174 1003 1295">Audit</td> <td data-bbox="1003 1174 1656 1295"><a href="http://pbb.com.ph/SEC/Corporate%20Governance/BOC/Committee%20Charters/PBB_AuditCommitteeCharter.pdf">http://pbb.com.ph/SEC/Corporate%20Governance/BOC/Committee%20Charters/PBB_AuditCommitteeCharter.pdf</a></td> </tr> <tr> <td data-bbox="795 1295 1003 1409">Corporate Governance</td> <td data-bbox="1003 1295 1656 1409"><a href="http://pbb.com.ph/SEC/Corporate%20Governance/BOC/Committee%20Charters/PBB_CorporateGovernanceCommitteeCharter.pdf">http://pbb.com.ph/SEC/Corporate%20Governance/BOC/Committee%20Charters/PBB_CorporateGovernanceCommitteeCharter.pdf</a></td> </tr> </tbody> </table>	Committee	Link	Audit	<a href="http://pbb.com.ph/SEC/Corporate%20Governance/BOC/Committee%20Charters/PBB_AuditCommitteeCharter.pdf">http://pbb.com.ph/SEC/Corporate%20Governance/BOC/Committee%20Charters/PBB_AuditCommitteeCharter.pdf</a>	Corporate Governance	<a href="http://pbb.com.ph/SEC/Corporate%20Governance/BOC/Committee%20Charters/PBB_CorporateGovernanceCommitteeCharter.pdf">http://pbb.com.ph/SEC/Corporate%20Governance/BOC/Committee%20Charters/PBB_CorporateGovernanceCommitteeCharter.pdf</a>							
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**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

Recommended CG Practice/Policy	Compliant/ Non-Compliant	Additional Information		Explanation
2. Committee Charters provide standards for evaluating the performance of the Committees.		Executive	<a href="http://pbb.com.ph/SEC/Corporate%20Governance/BOC/Committee%20Charters/PBB_ExecutiveCommitteeCharter.pdf">http://pbb.com.ph/SEC/Corporate%20Governance/BOC/Committee%20Charters/PBB_ExecutiveCommitteeCharter.pdf</a>	
		Related Party Transactions	<a href="http://pbb.com.ph/SEC/Corporate%20Governance/BOC/Committee%20Charters/PBB_RelatedPartyTransactionCommitteeCharter.pdf">http://pbb.com.ph/SEC/Corporate%20Governance/BOC/Committee%20Charters/PBB_RelatedPartyTransactionCommitteeCharter.pdf</a>	
		Risk Oversight	<a href="http://pbb.com.ph/SEC/Corporate%20Governance/BOC/Committee%20Charters/PBB_RiskOversightCommitteeCharter.pdf">http://pbb.com.ph/SEC/Corporate%20Governance/BOC/Committee%20Charters/PBB_RiskOversightCommitteeCharter.pdf</a>	
		Trust	<a href="http://pbb.com.ph/SEC/Corporate%20Governance/BOC/Committee%20Charters/PBB_TrustCommitteeCharter.pdf">http://pbb.com.ph/SEC/Corporate%20Governance/BOC/Committee%20Charters/PBB_TrustCommitteeCharter.pdf</a>	
3. Committee Charters were fully disclosed on the company’s website.	Compliant	See links on items no. 1 & 2 under recommendation 3.6 above		
<b>Principle 4:</b> To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation’s business.				
<b>Recommendation 4.1</b>				
1. The Directors attend and actively participate in all meetings of the Board Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the	Compliant	Conduct of Meeting – “xxx... Members of the Board of Directors should attend regular or special meetings of the Board in person. In view of modern technology, however, conduct of the Board meetings through videoconferencing or teleconferencing shall be allowed.”  Source: Section 7, Article III of PBB Corporate By-Laws (as amended in 2012).		

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

Recommended CG Practice/Policy	Compliant/ Non-Compliant	Additional Information	Explanation																											
Commission.																														
2. The directors review meeting materials for all Board and Committee meetings.	Compliant	Advance Copies of Board/Committee Meeting materials are sent to the members at least one (1) week prior to the scheduled meeting.																												
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	All members of the Board and Board Committees conducts interpolations which can be noted from its Minutes of Meetings as published/disclosed in its website and as submitted to the BSP.																												
<b>Recommendation 4.2</b>																														
1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management’s proposals/views, and oversee the long-term strategy of the company.	Compliant	<p>See E.2.a.vi.(4) – (b) on page 28 of the Manual on Corporate Governance and Compliance Program.</p> <table border="1" data-bbox="787 898 1633 1437"> <thead> <tr> <th data-bbox="787 898 1037 982">Director</th> <th data-bbox="1037 898 1430 982">Corporate Name of the Group Company</th> <th data-bbox="1430 898 1633 982">Publicly Listed (v/X)</th> </tr> </thead> <tbody> <tr> <td data-bbox="787 982 1037 1190" rowspan="5">Leticia M. Yao</td> <td data-bbox="1037 982 1430 1024">Mega Asia Bottling Corporation</td> <td data-bbox="1430 982 1633 1024">X</td> </tr> <tr> <td data-bbox="1037 1024 1430 1066">Zest-O Corporation</td> <td data-bbox="1430 1024 1633 1066">X</td> </tr> <tr> <td data-bbox="1037 1066 1430 1109">Uni-Ipel Industries, Inc.</td> <td data-bbox="1430 1066 1633 1109">X</td> </tr> <tr> <td data-bbox="1037 1109 1430 1151">Harman Foods Phils., Inc.</td> <td data-bbox="1430 1109 1633 1151">X</td> </tr> <tr> <td data-bbox="1037 1151 1430 1190">Solmac Marketing, Inc.</td> <td data-bbox="1430 1151 1633 1190">X</td> </tr> <tr> <td data-bbox="787 1190 1037 1437" rowspan="5">Jeffrey S. Yao</td> <td data-bbox="1037 1190 1430 1232">Zest-O Corporation</td> <td data-bbox="1430 1190 1633 1232">X</td> </tr> <tr> <td data-bbox="1037 1232 1430 1274">Zemar Development Inc.</td> <td data-bbox="1430 1232 1633 1274">X</td> </tr> <tr> <td data-bbox="1037 1274 1430 1317">Macay Holdings Inc.</td> <td data-bbox="1430 1274 1633 1317">√</td> </tr> <tr> <td data-bbox="1037 1317 1430 1359">Onnea Holdings, Inc.</td> <td data-bbox="1430 1317 1633 1359">X</td> </tr> <tr> <td data-bbox="1037 1359 1430 1401">Mazy’s Capital Inc.</td> <td data-bbox="1430 1359 1633 1401">X</td> </tr> <tr> <td data-bbox="1037 1401 1430 1437">ARC Refreshments Corp.</td> <td data-bbox="1430 1401 1633 1437">X</td> </tr> </tbody> </table>	Director	Corporate Name of the Group Company	Publicly Listed (v/X)	Leticia M. Yao	Mega Asia Bottling Corporation	X	Zest-O Corporation	X	Uni-Ipel Industries, Inc.	X	Harman Foods Phils., Inc.	X	Solmac Marketing, Inc.	X	Jeffrey S. Yao	Zest-O Corporation	X	Zemar Development Inc.	X	Macay Holdings Inc.	√	Onnea Holdings, Inc.	X	Mazy’s Capital Inc.	X	ARC Refreshments Corp.	X	
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Recommended CG Practice/Policy	Compliant/ Non-Compliant	Additional Information			Explanation
			Mega Asia Bottling Corporation	X	
			Downtown Realty Dev't Corp.	X	
			AMY Holdings, Inc.	X	
			Semexco Mktg Corp.	X	
			Bev Pack, Inc.	X	
			Asiawide Refreshments Corp.	X	
			ARC Holdings, Inc.	X	
		Francis T. Lee	Insular Savers Bank (Chairman)	X	
		Robert A. Atendido	Gyant Comida Corporation	X	
			Macay Holdings, Inc.	√	
			Pharmarex, Inc.	X	
			Myka Advisory & Consultancy Services, Inc. (Chairman)	X	
			Sinag Energy Phils., Inc. (Formerly Energy Management Conservation Corporation)	X	
			Paper Industries Corp. of the Philippines	X	
			Paxys Inc.	√	
			Asian Alliance Investment Corp.	X	
			Asian Alliance Holdings & Development Corp.	X	
			West Palawan Premiere Development Corporation	X	
			Narciso De Leon Eraña	Francis Court Townhouse Inc.	X
		Berana Incorporated		X	
		Honorio O. Reyes-Lao	Space 2 Place Inc. (Chairman)	X	
			DMCI Holdings Corp.	√	
			DMCI Project Development, Inc.	X	
			Semirara Mining & Power Corp.	√	

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

Recommended CG Practice/Policy	Compliant/ Non-Compliant	Additional Information			Explanation
		Roberto C. Uyquiengco	Green Leaf Foreign Exchange Corporation	X	
			Emmanuel Multi-Purpose Cooperative, Cuenca, Batangas	X	
		Paterno H. Dizon	VC Securities Corporation	X	
			Holy Cross College	X	
			Phil. Exporter's Confederation Inc.	X	
		Danilo A. Alcoseba	None		
		Benjamin R. Sta. Catalina, Jr.	None		
<b>Recommendation 4.3</b>					
1. The directors notify the company's board before accepting a directorship in another company.	Non-Compliant	No policy nor a written notification to the board wherein the matter was discussed.			Will include in the Revised Corporate Governance Manual.
<b>Optional: Principle 4</b>					
1. Company does not have any executive directors who serve in more than two (2) boards of listed companies outside of the group.	Compliant	Director Jeffrey S. Yao is the Vice-Chairman of PBB (Non-Executive Director [NED]) and also Director & Treasurer (NED) of Macay Holdings.			
2. Company schedules board of directors' meetings before the start of the financial year.	Compliant	Monthly schedule of the Board of Directors' Meeting is set on a monthly basis per its corporate by-laws. (Section 4, Article III of PBB Corporate By-Laws)			
3. Board of directors meet at least six times during the year.	Compliant	12 Regular Board Meetings (Reference: Annex C of Preliminary Information Statement [page 39] link: <a href="https://www.pbb.com.ph/SEC/SEC%20Reports/SEC%20FORM%202020-IS/SEC%20Form%202020-">https://www.pbb.com.ph/SEC/SEC%20Reports/SEC%20FORM%202020-IS/SEC%20Form%202020-</a>			

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

Recommended CG Practice/Policy	Compliant/ Non-Compliant	Additional Information	Explanation										
		<a href="#">IS%20Preliminary%20Information%20Statement%202019.pdf</a> )											
4. Company requires as minimum quorum of at least 2/3 for board decisions.	Compliant	50% plus 1 of the total number of the Board of Directors (Reference: page 9 of PBB’s Amended Corporate By-Laws (as submitted to the SEC) and Page 33 of PBB’s Revised Corporate Governance Manual 2019 (link: <a href="https://www.pbb.com.ph/SEC/Corporate%20Governance/Others/Manuals%20on%20Corporate%20Governance/Revised%20Manual%20on%20Corporate%20Governance%20and%20Compliance%20Program%202019.pdf">https://www.pbb.com.ph/SEC/Corporate%20Governance/Others/Manuals%20on%20Corporate%20Governance/Revised%20Manual%20on%20Corporate%20Governance%20and%20Compliance%20Program%202019.pdf</a> )											
<b>Principle 5:</b> The board should endeavor to exercise an objective and independent judgment on all corporate affairs													
Recommendation 5.1													
1. The Board has at least 3 independent directors or such number as to constitute one-third of the board whichever is higher.	Compliant	<table border="1"> <thead> <tr> <th data-bbox="783 862 1232 906">Director’s Name</th> <th data-bbox="1241 862 1562 906">Type</th> </tr> </thead> <tbody> <tr> <td data-bbox="783 906 1232 943">Paterno H. Dizon</td> <td data-bbox="1241 906 1562 943">Independent Director</td> </tr> <tr> <td data-bbox="783 943 1232 980">Benjamin R. Sta. Catalina, Jr.</td> <td data-bbox="1241 943 1562 980">Independent Director</td> </tr> <tr> <td data-bbox="783 980 1232 1018">Narciso DL. Eraña</td> <td data-bbox="1241 980 1562 1018">Independent Director</td> </tr> <tr> <td data-bbox="783 1018 1232 1055">Roberto C. Uyquiengco<sup>3</sup></td> <td data-bbox="1241 1018 1562 1055">Independent Director</td> </tr> </tbody> </table>	Director’s Name	Type	Paterno H. Dizon	Independent Director	Benjamin R. Sta. Catalina, Jr.	Independent Director	Narciso DL. Eraña	Independent Director	Roberto C. Uyquiengco <sup>3</sup>	Independent Director	
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		Paterno H. Dizon	Independent Director										
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Narciso DL. Eraña	Independent Director												
Roberto C. Uyquiengco <sup>3</sup>	Independent Director												
Recommendation 5.2													
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Compliant	Page 19 of Information Statement as disclosed in PSE (link: <a href="http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=640#viewer">http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=640#viewer</a> )											

<sup>3</sup> Elected on May 25, 2018, but assumed the position only on January 11, 2019 or upon approval of PBB’s Amended Articles of Incorporation and By-Laws by the SEC.



**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

Recommended CG Practice/Policy	Compliant/ Non-Compliant	Additional Information			Explanation															
Supplement to Recommendation 5.2																				
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	Compliant	See F.1 Shareholders' Benefits - Investors Rights and Protection pages 52-55 of the Manual on Corporate Governance and Compliance Program																		
Recommendation 5.3																				
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012)	Compliant	<table border="1"> <thead> <tr> <th data-bbox="814 610 1157 706">Director's Name</th> <th data-bbox="1157 610 1360 706">No. of years served as director</th> <th data-bbox="1360 610 1633 706">No. of years served as ID (from 2 Jan. 2012)</th> </tr> </thead> <tbody> <tr> <td data-bbox="814 706 1157 738">Paterno H. Dizon</td> <td data-bbox="1157 706 1360 738">12</td> <td data-bbox="1360 706 1633 738">6</td> </tr> <tr> <td data-bbox="814 738 1157 771">Benjamin R. Sta. Catalina, Jr.</td> <td data-bbox="1157 738 1360 771">6</td> <td data-bbox="1360 738 1633 771">6</td> </tr> <tr> <td data-bbox="814 771 1157 803">Narciso DL. Eraña</td> <td data-bbox="1157 771 1360 803">Less than 1 yr.</td> <td data-bbox="1360 771 1633 803">Less than 1 yr.</td> </tr> <tr> <td data-bbox="814 803 1157 836">Roberto C. Uyquiengco<sup>3</sup></td> <td data-bbox="1157 803 1360 836">Less than 1 yr.</td> <td data-bbox="1360 803 1633 836">Less than 1 yr.</td> </tr> </tbody> </table>			Director's Name	No. of years served as director	No. of years served as ID (from 2 Jan. 2012)	Paterno H. Dizon	12	6	Benjamin R. Sta. Catalina, Jr.	6	6	Narciso DL. Eraña	Less than 1 yr.	Less than 1 yr.	Roberto C. Uyquiengco <sup>3</sup>	Less than 1 yr.	Less than 1 yr.	
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Roberto C. Uyquiengco <sup>3</sup>	Less than 1 yr.	Less than 1 yr.																		
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Compliant	An independent director of a bank may only serve as such for a maximum cumulative term of nine (9) years. After which, the independent director shall be perpetually barred from serving as independent director in the same bank, but may continue to serve as regular director. The nine (9) year maximum cumulative term for independent directors shall be reckoned from 2012.																		
3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during annual	Compliant	See E.2.a.vi.(2) on Pages 30 of the Manual on Corporate Governance and Compliance Program																		

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

Recommended CG Practice/Policy	Compliant/ Non-Compliant	Additional Information		Explanation							
shareholders' meeting.											
<b>Recommendation 5.4</b>											
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Compliant	<table border="1"> <thead> <tr> <th data-bbox="806 431 1062 472">Name</th> <th data-bbox="1062 431 1604 472">Position</th> </tr> </thead> <tbody> <tr> <td data-bbox="806 472 1062 513">Francis T. Lee</td> <td data-bbox="1062 472 1604 513">Chairman of the Board</td> </tr> <tr> <td data-bbox="806 513 1062 589">Rolando R. Avante</td> <td data-bbox="1062 513 1604 589">President and Chief Executive Officer (CEO)</td> </tr> </tbody> </table>		Name	Position	Francis T. Lee	Chairman of the Board	Rolando R. Avante	President and Chief Executive Officer (CEO)		
		Name	Position								
		Francis T. Lee	Chairman of the Board								
Rolando R. Avante	President and Chief Executive Officer (CEO)										
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	See E.2.a.xi.(1)& E.2.a.xi.(3) on pages 43 & 44-45 for the Chairman of the Board and Chief Executive Officer (CEO), respectively of the Manual on Corporate Governance and Compliance Program.									
<b>Recommendation 5.5</b>											
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	Compliant	The Chairman, who is also a non-executive director, is not holding the position of the CEO. Hence, the aforesaid requirement of appointing a Lead Independent Director is not applicable.									
<b>Recommendation 5.6</b>											
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	Compliant	<p>All related party transactions are coursed through the recommending approval of the Related Party Transactions (RPT) Committee and endorsed to the Board and that any Board member who have material interest with the transaction does not participate in the approval of the same (proof of which are the Minutes of the Meetings of the Board as well as the RPT Committee.</p> <p>Link:</p>									

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

Recommended CG Practice/Policy	Compliant/ Non-Compliant	Additional Information	Explanation
		<a href="https://www.pbb.com.ph/SEC/Corporate%20Governance/Policies/RPT%20Policy.pdf">https://www.pbb.com.ph/SEC/Corporate%20Governance/Policies/RPT%20Policy.pdf</a>	
<b>Recommendation 5.7</b>			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	Compliant	The NEDs have separate meeting with the external auditor and heads of the internal audit, compliance, and risk functions which was held on 08 October 2018 at Fairway Room Wack Wack Golf & Country Club, Mandaluyong City. See attached minutes of the meeting (Annex G).	
2. The meetings are chaired by the lead independent director.			
<b>Optional: Principle 5</b>			
1. None of the directors is a former CEO of the company in the past 2 years.	Compliant	Mr. Rolando R. Avante was elected as President and CEO of the Bank since 2 November 2011 up to present.	
<b>Principle 6:</b> The best measure of the Board’s effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
<b>Recommendation 6.1</b>			
1. Board conducts an annual self-assessment of its performance as a whole.	Compliant	see Annex H	
2. The Chairman conducts a self-assessment of his performance.			
3. The individual members			

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

Recommended CG Practice/Policy	Compliant/ Non-Compliant	Additional Information	Explanation
conduct a self-assessment of their performance.			
4. Each committee conducts a self-assessment of its performance.			
5. Every three years, the assessment are supported by an external facilitator	Non-compliant	Identify the external facilitator and provide proof of use of an external facilitator.	The Bank is yet to identify an external facilitator.
<b>Recommendation 6.2</b>			
1. Board has in place a system that provides at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	Compliant	The Board of Directors shall regularly review the structure, size and composition of the board of directors and board-level committees with the end in view of having a balanced membership. Towards this end, a system and procedure for evaluation of the structure, size and composition of the board of directors and board-level committees shall be adopted which shall include, but not limited to, benchmark and peer group analysis. The results of assessment shall form part of the on-going improvement efforts of the board of directors.	
2. The system allows for a feedback mechanism from the shareholders.			
<b>Principle 7:</b> Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
<b>Recommendation 7.1</b>			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and	Compliant	<a href="http://pbb.com.ph/SEC/Corporate%20Governance/Others/Code%20of%20Business%20Conduct%20and%20Ethics/PBB_CodeofConductandEthics.pdf">http://pbb.com.ph/SEC/Corporate%20Governance/Others/Code%20of%20Business%20Conduct%20and%20Ethics/PBB_CodeofConductandEthics.pdf</a>	

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

<b>Recommended CG Practice/Policy</b>	<b>Compliant/ Non-Compliant</b>	<b>Additional Information</b>	<b>Explanation</b>
practices in internal and external dealings of the company.			
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant	The Revised Code of Conduct has been circularized by the Bank's Systems & Methods Center on 10 March 2014. All units were given an acknowledgement receipt where they also certified that they have thoroughly read and understood the Revised Code of Conduct. Copy of the acknowledgement receipt is filed in each employee's 201 file.	
3. The Code is disclosed and made available to the public through the company website.	Compliant	<a href="http://pbb.com.ph/SEC/Corporate%20Governance/Others/Code%20of%20Business%20Conduct%20and%20Ethics/PBB_CodeofConductandEthics.pdf">http://pbb.com.ph/SEC/Corporate%20Governance/Others/Code%20of%20Business%20Conduct%20and%20Ethics/PBB_CodeofConductandEthics.pdf</a>	
<b>Supplement to Recommendation 7.1</b>			
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	Compliant	See item J.2.b on page 57 of the Manual on Corporate Governance and Compliance Program.	
<b>Recommendation 7.2</b>			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	The immediate superior has the primary responsibility to enforce discipline within his jurisdiction. He is responsible for informing and making his subordinates understand about the provisions of the Code and all other policies, rules, regulations, and guidelines promulgated by the Bank. Correspondingly, he/she shall be given sufficient authority to effectively exercise his capacity and discretion in implementing corrective actions when necessary. It	
2. Board ensures the proper			

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

Recommended CG Practice/Policy	Compliant/ Non-Compliant	Additional Information	Explanation
<p>and efficient implementation and monitoring of compliance with company internal policies.</p>		<p>is expected, however, that in all cases necessitating disciplinary action, there is a thorough investigation made and employee counseling conducted.</p> <p>Ignorance of or unfamiliarity with the provisions of the Code shall not be an excuse for violations.</p> <p>Further to this, the Bank also has a Committee on Employee Discipline (CED) which conducts investigations and provides recommended resolutions to the Executive Committee of the Board on cases involving employees which cuts across the organization, or are beyond the jurisdiction of the concerned employees' supervisors, such as fraud cases, whistle-blowing issues etc.</p>	

**Disclosure and Transparency**

**Principle 8:** The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.

**Recommendation 8.1**

<p>1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that give a fair and complete picture of a company's financial condition, results and</p>	<p>Compliant</p>	<p>See item K on pages 58-60 of the Manual on Corporate Governance and Compliance Program</p>	
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**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

Recommended CG Practice/Policy	Compliant/ Non-Compliant	Additional Information	Explanation
business operations.			
Supplement to Recommendation 8.1			
<p>1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.</p>	Compliant	<p>Audited Financial Reports were posted in the Bank’s website and available in the branches’ conspicuous place after the examination by the External Auditor.</p> <p>The Bank’s Balance Sheet is being published quarterly in the newspaper of general circulation.</p> <p>The consolidated reports were published, distributed or made available on 15 February 2019 or thirty-four (34) days from the end of the fiscal year.</p>	
<p>2. Company discloses in its annual report the principal risks associated with the identity of the company’s controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders voting power and overall</p>	Compliant	<p><a href="http://www.pbb.com.ph/images/2017_annual_report.pdf">http://www.pbb.com.ph/images/2017_annual_report.pdf</a></p>	

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Recommended CG Practice/Policy	Compliant/ Non-Compliant	Additional Information	Explanation																												
equity position in the company.																															
<b>Recommendation 8.2</b>																															
1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three (3) business days.	Compliant	See K.2 - Disclosure and Transparency on page 58 on the Manual on Corporate Governance and Compliance Program																													
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three (3) business days.		<table border="1" data-bbox="810 545 1614 862"> <thead> <tr> <th data-bbox="810 545 1031 646">Name</th> <th data-bbox="1031 545 1199 646">Nature</th> <th data-bbox="1199 545 1367 646">Number of shares</th> <th data-bbox="1367 545 1614 646">Date of Transaction</th> </tr> </thead> <tbody> <tr> <td data-bbox="810 646 1031 686">Rolando R. Avante,</td> <td data-bbox="1031 646 1199 686">Acquisition</td> <td data-bbox="1199 646 1367 686">20,000.00</td> <td data-bbox="1367 646 1614 686">11 January 2018</td> </tr> <tr> <td data-bbox="810 686 1031 727">President &amp;</td> <td data-bbox="1031 686 1199 727">Acquisition</td> <td data-bbox="1199 686 1367 727">151,800.00</td> <td data-bbox="1367 686 1614 727">2 April 2018</td> </tr> <tr> <td data-bbox="810 727 1031 768">Chief Executive Officer</td> <td data-bbox="1031 727 1199 768">Acquisition</td> <td data-bbox="1199 727 1367 768">74.00</td> <td data-bbox="1367 727 1614 768">2 April 2018</td> </tr> <tr> <td data-bbox="810 768 1031 808"></td> <td data-bbox="1031 768 1199 808">Acquisition</td> <td data-bbox="1199 768 1367 808">20,000.00</td> <td data-bbox="1367 768 1614 808">15 May 2018</td> </tr> <tr> <td data-bbox="810 808 1031 849"></td> <td data-bbox="1031 808 1199 849">Acquisition</td> <td data-bbox="1199 808 1367 849">20,000.00</td> <td data-bbox="1367 808 1614 849">22 May 2018</td> </tr> <tr> <td data-bbox="810 849 1031 889"></td> <td data-bbox="1031 849 1199 889">Acquisition</td> <td data-bbox="1199 849 1367 889">20,000.00</td> <td data-bbox="1367 849 1614 889">7 June 2018</td> </tr> </tbody> </table>	Name	Nature	Number of shares	Date of Transaction	Rolando R. Avante,	Acquisition	20,000.00	11 January 2018	President &	Acquisition	151,800.00	2 April 2018	Chief Executive Officer	Acquisition	74.00	2 April 2018		Acquisition	20,000.00	15 May 2018		Acquisition	20,000.00	22 May 2018		Acquisition	20,000.00	7 June 2018	
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<b>Supplement to Recommendation 8.2</b>																															
1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program)	Compliant	<p data-bbox="789 1024 1642 1211">Latest Top 100 and Beneficial Owner Report as of March 31, 2019 (link: <a href="https://www.pbb.com.ph/SEC/Other%20Disclosures/PBB%20Top%20100%20and%20Beneficial%20Owner%20Report%20as%20of%20March%2031,%202019.pdf">https://www.pbb.com.ph/SEC/Other%20Disclosures/PBB%20Top%20100%20and%20Beneficial%20Owner%20Report%20as%20of%20March%2031,%202019.pdf</a>) [regularly reported]</p> <p data-bbox="789 1256 1642 1440">Disclosure &amp; Transparency (Page 58 of PBB's Revised Corporate Governance Manual 2019 (link: <a href="https://www.pbb.com.ph/SEC/Corporate%20Governance/Others/Manuals%20on%20Corporate%20Governance/Revised%20Manual%20on%20Corporate%20Governance%20and%20Compliance%20">https://www.pbb.com.ph/SEC/Corporate%20Governance/Others/Manuals%20on%20Corporate%20Governance/Revised%20Manual%20on%20Corporate%20Governance%20and%20Compliance%20</a></p>																													



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Recommended CG Practice/Policy	Compliant/ Non-Compliant	Additional Information	Explanation
		<p><a href="#">20Program%202019.pdf</a>)</p> <p>Conglomerate Map is at last page of Latest Definitive Information Statement (link: <a href="http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=640#viewer">http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=640#viewer</a>)</p>	
Recommendation 8.3			
<p>1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	Compliant	<p>Full vetting of candidate is done at the Executive Committee and Corporate Governance Committee of the Board. This is further confirmed by the Board.</p> <p>The Bank is committed and dedicated to adhere to the highest standards of good corporate governance in the conduct of its business with clients, vendors, suppliers, co-employees and regulator. To continuously uphold the trust and confidence of its clients and the general public, the Directors, Senior Management, officers and employees are expected to espouse the highest degree of integrity, honesty and professionalism. The policy on Conflict of interest aims to raise awareness of and clarity what may constitute a conflict of interest and provide guidelines on how to deal with situations that may give rise to a conflict of interest.</p>	
<p>2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess</p>	Compliant	<p>The Bank is committed and dedicated to adhere to the highest standards of good corporate governance in the conduct of its business with clients, vendors, suppliers, co-employees and regulator. To continuously uphold the trust and confidence of its clients and the general public, the Directors, Senior Management, officers and employees are expected to espouse the highest</p>	

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

Recommended CG Practice/Policy	Compliant/ Non-Compliant	Additional Information	Explanation
any potential conflicts of interest that might affect their judgment.		degree of integrity, honesty and professionalism. The policy on Conflict of interest aims to raise awareness of and clarify what may constitute a conflict of interest and provide guidelines on how to deal with situations that may give rise to a conflict of interest.	
<b>Recommendation 8.4</b>			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	Compliant	The Corporate Governance Committee of the Board sets the compensation package of the Directors. The Executive Committee sets the compensation and benefits package of the Bank’s officers and staff members.	
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.			
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Compliant	A Non-Executive Director (NED) receives per diem allowance for his attendance to each Board meeting and additional allowance for committee meetings. Furthermore, an NED is also entitled to a monthly gasoline allowance. The Executive Board members as well as employees of the Bank receive fixed salaries, benefits and performance-based bonus the amount of which is dependent on the performance of the bank and the concerned employee.	
<b>Recommendation 8.5</b>			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring	Compliant	<a href="http://pbb.com.ph/SEC/Corporate%20Governance/Policies/RPT%20Policy.pdf">http://pbb.com.ph/SEC/Corporate%20Governance/Policies/RPT%20Policy.pdf</a>	

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

<b>Recommended CG Practice/Policy</b>	<b>Compliant/ Non-Compliant</b>	<b>Additional Information</b>	<b>Explanation</b>
transactions in their Manual on Corporate Governance.			
2. Company discloses material or significant RPTs reviewed and approved during the year.	Compliant	see Annex I.	
<b>Supplement to Recommendation 8.5</b>			
1. Company requires directors to disclose their interest in transactions or any other conflict of interest.	Compliant	The Board of Directors provides periodic reports to the shareholders which disclose personal and professional information about the directors and officers and other matters, such as their dealings with, and shareholdings in, the Bank, relationship among directors and key officers and the aggregate compensation of directors and officers.	
<b>Recommendation 8.6</b>			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	Compliant	<u>PSE Disclosures</u> ( <a href="http://pbb.com.ph/disclosure_archive.htm">http://pbb.com.ph/disclosure_archive.htm</a> )	
2. Board appoints an independent party to evaluate the fairness of the	Compliant	Disposition of Unused/Unserviceable Fixed Assets (item 1.8, 1, A of VII – Operations Manual of PBB; Page 269)	

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Recommended CG Practice/Policy	Compliant/ Non-Compliant	Additional Information	Explanation
transaction price on the acquisition or disposal of assets.		Post-audit is conducted if the procedures, documentations and requisite signing authorities were procured during the disposal of assets.	
<b>Supplement to Recommendation 8.6</b>			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	Compliant	This is being done during the stockholders' meeting which is being administered by the Corporate Secretary.	
<b>Recommendation 8.7</b>			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	<a href="http://pbb.com.ph/SEC/Corporate%20Governance/Others/Manuals%20on%20Corporate%20Governance/Revised%20Manual%20on%20Corporate%20Governance%20and%20Compliance%20Program%202019.pdf">http://pbb.com.ph/SEC/Corporate%20Governance/Others/Manuals%20on%20Corporate%20Governance/Revised%20Manual%20on%20Corporate%20Governance%20and%20Compliance%20Program%202019.pdf</a>	
2. Company's MCG is submitted to the SEC and PSE.			
3. Company's MCG is posted on its company website.			
<b>Supplement to Recommendation 8.7</b>			
1. Company submits to the SEC and PSE an updated	Compliant	see Annex J	

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MCG to disclose any changes in its corporate governance practices.			
<b>Optional: Principle 8</b>			
<p>1. Does the company's Annual Report disclose the following information:</p> <ul style="list-style-type: none"> <li>a. Corporate Objectives</li> <li>b. Financial performance indicators</li> <li>c. Non-financial performance indicators</li> <li>d. Dividend Policy</li> <li>e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors</li> <li>f. Attendance details of each director in all directors meetings held during the year.</li> <li>g. Total remuneration of each member of the board of directors.</li> </ul>	Compliant	<a href="http://pbb.com.ph/images/2017_annual_report.pdf">http://pbb.com.ph/images/2017_annual_report.pdf</a>	

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<b>Recommended CG Practice/Policy</b>	<b>Compliant/ Non-Compliant</b>	<b>Additional Information</b>	<b>Explanation</b>
2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.	Compliant	<a href="http://pbb.com.ph/images/2017_annual_report.pdf">http://pbb.com.ph/images/2017_annual_report.pdf</a>	
3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.	Compliant	<a href="http://pbb.com.ph/images/2017_annual_report.pdf">http://pbb.com.ph/images/2017_annual_report.pdf</a>	
4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.	Compliant	<a href="http://pbb.com.ph/images/2017_annual_report.pdf">http://pbb.com.ph/images/2017_annual_report.pdf</a>	
5. The company discloses in the Annual Report the key risks to which the company	Compliant	<a href="http://pbb.com.ph/images/2017_annual_report.pdf">http://pbb.com.ph/images/2017_annual_report.pdf</a>	

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is materially exposed to (i.e. financial, operational including IT, environmental, social, and economic).			
<b>Principle 9:</b> The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor’s independence and enhance audit quality.			
Recommendation 9.1			
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	Compliant	The Bank’s Audit Committee has a comprehensive procedures/process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors. This provision has been included already in the revision of the Audit Committee Charter  Attached as Annex C is the revised Audit Committee Charter under item # 2.	
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	Compliant	The appointment of external auditor, Punongbayan and Araullo has been approved and ratified by the shareholders during the Stockholder’s meeting held on May 25, 2018 with shareholders attendance of 70.23%.  Attached as Annex K is a copy of the Minutes of Meeting of the Stockholders dated May 25, 2018.	
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the	Compliant	The Audit Committee has included in its Charter the said recommendation under item #2 which states that “for removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.”	

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<b>Recommended CG Practice/Policy</b>	<b>Compliant/ Non-Compliant</b>	<b>Additional Information</b>	<b>Explanation</b>
company website and required disclosures.		See attached copy of revised Audit Committee Charter under Annex C.	
<b>Supplement to Recommendation 9.1</b>			
1. Company has a policy of rotating the lead audit partner every five years.	Compliant	<p>The Bank rotates the lead partner of the external auditor as required by the Bangko Sentral Ng Pilipinas (BSP). This is also provided in the revised Audit Committee Charter under item no. 19 of Roles and Responsibilities which states that “Assure the regular rotation of those partners of the external auditor as required by regulations”</p> <p>See attached copy of revised Audit Committee Charter under Annex C.</p>	
<b>Recommendation 9.2</b>			
<p>1. Audit Committee Charter includes the Audit Committee’s responsibility on:</p> <ul style="list-style-type: none"> <li>i. assessing the integrity and independence of external auditors;</li> <li>ii. exercising effective oversight to review and monitor the external auditor’s independence and objectivity; and</li> <li>iii. exercising effective</li> </ul>	Compliant	<p>The Audit Committee has included in its Charter the said recommendation under item #12 of the Revised Audit Committee Charter.</p> <p>See attached copy of revised Audit Committee Charter under Annex C.</p>	



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<b>Recommended CG Practice/Policy</b>	<b>Compliant/ Non-Compliant</b>	<b>Additional Information</b>	<b>Explanation</b>
oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.			
2. Audit Committee Charter contains the Committee’s responsibility on reviewing and monitoring the external auditor’s suitability and effectiveness on an annual basis.	Compliant	The recommendation was already incorporated in the revised Audit Committee Charter under item 12.3.  See attached copy of the revised Audit Committee Charter under Annex C.	
<b>Supplement to Recommendation 9.2</b>			
1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	Compliant	The recommendation was already incorporated in the revised Audit Committee Charter under item # 13.  See attached copy of the revised Audit Committee Charter under Annex C.	
2. Audit Committee ensures that the external auditor has adequate quality	Compliant	The recommendation was already incorporated in the revised Audit Committee Charter under item # 12.4.	

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control procedures.		See attached copy of the revised Audit Committee Charter under Annex C.	
<b>Recommendation 9.3</b>			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	Compliant	The Bank has not yet engaged non-audit services from the external auditor, Punongbayan & Araullo.  Nonetheless, we have included this provision in the Revised Audit Committee Charter under item #15 of Annex C.	
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor’s objectivity.	Compliant	The Bank has not yet engaged non-audit services from the external auditor, Punongbayan & Araullo.  Nevertheless, we have included this provision in the Revised Audit Committee Charter under item #16 of Annex C.	
<b>Supplement to Recommendation 9.3</b>			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	Compliant	The Bank has not yet engaged non-audit services from the external auditor, Punongbayan & Araullo.  Nevertheless, we have included this provision in the Revised Audit Committee Charter under item #17 of Annex C.	
<b>Additional Recommendation to Principle 9</b>			

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<p>1. Company’s external auditor is duly accredited by the SEC under Group A category.</p>	<p align="center">Compliant</p>	<p>The Bank’s external auditor, Punongbayan and Araullo composes of the following:                      2. Lead Partner: Mr. Christopher M. Ferarezza;                      3. Accreditation No.:1185-AR-1;                      4. Date Accredited: May 11, 2018;                      5. Punongbayan and Araullo, 20<sup>th</sup> Floor, The Enterprise Center, Makati, +632-988-2288.</p> <p>We have included this provision in the Revised Audit Committee Charter under item #12.5 of Annex C.</p>	
<p>2. Company’s external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC’s Office of the General Accountant (OGA).</p>	<p align="center">Compliant</p>	<p>The external auditor agrees to be subjected to SOAR. However, SEC’s – OGA has not conducted yet the inspection.</p> <p>We have included this provision in the Revised Audit Committee Charter under item #12.5 of Annex C.</p>	
<p><b>Principle 10:</b> The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.</p>			
<p>Recommendation 10.1</p>			
<p>1. Board has a clear and focused policy on the disclosure of non-financial information with emphasis on the management of economic, environmental,</p>	<p align="center">Compliant</p>	<p>See E.2.a.ix of Risk Oversight Committee on page 40 of the Manual on Corporate Governance and Compliance Program.</p>	

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Recommended CG Practice/Policy	Compliant/ Non-Compliant	Additional Information	Explanation
social and governance (EESG) issues of its business, which underpin sustainability.			
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Compliant	<p>The Bank shall adopt a globally recognized standard/framework in reporting sustainability and nonfinancial issues.</p> <p>As external pressures including resource scarcity, globalization, and access to information continue to increase, the way corporations respond to sustainability challenges, in addition to financial challenges, determines their long-term viability and competitiveness. One way to respond to sustainability challenges is disclosure to all shareholders and other stakeholders of the Bank's strategic (long-term goals) and operational objectives (short term goals), as well as the impact of a wide range of sustainability issues.</p>	
<p><b>Principle 11:</b> The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.</p>			
<p><b>Recommendation 11.1</b></p>			
1. Company has media and analysts briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its	Compliant	<p>(Under 'SEC Reports' Column of Investor Relations Tab.)  <a href="http://pbb.com.ph/index.htm#sec17q">http://pbb.com.ph/index.htm#sec17q</a> (Quarterly Reports)  <a href="http://pbb.com.ph/index.htm#sec17c">http://pbb.com.ph/index.htm#sec17c</a> (Current Reports)</p> <p>(Under 'Others' Column of Investor Relations Tab.)  <a href="http://pbb.com.ph/index.htm#opmn">http://pbb.com.ph/index.htm#opmn</a> (Press Materials/News)</p>	

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Recommended CG Practice/Policy	Compliant/ Non-Compliant	Additional Information	Explanation
shareholders and other investors.			
Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:	Compliant	<a href="http://pbb.com.ph/">http://pbb.com.ph/</a>	
a. Financial statements/reports (latest quarterly)	Compliant	(Under 'SEC Reports' Column of Investor Relations Tab.) <a href="http://pbb.com.ph/index.htm#sec17q">http://pbb.com.ph/index.htm#sec17q</a> (Quarterly Reports)	
b. Materials provided in briefings to analysts and media	Compliant	(Under 'Others' Column of Investor Relations Tab.) <a href="http://pbb.com.ph/index.htm#opmn">http://pbb.com.ph/index.htm#opmn</a> (Press Materials/News)	
c. Downloadable annual report	Compliant	<a href="http://pbb.com.ph/annual_report.htm">http://pbb.com.ph/annual_report.htm</a>  (Under 'SEC Reports' Column of Investor Relations Tab.) <a href="http://pbb.com.ph/index.htm#sec17a">http://pbb.com.ph/index.htm#sec17a</a> (Annual Reports)	
d. Notice of ASM and/or SSM	Compliant	(Under 'Company Disclosures' Column of Investor Relations Tab.) <a href="http://pbb.com.ph/index.htm#cdasm">http://pbb.com.ph/index.htm#cdasm</a> (Notice of Annual or Special Stockholder's Meeting)	
e. Minutes of ASM and/or SSM	Compliant	(Under 'Company Disclosures' Column of Investor Relations Tab.) <a href="http://pbb.com.ph/index.htm#cdmin">http://pbb.com.ph/index.htm#cdmin</a> (Minutes of All General or Special Stockholder's Meetings)	
f. Company's Articles of	Compliant	(Under 'Our Business' Column of About Us Tab.)	

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Incorporation and By-Laws		<a href="http://pbb.com.ph/index.htm#aoib">http://pbb.com.ph/index.htm#aoib</a> (Articles of Incorporation and By-Laws and all amendments)	
Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template.	Compliant	<a href="http://pbb.com.ph/">http://pbb.com.ph/</a>	
<b>Internal Control System and Risk Management Framework</b>			
<b>Principle 12:</b> To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.			
Recommendation 12.1			
1. Company has an adequate and effective internal control system in the conduct of its business.	Compliant	<p>The Bank has an adequate and effective internal control system in the conduct of its business.</p> <p>The Bank’s internal audit function is equipped with the following quality service related activities/programs:</p> <ol style="list-style-type: none"> <li>1. The internal audit function is subjected to quality assurance review by the Bank’s Compliance Office, to determine compliance with the International Standards for Professional Practice on Internal Auditing, BSP’s Manual of Regulations for Banks and other regulatory circulars and policies.</li> <li>2. The internal audit function is guided by Circular No. 871, Series of 2015 issued by regulator, Bangko Sentral Ng Pilipinas (BSP) promoting strong control environment in its supervised financial institutions to sustain their safe and sound operations. In this connection, the internal audit function is also covered in the regular annual examination of the Bank by BSP, where their findings were</li> </ol>	

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		<p>satisfactorily justified by the Bank and accepted by BSP.</p> <p>3. The internal audit function is also included in the annual audit by the external auditor, Punongbayan &amp; Araullo, where no lapses were noted.</p> <p>4. Audit personnel are required to attend at least 2 days or 16 hours of relevant seminars/trainings/ workshops in a year.</p> <p>As to the internal control system of the Bank, the Internal Audit regularly assess/review the different branches and head office units on risk-based approach. The auditable entities, i.e., head office units and branches, are profiled from high to low through the assessment of the unit's business profile, management structure, previous audit rating, etc. For units profiled as high, these are given high priority during the current year while those profiled as low are given lower priority or audit is conducted the following year.</p> <p>For branches classified as low priority, other types of audit are conducted such as, spot and cash count. For branches with unsatisfactory audit rating, follow-up audits are also being conducted to determine their compliances to the noted audit findings/exceptions.</p> <p>For head office units, there are entities which audit are mandatory or conducted annually based on Bangko Sentral ng Pilipinas' requirements, such as the lending centers, treasury operations, trust operations, Compliance and Risk Management groups.</p>	

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<b>Recommended CG Practice/Policy</b>	<b>Compliant/ Non-Compliant</b>	<b>Additional Information</b>	<b>Explanation</b>
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business	Compliant	See Annex A - PBB Risk Management Profile	
<b>Supplement to Recommendations 12.1</b>			
1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.	Compliant	<a href="http://pbb.com.ph/SEC/Corporate%20Governance/Others/Office%20of%20the%20Compliance/RCM_Main.pdf">http://pbb.com.ph/SEC/Corporate%20Governance/Others/Office%20of%20the%20Compliance/RCM_Main.pdf</a>	
<b>Optional: Recommendation 12.1</b>			
1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.	Compliant	PBB exercises IT governance through the following departments/units within the organization: <ol style="list-style-type: none"> <li>1. IT Steering Committee - the body which evaluates, approves and monitors significant IT projects;</li> <li>2. Project Management Group - the body which oversees the conduct of IT projects from inception to completion;</li> <li>3. Risk Management Group - the body which provides the risk</li> </ol>	



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		<p>guidelines which ITG needs to address in evaluating and implementing IT projects;</p> <p>4. Internal Audit Group - the body which evaluates IT projects vs compliance with internal policies and procedures;</p> <p>5. Compliance Group - the body which evaluates the compliance requirements for IT projects vs external regulations, e.g. Banko Sentral, SEC, etc.</p> <p>One of the members of the IT Steering Committee is the Vice-Chairman of the Board of PBB. This presence ensures the knowledge of IT project proposals and progress at the Board level. The Project Management Group provides periodic reports to the IT Steering Committee relative to the status of IT projects.</p> <p>The Risk Management, Internal Audit and Compliance Groups report to their respective Board Committees on a periodic basis to apprise the Board in regard to their respective areas relative to addressing IT issues.</p> <p>As part of the risk assessment, management and monitoring process, the Information Technology Group ensures that all major application systems of the bank have a matching back-up system and processes which provides for recovery up to the end-of-business-day of the previous day. This is embodied in the Business Continuity Manual which PBB shall make available for viewing to authorize personnel of the regulators if/when necessary.</p> <p>Cyber-security is undertaken through the use of firewalls with</p>	

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		severe access restrictions and which policies and restrictions are monitored and managed periodically. The network diagram may be made available for viewing to authorize personnel of the regulators if/when necessary.	
<b>Recommendation 12.2</b>			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	Compliant	The Bank has in place an in-house independent internal audit function.	
<b>Recommendation 12.3</b>			
<p>1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.</p> <p>2. CAE oversees and is responsibilities for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.</p>	Compliant	<p>Ms. Rapanut finished her BSBA Accounting degree at the University of the East and is a Certified Public Accountant.</p> <p>With 35 years of banking experience, she had also attended seminars/trainings on the following: Seminar on Data Privacy Act, International Financing Reporting Standards 9 (IFRS 9) Corporate Governance Seminar, A Regulatory Prospective on Trust Activities &amp; Administration, Change Advocate Committee Session, AMLA Seminar for Board of Directors and Senior Officers, Related Party Transactions, Hedging Treasury Risk with Forward Foreign Exchange Contracts, Updated Guidelines on Sound Credit Risk Management, Update on BSP Trust Audit Seminar, Best Process in Credit Risk Ratings for Banks, Orientation on the Security Features of Renminbi Currency, Briefing on the New Performance Management System, Risk Awareness Seminar, Value at Risk</p>	

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		Market Risk Management, Certified Forensic Accounting Program, Triple Treat Seminar, Customer Risk Profiling Seminar, Recent Updates in the Anti-Money Laundering Law, Risk Management and Audit Seminar, The Trust Business, Establishing Your Quality Assessment and Improvement Program, Financial Statement Reporting, Financial Instruments Module 7, Spot Forward and FX Swaps, Interest Rate Swaps, Accounting for Bonds and Treasury Bills, Basics of Fixed Income Securities, Financial Math on Money Market and Bonds, RiskBased Audi Methodology, Tools & Techniques for the Internal Audit Staff, Information Security Beyond the Basics, Credit Risk Management Seminar, Basic Credit Analysis Seminar, 4th Special Real Estate Symposium, Taxation in Banking, Treasury Operations Seminar and Fraud Prevention Detection & Control.	
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	Compliant	The Bank’s internal audit function is in place and not outsourced.	
<b>Recommendation 12.4</b>			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	See Annex A - PBB Risk Management Profile	

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Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	Compliant	The Banks does not seek external technical support in risk management.	
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Compliant	Ms. Belinda C. Rodriguez is the Bank's Chief Risk Officer (CRO). As CRO, she exercises her authority as head of the Enterprise Risk Management Group (ERMG) independent from the line units and reports directly to a board level committee, Risk Management Committee. The CRO is a position of senior stature.	
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.		She is a graduate of the Polytechnic University of the Philippines with a degree in BSC Accounting and is a board passer for the licensure examination for Certified Public Accountants. She finished her MBA at the Ateneo Graduate School of Business. She is the Bank's representative and voting member of Bankers Institute of the Philippines (BAIPHIL) and currently designated as Chairperson for the Risk Management Course Committee of the said institute.  She has 35 years of banking experience that encompasses employment from bank regulator, Bangko Sentral ng Pilipinas as well other banks. In addition to various seminars and forums, she recently attended seminars/trainings on the following: A Regulatory Perspective on Trust Activities, IBM SPSS Training for	

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Recommended CG Practice/Policy	Compliant/ Non-Compliant	Additional Information	Explanation
		<p>Researches, Seminar on Data Privacy Act, International Financing Reporting Standards 9 (IFRS 9), BSP Circulars 941, Operational Aspects of the National Retail Payment System and 855; Corporate Governance Seminar, AMLA for Board of Directors and Senior Officers.</p>	
Additional Recommendation to Principle 12			
<p>1. Company’s Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.</p>	Compliant	<p>The Bank’s Chief Executive Officer and Chief Audit Executive have already attested in writing for 2018 that the company has a sound internal audit, control and compliance system is in place and working effectively.</p> <p>Attached as Annex L is a copy of the said attestation.</p> <p>Moreover, we have included this provision in the Revised Audit Committee Charter under item #34 of Annex C.</p>	
<b>Cultivating a Synergic Relationship with Shareholders</b>			
<b>Principle 13:</b> The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
Recommendation 13.1			
<p>1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.</p>	Compliant	<p>See item F on page 52 of the Manual on Corporate Governance and Compliance Program.</p>	
<p>2. Board ensures that basic shareholder rights are disclosed on the company’s website</p>	Compliant	<p><a href="http://pbb.com.ph">http://pbb.com.ph</a></p>	
Supplement to Recommendation 13.1			

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1. Company's common share has one vote for one share.	Compliant	Each share entitled to vote has an equivalent of one vote also pursuant to the provisions of the Corporation Code.	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Compliant	<p><u>Common Shares</u></p> <ul style="list-style-type: none"> <li>a. 643,750,094 total number of outstanding shares</li> <li>b. With voting rights</li> <li>c. Transferable unless the bank holds unpaid claim on such share of stock</li> </ul> <p><u>Preferred Shares</u></p> <ul style="list-style-type: none"> <li>a. 62,000,000 total number of outstanding shares</li> <li>b. Without voting rights except in those cases where the law allows them to vote</li> <li>c. Transferable unless the bank holds unpaid claim on such share of stock</li> <li>d. Perpetual and non-redeemable</li> </ul>	
3. Board has an effective, secure, and efficient voting system.	Compliant	Voting procedure is via a viva-voce methodology	
4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	Compliant	Each stockholder may vote.	
5. Board allows shareholders to call a special	Compliant	See Section 2 under Article II (Meetings of Stockholders) under Amended By-Laws of the Bank	

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<b>Recommended CG Practice/Policy</b>	<b>Compliant/ Non-Compliant</b>	<b>Additional Information</b>	<b>Explanation</b>
shareholders’ meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.		“The special meetings of stockholders, for any purpose or purposes, may at any time be called by any of the following: a) the Board of Directors, at its own instance, or at the written request of stockholders representing a majority of the outstanding capital stock; b) the President.”	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Compliant	See Item F.1.a. on page 53 of the Manual on Corporate Governance and Compliance Program.	
7. Company has a transparent and specific dividend policy.	Compliant	<p>Shareholders shall have the right to receive dividends subject to the discretion of the Board. The Bank shall declare dividends when its retained earnings is in excess of 100% of its paid-in capital stock, except: a) when justified by definite corporate expansion projects or programs approved by the Board or b) when the corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or c) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Corporation, such as when there is a need for special reserve for probable contingencies</p> <p>Board of Directors has not approved any dividend, cash or stock, in 2018.</p>	
<b>Optional: Recommendation 13.1</b>			
1. Company appoints an independent party to count	Compliant	Stock Transfer Services, Inc. handles all the validation/verification of attendees of the Annual Stockholders’ Meeting and percentage	

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<b>Recommended CG Practice/Policy</b>	<b>Compliant/ Non-Compliant</b>	<b>Additional Information</b>	<b>Explanation</b>
and/or validate the votes at the Annual Shareholders' Meeting		of attendance.	
<b>Recommendation 13.2</b>			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	Compliant	Notice of Annual or Special Stockholders' Meeting and Preliminary Information Statement was sent to all shareholders last April 24, 2019 (or more than 28 days before the meeting).  (Under 'SEC Reports' Column of Investor Relations Tab.) <a href="http://pbb.com.ph/#sec20is">http://pbb.com.ph/#sec20is</a>	
<b>Supplemental to Recommendation 13.2</b>			
1. Company's Notice of Annual Stockholders' Meeting contains the following information: a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies) b. Auditors seeking appointment/re-appointment	Compliant	[Amend-1]Notice of Annual or Special Stockholders' Meeting and Information Statement as disclosed in PSE (link: <a href="http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=640#viewer">http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=640#viewer</a> and <a href="http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=640#viewer">http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=640#viewer</a> , respectively)	



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<b>Recommended CG Practice/Policy</b>	<b>Compliant/ Non-Compliant</b>	<b>Additional Information</b>	<b>Explanation</b>
c. Proxy documents			
<b>Optional: Recommendation 13.2</b>			
1. Company provides rationale for the agenda items for the annual stockholders meeting.	Compliant	The Notice of ASM contains the following information: (i) Profile of candidates to the board, i.e., age, work experience directorships in other listed companies, date of first appointment (at least month and year) and academic qualifications. (ii) Dividend policy. (iii) Proxy documents which shall be attached to the Notice of ASM or downloadable in the Bank website.	
<b>Recommendation 13.3</b>			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the new working day.	Compliant	Form 17-C is immediately submitted/ uploaded to the PSE. Minutes of the Meeting are uploaded to the Bank's website within five (5) working days after the ASM.	
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	Compliant	Minutes of All General & Special Stockholders' Meetings ( <a href="http://pbb.com.ph/#cdmin">http://pbb.com.ph/#cdmin</a> )	
<b>Supplement to Recommendation 13.3</b>			
1. Board ensures the attendance of the external auditor and	Compliant	Representatives of the external auditor, Punongbayan and Araullo, were present during the ASM for May 25, 2018.	

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<b>Recommended CG Practice/Policy</b>	<b>Compliant/ Non-Compliant</b>	<b>Additional Information</b>	<b>Explanation</b>								
other relevant individuals to answer shareholders questions during the ASM and SSM.											
<b>Recommendation 13.4</b>											
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Compliant	<table border="1"> <thead> <tr> <th data-bbox="783 487 989 522"></th> <th data-bbox="989 487 1648 522"><b>Alternative Dispute Resolution System</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="783 522 989 782"><b>Corporation &amp; Stockholders</b></td> <td data-bbox="989 522 1648 782">There had been no issues or conflicts yet that the Bank experienced with its stockholders. If ever there will be one in the future, it will be resolved by the BOD through a resolution, which may be implemented by the Board itself or in the Management.  Dealings of the Bank with its related parties are covered by the RPT Policy.</td> </tr> <tr> <td data-bbox="783 782 989 880"><b>Corporation &amp; Third Parties</b></td> <td data-bbox="989 782 1648 880">The Bank set up a help/complaint desk for the purpose of receiving and expeditiously addressing customer/third party complaints.</td> </tr> <tr> <td data-bbox="783 880 989 1143"><b>Corporation &amp; Regulatory Authorities</b></td> <td data-bbox="989 880 1648 1143">The Bank designated its Chief Compliance Officer as its link to its regulators, such as the BangkoSentral Ng Pilipinas, Philippine Deposit Insurance Corporation and Securities and Insurance Commission. As such, the CCO maintains a constructive working relationship with the regulators wherein he may consult, whenever necessary, such regulators for clarification of specific provisions of laws and regulations.</td> </tr> </tbody> </table>		<b>Alternative Dispute Resolution System</b>	<b>Corporation &amp; Stockholders</b>	There had been no issues or conflicts yet that the Bank experienced with its stockholders. If ever there will be one in the future, it will be resolved by the BOD through a resolution, which may be implemented by the Board itself or in the Management.  Dealings of the Bank with its related parties are covered by the RPT Policy.	<b>Corporation &amp; Third Parties</b>	The Bank set up a help/complaint desk for the purpose of receiving and expeditiously addressing customer/third party complaints.	<b>Corporation &amp; Regulatory Authorities</b>	The Bank designated its Chief Compliance Officer as its link to its regulators, such as the BangkoSentral Ng Pilipinas, Philippine Deposit Insurance Corporation and Securities and Insurance Commission. As such, the CCO maintains a constructive working relationship with the regulators wherein he may consult, whenever necessary, such regulators for clarification of specific provisions of laws and regulations.	
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2. The alternative dispute mechanism is included in the company’s Manual on Corporate Governance.											
<b>Recommendation 13.5</b>											
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Compliant	<ol style="list-style-type: none"> <li>1. Name of the person – John David D. Sison</li> <li>2. Telephone number – 363-3333 loc. 4017</li> <li>3. Fax number – 363-3333</li> <li>4. E-mail address –sison_jdd@pbb.ocm.ph</li> </ol>									
2. IRO is present at every shareholder’s meeting.	Compliant	IRO and/or his representative is present at all ASM.									

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Recommended CG Practice/Policy	Compliant/ Non-Compliant	Additional Information	Explanation
<b>Supplemental Recommendation to Principle 13</b>			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder	Non-compliant	Provide information on how anti-takeover measures or similar devices were avoided by the board, if any.	None is explicitly provided in the Bank's Manual on Corporate Governance and Compliance Program. Will provide for the said policy in the proposed amendments.
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Compliant	Public float is set at 30% as per IPO in 2013	
<b>Optional: Principle 13</b>			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting.	Compliant	The Banks' Investor Relations Program provides a mechanism for stakeholders to raise issues and/or concerns directly to the Board of Directors thru the Investor Relations Office.	
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	Non-Compliant	Disclose the process and procedure for secure electronic voting in absentia, if any	The Bank only allows voting in person or by proxy per existing AOI and By-Laws.
<b>Duties to Stakeholders</b>			
<b>Principle 14:</b> The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.			
<b>Recommendation 14.1</b>			
1. Board identifies the company's various	Compliant	Stakeholders in corporate governance include, but are not limited to customers, employees, suppliers, shareholders, investors,	

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<b>Recommended CG Practice/Policy</b>	<b>Compliant/ Non-Compliant</b>	<b>Additional Information</b>	<b>Explanation</b>
<p>stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.</p>		<p>creditors, the community the Bank operates in society, the government, regulators, competitors, external auditors, etc. In formulating the Bank’s strategic and operational decisions affecting its wealth, growth and sustainability due consideration is given to those who have an interest in the Bank and are directly affected by its operations.</p>	
<p><b>Recommendation 14.2</b></p>			
<p>1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.</p>	<p>Compliant</p>	<p>In instances when stakeholders’ interests are not legislated, companies’ voluntary commitments ensure the protection of the stakeholders’ rights. The Bank’s Code of Conduct ideally includes provisions on the Bank’s policies and procedures on dealing with various stakeholders. The Bank’s stakeholders include its customers resource providers, creditors and the community in which it operates. Fair, professional and objective dealings as well as clear, timely and regular communication with the various stakeholders ensure their fair treatment and better protection of their rights.</p>	
<p><b>Recommendation 14.3</b></p>			
<p>1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.</p>	<p>Compliant</p>	<p>The Bank’s stakeholders play a role in its growth and long-term viability. As such, it is crucial for the Bank to maintain open and easy communication with its stakeholders. This can be done through stakeholder engagement touch points in the Bank, such as the Investor Relations Office, Office of the Corporate Secretary, Customer Relations Office, and Corporate Communications Group. Name: Mr. John David Sison Position: Vice President &amp; Investor Relations Officer Tel. No. 363-3333</p>	

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Recommended CG Practice/Policy	Compliant/ Non-Compliant	Additional Information	Explanation
		Email: sison_jdd@pbb.com.ph  Name: Atty. Roberto S. Santos Position: Corporate Secretary Tel. No. 363-3333 Email: santos_rs@pbb.com.ph  <a href="http://pbb.com.ph/SEC/Corporate%20Governance/Policies/PBB_WhistleBlowingGuidelines.pdf">http://pbb.com.ph/SEC/Corporate%20Governance/Policies/PBB_WhistleBlowingGuidelines.pdf</a>	
Supplement to Recommendation 14.3			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders are settled in a fair and expeditious manner.	Compliant	It is important for the shareholders to be well-informed of the bank’s processes and procedures when seeking to redress the violation of their rights. Putting in place proper safeguards ensures suitable remedies for the infringement of shareholders’ rights and prevents excessive litigation. The Bank may also consider adopting in its Manual on Corporate Governance established Alternative Dispute Resolution (ADR) procedures.  <u>On Corporation and Stockholders</u> There had been no issues or conflicts yet that the Bank experienced with its stockholders. If ever there will be one in the future, it will be resolved by the BOD through a resolution, which may be implemented by the Board itself or Management.  Dealings of the Bank with its related parties are covered by the RPT Policy.  <u>On Corporation and third parties</u> The Bank set up a help/complaint desk for the purpose of	

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Recommended CG Practice/Policy	Compliant/ Non-Compliant	Additional Information	Explanation
		<p>receiving and expeditiously addressing customer/third party complaints.</p> <p>To address the needs and concerns of our clients, we have established a Consumer Assistance Management System with different channels suited to them at their convenience. The Bank ensures that its customers are afforded quality, innovative and responsive products. It nurtures long-term customer relationship founded on mutual trust and confidence. It also ensures that customers are provided with quality service aimed at improving customer satisfaction, retain clients, increase customer base and uphold and preserve Bank’s reputation.</p> <p>The Bank is committed to continuously serve its customers with utmost respect and high esteem, recognizing their individualities and qualities as it provide service distinctive to each of them. It likewise continues to strive hard to attain growth to be able to expand its branch network and improve its information technology and serve its customers wherever they are.</p>	
<b>Additional Recommendations to Principle 14</b>			
<p>1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the</p>	<p>Compliant</p>	<p>The Bank does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue.</p>	

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reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.			
2. Company respects intellectual property rights.	Compliant	The Bank has not violated any intellectual property rights.	
<b>Optional: Principle 14</b>			
1. Company discloses its policies and practices that address customers' welfare.	Compliant	<p>It is the policy of the Bank to be transparent in all its dealings. Thus, any changes in its policies that may affect customer relationship are immediately and fully disclosed.</p> <p>To address the needs and concerns of our clients, we have established a Consumer Assistance Management System with different channels suited to them at their convenience. The Bank ensures that its customers are afforded quality, innovative and responsive products. It nurtures long-term customer relationship founded on mutual trust and confidence. It also ensures that customers are provided with quality service aimed at improving customer satisfaction, retain clients, increase customer base and uphold and preserve Bank's reputation.</p> <p>The Bank is committed to continuously serve its customers with utmost respect and high esteem, recognizing their individualities and qualities as it provide service distinctive to each of them. It likewise continues to strive hard to attain growth to be able to expand its branch network and improve its information technology and serve its customers wherever they are.</p>	

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Recommended CG Practice/Policy	Compliant/ Non-Compliant	Additional Information	Explanation
2. Company discloses its policies and practices that address supplier/ contractor selection procedures.	Compliant	<p>The Bank has procurement policies on fixed assets; furniture, fixture and equipment; supplies; IT software and hardware; security, janitorial and messengerial services and other similar contractual services, such that procurement of the same, if the amount warrants, will undergo the bidding process wherein the required number of pre-qualified bidders should be at least three (3).</p> <p>Only accredited suppliers, contractors and other similar service providers can participate in the bidding process mentioned above.</p>	
<p><b>Principle 15:</b> A mechanism for employee participation should be developed to create a symbiotic environment, realize the company’s goals and participate in its corporate governance processes.</p>			
<p>Recommendation 15.1</p>			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company’s goals and in its governance.	Compliant	see Annex M	
<p>Supplement to Recommendation 15.1</p>			
1. Company has a reward/compensation	Compliant	The Bank has a Performance Management System that includes both short term and long term metrics to ensure the long term	



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policy that accounts for the performance of the company beyond short-term financial measures.		sustainability of the bank. The compensation policy is rooted on the performance appraisal ratings based on measurable metrics, and where ratings are weighted based on bell curve.	
2. Company has policies and practices on health, safety and welfare of its employees.	Compliant	<p>The Bank has a policy on Annual Physical Exam and Executive Check-up to ensure that all employees are fit in the performance of their duty. Likewise, The Health and Safety Committee has been approved by the EXCom which;</p> <ul style="list-style-type: none"> <li><b>(i)</b> Plans and develops accident prevention programs for the establishment.</li> <li><b>(ii)</b> Directs the accident prevention efforts of the establishment in accordance with the safety programs safety performance and government regulations in order to prevent accidents from occurring in the workplace.</li> <li><b>(iii)</b> Conducts safety meetings at least once a month.</li> <li><b>(iv)</b> Review reports of inspection, accident investigations and implementation of programs.</li> <li><b>(v)</b> Submits reports to the manager on its meetings and activities.</li> <li><b>(vi)</b> Provides necessary assistance to government inspecting authorities in the proper conduct of their activities such as the enforcement of the provisions of this Standard.</li> <li><b>(vii)</b> Initiates and supervises safety training for employees.</li> </ul> <p>Develops and maintain a disaster contingency plan and organizes such emergency service units as may be necessary to handle disaster situations pursuant to the emergency preparedness manual for establishment of the Office of Civil Defense.</p>	

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Recommended CG Practice/Policy	Compliant/ Non-Compliant	Additional Information	Explanation																												
3. Company has policies and practices on training and development of its employees.	Compliant	<p>The internal training curriculum of Philippine Business Bank is based on the identified training needs as well as on the requirements of various regulatory bodies/government offices. Employees are scheduled to undergo the appropriate and necessary training courses to enable them to perform their respective job responsibilities more efficiently and effectively. Furthermore, all training courses under the said curriculum are evaluated by the participants to allow HRG to monitor and ensure that the quality of training being delivered remains consistent. For certain competencies that are specialized, employees are sent to external trainings. Examples of external trainings are trainings on Trust, Treasury, Risk, HR etc. Below is the list of training programs offered internally by the bank.</p> <table border="1" data-bbox="789 854 1598 1451"> <thead> <tr> <th data-bbox="789 854 905 894">Ctr.</th> <th data-bbox="905 854 1598 894">Title</th> </tr> </thead> <tbody> <tr> <td data-bbox="789 894 905 935">1</td> <td data-bbox="905 894 1598 935">Orientation for New Employees</td> </tr> <tr> <td data-bbox="789 935 905 976">2</td> <td data-bbox="905 935 1598 976">AMLA Seminar</td> </tr> <tr> <td data-bbox="789 976 905 1016">3</td> <td data-bbox="905 976 1598 1016">Corporate Governance Seminar</td> </tr> <tr> <td data-bbox="789 1016 905 1057">4</td> <td data-bbox="905 1016 1598 1057">First Aid and Basic Life Support</td> </tr> <tr> <td data-bbox="789 1057 905 1097">5</td> <td data-bbox="905 1057 1598 1097">Sales Fundamentals Seminar</td> </tr> <tr> <td data-bbox="789 1097 905 1138">6</td> <td data-bbox="905 1097 1598 1138">Strategic Selling Seminar</td> </tr> <tr> <td data-bbox="789 1138 905 1179">7</td> <td data-bbox="905 1138 1598 1179">Counterfeit Money Detection Seminar</td> </tr> <tr> <td data-bbox="789 1179 905 1219">8</td> <td data-bbox="905 1179 1598 1219">Fraud Detection and Prevention Seminar</td> </tr> <tr> <td data-bbox="789 1219 905 1292">9</td> <td data-bbox="905 1219 1598 1292">Signature Verification and Forgery Detection Seminar</td> </tr> <tr> <td data-bbox="789 1292 905 1333">10</td> <td data-bbox="905 1292 1598 1333">Product Awareness and Competency Training</td> </tr> <tr> <td data-bbox="789 1333 905 1373">11</td> <td data-bbox="905 1333 1598 1373">Basic Chinese Language Seminar</td> </tr> <tr> <td data-bbox="789 1373 905 1414">12</td> <td data-bbox="905 1373 1598 1414">Effective Business Writing Seminar</td> </tr> <tr> <td data-bbox="789 1414 905 1451">13</td> <td data-bbox="905 1414 1598 1451">Effective Presentation Skills Workshop</td> </tr> </tbody> </table>	Ctr.	Title	1	Orientation for New Employees	2	AMLA Seminar	3	Corporate Governance Seminar	4	First Aid and Basic Life Support	5	Sales Fundamentals Seminar	6	Strategic Selling Seminar	7	Counterfeit Money Detection Seminar	8	Fraud Detection and Prevention Seminar	9	Signature Verification and Forgery Detection Seminar	10	Product Awareness and Competency Training	11	Basic Chinese Language Seminar	12	Effective Business Writing Seminar	13	Effective Presentation Skills Workshop	
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		14	Work Attitude and Values Enhancement Seminar	
		15	Professional Image Enhancement Workshop	
		16	Basic Supervisory Program	
		17	Branch Officers' Training Program	
		18	Relationship Managers' Training Program	
		19	Sales Officers' Training Program	
Recommendation 15.2				
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	Compliant	The Bank is committed and dedicated to adhere to the highest standards of good corporate governance in the conduct of its business with clients, vendors, suppliers, co-employees and regulator. To continuously uphold the trust and confidence of its clients and the general public, the Directors, Senior Management, officers and employees are expected to espouse the highest degree of integrity, honesty and professionalism. The CODE of Conduct ensures that employees will always act on what is best for the company. It provides for sanctions for acts detrimental to the interest of the bank. The policy on Conflict of interest aims to raise awareness of and clarity what may constitute a conflict of interest and provide guidelines on how to deal with situations that may give rise to a conflict of interest.		
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant	The board approves all the policies and programs of the bank and disseminates through the Systems and Methods Center for proper circularization. These policies are boarded on an internal website for ready access of all employees. The President and CEO calls a Management Committee meeting to inform senior officers of critical policies and programs that will impact employees. The Group Heads are expected to cascade to their		

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		employees.	
Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	Compliant	<p>The CODE of Conduct is clear that any instance of dishonesty is punishable by suspension or termination. In the pursuit of employee discipline and affirmation of honesty and integrity values, the bank puts control as well as checks and balance process to discourage any form of fraud and deceit; and conducts value formation programs to institutionalize honesty and integrity.</p> <p>The Code of Conduct applies to all employees who committed infraction. The Bank provides due process to all employees in cases of possible violation of the provisions of the Code of Conduct. Should it be established after due process that the employee has committed any provision of the Code, Management shall impose the necessary disciplinary action against the erring employee.</p>	
Recommendation 15.3			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation.	Compliant	<p><a href="http://pbb.com.ph/SEC/Corporate%20Governance/Policies/PBB_WhistleBlowingGuidelines.pdf">http://pbb.com.ph/SEC/Corporate%20Governance/Policies/PBB_WhistleBlowingGuidelines.pdf</a></p> <p>The Bank’s Policy on Disposition of Administrative Case defines the offenses covered in the policy, penalties to be imposed, members of the committee and its responsibilities and policy guidelines. Offenses or irregularities upon discovery either through Audit Findings or outright behavioural misdemeanour should be reported to the Center Head and Group Head copy furnished Human resources and shall be subject to investigation.</p>	

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Recommended CG Practice/Policy	Compliant/ Non-Compliant	Additional Information	Explanation
		<p>The members of the committee are responsible to:</p> <ul style="list-style-type: none"> <li>(i) review and evaluate the complete facts of the case, the exact nature of the infraction and extent of the effect of the infraction;</li> <li>(ii) consider all aggravating and/or mitigating factors;</li> <li>(iii) call all those involved in the case for investigation when necessary</li> <li>(iv) prepare a written report stating the facts of the case, the violation/ infraction and the corresponding disciplinary action after the proper investigation;</li> <li>(v) submit the report to Executive Committee</li> </ul> <p>The Bank’s Policy on Grievance and Employee Complaints define the actions and responsibilities of all concerned personnel in the proper handling of employee complaints and grievance. The policy is designed to address legitimate grievance and complaints by the employees and not for the purpose of supporting baseless allegations and complaints. The Management provides a venue for employees to seek redress for alleged unfairness or dissatisfaction through the grievance procedure. It also gives fair and due process where the accused employee is given the opportunity to refute allegations against her/him, and explain his/her side through written explanations and hearings. There is validation of facts and immediate response and corrective action are made to provide a closure to the issue. Retribution by Supervising Officer or Retaliation for Employee complaints shall be subject to corresponding disciplinary action in accordance with the Code of Conduct.</p>	
2. Board establishes a suitable	Compliant	<a href="http://pbb.com.ph/SEC/Corporate%20Governance/Policies/PBB">http://pbb.com.ph/SEC/Corporate%20Governance/Policies/PBB</a>	

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<p>framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.</p> <p>3. Board supervises and ensures the enforcement of the whistleblowing framework.</p>		<p><a href="#">WhistleblowingGuidelines.pdf</a></p>	

**Principle 16:** The company should be socially responsible in all its dealings with the communities where it operates, it should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

**Recommendation 16.1**

<p>1. Company recognizes and places importance on the interdependence between business and society and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.</p>	<p>Compliant</p>	<p align="center"><b>Initiative</b></p>	<p align="center"><b>Beneficiary</b></p>	
		<p>AMY Foundation Renewal of Scholarship Grants covering SY 2018 – 2019.</p> <p>Releasing of corresponding tuition fees and/or allowance to eligible AMY scholars .</p>	<p>AMY Scholars enrolled in the following:</p> <p><b>Partner Schools:</b> Philippine Normal University, Polytechnic University of the Philippines, Pamantasan ng Lungsod ng Maynila, ICCT Colleges, Holy Cross College Pampanga, and St. Mary's College</p> <p><b>Non-partner Schools:</b> University of the East, University of Caloocan City, STI College, Pamantasan ng Lungsod ng Valenzuela, New Era University, Dalubhasaan ng Lungsod ng San Pablo, St. Claire College,</p>	

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

Recommended CG Practice/Policy	Compliant/ Non-Compliant	Additional Information		Explanation
			Informatics, Divine Mercy College, AMA Computer College, City of Malabon University, National University, Holy Angel University, Our Lady of Lourdes College, Philippine State College of Aeronautics, Quezon City Polytechnic College, Laguna Northwestern College, Bestlink	
		Orientation and Scholarship Agreement Signing with the New Scholars of AMY Foundation	Newly approved AMY Scholars	
		Home Visitation and Interview to AMY scholar-applicants	Scholar-applicants	
		Random School Visits to Partner Schools of the Foundation	Partners schools and AMY Scholars	
		MOA signing with St. Mary's College as additional partner school of AMY Foundation	Scholars enrolled in St. Mary's College, St. Mary's College	
		Balik Eskuwela Project 2018	200 Kinder, Grades 1 and 2 students residing in Barangay Sta. Lucia District 5, Novaliches, Quezon City	

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

Recommended CG Practice/Policy	Compliant/ Non-Compliant	Additional Information		Explanation
		Annual Christmas Party for the Kids	Over 150 prepared sets of Christmas bags containing toys, hygiene kits, coloring books, colors, candies and biscuits, were given away to the delight of dumagat kids	
		PBB's "Pail of Bountiful Blessings" Gift-giving Activity (coinciding with Annual Christmas Party for the Kids)	More than 200 dumagat families received pails containing noche buena goodies	
		One of AMY Foundation's major accomplishments for the Year 2018 is the successful celebration of its 15 <sup>th</sup> Anniversary and Relaunching which happened on December 18, 2018 at Cities Events Place, Quezon City. The celebration also became an avenue for selected graduates to share their story on how the Foundation was able to help them on their journey to success. Present scholars also showcased their talents by preparing some presentations such as dancing, singing, and spoken word poetry. New and revitalized AMY Foundation Logo and the official Audio Visual Presentation (AVP) were also launched during	Present AMY Scholars, some Graduate-Scholars, Partner Schools, and Donors	



**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

<b>Recommended CG Practice/Policy</b>	<b>Compliant/ Non-Compliant</b>	<b>Additional Information</b>		<b>Explanation</b>
		the celebration.		
<b>Optional: Principle 16</b>				
1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development	Compliant	The Bank acknowledges its responsibility to the country, particularly on its contribution to the growth of the nation’s economy, adherence to various government policies on the preservation of environment, respect to the efforts of local government units and various non-governmental organizations to protect the natural resources; the communities and customers it serves, as fundamentals to its long-term sustainability		
2. Company exerts effort to interact positively with the communities in which it operates	Compliant	See Recommendation 16.1 above.		

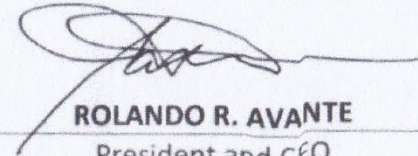
Pursuant to the requirement of the Securities and Exchange Commission (SEC), this Integrated Annual Corporate Governance Report (I-ACGR) is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Caloocan on 29 MAY 2019, 2019.

**SIGNATURES**



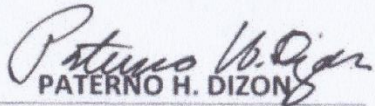
**FRANCIS T. LEE**

Chairman of the Board  
TIN 113-336-814



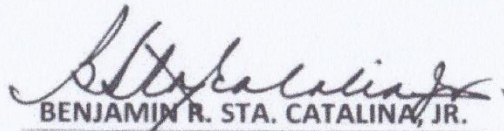
**ROLANDO R. AVANTE**

President and CEO  
TIN 106-968-623



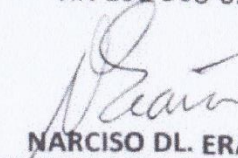
**PATERNO H. DIZON**

Independent Director  
TIN 118-192-581



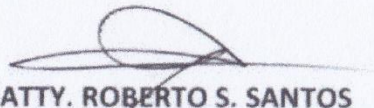
**BENJAMIN R. STA. CATALINA, JR.**

Independent Director  
TIN 106-906-404



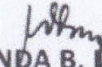
**NARCISO D.L. ERAÑA**

Independent Director  
TIN 108-099-974



**ATTY. ROBERTO S. SANTOS**

Corporate Secretary  
TIN 123-467-623



**BELINDA B. DELA CRUZ**

Acting Chief Compliance Officer  
TIN 129-211-959

**SUBSCRIBED AND SWORN** to before me this \_\_\_\_\_ day of 29 MAY 2019 2019, affiants exhibiting to me their tax identification numbers (TIN) as indicated above.

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Book No. 12  
Series of 2019

**NOTARY PUBLIC**

ATTY NIRO CHRISTOPHER P. PURA  
Notary Public (NC-345 Valid Until Dec. 31, 2019)  
Roll of Attorneys No. 23288  
PTR No 10302054, 01-03-19, Caloocan  
IBP No 055648, 12-03-18, Caloocan  
MCLC Gen No V-0023545, 08 16 16  
350 Real Ave Cor 18th Ave Grace Park Caloocan