

PNB Holdings Corporation

CHARTER OF THE NOMINATION AND COMPENSATION COMMITTEE

The Board of Directors of PNB Holdings Corporation (“PHC” or the “Company”) has adopted this Charter of the Nomination and Compensation Committee (the “Committee”) with the following objectives:

1. Optimizing the composition, competence and integrity of the Board of Directors and its Committees by searching for and recommending the most qualified Directors; and
2. Oversight of the remuneration of Directors and Key Officers.

This Charter was developed to guide the Committee in setting up a policy on executive remuneration and for fixing the compensation packages of Directors and Key Officers by ensuring that the compensation scheme is consistent with the Company’s culture, strategy and environment. The Charter also ensures that a transparent procedure for the nomination of Directors to the Board of Directors is established.

A. Nomination and Compensation Committee Members

1. **Composition** – The Committee shall be composed of not less than three (3) directors, one (1) of whom shall be an Independent Director.

The Board of Directors will appoint the Committee members from among the members of the its current Board of Directors, including the designation of a Chairman.

2. **Term** – The Board of Directors shall appoint the members of the Committee at the annual organizational meeting of the Board of Directors and each member shall serve upon his election until the next organizational meeting of the Board unless removed or replaced by the Board.
3. **Vacancy** – Any vacancy in the Committee caused by the death, resignation, or disqualification of any member, or by any other cause, may be filled by the Board. The member elected to fill the vacancy shall hold office for the remainder of the term, or until his successor shall have been duly elected and qualified.

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B. Powers, Duties and Responsibilities

1. Nomination and Qualifications of Board members and Senior Management

- a. Review and evaluate 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;
- b. Assess the effectiveness of the Board's processes and procedures in the election or replacement of directors;
- c. Ensure that PHC shall have at least four (4) Independent Directors as stated in the Company's Corporate Governance Manual ("CG Manual"). Set the guidelines or criteria for the nomination and election of Independent Directors; and
- d. Pre-screen and shortlist all candidates nominated to become a member of the Board of Directors in accordance with the qualifications and disqualifications under the CG Manual.

2. Remuneration of Directors/Officers

- a. Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of Senior Management and other key personnel ensuring that compensation is consistent with the Company's culture, financial capacity, business strategy and environment;
- b. Designate specific compensation packages for each Director and Key Officer, including but not limited to the director's fees, salaries, allowances, bonuses, options and benefits in kind. In setting compensation packages, the Committee shall take into consideration pay and employment conditions within the industry and in comparable companies. The packages shall take into account the Company's relative performances and the performance of the individual Directors. The level of remuneration shall be commensurate to the responsibilities of the Director or Key Officer. The Committee shall ensure that the remuneration of Key Officers are aligned with the long-term interests of the Company.
- c. Disallow any director to decide his or her own remuneration; and
- d. Provide the Company's annual reports, information and proxy statements a clear, concise and understandable disclosure of the aggregate compensation of its executive officers for the previous fiscal year and the ensuing year.

The functions and responsibilities of the Company's Human Resources Department shall be aided by the Committee in terms of the above-stated responsibilities.

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C. Procedure for the Nomination of Directors

1. Shortlisting of candidates for Directors shall be conducted by the Committee in a manner and upon such procedure as will enable the Company to comply with its reportorial obligations to the Securities and Exchange Commission (SEC), The Philippine Stock Exchange, Inc. (PSE), and other government agencies.
2. All nominations for election of Regular Directors by the shareholders must be submitted in writing to the Corporate Secretary and should be received at the principal office of the Company at least fifty-three (53) days before the date of the regular or special meeting of the stockholders for the purpose of electing directors.

For the nomination of Independent Directors, the Nomination Committee will apply the guidelines and criteria it has set forth which shall be properly disclosed in the Company's information or proxy statement or such other reports required to be submitted to the SEC in accordance with the following:

- a. Nomination of Independent Director/s shall be conducted by the Committee prior to the Annual Stockholders' Meeting. All recommendations shall be signed by the nominating members together with the acceptance and conformity by the would-be nominees.
- b. The Committee shall pre-screen the qualifications and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for Independent Director/s.
- c. The Committee shall prepare a list of all qualified nominees, and report the same to the Board of Directors for its approval.
- d. Upon the approval of the Board of Directors, and at least forty-five (45) days before the annual meeting, the Committee shall prepare a final list of candidates which shall contain all the information about the nominees for Independent Directors, which list shall be made available to the SEC and to all stockholders through the filing and distribution of the Information Statement, in accordance with SRC Rule 20, or in such other reports as the Company may be required to submit to the SEC. The name of the person or group of persons who recommended the nomination of the Independent Director shall be identified in such report including any relationship with the nominee.
- e. Only nominees whose names appear on the final list of candidates shall be eligible for election as Independent Director/s. No other nomination shall be entertained after the final list of candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the annual stockholders' meeting.

All nomination shall be evaluated by the Committee in accordance with the Corporation Code of the Philippines, the Company's Articles of Incorporation and By-Laws and the CG Manual.

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D. Chairman

Generally, the powers and duties of the Chairman of the Committee are as follows:

1. To convene the members of the Committee as may be deemed necessary, either on his own initiative, or upon the request of the members of the Committee.
2. To preside over all the Committee meetings.
3. To maintain efficient lines of communication and information between the Board of Directors and Management.
4. To perform such other functions as provided by law or as may be assigned to him by the Board of Directors.

The Committee members may appoint among themselves, a Vice Chairman who shall preside over the meeting in absence of the Chairman.

E. Meetings

The Committee shall hold meetings in person or through remote communication, such as videoconferencing, teleconferencing, or other alternative modes of communication allowed by the SEC, as often as may be deemed necessary or desirable at a time and place determined by its Chairman.

The actions of the Committee may also be taken by written consent (in physical, electronic or digital format) by majority of the members when deemed necessary by the Committee or its Chairman.

The minutes of the Committee meeting will be recorded and maintained by the Corporate Secretary and presented to the Committee at the next Committee meeting for approval. The Corporate Secretary or his designated representative shall act as secretary for the meetings.

F. Resolutions and Actions

The Chairman of the Committee or his designate shall report to the Board of Directors all actions of the Committee at the meeting of the Board of Directors following such actions.

An act of the Committee which is within the scope of its powers shall not require ratification or approval by the Board of Directors for its validity and effectivity. However, such acts shall be subject to revision or alteration by the Board of Directors, provided that no rights or acts of third parties shall be affected by such revision or alteration.

G. Miscellaneous

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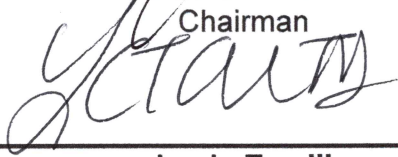
1. Access to Information – The Committee shall have reasonably free and full access to all relevant information, data, records, properties and personnel.
2. Technical Assistance – The Corporate Secretary, management of the Company shall provide technical assistance and support to the Committee.
3. Confidentiality of Records – The Corporate Secretary shall keep and have custody of the records of the Committee. Except for information that are required to be disclosed pursuant to law or regulations issued by competent government authorities, the records shall be kept confidential.
4. Annual Review – This Charter may be reviewed by the Committee annually. Any proposed changes shall be endorsed by the Committee to, and approved by the Board of Directors.
5. Effectivity – This Charter shall take effect upon approval by the Board of Directors.

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SIGNATURES



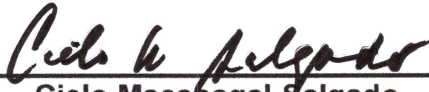
Lucio C. Tan
Chairman



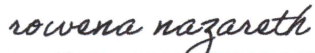
Lucio Tan III
Director



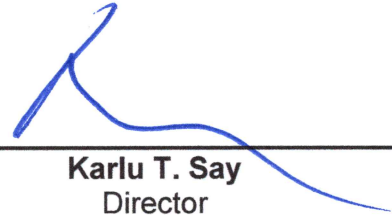
Eusebio V. Tan
Director



Cielo Macapagal-Salgado
Independent Director



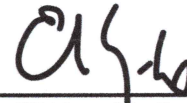
Rowena Nazareth
Independent Director



Karlu T. Say
Director



William T. Lim
Director



Elaine Y. Co
Independent Director



Ma. Cecilia Gonzalez
Independent Director