



28 May 2024

**PHILIPPINE STOCK EXCHANGE, INC.**

6<sup>th</sup> Floor, PSE Tower One Bonifacio High Street  
28<sup>th</sup> Street corner 5<sup>th</sup> Avenue, Bonifacio Global City  
Taguig City

**Attention: DISCLOSURE DEPARTMENT**

We are pleased to furnish your good office with a copy of China Bank's 2023 Integrated Annual Corporate Governance Report (I-ACGR) filed with the Securities and Exchange Commission (SEC).

For your information and guidance.

Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read "Gerald Florentino".

**GERALD O. FLORENTINO**  
Corporate Information Officer

# COVER SHEET



8745 Paseo de Roxas cor. Villar St., 1226 Makati City

SEC Registration Number

C H I N A B A N K I N G C O R P O R A T I O N

(Company's Full Name)

C H I N A B A N K B L D G 8 7 4 5 P A S E O

D E R O X A S C O R V I L L A R S T M A K A T I

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

ATTY. AILEEN PAULETTE S. DE JESUS

Contact Person

8885-5731

Company Telephone  
Number

0 5

Month

2 8

Day

I A C G R

FORM TYPE

0 4

Month

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Day

Annual Meeting

Secondary License Type, If Applicable

C F D  
Dept. Requiring this Doc.

Amended Articles Number / Section

1,811  
Total No. of Stockholders

Total Amount of Borrowings  
Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purpose



**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM – I-ACGR**

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

1. For the fiscal year ended **December 31, 2023**
2. SEC Identification Number **443**
3. BIR Tax Identification No. **000-444-210-000**
4. Exact name of issuer as specified in its charter **China Banking Corporation**
5. ....  
Province, Country or other jurisdiction of  
incorporation or organization
6.  (SEC Use Only)  
Industry Classification Code:
7. **China Bank Bldg., 8745 Paseo de Roxas**  
**cor. Villar St., Makati City**  
Address of principal office
8. **1226**  
Postal Code
8. **(632) 8885-5555**  
Issuer's telephone number, including area code
9. ....  
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<b>The Board's Governance Responsibilities</b>			
<b>Principle 1:</b> The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.			
<b>Recommendation 1.1</b>			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	COMPLIANT	<p>The Bank's Board is composed of directors with diverse educational background, professional experience and expertise. Our directors have a collective working knowledge in banking/operations, management, finance, internal controls, accounting, sustainability and resiliency, among others. Furthermore, each member is selected based on the "fit and proper" rule of the Bangko Sentral ng Pilipinas (BSP) which considers, among others, integrity, competence, independence, leadership, and experience. All Bank directors have been evaluated and confirmed by the Monetary Board of the BSP.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>• Board Diversity Policy <a href="https://www.chinabank.ph/board-policies">https://www.chinabank.ph/board-policies</a></li> <li>• Corporate Governance Manual: Pages 43-50 (Qualifications and Disqualifications of Directors) <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></li> <li>• 2023 Annual Financial and Sustainability Report: Pages 69 (Nomination and Election; Nomination Process) and 70 (Board Diversity; Board Education/Experience/Skills) <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> </ul>	

<p>2. Board has an appropriate mix of competence and expertise.</p>	<p>COMPLIANT</p>	<p>To ensure diversity, the Board has the required skills and a mix of expertise and experience to ensure the wide range of perspectives that each director would bring to the boardroom.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>• Board Skill Set Matrix and Measurable Objectives <a href="https://www.chinabank.ph/board-policies">https://www.chinabank.ph/board-policies</a></li> <li>• 2023 Annual Financial and Sustainability Report: Page 70 (Board Diversity; Board Education/Experience/Skills) <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> </ul>	
<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>	<p>COMPLIANT</p>	<p>The qualifications of the directors nominated to the Board are duly assessed/evaluated by the Corporate Governance and Nominations Committees.</p> <p>Before their election/re-election, all directors are required to certify that they possess all the qualifications and none of the disqualifications set forth by the BSP. In addition, they also evaluate their continuing qualification by accomplishing their annual self-assessments.</p> <p>Furthermore, independent directors execute an affidavit, as attached to the Bank's Information Statement.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>• Directors' Profile <a href="https://www.chinabank.ph/china-bank-board-of-directors">https://www.chinabank.ph/china-bank-board-of-directors</a></li> <li>• Corporate Governance Manual: Pages 43-50 (Qualifications and Disqualifications of Directors) and 56 (Performance Evaluation)</li> </ul>	

		<a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a> <ul style="list-style-type: none"> <li>• 2023 Definitive Information Statement: Pages 34-37 (Certification of Independent Directors) <a href="https://www.chinabank.ph/library/chib-2023-definitive-sec-is-20-report">https://www.chinabank.ph/library/chib-2023-definitive-sec-is-20-report</a></li> <li>• 2023 Annual Financial and Sustainability Report: Page 72 (Performance Evaluation) <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> </ul>	
<b>Recommendation 1.2</b>			
1. Board is composed of a majority of non-executive directors.	COMPLIANT	<p>In 2023, the Bank's Board is composed of 12 directors, 2 are executive directors and the rest are non-executive directors, including 4 independent directors.</p> <p>The two (2) Executive Directors were: Mr. Gilbert U. Dee – Vice Chairman of the Board Mr. Romeo D. Uyan Jr. – President and CEO</p> <p>In line with the retirement of the former President Mr. William C. Whang, Mr. Uyan was appointed President and CEO effective April 1, 2023.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>• Directors' Profile <a href="https://www.chinabank.ph/china-bank-board-of-directors">https://www.chinabank.ph/china-bank-board-of-directors</a></li> <li>• 2023 Annual Financial and Sustainability Report: Pages 90-95 (Board of Directors) <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> </ul>	
<b>Recommendation 1.3</b>			

<p>1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.</p>	<p>COMPLIANT</p>	<p>At least annually, as part of the continuing education program for directors, a corporate governance training is conducted by a training provider duly accredited by the Securities and Exchange Commission. The Bank's Corporate Governance Manual serves as the Board Charter as well.</p> <p>Link/Reference:</p> <p>Corporate Governance Manual: Pages 108-110 (Training Process)</p> <p><a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></p>	
<p>2. Company has an orientation program for first time directors.</p>	<p>COMPLIANT</p>	<p>First-time Directors are required to undergo an orientation program, for at least 8 hours, while the annual continuing training shall be at least 4 hours by an SEC-accredited provider. The chosen training programs cover topics relevant in carrying out their duties and responsibilities as directors. They are also provided with an orientation kit containing, among others, their Duties and Responsibilities as a Director, China Bank's Corporate Governance Manual, Code of Ethics for Directors, and the charters of the committees where the elected director is a member of.</p> <p>The policy on directors' orientation program is provided in the Corporate Governance Manual.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>Corporate Governance Manual: Page 108 (Orientation Program)</li> </ul> <p><a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></p>	

		<ul style="list-style-type: none"> <li>• 2023 Annual Financial and Sustainability Report: Page 71 (Induction and Continuing Education) <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> </ul> <p>Moreover, the Bank's Compliance Group endeavors to directly discuss relevant matters and assist the new directors in their inquiries and concerns.</p>	
3. Company has relevant annual continuing training for all directors.	COMPLIANT	<p>Members of the Board and key officers of the Bank are required to undergo the annual continuing training as provided in the Bank's Corporate Governance Manual.</p> <p>On August 2, 2023, the directors and key officers of the Bank attended CBC's exclusive advanced Corporate Governance training facilitated by the Good Governance Advocates and Practitioners of the Philippines (GGAPP). The said training focused on Ethical Decision-Making Models and Digital Transformation: Case Studies and Success Stories.</p> <p>Directors also participate in various small-scale learning opportunities, trainings, webinars, etc., whenever available or applicable.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>• Board Training <a href="https://www.chinabank.ph/board-training">https://www.chinabank.ph/board-training</a></li> <li>• Corporate Governance Manual: Pages 9 (Responsibilities of the Chairman of the Board, Item f), 69-70 (Education Program) and 108-110 (Continuing Education Program for Directors and Key Officers) <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></li> </ul>	

		<ul style="list-style-type: none"> <li>2023 Annual Financial and Sustainability Report: Page 71 (Induction and Continuing Education)  <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a> </li> </ul>	
<b>Recommendation 1.4</b>			
1. Board has a policy on board diversity.	COMPLIANT	<p>The policy essentially provides diversity in the Board via : (i) an appropriate mix of competence &amp; expertise; and (ii) considers educational background, business experience in banking or related industry, competence, knowledge, skills and to include ethnicity, culture, skills, etc.</p> <p>In 2023, the Board had 2 female independent members, whilst the rest of the directors are male.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>Board Diversity Policy  <a href="https://www.chinabank.ph/board-policies">https://www.chinabank.ph/board-policies</a> </li> <li>Corporate Governance Manual: Page 3 (Diversity in the Composition of the Board)  <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a> </li> <li>2023 Annual Financial and Sustainability Report: Page 70 (Board Diversity)  <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a> </li> </ul>	
<b>Optional: Recommendation 1.4</b>			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.	COMPLIANT	<p>The progress on measurable objectives for the implementation of the Board diversity is available in the Bank's website.</p> <p>Link/Reference:</p> <p>Board Measurable Objectives  <a href="https://www.chinabank.ph/board-policies">https://www.chinabank.ph/board-policies</a> </p>	

Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	COMPLIANT	<p>The Bank's Corporate Secretary is, Atty. Leilani B. Elarmo, who is not the Chief Compliance Officer nor a director of the Bank.</p> <p>Link/Reference:</p> <p>Corporate Secretary's Profile  <a href="https://www.chinabank.ph/china-bank-board-of-directors">https://www.chinabank.ph/china-bank-board-of-directors</a></p>	
2. Corporate Secretary is a separate individual from the Compliance Officer.	COMPLIANT		
3. Corporate Secretary is not a member of the Board of Directors.	COMPLIANT		
4. Corporate Secretary attends training/s on corporate governance.	COMPLIANT	<p>The Corporate Secretary has attended the Bank's exclusive Annual Corporate Governance Training last 02 August 2023. The topics are on Ethical Decision-Making Models and Digital Transformation: Success Stories and Case Studies.</p> <p>Please refer to <b>Annex 1</b> for a copy of her Certificate of Participation in the 2023 Advanced CG Training.</p> <p>Link/Reference:</p> <p>2023 Annual Financial and Sustainability Report: Page 71 (Induction and Continuing Education)  <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></p>	
Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	COMPLIANT	<p>As a general practice, the Corporate Secretary distributes the materials for Board meetings at least 5 days before the scheduled meeting.</p> <p>Please refer to <b>Annex 2</b> for a sample e-mail with the attached agenda and materials sent to the directors.</p>	

		<p>Link/Reference:</p> <p>2023 Annual Financial and Sustainability Report: Pages 75-76 (Board and Committee Meetings)</p> <p><a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></p>	
<b>Recommendation 1.6</b>			
1. Board is assisted by a Compliance Officer.	COMPLIANT	<p>The Bank's Chief Compliance and Governance Officer (CCGO) is Atty. Aileen Paulette S. De Jesus and has a rank of First Vice President I. Even though her corporate rank is lower than a Senior Vice President, she has a direct reporting line to the Board through the Compliance and Corporate Governance Committees. Furthermore, she has the authority to review and evaluate business policies and initiatives with regulatory implications.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>• 2023 Definitive Information Statement (SEC 20-IS): Page 13 (Atty. De Jesus' Profile)</li> <li>• 2023 Annual Financial Sustainability Report: Pages 66-67 (Organizational Structure)</li> </ul> <p><a href="https://www.chinabank.ph/library/chib-2023-definitive-sec-is-20-report">https://www.chinabank.ph/library/chib-2023-definitive-sec-is-20-report</a></p> <p><a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></p>	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	COMPLIANT		
3. Compliance Officer is not a member of the board.	COMPLIANT	<p>The Bank's CCGO, Atty. De Jesus, is not a member of the Board of Directors. Pursuant to BSP rules, the Compliance Group is an independent unit with the CCGO functionally reporting to the Compliance and Corporate Governance Committees of the Board, and administratively, to the President.</p> <p>Link/Reference:</p> <p>Members of the Board of Directors</p>	

		<a href="https://www.chinabank.ph/china-bank-board-of-directors">https://www.chinabank.ph/china-bank-board-of-directors</a>	
4. Compliance Officer attends training/s on corporate governance.	COMPLIANT	<p>The Bank's CCGO is required to undergo continuous training program on Corporate Governance. Atty. De Jesus has attended the Bank's exclusive Annual Corporate Governance Training last 02 August 2023. The topics are on Ethical Decision-Making Models and Digital Transformation; Success Stories and Case Studies.</p> <p>Please refer to <b>Annex 1</b> for a copy of her Certificate of Participation in the 2023 Advanced CG Training.</p> <p>Link/Reference:</p> <p>2023 Annual Financial and Sustainability Report: Page 71 (Induction and Continuing Education)  <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></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.			
<b>Recommendation 2.1</b>			
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	COMPLIANT	<p>Bank Directors are required to act on a fully informed basis, in good faith and with due diligence for the best interest of the Bank. In order to provide them with relevant information, materials for the Board meetings are provided to them five (5) days prior to the Board meeting. The corresponding minutes of the meetings are prepared after every session.</p> <p>The results of the meetings of the Board are posted on the Bank's website.</p> <p>Link/Reference:</p>	

		<p>SEC Filings and Other Disclosures&gt; Other Disclosures ("CHIB Results of Board of Directors Meeting of &lt;Date&gt;")  <a href="https://www.chinabank.ph/sec-filings-2023">https://www.chinabank.ph/sec-filings-2023</a></p> <p>To remind the directors of their duty to act on a fully informed basis, with due diligence and in the interest of the company, they are required to accomplish an annual Self-Assessment to ensure faithful performance of such duty.</p>	
<b>Recommendation 2.2</b>			
<p>1. Board oversees the development, review and approval of the company's business objectives and strategy.</p>	COMPLIANT	<p>The Bank adopts a top-down approach where the Board conveys the shareholders' expectations to Senior Management which in turn formulates the Bank's objectives and strategies in the Bank's annual and 5-year business plan. The business plans and strategies are then presented to the Board for review and approval. On 01 February 2023, the Bank's 2023 - 2027 business plans, which includes the projections and recommendations of Management, were presented and approved by the Board.</p> <p>Please refer to <b>Annex 3</b> for the corresponding certification from the Corporate Secretary.</p> <p>This is consistent with the Bank's Corporate Governance Manual which provides that the Board is primarily responsible for approving and overseeing the implementation of the bank's strategic objectives, risk strategy, corporate governance and corporate values.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>Bank's Mission, Vision and Values  <a href="https://www.chinabank.ph/about-china-bank">https://www.chinabank.ph/about-china-bank</a></li> </ul>	

		<ul style="list-style-type: none"> <li>Corporate Governance Manual: Page 17 (Primary Responsibilities of the Board, Item 2.2.2)  <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a> </li> </ul>	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	COMPLIANT	<p>The Bank's mission, vision, corporate objectives and strategies (<i>collectively referred to as "objectives and strategies"</i>) are reviewed annually, while the Performance Report is presented to the Board by the Management on a quarterly basis, as evidenced by the corresponding minutes of the meeting.</p> <p>Please refer to <b>Annex 4</b> for the corresponding certification from the Corporate Secretary.</p> <p>The Board's efforts in monitoring these objectives and strategies are reflected in the Message to Stakeholders found in the Annual Financial and Sustainability Report. Also, the Published Balance Sheets serve as a tool in monitoring if the objectives / targets are met</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>Bank's Mission, Vision and Values  <a href="https://www.chinabank.ph/about-china-bank">https://www.chinabank.ph/about-china-bank</a> </li> <li>2023 Annual Financial and Sustainability Report: Pages 8-11 (Message to the Stakeholders)  <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a> </li> <li>Published Balance Sheets  <a href="https://www.chinabank.ph/published-balance-sheets">https://www.chinabank.ph/published-balance-sheets</a> </li> </ul>	
<b>Supplement to Recommendation 2.2</b>			
1. Board has a clearly defined and updated vision, mission and core values.	COMPLIANT	<p><b>VISION</b></p> <p>Drawing strength from our rich history, we will be the best, most admired, and innovative financial services institution,</p>	

		<p>partnering with our customers, employees, and shareholders in wealth and value creation.</p> <p><b>MISSION</b></p> <p>We will be a leading provider of quality services consistently delivered to institutions, entrepreneurs, and individuals here and abroad, to meet their financial needs and exceed their rising expectations.</p> <p>We will be a primary catalyst in the creation of wealth for our customers, driven by a desire to help them succeed, through a highly engaged team of competent and empowered professionals, guided by in-depth knowledge of their needs and supported by leading-edge technology.</p> <p>We will maintain the highest ethical standards, sense of responsibility, and fairness with respect to our customers, employees, shareholders, and the communities we serve.</p> <p><b>CORE VALUES</b></p> <p><b>1. Integrity</b> The firm's adherence to moral values which extends to servicing clients.</p> <p><b>2. High Performance Standards</b> These are established professional methods of doing business that go beyond the typical routinary functions and designated results.</p> <p><b>3. Commitment to Quality</b> The Bank aims to achieve the highest degree of excellence in terms of internal and external client relationship building and also includes offering clients a level of expertise that helps them focus on being more effective in their jobs and making the business grow.</p>	
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		<p><b>4. Customer Service Focus</b> Practices that are focused/concentrated on delighting the clients, whether internal or external.</p> <p><b>5. Concern for People</b> It is having a high regard for people's needs and welfare, whether in and out of the office.</p> <p><b>6. Efficiency</b> It is quality and speed rolled into one. It is being able to handle several tasks and delivering them promptly and accurately without neglecting the quality of results or output.</p> <p><b>7. Resourcefulness / Initiative</b> It is being capable of devising and initiating ways and means to achieve target goals and even beyond customer expectations.</p> <p>The Bank's mission, vision and core values, as well as the information on the periodic review being performed, are posted in the website.</p> <p>Link/Reference:</p> <p>Bank's Mission, Vision and Values <a href="https://www.chinabank.ph/about-china-bank">https://www.chinabank.ph/about-china-bank</a></p>	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	COMPLIANT	As specified in the replies for Recommendation 2.2 (items 1 and 2), the Board is fully aware of the Bank's performance and business environment because of the periodic presentation and/or discussion with Management of the corresponding items. Also, as mentioned throughout the Corporate Governance Manual, the Board, sitting en banc or through the committees, regularly monitor the status of the implementation of strategies and plans.	

		<p>Link/Reference:</p> <p>Corporate Governance Manual  <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></p>	
<b>Recommendation 2.3</b>			
1. Board is headed by a competent and qualified Chairperson.	COMPLIANT	<p>Mr. Hans T. Sy is the Chairman of the Bank's Board. He also serves in the Board of other companies listed in the Philippine Stock Exchange such as, SM Prime Holdings, SM Investments Corporation (as Advisor) and holds key positions in companies within the SM Group. He earned his Bachelor of Science in Mechanical Engineering from the De La Salle University. He participated in numerous trainings and seminars, the latest of which is the Advanced Corporate Governance Training conducted by the Good Governance Advocates and Practitioners of the Philippines last 02 August 2023. His election/appointment to the Board was confirmed by the Monetary Board of the BSP.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>• Mr. Hans Sy's Profile  <a href="https://www.chinabank.ph/china-bank-board-of-directors">https://www.chinabank.ph/china-bank-board-of-directors</a></li> <li>• Board Skill Set Matrix and Measurable Objectives  <a href="https://www.chinabank.ph/board-policies">https://www.chinabank.ph/board-policies</a></li> </ul>	
<b>Recommendation 2.4</b>			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	COMPLIANT	The Corporate Governance Manual provides that the Board is responsible for overseeing the selection and performance of senior management and heads of control functions.	

		<p>Guided by the Bank's Performance Management System and Succession Management Program, the Bank implements an individual career advancement, and conduct periodic review of the talent pipeline to identify gaps and manage the workforce requirement. As part of its succession planning efforts, potential successors for the above-mentioned critical positions are identified and developed, as appropriate.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>• Corporate Governance Manual: Pages 19-21 (Specific Duties and Responsibilities of the Board of Directors, Item 2.3.3)  <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></li> <li>• Amended By-Laws: Page 4 (Article IV, Section 3)  <a href="https://www.chinabank.ph/library/chib-sec-approval-of-amended-by-laws-december-04-2023">https://www.chinabank.ph/library/chib-sec-approval-of-amended-by-laws-december-04-2023</a></li> <li>• 2023 Annual Financial and Sustainability Report: Pages 73 (Retirement and Succession) and 79 (Senior Management Appointment and Succession)  <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> </ul>	
2. Board adopts a policy on the retirement for directors and key officers.	COMPLIANT	<p>Our By-Laws provides for replacements in the event of vacancy in the Board. We also have a Retirement Policy for Directors that is guided by the principle that the Bank is able to strengthen the composition of the Board, and provide it with members who collectively possess the skills and experience to help the Bank achieve its strategic goals.</p> <p>To promote dynamism in the organization, as a matter of policy, a director shall remain in the Board of the Bank for as long he/she remains / continues to be fit for the position</p>	

		<p>of a director. The following must be considered to determine if a person is fit or proper to assume the position of a director: (i) integrity/probity, physical/mental fitness, relevant education, financial literacy and training; (ii) possession of competencies relevant to being a director, such as knowledge and experience, skills, diligence; and (iii) independence of mind and sufficiency of time to fully carry out responsibilities.</p> <p>There is a retirement policy in place that governs the retirement of all Bank employees including key officers.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>Retirement Policy for Directors <a href="https://www.chinabank.ph/board-policies">https://www.chinabank.ph/board-policies</a></li> <li>2023 Annual Financial and Sustainability Report: Pages 73 (Retirement and Succession) and 79 (Senior Management Appointment and Succession) <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> </ul>	
<b>Recommendation 2.5</b>			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	COMPLIANT	<p>The Bank's remuneration policy provides for fair &amp; competitive salary and benefits commensurate to a senior / key officer's position/rank, responsibilities and experience, in consideration of the Bank's economic situation. In determining senior / key officer compensation, the Bank benchmarks with comparable organizations (<i>similar size, organization structure, business risk, and management complexity</i>).</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>2023 Annual Report (SEC 17-A): Pages 84 (Remuneration Committee) and 254 (Remunerations of Directors and other Key Management Personnel)</li> </ul>	

		<a href="https://www.chinabank.ph/pdf/CHIB_2023_SEC17-A.pdf">https://www.chinabank.ph/pdf/CHIB_2023_SEC17-A.pdf</a> <ul style="list-style-type: none"> <li>2023 Annual Financial and Sustainability Report: Pages 79-80 (Executive Compensation)  <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a> </li> </ul>	
2. Board adopts a policy specifying the relationship between remuneration and performance.	COMPLIANT	<p>Under the By-Laws, members of the Board are entitled to 4% of the Bank's net earnings. On the other hand, officers are entitled up to 10% of the net earnings, in such manner as the Board may determine.</p> <p>To attain the desired business results of the Bank, the Performance Management System Policy was institutionalized. The Bank's and Officers' performance are considered in determining the merit / promotion increases and performance bonus accorded to the officers.</p> <p>The Performance Management System Policy is uploaded to the Bank's SharePoint site.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>By-Laws: Page 11 (Article VIII, Section 1)  <a href="https://www.chinabank.ph/library/chib-sec-approval-of-amended-by-laws-december-04-2023">https://www.chinabank.ph/library/chib-sec-approval-of-amended-by-laws-december-04-2023</a> </li> <li>2023 Annual Report (SEC 17-A): Page 254 (Remuneration of Directors and other Key Management Personnel)  <a href="https://www.chinabank.ph/pdf/CHIB_2023_SEC17-A.pdf">https://www.chinabank.ph/pdf/CHIB_2023_SEC17-A.pdf</a> </li> <li>2023 Annual Financial and Sustainability Report: Pages 71 (Board Remuneration) and 79-80 (Executive Compensation)  <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a> </li> </ul>	

<p>3. Directors do not participate in discussions or deliberations involving his/her own remuneration.</p>	<p>COMPLIANT</p>	<p>Directors of the Bank do not participate in the discussion or deliberation involving their remuneration.</p> <p>In accordance with the Bank's By-Laws, China Bank Directors are entitled to per diem of up to P10,000 for attendance at each Board/Board Committee meeting and to 4% of the Bank's net earnings.</p> <p>Executive Directors are appointed under standard employment terms, which include provisions for basic salary and performance bonus, depending on their performance, banking experience, employment status, position, and rank in the Bank. Non-executive Directors, on the other hand, do not receive any performance-related compensation.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>By-Laws: Page 5 (Article IV, Section 11) <a href="https://www.chinabank.ph/library/chib-sec-approval-of-amended-by-laws-december-04-2023">https://www.chinabank.ph/library/chib-sec-approval-of-amended-by-laws-december-04-2023</a></li> <li>2023 Annual Financial and Sustainability Report: Page 68 (Board Remuneration) <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> </ul>	
<p><b>Optional: Recommendation 2.5</b></p>			
<p>1. Board approves the remuneration of senior executives.</p>	<p>COMPLIANT</p>	<p>The Board of Directors is responsible for the approval of the remuneration of the Bank's senior executives and other employees, through the Remuneration Committee.</p> <p>In accordance with its Charter, the said Committee oversees the remuneration of key executives, ensuring that compensation is consistent with the Bank's culture, strategy, and control environment.</p> <p>Links/References:</p>	

		<ul style="list-style-type: none"> <li>• Remuneration Committee Charter <a href="https://www.chinabank.ph/library/remuneration-committee-charter">https://www.chinabank.ph/library/remuneration-committee-charter</a></li> <li>• Corporate Governance Manual: Pages 75-76 (Remuneration Committee) <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></li> </ul>	
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.	NON-COMPLIANT		<p>Executive directors &amp; senior executives are compensated based on clearly identified drivers of business growth such as attainment of target bank wide returns (ROE and ROA), market share, cross-sell ratio and other metrics aligned with the long-term interest of the Bank.</p> <p>The Bank will evaluate if there is a need to draft a policy for business transactions and deals for which the spirit of claw back provision would be applicable.</p> <p><i>Alternative to the Claw Back provision &amp; Deferred Bonuses:</i></p> <p>Our Code of Ethics states that restitution may be imposed independently or together with any other penalty in case of loss or damage to the property of the Bank, its employees, clients or other parties doing business with the Bank. The Bank may recover the amount involved by means of salary</p>

			<p>deduction or whatever legal means that will prompt offenders to pay the amount involved. But restitution shall in no way mitigate the penalties attached to the violation or infraction.</p> <p>Forfeiture of benefits/privileges may also be effected in cases where infractions or violations were incurred in connection with or arising from the application/availment thereof.</p> <p>Link/Reference:</p> <p>Code of Ethics  <a href="https://www.chinabank.ph/pdf/CODE-OF-ETHICS.pdf">https://www.chinabank.ph/pdf/CODE-OF-ETHICS.pdf</a></p>
<b>Recommendation 2.6</b>			
1. Board has a formal and transparent board nomination and election policy.	COMPLIANT	The Bank's Nomination Rules contains the nomination and election policy, which is updated annually or as the need arises.	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	COMPLIANT	<p>The Nomination Rules form part of the Bank's Corporate Governance Manual.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>2023 Nomination Rules  <a href="https://www.chinabank.ph/pdf/CHIB-Results-of-Board-of-Directors-Meeting-of-January-04-2023.pdf">https://www.chinabank.ph/pdf/CHIB-Results-of-Board-of-Directors-Meeting-of-January-04-2023.pdf</a></li> <li>Corporate Governance Manual: Pages 12-13 (Nomination and Election of Directors)</li> </ul>	

		<a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a> <ul style="list-style-type: none"> <li>2023 Annual Financial and Sustainability Report: Page 69 (Nomination Process)  <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a> </li> </ul>	
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	COMPLIANT	<p>The 2023 Nomination Rules sets forth the nomination policies / requirements.</p> <p>In accordance with the By-Laws as to manner of voting, Article III, Section 7 provides that any stockholder who is not delinquent in his subscription shall be allowed to vote either in person or by proxy executed in writing.</p> <p>Furthermore, our CG Manual stipulates that any shareholder of record, including a minority shareholder, who is entitled to a notice and to vote during the Annual Stockholders' Meeting, is qualified to nominate or be nominated.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>2023 Nomination Rules  <a href="https://www.chinabank.ph/pdf/CHIB-Results-of-Board-of-Directors-Meeting-of-January-04-2023.pdf">https://www.chinabank.ph/pdf/CHIB-Results-of-Board-of-Directors-Meeting-of-January-04-2023.pdf</a> </li> <li>Definitive Information Statement (SEC 20-IS) YE2022: Page 8  <a href="https://www.chinabank.ph/pdf/CHIB-2022-SEC-Definitive-20-IS PSE PDEX Amended.pdf">https://www.chinabank.ph/pdf/CHIB-2022-SEC-Definitive-20-IS PSE PDEX Amended.pdf</a> </li> <li>By-Laws: Page 2 (Article III, Section 7)  <a href="https://www.chinabank.ph/library/chib-sec-approval-of-amended-by-laws-december-04-2023">https://www.chinabank.ph/library/chib-sec-approval-of-amended-by-laws-december-04-2023</a> </li> </ul>	

		<ul style="list-style-type: none"> <li>Corporate Governance Manual: Pages 12-13 (Nomination and Election of Directors)  <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a> </li> </ul>	
4. Board nomination and election policy includes how the board shortlists candidates.	COMPLIANT	<p>The Bank's 2023 Nomination Rules contain the corresponding provisions in short listing the nominees for directorship.</p> <p>The Nominations Committee pre-screens the qualifications of the nominees on the basis of the nominations and/or supporting papers and prepares a final list of candidates containing all relevant information about the nominees, and indicate the nominees for independent directors, if any. In the unlikely event that no one among the stockholders who made the nominations indicated any particular nominee as nominee for independent director, the Committee shall endorse by majority vote of their members the nominees for independent directors who meet the guidelines/criteria set by the regulatory agencies/offices of listed banks.</p> <p>In 2023, The Bank engaged the Institute of Corporate Directors, as a Search Firm, to aid in looking for qualified candidates for the Board.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>Nominations Committee Charter  <a href="https://www.chinabank.ph/library/nominations-committee-charter">https://www.chinabank.ph/library/nominations-committee-charter</a> </li> <li>2023 Nomination Rules  <a href="https://www.chinabank.ph/pdf/CHIB-Results-of-Board-of-Directors-Meeting-of-January-04-2023.pdf">https://www.chinabank.ph/pdf/CHIB-Results-of-Board-of-Directors-Meeting-of-January-04-2023.pdf</a> </li> </ul>	

		<ul style="list-style-type: none"> <li>2023 Annual Financial and Sustainability Report: Page 69 (Nomination and Election)  <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a> </li> </ul>	
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.	COMPLIANT	<p>The Nominations Committee, in accordance with its Charter, is tasked to assess the effectiveness of the Board process and procedures in the election or replacement of directors.</p> <p>Link/Reference:</p> <p>Nominations Committee Charter  <a href="https://www.chinabank.ph/library/nominations-committee-charter">https://www.chinabank.ph/library/nominations-committee-charter</a> </p>	
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	COMPLIANT	<p>The position of a Director in China Bank is one of trust, thus, directors are selected for their integrity, credibility, leadership, and ability to render independent judgment, among others.</p> <p>The Bank's Nominations and Corporate Governance Committees are tasked to identify the quality of directors to ensure they are aligned with the Bank's strategic direction. The nomination and election process are set forth in the Nominations Rules that is incorporated in the Bank's Corporate Governance Manual.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>Corporate Governance Manual: Pages 74-75 (Nominations Committee)  <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a> </li> <li>Nominations Committee Charter  <a href="https://www.chinabank.ph/library/nominations-committee-charter">https://www.chinabank.ph/library/nominations-committee-charter</a> </li> </ul>	

Optional: Recommendation to 2.6			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.	COMPLIANT	<p>The Bank has engaged the ICD in sourcing out candidates for Independent Director.</p> <p>Please refer to <b>Annex 5</b> for the e-mail sent by ICD in response to the Bank's request for a list of possible candidates.</p>	
Recommendation 2.7			
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.	COMPLIANT	<p>The Board has the responsibility of approving the Bank's RPT policy, which covers guidelines and procedures for the review and approval of material RPTs to ensure that these are conducted at arm's length, and consistent with the objectives of BSP Circular 895 and SEC Memo No. 10 s2019. The policy serves as a guide for all the subsidiaries of the Bank in coming up with their respective RPT policies. There are also provisions in the policy requiring group-wide compliance, such as, reporting of material RPTs by the subsidiaries for consolidation &amp; reporting by the Bank to the BSP, and annual reporting of conglomerate structure/map.</p> <p>In 2020, the RPT Policy was updated to comply with the rules of the BSP and SEC. It is uploaded to the Bank's SharePoint site. Furthermore, to aid in identifying the Bank's related parties, the RP Database is updated regularly.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>Corporate Governance Manual: Pages 71-73 (Related Party Transactions Committee) and 122-123 (Related Party Transactions)  <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></li> <li>RPT Committee Charter</li> </ul>	

		<a href="https://www.chinabank.ph/library/rpt-committee-charter">https://www.chinabank.ph/library/rpt-committee-charter</a> <ul style="list-style-type: none"> <li>RPT Framework and Policy Guidelines <a href="https://www.chinabank.ph/pdf/Revised-RPT-Framework-and-Policy-Guidelines_October-2019.pdf">https://www.chinabank.ph/pdf/Revised-RPT-Framework-and-Policy-Guidelines_October-2019.pdf</a></li> </ul>	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	COMPLIANT	<p>The Bank's RPT policy requires all material RPTs to be reviewed and vetted upon by the RPT Committee before they are endorsed for the Board's approval. As guiding principle, RPTs shall be at arm's length, in the ordinary course of business &amp; in the interest of the Bank and on substantially similar terms as those offered to other non-related parties.</p> <p>Price Discovery Mechanism is in place and due diligence is performed to determine the fair price, and that Benchmarking Guidelines are observed for both credit and non-credit transactions.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>Related Party Transactions <a href="https://www.chinabank.ph/governance-policies">https://www.chinabank.ph/governance-policies</a></li> <li>RPT Committee Charter <a href="https://www.chinabank.ph/library/rpt-committee-charter">https://www.chinabank.ph/library/rpt-committee-charter</a></li> <li>RPT Framework and Policy Guidelines <a href="https://www.chinabank.ph/pdf/Revised-RPT-Framework-and-Policy-Guidelines_October-2019.pdf">https://www.chinabank.ph/pdf/Revised-RPT-Framework-and-Policy-Guidelines_October-2019.pdf</a></li> </ul>	
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk	COMPLIANT	<p>The Bank's RPT policy serves as guide for all the subsidiaries of the Bank in coming up with their respective RPT policies. As mentioned in the response to Recommendation 2.7 (1), there are requirements in the Bank's RPT policy mandating</p>	

profile and complexity of operations.		<p>group-wide compliance, such as reporting of material RPTs by subsidiaries for consolidation &amp; reporting by the Bank to the BSP, and annual reporting of conglomerate structure/map.</p> <p>Link/Reference:</p> <p>RPT Framework and Policy Guidelines  <a href="https://www.chinabank.ph/pdf/Revised-RPT-Framework-and-Policy-Guidelines_October-2019.pdf">https://www.chinabank.ph/pdf/Revised-RPT-Framework-and-Policy-Guidelines_October-2019.pdf</a></p> <p>The detailed RPT Policy is uploaded to the Bank's SharePoint site.</p>	
<b>Supplement to Recommendations 2.7</b>			
1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported 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.	COMPLIANT	<p>The Bank has an extensive RPT policy that is kept updated, relevant and aligned with laws, rules and regulations. Starting 2018, specific materiality thresholds were established on a per transaction/per unit basis, pursuant to BSP requirement.</p> <p>Please refer to <b>Annex 6</b> for a copy of the latest materiality threshold matrix.</p> <p>Furthermore, to comply with SEC Memo. No 10, the materiality threshold (<i>for individual transactions or aggregate over a 12-month period for the same related party</i>) was set by the Bank at 10% or higher of its total assets, based on the latest Audited Financial Statements.</p> <p>Link/Reference:</p> <p>Related Party Transactions  <a href="https://www.chinabank.ph/governance-policies">https://www.chinabank.ph/governance-policies</a></p>	
2. Board establishes a voting system whereby a majority of non-related	COMPLIANT	The Bank has no formal voting system allowing non-related party shareholders to approve RPTs. However, material	

party shareholders approve specific types of related party transactions during shareholders' meetings.		<p>RPTs are presented to and ratified by all stockholders present during Annual Stockholders' Meeting. The foregoing process can be considered a similar approval, since both related and non-related shareholders are present during the meeting.</p> <p>Link/Reference:</p> <p>Minutes of the 2023 Annual Stockholders' Meeting: Page 6 (Item VII)  <a href="https://www.chinabank.ph/library/minutes-of-the-2023-cbc-annual-stockholders-meeting">https://www.chinabank.ph/library/minutes-of-the-2023-cbc-annual-stockholders-meeting</a></p>	
<b>Recommendation 2.8</b>			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	COMPLIANT	<p>The Board is primarily responsible for approving the selection of the CEO, including heads of control/oversight functions, namely, CRO, CCO and CAE, based on the application of fit and proper standards. Integrity, technical expertise, and experience in the Bank's business, either current or planned, shall be the key considerations in the selection process. Moreover, since mutual trust and a close working relationship are important, the members of senior management shall uphold the general operating philosophy, vision and core values of the Bank.</p> <p>Link/Reference:</p> <p>Corporate Governance Manual: Pages 19-21 (Duties and Responsibilities of the Board of Directors, Item 2.3.3), 89-90 (Appointment of the CCO, Item 1.2), 92 (Appointment of the CAE, Item 1.1) and 106 (Appointment of the CRO, Item 2.2)  <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></p>	
2. Board is primarily responsible for assessing the performance of	COMPLIANT	The Board is also responsible for the regular assessment of the performance of Management.	

Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).		<p>The performance of the President and CEO is done through a self-assessment and is reported to the Board through the CG Committee.</p> <p>The Board, through the appropriate Board Committees, exercises performance assessment of heads of the control functions, as follows: (i) CRO – the Risk Oversight Committee; (ii) CCGO – Compliance &amp; Corporate Governance Committees; and (iii) CAE – Audit Committee.</p> <p>Link/Reference:</p> <p>Corporate Governance Manual: Pages 20 (Duties and Responsibilities of the Board of Directors, Item 2.3.3 c)  <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></p>	
<b>Recommendation 2.9</b>			
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>The Bank's Performance Management System is an integrated process that aligns the performance of all employees with the Bank's strategic direction and business plans to ensure optimum organizational effectiveness.</p> <p>We support employee development and advancement through continuous conversations and feedback, annual key result area setting and performance appraisal, and promotion. We ensure that our employees are aware of their specific deliverables and that their performance is objectively evaluated. In addition, to strengthen our current bench and future talent pipeline, we conduct periodic talent reviews and succession planning, guided by our Performance Management System and Succession Management Program, to identify potential successors for our senior leadership positions. In 2023, a total of 1,602</p>	

		<p>employees were promoted – 222 of which are promotion from rank-and-file level to officer positions.</p> <p>Link/Reference:</p> <p>2023 Annual Financial and Sustainability Report: Page 46 (Career Advancement and Succession)  <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></p>	
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.	COMPLIANT	<p>Guided by the Performance Management System, the Bank ensures that the employees are aware of their specific deliverables and that their performance is objectively evaluated, through annual key result area setting and appraisal.</p> <p>Employees are valued and well-provided for, most prominently with competitive compensation packages. The salary range complies with industry standards, while also considering an employee's responsibilities, experience and performance. To enable effective performance, the Bank has institutionalized generous reward systems designed to encourage employees to perform above and beyond expectations.</p> <p>Link/Reference:</p> <p>2023 Annual Financial and Sustainability Report: Pages 45 (Remuneration) and 46 (Career Advancement and Succession)  <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></p>	
<b>Recommendation 2.10</b>			
1. Board oversees that an appropriate internal control system is in place.	COMPLIANT	<p>The Board is responsible for the establishment and review of the Bank's system of internal control while its day-to-day supervision falls upon the purview of the Management Committee. All of our employees are involved in our</p>	

		<p>internal control processes to a certain extent and in specific capacities.</p> <p>The internal control system comprises a well-defined management structure with clear authorities, responsibilities, and operating procedures. We have adopted the 3-lines-of-defense governance framework - (i) in the frontlines are the business units; (ii) the second line includes an enterprise risk management function under the Risk Management Group and a stringent compliance function under Compliance Group that ensures the Bank complies with applicable laws, rules and regulations covering a range of areas including good corporate governance, anti-money laundering and anti-insider trading policies amongst others; and (iii) the third line is Audit Group which is in charge of the internal audit function.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>• Internal Control and Risk Management <a href="https://www.chinabank.ph/internal-control-and-risk-management">https://www.chinabank.ph/internal-control-and-risk-management</a></li> <li>• 2023 Annual Financial and Sustainability Report: Pages 81-85 (Enforcing Effective Internal Controls) <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> </ul>	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	COMPLIANT	<p>The Bank's internal control system includes a mechanism for monitoring and managing conflict of interest.</p> <p>In accordance with the Bank's Code of Ethics, conflict of interest between the Bank and its employees should be avoided at all times. However, should a conflict arise, the interest of the Bank must prevail. Employees are not permitted to have or be involved in any financial interests that are in conflict or appear to be in conflict with their</p>	

		<p>duties and responsibilities to China Bank. They are likewise barred from engaging in work outside of the Bank unless with duly-approved permission, as well as work that lies in direct competition with the Bank.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>• Code of Ethics <a href="https://www.chinabank.ph/code-of-ethics">https://www.chinabank.ph/code-of-ethics</a></li> <li>• Policy on Conflict of Interest <a href="https://www.chinabank.ph/governance-policies">https://www.chinabank.ph/governance-policies</a></li> <li>• 2023 Annual Financial and Sustainability Report: Pages 81-85 (Enforcing Effective Internal Controls) <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> </ul>	
3. Board approves the Internal Audit Charter.	COMPLIANT	<p>The Bank's revised Internal Audit Charter was approved by the Audit Committee on April 19, 2023 and was ratified by the Board on June 7, 2023.</p> <p>Please refer to <b>Annex 7</b> for a copy of the Internal Audit Charter.</p>	
<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 risks.	COMPLIANT	<p>Aligned with the Board's responsibility of setting the tone at the top, the Board oversees that the Bank has in place a sound enterprise risk management framework through Risk Oversight Committee, to ensure its functionality and effectiveness. It oversees the system of limits to discretionary authority that the Board delegates to Management, ensures that the system remains effective, that the limits are observed and that immediate corrective actions are taken whenever limits are breached.</p> <p>Links/References:</p>	

		<ul style="list-style-type: none"> <li>• Corporate Governance Manual: Pages 65-68 (Risk Oversight Committee) and 104-107 (Risk Management Function) <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></li> <li>• Organizational Structure (Reporting line of RMG to the Board) <a href="https://www.chinabank.ph/corporate-governance-our-company">https://www.chinabank.ph/corporate-governance-our-company</a></li> <li>• 2023 Annual Financial and Sustainability Report: Pages 82-84 (Risk Management) <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> </ul>	
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.	COMPLIANT	<p>The Bank's Risk Management Group assists the Board in the enterprise-risk management function, which includes risk management strategies.</p> <p>The Bank's resiliency against risk is anchored on prudent risk-taking business model. It safeguards stakeholders' interest and the Group's assets with a balanced approach to risk management, undertaking only well considered risks for commensurate returns.</p> <p>Our Risk Management Group (RMG), headed by Chief Risk Officer Ananias S. Cornelio III, executes the risk management function which is generally responsible for identifying, assessing, monitoring, and mitigating our key risks. RMG reports to the Board through the Risk Oversight Committee which has approval and oversight responsibility for our risk management framework and risk appetite. Risk identification and assessment are embedded in our control processes, employees at all levels are responsible for the management and reporting of risks, and risk management is reinforced as a discipline group-wide through trainings and communication.</p>	

		<p>Links/References:</p> <ul style="list-style-type: none"> <li>Corporate Governance Manual: Pages 65-68 (Risk Oversight Committee) and 104-107 (Risk Management Function)  <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></li> <li>Risk Management  <a href="https://www.chinabank.ph/internal-control-and-risk-management">https://www.chinabank.ph/internal-control-and-risk-management</a></li> </ul>	
<b>Recommendation 2.12</b>			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	COMPLIANT	<p>The Corporate Governance Manual serves as the Charter of the Board, and sets forth its functions/roles, duties and responsibilities. The duty of care and loyalty are the two key elements of the fiduciary duty of the Board. The duty of care requires the members of the Board to act on a fully informed basis, in good faith, with due diligence and care while the duty of loyalty is where the board members should act in the best interest of the Bank and all its stakeholder, such as the depositors, creditors, employees and regulators.</p> <p>In addition, an Orientation Kit is provided to the new members of the Board. This document contains the specific duties and responsibilities of the Directors, as well as the applicable Board Committee Charters (i.e., those which the Director is a member of).</p> <p>Link/Reference:</p> <p>Corporate Governance Manual  <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></p>	
2. Board Charter serves as a guide to the directors in the performance of their functions.	COMPLIANT		
3. Board Charter is publicly available and posted on the company's website.	COMPLIANT		

Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	COMPLIANT	<p>The Bank's Policy on Insider Trading is included in the Corporate Governance Manual. Provisions regarding material non-public information and prohibited "tipping" / communication and penalties for illegal conduct of insider trading are included in the manual. Moreover, the policy on the disclosure of the directors' dealings in Bank shares is also contained therein.</p> <p>Link/Reference:</p> <p>Corporate Governance Manual: Pages 116-117 (Policy on Insider Trading)  <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></p> <p>The detailed Insider Trading and Blackout Policy is uploaded to the Bank's SharePoint site.</p>	
Optional: Principle 2			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.	COMPLIANT	<p>Lending to Directors is not restricted or prohibited under existing regulations. The Bank's DOSRI (Directors, Officers, Stockholders and Related Interests) and RPT policies require that transactions with directors and other related parties should be conducted at an arm's length basis and on terms not less favorable to the Bank.</p> <p>To avoid conflict of interest and based on the RPT policy of the Bank, any director who has interest in a transaction is required to disclose his/her interest and should abstain from the deliberation and approval of the related party transaction.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>Related Party Transactions  <a href="https://www.chinabank.ph/governance-policies">https://www.chinabank.ph/governance-policies</a></li> </ul>	

		<ul style="list-style-type: none"> <li>RPT Framework and Policy Guidelines: Page 15 (Avoidance of Conflict of Interest)  <a href="https://www.chinabank.ph/pdf/Revised-RPT-Framework-and-Policy-Guidelines_October-2019.pdf">https://www.chinabank.ph/pdf/Revised-RPT-Framework-and-Policy-Guidelines_October-2019.pdf</a> </li> </ul>	
2. Company discloses the types of decision requiring board of directors' approval.	COMPLIANT	<p>In accordance with the Bank's DOSRI and RPT policies, lending to DOSRI, material related party transactions are required to be approved by Board of Directors, among others.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>Related Party Transactions  <a href="https://www.chinabank.ph/governance-policies">https://www.chinabank.ph/governance-policies</a> </li> <li>RPT Framework and Policy Guidelines: Page 14 (Endorsement and Approval of RPTs)  <a href="https://www.chinabank.ph/pdf/Revised-RPT-Framework-and-Policy-Guidelines_October-2019.pdf">https://www.chinabank.ph/pdf/Revised-RPT-Framework-and-Policy-Guidelines_October-2019.pdf</a> </li> </ul> <p>Under the Corporate Governance Manual, matters and authorities reserve to the Board for decision includes, among others, major capital expenditures, equity investments and divestments. The Board shall also establish the limits of the discretionary powers of each officer or committee, for purposes of lending, investing or other financial undertaking that exposes the Bank to significant risks.</p> <p>Link/Reference:</p> <p>Corporate Governance Manual: Page 19 (Item 2.3.2 e)  <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a> </p>	

		<p>The powers of the Board are set out in Article IV, Section 1, of the Bank's By-Laws.</p> <p>Link/Reference:</p> <p>By-Laws: Pages 3-4 (Article IV, Section 1)  <a href="https://www.chinabank.ph/library/chib-sec-approval-of-amended-by-laws-december-04-2023">https://www.chinabank.ph/library/chib-sec-approval-of-amended-by-laws-december-04-2023</a></p>	
<p><b>Principle 3:</b> Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.</p>			
<p><b>Recommendation 3.1</b></p>			
<p>1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.</p>	<p>COMPLIANT</p>	<p>To aid the Board in the effective performance of its functions, duties, and to address specific tasks / responsibilities, the following board-level committees have been established: (1) Executive, (2) Corporate Governance, (3) Audit, (4) Compliance, (5) Risk Oversight, (6) Nominations, (7) Remuneration, (8) Related Party Transactions and (9) Trust Investment.</p> <p>In 2023, the IT Steering Committee was elevated to a Board-level committee.</p> <p>Each committee has its own charter containing provisions on its composition, functions and responsibilities. These charters are posted on the Bank's website.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>Board Matters  <a href="https://www.chinabank.ph/board-matters">https://www.chinabank.ph/board-matters</a></li> <li>2023 Annual Financial and Sustainability Report: Pages 66-67 (Organizational Structure) and 73-74 (Board Committees)</li> </ul>	

**Recommendation 3.2**

<p>1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.</p>	<p>COMPLIANT</p>	<p>The Audit Committee oversees all matters pertaining to audit such as internal audit function and performance, the integrity of the financial statements, and general accounting processes, among others. Moreover, it provides oversight on the senior management's activities, as well as the Bank's internal and external auditors. The Committee also monitors and evaluate the effectiveness of the Bank's internal control system.</p> <p>In relation to the Committee's oversight on external auditors, it can recommend their appointment (subject to stockholder ratification) or dismissal, as necessary.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>• Audit Committee Charter <a href="https://www.chinabank.ph/library/audit-committee-charter">https://www.chinabank.ph/library/audit-committee-charter</a></li> <li>• 2023 Annual Financial Sustainability Report: Pages 112-113 (Report of the Audit Committee) <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> </ul>	
<p>2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.</p>	<p>COMPLIANT</p>	<p>In 2023, the Audit Committee is composed of three (3) non-executive directors, of whom – 2 are Independent Directors, in accordance with its Charter. The members of the Committee are:</p> <p><b>Ms. Claire Ann T. Yap</b> (Chairman) – Independent Director  <b>Mr. Joaquin T. Dee</b> – Non-Executive Director  <b>Mr. Genaro V. Lapez</b> – Independent Director (member from April 20, 2023)  <b>Mr. Philip S. L. Tsai</b> – Independent Director (member up to April 19, 2023)</p>	

		<p>Links/References:</p> <ul style="list-style-type: none"> <li>• Directors' Profile <a href="https://www.chinabank.ph/china-bank-board-of-directors">https://www.chinabank.ph/china-bank-board-of-directors</a></li> <li>• Audit Committee Charter <a href="https://www.chinabank.ph/library/audit-committee-charter">https://www.chinabank.ph/library/audit-committee-charter</a></li> <li>• 2023 Re-organization of Board Committees <a href="https://www.chinabank.ph/library/chib-results-of-annual-stockholders-meeting-and-organizational-board-meeting">https://www.chinabank.ph/library/chib-results-of-annual-stockholders-meeting-and-organizational-board-meeting</a></li> </ul>	
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	COMPLIANT	<p>The members of the Audit Committee have the relevant background / knowledge, skills and experience in the areas of accounting, auditing and finance.</p> <p>Link/Reference:</p> <p>Directors' Profile <a href="https://www.chinabank.ph/china-bank-board-of-directors">https://www.chinabank.ph/china-bank-board-of-directors</a></p>	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	COMPLIANT	<p>Ms. Claire Ann T. Yap is the Chairman of the Audit Committee. She is not the Chairman of the Board or of any other committee.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>• Board Committees and their Members <a href="https://www.chinabank.ph/board-matters">https://www.chinabank.ph/board-matters</a></li> </ul>	

		<ul style="list-style-type: none"> <li>Directors' Profile <a href="https://www.chinabank.ph/china-bank-board-of-directors">https://www.chinabank.ph/china-bank-board-of-directors</a></li> </ul>	
<b>Supplement to Recommendation 3.2</b>			
1. Audit Committee approves all non-audit services conducted by the external auditor.	COMPLIANT	<p>Based on the Audit Committee Charter, the Committee is tasked to approve audit and non-audit engagements.</p> <p>In 2023, the Audit Committee discussed, approved, and authorized to engage the services of SGV &amp; Co for various non-audit work.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>Audit Committee Charter <a href="https://www.chinabank.ph/library/audit-committee-charter">https://www.chinabank.ph/library/audit-committee-charter</a></li> <li>2023 Annual Report (SEC 17-A): Page 58 (Item 7: Financial Statements) <a href="https://www.chinabank.ph/pdf/CHIB_2023_SEC17-A.pdf">https://www.chinabank.ph/pdf/CHIB_2023_SEC17-A.pdf</a></li> </ul>	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	COMPLIANT	<p>The Audit Committee conducts regular meeting with the External Auditor without anyone from management team.</p> <p>Please refer to <b>Annex 8</b> for the corresponding certification from the Corporate Secretary.</p>	
<b>Optional: Recommendation 3.2</b>			
1. Audit Committee meet at least four times during the year.	COMPLIANT	<p>The Audit Committee had 13 meetings in 2023.</p> <p>Link/Reference:</p> <p>Audit Committee Attendance <a href="https://www.chinabank.ph/board-matters">https://www.chinabank.ph/board-matters</a></p>	

2. Audit Committee approves the appointment and removal of the internal auditor.	COMPLIANT	<p>In accordance with the Audit Committee Charter, the appointment of the Internal Auditor is approved by the Audit Committee</p> <p>Link/Reference:</p> <p>Audit Committee Charter  <a href="https://www.chinabank.ph/library/audit-committee-charter">https://www.chinabank.ph/library/audit-committee-charter</a></p>	
<b>Recommendation 3.3</b>			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	COMPLIANT	<p>The Corporate Governance Committee is tasked to assist the Board of Directors in fulfilling its corporate governance responsibilities by ensuring compliance with and proper observance of corporate governance laws, rules, principles and best practices.</p> <p>It is primarily responsible to oversee the implementation of the corporate governance framework and periodically review the said framework to ensure that it remains appropriate. Moreover, together with the Nominations Committee, it handles the nomination process for members of the Board of Directors and for positions requiring appointment by the Board. It also ensures that the members of the Board are provided with a continuing education program, and that they carry out the necessary periodic self-assessment. Also, part of the Committee's duties, is to define the general profile of Board members that the Bank may need and ensure that their knowledge, competencies are aligned with the Bank's strategic decision.</p> <p>Link/Reference:</p> <p>Corporate Governance Committee Charter  <a href="https://www.chinabank.ph/library/corporate-governance-committee-charter">https://www.chinabank.ph/library/corporate-governance-committee-charter</a></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>The members of the Corporate Governance Committee are all Independent Directors.</p> <p><b>Ms. Margarita L. San Juan</b> (Chairman)  <b>Ms. Claire Ann T. Yap</b>  <b>Mr. Philip S.L. Tsai</b> – member from April 20, 2023  <b>Mr. Genaro V. Lapez</b> – member up to April 19, 2023</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>Corporate Governance Committee Members  <a href="https://www.chinabank.ph/board-matters">https://www.chinabank.ph/board-matters</a></li> <li>Directors' Profile  <a href="https://www.chinabank.ph/china-bank-board-of-directors">https://www.chinabank.ph/china-bank-board-of-directors</a></li> <li>2023 Re-organization of Board Committees  <a href="https://www.chinabank.ph/library/chib-results-of-annual-stockholders-meeting-and-organizational-board-meeting">https://www.chinabank.ph/library/chib-results-of-annual-stockholders-meeting-and-organizational-board-meeting</a></li> </ul>	
<p>3. Chairman of the Corporate Governance Committee is an independent director.</p>	<p>COMPLIANT</p>	<p>Ms. Margarita L. San Juan is the Chairman of the Corporate Governance Committee. She is an independent director.</p> <p>The charters contain all the required information related to the function of each committee and the specific duties of its members.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>Corporate Governance Committee Members  <a href="https://www.chinabank.ph/board-matters">https://www.chinabank.ph/board-matters</a></li> </ul>	

		<ul style="list-style-type: none"> <li>Directors' Profile <a href="https://www.chinabank.ph/china-bank-board-of-directors">https://www.chinabank.ph/china-bank-board-of-directors</a></li> </ul>	
<b>Optional: Recommendation 3.3.</b>			
1. Corporate Governance Committee meet at least twice during the year.	COMPLIANT	<p>The Corporate Governance Committee had 28 meetings in 2023, including 12 joint meetings with Compliance Committee and 16 joint meetings with Nominations Committee.</p> <p>Link/Reference:</p> <p>Corporate Governance Committee Attendance <a href="https://www.chinabank.ph/board-matters">https://www.chinabank.ph/board-matters</a></p>	
<b>Recommendation 3.4</b>			
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	<p>The Risk Oversight Committee is responsible for the Bank's Enterprise Risk Management System, in accordance with its Charter.</p> <p>Link/Reference:</p> <p>Risk Oversight Committee Charter <a href="https://www.chinabank.ph/library/risk-oversight-committee-charter">https://www.chinabank.ph/library/risk-oversight-committee-charter</a></p>	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	COMPLIANT	<p>The Risk Oversight Committee is composed of 3 members – all are Independent Directors, namely:</p> <p><b>Mr. Philip S.L. Tsai</b> (Chairman)  <b>Ms. Margarita L. San Juan</b>  <b>Ms. Claire Ann T. Yap</b></p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>Risk Oversight Committee Members <a href="https://www.chinabank.ph/board-matters">https://www.chinabank.ph/board-matters</a></li> </ul>	

		<ul style="list-style-type: none"> <li>Directors' Profile <a href="https://www.chinabank.ph/china-bank-board-of-directors">https://www.chinabank.ph/china-bank-board-of-directors</a></li> <li>2023 Re-organization of Board Committees <a href="https://www.chinabank.ph/library/chib-results-of-annual-stockholders-meeting-and-organizational-board-meeting">https://www.chinabank.ph/library/chib-results-of-annual-stockholders-meeting-and-organizational-board-meeting</a></li> </ul>	
3. The Chairman of the BROCC is not the Chairman of the Board or of any other committee.	COMPLIANT	<p>Mr. Philip S.L. Tsai is the Chairman of the Risk Oversight Committee. He is not the Chairman of the Board or of any other committee.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>Board Committees and their Members <a href="https://www.chinabank.ph/board-matters">https://www.chinabank.ph/board-matters</a></li> <li>Directors' Profile <a href="https://www.chinabank.ph/china-bank-board-of-directors">https://www.chinabank.ph/china-bank-board-of-directors</a></li> </ul>	
4. At least one member of the BROCC has relevant thorough knowledge and experience on risk and risk management.	COMPLIANT	<p>The members of the Risk Oversight Committee are:</p> <p><b>Mr. Philip S.L. Tsai</b> (Chairman)  <b>Ms. Margarita L. San Juan</b>  <b>Ms. Claire Ann T. Yap</b></p> <p>Mr. Tsai is a seasoned banker and has thorough knowledge/experience on risk management &amp; governance. Ms. San Juan was the former Chairman of the Committee. Both she and Ms. Yap have also attended the relevant seminars to equip themselves of their responsibilities.</p> <p>Links/References:</p>	

		<ul style="list-style-type: none"> <li>• Directors' Profile <a href="https://www.chinabank.ph/china-bank-board-of-directors">https://www.chinabank.ph/china-bank-board-of-directors</a></li> <li>• Board Training <a href="https://www.chinabank.ph/board-training">https://www.chinabank.ph/board-training</a></li> </ul>	
<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	<p>The Bank has an RPT Committee that is responsible for reviewing all material related party transactions (RPTs) to ensure that they are conducted in accordance with the arm's length principles.</p> <p>Composed entirely of Independent Directors, the committee oversees the proper implementation of the RPT Framework and Policy, and ensures that corresponding transactions are duly identified, measures, monitored, controlled and reported.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>• Related Party Transactions <a href="https://www.chinabank.ph/governance-policies">https://www.chinabank.ph/governance-policies</a></li> <li>• RPT Committee Members <a href="https://www.chinabank.ph/board-matters">https://www.chinabank.ph/board-matters</a></li> <li>• RPT Committee Charter <a href="https://www.chinabank.ph/library/rpt-committee-charter">https://www.chinabank.ph/library/rpt-committee-charter</a></li> </ul>	
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	COMPLIANT	<p>The three (3) members of the RPT Committee are all independent directors namely:</p> <p><b>Mr. Genaro V. Lapez</b> (Chairman) <b>Ms. Margarita L. San Juan</b></p>	

		<b>Mr. Philip S.L. Tsai</b>  Links/References: <ul style="list-style-type: none"> <li>RPT Committee Members <a href="https://www.chinabank.ph/board-matters">https://www.chinabank.ph/board-matters</a></li> <li>Directors' Profile <a href="https://www.chinabank.ph/china-bank-board-of-directors">https://www.chinabank.ph/china-bank-board-of-directors</a></li> <li>2023 Re-organization of Board Committees <a href="https://www.chinabank.ph/library/chib-results-of-annual-stockholders-meeting-and-organizational-board-meeting">https://www.chinabank.ph/library/chib-results-of-annual-stockholders-meeting-and-organizational-board-meeting</a></li> </ul>	
<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	All committees have their respective Charters. The charters contain all the required information related to the function of each committee and the specific duties of its members. The Charters also provide for the performance evaluation of the committee.  All charters are posted on the Bank's website.	
2. Committee Charters provide standards for evaluating the performance of the Committees.	COMPLIANT	Link/Reference:  Committee Charters <a href="https://www.chinabank.ph/board-matters">https://www.chinabank.ph/board-matters</a>	
3. Committee Charters were fully disclosed on the company's website.	COMPLIANT		
<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>			

<p>1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.</p>	<p>COMPLIANT</p>	<p>The Board actively participated in Board Meetings either in person or through remote communication/video or teleconferencing as required in the Bank's Corporate Governance Manual.</p> <p>In 2023, each of the incumbent directors attended at least 88% of all Board meetings and 80% of Board-level committee meetings.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>• Board Attendance <a href="https://www.chinabank.ph/board-matters">https://www.chinabank.ph/board-matters</a></li> <li>• Minutes of the 2023 Annual Stockholders' Meeting: Page 1 (Directors Present, via Remote Communication) <a href="https://www.chinabank.ph/library/minutes-of-the-2023-cbc-annual-stockholders-meeting">https://www.chinabank.ph/library/minutes-of-the-2023-cbc-annual-stockholders-meeting</a></li> <li>• Corporate Governance Manual: Pages 51-53 (Conduct of Meetings, Attendance and Quorum Requirement) <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></li> <li>• 2023 Annual Financial and Sustainability Report: Pages 75-76 (Board and Committee Meetings) <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> </ul>	
<p>2. The directors review meeting materials for all Board and Committee meetings.</p>	<p>COMPLIANT</p>	<p>The members of the Board are provided with materials within five (5) days prior to Board and Committee meeting.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>• Corporate Governance Manual: Page 53 (Board Materials) <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></li> </ul>	

		<ul style="list-style-type: none"> <li>2023 Annual Financial and Sustainability Report: Pages 75-76 (Board and Committee Meetings)  <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a> </li> </ul>	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	COMPLIANT	<p>The minutes of meetings reflect robust discussions by the Board on issues, proposals and initiatives presented by Management. Whenever necessary, or to arrive at an informed decision, Board members would seek clarification and/or explanation during the meetings.</p> <p>Discloseable Minutes of Board Meetings are posted on the Bank's website.</p> <p>Link/Reference:</p> <p>SEC Filings - Other Disclosures ("CHIB Results of Board of Directors Meeting on &lt;Date&gt;")  <a href="https://www.chinabank.ph/sec-filings-2023">https://www.chinabank.ph/sec-filings-2023</a> </p>	
<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>The Bank, in selecting independent directors and non-executive directors, considers the number and types of entities where the candidate is likewise elected as such, to ensure that he will be able to devote sufficient time to effectively carry-out his duties and responsibilities. In relation to the limit on directorship of independent directors and non-executive directors, the Bank's Interlocking Directorship Policy states that a non-executive director (NED), which may include an independent director, shall concurrently serve as director up to a maximum limit of 5 PLCs. Each entity where the NED is concurrently serving as director shall be separately counted as 1 and will be considered in the assessment.</p> <p>Links/References:</p>	

		<ul style="list-style-type: none"> <li>Corporate Governance Manual: Page 7 (Limit on Directorship of ID and NED, Item 1.3.3) <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></li> <li>Directors' Profile <a href="https://www.chinabank.ph/china-bank-board-of-directors">https://www.chinabank.ph/china-bank-board-of-directors</a></li> <li>2023 Annual Financial and Sustainability Report: Pages 90-95 (Board of Directors) <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> </ul>	
<b>Recommendation 4.3</b>			
1. The directors notify the company's board before accepting a directorship in another company.	COMPLIANT	<p>Bank directors are required to notify the Board before accepting a directorship in another company, as stated in the Bank's Interlocking Directorship Policy and Corporate Governance Manual.</p> <p>Link/Reference:</p> <p>Corporate Governance Manual: Pages 40-41 (Multiple Board Seats / Interlocking/Concurrent Directorship) <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></p>	
<b>Optional: Principle 4</b>			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	COMPLIANT	<p>The Bank has only two (2) Executive Directors and they do not serve in more than 2 boards of listed companies outside of the group.</p> <p>Link/Reference:</p> <p>Directors' Profile <a href="https://www.chinabank.ph/china-bank-board-of-directors">https://www.chinabank.ph/china-bank-board-of-directors</a></p>	

<p>2. Company schedules board of directors' meetings before the start of the financial year.</p>	<p>COMPLIANT</p>	<p>Consistent with the provision in the Bank's By-Laws, regular meetings of the Board are set every first Wednesday of the month, while special meetings may be called by the Chairman or the CEO, as deemed necessary. In the same manner, Board-level committees have regular meetings, as stipulated in their respective charters. The Board members are also sent reminders during the last month of the year of the schedule of the meetings, for the incoming year.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>• By-Laws: Page 4 (Article IV, Sections 4 and 5) <a href="https://www.chinabank.ph/library/chib-sec-approval-of-amended-by-laws-december-04-2023">https://www.chinabank.ph/library/chib-sec-approval-of-amended-by-laws-december-04-2023</a></li> <li>• Board-level Committee Charters <a href="https://www.chinabank.ph/board-matters">https://www.chinabank.ph/board-matters</a></li> <li>• 2023 Annual Financial and Sustainability Report: Pages 75-76 (Board and Committee Meetings) <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> </ul>	
<p>3. Board of directors meet at least six times during the year.</p>	<p>COMPLIANT</p>	<p>The Board of Directors had 16 meetings in 2023, including the organizational meeting.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>• 2023 Definitive Information Statement (SEC 20-IS): Page 12 (Board Attendance) <a href="https://www.chinabank.ph/library/chib-2023-definitive-sec-is-20-report">https://www.chinabank.ph/library/chib-2023-definitive-sec-is-20-report</a></li> <li>• 2023 Annual Financial and Sustainability Report: Pages 75-76 (Attendance in Board and Committee Meetings) <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> </ul>	

		<ul style="list-style-type: none"> <li>Board Attendance <a href="https://www.chinabank.ph/board-matters">https://www.chinabank.ph/board-matters</a></li> </ul>	
4. Company requires as minimum quorum of at least 2/3 for board decisions.	COMPLIANT	<p>It is the policy of the Bank to encourage all members of the Board to attend board meetings regularly.</p> <p>If a member of the Board cannot attend personally, subject to existing rules, he / she may participate in meetings through remote communication such as teleconference or videoconferencing, or other alternative modes of communication that allow them reasonable opportunities to participate.</p> <p>In cases where a decision is to be arrived at by the Board, as a matter of policy, decisions should be made only upon quorum of 2/3 members of the Board present, unless a different voting requirement is required by existing laws, rules and regulations.</p> <p>Link/Reference:</p> <p>Corporate Governance Manual: Pages 51-53 (Conduct of Meetings, Attendance and Quorum Requirement) <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></p>	
<b>Principle 5:</b> The board should endeavor to exercise an objective and independent judgment on all corporate affairs			
<b>Recommendation 5.1</b>			
1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	COMPLIANT	<p>The Bank's Board is composed of 12 directors and one-third of the Board or at least 4 are Independent Directors, namely:</p> <p><b>Ms. Margarita L. San Juan</b>  <b>Mr. Philip S.L. Tsai</b>  <b>Ms. Claire Ann T. Yap</b>  <b>Mr. Genaro V. Lapez</b></p>	

		<p>Links/References:</p> <ul style="list-style-type: none"> <li>By-Laws: Page 3 (Article IV, Section 1)  <a href="https://www.chinabank.ph/library/chib-sec-approval-of-amended-by-laws-december-04-2023">https://www.chinabank.ph/library/chib-sec-approval-of-amended-by-laws-december-04-2023</a></li> <li>Minutes of the 2023 Annual Stockholders' Meeting: Pages 6-7 (Election of the Board of Directors)  <a href="https://www.chinabank.ph/library/minutes-of-the-2023-cbc-annual-stockholders-meeting">https://www.chinabank.ph/library/minutes-of-the-2023-cbc-annual-stockholders-meeting</a></li> </ul>	
<b>Recommendation 5.2</b>			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	COMPLIANT	<p>Each of the Independent Directors nominated to the Board in 2023 certified that he/she possesses all the qualifications and none of the disqualifications, as contained in the Bank's Definitive Information Statement.</p> <p>Link/Reference:</p> <p>Definitive Information Statement (SEC 20-IS) YE2022: Pages 33-36 (Certifications of Independent Directors, Exhibits A to D)  <a href="https://www.chinabank.ph/pdf/CHIB-2022-SEC-Definitive-20-IS_PSE_PDEX_Amended.pdf">https://www.chinabank.ph/pdf/CHIB-2022-SEC-Definitive-20-IS_PSE_PDEX_Amended.pdf</a></p>	
<b>Supplement to Recommendation 5.2</b>			
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	COMPLIANT	<p>The Bank is not aware of any shareholder agreement that constrain a director's ability to vote, but in accordance with the By-Laws, and the Corporation Code, any stockholder who is not delinquent in his subscription shall be allowed to vote either in person or by proxy executed in writing by the stockholder.</p> <p>Link/Reference:</p> <p>2023 Definitive Information Statement (SEC 20-IS): Page 7</p>	

		<a href="https://www.chinabank.ph/library/chib-2023-definitive-sec-is-20-report">https://www.chinabank.ph/library/chib-2023-definitive-sec-is-20-report</a>	
<b>Recommendation 5.3</b>			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	COMPLIANT	<p>None of the Bank's IDs has exceeded the stated term limit. The information on the number of years of their service as directors, are posted on the website and in the 2023 Annual Financial and Sustainability Report of the Bank.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>• Directors' Profile <a href="https://www.chinabank.ph/china-bank-board-of-directors">https://www.chinabank.ph/china-bank-board-of-directors</a></li> <li>• 2023 Annual Financial and Sustainability Report: Pages 69 (Board of Directors table) and 90-95 (Board of Directors) <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> </ul>	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	COMPLIANT	<p>In accordance with the Bank's CG Manual, an independent director shall serve for a cumulative term of 9 years. Thereafter, the independent director shall be perpetually barred from re-election as such in the Bank. However, he may continue to qualify as a regular director of the Bank.</p> <p>Link/Reference:</p> <p>Corporate Governance Manual: Page 7 (Term Limit for Independent Directors, Item 1.3.2) <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></p>	
3. In the instance that the company retains an independent director in the same capacity after nine years,	COMPLIANT	In 2023, there was no independent director of the Bank who has served for more than 9 years. The Independent Directors are:	

the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.		<p><b>Ms. Margarita San Juan</b> – served for six (6) years only  <b>Mr. Philip S.L. Tsai</b> – served for five (5) years only  <b>Ms. Claire Ann T. Yap</b> – served for three (3) years only  <b>Mr. Genaro V. Lapez</b> – served for two (2) years only</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>Directors' Profile  <a href="https://www.chinabank.ph/china-bank-board-of-directors">https://www.chinabank.ph/china-bank-board-of-directors</a></li> <li>2023 Annual Financial and Sustainability Report: Pages 90-95 (Board of Directors)  <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> </ul>	
<b>Recommendation 5.4</b>			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	COMPLIANT	<p>The position of the Chairman and the President &amp; CEO are held by separate individuals.</p> <p>In 2023, Mr. Hans T. Sy is the Chairman of the Board, while Mr. Romeo D. Uyan, Jr. is the President and CEO.</p> <p>Link/Reference:</p> <p>2023 Annual Financial and Sustainability Report: Page 68 (Separation of Roles)  <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></p>	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	COMPLIANT	<p>The position of the Chairman of the Board and the President &amp; CEO are held by two different people, and their roles are clearly distinct and separate. The Chairman and the President &amp; CEO are not related to each other either by consanguinity or affinity.</p> <p>Chairman Hans T. Sy, being a non-executive Director, is not involved in the day-to-day operations of China Bank, but</p>	

		<p>is responsible for the leadership and effective running of the Board, including maintaining a relationship of trust with Board members, promoting a sound decision-making process by encouraging critical discussion of dissenting views and ensure that the performance of the Board is evaluated at least once a year. He chairs Board meetings and makes certain that agenda is focused on strategic matters, including risks, arranges regular and/or separate sessions with the non-executive Directors to review Management's performance.</p> <p>The President &amp; CEO, who reports to the Board, is ultimately responsible for managing China Bank's day-to-day operations, as well as the development and execution of the corporate and business strategies as established by the Board of Directors.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>• Corporate Governance Manual: Pages 9 (Responsibilities of the Chairman, Item 1.6.1) and 10 (Separation of the Duties of the Chairman and CEO, Item 1.6.3)  <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></li> <li>• 2023 Annual Financial and Sustainability Report: Page 68 (Separation of Roles)  <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> </ul>	
<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	<p>Ms. Margarita L. San Juan is the Bank's lead Independent Director. Her duties and responsibilities are set forth in the CG Manual.</p> <p>Links/References:</p>	

		<ul style="list-style-type: none"> <li>Corporate Governance Manual: Pages 10-11 (Lead Independent Director, Item 1.6.4) <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></li> <li>Re-appointment of Ms. San Juan as Lead Independent Director (Page 2) <a href="https://www.chinabank.ph/library/chib-results-of-annual-stockholders-meeting-and-organizational-board-meeting">https://www.chinabank.ph/library/chib-results-of-annual-stockholders-meeting-and-organizational-board-meeting</a></li> </ul>	
<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>Any director of the Bank who has an interest in the transaction shall not participate in the deliberation and shall abstain in the approval of the transaction.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>Corporate Governance Manual: Page 120 (General RPT Policy Statements, Item 1.8) <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></li> <li>2023 Annual Financial and Sustainability Report: Page 77 (Related Party Transactions) <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> </ul>	
<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	To maintain objectivity and independence, periodic meetings between NEDs/Independent Directors (including the Lead Independent Director) and Heads of Compliance, Internal Audit and Risk Management are held in accordance with the relevant Committee Charters (i.e., Compliance Audit, Risk Oversight & Corporate Governance). These meetings are conducted without the presence of management.	
2. The meetings are chaired by the lead independent director.	COMPLIANT		

		<p>A meeting was likewise convened with the external auditor, Audit Group and members of the Audit Committee, without the presence of management.</p> <p>Please refer to <b>Annex 8</b> for the corresponding certification from the Corporate Secretary.</p>	
<b>Optional: Principle 5</b>			
1. None of the directors is a former CEO of the company in the past 2 years.	COMPLIANT	<p>None of the directors is a former CEO of the Bank. The former President and CEO, Mr. Ricardo Chua retired last 31 October 2017. He assumed the position of Advisor to the Board last 01 November 2017.</p> <p>Link/Reference:</p> <p>Directors' Profile  <a href="https://www.chinabank.ph/china-bank-board-of-directors">https://www.chinabank.ph/china-bank-board-of-directors</a> </p>	
<p><b>Principle 6:</b> The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.</p>			
<b>Recommendation 6.1</b>			
1. Board conducts an annual self-assessment of its performance as a whole.	COMPLIANT	<p>The Board conducts an annual review of its performance, including assessment for individual directors, independent directors and all board-level committees through a self-assessment. The Chairman's assessment is also undertaken together with the Board assessment.</p> <p>The results thereof are reported to the Board through the Corporate Governance Committee. Copies of the self-assessments are with the Corporate Governance Division, and available for viewing by SEC.</p> <p>Links/References:</p>	
2. The Chairman conducts a self-assessment of his performance.	COMPLIANT		
3. The individual members conduct a self-assessment of their performance.	COMPLIANT		
4. Each committee conducts a self-assessment of its performance.	COMPLIANT		

		<ul style="list-style-type: none"> <li>Corporate Governance Manual: Page 56 (Performance Evaluation) <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></li> <li>2023 Annual Financial and Sustainability Report: Page 72 (Performance Evaluation) <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> </ul>	
5. Every three years, the assessments are supported by an external facilitator.	COMPLIANT	<p>To comply with the rule on independent external assessment every three (3) years, the Good Governance Advocates and Practitioners of the Philippines (GGAPP) was engaged by the Bank in 2022 to handle the validation of the 2021 assessment of the Board, Chairman and the Board-level committees.</p> <p>The Bank's internal scoring criteria was adopted to ensure comparability of quantitative results. GGAPP confirmed that the Board is generally capable of providing the needed corporate direction as collective strengths of its members and the strong leadership of the Chairman provide the essential pillars that give way to the seamless performance of the body's responsibilities.</p> <p>Please refer to <b>Annex 9</b> for the corresponding certification issued by GGAPP.</p>	
<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	<p>As mentioned above, the performance assessment of the Board, individual directors and board-level committees is done through self-assessment.</p> <p>On the other hand, the Bank also welcomes communications on matters pertaining to the management of the Bank, stockholders' rights, or any other bank-related issues of importance. Stockholders</p>	

2. The system allows for a feedback mechanism from the shareholders.	COMPLIANT	<p>who wish to communicate with any or all of the members of the Board, may send letters to identified units / personnel.</p> <p>Link/Reference:</p> <p>2023 Annual Financial and Sustainability Report: Page 72 (Performance Evaluation)  <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></p> <p>Investors, analysts, the financial community, shareholders and other stakeholders may direct their concerns of feedback to the Bank's Investor Relations Group. Customers may raise their inquiries or concerns to the Bank's Customer Contact Center.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>Investor Information  <a href="https://www.chinabank.ph/investors-information">https://www.chinabank.ph/investors-information</a></li> <li>2023 Annual Financial and Sustainability Report: Page 168 (Investor Information)  <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> <li>Customer Contact Center  <a href="https://www.chinabank.ph/contact-us">https://www.chinabank.ph/contact-us</a></li> </ul>	
<b>Principle 7:</b> Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
<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	<p>The Bank's core values are the foundation of the Bank's Code of Ethics – for the <b>Board of Directors</b> and <b>employees</b>, wherein the Board spearheads the commitment of the Bank to adhere to the ethical conduct of its business embodying the principles of integrity, fairness, accountability and transparency.</p>	

practices in internal and external dealings of the company.		Link/Reference:	
2. The Code is properly disseminated to the Board, senior management and employees.	COMPLIANT	Code of Ethics <a href="https://www.chinabank.ph/code-of-ethics">https://www.chinabank.ph/code-of-ethics</a>	
3. The Code is disclosed and made available to the public through the company website.	COMPLIANT	<p>The <b>Code of Ethics for Directors</b> provides the guiding principles on the performance of their duties in accordance with the fit and proper rules; and establishes standards for professional and ethical conduct. Each Director is required to acknowledge receipt of the Code.</p> <p>To ensure that business is carried out in compliance with relevant laws and in the protection of the interest of the Bank's customers, shareholders and other stakeholders, the Human Resources Group has disseminated a <b>Code of Ethics for Employees</b> to all personnel, including new hires. Employees are required to sign an acknowledgement receipt that they have received a copy of the Code.</p> <p>A comprehensive discussion on the Code of Ethics is conducted with new employees of the Bank to foster a culture of awareness on the Bank's core values. Such discussion also highlights the behavioral standards, business conduct, and corresponding sanctions for violations of the Code of Ethics.</p> <p>Link/Reference:</p> <p>Code of Ethics (for Directors and Employees) <a href="https://www.chinabank.ph/pdf/CODE-OF-ETHICS.pdf">https://www.chinabank.ph/pdf/CODE-OF-ETHICS.pdf</a></p>	
<b>Supplement to Recommendation 7.1</b>			
1. Company has clear and stringent policies and procedures on curbing and penalizing company	COMPLIANT	<p>The applicable violations for each provision in the Bank's Code of Ethics are stated below:</p> <p><b>Honesty (Table 6.1)</b></p>	

<p>involvement in offering, paying and receiving bribes.</p>		<p>Fraud, soliciting money, gifts, shares, benefits or favors from any person or through mediation of another as a condition for the performance of one's duty</p> <p><b>Proper Conduct and Behavior (Table 6.3)</b> Offering or receiving money or other valuable consideration in exchange for a job, position or better working condition; Offering, soliciting or receiving anything of value to perform any act/activity prejudicial to the interest of the Bank; Borrowing/solicitation of personal business from clients</p> <p><b>Conflict of Interest (Table 6.7)</b> Having direct or indirect financial interests that conflict or appear to conflict with his duties and responsibilities as an employee of the Bank</p> <p>The Bank is committed to honest and ethical business practices and does not tolerate any form of bribery and corruption.</p> <p>We take our legal responsibilities very seriously and expect our directors and employees at all levels and grades to do the same. directors and employees are expected to act professionally, fairly, and with integrity in all our business dealings and relationships wherever we operate; thus, they 1) must never offer, promise, or give a financial or other advantage to any person or party, including public officials, with the intention of inducing or rewarding improper performance by them of their duties or to facilitate the transaction of the Bank, and 2) must never directly or indirectly accept or agree to receive a financial or other advantage as a reward for performing any act prejudicial to the Bank, the director/employee himself, or a third party.</p>	
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		<p>Link/Reference:</p> <p>Code of Ethics (for Directors and Employees)  <a href="https://www.chinabank.ph/pdf/CODE-OF-ETHICS.pdf">https://www.chinabank.ph/pdf/CODE-OF-ETHICS.pdf</a></p>	
<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	<p>The Board requires full compliance with the Code of Ethics. The Board, through Human Resources Group (HRG), ensures that every employee is aware of and upholds the Code. To promote compliance with the Code, all new employees are given a copy of the Code of Ethics booklet and undergo the New Employees' Orientation Course (NEOC) for staff and Orientation for New Officers (ONO) for officers wherein the Code is comprehensively discussed.</p> <p>The Bank implements the Code of Ethics with a robust disciplinary program wherein proven infractions and violations of employees to the code are acted upon in accordance with the Code.</p> <p>Links/Reference:</p> <ul style="list-style-type: none"> <li>• Code of Ethics  <a href="https://www.chinabank.ph/code-of-ethics">https://www.chinabank.ph/code-of-ethics</a></li> <li>• 2023 Annual Financial and Sustainability Report: Page 66 (Code of Ethics)  <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> </ul>	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	COMPLIANT	<p>The Board, through the Management, has instituted the appropriate control mechanisms to ensure proper implementation and adherence to all Bank policies and other regulations.</p>	

		<p>Furthermore, upon breach of the Code of Ethics, the concerned employees are subjected to the disciplinary program of the Bank.</p> <p>Link/Reference:</p> <p>Code of Ethics (Compliance with Standard Operating Policies and Procedures)  <a href="https://www.chinabank.ph/pdf/CODE-OF-ETHICS.pdf">https://www.chinabank.ph/pdf/CODE-OF-ETHICS.pdf</a></p> <p>Moreover, compliance to internal policies forms part of compliance testing &amp; audit by the Compliance and Audit Groups, respectively. Test results are reported to the Compliance and Audit Committees.</p>	
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#### 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

1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	COMPLIANT	<p>The Bank strongly believes that disclosure of relevant information about the company to its shareholders and other stakeholders is crucial for them to make an informed decision. Relevant information are timely disclosed in the website. In accordance with the Corporate Governance Manual, the Bank continuously expands its public disclosure requirements and ensures observance of expectations and requirements prescribed under relevant laws, rules and regulations, and industry standards on disclosure.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>Corporate Governance Manual: Page 118 (Access to Relevant Information)  <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></li> </ul>	
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		<ul style="list-style-type: none"> <li>• 2023 Annual Financial and Sustainability Report: Page 80 (Disclosure and Transparency) <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> <li>• Company Disclosures and Investor Relations <a href="https://www.chinabank.ph/corporate-governance">https://www.chinabank.ph/corporate-governance</a></li> </ul>	
<b>Supplement to Recommendations 8.1</b>			
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.	COMPLIANT	<p>The 2022 and 2023 audited financial statements were disclosed through the PSE Electronic Disclosure Generation Technology (EDGE) on February 28, 2023 and February 28, 2024, respectively. Quarterly reports are submitted to PSE and SEC within 45 days from quarter-end.</p> <p>Interim reports are likewise published within 45 days from end of the reporting period.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>• 2022 Audited Financial Statements <a href="https://www.chinabank.ph/library/chib-2022-audited-financial-statements">https://www.chinabank.ph/library/chib-2022-audited-financial-statements</a></li> <li>• 2023 Audited Financial Statements <a href="https://www.chinabank.ph/library/chib-2023-audited-financial-statements">https://www.chinabank.ph/library/chib-2023-audited-financial-statements</a></li> <li>• Quarterly Report (SEC 17-Q) <a href="https://www.chinabank.ph/sec-filings-2023">https://www.chinabank.ph/sec-filings-2023</a></li> </ul>	
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	COMPLIANT	<p>The Bank's controlling shareholders are disclosed in the Bank's 2023 Annual Financial Sustainability Report, under Top 20 Holders of Bank Common Shares and Record and Beneficial Owners Holding 5% or More Voting Securities</p> <p>Links/References:</p>	

controlling shareholders' voting power and overall equity position in the company.		<ul style="list-style-type: none"> <li>• 2023 Definitive Information Statement: Pages 7-9 (Security Ownership of Certain Record and Beneficial Owners and Management) <a href="https://www.chinabank.ph/library/chib-2023-definitive-sec-is-20-report">https://www.chinabank.ph/library/chib-2023-definitive-sec-is-20-report</a></li> <li>• 2023 Annual Financial and Sustainability Report: Pages 86 (Top 20 Holders of Bank Common Shares) and 87 (Record and Beneficial Owners) <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> </ul>	
<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 business days.	COMPLIANT	<p>In accordance with the Bank's updated Corporate Governance Manual, the directors are required to disclose their dealings in Bank shares within three business days after the transaction.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>• Corporate Governance Manual: Page 117 (Dealings of Directors in Bank Shares, Item 4.7) <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></li> <li>• Statement of Beneficial Ownership (SEC 23-A/B) <a href="https://www.chinabank.ph/sec-filings-2023">https://www.chinabank.ph/sec-filings-2023</a></li> </ul>	
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	COMPLIANT	<p>In compliance with PSE requirements, all dealings of Principal Officers are required to be disclosed/reported within three business days.</p> <p>Link/Reference:</p> <p>2023 Annual Financial and Sustainability Report: Page 77 (Insider Trading) <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></p>	

Supplement to Recommendation 8.2			
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>The information on the shareholdings of directors and executive officers and their beneficial ownership are contained in the Annual Financial and Sustainability Report. The Bank regularly complies with the PSE Disclosure Rules with respect to the trading of Bank shares by its directors and principal officers, in their personal capacity or as beneficial owner.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>• 2023 Annual Financial and Sustainability Report: Pages 87 (Beneficial Owners), 88 (Trading in Company Shares) and 89 (Conglomerate Map) <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> <li>• 2023 Definitive Information Statement (SEC 20-IS): Page 263 (Schedule II – Conglomerate Map) <a href="https://www.chinabank.ph/library/chib-2023-definitive-sec-is-20-report">https://www.chinabank.ph/library/chib-2023-definitive-sec-is-20-report</a></li> </ul>	
Recommendation 8.3			
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.	COMPLIANT	<p>All relevant information about the Bank's directors and key officers are available in the website.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>• Board Skill Set Matrix <a href="https://www.chinabank.ph/board-policies">https://www.chinabank.ph/board-policies</a></li> </ul>	
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	COMPLIANT	<ul style="list-style-type: none"> <li>• Directors' Profile <a href="https://www.chinabank.ph/china-bank-board-of-directors">https://www.chinabank.ph/china-bank-board-of-directors</a></li> <li>• Management Committee <a href="https://www.chinabank.ph/management-committee">https://www.chinabank.ph/management-committee</a></li> </ul>	

		<ul style="list-style-type: none"> <li>Public Ownership Report (as of December 31, 2023)  <a href="https://www.chinabank.ph/library/chib-public-ownership-report-as-of-december-31-2023">https://www.chinabank.ph/library/chib-public-ownership-report-as-of-december-31-2023</a> </li> </ul>	
<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	<p>All Directors are entitled to a per diem of up to P10,000 for attendance at each Board/board Committee meeting and to 4% of the Bank's net earnings.</p> <p>Executive Directors are appointed under standard employment terms, which include provisions for basic salary and performance bonus, depending on their performance, banking experience, employment status, position, and rank in the Bank.</p> <p>Non-executive Directors, do not receive any performance-related compensation.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>By-Laws: Pages 5 (Article IV, Section 11) and 10: (Article VIII, Section 1)  <a href="https://www.chinabank.ph/library/chib-sec-approval-of-amended-by-laws-december-04-2023">https://www.chinabank.ph/library/chib-sec-approval-of-amended-by-laws-december-04-2023</a> </li> <li>2023 Annual Financial and Sustainability Report: Page 71 (Board Remuneration)  <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a> </li> </ul>	
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	COMPLIANT	<p>The Bank's Remuneration System is anchored on the principle of fair, transparent, and performance-based reward. The general remuneration policy is to provide fair and competitive salary and benefits to employees commensurate with their experience, responsibilities, job grade/corporate rank and position.</p>	

		<p>A proportion of the executive directors' remuneration, as reviewed by the Compensation &amp; Remuneration Committee, should be structured so as to link reward to corporate and individual performance. No director should be involved in deciding his/her own remuneration.</p> <p>The annual report and information statement shall include a clear, concise and understandable disclosure of all fixed and variable compensation that may be paid, directly or indirectly, to its directors and top five (5) executive officers during the preceding fiscal year.</p> <ul style="list-style-type: none"> <li>• Directors are entitled to per diem of up to P10,000 at each Board/board Committee meeting and to 4% of the Bank's net earnings. Executive Directors are appointed under standard employment terms, which include provisions for basic salary and performance bonus, depending on their performance, banking experience, employment status, position, and rank in the Bank.</li> <li>• Non-executive Directors do not receive any performance-related compensation.</li> </ul> <p>Links/References:</p> <ul style="list-style-type: none"> <li>• 2023 Annual Financial and Sustainability Report: Page 71 (Board Remuneration)  <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> <li>• By-Laws: Page 5 (Article IV, Section 11)  <a href="https://www.chinabank.ph/library/chib-sec-approval-of-amended-by-laws-december-04-2023">https://www.chinabank.ph/library/chib-sec-approval-of-amended-by-laws-december-04-2023</a></li> </ul>	
3. Company discloses the remuneration on an individual basis,	COMPLIANT	The individual remuneration of directors is disclosed in the Bank's 2023 Definitive Information Statement submitted to	

including termination and retirement provisions.		<p>the SEC, and the Annual Financial and Sustainability Report.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>2023 Definitive Information Statement (SEC 20-IS): Pages 26-27 (Compensation of Directors and Executive Officers)  <a href="https://www.chinabank.ph/library/chib-2023-definitive-sec-is-20-report">https://www.chinabank.ph/library/chib-2023-definitive-sec-is-20-report</a></li> <li>2023 Annual Financial and Sustainability Report: Page 71 (Board Remuneration)  <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> </ul>	
<b>Recommendation 8.5</b>			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	COMPLIANT	<p>The Corporate Governance Manual contains relevant policies on related party transactions.</p> <p>In accordance with the said policy, "In case a member has conflict of interest in a particular RPT, he should refrain from participation in the deliberation and approval of that particular transaction."</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>Corporate Governance Manual: Pages 71-73 (Related Party Transactions Committee) and 122-123 (Related Party Transactions)  <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></li> <li>Related Party Transactions  <a href="https://www.chinabank.ph/governance-policies">https://www.chinabank.ph/governance-policies</a></li> </ul>	

		<ul style="list-style-type: none"> <li>RPT Framework and Policy Guidelines  <a href="https://www.chinabank.ph/pdf/Revised-RPT-Framework-and-Policy-Guidelines_October-2019.pdf">https://www.chinabank.ph/pdf/Revised-RPT-Framework-and-Policy-Guidelines_October-2019.pdf</a> </li> </ul>	
2. Company discloses material or significant RPTs reviewed and approved during the year.	COMPLIANT	<p>The summary of the material related party transactions and outstanding loan balances are disclosed in the Bank's 2023 Definitive Information Statement. Details have been disclosed through the submission of required periodic report to the BSP.</p> <p>The list of material RPTs reviewed by the RPT Committee in 2023 is available for viewing, upon request.</p> <p>Link/Reference:</p> <ul style="list-style-type: none"> <li>2023 Definitive Information Statement (SEC 20-IS): Page 26 (Material RPTs for 2023)  <a href="https://www.chinabank.ph/library/chib-2023-definitive-sec-is-20-report">https://www.chinabank.ph/library/chib-2023-definitive-sec-is-20-report</a> </li> <li>2023 Annual Financial and Sustainability Report: Page 77 (General Summary of Material RPTs for 2022)  <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a> </li> </ul>	
<b>Supplement to Recommendation 8.5</b>			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	COMPLIANT	<p>Directors are required to promptly and fully disclose any interest: personal, whether actual or potential in nature that they may have in credit transactions or any other transactions. Directors with personal interest in a transaction shall not participate in any deliberation, approval, or voting on the matter.</p> <p>RPTs of directors are reported to the BSP and presented for ratification during the annual stockholders meeting. RPTs are also disclosed in the Definitive Information Statement.</p> <p>Links/References:</p>	

		<ul style="list-style-type: none"> <li>Corporate Governance Manual: Pages 122-123 (Related Party Transactions) <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></li> <li>Related Party Transactions <a href="https://www.chinabank.ph/governance-policies">https://www.chinabank.ph/governance-policies</a></li> <li>Code of Ethics for Directors: Conflict of Interest <a href="https://www.chinabank.ph/pdf/CODE-OF-ETHICS.pdf">https://www.chinabank.ph/pdf/CODE-OF-ETHICS.pdf</a></li> </ul> <p>In 2020, the Bank further enhanced its Conflict of Interest practices through the adoption of the <b>Conflict of Interest and Related Party Transactions Disclosure Form</b> for directors.</p>	
<b>Optional : Recommendation 8.5</b>			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.	COMPLIANT	<p>RPTs are thoroughly reviewed and verified as having been entered into in the best interest of the Bank, in the ordinary course of business and on substantially same terms as those prevailing at the time for comparable transactions with other parties, as required under the RPT policy.</p> <p>Material RPTs are reviewed by the RPT Committee and endorsed for approval by the Board, reported to the BSP, disclosed in the Definitive Information Statement and the summary total is presented for ratification during the Annual Shareholders meeting, including all acts of the Board for the year on related party transactions.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>Corporate Governance Manual: Pages 122-123 (Related Party Transactions) <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></li> </ul>	

		<ul style="list-style-type: none"> <li>• Related Party Transactions <a href="https://www.chinabank.ph/governance-policies">https://www.chinabank.ph/governance-policies</a></li> <li>• 2023 Definitive Information Statement (SEC 20-IS): Page 26 (Material RPTs for 2023) <a href="https://www.chinabank.ph/library/chib-2023-definitive-sec-is-20-report">https://www.chinabank.ph/library/chib-2023-definitive-sec-is-20-report</a></li> <li>• 2023 Annual Financial and Sustainability Report: Page 75 (General Summary of Material RPTs for 2023) <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> </ul>	
<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	<p>Material transactions, particularly on the acquisitions or disposal of significant assets, are timely disclosed in accordance with PSE &amp; SEC rules on disclosures. All disclosures are posted in the website.</p> <p>Additionally, material acquisitions / disposals, if any, are included in the Definitive Information Statement.</p> <p>Link/References:</p> <ul style="list-style-type: none"> <li>• 2023 Definitive Information Statement (SEC 20-IS) <a href="https://www.chinabank.ph/library/chib-2023-definitive-sec-is-20-report">https://www.chinabank.ph/library/chib-2023-definitive-sec-is-20-report</a></li> <li>• Company Disclosures <a href="https://www.chinabank.ph/corporate-governance-company-disclosures">https://www.chinabank.ph/corporate-governance-company-disclosures</a></li> </ul>	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	COMPLIANT	The Corporate Governance Manual requires the Board to appoint an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets. If the acquisition or disposal is an RPT, the rules & procedures under the RPT policy shall apply.	

		<p>The fair values of the transaction price are determined through appraisal reports from internal and/or independent/external appraisers, external brokers and market surveys from different sources.</p> <p>In 2023, Professional Asset Valuers, Inc. (PAVI) and Lineage Valuation and Allied Services have been engaged to assist the Bank in valuation of selling price of acquired assets.</p> <p>Link/Reference:</p> <p>Corporate Governance Manual: Page 111 (item 7)  <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></p>	
<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	<p>The Bank is not aware of any agreement or arrangement which may impact on the control, ownership and strategic direction of the Bank. Relevant ownership information is disclosed in the Bank's Definitive Information Statement.</p> <p>Link/Reference:</p> <p>2023 Definitive Information Statement (SEC 20-IS): Pages 7-9 (Security Ownership of Certain Record and Beneficial Owners and Management)  <a href="https://www.chinabank.ph/library/chib-2023-definitive-sec-is-20-report">https://www.chinabank.ph/library/chib-2023-definitive-sec-is-20-report</a></p>	
<b>Recommendation 8.7</b>			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	COMPLIANT	<p>The Corporate Governance Manual aims to institutionalize the principles of good corporate governance in the organization.</p>	

2. Company's MCG is submitted to the SEC and PSE.	COMPLIANT	The latest revised version has been duly submitted to SEC and PSE, and posted accordingly in the website.	
3. Company's MCG is posted on its company website.	COMPLIANT	<p>Link/Reference:</p> <p>Corporate Governance Manual  <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></p>	
<b>Supplement to Recommendation 8.7</b>			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	COMPLIANT	<p>The latest revised Corporate Governance Manual was submitted via e-mail to the SEC last March 15, 2024. Receipt was acknowledged on the same day, also by e-mail.</p> <p>The corresponding memo addressed to PSE is found on the first page of the manual.</p> <p>Link/Reference:</p> <p>Corporate Governance Manual  <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></p>	
<b>Optional: Principle 8</b>			
1. Does the company's Annual Report disclose the following information:	COMPLIANT	The required information are disclosed in the Bank's 2023 Annual Report (SEC 17-A) and/or Annual Financial and Sustainability Report. The corresponding links/references are as follows:	
a. Corporate Objectives	COMPLIANT	<p>2023 Annual Financial and Sustainability Report: Pages 8-11 (Message to Stakeholders)</p> <p><a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></p>	
b. Financial performance indicators	COMPLIANT	<ul style="list-style-type: none"> <li>2023 Annual Report (SEC 17-A): Pages 265 (Quantitative Indicators of Financial Performance) and 284-285 (Financial Soundness Indicators)</li> </ul>	

		<a href="https://www.chinabank.ph/pdf/CHIB_2023_SEC17-A.pdf">https://www.chinabank.ph/pdf/CHIB_2023_SEC17-A.pdf</a> <ul style="list-style-type: none"> <li>2023 Annual Financial and Sustainability Report: Pages 12-13 (Financial Highlights)</li> </ul> <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a>	
c. Non-financial performance indicators	COMPLIANT	2023 Annual Financial and Sustainability Report: Pages 38-41 (Contribution to the SDGs) and 36-63 (Sustainability Performance – various sections)	
d. Dividend Policy	COMPLIANT	2023 Annual Report (SEC 17-A): Page 87 (Dividend Policy)	
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	COMPLIANT	2023 Annual Report (SEC 17-A): Pages 59-62 (Incumbent Directors and Advisor)	
f. Attendance details of each director in all director meetings held during the year	COMPLIANT	2023 Annual Report (SEC 17-A): Pages 62-63 (Board Attendance) and 82-84 (Committee Attendance)	
g. Total remuneration of each member of the board of directors	COMPLIANT	<p>The individual remuneration of directors is disclosed in the Bank's 2023 Definitive Information Statement (SEC 20-IS), Annual Report (SEC 17-A) and the Annual Financial and Sustainability Report.</p> <p>Link/Reference:</p> <p>2023 Annual Report (SEC 17-A): Pages 76-77 (Executive Compensation)</p>	

<p>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.</p>	<p>COMPLIANT</p>	<p>"In 2023, we have fully complied with all material provisions of the Corporate Governance Manual."</p> <p>Link/Reference:</p> <p>2023 Annual Financial and Sustainability Report: Page 66 (Corporate Governance Manual)  <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></p>	
<p>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.</p>	<p>COMPLIANT</p>	<p>The Board is ultimately responsible for the establishment and review of the Bank's system of internal controls. The Bank's internal control system is comprised of a robust compliance system, an enterprise risk management function and an internal audit function. It follows a well-defined organizational structure with clear authorities, responsibilities and operating procedures.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>• 2023 Annual Financial and Sustainability Report: Pages 81-85 (Enforcing Effective Internal Controls)  <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> <li>• Internal Controls  <a href="https://www.chinabank.ph/internal-control-and-risk-management">https://www.chinabank.ph/internal-control-and-risk-management</a></li> </ul>	
<p>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.</p>	<p>COMPLIANT</p>	<p>"...the Committee posits that the Bank's internal control, compliance system...are in place, adequate, effective and efficient.."</p> <p>Link/Reference:</p> <p>2023 Annual Financial and Sustainability Report: Page 113 (Report of the Audit Committee)  <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></p>	

<p>5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).</p>	<p>COMPLIANT</p>	<p>The Bank recognizes that the business of banking entails risks and the key to long-term success is effective risk mitigation. The Bank's corporate governance structure keeps pace with these changing threats thru a risk management program that calls for a continuing reassessment of risks and controls, and timely reporting to the Board.</p> <p>The risks to which the Bank is exposed are discussed in its Annual Financial and Sustainability Report.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>• 2023 Annual Financial and Sustainability Report: Pages 82-84 (Risk Management) <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> <li>• Risk Management <a href="https://www.chinabank.ph/internal-control-and-risk-management">https://www.chinabank.ph/internal-control-and-risk-management</a></li> </ul>	
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**Principle 9:** 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**

<p>1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.</p>	<p>COMPLIANT</p>	<p>The Audit Committee exercises oversight of external auditors. It is primarily responsible for the selection and appointment of these auditors, subject to stockholder ratification.</p> <p>The Committee also facilitates the approval / disapproval of the corresponding service fees. Moreover, they handle the performance evaluation and if necessary, the re-appointment or dismissal of the external auditors.</p> <p>The related provisions are stipulated under the Audit Committee Charter.</p>	
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		<p>Link/Reference:</p> <p>Audit Committee Charter  <a href="https://www.chinabank.ph/library/audit-committee-charter">https://www.chinabank.ph/library/audit-committee-charter</a></p>	
<p>2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.</p>	COMPLIANT	<p>As provided in the Audit Committee Charter, the appointment of the Bank's incumbent external auditor, SGV &amp; Co. has been presented to, and duly ratified by the stockholders.</p> <p>As stated in the reply above, the audit fees are endorsed by the Audit Committee.</p> <p>99.997% of the stockholders in attendance voted for the appointment of SGV &amp; Co. last April 20, 2023.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>• 2023 Annual Stockholders' Meeting Voting Results (Page 2)  <a href="https://www.chinabank.ph/library/voting-results-20april2023-final">https://www.chinabank.ph/library/voting-results-20april2023-final</a></li> <li>• Minutes of the 2023 Annual Stockholders' Meeting: Page 8 (Appointment of External Auditor)  <a href="https://www.chinabank.ph/library/minutes-of-the-2023-cbc-annual-stockholders-meeting">https://www.chinabank.ph/library/minutes-of-the-2023-cbc-annual-stockholders-meeting</a></li> </ul>	
<p>3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.</p>	COMPLIANT	<p>The incumbent external auditor of the Bank, SGV and Co. was re-elected in 2023.</p> <p>Link/Reference:</p> <p>Minutes of the 2023 Annual Stockholders' Meeting: Pages 7-8 (Appointment of External Auditor)</p>	

		<a href="https://www.chinabank.ph/library/minutes-of-the-2023-cbc-annual-stockholders-meeting">https://www.chinabank.ph/library/minutes-of-the-2023-cbc-annual-stockholders-meeting</a>	
<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's external auditor or its partner should be rotated every 5 years, in accordance with our CG Manual.</p> <p>Ms. Janet A. Paraiso was assigned as SGV &amp; Co.'s partner-in-charge for the year 2023.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>Corporate Governance Manual: Page 104 (Rotation of the External Auditor) <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></li> <li>2023 Definitive Information Statement (SEC-20-IS): Page 28 (Independent Public Accountants) <a href="https://www.chinabank.ph/library/chib-2023-definitive-sec-is-20-report">https://www.chinabank.ph/library/chib-2023-definitive-sec-is-20-report</a></li> </ul>	
<b>Recommendation 9.2</b>			
<p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <p>i. assessing the integrity and independence of external auditors;</p> <p>ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and</p> <p>iii. exercising effective oversight to review and</p>	COMPLIANT	<p>The assessment of the independence of the external auditor and oversight, among others are part of the responsibilities of the Audit Committee.</p> <p>The responsibilities of the Audit Committee are discussed in the Charter.</p> <p>Link/Reference:</p> <p>Audit Committee Charter: Pages 6-7 (Item 3.b – External Auditors) <a href="https://www.chinabank.ph/library/audit-committee-charter">https://www.chinabank.ph/library/audit-committee-charter</a></p>	

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	<p>As specified in the Audit Committee Charter, the Committee has the responsibility to oversee the external auditors.</p> <p>Link/Reference:</p> <p>Audit Committee Charter: Pages 6-7 (Item 3.b – External Auditors)  <a href="https://www.chinabank.ph/library/audit-committee-charter">https://www.chinabank.ph/library/audit-committee-charter</a></p> <p>The Committee also evaluates the performance of the external auditor, during the conduct of the annual Board Performance/Self-Assessment.</p>	
<b>Supplement to Recommendations 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	<p>The Audit Committee is tasked to evaluate the qualifications, performance, competence and independence of the external auditors.</p> <p>Link/Reference:</p> <p>Audit Committee Charter: Pages 6-7 (Item 3.b – External Auditors)  <a href="https://www.chinabank.ph/library/audit-committee-charter">https://www.chinabank.ph/library/audit-committee-charter</a></p>	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	COMPLIANT	The Audit Committee is likewise responsible in reviewing and discussing the scope and plan of the annual audit, including coordination of audit effort with internal audit and rotation process of the external auditor/firm.	

		<p>Link/Reference:</p> <p>Audit Committee Charter: Pages 6-7 (Item 3.b – External Auditors)</p> <p><a href="https://www.chinabank.ph/library/audit-committee-charter">https://www.chinabank.ph/library/audit-committee-charter</a></p>	
<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	<p>In 2023, our External Auditor, SGV &amp; Co. / Ernst &amp; Young has performed non-audit services like review and advisory services and the independent validation of votes in the Annual Stockholders' Meeting.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>• 2023 Annual Report (SEC 17-A): Page 58 (Item 7, Financial Statements) <a href="https://www.chinabank.ph/pdf/CHIB_2023_SEC17-A.pdf">https://www.chinabank.ph/pdf/CHIB_2023_SEC17-A.pdf</a></li> <li>• 2023 Annual Financial and Sustainability Report: Page 85 (External Audit) <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> </ul>	
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	COMPLIANT	<p>The Bank's Audit Committee is responsible for the review and confirmation of the independence of external auditors by obtaining statements regarding the relationship between the auditors and Bank, including non-audit services, and discussing the relationships with the auditors.</p> <p>Relative to this, the Audit Committee discussed, approved, and authorized the engagement of SGV &amp; Co. / Ernst &amp; Young in non-audit work for review and advisory services and the independent validation of votes in the Annual Stockholders' Meeting, in 2023.</p>	

		<p>Link/Reference:</p> <p>Corporate Governance Manual: Pages 61-63 (Responsibilities on Internal and External Audits)  <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a> </p>	
<b>Supplement to Recommendation 9.3</b>			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	COMPLIANT	<p>In 2023, fees with the Bank's independent accountant, SGV &amp; Co. consist of:</p> <p>Audit and audit- related fees – P 10,773,803 All other fees – P 134,400</p> <p>The non-audit fees did not outweigh the fees for audit services.</p> <p>Link/Reference:</p> <p>2023 Definitive Information Statement (SEC 20-IS): Page 28 (Independent Public Accountants)  <a href="https://www.chinabank.ph/library/chib-2023-definitive-sec-is-20-report">https://www.chinabank.ph/library/chib-2023-definitive-sec-is-20-report</a> </p>	
<b>Additional Recommendation to Principle 9</b>			
1. Company's external auditor is duly accredited by the SEC under Group A category.	COMPLIANT	<p>The corresponding details are as follows:</p> <p><b>Janet A. Paraiso</b>  Sycip, Gorres, Velayo &amp; Co.  6760 Ayala Avenue Makati City/1226, Philippines  891 0307 </p>	
2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by	COMPLIANT	SGV was subjected to SOAR inspection from August 1 to 12, 2022.	

the SEC's Office of the General Accountant (OGA).		The names of the members of the engagement team were provided to SEC during the SOAR inspection.	
<b>Principle 10:</b> The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
<b>Recommendation 10.1</b>			
1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	COMPLIANT	<p>The Bank believes that the best barometer for success is the fulfillment of its responsibilities not just to its shareholders, but to its customers, employees, communities, and the environment as well.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>Corporate Governance Manual: Pages 37 (Additional responsibilities of the Board in relation to sustainable finance rules, Item 2.4.7.d) and 126-128 (Sustainability, Environment, Social and Non-Financial Information) <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></li> <li>2023 Annual Financial and Sustainability Report: Pages 164-166 (GRI Content Index) and 167 (SASB Content Index) <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> <li>Sustainability <a href="https://www.chinabank.ph/china-bank-sustainability">https://www.chinabank.ph/china-bank-sustainability</a></li> </ul>	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	COMPLIANT	The Bank is driven to continuously create value for its stakeholders. It adopts the Global Reporting Initiative or GRI Reporting for its non-financial disclosure to achieve or contribute to the attainment of the UN Sustainable Development Goals to drive its sustainability efforts and monitor corresponding progress. Furthermore, material topics under the Sustainability Accounting Standards Board (SASB) were considered by the Bank for other disclosures.	

		<p>Links/References:</p> <ul style="list-style-type: none"> <li>Corporate Governance Manual: Pages 126-128 (Sustainability, Environment, Social and Non-Financial Information)  <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></li> <li>2023 Annual Financial and Sustainability Report: Pages 164-166 (GRI Content Index) and 167 (SASB Content Index)  <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> <li>Sustainability  <a href="https://www.chinabank.ph/china-bank-sustainability">https://www.chinabank.ph/china-bank-sustainability</a></li> </ul>	
<b>Promoting a Comprehensive and Cost-Efficient Access to Relevant Information</b>			
<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.			
<b>Recommendation 11.1</b>			
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 shareholders and other investors.	COMPLIANT	<p>The Bank is committed to a high standard of disclosure and transparency in order to facilitate better understanding of the Bank's true financial condition and the quality of our corporate governance. All material information about the Bank is adequately and punctually disclosed, in accordance with SEC and PSE's disclosure rules.</p> <p>The Investor Relations Office briefs industry and credit analysts on the Bank's operational and financial results, current developments, prospects and projections. Press releases and updates are also available under News and Happenings in the website.</p> <p>Links/References:</p>	

		<ul style="list-style-type: none"> <li>Analyst Briefing and Presentation for Investors <a href="https://www.chinabank.ph/analyst-briefings-and-investor-presentations">https://www.chinabank.ph/analyst-briefings-and-investor-presentations</a></li> <li>News and Happenings <a href="https://www.chinabank.ph/china-bank-news-and-happenings">https://www.chinabank.ph/china-bank-news-and-happenings</a></li> </ul>	
<b>Supplemental to Principle 11</b>			
1. Company has a website disclosing up-to-date information on the following:	COMPLIANT	<p>The Bank's website is closely monitored to ensure that it contains up-to-date disclosures and information.</p> <p>The links/references are as follows:</p> <p>Company Disclosures <a href="https://www.chinabank.ph/corporate-governance-company-disclosures">https://www.chinabank.ph/corporate-governance-company-disclosures</a></p>	
a. Financial statements/reports (latest quarterly)	COMPLIANT	<p>Quarterly Report (SEC 17-Q) <a href="https://www.chinabank.ph/sec-filings-2023">https://www.chinabank.ph/sec-filings-2023</a></p>	
b. Materials provided in briefings to analysts and media	COMPLIANT	<p>Analyst Briefing and Presentation for Investors <a href="https://www.chinabank.ph/analyst-briefings-and-investor-presentations">https://www.chinabank.ph/analyst-briefings-and-investor-presentations</a></p>	
c. Downloadable annual report	COMPLIANT	<p>Annual Report <a href="https://www.chinabank.ph/annual-report">https://www.chinabank.ph/annual-report</a></p>	
d. Notice of ASM and/or SSM	COMPLIANT	<p>Annual/Special Stockholders' Meeting (Notice for corresponding year) <a href="https://www.chinabank.ph/annual-and-special-stockholders-meetings">https://www.chinabank.ph/annual-and-special-stockholders-meetings</a></p>	
e. Minutes of ASM and/or SSM	COMPLIANT	<p>Annual/Special Stockholders' Meeting (Minutes for corresponding year) <a href="https://www.chinabank.ph/annual-and-special-stockholders-meetings">https://www.chinabank.ph/annual-and-special-stockholders-meetings</a></p>	

f. Company's Articles of Incorporation and By-Laws	COMPLIANT	Our Company (Articles of Incorporation and By-Laws) <a href="https://www.chinabank.ph/corporate-governance-our-company">https://www.chinabank.ph/corporate-governance-our-company</a>	
<b>Additional Recommendation to Principle 11</b>			
1. Company complies with SEC-prescribed website template.	COMPLIANT	The Corporate Governance page in the Bank's website is compliant with the SEC prescribed template under SEC Memo Circular No. 11, Series of 2014 and contains not just the required items / sections, but as well as other relevant information for various stakeholders.  Link/Reference:  <a href="https://www.chinabank.ph/corporate-governance-governance-at-china-bank">https://www.chinabank.ph/corporate-governance-governance-at-china-bank</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.			
<b>Recommendation 12.1</b>			
1. Company has an adequate and effective internal control system in the conduct of its business.	COMPLIANT	A Quality Assurance Department within the Audit Group has been set up since 2012. This Department is primarily responsible for designing, implementing and maintaining an effective Quality Assurance & Improvement Program (QAIP) for the entire spectrum of the internal audit activity. The Program has been developed & maintained to assess the efficiency and effectiveness of the Internal Audit (IA) activity and identify opportunities for improvement.  In 2023, Audit Group underwent the External Quality Assessment Review (EQAR). It is conducted every five (5) years to determine IA's conformance with the International Standard for the Professional Practice of Internal Auditing. During this engagement, the CBC's Internal Audit Activity obtained a "Generally Conforms" rating. The certificate is yet to be issued by KPMG, and shall be made available for viewing, upon request.	

		<p>The review of internal control systems is embedded in the audit program/procedures of a particular unit/process/system and is performed all year round based on the approved Audit Plan. The Annual Audit Plan is prepared using a risk-based approach. The Chief Audit Executive issues an Annual Control Attestation on the results of audit engagements performed. The Attestation provides confirmation that the Bank's control processes, operating across the organization, are in place, adequate and working effectively to mitigate risks that could adversely affect the achievement of Bank's objectives.</p>	
<p>2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.</p>	COMPLIANT	<p>The Bank's Risk Process Map traces out a complete and coherent risk management plan that is performed at three different levels: the strategic level, the transaction level and the portfolio level.</p> <p>The identification and assessment of operational risks which are inherent in all the Banks products, activities, processes and systems are performed through the Risk and Control Self-Assessment (RCSA) Program. This facilitates the determination of priority operational risk areas, the assessment of mitigating controls in place, and the institutionalization of additional measures to ensure a controlled operating environment.</p> <p>The Risk Oversight Committee oversees the enterprise risk management framework and ensures that there is periodic review of the effectiveness of the risk management systems and recovery plans. It ensures that corrective actions are promptly implemented to address risk management concerns.</p> <p>The review of the framework is done on a quarterly basis.</p>	

		<p>Corresponding information are contained in the Risk Management Manual which is uploaded to the Bank's internal public folder.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>2023 Annual Financial and Sustainability Report: Pages 82-84 (Risk Management) <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> <li>Risk Management <a href="https://www.chinabank.ph/internal-control-and-risk-management">https://www.chinabank.ph/internal-control-and-risk-management</a></li> </ul>	
<b>Supplement to Recommendation 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	<p>The Bank's Compliance Program was developed to put in place a culture of compliance, anticipate, reinforce and strengthen not just the Bank's compliance but as well as the group-wide compliance with existing laws, rules and regulations. It aims to implement a compliance system which will provide reasonable assurance that the Bank and its employees are duly informed and/or trained in order to comply with relevant banking and corporate laws, regulations, rules and standards in order to promote safe and sound banking operations.</p> <p>The Bank's Compliance Risk Management System was designed to specifically identify and mitigate business risks which may erode the franchise value of the Bank, as well as to prevent and combat money-laundering and terrorist financing activities.</p> <p>In compliance with BSP's requirements under Circular No. 747 and Circular No. 972, the Board has approved the Compliance Manual on 04 July 2012 and is updated regularly to ensure alignment with the active and rapid changes in regulatory landscape.</p>	

		<p>The Bank's Compliance System and Program are subject to regular review by the Bank's Internal Audit and by the BSP.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>Compliance System <a href="https://www.chinabank.ph/internal-control-and-risk-management">https://www.chinabank.ph/internal-control-and-risk-management</a></li> <li>2023 Annual Financial and Sustainability Report: Pages 81-82 (Compliance) <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> </ul>	
<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	<p>Our IT risk infrastructure centers on ensuring the soundness of our IT operations, the strength of our IT Security in the face of increasing cyber threat landscape, and the orderliness of implementation of IT projects in line with Bank's ongoing digital transformation. The Board is responsible for the Bank's technology upgrade strategy, investments and successful execution. The Bank's IT Steering Committee (ITSC) assists the Board in fulfilling its corporate governance and oversight responsibility in relation to investments, strategy and implementation of technology. Our ITSC includes the participation of three directors who oversee the Bank's IT function as well as members of management who oversee business execution and business support functions.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>Consumer Protection <a href="https://www.chinabank.ph/consumer-protection">https://www.chinabank.ph/consumer-protection</a></li> </ul>	

		<ul style="list-style-type: none"> <li>2023 Annual Financial and Sustainability Report: Page 53 (Cybersecurity) <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> <li>2023 Annual Financial and Sustainability Report: Page 83 (Information Technology Risk) <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> </ul>	
<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	<p>The Bank's Audit Group provides independent, objective assurance and consulting services designed to add value and improve the Bank's operations.</p> <p>It assesses the Bank's system of risk management, control, and governance processes, as designed and represented by management, to determine whether it is adequate and functioning to ensure that quality and continuous improvement are fostered in the organization's control process, among others.</p> <p>Please refer to <b>Annex 7</b> for a copy of the Internal Audit Charter.</p> <p>Link/Reference:</p> <p>2023 Annual Financial and Sustainability Report: Pages 66-67 (Organizational Structure) and 84-85 (internal Audit) <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></p>	
<b>Recommendation 12.3</b>			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	COMPLIANT	<p>The Bank's CAE is Mr. Jeruel N. Lobien, who assumed the position on June 1, 2023, after his appointment was approved / confirmed by the Board.</p> <p>He is responsible for the overall management of the Internal Audit (IA); to ensure that sound internal auditing standards and other supplemental standards issued by</p>	

		<p>regulatory authorities/government agencies are complied with, to improve the Bank's risk management, governance and control processes using a systematic and disciplined approach, and to ensure that the IA activity adds value to the organization. He is also tasked to develop a risk-based-audit plan, including policies and procedures based on robust risk assessment to determine the priorities of the internal audit activity, consistent with the organization's goals, including inputs from the Board of Directors, Audit Committee and senior management and ensure that such plan is comprehensive and adequately covers regulatory matters.</p> <p>His other duties and responsibilities are discussed in the Internal Audit Charter and Corporate Governance Manual.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>• Corporate Governance Manual: Pages 92-94 (Duties and Responsibilities of the CAE)  <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></li> <li>• 2023 Annual Financial and Sustainability Report: Pages 66-67 (Organizational Structure) and 84-85 (Internal Audit)  <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> </ul> <p>Please refer to <b>Annex 7</b> for a copy of the Internal Audit Charter.</p>	
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third-party service provider.	COMPLIANT	<p>As embodied in the Internal Audit Charter, the CAE, being the Head of the Bank's internal audit function is responsible for ensuring that the Bank's internal audit function and activities are carried out in accordance to its mandate and the knowledge or inputs from the</p>	

		<p>outsourced experts is assimilated into the Bank, to the greatest extent possible. In September 2023, the Bank engaged two external service providers (Reyes – Tacandong &amp; Co. and PwC). The outsourced activities cover the evaluation of the effectiveness of governance, risk management and control processes of select fifty seven (57) Head Office functions only.</p> <p>Link/Reference:</p> <p>Corporate Governance Manual: Page 100 (Outsourcing of Internal Audit Activities)  <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></p> <p>Please refer to <b>Annex 7</b> for a copy of the Internal Audit Charter.</p>	
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	COMPLIANT	<p>The Bank's internal audit function is not fully outsourced. It is handled by the Audit Group.</p> <p>Please refer to <b>Annex 10</b> for the group's table of organization.</p> <p>Link/Reference:</p> <p>2023 Annual Financial and Sustainability Report: Pages 66-67 (Organizational Structure)  <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></p>	
<b>Recommendation 12.4</b>			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	COMPLIANT	<p>The risk management function is one of the Bank's second line of defense, apart from Compliance, and is carried out by the Risk Management Group (RMG) of the Bank.</p> <p>RMG reports functionally to the Board through the Risk Oversight Committee. The personnel under the RMG have</p>	

		<p>collective knowledge and technical skills commensurate with business activities and risk exposures of the Bank.</p> <p>Additional related provisions are contained in the Risk Management Manual. The document is uploaded to the Bank's internal public folder.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>• 2023 Annual Financial and Sustainability Report: Pages 66-67 (Organizational Structure) and 82-84 (Risk Management) <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> <li>• Corporate Governance Manual: Pages 104-107 (Risk Management Function) <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></li> </ul>	
<b>Supplement to Recommendation 12.4</b>			
1. Company seeks external technical support in risk management when such competence is not available internally.	COMPLIANT	In 2023, the Bank did not seek external risk management technical support.	
<b>Recommendation 12.5</b>			
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	The Bank's CRO is Mr. Ananias S. Cornelio III. He is responsible for overseeing the risk management function and shall support the Board in the development of the risk appetite and risk appetite statement of the Bank and for translating the risk appetite into risk limits structure. He is also tasked to supervise the ERM process and spearhead the development, implementation, maintenance and continuous improvement of ERM processes and documentation.	

		<p>His responsibilities are also discussed in the Risk Management Manual, which is uploaded to the Bank's internal public folder.</p> <p>Link/Reference:</p> <p>Corporate Governance Manual: Pages 105-107 (Chief Risk Officer)</p> <p><a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></p>	
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	COMPLIANT	<p>The Bank's CRO has sufficient stature, authority and seniority within the bank. This will be assessed based on the ability of the CRO to influence decisions that affect the Bank's exposure to risk.</p> <p>Link/Reference:</p> <p>Corporate Governance Manual: Page 106 (Status and Authority of the Chief Risk Officer)</p> <p><a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></p>	
<b>Additional Recommendation to Principle 12</b>			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	COMPLIANT	<p>The 2023 attestation of the CAE was presented to the Audit Committee last February 21, 2024.</p> <p>Please refer to <b>Annex 11</b> for the corresponding certification from the Corporate Secretary.</p> <p>Link/Reference:</p> <p>2023 Annual Financial and Sustainability Report: Pages 84-85 (Internal Audit)</p> <p><a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></p>	
<b>Cultivating a Synergic Relationship with Shareholders</b>			

**Principle 13:** 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>	<p>COMPLIANT</p>	<p>The fundamental rights of shareholders, amongst them, voting right, appraisal right, preemptive &amp; right of information are contained in the Corporate Governance Manual.</p> <p>Link/Reference:</p> <ul style="list-style-type: none"> <li>Corporate Governance Manual: Pages 112-115 (Item 2 – Investors' Right and Protection and Item 3 – PSE's Revised Disclosure Rules) <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></li> <li>2023 Definitive Information Statement (SEC 20-IS): Page 29 (Pre-emptive Rights) <a href="https://www.chinabank.ph/library/chib-2023-definitive-sec-is-20-report">https://www.chinabank.ph/library/chib-2023-definitive-sec-is-20-report</a></li> </ul>	
<p>2. Board ensures that basic shareholder rights are disclosed on the company's website.</p>	<p>COMPLIANT</p>	<p>The Bank's Corporate Governance Manual where the basic shareholders' rights are discussed, is uploaded to the Bank's website for proper disclosure. Moreover, provisions related to voting and meeting of stockholders, among others are contained in the By-Laws, which is also readily available in the Bank's Website.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>Corporate Governance Manual: Pages 112-115 (Item 2 – Investors' Right and Protection and Item 3 – PSE's Revised Disclosure Rules) <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></li> <li>By-Laws: Pages 1-3 (Article III)</li> </ul>	

		<a href="https://www.chinabank.ph/library/chib-sec-approval-of-amended-by-laws-december-04-2023">https://www.chinabank.ph/library/chib-sec-approval-of-amended-by-laws-december-04-2023</a>	
<b>Supplement to Recommendation 13.1</b>			
1. Company's common share has one vote for one share.	COMPLIANT	<p>Each common share entitles the holder to one vote.</p> <p>Link/Reference:</p> <p>2023 Definitive Information Statement (SEC 20-IS): Page 29 (Voting)</p> <p><a href="https://www.chinabank.ph/library/chib-2023-definitive-sec-is-20-report">https://www.chinabank.ph/library/chib-2023-definitive-sec-is-20-report</a></p>	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	COMPLIANT	<p>The Bank is committed in treating its stakeholders fairly and ensures their protection thru the following:</p> <p><b>Policy on Fair Treatment to Stakeholders</b></p> <p>Link/Reference:</p> <p>Corporate Governance Manual: Pages 111-115 (Transparency)</p> <p><a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></p> <p><b>Voting in the By-Laws</b></p> <p>In accordance with the Bank's By-Laws, as to manner of voting, any stockholder who is not delinquent in his subscription shall be allowed to vote either in person, or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact in accordance with the requirements of existing rules and regulations.</p> <p>Following Section 23 of the Revised Corporation Code, a stockholder may vote such number of shares for as many persons as there are directors to be elected, or cumulate said shares and give one (1) candidate as many votes as</p>	

		<p>the number of directors to be elected multiplied by the number of the shares owned, or distribute them on the same principle among as many candidates as may be seen fit, provided that the total number of votes cast shall not exceed the number of shares owned by the stockholder as shown in the books of the Bank multiplied by the whole number of directors to be elected.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>• By-Laws: Page 2 (Article III, Section 7) <a href="https://www.chinabank.ph/library/chib-sec-approval-of-amended-by-laws-december-04-2023">https://www.chinabank.ph/library/chib-sec-approval-of-amended-by-laws-december-04-2023</a></li> <li>• 2023 Definitive Information Statement (SEC 20-IS): Pages 6-9 (Voting Securities and Principal Holders Thereof) <a href="https://www.chinabank.ph/library/chib-2023-definitive-sec-is-20-report">https://www.chinabank.ph/library/chib-2023-definitive-sec-is-20-report</a></li> </ul>	
3. Board has an effective, secure, and efficient voting system.	COMPLIANT	<p>In accordance with the Bank's By-Laws as to manner of voting, any stockholder who is not delinquent in his subscription shall be allowed to vote either in person, or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact in accordance with the requirements of existing rules and regulations.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>• By-Laws: Page 2 (Article III, Section 7) <a href="https://www.chinabank.ph/library/chib-sec-approval-of-amended-by-laws-december-04-2023">https://www.chinabank.ph/library/chib-sec-approval-of-amended-by-laws-december-04-2023</a></li> <li>• Minutes of the 2023 Annual Stockholders' Meeting <a href="https://www.chinabank.ph/library/minutes-of-the-2023-cbc-annual-stockholders-meeting">https://www.chinabank.ph/library/minutes-of-the-2023-cbc-annual-stockholders-meeting</a></li> </ul>	

		<ul style="list-style-type: none"> <li>2023 Annual Stockholders' Meeting Voting Results <a href="https://www.chinabank.ph/library/voting-results-20april2023-final">https://www.chinabank.ph/library/voting-results-20april2023-final</a></li> </ul> <p>In accordance with Sections 23 and 57 of the Revised Corporation Code, a stockholder is allowed to vote through remote communication or in absentia.</p> <p>On March 25, 2020, the Board of Directors approved the amendment of the Bank's By-laws which allows the voting through remote communication or in absentia.</p> <p>The guidelines on secured electronic voting for the 2023 ASM is in Schedule A of the Bank's Information Statement.</p> <p>Link/Reference:</p> <p>Definitive Information Statement (SEC 20-IS) YE2022: Pages 276-278 <a href="https://www.chinabank.ph/pdf/CHIB-2022-SEC-Definitive-20-IS_PSE_PDEX_Amended.pdf">https://www.chinabank.ph/pdf/CHIB-2022-SEC-Definitive-20-IS_PSE_PDEX_Amended.pdf</a></p> <p>In addition, voting results during annual stockholders' meeting is validated by an independent party, which in 2023, was done by the Bank's External Auditor.</p>	
4. Board has an effective shareholder voting mechanism such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	COMPLIANT	<p>In accordance with the Bank's By-Laws, no meeting of stockholders shall be competent to transact business unless a majority of the outstanding capital stock is represented. The majority vote of the shares present or represented at the stockholders' meeting, provided there is a quorum, shall be required to carry a stockholders' action on any matter taken up during the meeting.</p> <p>Link/Reference:</p>	

		2023 Definitive Information Statement (SEC 20-IS): Pages 31-32 (Voting Procedures) <a href="https://www.chinabank.ph/library/chib-2023-definitive-sec-is-20-report">https://www.chinabank.ph/library/chib-2023-definitive-sec-is-20-report</a>	
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	COMPLIANT	<p>As specified under the Bank's Corporate Governance Manual and in compliance with SEC Memo No. 7, S2021, the shareholders shall be granted the right to propose the holding of a special stockholders' meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes and in compliance with the prescribed rules.</p> <p>The regular stockholders' meeting was held on 20 April 2023. There was no special stockholders' meeting.</p> <p>Link/Reference:</p> <p>Corporate Governance Manual: Pages 112 (Investors' Right and Protection) and 114-115 (Right to Information) <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></p>	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	COMPLIANT	<p>The Board is committed to protecting the rights of the minority shareholders.</p> <p>In addition, there are related provisions in the Bank's Corporate Governance Manual which serves as the Board Charter.</p> <p>Link/Reference:</p> <p>Corporate Governance Manual: Pages 109 (Mandated Topics, Item 2.3.6) and 112-115 (Investors' Rights and Protection; PSE's Revised Disclosure Rules) <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></p>	

7. Company has a transparent and specific dividend policy.	COMPLIANT	<p>The Bank's Dividend Policy is posted on its website.</p> <p>In 2023, the Bank paid its dividend 29 days after its declaration.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>Dividend Policy <a href="https://www.chinabank.ph/dividend-policy">https://www.chinabank.ph/dividend-policy</a></li> <li>2023 Dividend Declaration <a href="https://www.chinabank.ph/library/chib-declaration-of-cash-dividends-april-19-2023">https://www.chinabank.ph/library/chib-declaration-of-cash-dividends-april-19-2023</a></li> </ul>	
<b>Optional: Recommendation 13.1</b>			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	COMPLIANT	<p>In 2023, SGV &amp; Co. was engaged by the Bank as the Independent Validator of Votes during the Annual Stockholders' Meeting.</p> <p>Link/Reference:</p> <p>Minutes of the 2023 Annual Stockholders' Meeting: Page 7 <a href="https://www.chinabank.ph/library/minutes-of-the-2023-cbc-annual-stockholders-meeting">https://www.chinabank.ph/library/minutes-of-the-2023-cbc-annual-stockholders-meeting</a></p>	
<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	<p>The Notice for the 2023 Annual Stockholders' Meeting as contained in the (Amended) Definitive Information Statement was sent out / posted on the Bank's Website 10 March 2023, which is more than 28 days before the Annual Stockholders' Meeting scheduled on 20 April 2023.</p> <p>Link/Reference:</p> <p>Definitive Information Statement (SEC 20-IS) YE2022: Pages 3-4 (Explanation of Agenda Items)</p>	

		<a href="https://www.chinabank.ph/pdf/CHIB-2022-SEC-Definitive-20-IS_PSE_PDEX_Amended.pdf">https://www.chinabank.ph/pdf/CHIB-2022-SEC-Definitive-20-IS_PSE_PDEX_Amended.pdf</a>	
<b>Supplemental to Recommendation 13.2</b>			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:	COMPLIANT	<p>Link/Reference:</p> <p>Notice of the 2023 Annual Stockholders' Meeting  <a href="https://www.chinabank.ph/pdf/CHIB-2022-SEC-Definitive-20-IS_PSE_PDEX_Amended.pdf">https://www.chinabank.ph/pdf/CHIB-2022-SEC-Definitive-20-IS_PSE_PDEX_Amended.pdf</a></p> <p>Other applicable links/references are as follows:</p>	
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	COMPLIANT	<p>Definitive Information Statement (SEC 20-IS)YE2022: Pages 10-13 (Incumbent Directors and Advisor)  <a href="https://www.chinabank.ph/pdf/CHIB-2022-SEC-Definitive-20-IS_PSE_PDEX_Amended.pdf">https://www.chinabank.ph/pdf/CHIB-2022-SEC-Definitive-20-IS_PSE_PDEX_Amended.pdf</a></p>	
b. Auditors seeking appointment/re-appointment	COMPLIANT	<p>SGV &amp; Co. was recommended for re-appointment as the Bank's External Auditor.</p> <p>Link/Reference:</p> <p>Definitive Information Statement (SEC 20-IS)YE2022: Page 27 (Independent Public Accountants)  <a href="https://www.chinabank.ph/pdf/CHIB-2022-SEC-Definitive-20-IS_PSE_PDEX_Amended.pdf">https://www.chinabank.ph/pdf/CHIB-2022-SEC-Definitive-20-IS_PSE_PDEX_Amended.pdf</a></p>	
c. Proxy documents	COMPLIANT	<p>The Proxy Form is available as follows:</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>Definitive Information Statement (SEC 20-IS)YE2022: Page 5  <a href="https://www.chinabank.ph/pdf/CHIB-2022-SEC-Definitive-20-IS_PSE_PDEX_Amended.pdf">https://www.chinabank.ph/pdf/CHIB-2022-SEC-Definitive-20-IS_PSE_PDEX_Amended.pdf</a></li> </ul>	

		<ul style="list-style-type: none"> <li>Bank Website <a href="https://www.chinabank.ph/library/2023-proxy-form">https://www.chinabank.ph/library/2023-proxy-form</a></li> </ul>	
<b>Optional: Recommendation 13.2</b>			
1. Company provides rationale for the agenda items for the annual stockholders meeting	COMPLIANT	<p>For each item in the agenda, a rationale or explanation is given.</p> <p>Link/Reference:</p> <p>Definitive Information Statement (SEC 20-IS)YE2022: Pages 3-4 (Explanation of Agenda Items) <a href="https://www.chinabank.ph/pdf/CHIB-2022-SEC-Definitive-20-IS_PSE_PDEX_Amended.pdf">https://www.chinabank.ph/pdf/CHIB-2022-SEC-Definitive-20-IS_PSE_PDEX_Amended.pdf</a></p>	
<b>Recommendation 13.3</b>			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	COMPLIANT	<p>The 2023 Annual Stockholders Meeting was held on 20 April 2023. Voting results was disclosed the next day.</p> <p>Link/Reference:</p> <p>2023 Annual Stockholders' Meeting Voting Results <a href="https://www.chinabank.ph/library/voting-results-20april2023-final">https://www.chinabank.ph/library/voting-results-20april2023-final</a></p>	
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	COMPLIANT	<p>The 2023 Annual Stockholders Meeting was held on 20 April 2023. The minutes of the ASM was posted on the Bank's website within five days after the ASM.</p> <p>The votes on each agenda item is clearly reflected in the minutes of the meeting, including all the questions asked and the reply thereto.</p> <p>Links/Reference:</p> <ul style="list-style-type: none"> <li>Minutes of the 2023 Annual Stockholders' Meeting <a href="https://www.chinabank.ph/library/minutes-of-the-2023-cbc-annual-stockholders-meeting">https://www.chinabank.ph/library/minutes-of-the-2023-cbc-annual-stockholders-meeting</a></li> </ul>	

		<ul style="list-style-type: none"> <li>2023 Annual Stockholders' Meeting Voting Results  <a href="https://www.chinabank.ph/library/voting-results-20april2023-final">https://www.chinabank.ph/library/voting-results-20april2023-final</a> </li> </ul>	
<b>Supplement to Recommendation 13.3</b>			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	COMPLIANT	<p>The Board ensured that the Bank's External Auditor, SGV &amp; Co. with partner Ms. Janet A. Paraiso is present. The Bank's President and CEO, Head of Investor Relations, Corporate Secretary, Head of Compliance, etc. are also present to answer any shareholder question during ASM.</p> <p>Link/Reference:</p> <p>Minutes of the 2023 Annual Stockholders' Meeting: Page 1 (Attendance)  <a href="https://www.chinabank.ph/library/minutes-of-the-2023-cbc-annual-stockholders-meeting">https://www.chinabank.ph/library/minutes-of-the-2023-cbc-annual-stockholders-meeting</a> </p>	
<b>Recommendation 13.4</b>			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	COMPLIANT	<p>The Bank has an alternative dispute resolution system in place, and is duly documented in the Corporate Governance Manual.</p> <p>Link/Reference:</p>	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	COMPLIANT	<p>Corporate Governance Manual: Pages 117-118 (Alternative Dispute Resolution System)  <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a> </p>	
<b>Recommendation 13.5</b>			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	COMPLIANT	<p>The Head of the Bank's Investor and Corporate Relations Group is FVP Gerald O. Florentino. He may be reached through the following:</p> <p>Telephone Number: (+632) 8885-5609</p>	

		<p>E-mail Address: <a href="mailto:investor-relations@chinabank.ph">investor-relations@chinabank.ph</a></p> <p>The contact details are posted in the Bank website.</p> <p>Link/Reference:</p> <p>Investors Information  <a href="https://www.chinabank.ph/investors-information">https://www.chinabank.ph/investors-information</a></p>	
2. IRO is present at every shareholder's meeting.	COMPLIANT	<p>Mr. Gerald O. Florentino, the Head of the Bank's Investor and Corporate Relations Group, was present in the 2023 ASM as indicated in the corresponding Minutes.</p> <p>Link/Reference:</p> <p>Minutes of the 2023 Annual Stockholders' Meeting: Page 1 (Attendance)  <a href="https://www.chinabank.ph/library/minutes-of-the-2023-cbc-annual-stockholders-meeting">https://www.chinabank.ph/library/minutes-of-the-2023-cbc-annual-stockholders-meeting</a></p>	
<b>Supplemental Recommendations to Principle 13</b>			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	COMPLIANT	<p>The Bank adheres to the rules on voting in accordance with the Revised Corporation Code and in accordance with the Bank's By-Laws as to manner of voting, any stockholder who is not delinquent in his subscription shall be allowed to vote either in person or by proxy executed in writing.</p> <p>Link/Reference:</p> <p>By-Laws: Page 2 (Article III, Section 7)  <a href="https://www.chinabank.ph/library/chib-sec-approval-of-amended-by-laws-december-04-2023">https://www.chinabank.ph/library/chib-sec-approval-of-amended-by-laws-december-04-2023</a></p>	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	COMPLIANT	<p>As of December 31, 2023, the Bank's public float is 56.833%.</p>	

		Links/References: <ul style="list-style-type: none"> <li>Public Ownership Report (as of 31 December 2023) <a href="https://www.chinabank.ph/library/chib-public-ownership-report-as-of-december-31-2023">https://www.chinabank.ph/library/chib-public-ownership-report-as-of-december-31-2023</a></li> <li>Shareholding Structure <a href="https://www.chinabank.ph/corporate-governance-our-company">https://www.chinabank.ph/corporate-governance-our-company</a></li> <li>Share Information <a href="https://www.chinabank.ph/share-information">https://www.chinabank.ph/share-information</a></li> </ul>	
<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	<p>The Bank goes beyond the Annual Stockholders' Meeting in its practices to engage its shareholders and accommodates investors' meeting.</p> <p>Link/Reference:</p> <p>Analyst Briefing and Presentation for Investors <a href="https://www.chinabank.ph/analyst-briefings-and-investor-presentations">https://www.chinabank.ph/analyst-briefings-and-investor-presentations</a></p>	
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	COMPLIANT	<p>In accordance with Sections 23 and 57 of the Revised Corporation Code, a stockholder is allowed to vote through remote communication or in absentia.</p> <p>On March 25, 2020, the Board of Directors approved the amendment of the Bank's By-laws which allows the voting through remote communication or in absentia.</p> <p>Please refer to Schedule "A" of the Information Statement for the Guidelines for the Participation via Remote Communication for the 2023 and 2024 ASMs.</p> <p>Links/References:</p>	

		<ul style="list-style-type: none"> <li>Definitive Information Statement (SEC 20-IS)YE2022: Pages 276-278 <a href="https://www.chinabank.ph/pdf/CHIB-2022-SEC-Definitive-20-IS_PSE_PDEX_Amended.pdf">https://www.chinabank.ph/pdf/CHIB-2022-SEC-Definitive-20-IS_PSE_PDEX_Amended.pdf</a></li> <li>2023 Definitive Information Statement (SEC 20-IS): Pages 274-276 <a href="https://www.chinabank.ph/library/chib-2023-definitive-sec-is-20-report">https://www.chinabank.ph/library/chib-2023-definitive-sec-is-20-report</a></li> </ul> <p>During the 2024 ASM last April, The Bank practiced real time secured electronic voting by making the online voting portal available until adjournment of the meeting.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>2024 ASM Guidelines and FAQs <a href="https://www.chinabank.ph/asm2024">https://www.chinabank.ph/asm2024</a></li> <li>Minutes of the 2024 Annual Stockholders' Meeting: Page 3 (Approval of the 20 April 2023 Annual Meeting of Stockholders) <a href="https://www.chinabank.ph/library/minutes-of-the-2024-annual-meeting-of-stockholders">https://www.chinabank.ph/library/minutes-of-the-2024-annual-meeting-of-stockholders</a></li> </ul>	
<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 stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	COMPLIANT	<p>Our most recent materiality assessment was conducted in 2022. The Bank, through its Board and Management has identified topics/issues that are highly significant to its stakeholders.</p> <p>These material topics, the concerned stakeholders and the Bank's stakeholder engagement process are</p>	

		<p>discussed in the Annual Financial and Sustainability Report.</p> <p>The Bank believes that it is through proper understanding of stakeholders' needs, concerns, and expectations, and more importantly, embedding their feedback into the corporate strategy and daily business that it is able to develop long term-solutions, make responsible business decisions, and perform better.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>• 2023 Annual Financial and Sustainability Report: Pages 33 (Stakeholder Engagement) and 34 (Materiality Assessment) <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> <li>• Sustainability at China Bank <a href="https://www.chinabank.ph/china-bank-sustainability">https://www.chinabank.ph/china-bank-sustainability</a></li> </ul>	
<b>Recommendation 14.2</b>			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	COMPLIANT	<p>The Bank treats its stakeholders fairly and ensures their protection.</p> <p><b>Policy on Fair Treatment to Stakeholders</b> The policies are in Pages 111-115 of the Bank's Corporate Governance Manual.</p> <p>Link: <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></p> <p><b>Up-to-date Disclosures and Corporate News</b> The Bank also provides up to date disclosures in its website, about corporate news and happenings.</p> <p>Links:</p>	

		<p>Company Disclosures  <a href="https://www.chinabank.ph/corporate-governance-company-disclosures">https://www.chinabank.ph/corporate-governance-company-disclosures</a></p> <p>News and Happenings  <a href="https://www.chinabank.ph/china-bank-news-and-happenings">https://www.chinabank.ph/china-bank-news-and-happenings</a></p> <p>China Bank adheres to a high standard of disclosure and transparency to facilitate understanding of the Bank's true financial condition and the quality of our corporate governance. All material information about China Bank is adequately and punctually disclosed, in accordance with SEC and PSE's disclosure policy. In addition to compliance with the reportorial requirements, we promptly disclose major and market sensitive information like, financial condition through quarterly reports, dividend declarations, joint ventures and acquisitions, sale and disposition of significant assets, as well as financial and non-financial information that may affect the investment decision of the investing public, in the form of press releases in newspapers and reports in our internal publication. We also electronically file our disclosures through the Electronic Disclosure Generation Technology (EDGE) portal of PSE, which are then posted on its website.</p> <p>Our corporate website is likewise regularly updated to include the latest news and current information about the Bank.</p>	
<b>Recommendation 14.3</b>			
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.	COMPLIANT	The Bank provides transparent framework for stakeholders where they can raise their concern and the Bank ensures that their rights are protected. Employees may raise their concern, without fear of retaliation.	

		Links/References: <ul style="list-style-type: none"> <li>Investor Information <a href="https://www.chinabank.ph/investors-information">https://www.chinabank.ph/investors-information</a></li> <li>Whistleblowing <a href="https://www.chinabank.ph/governance-policies">https://www.chinabank.ph/governance-policies</a></li> <li>Contact Center <a href="https://www.chinabank.ph/contact-us">https://www.chinabank.ph/contact-us</a></li> </ul>	
<b>Supplement to Recommendation 14.3</b>			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	COMPLIANT	<p>In line with its dedication to effectively resolve disputes, China Bank maintains close coordination with stockholders, third parties, regulatory authorities and other stakeholders to discuss the issues and concerns, and ultimately address conflicts. Provisions related to the Bank's alternative dispute resolution system can be found in the Corporate Governance Manual.</p> <p>Link/Reference:</p> <p>Corporate Governance Manual: Pages 117-118 (Alternative Dispute Resolution System) <a href="https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024">https://www.chinabank.ph/library/revised-corporate-governance-manual-march-2024</a></p>	
<b>Additional Recommendations to Principle 14</b>			
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 reason for such action, as well as presents the specific steps being	COMPLIANT	In 2023, the Bank did not seek any application for exemption on the application of corporate governance law, rules or regulations.	

taken to finally comply with the applicable law, rule or regulation.			
2. Company respects intellectual property rights.	COMPLIANT	<p>The Bank respects intellectual property and observes practices in relation thereto, which among others is the registration of its logo for use by the Bank.</p> <p>Please refer to <b>Annex 12</b> for the latest Certificate of Registration of the Bank's logo with the Intellectual Property Office (IPO).</p>	
<b>Optional: Principle 14</b>			
1. Company discloses its policies and practices that address customers' welfare	COMPLIANT	<p>Part of the Bank's Mission is to provide the highest ethical standards, sense of responsibility, and fairness with respect to customers.</p> <p>The Bank has a Consumer Protection Framework in place. China Bank also has a contact center, where customers may raise their concerns. The Bank also has policies on Data Protection, Cyber Security, and Whistleblowing, to enhance customer welfare.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>• Whistleblowing <a href="https://www.chinabank.ph/governance-policies">https://www.chinabank.ph/governance-policies</a></li> <li>• Investor Information <a href="https://www.chinabank.ph/investors-information">https://www.chinabank.ph/investors-information</a></li> <li>• Consumer Protection <a href="https://www.chinabank.ph/consumer-protection">https://www.chinabank.ph/consumer-protection</a></li> <li>• Contact Center <a href="https://www.chinabank.ph/contact-us">https://www.chinabank.ph/contact-us</a></li> </ul>	

		<p>The Bank respects and upholds consumers' data privacy rights. We apply the principles of transparency, legitimate purpose, and proportionality in processing any personal data entrusted to us, ensuring it is kept safe and secure, stored for no longer than necessary, and used only in accordance with the consent requirements of the law and the National Privacy Commission (NPC). No significant data privacy breach was recorded in 2023.</p> <p>We also have a comprehensive Cybersecurity Program that is aligned with government and industry best security practices that provides a safe and secure banking environment for our customers. In 2023, we continued to proactively communicate with our customers on keeping their personal information safe and spotting and avoiding cyber scams and threats. We also conducted several specialized trainings on cyber security such as but not limited to secure coding, malware analysis, cloud security, and incident responses.</p> <p>Link/Reference:</p> <p>2023 Annual Financial and Sustainability Report: Pages 49 (Data Privacy) and 53 (Cyber Security)  <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></p>	
2. Company discloses its policies and practices that address supplier/contractor selection procedures	COMPLIANT	<p>The Bank advocates fair market practices and is committed to dealing only with suppliers and contractors who have proven integrity and good track record. We process all matters with due diligence and compliance to ensure that any service or goods procurement will pose the greatest benefit to the Bank, while posing little to no negative impact on stakeholders. Applicable policies are posted to the Bank's website.</p> <p>Links/References:</p>	

		<ul style="list-style-type: none"> <li>• 2023 Annual Financial and Sustainability Report: Page 79 (Suppliers and Contractors) <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> <li>• Vendor Selection and Procurement of Goods and Services <a href="https://www.chinabank.ph/governance-policies">https://www.chinabank.ph/governance-policies</a></li> </ul>	
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**Principle 15:** 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.

**Recommendation 15.1**

1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	COMPLIANT	<p>In place are policies and programs to ensure not just high-performance standards among our employees but as well as group-wide synergy towards the realization our corporate goals and business objectives,</p> <p>The Bank is committed to consistently engage its employees to ensure that all employees are heard and updated of these goals and key result areas to make them more effective. Our Human Resources Group has put in place various training and engagement activities, including an annual town hall where senior officers are kept abreast of significant developments in various areas - Bank's overall performance, important corporate updates/initiatives and governance matters. A Q&amp;A portion during the town hall encourages employees to air their concerns.</p> <p>Moreover, part of the activities of the Bank is the commitment to continually strengthen compliance and governance culture through education and training. In order to raise awareness level, Compliance Group regularly conducts briefing to Compliance Coordinators in branches and head office units. This training program provides venue as well to better appreciate and</p>	
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		<p>understand compliance principles, concepts, and elements of good corporate governance.</p> <p>The Compliance Coordinators are required to cascade their learning to their respective areas. All new employees of the Bank undergo a basic orientation on Compliance System, Anti-Money Laundering and Governance, among others. As part of the continuing education program, Compliance Division conducts lectures in Junior Executive Program of the Bank and in Supervisory Development Program.</p> <p>Link/Reference:</p> <p>2023 Annual Financial and Sustainability Report: Pages 42-47 (Forging Ahead with a Strong and Resilient Team)  <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></p>	
<b>Supplement to Recommendation 15.1</b>			
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	COMPLIANT	<p>In recognition of the valuable contribution of employees in China Bank's achievements and in celebration of the Bank's 100th Anniversary, the Board of Directors approved last 05 August 2020 the Centennial Stock Grant Plan wherein regular employees (regardless of rank and position) of the China Bank Group as of 16 August 2020, will be given 100 China Bank shares for each year of service. This was subsequently ratified by the stockholders during the 01 October 2020 virtual Special Stockholders' Meeting.</p> <p>Based on the Plan, around 8,400 eligible employees and certain other officers and contractual personnel (as specified by the Chairman of the Board) will be granted up to 5.6 million shares worth Php 115.36 million, based on the closing price as of 26 August 2020; and will be distributed upon approval of regulatory agencies. Holding</p>	

		<p>period is set at 2 years and grantees may buy additional shares, subject to relevant laws, rules and internal policies.</p> <p>As of 30 September 2021, around 5.4 million common shares have been granted. The remaining unissued shares shall be distributed, upon issuance of the Subscription Notices to the respective grantees.</p> <p>This stock grant aims to foster a culture of ownership – where everyone in the organization shares common interests, and the same passion and commitment to ensure the Bank's continued success.</p> <p>Moreover, the Bank has a "Performance Bonus/Profit Sharing" Program that recognizes the Officers performance in support of the Bank's Performance. The terms of the aforesaid profit-sharing program is set forth in the Bank's By-Laws.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>• 2020 Annual Financial and Sustainability Report: Page 10 (Message to Stakeholders, A lasting legacy) <a href="https://www.chinabank.ph/pdf/2020-Annual-Report.pdf">https://www.chinabank.ph/pdf/2020-Annual-Report.pdf</a></li> <li>• Centennial Stock Grant <a href="https://www.chinabank.ph/centennial-stock-grant-plan">https://www.chinabank.ph/centennial-stock-grant-plan</a></li> <li>• Certification from the Corporate Secretary <a href="https://www.chinabank.ph/pdf/CHIB-Stock-Grant-Report-Secretary-Certification-as-of-September-30-2021.pdf">https://www.chinabank.ph/pdf/CHIB-Stock-Grant-Report-Secretary-Certification-as-of-September-30-2021.pdf</a></li> <li>• By-Laws: Page 11 (Article VIII, Section 1)</li> </ul>	
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		<a href="https://www.chinabank.ph/library/chib-sec-approval-of-amended-by-laws-december-04-2023">https://www.chinabank.ph/library/chib-sec-approval-of-amended-by-laws-december-04-2023</a>	
2. Company has policies and practices on health, safety and welfare of its employees.	COMPLIANT	<p>The Bank continuously adopts policies and initiatives to provide a healthy and safe work environment at all offices and branches in line with industry best practices and occupational safety and health standards.</p> <p>As part of our Occupational Safety and Health (OSH) awareness campaign in 2023, we released the OSH policies e-learning suite to provide employees easy access to OSH training. A discussion on existing OSH policies was also integrated in the orientation program for new hires. Also in place are health and safety policies, emergency procedures and evacuation plans in case of fire or other significant incidents, and wellness programs aimed at preventing accidents, managing stress, and minimizing cases of work-related ill health. Employees have access to confidential and professional counseling with an in-house psychologist.</p> <p>No fatalities and lost-time injuries were recorded in 2023.</p> <p>Link/Reference:</p> <p>2023 Annual Financial and Sustainability Report: Page 47 (Health and Safety)  <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></p> <p>The Corporate Safety and Health Committee also ensures implementation of occupational safety and health standards across the Bank.</p> <p>Other key activities include, but are not limited to the following:</p>	

		<ol style="list-style-type: none"> <li>1. Conduct of annual fire and earthquake drills, and implements the annual physical examination for our employees.</li> <li>2. Continuous publication via email on health and wellness information.</li> <li>3. Continuous promotion of work-life balance through its various programs, sports activities and personal interest skills development.</li> </ol> <p>Link/Reference:</p> <p>Bank Website  <a href="https://www.chinabank.ph/employee-engagement">https://www.chinabank.ph/employee-engagement</a></p>	
3. Company has policies and practices on training and development of its employees.	COMPLIANT	<p>The Bank is committed to the success and development of its employees to achieve their full potential. In place are multi-faceted approaches on training, from general to role specific in-house and external trainings to continuously enhance the hard and soft skills of our employees.</p> <p>Through the China Bank Academy and our e-learning platform Learning EDGE, employees have access to hundreds of leadership, consumer protection, anti-money laundering, marketing, personal development, technical, and other training programs and courses.</p> <p>Flagship trainings are provided for the new hires. We also offer supervisory training to transitioning staff, junior executive programs and various branch training. As needed, the Bank also sponsors employees' external training.</p> <p>The total investment for training and education reached Php 65 million in 2023. We recorded a total of 565,317 training hours, which translated to 53 training hours per</p>	

		<p>employee, notably up from 29 training hours per employee in 2022.</p> <p>Link/Reference:</p> <p>2023 Annual Financial and Sustainability Report: Pages 46-47 (Developing Talents)</p> <p><a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></p>	
<b>Recommendation 15.2</b>			
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	<p>The Bank is committed to honest and ethical business practices and does not tolerate any form of bribery and corruption. We take our legal responsibilities very seriously and expect our directors and employees at all levels and grades to do the same. China Bank directors and employees are expected to act professionally, fairly, and with integrity in all our business dealings and relationships wherever we operate; thus, they 1) must never offer, promise, or give a financial or other advantage to any person or party, including public officials, with the intention of inducing or rewarding improper performance by them of their duties or to facilitate the transaction of the Bank, and 2) must never directly or indirectly accept or agree to receive a financial or other advantage as a reward for performing any act prejudicial to the Bank, the director/employee himself, or a third party.</p> <p>Link/Reference:</p> <p>Anti-Bribery and Corruption</p> <p><a href="https://www.chinabank.ph/governance-policies">https://www.chinabank.ph/governance-policies</a></p>	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	COMPLIANT	<p>The Board has imposed a policy of full compliance with the Code of Ethics and other policies. HRG ensures that every Bank employee is aware of, and upholds the Code.</p>	

		<p>Given the mandate of the Board, HRG ensures that the training programs present the pertinent Bank policies governing their respective functions.</p> <p>In 2023, a total of 7,996 employees attended the training on Code of Ethics and other related courses/sessions, in which anti-bribery and anti-corruption were also discussed.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>2023 Annual Financial and Sustainability Report: Page 78 (Anti-Bribery and Corruption) <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> <li>Code of Ethics <a href="https://www.chinabank.ph/code-of-ethics">https://www.chinabank.ph/code-of-ethics</a></li> </ul>	
<b>Supplement to Recommendation 15.2</b>			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	COMPLIANT	<p>The Bank is committed to honest and ethical business practices and does not tolerate any form of bribery and corruption. China Bank directors and employees are to act professionally, fairly, and with integrity in all our business dealings and relationships wherever we operate; thus, they 1) must never offer, promise, or give a financial or other advantage to any person or party, including public officials, with the intention of inducing or rewarding improper performance by them of their duties or to facilitate the transaction of the Bank, and 2) must never directly or indirectly accept or agree to receive a financial or other advantage as a reward for performing any act prejudicial to the Bank, the director/employee himself, or a third party.</p> <p>Under the Bank's Code of Ethics, on Proper Conduct and Behavior, "<u>offering</u> or receiving money or other valuable consideration <u>in exchange for a job</u> or <u>offering</u>, soliciting</p>	

		<p>or receiving anything of value to perform any act/activity prejudicial to the interest of the Bank" is subjected to a disciplinary process and if found guilty then may be meted out with a suspension and or dismissal on the 1st offense.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>• Anti-Bribery and Corruption <a href="https://www.chinabank.ph/governance-policies">https://www.chinabank.ph/governance-policies</a></li> <li>• Code of Ethics <a href="https://www.chinabank.ph/code-of-ethics">https://www.chinabank.ph/code-of-ethics</a></li> </ul>	
<b>Recommendation 15.3</b>			
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>The Bank does not and will not tolerate unethical or illegal conduct, thus a Whistleblowing mechanism was established to ensure that employees, customers, shareholders, and third-party service providers will have a way to report questionable activity, unethical conduct, fraud or any other malpractice, by mail, phone or e-mail. Disclosures or reports are handled under the strictest measures of confidentiality and anonymity to allay fears of reprisal or retaliation.</p> <p>Link/Reference:</p> <p>Whistleblowing <a href="https://www.chinabank.ph/governance-policies">https://www.chinabank.ph/governance-policies</a></p>	
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	COMPLIANT	<p>Without fear of any retaliation, China Bank employees, customers, shareholders, and any third-party service providers may report questionable or illegal activity, unethical conduct, fraud or any other malpractice by mail, phone or e-mail. The identity of the whistleblower is kept confidential and all reports are acted upon based on their merits. If determined sufficient in form and substance,</p>	

		<p>the disclosure is referred to the appropriate unit/s for further investigation.</p> <p>The Bank's Whistleblowing mechanism is under the Audit Committee – an independent control committee that ensures that a system is in place for the independent investigation, appropriate follow-up action and subsequent resolution of complaints. It is composed of non-executive directors, majority of whom are independent directors.</p> <p>Link/Reference:</p> <p>Whistleblowing  <a href="https://www.chinabank.ph/governance-policies">https://www.chinabank.ph/governance-policies</a></p>	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	COMPLIANT	<p>All disclosures and their corresponding status and resolution are regularly reported to the Board, thru the Audit Committee.</p> <p>Link/Reference:</p> <p>Whistleblowing  <a href="https://www.chinabank.ph/governance-policies">https://www.chinabank.ph/governance-policies</a></p>	
<b>Principle 16:</b> The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
<b>Recommendation 16.1</b>			
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	COMPLIANT	<p>The Bank is a responsible corporate citizen that stands for values and strives to create value. It is committed to giving back to society by hiring and buying locally, promoting financial inclusion, and encouraging a strong spirit of volunteerism and charitable giving among our employees.</p>	

<p>advancement of the society where it operates.</p>		<p>The Bank is also committed to protecting the environment by responsibly managing our environmental footprint. In the last two decades, we have been implementing policies, projects, and practices to progressively lessen our operations' direct impact on the environment.</p> <p>We keep our environmental footprint as small as possible by being conscious of our energy and water consumption and reducing wastage in every way we can. While the nature of financial sector is not an intensive user, we recognize the need to be prudent on the use of all natural resources and as such, we keep track on our usage to ensure it remains minimal. In 2023, our electricity consumption decreased to 23,437 MWh, from 2022 consumption of 25,114 MWh.</p> <p><b>Managing Environmental and Social Risks</b></p> <p>We are strengthening our risk management framework to mitigate the potential effects of environmental and social (E&amp;S) risk (including climate risk) and opportunities to the Bank's performance and prospects.</p> <p><b>Sustainable Finance Framework</b></p> <p>Our sustainable finance framework defines our approach and methodology for sustainable finance, including the eligibility criteria for projects for financing and procedures for the issuance of sustainable finance instruments (SFIs) such as Green, Social or Sustainability bonds.</p> <p><b>Sustainability Transition Plan</b></p> <p>The Bank commits itself to adhere to standard and frameworks and play its role in building a more sustainable and resilient economy. We intend not only to meet these</p>	
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		<p>requirements, but also do our part to help accelerate the low-carbon transition of the country's financial sector.</p> <p>Link/Reference:</p> <p>2023 Annual Financial and Sustainability Report: Pages 54-55 (Embracing Corporate Social Responsibility), 56 (Managing our Environmental Impact) and 57-63 (Managing our Environmental and Social Risks)</p> <p><a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></p>	
<b>Optional: Principle 16</b>			
1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development	COMPLIANT	<p>The Bank is committed to place sustainability at the heart of its business and treats it as a cornerstone of its mission and the work it does. The Bank continues to adopt best practices and conduct its business responsibly and ethically to ensure the company's sustainability and to contribute to a sustainable future for all. The Bank's sustainability journey and corresponding efforts are comprehensively discussed in its 2023 Annual Financial and Sustainability Report.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>• 2023 Annual Financial and Sustainability Report <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> <li>• Sustainability <a href="https://www.chinabank.ph/china-bank-sustainability">https://www.chinabank.ph/china-bank-sustainability</a></li> </ul>	
2. Company exerts effort to interact positively with the communities in which it operates	COMPLIANT	<p>We value our commitment in sustaining the trust of our stakeholders as part of our Corporate Social Responsibility (CSR) policy. These commitments are anchored on the Bank's mission, vision, and core values through continuously supporting environmental and social development via community investments.</p>	


		<p>In 2023, the Bank conducted various activities and participated in various projects on financial literacy, community outreach and environmental preservation, among others.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>• 2023 Annual Financial and Sustainability Report: Pages 54-55 (Embracing Corporate Social Responsibility)  <a href="https://www.chinabank.ph/pdf/CBC2023AFSR.pdf">https://www.chinabank.ph/pdf/CBC2023AFSR.pdf</a></li> <li>• Sustainability  <a href="https://www.chinabank.ph/china-bank-sustainability">https://www.chinabank.ph/china-bank-sustainability</a></li> </ul>	
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Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report (I-ACGR) is signed on behalf of the registrant by the undersigned.

SIGNATURES

  
HANS T. SY  
Chairman of the Board

  
ROMEO D. UYAN, JR.  
Director, President and CEO

  
GENARO V. LAPEZ  
Independent Director


  
ATTY. LEILANI B. ELARMO  
Corporate Secretary

  
ATTY. AILEEN PAULETTE S. DE JESUS  
Chief Compliance and Governance Officer

SUBSCRIBED AND SWORN to before me this MAY 22 2024, affiant(s) exhibiting to me their identification documents, as follows:

NAME	IDENTIFICATION DOCUMENT
Hans T. Sy	SSS ID No. [REDACTED]
Romeo D. Uyan, Jr.	SSS ID No. [REDACTED]
Genaro V. Lapez	Passport No. [REDACTED] valid until February 5, 2028
Atty. Leilani B. Elarmo	SSS ID No. [REDACTED]
Atty. Aileen Paulette S. De Jesus	IBP ID - Lifetime Member No. [REDACTED]

Doc No. 113  
Page No. 29  
Book No. 22  
Series of 2024

  
REGINE C. YU  
Notary Public for Makati City  
Appt. No. 2023-0003 31 December 2024  
4/F Philcom Building,  
8755 Paseo de Roxas, Makati City  
PTR No. 10081554; 01-06-2024; Makati City  
IBP Lifetime No. 010425; 05-29-2017; Makati City  
MCLE Compliance No. VII-0005180; 12 01, 2023  
Roll of Attorney's No. 60783

Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report (I-ACGR) is signed on behalf of the registrant by the undersigned.




CLAIRE ANN A. YAP  
Independent Director

SUBSCRIBED AND SWORN to before me this MAY 16 2024 day of MAY 16 2024 2024, affiant exhibiting to me her  
Passport No. [REDACTED] valid until September 5, 2029.

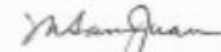
Notary Public

Doc No. 204  
Page No. 55  
Book No. 1  
Series of 2024



ATTY. KEREN BEATRICE R. DINAQUE  
Notary Public for the City of Makati  
4th Floor, Philcom Building, 8732 Paseo de Roxas, Makati City  
Attorney's Roll No. 69072  
IBP No. 379189 / 12.29.23 (CY 2024) / Makati  
PTR No. 10681561 / 1.6.24 / Makati  
MCLE Compliance No VII - 0094729 / 4.14.25  
Appointment No. M-005; until 12/31/25

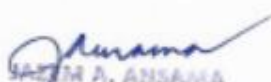
Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report (I-ACGR) is signed on behalf of the registrant by the undersigned.

  
MARGARITA L. SAN JUAN  
Independent Director

SUBSCRIBED AND SWORN to before me this APR 29 day of 2024, affiant exhibiting to me her  
SSS ID No. [REDACTED]

Doc No. 157  
Page No. 23  
Book No. 18  
Series of 2024

Notary Public


  
J. A. ANSAMA  
Notary Public for Makati City  
Appt. No. M-288 until 31 December 2024  
4/F Philcom Building,  
8755 Paseo de Roxas, Makati City  
PTR No. 10061560; 01-05-2024; Makati City  
IBP No. 328393; 12-14-2023; Makati City  
MCLE Compliance No. VII-0005311; 10-08-2023  
Roll of Attorney's No. 68624

Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report (I-ACGR) is signed on behalf of the registrant by the undersigned.

  
PHILIP S. L. TSAI  
Independent Director

SUBSCRIBED AND SWORN to before me this APR 29 2024 day of 2024, affiant exhibiting to me his  
Passport No. [REDACTED] valid until May 30, 2028.

Doc No. 106  
Page No. 33  
Book No. 18  
Series of 2024

  
JAZMIN A. ANSANA  
Notary Public for Makati City  
Appt. No. M-288 until 31 December 2024  
4/F Philcom Building,  
8755 Paseo de Roxas, Makati City  
PTR No. 10061560; 01-06-2024; Makati City  
IBP No. 326393; 12-14-2023; Makati Chapter  
MCLE Compliance No. VII-0005311; 10-08-2021  
Roll of Attorney's No. 68624

Certificates of Participation in the 2023 Advanced Corporate Governance Training  
(Corporate Secretary and Chief Compliance and Governance Officer)



## Sample e-mail with Attached Board Meeting Agenda and Materials Sent to the Directors

[China Bank - Part 1 of 4] November 8, 2023 Regular Board Meeting - Agenda, Materials and MS Teams Link

Leilani B. Elarmo <LBELARMO@chinabank.ph>

Fri 11/3/2023 5:07 PM

To:

[REDACTED]

9 attachments (8 MB)

[REDACTED]

Dear Chairman and Members of the Board,

We would like to remind you of the regular **Board of Directors meeting** on Wednesday, **November 8, 2023, at 2:00 P.M.**, to be held at the Boardroom, China Bank Building, 8745 Paseo de Roxas, Makati City. **Lunch** will be served at the Mancom Room – 4F Executive Office, at **1:00 P.M.**, before the Board meeting.

Attached is the agenda of the meeting, together with the materials we received today, November 3, 2023.

Directors who will not be able to physically attend the meeting may participate and vote virtually through the Microsoft Teams link below:

### Microsoft Teams meeting

Join on your computer, mobile app or room device

[REDACTED]

Thank you and God bless.

Lani

**CHINABANK**



**Leilani B. Elarmo**

Corporate Secretary

Office of the Corporate Secretary

China Banking Corporation (China Bank)

lbelarmo@chinabank.ph

www.chinabank.ph

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Please consider the environment before printing this email.

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Certification from the Corporate Secretary re: the Bank's Business Plans



## CERTIFICATION

This is to certify that the Bank's 2023 Budget and five-year Strategic Plan were presented to, discussed, and approved by the Board of Directors during its meeting on 01 February 2023.

Issued this 10th day of May 2024 in Makati City.

  
**LEILANI B. ELARMO**  
Corporate Secretary





**CHINA BANKING CORPORATION**

8738 Paseo de Ponce corner Vigan Street, Makati City, 1226 Philippines

Toll-free (Philippines): (02) 656-55-555

Website: [www.chinabank.ph](http://www.chinabank.ph)

Cardinal Center: (02) 656-55-555, 1800-1888-5-808 (Domestic Toll-Free)

Email Address: [corporate@chinabank.ph](mailto:corporate@chinabank.ph)

0023-002 (01-05) P11.004

-----  
Certification from the Corporate Secretary re: Performance Reports**CERTIFICATION**

This is to certify that the quarter-end performance reports were presented to, discussed and noted by the Board of Directors during its meetings held in the year 2023, namely: on 03 May 2023 (as of end-March 2023 Performance Highlights), 02 August 2023 (as of end-June 2023 Performance Highlights), and 06 November 2023 (as of end-September 2023 Performance Highlights).

Issued this 10th day of May 2024 in Makati City.

  
**LEILANI B. ELARMO**  
Corporate Secretary  
 

## Engagement of Search Firm in sourcing out candidates for the Board of Directors

Re: Fw: CBC - Request for Possible Independent Director Candidates



① You replied on Thu 1/19/2023 1:11 PM



AJ Lugtu  
To: Katrina P. Walit



Reply



Reply all



Forward



Thu 1/19/2023 10:57 AM

Hi Keena,

Sharing with you an additional recommendation for your request. Please see the attached profile for the profile of  
Thank you very much and I look forward to hearing from you soon.

Best regards,

AJ

**Aiseah Jois F. Lugtu | Institute of Corporate Directors**

Manager - Members Relations

Membership and Board Services

**Telephone:** +632 8884 1494 loc. 109

**Updated RPT Materiality Threshold Matrix**  
*As of September 2023*

Units Concerned	Material Transaction	Transaction (as may be applicable, but not limited to)
Central Accounting Division	Php 2.0 M	Consulting, professional, agency and other service arrangements/contracts
Administrative Division	Php 50.0 M	Construction arrangements / contracts
	Php 50.0 M	Consulting, professional, agency and other service arrangements/contracts
	Php 2.0 M	Sale , purchase or supply of any goods or materials (FFE/OE)
	Php 50.0 M	Lease Arrangements / contracts (including extension of lease) – whether or not the Bank is the lessor or lessee
	Php 2.0 M	Sale , purchase or supply of any goods or materials (vehicle)
	Php 50.0 M	Sale / purchase of property
Cards and Personal Loans Business Group	Php 5.0 M	On- and off-balance sheet credit exposures (including credit card limits) and claims and write-offs
	Php 40.0 M – Company Level	Salary Plus transactions
	Php 2.0 M – Individual Level	
Mortgage and Factoring Business Group	Php 10.0 M – Housing Loan	Borrowings, commitments, fund transfers and guarantees
	Php 4.0 M – Auto Loan	
	Php 50.0 M	Service arrangements/contracts
Office of the Corporate Secretary	Php 2.0 M	Service arrangements/contracts

Units Concerned	Material Transaction	Transaction <i>(as may be applicable, but not limited to)</i>
Human Resources Group	Php 10.0 M	Consulting, professional, agency and other service arrangements
IBG	Php 50.0 M	Borrowings, commitments, fund transfers and guarantees
Internal Audit Division	Php 5.0 M	Audit services to be provided for China Bank Savings, Inc. (CBSI)
Retail Banking Business	Php 50.0 M	Borrowings, commitments, fund transfers and guarantees
	Php 50.0 M	Lease Arrangements / contracts <i>(including extension of lease)</i> – whether or not the Bank is the lessor or lessee
Treasury Group	Php 500.0 M or its equivalent in other currencies	Borrowings, commitments, fund transfers and guarantees
	Php 500.0 M	Investments and/or subscriptions for debit/equity issuances
	Php 50.0 M <i>(local securities)</i>	Trading and derivative transactions
	Php 100.0 M <i>(Interest Rate Swap)</i>	
	\$ 10.0 M <i>(foreign currency securities)</i>	
	\$ 5.0 M FX spot transactions;  \$ 15.0 M FX swap transactions;	
	\$ 5.0 M USD derivative transactions <i>(other than FX swaps);</i>	
Trust and Asset Management Group	Php 50.0 M	Trust Transactions – investments and fiduciary services
	Php 100.0 M	Trust Transactions – issuers and counterparties

Units Concerned	Material Transaction	Transaction <i>(as may be applicable, but not limited to)</i>
FSG - Asset Quality & Recovery Management Division	Php 2.0 M	Sale of other Acquired Assets <i>(vehicles and other non-real estate assets)</i>
	Php 50.0 M	Sale of Real Estate Acquired Assets
CMG - Credit Process	Php 2.0 M	Service arrangements/contracts
China Bank Capital Corporation	Php 20.0 M <i>(in fees)</i>	Investment banking deals <i>(capital markets and advisory)</i>
	Php 1.0 M	Office Leasing
	Php 6.0 M <i>(single transaction or a single continuing engagement)</i>	Consulting, professional, agency, advertising and other service arrangements / contracts
China Bank Securities Corporation	Php 7.0 M	<p>Consulting, professional, agency, advertising and other service arrangements / contracts;</p> <p>Construction and Lease arrangements / contracts <i>(including extension of lease)</i>;</p> <p>Sale, purchase or supply of goods and materials;</p> <p>Borrowings, commitments, fund transfers and guarantees</p>

Internal Audit Charter	Effectivity Date: April 19, 2023	Page No. 1
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## INTRODUCTION

The Internal Audit (IA) Charter aims to accomplish the following objectives:

- Define and establish Audit Division's purpose, authority & responsibility, its position in the Bank & reporting structure, independence & objectivity, scope of work, standards of audit practice, and quality assurance and improvement program;
- Serve as a guide to Audit Division in the performing duties mandated duties by the Board of Directors through the Audit Committee;
- Provide a basis for the Audit Committee in evaluating the effectiveness and efficiency of the Bank's Internal Audit function;
- Adhere to the pronouncements of regulators [i.e., Bangko Sentral ng Pilipinas, Securities and Exchange Commission and standard-setting organizations (e.g., Institute of Internal Auditors (IIA), Information Systems Audit and Control Association (ISACA)).

## I. PURPOSE, AUTHORITY AND RESPONSIBILITY

### A. PURPOSE, MISSION and VISION STATEMENT

The purpose of China Bank's internal audit is to provide independent and objective assurance and consulting services designed to add value and improve the Bank's operations. It aims to help the Bank accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The mission is to enhance and protect the Bank's value and its reputation by providing risk-based and objective assurance, advice and insight.

### VISION

Audit Division envisions the following:

#### 1. A catalyst in promoting the Bank's –

- Mission Statement which states:

*"We will be a leading provider of quality services consistently delivered to institutions, entrepreneurs, and individuals here and abroad, to meet their financial needs and exceed their rising expectations.*

*We will be a primary catalyst in the creation of wealth for our customers, driven by a desire to help them succeed, through a highly motivated team of competent and empowered professionals, guided by in-depth knowledge of their needs and supported by leading-edge technology.*

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*We will maintain the highest ethical standards, sense of responsibility, and fairness with respect to our customers, employees, shareholders, and the communities we serve”.*

- Advocacy on Integrity, High Performance Standards, Commitment to Quality, Customer/stakeholder Service Focus, Concern for People, Efficiency and Resourcefulness/Initiative in every area of Internal Audit Activity.
- 2. A stakeholder-focused support unit that provides value-added assurance and consulting services to the Bank for the achievement of its goals and objectives.
- 3. A level-five (**Advanced**) internal audit activity based on Institute of Internal Auditors’ Path to Quality Model which is characterized by:
  - Having an active and fully integrated Quality Assurance and Improvement Program (QAIP);
  - Having external quality assessment review performed every three years;
  - Having certification and rigorous continuing education for the members of Audit Division;
  - Being an innovator of best practices which support continuous growth, development and improvement across the organization and the banking industry;
  - Being perceived as strategic partner and advisor by the Bank’s Management on control and governance issues and enterprise risk management initiatives. Internal audit’s advices and opinions are considered by Management as integral input in crafting policies and procedures.
  - Being a leader in the internal auditing profession and strong supporter of the Institute of Internal Auditors in elevating the practice of internal auditing in the Philippines.
- 4. At par with audit counterparts in the ASEAN region.

## **B. AUTHORITY**

The authority of the Division is established by the Board of Directors, and its responsibilities are defined by the Audit Committee as part of its oversight function. The Audit Committee and management shall take all the necessary measures to provide the appropriate resources (e.g. personnel, information, tools, training, etc.) and assistance that would enable Audit Division to effectively and efficiently perform its mission and objectives. This authority extends also to the audit of Bank’s subsidiaries.

To establish, maintain, and assure that Audit Division has sufficient authority to fulfill its duties, the Board thru the Audit Committee shall review and approve the following:

- Internal audit charter
- Risk-based audit plan
- Internal audit budget and resource plan and all major changes therein

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- Decisions on the appointment and removal of the Chief Audit Executive (CAE), including evaluation of his/her compensation package; and
- Internal audit activity's standards, manuals and guidance as part of its oversight role;

The CAE, officers and staff of Audit Division are **authorized** to:

1. Have full, free, and unrestricted access to all functions, records/documents, files, accounts, property, and personnel of the Bank during the course of their examination with strict accountability for confidentiality and safeguarding of information obtained.
2. Allocate resources, set frequencies, select subjects, determine nature, scope, and timing of work, and apply the procedures and techniques required to accomplish audit objectives and issue reports.
3. Obtain necessary assistance from personnel of other Units of the Bank where audit engagements are being performed, as well as other specialized services from within or outside the Bank, in order to complete the engagement.
4. Require all members of staff and Management to provide on a timely manner, needed information and explanation necessary for the performance of its functions, especially those concerning security and compliance issues.

The CAE shall have unrestricted access to, and communicate and interact directly with the Board and the Audit Committee, including having private meetings without management present.

#### **C. RESPONSIBILITY**

The CAE's responsibilities and accountabilities shall include -

1. Managing the overall IA activity to ensure that sound internal auditing standards and other supplemental standards issued by regulatory authorities/government agencies are complied with, to improve the Bank's risk management, governance and control processes using a systematic and disciplined approach, and to ensure that the IA activity adds value to the organization;
2. Directing an independent, objective and comprehensive audit function which provides assurance and consulting services to determine whether:
  - Bank's organizational objectives are achieved;
  - Corporate plans, policies and procedures are carried out effectively and efficiently;
  - Assets are safeguarded properly;
  - Applicable laws, regulations, and contracts are complied with; and
  - Adequate managerial and accounting controls exist and function properly;
3. Developing an annual risk-based audit plan with inputs from Senior Management and ensuring that such plan is comprehensive and adequately covers regulatory matters and is presented to the Audit Committee for review and approval;

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4. Communicating the impact of scope and resource limitations on the internal audit plan to Senior management and the Audit Committee;
5. Reviewing and adjusting the internal audit plan in response to changes in the Bank's business, risks, operations, programs, systems, and controls, as necessary and ensuring that any adjustments or revisions are presented to the Audit Committee for review and approval;
6. Ensuring each engagement in the approved annual audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties. This includes any special tasks or projects requested by Management and the Audit Committee as appropriate;
7. Establishing a follow-up process to monitor and ensure that engagement recommendations and management actions have been effectively implemented and ensuring strict implementation of escalation and risk acceptance policy;
8. Ensuring that IA collectively possesses and obtains sufficient knowledge, skills, experience & other competencies and obtains professional certifications to meet the requirements of regulations and this Charter. If the internal auditors lack the knowledge, skills, or other competencies needed to perform all or part of the engagement, competent advice and assistance from external service providers shall be obtained;
9. Providing an annual assessment and opinion on the overall adequacy and effectiveness of the Bank's processes for controlling its operations and managing its significant risks;
10. Ensuring emerging trends and issues that could impact the Bank and successful practices in internal auditing are considered and communicated to senior management and the Audit Committee, as appropriate;
11. Establishing and ensuring compliance to policies and procedures designed to guide the internal audit activities;
12. Ensuring adherence to the Bank's relevant policies and procedures, unless such policies and procedures conflict with the internal audit charter. Any such conflicts shall be resolved or otherwise communicated to Senior Management and the Audit Committee;
13. Ensuring conformance of the internal audit activity with IIA's Code of Ethics and *Standards* and report any impairment to independence or objectivity;
14. Keeping the Senior Management and the Audit Committee informed and educated of the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework (IPPF). This includes identifying external seminars/trainings or conferences of possible interest to the committee members;
15. Considering the scope of work and coordinating with other internal/external service providers and regulators, as appropriate, for the purpose of providing optimal audit coverage to the Bank at a reasonable cost. This includes coordination with other control

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and monitoring Units (e.g. Risk Management Group, Compliance Division Legal Group, Human Resources Group, Information Security Office) on activities and issues that are considered important and pose potential risks to the Bank;

16. Reporting periodically to the Audit Committee and communicating information on the following –
  - adequacy of internal audit activity's purpose, authority, and responsibility, to enable the activity to accomplish its mandate and objectives;
  - internal audit activity's accomplishments vis-à-vis internal audit plan, results of audit engagements or other activities;
  - adequacy of human resources with sufficient qualifications and skills necessary in the performance of IA's mandate;
  - independence of the internal audit activity;
  - IA's conformance with The IIA's Code of Ethics and *Standards*, and action plans to address significant conformance issues;
  - significant issues or findings related to Bank's risk management and internal control processes, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Audit Committee and potential improvements of these processes, and providing information on the status of their implementation; and
  - status of unresolved exceptions/findings and corrective actions not effectively implemented or acceptance of risk by management;
17. Assessing the competency, independence, objectivity and adequacy of work performed by the external service provider for outsourced IA function.
18. Periodically assessing and monitoring the skill-set of IA function and ensure adequate development program is in place to enable auditors to meet the requirements of IIA's Competency Framework; and
19. Notifying management and the Audit Committee of the results of investigation conducted on fraudulent activities and irregularities.

Responsibilities of IA activity –

1. Providing an objective and independent assessment of the adequacy of the risk management, control and governance processes as well as the effectiveness of actions taken to address material risks affecting the Bank and its subsidiaries/affiliates;
2. Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned;

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3. Evaluating significant new or changes in Bank's operations, functions, processes, services and systems coincident with their development, implementation and expansion to ensure adequacy and effectiveness of security and control.
4. Keeping abreast of issues affecting the Bank and its business environment;
5. Identifying areas that are not being properly managed; thus, represents threats;
6. Ensuring that risks are assessed both at the inherent and the residual levels;
7. Timely apprising the board and management of the audit results, including any issues and weaknesses identified, to enable prompt remedial actions, where necessary;
8. Assisting the Bank in fraud prevention by examining and evaluating the adequacy and effectiveness of the internal control system commensurate with the extent of a potential exposure within the Bank;
9. Performing consulting services, beyond internal audit's assurance services;
10. Conducting investigation and evaluation of suspected fraudulent activities and irregularities within the Bank; and
11. Exercising due professional care in the conduct of every engagement which implies reasonable care and competence not infallibility.

## **II. ORGANIZATION AND REPORTING STRUCTURE**

All officers and staff of Audit Division shall report to the CAE who in turn reports functionally to the Board of Directors thru the Audit Committee, and administratively (i.e. day to day operations) to the President.

The CAE shall communicate and interact directly with the Board, including in executive sessions and between Board meetings, and as appropriate:

- Have an open and direct access to the Chairman or any member of the board to communicate sensitive matters or issues facing internal audit or the Bank
- Formally conduct a private meeting with the board or audit committee at least annually (without Senior Management) to discuss sensitive matters or issues
- Participate in one-on-one meetings or phone calls periodically with the board or audit committee chair, prior to scheduled meetings or routinely during the year

## **III. INDEPENDENCE AND OBJECTIVITY**

The CAE shall ensure that internal audit is free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner. Internal auditors shall maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, no quality compromises are made, and they do not subordinate their judgment on audit matters to others. The internal audit activity shall remain free from interference by any element in the organization, in matters of audit selection,

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scope, procedures, frequency, timing, or report content to exhibit necessary independent and objective mental attitude.

The CAE shall confirm to the Board, at least annually, the organizational independence and objectivity of the internal audit activity.

If the CAE determines that independence or objectivity is impaired in fact or appearance, the details shall be disclosed to appropriate parties. These includes any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

To further reinforce its independence and objectivity the following shall be observed:

1. Internal auditors shall have no direct operational duties and responsibilities for the Bank and its subsidiaries or authority over any of the activities audited. Accordingly, they shall not implement internal controls, develop or implement policies and procedures, install systems, prepare records, or engage in any other activity that may impair auditor's judgment including assessing specific operations for which they had responsibility within the previous year. Their involvement in these activities is limited to consulting only.
2. Internal audit is not authorized to –
  - Initiate or approve accounting transactions external to the internal auditing functions;
  - Direct the activities of any Bank employee not under the Audit Division, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors; and
  - Disclose information obtained during the course of audits to unauthorized parties but rather use such information strictly for audit purposes only.
3. Internal auditors shall exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the unit/process/system being examined.
4. Internal auditors shall make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.
5. Internal auditors shall take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

Where the CAE has or is expecting to have additional roles and responsibilities that fall outside internal auditing, safeguards shall be established to limit impairments to independence and objectivity.

#### **IV. SCOPE OF WORK**

Audit Division's scope of work covers the assessment of the adequacy, efficiency and effectiveness of the Bank's system of risk management, control and governance processes, as designed and represented by management, to determine whether it is adequate and functioning in a manner to provide reasonable assurance that:

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1. Current and potential risks relating to the achievement of the Bank's strategic objectives are appropriately identified and managed.
2. Interaction with the various Bank's groups and regulatory authorities occurs as needed.
3. Bank's operations or programs are being carried out effectively and efficiently and results of operations or programs are consistent with established goals and objectives.
4. Information and the means used to identify, measure, analyze, classify, and report such information are accurate, reliable, timely and have integrity.
5. The actions of the Bank's employees are in compliance with Bank's code of conduct, policies, standards, procedures, and applicable laws and regulations.
6. Significant legislative or regulatory issues impacting the Bank are recognized and addressed properly.
7. Bank's resources and physical assets are acquired economically, used efficiently, and adequately protected, including safeguarding of the Bank's information assets.
8. Quality and continuous improvement are fostered in the organization's control process.
9. Established processes and systems enable compliance with the policies, procedures, relevant laws, rules and regulations that could significantly impact the Bank.

All processes, systems, units, and activities, including outsourced services, shall fall within the overall scope of the internal audit function.

Opportunities for improving the efficiency of governance, risk management and control processes may be identified during engagements. These shall be communicated to the appropriate level of management.

Where possible, the CAE shall also coordinate activities and consider relying on the work of other internal and external assurance and consulting service providers in accordance with the *Policy on Coordination & Reliance with other Service Providers*.

#### **Services Provided by Audit Division**

- a. **Assurance services** involve the internal auditor's objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, operation, function, process, system, or other subject matter. The nature and scope of the assurance engagement are determined by the internal auditor. There are generally three parties involved in this service: (1) the person or group directly involved with the entity, operation, function, process, system, or other subject matter - the process owner, (2) the person or group making the assessment - the internal auditor, and (3) the person or group using the assessment - the user.

Examples for this type of service are:

- Financial Statement review

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- Compliance engagement
- Information systems security review
- Systems or processes audit (e.g. internal control systems or computer systems)
- Fraud/Special Audit

**b. Consulting services** are advisory in nature, and are generally performed at the specific request of an engagement client. The nature and scope of the consulting engagement are subject to agreement with the engagement client. Consulting services generally involve two parties: (1) the person or group offering the advice - the internal auditor, and (2) the person or group seeking and receiving the advice - the engagement client. When performing consulting services the internal auditor shall maintain objectivity and not assume management responsibility as mentioned in the *Policy in Handling Consulting Services*.

Examples for this type of service are:

- Assessment of controls in a system design (system development audit or redevelopment of existing system)
- Facilitate management activity (e.g. speaker for workshops and seminars)
- Acting as consultant in drafting organizational policies & procedures

If the internal audit activity lacks the knowledge, skills or other competencies needed to perform all or part of the engagement, the CAE is expected to obtain competent advice or assistance to fill any gaps or decide to decline for consulting engagements. Outsourcing of internal audit activities shall be done on a limited basis to access certain areas of expertise that are not available in the internal audit activity or to address resource constraints. This is described in details in the *Policy on Outsourcing*.

## V. STANDARDS OF AUDIT PRACTICE

Audit Division shall govern itself by adherence to the Mission and mandatory elements of The Institute of Internal Auditors' (IIA) International Professional Practices Framework, including the Core Principles, the Code of Ethics, the *International Standards for the Professional Practice of Internal Auditing*, and the Definition of Internal Auditing. This mandatory guidance constitutes the fundamental requirements for the professional practice of internal auditing and the principles against which to evaluate the effectiveness of the internal audit activity's performance.

The IIA's Implementation Guidance and Supplemental Guidance shall also be adhered to, as applicable, to guide operations.

In addition, internal audit activity shall adhere to the Bank's policies and procedures, professional and ethical standards (Code of Conduct), manuals and standards issued by the regulatory/government agencies and Information Systems Audit and Control Association (ISACA).

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#### **VI. QUALITY ASSURANCE AND IMPROVEMENT PROGRAM**

The CAE shall maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program shall include an evaluation of the internal audit activity's conformance with the Core Principles, Definition of Internal Auditing, and the *Standards* and an evaluation of whether internal auditors apply the Code of Ethics. The program shall also assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement.

The CAE shall communicate to Senior Management and the Board on the internal audit activity's quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least every five years by a qualified, independent external assessor.

#### **VII. REVIEW OF INTERNAL AUDIT CHARTER**

Audit-Quality Assurance Department shall review this Charter at least annually to ensure it is updated and complies with the *Standards* and other regulatory guidelines and present updates and changes thereto to the Chief Audit Executive and Audit Committee for review and approval.

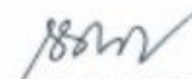
Certification from the Corporate Secretary re: Audit Committee meeting with the External Auditor



## CERTIFICATION

This is to certify that the Audit Committee of China Banking Corporation, together with the external auditor, SyCip Gorres Velayo & Co. (SGV), and the Chief Audit Executive, Chief Compliance and Governance Officer, and Chief Risk Officer, held a meeting on 18 October 2023, without anyone from the management team present, to discuss SGV's Audit Plan for the year ending 31 December 2023, and other matters relating to processes and controls of the Bank.

Issued this 10th day of May 2024 in Makati City.

  
**LEILANI B. ELARMO**  
Corporate Secretary





**CHINA BANKING CORPORATION**

8745 Paseo de Roxas corner Villar Street, Makati City, 1226 Philippines  
Telephone (Head Office): (032) 285-18-505 Contact Center: (552) 869-55-888, 1605-1889-6-888 (Domestic Toll-Free)  
Website: [www.chinabank.ph](http://www.chinabank.ph) Email Address: [online@chinabank.ph](mailto:online@chinabank.ph)

REC-002 20-05-17-08

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Certification from GGAPP re: most recent conduct of Third-Party Board Evaluation



## **CERTIFICATION**


**The Good Governance Advocates and Practitioners of the Philippines, Inc. (GGAPP), hereby certify that an independent Third-Party Board Evaluation for 2021 was conducted for**

### **CHINA BANKING CORPORATION (CBC)**

**The Third-Party Board Evaluation was conducted through surveys sent to and accomplished by the members of the CBC Board of Directors.**

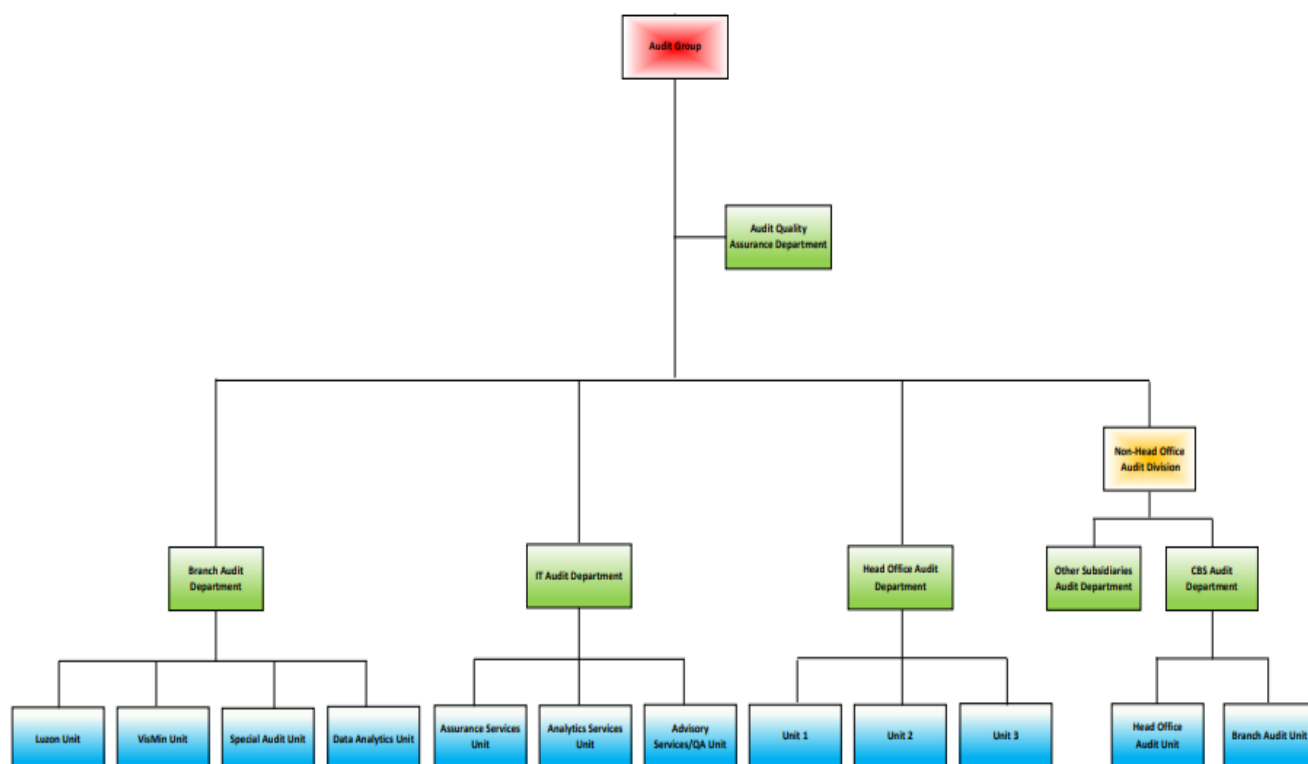
**31 May 2022**

  
**Vincent Edward R. Festin**  
Chairman

  
**Reginald H. Tiu**  
President

## Audit Group Table of Organization as of October 2023

Audit Group - Table of Organization



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Certification from the Corporate Secretary re: 2022 Attestation on Control Processes**CERTIFICATION**

This is to certify that in the Audit Committee meeting on 21 February 2024, the Chief Audit Executive of China Banking Corporation issued an attestation that "the Bank's control process, operating across the organization, are generally in place, adequate and working effectively to mitigate risks that can adversely affect the achievement of the Bank's objectives".

Issued this 10th day of May 2024 in Makati City.

  
**LEILANI B. ELARMO**  
Corporate Secretary  
 

Certificate of Registration of the Bank's Logo with Intellectual Property of the Philippines (IPO)



## Certificate of Registration

Registration No. : 4/2019/00007155  
 Date of Registration : 12 January 2020  
 Term : 10 years (until 12 January 2030)



Your success is our business

More than your Banker, the Right Partner.

**CBC CHINA BANK YOUR SUCCESS IS OUR BUSINESS, MORE THAN YOUR  
 BANKER, THE RIGHT PARTNER.**

Filing Date	: 2 May 2019
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**LENY B. RAZ**  
 Director  
 Bureau of Trademarks