

18 May 2017

Philippine Stock Exchange, Inc.
3/F Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention: **MR. JOSE VALERIANO B. ZUÑO III**
OIC-Head, Disclosure Department

Philippine Dealing & Exchange Corp.
37/F Tower 1, The Enterprise Center
6766 Ayala Avenue, corner Paseo de Roxas, Makati City

Attention: **MS. VINA VANESSA S. SALONGA**
Head, Issuer Compliance and Disclosure

Department

Gentlemen:

We are pleased to submit to you China Banking Corporation's 2016 Consolidated Annual Corporate Governance Report (ACGR).

Thank you very much.

Very truly yours,



ALEXANDER C. ESCUCHA
Senior Vice President &
Corporate Information Officer

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT


1. Report is filed for the Year: 2016 Consolidated
2. Exact Name of Registrant as Specified in its Charter: **China Banking Corporation**
3. Address of principal office: **China Bank Bldg., 8745 Paseo de Roxas** Postal Code: **1226**
cor. Villar St., Makati City
4. SEC Identification Number: **443**
5.  (SEC Use Only)
Industry Classification Code
6. BIR Tax Identification Number: **320-000-444-210**
7. Issuer's telephone number, including area code: **(632) 885-5555**
8. Former name or former address, if changed from the last report: **Not applicable**

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A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	11
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Actual number of Directors for the year	10*
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*Considering the passing of our Director Dy Tiong on 16 September 2016

(a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) ¹	Elected when (Annual /Special Meeting)	No. of years served as director
Henry Sy, Sr.	Honorary Chairman	N/A	Board of Directors	May 18, 2006*	May 18, 2006*	Organizational Meeting	N/A
Hans T. Sy	NED	N/A	Sysmart Corporation	May 21, 1986	May 05, 2016	Annual Meeting	30
Gilbert U. Dee	ED	N/A	Linda Susan T. Mendoza	May March 6, 1969	May 05, 2016	Annual Meeting	47
Peter S. Dee	NED	N/A	Nancy D. Yang	April 14, 1977	May 05, 2016	Annual Meeting	39
Joaquin T. Dee	NED	N/A	Christopher T. Dee	May 10, 1984	May 05, 2016	Annual Meeting	32
Dy Tiong**	ID	N/A	Johnny Cheng T.K. Jr., son-in-law	May 9, 1985	May 05, 2016	Annual Meeting	31
Herbert T. Sy	NED	N/A	Sysmart Corporation	January 7, 1993	May 05, 2016	Annual Meeting	23
Harley T. Sy	NED	N/A	SM Investments Corporation	May 24, 2001	May 05, 2016	Annual Meeting	15
Alberto S. Yao	ID	N/A	Lucky Securities, Inc., no relation	July 7, 2004	May 05, 2016	Annual Meeting	12
Roberto F. Kuan	ID	N/A	Regina Capital Development Corporation, no relation	May 5, 2005	May 05, 2016	Annual Meeting	11
Jose T. Sio	NED	N/A	SM Investments Corporation	November 7, 2007	May 05, 2016	Annual Meeting	9
Ricardo R. Chua	ED	N/A	Zenaida C. Milan	May 8, 2008	May 05, 2016	Annual Meeting	8

* Election formalized on February 7, 2007, after clearances were obtained from the regulators.

**Independent Director of the Bank until his passing on 16 September 2016

- (b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

Corporate Governance Policy

The Board of Directors, Management, employees and shareholders believe that good corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake greater effort necessary to create more and continuing awareness within the organization.

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

The Bank adheres to the following basic principles of good governance:

- a. **Transparency** or the availability of information through expansion of public disclosure requirements.
- b. **Accountability** involves providing adequate incentives and instilling in the business environment the discipline to act in the best interest of the Bank.
- c. **Fairness** or equity implies that the rights of all concerned parties are protected. Directors should not only promote the interest of the stockholders but also that of other stakeholders such as depositors, investors, borrowers and the banking public in general.
- d. **Integrity** or strict adherence to a moral code, reflected in transparent honesty and complete harmony in what one thinks, says, and does.

Treatment of Shareholders

At China Bank, we have always been driven by our commitment to be a catalyst of wealth creation, developing our products and services, and shaping our operations around the needs of our customers, shareholders, and the communities we serve.

In 2012, we continued to live up to this commitment, adapting to the changing times and approaching challenges and opportunities confidently while remaining true to our mission—"your success is our business."

Vision

Drawing strength from our rich history, we will be the best, most admired and innovative financial services institution, partnering with our customers, employees, and shareholders in wealth creation.

Mission

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.

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

Respect for the Rights of Minority Shareholders

The Board of China Bank is committed to respect the following rights of the stockholders (as provided for in the Corporation Code):

- a. **Voting Rights**, which are, right to elect, remove and replace directors through cumulative voting; to vote on corporate acts. In this regard, a director shall not be removed without cause if it will deny minority shareholders representation in the Board.
- b. **Pre-emptive Right**, unless denied in the articles of incorporation, which includes the right to subscribe to the capital stock of the Bank.

- c. **Power to inspect** corporate books and records including minutes of Board meetings and stock registries. Without cost or restrictions, they also have the right to be furnished with annual reports and financial statements.

d. **Right to information**

The shareholders shall be provided, upon request, with periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the Bank's shares, dealings with the Bank, relationships among directors and key officers, and the aggregate compensation of directors and officers.

The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.

The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes".

- e. **Right to receive dividends.** Shareholders shall have the right to receive dividends subject to the discretion of the Board.

The Bank shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, except: a) when justified by definite corporate expansion projects or programs approved by the Board; or b) when the Bank is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or c) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Bank, such as when there is a need for special reserve for probable contingencies.

f. **Appraisal Right.**

The shareholders' shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 82 of the Corporation Code of the Philippines, under any of the following circumstances:

- a. *In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;*
- b. *In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and*
- c. *In case of merger or consolidation.*
- d. *It shall be the duty of the directors to promote shareholder rights, remove impediments to the exercise of shareholders' rights and allow possibilities to seek redress for violation of their rights. They shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The directors shall pave the way for the electronic*

filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.

Disclosure and Transparency Policies

The Bank is committed 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, i.e., anything that could potentially affect share price and volume shall be publicly disclosed. Such information shall include earnings results, acquisition or disposal of assets, off balance sheet transactions, board changes, related party transactions, shareholdings of directors, direct and indirect remuneration of members of the Board and Management, and changes to ownership.

Other information that shall always be disclosed includes remuneration (including stock options) of all directors and senior management, corporate strategy, and off balance sheet transactions.

All disclosed information shall be released via the approved stock exchange procedure for company announcements as well as through the annual report.

The Board shall commit at all times to fully disclose material information dealings. It shall cause the filing of all required information for the interest of the stakeholders.

The Bank, as an Issuer of listed stocks, is prohibited to communicate material non-public information about the Issuer to any person, unless the Issuer is ready to simultaneously disclose the material non-public information to the Securities and Exchange Commission. This rule does not apply if the disclosure is made to:

- 1. A person who is bound by duty to maintain trust and confidence to the Issuer such as but not limited to its auditors, legal counsels, investment bankers, financial advisers; and*
- 2. A person who agrees in writing to maintain in strict confidence the disclosed material information and will not take advantage of it for his personal gain.*
- 3. The Issuer shall establish and implement internal control that will ensure that its officers, staff and any other person who is privy to the material non-public information shall comply with the requirement of this rule.*

Disclosure Duties

In compliance with pertinent part of Section 13.1 of the PSE Revised Disclosure Rules, Directors and Principal Officers of the Bank are required to immediately report any buy/sell transaction for China Bank shares and to submit the copy of the confirmation of the transaction to the Office of the Bank's Corporate Secretary for submission to the Securities and Exchange Commission (SEC), and the Philippine Stock Exchange (PSE).

Board Responsibilities

The following Powers/Responsibilities, Duties and Functions of the Board of Directors are in the Bank's Corporate Governance Manual:

- 1. Powers and Authority of the Board of Directors²*

Powers of the board of directors. The corporate powers of China Bank shall be exercised, its business conducted and all its property shall be controlled and held by its board of directors.

² MORB, X141.3 (a), as amended

The powers of the board of directors as conferred by law are original and cannot be revoked by the stockholders. The directors hold their office charged with the duty to exercise sound and objective judgment for the best interest of the bank.

2. *General Responsibility of the Board of Directors*³

The position of a bank director is a position of trust. A director assumes certain responsibilities to different constituencies or stakeholders, i.e., the bank itself, its stockholders, its depositors and other creditors, its management and employees, the regulators, deposit insurer and the public at large. These constituencies or stakeholders have the right to expect that the institution is being run in a prudent and sound manner.

2.1 *The Board of directors is primarily responsible for approving and overseeing the implementation of the bank's strategic objectives, risk strategy, corporate governance and corporate values. Further, the board of directors is also responsible for monitoring and overseeing the performance of senior management as the latter manages the day to day affairs of the institution.*

2.2 *The Board should oversee the development of and approve the company's business objectives and strategy, and monitor their implementation, in order to sustain the Bank's long term viability and strength.*⁴

3. *Specific Duties and Responsibilities of the Board of Directors*⁷

3.1 ***To approve and monitor the implementation of strategic objectives.*** *Consistent with the institution's strategic objectives, business plans shall be established for the bank including its trust operations, and initiatives thereto shall be implemented with clearly defined responsibilities and accountabilities. These shall take into account the bank's long-term financial interests, its level of risk tolerance and its ability to manage risk effectively. The board shall establish a system for measuring performance against plans through regular monitoring and reviews, with corrective action taken as needed.*

The board shall likewise ensure that the bank has beneficial influence on the economy by continuously providing services and facilities which will be supportive of the national economy.

3.2 ***To approve and oversee the implementation of policies governing major areas of banking operations.*** *The board shall approve policies on all major business activities, e.g., investments, loans, asset and liability management, trust, business planning and budgeting. The board shall accordingly define the bank's level of risk tolerance in respect of said activities. A mechanism to ensure compliance with said policies shall also be provided.*

The board shall set out matters and authorities reserved to it for decision, which include, among others major capital expenditures, equity investments and divestments. The board shall also establish the limits of the discretionary powers of each officer, committee, sub-committee and such other groups for purposes of lending, investing or any other financial undertaking that exposes the bank to significant risks.

In relation to the above, the powers of the board are set out in Section 1, Article IV of the Bank's By-laws.

³ MORB, X141.3 (b), as amended

⁴ Recommendation No. 2.2, SEC Memo No. 16 Series of 2016

⁷ Sec X141.3 (c) of the MORB, as amended

3.3 To approve and oversee the implementation of risk management policies. *The board of directors shall be responsible for defining the bank's level of risk tolerance and for the approval and oversight of the implementation of policies and procedures relating to the management of risks throughout the institution, including its trust operations.*

3.3.1 *The risk management policy shall include:*

- a. a comprehensive risk management approach;*
- b. a detailed structure of limits, guidelines and other parameters used to govern risk-taking;*
- c. a clear delineation of lines of responsibilities for managing risk;*
- d. an adequate system for measuring risk; and*
- e. effective internal controls and a comprehensive risk-reporting process. The board of directors shall ensure that a robust internal reporting system is in place that shall enable each employee to contribute to the appreciation of bank's overall risk exposures.*

3.3.2 *The board of directors shall ensure that the risk management function is given adequate resources to enable it to effectively perform its functions. The risk management function shall be afforded with adequate personnel, access to information technology systems and systems development resources, and support and access to internal information.*

Additional Duties and Responsibilities of the Board in relation to the Information Technology Risk Management (ITRM)

3.3.3 *The Board is ultimately responsible for understanding the IT risks confronted by the Bank and ensuring that they are properly managed, which shall include the approval of the design of the IT Risk Management System that suits the Bank's business strategy.*

3.3.4 *The Board may delegate to an IT steering Committee or its equivalent the IT oversight function to cohesively monitor IT performance and institute appropriate actions to ensure achievement of the desired results.*

3.3.5 *The Board shall approve the IT strategic plan that is aligned with the institution's business strategy that is focused on long term goals covering 3 to 5 five year horizon and should be sufficiently supplemented by tactical IT plan. It should be reviewed and updated regularly for new risks or opportunities to maximize the value of IT to the institution.*

3.3.6 *In order to maintain confidentiality, integrity, and unavailability of computer systems for reliable and timely information, the Bank should have a comprehensive information security program and the Board shall approve the same.*

3.3.7 *The Board should appoint an independent information security officer (ISO) who will be responsible and accountable for the organization-wide IS program.*

The ISO should report directly to the Board or senior management and have sufficient independence to perform his mandate.

Additional Duties and Responsibilities of the Board with regard to Sound Credit Risk

Management Practices⁸

3.3.8 *The Board shall be responsible for the approval and regular review of credit risk strategy and credit policy, as well as the oversight of the implementation of a comprehensive and effective credit risk management system appropriate for the size, complexity and scope of operations of the Bank.*

3.3.9 *The Board shall ensure that the system provides for adequate policies, procedures and processes to identify, measure, monitor and control all credit risks inherent in the Bank's products and activities, both at the individual and portfolio levels on a consistent and continuing basis and that an independent assessment of a system is periodically performed, the results of which shall be reported to it or to a board-level committee for appropriate action.*

3.3.10 *With regard to the Credit Risk Management Structure, the Board shall ensure that the key functions are considered; that independence and control oversight functions are effective to avoid or address a potential conflict of interest.*

3.4 Additional Duties and Responsibilities of the Board with regard to the Operational Risk Management⁹

Apart from the establishment of a comprehensive and effective operational risk management framework (as part of the enterprise-wide risk management system), the Board shall:

3.4.1 *Ensure that it is aware of and understand the nature and complexity of the major operational risks in the Bank's business and operating environment, including risks arising from transaction or relationships with third parties, vendors, suppliers, including outsourced service providers, and clients of the services provided. This should include understanding of both the financial and non-financial impact of operational risk to which the Bank is exposed to:*

3.4.2 *Approve the operational risk management framework which shall form part of the Bank's enterprise-wide risk management system and shall cover all business lines and functions of the Bank, including outsourced services and services provided to external parties.*

The operational risk management framework should include an enterprise-wide definition of operational risk consistent with the definition of the BSP under Section 2 of Circular No. 900, governance, and reporting structures including the roles and responsibilities of all personnel, feedback mechanism, as well as standards and tools for operational risk management.

In this regard, the Board shall:

- 1) Define the operational risk management strategy and ensure that it is aligned with the Bank's overall business objectives. Relative to this the board should set and provide clear guidance on the Bank's operational risk appetite (i.e. the level of operational risk the Bank is willing to take and able to manage in pursuit of its business objectives as well as the type of risks that are not acceptable to the board and management), which should consider all material risk exposures as well as the Bank's financial condition and strategic direction.*
- 2) Approve appropriate thresholds or limits to ensure that the level of operational risk is maintained within tolerance and at prudent levels and supported by adequate capital. Relative to this, the board shall approve policy on resolving limit breaches which should cover escalation procedures for approving or*

⁸ BSP Circular No. 855, Series of 2015, page 2, Establishing an Appropriate Credit Risk Environment

⁹ BSP Circular No. 900, Series of 2015, page 2, Guidelines on Operational Risk Management

investigating breaches, approving authorities, and requirements in reporting to the appropriate level of management or the board;

- 3) Ensure that operational risk is appropriately considered in the capital adequacy assessment process;*
- 4) Ensure that it receives adequate information on material developments in the operational risk profile of the Bank, including pertinent information on the current and emerging operational risk exposures and vulnerabilities as well as information on the effectiveness of the operational risk management framework.*

The board must challenge the quality and comprehensiveness of operational risk information it receives. It should also be satisfied with the reliability of the said information and the monitoring system for operational risk;

- 5) Ensure that business objectives, risk appetite, the operational risk management framework, and the respective roles and responsibilities of personnel and officers at all levels in terms of implementing the operational risk management framework, are properly disseminated, clearly communicated/discussed, and understood by personnel concerned;*
- 6) Provide senior management with clear guidance and direction regarding the principles underlying the operational risk management framework. The board shall ensure that senior management appropriately implements policies, processes and procedures, and provides feedback on the operational risk management process. In this regard, the board shall establish a feedback and reporting system that will allow employees to raise their concerns without fear of negative consequences; and*
- 7) Ensure that the operational risk management framework is subject to effective and comprehensive independent review, on a periodic basis, by operationally independent, appropriately trained, and competent staff to ensure that it remains commensurate with the Bank's risk profile and continues to be adequate and effective in managing operational risk. The review should take into account the changes in business and operating environment, material changes in systems, business activity or volume of transactions, quality of control environment, effectiveness of risk management or mitigation strategies, loss experience, and the frequency, volume or nature of breaches in limits or any policy.*

3.4.3 Provide adequate oversight on all outsourcing activities and ensure effective management of risks arising from these activities. In this regard, the board of directors shall approve a framework governing outsourcing activities, which includes a system to evaluate the risk and materiality of all existing and prospective outsourcing engagements and the policies that apply to such arrangements;

3.4.4 Ensure observance of expectations and requirements prescribed under relevant laws, rules and regulations, industry set standards, and policies on internal control, internal audit, and disclosure;

3.4.5 Promote a culture of high standards of ethical behavior. The board shall adopt a code of ethical behaviors with corresponding disciplinary actions for non-compliance, within should cover, among others, guidance and protocols on conflicts of interest situations, safeguarding of confidential information, and use of sensitive information. The board should likewise institute tools, methodologies, and practices in order to ensure compliance and adherence to the standards by all employees including the senior officers and the board itself. In this regard, employees should be required to acknowledge in writing that they have read, understood, and will observe the code of conduct.

- 3.4.6 *Ensure that business and risk management activities, including the operational risk management function, are carried out by adequate and qualified staff with the necessary experience, technical capabilities, and competence. Moreover, the board shall ensure that employees and officers all areas of operations have a high degree of integrity.*

For this purpose, the board shall approve appropriate hiring and selection policies and processes, adopt a continuing professional development program, and institutionalize a framework for continuing assessment of fitness and propriety of employees. These policies, processes and programs should reinforce the conduct and values being promoted in the organization.

Further, the board shall oversee the design and implementation of remuneration policies. It shall ensure that the remuneration policies do not encourage excessive risk-taking or provide incentives to people to perform contrary to the desired risk management values. It shall also ensure that remuneration policies are appropriate and aligned with the Bank's long-term strategic direction and risk appetite, as well as with relevant legal or regulatory requirements.

- 3.4.6 *Ensure that all units in the organization have adequate resources, including personnel complement, duly supported by appropriate technological systems that is commensurate to the activities being undertaken; and*
- 3.4.7 *Oversee implementation of a sound business continuity management framework. The board should create and promote an organizational culture that places high priority on business continuity. This shall include providing sufficient financial and human resources associated with the Bank's business continuity initiatives.*

3.5 *Additional Duties and Responsibilities of the Board with regard to Sales and Marketing Activities of the Bank¹⁰*

The Board of Directors of the Bank including senior management shall be liable for the acts performed and representation made by sales and marketing personnel in their official capacity.

Notwithstanding the above, the Board and Senior Management may file necessary cases or action against the erring sales and marketing personnel.

3.6 ***To oversee selection and performance of senior management.*** *It is the primary responsibility of the board of directors to appoint competent management team at all times, monitor and assess the performance of the management team based on established performance standards that are consistent with the bank's strategic objectives, and conduct regular review of bank's policies with the management team.*

- 3.6.1 *The board of directors shall apply fit and proper standards on key personnel. Integrity, technical expertise and experience in the institution's business, either current or planned, should be the key considerations in the selection process. And because mutual trust and a close working relationship are important, the members of senior management shall uphold the general operating philosophy, vision and core values for the institution. The board of directors shall replace members of senior management, when necessary, and have in place an appropriate plan of succession.*

- 3.6.2 *The board of directors shall regularly monitor the action of senior management and ensure that these are consistent with the policies that it has approved. It shall put in place formal performance standards to be able to effectively assess the performance of senior management. The performance standards shall be*

¹⁰ BSP Circular No. 891, Series of 2015, page 12, Sales and Marketing Guidelines for Financial Products

consistent with bank's strategic objectives and business plans, taking into account the bank's long-term financial interest.

3.6.3 The board of directors shall regularly meet with senior management to engage in discussions, question and critically review the reports and information provided by the latter. The board of directors shall set the frequency of meeting with senior management taking into account the size, complexity of operations and risk profile of the bank.

3.6.4 The board of directors shall regularly review policies, internal controls and self-assessment functions (e.g., internal audit, risk management and compliance) with senior management to determine areas for improvement as well as to promptly identify and address significant risks and issues. The board of directors shall set the frequency of review taking into account the size, complexity of operations and risk profile of the bank.

The board of directors shall ensure that senior management's expertise and knowledge shall remain relevant given the bank's strategic objectives, complexity of operations and risk profile.

3.5 To consistently conduct the affairs of the institution with a high degree of integrity.
Since reputation is a very valuable asset, it is in the institution's best interest that in dealings with the public, it observes a high standard of integrity. The board of directors shall lead in establishing the tone of good governance from the top and in setting corporate values, codes of conduct and other standards of appropriate behavior for itself, the senior management and other employees.

3.5.1 *That with regard to related party transactions, the Board shall have the overall responsibility in ensuring that transactions with related parties are handled in a sound and prudent manner, with integrity, and in compliance with applicable laws and regulations to protect the interest of depositors, creditors and other stakeholders.¹¹*

Towards this, the board of directors shall carry out the following duties and responsibilities:

- a. To observe good governance and approve an overarching policy on the handling of RPTs to ensure that there is effective compliance with existing laws, rules and regulations at all times, that these are conducted on an arm's length basis, and that no stakeholder is unduly disadvantaged. A group-wide RPT policy shall be adopted, encompassing all entities within the banking group, taking into account their size, structure, risk profile and complexity of operations.*
- b. To approve all material RPTs, those that cross the materiality threshold, and write-off material exposures to related parties, and submit the same for confirmation by majority vote of the stockholders in the annual stockholders' meeting. Any renewal or material changes in terms and conditions of RPTs shall also be approved by the board of directors.*

It shall be the responsibility of the Office of the Corporate Secretary to comply with the above requirements with regard to the confirmation by majority vote of the stockholders.

All final decisions of the board on material RPTs, including important

¹¹ BSP Circular No. 895, series of 2015, Section X146.2 (a)

facts about the nature, terms, conditions, original, outstanding individual and aggregate balances, justification and other details that would allow stockholders to make informed judgment as to the reasonableness of the transaction, must be clearly disclosed during stockholders meetings and duly reflected in the minutes of board and stockholders' meetings.

- c. To delegate to appropriate management committee the approval of RPTs that are below the materiality threshold, subject to confirmation by the board of directors. This shall, however, exclude DOSRI transactions, which are required to be approved by the board. All decisions under the delegated authority must be properly recorded in the minutes of the committee meetings.*
- d. To establish an effective system to:*
 - Determine, identify and monitor related parties and RPTs;*
 - Continuously review and evaluate existing relationships between and among businesses and counterparties; and*
 - Identify, measure, monitor and control risks arising from RPTs.*
- e. To maintain adequate capital against risks associated with exposures to related parties. In this regard, material risks arising from RPTs shall be considered in the capital planning process. The prescribed scenario/stress tests under the capital planning process shall also capture RPTs in order to determine whether the FI is well-insulated from any going concern issue of related parties.*
- f. To oversee the integrity, independence, and effectiveness of the policies and procedures for Whistleblowing. The board should ensure that senior management addresses legitimate issues on RPT that are raised. The board should take responsibility for ensuring that staff who raise concerns are protected from detrimental treatment or reprisals.*
- g. To constitute an RPT Committee in addition to the committees prescribed under the MORB and to provide adequate resources to said Committee, including the authority to procure the assistance of independent experts, if necessary, to assess the fairness of RPTs.*

In addition, the board of directors shall:

- a. Articulate clear policies on the handling of any transaction with DOSRI and other related parties ensuring that there is effective compliance with the law and regulations at all times and no stakeholder is unduly disadvantaged. In this regard, the board of directors shall define “related party transaction”, which is expected to cover a wider definition than DOSRI under existing regulations and a broader spectrum of transactions (i.e., not limited to credit exposures), such that relevant transactions that could pose material risk or potential abuse to the bank and its stakeholders are captured.*

Policy on Related Party Transaction is discussed under Section VI.J of this Manual.

- b. Articulate acceptable and unacceptable activities, transactions and behaviors that could result or potentially result in conflict of interest, personal gain at the expense of the institution, or unethical conduct.*

- c. *Articulate policies that will prevent the use of the facilities of the bank in furtherance of criminal and other improper or illegal activities, such as but not limited to financial misreporting, money laundering, fraud, bribery or corruption.*
- d. *Explicitly discourage the taking of excessive risks as defined by internal policies and establish an employee's compensation scheme effectively aligned with prudent risk taking. The compensation scheme shall be adjusted for all types of risk and sensitive to the time horizon of risk. Further, the grant of compensation in forms other than cash shall be consistent with the overall risk alignment of the bank. The board of directors shall regularly monitor and review the compensation scheme to ensure that it operates and achieves the objectives as intended.*
- e. *Ensure that employee pension funds are fully funded or the corresponding liability appropriately recognized in the books of the bank at all times. Further, the board of directors shall ensure that all transactions involving the pension fund are conducted at arm's length terms.*
- f. *Allow employees to communicate, with protection from reprisal, legitimate concerns about illegal, unethical or questionable practices directly to the board of directors or to any independent unit. Policies shall likewise be set on how such concerns shall be investigated and addressed, for example, by an internal control function, an objective external party, senior management and/or the board itself.*
- g. *Articulate policies in communicating corporate values, codes of conduct and other standards in the bank as well as the means to confidentially report concerns or violations to an appropriate body.*
- h. *Ensure that senior management established and maintain an adequate, effective and efficient internal control framework commensurate with the size, risk profile and complexity of operations of the bank.¹²*

The Board shall also ensure that the internal audit function has an appropriate stature and authority within the bank and is provided with adequate resources to enable it to effectively carry out its assignments with objectivity.

Furthermore, the Board shall on a periodic basis:

- i. *conduct discussions with management on the effectiveness of the internal control system;*
- ii. *review evaluations made by the audit committee on the assessment of effectiveness of internal control made by management, internal auditors and external auditors;*
- iii. *ensure that management has promptly followed up on recommendations and concerns expressed by auditors and supervisory authorities on internal control weakness; and*
- iv. *review and approve the remuneration of the head and personnel of the internal audit function. Said remuneration shall be in accordance with the bank's remuneration policies and practices and shall be*

¹² BSP Circular No. 871, Series of 2015, page 2, Management oversight and control culture.

structured in such a way that these do not create conflicts of interest or compromise independence and objectivity.

The Board shall likewise commission an assessment team outside of the organization to conduct an independent quality assurance review of the internal audit function at least every five (5) years.

- i. Require full disclosure of personal interest that they may have in credit transactions. Directors and officers with personal interest in a transaction shall not participate in any deliberation, approval, or voting on the matter.¹³*

3.6 To define appropriate governance policies and practices for the bank and for its own work and to establish means to ensure that such are followed and periodically reviewed for ongoing improvement. *The board of directors, through policies and its own practices, shall establish and actively promote, communicate and recognize sound governance principles and practices to reflect a culture of strong governance in the bank as seen by both internal and external stakeholders.*

3.6.1 The board of directors shall ensure that the bank's organizational structure facilitates effective decision making and good governance. This includes clear definition and delineation of the lines of responsibility and accountability, especially between the roles of the Chairman of the board of directors and Chief Executive Officer /President.

3.6.2 The board of directors shall maintain, and periodically update, organizational rules, by-laws, or other similar documents setting out its organization, rights, responsibilities and key activities.

3.6.3 The board of directors shall structure itself in a way, including in terms of size, frequency of meetings and the use of committees, so as to promote efficiency, critical discussion of issues and thorough review of matters. It shall meet regularly to properly discharge its functions. It shall also ensure that independent views in board meetings shall be given full consideration and all such meetings shall be duly minuted.

3.6.4 The board shall conduct and maintain the affairs of the institution within the scope of its authority as prescribed in its charter and in existing laws, rules and regulations. It shall ensure effective compliance with the latter, which include prudential reporting obligations. Serious weaknesses in adhering to these duties and responsibilities may be considered as unsafe and unsound banking practice. The board shall appoint a compliance officer who shall be responsible for coordinating, monitoring and facilitating compliance with existing laws, rules and regulations. The compliance officer shall be vested with appropriate authority and provided with appropriate support and resources.

3.6.5 The board of directors shall establish a system of checks and balances which applies in the first instance to the board itself. Among the members of the board, an effective system of checks and balances must exist. The system shall also provide a mechanism for effective check and control by the board over the chief executive officer and key managers and by the latter over the line officers of the bank. Checks and balances in the board shall be enhanced by appointing a chairperson who is a non-executive, whenever possible.

3.6.6 The board of directors shall assess at least annually its performance and effectiveness as a body, as well as its various committees, the chief executive

¹³ BSP Circular No. 855, Series of 2014, page 9, Credits granted to related parties

officer, the individual directors, and the bank itself, which may be facilitated by the corporate governance committee or external facilitators. The composition of the board shall also be reviewed regularly with the end in view of having a balanced membership. Towards this end, a system and procedure for evaluation shall be adopted which shall include, but not limited to, the setting of benchmark and peer group analysis.

The external facilitator can be any independent third party such as, but not limited to, a consulting firm, academic institution or professional organization.¹⁴

3.6.7 The board shall ensure that individual members of the board and the shareholders are accurately and timely informed. It shall provide all its members and to the shareholders a comprehensive and understandable assessment of the bank's performance, financial condition and risk exposures. All members of the board shall have reasonable access to any information about the institution at all times. It shall also provide appropriate information that flows internally and to the public.

3.7 To constitute committees to increase efficiency and allow deeper focus in specific areas. The board of directors shall create committees, the number and nature of which would depend on the size of the bank and the board, the complexity of operations, long-term strategies and risk tolerance level of the bank.

3.7.1 The board of directors shall approve, review and update at least annually or whenever there are significant changes therein, the respective charters of each committee or other documents that set out its mandate, scope and working procedures.

3.7.2 The board of directors shall appoint members of the committees taking into account the optimal mix of skills and experience to allow the members to fully understand, be critical and objectively evaluate the issues. In order to promote objectivity, the board of directors, shall appoint independent directors and non-executive members of the board to the greatest extent possible while ensuring that such mix will not impair the collective skills, experience, and effectiveness of the committees. Towards this end, an independent director who is a member of any committee that exercised executive or management functions that can potentially impair such director's independence cannot accept membership in committees that perform independent oversight/control functions such as the Audit, Risk Management and Corporate Governance committees, without prior approval of the Monetary Board.¹⁵

3.7.3 The board of directors shall ensure that each committee shall maintain appropriate records (e.g., minutes of meetings or summary of matters reviewed and decisions taken) of their deliberations and decisions. Such records shall document the committee's fulfillment of its responsibilities and facilitate the assessment of the effective dispense of its functions.

3.7.4 The board of directors shall constitute, at a minimum, the following committees¹⁶:

- a. Executive Committee
- b. Audit Committee¹⁷
- c. Risk Management committee; and
- d. Corporate Governance Committee

¹⁴ SEC Memo no. 19 S2016, Recommendation 6.1

¹⁵ added by Circular No. 757 dated May 8, 2012

¹⁶ By-Laws of the Bank

¹⁷ Subsection X141.3.c.7(d)(i) of the MORB

- e. Nomination¹⁸
- f. Compensation or Remuneration
- g. Related Part Transaction Committee¹⁹

3.8 To effectively utilize the work conducted by the internal audit, risk management and compliance functions and the external auditors. The board of directors shall recognize and acknowledge the importance of the assessment of the independent, competent and qualified internal and external auditors as well as the risk and compliance officers in ensuring the safety and soundness of the operations of a bank on a going-concern basis and communicate the same through-out the bank. This shall be displayed by undertaking timely and effective actions on issues identified.

Further, non-executive board members shall meet regularly, other than in meetings of the audit committee and risk management committees, in the absence of senior management, with the external auditor and heads of the internal audit, compliance and risk management functions.

3.9 In group structures, the board of directors of the parent bank shall have the overall responsibility for defining an appropriate corporate governance framework that shall contribute to the effective oversight over entities in the group. Towards this end, the board of directors of the parent bank shall ensure consistent adoption of corporate governance policies and systems across the group and shall carry-out the following duties and responsibilities:

- 3.9.1 *To define and approve appropriate governance policies, practices and structure that will enable effective oversight of the entire group, taking into account nature and complexity of operations, size and the types of risks to which the bank and its subsidiaries are exposed. The board shall also establish means to ensure that such policies, practices and systems remain appropriate in light of the growth, increased complexity and geographical expansion of the group. Further, it shall ensure that the policies include the commitment from the entities in the group to meet all governance requirements.*
- 3.9.2 *To define the level of risk tolerance for the group, which shall be linked to the process of determining adequacy of capital of the group.*
- 3.9.3 *To ensure that adequate resources are available for all the entities in the group to effectively implement and meet the governance policies, practices and systems.*
- 3.9.4 *To establish a system for monitoring compliance of each entity in the group with all applicable policies, practices and systems.*
- 3.9.5 *To define and approve policies and clear strategies for the establishment of new structures.*
- 3.9.6 *To understand the roles, the relationships or interactions of each entity in the group with one another and with the parent company bank. The board of directors shall understand the legal and operational implications of the group structure and how the various types of risk exposures affect the group's capital, risk profile and funding under normal and contingent circumstances.*
- 3.9.7 *To develop sound and effective systems for generation and sharing of information within the group, management of risks and effective supervision of the group.*

¹⁸ SEC Memo No. 19 S2016 Code of Corporate Governance for Publicly-listed companies, Recommendation No 3.3 – the establishment of a Corporate Governance Committee does not preclude companies from establishing separate Remuneration or Nomination Committee, if they deem necessary.

¹⁹ BSP Circular No. 895, Series of 2015, Section X146.2 (a)7

- 3.9.8 *To require the risk management, compliance function and internal audit group to conduct a periodic formal review of the group structure, their controls and activities to assess consistency with the board approved policies, practices and strategies and to require said groups to report the results of their assessment directly to the board.*
- 3.9.9 *To disclose to the Bangko Sentral ng Pilipinas all entities in the group (e.g., owned directly or indirectly by the parent company bank and/or its subsidiaries/affiliates including special purpose entities (SPEs), and other entities that the bank exerts control over or those that exert control over the bank, or those that are related to the bank and/or its subsidiaries/affiliates either through common ownership/ directorship/ officership) as well as all significant transactions between entities in the group involving any BSP regulated entity. For this purpose, significant shall refer to transactions that would require board approval based on the bank's internal policies or as provided under existing regulations: Provided, That the bank shall continue to submit any report required under existing regulations covering transactions between companies within the group.*
- 3.10 *To ensure Bank's faithful compliance with all applicable laws, regulations and best business practices.*
- 3.11 *To establish and maintain an investor relations program that will keep the stockholders informed of important developments in the Bank. The CEO shall exercise oversight responsibility over this program.*
- 3.12 *To adopt a system of check and balance within the Board. A regular review of the effectiveness of such system should be conducted to ensure the integrity of the decision-making and reporting processes at all times. There should be a continuing review of the Bank's internal control system in order to maintain its adequacy and effectiveness.*
- 3.13 *Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and independent siblings and parents, and of interlocking director relationships by members of the Board.*
- In compliance with BSP Regulations on loans of DOSRI (Directors, Officers, Stockholders, and their Related Interest), DOSRI transactions are approved by the Board of Directors. A copy of the Transmittal on board approval is submitted to the BSP within twenty (20) banking days from the date of approval.²⁰*
- 3.14 *Establish and maintain an alternative dispute resolution system in the corporation that can amicably settle conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including the regulatory authorities.*
- 3.15 *To approve and recommend for the ratification of the stockholders, after it has been recommended by the Audit Committee,²¹ an external auditor duly accredited by the BSP and/or by the Securities and Exchange Commission who shall undertake an independent audit of the corporation, and shall provide an objective assurance on*

²⁰ MORB, 2014, Section X334

²¹ SEC Memo No. 19 S2016, Recommendation no. 9.1

the manner by which the financial statements shall be prepared and presented to the stockholders.

Note: The BSP also has its own accreditation of external auditors and may provide a list of its duly accredited external auditor.

The responsibilities of the board of directors and management are in no way diminished by the existence of a system for the supervision of FIs by BSP or by a requirement for the FI's financial statements to be audited by an external auditor.²²

- 3.16 *To ensure that it is assisted in its duties by appointing a Compliance Officer who should have a rank of Senior Vice President or equivalent position with adequate status and authority in the corporation. The Compliance Office should not be a member of the Board and should annually attend a training on corporate governance.²³*
- 3.17 *To adopt an effective succession planning program for the Directors, Management and key officers to ensure growth and a continued increase in the shareholders' value. This may include adopting a policy on the retirement age for directors and key officers as part of the succession and promote dynamism in the corporation.*

The following are additional responsibilities of the Board in relation to the control, independent oversight and checks and balances systems, including the financial statements in accordance with BSP Memorandum No. M-2014-011 dated 14 March 2014:²⁴

- 3.18 *establish adequate governance structures and control processes for areas of exposures that may pose significant risk to an FI such as fair value measurement and financial instruments.*

The Board's oversight responsibilities for the FI's use of fair value accounting include:

- a. Reviewing and approving written policies related to fair valuations;*
- b. Continuing review of significant valuation model performance for issues escalated for resolution and all significant changes to valuation policies;*
- c. Ensuring adequate resources are devoted to the valuation process;*
- d. Articulating the FI's tolerance for exposures subject to valuation uncertainty and monitoring compliance with the Board's overall policy settings at an aggregate firm wide level;*
- e. Ensuring independence in the valuation process between risk taking and control units;*
- f. Ensuring appropriate internal and external audit coverage of fair valuations and related processes and controls;*
- g. Ensuring consistent application of accounting standards and disclosures within the applicable accounting framework;*

²² BSP Memorandum No. M – 2014-011, 14 March 2014, Section II.1.c.5

²³ SEC Memo No. 19 S2016, Recommendation 1.6

²⁴ BSP's Expectations for an Effective External Audit Function

- h. Ensuring the identification of significant differences, if any, between the valuations used for financial reporting purposes and for regulatory purposes.

3.19 Ensure appropriate management information systems are established; and

3.20 Ensure that the interests of stakeholders are adequately protected.

3.21 Ensure that Consumer Protection practices are embedded in the Bank's Operations²⁵

- a. The Board and Senior Management are responsible for the development of the Bank's consumer protection strategy and in establishing an effective oversight over the Bank's protection program.
- b. The Board is primarily responsible for the approval and oversight in the implementation of the consumer protection policies.
- c. The Board is responsible for the development and maintenance of a sound Consumer Protection Risk Management System that is integrated into the overall framework for the entire product and service life-cycle.

(c) How often does the Board review and approve the vision and mission?

The Board reviews China Bank's mission and vision periodically and the corporate strategy annually. The Bank adopts a top-down approach whereby the role of the BOD is to convey the shareholders' expectations to Senior Management which in turn formulates the Bank's objectives and strategies into annual and 5-year business plan. The business plans and strategies are then presented to the Board for review and approval. On 01 February 2017, the Bank's 2017 - 2021 business plans were presented to the Board and after some deliberation, approved Management's projections and recommendations.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group²⁶

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Hans T. Sy	SM Retail Inc.	Executive Director
	SM Prime Holdings, Inc. *	Executive Director
	Multi-Realty Development Corporation	Executive Director
	Belleshare Holdings, Inc.	Non-Executive Director
	Primebridge Holdings, Inc.	Non-Executive Director
	Nagtahan Property Holdings, Inc.	Executive Director (Chairman)
Gilbert U. Dee	CBC Properties and Computer Center, Inc.	Non-Executive Director (Chairman)
Peter S. Dee	CBC Properties and Computer Center, Inc.	Executive Director
	China Bank Insurance Brokers, Inc.	Non-Executive Director (Chairman)
Joaquin T. Dee	None	N/A
Dy Tiong***	None	N/A
Herbert T. Sy	SM Prime Holdings, Inc. *	Non- Executive Director
Harley T. Sy	Nagtahan Property Holdings, Inc.	Non-Executive Director
	Primebridge Holdings, Inc.	Executive Director

²⁵ BSP Circular No. 857 (Series of 2014)

²⁶ The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

	<i>SM Retail, Inc.</i>	<i>Executive Director</i>
	<i>SM Investments Corporation)*</i>	<i>Executive Director</i>
<i>Alberto S. Yao</i>	<i>China Bank Savings, Inc.</i>	<i>Independent Director</i>
	<i>China Bank Capital Corporation</i>	<i>Independent Director</i>
<i>Roberto F. Kuan</i>	<i>China Bank Savings, Inc.</i>	<i>Independent Director</i>
	<i>China Bank Capital Corporation</i>	<i>Independent Director</i>
<i>Jose T. Sio</i>	<i>SM Investments Corporation*</i>	<i>Executive Director</i>
	<i>Belle Corporation (listed company)</i>	<i>Non-Executive Director</i>
	<i>Atlas Consolidated Mining and Development Corporation*</i>	<i>Non-Executive Director</i>
<i>Ricardo R. Chua</i>	<i>China Bank Savings, Inc.</i>	<i>Executive Director (Chairman)</i>
	<i>CBC Properties and Computer Center, Inc.</i>	<i>Non-Executive Director</i>
	<i>China Bank Insurance Brokers, Inc.</i>	<i>Non-Executive Director</i>
	<i>Manulife Chinabank Life Assurance Corp.</i>	<i>Non-Executive Director</i>
	<i>China Bank Capital Corporation</i>	<i>Non-Executive Director</i>

*listed companies

**On 06 November 2015, the SEC approved the dissolution of CBC Forex Corporation

***Mr. Dy Tiong is a director of the Bank until his death on September 16, 2016.

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
<i>Hans T. Sy</i>	<i>None</i>	<i>N/A</i>
<i>Gilbert U. Dee</i>	<i>None</i>	<i>N/A</i>
<i>Peter S. Dee</i>	<i>City & Land Developers, Inc.</i>	<i>Independent Director</i>
	<i>Cityland Development Corp.</i>	<i>Independent Director</i>
<i>Joaquin T. Dee</i>	<i>None</i>	<i>N/A</i>
<i>Dy Tiong*</i>	<i>None</i>	<i>N/A</i>
<i>Herbert T. Sy</i>	<i>None</i>	<i>N/A</i>
<i>Harley T. Sy</i>	<i>None</i>	<i>N/A</i>
<i>Alberto S. Yao</i>	<i>None</i>	<i>N/A</i>
<i>Roberto F. Kuan</i>	<i>Far Eastern University, Inc.</i>	<i>Independent Director</i>
<i>Jose T. Sio</i>	<i>None</i>	<i>N/A</i>
<i>Ricardo R. Chua</i>	<i>None</i>	<i>N/A</i>

*Mr. Dy Tiong is a director of the Bank until his death on September 16, 2016.

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

Director's Name	Name of the Significant Shareholder	Description of the relationship
<i>Hans T. Sy</i>	<i>SM Investments Corporation</i>	<i>He is Adviser to the Board. Further, Chairman Henry Sy, Sr. is his father.</i>
<i>Herbert T. Sy</i>		<i>Chairman Henry Sy, Sr. is his father.</i>
<i>Harley T. Sy</i>		<i>He is Director / President. Further, Chairman Henry Sy, Sr. is his father.</i>
<i>Jose T. Sio</i>		<i>He is Director and EVP-CFO.</i>
<i>Hans T. Sy</i>	<i>Sysmart Corporation</i>	<i>Henry Sy, Sr., Chairman of the Board and more than 20% owner of the Sysmart, is his</i>

		<i>father.</i>
<i>Herbert T. Sy</i>		<i>Henry Sy, Sr., Chairman of the Board and more than 20% owner of the Sysmart, is his father.</i>
<i>Harley T. Sy</i>		<i>Henry Sy, Sr., Chairman of the Board and more than 20% owner of the Sysmart, is his father.</i>

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

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	<p><i>The Board considers the number of directorship for its members. The maximum number of board membership is related to the capacity of a director to diligently and efficiently perform his duties and responsibilities. The Chief Executive Officer and other executive directors may submit themselves to a low indicative limit on membership in other corporate Board.</i></p> <p><i>The same low limit may apply to independent, non-executive directors who serve as full-time executives in other corporations. In any case, the capacity of directors to serve with diligence shall not be compromised.</i></p>	<p><i>Low indicative limit on membership in other corporate Board.</i></p> <p><i>No director of the Bank is holding more than five (5) directorships in other publicly listed companies.</i></p>
Non-Executive Director	<p><i>The Board considers the number of directorship for its members. The maximum number of board membership is related to the capacity of a director to diligently and efficiently perform his duties and responsibilities. The Chief Executive Officer and other executive directors may submit themselves to a low indicative limit on membership in other corporate Board.</i></p> <p><i>The same low limit may apply to independent, non-executive directors who serve as full-time executives in other corporations. In any case, the capacity of directors to serve with diligence shall not be compromised.</i></p>	<p><i>Low indicative limit on membership in other corporate Board.</i></p> <p><i>No director of the Bank is holding more than five (5) directorships in other publicly listed companies.</i></p>
Non-Executive Director	<p><i>Furthermore, in cases of listed companies, an Independent Director or a Non-Executive Director may hold the same position on a concurrent basis meaning at the same time up to a maximum of five (5) board seats only.</i></p>	

CEO	<p><i>The Board considers the number of directorship for its members. The maximum number of board membership is related to the capacity of a director to diligently and efficiently perform his duties and responsibilities. The Chief Executive Officer and other executive directors may submit themselves to a low indicative limit on membership in other corporate Board.</i></p> <p><i>The same low limit may apply to independent, non-executive directors who serve as full-time executives in other corporations. In any case, the capacity of directors to serve with diligence shall not be compromised.</i></p>	<p><i>Low indicative limit on membership in other corporate Board.</i></p> <p><i>No director of the Bank is holding more than five (5) directorships in other publicly listed companies.</i></p>
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(e) Shareholding in the Company (as of 31 December 2016)

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
<i>Hans T. Sy</i>	<i>1,405,350</i>	<i>1,178,719</i>	<i>0.1291%</i>
<i>Gilbert U. Dee</i>	<i>10,652,714</i>	<i>0</i>	<i>0.5321%</i>
<i>Ricardo R. Chua</i>	<i>108,659</i>	<i>0</i>	<i>0.0054%</i>
<i>Peter S. Dee</i>	<i>278,986</i>	<i>0</i>	<i>0.0139%</i>
<i>Joaquin T. Dee</i>	<i>38,542,777</i>	<i>0</i>	<i>1.9252%</i>
<i>Herbert T. Sy</i>	<i>380,747</i>	<i>0</i>	<i>0.0190%</i>
<i>Harley T. Sy</i>	<i>194,785</i>	<i>0</i>	<i>0.0097%</i>
<i>Alberto S. Yao</i>	<i>6,619</i>	<i>0</i>	<i>0.0003%</i>
<i>Roberto F. Kuan</i>	<i>25,161</i>	<i>0</i>	<i>0.0013%</i>
<i>Jose T. Sio</i>	<i>2,623</i>	<i>0</i>	<i>0.0001%</i>

2) Chairman and CEO

- (a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes ☒

No ☐

Identify the Chair and CEO:

Chairman of the Board	<i>Mr. Hans T. Sy</i>
CEO/President	<i>Mr. Ricardo R. Chua</i>

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

	Chairman	Chief Executive Officer
Role	<i>The following are found in the Corporate Governance Manual:</i>	<i>Article VI.A. of the By-laws provides: Sec. 6. President – The President,</i>

	<p><i>a. To provide leadership in the board of directors. The chairperson of the board shall ensure effective functioning of the board, including maintaining a relationship of trust with board members.²⁷</i></p> <p><i>b. To Make certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;</i></p> <p><i>c. To ensure that the board takes an informed decision. The chairperson board shall ensure sound decisions making process and he should encourage and promote critical discussion and ensure that dissenting views can be expressed and discussed within the decision-making process.²⁰</i></p> <p><i>In relation to the above, he shall guarantee that Board received accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;</i></p> <p><i>d. Facilitate discussion on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;</i></p> <p><i>e. Ensure that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;</i></p> <p><i>f. Assures the availability of proper orientation for first-time directors and continuing training opportunities for all directors;</i></p> <p><i>g. Makes sure that performance of the Board is evaluated at least once a year and discussed/followed up on;</i></p>	<p><i>shall be the Chief Executive Officer of the Corporation. He shall be subject to the control of the Board of Directors, have direct charge of the business of the Corporation and general supervision of the business affairs and property of the Corporation. In the absence or inability of the Chairman and the Vice-Chairman, he shall preside over the meetings of the stockholders and of the Board of Directors of the Corporation.</i></p> <p><i>The following are found in the Corporate Governance Manual:</i></p> <p><i>a. Determines the corporation's strategic direction and formulates and implements its strategic plan on the direction of the business;</i></p> <p><i>b. Communicates and implements the corporation's vision, mission, values and overall strategy and promotes any organization or stakeholder change in relation to the same;</i></p> <p><i>c. Oversees the operations of the corporation and manages human and financial resources in accordance with the strategic plan;</i></p> <p><i>d. Has a good working knowledge of the corporations industry and market and keeps up-to-date with its core business purpose;</i></p> <p><i>e. Directs, evaluates and guides the work of the key officers of the corporation;</i></p> <p><i>f. Manages the corporation's resources prudently and ensures a proper balance of the same;</i></p> <p><i>g. Provides the Board with timely information and interfaces between the Board and employees;</i></p> <p><i>h. Builds the corporate culture and motivates the employees of the corporation; and</i></p> <p><i>i. Serves the link between internal operations and external stakeholders</i></p>
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²⁷ MORB, Section X141.3e

³⁰ MORB, Section X141.3e

Accountabilities	<p><i>The following are found in the Corporate Governance Manual:</i></p> <p><i>a. To provide leadership in the board of directors. The chairperson of the board shall ensure effective functioning of the board, including maintaining a relationship of trust with board members.³⁰</i></p> <p><i>b. To Make certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;</i></p> <p><i>c. To ensure that the board takes an informed decision. The chairperson board shall ensure sound decisions making process and he should encourage and promote critical discussion and ensure that dissenting views can be expressed and discussed within the decision-making process.²⁰</i></p> <p><i>In relation to the above, he shall guarantee that Board received accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;</i></p> <p><i>d. Facilitate discussion on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;</i></p> <p><i>e. Ensure that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;</i></p> <p><i>f. Assures the availability of proper orientation for first-time directors and continuing training opportunities for all directors;</i></p> <p><i>g. Makes sure that performance of the Board is evaluated at least once a year and discussed/followed up on;</i></p>	<p><i>Article VI.A. of the By-laws provides:</i></p> <p><i>Sec. 6. President – The President, shall be the Chief Executive Officer of the Corporation. He shall be subject to the control of the Board of Directors, have direct charge of the business of the Corporation and general supervision of the business affairs and property of the Corporation. In the absence or inability of the Chairman and the Vice-Chairman, he shall preside over the meetings of the stockholders and of the Board of Directors of the Corporation.</i></p> <p><i>The following are found in the Corporate Governance Manual:</i></p> <p><i>a. Determines the corporation's strategic direction and formulates and implements its strategic plan on the direction of the business;</i></p> <p><i>b. Communicates and implements the corporation's vision, mission, values and overall strategy and promotes any organization or stakeholder change in relation to the same;</i></p> <p><i>c. Oversees the operations of the corporation and manages human and financial resources in accordance with the strategic plan;</i></p> <p><i>d. Has a good working knowledge of the corporations industry and market and keeps up-to-date with its core business purpose;</i></p> <p><i>e. Directs, evaluates and guides the work of the key officers of the corporation;</i></p> <p><i>f. Manages the corporation's resources prudently and ensures a proper balance of the same;</i></p> <p><i>g. Provides the Board with timely information and interfaces between the Board and employees;</i></p> <p><i>h. Builds the corporate culture and motivates the employees of the corporation; and</i></p> <p><i>i. Serves the link between internal operations and external stakeholders</i></p>
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<p>Deliverables</p>	<p>The following are found in the Corporate Governance Manual:</p> <p>a.To provide leadership in the board of directors. The chairperson of the board shall ensure effective functioning of the board, including maintaining a relationship of trust with board members.³¹</p> <p>b. To Make certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;</p> <p>c.To ensure that the board takes an informed decision. The chairperson board shall ensure sound decisions making process and he should encourage and promote critical discussion and ensure that dissenting views can be expressed and discussed within the decision-making process.²⁰</p> <p>In relation to the above, he shall guarantee that Board received accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;</p> <p>d. Facilitate discussion on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;</p> <p>e. Ensure that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;</p> <p>f. Assures the availability of proper orientation for first-time directors and continuing training opportunities for all directors;</p> <p>g. Makes sure that performance of the Board is evaluated at least once a year and discussed/followed up on;</p>	<p>Article VI.A. of the By-laws provides:</p> <p>Sec. 6. President – The President, shall be the Chief Executive Officer of the Corporation. He shall be subject to the control of the Board of Directors, have direct charge of the business of the Corporation and general supervision of the business affairs and property of the Corporation. In the absence or inability of the Chairman and the Vice-Chairman, he shall preside over the meetings of the stockholders and of the Board of Directors of the Corporation.</p> <p>The following are found in the Corporate Governance Manual:</p> <p>a. Determines the corporation's strategic direction and formulates and implements its strategic plan on the direction of the business;</p> <p>b. Communicates and implements the corporation's vision, mission, values and overall strategy and promotes any organization or stakeholder change in relation to the same;</p> <p>c. Oversees the operations of the corporation and manages human and financial resources in accordance with the strategic plan;</p> <p>d. Has a good working knowledge of the corporations industry and market and keeps up-to-date with its core business purpose;</p> <p>e. Directs, evaluates and guides the work of the key officers of the corporation;</p> <p>f. Manages the corporation's resources prudently and ensures a proper balance of the same;</p> <p>g. Provides the Board with timely information and interfaces between the Board and employees;</p> <p>h. Builds the corporate culture and motivates the employees of the corporation; and</p> <p>i. Serves the link between internal operations and external</p>
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³¹ MORB, Section X141.3e

		stakeholders
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- 3) Explain how the board of directors' plan for the succession of the CEO/Managing Director/President and the top key management positions?

In accordance with the By-Laws, Vacancies in the Board, may be filled by election or appointment made by the remaining directors, if still constituting a quorum, or otherwise said vacancy shall be filled by the stockholders in a regular or special meeting called for the purpose. The person so elected to fill a vacancy shall hold office only for the unexpired term of his predecessor in office. Whether any such vacancy shall or shall not be filled shall be left to the discretion of the Board of Directors.

The Board of Directors may use professional search firms or other external sources of candidates when searching for candidates to the board of directors.

In accordance, with the Bank's Succession Planning and Management Program, the Bank identifies the successor's line up for the critical key positions and prepares a career development plan for them to follow.

Our Human Resources Division continued to focus on getting the right people even as we tapped more recruitment channels to keep in stride with the business requirement, and to bring in new talents as part of the succession planning.

- 4) Other Executive, Non-Executive and Independent Directors

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

We welcome diversity in our Board and do not discriminate on age, gender, or ethnic background. The position of a China Bank director is a position of trust; thus, the directors are selected for their integrity, leadership, experience at policy-making levels, and their ability to render independent judgment.

Board age profile

50-60 27%

61-70 27%

71 and above 46%

To ensure diversity in the Board, and in accordance with the Bank's Corporate Governance Manual, a director should have the following minimum qualifications:

1. *He shall at least be twenty-five (25) years of age at the time of his election or appointment;*
2. *He shall be at least a college graduate or have at least five (5) years experience in business;*
3. *He must have attended a special seminar on corporate governance for board of directors conducted or accredited by the BSP: Provided, That incumbent directors as well as those elected after 17 September 2001 must attend said seminar on or before 30 June 2003 or within a period of six (6) months from date of election for those elected after 30 June 2003, as the case may be: Provided, further, That the following persons are exempted from attending said seminar:*
 - a. *Foreign nationals who have attended corporate governance training covering core topics in the BSP-recommended syllabus and certified by the Corporate Secretary as having been made aware of the general responsibility and specific duties and*

responsibilities of the board of directors and specific duties and responsibilities of a director prescribed under items “b”, “c” and “d” of Subsection X141.3;

- b. Filipino citizens with recognized stature, influence and reputation in the banking community and whose business practices stand as testimonies to good corporate governance;*
- c. Distinguished Filipino and foreign nationals who served as senior officials in central banks and/or financial regulatory agencies, including former Monetary Board members; or*
- d. Former Chief Justice of the Philippine Supreme Court.*

In relation to the above, It shall be the responsibility of the Corporate Secretary to ensure that the director concerned has attended the required seminar.

- 4. He must be fit and proper for the position of a director of the bank. In determining whether a person is fit and proper for the position of a director, the following matters must be considered: integrity/probity, physical/mental fitness, competence, relevant education/financial literacy/ training, diligence and knowledge/ experience.*

The members of the board of directors shall possess the foregoing qualifications for directors in addition to those required or prescribed under R.A. No. 8791 and other existing applicable laws and regulations.

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

Yes, The Bank has ensured that at least one non-executive director has an experience in the financial or banking sector.

The table below highlights the experience details of the Bank’s non-executive directors in the financial sector:

Name of the Non-Executive Director	Experience details
<i>Dy Tiong*</i>	<i>Formerly President of CBC Finance, Inc. from 1980 to 2001</i>
<i>Harley T. Sy</i>	<i>President of SM Investment Corporation</i>
<i>Jose T. Sio</i>	<i>Partner of Skycap Gorres Velayo & Co. (SGV) from 1977-1990, Director of BDO Capital Investment Corp from 1999-2007, EVP and Chief Financial Officer of SM Investments</i>

**Independent Director of the Bank until his passing on 16 September 2016*

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

	Executive	Non-Executive	Independent Director
Role	<p><i>Article VI.A. of the By-laws provides:</i></p> <p><i>Sec. 6. President – The President, shall be the Chief Executive Officer of the Corporation. He shall be subject to the control of the Board of Directors, have direct charge of the business</i></p>	<p><i>Section IV.A.1 of the Corporate Governance Manual provides that:</i></p> <p><i>...qualified non-executive members shall be elected to promote the independence of the board from the views of senior management.</i></p>	<p><i>Our Independent Directors are in the Board to protect the interest of the shareholders, exercise independent judgment on issues or matters presented to the board, and ensure efficient and transparent management especially on areas of related party transactions.</i></p>

	<p>of the Corporation and general supervision of the business affairs and property of the Corporation. In the absence or inability of the Chairman and the Vice-Chairman, he shall preside over the meetings of the stockholders and of the Board of Directors of the Corporation.</p>	<p>The membership of the Board may be a combination of executive and non-executive directors (which include independent directors) in order that no director or small group of directors can dominate the decision making process.</p>	<p>Independent Directors are free from any business, family, or any other relationship with the China Bank, controlling shareholders, management, which could affect their judgment. In addition, they meet BSP and SEC's guidelines in assessing their independence, including not having been an officer of the Bank for the past three years, not a director or officer of the majority stockholder, and own less than two percent (2%) of the subscribed capital stock, among other requirements.</p>
Accountabilities	<ol style="list-style-type: none"> 1. Fostering a corporate culture that will promote ethical practice. 2. Bringing positive business results. 3. Developing a long-term strategy and vision for the Bank that would lead to the creation of shareholder value. 4. Establishing a strong working relationships with the Board of Directors 5. Keeping the Board of the Bank well informed about the Bank's performance, financial conditions, events that may affect the business, as well available opportunities for the Bank to grow. 6. Ensuring that the Bank has an effective management team below the CEO level and has a working plan for its development and succession. 	<p>Section IV.A.1 of the Corporate Governance Manual provides that:</p> <p>...qualified non-executive members shall be elected to promote the independence of the board from the views of senior management.</p> <p>The membership of the Board may be a combination of executive and non-executive directors (which include independent directors) in order that no director or small group of directors can dominate the decision making process.</p>	<p>Our Independent Directors are in the Board to protect the interest of the shareholders, exercise independent judgment on issues or matters presented to the board, and ensure efficient and transparent management especially on areas of related party transactions.</p> <p>Independent Directors are free from any business, family, or any other relationship with the China Bank, controlling shareholders, management, which could affect their judgment. In addition, they meet BSP and SEC's guidelines in assessing their independence, including not having been an officer of the Bank for the past three years, not a director or officer of the majority stockholder, and own less than two percent (2%) of the subscribed capital stock, among other requirements.</p>
Deliverables	<ol style="list-style-type: none"> 1. Improve Bank's Performance. 2. Create Value to Shareholder. 3. Establish and Implement a Strategic Plan. 	<p>In accordance with the Bank's Corporate Governance Manual.</p> <p>Non-executive board members shall meet regularly, other than in meetings of the audit committee and risk management committees, in the absence of senior management, with the external auditor and heads of the internal</p>	<p>Our Independent Directors are in the Board to protect the interest of the shareholders, exercise independent judgment on issues or matters presented to the board, and ensure efficient and transparent management especially on areas of related party transactions.</p> <p>Independent Directors are free from any business, family, or any other relationship with the China Bank, controlling</p>

		audit, compliance and risk management functions.	shareholders, management, which could affect their judgment. In addition, they meet BSP and SEC's guidelines in assessing their independence, including not having been an officer of the Bank for the past three years, not a director or officer of the majority stockholder, and own less than two percent (2%) of the subscribed capital stock, among other requirements.
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Provide the company's definition of "independence" and describe the company's compliance to the definition.

Our Independent Directors are in the Board to protect the interest of the shareholders, exercise independent judgment on issues or matters presented to the board, and ensure efficient and transparent management especially on areas of related party transactions.

Independent Directors are free from any business, family, or any other relationship with the China Bank, controlling shareholders, management, which could affect their judgment. In addition, they meet BSP and SEC's guidelines in assessing their independence, including not having been an officer of the Bank for the past three years, not a director or officer of the majority stockholder, and own less than two percent (2%) of the subscribed capital stock, among other requirements.

We fully comply with the corporate governance rules of the SEC with regard to the nomination and election of our independent directors. We have three independent directors—Dy Tiong, Alberto S. Yao, and Robert F. Kuan—who are in the Board to exercise independent judgment and protect the rights of minority shareholders, acting objectively and challenging management decisions if warranted to ensure efficient and transparent management, especially on areas of related party transactions.*

**Mr. Dy Tiong is a director of the Bank until his death on September 16, 2016.*

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

Term Limits for Independent Directors.

- a. *IDs can serve for a maximum cumulative term of nine (9) years.*
- b. *After which, the ID shall be perpetually barred from re-election as such in the Bank. However, he may continue to qualify as a non-ID of the Bank.*
- c. *In accordance with SEC rules, in case the Bank wants to retail an ID who has served for more than nine (9) years, the Bank is required to provide the Commission with meritorious justifications for the re-election and to seek the shareholders' approval during the annual stockholders' meeting.*
- d. *It shall be the responsibility of the Corporate Secretary to ensure that the above-mentioned requirements for an independent director are complied with during nomination / election.*

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

(a) Resignation/Death/Removal

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

Name	Position	Date of Cessation	Reason
<i>Dy Tiong</i>	<i>Independent Director</i>	<i>16 September 2016</i>	<i>Demise</i>

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors	<p><i>In accordance with Sections 23 and 27 of The Corporation Code (B.P. Blg. 68), Section 15 of The General Banking Law (R.A. No. 8791), Section 38 of The Securities Regulation Code, Section 38 of the Amended Implementing Rules and Regulations of the Securities Regulation Code, and Section X141 of the Manual of Regulations for Banks, and relevant circulars or memoranda, the Bank's Nominations and Corporate Governance Committees adopted rules governing the nomination and election of directors. The rules pertinently state that the nomination forms shall be submitted to any of the members of the Committees or to the Corporate Secretary on or before the date specified in the Notice of the Annual Stockholders' Meeting. The rules likewise state that the Committees shall pre-screen the qualifications of the nominees and prepare a final list of candidates, indicating the nominees for independent directors. As to the manner of voting, Article III, Section 7 of the Bank's By-Laws specifies that 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. Following Section 24 of The Corporation Code, a stockholder may vote such number of shares for as many persons as there are directors to be elected or he may</i></p>	

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors	<p><i>cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Bank multiplied by the whole number of directors to be elected For vacancies, Article IV, Section 3 of the Bank's By-Laws states that vacancies in the Board of Directors may be filled by election or appointment made by the remaining directors, if still constituting a quorum, or otherwise said vacancy shall be filled by the stockholders in a regular or special meeting called for the purpose.</i></p> <p><i>The person so elected to fill a vacancy shall hold office only for the unexpired term of his predecessor in office. Whether any such vacancy shall or shall not be filled shall be left to the discretion of the Board of Directors.</i></p> <p><i>Frequency of Election: Annually. Moreover, Article III, Section 2 of the By-Laws allow for special elections to be called by the Chairman or the Chief Executive Officer whenever either of them deems it advisable, or when so directed by resolution of the Board of Directors, or upon written request of stockholders holding not less than 1/3 of the outstanding stock.</i></p>	<p><i>The directors are selected in compliance with the following laws and regulations:</i></p> <p><i>5. For all directors without qualification, Section 23 of The Corporation Code, Sec. X141.2 (a) (1) and (2) of the Manual of Regulations for Banks (MORB), SEC Memorandum Circular No. 16, Series of 2002</i></p> <p><i>- must be an owner of at least one (1) share of stock of the Bank, at least twenty-five (25) years old at the time of election/appointment, at least a college graduate or have five (5) years experience in business</i></p> <p><i>Limitation on nationality of directors</i></p> <p><i>Non-Filipino citizens may become members of the board of directors of the Bank to the extent of the foreign participation in the equity of the Bank. Provided, majority of the directors are residents of the Philippines.</i></p>

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(ii) Non-Executive Directors	<p><i>In accordance with Sections 23 and 27 of The Corporation Code (B.P. Blg. 68), Section 15 of The General Banking Law (R.A. No. 8791), Section 38 of The Securities Regulation Code, Section 38 of the Amended Implementing Rules and Regulations of the Securities Regulation Code, and Section X141 of the Manual of Regulations for Banks, and relevant circulars or memoranda, the Bank's Nominations and Corporate Governance Committees adopted rules governing the nomination and election of directors. The rules pertinently state that the nomination forms shall be submitted to any of the members of the Committees or to the Corporate Secretary on or before the date specified in the Notice of the Annual Stockholders' Meeting. The rules likewise state that the Committees shall pre-screen the qualifications of the nominees and prepare a final list of candidates, indicating the nominees for independent directors.</i></p> <p><i>As to the manner of voting, Article III, Section 7 of the Bank's By-Laws specifies that 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. Following Section 24 of The Corporation Code, a stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Bank multiplied by the whole number of directors to be elected.</i></p>	<p><i>The directors are selected in compliance with the following laws and regulations:</i></p> <p><i>5. For all directors without qualification, Section 23 of The Corporation Code, Sec. X141.2 (a) (1) and (2) of the Manual of Regulations for Banks (MORB), SEC Memorandum Circular No. 16, Series of 2002.</i></p> <p><i>must be an owner of at least one (1) share of stock of the Bank, at least twenty-five (25) years old at the time of election/appointment, at least a college graduate or have five (5) years experience in business.</i></p> <p><i>Limitation on nationality of directors</i></p> <p><i>Non-Filipino citizens may become members of the board of directors of the Bank to the extent of the foreign participation in the equity of the Bank. Provided, majority of the directors are residents of the Philippines.</i></p>

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(ii) Non-Executive Directors	<p><i>For vacancies, Article IV, Section 3 of the Bank's By-Laws states that vacancies in the Board of Directors may be filled by election or appointment made by the remaining directors, if still constituting a quorum, or otherwise said vacancy shall be filled by the stockholders in a regular or special meeting called for the purpose. The person so elected to fill a vacancy shall hold office only for the unexpired term of his predecessor in office.</i></p> <p><i>Whether any such vacancy shall or shall not be filled shall be left to the discretion of the Board of Directors. In accordance with Sections 23 and 27 of The Corporation Code (B.P. Blg. 68), Section 15 of The General Banking Law (R.A. No. 8791), Section 38 of The Securities Regulation Code, Section 38 of the Amended Implementing Rules and Regulations of the Securities Regulation Code, and Section X141 of the Manual of Regulations for Banks, and relevant circulars or memoranda, the Bank's Nominations and Corporate Governance Committees adopted rules governing the nomination and election of directors. The rules pertinently state that the nomination forms shall be submitted to any of the members of the Committees or to the Corporate Secretary on or before the date specified in the Notice of the Annual Stockholders' Meeting.</i></p> <p><i>The rules likewise state that the Committees shall pre-screen the qualifications of the nominees and prepare a final list of candidates, indicating the nominees for independent directors.</i></p>	

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(iii) Independent Directors	<p><i>As to the manner of voting, Article III, Section 7 of the Bank's By-Laws specifies that 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. Following Section 24 of The Corporation Code, a stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle</i></p>	<p><i>The directors are selected in compliance with the following laws and regulations:</i></p> <p>5. For all directors without qualification, Section 23 of The Corporation Code, Sec. X141.2 (a) (1) and (2) of the Manual of Regulations for Banks (MORB), SEC Memorandum Circular No. 16, Series of 2002</p> <p>- must be an owner of at least one (1) share of stock of the Bank, at least twenty-five (25) years old at the time of election/appointment, at least a college graduate or have five (5) years experience in business</p>
(iii) Independent Directors	<p><i>among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Bank multiplied by the whole number of directors to be elected.</i></p> <p><i>For vacancies, Article IV, Section 3 of the Bank's By-Laws states that vacancies in the Board of Directors may be filled by election or appointment made by the remaining directors, if still constituting a quorum, or otherwise said vacancy shall be filled by the stockholders in a regular or special meeting called for the purpose. The person so elected to fill a vacancy shall hold office only for the unexpired term of his predecessor in office. Whether any such vacancy shall or shall not be filled shall be left to the discretion of the Board of Directors.</i></p>	<p>6. For Independent Director, SEC Memorandum Circular No. 16, Series of 2002, SEC Memo No. 6, Series of 2009, Sec. 38 of The Securities Regulation Code, Rule 38 of the Amended Implementing Rules and Regulations (AIRR) of the Securities Regulation Code (SRC), SEC Memorandum Circular No. 13, Series of 2004, amending Rule 38 (formerly Rule 38.1) of AIRR of the SRC, SEC Memorandum Circular No. 9, Series of 2011, Sec. 15 of the General Banking Law, and Section X141 of the Manual of Regulations for Banks (MORB), as amended by BSP Circular Nos. 749 and 757, Series of 2012</p> <p>- a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director of the Bank, and includes, among others, any person who:</p> <p><i>is not or has not been an officer or employee of the Bank, its subsidiaries or affiliates or related interests during the</i></p> <p><i>(a) past three (3) years counted from the date of his election (Subsection X141.2, MORB), and is not a director or officer of the Bank, any of its related companies or any of its substantial shareholders (owner of more than 10% of any class of its equity security, or</i></p>

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(iii) Independent Directors		<p>holding shares of stock sufficient to elect one seat in the Board of Directors (Subsection X141.2, MORB) other than as an independent director of any of the foregoing;</p> <p>(b) does not own more than two percent (2%) of the shares of the Bank and/or its related companies or any of its substantial shareholders (Rule 38.2.B, RIRR of the SRC);</p> <p>(c) is not a relative within the fourth (4th) degree of consanguinity or affinity, legitimate or common-law, of any director, officer or shareholder of the Bank, or any of its related companies (Subsection X141.2 (MORB);</p> <p>(d) is not acting as a nominee or representative of any director or substantial shareholder of the Bank, or any of its related companies or any of its substantial shareholders, pursuant to a Deed of Trust or under any contract or arrangement (Subsection X141.2 (5), MORB; Rule 38.2 D, RIRR of the SRC);</p> <p>(e) has not been employed in any executive capacity by the Bank, any of its related companies and/or any of its substantial shareholders within the last two (2) years (SEC Memorandum Circular No. 13, Series of 2004, amending Rule 38.1 of AIRR of the SRC);</p> <p>(f) is not retained as professional adviser, consultant, agent or counsel by the Bank, any of its related companies or any of its substantial shareholders within the last five (5) years, either in his personal capacity or through his firm (Subsection X141.2(6), MORB);</p> <p>(g) has not been engaged and does not engage in any transaction with the Bank and/or with any of its related companies and/or with any of its substantial shareholders, whether by himself and/or with other persons or through a firm of which he is a partner and/or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms length and could not materially or significantly interfere with or influence the exercise of his judgment (Subsection X141.2.b.(6), MORB);</p> <p>(h) is not or has not been convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Securities Regulation Code, committed within five (5)</p>

Procedure	Process Adopted	Criteria
b. Re-appointment		
(iii) Independent Directors		<p>years prior to the date of his election (Rule 38.3, RIRR of the SRC); and,</p> <p>(i) has not held independent directorships in more than 5 companies of the conglomerate, and has not served as Independent Director of the Bank for more than five (5) consecutive years from 2011 (SEC Memo No. 9, Series of 2011).</p> <p>Limitation on nationality of directors</p> <p>Non-Filipino citizens may become members of the board of directors of the Bank to the extent of the foreign participation in the equity of the Bank. Provided, majority of the directors are residents of the Philippines.</p>
(i) Executive Directors	<p>In accordance with Sections 23 and 27 of The Corporation Code (B.P. Blg. 68), Section 15 of The General Banking Law (R.A. No. 8791), Section 38 of The Securities Regulation Code, Section 38 of the Amended Implementing Rules and Regulations of the Securities Regulation Code, and Section X141 of the Manual of Regulations for Banks, and relevant circulars or memoranda, the Bank's Nominations and Corporate Governance Committees adopted rules governing the nomination and election of directors. The rules pertinently state that the nomination forms shall be submitted to any of the members of the Committees or to the Corporate Secretary on or before the date specified in the Notice of the Annual Stockholders' Meeting. The rules likewise state that the Committees shall pre-screen the qualifications of the nominees and prepare a final list of candidates, indicating the nominees for independent directors. As to the manner of voting, Article III, Section 7 of the Bank's By-Laws specifies that 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. Following Section 24 of The Corporation Code, a stockholder may vote such number of shares for as many persons as there are directors to be elected or he may</p>	<p>The directors are selected in compliance with the following laws and regulations:</p> <p>5. For all directors without qualification, Section 23 of The Corporation Code, Sec. X141.2 (a) (1) and (2) of the Manual of Regulations for Banks (MORB), SEC Memorandum Circular No. 16, Series of 2002 must be an owner of at least one (1) share of stock of the Bank, at least twenty-five (25) years old at the time of election/appointment, at least a college graduate or have five (5) years experience in business</p> <p>Limitation on nationality of directors</p> <p>Non-Filipino citizens may become members of the board of directors of the Bank to the extent of the foreign participation in the equity of the Bank. Provided, majority of the directors are residents of the Philippines.</p>

Procedure	Process Adopted	Criteria
b. Re-appointment		
(i) Executive Directors	<p><i>cumulate said shares and give one candidate as many votes as the number of directors to be elected</i></p> <p><i>multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Bank multiplied by the whole number of directors to be elected.</i></p> <p><i>For vacancies, Article IV, Section 3 of the Bank's By-Laws states that vacancies in the Board of Directors may be filled by election or appointment made by the remaining directors, if still constituting a quorum, or otherwise said vacancy shall be filled by the stockholders in a regular or special meeting called for the purpose. The person so elected to fill a vacancy shall hold office only for the unexpired term of his predecessor in office. Whether any such vacancy shall or shall not be filled shall be left to the discretion of the Board of Directors</i></p>	
(ii) Non-Executive Directors	<p><i>In accordance with Sections 23 and 27 of The Corporation Code (B.P. Blg. 68), Section 15 of The General Banking Law (R.A. No. 8791), Section 38 of The Securities Regulation Code, Section 38 of the Amended Implementing Rules and Regulations of the Securities Regulation Code, and Section X141 of the Manual of Regulations for Banks, and relevant circulars or memoranda, the Bank's Nominations and Corporate Governance Committees adopted rules governing the nomination and election of directors. The rules pertinently state that the nomination forms shall be submitted to any of the members of the Committees or to the Corporate Secretary on or before March 7, 2014. The rules likewise state that the Committees shall pre-screen the qualifications of the nominees and prepare a final list of candidates, indicating the nominees for independent directors.</i></p>	<p><i>The directors are selected in compliance with the following laws and regulations:</i></p> <p><i>5. For all directors without qualification, Section 23 of The Corporation Code, Sec. X141.2 (a) (1) and (2) of the Manual of Regulations for Banks (MORB), SEC Memorandum Circular No. 16, Series of 2002</i></p> <p><i>must be an owner of at least one (1) share of stock of the Bank, at least twenty-five (25) years old at the time of election/appointment, at least a college graduate or have five (5) years experience in business</i></p> <p><i>Limitation on nationality of directors</i></p> <p><i>Non-Filipino citizens may become members of the board of directors of the Bank to the extent of the foreign participation in the equity of the Bank. Provided, majority of the directors are residents of the Philippines.</i></p>

Procedure	Process Adopted	Criteria
b. Re-appointment		
(ii) Non-Executive Directors	<p><i>As to the manner of voting, Article III, Section 7 of the Bank's By-Laws specifies that 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. Following Section 24 of The Corporation Code, a stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Bank multiplied by the whole number of directors to be elected.</i></p> <p><i>For vacancies, Article IV, Section 3 of the Bank's By-Laws states that vacancies in the Board of Directors may be filled by election or appointment made by the remaining directors, if still constituting a quorum, or otherwise said vacancy shall be filled by the stockholders in a regular or special meeting called for the purpose. The person so elected to fill a vacancy shall hold office only for the unexpired term of his predecessor in office. Whether any such vacancy shall or shall not be filled shall be left to the discretion of the Board of Directors.</i></p>	
(iii) Independent Directors	<p><i>In accordance with Sections 23 and 27 of The Corporation Code (B.P. Blg. 68), Section 15 of The General Banking Law (R.A. No. 8791), Section 38 of The Securities Regulation Code, Section 38 of the Amended Implementing Rules and Regulations of the Securities Regulation Code, and Section X141 of the Manual of Regulations for Banks, and relevant circulars or memoranda, the Bank's Nominations and Corporate Governance Committees adopted rules governing</i></p>	<p><i>The directors are selected in compliance with the following laws and regulations:</i></p> <p><i>5. For all directors without qualification, Section 23 of The Corporation Code, Sec. X141.2 (a) (1) and (2) of the Manual of Regulations for Banks (MORB), SEC Memorandum Circular No. 16, Series of 2002</i></p> <p><i>must be an owner of at least one (1) share of stock of the Bank, at least twenty-five (25) years old at the time of election/appointment, at least a college graduate or have five (5) years experience in business.</i></p>

Procedure	Process Adopted	Criteria
b. Re-appointment		
(iii) Independent Directors	<p><i>the nomination and election of directors.</i></p> <p><i>The rules pertinently state that the nomination forms shall be submitted to any of the members of the Committees or to the Corporate Secretary on or before the date specified in the Notice of the Annual Stockholders' Meeting. The rules likewise state that the Committees shall pre-screen the qualifications of the nominees and prepare a final list of candidates, indicating the nominees for independent directors.</i></p> <p><i>As to the manner of voting, Article III, Section 7 of the Bank's By-Laws specifies that 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. Following Section 24 of The Corporation Code, a stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Bank multiplied by the whole number of directors to be elected.</i></p> <p><i>For vacancies, Article IV, Section 3 of the Bank's By-Laws states that vacancies in the Board of Directors may be filled by election or appointment made by the remaining directors, if still constituting a quorum, or otherwise said vacancy shall be filled by the stockholders in a regular or special meeting called for the purpose. The person so elected to fill a vacancy shall hold office only for the unexpired term of his predecessor in office. Whether any such vacancy shall or shall not be filled shall be left to the discretion of the Board of Directors.</i></p>	<p>6. For Independent Director, SEC Memorandum Circular No. 16, Series of 2002, SEC Memo No. 6, Series of 2009, Sec. 38 of The Securities Regulation Code, Rule 38 of the Amended Implementing Rules and Regulations (AIRR) of the Securities Regulation Code (SRC), SEC Memorandum Circular No. 13, Series of 2004, amending Rule 38 (formerly Rule 38.1) of AIRR of the SRC, SEC Memorandum Circular No. 9, Series of 2011, Sec. 15 of the General Banking Law, and Section X141 of the Manual of Regulations for Banks (MORB), as amended by BSP Circular Nos. 749 and 757, Series of 2012</p> <p>- a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director of the OBank, and includes, among others, any person who:</p> <p>a. is not or has not been an officer or employee of the Bank, its subsidiaries or affiliates or related interests during the past three (3) years counted from the date of his election (Subsection X141.2, MORB), and is not a director or officer of the Bank, any of its related companies or any of its substantial shareholders (owner of more than 10% of any class of its equity security, or holding shares of stock sufficient to elect one seat in the Board of Directors (Subsection X141.2, MORB) other than as an independent director of any of the foregoing;</p>

Procedure	Process Adopted	Criteria
b. Re-appointment		
(iii) Independent Directors		<p>j. <i>does not own more than two percent (2%) of the shares of the Bank and/or its related companies or any of its substantial shareholders (Rule 38.2.B, RIRR of the SRC);</i></p> <p>k. <i>is not a relative within the fourth (4th) degree of consanguinity or affinity, legitimate or common-law, of any director, officer or shareholder of the Bank, or any of its related companies (Subsection X141.2 (MORB);</i></p> <p>l. <i>is not acting as a nominee or representative of any director or substantial shareholder of the Bank, or any of its related companies or any of its substantial shareholders, pursuant to a Deed of Trust or under any contract or arrangement (Subsection X141.2 (5), MORB; Rule 38.2 D, RIRR of the SRC);</i></p> <p>m. <i>has not been employed in any executive capacity by the Bank, any of its related companies and/or any of its substantial shareholders within the last two (2) years (SEC Memorandum Circular No. 13, Series of 2004, amending Rule 38.1 of AIRR of the SRC);</i></p> <p>n. <i>is not retained as professional adviser, consultant, agent or counsel by the Bank, any of its related companies or any of its substantial shareholders within the last five (5) years, either in his personal capacity or through his firm (Subsection X141.2(6), MORB);</i></p> <p>g. <i>has not been engaged and does not engage in any transaction with the Bank and/or with any of its related companies and/or with any of its substantial shareholders, whether by himself and/or with other persons or through a firm of which he is a partner and/or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms length and could not materially or significantly interfere with or influence the exercise of his judgment (Subsection X141.2.b.(6), MORB);</i></p>

Procedure	Process Adopted	Criteria
b. Re-appointment		
(iii) Independent Directors		<p>h. is not or has not been convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Securities Regulation Code, committed within five (5) years prior to the date of his election (Rule 38.3, RIRR of the SRC); and,</p> <p>i. has not held independent directorships in more than 5 companies of the conglomerate, and has not served as Independent Director of the Bank for more than five (5) consecutive years from 2011 (SEC Memo No. 9, Series of 2011).</p> <p>Limitation on nationality of directors</p> <p>Non-Filipino citizens may become members of the board of directors of the Bank to the extent of the foreign participation in the equity of the Bank. Provided, majority of the directors are residents of the Philippines.</p>
c. Permanent Disqualification		
(i) Executive Directors	<p>The Bank also adheres to the following rules of the Bangko Sentral ng Pilipinas on Disqualification:</p> <p>Subsection X143.4 Disqualification procedures</p> <p>a. The board of directors and management of every institution shall be responsible for determining the existence of the ground for disqualification of the institution's director/officer or employee and for reporting the same to the BSP. While the concerned institution may conduct its own investigation and impose appropriate sanction/s as are allowable, this shall be without prejudice to the authority of the Monetary Board to disqualify a director/ officer/employee from being elected/appointed as director/officer in any FI under the supervision of the BSP. Grounds for disqualification made known to the institution, shall be reported to the appropriate department of the SES within seventy-two (72) hours from knowledge thereof.</p>	<p>The following are the grounds for the disqualification of a director in the Bank's Corporate Governance Manual:</p> <p>Permanently disqualified³²</p> <p>Directors/officers/employees permanently disqualified by the BSP Monetary Board from holding a director position:</p> <p>a. Persons who have been convicted by final judgment of a court for offenses involving dishonesty or breach of trust such as estafa, embezzlement, extortion, forgery, malversation, swindling, theft, robbery, falsification, bribery, violation of B.P. 22, violation of anti-graft and corrupt practices act and prohibited acts and transactions under Section 7 of R.A. No. 6713 (CODE OF CONDUCT AND ETHICAL STANDARDS FOR PUBLIC OFICIALS AND EMPLOYEES)</p>

³² Section X143.1 of the MORB

Procedure	Process Adopted	Criteria
c. Permanent Disqualification		
(i) Executive Directors	<p><i>b. On the basis of knowledge and evidence on the existence of any of the grounds for disqualification mentioned in Subsecs. X143.1 and X143.2, the director or officer concerned shall be notified in writing either by personal service or through registered mail with registry return receipt card at his/her last known address by the appropriate department of the SES of the existence of the ground for his/her disqualification and shall be allowed to submit within fifteen (15) calendar days from receipt of such notice an explanation on why he/she should not be disqualified and included in the watchlisted file, together with the evidence in support of his/her position. The head of said department may allow an extension on meritorious ground.</i></p> <p><i>c. Upon receipt of the reply explanation of the director/officer concerned, the appropriate department of the SES shall proceed to evaluate the case. The director/officer concerned shall be afforded the opportunity to defend/clear himself/herself.</i></p> <p><i>d. If no reply has been received from the director/officer concerned upon the expiration of the period prescribed under Item “b” above, said failure to reply shall be deemed a waiver and the appropriate department of the SES shall proceed to evaluate the case based on available records/evidence.</i></p> <p><i>e. If the ground for disqualification is delinquency in the payment of obligation, the concerned director or officer shall be given a period of thirty (30) calendar days within which to settle said obligation or, restore it to its current status or,</i></p>	<p><i>Note: The disqualification on violation of anti-graft and corrupt practices shall apply to government employees appointed for directorship position.</i></p> <p><i>b. Persons who have been convicted by final judgment of a court sentencing them to serve a maximum term of imprisonment of more than six (6) years or a violation of the Corporation Code committed within five years prior to the date of his election.³³</i></p> <p><i>c. Persons who have been convicted by final judgment of the court for violation of banking laws, rules and regulations.</i></p> <p><i>d. Persons who have been judicially declared insolvent, spendthrift or incapacitated to contract;</i></p> <p><i>e. Directors, officers or employees of closed banks who were found to be culpable for such institution's closure as determined by the Monetary Board.</i></p> <p><i>f. Directors and officers of banks found by the Monetary Board as administratively liable for violation of banking laws, rules and regulations where a penalty of removal from office is imposed, and which finding of the Monetary Board has become final and executory; or</i></p> <p><i>g. Directors and officers of banks, quasi-banks and trust entities or any person found by the Monetary Board to be unfit for the position of directors or officers because they were found administratively liable by another</i></p>

³³ Article 3.E of SEC Memo No. 6, S2009

Procedure	Process Adopted	Criteria
c. Permanent Disqualification		
(i) Executive Directors	<p><i>to explain why he/she should not be disqualified and included in the watchlisted file, before the evaluation on his disqualification and watchlisting is elevated to the Monetary Board.</i></p> <p><i>For vacancies, Article IV, Section 3 of the Bank's By-Laws states that vacancies in the Board of Directors may be filled by election or appointment made by the remaining directors, if still constituting a quorum, or otherwise said vacancy shall be filled by the stockholders in a regular or special meeting called for the purpose. The person so elected to fill a vacancy shall hold office only for the unexpired term of his predecessor in office. Whether any such vacancy shall or shall not be filled shall be left to the discretion of the Board of Directors.</i></p>	<p><i>h. government agency for violation of banking laws, rules and regulations or any offense/violation involving dishonesty or breach of trust, and which finding of said government agency has become final and executory.</i></p> <p><i>The following are additional disqualifications under Article 3.E of SEC Memo No. 6 Series of 2009:</i></p> <p><i>a. Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant commodity trading advisor, or floor broker; (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as affiliated person of any of them;</i></p> <p><i>b. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.</i></p> <p><i>The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise</i></p>

Procedure	Process Adopted	Criteria
c. Permanent Disqualification		
(i) Executive Directors		<p>been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order or a self-regulatory organization or association with a member or participant of the organization.</p> <p>c. Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forger, bribery, false affirmation, perjury or other fraudulent acts;</p> <p>d. Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or produced the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or any of its rule, regulation or order.</p> <p>e. Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;</p> <p>f. Any person found guilty by final judgment or order or a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in paragraphs a to e above;</p> <p>Limitation on nationality of directors</p> <p>Non-Filipino citizens may become members of the board of directors of the Bank to the extent of the foreign participation in the equity of the Bank. Provided, majority of the directors are residents of the Philippines.</p>
(ii) Non-Executive Directors	<p>The Bank also adheres to the following rules of the Bangko Sentral ng Pilipinas on Disqualification:</p> <p>Subsection X143.4 Disqualification procedures</p>	<p>The following are the grounds for the disqualification of a director in the Bank's Corporate Governance Manual:</p> <p>Permanently disqualified³⁴</p> <p>Directors/officers/employees permanently disqualified by the BSP Monetary Board from holding a director position:</p>

³⁴ Section X143.1 of the MORB

Procedure	Process Adopted	Criteria
c. Permanent Disqualification		
(ii) Non-Executive Directors	<p>a. The board of directors and management of every institution shall be responsible for determining the existence of the ground for disqualification of the institution's director/officer or employee and for reporting the same to the BSP. While the concerned institution may conduct its own investigation and impose appropriate sanction/s as are allowable, this shall be without prejudice to the authority of the Monetary Board to disqualify a director/ officer/employee from being elected/appointed as director/officer in any FI under the supervision of the BSP. Grounds for disqualification made known to the institution, shall be reported to the appropriate department of the SES within seventy-two (72) hours from knowledge thereof.</p> <p>b. On the basis of knowledge and evidence on the existence of any of the grounds for disqualification mentioned in Subsecs. X143.1 and X143.2, the director or officer concerned shall be notified in writing either by personal service or through registered mail with registry return receipt card at his/her last known address by the appropriate department of the SES of the existence of the ground for his/her disqualification and shall be allowed to submit within fifteen (15) calendar days from receipt of such notice an explanation on why he/she should not be disqualified and included in the watchlisted file, together with the evidence in support of his/her position. The head of said department may allow an extension on meritorious ground.</p>	<p>a. Persons who have been convicted by final judgment of a court for offenses involving dishonesty or breach of trust such as estafa, embezzlement, extortion, forgery, malversation, swindling, theft, robbery, falsification, bribery, violation of B.P. 22, violation of anti-graft and corrupt practices act and prohibited acts and transactions under Section 7 of R.A. No. 6713 (CODE OF CONDUCT AND ETHICAL STANDARDS FOR PUBLIC OFFICIALS AND EMPLOYEES)</p> <p>Note: The disqualification on violation of anti-graft and corrupt practices shall apply to government employees appointed for directorship position.</p> <p>b. Persons who have been convicted by final judgment of a court sentencing them to serve a maximum term of imprisonment of more than six (6) years or a violation of the Corporation Code committed within five years prior to the date of his election.³⁵</p> <p>c. Persons who have been convicted by final judgment of the court for violation of banking laws, rules and regulations.</p> <p>d. Persons who have been judicially declared insolvent, spendthrift or incapacitated to contract;</p> <p>e. Directors, officers or employees of closed banks who were found to be culpable for such institution's closure as determined by the Monetary Board.</p> <p>f. Directors and officers of banks found by the Monetary Board as administratively liable for violation of banking laws, rules and regulations where a penalty of removal from office is imposed, and which finding of the Monetary Board has become final and executory; or</p>

³⁵ Article 3.E of SEC Memo No. 6, S2009

Procedure	Process Adopted	Criteria
c. Permanent Disqualification		
(ii) Non-Executive Directors	<p>c. Upon receipt of the reply explanation of the director/officer concerned, the appropriate department of the SES shall proceed to evaluate the case. The director/officer concerned shall be afforded the opportunity to defend/clear himself/herself.</p> <p>d. If no reply has been received from the director/officer concerned upon the expiration of the period prescribed under Item “b” above, said failure to reply shall be deemed a waiver and the appropriate department of the SES shall proceed to evaluate the case based on available records/evidence.</p> <p>e. If the ground for disqualification is delinquency in the payment of obligation, the concerned director or officer shall be given a period of thirty (30) calendar days within which to settle said obligation or, restore it to its current status or, to explain why he/she should not be disqualified and included in the watchlisted file, before the evaluation on his disqualification and watchlisting is elevated to the Monetary Board.</p> <p>For vacancies, Article IV, Section 3 of the Bank’s By-Laws states that vacancies in the Board of Directors may be filled by election or appointment made by the remaining directors, if still constituting a quorum, or otherwise said vacancy shall be filled by the stockholders in a regular or special meeting called for the purpose. The person so elected to fill a vacancy shall hold office only for the unexpired term of his predecessor in office. Whether any such vacancy shall or shall not be filled shall be left to the discretion of the Board of Directors.</p>	<p>g. Directors and officers of banks, quasi-banks and trust entities or any person found by the Monetary Board to be unfit for the position of directors or officers because they were found administratively liable by another government agency for violation of banking laws, rules and regulations or any offense/violation involving dishonesty or breach of trust, and which finding of said government agency has become final and executory.</p> <p>The following are additional disqualifications under Article 3.E of SEC Memo No. 6 Series of 2009:</p> <p>a. Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person’s conduct as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant commodity trading advisor, or floor broker; (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as affiliated person of any of them;</p>

Procedure	Process Adopted	Criteria
c. Permanent Disqualification		
(ii) Non-Executive Directors		<p>b. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.</p> <p>The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order or a self-regulatory organization or association with a member or participant of the organization.</p> <p>c. Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forger, bribery, false affirmation, perjury or other fraudulent acts;</p>

Procedure	Process Adopted	Criteria
c. Permanent Disqualification		
(ii) Non-Executive Directors		<p>d. Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or produced the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or any of its rule, regulation or order.</p> <p>e. Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;</p> <p>f. Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in paragraphs a to e above;</p> <p>Limitation on nationality of directors</p> <p>Non-Filipino citizens may become members of the board of directors of the Bank to the extent of the foreign participation in the equity of the Bank. Provided, majority of the directors are residents of the Philippines.</p>
(iii) Independent Directors	<p>The Bank also adheres to the following rules of the Bangko Sentral ng Pilipinas on Disqualification:</p> <p>Subsection X143.4 Disqualification procedures</p> <p>a. The board of directors and management of every institution shall be responsible for determining the existence of the ground for disqualification of the institution's director/officer or employee and for reporting the same to the BSP. While the concerned institution may conduct its own investigation and impose appropriate sanction/s as are allowable, this shall be without prejudice to the authority of the Monetary Board to disqualify a director/ officer/employee from being elected/appointed as director/officer</p>	<p>The following are the grounds for the disqualification of a director in the Bank's Corporate Governance Manual:</p> <p>Permanently disqualified³⁶</p> <p>Directors/officers/employees permanently disqualified by the BSP Monetary Board from holding a director position:</p> <p>Persons who have been convicted by final judgment of a court for offenses involving dishonesty or breach of trust such as estafa, embezzlement, extortion, forgery, malversation, swindling, theft, robbery, falsification, bribery, violation of B.P. 22, violation of anti-graft and corrupt practices act and prohibited acts and transactions under Section 7 of R.A. No. 6713 (CODE OF CONDUCT AND ETHICAL STANDARDS FOR PUBLIC OFICIALS AND EMPLOYEES)</p>

³⁶ Section X143.1 of the MORB

Procedure	Process Adopted	Criteria
c. Permanent Disqualification		
(iii) Independent Directors	<p><i>in any FI under the supervision of the BSP. Grounds for disqualification made known to the institution, shall be reported to the appropriate department of the SES within seventy-two (72) hours from knowledge thereof.</i></p> <p><i>b. On the basis of knowledge and evidence on the existence of any of the grounds for disqualification mentioned in Subsecs. X143.1 and X143.2, the director or officer concerned shall be notified in writing either by personal service or through registered mail with registry return receipt card at his/her last known address by the appropriate department of the SES of the existence of the ground for his/her disqualification and shall be allowed to submit within fifteen (15) calendar days from receipt of such notice an explanation on why he/she should not be disqualified and included in the watchlisted file, together with the evidence in support of his/her position. The head of said department may allow an extension on meritorious ground.</i></p> <p><i>c. Upon receipt of the reply explanation of the director/officer concerned, the appropriate department of the SES shall proceed to evaluate the case. The director/officer concerned shall be afforded the opportunity to defend/clear himself/herself.</i></p> <p><i>d. If no reply has been received from the director/officer concerned upon the expiration of the period prescribed under Item “b” above, said failure to reply shall be deemed a waiver and the appropriate department of the SES shall proceed to evaluate the case based on available records/ evidence.</i></p>	<p><i>Note: The disqualification on violation of anti-graft and corrupt practices shall apply to government employees appointed for directorship position.</i></p> <p><i>a. Persons who have been convicted by final judgment of a court sentencing them to serve a maximum term of imprisonment of more than six (6) years or a violation of the Corporation Code committed within five years prior to the date of his election.³⁷</i></p> <p><i>b. Persons who have been convicted by final judgment of the court for violation of banking laws, rules and regulations.</i></p> <p><i>c. Persons who have been judicially declared insolvent, spendthrift or incapacitated to contract;</i></p> <p><i>d. Directors, officers or employees of closed banks who were found to be culpable for such institution’s closure as determined by the Monetary Board.</i></p> <p><i>e. Directors and officers of banks found by the Monetary Board as administratively liable for violation of banking laws, rules and regulations where a penalty of removal from office is imposed, and which finding of the Monetary Board has become final and executory; or</i></p> <p><i>f. Directors and officers of banks, quasi-banks and trust entities or any person found by the Monetary Board to be unfit for the position of directors or officers because they were found administratively liable by another government agency for violation of banking laws, rules and regulations or</i></p>

³⁷ Article 3.E of SEC Memo No. 6, S2009

Procedure	Process Adopted	Criteria
c. Permanent Disqualification		
(iii) Independent Directors	<p><i>e. If the ground for disqualification is delinquency in the payment of obligation, the concerned director or officer shall be given a period of thirty (30) calendar days within which to settle said obligation or, restore it to its current status or, to explain why he/she should not be disqualified and included in the watchlisted file, before the evaluation on his disqualification and watchlisting is elevated to the Monetary Board.</i></p> <p><i>For vacancies, Article IV, Section 3 of the Bank's By-Laws states that vacancies in the Board of Directors may be filled by election or appointment made by the remaining directors, if still constituting a quorum, or otherwise said vacancy shall be filled by the stockholders in a regular or special meeting called for the purpose. The person so elected to fill a vacancy shall hold office only for the unexpired term of his predecessor in office. Whether any such vacancy shall or shall not be filled shall be left to the discretion of the Board of Directors.</i></p>	<p><i>any offense/violation involving dishonesty or breach of trust, and which finding of said government agency has become final and executory.</i></p> <p><i>The following are additional disqualifications under Article 3.E of SEC Memo No. 6 Series of 2009:</i></p> <p><i>a. Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant commodity trading advisor, or floor broker; (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as affiliated person of any of them;</i></p> <p><i>b. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.</i></p> <p><i>The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity</i></p>

Procedure	Process Adopted	Criteria
c. Permanent Disqualification		
(iii) Independent Directors		<p><i>involving securities and banking; or such person is currently the subject of an effective order or a self-regulatory organization or association with a member or participant of the organization.</i></p> <p><i>c. Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forger, bribery, false affirmation, perjury or other fraudulent acts;</i></p> <p><i>d. Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or produced the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or any of its rule, regulation or order.</i></p> <p><i>e. Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;</i></p> <p><i>f. Any person found guilty by final judgment or order or a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in paragraphs a to e above;</i></p> <p>Limitation on nationality of directors</p> <p><i>Non-Filipino citizens may become members of the board of directors of the Bank to the extent of the foreign participation in the equity of the Bank. Provided, majority of the directors are residents of the Philippines.</i></p>
(i) Executive Directors	<i>The Bank also adheres to the following rules of the Bangko Sentral ng Pilipinas on Disqualification:</i>	<p><i>Temporarily Disqualified.</i></p> <p><i>Directors/officers/employees disqualified by the BSP Monetary Board from holding a director position for a specific/indefinite period of time. Included are:</i></p>

Procedure	Process Adopted	Criteria
d. Temporary Disqualification		
(i) Executive Directors	<p>Subsection X143.4 Disqualification procedures</p> <p><i>a. The board of directors and management of every institution shall be responsible for determining the existence of the ground for disqualification of the institution's director/officer or employee and for reporting the same to the BSP. While the concerned institution may conduct its own investigation and impose appropriate sanction/s as are allowable, this shall be without prejudice to the authority of the Monetary Board to disqualify a director/ officer/employee from being elected/appointed as director/officer in any FI under the supervision of the BSP. Grounds for disqualification made known to the institution, shall be reported to the appropriate department of the SES within seventy-two (72) hours from knowledge thereof.</i></p> <p><i>b. On the basis of knowledge and evidence on the existence of any of the grounds for disqualification mentioned in Subsecs. X143.1 and X143.2, the director or officer concerned shall be notified in writing either by personal service or through registered mail with registry return receipt card at his/her last known address by the appropriate department of the SES of the existence of the ground for his/her disqualification and shall be allowed to submit within fifteen (15) calendar days from receipt of such notice an explanation on why he/she should not be disqualified and included in the watchlisted file, together with the evidence in support of his/her position.</i></p> <p><i>The head of said department may allow an extension on meritorious ground.</i></p>	<p><i>- Persons who refuse to fully disclose the extent of their business interest or any material information to the appropriate supervising and examining department when required pursuant to a provision of law or of a circular, memorandum or rule or regulation of the BSP. This disqualification shall be in effect as long as the refusal persists;</i></p> <p><i>- Directors who have been absent or who have not participated for whatever reasons in more than fifty percent (50%) of all meetings, both regular and special, of the board of directors during their incumbency, and directors who failed to physically attend for whatever reasons in at least twenty-five percent (25%) of all board meetings in any year, except that when a notarized certification executed by the Corporate Secretary has been submitted attesting that said directors were given the agenda materials prior to the meeting and that their comments/decisions thereon were submitted for deliberation/discussion and were taken up in the actual board meeting, said directors shall be considered present in the board meeting. This disqualification applies only for purpose of the immediately succeeding election;</i></p>

Procedure	Process Adopted	Criteria
d. Temporary Disqualification		
(i) Executive Directors	<p><i>c. Upon receipt of the reply explanation of the director/officer concerned, the appropriate department of the SES shall proceed to evaluate the case. The director/officer concerned shall be afforded the opportunity to defend/clear himself/herself.</i></p> <p><i>d. If no reply has been received from the director/officer concerned upon the expiration of the period prescribed under Item “b” above, said failure to reply shall be deemed a waiver and the appropriate department of the SES shall proceed to evaluate the case based on available records/ evidence.</i></p> <p><i>e. If the ground for disqualification is delinquency in the payment of obligation, the concerned director or officer shall be given a period of thirty (30) calendar days within which to settle said obligation or, restore it to its current status or, to explain why he/she should not be disqualified and included in the watchlisted file, before the evaluation on his disqualification and watchlisting is elevated to the Monetary Board.</i></p> <p><i>x x x x</i></p> <p><i>l. Whenever a director/officer is cleared in the process mentioned under Item “c” above or, when the ground for disqualification ceases to exist, he/she would be eligible to become director or officer of any bank, QB, trust entity or any institution under the supervision of the BSP only upon prior approval by the Monetary Board. It shall be the responsibility of the appropriate department of the SES to elevate to the Monetary Board the lifting of the disqualification of the concerned director/officer and his/her delisting from the masterlist of watchlisted persons. (As amended by Circular No. 584 dated 28 September 2007)</i></p>	<p><i>- Persons who are delinquent in the payment of their obligations as defined hereunder.</i></p> <p><i>a. Delinquency in the payment of obligations means that an obligation of a person with a bank where he/she is a director or officer, or at least two obligations with other banks/financial institution, under different credit lines or loan contracts, are past due pursuant to Sec. X306 of the BSP Manual of Regulations;</i></p> <p><i>b. Obligations shall include all borrowings from a bank/quasi bank obtained by:</i></p> <p><i>i. A director or officer for his own account or as the representative or agent of others or where he/she acts as a guarantor, indorser, or surety for loans from such financial institutions;</i></p> <p><i>ii. The spouse or child under the parental authority of the director or officer;</i></p> <p><i>iii. Any person whose borrowings or loan proceeds were credited to the account of, or used for the benefit of a director or officer;</i></p> <p><i>iv A partnership of which a director or officer, or his/her spouse is the managing partner or a general partner owning a controlling interest in the partnership; and</i></p> <p><i>v. A corporation, association or firm wholly owned or majority of the capital of which is owned by any or a group of persons, mentioned in the foregoing Items (i), (ii) and (iv);</i></p> <p><i>This disqualification shall be in effect as long as the delinquency persists.</i></p>

Procedure	Process Adopted	Criteria
d. Temporary Disqualification		
(i) Executive Directors	<p><i>For vacancies, Article IV, Section 3 of the Bank's By-Laws states that vacancies in the Board of Directors may be filled by election or appointment made by the remaining directors, if still constituting a quorum, or otherwise said vacancy shall be filled by the stockholders in a regular or special meeting called for the purpose. The person so elected to fill a vacancy shall hold office only for the unexpired term of his predecessor in office. Whether any such vacancy shall or shall not be filled shall be left to the discretion of the Board of Directors.</i></p>	<p><i>- Persons who have been convicted by a court for offenses involving dishonesty or breach of trust such as, but not limited to estafa, extortion, forgery, malversation, swindling, theft, robbery, falsification, bribery, violation of B.P. Blg. 22, violation of anti-graft and corrupt practices act and prohibited acts and transactions under Section 7 of R.A. No. 6713 (Code of Conduct and Ethical Standards for Public Officials and Employees), or violation of banking laws, rules and regulations or those sentenced to serve a maximum term of imprisonment of more than six years but whose conviction has not yet become final and executory;</i></p> <p><i>Note: The disqualification on violation of anti-graft and corrupt practices shall apply to government employees appointed for directorship position.</i></p> <p><i>- Directors and officers of closed banks pending their clearance by the Monetary Board;</i></p> <p><i>- Directors disqualified for failure to observe/discharge their duties and responsibilities prescribed under existing regulations. This disqualification applies until the lapse of the specific period of disqualification or upon approval by the Monetary Board on recommendation by the appropriate supervising and examining department of such directors' election/reelection;</i></p> <p><i>- Directors who failed to attend the special seminar for board of directors required under item "c" of Subsec. X141.2 of the Manual of Regulations for Banks (MORB). This disqualification applies until the director concerned had attended such seminar;</i></p> <p><i>- Persons dismissed/terminated from employment for cause. This disqualification shall be in effect until they have cleared themselves of involvement in the alleged irregularity or upon clearance, on their request, from the Monetary Board after showing good and justifiable reasons, or after the lapse of five (5) years from the time they were officially advised by the appropriate department of SES of their disqualification;</i></p>

Procedure	Process Adopted	Criteria
d. Temporary Disqualification		
(i) Executive Directors		<p>- Those under preventive suspension;</p> <p>- Persons with derogatory records as certified by, or on the official files of, the Judiciary, National Bureau of Investigation, Philippine National Police, quasi-judicial bodies, other government agencies, international police, monetary authorities and similar agencies or authorities of foreign countries for irregularities or violations of any laws, rules and regulations that would adversely affect the integrity of the director/officer or the ability to effectively discharge his duties. This disqualification applies until they have cleared themselves of the alleged irregularities/violations or after a lapse of five (5) years from the time the complaint, which was the basis of the derogatory record, was initiated;</p> <p>- Directors and officers of banks, quasi-banks and trust entities found by the Monetary Board as administratively liable for violation of banking laws, rules and regulations where a penalty of removal from office is imposed, and which finding of the Monetary Board is pending appeal before the appellate court, unless execution or enforcement thereof is restrained by the court;</p> <p>- Directors and officers of banks found by the Monetary Board to be unfit for the position of directors or officers because they were found administratively liable by another government agency for violation of banking laws, rules and regulations or any offense/violation involving dishonesty or breach of trust, and which finding of said government agency is pending appeal before the appellate court, unless execution or enforcement thereof is restrained by the court;</p> <p>- Directors and officers of banks, quasi-banks and trust entities found by the Monetary Board as administratively liable for violation of banking laws, rules and regulations where a penalty of suspension from office or fine is imposed, regardless whether the finding of the Monetary Board is final and executory or pending appeal before the appellate court, unless execution or enforcement thereof is restrained by the court. The disqualification shall be in effect during the period of suspension or so long as the fine is not fully paid;</p>

Procedure	Process Adopted	Criteria
d. Temporary Disqualification		
(i) Executive Directors		<p>- Independent director who becomes an officer or employee of the Bank, he/she shall be automatically disqualified from being an independent director.</p> <p>The following temporary disqualifications are added by the Revised Code of Corporate Governance (Article 3.E.2 of SEC Memo No. 6 S2009):</p> <p>- Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists.</p> <p>- Absence in more than fifty (50) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election;</p> <p>- Dismissal or termination for cause as director of any corporation covered by the Revised Code of Corporate Governance. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.</p> <p>- If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. This disqualification shall be lifted if the limit is later complied with.</p> <p>- If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.</p> <p>Limitation on nationality of directors</p> <p>Non-Filipino citizens may become members of the board of directors of the Bank to the extent of the foreign participation in the equity of the Bank. Provided, majority of the directors are residents of the Philippines.</p>

Procedure	Process Adopted	Criteria
d. Temporary Disqualification		
(ii) Non-Executive Directors	<p><i>The Bank also adheres to the following rules of the Bangko Sentral ng Pilipinas on Disqualification:</i></p> <p><i>Subsection X143.4 Disqualification procedures</i></p> <p><i>a. The board of directors and management of every institution shall be responsible for determining the existence of the ground for disqualification of the institution's director/officer or employee and for reporting the same to the BSP. While the concerned institution may conduct its own investigation and impose appropriate sanction/s as are allowable, this shall be without prejudice to the authority of the Monetary Board to disqualify a director/ officer/employee from being elected/appointed as director/officer in any FI under the supervision of the BSP. Grounds for disqualification made known to the institution, shall be reported to the appropriate department of the SES within seventy-two (72) hours from knowledge thereof.</i></p> <p><i>b. On the basis of knowledge and evidence on the existence of any of the grounds for disqualification mentioned in Subsecs. X143.1 and X143.2, the director or officer concerned shall be notified in writing either by personal service or through registered mail with registry return receipt card at his/her last known address by the appropriate department of the SES of the existence of the ground for his/her disqualification and shall be allowed to submit within fifteen (15) calendar days from receipt of such notice an explanation on why he/she should not be disqualified and included in the watchlisted file, together with the evidence in support of his/her position. The head of said department may allow an extension on meritorious ground.</i></p>	<p><i>Directors/officers/employees disqualified by the BSP Monetary Board from holding a director position for a specific/indefinite period of time. Included are:</i></p> <ul style="list-style-type: none"> <i>- Persons who refuse to fully disclose the extent of their business interest or any material information to the appropriate supervising and examining department when required pursuant to a provision of law or of a circular, memorandum or rule or regulation of the BSP. This disqualification shall be in effect as long as the refusal persists;</i> <i>- Directors who have been absent or who have not participated for whatever reasons in more than fifty percent (50%) of all meetings, both regular and special, of the board of directors during their incumbency, and directors who failed to physically attend for whatever reasons in at least twenty-five percent (25%) of all board meetings in any year, except that when a notarized certification executed by the Corporate Secretary has been submitted attesting that said directors were given the agenda materials prior to the meeting and that their comments/decisions thereon were submitted for deliberation/discussion and were taken up in the actual board meeting, said directors shall be considered present in the board meeting. This disqualification applies only for purpose of the immediately succeeding election;</i> <i>- Persons who are delinquent in the payment of their obligations as defined hereunder.</i> <p><i>a. Delinquency in the payment of obligations means that an obligation of a person with a bank where he/she is a director or officer, or at least two obligations with other banks/financial institution, under different credit lines or loan contracts, are past due pursuant to Sec. X306 of the BSP Manual of Regulations;</i></p>

Procedure	Process Adopted	Criteria
d. Temporary Disqualification		
(ii) Non-Executive Directors	<p><i>c. Upon receipt of the reply explanation of the director/officer concerned, the appropriate department of the SES shall proceed to evaluate the case. The director/officer concerned shall be afforded the opportunity to defend/clear himself/herself.</i></p> <p><i>d. If no reply has been received from the director/officer concerned upon the expiration of the period prescribed under Item “b” above, said failure to reply shall be deemed a waiver and the appropriate department of the SES shall proceed to evaluate the case based on available records/ evidence.</i></p> <p><i>e. If the ground for disqualification is delinquency in the payment of obligation, the concerned director or officer shall be given a period of thirty (30) calendar days within which to settle said obligation or, restore it to its current status or, to explain why he/she should not be disqualified and included in the watchlisted file, before the evaluation on his disqualification and watchlisting is elevated to the Monetary Board.</i></p> <p><i>x x x x</i></p> <p><i>l. Whenever a director/officer is cleared in the process mentioned under Item “c” above or, when the ground for disqualification ceases to exist, he/she would be eligible to become director or officer of any bank, QB, trust entity or any institution under the supervision of the BSP only upon prior approval by the Monetary Board. It shall be the responsibility of the appropriate department of the SES to elevate to the Monetary Board the lifting of the disqualification of the concerned director/officer and his/her delisting from the masterlist of watchlisted persons. (As amended by Circular No. 584 dated 28 September 2007)</i></p>	<p><i>b. Obligations shall include all borrowings from a bank/quasi bank obtained by:</i></p> <ul style="list-style-type: none"> <i>i. A director or officer for his own account or as the representative or agent of others or where he/she acts as a guarantor, indorser, or surety for loans from such financial institutions;</i> <i>ii. The spouse or child under the parental authority of the director or officer;</i> <i>iii. Any person whose borrowings or loan proceeds were credited to the account of, or used for the benefit of a director or officer;</i> <i>iv A partnership of which a director or officer, or his/her spouse is the managing partner or a general partner owning a controlling interest in the partnership; and</i> <i>v. A corporation, association or firm wholly owned or majority of the capital of which is owned by any or a group of persons, mentioned in the foregoing Items (i), (ii) and (iv);</i> <p><i>This disqualification shall be in effect as long as the delinquency persists.</i></p> <p><i>- Persons who have been convicted by a court for offenses involving dishonesty or breach of trust such as, but not limited to estafa, extortion, forgery, malversation, swindling, theft, robbery, falsification, bribery, violation of B.P. Blg. 22, violation of anti-graft and corrupt practices act and prohibited acts and transactions under Section 7 of R.A. No. 6713 (Code of Conduct and Ethical Standards for Public Officials and Employees), or violation of banking laws, rules and regulations or those sentenced to serve a maximum term of imprisonment of more than six years but whose conviction has not yet become final and executory;</i></p> <p><i>Note: The disqualification on violation of anti-graft and corrupt practices shall apply to government employees appointed for directorship position.</i></p> <p><i>- Directors and officers of closed banks pending their clearance by the Monetary Board;</i></p>

Procedure	Process Adopted	Criteria
d. Temporary Disqualification		
(ii) Non-Executive Directors	<p><i>For vacancies, Article IV, Section 3 of the Bank's By-Laws states that vacancies in the Board of Directors may be filled by election or appointment made by the remaining directors, if still constituting a quorum, or otherwise said vacancy shall be filled by the stockholders in a regular or special meeting called for the purpose. The person so elected to fill a vacancy shall hold office only for the unexpired term of his predecessor in office. Whether any such vacancy shall or shall not be filled shall be left to the discretion of the Board of Directors.</i></p>	<ul style="list-style-type: none"> - <i>Directors disqualified for failure to observe/discharge their duties and responsibilities prescribed under existing regulations. This disqualification applies until the lapse of the specific period of disqualification or upon approval by the Monetary Board on recommendation by the appropriate supervising and examining department of such directors' election/re-election;</i> - <i>Directors who failed to attend the special seminar for board of directors required under item "c" of Subsec. XI41.2 of the Manual of Regulations for Banks (MORB). This disqualification applies until the director concerned had attended such seminar;</i> - <i>Persons dismissed/terminated from employment for cause. This disqualification shall be in effect until they have cleared themselves of involvement in the alleged irregularity or upon clearance, on their request, from the Monetary Board after showing good and justifiable reasons, or after the lapse of five (5) years from the time they were officially advised by the appropriate department of SES of their disqualification;</i> - <i>Those under preventive suspension;</i> - <i>Persons with derogatory records as certified by, or on the official files of, the Judiciary, National Bureau of Investigation, Philippine National Police, quasi-judicial bodies, other government agencies, international police, monetary authorities and similar agencies or authorities of foreign countries for irregularities or violations of any laws, rules and regulations that would adversely affect the integrity of the director/officer or the ability to effectively discharge his duties. This disqualification applies until they have cleared themselves of the alleged irregularities/violations or after a lapse of five (5) years from the time the complaint, which was the basis of the derogatory record, was initiated;</i>

Procedure	Process Adopted	Criteria
d. Temporary Disqualification		
(ii) Non-Executive Directors		<p>- Directors and officers of banks, quasi-banks and trust entities found by the Monetary Board as administratively liable for violation of banking laws, rules and regulations where a penalty of removal from office is imposed, and which finding of the Monetary Board is pending appeal before the appellate court, unless execution or enforcement thereof is restrained by the court;</p> <p>- Directors and officers of banks found by the Monetary Board to be unfit for the position of directors or officers because they were found administratively liable by another government agency for violation of banking laws, rules and regulations or any offense/violation involving dishonesty or breach of trust, and which finding of said government agency is pending appeal before the appellate court, unless execution or enforcement thereof is restrained by the court;</p> <p>- Directors and officers of banks, quasi-banks and trust entities found by the Monetary Board as administratively liable for violation of banking laws, rules and regulations where a penalty of suspension from office or fine is imposed, regardless whether the finding of the Monetary Board is final and executory or pending appeal before the appellate court, unless execution or enforcement thereof is restrained by the court. The disqualification shall be in effect during the period of suspension or so long as the fine is not fully paid;</p> <p>- Independent director who becomes an officer or employee of the Bank, he/she shall be automatically disqualified from being an independent director.</p> <p>The following temporary disqualifications are added by the Revised Code of Corporate Governance (Article 3.E.2 of SEC Memo No. 6 S2009):</p> <p>- Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists.</p>

Procedure	Process Adopted	Criteria
d. Temporary Disqualification		
(ii) Non-Executive Directors		<p>- Absence in more than fifty (50) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election;</p> <p>- Dismissal or termination for cause as director of any corporation covered by the Revised Code of Corporate Governance. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.</p> <p>- If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. This disqualification shall be lifted if the limit is later complied with.</p> <p>- If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.</p> <p>Limitation on nationality of directors</p> <p>Non-Filipino citizens may become members of the board of directors of the Bank to the extent of the foreign participation in the equity of the Bank. Provided, majority of the directors are residents of the Philippines.</p>
(iii) Independent Directors	<p><i>The Bank also adheres to the following rules of the Bangko Sentral ng Pilipinas on Disqualification:</i></p> <p><i>Subsection X143.4 Disqualification procedures</i></p> <p><i>a. The board of directors and management of every institution shall be responsible for determining the existence of the ground for disqualification of the institution's director/officer or employee and for reporting the same to the BSP. While the concerned institution may conduct its own investigation and impose appropriate sanction/s as are allowable, this shall be without prejudice to the authority of the Monetary Board to disqualify a director/ officer/employee from being elected/appointed as director/officer</i></p>	<p><i>Directors/officers/employees disqualified by the BSP Monetary Board from holding a director position for a specific/indefinite period of time. Included are:</i></p> <p>- Persons who refuse to fully disclose the extent of their business interest or any material information to the appropriate supervising and examining department when required pursuant to a provision of law or of a circular, memorandum or rule or regulation of the BSP. This disqualification shall be in effect as long as the refusal persists;</p>

Procedure	Process Adopted	Criteria
d. Temporary Disqualification		
(iii) Independent Directors	<p><i>in any FI under the supervision of the BSP.</i></p> <p><i>Grounds for disqualification made known to the institution, shall be reported to the appropriate department of the SES within seventy-two (72) hours from knowledge thereof.</i></p> <p><i>b. On the basis of knowledge and evidence on the existence of any of the grounds for disqualification mentioned in Subsecs. X143.1 and X143.2, the director or officer concerned shall be notified in writing either by personal service or through registered mail with registry return receipt card at his/her last known address by the appropriate department of the SES of the existence of the ground for his/her disqualification and shall be allowed to submit within fifteen (15) calendar days from receipt of such notice an explanation on why he/she should not be disqualified and included in the watchlisted file, together with the evidence in support of his/her position. The head of said department may allow an extension on meritorious ground.</i></p> <p><i>c. Upon receipt of the reply explanation of the director/officer concerned, the appropriate department of the SES shall proceed to evaluate the case. The director/officer concerned shall be afforded the opportunity to defend/clear himself/herself.</i></p> <p><i>d. If no reply has been received from the director/officer concerned upon the expiration of the period prescribed under Item “b” above, said failure to reply shall be deemed a waiver and the appropriate department of the SES shall proceed to evaluate the case based on available records/ evidence.</i></p>	<p><i>- Directors who have been absent or who have not participated for whatever reasons in more than fifty percent (50%) of all meetings, both regular and special, of the board of directors during their incumbency, and directors who failed to physically attend for whatever reasons in at least twenty-five percent (25%) of all board meetings in any year, except that when a notarized certification executed by the Corporate Secretary has been submitted attesting that said directors were given the agenda materials prior to the meeting and that their comments/decisions thereon were submitted for deliberation/discussion and were taken up in the actual board meeting, said directors shall be considered present in the board meeting. This disqualification applies only for purpose of the immediately succeeding election;</i></p> <p><i>- Persons who are delinquent in the payment of their obligations as defined hereunder.</i></p> <p><i>a. Delinquency in the payment of obligations means that an obligation of a person with a bank where he/she is a director or officer, or at least two obligations with other banks/financial institution, under different credit lines or loan contracts, are past due pursuant to Sec. X306 of the BSP Manual of Regulations;</i></p> <p><i>b. Obligations shall include all borrowings from a bank/quasi bank obtained by:</i></p> <p><i>i. A director or officer for his own account or as the representative or agent of others or where he/she acts as a guarantor, indorser, or surety for loans from such financial institutions;</i></p> <p><i>ii. The spouse or child under the parental authority of the director or officer;</i></p>

Procedure	Process Adopted	Criteria
d. Temporary Disqualification		
(iii) Independent Directors	<p><i>e. If the ground for disqualification is delinquency in the payment of obligation, the concerned director or officer shall be given a period of thirty (30) calendar days within which to settle said obligation or, restore it to its current status or, to explain why he/she should not be disqualified and included in the watchlisted file, before the evaluation on his disqualification and watchlisting is elevated to the Monetary Board.</i></p> <p><i>x x x x</i></p> <p><i>l. Whenever a director/officer is cleared in the process mentioned under Item “c” above or, when the ground for disqualification ceases to exist, he/she would be eligible to become director or officer of any bank, QB, trust entity or any institution under the supervision of the BSP only upon prior approval by the Monetary Board. It shall be the responsibility of the appropriate department of the SES to elevate to the Monetary Board the lifting of the disqualification of the concerned director/officer and his/her delisting from the masterlist of watchlisted persons. (As amended by Circular No. 584 dated 28 September 2007)</i></p> <p><i>For vacancies, Article IV, Section 3 of the Bank’s By-Laws states that vacancies in the Board of Directors may be filled by election or appointment made by the remaining directors, if still constituting a quorum, or otherwise said vacancy shall be filled by the stockholders in a regular or special meeting called for the purpose. The person so elected to fill a vacancy shall hold office only for the unexpired term of his predecessor in office. Whether any such vacancy shall or shall not be filled shall be left to the discretion of the Board of Directors.</i></p>	<p><i>iii. Any person whose borrowings or loan proceeds were credited to the account of, or used for the benefit of a director or officer;</i></p> <p><i>iv. A partnership of which a director or officer, or his/her spouse is the managing partner or a general partner owning a controlling interest in the partnership; and</i></p> <p><i>v. A corporation, association or firm wholly owned or majority of the capital of which is owned by any or a group of persons, mentioned in the foregoing Items (i), (ii) and (iv);</i></p> <p><i>This disqualification shall be in effect as long as the delinquency persists.</i></p> <p><i>- Persons who have been convicted by a court for offenses involving dishonesty or breach of trust such as, but not limited to estafa, extortion, forgery, malversation, swindling, theft, robbery, falsification, bribery, violation of B.P. Blg. 22, violation of anti-graft and corrupt practices act and prohibited acts and transactions under Section 7 of R.A. No. 6713 (Code of Conduct and Ethical Standards for Public Officials and Employees), or violation of banking laws, rules and regulations or those sentenced to serve a maximum term of imprisonment of more than six years but whose conviction has not yet become final and executory;</i></p> <p><i>Note: The disqualification on violation of anti-graft and corrupt practices shall apply to government employees appointed for directorship position.</i></p> <p><i>- Directors and officers of closed banks pending their clearance by the Monetary Board;</i></p>

Procedure	Process Adopted	Criteria
d. Temporary Disqualification		
(iii) Independent Directors		<ul style="list-style-type: none"> - Directors disqualified for failure to observe/discharge their duties and responsibilities prescribed under existing regulations. This disqualification applies until the lapse of the specific period of disqualification or upon approval by the Monetary Board on recommendation by the appropriate supervising and examining department of such directors' election/re-election; - Directors who failed to attend the special seminar for board of directors required under item "c" of Subsec. X141.2 of the Manual of Regulations for Banks (MORB). This disqualification applies until the director concerned had attended such seminar; - Persons dismissed/terminated from employment for cause. This disqualification shall be in effect until they have cleared themselves of involvement in the alleged irregularity or upon clearance, on their request, from the Monetary Board after showing good and justifiable reasons, or after the lapse of five (5) years from the time they were officially advised by the appropriate department of SES of their disqualification; - Those under preventive suspension; - Persons with derogatory records as certified by, or on the official files of, the Judiciary, National Bureau of Investigation, Philippine National Police, quasi-judicial bodies, other government agencies, international police, monetary authorities and similar agencies or authorities of foreign countries for irregularities or violations of any laws, rules and regulations that would adversely affect the integrity of the director/officer or the ability to effectively discharge his duties. This disqualification applies until they have cleared themselves of the alleged irregularities/violations or after a lapse of five (5) years from the time the complaint, which was the basis of the derogatory record, was initiated; - Directors and officers of banks, quasi-banks and trust entities found by the Monetary Board as administratively liable for violation of banking laws, rules and regulations where a penalty of removal from office is imposed, and which finding of the Monetary Board is pending appeal before the appellate court, unless execution or enforcement thereof is restrained by the court;

Procedure	Process Adopted	Criteria
d. Temporary Disqualification		
(iii) Independent Directors		<p>- Directors and officers of banks found by the Monetary Board to be unfit for the position of directors or officers because they were found administratively liable by another government agency for violation of banking laws, rules and regulations or any offense/violation involving dishonesty or breach of trust, and which finding of said government agency is pending appeal before the appellate court, unless execution or enforcement thereof is restrained by the court;</p> <p>-Directors and officers of banks, quasi-banks and trust entities found by the Monetary Board as administratively liable for violation of banking laws, rules and regulations where a penalty of suspension from office or fine is imposed, regardless whether the finding of the Monetary Board is final and executory or pending appeal before the appellate court, unless execution or enforcement thereof is restrained by the court. The disqualification shall be in effect during the period of suspension or so long as the fine is not fully paid;</p> <p>- Independent director who becomes an officer or employee of the Bank, he/she shall be automatically disqualified from being an independent director.</p> <p>The following temporary disqualifications are added by the Revised Code of Corporate Governance (Article 3.E.2 of SEC Memo No. 6 S2009):</p> <p>- Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists.</p> <p>- Absence in more than fifty (50) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election;</p> <p>- Dismissal or termination for cause as director of any corporation covered by the Revised Code of Corporate Governance. The disqualification shall be in effect until he has cleared himself from any involvement in the</p>

Procedure	Process Adopted	Criteria
d. Temporary Disqualification		
(iii) Independent Directors		<p>cause that gave rise to his dismissal or termination.</p> <p>- If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. This disqualification shall be lifted if the limit is later complied with.</p> <p>- If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.</p> <p>Limitation on nationality of directors</p> <p>Non-Filipino citizens may become members of the board of directors of the Bank to the extent of the foreign participation in the equity of the Bank. Provided, majority of the directors are residents of the Philippines.</p>
e. Removal		
(i) Executive Directors	<p>The Bank adheres to the following rules of the Bangko Sentral ng Pilipinas on Disqualification:</p> <p>Subsection X143.4 Disqualification procedures</p> <p>a. The board of directors and management of every institution shall be responsible for determining the existence of the ground for disqualification of the institution's director/officer or employee and for reporting the same to the BSP. While the concerned institution may conduct its own investigation and impose appropriate sanction/s as are allowable, this shall be without prejudice to the authority of the Monetary Board to disqualify a director/ officer/employee from being elected/appointed as director/officer in any FI under the supervision of the BSP. Grounds for disqualification made known to the institution, shall be reported to the appropriate department of the SES within seventy-two (72) hours from knowledge thereof.</p>	<p>The Bank adheres to the following rules of the Bangko Sentral ng Pilipinas on Disqualification:</p> <p>X143.1 Persons disqualified to become directors. Without prejudice to specific provisions of law prescribing disqualifications for directors, the following are disqualified from becoming directors:</p> <p>a. Permanently disqualified</p> <p>x x x x</p> <p>(6) Directors and officers of banks found by the Monetary Board as administratively liable for violation of banking laws, rules and regulations where a penalty of removal from office is imposed, and which finding of the Monetary Board has become final and executory; or</p> <p>(7) Directors and officers of banks or any person found by the Monetary Board to be unfit for the position of directors or officers because they were found administratively liable by another government agency for violation of banking laws, rules and regulations or any offense/violation involving dishonesty or breach of trust, and which finding of said government agency has become final and executory.</p>

Procedure	Process Adopted	Criteria
e. Removal		
(i) Executive Directors	<p><i>b. On the basis of knowledge and evidence on the existence of any of the grounds for disqualification mentioned in Subsecs. X143.1 and X143.2, the director or officer concerned shall be notified in writing either by personal service or through registered mail with registry return receipt card at his/her last known address by the appropriate department of the SES of the existence of the ground for his/her disqualification and shall be allowed to submit within fifteen (15) calendar days from receipt of such notice an explanation on why he/she should not be disqualified and included in the watchlisted file, together with the evidence in support of his/her position. The head of said department may allow an extension on meritorious ground.</i></p> <p><i>c. Upon receipt of the reply explanation of the director/officer concerned, the appropriate department of the SES shall proceed to evaluate the case. The director/officer concerned shall be afforded the opportunity to defend/clear himself/herself.</i></p> <p><i>d. If no reply has been received from the director/officer concerned upon the expiration of the period prescribed under Item “b” above, said failure to reply shall be deemed a waiver and the appropriate department of the SES shall proceed to evaluate the case based on available records/ evidence.</i></p> <p><i>e. If the ground for disqualification is delinquency in the payment of obligation, the concerned director or officer shall be given a period of thirty (30) calendar days within which to settle said obligation or, restore it to its current status or, to explain why he/she should not be disqualified and included in the watchlisted file, before the evaluation on his disqualification and watchlisting is elevated to the Monetary Board.</i></p>	<p><i>b. Temporarily disqualified</i></p> <p><i>x x x x</i></p> <p><i>(11) Directors and officers of banks found by the Monetary Board as administratively liable for violation of banking laws, rules and regulations where a penalty of removal from office is imposed, and which finding of the Monetary Board is pending appeal before the appellate court, unless execution or enforcement thereof is restrained by the court;</i></p> <p><i>Limitation on nationality of directors</i></p> <p><i>Non-Filipino citizens may become members of the board of directors of the Bank to the extent of the foreign participation in the equity of the Bank. Provided, majority of the directors are residents of the Philippines.</i></p>

Procedure	Process Adopted	Criteria
e. Removal		
(i) Executive Directors	<p><i>x x x x</i></p> <p><i>l. Whenever a director/officer is cleared in the process mentioned under Item “c” above or, when the ground for disqualification ceases to exist, he/she would be eligible to become director or officer of any bank, QB, trust entity or any institution under the supervision of the BSP only upon prior approval by the Monetary Board. It shall be the responsibility of the appropriate department of the SES to elevate to the Monetary Board the lifting of the disqualification of the concerned director/officer and his/her delisting from the masterlist of watchlisted persons. (As amended by Circular No. 584 dated 28 September 2007)</i></p> <p><i>For vacancies, Article IV, Section 3 of the Bank’s By-Laws states that vacancies in the Board of Directors may be filled by election or appointment made by the remaining directors, if still constituting a quorum, or otherwise said vacancy shall be filled by the stockholders in a regular or special meeting called for the purpose. The person so elected to fill a vacancy shall hold office only for the unexpired term of his predecessor in office. Whether any such vacancy shall or shall not be filled shall be left to the discretion of the Board of Directors.</i></p>	<p><i>Any violation of the portion of the Corporate Governance Manual, directors, officers, shall be subject to the following:</i></p> <p><i>First violation</i> - the subject person shall be reprimanded.</p> <p><i>Second violation</i> - Suspension from office shall be imposed. The duration of the suspension shall depend on the gravity of the violation.</p> <p><i>Third violation</i> - the maximum penalty of removal from office shall be imposed.</p> <p><i>The commission of a third violation of this Manual by any member of the Board of the Bank or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.</i></p> <p><i>The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.</i></p>
(ii) Non-Executive Directors	<p><i>The Bank also adheres to the following rules of the Bangko Sentral ng Pilipinas on Disqualification:</i></p> <p><i>Subsection X143.4 Disqualification procedures</i></p> <p><i>a. The board of directors and management of every institution shall be responsible for determining the existence of the ground for disqualification of the institution’s director/officer or employee and for reporting the same to the BSP. While the concerned institution may conduct its own investigation and impose appropriate sanction/s as are allowable, this shall be without</i></p>	<p><i>The Bank adheres to the following rules of the Bangko Sentral ng Pilipinas on Disqualification:</i></p> <p><i>X143.1 Persons disqualified to become directors.</i> Without prejudice to specific provisions of law prescribing disqualifications for directors, the following are disqualified from becoming directors:</p> <p><i>a. Permanently disqualified</i></p> <p><i>x x x x</i></p> <p><i>(6) Directors and officers of banks found by the Monetary Board as administratively liable for violation of banking laws, rules and regulations where a penalty of removal from office is imposed, and which finding of the Monetary Board has become final and executory; or</i></p>

Procedure	Process Adopted	Criteria
e. Removal		
(ii) Non-Executive Directors	<p>prejudice to the authority of the Monetary Board to disqualify a director/ officer/employee from being elected/appointed as director/officer in any FI under the supervision of the BSP. Grounds for disqualification made known to the institution, shall be reported to the appropriate department of the SES within seventy-two (72) hours from knowledge thereof.</p> <p>b. On the basis of knowledge and evidence on the existence of any of the grounds for disqualification mentioned in Subsecs. X143.1 and X143.2, the director or officer concerned shall be notified in writing either by personal service or through registered mail with registry return receipt card at his/her last known address by the appropriate department of the SES of the existence of the ground for his/her disqualification and shall be allowed to submit within fifteen (15) calendar days from receipt of such notice an explanation on why he/she should not be disqualified and included in the watchlisted file, together with the evidence in support of his/her position. The head of said department may allow an extension on meritorious ground.</p> <p>c. Upon receipt of the reply explanation of the director/officer concerned, the appropriate department of the SES shall proceed to evaluate the case. The director/officer concerned shall be afforded the opportunity to defend/clear himself/herself.</p> <p>d. If no reply has been received from the director/officer concerned upon the expiration of the period prescribed under Item “b” above, said failure to reply shall be deemed a waiver and the appropriate department of the SES shall proceed to evaluate the case based on available records/ evidence.</p>	<p>(7) Directors and officers of banks or any person found by the Monetary Board to be unfit for the position of directors or officers because they were found administratively liable by another government agency for violation of banking laws, rules and regulations or any offense/violation involving dishonesty or breach of trust, and which finding of said government agency has become final and executory.</p> <p>b. Temporarily disqualified</p> <p>x x x x</p> <p>(11) Directors and officers of banks found by the Monetary Board as administratively liable for violation of banking laws, rules and regulations where a penalty of removal from office is imposed, and which finding of the Monetary Board is pending appeal before the appellate court, unless execution or enforcement thereof is restrained by the court;</p> <p>Limitation on nationality of directors</p> <p>Non-Filipino citizens may become members of the board of directors of the Bank to the extent of the foreign participation in the equity of the Bank. Provided, majority of the directors are residents of the Philippines.</p> <p>Any violation of the portion of the Corporate Governance Manual, directors, officers, shall be subject to the following:</p> <p>First violation - the subject person shall be reprimanded.</p> <p>Second violation - Suspension from office shall be imposed. The duration of the suspension shall depend on the gravity of the violation.</p>

Procedure	Process Adopted	Criteria
e. Removal		
(ii) Non-Executive Directors	<p><i>e. If the ground for disqualification is delinquency in the payment of obligation, the concerned director or officer shall be given a period of thirty (30) calendar days within which to settle said obligation or, restore it to its current status or, to explain why he/she should not be disqualified and included in the watchlisted file, before the evaluation on his disqualification and watchlisting is elevated to the Monetary Board.</i></p> <p><i>x x x x</i></p> <p><i>l. Whenever a director/officer is cleared in the process mentioned under Item “c” above or, when the ground for disqualification ceases to exist, he/she would be eligible to become director or officer of any bank, QB, trust entity or any institution under the supervision of the BSP only upon prior approval by the Monetary Board. It shall be the responsibility of the appropriate department of the SES to elevate to the Monetary Board the lifting of the disqualification of the concerned director/officer and his/her delisting from the masterlist of watchlisted persons. (As amended by Circular No. 584 dated 28 September 2007)</i></p> <p><i>For vacancies, Article IV, Section 3 of the Bank’s By-Laws states that vacancies in the Board of Directors may be filled by election or appointment made by the remaining directors, if still constituting a quorum, or otherwise said vacancy shall be filled by the stockholders in a regular or special meeting called for the purpose. The person so elected to fill a vacancy shall hold office only for the unexpired term of his predecessor in office. Whether any such vacancy shall or shall not be filled shall be left to the discretion of the Board of Directors.</i></p>	<p><i>Third violation - the maximum penalty of removal from office shall be imposed.</i></p> <p><i>The commission of a third violation of this Manual by any member of the Board of the Bank or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.</i></p> <p><i>The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.</i></p>

Procedure	Process Adopted	Criteria
e. Removal		
(iii) Independent Directors	<p><i>The Bank adheres to the following rules of the Bangko Sentral ng Pilipinas on Disqualification:</i></p> <p><i>Subsection X143.4 Disqualification procedures</i></p> <p><i>a. The board of directors and management of every institution shall be responsible for determining the existence of the ground for disqualification of the institution's director/officer or employee and for reporting the same to the BSP.</i></p> <p><i>While the concerned institution may conduct its own investigation and impose appropriate sanction/s as are allowable, this shall be without prejudice to the authority of the Monetary Board to disqualify a director/ officer/employee from being elected/appointed as director/officer in any FI under the supervision of the BSP. Grounds for disqualification made known to the institution, shall be reported to the appropriate department of the SES within seventy-two (72) hours from knowledge thereof.</i></p> <p><i>b. On the basis of knowledge and evidence on the existence of any of the grounds for disqualification mentioned in Subsecs. X143.1 and X143.2, the director or officer concerned shall be notified in writing either by personal service or through registered mail with registry return receipt card at his/her last known address by the appropriate department of the SES of the existence of the ground for his/her disqualification and shall be allowed to submit within fifteen (15) calendar days from receipt of such notice an explanation on why he/she should not be disqualified and included in the watchlisted file, together with the evidence in support of his/her position. The head of said department may allow an extension on meritorious ground.</i></p>	<p><i>The Bank adheres to the following rules of the Bangko Sentral ng Pilipinas on Disqualification:</i></p> <p><i>X143.1 Persons disqualified to become directors.</i> Without prejudice to specific provisions of law prescribing disqualifications for directors, the following are disqualified from becoming directors:</p> <p><i>a. Permanently disqualified</i> x x x x</p> <p><i>(6) Directors and officers of banks found by the Monetary Board as administratively liable for violation of banking laws, rules and regulations where a penalty of removal from office is imposed, and which finding of the Monetary Board has become final and executory; or</i></p>

Procedure	Process Adopted	Criteria
e. Removal		
(iii) Independent Directors	<p><i>c. Upon receipt of the reply explanation of the director/officer concerned, the appropriate department of the SES shall proceed to evaluate the case. The director/officer concerned shall be afforded the opportunity to defend/clear himself/herself.</i></p> <p><i>d. If no reply has been received from the director/officer concerned upon the expiration of the period prescribed under Item “b” above, said failure to reply shall be deemed a waiver and the appropriate department of the SES shall proceed to evaluate the case based on available records/ evidence.</i></p> <p><i>e. If the ground for disqualification is delinquency in the payment of obligation, the concerned director or officer shall be given a period of thirty (30) calendar days within which to settle said obligation or, restore it to its current status or, to explain why he/she should not be disqualified and included in the watchlisted file, before the evaluation on his disqualification and watchlisting is elevated to the Monetary Board.</i></p> <p><i>x x x x</i></p> <p><i>l. Whenever a director/officer is cleared in the process mentioned under Item “c” above or, when the ground for disqualification ceases to exist, he/she would be eligible to become director or officer of any bank, QB, trust entity or any institution under the supervision of the BSP only upon prior approval by the Monetary Board. It shall be the responsibility of the appropriate department of the SES to elevate to the Monetary Board the lifting of the disqualification of the concerned director/officer and his/her delisting from the masterlist of watchlisted persons. (As amended by Circular No. 584 dated 28 September 2007).</i></p>	<p><i>(7) Directors and officers of banks or any person found by the Monetary Board to be unfit for the position of directors or officers because they were found administratively liable by another government agency for violation of banking laws, rules and regulations or any offense/violation involving dishonesty or breach of trust, and which finding of said government agency has become final and executory.</i></p> <p><i>b. Temporarily disqualified</i> <i>x x x x</i></p> <p><i>(11) Directors and officers of banks found by the Monetary Board as administratively liable for violation of banking laws, rules and regulations where a penalty of removal from office is imposed, and which finding of the Monetary Board is pending appeal before the appellate court, unless execution or enforcement thereof is restrained by the court;</i></p> <p><i>Limitation on nationality of directors</i></p> <p><i>Non-Filipino citizens may become members of the board of directors of the Bank to the extent of the foreign participation in the equity of the Bank. Provided, majority of the directors are residents of the Philippines.</i></p> <p><i>Any violation of the portion of the Corporate Governance Manual, directors, officers, shall be subject to the following:</i></p> <p><i>First violation</i> - <i>the subject person shall be reprimanded.</i></p>

Procedure	Process Adopted	Criteria
e. Removal		
(iii) Independent Directors	<p><i>For vacancies, Article IV, Section 3 of the Bank's By-Laws states that vacancies in the Board of Directors may be filled by election or appointment made by the remaining directors, if still constituting a quorum, or otherwise said vacancy shall be filled by the stockholders in a regular or special meeting called for the purpose. The person so elected to fill a vacancy shall hold office only for the unexpired term of his predecessor in office. Whether any such vacancy shall or shall not be filled shall be left to the discretion of the Board of Directors.</i></p>	<p>Second violation - Suspension from office shall be imposed. The duration of the suspension shall depend on the gravity of the violation.</p> <p>Third violation - the maximum penalty of removal from office shall be imposed.</p> <p><i>The commission of a third violation of this Manual by any member of the Board of the Bank or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.</i></p> <p><i>The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the impossible penalty for such violation, for further review and approval of the Board.</i></p>
f. Re-instatement		
(i) Executive Directors	<p><i>The Bank also adheres to the following rules of the Bangko Sentral ng Pilipinas on Disqualification:</i></p> <p><i>x x x x</i></p> <p><i>c. Upon receipt of the reply explanation of the director/officer concerned, the appropriate department of the SES shall proceed to evaluate the case. The director/officer concerned shall be afforded the opportunity to defend/clear himself/herself.</i></p> <p><i>d. If no reply has been received from the director/officer concerned upon the expiration of the period prescribed under Item "b" above, said failure to reply shall be deemed a waiver and the appropriate department of the SES shall proceed to evaluate the case based on available records/ evidence.</i></p> <p><i>e. If the ground for disqualification is delinquency in the payment of obligation, the concerned director or officer shall be given a period of thirty (30) calendar days within which to settle said obligation or, restore it to its current status or, to explain why he/she should not be disqualified and included in the watchlisted file, before the evaluation on his disqualification and watchlisting is</i></p>	<p><i>The Bank also adheres to the following rules of the Bangko Sentral ng Pilipinas on Disqualification:</i></p> <p><i>x x x x</i></p> <p><i>c. Upon receipt of the reply explanation of the director/officer concerned, the appropriate department of the SES shall proceed to evaluate the case. The director/officer concerned shall be afforded the opportunity to defend/clear himself/herself.</i></p> <p><i>d. If no reply has been received from the director/officer concerned upon the expiration of the period prescribed under Item "b" above, said failure to reply shall be deemed a waiver and the appropriate department of the SES shall proceed to evaluate the case based on available records/ evidence.</i></p>

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(i) Executive Directors	<p>elevated to the Monetary Board.</p> <p>x x x x</p> <p>l. Whenever a director/officer is cleared in the process mentioned under Item “c” above or, when the ground for disqualification ceases to exist, he/she would be eligible to become director or officer of any bank, QB, trust entity or any institution under the supervision of the BSP only upon prior approval by the Monetary Board. It shall be the responsibility of the appropriate department of the SES to elevate to the Monetary Board the lifting of the disqualification of the concerned director/officer and his/her delisting from the masterlist of watchlisted persons. (As amended by Circular No. 584 dated 28 September 2007)</p> <p>For vacancies, Article IV, Section 3 of the Bank’s By-Laws states that vacancies in the Board of Directors may be filled by election or appointment made by the remaining directors, if still constituting a quorum, or otherwise said vacancy shall be filled by the stockholders in a regular or special meeting called for the purpose. The person so elected to fill a vacancy shall hold office only for the unexpired term of his predecessor in office. Whether any such vacancy shall or shall not be filled shall be left to the discretion of the Board of Directors.</p>	<p>e. If the ground for disqualification is delinquency in the payment of obligation, the concerned director or officer shall be given a period of thirty (30) calendar days within which to settle said obligation or, restore it to its current status or, to explain why he/she should not be disqualified and included in the watchlisted file, before the evaluation on his disqualification and watchlisting is elevated to the Monetary Board.</p> <p>x x x x</p> <p>l. Whenever a director/officer is cleared in the process mentioned under Item “c” above or, when the ground for disqualification ceases to exist, he/she would be eligible to become director or officer of any bank, QB, trust entity or any institution under the supervision of the BSP only upon prior approval by the Monetary Board. It shall be the responsibility of the appropriate department of the SES to elevate to the Monetary Board the lifting of the disqualification of the concerned director/officer and his/her delisting from the masterlist of watchlisted persons. (As amended by Circular No. 584 dated 28 September 2007)</p>
	<p>c. Upon receipt of the reply explanation of the director/officer concerned, the appropriate department of the SES shall proceed to evaluate the case. The director/officer concerned shall be afforded the opportunity to defend/clear himself/herself.</p> <p>d. If no reply has been received from the director/officer concerned upon the expiration of the period prescribed under Item “b” above, said failure to reply shall be deemed a waiver and the appropriate department of the SES shall proceed to evaluate the case based on available records/ evidence.</p>	<p>The Bank also adheres to the following rules of the Bangko Sentral ng Pilipinas on Disqualification:</p> <p>x x x x</p> <p>c. Upon receipt of the reply explanation of the director/officer concerned, the appropriate department of the SES shall proceed to evaluate the case. The director/officer concerned shall be afforded the opportunity to defend/clear himself/herself.</p>
(ii) Non-Executive Directors		

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(ii) Non-Executive Directors	<p><i>e. If the ground for disqualification is delinquency in the payment of obligation, the concerned director or officer shall be given a period of thirty (30) calendar days within which to settle said obligation or, restore it to its current status or, to explain why he/she should not be disqualified and included in the watchlisted file, before the evaluation on his disqualification and watchlisting is elevated to the Monetary Board.</i></p> <p><i>x x x x</i></p> <p><i>l. Whenever a director/officer is cleared in the process mentioned under Item “c” above or, when the ground for disqualification ceases to exist, he/she would be eligible to become director or officer of any bank, QB, trust entity or any institution under the supervision of the BSP only upon prior approval by the Monetary Board. It shall be the responsibility of the appropriate department of the SES to elevate to the Monetary Board the lifting of the disqualification of the concerned director/officer and his/her delisting from the masterlist of watchlisted persons. (As amended by Circular No. 584 dated 28 September 2007)</i></p> <p><i>For vacancies, Article IV, Section 3 of the Bank’s By-Laws states that vacancies in the Board of Directors may be filled by election or appointment made by the remaining directors, if still constituting a quorum, or otherwise said vacancy shall be filled by the stockholders in a regular or special meeting called for the purpose. The person so elected to fill a vacancy shall hold office only for the unexpired term of his predecessor in office. Whether any such vacancy shall or shall not be filled shall be left to the discretion of the Board of Directors.</i></p>	<p><i>d. If no reply has been received from the director/officer concerned upon the expiration of the period prescribed under Item “b” above, said failure to reply shall be deemed a waiver and the appropriate department of the SES shall proceed to evaluate the case based on available records/ evidence.</i></p> <p><i>e. If the ground for disqualification is delinquency in the payment of obligation, the concerned director or officer shall be given a period of thirty (30) calendar days within which to settle said obligation or, restore it to its current status or, to explain why he/she should not be disqualified and included in the watchlisted file, before the evaluation on his disqualification and watchlisting is elevated to the Monetary Board.</i></p> <p><i>x x x x</i></p> <p><i>l. Whenever a director/officer is cleared in the process mentioned under Item “c” above or, when the ground for disqualification ceases to exist, he/she would be eligible to become director or officer of any bank, QB, trust entity or any institution under the supervision of the BSP only upon prior approval by the Monetary Board. It shall be the responsibility of the appropriate department of the SES to elevate to the Monetary Board the lifting of the disqualification of the concerned director/officer and his/her delisting from the masterlist of watchlisted persons. (As amended by Circular No. 584 dated 28 September 2007)</i></p>

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(iii) Independent Directors	<p><i>The Bank also adheres to the following rules of the Bangko Sentral ng Pilipinas on Disqualification:</i></p> <p><i>x x x x</i></p> <p><i>c. Upon receipt of the reply explanation of the director/officer concerned, the appropriate department of the SES shall proceed to evaluate the case. The director/officer concerned shall be afforded the opportunity to defend/clear himself/herself.</i></p> <p><i>d. If no reply has been received from the director/officer concerned upon the expiration of the period prescribed under Item “b” above, said failure to reply shall be deemed a waiver and the appropriate department of the SES shall proceed to evaluate the case based on available records/ evidence.</i></p> <p><i>e. If the ground for disqualification is delinquency in the payment of obligation, the concerned director or officer shall be given a period of thirty (30) calendar days within which to settle said obligation or, restore it to its current status or, to explain why he/she should not be disqualified and included in the watchlisted file, before the evaluation on his disqualification and watchlisting is elevated to the Monetary Board.</i></p> <p><i>x x x x</i></p> <p><i>l. Whenever a director/officer is cleared in the process mentioned under Item “c” above or, when the ground for disqualification ceases to exist, he/she would be eligible to become director or officer of any bank, QB, trust entity or any institution under the supervision of the BSP only upon prior approval by the Monetary Board. It shall be the responsibility of the appropriate department of the SES to elevate to the Monetary Board the lifting of the disqualification of the concerned director/officer and his/her delisting from the masterlist of watchlisted persons. (As amended by Circular No. 584 dated 28 September 2007)</i></p>	<p><i>The Bank also adheres to the following rules of the Bangko Sentral ng Pilipinas on Disqualification:</i></p> <p><i>x x x x</i></p> <p><i>c. Upon receipt of the reply explanation of the director/officer concerned, the appropriate department of the SES shall proceed to evaluate the case. The director/officer concerned shall be afforded the opportunity to defend/clear himself/herself.</i></p> <p><i>d. If no reply has been received from the director/officer concerned upon the expiration of the period prescribed under Item “b” above, said failure to reply shall be deemed a waiver and the appropriate department of the SES shall proceed to evaluate the case based on available records/ evidence.</i></p> <p><i>e. If the ground for disqualification is delinquency in the payment of obligation, the concerned director or officer shall be given a period of thirty (30) calendar days within which to settle said obligation or, restore it to its current status or, to explain why he/she should not be disqualified and included in the watchlisted file, before the evaluation on his disqualification and watchlisting is elevated to the Monetary Board.</i></p> <p><i>The Bank also adheres to the following rules of the Bangko Sentral ng Pilipinas on Disqualification:</i></p> <p><i>x x x x</i></p> <p><i>c. Upon receipt of the reply explanation of the director/officer concerned, the appropriate department of the SES shall proceed to evaluate the case. The director/officer concerned shall be afforded the opportunity to defend/clear himself/herself.</i></p>

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g. Suspension		
(i) Executive Directors	<p><i>The Bank adheres to the following rules of the Bangko Sentral ng Pilipinas on Disqualification:</i></p> <p><i>Subsection X143.4 Disqualification procedures</i></p> <p><i>a. The board of directors and management of every institution shall be responsible for determining the existence of the ground for disqualification of the institution's director/officer or employee and for reporting the same to the BSP. While the concerned institution may conduct its own investigation and impose appropriate sanction/s as are allowable, this shall be without prejudice to the authority of the Monetary Board to disqualify a director/ officer/employee from being elected/appointed as director/officer in any FI under the supervision of the BSP. Grounds for disqualification made known to the institution, shall be reported to the appropriate department of the SES within seventy-two (72) hours from knowledge thereof.</i></p> <p><i>b. On the basis of knowledge and evidence on the existence of any of the grounds for disqualification mentioned in Subsecs. X143.1 and X143.2, the director or officer concerned shall be notified in writing either by personal service or through registered mail with registry return receipt card at his/her last known address by the appropriate department of the SES of the existence of the ground for his/her disqualification and shall be</i></p>	<p><i>The Bank adheres to the following rules of the Bangko Sentral ng Pilipinas on Disqualification:</i></p> <p><i>Subsection X143.4 Disqualification procedures</i></p> <p><i>a. The board of directors and management of every institution shall be responsible for determining the existence of the ground for disqualification of the institution's director/officer or employee and for reporting the same to the BSP. While the concerned institution may conduct its own investigation and impose appropriate sanction/s as are allowable, this shall be without prejudice to the authority of the Monetary Board to disqualify a director/ officer/employee from being elected/appointed as director/officer in any FI under the supervision of the BSP. Grounds for disqualification made known to the institution, shall be reported to the appropriate department of the SES within seventy-two (72) hours from knowledge thereof.</i></p>

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g. Suspension		
(i) Executive Directors	<p><i>allowed to submit within fifteen (15) calendar days from receipt of such notice an explanation on why he/she should not be disqualified and included in the watchlisted file, together with the evidence in support of his/her position. The head of said department may allow an extension on meritorious ground.</i></p> <p><i>c. Upon receipt of the reply explanation of the director/officer concerned, the appropriate department of the SES shall proceed to evaluate the case. The director/officer concerned shall be afforded the opportunity to defend/clear himself/herself.</i></p> <p><i>d. If no reply has been received from the director/officer concerned upon the expiration of the period prescribed under Item “b” above, said failure to reply shall be deemed a waiver and the appropriate department of the SES shall proceed to evaluate the case based on available records/ evidence.</i></p> <p><i>e. If the ground for disqualification is delinquency in the payment of obligation, the concerned director or officer shall be given a period of thirty (30) calendar days within which to settle said obligation or, restore it to its current status or, to explain why he/she should not be disqualified and included in the watchlisted file, before the evaluation on his disqualification and watchlisting is elevated to the Monetary Board.</i></p> <p><i>x x x x</i></p> <p><i>l. Whenever a director/officer is cleared in the process mentioned under Item “c” above or, when the ground for disqualification ceases to exist, he/she would be eligible to become director or officer of any bank, QB, trust entity or any institution under the supervision of the BSP only upon prior approval by the Monetary Board. It shall be the responsibility of the appropriate department of the SES to elevate to the Monetary Board the lifting of the disqualification of the concerned director/officer and his/her delisting from</i></p>	<p><i>b. On the basis of knowledge and evidence on the existence of any of the grounds for disqualification mentioned in Subsecs. X143.1 and X143.2, the director or officer concerned shall be notified in writing either by personal service or through registered mail with registry return receipt card at his/her last known address by the appropriate department of the SES of the existence of the ground for his/her disqualification and shall be allowed to submit within fifteen (15) calendar days from receipt of such notice an explanation on why he/she should not be disqualified and included in the watchlisted file, together with the evidence in support of his/her position. The head of said department may allow an extension on meritorious ground.</i></p> <p><i>c. Upon receipt of the reply explanation of the director/officer concerned, the appropriate department of the SES shall proceed to evaluate the case. The director/officer concerned shall be afforded the opportunity to defend/clear himself/herself.</i></p> <p><i>d. If no reply has been received from the director/officer concerned upon the expiration of the period prescribed under Item “b” above, said failure to reply shall be deemed a waiver and the appropriate department of the SES shall proceed to evaluate the case based on available records/ evidence.</i></p> <p><i>e. If the ground for disqualification is delinquency in the payment of obligation, the concerned director or officer shall be given a period of thirty (30) calendar days within which to settle said obligation or, restore it to its current status or, to explain why he/she should not be disqualified and included in the watchlisted file, before the evaluation on his disqualification and watchlisting is elevated to the Monetary Board.</i></p>

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g. Suspension		
(i) Executive Directors	<p><i>the masterlist of watchlisted persons. (As amended by Circular No. 584 dated 28 September 2007)</i></p> <p><i>For vacancies, Article IV, Section 3 of the Bank's By-Laws states that vacancies in the Board of Directors may be filled by election or appointment made by the remaining directors, if still constituting a quorum, or otherwise said vacancy shall be filled by the stockholders in a regular or special meeting called for the purpose. The person so elected to fill a vacancy shall hold office only for the unexpired term of his predecessor in office. Whether any such vacancy shall or shall not be filled shall be left to the discretion of the Board of Directors.</i></p>	<p><i>x x x x</i></p> <p><i>l. Whenever a director/officer is cleared in the process mentioned under Item "c" above or, when the ground for disqualification ceases to exist, he/she would be eligible to become director or officer of any bank, QB, trust entity or any institution under the supervision of the BSP only upon prior approval by the Monetary Board. It shall be the responsibility of the appropriate department of the SES to elevate to the Monetary Board the lifting of the disqualification of the concerned director/officer and his/her delisting from the masterlist of watchlisted persons. (As amended by Circular No. 584 dated 28 September 2007)</i></p> <p><i>For vacancies, Article IV, Section 3 of the Bank's By-Laws states that vacancies in the Board of Directors may be filled by election or appointment made by the remaining directors, if still constituting a quorum, or otherwise said vacancy shall be filled by the stockholders in a regular or special meeting called for the purpose. The person so elected to fill a vacancy shall hold office only for the unexpired term of his predecessor in office. Whether any such vacancy shall or shall not be filled shall be left to the discretion of the Board of Directors.</i></p> <p><i>Limitation on nationality of directors</i></p> <p><i>Non-Filipino citizens may become members of the board of directors of the Bank to the extent of the foreign participation in the equity of the Bank. Provided, majority of the directors are residents of the Philippines.</i></p>
(ii) Non-Executive Directors	<p><i>The Bank adheres to the following rules of the Bangko Sentral ng Pilipinas on Disqualification:</i></p> <p><i>Subsection X143.4 Disqualification procedures</i></p> <p><i>a. The board of directors and management of every institution shall be responsible for determining the existence of the ground for disqualification of the institution's director/officer or employee and for reporting the same to the BSP. While the concerned institution may</i></p>	<p><i>The Bank adheres to the following rules of the Bangko Sentral ng Pilipinas on Disqualification:</i></p> <p><i>Subsection X143.4 Disqualification procedures</i></p> <p><i>a. The board of directors and management of every institution shall be responsible for determining the existence of the ground for disqualification of the institution's director/officer or employee and for reporting the same to the BSP. While the concerned institution may</i></p>

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(ii) Non-Executive Directors	<p>conduct its own investigation and impose appropriate sanction/s as are allowable, this shall be without prejudice to the authority of the Monetary Board to disqualify a director/ officer/employee from being elected/appointed as director/officer in any FI under the supervision of the BSP. Grounds for disqualification made known to the institution, shall be reported to the appropriate department of the SES within seventy-two (72) hours from knowledge thereof.</p>	<p>conduct its own investigation and impose appropriate sanction/s as are allowable, this shall be without prejudice to the authority of the Monetary Board to disqualify a director/ officer/employee from being elected/appointed as director/officer in any FI under the supervision of the BSP. Grounds for disqualification made known to the institution, shall be reported to the appropriate department of the SES within seventy-two (72) hours from knowledge thereof.</p>
	<p>b. On the basis of knowledge and evidence on the existence of any of the grounds for disqualification mentioned in Subsecs. X143.1 and X143.2, the director or officer concerned shall be notified in writing either by personal service or through registered mail with registry return receipt card at his/her last known address by the appropriate department of the SES of the existence of the ground for his/her disqualification and shall be allowed to submit within fifteen (15) calendar days from receipt of such notice an explanation on why he/she should not be disqualified and included in the watchlisted file, together with the evidence in support of his/her position. The head of said department may allow an extension on meritorious ground.</p>	<p>b. On the basis of knowledge and evidence on the existence of any of the grounds for disqualification mentioned in Subsecs. X143.1 and X143.2, the director or officer concerned shall be notified in writing either by personal service or through registered mail with registry return receipt card at his/her last known address by the appropriate department of the SES of the existence of the ground for his/her disqualification and shall be allowed to submit within fifteen (15) calendar days from receipt of such notice an explanation on why he/she should not be disqualified and included in the watchlisted file, together with the evidence in support of his/her position. The head of said department may allow an extension on meritorious ground.</p>
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Procedure	Process Adopted	Criteria
g. Suspension		
(iii) Independent Directors	<p><i>d. If no reply has been received from the director/officer concerned upon the expiration of the period prescribed under Item “b” above, said failure to reply shall be deemed a waiver and the appropriate department of the SES shall proceed to evaluate the case based on available records/ evidence.</i></p> <p><i>e. If the ground for disqualification is delinquency in the payment of obligation, the concerned director or officer shall be given a period of thirty (30) calendar days within which to settle said obligation or, restore it to its current status or, to explain why he/she should not be disqualified and included in the watchlisted file, before the evaluation on his disqualification and watchlisting is elevated to the Monetary Board.</i></p> <p><i>x x x x</i></p> <p><i>l. Whenever a director/officer is cleared in the process mentioned under Item “c” above or, when the ground for disqualification ceases to exist, he/she would be eligible to become director or officer of any bank, QB, trust entity or any institution under the supervision of the BSP only upon prior approval by the Monetary Board. It shall be the responsibility of the appropriate department of the SES to elevate to the Monetary Board the lifting of the disqualification of the concerned director/officer and his/her delisting from the masterlist of watchlisted persons. (As amended by Circular No. 584 dated 28 September 2007)</i></p> <p><i>For vacancies, Article IV, Section 3 of the Bank’s By-Laws states that vacancies in the Board of Directors may be filled by election or appointment made by the remaining directors, if still constituting a quorum, or otherwise said vacancy shall be filled by the stockholders in a regular or special meeting called for the purpose. The person so elected to fill a vacancy shall hold office only for the unexpired term of his predecessor in office. Whether any such vacancy shall or shall not be filled shall be left to the discretion of the Board of Directors.</i></p>	<p><i>d. If no reply has been received from the director/officer concerned upon the expiration of the period prescribed under Item “b” above, said failure to reply shall be deemed a waiver and the appropriate department of the SES shall proceed to evaluate the case based on available records/ evidence.</i></p> <p><i>e. If the ground for disqualification is delinquency in the payment of obligation, the concerned director or officer shall be given a period of thirty (30) calendar days within which to settle said obligation or, restore it to its current status or, to explain why he/she should not be disqualified and included in the watchlisted file, before the evaluation on his disqualification and watchlisting is elevated to the Monetary Board.</i></p> <p><i>x x x x</i></p> <p><i>l. Whenever a director/officer is cleared in the process mentioned under Item “c” above or, when the ground for disqualification ceases to exist, he/she would be eligible to become director or officer of any bank, QB, trust entity or any institution under the supervision of the BSP only upon prior approval by the Monetary Board. It shall be the responsibility of the appropriate department of the SES to elevate to the Monetary Board the lifting of the disqualification of the concerned director/officer and his/her delisting from the masterlist of watchlisted persons. (As amended by Circular No. 584 dated 28 September 2007)</i></p>

Procedure	Process Adopted	Criteria
g. Suspension		
(iii) Independent Directors		<p><i>For vacancies, Article IV, Section 3 of the Bank's By-Laws states that vacancies in the Board of Directors may be filled by election or appointment made by the remaining directors, if still constituting a quorum, or otherwise said vacancy shall be filled by the stockholders in a regular or special meeting called for the purpose. The person so elected to fill a vacancy shall hold office only for the unexpired term of his predecessor in office. Whether any such vacancy shall or shall not be filled shall be left to the discretion of the Board of Directors.</i></p> <p><i>Limitation on nationality of directors</i></p> <p><i>Non-Filipino citizens may become members of the board of directors of the Bank to the extent of the foreign participation in the equity of the Bank. Provided, majority of the directors are residents of the Philippines.</i></p>

Voting Result of the last Annual General Meeting (as of May 5, 2016).

Name of Director	Votes Received
<i>Hans T. Sy</i>	<i>1,501,597,744</i>
<i>Gilbert U. Dee</i>	<i>1,501,629,178</i>
<i>Ricardo R. Chua</i>	<i>1,501,629,068</i>
<i>Peter S. Dee</i>	<i>1,501,629,178</i>
<i>Joaquin T. Dee</i>	<i>1,501,629,068</i>
<i>Dy Tiong (ID)*</i>	<i>1,501,597,634</i>
<i>Herbert T. Sy</i>	<i>1,501,629,068</i>
<i>Harley T. Sy</i>	<i>1,501,629,068</i>
<i>Alberto S. Yao (ID)</i>	<i>1,501,597,634</i>
<i>Roberto F. Kuan (ID)</i>	<i>1,501,629,068</i>
<i>Jose T. Sio</i>	<i>1,501,629,068</i>

**Mr. Dy Tiong is a director of the Bank until his death on September 16, 2016.*

6) Orientation and Education Program

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

In accordance with the rules of the Bangko Sentral ng Pilipinas (BSP) (or the Central Bank of the Philippines), the members of the Board are issued a copy of their general and specific duties and responsibilities, which they acknowledged to have received and certified that they read and fully understood the same. Copies of the acknowledgement receipt and certification are submitted to BSP within the prescribed period.

Moreover, the Directors also individually submit a Sworn Certification that they possess all the qualifications and none of the disqualifications, as enumerated in the MORB. These certifications are submitted to BSP after their election. Additional certifications

are executed by Independent Directors to comply with the Securities Regulation Code and BSP rules which are then submitted to the SEC.

Directors are required to attend a day and a half orientation program conducted by an accredited BSP training provider. All directors of the Bank have attended the orientation program of the Institute of Corporate Directors (ICD).

- (b) State any in-house training and external courses attended by Directors and Senior Management³⁸ for the past three (3) years:

For the Directors

As part of the Board's continuing education, the Directors as well as senior executives of the Bank attended a seminar on the Anti-Money Laundering Act (AMLA) organized by our Compliance Office in partnership with the AML Council Secretariat in November 2009, another round of AML Seminar was attended by the Board on 06 August 2014 to apprise them of the updates on AML rules and regulations.

On June 03, 2015, the Directors of the Bank attended a Corporate Governance Training Program as conducted by the Institute of Corporate Directors.

On 02 November 2016, the Directors of the Bank attended a Corporate Governance Training Program as conducted by the Institute of Corporate Directors.

On a monthly basis, or whenever there are new issuances, the Chief Compliance Officer conducts a briefing/discusses on these new regulations to the Board.

For the Senior Officers (2013-2016)

	Course(Name)	
1	16PF Learning Session	Internal
2	1st Fraud Conference Manila	External
3	1st Philippine Clean Energy Summit	External
4	1st TMAP Tax Seminar 2016	External
5	2014 Accra Law Business Forum	External
6	2014 AMLA Officers Workshop	External
7	2015 Asia Tax Symposium	External
8	2015 ISACA Manila's IT Governance Summit	External
9	2015 PSTD National Convention	External
10	2016 Asia Pacific CACS Conference	External
11	2016 HR Beat Conference	External
12	28th BAIPHIL National Convention	External
13	2nd Asian Business Conference	External
14	3rd Asia Pacific Real Estate Investment	External
15	66th IIA-Philippines Annual Convention	External
16	7Habits of Highly Effective People V4.0	External
17	Acctg for Foreign Exchange Derivatives	External
18	ACIIA Conference	External

³⁸ Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

19	<i>Advance Bank Management Program</i>	<i>External</i>
20	<i>Advanced Strategic Sourcing</i>	<i>External</i>
21	<i>Advanced Workshop on Bank Frauds</i>	<i>External</i>
22	<i>AGILE: The Future of HR</i>	<i>External</i>
23	<i>Aligning w/ BSPs IT Risk Mgt Standards</i>	<i>External</i>
24	<i>AML A E - Learning</i>	<i>Internal</i>
25	<i>AML A of 2001-Circular 706 (2011 Update)</i>	<i>Internal</i>
26	<i>ASEAN Corporate Scores of Phil. PLCs</i>	<i>External</i>
27	<i>Asia BPO Summit 2015</i>	<i>External</i>
28	<i>Asian Chief Audit Exec Leadership Forum</i>	<i>External</i>
29	<i>AsiaPacific Real Estate Investment Summit</i>	<i>External</i>
30	<i>Audit Rating System</i>	<i>External</i>
31	<i>Audit World 2013</i>	<i>External</i>
32	<i>Bank Cybersecurity Masterclass</i>	<i>External</i>
33	<i>Bank Fraud: Detection & Prevention & RCL</i>	<i>Internal</i>
34	<i>Bank Security Seminar</i>	<i>Internal</i>
35	<i>Basel3: Capital, Leverage & Macro Prudential</i>	<i>External</i>
36	<i>Basic Chinese Speech</i>	<i>Internal</i>
37	<i>Basic Financial Math</i>	<i>External</i>
38	<i>Basics of Fixed Income Securities</i>	<i>External</i>
39	<i>BCPM General Membership Meeting</i>	<i>External</i>
40	<i>Ben Trends BF Briefing: TOB</i>	<i>External</i>
41	<i>Bldg Profitable Debit/Prepaid Payment Bu</i>	<i>External</i>
42	<i>BLS-Adult CPR Training For Lay Rescuers</i>	<i>Internal</i>
43	<i>Board Directors Guide for Audit Comm</i>	<i>External</i>
44	<i>Bond Durations Modules</i>	<i>External</i>
45	<i>BrandingEntrepSocial Responsibility&Tech</i>	<i>External</i>
46	<i>Briefing on AML A and Other Updates</i>	<i>Internal</i>
47	<i>BSP Cir 808: IT Risk Mgt Framework</i>	<i>External</i>
48	<i>BSP Cir 889 & the Sales&Mktg Guidelines</i>	<i>External</i>
49	<i>BSP Compliance, Trust&Governance RS</i>	<i>External</i>
50	<i>BSP Risk Based Audit</i>	<i>External</i>
51	<i>CBC IT Audit Workshop</i>	<i>Internal</i>
52	<i>CBS - Problem Solving & Decision Making</i>	<i>Internal</i>
53	<i>Certified Business Analysis Professional</i>	<i>External</i>
54	<i>Check Image Clearing System Training</i>	<i>Internal</i>
55	<i>China Bank Equity Fund Briefing</i>	<i>Internal</i>
56	<i>ChinaBank Online Personal Banking Course</i>	<i>Internal</i>
57	<i>Cities of the Future: Asia Pacific</i>	<i>External</i>
58	<i>CMS Learning Session</i>	<i>Internal</i>
59	<i>Coaching in the Workplace Workshop</i>	<i>Internal</i>
60	<i>Compen & Ben: Trends & Challenges</i>	<i>External</i>
61	<i>Compliance w/Operational Risk Mgt.</i>	<i>External</i>
62	<i>Compre. Real Estate Appraiser Seminar</i>	<i>External</i>
63	<i>Comprehensive Consumer Protection Framework</i>	<i>External</i>
64	<i>Concentration Risk & Related Party Trans</i>	<i>External</i>
65	<i>Conducting Internal Fraud Investigation</i>	<i>External</i>
66	<i>Conducting PrelimSurveys & Eff Work Prog</i>	<i>External</i>
67	<i>Conference on Cybercrime</i>	<i>External</i>
68	<i>Conflicts of Interest & Ethics</i>	<i>External</i>
69	<i>Contingent Convertibles&Equitylinkednotes</i>	<i>External</i>
70	<i>Converting Risk Into Opportunity</i>	<i>External</i>
71	<i>Cor Gov for Banks & Quasi-banks</i>	<i>External</i>
72	<i>Corporate Governance and Risk Management</i>	<i>External</i>
73	<i>Corporate Governance for Corp. Directors</i>	<i>External</i>
74	<i>Corporate Governance Forum</i>	<i>External</i>
75	<i>Corporate Governance Workshop</i>	<i>External</i>
76	<i>Craft Coffee Revolution</i>	<i>Internal</i>
77	<i>Creating a Culture of Execution</i>	<i>External</i>

78	<i>Credit Course</i>	<i>Internal</i>
79	<i>Credit Enhancement Seminar</i>	<i>Internal</i>
80	<i>Credit Risk Management Framework</i>	<i>External</i>
81	<i>Cupcake Making & Decorating</i>	<i>Internal</i>
82	<i>Cyber Risk Mitigation w Jason Kelly-AIG</i>	<i>External</i>
83	<i>Cybersecurity & AMLA Seminar</i>	<i>External</i>
84	<i>Derivatives & Hedge Accounting</i>	<i>External</i>
85	<i>Derivatives (with Hedge Accounting)</i>	<i>External</i>
86	<i>Discussion on Card Fraud in the Phils.</i>	<i>External</i>
87	<i>Enhancing Audit Committee Effectiveness</i>	<i>External</i>
88	<i>Establishing "Internal Audit & Controls"</i>	<i>External</i>
89	<i>Estate and Tax Planning Seminar</i>	<i>Internal</i>
90	<i>Families' Guide to Estate & Tax Planning</i>	<i>External</i>
91	<i>FATCA Goes Live!</i>	<i>External</i>
92	<i>FBCS - Loans Course</i>	<i>Internal</i>
93	<i>FCBS - CRA Course</i>	<i>Internal</i>
94	<i>FCBS - GL Course</i>	<i>Internal</i>
95	<i>FCBS - GL Orientation</i>	<i>Internal</i>
96	<i>FCBS - Teller Course</i>	<i>Internal</i>
97	<i>Finance, Risk & Compliance Summit</i>	<i>External</i>
98	<i>Financial Advisors Congress</i>	<i>External</i>
99	<i>Financial Rehabilitation&Insolvency Act</i>	<i>External</i>
100	<i>Financial Statement Analysis Workshop</i>	<i>Internal</i>
101	<i>First Aid Training for Office Employees</i>	<i>Internal</i>
102	<i>Forum on BSP Interest Rate Corridor Syst</i>	<i>External</i>
103	<i>Fraud Risk Mgt & Forensic Technology</i>	<i>External</i>
104	<i>Fund Transfer Pricing</i>	<i>External</i>
105	<i>Fundamentals of Selling Derivatives</i>	<i>Internal</i>
106	<i>Future of Airline Industry in the ASEAN</i>	<i>External</i>
107	<i>GGAP Round Table Discussion and Planning</i>	<i>External</i>
108	<i>GreekDebt Sustainability&Before the Fall</i>	<i>External</i>
109	<i>Guidelines on Sound Credit Risk Mgt</i>	<i>External</i>
110	<i>Handling Customer Complaints Workshop</i>	<i>Internal</i>
111	<i>Happy at Work Conference 2016</i>	<i>External</i>
112	<i>Higher Learnings in Appraisal</i>	<i>External</i>
113	<i>How to prevent,prosecute&collect b check</i>	<i>External</i>
114	<i>ID Verification Seminar</i>	<i>Internal</i>
115	<i>IFRS 9</i>	<i>External</i>
116	<i>IIAP 67th Annual Convention</i>	<i>External</i>
117	<i>Implementing the New IFRS9</i>	<i>External</i>
118	<i>indus360:Energy Ind. - Renewable Energy</i>	<i>Internal</i>
119	<i>indus360:Mining Ind.</i>	<i>Internal</i>
120	<i>indus360:Real Estate Ind. - Residential</i>	<i>Internal</i>
121	<i>Integrated Metrics Management</i>	<i>External</i>
122	<i>Internal Audit Transformation Seminar</i>	<i>External</i>
123	<i>Internal Control and Internal Audit</i>	<i>External</i>
124	<i>Intro to FLP Techniques & ALM</i>	<i>External</i>
125	<i>Introduction to Basel and ICAAP</i>	<i>External</i>
126	<i>ISOG Summit</i>	<i>External</i>
127	<i>IT Audit and Fraud Summit</i>	<i>External</i>
128	<i>IT Risk Mgt Framework&IT Risk Rating Sys</i>	<i>External</i>
129	<i>IT Risk Mgt, Risk Rating Sys&Reg Updates</i>	<i>External</i>
130	<i>Leadership Greatness</i>	<i>Internal</i>
131	<i>Leading Amidst Challenging Times</i>	<i>External</i>
132	<i>Lean Six Sigma Basics</i>	<i>Internal</i>
133	<i>Loan Collateral Documentation</i>	<i>Internal</i>
134	<i>Loan Documentation Seminar</i>	<i>Internal</i>
135	<i>Making Money with Stocks</i>	<i>External</i>
136	<i>Making your Store ready for the ACE</i>	<i>External</i>

137	<i>Managing Conflict in the Workplace</i>	<i>Internal</i>
138	<i>Managing Your Finances Workshop</i>	<i>Internal</i>
139	<i>Mandatory AML Training For Senior Officers</i>	<i>Internal</i>
140	<i>Mandatory Continuing Legal Education</i>	<i>External</i>
141	<i>March 2015 Tax Seminar</i>	<i>External</i>
142	<i>Marketing and Sales Planning Workshop</i>	<i>Internal</i>
143	<i>Mgt of Tax Risks for Banks</i>	<i>External</i>
144	<i>NASBI Annual GMM & Convention</i>	<i>External</i>
145	<i>National Summit on Cybercrime</i>	<i>External</i>
146	<i>NCR Banking Innovation Forum</i>	<i>External</i>
147	<i>Operational Auditing</i>	<i>External</i>
148	<i>Operational Risk Course-Business Cont.</i>	<i>Internal</i>
149	<i>Operational Risk Course-Tools & Methods</i>	<i>Internal</i>
150	<i>Optimizing Tax Saving for Real Est Trans</i>	<i>External</i>
151	<i>Optimizing TaxSavings for RealEstateTran</i>	<i>External</i>
152	<i>Orientation for New Officers</i>	<i>Internal</i>
153	<i>Orientation of Appointed CBC Flr Wardens</i>	<i>Internal</i>
154	<i>Overcoming Human Relations Challenges</i>	<i>External</i>
155	<i>P&A Grant Thornton Business Forum</i>	<i>External</i>
156	<i>PANA General Membership Meeting</i>	<i>External</i>
157	<i>Parfume: Soap Making and Perfumery</i>	<i>Internal</i>
158	<i>Payment Card Industry Data Sec Standards</i>	<i>External</i>
159	<i>Peso Counterfeit Detection Briefing</i>	<i>Internal</i>
160	<i>PFRS 9, Financial Instruments</i>	<i>External</i>
161	<i>PMAP Annual Conference</i>	<i>External</i>
162	<i>Portfolio Construction</i>	<i>External</i>
163	<i>Positive Discipline Workshop</i>	<i>Internal</i>
164	<i>Practicable Prospecting Workshop</i>	<i>Internal</i>
165	<i>Problem Solving and Decision Making</i>	<i>Internal</i>
166	<i>Process Improvement-A Survival Guide</i>	<i>External</i>
167	<i>Process Thinking for IA Workshop</i>	<i>External</i>
168	<i>Product Knowledge Orientation</i>	<i>Internal</i>
169	<i>Professional Image Enhancement Workshop</i>	<i>Internal</i>
170	<i>Project Management Professional</i>	<i>External</i>
171	<i>Public-Private Partnerships for LGUs</i>	<i>External</i>
172	<i>Quantitative Financial Risk Management</i>	<i>External</i>
173	<i>Real Estate Appraisal & Property Mgt.</i>	<i>External</i>
174	<i>Real Estate Dev't. & Environmental Plan.</i>	<i>External</i>
175	<i>Real Estate Laws & Regulations</i>	<i>External</i>
176	<i>Real Estate Marketing & Brokerage</i>	<i>External</i>
177	<i>Related Party Transactions</i>	<i>External</i>
178	<i>Remedial Management</i>	<i>External</i>
179	<i>Risk Avoiding Double Encumbrances</i>	<i>External</i>
180	<i>Risk Management Trends in 2014</i>	<i>External</i>
181	<i>Sales Call Monitorig System Re-Training</i>	<i>Internal</i>
182	<i>Sales Mgmt Sys Briefing & SCMS Re-train</i>	<i>Internal</i>
183	<i>Salesmanship and Selling Workshop</i>	<i>Internal</i>
184	<i>SAP runs SAP</i>	<i>External</i>
185	<i>Scented and Decorative Candle Making</i>	<i>Internal</i>
186	<i>SEC Fixed Income Salesman Review</i>	<i>Internal</i>
187	<i>Seven Habits Experience</i>	<i>Internal</i>
188	<i>SME Banking 2.0</i>	<i>External</i>
189	<i>Stop Wasting Time, Start Adding Value</i>	<i>External</i>
190	<i>Strategic Asset and Liability Management</i>	<i>External</i>
191	<i>Street Smart Investing</i>	<i>External</i>
192	<i>SunGard Ret Forum: Realising Potential</i>	<i>External</i>
193	<i>Superior Selling Mechanics</i>	<i>Internal</i>
194	<i>Supervisory Expectations on Compliance</i>	<i>External</i>
195	<i>Supervisory Expectations on ICAAP</i>	<i>External</i>

196	<i>Tax Management Seminar</i>	<i>External</i>
197	<i>Team Building</i>	<i>Internal</i>
198	<i>Teammate Audit Seminar</i>	<i>External</i>
199	<i>Tech Training 3</i>	<i>External</i>
200	<i>The Advanced Credit Risk Mgt Program</i>	<i>External</i>
201	<i>The Art & Science of Talent Acquisition</i>	<i>External</i>
202	<i>The Next Engines of Growth</i>	<i>External</i>
203	<i>TMAP Tax Seminar</i>	<i>External</i>
204	<i>TOAP 2015 Summit</i>	<i>External</i>
205	<i>TOAP Summit 2014</i>	<i>External</i>
206	<i>TOPS - LRA Summit</i>	<i>External</i>
207	<i>Train the Trainers</i>	<i>External</i>
208	<i>Transforming Phil Companies</i>	<i>External</i>
209	<i>Treasury Business, Products & Ops Course</i>	<i>Internal</i>
210	<i>Treasury Learning Session</i>	<i>Internal</i>
211	<i>Trust Products and Services</i>	<i>Internal</i>
212	<i>UITF 2014 Roadshow</i>	<i>Internal</i>
213	<i>UITF Accreditation</i>	<i>Internal</i>
214	<i>UITF Refresher Course</i>	<i>Internal</i>
215	<i>Unit Investment Trust Fund Briefing</i>	<i>Internal</i>
216	<i>Updated Guidelines on Sound Credit Risk</i>	<i>External</i>
217	<i>Updates on BSP Trust Audit</i>	<i>External</i>
218	<i>Values Enhancement & Work Attitude</i>	<i>Internal</i>
219	<i>White Collar Fraud Conference</i>	<i>External</i>
220	<i>World Class Internal Audit Excellence'14</i>	<i>External</i>
221	<i>Y2016 Audit Workshop</i>	<i>Internal</i>

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

Name of Director/Officer	Date of Training	Program	Name of Training Institution
<i>Hans T. Sy</i>	<i>October 18-19, 2002</i>	<i>Orientation Course on Corporate Governance for Bank Directors</i>	<i>Institute of Corporate Directors (ICD)</i>
	<i>November 4, 2009</i>	<i>Anti-Money Laundering Act of 2001 Seminar</i>	<i>Atty. Vicente S. Aquino Executive Director, Anti-Money Laundering Council, and Assistant Governor, Bangko Sentral ng Pilipinas (BSP)</i>
	<i>January 8, 2014</i>	<i>Exclusive Corporate Governance Workshop</i>	<i>Institute of Corporate Directors</i>
	<i>August 6, 2014</i>	<i>AML Training</i>	<i>Atty. Arnold Frane, (AMLC Legal Services Group)</i>
	<i>June 03, 2015</i>	<i>Orientation Course for Corporate Governance</i>	<i>Institute of Corporate Directors</i>
	<i>November 02, 2016</i>	<i>Exclusive Corporate Governance Training</i>	<i>Institute of Corporate Directors</i>
<i>Gilbert U. Dee</i>	<i>August 7, 2002</i>	<i>Special Seminar on Corporate Governance for Bank Chairmen & CEOs</i>	<i>BSP in cooperation with ICD</i>
	<i>November 4, 2009</i>	<i>Anti-Money Laundering Act of 2001 Seminar</i>	<i>Atty. Vicente S. Aquino Executive Director, Anti-Money Laundering Council, and Assistant Governor, BSP</i>
	<i>January 8, 2014</i>	<i>Exclusive Corporate Governance Workshop</i>	<i>Institute of Corporate Directors</i>
	<i>August 6, 2014</i>	<i>AML Training</i>	<i>Atty. Arnold Frane, (AMLC Legal Services Group)</i>

Name of Director/Officer	Date of Training	Program	Name of Training Institution
<i>Gilbert U. Dee</i>	<i>June 03, 2015</i>	<i>Orientation Course for Corporate Governance</i>	<i>Institute of Corporate Directors</i>
	<i>November 02 , 2016</i>	<i>Exclusive Corporate Governance Training</i>	<i>Institute of Corporate Directors</i>
<i>Peter S. Dee</i>	<i>August 7, 2002</i>	<i>Special Seminar on Corporate Governance for Bank Chairmen & CEOs</i>	<i>BSP in cooperation with ICD</i>
	<i>November 4, 2009</i>	<i>Anti-Money Laundering Act of 2001 Seminar</i>	<i>Atty. Vicente S. Aquino Executive Director, Anti-Money Laundering Council, and Assistant Governor, BSP</i>
	<i>January 8, 2014</i>	<i>Exclusive Corporate Governance Workshop</i>	<i>Institute of Corporate Directors</i>
	<i>August 6, 2014</i>	<i>AML Training</i>	<i>Atty. Arnold Frane, (AMLC Legal Services Group)</i>
	<i>November 25, 2015</i>	<i>Corporate Governance Going Forward</i>	<i>Center for Training and Development, Inc.</i>
	<i>November 14, 2016</i>	<i>Corporate Governance: Towards the Right Direction</i>	<i>Center for Training and Development</i>
<i>Joaquin T. Dee</i>	<i>October 18-19, 2002</i>	<i>Orientation Course on Corporate Governance for Bank Directors</i>	<i>ICD</i>
	<i>November 4, 2009</i>	<i>Anti-Money Laundering Act of 2001 Seminar</i>	<i>Atty. Vicente S. Aquino Executive Director, Anti-Money Laundering Council, and Assistant Governor, BSP</i>
	<i>January 8, 2014</i>	<i>Exclusive Corporate Governance Workshop</i>	<i>Institute of Corporate Directors</i>
	<i>August 6, 2014</i>	<i>AML Training</i>	<i>Atty. Arnold Frane, (AMLC Legal Services Group)</i>
	<i>June 03, 2015</i>	<i>Orientation Course for Corporate Governance</i>	<i>Institute of Corporate Directors</i>
	<i>November 02 , 2016</i>	<i>Exclusive Corporate Governance Training</i>	<i>Institute of Corporate Directors</i>
<i>Dy Tiong*</i>	<i>October 18 -19, 2002</i>	<i>Orientation Course on Corporate Governance for Bank Directors</i>	<i>ICD</i>
	<i>November 4, 2009</i>	<i>Anti-Money Laundering Act of 2001 Seminar</i>	<i>Atty. Vicente S. Aquino Executive Director, Anti-Money Laundering Council, and Assistant Governor, BSP</i>
	<i>January 8, 2014</i>	<i>Exclusive Corporate Governance Workshop</i>	<i>Institute of Corporate Directors</i>
	<i>August 6, 2014</i>	<i>AML Training</i>	<i>Atty. Arnold Frane, (AMLC Legal Services Group)</i>
	<i>June 03, 2015</i>	<i>Orientation Course for Corporate Governance</i>	<i>Institute of Corporate Directors</i>
<i>Herbert T. Sy</i>	<i>October 18-19, 2002</i>	<i>Orientation Course on Corporate Governance for Bank Directors</i>	<i>ICD</i>
	<i>November 4, 2009</i>	<i>Anti-Money Laundering Act of 2001 Seminar</i>	<i>Atty. Vicente S. Aquino Executive Director, Anti-Money Laundering Council, and Assistant Governor, BSP</i>

**Mr. Dy Tiong is a director of the Bank until his death on September 16, 2016.*

Name of Director/Officer	Date of Training	Program	Name of Training Institution
<i>Herbert T. Sy</i>	<i>January 8, 2014</i>	<i>Exclusive Corporate Governance Workshop</i>	<i>Institute of Corporate Directors</i>
	<i>August 6, 2014</i>	<i>AML Training</i>	<i>Atty. Arnold Frane, (AMLC Legal Services Group)</i>
	<i>June 03, 2015</i>	<i>Orientation Course for Corporate Governance</i>	<i>Institute of Corporate Directors</i>
	<i>November 02, 2016</i>	<i>Exclusive Corporate Governance Training</i>	<i>Institute of Corporate Directors</i>
<i>Harley T. Sy</i>	<i>October 18-19, 2002</i>	<i>Orientation Course on Corporate Governance for Bank Directors</i>	<i>ICD</i>
	<i>November 4, 2009</i>	<i>Anti-Money Laundering Act of 2001 Seminar</i>	<i>Atty. Vicente S. Aquino Executive Director, Anti-Money Laundering Council, and Assistant Governor, BSP</i>
	<i>January 8, 2014</i>	<i>Exclusive Corporate Governance Workshop</i>	<i>Institute of Corporate Directors</i>
	<i>August 6, 2014</i>	<i>AML Training</i>	<i>Atty. Arnold Frane, (AMLC Legal Services Group)</i>
	<i>June 03, 2015</i>	<i>Orientation Course for Corporate Governance</i>	<i>Institute of Corporate Directors</i>
	<i>November 02, 2016</i>	<i>Exclusive Corporate Governance Training</i>	<i>Institute of Corporate Directors</i>
<i>Alberto S. Yao</i>	<i>September 16-17, 2004</i>	<i>Director Orientation Course</i>	<i>ICD</i>
	<i>November 4, 2009</i>	<i>Anti-Money Laundering Act of 2001 Seminar</i>	<i>Atty. Vicente S. Aquino Executive Director, Anti-Money Laundering Council, and Assistant Governor, BSP</i>
	<i>January 8, 2014</i>	<i>Exclusive Corporate Governance Workshop</i>	<i>Institute of Corporate Directors</i>
	<i>August 6, 2014</i>	<i>AML Training</i>	<i>Atty. Arnold Frane, (AMLC Legal Services Group)</i>
	<i>June 03, 2015</i>	<i>Orientation Course for Corporate Governance</i>	<i>Institute of Corporate Directors</i>
	<i>November 02, 2016</i>	<i>Exclusive Corporate Governance Training</i>	<i>Institute of Corporate Directors</i>
<i>Roberto F. Kuan</i>	<i>August 15-16, 2005</i>	<i>Orientation Course on Corporate Governance</i>	<i>ICD</i>
	<i>June 23, 2005</i>	<i>3rd Corporate Governance Workshop for Directors, Senior Managers and other Governance Players</i>	<i>Corporate Governance Institute of the Philippines/ Management Association of the Philippines/ Philippine Institute of Certified Public Accountants/Securities and Exchange Commission</i>
	<i>November 4, 2009</i>	<i>Anti-Money Laundering Act of 2001 Seminar</i>	<i>Atty. Vicente S. Aquino Executive Director, Anti-Money Laundering Council, and Assistant Governor, BSP</i>
	<i>January 8, 2014</i>	<i>Exclusive Corporate Governance Workshop</i>	<i>Institute of Corporate Directors</i>
	<i>August 6, 2014</i>	<i>AML Training</i>	<i>Atty. Arnold Frane, (AMLC Legal Services Group)</i>
	<i>June 03, 2015</i>	<i>Orientation Course for Corporate Governance</i>	<i>Institute of Corporate Directors</i>
	<i>November 02, 2016</i>	<i>Exclusive Corporate Governance Training</i>	<i>Institute of Corporate Directors</i>

Jose T. Sio	April 23, 2003	Seminar on Corporate Governance	De La Salle University Professional Schools, Inc. Graduate School of Business
	February 24, 2014	Exclusive Corporate Governance Workshop	Institute of Corporate Directors
	November 4, 2009	Anti-Money Laundering Act of 2001 Seminar	Atty. Vicente S. Aquino Executive Director, Anti-Money Laundering Council, and Assistant Governor, BSP
	January 8, 2014	Exclusive Corporate Governance Workshop	Institute of Corporate Directors
	August 6, 2014	AML Training	Atty. Arnold Frane, (AMLC Legal Services Group)
	August 05, 2015	Annual Corporate Governance Training	ICD
	September 14, 2016	Corporate Governance Seminar	SGV
Ricardo R. Chua	October 18-19, 2002	Orientation Course on Corporate Governance for Bank Directors	ICD
	November 4, 2009	Anti-Money Laundering Act of 2001 Seminar	Atty. Vicente S. Aquino Executive Director, Anti-Money Laundering Council, and Assistant Governor, BSP
	January 8, 2014	Exclusive Corporate Governance Workshop	Institute of Corporate Directors
	August 6, 2014	AML Training	Atty. Arnold Frane, (AMLC Legal Services Group)
	June 03, 2015	Orientation Course for Corporate Governance	Institute of Corporate Directors
	November 02, 2016	Exclusive Corporate Governance Training	Institute of Corporate Directors

B. CODE OF BUSINESS CONDUCT & ETHICS

- 1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	Embodied in the Bank's Code of Ethics is the principle of ensuring that the Bank's interest is superior to personal interest of directors and officers. The directors should not obtain personal gain or profit by reason of their position in the Bank. In line with this, directors are required to disclose their interest in transactions and any other conflicts of interest. Any transaction involving a particular director is deliberated on and passed	Conflict between the interest of the Bank and the interest of the employees should be avoided at all times. In cases of conflict, the interest of the Bank shall prevail. Embodied in the Bank's Code of Ethics is the principle of ensuring that the Bank's interest is superior to personal interest of directors and officers. The directors should not obtain personal gain or profit by reason of their position in the Bank. In line with this, directors are required to disclose their interest in	Conflict between the interest of the Bank and the interest of the employees should be avoided at all times. In cases of conflict, the interest of the Bank shall prevail. Embodied in the Bank's Code of Ethics is the principle of ensuring that the Bank's interest is superior to personal interest of directors and officers. The directors should not obtain personal gain or profit by reason of their position in the Bank. In line with this, directors are required to disclose their interest in

	<i>upon by the rest of the members of the Board, with the abstention of the director involved in the transaction.</i>	<i>transactions and any other conflicts of interest. Any transaction involving a particular director is deliberated on and passed upon by the rest of the members of the Board, with the abstention of the director involved in the transaction.</i>	<i>transactions and any other conflicts of interest. Any transaction involving a particular director is deliberated on and passed upon by the rest of the members of the Board, with the abstention of the director involved in the transaction.</i>
(b) Conduct of Business and Fair Dealings	<p><i>Compliance with the principles of good corporate governance starts with the Board of Directors.</i></p> <p><i>It shall be the Board's responsibility to foster the long-term success of the Bank and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Bank, its shareholders and other stakeholders. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.</i></p>	<p><i>Employees are expected to conduct their official and personal business with proper decorum to protect the name and goodwill of China Banking Corporation. They are expected to conduct themselves properly at all times, within or outside the Bank premises on or off duty. Employees should avoid any act that may embarrass or discredit the Bank.</i></p>	<p><i>Employees are expected to conduct their official and personal business with proper decorum to protect the name and goodwill of China Banking Corporation. They are expected to conduct themselves properly at all times, within or outside the Bank premises on or off duty. Employees should avoid any act that may embarrass or discredit the Bank.</i></p>
(b) Conduct of Business and Fair Dealings	<p><i>To consistently conduct the affairs of the institution with a high degree of integrity.</i> Since reputation is a very valuable asset, it is in the institution's best interest that in dealings with the public, it observes a high standard of integrity.</p> <p><i>The board of directors shall lead in establishing the tone of good governance from the top and in setting corporate values, codes of conduct and other standards of appropriate behavior for itself, the senior management and other employees.</i></p>	<p><i>To consistently conduct the affairs of the institution with a high degree of integrity.</i> Since reputation is a very valuable asset, it is in the institution's best interest that in dealings with the public, it observes a high standard of integrity.</p> <p><i>The board of directors shall lead in establishing the tone of good governance from the top and in setting corporate values, codes of conduct and other standards of appropriate behavior for itself, the senior management and other employees.</i></p>	<p><i>To consistently conduct the affairs of the institution with a high degree of integrity.</i> Since reputation is a very valuable asset, it is in the institution's best interest that in dealings with the public, it observes a high standard of integrity.</p> <p><i>The board of directors shall lead in establishing the tone of good governance from the top and in setting corporate values, codes of conduct and other standards of appropriate behavior for itself, the senior management and other employees.</i></p>

<p>(c) Receipt of gifts from third parties</p>	<p>To consistently conduct the affairs of the institution with a high degree of integrity. Since reputation is a very valuable asset, it is in the institution's best interest that in dealings with the public, it observes a high standard of integrity. The board of directors shall lead in establishing the tone of good governance from the top and in setting corporate values, codes of conduct and other standards of appropriate behavior for itself, the senior management and other employees.</p> <p>Directors may not solicit or accept gifts, payments, loans, services or any form of compensation from suppliers, customers, competitors or others seeking to do business with the Company.</p>	<p>Employees of the Bank must always exercise honesty in the performance of their duties. They must not use their positions for their own interest.</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 may subject employees from suspension/dismissal.</p>	<p>Employees of the Bank must always exercise honesty in the performance of their duties. They must not use their positions for their own interest.</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 may subject employees from suspension/dismissal.</p>
<p>(d) Compliance with Laws & Regulations</p>	<p>The Bank and its Directors are strongly committed to conducting business affairs with honesty and integrity and in compliance with all applicable laws, rules and regulations.</p>	<p>Employees of the Bank must comply with all established procedures of the Bank. These procedures were carefully designed to guard against losses and to assure effective operations at all times. Violations on operating procedures will be dealt with according to the Bank's Operations Policies and Procedures Manuals (OPPMs), Bangko Sentral ng Pilipinas and other government agencies' rules and regulations and other written policies, guidelines, or instructions issued by Senior Management, Management Committee, Head of Divisions/Groups/Departments or Branch Managers as circularized. Subject to the penalty provision of Code of Ethics.</p>	<p>Employees of the Bank must comply with all established procedures of the Bank. These procedures were carefully designed to guard against losses and to assure effective operations at all times. Violations on operating procedures will be dealt with according to the Bank's Operations Policies and Procedures Manuals (OPPMs), Bangko Sentral ng Pilipinas and other government agencies' rules and regulations and other written policies, guidelines, or instructions issued by Senior Management, Management Committee, Head of Divisions/Groups/Departments or Branch Managers as circularized. Subject to the penalty provision of Code of Ethics.</p>

(e) Respect for Trade Secrets/Use of Non-public Information	<i>Directors must observe the confidentiality of non-public information acquired by reason of their position as directors. They may not disclose said information to any other person without the authority of the board.</i>	<i>Employees engaging directly or indirectly, in financial transactions as a result of, or primarily relying upon, “insider information” may be subject to Written Reprimand/Suspension/Dismissal</i>	<i>Employees engaging directly or indirectly, in financial transactions as a result of, or primarily relying upon, “insider information” may be subject to Written Reprimand/Suspension/Dismissal</i>
(f) Use of Company Funds, Assets and Information	<p><i>Directors must observe the confidentiality of non-public information acquired by reason of their position as directors. They may not disclose said information to any other person without the authority of the board.</i></p> <p><i>Directors are not allowed to use Company assets, funds or information for their personal use unless approved by the Board.</i></p>	<i>Using Bank property for a private purpose other than an officially approved activity is prohibited. Furthermore, employees are required to protect and conserve Bank property, including equipment and supplies to them.</i>	<i>Using Bank property for a private purpose other than an officially approved activity is prohibited. Furthermore, employees are required to protect and conserve Bank property, including equipment and supplies to them.</i>
(g) Employment & Labor Laws & Policies	<p><i>The Bank and its Directors are strongly committed to conducting business affairs with honesty and integrity and in compliance with all applicable laws, rules and regulations, including labor laws.</i></p> <p><i>In accordance with Section 15 of the General Banking Law, Non-Filipino citizens may become members of the board of directors of a bank to the extent of the foreign participation in the equity of said bank. (Sec. 7, RA 7721)</i></p>	<p><i>The Bank and its Directors are strongly committed to conducting business affairs with honesty and integrity and in compliance with all applicable laws, rules and regulations, including labor laws.</i></p> <p><i>Except as may otherwise be allowed under C.A no. 108, otherwise known as “The Anti-Dummy Law”, as amended, foreigners cannot be officers or employees of banks.³⁹</i></p>	<p><i>The Bank and its Directors are strongly committed to conducting business affairs with honesty and integrity and in compliance with all applicable laws, rules and regulations, including labor laws.</i></p> <p><i>Except as may otherwise be allowed under C.A no. 108, otherwise known as “The Anti-Dummy Law”, as amended, foreigners cannot be officers or employees of banks</i></p>
(h) Disciplinary action	<p><i>Any violation of the portion of the Corporate Governance Manual, directors, officers, shall be subject to the following:</i></p> <p>First violation - <i>the subject person shall be reprimanded.</i></p> <p>Second violation - <i>Suspension from office shall be imposed. The duration of the suspension</i></p>	<i>The penalties indicated for each group of offenses in this Code should under normal circumstances, be the penalties imposed. This is to ensure uniformity in the application of sanctions and to ensure that the disciplinary actions enforced are neither too lax nor too severe. It is understood that any offense included</i>	<i>The penalties indicated for each group of offenses in this Code should under normal circumstances, be the penalties imposed. This is to ensure uniformity in the application of sanctions and to ensure that the disciplinary actions enforced are neither too lax nor too severe. It is understood that any offense included</i>

³⁹ Subsection X143.2.e of the MORB

	<p>shall depend on the gravity of the violation.</p> <p>Third violation - the maximum penalty of removal from office shall be imposed.</p> <p>The commission of a third violation of this Manual by any member of the Board of the Bank or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.</p> <p>The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.</p>	<p>in the Code of Ethics, either explicitly or by reference, shall be punishable if it is committed deliberately or through negligence and without justifiable cause or excuse. Unless explicitly stated, the presence of aggravating circumstances shall increase the severity of the penalty, and the presence of mitigating circumstances shall reduce it. Penalties are classified as verbal reprimand, written reprimand, suspension and dismissal.</p>	<p>in the Code of Ethics, either explicitly or by reference, shall be punishable if it is committed deliberately or through negligence and without justifiable cause or excuse. Unless explicitly stated, the presence of aggravating circumstances shall increase the severity of the penalty, and the presence of mitigating circumstances shall reduce it. Penalties are classified as verbal reprimand, written reprimand, suspension and dismissal.</p>
(i) Whistle Blower	<p>The Whistleblowing policy was created to establish and maintain mechanisms by which officer and staff may, in confidence and without fear of retaliation, disclose concerns about suspected, actual or threatened improprieties or malpractices in matters of financial reporting, internal control, auditing or other issues to persons or entities that have the power to take corrective action.</p>	<p>The Whistleblowing policy was created to establish and maintain mechanisms by which officer and staff may, in confidence and without fear of retaliation, disclose concerns about suspected, actual or threatened improprieties or malpractices in matters of financial reporting, internal control, auditing or other issues to persons or entities that have the power to take corrective action.</p>	<p>The Whistleblowing policy was created to establish and maintain mechanisms by which officer and staff may, in confidence and without fear of retaliation, disclose concerns about suspected, actual or threatened improprieties or malpractices in matters of financial reporting, internal control, auditing or other issues to persons or entities that have the power to take corrective action.</p>
(j) Conflict Resolution	<p>Embodied in the Bank's Code of Ethics is the principle of ensuring that the Bank's interest is superior to personal interest of directors and officers. The directors should not obtain personal gain or profit by reason of their position in the Bank. In line with this, directors are required to disclose their interest in transactions and any other conflicts of interest. Any transaction involving a</p>	<p>Embodied in the Bank's Code of Ethics is the principle of ensuring that the Bank's interest is superior to personal interest of directors and officers. Conflict between the interest of the Bank and the interest of the employees should be avoided at all times. In cases of conflict, the interest of the Bank should prevail. Our employees are not allowed to have direct</p>	<p>Embodied in the Bank's Code of Ethics is the principle of ensuring that the Bank's interest is superior to personal interest of directors and officers. Conflict between the interest of the Bank and the interest of the employees should be avoided at all times. In cases of conflict, the interest of the Bank should prevail. Our employees are not allowed to have direct</p>

	<i>particular director is deliberated on and passed upon by the rest of the members of the Board, with the abstention of the director involved in the transaction.</i>	<i>or indirect financial interests that conflict or appear to conflict with their duties and responsibilities as employees of the Bank; to engage in other work outside of the Bank without the Bank's written permission; and to have work competitive with the Bank.</i>	<i>or indirect financial interests that conflict or appear to conflict with their duties and responsibilities as employees of the Bank; to engage in other work outside of the Bank without the Bank's written permission; and to have work competitive with the Bank.</i>
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- 2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?

Yes, A copy of the Code is given to all employees during their orientation as new employees of the Bank. Senior Management is likewise given a copy of the Bank's Code of Ethics. The Bank's Code of Ethics was approved by the Board of Directors.

To promote adherence to the Code and deter wrongdoing, any breach of conduct are subject to appropriate sanctions. Training and compliance monitoring are integral parts of our Code of Ethics. Human Resources Division ensures that every China Bank employee is aware of and upholds our Code of Ethics. All new employees are given a copy of the Code of Ethics booklet. Receipt thereof is acknowledged in writing. The PDF format of the Code is also available in the Bank's Intranet under Compliance Office's Public Folder, for easy reference. New employees likewise undergo the New Employees' Orientation Course (NEOC) wherein our Code of Ethics is comprehensively discussed.

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

The Bank implemented its policy on Administrative Disciplinary Rules and Procedures to ensure that any case relating to employees' conduct or performance are handled in a fair, consistent and timely manner. Cases involving administrative offenses which do not involve fraud or dishonesty or is not punishable by termination are being monitored, handled and resolved by the corresponding Line Heads. On the other hand, administrative cases involving fraud and dishonesty and all offenses punishable by termination are handled by the Administrative Investigation Committee, the members of which are appointed by the President of the Bank.

- 4) Related Party Transactions

- (a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

Related Party Transactions	Policies and Procedures
(1) Parent Company	<i>As an advocate of good corporate governance, we recognize that Related Party Transactions may give rise to a conflict of interest. Through the Board of Directors, we ensure that transactions with related parties are reviewed to make sure that such are conducted at arm's length or upon terms not less favorable to the Bank than those offered to others, and</i>

	<p><i>that corporate or business resources of the Bank are no misappropriated or misapplied; and more important, that these transactions are duly disclosed as prescribed by BSP Circular 749, Series of 2012.</i></p> <p><i>Related parties (based on BSP Circular No. 895 re Guidelines on Related Party Transactions) shall cover the bank's subsidiaries as well as affiliates and any party (including their subsidiaries, affiliates and special purpose entities) that the bank exerts direct/indirect control over or that exerts direct/indirect control over the bank; the bank's directors; officers; stockholders and related interests (DOSRI), and their close family members, as well as corresponding persons in affiliated companies.</i></p> <p><i>Significant transactions shall refer to dealings that could pose material risk to the bank. As an internal definition, the amount that is considered by the Bank as significant is 50 Million Pesos (or its foreign currency equivalent) and above, per single transaction.</i></p> <p><i>The amount may be changed subject to the approval of the Bank's Board of Directors. Related Parties shall be treated like ordinary counterparties/client of the Bank. There shall be no special rates and prices to be offered or granted to such parties.</i></p> <p><i>Based on its charter, the Related Party Transaction Committee is tasked to review all related party transactions prior to board approval. No director is allowed to participate in the discussion / deliberation, including approval of a transaction where he is a related party.</i></p> <p><i>All material related party transactions are ratified by the Stockholders during the Annual Stockholders' Meeting.</i></p>
(2) Joint Ventures	<p><i>As an advocate of good corporate governance, we recognize that Related Party Transactions may give rise to a conflict of interest. Through the Board of Directors, we ensure that transactions with related parties are reviewed to make sure that such are conducted at arm's length or upon terms not less favorable to the Bank than those offered to others, and that corporate or business resources of the Bank are not misappropriated or misapplied; and more important, that these transactions are duly disclosed as prescribed by BSP Circular 749, Series of 2012.</i></p> <p><i>Related parties (based on BSP Circular No. 895 re Guidelines on Related Party Transactions) shall cover the bank's subsidiaries as well as affiliates and any party (including their subsidiaries, affiliates and special purpose entities) that the bank exerts direct/indirect control over or that exerts direct/indirect control over the bank; the bank's directors; officers; stockholders and related interests (DOSRI), and their close family members, as well as corresponding persons in affiliated companies.</i></p> <p><i>Significant transactions shall refer to dealings that could</i></p>

	<p><i>pose material risk to the bank. As an internal definition, the amount that is considered by the Bank as significant is 50 Million Pesos (or its foreign currency equivalent) and above, per single transaction.</i></p> <p><i>The amount may be changed subject to the approval of the Bank's Board of Directors.</i></p> <p><i>Related Parties shall be treated like ordinary counterparties/client of the Bank. There shall be no special rates and prices to be offered or granted to such parties.</i></p> <p><i>Based on its charter, the Related Party Transaction Committee is tasked to review all related party transactions prior to board approval. No director is allowed to participate in the discussion / deliberation, including approval of a transaction where he is a related party.</i></p> <p><i>All material related party transactions are ratified by the Stockholders during the Annual Stockholders' Meeting.</i></p>
(3) Subsidiaries	<p><i>As an advocate of good corporate governance, we recognize that Related Party Transactions may give rise to a conflict of interest. Through the Board of Directors, we ensure that transactions with related parties are reviewed to make sure that such are conducted at arm's length or upon terms not less favorable to the Bank than those offered to others, and that corporate or business resources of the Bank are not misappropriated or misapplied; and more important, that these transactions are duly disclosed as prescribed by BSP Circular 749, Series of 2012.</i></p> <p><i>Related parties (based on BSP Circular No. 895 re Guidelines on Related Party Transactions) shall cover the bank's subsidiaries as well as affiliates and any party (including their subsidiaries, affiliates and special purpose entities) that the bank exerts direct/indirect control over or that exerts direct/indirect control over the bank; the bank's directors; officers; stockholders and related interests (DOSRI), and their close family members, as well as corresponding persons in affiliated companies.</i></p> <p><i>Significant transactions shall refer to dealings that could pose material risk to the bank. As an internal definition, the amount that is considered by the Bank as significant is 50 Million Pesos (or its foreign currency equivalent) and above, per single transaction.</i></p> <p><i>The amount may be changed subject to the approval of the Bank's Board of Directors.</i></p> <p><i>Related Parties shall be treated like ordinary counterparties/client of the Bank. There shall be no special rates and prices to be offered or granted to such parties.</i></p> <p><i>Based on its charter, the Related Party Transaction Committee is tasked to review all related party transactions prior to board approval. No director is allowed to participate in the discussion / deliberation, including</i></p>

	<p><i>approval of a transaction where he is a related party.</i></p> <p><i>All material related party transactions are ratified by the Stockholders during the Annual Stockholders' Meeting.</i></p>
(4) Entities Under Common Control	<p><i>As an advocate of good corporate governance, we recognize that Related Party Transactions may give rise to a conflict of interest. Through the Board of Directors, we ensure that transactions with related parties are reviewed to make sure that such are conducted at arm's length or upon terms not less favorable to the Bank than those offered to others, and that corporate or business resources of the Bank are not misappropriated or misapplied; and more important, that these transactions are duly disclosed as prescribed by BSP Circular 749, Series of 2012.</i></p> <p><i>Related parties (based on BSP Circular No. 895 re Guidelines on Related Party Transactions) shall cover the bank's subsidiaries as well as affiliates and any party (including their subsidiaries, affiliates and special purpose entities) that the bank exerts direct/indirect control over or that exerts direct/indirect control over the bank; the bank's directors; officers; stockholders and related interests (DOSRI), and their close family members, as well as corresponding persons in affiliated companies.</i></p> <p><i>Significant transactions shall refer to dealings that could pose material risk to the bank. As an internal definition, the amount that is considered by the Bank as significant is 50 Million Pesos (or its foreign currency equivalent) and above, per single transaction.</i></p> <p><i>The amount may be changed subject to the approval of the Bank's Board of Directors.</i></p> <p><i>Related Parties shall be treated like ordinary counterparties/client of the Bank. There shall be no special rates and prices to be offered or granted to such parties.</i></p> <p><i>Based on its charter, the Related Party Transaction Committee is tasked to review all related party transactions prior to board approval. No director is allowed to participate in the discussion / deliberation, including approval of a transaction where he is a related party.</i></p> <p><i>All material related party transactions are ratified by the Stockholders during the Annual Stockholders' Meeting.</i></p>
(5) Substantial Stockholders	<p><i>As an advocate of good corporate governance, we recognize that Related Party Transactions may give rise to a conflict of interest. Through the Board of Directors, we ensure that transactions with related parties are reviewed to make sure that such are conducted at arm's length or upon terms not less favorable to the Bank than those offered to others, and that corporate or business resources of the Bank are not misappropriated or misapplied; and more important, that these transactions are duly disclosed as prescribed by BSP</i></p>

	<p><i>Circular 749, Series of 2012.</i></p> <p><i>Related parties (based on BSP Circular No. 895 re Guidelines on Related Party Transactions) shall cover the bank's subsidiaries as well as affiliates and any party (including their subsidiaries, affiliates and special purpose entities) that the bank exerts direct/indirect control over or that exerts direct/indirect control over the bank; the bank's directors; officers; stockholders and related interests (DOSRI), and their close family members, as well as corresponding persons in affiliated companies.</i></p> <p><i>Significant transactions shall refer to dealings that could pose material risk to the bank. As an internal definition, the amount that is considered by the Bank as significant is 50 Million Pesos (or its foreign currency equivalent) and above, per single transaction.</i></p> <p><i>The amount may be changed subject to the approval of the Bank's Board of Directors.</i></p> <p><i>Related Parties shall be treated like ordinary counterparties/client of the Bank. There shall be no special rates and prices to be offered or granted to such parties.</i></p> <p><i>Based on its charter, the Related Party Transaction Committee is tasked to review all related party transactions prior to board approval. No director is allowed to participate in the discussion / deliberation, including approval of a transaction where he is a related party.</i></p> <p><i>All material related party transactions are ratified by the Stockholders during the Annual Stockholders' Meeting.</i></p>
(6) Officers including spouse/children/siblings/parents	<p><i>As an advocate of good corporate governance, we recognize that Related Party Transactions may give rise to a conflict of interest. Through the Board of Directors, we ensure that transactions with related parties are reviewed to make sure that such are conducted at arm's length or upon terms not less favorable to the Bank than those offered to others, and that corporate or business resources of the Bank are not misappropriated or misapplied; and more important, that these transactions are duly disclosed as prescribed by BSP Circular 749, Series of 2012.</i></p> <p><i>Related parties (based on BSP Circular No. 895 re Guidelines on Related Party Transactions) shall cover the bank's subsidiaries as well as affiliates and any party (including their subsidiaries, affiliates and special purpose entities) that the bank exerts direct/indirect control over or that exerts direct/indirect control over the bank; the bank's directors; officers; stockholders and related interests (DOSRI), and their close family members, as well as corresponding persons in affiliated companies.</i></p> <p><i>Significant transactions shall refer to dealings that could pose material risk to the bank. As an internal definition, the amount that is considered by the Bank as significant is 50</i></p>

	<p><i>Million Pesos (or its foreign currency equivalent) and above, per single transaction.</i></p> <p><i>The amount may be changed subject to the approval of the Bank's Board of Directors.</i></p> <p><i>Related Parties shall be treated like ordinary counterparties/client of the Bank. There shall be no special rates and prices to be offered or granted to such parties.</i></p> <p><i>Based on its charter, the Related Party Transaction Committee is tasked to review all related party transactions prior to board approval. No director is allowed to participate in the discussion / deliberation, including approval of a transaction where he is a related party.</i></p> <p><i>All material related party transactions are ratified by the Stockholders during the Annual Stockholders' Meeting.</i></p>
(7) Directors including spouse/children/siblings/parents	<p><i>As an advocate of good corporate governance, we recognize that Related Party Transactions may give rise to a conflict of interest. Through the Board of Directors, we ensure that transactions with related parties are reviewed to make sure that such are conducted at arm's length or upon terms not less favorable to the Bank than those offered to others, and that corporate or business resources of the Bank are not misappropriated or misapplied; and more important, that these transactions are duly disclosed as prescribed by BSP Circular 749, Series of 2012.</i></p> <p><i>Related parties (based on BSP Circular No. 895 re Guidelines on Related Party Transactions) shall cover the bank's subsidiaries as well as affiliates and any party (including their subsidiaries, affiliates and special purpose entities) that the bank exerts direct/indirect control over or that exerts direct/indirect control over the bank; the bank's directors; officers; stockholders and related interests (DOSRI), and their close family members, as well as corresponding persons in affiliated companies.</i></p> <p><i>Significant transactions shall refer to dealings that could pose material risk to the bank. As an internal definition, the amount that is considered by the Bank as significant is 50 Million Pesos (or its foreign currency equivalent) and above, per single transaction.</i></p> <p><i>The amount may be changed subject to the approval of the Bank's Board of Directors.</i></p> <p><i>Related Parties shall be treated like ordinary counterparties/client of the Bank. There shall be no special rates and prices to be offered or granted to such parties.</i></p> <p><i>Based on its charter, the Related Party Transaction Committee is tasked to review all related party transactions prior to board approval. No director is allowed to participate in the discussion / deliberation, including</i></p>

	<p><i>approval of a transaction where he is a related party.</i></p> <p><i>All material related party transactions are ratified by the Stockholders during the Annual Stockholders' Meeting.</i></p>
(8) Interlocking director relationship of Board of Directors	<p><i>In accordance with existing BSP rules, Interlocking Directorship requires prior approval of the Bangko Sentral ng Pilipinas.</i></p> <p><i>Except as allowed under existing regulations, no director is allowed to have an interlocking directorship without the prior approval of the BSP.</i></p>

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	<p><i>The Bank is not aware of any actual or probable conflict of interest to which any director, officer, or stockholder owning 5% or more of the shares of the Bank is involved or may be involved.</i></p> <p><i>However, the family of Mr. Henry Sy, Sr. is known to have substantial holdings in SM Investments Corporation and Sysmart Corporation; as such, they could direct the voting or disposition of the shares of said companies.</i></p>
Name of Officer/s	<p><i>The Bank is not aware of any actual or probable conflict of interest to which any director, officer, or stockholder owning 5% or more of the shares of the Bank is involved or may be involved.</i></p> <p><i>However, the family of Mr. Henry Sy, Sr. is known to have substantial holdings in SM Investments Corporation and Sysmart Corporation; as such, they could direct the voting or disposition of the shares of said companies.</i></p>
Name of Significant Shareholders	<p><i>The Bank is not aware of any actual or probable conflict of interest to which any director, officer, or stockholder owning 5% or more of the shares of the Bank is involved or may be involved.</i></p> <p><i>However, the family of Mr. Henry Sy, Sr. is known to have substantial holdings in SM Investments Corporation and Sysmart Corporation; as such, they could direct the voting or disposition of the shares of said companies.</i></p>

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

	Directors/Officers/Significant Shareholders
Company	<p><i>The Bank has a policy on Related Party Transaction to detect, and resolved any possible conflict of interest that may arise between the companies within the conglomerate.</i></p>

Group	<i>The Bank has a policy on Related Party Transaction to detect, and resolved any possible conflict of interest that may arise between the companies within the conglomerate.</i>
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5) Family, Commercial and Contractual Relations

- (a) Indicate, if applicable, any relation of a family,⁴⁰ commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
<i>SM Investments Corporation and Sysmart Corporation</i>	<i>Interlocking directors, officers, and stockholders</i>	<i>Mr. Henry Sy, Sr., Honorary Chairman of and Advisor to the Board of the Bank, and father of Directors Hans T. Sy, Herbert T. Sy, and Harley T. Sy, is the Chairman of the Board of SM Investments Corporation (SMIC), and has more than 30% ownership in Sysmart Corporation. Further, Mr. Hans T. Sy is Adviser to the Board of SMIC, Mr. Harley T. Sy is President, and Mr. Jose T. Sio is its Director and EVP-CFO.</i>

- (b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description
<i>SM Investments Corporation and Sysmart Corporation</i>	<i>Related party transactions</i>	<i>In the ordinary course of business, the Bank has loans and other transactions with its directors, officers, stockholders, and related interests (DOSRI). These transactions are thoroughly reviewed and verified as having been entered into in the best interest of the Bank, and made substantially on terms not less favorable to the Bank than those offered to others. Full disclosures for these transactions were made through reports with the Bangko Sentral ng Pilipinas.</i>

- (c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
<i>The Bank is not aware of any agreement or arrangement which may impact on the control, ownership and</i>	<i>The Bank is not aware of any agreement or arrangement which may impact on the control, ownership and</i>	<i>The Bank is not aware of any agreement or arrangement which may impact on the control, ownership and</i>

⁴⁰ Family relationship up to the fourth civil degree either by consanguinity or affinity.

<i>strategic direction of the Bank. However, the family of Mr. Henry Sy, Sr. is known to have substantial holdings in SM Investments Corporation and Sysmart Corporation; as such, they could direct the voting or disposition of the shares of said companies.</i>	<i>strategic direction of the Bank. However, the family of Mr. Henry Sy, Sr. is known to have substantial holdings in SM Investments Corporation and Sysmart Corporation; as such, they could direct the voting or disposition of the shares of said companies.</i>	<i>strategic direction of the Bank. However, the family of Mr. Henry Sy, Sr. is known to have substantial holdings in SM Investments Corporation and Sysmart Corporation; as such, they could direct the voting or disposition of the shares of said companies.</i>
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6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

	Alternative Dispute Resolution System
Corporation & Stockholders	<i>The Bank constantly adheres to the applicable laws, rules and regulations geared towards the recognition and protection of the rights of the stockholders. The Bank has not encountered any major conflict with its stockholders for the last three (3) years. However, minor differences, mostly related to submission of documents, were resolved through active listening, affirming the feelings of stockholder, providing and explaining the reason for the Bank requirements, evaluating suggestions, referral of concerns to appropriate persons such as the transfer agent, and providing feedback and/or following up on the outstanding documents, issues and concerns.</i>
Corporation & Third Parties	<p><i>As the plaintiff or defendant in cases where the Bank is a party involved in the suit, the Bank participates in the mediation proceedings as part of the court mandated pre-trial proceedings, during the judicial dispute resolution and the formal pre-trial proceedings, wherein parties enter into stipulations and admissions.</i></p> <p><i>The Bank also participates in alternative dispute resolution when the same is provided under the contract of which the Bank is a party thereto.</i></p> <p><i>The Bank refers to the provisions in the signed contracts to resolve discrepancies, disputes, undelivered requirements, erroneous output, etc.; conflicts are likewise amicably resolved via discussions and negotiations with third parties and related-service providers; ties are severed in cases when the overall interest of the Bank are at negatively at stake.</i></p>
Corporation & Regulatory Authorities	<i>The Bank appears, for purposes of alternative dispute resolution before the different regulatory agencies such as, the BSP, PHHC, SEC, IC, ROD and other administrative agencies e.g. agrarian officers participate in the process for the speedy, inexpensive and just resolution of disputes.</i>

C. BOARD MEETINGS & ATTENDANCE

1) Are Board of Directors' meetings scheduled before or at the beginning of the year?

Yes. The directors are made aware even before the beginning of the year of their regular meetings, which are scheduled every first Wednesday of the month in accordance with the By-Laws.

2) Attendance of Directors – as of December 2016

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Hans T. Sy	May 5, 2016	14	12	86%
Member	Gilbert U. Dee	May 5, 2016	14	14	100 %
Member	Ricardo R. Chua	May 5, 2016	14	14	100%
Member	Peter S. Dee	May 5, 2016	14	13	93%
Member	Joaquin T. Dee	May 5, 2016	14	14	100%
Member	Herbert T. Sy	May 5, 2016	14	14	100 %
Member	Harley T. Sy	May 5, 2016	14	13	93 %
Member	Jose T. Sio	May 5, 2016	14	14	100 %
Independent	Dy Tiong*	May 5, 2016	11*	8	73%
Independent	Alberto S. Yao	May 5, 2016	14	14	100%
Independent	Roberto F. Kuan	May 5, 2016	14	14	100%

*up to September 2016 only, considering his passing on 16 September 2016

- 3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?

The non-executive directors, without the presence of the executive directors of the Bank, met at least once in 2016 to discuss other business matters like Internal Control, External and Internal Audit due to the current updates in regulations.

- 4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

China Bank's Board of Directors collectively recognize its lead role in setting the tone of good corporate governance from the top and in setting policies and standards that are beyond compliance.

In accordance with the Bank's By-Laws, the Board shall meet at least once a month to attend to matters that may require its approval. Special Board meetings may be called to deliberate and assess corporate proposals or business issues that require Board approval.

It is the policy of the Bank to encourage all members of the Board to attend board meetings regularly. They are expected to prepare for and participate in these meetings and to act judiciously, in good faith, and in the best interest of the Bank, the shareholders and other stakeholders.

If a member of the Board cannot attend personally, subject to existing rules, he / she may participate in meetings through teleconference or videoconferencing.

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.

Except for, most compelling reasons, an independent director should always be in attendance in every meeting, recognizing the significant role of an ID in the board decisions.

Members of the Senior Management are invited to attend Board meetings to provide the Board with detailed explanations and clarifications on proposals to enable the Board to make an informed decision.

- 5) Access to Information

- (a) How many days in advance are board papers⁴¹ for board of directors meetings provided to the board?

⁴¹ Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

In general, board papers are provided to the directors five (5) days before the meeting.

- (b) Do board members have independent access to Management and the Corporate Secretary?

Yes. The directors can at any time communicate with Management and the Corporate Secretary for any issue or concern relating to the Bank.

- (c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?

The duties and responsibilities of the Corporate Secretary are enumerated in the Bank's By-Laws and Manual on Corporate Governance. Among other things, she has the responsibility of assisting the Chairman in the preparation of the Board agenda, putting the Board on notice before every meeting, making sure that directors have before them everything that they need to make an informed decision, keeping the directors updated on relevant statutory and regulatory changes, coordinating with Compliance Office on the training of directors, and performing such other duties as are incident to her office or are properly required of her by the Board and/or the Chairman/Chief Executive Officer.

In accordance with the Bank's Manual on Corporate Governance, He should –

- a. Assist the board and the board committees in the conduct of their meetings, including preparing an annual schedule of Board and committee meetings and the annual board calendar, and assisting the chairs of the Board and its committees to set agenda for those meetings;*
- b. Safe keep and preservation the integrity of the minutes of the meetings of the Board and its committees, as well as other official records of the corporation;*
- c. Keep abreast on relevant laws, rules and regulations, all governance issuances, relevant industry;*
- d. Work fairly and objectively with Board, Management, stockholders and other stakeholders;*
- e. Advise on the establishment of board committee and their terms of reference.*
- f. Inform the members of the Board, in accordance with the by-laws, of the agenda of their meetings at least five working days in advance and ensure that the members have before them accurate information that will enable them to arrive at intelligent decision on matters that require their approval;*
- g. Attend all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent him from doing so;*
- h. Perform required administrative functions;*
- i. Oversee the drafting of the by-laws and ensure that they conform with regulatory requirements; and*
- j. Perform such other duties and responsibilities as may be provided by the Securities and Exchange Commission.*

- (d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.

Yes. Atty. Corazon I. Morando is a Bachelor of Laws graduate of the University of the Philippines. She took up graduate studies under the MBA-Senior Executive Program from the Ateneo de Manila University. Also, she was formerly the Director of the Corporate and Legal Department of the Securities and Exchange Commission of the Philippines.

- (e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes ☒

No ☐

Committee	Details of the procedures
Executive	<i>Each of the directors has unrestricted access to the Office of the Corporate Secretary. Every director can readily communicate with the Corporate Secretary and her officers and staff any time in person or through letter, email, landline phone or mobile phone, to obtain any information necessary to enable him to prepare for the meetings of the Executive Committee.</i>
Audit	<i>Each of the directors has unrestricted access to the Office of the Corporate Secretary. Every director can readily communicate with the Corporate Secretary and her officers and staff any time in person or through letter, email, landline phone or mobile phone, to obtain any information necessary to enable him to prepare for the meetings of the Audit Committee.</i>
Nomination	<i>Each of the directors has unrestricted access to the Office of the Corporate Secretary. Every director can readily communicate with the Corporate Secretary and her officers and staff any time in person or through letter, email, landline phone or mobile phone, to obtain any information necessary to enable him to prepare for the meetings of the Nomination Committee.</i>
Remuneration	<i>Each of the directors has unrestricted access to the Office of the Corporate Secretary. Every director can readily communicate with the Corporate Secretary and her officers and staff any time in person or through letter, email, landline phone or mobile phone, to obtain any information necessary to enable him to prepare for the meetings of the Compensation or Remuneration Committee.</i>
Corporate Governance	<i>Each of the directors has unrestricted access to the Office of the Corporate Secretary. Every director can readily communicate with the Corporate Secretary and her officers and staff any time in person or through letter, email, landline phone or mobile phone, to obtain any information necessary to enable him to prepare for the meetings of the Corporate Governance Committee.</i>
Risk Management	<i>Each of the directors has unrestricted access to the Office of the Corporate Secretary. Every director can readily communicate with the Corporate Secretary and her officers and staff any time in person or through letter, email,</i>

	<i>landline phone or mobile phone, to obtain any information necessary to enable him to prepare for the meetings of the Risk Management Committee.</i>
Others (specify)	

6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

Procedures	Details
<p><i>The directors may freely raise the matter of obtaining external advice in any meeting where they opine it to be necessary. Occasionally, the directors suggest for the Bank to consider seeking independent professional advice in order, deal with or resolve a legal or any other matter.</i></p> <p><i>In some of the Board committees, such as Audit Committee, the charter explicitly provides for the authority of the committee to seek professional guidance from independent counsel, accountants, or others to advise and assist the Committee in the effective performance of its duties.</i></p>	<p><i>The directors may freely raise the matter of obtaining external advice in any meeting where they opine it to be necessary. Occasionally, the directors suggest for the Bank to consider seeking independent professional advice in order, deal with or resolve a legal or any other matter.</i></p> <p><i>In some of the Board committees, such as Audit Committee, the charter explicitly provides for the authority of the committee to seek professional guidance from independent counsel, accountants, or others to advise and assist the Committee in the effective performance of its duties.</i></p>

7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

Existing Policies	Changes	Reason
<i>Credit Policy Manual</i>	<i>The enhancements to the Credit Policy mainly pertain to alignment with the Related Party Transactions and the revised DOSRI rules of the BSP.</i>	<i>To align with the recent issuances of the Bangko Sentral ng Pilipinas on RPT.</i>
<i>Corporate Governance Manual</i>	<p><i>Board Responsibility over:</i></p> <p><i>2) Sales and Marketing Guidelines</i></p> <p><i>3) Guidelines on Related Party Transaction.</i></p> <p><i>4) Outsourcing</i></p> <p><i>5) Operational Risk Management</i></p> <p><i>6) Securities Regulations Code</i></p> <p><i>7) Deadlock Resolution in Committee Decisions.</i></p>	<i>To align the Bank's policies with latest BSP Circulars/ issuances in 2016 and various SEC memos on Training, stakeholder definition, best practices and ASEAN standards</i>

<i>Money Laundering and Terrorist Financing Prevention Program (MLPP)</i>	<i>Enhancements were made on the following :</i> <ol style="list-style-type: none"> <i>1. Certification for AML KYC of correspondent banks;</i> <i>2. KYC screening;</i> <i>3. Enhanced Customer Risk Assessment Criteria; and</i> <i>4. Watchlisting policies</i> 	<i>To align with applicable Anti-money laundering law, AMLC and BSP rules and regulations</i>
<i>Related Party Transaction Framework</i>	<i>Enhancements were on areas of the definition of related parties, transactions covered, monitoring and reporting.</i>	

D. REMUNERATION MATTERS

1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	<i>Entitled to salary increase as per policy; granted yearly pay increase after the annual officers rating as approved by the Executive Committee/Remuneration Committee/Board</i>	<i>Entitled to salary increase as per policy; granted yearly pay increase after the annual officers rating as approved by the Executive Committee/Remuneration Committee/Board</i>
(2) Variable remuneration	<i>As approved by the Executive Committee/Board</i>	<i>Entitled to salary increase as per policy; granted yearly pay increase after the annual officers rating as approved by the Executive Committee/Remuneration Committee/ Board</i>
(3) Per diem allowance	<i>In accordance with Article IV, Section 11, and Article VIII, Section 1(a) of the Bank's By-Laws, the directors are entitled to a per diem of P500.00 for attendance at each meeting of the Board or of any committees and to 4% of the Bank's net earnings.</i>	<i>Entitled to salary increase as per policy; granted yearly pay increase after the annual officers rating as approved by the Executive Committee/Remuneration Committee / Board</i>
(4) Bonus	<i>In accordance with Article IV, Section 11, and Article VIII, Section 1(a) of the Bank's By-Laws, the directors are entitled to a per diem of P500.00 for attendance at each meeting</i>	<i>Entitled to salary increase as per policy; granted yearly pay increase after the annual officers rating as approved by the Executive Committee/Remuneration Committee/Board</i>

	<i>of the Board or of any committees and to 4% of the Bank's net earnings.</i>	
(5) Stock Options and other financial instruments	<i>None</i>	<i>None</i>
(6) Others (specify)	<i>None</i>	<i>None</i>

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	<i>In accordance with Article IV, Section 11, and Article VIII, Section 1(a) of the Bank's By-Laws, the directors are entitled to a per diem of P500.00 for attendance at each meeting of the Board or of any committees and to 4% of the Bank's net earnings.</i> <i>Monthly compensation is aligned with industry rates</i>	<i>In accordance with Article IV, Section 11, and Article VIII, Section 1(a) of the Bank's By-Laws, the directors are entitled to a per diem of P500.00 for attendance at each meeting of the Board or of any committees and to 4% of the Bank's net earnings.</i> <i>Monthly compensation is aligned with industry rates</i>	<i>In accordance with Article IV, Section 11, and Article VIII, Section 1(a) of the Bank's By-Laws, the directors are entitled to a per diem of P500.00 for attendance at each meeting of the Board or of any committees and to 4% of the Bank's net earnings.</i> <i>Monthly compensation is aligned with industry rates</i>
Non-Executive Directors	<i>In accordance with Article IV, Section 11, and Article VIII, Section 1(a) of the Bank's By-Laws, the directors are entitled to a per diem of P500.00 for attendance at each meeting of the Board or of any committees and to 4% of the Bank's net earnings.</i> <i>NEDs are not entitled to any monthly compensation</i>	<i>In accordance with Article IV, Section 11, and Article VIII, Section 1(a) of the Bank's By-Laws, the directors are entitled to a per diem of P500.00 for attendance at each meeting of the Board or of any committees and to 4% of the Bank's net earnings.</i> <i>NEDs are not entitled to any monthly compensation</i>	<i>In accordance with Article IV, Section 11, and Article VIII, Section 1(a) of the Bank's By-Laws, the directors are entitled to a per diem of P500.00 for attendance at each meeting of the Board or of any committees and to 4% of the Bank's net earnings.</i> <i>NEDs are not entitled to any monthly compensation</i>

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

Yes. The provision in the By-Laws pertaining to the remuneration of the directors has been approved by the stockholders.

Remuneration Scheme	Date of Stockholders' Approval
<i>In accordance with Article IV, Section 11, and Article VIII, Section 1(a) of the Bank's By-Laws, the directors are entitled to a per diem of P500.00 for attendance at each meeting of the Board or of any committees and to 4% of the Bank's net earnings.</i>	<i>May 15, 2003</i>

3) Aggregate Remuneration (as of 2016)

Complete the following table on the aggregate remuneration accrued during the most recent year:

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration			
(b) Variable Remuneration	46,064,269.83	118,047,059.77	44,155,180.89
(c) Per diem Allowance	51,000.00	99,000.00	47,500.00
(d) Bonuses	None	None	None
(e) Stock Options and/or other financial instruments	None	None	None
(f) Others (Specify)		None	None
Total	None	None	None

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	None	None	None
2) Credit granted	None	None	None
3) Pension Plan/s Contributions	None	None	None
(d) Pension Plans, Obligations incurred	None	None	None
(e) Life Insurance Premium	P 4.0 Mn	None	None
(f) Hospitalization Plan	P 300 K	None	None
(g) Car Plan	P 1.5Mn	None	None
(h) Others (Specify)	None	None	None
Total	None	None	None

4) Stock Rights, Options and Warrants

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

Director's Name	Number of Direct Option/Rights/Warrants	Number of Indirect Option/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock

The Board of Directors approved on March 5, 2014 for the Bank to conduct a rights issue by way of offering common shares to eligible shareholders of the Bank, subject to approval of regulatory agencies. The additional capital was seen to enable the Bank to pursue growth strategies while ensuring that its capital adequacy levels remain above the new Basel III requirements. The Bank set

April 24, 2014 as the record date for shareholders entitled to participate in the rights offer up to 161,609,878 shares of common stock with a par value of P10.00 per share, at the entitlement ratio of one rights share for every 8.834 existing common shares held by eligible shareholders, and at an offer price of P49.50 per rights share. The stock rights shares were listed at the PSE on May 13, 2014. As of September 30, 2014, the net proceeds amounting to P7.92 Billion have been invested in loans.

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

Incentive Program	Amendments	Date of Stockholders' Approval
None	None	None

5) Remuneration of Management

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

Name of Officer/Position	Total Remuneration
Ricardo R. Chua - President & CEO*	Php 1,719,387,675.00
Gilbert U. Dee - Vice Chairman*	
William C. Whang - EVP, Chief Operating Officer	
Romeo D. Uyan – Treasurer, Head of Financial Markets Segment	
Rosemarie C. Gan - EVP, Segment Head of Retail Banking Business	

*Executive Director

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)	
Executive	2	3	None	Yes; last reviewed by the Board on May 5, 2011
Audit	None	1	2	Yes; last reviewed by the Board on June 2015.
Nominations	None	3*	3	Yes; last reviewed by the Board on March 4, 2015
Compliance	None	2	1	Yes; last reviewed by the Board on December 5, 2012
Risk Management	1	2	1	Yes; last reviewed by the Board on August 7, 2013
Compensation or Remuneration	1	1	3	Yes; last reviewed by the Board on May 5, 2011
Corporate Governance	None	2	2	Yes; last reviewed by the Board on November 14, 2012

<i>Related Party Transaction</i>	<i>None</i>	<i>3*</i>	<i>3</i>	<i>Yes; last reviewed by the Board on 06 April 2016</i>
<i>Others (specify) –</i>	<i>None</i>	<i>None</i>	<i>None</i>	<i>None</i>

**the NEDs refer to Independent Directors.*

Functions, Key Responsibilities, and Power of Board Committees:

(a) Executive Committee

The Committee, when the Board of Directors is not in session, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Bank, except with respect to: (1) approval of any action for which stockholders' approval is also required; (2) the filling of vacancies in the Board of Directors; (3) the amendment or repeal of the By-laws or the adoption of new By-laws; (4) the amendment or repeal of any resolution of the Board of Directors which by its express terms is not so amendable or repealable; (5) a distribution of cash dividends to the stockholders; and (6) such other matters as may be specifically excluded or limited by the Board of Directors and/or by laws or regulations.

(b) Audit Committee

The Committee provides oversight of the Bank's financial reporting and control and internal audit functions. It monitors and evaluates the adequacy and effectiveness of the internal control system, as well as the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up of any instance of non-compliance. It appoints, reviews and concurs in the appointment or replacement of the Chief Audit Executive, and is responsible in ensuring that the Chief Audit Executive and internal audit function are free from interference by outside parties, and there is an annual review of the effectiveness of the internal audit function including compliance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing and Code of Ethics. The Committee is also empowered to oversee the Bank's external audit functions, financial reporting and policies, by selecting the auditors and approving their fees, reviewing and discussing the scope and plan of annual audit, and reviewing and discussing with management and auditors the annual audited financial statements of the Bank. It also provides oversight over management's activities in managing credit, market, liquidity, operational, legal and other risks of the Bank, including regular receipts from management of information on risk exposures and risk management activities.

(c) Nominations Committee

The Committee is tasked to review and evaluate the qualifications of all persons nominated to the Board, as well as appointments requiring Board approval and promotions favorably endorsed by the Promotions Review Committee. It also assesses the effectiveness of the Board's processes and procedures in the election or replacement of directors.

(d) Compliance Committee

The Committee assists the Board in monitoring compliance with established banking laws, rules and regulations, specifically in the mitigation of Business Risk. It is tasked to ensure that the Bank's compliance function has a formal status within the Bank as established by a charter duly approved by the Board, and ensure the appointment of a full-time Chief Compliance Officer, who shall be responsible to manage the compliance program. It is also responsible in seeing to it that the management is doing things in accordance with the prescribed rules, policies, procedures, guidelines and the like, and that appropriate corrective actions are being taken when necessary or required; reviewing the completeness of the processes in reporting and compliance to identified regulatory breaches; assessing and reviewing on a regular basis the Bank's Compliance Framework; and providing oversight

over the implementation of the Bank's Compliance Program or Plan.

(e) *Risk Management Committee*

The Committee is responsible for the oversight and development of all the Bank's risk management functions, including but not limited to market risk, credit risk, and operational risk. It estimates the probability of each risk event and calculates the expected loss for each event. It likewise evaluates the risk management plan to ensure its continued relevancy, comprehensiveness, and effectiveness, and reviews and revises the same as needed.

(f) *Compensation or Remuneration Committee*

The Committee provides oversight over the remuneration of Senior Management and other key personnel, ensuring that compensation is consistent with the Bank's culture, strategy and control environment.

(g) *Corporate Governance Committee*

The Committee is responsible for the review and evaluation of the qualifications of all persons nominated to the Board, as well as those nominated to other positions requiring appointment by the Board of Directors. It is also responsible for ensuring the Board's effectiveness and due observance of Corporate Governance principles and guidelines, and overseeing the periodic evaluation of the Board and its Committees and Executive Management.

(h) *Trust Investment Committee*

The Trust Investment Committee (TIC) is a special committee established by the Board of Directors (BOD) of China Banking Corporation principally for the purpose of overseeing the trust, investment management and fiduciary activities of China Bank and performing specific functions and responsibilities.

(i) *Related Party Transaction Committee*

The Committee is responsible in reviewing all related party transactions as defined in the existing policies of the Bank. To ensure that related party transactions are on fair terms or at an arm's length basis. That they are 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 of the transaction. The Committee is comprised entirely of Independent Directors.

2) **Committee Members**

(a) **Executive Committee**

Office	Name	Date of Appointment	No. of Meetings Held* (2016)	No. of Meetings Attended	%	Length of Continuous Service in the Committee
Chairman	Hans T. Sy	05 May 2016	42	35	83	28
Member (ED)	Gilbert U. Dee	05 May 2016	42	42	100	28
Member (ED)	Peter S. Dee	05 May 2016	42	37	88	28
Member (NED)	Joaquin T. Dee	05 May 2016	42	42	100	28
Member (ED)	Ricardo R. Chua	05 May 2016	42	39	93	3

*four joint meetings with the Risk Management Committee.

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings* Held (2016)	No. of Meetings Attended	%	Length of Continuous Service in the Committee
Chairman(ID)	Alberto S. Yao	05 May 2016	12	12	100	12
Member (NED)	Joaquin T. Dee	05 May 2016	12	12	100	29
Member (ID)	Dy Tiong**	05 May 2016	12	9	100	5

*10 joint meeting with Compliance and Corporate Governance Committees

**Mr. Dy Tiong is a director of the Bank until his death on September 16, 2016.

Disclose the profile or qualifications of the Audit Committee members.

Alberto S. Yao, 70, Filipino, is an Independent Director of the Bank. He was first elected to the China Bank Board on July 7, 2004. He currently serves in companies not listed in the PSE – as President & CEO of Richwell Trading Corporation, Richwell Philippines, Inc., Europlay Distributor Co., Inc., and Internationale Globale Marques, Inc.; President of Richphil House Incorporated, and Megarich Property Ventures Corp.; and as Independent Director of Bank Subsidiaries CBSI and CBCC. He was Vice President for Merchandising of Zenco Sales, Inc. from 1968 to 1975, and Director of Planters Development Bank from 2014 to 2015. Director Yao holds a Bachelor of Science degree in Business Administration from the Mapua Institute of Technology. For his trainings, he recently attended ICD's Corporate Governance Training Program in 2016, and BSP-AMLC's seminar on AMLA in 2014.

Joaquin T. Dee, 81, Filipino, has been on the Bank's Board since May 10, 1984. He does not hold directorship position in any PSE-listed company other than China Bank; however, he is currently Director/President of JJACCIS Development Corporation and Enterprise Realty Corporation, and Director/Treasurer of Suntree Holdings Corporation. Previously, he was the Vice President for Sales and Administration of Wellington Flour Mills from 1964 to 1994. Director Dee holds a Bachelor of Science degree in Commerce from the Letran College. He has had extensive training in banking – he attended ICD's Corporate Governance Training Program in 2016, and BSP-AMLC's AMLA training in 2014.

Dy Tiong, 86, Filipino, is an Independent Director for four (4) years in accordance with SEC Memorandum Circular No. 9, Series of 2011. He was first elected to the China Bank Board on May 9, 1985. Over the years, he had attended seminars on banking, the most recent of which were on Corporate Governance in June 2015 and January 2014, and the Update on AMLA training in August 2014. Director Dy Tiong was formerly a Director of CBC Finance, Inc. from 1980 to 2001 and President of Panelon Development Corporation from 1990 to 1994. He is currently Vice Chairman of Panelon Philippines, Inc., Honorary Chairman of Chiang Kai Shek College, and Chairman Emeritus of the Dr. Sun Yat Sen Society, all of which are not listed in the PSE. He is a graduate of the National Jean Kuan College with a degree of Bachelor of Science in Business Administration. Mr. Dy Tiong is a director of the Bank until his death on September 16, 2016.

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

- a. Recommend to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders;⁴²
- b. The appointment, dismissal and re-appointment of the external auditor shall be based on fair and transparent criteria, such as⁴³:
 - core values, culture and high regard for excellence in audit quality,
 - technical competence and expertise of auditing staff,
 - independence,
 - effectiveness of audit process, and
 - reliability and relevance of the external auditor's reports

⁴² SEC Memo No. 19 S2016, Recommendation 3.2

⁴³ Section II.1.a Audit Committee of BSP Memo No. M-2014-011

- c. In cases of appointment or dismissal of external auditors, it is encouraged that the decision be made only by independent, non-executive audit committee members.⁴⁴
- d. Organize an internal audit department, and recommend the appointment of the Chief Audit Executive (CAE), an independent internal auditor and the terms and conditions of its engagement and removal. At least once per year, review the performance of the Chief Audit Executive and concur with the annual compensation and salary adjustment.

In relation to the above, report to the Board the annual performance appraisal of the head of the internal audit function and recommend for approval of the Board the annual remuneration of the head of the internal audit function and key internal auditors⁴⁵; and

- a. Establish and identify the reporting line of the Internal Auditor to enable him properly fulfill his duties and responsibilities. For this purpose, he should directly report to the Audit Committee;⁴⁶

(c) Nominations Committee

Office	Name	Date of Appointment	No. of Meetings Held (2016)	No. of Meetings Attended	%	Length of Continuous Service in the Committee
Chairman(ID)	Dy Tiong*	05 May 2016	13	8	73	16
Member (ID)	Alberto S. Yao	05 May 2016	13	13	100	2
Member (ID)	Roberto F. Kuan	05 May 2016	13	11	85	2

*Mr. Dy Tiong is a director of the Bank until his death on September 16, 2016.

Since May 7, 2015, the Committee is entirely composed of Independent, Non-Executive Directors

(d) Compliance Committee

Office	Name	Date of Appointment	No. of Meetings* Held (2016)	No. of Meetings Attended	%	Length of Continuous Service in the Committee
Chairman (NED)	Hans T. Sy	05 May 2016	10	9	90	16
Member (NED)	Joaquin T. Dee	05 May 2016	10	10	100	16
Member (ID)	Alberto S. Yao	05 May 2016	10	10	100	8

*jointly with the Audit and Corporate Governance Committees.

(e) Risk Management Committee

Office	Name	Date of Appointment	No. of Meetings* Held (2016)	No. of Meetings Attended	%	Length of Continuous Service in the Committee
Chairman (NED)	*Joaquin T. Dee	05 May 2016	16	16	100	12
Member (NED)	Hans T. Sy	05 May 2016	16	15	94	12
Member (ED)	Gilbert U. Dee	05 May 2016	16	16	100	7
Member (ID)	Alberto S. Yao	05 May 2016	16	14	88	6

*four joint meetings with the Executive Committee.

(f) Compensation or Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held (2016)	No. of Meetings Attended	%	Length of Continuous Service in the Committee
Chairman(ID)	Roberto F. Kuan	05 May 2016	3	2	67	2

⁴⁴ MORB [Subsection X141.3. (7)(d) (i)]

⁴⁵ BSP Circular No. 871, Series of 2015, page 3, the Audit Committee

⁴⁶ SEC Memo No. 19 S2016, recommendation 3.2

Member (NED)	Hans T. Sy	05 May 2016	3	3	100	12
Member (ED)	Gilbert U. Dee	05 May 2016	3	3	100	12
Member (ID)	Dy Tiong*	05 May 2016	3	3	100	12
Member (ID)	Alberto S. Yao	05 May 2016	3	3	100	3

Three (3) out of the five (5) members, including the Chairman are Independent Directors.

*Mr. Dy Tiong is a director of the Bank until his death on September 16, 2016.

(g) Corporate Governance Committee

Office	Name	Date of Appointment	No. of Meetings Held * (2016)	No. of Meetings Attended	%	Length of Continuous Service in the Committee
Chairman (ID)	Roberto F. Kuan	05 May 2016	23	20	87	12
Member (NED)	Joaquin T. Dee	05 May 2016	23	23	100	12
Member (NED)	Hans T. Sy	05 May 2016	23	21	91	12
Member (ID)	Alberto S. Yao	05 May 2016	23	23	100	12

* 13 joint meetings with the Audit and Compliance Committees; 10 joint meetings with the Nominations Committee

(h) Trust Investment Committee

Members	No. of Meetings Held * (2016)	No. of meetings Attended	%
Harley T. Sy (Chairman)	11	10	90.91
Herbert T. Sy	11	8	72.73
Jose T. Sio	11	10	90.91
Ricardo R. Chua	11	10	90.91
Patrick D. Cheng*	11	11	100

*Member since January 2016

(i) Related Party Transaction Committee

Office	Name	Date of Appointment	No. of Meetings Held * (2016)	No. of Meetings Attended	%	Length of Continuous Service in the Committee
Chairman (ID)	Alberto S. Yao	05 May 2016	11	11	100	2
Member (ID)	Dy Tiong*	05 May 2016	11	6	75	2
Member (ID)	Robert F. Kuan	05 May 2016	11	11	100	2

*Mr. Dy Tiong is a director of the Bank until his death on September 16, 2016.

3) Changes in Committee Members

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

Name of Committee	Name	Reason
Executive	None	None
Audit	None	None
Corporate Governance	None	None
Risk Management	None	None
Nomination	None	None
Compensation or Remuneration	None	None
Trust Investment Committee	Mr. Patrick D. Cheng became a member of the Committee in January 2016, replacing Mr. Rene J. Sarmiento who has retired from the Bank effective December 31, 2015.	None in 2016. The 2015 change is a result of the reorganization in the Trust Investment Committee.
Compliance Committee	None	None

<i>Related Party Transaction</i>	<p><i>Mr. Alberto S. Yao (ID)</i> <i>Mr. Dy Tiong, (ID) and</i> <i>Mr. Roberto F. Kuan (ID)</i></p> <p><i>are the committee members</i></p>	<p><i>None. This Committee was created in 2014.</i></p> <p><i>All three (3) members are Independent Directors to align with best practice and to ensure that related parties are reviewed by a committee composed entirely of independent directors.</i></p>
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4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

The committees performed work in accordance with their mandated functions, duties and responsibilities indicated in their respective charters. Among others, the committees carried out the following:

Name of Committee	Work Done	Issues Addressed
<i>Executive</i>	<i>reviewed, approved or acted on credit applications endorsed by the Credit Committee and those not endorsed but within its approval authority; discussed and acted on other matters, such as budget of branches, movements of employees, donations, and signing authority of officers.</i>	<i>Other than those mentioned in the preceding column, there were no significant issues raised before the committees during the year.</i>
<i>Audit</i>	<i>discussed the results of regular and special audits of branches, units and systems applications of the Bank, summary of major and other audit findings, status of outstanding audit issues, results of the audit by SyCip Gorres & Velayo of the 2016 financial statements of the Bank and subsidiaries and their 2016 audit plan, internal audit's audit plan, budget, accomplishments and changes in audit plan, external audit fees, and performance rating of the Chief Audit Executive; approved audit rating systems and audit program guide; and endorsed the re-election/re-appointment of external auditor.</i>	<i>Other than those mentioned in the preceding column, there were no significant issues raised before the committees during the year.</i>
<i>Nomination</i>	<i>reviewed the rules governing the nomination and election of directors and the nomination form; discussed the recommendations for promotions and appointments of senior officers; and favorably endorsed the election of the nominees for directors and independent directors in the stockholders' meeting.</i>	<i>Other than those mentioned in the preceding column, there were no significant issues raised before the committees during the year.</i>
<i>Compensation or Remuneration</i>	<i>discussed and acted on the recommendations for increases in annual medical allowance and in salary for officers and supervisors; approved the policies governing officers' compensation.</i>	<i>Other than those mentioned in the preceding column, there were no significant issues raised before the committees during the year.</i>
<i>Compliance Committee</i>	<i>discussed updates on Bangko Sentral ng Pilipinas (BSP) examination and the Bank replies to the BSP report on examination, statutory requirements report, BSP letters on various concerns, BSP exposure drafts, BSP circulars and updates, updates to the Compliance Manual, table of organization of Compliance Office, recommendations on various Bank policies and products, update</i>	<i>Other than those mentioned in the preceding column, there were no significant issues raised before the committees during the year.</i>

	<i>on Foreign Account Tax Compliance Act (FATCA), Compliance Rating System, performance rating of the Chief Compliance Officer; and update on Compliance Office projects/matters.</i>	
<i>Corporate Governance</i>	<i>discussed the new policies, exposures drafts, new circulars or industry consultation papers of SEC and BSP; replies to BSP findings; results of working sessions; Institute of Corporate Directors (ICD) Gold Award and the results of working session on the Asian Corporate Governance Association (AGCA) report, results of the Board and Committee self-assessment, updates on the ASEAN scorecard, Philippine Stock Exchange (PSE) Bell Awards; revised the committee Charter; amended the Corporate Governance Manual; conglomerate maps; and favorably endorsed the election of the nominees for directors and independent directors in the stockholders' meeting.</i>	<i>Other than those mentioned in the preceding column, there were no significant issues raised before the committees during the year.</i>
<i>Risk Management</i>	<i>discussed the reports relating to the Bank's Credit, Market, Liquidity, Interest rate, and Operational risks, including limits monitoring and review, portfolio movement, top borrowers, past due loans, trading activities, risk management guidelines and parameters, simulation and scenario analyses, quarterly reports, annual plan, stress test results, and business impact analysis; reports on risk-return distortions, and real estate exposures; capital position and projections under Basel III; Internal Capital Adequacy Assessment Process (ICAAP) numbers; 2016 plans and roadmap; risk monitoring on fiduciary business; validation of models; revised committee charter; 2016 review of limits package, liquidity package, contingency funding plan, policies and procedures, ALM balance threshold, guidelines on risk-based pricing, review of internal single borrowers limit, borrower credit score, pre-settlement risk factors methodology and assumptions, and rate reasonability parameters.</i>	<i>Other than those mentioned in the preceding column, there were no significant issues raised before the committees during the year.</i>

5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Executive	<i>The Executive Committee, when the Board of Directors is not in session, to exercise the powers of the Board of Directors in the management of the business and affairs of the Corporation, except with respect to:</i> <i>- approval of any action for which stockholders' approval is also required;</i>	None

	<ul style="list-style-type: none"> - the filling of vacancies in the Board of Directors; - the amendment or repeal of the By-Laws or the adoption of new By-Laws; - the amendment or repeal of any resolution of the Board of Directors which by its express terms is not so amendable or repealable; - distribution of cash dividend to the stockholders; and - such other matters as may be specifically excluded or limited by the Board of Directors and/or by laws or regulations. 	
Audit	<p><i>To provide oversight of the Bank's financial reporting and control and internal and external audit functions.</i></p> <p><i>Monitor and evaluate the adequacy and effectiveness of the internal control system.</i></p> <p><i>Ensure that the Internal Auditor is free from interference by outside parties.</i></p> <p><i>Shall review the effectiveness of the Internal Audit function including compliance with the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing (IIA ISPPIA).⁴⁷</i></p> <p><i>Shall review annually the Internal Auditor's performance and the approval of his annual compensation and salary adjustments.</i></p> <p><i>Monitor the established mechanism by which officers and staff may, in confidence, raise concerns about possible improprieties or malpractices in matters of financial reporting, internal control, auditing or other issues to persons or entities that have the power to take corrective action. It shall ensure that arrangements are in place for the independent investigation, appropriate follow-up action, and subsequent resolution of complaints.</i></p> <p><i>Perform oversight of Financial Reporting</i></p> <ul style="list-style-type: none"> - Review and discuss with management and external auditors the annual audited financial statements before submission to the Board 	

⁴⁷ Subsection X186.4 (2008 - X164.4) of the MORB

	<p><i>Perform oversight of Internal Control - Review and discuss with management, the external auditors and internal audit, as appropriate.</i></p> <p><i>Perform oversight of External Auditors - Select and appoint the external auditors, subject to stockholder ratification.</i></p> <p><i>Ensure that the external auditors are to report directly to the Committee. Approve audit fees and fees for non-audit services, if any.</i></p>	
Audit	<p><i>Review and discuss the scope and plan of the annual audit. Review and discuss the annual audited financial statements, management letters, regulatory and accounting issues and developments and their effect on the financial statements.</i></p> <p><i>Evaluate the qualifications, performance and independence of the external auditors.</i></p> <p><i>Perform oversight of Internal Audit - Review and concur in the appointment and replacement of the Internal Auditor who shall report directly to the Committee. Review and approve the annual audit plan, staffing and budget,</i></p>	
Nomination	<p><i>and review periodic reports on the status and completion of the plan. Review and discuss the internal audit reports, management's responses and corrective actions on significant audit findings.</i></p> <p><i>To review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval including promotions favorably endorsed by the Promotions Review Committee.</i></p> <p><i>If necessary, to revise the guidelines or criteria to govern the conduct of the nomination, and the same shall be properly disclosed in the company's information or proxy statement or such other reports required to be submitted to the SEC.</i></p> <p><i>To conduct the nomination, more particularly of independent director, prior to a stockholders' meeting. .</i></p> <p><i>To pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters that meet at least the minimum requirement of SEC Memo No.</i></p>	None

	<p><i>16 and BSP Circular No. 296 Series of 2001 to facilitate its task to effectively review the qualifications of the nominees for directors, more specifically for independent director/s.</i></p> <p><i>After the nomination, the Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for directors, more particularly for independent directors, as required under Part IV (A) and (C) of</i></p>	
Nomination	<p><i>Annex “C” of SRC Rule 12, which list shall be made available to the SEC and to all stockholders through the filing and distribution of the Information Statement or Proxy Statement, in accordance with the SRC Rule 17.1 (b) or the SRC or SRC Rule 20, respectively, or in such other reports the company is required to submit to the SEC. The name of the person or group of persons who recommended the nomination of the independent director/s shall be identified in such report including any relationship with the nominee.</i></p> <p><i>Only nominees whose names appear on the Final List of Candidates shall be eligible for election as directors, more specifically for Independent Directors. No other nomination shall be entertained after the Final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the actual annual stockholders’ meeting, except in the unlikely event that a particular nominee/s make/s a last minute withdrawal of his/their acceptance and conformity, become/s incapacitated or otherwise no longer available for any reason whatsoever.</i></p>	
Remuneration	<p><i>Monitor the formal and transparent procedure on a policy on executive remuneration and for fixing the remuneration packages of all Bank personnel and provide oversight over remuneration of all personnel, ensuring that compensation is consistent with the interest of all stakeholders and the Bank’s culture, strategy and control environment.⁴⁸</i></p> <p><i>To review and approve amount of remuneration, which shall be in a sufficient level to attract and retain directors and all personnel who are</i></p>	None

⁴⁸ BSP Circular No. 283

	<p><i>needed to manage the Bank successfully.</i></p> <p><i>Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired.</i></p> <p><i>Disallow any director to decide his or her own remuneration.</i></p> <p><i>Provide in the Bank's annual reports, information and proxy statements a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and the ensuing year.</i></p> <p><i>Review (if any) of the existing Human Resources Development or Personnel Handbook, to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance</i></p>	
<i>Remuneration</i>	<p><i>of personnel concerned with all statutory requirements that must be periodically met in their respective posts.</i></p> <p><i>Or in the absence of such Personnel Handbook, cause the development of such, covering the same parameters of governance stated above.</i></p>	None
<i>Others (specify)</i>		
<i>Corporate Governance</i>	<p><i>To review and evaluate the qualifications of all persons nominated to the Board as well as those nominated to other positions requiring appointment by the Board of Directors.</i></p> <p><i>Ensure that the Board's effectiveness and due observance of Corporate Governance principles and guidelines.</i></p> <p><i>Observe the periodic evaluation of the board and its committees and executive management. It shall also conduct an annual self-evaluation of the Board's performance.</i></p> <p><i>To coordinate with external facilitators, if deemed necessary, in carrying out board assessment, within the frequency approved by the entire board. Presently an internal self-assessment is conducted annually.</i></p>	

	<p><i>To decide whether or not a Director is able to and has been adequately carrying out his/her duties as Director based on its own assessment or the assessment of external facilitators, bearing in mind the Director's contribution and performance (e.g. competence, candor, attendance, preparedness and participation). Internal guidelines shall be adopted that address the competing time commitments that are faced when Directors serve on multiple boards.</i></p> <p><i>To make recommendations to the Board regarding the continuing education of Directors, assignment to Board Committees, succession plan for the Board members and Senior Officers, and their remuneration commensurate with corporate and individual performance.</i></p> <p><i>To decide the manner by which the Board's performance may be evaluated and propose an objective performance criteria approved by the Board. Such performance indicators shall address how the Board has enhanced long term shareholders' value.</i></p>	
<i>Related Party Transaction Committee</i>	<i>The Related Party Transaction Committee is tasked to review related party transactions. No director is allowed to participate in the discussion / deliberation, including approval of a transaction where he is a related party.</i>	

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

Excerpts from the CBC Risk Management Policies Manual –

The Bank's philosophy is that risk is uncertainty. The loss of a certain amount with near certain probability can present less risk than a profit of a certain amount with significant uncertainty, or unknown probability.

The Bank believes that risk ubiquitous in all of: the Bank's activities; its assets and liabilities; the markets it trades; and the systems it adopts. Risk is incurred with the counterparties in its transactions, present in the people it hires.

The Bank believes that it should have a single comprehensive risk management system covering any all risks arising from every banking activity.

The Bank believes that the existence of high risk in any area is not necessarily a concern, so long as the Bank's single comprehensive risk management system has the ability to effectively manage that level of risk.

The Bank believes that it must develop risk/reward consciousness at all levels in the Bank to ensure that risk will not be avoided when the Bank believes it is being adequately compensated for the risk it is taking on.

The Bank should adhere to the risk limits approved by the Board of Directors (Board) and should be governed by the regulatory requirement set by the Bangko Sentral ng Pilipinas (BSP).

2) Risk Policy

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

In accordance with the Bank's Corporate Governance Manual, it is the responsibility of the Board to approve and oversee the implementation of the risk management policy, which shall include the following: comprehensive risk management approach, a detailed structure of limits, guidelines and other parameters used to govern risk-taking, a clear delineation of lines of responsibilities for managing risk, an adequate system for measuring risk, effective internal control and comprehensive risk-reporting process. Accordingly, the Board receives report from the Audit Committee on the review of the effectiveness of the risk management, internal control, operations and compliance controls. All of Bank's employees contribute to the appreciation of the bank's overall risk exposures.

- (b) Period covered by the review;

2016

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

The review of risk management processes is performed all year round during the audit of the various units of the Bank. The criteria for assessing the effectiveness of the processes includes completeness of significant risks identified, appropriateness of risk measurement tools, adequacy of documented risk management policies and strategies, effectiveness of mitigating controls and compliance with reporting requirements.

- (d) Where no review was conducted during the year, an explanation why not.

There is a continuous review; A review was conducted in 2016.

3) Risk Policy

- (a) Company

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

Risk Exposure	Risk Management Policy	Objective
Liquidity Risk	Annual review and approval of Liquidity Risk Limits; Stress Testing, Contingency Funding Plan and Large Funds Provider; Regular monitoring of the Bank's liquidity gaps and adherence to limits; Reporting of limits utilization and escalation of breaches to the Asset and Liability Committee (ALCO) and Risk Management Committee (RMC)/Board of Directors (BOD) for corrective action.	To have adequate liquidity to meet financial obligations of the Bank at all times and limit risk taking activities within the risk parameters defined by the RMC/BOD.

<i>Interest Rate Risk in the Banking Book</i>	<i>Annual review and approval of Interest Rate Risk Limits; Stress Testing; Regular monitoring of potential impact of changes in interest rates to the Bank's earnings against approved limits; Reporting of limits utilization and escalation of breaches to the Asset and Liability Committee (ALCO) and Risk Management Committee (RMC)/Board of Directors (BOD) for corrective action.</i>	<i>To pro-actively manage the Bank's interest rate risk in the banking book and limit risk taking activities within the risk parameters defined by the RMC/BOD.</i>
<i>Market Risk</i>	<i>Annual review and approval of Market Risk Limits; Stress Testing; Regular monitoring of potential loss amount (Value-at Risk) and month-to-date gains/losses (Management Action Trigger) from changes in market risk factors such as interest rates, fx rates, and equity prices. Reporting of limits utilization and escalation of breaches to the Management Committee (Mancom) and Risk Management Committee (RMC)/Board of Directors (BOD) for corrective action.</i>	<i>To proactively manage the Bank's market risk and limit risk taking activities are within the risk parameters defined by the RMC/BOD.</i>
<i>Credit Risk</i>	<p><i>The credit risk management policy aims to maintain a strong credit discipline in the Bank and to stress the importance of adherence to credit policies.</i></p> <p><i>It additionally intends to continue to strengthen the ability to detect indication of asset quality deterioration and credit concentration, through the expansion of analytics to assess the profile of the credit portfolio and capture adverse trends and vulnerabilities, as well as identify profit and growth opportunities.</i></p> <p><i>All of these are intended to attain the Bank's credit objectives:</i></p> <p><i>I. To maintain at all times a sound loan portfolio;</i></p> <p><i>II. To continually upgrade the quality of its loan portfolio;</i></p> <p><i>III. To produce a fair return on its lending and investing activities within the guidelines set forth by management; and</i></p> <p><i>IV. To achieve the optimal risk asset level within existing regulatory framework and consistent with the defined risk appetite of the Bank through well planned marketing and business development programs.</i></p>	<i>All officers and staff involved in the credit risk process have a clear and thorough understanding of the credit risk appetite and the minimum requirements that must be followed in the assessment, approval, monitoring and management of credit risk.</i>
<i>Operational Risk</i>	<p><i>The Operational Risk Management Unit of the Bank is responsible mainly for the overall assessment of risk vulnerabilities inherent to the Bank's operations as well as highlight key control weaknesses.</i></p> <p><i>Issues identified in the risk assessment process are elevated to Senior Management and the Board of Directors through the Risk Management Committee with specific recommendation either by way of policy response or process</i></p>	<i>The objective of operational risk management is to have a clear understanding of the financial institution's operational risk by way of both qualitative and quantitative assessments. The management of specific operational risks is not a new practice as it has always been important for banks to develop mechanism necessary to prevent</i>

	<i>improvement. Existing mechanism in performing the function includes the RCSA, KRI, BCM and ITRM.</i>	<i>fraud, maintain the integrity of internal controls, and reduce errors in transactions processing, among others.</i>
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(b) Group

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

Risk Exposure	Risk Management Policy	Objective
<i>Liquidity Risk</i>	<i>Annual review and approval of Liquidity Risk Limits; Stress Testing, Contingency Funding Plan and Large Funds Provider; Regular monitoring of the Bank's liquidity gaps and adherence to limits; Reporting of limits utilization and escalation of breaches to the Asset and Liability Committee (ALCO) and Risk Management Committee (RMC)/Board of Directors (BOD) for corrective action.</i>	<i>To have adequate liquidity to meet financial obligations of the Bank at all times and limit risk taking activities within the risk parameters defined by the RMC/BOD.</i>
<i>Interest Rate Risk in the Banking Book</i>	<i>Annual review and approval of Interest Rate Risk Limits; Stress Testing; Regular monitoring of potential impact of changes in interest rates to the Bank's earnings against approved limits; Reporting of limits utilization and escalation of breaches to the Asset and Liability Committee (ALCO) and Risk Management Committee (RMC)/Board of Directors (BOD) for corrective action.</i>	<i>To pro-actively manage the Bank's interest rate risk in the banking book and limit risk taking activities within the risk parameters defined by the RMC/BOD.</i>
<i>Market Risk</i>	<i>Annual review and approval of Market Risk Limits; Stress Testing; Regular monitoring of potential loss amount (Value-at Risk) and month-to-date gains/losses (Management Action Trigger) from changes in market risk factors such as interest rates, fx rates, and equity prices. Reporting of limits utilization and escalation of breaches to the Management Committee (Mancom) and Risk Management Committee (RMC)/Board of Directors (BOD) for corrective action.</i>	<i>To proactively manage the Bank's market risk and limit risk taking activities within the risk parameters defined by the RMC/BOD.</i>
<i>Credit Risk</i>	<i>The credit risk management policy aims to maintain a strong credit discipline in the Bank and to stress the importance of adherence to credit policies. It additionally intends to continue to strengthen the ability to detect indication of asset quality deterioration and credit concentration, through the expansion of analytics to assess the profile of the credit portfolio and capture adverse trends and vulnerabilities, as well as identify profit and growth opportunities.</i>	<i>All officers and staff involved in the credit risk process have a clear and thorough understanding of the credit risk appetite and the minimum requirements that must be followed in the assessment, approval, monitoring and management of credit risk.</i>

	<p><i>All of these are intended to attain the Bank's credit objectives:</i></p> <p><i>I. To maintain at all times a sound loan portfolio;</i></p> <p><i>II. To continually upgrade the quality of its loan portfolio;</i></p> <p><i>III. To produce a fair return on its lending and investing activities within the guidelines set forth by management; and</i></p> <p><i>IV. To achieve the optimal risk asset level within existing regulatory framework and consistent with the defined risk appetite of the Bank through well planned marketing and business development programs.</i></p>	
Operational Risk	<p><i>The Operational Risk Management Unit of the Bank is responsible mainly for the overall assessment of risk vulnerabilities inherent to the Bank's operations as well as highlight key control weaknesses.</i></p> <p><i>Issues identified in the risk assessment process are elevated to Senior Management and the Board of Directors through the Risk Management Committee with specific recommendation either by way of policy response or process improvement. Existing mechanism in performing the function includes the RCSA, KRI, BCM and ITRM.</i></p>	<p><i>The objective of operational risk management is to have a clear understanding of the financial institution's operational risk by way of both qualitative and quantitative assessments. The management of specific operational risks is not a new practice as it has always been important for banks to develop mechanisms necessary to prevent fraud, maintain the integrity of internal controls, and reduce errors in transactions processing, among others.</i></p>

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

Risk to Minority Shareholders
<p><i>Like any other company, there is a risk of "expropriation" of minority shareholders by the controlling shareholders of the Bank. However, the Bank's By-Laws and the Corporation Code expressly spell out a number of rights that even minority shareholders possess, such as right to attend and vote on major corporate events at annual meetings, right to dissent and demand fair value of shares, pre-emptive right, and right to inspect corporate books. Where the affairs of the Bank can be demonstrated to have been conducted by the majority shareholders in a manner unfairly prejudicial to the minority shareholders, minority shareholders may avail of remedies set out by laws in order to protect their rights.</i></p>

4) Control System Set Up

(a) Company

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

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Liquidity Risk	Measurement of liquidity gaps and monitoring of adherence to limits is done through the Maximum Cumulative	The Risk Management Group (RMG) generates MCO reports and sends limits utilization to the Treasury Group.

	<p><i>Outflow (MCO) report.</i></p> <p><i>Control is established through the MCO limits approved by the RMC/BOD. Limits utilization and breaches, if any, are regularly reported to the ALCO and the BOD, through the RMC.</i></p>	<p><i>Explanation, corrective action plan, and timeline are required if there are limit breaches. RMG escalates risk exposure, limits utilization, and status of corrective action plans to the ALCO and the RMC/BOD. Other tools used to monitor the Bank's liquidity include liquidity ratios and large funds providers report.</i></p>
<i>Interest Rate Risk in the Banking Book</i>	<p><i>Measurement of repricing gaps and monitoring of adherence to limits is done through the Earnings-at-Risk (EAR) report. Control is established through the EAR limits approved by the RMC/BOD; Limits utilization and breaches, if any, are regularly reported to the ALCO and the BOD through the RMC</i></p>	<p><i>The Risk Management Group (RMG) EAR generates reports and sends limits utilization to Treasury Group. Explanation, corrective action plan, and timeline are required if there are limit breaches. RMG escalates risk exposure, limits utilization, and status of corrective action plans to the ALCO and the RMC/BOD,</i></p>
<i>Market Risk</i>	<p><i>Measurement of market risk and monitoring of adherence to limits is done through the daily VaR reports. Control is established through the VaR Limits and Management Action Triggers approved by the RMC/BOD annually; Limits utilization and breaches, if any, are regularly reported to the ALCO and the BOD through the RMC</i></p>	<p><i>The Risk Management Group (RMG) generates daily VaR reports containing VaR and MAT utilization and sends this to Treasury Group and Treasury Operations. Explanation, corrective action plan, and timeline are required if there are limit breaches. RMG escalates risk exposure, limits utilization, and status of corrective action plans to the Mancom and the RMC/BOD. Other tools to manage market risk are scenario analysis/stress testing, market liquidity triggers, backtesting, rate reasonability testing, trader designation/ authorization, and product manuals</i></p>
<i>Credit Risk</i>	<p><i>1) Management of Large Exposure, Credit Risk Concentrations, and other Credit Risk parameters</i></p>	<p><i>Monitoring of</i></p> <ul style="list-style-type: none"> <i>- loan portfolio movements</i> <i>- CBC ratios on past dues, non-performing loans, and non-performing assets</i> <i>- regulatory and internal limit/threshold on Single Borrower's Limit</i> <i>- profile of top borrowers and groups (P500M and up)</i> <i>- aggregate ceiling on DOSRI loans</i> <i>- ceiling of total unsecured DOSRI loans</i> <i>- portfolio mix and MAT industry division limits</i> <i>- large exposure threshold</i> <i>- industry concentration using Herfindahl-Hirschman Index (HHI)</i> <i>- CBC vs UKB comparison on industry exposures</i> <i>- aging of past dues</i> <i>- booked reserves</i>
	<p><i>2) Credit Risk Rating System</i></p> <ul style="list-style-type: none"> <i>a. Internal Credit Risk Rating System (ICRRS) for companies with loans or assets of P15M and over</i> <i>b. Borrower Credit Score (BCS) for borrowers with loans or assets of less than P15M</i> <i>c. Risk Rating System for Loyal and Foreign FIs</i> 	<p><i>Monitoring of unrated accounts and those due for annual review, Borrower Risk Rating Profile, Loan Exposure Rating Profile, rating distortions and movements</i></p>

	3) Credit Stress Test and Scenario Analysis	Real Estate Stress Test (REST), Uniform Stress Testing . Integrated Stress Testing. Stress testing of total loan portfolio, large exposures, industry concentrations, high risk loans (e.g., adversely classified, watchlisted, those in exit industries), and exposures to real estate and related industries; and Reverse stress test on the total loan portfolio
	4) Credit Review Process	Credit review and progress monitoring of the loan portfolio of all lending units, i.e., Institutional Banking Group, Branch Banking Group including Binondo Business Center, and Consumer Banking Group; Review, monitoring, and validation of the credit classification and loan loss provisioning of loan accounts
Internal Fraud External Fraud Execution, Delivery and Process Management	Reports on Crimes and Losses received from the different units of the bank which is inputted to the Centralized Loss Database where summary/statistical reports are presented quarterly to ManCom and Risk Management Committee	The Risk Management Group is mandated by the Board of Directors to establish and maintain a Centralized Loss Database which shall contain all reported/documented incidents of crimes and losses regardless whether it is consummated or frustrated/attempted and the status of restitution/recovery of losses incurred. The prompt updating of the Centralized Loss Database is dependent on the implementation of a standard approach in documenting/reporting incidents of crimes/losses for all units of the Bank using a prescribed report format. It is also important to have a clear delineation of responsibilities/accountabilities in reporting incidents and the distribution of the report.
	Risk and Control Self Assessment (RCSA) annually performed by the different units of the bank where results are analyzed, consolidated and presented to the Risk Management Committee including the RMG's recommendations.	Identification and assessment of the operational risks inherent in all material products, activities, processes and systems is done through the Operational Risk Control and Self-Assessment (RCSA) Program. With this program, the Bank can systematically track and record the frequency, severity and present internal controls in place to mitigate the individual operational risk events. Such data provides meaningful information for assessing the Bank's exposure to operational risk and developing a strategy to mitigate/control the risk.
	Key Risk Indicators Summary/trends reports collected from the different units of the bank monthly while results are analyzed, consolidated and presented quarterly to ManCom and Risk Management Committee	Key Risk Indicators (KRIs) are early warning signals that attempt to identify potential operating losses before they happen and raise flags if they go outside an established range. It is forward looking and reflects potential sources of operational risk such as rapid growth, introduction of new products, employee turnover, system downtime, etc. KRIs shall be established in coordination with concerned units based on sufficient/adequate results of the RCSA

		<p>program (i.e., at least for four rounds of RCSA exercises), historical internal loss events and related internal audit findings to ensure the escalation of significant risk issues to appropriate management levels. Regular reviews shall be carried out by internal audit to analyze the control environment and test the effectiveness of implemented controls, thereby ensuring business operations are conducted in a controlled manner.</p>
Clients, Products and Business Practices	Product Review and Approval Process where appropriate review and sign-off obtained from stakeholders identified as relevant to the newly developed or enhanced product	<p>Because the Bank shall strive to document all its products as part of the Risk Process, operational control must begin even from the product process, and starts with the verification of the Product Manual. This key document of the Bank shall provide a comprehensive description of the product, including the identification of all risk factors. A review of all Product Manuals shall be undertaken periodically (e.g. at least annually) and in particular an assessment of their content by concerned units of the Bank.</p>
Damage to Physical Assets; Business Disruption and System Failure	Business Continuity Planning and Disaster Recovery Planning proper documentation and sufficient testing on necessary components depending on the bank's current capabilities	<p>The Operational Risk Management Division is primary responsible for overseeing the effective implementation and execution of the Bank's Business Continuity Plan.</p> <p>Any related losses shall be promptly documented and coordinated with the Risk Management Group for purposes of updating the Bank's Centralized Loss Database.</p>
Legal Risk	Report on Status of Administrative and Criminal Cases Filed By and Against the Bank	<p>The Legal and Collection Division is the unit primarily responsible for the effective and efficient management of the Bank's legal risk. On a periodic basis, a Report on Status of Administrative and Criminal Cases Filed By and Against the Bank shall be submitted to the Risk Management Committee thru the Risk Management Group for information and appropriate action. Same report shall be use to update related cases contained in the Centralized Loss Database.</p>
Fiduciary Risk	Report on Status of Administrative and Criminal Cases Filed By and Against the Bank	<p>Fiduciary Risks are those that arise from the additional responsibilities expected of the Bank and its employees because of the public trust inherent in the Banking charter. It is related to legal risks, as events arising from these risks typically lead to legal action from one or more counterparties.</p>
Regulatory/Compliance Risk	Continuous monitoring on the Bank's compliance with regulatory provisions	<p>The Bank's Compliance Office is primarily responsible to manage the Bank's regulatory/compliance risk in coordination with concerned units of the Bank.</p>
Personnel Risk	Risk Awareness Orientation	<p>The Human Resources Division is primarily responsible to address this</p>

		particular type of risk. The Risk Management Group shall extend help in the promotion of risk awareness among bank personnel thru conduct of regular orientations for new bank employees; participate as resource person in supervisory and officers' developmental programs and on other risk management topics that may be necessary to inculcate the value of effective and efficient risk management.
Information Security and Technology Risk	Access Management Information Security Awareness Information Security Policy and Guidelines Technology Security Standard Configurations	Information Security and Technology Risk covers financial loss due to unauthorized/illegal use of Bank's information assets and technology-related products, services, delivery channels and process. The Information Security Office is the unit primarily responsible to manage this particular type of risk.

(b) Group

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

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Liquidity Risk	Measurement of liquidity gaps and monitoring of adherence to limits is done through the Maximum Cumulative Outflow (MCO) report. Control is established through the MCO limits approved by the RMC/BOD. Limits utilization and breaches, if any, are regularly reported to the ALCO and the BOD, through the RMC.	The Risk Management Group (RMG) generates MCO reports and sends limits utilization to the Treasury Group. Explanation, corrective action plan, and timeline are required if there are limit breaches. RMG escalates risk exposure, limits utilization, and status of corrective action plans to the ALCO and the RMC/BOD. Other tools used to monitor the Bank's liquidity include liquidity ratios and large funds providers report.
Interest Rate Risk in the Banking Book	Measurement of repricing gaps and monitoring of adherence to limits is done through the Earnings-at-Risk (EAR) report. Control is established through the EAR limits approved by the RMC/BOD; Limits utilization and breaches, if any, are regularly reported to the ALCO and the BOD through the RMC	The Risk Management Group (RMG) generates EAR reports and sends limits utilization to Treasury Group. Explanation, corrective action plan, and timeline are required if there are limit breaches. RMG escalates risk exposure, limits utilization, and status of corrective action plans to the ALCO and the RMC/BOD,
Market Risk	Measurement of market risk and monitoring of adherence to limits is done through the daily VaR reports. Control is established through the VaR Limits and Management Action Triggers approved by the RMC/BOD annually; Limits utilization and breaches, if any, are regularly reported to the ALCO and the BOD through the RMC	The Risk Management Group (RMG) generates daily VaR reports containing VaR and MAT utilization and sends this to Treasury Group and Treasury Operations. Explanation, corrective action plan, and timeline are required if there are limit breaches. RMG escalates risk exposure, limits utilization, and status of corrective action plans to the Mancom and the RMC/BOD. Other tools to manage market risk are scenario analysis/stress testing, market liquidity triggers, backtesting, rate reasonability testing, trader designation/authorization, and product manuals

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
<i>Credit Risk</i>	<i>1) Management of Large Exposure, Credit Risk Concentrations, and other Credit Risk parameters</i>	<i>Monitoring of</i> - loan portfolio movements - CBC ratios on past dues, non-performing loans, and non-performing assets - regulatory and internal limit/ threshold on Single Borrower's exposures. - profile of top borrowers and groups (P500M and up) - aggregate ceiling on DOSRI loans - ceiling of total unsecured DOSRI loans - portfolio mix and MAT industry division limits - large exposure threshold - industry concentration using Herfindahl-Hirschman Index (HHI) - CBC vs UKB comparison on industry exposures - aging of past dues - booked reserves
	2) Credit Risk Rating System a. Internal Credit Risk Rating System (ICRRS) for companies with loans or assets of P15M and over b. Borrower Credit Score (BCS) for borrowers with loans or assets of less than P15M c. Risk Rating System for Local and Foreign FIs	Monitoring of unrated accounts and those due for annual review, Borrower Risk Rating Profile, Loan Exposure Rating Profile, rating distortions and movements
	3) Credit Stress Test and Scenario Analysis	Real Estate Stress Test (RES), Uniform Stress Test, Integrated Stress Testing. Stress testing of total loan portfolio, large exposures, industry concentrations, high risk loans (e.g., adversely classified, watchlisted, those in exit industries), and exposures to real estate and related industries; and Reverse stress test on the total loan portfolio
	4) Credit Review Process	Credit review and progress monitoring of the loan portfolio of all lending units, i.e., Institutional Banking Group, Branch Banking Group including Binondo Business Center, and Consumer Banking Group; Review, monitoring, and validation of the credit classification and loan loss provisioning of loan accounts
<i>Internal Fraud</i> <i>External Fraud</i> <i>Execution, Delivery and Process Management</i>	<i>Reports on Crimes and Losses received from the different units of the bank which is inputted to the Centralized Loss Database where summary/statistical reports are presented quarterly to ManCom and Risk Management Committee</i>	<i>The Risk Management Group is mandated by the Board of Directors to establish and maintain a Centralized Loss Database which shall contain all reported/documented incidents of crimes and losses regardless whether it is consummated or frustrated/attempted and the status of restitution/recovery of losses incurred. The prompt updating of the Centralized Loss Database is dependent on the implementation of a standard approach in documenting/reporting incidents of crimes/losses for all units of the Bank using a prescribed report format. It is also important to have a clear delineation of responsibilities/ accountabilities in reporting incidents and the distribution of the report.</i>

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
	<i>Risk and Control Self Assessment (RCSA) annually performed by the different units of the bank where results are analyzed, consolidated and presented to the Risk Management Committee including the RMG's recommendations.</i>	<i>Identification and assessment of the operational risks inherent in all material products, activities, processes and systems is done through the Operational Risk Control and Self-Assessment (RCSA) Program. With this program, the Bank can systematically track and record the frequency, severity and present internal controls in place to mitigate the individual operational risk events. Such data provides meaningful information for assessing the Bank's exposure to operational risk and developing a strategy to mitigate/control the risk.</i>
	<i>Key Risk Indicators Summary/trends reports collected from the different units of the bank monthly while results are analyzed, consolidated and presented quarterly to ManCom and Risk Management Committee</i>	<p><i>Key Risk Indicators (KRIs) are early warning signals that attempt to identify potential operating losses before they happen and raise flags if they go outside an established range. It is forward looking and reflects potential sources of operational risk such as rapid growth, introduction of new products, employee turnover, system downtime, etc. KRIs shall be established in coordination with concerned units based on sufficient/adequate results of the RCSA program (i.e., at least for four rounds of RCSA exercises), historical internal loss events and related internal audit findings to ensure the escalation of significant risk issues to appropriate management levels.</i></p> <p><i>Regular reviews shall be carried out by internal audit to analyze the control environment and test the effectiveness of implemented controls, thereby ensuring business operations are conducted in a controlled manner.</i></p>
<i>Clients, Products and Business Practices</i>	<i>Product Review and Approval Process where appropriate review and sign-off obtained from stakeholders identified as relevant to the newly developed or enhanced product</i>	<i>Because the Bank shall strive to document all its products as part of the Risk Process, operational control must begin even from the product process, and starts with the verification of the Product Manual. This key document of the Bank shall provide a comprehensive description of the product, including the identification of all risk factors. A review of all Product Manuals shall be undertaken periodically (e.g. at least annually) and in particular an assessment of their content by concerned units of the Bank.</i>
<i>Damage to Physical Assets; Business Disruption and System Failure</i>	<i>Business Continuity Planning and Disaster Recovery Planning proper documentation and sufficient testing on necessary components depending on the bank's current capabilities</i>	<p><i>The Operational Risk Management Division is primary responsible for overseeing the effective implementation and execution of the Bank's Business Continuity Plan.</i></p> <p><i>Any related losses shall be promptly documented and coordinated with the Risk Management Group for purposes of updating the Bank's Centralized Loss Database.</i></p>
<i>Legal Risk</i>	<i>Report on Status of Administrative and Criminal Cases Filed By and Against the Bank</i>	<i>The Legal and Collection Division is the unit primarily responsible for the effective and efficient management of the Bank's legal risk. On a periodic basis, a Report on Status of Administrative and Criminal Cases Filed By and Against the Bank shall be submitted to the Risk Management Committee thru the Risk</i>

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
		<i>Management Group for information and appropriate action. Same report shall be use to update related cases contained in the Centralized Loss Database.</i>
<i>Fiduciary Risk</i>	<i>Report on Status of Administrative and Criminal Cases Filed By and Against the Bank</i>	<i>Fiduciary Risks are those that arise from the additional responsibilities expected of the Bank and its employees because of the public trust inherent in the Banking charter. It is related to legal risks, as events arising from these risks typically lead to legal action from one or more counterparties.</i>
<i>Regulatory/Compliance Risk</i>	<i>Continuous monitoring on the Bank's compliance with regulatory provisions</i>	<i>The Bank's Compliance Office is primarily responsible to manage the Bank's regulatory/compliance risk in coordination with concerned units of the Bank.</i>
<i>Personnel Risk</i>	<i>Risk Awareness Orientation</i>	<i>The Human Resources Division is primarily responsible to address this particular type of risk. The Risk Management Group shall extend help in the promotion of risk awareness among bank personnel thru conduct of regular orientations for new bank employees; participate as resource person in supervisory and officers' developmental programs and on other risk management topics that may be necessary to inculcate the value of effective and efficient risk management.</i>
<i>Information Security and Technology Risk</i>	<i>Access Management Information Security Awareness Information Security Policy and Guidelines Technology Security Standard Configurations</i>	<i>Information Security and Technology Risk covers financial loss due to unauthorized/illegal use of Bank's information assets and technology-related products, services, delivery channels and process. The Information Security Office is the unit primarily responsible to manage this particular type of risk.</i>

(c) Committee

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

Committee/Unit	Control Mechanism	Details of its Functions
<i>Risk Management Committee</i>	<i>Accountable for overall governance of operational and technology related risks</i>	<i>Has governance over and ultimate accountability for the risk management framework of the bank and aligns the mandate of the RMG with overall bank strategy and shareholder interests</i>
<i>Management Committee</i>	<i>Responsible for the oversight and management of operational related risks</i>	<i>Responsible for managing material risks in all products, activities, processes and systems. Oversee the implementation and maintenance of policies, processes and systems in managing operational risks</i>
<i>Technology Steering Committee</i>	<i>Responsible for the oversight and management of technology related risks</i>	<i>Provides updates on the initiatives, issues and progress of IT relevant projects during its meetings through the reading and submission of its minutes to the BOD during its monthly meetings. Approval on IT relevant initiatives are also raised to BOD during the said meeting</i>

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

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

(a) Explain how the internal control system is defined for the company;

The Bank adheres to the following minimum internal control standards, in accordance with Section X185 of the Manual of Regulations for Banks (MORB):

1. *Proper accounting records*
There is a proper and adequate accounting record, and these records are up-to-date and contain sufficient detail to establish an audit trail.
2. *Independent balancing*
3. *Division of duties and responsibilities*
4. *Joint Custody*
5. *Defined signing authorities*
6. *Dual Control*
7. *Number Control System, in registering notes, issuing official checks and in other similar situations.*
8. *Rotation of duties*
9. *Independence of Internal auditor*
10. *Confirmation of accounts*
11. *Other internal control standards*

In addition, the Bank also has the following Independent units to enhance internal control system.

1. *Risk Management Group*
2. *Compliance Office*
3. *Internal Audit*

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

This statement is embodied in the Audit Committee Charter, under Oversight of Internal Control, that is, to oversee the establishment and maintenance of an adequate, effective and efficient internal control framework.

(c) Period covered by the review; *2016 Audit Plan.*

(d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and

A review was conducted as part of the audit program guide of every audit engagement covering 2016 Audit Plan

(e) Where no review was conducted during the year, an explanation why not.

A review was conducted in 2016.

2) Internal Audit

(a) Role, Scope and Internal Audit Function

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

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
<p><i>The role of the Internal Audit Division is to provide independent, objective assurance and consulting services designed to add value and improve the Bank's operations. It helps the Bank accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.</i></p>	<p>➤ Internal Audit Division's scope of work covers the assessment of Bank's system of risk management, control, and governance processes, as designed and represented by management, to determine whether it is adequate and functioning effectively and efficiently.</p> <p>➤ The Internal Audit Division also provides advisory services to assist Board of Directors and management in meeting their objectives.</p> <p>➤ All processes, systems, units, and activities, including outsourced services, shall fall within the overall scope of the internal audit function.</p>	<p><i>CBC has an in-house Internal Audit Function established by the Board of Directors thru the Audit Committee.</i></p>	<p><i>The Chief Audit Executive (CAE) is Ms. Marilyn G. Yuchenkang</i></p>	<p><i>The Internal Audit Division thru the CAE reports functionally to the Audit Committee and administratively to the President/CEO</i></p>

- (b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

Yes, as embodied in its Charter, the Audit Committee has the sole power in appointing, reappointing or removing the Chief Audit Executive (CAE and key internal auditors).

- (c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

The CAE has open and direct access (functional reporting) to the Audit Committee at all times, to discuss matters affecting the internal audit activity and at least once a year, the CAE meets privately with the Audit Committee without management's presence. The

Audit Charter contains the authority of Internal Audit Division to have unrestricted access to all functions, records/documents, files, accounts, property, and personnel during the course of their examination with strict accountability for confidentiality and safeguarding of information obtained.

(d) Resignation, Re-assignment and Reasons

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

Name of Audit Staff	Reason
<i>For 2016 there are thirty (30) resignations and zero transfer to another department within the Audit Division.</i>	<i>The main reason for resignation/transfer is to pursue personal growth/development and other opportunities.</i>

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

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

Progress Against Plans	<i>The Annual Audit Plan of Internal Audit is reviewed and approved by the Audit Committee including any subsequent changes therein. Each department shall ensure that the approved plan will be executed on a timely manner. The progress against the approved plan is reported to the Audit Committee semi-annually.</i>
Issues⁴⁹	<i>The internal audit activity has no significant outstanding issues noted during their engagement. The results of the audit convey findings which arise from the violation of established Bank's policies and procedures.</i>
Findings⁵⁰	<i>The noted findings focused mainly on minor procedural lapses of the personnel in relation to the approved policies and procedures of the Bank. If there are findings with high risk rating, these are reported to the Audit Committee for their information and appropriate action. Also, Audit Division has a monitoring system to ensure that all outstanding significant audit findings are resolved on a timely manner.</i>
Examination Trends	<i>Based on the audit reports, the examination trend highlights some minor procedural lapses.</i>

[The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

- 1) Preparation of an audit plan inclusive of a timeline and milestones;
- 2) Conduct of examination based on the plan;
- 3) Evaluation of the progress in the implementation of the plan;
- 4) Documentation of issues and findings as a result of the examination;
- 5) Determination of the pervasive issues and findings ("examination trends") based on single year result and/or year-to-year results;
- 6) Conduct of the foregoing procedures on a regular basis.]

(f) Audit Control Policies and Procedures

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

Policies & Procedures	Implementation
<i>The Internal Audit Division established a Quality Assurance & Improvement Program (QAIP) thru Quality Assurance & Control Dept. (QACD), this</i>	<i>The Quality Assurance & Improvement Program was implemented since April 2012. Based on the ongoing and periodic assessments the internal audit activity is</i>

⁴⁹ "Issues" are compliance matters that arise from adopting different interpretations.

⁵⁰ "Findings" are those with concrete basis under the company's policies and rules.

<i>serves as a control mechanism in ensuring the quality of internal audit function. QAIP is designed to evaluate the internal audit activity's conformance with the Institute of Internal Auditors' (IIAs') Definition of Internal Auditing, Standards and the Code of Ethics. The Program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.</i>	<i>aligned with the IIAs' International Standards for the Professional Practice of Internal Auditing (Standards).</i> <i>In June 2015, the IA function underwent External Quality Assessment Review (EQAR) by an independent and qualified external service provider. The IA function got an overall "Generally Conforms" rating which signifies conformance in all material respects to the Institute of Internal Auditors' definition of Internal Auditing, Code of Ethics and the Standards.</i>
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(g) Mechanism and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
<p>For Internal Audit</p> <p>➤ To provide for the independence of the Internal Audit Division, its personnel report to the Chief Audit Executive who in turn reports functionally to the Board of Directors through the Audit Committee, and administratively to the President and Chief Executive Officer.</p> <p>➤ To maintain its independence, the Internal Audit Division should have no direct operational responsibility or authority over any of the activities which is out of scope.</p> <p>➤ The Audit Committee shall ensure that the Chief Audit Executive/Internal Auditor is free from interference by outside parties.</p> <p>➤ The Internal Audit Division has a</p>	<p>The following are the mechanism to safeguard the independence of the Financial Analysts, Investment Banks and Rating Agencies:</p> <p>1. The Bank provides them with accurate, timely reports of financials and other data, such as detailed schedules of loan and deposit breakdowns.</p> <p>2. The Bank ensures quick response to their requirements or requests.</p> <p>Financial Analysts, Investment Banks and Rating Agencies have their own financial model.</p>	<p>The following are the mechanism to safeguard the independence of the Financial Analysts, Investment Banks and Rating Agencies:</p> <p>1. The Bank provides them with accurate, timely reports of financials and other data, such as detailed schedules of loan and deposit breakdowns.</p> <p>2. The Bank ensures quick response to their requirements or requests.</p> <p>Financial Analysts, Investment Banks and Rating Agencies have their own financial model.</p>	<p>The following are the mechanism to safeguard the independence of the Financial Analysts, Investment Banks and Rating Agencies:</p> <p>1. The Bank provides them with accurate, timely reports of financials and other data, such as detailed schedules of loan and deposit breakdowns.</p> <p>2. The Bank ensures quick response to their requirements or requests.</p> <p>Financial Analysts, Investment Banks and Rating Agencies have their own financial model.</p>

<i>Charter approved by the Board of Directors which articulates and guarantees the independence and authority of internal auditors.</i>			
➤ <i>There's an annual attestation made by all internal auditors on their independence and objectivity in carrying out their duties and responsibilities. An overall confirmation is reported to the Audit Committee by the CAE.</i>			

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

The Annual Certification on Bank's compliance with the SEC Code of Corporate Governance attested by the Chief Compliance Officer and by the President & CEO.

H. ROLE OF STAKEHOLDERS

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

	Policy	Activities
Customers' welfare	<p><i>China Bank is committed to fair and economically sound consumer practices, adhering to RA 7394 Consumer Act of the Philippines of 1991, the BSP's Consumer Laws, and the various laws regulating the financial industry as well as protecting consumers; promoting consumer interest by providing complete and truthful information to build confidence in our products, services, people, and our institution and upholding consumer rights by developing and implementing a system to address and manage customer complaints and other customer issues.</i></p> <p><i>The fair, honest, and equitable treatment of our customers is a fundamental part China Bank's mission. Led by a Board and Senior Management committed to strengthen our partnerships with our customers, China Bank complies with consumer laws and regulations to</i></p>	<p><i>Good customer service goes beyond a friendly smile and a courteous and professional handling of transactions. We are committed to being the right partner to our customers by doing right by them every step of the way. Our customer handling framework is being updated to ensure compliance with the Bangko Sentral ng Pilipinas (BSP) Regulations on Consumer Protection (BSP Circular 857) released in 2014.</i></p> <p>SECURITY AND FRAUD PREVENTION</p> <p><i>We have control systems in place to protect our customers from security threats and to prevent them from falling prey to financial theft. These systems are designed to ensure the banking transactions are secure, reliable, whether conducted through the branches or e-banking channels.</i></p> <p><i>Our ATMs are regularly checked for</i></p>

	<p><i>protect the interests of our customers at all stages of their relationship with us.</i></p>	<p><i>PIN/card data skimming devices. We constantly remind our customers to take extra precautions on how to protect their money, PIN, ATM and credit cards through email, posters and social media. We also regularly provide tips on protecting personal information and accounts against fraud and misuse. Our branch personnel are likewise trained to give them advice on these matters as well as on procedures for reporting fraud cases and captured/missing/stolen cards. Our Customer Contact Center, ATM Center, and other frontliners supported by capable IT teams stand ready to respond and give resolution to customers who become victims to phishing and other similar scams.</i></p> <p>PROTECTION OF PRIVACY OF INFORMATION</p> <p><i>Our clients are assured of the security of account information and other related details through enhanced verification across the available channels of service. Our Online and Tellerphone facilities make use of a multi-level security verification beyond the standard static customer information prior to processing of transactions, while our Customer Contact Center conducts several layers of positive identification before assisting clients with their needs. We also continuously issue warnings on information security threats to our clients and provide them with practical and useful tips on how to protect themselves against such threats through our website, social media accounts, email announcements, and ATM screen displays.</i></p> <p>DISCLOSURE AND TRANSPARENCY</p> <p><i>The bank ensures that the information about our products and services are clear, understandable, accurate, and accessible. We give all necessary and relevant information to our customers so that they can make informed decisions when transacting with us. The information is communicated to our customers through the use of different media and channels such as printed materials that are prominently displayed in our branches or directly sent to customers—TV, print, radio and other forms of advertisements; our website and social media channels such as Twitter and Facebook; and our Customer Contact Center. All consumer information required by the BSP are</i></p>
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		<p><i>likewise openly displayed at our branches. Our branch personnel are trained to handle inquiries about any information in a professional manner to explain risks relating to our products and services and to provide advice on financial matters.</i></p> <p>CUSTOMER CONCERN HANDLING <i>As a customer-centric organization, we continuously create programs and initiatives to ensure our customers are given the excellent service they deserve. Every concern raised is considered a welcome opportunity that will allow us to improve our services and provide corrective actions to make banking with us more convenient, reliable and satisfying to our customers. Our Customer Contact Center may be contacted for concerns and complaints either in person, by mail, email or fax, by telephone, online or social media. Our well trained personnel ensure that customer concerns are documented, studied, and promptly resolved. In 2015, bulk of Customer Contact Center assistance was on issues relative to the alternative channels and credit cards such as ATM withdrawals, bills payments, interbank fund transfer and point-of-sale (POS) transactions, status of credit card applications, non-receipt of credit card billing statements and card declined transactions. With various forms of communication utilized to inform customers, suppliers, regulators, and other stakeholders about the migration to the new core banking system, issues arising from such migration were more than satisfactorily handled at the level of the branches, frontliners, and operations staff. The Customer Contact Center extended its operating hours and added manpower complement to provide speedy response to any customer issues, which proved minimal.</i></p>
Supplier/contractor selection practice	<p><i>We maintain high legal, ethical, and professional standards in the management of the Bank's resources. We ensure that the goods or services procured are fit for the purpose and provide the Bank with the best value available; that risks to personnel, company assets, and the environment arising from the contracting or supply of materials, equipment, and services are reduced to a level which is as low and as reasonably practicable as possible; and that we deal with suppliers and</i></p>	<p><i>There are several projects like:</i></p> <ul style="list-style-type: none"> - Interior construction of new branches - Renovation/expansion of a branches - new building construction - Procurement of new technologies and licenses.

	<p><i>contractors that have the necessary experience, capability, and financial viability to undertake the work safely, economically, and technically correct, in an environmentally sound manner, and in accordance with the contract, schedule, and applicable laws and regulations. We are committed to fair marketplace practices, selecting suppliers and contractors through an open and non-discriminatory process, based on criteria that ensure a thorough and competitive selection process: quality, price, service, and overall value to China Bank. We follow standards of objectivity, impartiality, and equality of opportunity, preventing any favoritism or interference from conflicts of interest in the selection of suppliers and contractors. We have a supplier/contractor accreditation process which is the preliminary step to pre-qualification at China Bank. Suppliers and contractors invited to bid are evaluated accordingly prior to contract award. They are also evaluated on the basis of actual performance as compared to promised delivery dates, quality of work / goods, and adherence to agreed specifications and purchase order prices.</i></p>	
Environmentally friendly value-chain	<p><i>We integrate social, environmental, and governance practices into our day-to-day business activities to maintain a balance between the Bank's business interests and our stakeholders' welfare, and create a positive impact on our people, customers, investors, the environment, the economy, and the communities we serve. We work hand in hand with our employees to raise awareness of environmental issues and promote reducing, reusing, and recycling.</i></p>	<p><i>For over ten years now, China Bank has a solid waste management program, which is continually implement and improve on. Garbage is properly segregated and the recyclable materials are turned over to recycling partners at regular intervals. The Bank is also actively involved in the program "Promoting Energy Efficiency in the Makati Central Business District" which primarily aims to promote energy efficiency and help alleviate climate change. And in the last six years, we have implemented projects to progressively lessen our operation's impact on the environment, like switching to energy efficient lighting and air conditioning systems, acquiring technologies to automate processes, including installing video conferencing facilities at the head office and business centers in Luzon, Visayas, and Mindanao to reduce the need for travel and thereby contribute to a reduction in land and air travel emissions. We have also developed policies on conserving energy, water, and paper supplies bank wide and have begun using recycled paper for annual reports, and eventually other publications and printed marketing</i></p>

		<p>materials. The internal “Going Green” campaign launched in 2012 was sustained in 2013, enjoining employees to adopt as well as promote sustainable working and living practices to others. The heads of the different branches, departments, and subsidiaries are the environment ambassadors tasked to remind the staff to support the campaign at every possible opportunity, as well as to monitor and police their own areas of responsibility.</p>
Community interaction	<p>We integrate social, environmental, and governance practices into our day-to-day business activities to maintain a balance between the Bank's business interests and our stakeholders' welfare, and create a positive impact on our people, customers, investors, the environment, the economy, and the communities we serve. We engaged our employees and partnered with customers, various community groups, and charitable organizations to support causes that serve the interests and the needs of society as a whole.</p>	<p>In 2015, we were able to integrate corporate social responsibility by motivating our employees to extend personal goals beyond the workplace and share a part of themselves with the needy through community-nurturing programs. We likewise partnered with our customers, various community groups and charitable organizations to deliver aid to disaster victims. We joined a global initiative called ARISE or Alliance for Risk Sensitive Investment spearheaded by the United Nations Office for Risk Reduction (UNISDR) which aims to create risk-resilient societies by boosting the private and public sectors and other stakeholders to deliver the targets of Sendai Framework. This is a 15-year global roadmap that seeks to curb disaster mortality and economic losses substantially.</p> <p>Because we believe in how education can open opportunities that will help people improve their lives, we partnered with the Department of Education (DepEd) in Region 3 to give assistance to public school teachers and non-academic staff. China Bank Savings launched the Easi DepEd Loan and the Affordabundle DepEd Loan which both offer easy-to-avail and low interest loan to this market.</p> <p>We continue to support the programs of several charities, foundations and associations that represent sectors and communities close to our hearts. We endeavor to promote education through our investment in the Child Sponsorship Program of CFC-ANCOP (Answering the Cry of the Poor, a ministry of Couples for Christ). Through this program, we are able to help provide for primary and secondary education of selected children of indigent families. We also continually give our share to sponsor students under the Ateneo de Manila University scholarship program, as well as for the</p>

		<p><i>education of deserving children of our own employees through the Dee C. Chuan and the Gilbert U. Dee Scholarship Funds.</i></p> <p><i>Our partnerships with these organizations demonstrate to our employees how we want to cultivate a culture of meaningful giving. As such, our branch employees nationwide have continued to volunteer, assist and build goodwill in their own communities by helping in various fundraising projects, medical missions, and sports and cultural events.</i></p> <p><i>Our ongoing “Going Green” campaign aims to encourage our employees and customers to adopt and promote environment consciousness and sustainable working and living habits. Thus, we practice measures that promote resource and energy efficiency, and minimization of environmental hazards through various conservation strategies. Despite our growing workforce and operations, we continually pursue initiatives in all branches, aimed at minimizing power, water, and paper consumption, as well as to reduce waste.</i></p> <p><i>China Bank has CSR programs and activities that embody our commitment to give back to society who want to benefit as well from the Bank’s continued success. We are enhancing a comprehensive corporate social responsibility strategy that will outline relevant social and environmental programs and practices tied up with our business strategy and the bottomline. On the whole, China Bank will soon have a structured approach where value generated by our operations should benefit our shareholders as well as the communities that we serve, our business and social partners and our employees.</i></p>
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Anti-corruption programmes and procedures?	<p><i>China 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 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.</i></p>	<p><i>We have a whistle-blowing policy, wherein employees, customers, shareholders, and third party service providers are encouraged to report questionable activity, unethical conduct, fraud or any other malpractice by mail, phone or e-mail, without fear of reprisal or retaliation because the identity of the whistleblower is kept confidential. Disclosures are directed to the attention of the Chief Compliance Officer, who is responsible to determine the sufficiency and validity of the report. If determined sufficient in form and substance, the CCO shall refer the disclosure either to the Audit Division and/ or Human Resources Division for further investigation. If the CCO finds the report baseless, he is required to respond to the Whistleblower of its status within 24 hours from receipt thereof. Meritorious disclosure, as may be determined by the CCO should be given recognition and may be entitled to an award as deemed necessary by the HRD or the Investigation Committee.</i></p>
Safeguarding creditors' rights	<p><i>China Bank is committed to fair and honest business conduct, upholding all contractual obligations to protect the rights of our creditors and the Bank's reputation. We enter into binding contracts with our guarantee of honoring the mutually agreed-upon terms and conditions. In the event of liquidation, we uphold the law of giving priority to creditors in the payment of obligations in the normal course of business.</i></p>	<p><i>Bank deposits are insured with the PDIC up to a maximum of P500,000.00</i></p> <p><i>In compliance with BSP Rules, proper disclosures are done on:</i></p> <p><i>Deposit Interest;</i></p> <p><i>Truth in Lending Act;</i></p> <p><i>Notice on temporary closure due to relocation;</i></p> <p><i>Publication of Statement of Condition;</i></p> <p><i>Posting of Audited Financial Statement and availability of the Annual Report in conspicuous areas of the branches and business office;</i></p> <p><i>Notice to depositors on: cut-off time; service charges and maintenance fees at teller's counters or conspicuous area of the branch.</i></p>

- 2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?
Yes, The Bank's Annual Report has a separate Section on Corporate Social Responsibility under the ESG (Environment, Social and Governance Section)

- 3) Performance-enhancing mechanisms for employee participation.

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

We take genuine interest in our people's welfare. We advocate a good work-life balance to keep our team motivated, healthy, and energized. Our employees enjoy adequate personal and family time-off, and are allowed to have flexible work schedules, as warranted.

In place are various sports, work-life training programs, recreational, and health and wellness programs to provide our employees with activities outside of the workplace, strengthen camaraderie, and promote community participation and personal growth. We

have a year-round schedule of sports activities like bowling, basketball, and badminton, as well as health and wellness programs in the form of group exercises (e.g. Zumba and Aerobics) as a way to improve one's physical condition and not only to release stress after a hard day's work. This is in addition to the series of activities (i.e. check-up, immunization) and articles on health and wellness which we publish monthly.

We also continually review our HR policies, developing new ones not only in compliance with laws and regulations, but also in keeping with our commitment to protect our greatest asset—our people. All HR policies are available in China Bank's intranet system for easy reference of employees.

The following policies, among others, with regard to employee welfare are in place in the Bank:

- Battered Women Leave
- Hepatitis B Prevention and Control in the Workplace
- Drug-free Workplace
- Solo Parent Leave
- Tuberculosis Prevention and Control in the Workplace
- Tuberculosis (TB) in the workplace pursuant to DOLE Department Order No.73-05 Series of 2005
- HIV and AIDS Prevention and Control in the Workplace
- Breastfeeding in the Workplace

(b) Show data relating to health, safety and welfare of its employees.

Annual Check-up programs for employees – bankwide approximately 5,000 employees

In-house program thru Annual PE Allowance – 125 utilization

Immunization/vaccination program for employees and dependents – 490 employees and dependents

Regular Exercise Programs – 20 to 40 participants per sessions

Continuing education program on health and wellness

Health and Wellness Program conducted by Pfizer – Blood Chemistry (FBS, Cholesterol), Bone Scan screening – participated by around 300-700 employees

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

	Training	Company Name
	Course(Name)	
1	10thMansmith Young Market Masters Summit	External
2	12th Annual ICD Working Session	External
3	13th Annual Working Session	External
4	16PF Learning Session	Internal
5	16th Marketing Diploma Program	External
6	1st Fraud Conference Manila	External
7	1st Philippine Clean Energy Summit	External
8	1st TMAP Tax Seminar 2016	External
9	2013 Con Interdisciplinary Bus & Eco Res	External
10	2013 Info Security Mgt Systems	External
11	2013 Investors' Forum	External
12	2013 National Retail Conference	External
13	2013 OD Congress: Evolving Paradigms	External
14	2013 Updates on Real Property Taxation	External
15	2014 Accra Law Business Forum	External
16	2014 AMLA Officers Workshop	External
17	2014 IT Audit Workshop	Internal
18	2014 Tax Updates	External

19	2015 Asia Tax Symposium	External
20	2015 HR Beat Conference	External
21	2015 ISACA Manila's IT Governance Summit	External
22	2015 PSTD National Convention	External
23	2015 Year-end Food & Agribusiness Confe.	External
24	2016 Annual Disclosure Rules Seminar	External
25	2016 Asia Pacific CACS Conference	External
26	2016 HR Beat Conference	External
27	2016 IIA-P Convention	External
28	2016 Midyear Business Economics Briefing	External
29	23rd National Retail Conference	External
30	23rd SHDA Nat'l Developers Convention	External
31	28th BAIPHIL National Convention	External
32	2nd ASEAN Fixed Income Summit	External
33	2nd Asian Business Conference	External
34	34th Pre-Judicature Program	External
35	39th Reg Financial Planner Program	External
36	3rd Annual GGAP Forum	External
37	3rd Asia Pacific Real Estate Investment	External
38	3rd Labor Rel&HR Mgt Summit	External
39	40 Hour BOSH Training	External
40	4th Executive Labor Updates	External
41	4th Labor Relations and HR Mgt Summit	External
42	4th Philippine Tax Summit	External
43	4th Strategic Recruitment Summit	External
44	51st PMAP Annual Conference	External
45	5S's - Steps to Shaping UP!	External
46	600th PMAP General Membership Meeting	External
47	66th IIA-Philippines Annual Convention	External
48	6th Employee Fringe & Welfare Benefits	External
49	6th Six Sigma & Process Improvement Conf	External
50	7 Habits of Highly Effective People v4	Internal
51	7Habits of Highly Effective People V4.0	External
52	7S Workshop	External
53	7TH Secretaries & Admin Prof. Summit	External
54	A Seminar on PFRS 10,11&12	External
55	A Training Course - FCDU	External
56	ABCOMP 3rd Quarter Membership Meeting	External
57	ABCOMP 7th Biennial Workshop	External
58	Accelerated Mgt Reporting&Analytics	External
59	Accounting for HR Executives	External
60	Acctg for Foreign Exchange Derivatives	External
61	ACFE Phils. 2014 Fraud Conference	External
62	ACIIA Conference	External
63	Acoustic Sessions	Internal
64	Addressing the Power Crisis	External
65	Administering the Web Server	External
66	Administering Windows Server 2012	External
67	Administrative Skills Enhancement	Internal
68	Advance Bank Management Program	External
69	Advance Property Appraisal	External
70	Advanced Enterprise&Opt'l Risk Mgt Prog	Internal
71	Advanced Excel Training	External
72	Advanced MS Excel Capabilities	External
73	Advanced OD Series 7	External
74	Advanced Strategic Sourcing	External
75	Advanced Technical Analysis	External
76	Advanced Workshop on Bank Frauds	External
77	AGILE: The Future of HR	External

78	Aligning w/ BSPs IT Risk Mgt Standards	External
79	All About Contractualization, Endo & 555	External
80	AML Risk Rating and Circ 706	External
81	AML Risk Rating System	External
82	AML Risk Rating System & Amendments	External
83	AML Training for Senior Officers	Internal
84	AML E-Learning	Internal
85	AML Law, RA 10365 & AML Risk Rating Sys	External
86	AML of 2001-Circular 706 (2011 Update)	Internal
87	AML Updates&BSP AML Risk Rating System	External
88	An Ethical Lifestyle & Integ. Human Dev.	External
89	Annual Income Tax Seminar	External
90	Annual Listings & Disclosure Rules	External
91	Appraisal Seminar Workshop	External
92	Asean Corp Gov Scorecard for PLCs	External
93	ASEAN Corporate Scores of Phil. PLCs	External
94	ASEAN Integration HR Summit	External
95	Asia BPO Summit 2015	External
96	Asia Real Estate Summit	External
97	Asia Real Estate Summit 2015	External
98	Asian Chief Audit Exec Leadership Forum	External
99	Asian Marketing Congress	External
100	AsiaPacific RealEstate Investment Summit	External
101	AssessingRisk:EnsuringInternalAuditValue	External
102	Asset Liability Management	External
103	Asset Mgt, Real Property Taxes	External
104	Asset Protection & Security Mgmt Course	External
105	ATM Operations	Internal
106	Audit for the Outsourced Function	External
107	Audit of IT Governance	External
108	Audit of Sales and Marketing	External
109	Audit Rating System	External
110	Audit Sampling: A Means to an End	External
111	Audit World 2013	External
112	BAIPHIL 8th GenMembership Meeting	External
113	Balanced Scorecard: Aligning Per&Results	External
114	Bank Accounting for Non-Accountants	Internal
115	Bank Cybersecurity Masterclass	External
116	Bank Fraud: Detection & Prevention & RCL	Internal
117	Bank Security Seminar	Internal
118	Banknote Security Features	Internal
119	Bankway Browser Teller Training Sys Training	Internal
120	BAP TCP Foreign Exchange Module	External
121	BAP TCP Money Market Module	External
122	BAP Treasury Certification Program	External
123	Basel3:Capital,Leverage&MacroPrudential	External
124	Basic (IT) Proj Mgt Course for IA	External
125	Basic Anti-Fraud & Techniques	External
126	Basic Chinese Speech	Internal
127	Basic Competencies of Secretaries	External
128	Basic Credit Course	Internal
129	Basic Employment Interview Skills & Tech	Internal
130	Basic Financial Math	External
131	Basic Financial Modelling	External
132	Basic Fraud in Investment Banking	External
133	Basic IT Project Management	External
134	Basic Risk Management Course	External
135	Basic Teller Training Course	Internal
136	Basics of Fixed Income Sec&Bond Duration	External

137	<i>Basics of Fixed Income Securities</i>	<i>External</i>
138	<i>Basics of Supply Chain Management</i>	<i>External</i>
139	<i>BCP & DRP</i>	<i>External</i>
140	<i>BCPM General Membership Meeting</i>	<i>External</i>
141	<i>Beating Fraud Through External Audit</i>	<i>External</i>
142	<i>Ben Trends BF Briefing: TOB</i>	<i>External</i>
143	<i>Best Legal Practices in Designing HRForm</i>	<i>External</i>
144	<i>Beyond the Chair: Intro. Gestalt-work</i>	<i>External</i>
145	<i>Big Data Analytics Conference 2016</i>	<i>External</i>
146	<i>Black Hat Asia 2016 Conference</i>	<i>External</i>
147	<i>Bldg a Compelling Employee Value Prop.</i>	<i>External</i>
148	<i>Bldg Profitable Debit/Prepaid Payment Bu</i>	<i>External</i>
149	<i>BLS-Adult CPR Training For Lay Rescuers</i>	<i>Internal</i>
150	<i>BOA Updates and Personal Planning</i>	<i>External</i>
151	<i>Board Directors Guide for Audit Comm</i>	<i>External</i>
152	<i>Bond Duration/Learning Check-Fin Math</i>	<i>External</i>
153	<i>Bond Durations Modules</i>	<i>External</i>
154	<i>Br. Loans Operations: Beyond the Basics</i>	<i>Internal</i>
155	<i>Branch Cashiering/SDP</i>	<i>Internal</i>
156	<i>Branch Head Training Program</i>	<i>Internal</i>
157	<i>Branch Lending Course</i>	<i>Internal</i>
158	<i>Branch Lending for BOH</i>	<i>Internal</i>
159	<i>Branch Lending Operations Course</i>	<i>Internal</i>
160	<i>Branch Operations and Control Course/SDP</i>	<i>Internal</i>
161	<i>Branch Operations Course</i>	<i>Internal</i>
162	<i>Branch Operations Training</i>	<i>Internal</i>
163	<i>BrandingEntrepSocial Responsibility&Tech</i>	<i>External</i>
164	<i>Bricks & Clicks PR & Communication Prog</i>	<i>External</i>
165	<i>Briefing on AMLA and Other Updates</i>	<i>Internal</i>
166	<i>Briefing on FATCA</i>	<i>External</i>
167	<i>Briefing on New Generation Phil Notes</i>	<i>Internal</i>
168	<i>BSP Cir 808: IT Risk Mgt Framework</i>	<i>External</i>
169	<i>BSP Cir 889 & the Sales&Mktg Guidelines</i>	<i>External</i>
170	<i>BSP Compliance, Trust&Governance RS</i>	<i>External</i>
171	<i>BSP Regulations to Bank Products</i>	<i>External</i>
172	<i>BSP Risk Based Audit</i>	<i>External</i>
173	<i>BSP Updates New Reg ForEx & BASEL III</i>	<i>External</i>
174	<i>Building a Coaching Culture</i>	<i>External</i>
175	<i>Building Customer Loyalty</i>	<i>Internal</i>
176	<i>Bus. Continuity, Bus. Impact Analysis/RA</i>	<i>External</i>
177	<i>Bus. of Treasury:Banking Perspective Pro</i>	<i>External</i>
178	<i>Bus. Process Improvement Made Simple</i>	<i>External</i>
179	<i>Bus. Risk Mgt. - Threat Risk Assessment</i>	<i>External</i>
180	<i>Bus.Analytics&Data Mining Training Prog</i>	<i>External</i>
181	<i>Busines Tax Compliance</i>	<i>External</i>
182	<i>Business Continuity Management</i>	<i>External</i>
183	<i>Business Continuity Mgt Practitioner</i>	<i>External</i>
184	<i>Business Forum w/BSP & BOI</i>	<i>External</i>
185	<i>Business Process Improvement Toolbox</i>	<i>External</i>
186	<i>Business Process Management Briefing</i>	<i>Internal</i>
187	<i>Business Process Mapping</i>	<i>External</i>
188	<i>Business World Economic Forum</i>	<i>External</i>
189	<i>BusinessConnect HR Workshop</i>	<i>External</i>
190	<i>Career Advancement Planning</i>	<i>External</i>
191	<i>Career Planning Workshop</i>	<i>Internal</i>
192	<i>CBC Customer Service Workshop</i>	<i>Internal</i>
193	<i>CBC IT Audit Workshop</i>	<i>Internal</i>
194	<i>CBS - Problem Solving & Decision Making</i>	<i>Internal</i>
195	<i>CCAO Accounting Module</i>	<i>Internal</i>

196	CCAO Clearing Module	Internal
197	Cert Course in Facilitating Adult Lrng	External
198	Cert Course in Fundamentals of OD	External
199	Cert in Employee Engagement & Well-Being	External
200	Cert in Learning Design & Evaluation	External
201	Certificate Course in CompetencyBased HR	External
202	Certificate Course in Talent Management	External
203	Certification Prog for Associated Person	External
204	Certified BA Professional Training	External
205	Certified Business Analysis Professional	External
206	Certified Ethical Hacking	External
207	Check Image Clearing System Training	Internal
208	Check Security Features	Internal
209	China Bank Equity Fund Briefing	Internal
210	ChinaBank Online Personal Banking Course	Internal
211	Cities of the Future: Asia Pacific	External
212	Clearing & Accounting Operations Course	Internal
213	Clearing and Accounting Course for BOH	Internal
214	Clearing Module for CCAO for BOH	Internal
215	CMS Learning Session	Internal
216	Coaching and Counseling in the Workplace	Internal
217	Coaching and Counseling Workshop	Internal
218	Coaching for Outstanding Job Performance	External
219	Coaching in the Workplace Workshop	Internal
220	Combined 6 Sigma Yellow&Green Belt Cert	External
221	Comp. Real Estate Appraisal Sem&Training	External
222	Company Policy Making & Implementation	External
223	Company Retirement Plan Best Practices	External
224	Compen & Ben:Trends & Challenges	External
225	Compliance w/Operational Risk Mgt.	External
226	Compre. Real Estate Appraiser Seminar	External
227	Comprehensive Consumer Protection Framew	External
228	Comprehensive Course in IT Auditing	External
229	Comprehensive Handling of BIR Audit	External
230	Comprehensive Intro to Java Programming	External
231	Computer Assisted Auditing Techniques	External
232	Concentration Risk & Related Party Trans	External
233	Conducting Internal Fraud Investigation	External
234	Conducting PrelimSurveys & Eff Work Prog	External
235	Conference on Cybercrime	External
236	Conflict Mgt&Nego. Skills for Auditors	External
237	Conflicts of Interest & Ethics	External
238	Consulting: Acts., Skills & Attitudes	External
239	Cont Prof Dev for Real Estate Brokers	External
240	Content Marketing Workshop	External
241	Contingent Convertibles&Equitylinkednotes	External
242	Continuous Assurance: Proactive GRC Syste	External
243	Continuing Professional Development Prog	External
244	Converting Risk Into Opportunity	External
245	Cor Gov for Banks & Quasi-banks	External
246	Corporate Finance Business Forum	External
247	Corporate Governance and Risk Management	External
248	Corporate Governance for Corp. Directors	External
249	Corporate Governance Forum	External
250	Corporate Governance Program Class II	External
251	Corporate Governance Workshop	External
252	Corporate Governance: Strategies for IA	External
253	COSO Framework Demystified	External
254	Counterfeit Detection Seminar	Internal

255	Course on Basic Occupational Safety	External
256	Craft Coffee Revolution	Internal
257	Creating a Culture of Execution	External
258	Creating Effective TNA	External
259	Creative Prob Solving Techniques for Aud	External
260	Credit Course	Internal
261	Credit Enhancement Seminar	Internal
262	Credit Information System	External
263	Credit Information System Act	External
264	Credit Information System RA 9510	External
265	Credit Investigation & Verification	External
266	Credit Investigation Seminar	External
267	Credit Investigation Techniques	External
268	Credit Preparation Analysis Seminar	External
269	Credit Risk Management Framework	External
270	Credit Risk Modelling	External
271	CSR Summit	External
272	Culture Transformation	External
273	Cupcake Making & Decorating	Internal
274	Currency Swaps/Forward Rate Agreement	External
275	Customer Relations Assistants' Course	Internal
276	Cyber Risk Mitigation w Jason Kelly-AIG	External
277	Cybersecurity & AMLA Seminar	External
278	Dancing (Boundless Generations)	Internal
279	Deep Dive to Metasploit	External
280	Deep Dive to Metasploit Seminar	External
281	Defining Process Performance Indicators	External
282	Derivatives & Hedge Accounting	External
283	Derivatives (with Hedge Accounting)	External
284	Designing the Pay Structure	External
285	Detecting Window Dressing	External
286	Dev Data Access Sol'n w/MS Visual Studio	External
287	Dev WebApps w/MS Visual Basic 2010	External
288	Dev Win Apps w/ MVS 2010	External
289	Dev. Web App using MS Visual Studio 2010	External
290	Dev. Web Applications w/ MVS 2010	External
291	Developing ASP.NET MVC 4 WebApplications	External
292	Developing Credit & Collection Policies	External
293	Developing Java Web Applications	External
294	Developmental Course on Treasury Product	External
295	Digital Creative Workshop	External
296	Discussion on Card Fraud in the Phils.	External
297	Disini Tech Legal Forum	External
298	Dodd Frank Seminar	External
299	Doing Business in Free Trade Areas	External
300	DOLE Rules	External
301	Drivers of Employee Engagement	External
302	Economic Briefing & Moving Forward 2016	External
303	ECOP Members' General Meeting	External
304	Effective Business Writing Course	Internal
305	Effective Corporate Communications	External
306	Effective Implementatio of ERM FW	External
307	Effective Oral Communication Skills	External
308	Effective Training Module Design	External
309	Elements of Admin Invest./Labor Law	External
310	Elements of Administrative Investigation	External
311	Employees' Compensation Program	External
312	Employee's Withholding Tax&Fringe Benefits	External
313	Employees Withholding Tax Strategies	External

314	Employee Testing & Eval II: Seminar on 16PF	External
315	Enhancing Audit Committee Effectiveness	External
316	Ensuring Growth that Matters	External
317	Enterprise Risk Management	External
318	Enterprise Risk Management-Black Swans	External
319	Enterprise Risk Mgmt & Risk Based Audit	External
320	Enterprise Wide Risk Management	External
321	Environmental Mgt Seminar	External
322	Essentials of Social Media Management	External
323	Establishing "Internal Audit & Controls"	External
324	Estate and Tax Planning Seminar	Internal
325	Ethical Hacking & Pen Testing Workshop	External
326	Euro-Yuan Counterfeit Detection Seminar	Internal
327	Evaluating Organizational Ethics	External
328	Evaluating Returns on Training Investment	External
329	Everything you Don't Know about VAT	External
330	Excel Workshop for HR Professional	External
331	Exec Briefing on Consumer Coping Behavior	External
332	Explore the Latest Learning Trends	External
333	Facilitating Learning & Devt Methodologies	External
334	Facilitator Enhancement Day	External
335	Families' Guide to Estate & Tax Planning	External
336	Fast Track to HTML & CSS	External
337	FATCA Goes Live!	External
338	FCBS - Loans Course	Internal
339	FCBS - BM Course	Internal
340	FCBS - CRA Course	Internal
341	FCBS - GL Course	Internal
342	FCBS - GL Orientation	Internal
343	FCBS - Loans Course	Internal
344	FCBS - Operations Course	Internal
345	FCBS - Teller Course	Internal
346	FCBS- CRA e- Learning	Internal
347	FCBS Dimension Loan Migration Training	Internal
348	FCBS- Loans Course	Internal
349	FCBS Pre-Live Briefing for BOHs	Internal
350	FCBS Staff Trainers Attendance	Internal
351	Finacle Core Banking System Technical Tr	Internal
352	Finance, Risk & Compliance Summit	External
353	Finance 101: Essentials of Financial Mgt	External
354	Financial Advisors Congress	External
355	Financial Management	External
356	Financial Modelling Masterclass Program	External
357	Financial Regulatory Reporting	External
358	Financial Rehabilitation & Insolvency Act	External
359	Financial Risk Management in Practice	External
360	Financial Statement Analysis	External
361	Financial Statement Analysis Workshop	Internal
362	First Aid Training for Office Employees	Internal
363	Forex and Interest Rate Derivatives	External
364	Forum on BSP Interest Rate Corridor Syst	External
365	Fraud Prevention thru Internal Controls	External
366	Fraud Related Compliance	External
367	Fraud Risk Assessment	External
368	Fraud Risk Management	External
369	Fraud Risk Mgt & Forensic Technology	External
370	Free Microsoft Excel Training	External
371	Fringe Benefits & Employee Withholding Tax	External
372	Fund Transfer Pricing	External

373	<i>Fundamentals of Selling Derivatives</i>	<i>Internal</i>
374	<i>Future of Airline Industry in the ASEAN</i>	<i>External</i>
375	<i>Future of Educ in the Phil:Status & K12</i>	<i>External</i>
376	<i>Future of Labor in the Face of New Tech</i>	<i>External</i>
377	<i>Future of Manufacturing Ind in the Phil</i>	<i>External</i>
378	<i>Future of Mass Housing & Urban Dev't</i>	<i>External</i>
379	<i>Future of Shipping Industry in the Phils</i>	<i>External</i>
380	<i>Future of Transport Industry in the Phil</i>	<i>External</i>
381	<i>General Membership Meeting w/ Seminars</i>	<i>External</i>
382	<i>GGAP Round Table Discussion and Planning</i>	<i>External</i>
383	<i>Global Speak 2016: 23rd PR Congress</i>	<i>External</i>
384	<i>Globalizing the Phil HR & OD Systems</i>	<i>External</i>
385	<i>Graphic Facilitation Workshop</i>	<i>External</i>
386	<i>GreekDebt Sustainability&Before the Fall</i>	<i>External</i>
387	<i>Green Belt Six Sigma</i>	<i>External</i>
388	<i>Growth in Developing Asia & Phil Eco Out</i>	<i>External</i>
389	<i>Guidelines on Sound Credit Risk Mgt</i>	<i>External</i>
390	<i>Hacker Conference and Information Sec</i>	<i>External</i>
391	<i>Hacking 101</i>	<i>External</i>
392	<i>Handling Customer Complaints Workshop</i>	<i>Internal</i>
393	<i>Handling Problem Employees</i>	<i>External</i>
394	<i>Happy at Work Conference</i>	<i>External</i>
395	<i>Happy at Work Conference 2016</i>	<i>External</i>
396	<i>Health&Well-being Symposium</i>	<i>External</i>
397	<i>Higher Learnings in Appraisal</i>	<i>External</i>
398	<i>How to Prepare for BIR Audit</i>	<i>External</i>
399	<i>How to prevent,prosecute&collect b check</i>	<i>External</i>
400	<i>How to Spot Fake IDs & Money Mules</i>	<i>External</i>
401	<i>How to Structure & Compute Salaries</i>	<i>External</i>
402	<i>How to Win a Collection Case w/o Lawyer</i>	<i>External</i>
403	<i>HR Breakfast Forum</i>	<i>External</i>
404	<i>HR Planning & Acquisition</i>	<i>External</i>
405	<i>IBM Domino 8.5 App Devt Intermediate</i>	<i>External</i>
406	<i>IBP-SLR Regional Convention</i>	<i>External</i>
407	<i>ID Verification and Fraud Prevention</i>	<i>Internal</i>
408	<i>ID Verification Seminar</i>	<i>Internal</i>
409	<i>Iden & Mit Risks in Consumer Loans Proc</i>	<i>External</i>
410	<i>IFRS 9</i>	<i>External</i>
411	<i>IFRS Updates</i>	<i>External</i>
412	<i>IFRS9</i>	<i>External</i>
413	<i>IIA - P General Membership Meeting</i>	<i>External</i>
414	<i>IIAP 67th Annual Convention</i>	<i>External</i>
415	<i>Implementing the New IFRS9</i>	<i>External</i>
416	<i>Income Approach to Value</i>	<i>External</i>
417	<i>indus360:Energy Ind. - Renewable Energy</i>	<i>Internal</i>
418	<i>indus360:Mining Ind.</i>	<i>Internal</i>
419	<i>indus360:PPP Projects</i>	<i>Internal</i>
420	<i>indus360:Real Estate Ind. - Residential</i>	<i>Internal</i>
421	<i>Industrial First Aid and BLS - CPR</i>	<i>Internal</i>
422	<i>Info Classification & Handling Guideline</i>	<i>Internal</i>
423	<i>Info Systems Assurance Conference</i>	<i>External</i>
424	<i>Information Security Governance Summit</i>	<i>External</i>
425	<i>Information Session</i>	<i>External</i>
426	<i>InfoSec Gov & Anti-Fraud Summit</i>	<i>External</i>
427	<i>InfoSec101 for Beginning Int. Auditors</i>	<i>External</i>
428	<i>Instructional Design Workshop</i>	<i>External</i>
429	<i>Insurance Fraud</i>	<i>External</i>
430	<i>Integrated Metrics Management</i>	<i>External</i>
431	<i>Interest Rate Swaps</i>	<i>External</i>

432	<i>Intermediate Chinese Speech</i>	<i>Internal</i>
433	<i>Intermediate Credit Course</i>	<i>Internal</i>
434	<i>Internal Audit Transformation Seminar</i>	<i>External</i>
435	<i>Internal Control and Internal Audit</i>	<i>External</i>
436	<i>Interview Techniques during Fraud Invest</i>	<i>External</i>
437	<i>Intro to FLP Techniques & ALM</i>	<i>External</i>
438	<i>Intro to International Trade Settlement</i>	<i>External</i>
439	<i>Intro to Web Development with MS Visual</i>	<i>External</i>
440	<i>Introduction to Basel and ICAAP</i>	<i>External</i>
441	<i>Introduction to Business Process Mgt</i>	<i>Internal</i>
442	<i>Introduction to Key Risk Indicators</i>	<i>External</i>
443	<i>Introduction to Liability Insurance</i>	<i>External</i>
444	<i>Investment & FCDU Seminar</i>	<i>Internal</i>
445	<i>IPREA's Orientation Program</i>	<i>External</i>
446	<i>Is the Phils. Ready for the AFTA in 2015</i>	<i>External</i>
447	<i>ISO - Bus Risk Mgt - BRM04 Risk Mgt Tech</i>	<i>External</i>
448	<i>ISOG Summit</i>	<i>External</i>
449	<i>IT Audit & InfoSecurity Governance Summit</i>	<i>External</i>
450	<i>IT Audit and Fraud Summit</i>	<i>External</i>
451	<i>IT Governance and Fundamentals of IT Aud</i>	<i>External</i>
452	<i>IT Governance Summit</i>	<i>External</i>
453	<i>IT Risk Mgt Framework&IT Risk Rating Sys</i>	<i>External</i>
454	<i>IT Risk Mgt, Risk Rating Sys&Reg Updates</i>	<i>External</i>
455	<i>IT Security Risk Management</i>	<i>External</i>
456	<i>ITIL Foundation IT Service Management</i>	<i>External</i>
457	<i>January 2015 Tipanan</i>	<i>External</i>
458	<i>Java Enterprise Edition with Struts</i>	<i>External</i>
459	<i>Java Programming : A Comprehensive Intro</i>	<i>External</i>
460	<i>Java Programming 1</i>	<i>External</i>
461	<i>Java Standard Edition with JDBC</i>	<i>External</i>
462	<i>Junior Executive Development Program</i>	<i>Internal</i>
463	<i>Key Challenges of Aquino Administration</i>	<i>External</i>
464	<i>Know your Money & Counterfeit Detection</i>	<i>External</i>
465	<i>Labor and Employee Relations Summit</i>	<i>External</i>
466	<i>Labor Law</i>	<i>External</i>
467	<i>Labor Law 2016 Updates & Remedies</i>	<i>External</i>
468	<i>Land Titling - Detecting Defective Title</i>	<i>External</i>
469	<i>Leader Fish</i>	<i>Internal</i>
470	<i>Leadership & Talent Transformation 2014</i>	<i>External</i>
471	<i>Leadership Greatness</i>	<i>Internal</i>
472	<i>Leadership Greatness Follow Up Session</i>	<i>Internal</i>
473	<i>Leadership Skills for Auditors</i>	<i>External</i>
474	<i>Leadership Skills for Supervisors</i>	<i>Internal</i>
475	<i>Leading Amidst Challenging Times</i>	<i>External</i>
476	<i>Lean 6 Sigma Tools for Internal Audit</i>	<i>External</i>
477	<i>Lean for Service</i>	<i>External</i>
478	<i>Lean Six Sigma</i>	<i>External</i>
479	<i>Lean Six Sigma Basics</i>	<i>Internal</i>
480	<i>Lean Six Sigma Yellow Belt Certification</i>	<i>External</i>
481	<i>Learning Session on RA 10029</i>	<i>External</i>
482	<i>Learning Sessions for RPm and Psych Grad</i>	<i>Internal</i>
483	<i>Lect Demo: Basic Life Support&First Aid</i>	<i>Internal</i>
484	<i>Legal Aspects of Credit & Collection</i>	<i>External</i>
485	<i>Legal Best Practice Crafting Code of Eth</i>	<i>External</i>
486	<i>Linking Career Mgt. w/ Org. Effectiveness</i>	<i>External</i>
487	<i>Loan Collateral Documentation</i>	<i>Internal</i>
488	<i>Loan Documentation Seminar</i>	<i>Internal</i>
489	<i>Loan Operations</i>	<i>Internal</i>
490	<i>Maintaining a MS SQL Server 2008 R2 DB</i>	<i>External</i>

491	Making Money with Stocks	External
492	Making your Store ready for the ACE	External
493	Management Training Orientation	External
494	Managing a Multi-Generational Workforce	External
495	Managing Conflict in the Workplace	Internal
496	Managing Contractors & Temporary EEs	External
497	Managing Generation Y Workforce	Internal
498	Managing Your Finances Workshop	Internal
499	Managing Regulatory Dimensions on Trust Acts.	External
500	Mandatory Continuing Legal Education	External
501	March 2015 Tax Seminar	External
502	Market Reading w/ Eco Outlook & Strat.	External
503	Marketing and Sales Planning Workshop	Internal
504	Mentoring as Transformative Learning Exp	External
505	Mgt of Tax Risks for Banks	External
506	Microsoft Office Powerpoint Training	External
507	MidYear Economic Briefing	External
508	Mid-Year Food & Agri Business Conference	External
509	Mid-year Food & Agribusiness Conference	External
510	Mini-MBA for Labor Law Compliance Mgt.	External
511	Mini-MBA for Labor Relations Management	External
512	Mini-MBA in Proj Finance & Economics	External
513	Mining 101 for Non-Mining Professionals	External
514	Module 2: Data Warehousing	External
515	Module 3: Data Mining	External
516	Module BCS06: Business Impact Assessment	External
517	MS Excel for HR Professionals	External
518	MS EXCEL TRAINING	External
519	MS Excel VBA	External
520	NASBI Annual GMM & Convention	External
521	National Public Relations Congress	External
522	National Summit on Cybercrime	External
523	Navigating PFRS: New (2013 and Beyond)	External
524	Navigating the Withholding Tax Maze	External
525	NCR Banking Innovation Forum	External
526	Negotiable Instruments Law & LANAF	Internal
527	Negotiation Skills	External
528	Network Fundamentals	External
529	New Accounts Course for Cashiers	Internal
530	New Employee's Orientation Course	Internal
531	New Labor Policies Under Duterte Admin	External
532	Occupational First Aid Training	Internal
533	OD in the Phils: The Practitioners Persp.	External
534	OD Response in Managing Millennials	External
535	Office 2013 Tips and Tricks	External
536	Officers Development Program	Internal
537	OH NAP 47th Natl Annual Convention	External
538	OH NAP National Annual Convention	External
539	On-the-Job Loans Processing Center	External
540	Operational Auditing	External
541	Operational Risk Course-Business Cont.	Internal
542	Operational Risk Course-Tools & Methods	Internal
543	Operational Risk Management	External
544	Optimizing Tax Saving for Real Est Trans	External
545	Optimizing Tax Savings for Real Estate Tran	External
546	Organization Development	External
547	Orientation for New Officers	Internal

548	<i>Orientation of Appointed CBC Flr Wardens</i>	<i>Internal</i>
549	<i>Orientation of Newly Hired Auditors</i>	<i>Internal</i>
550	<i>OS Security Seminar</i>	<i>External</i>
551	<i>Overcoming Human Relations Challenges</i>	<i>External</i>
552	<i>P&A Grant Thornton Business Forum</i>	<i>External</i>
553	<i>PANA General Membership Meeting</i>	<i>External</i>
554	<i>Parfume: Soap Making and Perfumery</i>	<i>Internal</i>
555	<i>Pay Structures Design</i>	<i>External</i>
556	<i>Payment Card Industry Data Sec Standards</i>	<i>External</i>
557	<i>PCI - DSS Workshop</i>	<i>External</i>
558	<i>People & Labor Relations Forum</i>	<i>External</i>
559	<i>Performance Metrics in Business Analysis</i>	<i>External</i>
560	<i>Peso Counterfeit Detection Briefing</i>	<i>Internal</i>
561	<i>PFRS 9, Financial Instruments</i>	<i>External</i>
562	<i>Phil Energy & ASEAN Energy Market Integ.</i>	<i>External</i>
563	<i>Phil Stock Market Integration into ASEAN</i>	<i>External</i>
564	<i>Phil. Int'l Banking Convention 2016</i>	<i>External</i>
565	<i>Philippine Economic Briefing</i>	<i>External</i>
566	<i>Philippine Payments & Settlements System</i>	<i>External</i>
567	<i>Philippine Progress: Economic Briefing</i>	<i>External</i>
568	<i>Phone Photography 101</i>	<i>Internal</i>
569	<i>PMAP Annual Conference</i>	<i>External</i>
570	<i>PMAP Cebu: Regional Conference</i>	<i>External</i>
571	<i>Pollution Control Officer's Training</i>	<i>External</i>
572	<i>Portfolio Construction</i>	<i>External</i>
573	<i>Positive Discipline Workshop</i>	<i>Internal</i>
574	<i>Practicable Prospecting Workshop</i>	<i>Internal</i>
575	<i>Pre-Conference Security Training</i>	<i>External</i>
576	<i>Predictive Analytics</i>	<i>External</i>
577	<i>Predictive Customer Analytics</i>	<i>External</i>
578	<i>Prep for Filing of ITR & Tax Saving Tips</i>	<i>External</i>
579	<i>Preparing an Ethics Program</i>	<i>External</i>
580	<i>Preparing for the Unknown</i>	<i>External</i>
581	<i>Problem Solving and Decision Making</i>	<i>Internal</i>
582	<i>Process Improvement-A Survival Guide</i>	<i>External</i>
583	<i>Process of Identifying&Mitigating Risks</i>	<i>External</i>
584	<i>Process Thinking for IA Workshop</i>	<i>External</i>
585	<i>Product Knowledge Orientation</i>	<i>Internal</i>
586	<i>Professional Image Enhancement Workshop</i>	<i>Internal</i>
587	<i>Professional Workshop in Digital Mktg.</i>	<i>External</i>
588	<i>Project Management</i>	<i>External</i>
589	<i>Project Management Fundamentals</i>	<i>External</i>
590	<i>Project Management Professional</i>	<i>External</i>
591	<i>Property Appraisal Seminar</i>	<i>External</i>
592	<i>Protect 2016</i>	<i>External</i>
593	<i>PSE Edge atraining for Listed Companies</i>	<i>External</i>
594	<i>PSTD February 2016 Tipanan</i>	<i>External</i>
595	<i>PublicGovernance Forum&Island of GoodGov</i>	<i>External</i>
596	<i>Public-Private Partnerships for LGUs</i>	<i>External</i>
597	<i>Quality Assessment of the Audit Activity</i>	<i>External</i>
598	<i>Quantitative Financial Risk Management</i>	<i>External</i>
599	<i>Reading the Mind of the Markets for Sale</i>	<i>External</i>
600	<i>Real Estate Appraisal & Property Mgt.</i>	<i>External</i>
601	<i>Real Estate Dev't. & Environmental Plan.</i>	<i>External</i>
602	<i>Real Estate Indistry: Bubble or Bust?</i>	<i>External</i>
603	<i>Real Estate Laws & Regulations</i>	<i>External</i>
604	<i>Real Estate Marketing & Brokerage</i>	<i>External</i>
605	<i>Recent Updates on IFRS & BASEL 3</i>	<i>External</i>
606	<i>Records & Information Management System</i>	<i>External</i>

607	<i>Refresher Course for BOHs</i>	<i>Internal</i>
608	<i>Refresher Course for Cashiers</i>	<i>Internal</i>
609	<i>Refresher Course for PCO</i>	<i>External</i>
610	<i>Regulatory Prospective on Trust Admin</i>	<i>External</i>
611	<i>Reinventing the Philippine Port Sector</i>	<i>External</i>
612	<i>Related Party Transactions</i>	<i>External</i>
613	<i>Remedial Management</i>	<i>External</i>
614	<i>Repurchase "Repo" Transactions</i>	<i>External</i>
615	<i>Resiliency Forum Asia 2013</i>	<i>External</i>
616	<i>Risk Avoiding Double Encumbrances</i>	<i>External</i>
617	<i>Risk Management Trends in 2014</i>	<i>External</i>
618	<i>RMC 65-2012</i>	<i>External</i>
619	<i>Sales Call Monitorig System Re-Training</i>	<i>Internal</i>
620	<i>Sales Essentials</i>	<i>External</i>
621	<i>Sales Mgmt Sys Briefing & SCMS Re-train</i>	<i>Internal</i>
622	<i>Salesmanship and Selling Workshop</i>	<i>Internal</i>
623	<i>Salesmanship Course</i>	<i>Internal</i>
624	<i>San Francisco Police Dept Training</i>	<i>External</i>
625	<i>SAP runs SAP</i>	<i>External</i>
626	<i>Scented and Decorative Candle Making</i>	<i>Internal</i>
627	<i>SDP Follow Through Session</i>	<i>Internal</i>
628	<i>SEC Fixed Income Salesman Review</i>	<i>Internal</i>
629	<i>Sec in Housing Finance/Intro to ConRisk</i>	<i>External</i>
630	<i>Secretaries & Admin Prof Summit</i>	<i>External</i>
631	<i>Seminar on Land Titling</i>	<i>External</i>
632	<i>Seminar on Tax Updates & Court Decisions</i>	<i>External</i>
633	<i>September Tipanan</i>	<i>External</i>
634	<i>Service Quality Management Workshop</i>	<i>Internal</i>
635	<i>Service Star Workshop</i>	<i>Internal</i>
636	<i>Seven Habits Experience</i>	<i>Internal</i>
637	<i>Seven Habits of Highly Effective People</i>	<i>Internal</i>
638	<i>SharePoint Cafe</i>	<i>Internal</i>
639	<i>Signature Verification Course</i>	<i>Internal</i>
640	<i>SME Banking 2.0</i>	<i>External</i>
641	<i>Spots, Forwards & FX Swaps</i>	<i>External</i>
642	<i>Spotting NonVerbal Gestures in Interview</i>	<i>External</i>
643	<i>Statistics for Business Application</i>	<i>External</i>
644	<i>Stop Wasting Time, Start Adding Value</i>	<i>External</i>
645	<i>Strategic Asset and Liability Management</i>	<i>External</i>
646	<i>Strategic Conversations via World Cafe</i>	<i>External</i>
647	<i>Strategic Marketing Seminar</i>	<i>External</i>
648	<i>Street Smart Investing</i>	<i>External</i>
649	<i>SunGard Ret Forum: Realising Potential</i>	<i>External</i>
650	<i>Superior Selling Mechanics</i>	<i>Internal</i>
651	<i>Supervisory Development Program</i>	<i>Internal</i>
652	<i>Supervisory Expectations on Compliance</i>	<i>External</i>
653	<i>Supervisory Expectations on ICAAP</i>	<i>External</i>
654	<i>Talent Assessment & Development Center</i>	<i>External</i>
655	<i>Talent Management Summit</i>	<i>External</i>
656	<i>Talent Management Symposium 2013</i>	<i>External</i>
657	<i>Talent Recruitment & Employer Branding</i>	<i>External</i>
658	<i>Targeted Selection Interviewer Workshop</i>	<i>External</i>
659	<i>Tax Management Seminar</i>	<i>External</i>
660	<i>Taxation for Banks</i>	<i>External</i>
661	<i>Taxation of Banks</i>	<i>External</i>
662	<i>Taxation of Banks: Now and Beyond</i>	<i>External</i>
663	<i>Taxation on Phil. Economic Zone</i>	<i>External</i>
664	<i>Team Building</i>	<i>Internal</i>
665	<i>Teammate Audit Seminar</i>	<i>External</i>

666	Tech Training 3	External
667	Technical Writing Course	External
668	Telephone Skills Training	Internal
669	Teller Course for Cashiers	Internal
670	Tension & Trauma Releasing Exercises	External
671	The 7 Habits of Highly Effective People	Internal
672	The Advanced Credit Risk Mgt Program	External
673	The Art & Science of Talent Acquisition	External
674	The Business Process Improvement Toolbox	External
675	The Culture of Personal Experience	External
676	The Dark Side of Financial Statements	External
677	The Effective Facilitator	External
678	The Elliot Wave Principle	External
679	The Future of ASEAN Integrated Banking Sys	External
680	The Future of ASEAN Tourism Industry	External
681	The Future of Biofuel Industry	External
682	The Future of Phil Taxation & ASEAN Integ	External
683	The Future of Phil Telecomm Industry	External
684	The Job Evaluation Process Seminar	External
685	The New Insurance Code	External
686	The Next Engines of Growth	External
687	The Next Investment Wave	External
688	The Phil Econ & Prospects for Retail Ind	External
689	The Phil Economy 2014: Fearless Forecast	External
690	The Phil Economy 2016: Fearless Forecast	External
691	The Philippine Competitiveness	External
692	The Philippine Economy 2015	External
693	The Philippine Economy 2017	External
694	TMAP Tax Seminar	External
695	TOAP 2015 Summit	External
696	TOAP Summit 2014	External
697	Tools and Techniques for IA Staff	External
698	TOPS - LRA Summit	External
699	TOPS - LRA Summit 2013	External
700	Total Cost of Ownership	External
701	Train the Trainer	Internal
702	Train the Trainer: Effective Presentation	External
703	Train the Trainers	External
704	Training 101: Basics of Training Design	External
705	Training and Organizational Needs Analys	External
706	Training Assistant Development Program	External
707	Training Course for Managing Head	External
708	Training for Pollution Control Officers	External
709	Training Needs Analysis	External
710	Training Needs Analysis Workshop	External
711	Training the Trainer	External
712	Training the Trainers	External
713	Transforming Phil Companies	External
714	Treasury and Investment Risks Workshop	External
715	Treasury Business, Products & Ops Course	Internal
716	Treasury Certification Program	External
717	Treasury Learning Session	Internal
718	Treasury: A Front to Back Overview	External
719	Trendwatcher Series #25	External
720	TRIZ-Based Creative Problem Solving	External
721	Trust Products and Services	Internal
722	UITF Accreditation	Internal
723	UITF Course	Internal
724	UITF Refresher Course	Internal

725	Understanding Basics of Job Evaluation	External
726	Unit Investment Trust Fund Briefing	Internal
727	Updated Guidelines on Sound Credit Risk	External
728	Updates on BSP Trust Audit	External
729	Using the Power of MS Excel in Payroll	External
730	Values Enhancement & Work Attitude	Internal
731	Voice Avenue	Internal
732	Web Design Fundamentals	External
733	What's in Store for the Real Estate Ind.	External
734	White Collar Fraud Conference	External
735	Windows7 Enterprise Desktop Sup Tech	External
736	WLB: Basic Calligraphy	Internal
737	Work-Life Balance: Dog Lovers	Internal
738	Workplace Investigation Seminar	External
739	Workplace Warfare	External
740	World Class Internal Audit Excellence'14	External
741	World Economic Outlook: Sustaining Growth	External
742	Writing Effective Audit Report	External
743	Y2016 Audit Workshop	Internal
744	Year-End Food & Agribusiness Conference	External

(d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures

China Bank has a noncontributory defined benefit retirement plan.

- 4) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behaviour? Explain how employees are protected from retaliation.

The Whistleblowing policy was created to establish and maintain mechanisms by which officer and staff may, in confidence and without fear of retaliation, disclose concerns about suspected, actual or threatened improprieties or malpractices in matters of financial reporting, internal control, auditing or other issues to persons or entities that have the power to take corrective action.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more (as of 31 March 2017)

Shareholder	Number of Shares	Percent	Beneficial Owner
PCD Nominee Corporation (Non-Filipino)	512,838,298	25.6%	Various Stockholders/Clients
SM Investments Corporation	344,493,881	17.21%	Sy Family PCD Nominee Corporation Stockholders
Sysmart Corporation	296,604,070	14.82%	Henry Sy, Sr. and Family Sycamore Pacific Corporation Stockholders
PCD Nominee Corporation (Filipino)	247,815,857	12.38%	Various Stockholders/Clients

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
<i>William C. Whang</i>	<i>13,063</i>	---	<i>0.0007%</i>
<i>Rosemarie C. Gan</i>	<i>96,965</i>	---	<i>0.0048%</i>
<i>Patrick D. Cheng</i>	<i>457,491</i>	---	<i>0.0229%</i>
<i>Gerard T. Dee</i>	<i>5,864</i>	---	<i>0.0003%</i>
<i>Delia Marquez</i>	<i>17,236</i>	---	<i>0.0009%</i>
<i>Lilibeth R. Cariño</i>	<i>3,049</i>	---	<i>0.0002%</i>
<i>Shirley G.K.T. Tan</i>	<i>11,910</i>	---	<i>0.0006%</i>
<i>Elizabeth C. Say</i>	<i>2,561</i>	---	<i>0.0001%</i>
TOTAL			

2) Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	Yes
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	
Number of board of directors/commissioners meetings held during the year	Yes
Attendance details of each director/commissioner in respect of meetings held	Yes
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
<i>SGV & Co./Ernst & Young</i>	<i>For 2015 - 3,831,520</i>	<i>493,914</i>
<i>SGV & Co./Ernst & Young</i>	<i>For 2016 – 6,994,960</i>	<i>448,970</i>

**and other related fees.*

4) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.

Telephone

Intranet through Lotus Notes

Inter-office Memorandum

Fax Machines

Mobile Phones (for Whistleblowing)

5) Date of release of audited financial report: 01 March 2017

6) Company Website

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

Business operations	Yes
Financial statements/reports (current and prior years)	Yes
Materials provided in briefings to analysts and media	Yes
Shareholding structure	Yes
Group corporate structure	Yes
Downloadable annual report	Yes
Notice of AGM and/or EGM	Yes
Company's constitution (company's by-laws, memorandum and articles of association)	Yes

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

7) Disclosure of Significant RPT

<i>Name of Counterparty</i>	<i>Type of Transaction</i>	<i>Amount/Contract Price</i>
<i>JJACCIS Development Corp. (JCD) / Suntree Holdings Corp. (SHC) (Stockholder)</i>	<i>Line renewal</i>	<i>P500.0 Mn</i>
	<i>Outstanding</i>	<i>P 360.5 Mn</i>
<i>Angela T. Dee-Cruz (Officer of the Bank)</i>	<i>Line renewal</i>	<i>P 51.0 Mn</i>
	<i>Outstanding</i>	<i>P8.5 Mn</i>
<i>China Bank Savings Inc. (Subsidiary)</i>	<i>Special Savings Placement</i>	<i>P 669.3 Mn</i>
		<i>P 689.0 Mn</i>
	<i>Investment in SSA</i>	<i>P 727.9 Mn</i>
		<i>P 150.0 Mn</i>
	<i>Bonds</i>	<i>P 850.0 Mn</i>
		<i>P 450.0 Mn</i>
		<i>P 100.0 Mn</i>
		<i>P 110.0 Mn</i>
	<i>Short Term Borrowing</i>	<i>P 300.0 Mn</i>
	<i>Line renewal</i>	<i>P 200.0 Mn</i>
	<i>Investment in \$ CTD</i>	<i>\$ 200.0 Mn</i>
<i>China Bank Savings Inc. – Trust (Subsidiary)</i>	<i>Bonds</i>	<i>P 160.0 Mn</i>
<i>BDO Universal Bank (Affiliate)</i>	<i>Bonds/FX</i>	<i>P 22.3 Bn</i>
		<i>P 19.5 Bn</i>
		<i>P 150.0 Mn</i>
		<i>P 356.0 Mn</i>
		<i>P 1.5 Bn</i>
		<i>P 621.5 Mn</i>
		<i>P 5.6 Bn</i>
		<i>P 200.0 Mn</i>
		<i>P 93.2 Mn</i>
		<i>P 4.2 Bn</i>

<i>BDO Private Bank, Inc. (Affiliate)</i>	<i>Bonds / FX</i>	<i>P 3.4 Bn</i>
		<i>P 2.7 Bn</i>
		<i>P 50.0 Mn</i>
		<i>P 994.4 Mn</i>
<i>CBC Trust Group (A Group in the Bank)</i>	<i>Bonds</i>	<i>P 100.0 Mn</i>
		<i>P 654.0 Mn</i>
<i>Manulife Chinabank Life Assurance Corp. (Associate)</i>	<i>Bonds</i>	<i>P 54.1 Bn</i>
		<i>P 968.0 Mn</i>
		<i>P 237.9 Mn</i>
		<i>P 200.0 Mn</i>
		<i>P 310.4 Mn</i>
		<i>P 850.0 Mn</i>
		<i>P 469.4 mn</i>
		<i>P 801.0 Mn</i>
<i>SM Investments Corp. (Stockholder)/ Multi-Realty Dev't Corp./ Sybase Equity Investments Corp. (Affiliates)</i>	<i>Line renewal Grant of Term Loan</i>	<i>P 15.5 Bn P 21.5 B</i>
	<i>Outstanding</i>	<i>P 2.7 Bn</i>
<i>Sysmart Corp. (Stockholder)</i>	<i>Line Renewal Outstanding</i>	<i>P 5.0 Billion P 3.1 Bn</i>
	<i>Trust Investment</i>	<i>P 100.0 Mn</i>
<i>SM Prime Holdings Inc./ Costa Del Hamilo, Inc./ SM Hotels and Conventions Corp. (Affiliates)</i>	<i>Line Renewal Renewal of BP Line</i>	<i>P 3.0 Bn P 100.0 Mn</i>
<i>Summerhills Home Development Corp. (Affiliate)</i>	<i>Line Renewal</i>	<i>P 500.0 Mn</i>
<i>Henry Sy (Stockholder)</i>	<i>Line Renewal / Outstanding</i>	<i>P 300.0 Mn</i>
<i>SM Development Corp. (Affiliate)</i>	<i>Line Renewal Renewal of BP Line</i>	<i>P 1.0 Bn P 50.0 Mn</i>
	<i>Short Tem Fund Investment</i>	<i>P 99.9 Mn</i>
<i>Spouses Irwin Marland & Consuelo Dee Ponce (Related Interest)</i>	<i>Renewal Line</i>	<i>P 47.0 Mn P 80.0 Mn</i>
	<i>Outstanding</i>	<i>P 120.6 Mn</i>
<i>Cityland Development Corporation (Related Interest)</i>	<i>Sale of Foreclosed Asset</i>	<i>P 84.0Mn</i>
<i>Super Industrial Corp. (Affiliate)</i>	<i>Line renewal</i>	<i>P 50.0 Mn</i>
<i>China Bank Capital Corporation (Subsidiary)</i>	<i>Money Market Fund Investment</i>	<i>P 50.0 Mn</i>
<i>Union Motors Corp. (Affiliate)</i>	<i>Line renewal</i>	<i>P 150.0 Mn</i>
<i>Multi-Realty Dev't Corp./ Sybase Equity Investments Corp. (Affiliate)</i>	<i>Grant of Term Loan</i>	<i>P 8.0 Bn</i>
<i>Elizabeth T. Sy (Related Interest)</i>	<i>Trust Placement</i>	<i>P 50.0 Mn</i>

All of the above Significant Related Party Transactions of the Bank were reviewed by the Board and the Board has ensured that these transactions were conducted in a fair and arm's length way.

Significant refers to transactions that are 50M and above.

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

As an advocate of good corporate governance, we recognize that Related Party Transactions may give rise to a conflict of interest. Through the Board of Directors, we ensure that transactions with related parties are reviewed to make sure that such are conducted at arm's length or upon terms not less favorable to the Bank than those offered to others, and that corporate or business resources of the Bank are not misappropriated or misapplied; and more important, that these transactions are duly disclosed as prescribed by BSP Circular 749, Series of 2012.

Related parties shall cover the bank's subsidiaries as well as affiliates and any party (including their subsidiaries, affiliates and special purpose entities) that the bank exerts direct/indirect control over or that exerts direct/indirect control over the bank; the bank's directors; officers; stockholders and related interests (DOSRI), and their close family members, as well as corresponding persons in affiliated companies.

In accordance with the Bank's policy, the Related Party Transaction Committee is tasked to review related party transactions. No director is allowed to participate in the discussion / deliberation, including approval of a transaction where he is a related party.

J. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

Quorum Required	<i>In accordance with Article III, Section 6 of 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.</i>
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(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	<i>The Bank follows the provisions of the Corporation Code.</i>
Description	<i>The majority vote of the shares present or represented at the stockholders' meeting, provided there is a quorum, is required to carry a stockholders' action on any matter taken up during the meeting, except in cases where greater vote for an act or business is required by the Corporation Code or by law.</i>

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

Stockholders' Rights under The Corporation Code	Stockholders' Rights not in The Corporation Code
<i>The Board China Bank is committed to respect the following rights of the stockholders (as provided for in the Corporation Code:</i> <i>1. Voting Rights, which are, right to elect, remove and replace directors through</i>	<i>1. The Bank's Nominations and Corporate Governance Committees adopted rules governing the nomination and election of directors, allowing shareholders to nominate within a period of time before the stockholders' meeting. For every election,</i>

<p><i>cumulative voting; to vote on corporate acts. In this regard, a director shall not be removed without cause if it will deny minority shareholders representation in the Board.</i></p> <p>2. Pre-emptive Right, unless denied in the articles of incorporation, which includes the right to subscribed to the capital stock of the Bank.</p> <p>3. Power to inspect corporate books and records including minutes of Board meetings and stock registries. Without cost or restrictions, they also have the right to be furnished with annual reports and financial statements.</p> <p>4. Right to information and periodic reports, upon request, about the personal and professional information of the directors and officers, their holdings of the Bank's shares and dealings, relationships among directors and key officers, including their compensation</p> <p><i>Minority shareholders have the right to any and all information relating to matters for which the management is accountable for; have the right to propose the holding of a meeting and to propose items in the agenda, as long as they are for legitimate business purposes.</i></p> <p>5. Right to receive dividends.</p> <p><i>Shareholders shall have the right to receive dividends subject to the discretion of the Board.</i></p> <p>6. Appraisal Right or right to dissent and demand payment of the fair value of their shares in accordance with the existing law like the Corporation Code of the Philippines.</p>	<p><i>Nomination Rules are updated and disclosed. The rules pertinently stated that the nomination forms should be submitted to any of the members of the Committees or to the Corporate Secretary on or before the date specified in the Notice of Annual Stockholders Meeting. The rules were approved by the Board of the Directors on February 6, 2013, as amended and disclosed to the regulatory agencies immediately thereafter.</i></p> <p>2. The Bank has been consistently declaring both cash and stock dividends to its shareholders for the last ten (10) years.</p>
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Dividends

Declaration Date	Record Date	Payment Date
May 8, 2014	19 September 2014	15 October 2014
May 7, 2015	12 August 2015	09 September 2015
May 5, 2016	23 May 2016	03 June 2016

(d) Stockholders' Participation

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

2. Measures Adopted	3. Communication Procedure
<p><i>The Bank encourages its stockholders to attend and participate in the annual or special stockholders' meeting. Starting with the process of notifying the stockholders of the meeting, the Bank mails the Information Statement (SEC Form 20-IS), which provides the particulars of the meeting, to the stockholders at least fifteen (15) business days prior to the stockholders' meeting. A copy of the same is disclosed to the Philippine Stock Exchange (PSE) and accessible through the Bank's website at www.chinabank.ph. In addition, it has been the practice of the Bank to publish a Notice of Meeting, with the agenda of the meeting, in a newspaper of national circulation at least thirty (30) days before the meeting. Also, stockholders who visit or call the Bank are reminded of the meeting.</i></p> <p>4.</p>	<p><i>During the meeting, the Chairman of the Board/Chairman of the Meeting constantly asks the stockholders for other matters or concerns that they may want to raise, whether or not related to the agenda of the meeting.</i></p> <p>5. <i>The stockholders and other interested parties may communicate with the Board or any of its members, through the Office of the Corporate Secretary or Investor Relations Office, any time in person or through letter, email, landline phone or mobile phone</i></p>
6.	7.

8. State the company policy of asking shareholders to actively participate in corporate decisions regarding:

- a. Amendments to the company's constitution
- b. Authorization of additional shares
- c. Transfer of all or substantially all assets, which in effect results in the sale of the company

Significant corporate actions which require stockholder action are initially approved by the Board of Directors. The Board action is immediately disclosed and becomes accessible to the stockholders through the PSE and Bank website. Further, the corporate action is included in the agenda and materials distributed to the stockholders before the meeting. The stockholders may freely raise their comments on the corporate action on or prior to the stockholders' meeting.

9. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?
 - a. Date of sending out notices: *April 4 and 5, 2016*
 - b. Date of the Annual/Special Stockholders' Meeting: *May 5, 2016*
10. State, if any, questions and answers during the 2016 Annual/Special Stockholders' Meeting.

The Chairman opened the floor for the stockholders to ask questions or raise comments or concerns. Stockholder Guillermo Gili stood up and asked if there is any plan on changing the Bank's name from China Bank to another name since he opined that it has become a common name. Chairman Sy responded that there is no such plan thus far.

Next, considering the upcoming national elections, one stockholder wanted to know the effect of a possible Duterte regime to the Philippine economy. Chairman Sy answered that insofar as businesses are concerned, he sees them adapting and adjusting to any administration that comes.

Another stockholder took the opportunity to greet the mothers in attendance during the meeting happy mother's day. Then, he questioned the seeming lack of gender of equality in the Board, and suggested for the Bank to consider having at least one woman director to the Board. He also suggested placing Chinese characters after the Bank's name. Chairman Sy thanked the stockholder, saying that the suggestion on the woman director has been noted and will be taken into consideration. As to the Chinese character after the Bank's name, Chairman Sy informed the stockholder that the Bank has this in place in Binondo and other places in the country prevalently inhabited by Filipino-Chinese.

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

12. Resolution	13. Approving	14. Dissenting	15. Abstaining
<p><i>Out of 1,853,728,497 total subscribed and outstanding shares of the Bank, the holders of 1,501,629,098 shares representing 81.01% or more than 2/3 of the outstanding capital stock of the Bank are present either in person or by proxy.</i></p> <p>▪ <i>Reading of the minutes of the annual stockholders' held on May 7, 2015</i></p>	<p><i>Votes Cast:</i></p>		
	<i>1,501,629,098</i>	<i>None</i>	<i>None</i>
<p>▪ <i>2015 Annual Report and Financial Statements</i></p>	<p><i>Annual Report</i> <i>1,501,629,098</i></p> <p><i>Financial Statement</i> <i>1,501,629,098</i></p>	<p><i>None</i></p> <p><i>None</i></p>	<p><i>None</i></p> <p><i>None</i></p>
<p>▪ <i>All Acts of the Board of Directors, which include all acts of the Executive Committee and of the various committees of the Bank and Management, and the ratification of the related party transactions for the fiscal year 2015 and immediate preceding the stockholders' meeting:</i></p>	<i>1,501,629,098</i>	<i>None</i>	<i>None</i>
<p>▪ <i>Election of the board</i></p>	<i>(see table in next page)</i>		

Name of Director	Type of Director	Votes Cast		Percentage (based on shares present or represented at the meeting)
Hans T. Sy	Director	For	- 1,501,597,744	99.998%
		Against	- 31,434	0.002%
		Abstain	- 0	0.000%
Gilbert U. Dee	Director	For	- 1,501,629,178	100.000%
		Against	- 0	0.000%
		Abstain	- 0	0.000%
Ricardo R. Chua	Director	For	- 1,501,629,068	100.000%
		Against	- 0	0.000%
		Abstain	- 0	0.000%
Peter S. Dee	Director	For	- 1,501,629,178	100.000%
		Against	- 0	0.000%
		Abstain	- 0	0.000%
Joaquin T. Dee	Director	For	- 1,501,629,068	100.000%
		Against	- 0	0.000%
		Abstain	- 0	0.000%
Herbert T. Sy	Director	For	- 1,501,629,068	100.000%
		Against	- 0	0.000%
		Abstain	- 0	0.000%
Harley T. Sy	Director	For	- 1,501,629,068	100.000%
		Against	- 0	0.000%
		Abstain	- 0	0.000%
Jose T. Sio	Director	For	- 1,501,629,068	100.000%
		Against	- 0	0.000%
		Abstain	- 0	0.000%
Dy Tiong	Independent Director	For	- 1,501,597,634	99.998%
		Against	- 31,434	0.002%
		Abstain	- 0	0.000%
Alberto S. Yao	Independent Director	For	- 1,501,597,634	99.998%
		Against	- 31,434	0.002%
		Abstain	- 0	0.000%
Roberto F. Kuan	Independent Director	For	- 1,501,629,068	100.000%
		Against	- 0	0.000%
		Abstain	- 0	0.000%

12. Resolution	13. Approving	14. Dissenting	15. Abstaining
▪ <i>Appointment of External and Internal Auditors</i>	1,501,629,098	None	None
▪ <i>Declaration of 10% cash dividend equivalent to P1.00 per share and of 8% stock dividends.</i>	1,501,629,098	None	None
16. None	17. None	18. None	19. None
20. None	21. None	22. None	23. None

24. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:

Results of the Annual Stockholders' Meeting was disclosed on May 05, 2016

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

Modifications	Reason for Modification
None	None

(f) Stockholders' Attendance

(i) Details of Attendance in the 2016 Annual/Special Stockholders' Meeting Held:

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	All directors and majority of senior officers	May 7, 2016	By poll	0.24%	80.77%	81.01%
Special	None	None	None	None	None	None

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

Yes, SyCip Gorres Velayo & Co. has been appointed as the independent party to count and validate votes at the meeting. Further, the Bank's transfer agent, Stock Transfer Service, Inc. assists in counting and validating the votes during the last meeting.

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

Yes.

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	Company's Policies
Execution and acceptance of proxies	<i>Not encouraged, but accepted</i>
Notary	<i>Not required</i>
Submission of Proxy	<i>At least three (3) business days before the meeting</i>
Several Proxies	<i>Allowed</i>
Validity of Proxy	<i>Five (5) years unless otherwise stated, withdrawn or superseded by the personal appearance of stockholder</i>
Proxies executed abroad	<i>Allowed</i>
Invalidated Proxy	<i>None</i>
Validation of Proxy	<i>Through the Office of the Corporate Secretary</i>
Violation of Proxy	<i>None</i>

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

Policies	Procedure
<i>The notices must be sent to the stockholders not less than fifteen (15) business days prior to the meeting, in accordance with the By-Laws.</i>	<i>The notices must be sent to the stockholders not less than fifteen (15) business days prior to the meeting, in accordance with the By-Laws.</i>

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	<i>For 2015 - 1,984 For 2016 – 1,976</i>
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	<i>For 2015 - March 30 & 31, 2015 For 2016 – April 4 and 5, 2016</i>
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	<i>For 2015 - March 30 & 31, 2015 For 2016 – April 4 and 5, 2016</i>
State whether CD format or hard copies were distributed	<i>Hard copies</i>
If yes, indicate whether requesting stockholders were provided hard copies	<i>Yes</i>

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	<i>Yes</i>
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	<i>Yes</i>
The auditors to be appointed or re-appointed.	<i>Yes</i>
An explanation of the dividend policy, if any dividend is to be declared.	<i>Yes</i>
The amount payable for final dividends.	<i>Yes</i>
Documents required for proxy vote.	<i>Yes</i>

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

Policies	Implementation
<p><i>The Bank adheres to the provisions under the Corporation Code in recognizing, implementing and protecting the rights of the stockholders, regardless of the amount of stockholdings.</i></p> <p><i>Investors' Rights and Protection (as contained in the Bank's Manual on Corporate Governance)</i></p> <p><i>Rights of Investors/Minority Interests. The Board shall be committed to respect the following rights of the stockholders:</i></p> <ol style="list-style-type: none"> <i>1. Voting Right</i> <i>2. Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.</i> <i>3. Cumulative voting shall be used in the election</i> 	<p><i>The Bank adheres to the provisions under the Corporation Code in recognizing, implementing and protecting the rights of the stockholders, without qualification.</i></p>

of directors. 4. A director shall not be removed without cause if it will deny minority shareholders representation in the Board.	
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(b) Do minority stockholders have a right to nominate candidates for board of directors?

Yes. In accordance with the Bank's Corporate Governance Manual, minority shareholders have the right to elect, remove and replace directors and vote on certain corporate acts, which are in accordance with the Corporation Code.

K. INVESTORS RELATIONS PROGRAM

- 1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

Corporate affairs-related communications are usually handled and/or screened by the Marketing Services Department of the Bank (under Investor and Corporate Relations Group), but there are also proprietary internal and external announcements that are carried out by certain groups or divisions. Internal announcements are primarily sent and broadcasted using the Bank's lotus notes. A range of channels/ mediums are used to disseminate major company announcements to its various stakeholders, such as, but not limited to the following: Corporate Notices via print advertisement in broadsheets, press releases, monthly statements, customer advisory standees, corporate website, flyers, posters, streamers.

Major company announcements are generally discussed, reviewed and approved by the Management Committee of the Bank.

- 2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

	Details
(1) Objectives	<i>Provide timely/accurate financial data & analysis to credit rating agencies and interested parties that project China Bank in best possible light.</i>
(2) Principles	<i>i) Investor relations shall cover the timely and accurate response to requests for corporate information from stakeholders, investors, credit rating agencies, correspondent banks, and other constituencies and the compliance with regulatory reporting requirements of the Securities and Exchange Commission (SEC), Bangko Sentral ng Pilipinas (BSP) and Philippine Stock Exchange (PSE).</i> <i>ii) This shall involve extensive analyses and anticipation of information needs, with focus on timely issues such as asset quality, profitability or capital adequacy with the objective of presenting the Bank's performance and competitive advantages in an objective, transparent, and concise manner. The disclosure statement shall be a key input to credit-related investment decisions by third parties.</i>
(3) Modes of Communications	<i>Face to face discussions, e-mail or fax hard copies</i> <i>Email Address: investor-relations@chinabank.ph</i> <i>acescucha@chinabank.ph</i> <i>Fax Number: (632) 892-0238</i>
(4) Investors Relations Officer	<i>Alexander C. Escucha,</i> <i>Senior Vice President and Head, Investor and Corporate Relations Group</i>

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

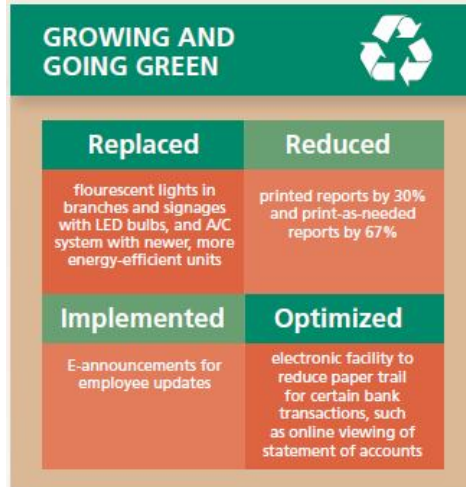
Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.

For the acquisition Planters Development Bank which was already merged with China Bank Savings, Inc., the transaction price was arrived at through a detailed due diligence process. This due diligence process covers the engagement of Punongbayan & Araullo for the determination of the fair value of assets and liabilities, including intangibles. The inputs of this third party were critical in supplementing necessary information to our own internal due diligence team in evaluating the fairness of the transaction price.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

Initiative	Beneficiary
<p><i>Deeply rooted in the way China Bank conducts its operations is a culture that regards its communities and the environment with as much importance as it does its business. This culture is embodied in our innate sense of obligation to give back and in sustainability efforts aimed at creating value not only for our shareholders, but more importantly, for the nation and for the environment.</i></p> <p><i>In 2015, we were able to integrate corporate social responsibility by motivating our employees to extend personal goals beyond the workplace and share a part of themselves with the needy through community-nurturing programs. We likewise partnered with our customers, various community groups and charitable organizations to deliver aid to disaster victims. We joined a global initiative called ARISE or Alliance for Risk Sensitive Investment spearheaded by the United Nations Office for Risk Reduction (UNISDR) which aims to create risk-resilient societies by boosting the private and public sectors and other stakeholders to deliver the targets of Sendai Framework. This is a 15-year global roadmap that seeks to curb disaster mortality and economic losses substantially.</i></p>	
<p><i>Because we believe in how education can open opportunities that will help people improve their lives, we partnered with the Department of Education (DepEd) in Region 3 to give assistance to public school teachers and non-academic staff. China Bank Savings launched the Easi DepEd Loan and the Affordabundle DepEd Loan which both offer easy-to-avail and low interest loan to this market.</i></p> <p><i>We continue to support the programs of several charities, foundations and associations that represent sectors and communities close to our hearts. We endeavor to promote education through our investment in the Child Sponsorship Program of CFC-ANCOP (Answering the Cry of the Poor, a ministry of Couples for Christ). Through this program, we are able to help provide for primary and secondary education of selected children of indigent families. We also continually give our share to sponsor students under the Ateneo de Manila University scholarship program, as well as for the education of deserving children of our own employees through the Dee C. Chuan and the Gilbert U. Dee Scholarship Funds.</i></p>	 <p>EMPOWERING THE YOUTH THROUGH EDUCATION</p> <p>32 China Bank Scholars</p> <ul style="list-style-type: none"> 12 - Gilbert U. Dee Scholarship Fund (High School) 3 - Dee C. Chuan Scholarship Fund (College) 16 - CFC-ANCOP Child sponsorship program 1 - Ateneo de Manila

<p><i>Our partnerships with these organizations demonstrate to our employees how we want to cultivate a culture of meaningful giving. As such, our branch employees nationwide have continued to volunteer, assist and build goodwill in their own communities by helping in various fundraising projects, medical missions, and sports and cultural events.</i></p>	
<p><i>Our ongoing “Going Green” campaign aims to encourage our employees and customers to adopt and promote environment consciousness and sustainable working and living habits. Thus, we practice measures that promote resource and energy efficiency, and minimization of environmental hazards through various conservation strategies.</i></p> <p><i>Despite our growing workforce and operations, we continually pursue initiatives in all branches, aimed at minimizing power, water, and paper consumption, as well as to reduce waste.</i></p> <p><i>China Bank has CSR programs and activities that embody our commitment to give back to society who want to benefit as well from the Bank’s continued success. We are enhancing a comprehensive corporate social responsibility strategy that will outline relevant social and environmental programs and practices tied up with our business strategy and the bottomline.</i></p> <p><i>On the whole, China Bank will soon have a structured approach where value generated by our operations should benefit our shareholders as well as the communities that we serve, our business and social partners and our employees.</i></p>	 <p>The infographic is titled "GROWING AND GOING GREEN" and features a recycling symbol. It is divided into four quadrants:</p> <ul style="list-style-type: none"> Replaced: fluorescent lights in branches and signages with LED bulbs, and A/C system with newer, more energy-efficient units. Reduced: printed reports by 30% and print-as-needed reports by 67%. Implemented: E-announcements for employee updates. Optimized: electronic facility to reduce paper trail for certain bank transactions, such as online viewing of statement of accounts.

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

	Process	Criteria
Board of Directors	<p><i>In compliance with the existing rules and on international best practices, an annual self-assessment is conducted by the Board—the individual members, the committees, and the collective—and the CEO. A specific CEO self-assessment was introduced in 2010 in compliance with the best practices on corporate governance.</i></p> <p><i>Last year, the Board and our CEO once again conducted a self assessment of their performance in 2014. The formal self-rating system focuses on the level of compliance with leading practices and principles on good governance and identifies areas for improvement.</i></p> <p><i>The Compliance Office summarizes the results of the evaluation, discussed by the Corporate Governance</i></p>	<p><i>Rating Description</i></p> <p><i>0 Poor - Leading practice or principle is not adopted in the company’s Manual of Corporate Governance</i></p> <p><i>1 Needs Improvement - Leading practice or principle is adopted in the Manual but compliance has not yet been made yet been made</i></p> <p><i>2-3 Fair - Leading practice or principle is adopted in the Manual and compliance has been made but with major deviation(s) or incompleteness</i></p> <p><i>4 Good - Leading practice or principle is adopted in the Manual and compliance has been made but with minor deviation(s) or incompleteness</i></p>

	<p><i>Committee and reported to the Board. Based on the results of the annual evaluation, there are no significant deviations and in general, the Bank has fully complied with the provisions and requirements of the Corporate Governance Manual.</i></p>	<p><i>5 Excellent - Leading practice or principle is adopted in the Manual and full compliance with the same has been made</i></p>
Board Committees	<p><i>In compliance with the existing rules and on international best practices, an annual self-assessment is conducted by the Board—the individual members, the committees, and the collective—and the CEO. A specific CEO self- assessment was introduced in 2010 in compliance with the best practices on corporate governance.</i></p> <p><i>Last year, the Board and our CEO once again conducted a self assessment of their performance in 2014. The formal self-rating system focuses on the level of compliance with leading practices and principles on good governance and identifies areas for improvement.</i></p> <p><i>The Compliance Office summarizes the results of the evaluation, discussed by the Corporate Governance Committee and reported to the Board. Based on the results of the annual evaluation, there are no significant deviations and in general, the Bank has fully complied with the provisions and requirements of the Corporate Governance Manual.</i></p>	<p><i>0 Poor - Leading practice or principle is not adopted in the company's Manual of Corporate Governance</i></p> <p><i>1 Needs Improvement - Leading practice or principle is adopted in the Manual but compliance has not yet been made</i></p> <p><i>2-3 Fair - Leading practice or principle is adopted in the Manual and compliance has been made but with major deviation(s)or incompleteness</i></p> <p><i>4 Good - Leading practice or principle is adopted in the Manual and compliance has been made but with minor deviation(s)or incompleteness</i></p> <p><i>5 Excellent - Leading practice or principle is adopted in the Manual and full compliance with the same has been made</i></p>
Individual Directors	<p><i>In compliance with the existing rules and on international best practices, an annual self-assessment is conducted by the Board—the individual members, the committees, and the collective—and the CEO. A specific CEO self-assessment was introduced in 2010 in compliance with the best practices on corporate governance.</i></p> <p><i>Last year, the Board and our CEO once again conducted a self-assessment of their performance in 2012. The formal self-rating system focuses on the level of compliance with leading practices and principles on good governance and identifies areas for improvement.</i></p> <p><i>The Compliance Office summarizes the results of the evaluation, discussed by the Corporate Governance</i></p>	<p><i>0 Poor - Leading practice or principle is not adopted in the company's Manual of Corporate Governance</i></p> <p><i>1 Needs Improvement - Leading practice or principle is adopted in the Manual but compliance has not yet been made</i></p> <p><i>2-3 Fair - Leading practice or principle is adopted in the Manual and compliance has been made but with major deviation(s)or incompleteness</i></p> <p><i>4 Good - Leading practice or principle is adopted in the Manual and compliance has been made but with minor deviation(s)or incompleteness</i></p> <p><i>5 Excellent - Leading practice or principle is adopted in the Manual and full compliance with the same has been made</i></p>

	<p><i>Committee and reported to the Board. Based on the results of the annual evaluation, there are no significant deviations and in general, the Bank has fully complied with the provisions and requirements of the Corporate Governance Manual.</i></p>	
CEO/President	<p><i>In compliance with the existing rules and on international best practices, an annual self-assessment is conducted by the Board— the individual members, the committees, and the collective—and the CEO. A specific CEO self-assessment was introduced in 2010 in compliance with the best practices on corporate governance.</i></p> <p><i>Last year, the Board and our CEO once again conducted a self assessment of their performance in 2014. The formal self-rating system focuses on the level of compliance with leading practices and principles on good governance and identifies areas for improvement.</i></p> <p><i>The Compliance Office summarizes the results of the evaluation, discussed by the Corporate Governance Committee and reported to the Board. Based on the results of the annual evaluation, there are no significant deviations and in general, the Bank has fully complied with the provisions and requirements of the Corporate Governance Manual.</i></p>	<p><i>0 Poor - Leading practice or principle is not adopted in the company's Manual of Corporate Governance</i></p> <p><i>1 Needs Improvement - Leading practice or principle is adopted in the Manual but compliance has not yet been made</i></p> <p><i>2-3 Fair - Leading practice or principle is adopted in the Manual and compliance has been made but with major deviation(s) or incompleteness</i></p> <p><i>4 Good - Leading practice or principle is adopted in the Manual and compliance has been made but with minor deviation(s) or incompleteness</i></p> <p><i>5 Excellent - Leading practice or principle is adopted in the Manual and full compliance with the same has been made</i></p>

N. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees.

Bellow is the internal policy on sanctions imposed for any violation of the corporate governance manual


- “1. Strictly observe and implement the provisions of this Manual, the following penalties shall be imposed, after notice and hearing, on the Bank's directors, officers, staff, subsidiaries and affiliates and their respective directors, officers and staff in case of violation of any of the provision of this Manual:
 - 1.1 In case of **first violation**, the subject person shall be reprimanded.
 - 1.2 Suspension from office shall be imposed in case of **second violation**. The duration of the suspension shall depend on the gravity of the violation.
 - 1.3 **For third violation**, the maximum penalty of removal from office shall be imposed.


2. *The commission of a third violation of this Manual by any member of the Board of the Bank or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.*
4. *The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.*

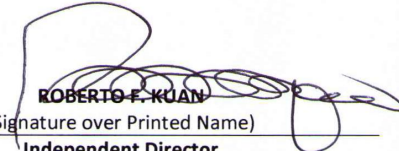
Violations	Sanctions
None	None

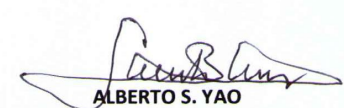
Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Makati on 03 May 2017.


SIGNATURES


HANS T. SY
 (Signature over Printed Name)
Chairman of the Board


RICARDO R. CHUA
 (Signature over Printed Name)
President & Chief Executive Officer


ROBERTO F. KUAN
 (Signature over Printed Name)
Independent Director


ALBERTO S. YAO
 (Signature over Printed Name)
Independent Director


ATTY. MARISSA B. ESPINO
 (Signature over Printed Name)
Chief Compliance Officer

MAY 09 2017

SUBSCRIBED AND SWORN to before me this 03 day of June 2016, affiant(s) exhibiting to me their identification documents, as follows:

NAME	IDENTIFICATION DOCUMENT
Hans T. Sy	Passport No. EB-44448660 Issued on 14 January 2012
Ricardo R. Chua	SSS ID No. 03-2416389-8
Alberto S. Yao	SSS ID No. 03-1301449-2
Robert F. Kuan	Passport No. EC0637710 issued in Manila valid until March 20, 2019
Atty. Marissa B. Espino	Passport No. EC8195301 Issued on 01 July 2016 Expiring on 31 July 2021

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 Series of 2017


CHRISTINE L. ZERNA-BRIONES
 Notary Public for the City of Makati
 Appt. No. M-271 (2017-2018)
 4/F Philcom Building
 8755 Paseo de Roxas, Makati City
 PTR No. 5913639; 01.04.2017; Makati City
 IBP No. 1051388; 11.18.2016; Pampanga
 Roll of Attorney's No. 42549



03 May 2017

SECURITIES AND EXCHANGE COMMISSION

Attention : **Atty. Justina F. Callangan**
Director
Corporate Governance and Finance Department



Mr. Vicente Graciano P. Felizmenio, Jr.
Director
Markets & Securities Regulation Department

Gentlemen:

In compliance with the Securities and Exchange Commission's Memorandum Circular Nos. 1 and 12 Series of 2014, we would like to submit to you China Banking Corporation's (the Bank) Consolidated Changes in the ACGR (Annual Corporate Governance Report) for 2016, as approved and confirmed by the Board on 03 May 2017.

Below is the summary of the consolidated 2016 ACGR Updates:

Section	Updates / Revisions
1. Board Matters	Reflected the total number of directors for the year 2016, with a note on the demise of Mr. Dy Tiong.
a. Composition of the Board	Updated the number of years served as directors.
b. Governance Policy	Updated the General Duties and Responsibilities of the Board to include the responsibility over the development and approval of the Bank's objectives and business strategy and to monitor implementation thereof.
c. Specific Duties and Responsibilities of the Board	Added the duties on: <ol style="list-style-type: none">1. Operational Risk Management;2. Sales and Marketing Activities of the Bank;3. Conducting the affairs of the Bank with high integrity;4. Governance Policies – on the external facilitator, added that it may be a consulting firm, academic institution, or professional organization, among other updates.
d. Review of the Mission and Vision	Reflected the annual review made by the Bank's Board.

e. Directorship in Other Companies	Added a note that Mr. Dy Tiong was an Independent Director until his death.
f. Relationship within the Company and its Group	Updated the details on the relationship between Henry Sy Sr. and Sysmart.
2. Shareholding in the Company	Updated to reflect the as of December 2016 data.
3. Chairman and the CEO	Updated the duties, roles and responsibilities based on the revised CG Manual of the Bank.
4. Other Executive, Non-Executive and Independent Directors – Diversity and Experience	The names of the IDs with experience are enumerated in this section. Added a note under Mr. Dy Tiong about his demise.
5. Definition of Independence	After the definition of independence where the IDs are named, added note under Mr. Dy Tiong about his demise.
6. Term limits for Independent Directors	Indicated term limit of 9 years maximum and deleted the 2-years cooling-off period.
7. Changes in Board of Directors	Indicated the demise of Mr. Dy Tiong.
8. Voting Results of the last Annual Stockholders Meeting (for the Election of Directors)	Updated to reflect the as of 05 May 2016 results of voting in the Annual Stockholders' Meeting.
9. Orientation and Education Program	
a. Training attended by the Board	Added the 02 November CG Training of the Directors and Senior Management.
b. Training attended by the Senior Management	For the management, added the AMLA Training and updated the list of the trainings the senior management and other officers have attended in 2016.
10. Related Party Transactions	Updated the definition of related parties based on BSP Circular No. 895 re Guidelines on Related Party Transactions.
11. Board Meetings & Attendance	Updated to reflect the Directors' attendance in Board meetings in 2016 and indicated Mr. Dy Tiong's demise. Updated to mention that non-executive directors met at least once in 2016 without the presence of the executive directors without the presence of the executive directors.
12. Access to Information, Corporate Secretary	Updated to include the new /revised duties and

	responsibilities of the Corporate Secretary based on the Code of CG for PLCs.
13. Changes in Existing Policies	Stated the updates in the Bank's policies covering: 1. Credit (on DOSRI); 2. RPT; 3. CG Manual to align with the 2016 BSP and SEC issuances on the duties and responsibilities of the Board; and 4. Anti-Money Laundering.
14. Aggregate Remuneration	Indicated the aggregate remuneration of the 2 Executive Directors with the Senior Management for the year 2016 based on the SEC 20-IS.
15. Remuneration of Management	Updated to reflect the 2016 figures.
16. Board Committees	Updated the number of members and current membership, functions, key responsibilities and Board Committees, particularly the Related Party Transaction Committee and the updating of the RPT Charter in 2016.
17. Committee Meetings	Updated to reflect the number of meetings in 2016 and the attendance of the directors.
18. Committee Members	Updated to reflect the length of continuous service in the committee and updated the profile or qualifications of the Audit Committee Members.
19. Audit Committee's Responsibility over the External Auditor	Updated the duties and responsibilities of the Audit Committee on External Audit
20. Nomination, Compliance, Risk, Compensation, Corporate Governance and Trust Committees	Updated to reflect the committee members' attendance in 2016.
21. Changes in the Committee Membership	For Trust Investment Committee, Mr. Patrick D. Cheng became a member in January 2016 replacing Mr. Rene Sarmiento who has retired effective 31 December 2015.
22. Works Done by the Committees	Updated the activities performed by the various Board Committees.
23. Risk Management System	Reflected that a review of the Risk Policy was conducted in 2016.
24. Internal Audit and Control	Updated the statement on the Board's review of the effectiveness of the Internal Control System and included the 2016 review by Audit in accordance with their plan. Updated details on resignations, re-assignments that

	took place in 2016.
25. Role of the Stakeholders Anti-corruption programmes and procedures, and Safeguarding creditors' rights Mechanism for employee participation	Discussion of write-up was updated based on the previous disclosures of the Bank, to include Consumer Welfare, Security and Fraud, Disclosure, Protection of Privacy of Information, etc. Updated the data showing health, safety and welfare of Bank's employees
26. Disclosure and Transparency Ownership Structure	Updated to reflect the ownership details as of 31 March 2017.
External Auditor's Fees	Reflected the 2015 Audit and Non-Audit Fees, as well as the 2016 Audit Fees.
Release of the AFS	Indicated 01 March 2017.
Disclosure of Significant Related Party Transactions (RPT)	2016 Summary of Material RPTs was incorporated to the ACGR.
Process in RPT	Added the revised definition of RPT based on BSP Circular No. 895 re Guidelines on Related Party Transactions.
27. Rights of Stockholders Dividends	Updated to reflect the 2016 declaration.
Stockholders' Participation, giving out of notice	Indicated the dates when the notice was made and the date of the Annual Stockholders' Meeting.
Questions and Answer during the ASM	Reflected the questions and answers during the 2016 Annual Stockholders' Meeting.
Results of the 2016 ASM	Updated to include the resolutions and the votes cast for each resolution.
Date of Publishing of the votes	Reflected the 2016 publication of votes during the Annual Stockholders' Meeting in the Bank's Website.
Date of the publishing of the result of the ASM	The voting results were immediately disclosed in the Bank's website under the CG Section.
Stockholders' Attendance	Updated the attendance details of the stockholders.

Definitive Information Statement	Reflected the required data like number of stockholders, date of distribution, etc.
28. Corporate Social Responsibility	Updated the write-ups and added the 2015 activities.

Thank you very much.

Very truly yours,


ATTY. MARISSA B. ESPINO
 VP, Chief Compliance Officer


ATTY. CORAZON I. MORANDO
 VP & Corporate Secretary