

29 July 2020

PHILIPPINE STOCK EXCHANGE, INC.

Disclosure Department
6F PSE Tower One Bonifacio High Street
28th Street corner 5th Avenue Bonifacio Global City
Taguig City

Attention: MS. JANET A. ENCARNACION
Head – Disclosure Department

PHILIPPINE DEALING & EXCHANGE CORP.

Philippine Dealing System Holdings Corp. & Subsidiaries
29th Floor, BDO Equitable Tower
8751 Paseo de Roxas, Makati City
Telephone Number: 8884-4446

Attention: ATTY. MARIE ROSE M. MAGALLEN-LIRIO
Head – Issuer Compliance and Disclosure Department

Mesdames:

We are pleased to furnish your good office with a copy of China Bank's 2019 Integrated-Annual Corporate Governance Report (I-ACGR) filed with the Securities and Exchange Commission (SEC).

For your information and guidance.

Thank you.

Very truly yours,



ALEXANDER C. ESCUCHA
Corporate Information Officer

COVER SHEET



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

SEC Registration Number

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

(Company's Full Name)

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

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

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

ATTY. AILEEN PAULETTE S. DE JESUS

Contact Person

8885-5731

Company Telephone
Number

0 7

Month

2 9

Day

I A C G R

FORM TYPE

0 6

Month

1 8

Day

Annual Meeting

Secondary License Type, If Applicable

C F D

Dept. Requiring this Doc.

Amended Articles Number / Section

1,893

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purpose



SECURITIES AND EXCHANGE COMMISSION

SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended **December 31, 2019**
2. SEC Identification Number **443**
3. BIR Tax Identification No. **320-000-444-210**
4. Exact name of issuer as specified in its charter **China Banking Corporation**
5.
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. **China Bank Bldg., 8745 Paseo de Roxas**
cor. Villar St., Makati City
Address of principal office
8. **1226**
Postal Code
8. **(632) 8885-5555**
Issuer's telephone number, including area code
9.
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.			
Recommendation 1.1			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	<p>Provide information or link/reference to a document containing information on the following:</p> <ol style="list-style-type: none"> 1. Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors 2. Qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of its performance 	<p>The Bank's Board of Directors is composed of directors with diverse educational background, professional experience and expertise. Each member is selected based on the "fit and proper" rule of the Bangko Sentral ng Pilipinas (BSP) which consider, among others, integrity, competence, independence, leadership, and experience. All Bank directors have been evaluated and confirmed by the Monetary Board of the BSP.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • Corporate Governance Manual: Page 38-44 (Qualifications and Disqualifications of Directors) https://chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf • 2019 Annual Financial and Sustainability Report: Pages 38-39 (Nomination and Election) https://www.chinabank.ph/pdf/2019 Annual Report.pdf
2. Board has an appropriate mix of competence and expertise.	Compliant		<p>The Board in ensuring diversity, has identified the required skills and mix of qualifications of directors.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • Board Skill Set Matrix and Measurable Objectives

			https://chinabank.ph/corgov.aspx?title=Board+Policies <ul style="list-style-type: none"> 2019 Annual Financial and Sustainability Report: Pages 37-38 (Board Composition) https://www.chinabank.ph/pdf/2019_Annual_Report.pdf
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	Compliant		<p>The qualifications of the directors nominated to the Board are duly assessed/evaluated by the Corporate Governance and Nominations Committees.</p> <p>Every year during their election/re-election, Bank Directors certify that they possess all the qualifications and none of disqualifications set forth by the BSP.</p> <p>Furthermore, independent directors execute an affidavit, as attached to the Bank's Information Statement.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Directors' Profile https://chinabank.ph/about_china_bank.aspx?title=Board+of+Directors 2019 Definitive Information Statement: Pages 28-30 (Affidavit of Independent Directors, Exhibits A to C) https://www.chinabank.ph/pdf/CHIB-Definitive-SEC-20-Information-Statement-Final.pdf Corporate Governance Manual: Pages 38-44 (Qualifications and Disqualifications of Directors) https://chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf
Recommendation 1.2			

<p>1. Board is composed of a majority of non-executive directors.</p>	<p>Compliant</p>	<p>Identify or provide link/reference to a document identifying the directors and the type of their directorships</p>	<p>In 2019, China Bank's Board is composed of 12 directors. Two (2) of whom are Executive Directors and the rest are non-executive directors, including four (4) independent directors:</p> <p>The two (2) Executive Directors are: Mr. Gilbert U. Dee, and Mr. William C. Whang</p> <p>On May 2, 2019, a new independent director was elected pursuant to the amendment of the Fifth Article of the Articles of Incorporation and Article IV, Section 1 of the By-laws to increase the number of directors from eleven (11) to twelve (12). The corresponding Certificate of Authority was issued by BSP on August 31, 2018.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • Directors' Profile https://chinabank.ph/about_china_bank.aspx?title=Board+of+Directors • 2019 Annual Financial and Sustainability Report: Pages 70-75 (Board of Directors) https://www.chinabank.ph/pdf/2019_Annual_Report.pdf • BSP Approval on Amendment of Articles of Incorporation and By-Laws https://chinabank.ph/pdf/2018-09-07-CHIBPSEDisclosure-BSP-approval-on-Amendment-of-Articles-of-Incorporation-and-By-Laws-September-07-2018.pdf
<p>Recommendation 1.3</p>			

1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	Compliant	Provide link or reference to the company's Board Charter and Manual on Corporate Governance relating to its policy on training of directors.	<p>At least annually, as part of the continuing education program for directors, a corporate governance training program is conducted by a training provider duly accredited by the Securities and Exchange Commission. The Bank's Corporate Governance Manual serves as the Board Charter as well.</p> <p>Link/Reference:</p> <p>Corporate Governance Manual: Pages 98-99 (Continuing Education Program for Directors and Key Officers)</p> <p>https://chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf</p>
2. Company has an orientation program for first time directors.	Compliant	Provide information or link/reference to a document containing information on the orientation program and trainings of directors for the previous year, including the number of hours attended and topics covered.	<p>First time Directors are required to undergo an orientation program, for at least eight (8) hours, while the annual continuing training shall be at least four (4) hours by a SEC-accredited provider. The training program should cover topics relevant in carrying out their duties and responsibilities as directors. They are also provided with an orientation kit containing their Duties and Responsibilities as a Director, China Bank's Corporate Governance Manual, Code of Ethics for Directors, and the charters of the committees where the elected director is a member of.</p> <p>The Policy of the Bank requiring an orientation program is provided in the Corporate Governance Manual.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Corporate Governance Manual: Page 62 (Education Program) <p>https://chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf</p>

			<ul style="list-style-type: none"> 2019 Annual Financial and Sustainability Report: Page 39 (Induction and Continuing Education) https://www.chinabank.ph/pdf/2019_Annual_Report.pdf
3. Company has relevant annual continuing training for all directors.	Compliant		<p>Members of the Board and key officers of the Bank are required to undergo relevant continuing training as provided in the Bank's Corporate Governance Manual.</p> <p>On August 7, 2019, directors, members of the Management Committee, and key officers of the Bank attended the Bank's exclusive advanced Corporate Governance training facilitated by the Institute of Corporate Directors. The said training focused on the revised Corporation Code, Anti-Money Laundering (AML) in the age of technology, and other AML updates.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Board Training https://chinabank.ph/corgov.aspx?title=Board+Training Corporate Governance Manual: Pages 12 (Responsibilities of the Chairman of the Board), 62 (Education Program) and 98-99 (Continuing Education Program for Directors and Key Officers) https://chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf 2019 Annual Report (SEC 17-A): Page 84 (Board Training) https://www.chinabank.ph/pdf/2019_CHIB_SEC_Form_17-A_Final_PSE_and_PDEx.pdf

Recommendation 1.4			
1. Board has a policy on board diversity.	Compliant	<p>Provide information on or link/reference to a document containing information on the company's board diversity policy.</p> <p>Indicate gender composition of the board.</p>	<p>The policy essentially provides diversity in the Board: (i) appropriate mix of competence and expertise; and (ii) consider age, educational background, business experience in banking or related industry, competence, knowledge, skills and to include ethnicity, culture, skills, etc.</p> <p>In 2019, the Board elected two (2) female independent members. The rest of the directors are male.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Board Diversity Policy https://chinabank.ph/corgov.aspx?title=Board+Policies Corporate Governance Manual: Pages 3-4 (Diversity in the Composition of the Board) https://chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf 2019 Annual Financial and Sustainability Report: Pages 37-38 (Board Composition) https://www.chinabank.ph/pdf/2019 Annual Report.pdf
Optional: Recommendation 1.4			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.	Compliant	<p>Provide information on or link/reference to a document containing the company's policy and measurable objectives for implementing board diversity.</p> <p>Provide link or reference to a progress report in achieving its objectives.</p>	<p>The progress on measurable objectives for the implementation of the Board diversity is available in the Bank website.</p> <p>Link/Reference:</p> <p>Board Measurable Objectives https://chinabank.ph/about_china_bank.aspx?title=Board+Policies</p>

Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	Compliant	Provide information on or link/reference to a document containing information on the Corporate Secretary, including his/her name, qualifications, duties and functions.	<p>The Bank's Corporate Secretary is Atty. Corazon I. Morando. She is not the Chief Compliance Officer nor a director of the Bank.</p> <p>Link/Reference:</p> <p>Corporate Secretary's Profile https://chinabank.ph/about_china_bank.aspx?title=Board+of+Directors</p>
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant		
3. Corporate Secretary is not a member of the Board of Directors.	Compliant		
4. Corporate Secretary attends training/s on corporate governance.	Compliant	Provide information or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered	<p>The Bank's Corporate Secretary has attended the Bank's exclusive Annual Corporate Governance Training last 07 August 2019. The topics are on revised Corporation Code, Anti-Money Laundering (AML) in the age of technology, and other AML updates.</p> <p>Please refer to Annex 1 for a copy of her Certificate of Participation in the 2019 Advanced CG Training.</p> <p>Link/Reference:</p> <p>2019 Annual Financial and Sustainability Report: Page 39 (Induction and Continuing Education) https://www.chinabank.ph/pdf/2019_Annual_Report.pdf</p>
Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	Compliant	Provide proof that corporate secretary distributed board meeting materials at least five business days before scheduled meeting	<p>As a general practice, the Corporate Secretary distributes the materials for Board meetings at least five (5) banking days before the scheduled meeting.</p> <p>Please refer to Annex 2 for a copy of sample e-mail with the attached agenda and materials sent to the directors.</p>
Recommendation 1.6			

1. Board is assisted by a Compliance Officer.	Compliant	Provide information on or link/reference to a document containing information on the Compliance Officer, including his/her name, position, qualifications, duties and functions.	<p>The Bank's Chief Compliance Officer (CCO) is Atty. Aileen Paulette S. De Jesus and has a rank of Vice President. Even though her corporate rank is lower than a Senior Vice President, she has direct reporting line to the Board through the Compliance and Corporate Governance Committees. She has the authority to review/evaluate and sign off on business policies and initiatives for any regulatory implications.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Atty. De Jesus' Profile https://chinabank.ph/news.aspx?title=China+Bank+appoints+new+Chief+Compliance+Officer Disclosure https://chinabank.ph/pdf/2018-02-07-CHIBPSEDisclosure-CHIB-Results-of-Board-Meeting-of-February-7-2018-CCO.pdf
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant		
3. Compliance Officer is not a member of the board.	Compliant	Provide information on or link/reference to a document containing information on the corporate governance training	<p>The Bank's CCO, Atty. De Jesus, is not a member of the Bank's Board of Directors. Pursuant to BSP rules, the Compliance Division is an independent unit with the CCO functionally reporting to the Compliance and Corporate Governance Committees of the Board, and administratively, to the President.</p> <p>Link/Reference:</p> <p>Members of the Board of Directors https://chinabank.ph/about_china_bank.aspx?title=Board+of+Directors</p>
4. Compliance Officer attends training/s on corporate governance.	Compliant		<p>The Bank's Chief Compliance Officer is required to undergo continuous training program on Corporate Governance. Atty. De Jesus has attended the Bank's exclusive Annual Corporate Governance Training last</p>

		attended, including number of hours and topics covered	<p>07 August 2019. The topics are on revised Corporation Code, Anti-Money Laundering (AML) in the age of technology, and other AML updates.</p> <p>Please refer to Annex 1 for a copy of her Certificate of Participation in the 2019 Advanced CG Training.</p> <p>She has also attended SEC's seminar on the Revised Corporation Code last 18 June 2019 and SM Investment Corporation's (SMIC) corporate governance training last 15 August 2019.</p> <p>Link/Reference:</p> <p>2019 Annual Financial and Sustainability Report: Page 39 (Induction and Continuing Education) https://www.chinabank.ph/pdf/2019 Annual Report.pdf</p>
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Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.

Recommendation 2.1

1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	Compliant	Provide information or reference to a document containing information on how the directors performed their duties (can include board resolutions, minutes of meeting)	<p>Bank Directors are required to act on a fully informed basis, in good faith and with due diligence for the best interest of the Bank. In order to provide them with relevant information, materials for the Board meetings are provided to them five (5) business days prior to the Board meeting. The corresponding minutes of the meetings are prepared after every session.</p> <p>The results of the meetings of the Board are posted on the Bank's website.</p> <p>Link/Reference:</p>
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			<p>Other Disclosures ("CHIB Results of Board Meeting <Date>") https://chinabank.ph/corgov.aspx?title=Other+Disclosures</p> <p>To remind the directors of their duty to act on a fully informed basis, with due diligence and in the interest of the company, they are required to accomplish a Self-Assessment to ensure faithful performance of such duty.</p>
Recommendation 2.2			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	<p>Provide information or link/reference to a document containing information on how the directors performed this function (can include board resolutions, minutes of meeting)</p> <p>Indicate frequency of review of business objectives and strategy</p>	<p>The Bank adopts a top-down approach whereby the role of the Board 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 06 February 2019, the Bank's 2019 - 2023 business plans were presented to the Board and after some deliberation, the Board approved Management's projections and recommendations.</p> <p>Please refer to Annex 3 for the corresponding certification from the Corporate Secretary.</p> <p>This is consistent with the Bank's Corporate Governance Manual which provides that the Board is primarily responsible for approving and overseeing the implementation of the bank's strategic objectives, risk strategy, corporate governance and corporate values.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Bank's Mission, Vision and Values

			https://chinabank.ph/about_china_bank.aspx?title=Mission,+Vision,+and+Values <ul style="list-style-type: none"> Corporate Governance Manual: Page 18 (Primary Responsibilities of the Board, Item 2.2.2) https://chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	Compliant		<p>The Bank's mission, vision, corporate objectives and strategies are reviewed annually, while the Performance Report is presented to the Board by the Management on a quarterly basis, as evidenced by the corresponding minutes of the meeting.</p> <p>Please refer to Annex 4 for the corresponding certification from the Corporate Secretary.</p> <p>The Board's efforts in monitoring these are also reflected in the Message to Stakeholders found in the Annual Financial and Sustainability Report. Also, part of the monitoring if the objectives / targets are met, are contained in the Quarterly Statement of Condition.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Bank's Mission, Vision and Values https://chinabank.ph/about_china_bank.aspx?title=Mission,+Vision,+and+Values 2019 Annual Financial and Sustainability Report: Pages 4-9 (Message to the Stakeholders) https://www.chinabank.ph/pdf/2019_Annual_Report.pdf Quarterly Statement of Condition https://chinabank.ph/about_china_bank.aspx?title=Quarterly+Statement+of+Condition

Supplement to Recommendation 2.2

<p>1. Board has a clearly defined and updated vision, mission and core values.</p>	<p>Compliant</p>	<p>Indicate or provide link/reference to a document containing the company's vision, mission and core values.</p> <p>Indicate frequency of review of the vision, mission and core values.</p>	<p>VISION</p> <p>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 and value creation.</p> <p>MISSION</p> <p>We will be a leading provider of quality services consistently delivered to institutions, entrepreneurs, and individuals here and abroad, to meet their financial needs and exceed their rising expectations.</p> <p>We will be a primary catalyst in the creation of wealth for our customers, driven by a desire to help them succeed, through a highly engaged team of competent and empowered professionals, guided by in-depth knowledge of their needs and supported by leading-edge technology.</p> <p>We will maintain the highest ethical standards, sense of responsibility, and fairness with respect to our customers, employees, shareholders, and the communities we serve.</p> <p>CORE VALUES</p> <p>1. Integrity</p> <p>The firm's adherence to moral values which extends to servicing clients.</p> <p>2. High Performance Standards</p> <p>These are established professional methods of doing business that go beyond the typical routinary functions and designated results.</p> <p>3. Commitment to Quality</p>
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			<p>The Bank aims to achieve the highest degree of excellence in terms of internal and external client relationship building and also includes offering clients a level of expertise that helps them focus on being more effective in their jobs and making the business grow.</p> <p>4. Customer Service Focus Practices that are focused/concentrated on delighting the clients, whether internal or external.</p> <p>5. Concern for People It is having a high regard for people's needs and welfare, whether in and out of the office.</p> <p>6. Efficiency It is quality and speed rolled into one. It is being able to handle several tasks and delivering them promptly and accurately without neglecting the quality of results or output.</p> <p>7. Resourcefulness / Initiative It is being capable of devising and initiating ways and means to achieve target goals and even beyond customer expectations.</p> <p>The Bank's mission, vision and core values, as well as the information on the periodic review being performed, are posted in the website.</p> <p>Link/Reference:</p> <p>Bank's Mission, Vision and Values https://chinabank.ph/about_china_bank.aspx?title=Mission,+Vision,+and+Values</p>
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2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	Compliant	Provide information on or link/reference to a document containing information on the strategy execution process.	<p>As specified in the replies for Recommendation 2.2 (items 1 and 2), the Board is fully aware of the Bank's performance and business environment because of the periodic presentation and/or discussion with Management of the corresponding items. Also, as mentioned throughout the Corporate Governance Manual, the Board, sitting en banc or through the committees, regularly monitor the status of the implementation of strategies and plans.</p> <p>Link/Reference:</p> <p>Corporate Governance Manual https://chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf</p>
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	Compliant	Provide information or reference to a document containing information on the Chairperson, including his/her name and qualifications	<p>Mr. Hans T. Sy is the Bank's Chairman of the Board. He also serves in the Board of other companies listed in the Philippine Stock Exchange, such as, SM Prime Holdings, SM Investments Corporation (as Advisor) and holds key positions in companies within the SM Group. He earned his Bachelor of Science in Mechanical Engineering from the De La Salle University. He participated in numerous trainings and seminars, the latest of which is the Advanced Corporate Governance Training conducted by the Institute of Corporate Directors in August 2019. His election/appointment to the Board was confirmed by the Monetary Board of the BSP.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Director's Qualifications https://chinabank.ph/about_china_bank.aspx?title=Board+of+Directors Board Skill Set Matrix and Measurable Objectives

			https://www.chinabank.ph/about_china_bank.aspx?title=Board+Policies
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	Disclose and provide information or link/reference to a document containing information on the company's succession planning policies and programs and its implementation	<p>The Corporate Governance Manual provides that the Board is responsible for overseeing the selection and performance of senior management and heads of control functions.</p> <p>Guided by the Bank's Performance Management System and Succession Management Program, the Bank implements an individual career advancement, and conduct periodic review of the talent pipeline to identify gaps and manage the workforce requirement. As part of its succession planning efforts, potential successors for the above-mentioned critical positions are identified and developed, as appropriate.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • Corporate Governance Manual: Pages 20-21 (Duties and Responsibilities of the Board of Directors, Item 2.3.3) https://chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf • By-Laws: Page 4 (Article IV, Section 3) https://www.chinabank.ph/pdf/CHIB-Amended-By-laws-January-31-2019.pdf • 2019 Annual Financial and Sustainability Report: Page 60 (Career Mobility) https://www.chinabank.ph/pdf/2019_Annual_Report.pdf

<p>2. Board adopts a policy on the retirement for directors and key officers.</p>	<p>Compliant</p>		<p>Our By-Laws provides for replacements in the event of vacancy in the Board. We also have a Retirement Policy for Directors that is guided by the principle that the Bank is able to strengthen the composition of the Board, and provide it with members who collectively possess the skills and experience to help the Bank achieve its strategic goals.</p> <p>To promote dynamism in the corporation, as a matter of policy, a director shall remain in the Board of the Bank for as long he/she remains / continues to be fit for the position of a director. Whether or not a person is fit and proper for the position of a director, the following must be considered: integrity/probity, physical/mental fitness, relevant education, financial literacy and training, possession of competencies relevant to being a director, such as knowledge and experience, skills, diligence and independence of mind and sufficiency of time to fully carry out responsibilities.</p> <p>There is a retirement policy in place that governs the retirement of all Bank employees including key officers.</p> <p>Link/Reference:</p> <p>Retirement Policy for Directors https://www.chinabank.ph/about_china_bank.aspx?title=Board+Policies</p>
<p>Recommendation 2.5</p>			
<p>1. Board aligns the remuneration of key officers and board members with long-term interests of the company.</p>	<p>Compliant</p>	<p>Provide information on or link/reference to a document containing information on the company's remuneration policy and its implementation, including</p>	<p>The Bank's remuneration policy provides for fair and competitive salary and benefits commensurate with a senior / key officer's position/rank, responsibilities and experience, in consideration to the Bank's economic situation. In determining senior / key officer compensation, the Bank benchmarks with</p>

		the relationship between remuneration and performance.	<p>comparable organizations (similar size, organization structure, business risk, and management complexity).</p> <p>Links/References:</p> <ul style="list-style-type: none"> • 2019 Annual Report (SEC 17-A): Page 83 (Remuneration Committee) and Page 227 (Remunerations of Directors and other Key Management Personnel) https://www.chinabank.ph/pdf/2019_CHIB_SEC_Form_17-A_Final_PSE_and_PDEx.pdf • 2019 Annual Financial and Sustainability Report: Page 47 (Executive Compensation) https://www.chinabank.ph/pdf/2019_Annual_Report.pdf
2. Board adopts a policy specifying the relationship between remuneration and performance.	Compliant		<p>Under the By-Laws, members of the Board are entitled to 4% of the Bank's net earnings. On the other hand, officers are entitled to 10% of the net earnings, in such manner as the Board may determine based on the recommendation of the CEO.</p> <p>To attain the desired business results of the Bank, the Performance Management System Policy was institutionalized. The Bank's and Officers' performance are considered in determining the merit / promotion increases and performance bonus accorded to the officers.</p> <p>The Performance Management System Policy is uploaded to the Bank's internal public folder.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • For the Board of Directors, By-Laws: Page 11 (Article VIII, Section 1)

			https://www.chinabank.ph/pdf/CHIB-Amended-By-laws-January-31-2019.pdf <ul style="list-style-type: none"> For the Board and Employees, 2019 Annual Report (SEC 17-A): Page 227 (Remunerations of Directors and other Key Management Personnel) https://www.chinabank.ph/pdf/2019_CHIB_SEC_Form_17-A_Final_PSE_and_PDEx.pdf
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant		<p>Directors of the Bank do not participate in the discussion or deliberation involving their remuneration.</p> <p>In accordance with the Bank's By-Laws, China Bank Directors are entitled to a per diem of P500.00 for attendance at each Board/Board Committee meeting and to 4% of the Bank's net earnings. Executive Directors are appointed under standard employment terms, which include provisions for basic salary and performance bonus, depending on their performance, banking experience, employment status, position, and rank in the Bank. Non-executive Directors, on the other hand, do not receive any performance-related compensation.</p> <p>Amendments to the Bank's By-Laws were proposed in 2020, including the increase in the per diem of the directors, which shall now amount to P10,000.00 per Board or committee meeting. The amended By-Laws was ratified on June 18, 2020 during the Annual Stockholders' Meeting.</p> <p>Links/References:</p> <ul style="list-style-type: none"> By-Laws: Page 4 (Article IV, Section 11) https://www.chinabank.ph/pdf/CHIB-Amended-By-laws-January-31-2019.pdf

			<ul style="list-style-type: none"> Proposed Amendments of By-Laws: Page 4 (Per Diems) https://www.chinabank.ph/pdf/CHIB-Proposed-Amendments-of-By-Laws-June-18-2020.pdf Minutes of the 2020 Annual Stockholders' Meeting https://www.chinabank.ph/pdf/062220-MINUTES-OF-THE-2020-ANNUAL-MEETING-OF-STOCKHOLDERS.pdf
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.	Compliant	Provide proof of board approval	<p>The Board of Directors is responsible for the approval of the remuneration of the Bank's senior executives and other employees, through the Remuneration Committee.</p> <p>In accordance with its Charter, the said Committee oversees the remuneration of senior management and other key personnel, ensuring that compensation is consistent with the interest of all stakeholders and the Bank's culture, strategy, and control environment.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Remuneration Committee Charter https://www.chinabank.ph/pdf/Remuneration-Committee-Charter.pdf Corporate Governance Manual: Pages 67-68 (Remuneration Committee) https://chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf <p>The corresponding proof shall be made available for validation, due to its confidentiality.</p>

<p>2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.</p>	<p>Non-Compliant</p>	<p>Provide information on or link/reference to a document containing measurable standards to align performance-based remuneration with the long-term interest of the company.</p>	<p>Executive directors & senior executives are compensated based on clearly identified drivers of business growth such as attainment of target bank wide returns (ROE and ROA), market share, cross-sell ratio and other metrics aligned with the long-term interest of the Bank.</p> <p>The Bank will evaluate if there is a need to draft a policy for business transactions and deals for which the spirit of claw back provision would be applicable.</p> <p><i>Alternative to the Claw Back provision & Deferred Bonuses:</i></p> <p>Our Code of Ethics states that restitution may be imposed independently or together with any other penalty in case of loss or damage to the property of the Bank, its employees, clients or other parties doing business with the Bank. The Bank may recover the amount involved by means of salary deduction or whatever legal means that will prompt offenders to pay the amount involved. But restitution shall in no way mitigate the penalties attached to the violation or infraction.</p> <p>Forfeiture of benefits/privileges may also be effected in cases where infractions or violations were incurred in connection with or arising from the application/availment thereof.</p> <p>Link/Reference:</p> <p>Code of Ethics https://www.chinabank.ph/pdf/CODE-OF-ETHICS.pdf</p>
<p>Recommendation 2.6</p>			

1. Board has a formal and transparent board nomination and election policy.	Compliant	Provide information or reference to a document containing information on the company's nomination and election policy and process and its implementation, including the criteria used in selecting new directors, how the shortlisted candidates and how it encourages nominations from shareholders.	The Bank's Nomination Rules contains the nomination and election policy, which is updated annually or as the need arises.
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant	Provide proof if minority shareholders have a right to nominate candidates to the board Provide information if there was an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	The Nomination Rules form part of the Bank's Corporate Governance Manual. Links/References: <ul style="list-style-type: none"> • 2019 Nomination Rules https://www.chinabank.ph/pdf/2019-Nomination-Rules.pdf • Corporate Governance Manual: Page 14 (Nomination and Election of Directors) and Annex 1 (2019 Rules Governing the Nomination and Election of Directors) https://chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Compliant		The 2019 Nomination Rules sets forth the nomination policies / requirements. In accordance with the By-Laws as to manner of voting, Article III, Section 7 provides that any stockholder who is not delinquent in his subscription shall be allowed to vote either in person or by proxy executed in writing. Links/References: <ul style="list-style-type: none"> • 2019 Nomination Rules https://www.chinabank.ph/pdf/2019-Nomination-Rules.pdf • Definitive Information Statement (SEC 20-IS) YE2018: Page 3

			https://www.chinabank.ph/pdf/2018-CHIB-Definitive-20-IS_compressed_.pdf <ul style="list-style-type: none"> By-Laws: Page 2 (Article III, Section 7) https://www.chinabank.ph/pdf/CHIB-Amended-By-laws-January-31-2019.pdf
4. Board nomination and election policy includes how the board shortlists candidates.	Compliant		<p>The Bank's 2019 Nomination Rules contain the corresponding provisions in short listing the nominees for directorship.</p> <p>The Corporate Governance and Nominations Committees pre-screen the qualifications of the nominees on the basis of the nominations and/or supporting papers and prepare a final list of candidates containing all relevant information about the nominees, and indicate the nominees for independent directors, if any. In the unlikely event that no one among the stockholders who made the nominations indicated any particular nominee as nominee for independent director, the Committees shall endorse by majority vote of their members the nominees for independent directors who meet the guidelines/criteria set by the regulatory agencies/offices of listed banks.</p> <p>In 2019, The Bank engaged the Institute of Corporate Directors, as a Search Firm, to aid in looking for qualified candidates for Independent Director.</p> <p>Links/References:</p> <ul style="list-style-type: none"> 2019 Nomination Rules https://www.chinabank.ph/pdf/2019-Nomination-Rules.pdf

			<ul style="list-style-type: none"> 2019 Annual Financial and Sustainability Report: Pages 38-39 (Nomination and Election) https://www.chinabank.ph/pdf/2019_Annual_Report.pdf
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	Compliant		<p>The Nominations Committee, in accordance with its Charter, is tasked to assess the effectiveness of the Board process and procedures in the election or replacement of directors.</p> <p>Link/Reference:</p> <p>Nominations Committee Charter https://www.chinabank.ph/pdf/Nominations-Committee-Charter.pdf </p>
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant		<p>The position of a Director in China Bank is one of trust. Thus directors are selected for their integrity, credibility, leadership, and ability to render independent judgment, among others.</p> <p>The Bank's Nominations and Corporate Governance Committees are tasked to identify the quality of directors to ensure they are aligned with the strategic direction. The nomination and election process are set forth in the Nominations Rules that is incorporated in the Bank's Corporate Governance Manual.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Corporate Governance Manual: Pages 66-67 (Nominations Committee) https://chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf Nominations Committee Charter

			https://www.chinabank.ph/pdf/Nominations-Committee-Charter.pdf
Optional: Recommendation to 2.6			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.	Compliant	Identify the professional search firm used or other external sources of candidates	<p>The Bank has engaged the Institute of Corporate Directors in sourcing out candidates for Independent Director.</p> <p>Please refer to Annex 5 for the letter sent by ICD in response to the Bank's request for list of possible candidates.</p>
Recommendation 2.7			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	<p>Provide information on or reference to a document containing the company's policy on related party transaction, including policy on review and approval of significant RPTs</p> <p>Identify transactions that were approved pursuant to the policy.</p>	<p>The Board has the responsibility of approving the Bank's RPT policy, which covers guidelines and procedures for the review and approval of material RPTs to ensure that these are conducted at arm's length, and consistent with the objectives of BSP Circular 895.</p> <p>The policy serves as a guide for all the subsidiaries of the Bank in coming up with their respective RPT policies. There are also provisions in the policy requiring group-wide compliance, such as, reporting of material RPTs by the subsidiaries for consolidation & reporting by the Bank to the BSP, and annual reporting of conglomerate structure/map.</p> <p>The detailed RPT Policy is uploaded to the Bank's internal public folder. Further, to aid in identifying the Bank's related parties, the RPT Registry is updated regularly.</p> <p>In 2019, the Bank revised its RPT Framework and Policy Guidelines, to comply with SEC Memo No. 10 re: Rules on Material RPTs for PLCs. The Framework embarked on harmonizing the Bank's compliance on both the directives of the SEC and BSP.</p>

			<p>Links/References:</p> <ul style="list-style-type: none"> • Corporate Governance Manual: Pages 63-65 (Related Party Transactions Committee) and Pages 109-110 (Related Party Transactions) https://chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf • RPT Committee Charter https://www.chinabank.ph/pdf/RPT-Committee-Charter.pdf • RPT Framework and Policy Guidelines https://www.chinabank.ph/pdf/Revised-RPT-Framework-and-Policy-Guidelines-October-2019.pdf
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant		<p>The Bank's RPT policy requires all material RPTs to be reviewed and vetted upon by the RPT Committee before they are endorsed for the Board's approval. As guiding principle, RPTs shall be at arm's length, in the ordinary course of business & in the interest of the Bank and on substantially similar terms as those offered to other non-related parties.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • Related Party Transactions https://www.chinabank.ph/corgov.aspx?title=Governance+Policies • RPT Committee Charter https://www.chinabank.ph/pdf/RPT-Committee-Charter.pdf • RPT Framework and Policy Guidelines

			https://www.chinabank.ph/pdf/Revised-RPT-Framework-and-Policy-Guidelines-October-2019.pdf
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant		<p>The Bank's RPT policy serves as guide for all the subsidiaries of the Bank in coming up with their respective RPT policies. As mentioned in the response to Recommendation 2.7 (1), there are requirements in the Bank's RPT policy mandating group-wide compliance, such as reporting of material RPTs by subsidiaries for consolidation & reporting by the Bank to the BSP, and annual reporting of conglomerate structure/map.</p> <p>Link/Reference:</p> <p>RPT Framework and Policy Guidelines https://www.chinabank.ph/pdf/Revised-RPT-Framework-and-Policy-Guidelines-October-2019.pdf</p> <p>The detailed RPT Policy is uploaded to the Bank's internal public folder.</p>
Supplement to Recommendations 2.7			
1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for	Compliant	<p>Provide information on a materiality threshold for RPT disclosure and approval, if any.</p> <p>Provide information on RPT categories</p>	<p>The Bank has an extensive RPT policy that is kept updated, relevant and aligned with laws, rules and regulations. Starting 2018, specific materiality thresholds were established on a per transaction/per unit basis, pursuant to BSP requirement.</p> <p>Please refer to Annex 6 for a copy of the revised materiality threshold.</p> <p>Furthermore, to comply with SEC Memo. No 10, the materiality threshold (for individual transactions or aggregate over a 12-month period for the same related party) was set by the Bank at 10% or higher of</p>

purposes of applying the thresholds for disclosure and approval.			<p>its total assets, based on the 2018 Audited Financial Statements.</p> <p>Link/Reference:</p> <p>Related Party Transactions https://www.chinabank.ph/corgov.aspx?title=Governance+Policies </p>
2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.	Compliant	Provide information on voting system, if any.	<p>The Bank has no formal voting system allowing non-related party shareholders to approve RPTs. However, material RPTs are presented and ratified by all stockholders present during Annual Stockholders' Meeting. The foregoing process can be considered a similar approval, since both related and non-related shareholders are present during the meeting.</p> <p>Link/Reference:</p> <p>Minutes of the 2019 Annual Stockholders' Meeting: Pages 4-8 (Item VII) https://www.chinabank.ph/pdf/Minutes-of-the-Annual-Stockholders-Meeting-2019.pdf </p>
Recommendation 2.8			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliant	<p>Provide information on or reference to a document containing the Board's policy and responsibility for approving the selection of management.</p> <p>Identity the Management team appointed</p>	<p>The Board is primarily responsible for approving the selection of the CEO, including heads of control/oversight functions, namely, CRO, CCO and CAE, based on the application of fit and proper standards. Integrity, technical expertise, and experience in the Bank's business, either current or planned, shall be the key considerations in the selection process. Moreover, since mutual trust and a close working relationship are important, the members of senior management shall uphold the general operating philosophy, vision and core values of the Bank.</p>

			<p>Link/Reference:</p> <p>Corporate Governance Manual: Pages 20-21 (Duties and Responsibilities of the Board of Directors, Item 2.3.3)</p> <p>https://chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf</p>
2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliant	<p>Provide information on or reference to a document containing the Board's policy and responsibility for assessing the performance of management.</p> <p>Provide information on the assessment process and indicate frequency of assessment of performance.</p>	<p>The Board is also responsible for the regular assessment of the performance of Management.</p> <p>The Board, through the appropriate Board Committees, exercises performance assessment of heads of the control functions, as follows: (i) CRO – the Risk Oversight Committee; (ii) CCO – Compliance & Corporate Governance Committees; and (iii) CAE – Audit Committee.</p> <p>Link/Reference:</p> <p>Corporate Governance Manual: Pages 21 (Duties and Responsibilities of the Board of Directors, Item 2.3.3 c)</p> <p>https://chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf</p>
Recommendation 2.9			
1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	Compliant	<p>Provide information on or link/reference to a document containing the Board's performance management framework for management and personnel.</p>	<p>The Bank's Performance Management System is an integrated process that aligns the performance of employees with the Bank's strategic direction and business plans to ensure optimum organizational effectiveness.</p> <p>The detailed Performance Management System Policy is uploaded to the Bank's internal public folder.</p> <p>Link/Reference:</p>

			<p>2019 Annual Financial and Sustainability Report: Page 61 (Performance Appraisal)</p> <p>https://www.chinabank.ph/pdf/2019 Annual Report.pdf</p>
<p>2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.</p>	Compliant		<p>The Bank greatly values its employees and ensures that they are well-provided for, most prominently with competitive compensation packages. The salary range complies with industry standards, while also considering an employee's responsibilities, experience, and performance. The Bank has institutionalized generous reward systems designed to encourage employees to perform above and beyond expectations. An employee's level in the organization is determined by the Job Grade (for rank and file employees) or Corporate Rank (for officers) identified with their position, which is the basis of compensation and benefits relative to the banking industry. The position title of an employee defines the general description of their function (e.g. Customer Relations Assistant, Branch Head) while the Job Grade and Corporate Rank determine the hierarchy in terms of pay and benefits (e.g. Manager, Senior Manager, Assistant Vice President).</p> <p>Link/Reference:</p> <p>2019 Annual Financial and Sustainability Report: Page 60 (Remuneration)</p> <p>https://www.chinabank.ph/pdf/2019 Annual Report.pdf</p> <p>The detailed Performance Management System Policy is uploaded to the Bank's internal public folder.</p>
Recommendation 2.10			

1. Board oversees that an appropriate internal control system is in place.	Compliant	Provide information on or link/reference to a document showing the Board's responsibility for overseeing that an appropriate internal control system is in place and what is included in the internal control system	<p>The Board is responsible for the establishment and review of the Bank's system of internal control while its day-to-day supervision falls upon the purview of the Management Committee. All of our employees are involved in our internal control processes to a certain extent and in specific capacities. The internal control system comprises a well-defined management structure with clear authorities, responsibilities, and operating procedures—this includes an enterprise risk management function under the Risk Oversight Committee and the Risk Management Group, a stringent compliance function that ensures the Bank complies with applicable laws, rules and regulations like good governance, anti-money laundering and anti-insider trading policies among others, a comprehensive planning and budgeting process led by the Financial Planning and Analysis Division that delivers detailed annual financial forecasts and targets for Board approval, and an internal audit function under the Audit Division.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • Internal Control and Risk Management https://www.chinabank.ph/corgov.aspx?title=Internal+Control+and+Risk+Management • 2019 Annual Financial and Sustainability Report: Pages 45, 48-52 (Internal Controls) https://www.chinabank.ph/pdf/2019_Annual_Report.pdf
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant		<p>The Bank's internal control system includes mechanism for monitoring and managing conflict of interest.</p> <p>In accordance with the Bank's Code of Ethics, conflict of interest between the Bank and its employees should</p>

			<p>be avoided at all times. However, should a conflict arise, the interest of the Bank must prevail. Employees are not permitted to have or be involved in any financial interests that are in conflict or appear to be in conflict with their duties and responsibilities to China Bank. They are likewise barred from engaging in work outside of the Bank unless with duly-approved permission, as well as work that lies in direct competition with the Bank.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • Code of Ethics https://www.chinabank.ph/corgov.aspx?title=Code+of+Ethics • Policy on Conflict of Interest https://www.chinabank.ph/corgov.aspx?title=Governance+Policies • 2019 Annual Financial and Sustainability Report: Page 48-52 (Internal Controls) https://www.chinabank.ph/pdf/2019_Annual_Report.pdf
3. Board approves the Internal Audit Charter.	Compliant	Provide reference or link to the company's Internal Audit Charter	<p>The Bank's Internal Audit Charter was approved by the Audit Committee and ratified by the Board on July 17, 2019 and August 7, 2019, respectively.</p> <p>Please refer to Annex 7 for a copy of the Internal Audit Charter.</p>
Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to	Compliant	Provide information on or link/reference to a document showing the Board's oversight responsibility on the establishment	<p>Aligned with the Board's responsibility of setting the tone at the top, the Board oversees that the Bank has in place a sound enterprise risk management framework through Risk Oversight Committee to ensure</p>

effectively identify, monitor, assess and manage key business risks.		<p>of a sound enterprise risk management framework and how the board was guided by the framework.</p> <p>Provide proof of effectiveness of risk management strategies, if any.</p>	<p>its functionality and effectiveness. It oversees the system of limits to discretionary authority that the board delegates to management, ensure that the system remains effective, that the limits are observed and that immediate corrective actions are taken whenever limits are breached.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • Corporate Governance Manual: Pages 58-60 (Risk Oversight Committee) and Pages 94-97 (Risk Management Function) https://chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf • 2019 Annual Financial and Sustainability Report: Pages 49-51 (Risk Management) https://www.chinabank.ph/pdf/2019 Annual Report.pdf • Organizational Chart (Reporting line of RMG to the Board) https://www.chinabank.ph/corgov.aspx?title=Our+Company
2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	Compliant		<p>The Bank's Risk Management Group assists the Board in the enterprise-risk management function, which includes risk management strategies.</p> <p>The Bank's resiliency against risk is anchored on prudent risk-taking business model. It safeguards stakeholders' interest and the Group's assets with a balanced approach to risk management, undertaking only well considered risks for commensurate returns. Our Risk Management Group (RMG), headed by Chief Risk Officer Ananias S. Cornelio III, executes the risk management function which is generally responsible</p>

			<p>for identifying, assessing, monitoring, and mitigating our key risks. RMG reports to the Board through the Risk Oversight Committee which has approval and oversight responsibility for our risk management framework and risk appetite. Risk identification and assessment are embedded in our control processes, employees at all levels are responsible for the management and reporting of risks, and risk management is reinforced as a discipline group-wide through trainings and communication.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Corporate Governance Manual: Pages 58-60 (Risk Oversight Committee) and Pages 94-97 (Risk Management Function) https://chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf Risk Management https://www.chinabank.ph/corgov.aspx?title=Risk+Management
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	Compliant	Provide link to the company's website where the Board Charter is disclosed.	<p>The Corporate Governance Manual serves as the Charter of the Board, and sets forth its function/role, duties and responsibilities. The duty of care and loyal are the two key elements of the fiduciary duty of the Board. The duty of care requires the members of the Board to act on a fully informed basis, in good faith, with due diligence and care while the duty of loyalty is where the board members should act in the best interest of the Bank and all its stakeholder, such as the depositors, creditors, employees and regulators.</p> <p>In addition, an Orientation Kit is provided to the new members of the Board. This document contains the</p>
2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant		
3. Board Charter is publicly available and posted on the company's website.	Compliant		

			<p>specific duties and responsibilities of the Directors, as well as the applicable Board Committee Charters (i.e., those which the Director is a member of).</p> <p>Link/Reference:</p> <p>Corporate Governance Manual https://chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf</p>
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	Compliant	Provide information on or link/reference to a document showing company's insider trading policy.	<p>The Bank's Policy on Insider Trading is included in the Corporate Governance Manual. Provisions regarding material non-public information and prohibited "tipping" / communication and penalties for illegal conduct of insider trading are included in the manual. Moreover, the policy on the disclosure of the directors' dealings in Bank shares is also contained therein.</p> <p>Link/Reference:</p> <p>Corporate Governance Manual: Pages 103-105 (Policy on Insider Trading) https://chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf</p> <p>The detailed Insider Trading and Blackout Policy is uploaded to the Bank's internal public folder.</p>
Optional: Principle 2			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.	Compliant	Provide information on or link/reference to a document showing company's policy on granting loans to directors, if any.	<p>Lending to Directors is not restricted or prohibited under existing regulations. The Bank's DOSRI and RPT policies require that transactions with directors and other related parties should be conducted at an arm's length basis and on terms not less favorable to the Bank.</p>

			<p>To avoid conflict of interest and based on the RPT policy of the Bank, any director who has interest in a transaction is required to disclose his/her interest and should abstain from the deliberation and approval of the related party transaction.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • Related Party Transactions https://www.chinabank.ph/corgov.aspx?title=Governance+Policies • RPT Framework and Policy Guidelines: Page 15 (Avoidance of Conflict of Interest) https://www.chinabank.ph/pdf/Revised-RPT-Framework-and-Policy-Guidelines-October-2019.pdf
2. Company discloses the types of decision requiring board of directors' approval.	Compliant	Indicate the types of decision requiring board of directors' approval and where there are disclosed.	<p>In accordance with the Bank's DOSRI and RPT policies, lending to DOSRI, material related party transactions are required to be approved by Board of Directors, among others.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • Related Party Transactions https://www.chinabank.ph/corgov.aspx?title=Governance+Policies • RPT Framework and Policy Guidelines: Page 14 (Endorsement and Approval of RPTs) https://www.chinabank.ph/pdf/Revised-RPT-Framework-and-Policy-Guidelines-October-2019.pdf <p>Under the Corporate Governance Manual, matters and authorities reserve to the Board for decision</p>

			<p>includes, among others, major capital expenditures, equity investments and divestments. The Board shall also establish the limits of the discretionary powers of each officer or committee, for purposes of lending, investing or other financial undertaking that exposes the Bank to significant risks.</p> <p>Link/Reference:</p> <p>Corporate Governance Manual: Page 20 (Item 2.3.2 d) https://chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf</p> <p>The powers of the Board are set out in Article IV, Section 1, of the Bank's By-Laws.</p> <p>Link/Reference:</p> <p>By-Laws: Pages 3-4 (Article IV, Section 1) https://www.chinabank.ph/pdf/CHIB-Amended-By-laws-January-31-2019.pdf</p>
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Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.

Recommendation 3.1

1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	Provide information or link/reference to a document containing information on all the board committees established by the company.	<p>To aid the Board in the effective performance of its functions, duties, and to address specific tasks / responsibilities, the Bank's Board of Directors created nine board-level committees namely: (1) Executive, (2) Corporate Governance, (3) Audit, (4) Compliance, (5) Risk Oversight, (6) Nominations, (7) Remuneration, (8) Related Party Transactions and (9) Trust Investment.</p> <p>Each committee has its own charter containing provisions on its composition, functions and</p>
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			<p>responsibilities. These charters are posted on the Bank's website.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Board Matters https://www.chinabank.ph/corgov.aspx?title=Board+Matters 2019 Annual Financial and Sustainability Report: Page 36 (Organizational Chart) and Page 41-43 (Board Committees) https://www.chinabank.ph/pdf/2019_Annual_Report.pdf
Recommendation 3.2			
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	Compliant	<p>Provide information or link/reference to a document containing information on the Audit Committee, including its functions.</p> <p>Indicate if it is the Audit Committee's responsibility to recommend the appointment and removal of the company's external auditor.</p>	<p>The Audit Committee oversees all matters pertaining to audit such as internal audit function and performance, the integrity of the financial statements, and general accounting processes, among others. Moreover, it provides oversight on the senior management's activities, as well as the Bank's internal and external auditors. The Committee also monitors and evaluate the effectiveness of the Bank's internal control system.</p> <p>In relation to the Committee's oversight on external auditors, it can recommend their appointment (subject to stockholder ratification) or dismissal, as necessary.</p> <p>Link/Reference:</p> <p>Audit Committee Charter https://www.chinabank.ph/pdf/Audit-Committee-Charter.pdf</p>

<p>2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the members of the Audit Committee, including their qualifications and type of directorship.</p>	<p>The Audit Committee is composed of three (3) non-executive directors, of whom – 2 are Independent Directors, in accordance with its Charter. The members of the Committee are:</p> <p>Mr. Alberto S. Yao (Chairman) – Independent Director Mr. Philip S.L. Tsai – Independent Director Mr. Joaquin T. Dee</p> <p>Links/References:</p> <ul style="list-style-type: none"> • Directors' Profile https://www.chinabank.ph/about_china_bank.aspx?title=Board+of+Directors • Audit Committee Charter https://www.chinabank.ph/pdf/Audit-Committee-Charter.pdf • Re-organization of Board Committees https://www.chinabank.ph/pdf/2019-05-02-CHIBPSEDisclosure-CHIB-Results-of-the-2019-Stockholders-and-Organizational-Meetings.pdf
<p>3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the background, knowledge, skills, and/or experience of the members of the Audit Committee.</p>	<p>The members of the Audit Committee have the relevant background / knowledge, skills and experience in the areas of accounting, auditing and finance.</p> <p>Link/Reference:</p> <p>Directors' Profile https://www.chinabank.ph/about_china_bank.aspx?title=Board+of+Directors</p>

4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Compliant	Provide information or link/reference to a document containing information on the Chairman of the Audit Committee	<p>Mr. Alberto S. Yao is the Chairman of the Audit Committee. He is not the Chairman of the Board or of any other committee.</p> <p>Link/Reference:</p> <p>Audit Committee Members https://www.chinabank.ph/corgov.aspx?title=Board+Matters</p>
Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external auditor.	Compliant	Provide proof that the Audit Committee approved all non-audit services conducted by the external auditor.	<p>Based on the Audit Committee Charter, the Committee is tasked to approve audit and non-audit engagements.</p> <p>In 2019, the Audit Committee discussed, approved, and authorized to engage the services of SGV & Co for various non-audit work.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Audit Committee Charter https://www.chinabank.ph/pdf/Audit-Committee-Charter.pdf 2019 Annual Report (SEC 17-A): Page: Page 64 (Item 7: Financial Statements) https://www.chinabank.ph/pdf/2019_CHIB_SEC_Form_17-A_Final_PSE_and_PDEx.pdf
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	Compliant	Provide proof that the Audit Committee conducted regular meetings and dialogues with the external audit team without anyone from management present.	<p>The Audit Committee conducts regular meeting with the External Auditor without anyone from management team.</p> <p>Please refer to Annex 8 for the corresponding certification from the Corporate Secretary.</p>

Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.	Compliant	Indicate the number of Audit Committee meetings during the year and provide proof	<p>The Audit Committee had 15 meetings in 2019.</p> <p>Link/Reference:</p> <p>Audit Committee Attendance https://www.chinabank.ph/corgov.aspx?title=Board+Matters</p>
2. Audit Committee approves the appointment and removal of the internal auditor.	Compliant	Provide proof that the Audit Committee approved the appointment and removal of the internal auditor.	<p>In accordance with the Audit Committee Charter, the appointment of the Internal Auditor is approved by the Audit Committee</p> <p>Link/Reference:</p> <p>Audit Committee Charter https://www.chinabank.ph/pdf/Audit-Committee-Charter.pdf</p>
Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	Compliant	<p>Provide information or reference to a document containing information on the Corporate Governance Committee, including its functions</p> <p>Indicate if the Committee undertook the process of identifying the quality of directors aligned with the company's strategic direction, if applicable.</p>	<p>The Corporate Governance Committee is tasked to assist the Board of Directors in fulfilling its corporate governance responsibilities by ensuring compliance with and proper observance of corporate governance laws, rules, principles and best practices.</p> <p>It is primarily responsible to oversee the implementation of the corporate governance framework and periodically review the said framework to ensure that it remains appropriate. Moreover, together with the Nominations Committee, it handles the nomination process for members of the Board of Directors and for positions requiring appointment by the Board. It also ensures that the members of the Board are provided with a continuing education program, and that they carry out the necessary periodic self-assessment. Also, part of the Committee's duties, is to define the general</p>

			<p>profile of Board members that the Bank may need and ensure that their knowledge, competencies and expertise will complement the existing skill of the Board.</p> <p>Link/Reference:</p> <p>Corporate Governance Committee Charter https://www.chinabank.ph/pdf/Corporate-Governance-Committee-Charter.pdf</p>
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	Compliant	Provide information or link/reference to a document containing information on the members of the Corporate Governance Committee, including their qualifications and type of directorship.	<p>The four (4) members of the Corporate Governance Committee are all Independent Directors. The members of the Committee are:</p> <p>Mr. Philip S.L. Tsai (Chairman) Mr. Alberto S. Yao Ms. Margarita L. San Juan Ms. Angeline Ann H. Hwang+</p> <p>Links/References:</p> <ul style="list-style-type: none"> Corporate Governance Committee Members https://www.chinabank.ph/corgov.aspx?title=Board+Matters Directors' Profile https://www.chinabank.ph/about_china_bank.aspx?title=Board+of+Directors Re-organization of Board Committees https://www.chinabank.ph/pdf/2019-05-02-CHIBPSEDisclosure-CHIB-Results-of-the-2019-Stockholders-and-Organizational-Meetings.pdf
3. Chairman of the Corporate Governance Committee is an independent director.	Compliant	Provide information or link/reference to a document containing information on the	Mr. Philip S.L Tsai is the Chairman of the Corporate Governance Committee. He is an independent director.

		Chairman of the Corporate Governance Committee.	<p>Links/References:</p> <ul style="list-style-type: none"> Corporate Governance Committee Members https://www.chinabank.ph/corgov.aspx?title=Board+Matters Directors' Profile https://www.chinabank.ph/about_china_bank.aspx?title=Board+of+Directors Re-organization of Board Committees https://www.chinabank.ph/pdf/2019-05-02-CHIBPSEDisclosure-CHIB-Results-of-the-2019-Stockholders-and-Organizational-Meetings.pdf
Optional: Recommendation 3.3.			
1. Corporate Governance Committee meet at least twice during the year.	Compliant	Indicate the number of Corporate Governance Committee meetings held during the year and provide proof thereof.	<p>The Corporate Governance Committee had 30 meetings in 2019, including 11 joint meetings with Compliance Committee and 18 joint meetings with Nominations Committee.</p> <p>Link/Reference:</p> <p>Corporate Governance Committee Attendance https://www.chinabank.ph/corgov.aspx?title=Board+Matters</p>
Recommendation 3.4			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	Compliant	Provide information or link/reference to a document containing information on the Board Risk Oversight Committee (BROC), including its functions	<p>The Risk Oversight Committee is responsible for the Bank's Enterprise Risk Management System, in accordance with its Charter.</p> <p>Link/Reference:</p> <p>Risk Oversight Committee Charter</p>

			https://www.chinabank.ph/pdf/Risk-Oversight-Committee-Charter.pdf
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Compliant	Provide information or link/reference to a document containing information on the members of the BROC, including their qualifications and type of directorship	<p>The Risk Oversight Committee is composed of 3 members – 2 are Independent Directors, namely:</p> <p>Ms. Margarita L. San Juan (Chairman) Mr. Alberto S. Yao</p> <p>Links/References:</p> <ul style="list-style-type: none"> • Risk Oversight Committee Members https://www.chinabank.ph/corgov.aspx?title=Board+Matters • Directors' Profile https://www.chinabank.ph/about_china_bank.aspx?title=Board+of+Directors • Re-organization of Board Committees https://www.chinabank.ph/pdf/2019-05-02-CHIBPSEDisclosure-CHIB-Results-of-the-2019-Stockholders-and-Organizational-Meetings.pdf
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Compliant	Provide information or link/reference to a document containing information on the Chairman of the BROC	<p>Ms. Margarita L. San Juan is the Chairman of the Risk Oversight Committee. She is not the Chairman of the Board or of any other committee.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • Board Committees and their Members https://www.chinabank.ph/corgov.aspx?title=Board+Matters • Directors' Profile https://www.chinabank.ph/about_china_bank.aspx?title=Board+of+Directors

<p>4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the background, skills, and/or experience of the members of the BROC.</p>	<p>The members of the Risk Oversight Committee are:</p> <p>Ms. Margarita L. San Juan (Chairman) Mr. Hans T. Sy Ms. Alberto S. Yao</p> <p>Ms. San Juan is a seasoned banker and has thorough knowledge/experience on risk management & governance. Other members of the Committee have attended the relevant seminars to equip themselves of their responsibilities.</p> <p>Link/Reference:</p> <p>Directors' Profile https://www.chinabank.ph/about_china_bank.aspx?title=Board+of+Directors</p>
<p>Recommendation 3.5</p>			
<p>1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the Related Party Transactions (RPT) Committee, including its functions.</p>	<p>The Bank has an RPT Committee that is responsible for reviewing all material related party transactions (RPTs) to ensure that they are conducted in accordance with the arm's length principles.</p> <p>Composed entirely of Independent Directors, the committee oversees the proper implementation of the RPT Policy and ensures that corresponding transactions are duly identified, measures, monitored, controlled and reported.</p> <p>Links/References:</p> <ul style="list-style-type: none"> RPT Committee Members https://www.chinabank.ph/corgov.aspx?title=Board+Matters RPT Committee Charter

			https://www.chinabank.ph/pdf/RPT-Committee-Charter.pdf
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	Compliant	Provide information or link/reference to a document containing information on the members of the RPT Committee, including their qualifications and type of directorship.	<p>The four (4) members of the RPT Committee are all independent directors namely:</p> <p>Mr. Philip S.L. Tsai (Chairman) Mr. Alberto S Yao Ms. Margarita L. San Juan Ms. Angeline Ann H. Hwang+</p> <p>Links/References:</p> <ul style="list-style-type: none"> • RPT Committee Members https://www.chinabank.ph/corgov.aspx?title=Board+Matters • Directors' Profile https://www.chinabank.ph/about_china_bank.aspx?title=Board+of+Directors • Re-organization of Board Committees https://www.chinabank.ph/pdf/2019-05-02-CHIBPSEDisclosure-CHIB-Results-of-the-2019-Stockholders-and-Organizational-Meetings.pdf
Recommendation 3.6			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	Compliant	Provide information on or link/reference to the company's committee charters, containing all the required information, particularly the functions of the Committee that is necessary for performance evaluation purposes.	<p>All committees have their own respective Charters. The charters contain all the required information related to the function of each committee and the specific duties of its members. The Charters also provide for the performance evaluation of the committee.</p> <p>All charters are made available in the Bank's website.</p> <p>Link/Reference:</p>
2. Committee Charters provide standards for evaluating the performance of the Committees.	Compliant		

3. Committee Charters were fully disclosed on the company's website.	Compliant	Provide link to company's website where the Committee Charters are disclosed.	Committee Charters https://www.chinabank.ph/corgov.aspx?title=Board+Matters
Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.			
Recommendation 4.1			
1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	Compliant	<p>Provide information or link/reference to a document containing information on the process and procedure for tele/videoconferencing board and/or committee meetings.</p> <p>Provide information or link/reference to a document containing information on the attendance and participation of directors to Board, Committee and shareholders' meetings.</p>	<p>The Board actively participated in Board Meetings as required in the Bank's Corporate Governance Manual.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Corporate Governance Manual: Pages 44-45 (Conduct of Meetings, Attendance and Quorum Requirement) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf Board Attendance https://www.chinabank.ph/corgov.aspx?title=Board+Matters Minutes of the 2019 Annual Stockholders' Meeting: Page 1 (Directors Present) https://www.chinabank.ph/pdf/Minutes-of-the-Annual-Stockholders-Meeting-2019.pdf
2. The directors review meeting materials for all Board and Committee meetings.	Compliant		<p>The members of the Board are provided with materials within five (5) days prior to Board and Committee meeting.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Corporate Governance Manual: Page 45 (Board Materials)

			https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf <ul style="list-style-type: none"> 2019 Annual Financial and Sustainability Report: Pages 43-44 (Board Meetings) https://www.chinabank.ph/pdf/2019_Annual_Report.pdf
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	Provide information or link/reference to a document containing information on any questions raised or clarification/explanation sought by the directors	<p>The minutes of meetings reflect robust discussions by the Board on issues/proposals/initiatives presented by Management. Whenever necessary, or to arrive at an informed decision, Board members would seek clarification and/or explanation during the meetings.</p> <p>The corresponding minutes of meetings shall be made available upon validation.</p>
Recommendation 4.2			
1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	Compliant	<p>Disclose if the company has a policy setting the limit of board seats that a non-executive director can hold simultaneously.</p> <p>Provide information or reference to a document containing information on the directorships of the company's directors in both listed and non-listed companies</p>	<p>The Bank, in selecting independent directors and non-executive directors, considers the number and types of entities where the candidate is likewise elected as such, to ensure that he will be able to devote sufficient time to effectively carry-out his duties and responsibilities. In relation to the limit on directorship of independent director and non-executive directors, the Bank policy follows the corresponding MORB provision which states that:</p> <p><i>"There shall be no limit in the number of covered companies a person may be elected as non-executive director or independent director, except in conglomerates where an ID can only be elected up to five (5) listed companies within the conglomerate. Each entity where the non-executive director is concurrently serving as director shall be separately</i></p>

			<p>considered in assessing compliance with this requirement."</p> <p>Links/References:</p> <ul style="list-style-type: none"> Corporate Governance Manual: Pages 4-8 (Independent and Non-Executive Directors) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf Directors' Profile https://www.chinabank.ph/about_china_bank.aspx?title=Board+of+Directors
Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	Compliant	Provide copy of written notification to the board or minutes of board meeting wherein the matter was discussed.	<p>Bank directors are required to notify the Board before accepting a directorship in another company. The Bank's policy on multiple Board seats is included in the Corporate Governance Manual.</p> <p>Link/Reference:</p> <p>Corporate Governance Manual: Page 36 (Multiple Board Seats / Interlocking/Concurrent Directorship) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf</p>
Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	Compliant		<p>The Bank has only two (2) Executive Directors and they do not serve in more than two boards of listed companies outside of the group.</p> <p>Link/Reference:</p> <p>Directors' Profile</p>

			https://www.chinabank.ph/about_china_bank.aspx?title=Board+of+Directors
2. Company schedules board of directors' meetings before the start of the financial year.	Compliant		<p>Consistent with the provision in the Bank's By-Laws, regular meetings of the Board are set every first Wednesday of the month, while special meetings may be called by the Chairman or the CEO, as deemed necessary. In the same manner, Board-level committees have regular meetings, as stipulated in their respective charters.</p> <p>Links/References:</p> <ul style="list-style-type: none"> By-Laws: Page 4 (Article IV, Sections 4 and 5) https://www.chinabank.ph/pdf/CHIB-Amended-By-laws-January-31-2019.pdf Committee Charters https://www.chinabank.ph/corgov.aspx?title=Board+Matters 2019 Annual Financial and Sustainability Report: Pages 43-44 (Board Meetings) https://www.chinabank.ph/pdf/2019_Annual_Report.pdf
3. Board of directors meet at least six times during the year.	Compliant	Indicate the number of board meetings during the year and provide proof	<p>The Board of Directors had 16 meetings in 2019, including the organizational meeting.</p> <p>Links/References:</p> <ul style="list-style-type: none"> 2019 Definitive Information Statement (SEC 20-IS): Page 12 (Board Meetings) https://www.chinabank.ph/pdf/2020-04-02-CHIBPSEDisclosure-CHIB-Definitive-SEC-20-IS_Final-for-PSE-and-PDEx.pdf

			<ul style="list-style-type: none"> • 2019 Annual Financial and Sustainability Report: Pages 43-44 (Board Meetings) https://www.chinabank.ph/pdf/2019_Annual_Report.pdf • Board Attendance https://www.chinabank.ph/corgov.aspx?title=Board+Matters
4. Company requires as minimum quorum of at least 2/3 for board decisions.	Compliant	Indicate the required minimum quorum for board decisions	<p>It is the policy of the Bank to encourage all members of the Board to attend board meetings regularly.</p> <p>If a member of the Board cannot attend personally, subject to existing rules, he / she may participate in meetings through teleconference or videoconferencing.</p> <p>In cases where a decision is to be arrived at by the Board, as a matter of policy, decisions should be made only upon quorum of 2/3 members of the Board present, unless a different voting requirement is required by existing laws, rules and regulations.</p> <p>Link/Reference:</p> <p>Corporate Governance Manual: Pages 44-45 (Conduct of Meetings, Attendance and Quorum Requirement) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf</p>

Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs

Recommendation 5.1

1. The Board has at least 3 independent directors or such	Compliant	Provide information or link/reference to a document containing information on the	In 2019, the Board has 4 Independent Directors, namely:
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number as to constitute one-third of the board, whichever is higher.		number of independent directors in the board	<p>Mr. Alberto S Yao Mr. Philip S.L. Tsai Ms. Margarita L. San Juan Ms. Angeline Ann H. Hwang+ (elected May 2, 2019)</p> <p>The Bank has sought shareholders' approval last May 3, 2018, to increase the number of directors to 12 for the purpose of electing another Independent Director. In the same year, the Bank amended its By-Laws and Articles of Incorporation to increase the number of directors from 11 to 12. The BSP approved the amendments on August 15, 2018 and issued a Certificate of Authority dated August 31, 2018, stating that the amendments to the Articles of Incorporation and By-Laws are in accordance with the law. The SEC approved such amendments on January 2019.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Minutes of the 2018 Annual Stockholders' Meeting: Pages 10-11 (Item IX, Increase in the Number of Directors from 11 to 12) https://www.chinabank.ph/pdf/Minutes-of-the-2018-Annual-Meeting-of-Stockholders-of-China-Banking-Corporation.pdf Minutes of the 2019 Annual Stockholders' Meeting: Pages 8-9 (Election of the Board of Directors) https://www.chinabank.ph/pdf/Minutes-of-the-Annual-Stockholders-Meeting-2019.pdf
Recommendation 5.2			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Compliant	Provide information or link/reference to a document containing information on the qualifications of the independent directors.	Each of the Independent Directors nominated to the Board in 2019 certified that he/she possess all the qualifications and none of the disqualifications, as contained in the Bank's Definitive Information Statement.

			<p>Link/Reference:</p> <p>Definitive Information Statement (SEC 20-IS) YE2018: Pages 25-28 https://www.chinabank.ph/pdf/2018-CHIB-Definitive-20-IS_compressed_.pdf</p>
Supplement to Recommendation 5.2			
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	Compliant	Provide link/reference to a document containing information that directors are not constrained to vote independently.	<p>The Bank is not aware of any shareholder agreement that constrain a director's ability to vote, but in accordance with the By-Laws, and the Corporation Code, any stockholder who is not delinquent in his subscription shall be allowed to vote either in person or by proxy executed in writing by the stockholder.</p> <p>Link/Reference:</p> <p>2019 Definitive Information Statement (SEC 20-IS): Pages 8-9 https://www.chinabank.ph/pdf/2020-04-02-CHIBPSEDisclosure-CHIB-Definitive-SEC-20-IS_Final-for-PSE-and-PDEx.pdf</p>
Recommendation 5.3			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	Compliant	Provide information or link/reference to a document showing the years IDs have served as such.	<p>None of the Bank's IDs has exceeded the stated term limit. The information on the number of years of their service as directors, are posted on the website and in the 2019 Annual Financial and Sustainability Report of the Bank.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Directors' Profile https://www.chinabank.ph/about_china_bank.aspx?title=Board+of+Directors

			<ul style="list-style-type: none"> 2019 Annual Financial and Sustainability Report: Pages 70-75 (Board of Directors) https://www.chinabank.ph/pdf/2019_Annual_Report.pdf
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Compliant	Provide information or link/reference to a document containing information on the company's policy on term limits for its independent director	<p>In accordance with the Bank's CG Manual, an independent director shall serve for a cumulative term of nine (9) years, reckoned from 2012. After the nine (9) years, the independent director shall be perpetually barred from re-election as such in the Bank. However, he may continue to qualify as a regular director of the Bank.</p> <p>Link/Reference:</p> <p>Corporate Governance Manual: Pages 7-8 (Term Limit for Independent Directors) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf </p>
3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	Compliant	Provide reference to the meritorious justification and proof of shareholders' approval during the annual shareholders' meeting.	<p>In 2019, there is no independent director of the Bank who has served for more than nine (9) years reckoned from 2012. The Independent Directors are:</p> <p>Mr. Alberto S. Yao – served for seven (7) years only Ms. Margarita San Juan – served for two (2) years only Mr. Philip S.L. Tsai – served for one (1) year only Ms. Angeline Ann H. Hwang+ – served for eleven (11) months only</p> <p>Links/References:</p> <ul style="list-style-type: none"> Directors' Profile https://www.chinabank.ph/about_china_bank.aspx?title=Board+of+Directors

			<ul style="list-style-type: none"> 2019 Annual Financial and Sustainability Report: Pages 70-75 (Board of Directors) https://www.chinabank.ph/pdf/2019_Annual_Report.pdf
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Compliant	Identify the company's Chairman of the Board and Chief Executive Officer	<p>The position of the Chairman and the Chief Executive Officer are held by separate individuals.</p> <p>Mr. Hans T. Sy is the Chairman of the Board, while Mr. William C. Whang is the President.</p>
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	<p>Provide information or link/reference to a document containing information on the roles and responsibilities of the Chairman of the Board and Chief Executive Officer.</p> <p>Identify the relationship of Chairman and CEO.</p>	<p>The position of Chairman of the Board and President are held by two different people, and their roles are clearly distinct and separate. The Chairman and the President are not related to each other either by consanguinity or affinity.</p> <p>Chairman Hans T. Sy, being a non-executive Director, is not involved in the day-to-day operations of China Bank, but is responsible for the leadership and effective running of the Board, including maintaining a relationship of trust with Board members, promoting a sound decision-making process by encouraging critical discussion of dissenting views and ensure that the performance of the Board is evaluated at least once a year. He chairs Board meetings and makes certain that agenda is focused on strategic matters, including risks, arranges regular and/or separate sessions with the non-executive Directors to review Management's performance.</p> <p>The President, who reports to the Board, is ultimately responsible for managing China Bank's day-to-day operations, as well as the development and execution of the corporate and business strategies as established by the Board of Directors.</p>

			<p>Links/References:</p> <ul style="list-style-type: none"> Corporate Governance Manual: Page 11 (Responsibilities of the Chairman) and Page 13 (Separation of the Duties of the Chairman and CEO) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf 2019 Annual Financial and Sustainability Report: Page 38 (Separation of Roles) https://www.chinabank.ph/pdf/2019 Annual Report.pdf
Recommendation 5.5			
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	Compliant	<p>Provide information or link/reference to a document containing information on a lead independent director and his roles and responsibilities, if any.</p> <p>Indicate if Chairman is independent.</p>	<p>Mr. Alberto S. Yao is the Bank's lead Independent Director. His duties and responsibilities are in the CG Manual.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Corporate Governance Manual: Page 7 (Lead Independent Director) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf Designation of Mr. Yao as Lead Independent Director https://www.chinabank.ph/pdf/2018-11-07-CHIBPSEDisclosure-Election-of-Mr-Philip-S-L-Tsai-as-Independent-Director-November-07-2018.pdf
Recommendation 5.6			

1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	Compliant	Provide proof of abstention, if this was the case	<p>Any director of the Bank who has an interest in the transaction shall not participate in the deliberation and shall abstain in the approval of the transaction.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Corporate Governance Manual: Page 101 (Item 1.6) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf 2019 Annual Financial and Sustainability Report: Page 45 (Related Party Transactions) https://www.chinabank.ph/pdf/2019_Annual_Report.pdf
Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	Compliant	<p>Provide proof and details of said meeting, if any.</p> <p>Provide information on the frequency and attendees of meetings.</p>	<p>To maintain objectivity and independence, periodic meetings between NEDs/Independent Directors (including the Lead Independent Director) and Heads of Compliance, Internal Audit and Risk are held in accordance with the relevant Committee Charters (i.e., Compliance Audit, Risk & Corporate Governance). These meetings are conducted without the presence of management.</p> <p>A meeting was likewise convened with the external auditor, IAD and members of the Audit Committee, without the presence of management.</p> <p>Please refer to Annex 8 for the corresponding certification from the Corporate Secretary.</p>
2. The meetings are chaired by the lead independent director.	Compliant		
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.	Compliant	Provide name/s of company CEO for the past 2 years	None of the directors is a former CEO of the Bank. The former President and CEO, Mr. Ricardo Chua retired

			last 31 October 2017. He assumed the position of Advisor to the Board last 01 November 2017.
Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	Compliant	Provide proof of self-assessments conducted for the whole board, the individual members, the Chairman and the Committees	<p>The Board conducts an annual review of its performance, including assessment for individual directors and all board-level committees through a self-assessment. The Chairman's assessment is also undertaken together with the Board assessment.</p> <p>The results thereof are reported to the Board through the Corporate Governance Committee. Copies of the self-assessments are with the Corporate Governance Officer, and available for viewing by SEC.</p> <p>A new self-assessment form for independent directors was introduced in 2019 and used early this year for the 2019 performance evaluation.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Corporate Governance Manual: Page 49 (Performance Evaluation) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf 2019 Annual Financial and Sustainability Report: Pages 39-40 (Performance Evaluation) https://www.chinabank.ph/pdf/2019 Annual Report.pdf
2. The Chairman conducts a self-assessment of his performance.	Compliant		
3. The individual members conduct a self-assessment of their performance.	Compliant		
4. Each committee conducts a self-assessment of its performance.	Compliant		

5. Every three years, the assessments are supported by an external facilitator.	Compliant	Identify the external facilitator and provide proof of use of an external facilitator.	<p>The Good Governance Advocates and Practitioners of the Philippines (GGAPP) was engaged by the Bank to handle the validation of the 2018 assessment of the Board, Chairman and the Board-level committees.</p> <p>The copy of the official report from GGAPP shall be made available for viewing, upon request.</p> <p>Link/Reference:</p> <p>2019 Annual Financial and Sustainability Report: Page 40 (Independent Board Evaluation) https://www.chinabank.ph/pdf/2019 Annual Report.pdf</p>
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	Compliant	Provide information or link/reference to a document containing information on the system of the company to evaluate the performance of the board, individual directors and committees, including a feedback mechanism from shareholders	<p>As mentioned above, the performance assessment of the Board, individual directors and board-level committees is done through self-assessment.</p> <p>On the other hand, the Bank also welcomes communications on matters pertaining to the management of the Bank, stockholders' rights, or any other bank-related issues of importance. Stockholders who wish to communicate with any or all of the members of the Board, may send letters to identified units / personnel.</p> <p>Link/Reference:</p> <p>2019 Annual Financial and Sustainability Report: Pages 39-40 (Performance Evaluation) https://www.chinabank.ph/pdf/2019 Annual Report.pdf</p> <p>Investors, analysts, the financial community, Shareholders and other stakeholders may direct their</p>
2. The system allows for a feedback mechanism from the shareholders.	Compliant		

			<p>concerns of feedback to the Bank's Investor Relations Group. Customers may raise their inquiries or concerns to the Bank's Contact Center.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Investors Information https://www.chinabank.ph/corgov.aspx?title=Investors+Information 2019 Annual Financial and Sustainability Report: Pages 34-57 (China Bank as Steward) https://www.chinabank.ph/pdf/2019 Annual Report.pdf Contact Center https://www.chinabank.ph/contact_us.aspx
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Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.

Recommendation 7.1

1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	Compliant	Provide information on or link/reference to the company's Code of Business Conduct and Ethics.	<p>The Bank's core values are the foundation of the Bank's Code of Ethics – for the Board of Directors and employees, wherein the Board spearheads the commitment of the Bank to adhere to the ethical conduct of its business embodying the principles of integrity, fairness, accountability and transparency.</p> <p>Link/Reference:</p>
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant	Provide information on or discuss how the company disseminated the Code to its Board, senior management and employees.	<p>Code of Ethics https://www.chinabank.ph/corgov.aspx?title=Code+of+Ethics</p>
3. The Code is disclosed and made available to the public through the company website.	Compliant	Provide a link to the company's website where the Code of Business Conduct and Ethics is posted/ disclosed.	<p>The Code of Ethics for Directors provides the guiding principles on the performance of their duties in accordance with the fit and proper rules; and</p>

			<p>establishes standards for professional and ethical conduct. Each Director is required to acknowledge receipt of the Code.</p> <p>To ensure that business is carried out in compliance with relevant laws and in the protection of the interest of the Bank's customers, shareholders and other stakeholders, the Human Resources Group has disseminated a Code of Ethics for Employees to all personnel, including new hires. Employees are required to sign an acknowledgement receipt that they have received a copy of the Code.</p> <p>The copies of the Codes are also made available in the Bank's intranet to be readily accessible to all employees. A comprehensive discussion on the Code of Ethics is conducted with new employees of the Bank to foster a culture of awareness on the Bank's core values. Such discussion also highlights the behavioral standards, business conduct, and corresponding sanctions for violations of the Code of Ethics.</p> <p>Link / Reference:</p> <p>Code of Ethics (for Directors and Employees) https://www.chinabank.ph/pdf/CODE-OF-ETHICS.pdf</p>
Supplement to Recommendation 7.1			
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	Compliant	Provide information on or link/reference to a document containing information on the company's policy and procedure on curbing and penalizing bribery	<p>The applicable violations for each provision in the Bank's Code of Ethics are stated below:</p> <p>Honesty (Table 6.1) Fraud, soliciting money, gifts, shares, benefits or favors from any person or through mediation of another as a condition for the performance of one's duty</p> <p>Proper Conduct and Behavior (Table 6.3)</p>

			<p>Offering or receiving money or other valuable consideration in exchange for a job, position or better working condition; Offering, soliciting or receiving anything of value to perform any act/activity prejudicial to the interest of the Bank; Borrowing/solicitation of personal business from clients</p> <p>Conflict of Interest (Table 6.7) Having direct or indirect financial interests that conflict or appear to conflict with his duties and responsibilities as an employee of the Bank</p> <p>The Bank is committed to honest and ethical business practices and does not tolerate any form of bribery and corruption. We take our legal responsibilities very seriously and expect our directors and employees at all levels and grades to do the same. directors and employees are expected to act professionally, fairly, and with integrity in all our business dealings and relationships wherever we operate; thus, they 1) must never offer, promise, or give a financial or other advantage to any person or party, including public officials, with the intention of inducing or rewarding improper performance by them of their duties or to facilitate the transaction of the Bank, and 2) must never directly or indirectly accept or agree to receive a financial or other advantage as a reward for performing any act prejudicial to the Bank, the director/employee himself, or a third party.</p> <p>Link/Reference:</p> <p>Code of Ethics (for Directors and Employees) https://www.chinabank.ph/pdf/CODE-OF-ETHICS.pdf</p>
Recommendation 7.2			

<p>1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.</p>	<p>Compliant</p>	<p>Provide proof of implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.</p> <p>Indicate who are required to comply with the Code of Business Conduct and Ethics and any findings on non-compliance.</p>	<p>The Board requires full compliance with the Code of Ethics. The Board, through Human Resources Group (HRG), ensures that every employee is aware of and upholds the Code. To promote compliance with the Code, all new employees are given a copy of the Code of Ethics booklet and undergo the New Employees' Orientation Course (NEOC) for staff and Orientation for New Officers (ONO) for officers wherein the Code is comprehensively discussed.</p> <p>The Bank implements the Code of Ethics with a robust disciplinary program wherein proven infractions and violations of employees to the code are acted upon in accordance with the Code.</p> <p>Links/Reference:</p> <ul style="list-style-type: none"> • Code of Ethics https://www.chinabank.ph/corgov.aspx?title=Code+of+Ethics • 2019 Annual Financial and Sustainability Report: Page 45 (Code of Ethics) https://www.chinabank.ph/pdf/2019_Annual_Report.pdf
<p>2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.</p>	<p>Compliant</p>		<p>The Board, through the Management, has instituted the appropriate control mechanisms to ensure proper implementation and adherence to all Bank policies and other regulations.</p> <p>Furthermore, upon breach of the Code of Ethics, the concerned employees are subjected to the disciplinary program of the Bank.</p> <p>Link/Reference:</p>

			<p>Code of Ethics (Compliance with Standard Operating Policies and Procedures)</p> <p>https://www.chinabank.ph/pdf/CODE-OF-ETHICS.pdf</p> <p>Moreover, compliance to internal policies forms part of compliance testing & audit by the Compliance & Internal Audit Divisions, respectively. Test results are reported to the Compliance and Audit Committees.</p>
Disclosure and Transparency			
Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
Recommendation 8.1			
1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	Compliant	Provide information on or link/reference to the company's disclosure policies and procedures including reports distributed/made available to shareholders and other stockholders	<p>The Bank strongly believes that disclosure of relevant information about the Bank to its shareholders and other stakeholders is crucial for them to make an informed decision. Relevant information are timely disclosed in its website. In accordance with its Corporate Governance Manual, the Bank continuously expands its public disclosure requirements and ensures observance of expectations and requirements prescribed under relevant laws, rules and regulations, and industry standards on disclosure.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Corporate Governance Manual: Pages 105-106 (Access to Relevant Information) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf 2019 Annual Financial and Sustainability Report: Page 48 (Disclosure and Transparency) https://www.chinabank.ph/pdf/2019_Annual_Report.pdf

			<ul style="list-style-type: none"> Company Disclosures and Investor Relations https://www.chinabank.ph/corgov.aspx
Supplement to Recommendations 8.1			
1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.	Compliant	Indicate the number of days within which the consolidated and interim reports were published, distributed or made available from the end of the fiscal year and end of the reporting period, respectively.	<p>The audited 2019 financial statement was disclosed through the PSE Electronic Disclosure Generation Technology (EDGE) on February 28, 2019. Quarterly reports are submitted to PSE and SEC within 45 days from quarter-end.</p> <p>Interim reports are likewise published within 45 days from end of the reporting period.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Bank's Audited Financial Statements https://www.chinabank.ph/pdf/2020-02-28-CHIBPSEDisclosure-China-Banking-Corporation-2019-Audited-Financial-Statements.pdf Quarterly Report (SEC 17-Q) https://www.chinabank.ph/corgov.aspx?title=SEC+Form+17-Q+(Quarterly+Report)
2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.	Compliant	<p>Provide link or reference to the company's annual report where the following are disclosed:</p> <ol style="list-style-type: none"> principal risks to minority shareholders associated with the identity of the company's controlling shareholders; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power 	<p>The Bank's controlling shareholders are disclosed in the Bank's 2019 Annual Report (SEC Form 17-A), under Security Ownership of Certain Record and Beneficial Owners and Management.</p> <p>Links/References:</p> <ul style="list-style-type: none"> 2019 Annual Report (SEC 17-A): Pages 76-78 (Item 11) https://www.chinabank.ph/pdf/2019_CHIB_SEC_Form_17-A_Final_PSE_and_PDEX.pdf

		and overall equity position in the company.	<ul style="list-style-type: none"> 2019 Definitive Information Statement: Pages 8-9 (Security Ownership of Certain Record and Beneficial Owners and Management) https://www.chinabank.ph/pdf/2020-04-02-CHIBPSEDisclosure-CHIB-Definitive-SEC-20-IS_Final-for-PSE-and-PDEx.pdf 2019 Annual Financial and Sustainability Report: Page 55 (Record and Beneficial Owners) https://www.chinabank.ph/pdf/2019_Annual_Report.pdf
Recommendation 8.2			
1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	<p>Provide information on or link/reference to the company's policy requiring directors and officers to disclose their dealings in the company's share.</p> <p>Indicate actual dealings of directors involving the corporation's shares including their nature, number/percentage and date of transaction.</p>	<p>In accordance with the Bank's updated Corporate Governance Manual, the directors are required to disclose their dealings in Bank shares within three business days after the transaction.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Corporate Governance Manual: Page 105 (Dealings of Directors in Bank Shares) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf Statement of Beneficial Ownership (SEC 23-A/B) https://www.chinabank.ph/corgov.aspx?title=SEC+Form+23-A/B+(Statement+of+Beneficial+Ownership)
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	Non-Compliant		In compliance with PSE requirements, all dealings of Principal Officers are disclosed/reported within three business days.

			We will enhance our internal policy to include all officers with access to the Bank's material and non-public information, in the disclosure requirement.
Supplement to Recommendation 8.2			
1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).	Compliant	<p>Provide information on or link/reference to the shareholdings of directors, management and top 100 shareholders.</p> <p>Provide link or reference to the company's Conglomerate Map.</p>	<p>The information regarding record and beneficial owners, and shareholdings of directors and executive officers are contained in the Annual Financial and Sustainability Report.</p> <p>Links/References:</p> <ul style="list-style-type: none"> 2019 Annual Financial and Sustainability Report: Page 55 (Beneficial Owners), Pages 55-56 (Trading in Company Shares) and Page 57 (Conglomerate Map) https://www.chinabank.ph/pdf/2019_Annual_Report.pdf 2019 Definitive Information Statement (SEC 20-IS): Page 232 (Conglomerate Map) https://www.chinabank.ph/pdf/CHIB-Definitive-SEC-20-Information-Statement-Final.pdf
Recommendation 8.3			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	Provide link or reference to the directors' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.	<p>All relevant information about the Bank's directors and key officers are available in the website.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Board Skill Set Matrix https://www.chinabank.ph/about_china_bank.aspx?title=Board+Policies
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and	Compliant	Provide link or reference to the key officers' academic qualifications, share ownership in the company, membership in other boards, other	<ul style="list-style-type: none"> Directors' Profile https://www.chinabank.ph/about_china_bank.aspx?title=Board+of+Directors

assess any potential conflicts of interest that might affect their judgment.		executive positions, professional experiences, expertise and relevant trainings attended.	<ul style="list-style-type: none"> Management Committee https://www.chinabank.ph/about_china_bank.aspx?title=Management+Committee Public Ownership Report (as of December 31, 2019) https://www.chinabank.ph/pdf/2020-01-15-CHIBPSEDisclosure-CHIB-Public-Ownership-Report-as-of-December-31-2019.pdf
Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	Compliant	Disclose or provide link/reference to the company policy and practice for setting board remuneration	<p>Executive Directors are entitled to a per diem of P500.00 for attendance at each Board/board Committee meeting and to 4% of the Bank's net earnings. Executive Directors are appointed under standard employment terms, which include provisions for basic salary and performance bonus, depending on their performance, banking experience, employment status, position, and rank in the Bank. Non-executive Directors, do not receive any performance-related compensation.</p> <p>Amendments to the Bank's By-Laws were proposed in 2020, including the increase in the per diem of the directors, which shall now amount to P10,000.00 per Board or committee meeting. The amended By-Laws was ratified on June 18, 2020 during the Annual Stockholders' Meeting.</p> <p>Link/Reference:</p> <ul style="list-style-type: none"> By-Laws: Pages 3-4 (Article IV, Section 11) and Page 11: (Article VIII, Section 1) https://www.chinabank.ph/pdf/CHIB-Amended-By-laws-January-31-2019.pdf

			<ul style="list-style-type: none"> Proposed Amendments of By-Laws: Page 4 (Per Diems) https://www.chinabank.ph/pdf/CHIB-Proposed-Amendments-of-By-Laws-June-18-2020.pdf
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	Compliant	Disclose or provide link/reference to the company policy and practice for determining executive remuneration	<p>The Bank's Remuneration System is anchored on the principle of fair, transparent, and performance-based reward. The general remuneration policy is to provide fair and competitive salary and benefits to employees commensurate with their experience, responsibilities, job grade/corporate rank and position.</p> <p>A proportion of the executive directors' remuneration, as reviewed by the Compensation & Remuneration Committee, should be structured so as to link reward to corporate and individual performance. No director should be involved in deciding his/her own remuneration.</p> <p>The annual report, information and proxy statements shall include a clear, concise and understandable disclosure of all fixed and variable compensation that may be paid, directly or indirectly, to its directors and top four (4) management officers during the preceding fiscal year.</p> <ul style="list-style-type: none"> Directors are entitled to a per diem of P500.00 for attendance at each Board/board Committee meeting and to 4% of the Bank's net earnings. Executive Directors are appointed under standard employment terms, which include provisions for basic salary and performance bonus, depending on their performance, banking experience, employment status, position, and rank in the Bank. <p>As mentioned in the response for item 1 above, the per diem has been increased to P10,000.00.</p>

			<ul style="list-style-type: none"> Non-executive Directors do not receive any performance-related compensation. <p>Links/References:</p> <ul style="list-style-type: none"> 2019 Annual Financial and Sustainability Report: Page 39 (Remuneration) https://www.chinabank.ph/pdf/2019_Annual_Report.pdf By-Laws: Page 5 (Article IV, Section 11) https://www.chinabank.ph/pdf/CHIB-Amended-By-laws-January-31-2019.pdf Proposed Amendments of By-Laws: Page 4 (Per Diems) https://www.chinabank.ph/pdf/CHIB-Proposed-Amendments-of-By-Laws-June-18-2020.pdf
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Non-Compliant	Provide breakdown of director remuneration and executive compensation, particularly the remuneration of the CEO.	<p>The remuneration of directors is disclosed in aggregate, together with the remuneration of certain senior executives in the Bank's 2019 Definitive Information Statement submitted to the SEC.</p> <p>Link/Reference:</p> <p>2019 Definitive Information Statement (SEC 20-IS): Page 215 (Remuneration of Directors and other Key Management Officers) https://www.chinabank.ph/pdf/2020-04-02-CHIBPSEDisclosure-CHIB-Definitive-SEC-20-IS_Final-for-PSE-and-PDEx.pdf</p>
Recommendation 8.5			
1. Company discloses its policies governing Related Party	Compliant	Disclose or provide reference/link to company's RPT policies	The Governance Manual contains relevant policies on related party transactions.

<p>Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.</p>		<p>Indicate if the director with conflict of interest abstained from the board discussion on that particular transaction.</p>	<p>In accordance with the said policy, "In case a member has conflict of interest in a particular RPT, he should refrain from participation in the deliberation and approval of that particular transaction."</p> <p>Links/References:</p> <ul style="list-style-type: none"> • Corporate Governance Manual: Page 63 (RPT Committee) and Page 109 (Related Party Transactions) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf • Related Party Transactions https://www.chinabank.ph/corgov.aspx?title=Governance+Policies • RPT Framework and Policy Guidelines https://www.chinabank.ph/pdf/Revised-RPT-Framework-and-Policy-Guidelines-October-2019.pdf
<p>2. Company discloses material or significant RPTs reviewed and approved during the year.</p>	<p>Compliant</p>	<p>Provide information on all RPTs for the previous year or reference to a document containing the following information on all RPTs:</p> <ol style="list-style-type: none"> 1. name of the related counterparty; 2. relationship with the party; 3. transaction date; 4. type/nature of transaction; 5. amount or contract price; 6. terms of the transaction; 7. rationale for entering into the transaction; 	<p>The summary of the material related party transactions and outstanding loan balances are disclosed in the Bank's 2019 Definitive Information Statement. Details have been disclosed through the submission of required periodic report to the BSP.</p> <p>The list of material RPTs reviewed by the RPT Committee last year are available for viewing, upon request.</p> <p>Link/Reference:</p> <p>2019 Definitive Information Statement (SEC 20-IS): Page 22 (Material RPTs for 2019)</p>

		<p>8. the required approval (i.e., names of the board of directors approving, names and percentage of shareholders who approved) based on the company's policy; and</p> <p>9. other terms and conditions</p>	<p>https://www.chinabank.ph/pdf/2020-04-02-CHIBPSEDisclosure-CHIB-Definitive-SEC-20-IS_Final-for-PSE-and-PDEx.pdf</p> <p>In terms of the SEC rules on material RPTs – based on the monitoring done during the covered period (i.e., after the implementation of SEC Memo No. 10), no individual transaction or aggregate transactions with the same related party has reached the materiality threshold.</p>
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	Compliant	Indicate where and when directors disclose their interests in transactions or any other conflict of interests.	<p>Directors are required to promptly and fully disclose any interest: personal, whether actual or potential in nature that they may have in credit transactions or any other transactions. Directors with personal interest in a transaction shall not participate in any deliberation, approval, or voting on the matter.</p> <p>RPTs of directors are reported to the BSP and presented for ratification during the annual stockholders meeting. RPTs are also disclosed in the Definitive Information Statement.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • Corporate Governance Manual: Pages 109-110 (Related Party Transactions) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf • Related Party Transactions https://www.chinabank.ph/corgov.aspx?title=Governance+Policies • Code of Ethics: Pages 5-6 (Conflict of Interest)

			https://www.chinabank.ph/pdf/CODE-OF-ETHICS.pdf
Optional : Recommendation 8.5			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.	Compliant	Provide link or reference where this is disclosed, if any	<p>RPTs are thoroughly reviewed and verified as having been entered into in the best interest of the Bank, in the ordinary course of business and on substantially same terms as those prevailing at the time for comparable transactions with other parties, as required under the RPT policy.</p> <p>Material RPTs are reviewed by the RPT Committee and endorsed for approval by the Board, reported to the BSP, disclosed in the Definitive Information Statement and presented for ratification during the Annual Shareholders meeting.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Corporate Governance Manual: Pages 109-110 (Related Party Transactions) https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf Related Party Transactions https://www.chinabank.ph/corgov.aspx?title=Governance+Policies 2019 Definitive Information Statement (SEC 20-IS): Page 22 (Material RPTs for 2019) https://www.chinabank.ph/pdf/2020-04-02-CHIBPSEDisclosure-CHIB-Definitive-SEC-20-IS_Final-for-PSE-and-PDEx.pdf 2019 Annual Financial and Sustainability Report: Page 45 (Material RPTs for 2019)

			https://www.chinabank.ph/pdf/2019 Annual Report.pdf
Recommendation 8.6			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	Compliant	Provide link or reference where this is disclosed	<p>Material transactions, particularly on the acquisitions or disposal of significant assets, are timely disclosed in accordance with PSE & SEC rules on disclosures. All disclosures are posted in the website.</p> <p>Additionally, material acquisitions / disposals are included in the Definitive Information Statement.</p> <p>Link/References:</p> <ul style="list-style-type: none"> 2019 Definitive Information Statement (SEC 20-IS) https://www.chinabank.ph/pdf/2020-04-02-CHIBPSEDisclosure-CHIB-Definitive-SEC-20-IS_Final-for-PSE-and-PDEx.pdf Corporate Disclosures https://www.chinabank.ph/about_china_bank.aspx?title=Corporate+Disclosures
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	Compliant	<p>Identify independent party appointed to evaluate the fairness of the transaction price</p> <p>Disclose the rules and procedures for evaluating the fairness of the transaction price, if any.</p>	<p>The Corporate Governance Manual requires the Board to appoint an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets. If the acquisition or disposal is an RPT, the rules & procedures under the RPT policy shall apply.</p> <p>The fair values of the transaction price are determined through appraisal reports from internal and/or independent/external appraisers, external brokers and market surveys from different sources.</p> <p>In 2019, Professional Asset Valuers Inc. has been engaged to assist the Bank in valuation.</p>

Supplement to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	Compliant	Provide link or reference where these are disclosed.	<p>The Bank is not aware of any agreement or arrangement which may impact on the control, ownership and strategic direction of the Bank. Relevant ownership information is disclosed in the Bank's Definitive Information Statement.</p> <p>Link/Reference:</p> <p>2019 Definitive Information Statement: Pages 8-9 (Security Ownership of Certain Record and Beneficial Owners and Management)</p> <p>https://www.chinabank.ph/pdf/2020-04-02-CHIBPSEDisclosure-CHIB-Definitive-SEC-20-IS_Final-for-PSE-and-PDEx.pdf</p>
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	Provide link to the company's website where the Manual on Corporate Governance is posted.	<p>The Corporate Governance Manual aims to institutionalize the principles of good corporate governance in the organization.</p> <p>The latest revised version has been duly submitted to SEC and PSE, and posted accordingly in the website.</p> <p>Link/Reference:</p> <p>Corporate Governance Manual</p> <p>https://chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf</p>
2. Company's MCG is submitted to the SEC and PSE.	Compliant		
3. Company's MCG is posted on its company website.	Compliant		
Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	Compliant	Provide proof of submission.	<p>The corresponding memo addressed to PSE and the proof of receipt from SEC are found on the first two pages of the manual.</p> <p>Link/Reference:</p>

			Corporate Governance Manual https://chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:	Compliant	Provide link or reference to the company's Annual Report containing the said information.	The required information are disclosed in the Bank's 2019 Annual Report (SEC 17-A) and/or Annual Financial and Sustainability Report. The corresponding links/references are as follows:
a. Corporate Objectives	Compliant		2019 Annual Financial and Sustainability Report: Pages 4-9 (Message to Stakeholders) https://www.chinabank.ph/pdf/2019_Annual_Report.pdf
b. Financial performance indicators	Compliant		<ul style="list-style-type: none"> 2019 Annual Report (SEC 17-A): Page 236 (Financial Performance) and Page 252 (Financial Soundness Indicators) https://www.chinabank.ph/pdf/2019_CHIB_SEC_Form_17-A_Final_PSE_and_PDEx.pdf 2019 Annual Financial and Sustainability Report: Pages 12-13 (Financial Highlights) https://www.chinabank.ph/pdf/2019_Annual_Report.pdf
c. Non-financial performance indicators	Compliant		2019 Annual Financial and Sustainability Report: Pages 14-15 (SDG Contribution – Core Areas) https://www.chinabank.ph/pdf/2019_Annual_Report.pdf
d. Dividend Policy	Compliant		2019 Annual Report (SEC 17-A): Page 86 (Dividend Policy) https://www.chinabank.ph/pdf/2019_CHIB_SEC_Form_17-A_Final_PSE_and_PDEx.pdf

e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	Compliant		2019 Annual Report (SEC 17-A): Pages 65-67 (Incumbent Directors and Advisor) https://www.chinabank.ph/pdf/2019_CHIB_SEC_Form_17-A_Final_PSE_and_PDEx.pdf
f. Attendance details of each director in all director meetings held during the year	Compliant		2019 Annual Report (SEC 17-A): Pages 67 (Board Attendance) and Pages 82-84 (Committee Attendance) https://www.chinabank.ph/pdf/2019_CHIB_SEC_Form_17-A_Final_PSE_and_PDEx.pdf
g. Total remuneration of each member of the board of directors	Non-Compliant		Remuneration of Directors are disclosed in aggregate, together with the remuneration of key management personnel in the Bank's 2019 Annual Report submitted to the SEC. Link/Reference: 2019 Annual Report (SEC 17-A): Page 227 (Remunerations of Directors and other Key Management Personnel) https://www.chinabank.ph/pdf/2019_CHIB_SEC_Form_17-A_Final_PSE_and_PDEx.pdf
2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.	Compliant	Provide link or reference to where this is contained in the Annual Report	"In 2019, the Bank has fully complied with all the material provisions of the Corporate Governance Manual." Link/Reference: 2019 Annual Financial and Sustainability Report: Page 44 (Corporate Governance Manual) https://www.chinabank.ph/pdf/2019_Annual_Report.pdf

<p>3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.</p>	<p>Compliant</p>	<p>Provide link or reference to where this is contained in the Annual Report</p>	<p>The Board is responsible for the establishment and review of the Bank's system of internal controls. China Bank's internal control system is comprised of a robust compliance system, an enterprise risk management function and an internal audit function. It follows a well-defined organizational structure with clear authorities, responsibilities and operating procedures.</p> <p>Link/Reference:</p> <p>2019 Annual Financial and Sustainability Report: Pages 48-52 (Internal Controls) https://www.chinabank.ph/pdf/2019_Annual_Report.pdf</p>
<p>4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.</p>	<p>Compliant</p>	<p>Provide link or reference to where this is contained in the Annual Report</p>	<p>The Committee assessed the implementation, adequacy and effectiveness of the internal control policies of the Bank, covering financial, operational and compliance controls, and risk management.</p> <p>Link/Reference:</p> <p>2019 Annual Financial and Sustainability Report: Page 92 (Report of the Audit Committee – Monitoring and Evaluation of Adequacy and Effectiveness of Internal Control) https://www.chinabank.ph/pdf/2019_Annual_Report.pdf</p>
<p>5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).</p>	<p>Compliant</p>	<p>Provide link or reference to where these are contained in the Annual Report</p>	<p>The Bank recognizes that the business of banking entails risk and the key to long-term success is effective risk mitigation. The Bank's corporate governance structure keeps pace with these changing threats thru a risk management program that calls for a continuing reassessment of risks and controls, and timely reporting to the Board.</p>

			<p>The risks to which the Bank is exposed are discussed in its Financial and Sustainability Report.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • 2019 Annual Financial and Sustainability Report: Pages 49-51 (Risk Management) https://www.chinabank.ph/pdf/2019_Annual_Report.pdf • Risk Management https://www.chinabank.ph/corgov.aspx?title=Risk+Management
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Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

Recommendation 9.1

1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	Compliant	Provide information or link/reference to a document containing information on the process for approving and recommending the appointment, reappointment, removal and fees of the company's external auditor.	<p>The Audit Committee exercises oversight of external auditors. It is primarily responsible for the selection and appointment of these auditors, subject to stockholder ratification.</p> <p>The Committee also facilitates the approval / disapproval of the corresponding service fees. Moreover, they handle the performance evaluation and if necessary, the re-appointment or dismissal of the external auditors.</p> <p>The related provisions are stipulated under the Audit Committee Charter.</p> <p>Link/Reference:</p> <p>Audit Committee Charter https://www.chinabank.ph/pdf/Audit-Committee-Charter.pdf</p>
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2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	Compliant	Indicate the percentage of shareholders that ratified the appointment, reappointment, removal and fees of the external auditor.	<p>As provided under the Audit Committee Charter, the appointment of the Bank's incumbent external auditor, SGV & Co. has been presented to, and duly ratified by the stockholders.</p> <p>99.9% of the stockholders in attendance voted for the appointment of SGV & Co. and its partner-in-charge Mr. Ray Francis C. Balagtas, last May 2, 2019.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • 2019 Annual Stockholders' Meeting Voting Results https://www.chinabank.ph/pdf/ANNUAL-STOCKHOLDERS-MEETING-2019_Votes.pdf • Minutes of the 2019 Annual Stockholders' Meeting https://www.chinabank.ph/pdf/Minutes-of-the-Annual-Stockholders-Meeting-2019.pdf
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	Compliant	Provide information on or link/reference to a document containing the company's reason for removal or change of external auditor.	<p>The incumbent external auditor of the Bank, SGV and Co. was re-elected in 2019.</p> <p>Link/Reference:</p> <p>Minutes of the 2019 Annual Stockholders' Meeting: Page 10 (Appointment of External Auditor) https://www.chinabank.ph/pdf/Minutes-of-the-Annual-Stockholders-Meeting-2019.pdf</p>
Supplement to Recommendation 9.1			
1. Company has a policy of rotating the lead audit partner every five years.	Compliant	Provide information on or link/reference to a document containing the policy of rotating the lead audit partner every five years.	<p>The Bank's external auditor shall be rotated or the signing partner shall be changed every five years or earlier.</p> <p>Link/Reference:</p>

			Corporate Governance Manual: Page 93 (Rotation of the External Auditor) https://chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on: i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.	Compliant	Provide link/reference to the company's Audit Committee Charter	The assessment of the independence of the external auditor and oversight, among others are part of the responsibilities of the Audit Committee. The responsibilities of the Audit Committee are discussed in the Charter. Link/Reference: Audit Committee Charter: Pages 2-6 (Duties and Responsibilities) https://www.chinabank.ph/pdf/Audit-Committee-Charter.pdf
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	Compliant	Provide link/reference to the company's Audit Committee Charter	As specified in the Audit Committee Charter, the Committee has the responsibility to oversee the external auditors. Link/Reference: Audit Committee Charter: Page 5 (Oversight of External Auditors) https://www.chinabank.ph/pdf/Audit-Committee-Charter.pdf

Supplement to Recommendations 9.2			
1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	Compliant	Provide link/reference to the company's Audit Committee Charter	<p>The Audit Committee is tasked to evaluate the qualifications, performance, competence and independence of the external auditors.</p> <p>Link/Reference:</p> <p>Audit Committee Charter: Page 5 (Oversight of External Auditors)</p> <p>https://www.chinabank.ph/pdf/Audit-Committee-Charter.pdf</p>
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	Compliant	Provide link/reference to the company's Audit Committee Charter	<p>The Audit Committee is likewise responsible in reviewing and discussing the scope and plan of the annual audit, including coordination of audit effort with internal audit and rotation process of the external auditor/firm.</p> <p>Link/Reference:</p> <p>Audit Committee Charter: Page 5 (Oversight of External Auditors)</p> <p>https://www.chinabank.ph/pdf/Audit-Committee-Charter.pdf</p>
Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	Compliant	Disclose the nature of non-audit services performed by the external auditor, if any.	<p>In 2019, our External Auditor, SGV & Co. / Ernst & Young has performed non-audit services like the Independent Third-Party Vulnerability Assessment and Penetration Testing in 2019 and the independent validation of votes in the annual stockholders' meeting.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • 2019 Annual Report (SEC 17-A): Page 64 (Item 7, Financial Statements)

			https://www.chinabank.ph/pdf/2019_CHIB_SEC_Form_17-A_Final_PSE_and_PDEx.pdf • 2019 Annual Financial and Sustainability Report: Page 53 (External Audit) https://www.chinabank.ph/pdf/2019_Annual_Report.pdf
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	Compliant	Provide link or reference to guidelines or policies on non-audit services	<p>The Bank's Audit Committee is responsible for the review and confirmation of the independence of external auditors by obtaining statements regarding the relationship between the auditors and Bank, including non-audit services, and discussing the relationships with the auditors.</p> <p>Relative to this, the Audit Committee discussed, approved, and authorized the engagement of SGV & Co. / Ernst & Young in non-audit work for the Independent Third-Party Vulnerability Assessment and Penetration Testing in 2019 and the independent validation of votes in the annual stockholders' meeting.</p> <p>Link/Reference:</p> <p>Corporate Governance Manual: Pages 54-56 (Responsibilities on Internal and External Audits) https://chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf</p>
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	Compliant	Provide information on audit and non-audit fees paid.	<p>In 2019, the Banks independent accountant, SGV & Co. was paid the following fees:</p> <p>Audit and other related fees – P 8,377,600 All other fees – P 855,520</p>

			<p>The non-audit fees did not outweigh the fees for audit services.</p> <p>Link/Reference:</p> <p>2019 Definitive Information Statement (SEC 20-IS): Page 23 (Independent Public Accountants)</p> <p>https://www.chinabank.ph/pdf/2020-04-02-CHIBPSEDisclosure-CHIB-Definitive-SEC-20-IS_Final-for-PSE-and-PDEx.pdf</p>
Additional Recommendation to Principle 9			
1. Company's external auditor is duly accredited by the SEC under Group A category.	Compliant	<p>Provide information on company's external auditor, such as:</p> <ol style="list-style-type: none"> 1. Name of the audit engagement partner; 2. Accreditation number; 3. Date Accredited; 4. Expiry date of accreditation; and 5. Name, address, contact number of the audit firm. 	<p>The corresponding details are as follows:</p> <p>Ray Francis C. Balagtas SEC Accreditation No. 1510-A (Group A), September 18, 2018, valid until September 17, 2021</p> <p>Sycip, Gorres, Velayo & Co. 6760 Ayala Avenue Makati City/1226, Philippines 891 0307</p>
2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	Compliant	<p>Provide information on the following:</p> <ol style="list-style-type: none"> 1. Date it was subjected to SOAR inspection, if subjected; 2. Name of the Audit firm; and 3. Members of the engagement team inspected by the SEC. 	<p>SGV was subjected to SOAR inspection from November 12 to 23, 2018.</p> <p>The names of the members of the engagement team were provided to SEC.</p>
Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
Recommendation 10.1			

<p>1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.</p>	<p>Compliant</p>	<p>Disclose or provide link on the company's policies and practices on the disclosure of non-financial information, including EESG issues.</p>	<p>China Bank believes that the best barometer for success is the fulfillment of its responsibilities not just to its shareholders, but to its customers, employees, communities, and the environment as well.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • 2019 Annual Financial and Sustainability Report: Pages 136-139 (GRI Content Index) https://www.chinabank.ph/pdf/2019_Annual_Report.pdf • Corporate Governance Manual: Pages 112-114 (Sustainability, Environment, Social and Non-Financial Information) https://chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf
<p>2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.</p>	<p>Compliant</p>	<p>Provide link to Sustainability Report, if any. Disclose the standards used.</p>	<p>The Bank is driven to continuously create value for its stakeholders. It adopts the Global Reporting Initiative or GRI Reporting to achieve or contribute to the attainment of the UN Sustainable Development Goals to drive its sustainability efforts and monitor corresponding progress.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • Corporate Governance Manual: Pages 112-114 (Sustainability, Environment, Social and Non-Financial Information) https://chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf • 2019 Annual Financial and Sustainability Report: Page 18 (Sustainability Strategy and Roadmap) and Page 136-139 (GRI Content Index)

			https://www.chinabank.ph/pdf/2019 Annual Report.pdf <ul style="list-style-type: none"> Sustainability https://www.chinabank.ph/corgov.aspx?title=Sustainability
Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.			
Recommendation 11.1			
1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	Compliant	Disclose and identify the communication channels used by the company (i.e., website, Analyst's briefing, Media briefings /press conferences, Quarterly reporting, Current reporting, etc.). Provide links, if any.	<p>The Bank is committed to a high standard of disclosure and transparency in order to facilitate better understanding of the Bank's true financial condition and the quality of our corporate governance. All material information about China Bank is adequately and punctually disclosed, in accordance with SEC and PSE's disclosure rules.</p> <p>The Investor Relations Office briefs industry and credit analysts on the Bank's operational and financial results, current developments, prospects and projections. Press releases and updates are also available under News and Happenings in the website.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Analyst Briefing and Presentation for Investors https://www.chinabank.ph/corgov.aspx?title=Analyst+Briefing+and+Presentation+for+Investors News and Happenings https://www.chinabank.ph/news.aspx
Supplemental to Principle 11			

1. Company has a website disclosing up-to-date information on the following:	Compliant	Provide link to company website	<p>The Bank's website is closely monitored to ensure that it contains up-to-date disclosures and information.</p> <p>The links/references are as follows:</p> <p>Corporate Disclosures https://www.chinabank.ph/about_china_bank.aspx?title=Corporate+Disclosures</p>
a. Financial statements/reports (latest quarterly)	Compliant		<p>Quarterly Report (SEC 17-Q) https://www.chinabank.ph/corgov.aspx?title=SEC+Form+17-Q+(Quarterly+Report)</p>
b. Materials provided in briefings to analysts and media	Compliant		<p>Analyst Briefing and Presentation for Investors https://www.chinabank.ph/corgov.aspx?title=Analyst+Briefing+and+Presentation+for+Investors</p>
c. Downloadable annual report	Compliant		<p>Annual Report https://www.chinabank.ph/corgov.aspx?title=Annual+Report</p>
d. Notice of ASM and/or SSM	Compliant		<p>Annual Stockholders' Meeting (Notice) https://www.chinabank.ph/corgov.aspx?title=Annual+Stockholders+Meetings</p>
e. Minutes of ASM and/or SSM	Compliant		<p>Annual Stockholders' Meeting (Minutes) https://www.chinabank.ph/corgov.aspx?title=Annual+Stockholders+Meetings</p>
f. Company's Articles of Incorporation and By-Laws	Compliant		<p>Our Company (Articles of Incorporation and By-Laws) https://www.chinabank.ph/corgov.aspx?title=Our+Company</p>
Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template.	Compliant		<p>The Bank's website is compliant with the SEC prescribed template under SEC Memo Circular No. 11, Series of 2014 and contains not just the required items /</p>

			<p>sections, but as well as other relevant information for various stakeholders.</p> <p>Link/Reference:</p> <p>https://www.chinabank.ph/corgov.aspx</p>
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Internal Control System and Risk Management Framework

Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.

Recommendation 12.1

1. Company has an adequate and effective internal control system in the conduct of its business.	Compliant	<p>List quality service programs for the internal audit functions.</p> <p>Indicate frequency of review of the internal control system</p>	<p>A Quality Assurance Department within the Internal Audit Division has been set up since 2012. Likewise, a Quality Assurance Improvement Program has been developed & maintained to assess the efficiency and effectiveness of the Internal Audit (IA) activity and identify opportunities for improvement. Internal Audit also underwent External Quality Assessment Review in 2015 by P & A, and received a "Generally Conforms" certificate. This is conducted every 5 years to determine IA's conformance with the International Standard for the Professional Practice of Internal Auditing.</p> <p>Please refer to Annex 9 for a copy of the certificate.</p> <p>The review of internal control systems is embedded in the audit of a particular unit/process/system performed all year round based on the approved Audit Plan. The Annual Audit Plan is prepared using the risk-based audit methodology.</p>
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Compliant	Identify international framework used for Enterprise Risk Management	The Bank's Risk Process Map traces out a complete and coherent risk management plan that is performed at three different levels: the strategic level, the transaction level and the portfolio level.

		<p>Provide information or reference to a document containing information on:</p> <ol style="list-style-type: none"> 1. Company's risk management procedures and processes 2. Key risks the company is currently facing 3. How the company manages the key risks <p>Indicate frequency of review of the enterprise risk management framework.</p>	<p>The identification and assessment of operational risks which are inherent in all the Banks products, activities, processes and systems are performed through the Risk and Control Self-Assessment (RCSA) Program. This facilitates the determination of priority operational risk areas, the assessment of mitigating controls in place, and the institutionalization of additional measures to ensure a controlled operating environment.</p> <p>The Risk Oversight Committee oversees the enterprise risk management framework and ensures that there is periodic review of the effectiveness of the risk management systems and recovery plans. It ensures that corrective actions are promptly implemented to address risk management concerns.</p> <p>The review of the framework is done on a quarterly basis.</p> <p>Corresponding information are contained in the Risk Management Manual which is uploaded to the Bank's internal public folder.</p> <p>Link/Reference:</p> <p>2019 Annual Financial and Sustainability Report: Pages 49-51 (Risk Management) https://www.chinabank.ph/pdf/2019_Annual_Report.pdf</p>
Supplement to Recommendation 12.1			
1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program	Compliant	Provide information on or link/reference to a document containing the company's compliance program covering compliance with laws and relevant regulations.	The Bank's Compliance Program was developed to put in place a culture of compliance, anticipate, reinforce and strengthen not just the Bank's compliance but as well as the group-wide compliance with existing laws, rules and regulations. It aims to implement a compliance system which will provide

includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.		Indicate frequency of review.	<p>reasonable assurance that the Bank and its employees are duly informed and/or trained in order to comply with relevant banking and corporate laws, regulations, rules and standards in order to promote safe and sound banking operations.</p> <p>The Bank's Compliance Risk Management System was designed to specifically identify and mitigate business risks which may erode the franchise value of the Bank, as well as to prevent money-laundering and terrorist financing activities.</p> <p>In compliance with BSP's requirements under Circular No. 747 and Circular No. 972, the Board has approved the Compliance Manual on 04 July 2012 and is updated regularly to ensure alignment with the active and rapid changes in regulatory landscape.</p> <p>The Bank's Compliance System and Program are subject to regular review by the Bank's Internal Audit and by the BSP.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Compliance System https://www.chinabank.ph/corgov.aspx?title=Internal+Control+and+Risk+Management 2019 Annual Financial and Sustainability Report: Page 49 (Compliance) https://www.chinabank.ph/pdf/2019_Annual_Report.pdf
Optional: Recommendation 12.1			
1. Company has a governance process on IT issues including disruption, cyber security, and	Compliant	Provide information on IT governance process	The Bank has aligned IT governance framework with the standards and operating principles of the Guidelines on IT Risk Management (BSP Circular No.

disaster recovery, to ensure that all key risks are identified, managed and reported to the board.			<p>808) and Enhanced Guidelines on Information Security Management (BSP Circular No. 982). Also in place is an IT risk assessment (ITRA) process for identifying vulnerabilities and determining the effectiveness of IT controls. With the evolving cyber-threat landscape, a Cyber Resilience Framework was developed as a supplement to our Information Security Management System and Business Continuity Management (BCM) program. The framework provides the details related to the preparations and measures for protecting the Bank's disaster recovery infrastructure against cyber-attacks.</p> <p>These information are contained in the Risk Management Manual which is uploaded to the Bank's internal public folder.</p> <p>Link/Reference:</p> <p>2019 Annual Financial and Sustainability Report: Page 51 (Information Technology Risk) https://www.chinabank.ph/pdf/2019_Annual_Report.pdf</p>
Recommendation 12.2			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	Compliant	Disclose if the internal audit is in-house or outsourced. If outsourced, identify external firm.	<p>The Bank's Internal Audit Division provides independent, objective assurance and consulting services designed to add value and improve the Bank's operations.</p> <p>It assesses the Bank's system of risk management, control, and governance processes, as designed and represented by management, to determine whether it is adequate and functioning to ensure that quality and continuous improvement are fostered in the organization's control process, among others.</p>

			<p>Please refer to Annex 7 for a copy of the Internal Audit Charter.</p> <p>Link/Reference:</p> <p>2019 Annual Financial and Sustainability Report: Page 36 (Organizational Chart) and Page 52 (internal Audit) https://www.chinabank.ph/pdf/2019_Annual_Report.pdf</p>
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Compliant	Identify the company's Chief Audit Executive (CAE) and provide information on or reference to a document containing his/her responsibilities.	<p>Ms. Marilyn G. Yuchenkang served as the Bank's Chief Audit Executive until January 31, 2020. She was succeeded by Mr. Ronald R. Marcaida effective February 1, 2020.</p> <p>He is responsible for ensuring that the internal audit function complies with sound internal auditing standards and relevant code of ethics. He is also tasked to develop a risk-based-audit plan, including policies and procedures based on robust risk assessment to determine the priorities of the internal audit activity, consistent with the organization's goals, including inputs from the Board of Directors, Audit Committee and senior management and ensure that such plan is comprehensive and adequately covers regulatory matters.</p> <p>His other duties and responsibilities are discussed in the Internal Audit Charter and Corporate Governance Manual.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • Corporate Governance Manual: Pages 82-83 (Duties and Responsibilities of the CAE)

			https://chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf <ul style="list-style-type: none"> 2019 Annual Financial and Sustainability Report: Page 36 (Organizational Chart) and Page 52 (Internal Audit) https://www.chinabank.ph/pdf/2019_Annual_Report.pdf <p>Please refer to Annex 7 for a copy of the Internal Audit Charter.</p>
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third-party service provider.	Compliant		<p>As embodied in the Internal Audit Charter, the CAE, being the Head of the Bank's internal audit function is responsible for ensuring that the Bank's internal audit function and activities are carried out in accordance to its mandate and the knowledge or inputs from the outsourced experts is assimilated into the Bank, to the greatest extent possible. The Bank's internal audit activity is not outsourced to the external provider / auditor.</p> <p>Link/Reference:</p> <p>Corporate Governance Manual: Page 90 (Outsourcing of Internal Audit Activities)</p> https://chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf <p>Please refer to Annex 7 for a copy of the Internal Audit Charter.</p>
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the	Compliant	Identify qualified independent executive or senior management personnel, if applicable.	As earlier stated, the Bank's internal audit function is not outsourced. It is handled by the Internal Audit Division.

fully outsourced internal audit activity.			<p>Please refer to Annex 10 for the division's table of organization.</p> <p>Link/Reference:</p> <p>2019 Annual Financial and Sustainability Report: Page 36 (Organizational Chart)</p> <p>https://www.chinabank.ph/pdf/2019_Annual_Report.pdf</p>
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	Provide information on company's risk management function.	<p>The risk management function is one of the Bank's second line of defense, apart from Compliance, and is carried out by the Risk Management Group (RMG) of the Bank.</p> <p>RMG reports functionally to the Board through the Risk Oversight Committee. The personnel under the RMG have collective knowledge and technical skills commensurate with business activities and risk exposures of the Bank.</p> <p>Additional related provisions are contained in the Risk Management Manual. The document is uploaded to the Bank's internal public folder.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • 2019 Annual Financial and Sustainability Report: Page 36 (Organizational Chart) and Page 49-51 (Risk Management) • https://www.chinabank.ph/pdf/2019_Annual_Report.pdf • Corporate Governance Manual: Pages 94-97 (Risk Management Function)

			https://chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	Compliant	Identify source of external technical support, if any.	In 2019, the Bank did not seek external risk management technical support.
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Compliant	Identify the company's Chief Risk Officer (CRO) and provide information on or reference to a document containing his/her responsibilities and qualifications/background.	<p>The Bank's CRO is Mr. Ananias S. Cornelio III. He is responsible for overseeing the risk management function and shall support the Board in the development of the risk appetite and risk appetite statement of the Bank and for translating the risk appetite into risk limits structure. He is also tasked to supervise the ERM process and spearhead the development, implementation, maintenance and continuous improvement of ERM processes and documentation.</p> <p>His responsibilities are also discussed in the Risk Management Manual, which is uploaded to the Bank's internal public folder.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • Mr. Cornelio's Profile https://www.chinabank.ph/about_china_bank.aspx?title=Management+Committee • Corporate Governance Manual: Pages 95-97 (Chief Risk Officer) https://chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf



2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Compliant		<p>The Bank's CRO has sufficient stature, authority and seniority within the bank. This will be assessed based on the ability of the CRO to influence decisions that affect the Bank's exposure to risk.</p> <p>Link/Reference:</p> <p>Corporate Governance Manual: Page 96 (Status and Authority of the Chief Risk Officer)</p> <p>https://chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf</p>
Additional Recommendation to Principle 12			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	Compliant	Provide link to CEO and CAE's attestation	<p>The annual attestation of the CAE was presented to the Audit Committee last February 19, 2020.</p> <p>Please refer to Annex 11 for a copy of the 2019 Attestation on Control Processes.</p> <p>Link/Reference:</p> <p>2019 Annual Financial and Sustainability Report: Page 52 (Internal Audit)</p> <p>https://www.chinabank.ph/pdf/2019_Annual_Report.pdf</p>
Cultivating a Synergic Relationship with Shareholders			
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
Recommendation 13.1			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	Provide link or reference to the company's Manual on Corporate Governance where shareholders' rights are disclosed.	<p>The fundamental rights of shareholders, amongst them, voting right, appraisal right, preemptive & right of information are contained in the Corporate Governance Manual.</p> <p>Link/Reference:</p>

			Corporate Governance Manual: Pages 101-103 (Item 2 - Investors' Right and Protection and Item 3 - PSE's Revised Disclosure Rules) https://chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	Provide link to company's website	<p>The Bank's Corporate Governance Manual where the basic shareholders' rights are discussed, is uploaded to the Bank's website for proper disclosure. Moreover, provisions related to the meeting of stockholders are contained in the By-Laws, which is also readily available in the Bank's Website.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Corporate Governance Manual: Pages 101-103 (Item 2 - Investors' Right and Protection and Item 3 - PSE's Revised Disclosure Rules) https://chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf By-Laws: Pages 1-3 (Article III) https://www.chinabank.ph/pdf/CHIB-Amended-By-laws-January-31-2019.pdf
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	Compliant		<p>Each common share entitles the holder to one vote.</p> <p>Link/Reference:</p> <p>2019 Definitive Information Statement (SEC 20-IS): Page 24 (Voting) https://www.chinabank.ph/pdf/2020-04-02-CHIBPSEDisclosure-CHIB-Definitive-SEC-20-IS_Final-for-PSE-and-PDEx.pdf</p>




<p>2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.</p>	<p>Compliant</p>	<p>Provide information on all classes of shares, including their voting rights if any.</p>	<p>The Bank is committed in treating its stakeholders fairly and ensures their protection thru the following:</p> <p>Policy on Fair Treatment to Stakeholders</p> <p>Link/Reference:</p> <p>Corporate Governance Manual: Pages 101-105 https://chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf</p> <p>Voting in the By-Laws</p> <p>In accordance with the Bank's By-Laws as to manner of voting, any stockholder who is not delinquent in his subscription shall be allowed to vote either in person, or by proxy executed in writing.</p> <p>Link/Reference:</p> <p>By-Laws: Page 2 (Article III, Section 7) https://www.chinabank.ph/pdf/CHIB-Amended-By-laws-January-31-2019.pdf</p>
<p>3. Board has an effective, secure, and efficient voting system.</p>	<p>Compliant</p>	<p>Provide link to voting procedure. Indicate if voting is by poll or show of hands.</p>	<p>In accordance with the Bank's By-Laws as to manner of voting, any stockholder who is not delinquent in his subscription shall be allowed to vote either in person, or by proxy executed in writing.</p> <p>In addition, voting results during annual stockholders' meeting is validated by an independent party, which in 2019, was done by the Bank's External Auditor.</p> <p>Links/References:</p> <ul style="list-style-type: none"> By-Laws: Page 2 (Article III, Section 7) https://www.chinabank.ph/pdf/CHIB-Amended-By-laws-January-31-2019.pdf

			<ul style="list-style-type: none"> Minutes of the 2019 Annual Stockholders' Meeting https://www.chinabank.ph/pdf/Minutes-of-the-Annual-Stockholders-Meeting-2019.pdf 2019 Annual Stockholders' Meeting Voting Results https://www.chinabank.ph/pdf/ANNUAL-STOCKHOLDERS-MEETING-2019_Votes.pdf
4. Board has an effective shareholder voting mechanism such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	Compliant	Provide information on shareholder voting mechanisms such as supermajority or "majority of minority", if any.	<p>In accordance with the Bank's By-Laws, no meeting of stockholders shall be competent to transact business unless a majority of the outstanding capital stock is represented. The majority vote of the shares present or represented at the stockholders' meeting, provided there is a quorum, shall be required to carry a stockholders' action on any matter taken up during the meeting.</p> <p>Link/Reference:</p> <p>2019 Definitive Information Statement: Page 26 (Voting Procedures) https://www.chinabank.ph/pdf/2020-04-02-CHIBPSEDisclosure-CHIB-Definitive-SEC-20-IS_Final-for-PSE-and-PDEx.pdf</p>
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	Compliant	Provide information on how this was allowed by board (i.e., minutes of meeting, board resolution)	<p>No special shareholders' meeting was called in 2019.</p> <p>As specified under the Bank's Corporate Governance Manual, the 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.</p> <p>Link/Reference:</p>

			Corporate Governance Manual: Page 102 (Right to Information) https://chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Compliant	Provide information or link/reference to the policies on treatment of minority shareholders	<p>The Board is committed to protecting the rights of the minority shareholders.</p> <p>In addition, there are related provisions in the Bank's Corporate Governance Manual which serves as the Board Charter.</p> <p>Link/Reference:</p> <p>Corporate Governance Manual: Page 99 (Mandated Topics, Page 101 (Investors' Rights and Protection; PSE's Revised Disclosure Rules)</p> <p>https://chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf</p>
7. Company has a transparent and specific dividend policy.	Compliant	<p>Provide information on or link/reference to the company's dividend Policy.</p> <p>Indicate if company declared dividends. If yes, indicate the number of days within which the dividends were paid after declaration. In case the company has offered scrip-dividends, indicate if the company paid the dividends within 60 days from declaration</p>	<p>The Bank's dividend policy is posted on its website.</p> <p>In 2019, the Bank paid its dividend 29 days after its declaration.</p> <p>Links/References:</p> <ul style="list-style-type: none"> Dividend Policy https://www.chinabank.ph/corgov.aspx?title=Dividend+Policy 2019 Dividend Declaration https://www.chinabank.ph/pdf/2019-05-02-CHIBPSEDisclosure-CHIB-Board-Approval-on-Cash-Dividend-Declaration-2019.pdf
Optional: Recommendation 13.1			

1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	Compliant	Identify the independent party that counted/validated the votes at the ASM, if any.	<p>In 2019, SGV & Co. was engaged by the Bank as the Independent Validator of Votes during the Annual Stockholders' Meeting.</p> <p>Link/Reference:</p> <p>2019 Minutes of the Annual Stockholders' Meeting: Page 2 (Certification of Quorum) https://www.chinabank.ph/pdf/Minutes-of-the-Annual-Stockholders-Meeting-2019.pdf</p>
Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	Compliant	<p>Indicate the number of days before the annual stockholders' meeting or special stockholders' meeting when the notice and agenda were sent out</p> <p>Indicate whether shareholders' approval of remuneration or any changes therein were included in the agenda of the meeting.</p> <p>Provide link to the Agenda included in the company's Information Statement (SEC Form 20-IS)</p>	<p>The Notice for the 2019 Annual Stockholders' Meeting and the Definitive Information Statement was sent out / posted on the Bank's Website on 20 March 2019, which is more than 28 days before the 02 May 2019 Stockholders' Meeting.</p> <div>  03-20-19 CHIB Definitive 20-IS  03-14-19 CHIB Preliminary 20-IS </div> <p>Link/Reference:</p> <p>2018 Definitive Information Statement (SEC 20-IS): Annex A (Explanation of Agenda Items) https://www.chinabank.ph/pdf/2018-CHIB-Definitive-20-IS_compressed_.pdf</p>
Supplemental to Recommendation 13.2			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:	Compliant	Provide link or reference to the company's notice of Annual Shareholders' Meeting	<p>Link/Reference:</p> <p>Notice of the Annual Stockholders' Meeting https://www.chinabank.ph/corgov.aspx?title=Annual+Stockholders+Meetings</p> <p>Other applicable links/references are as follows:</p>

a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	Compliant		2018 Definitive Information Statement (SEC 20-IS): Pages 5-6 (Directors and Principal Officers) https://www.chinabank.ph/pdf/2018-CHIB-Definitive-20-IS_compressed_.pdf
b. Auditors seeking appointment/re-appointment	Compliant		SGV & Co. is recommended for re-appointment as the Bank's External Auditor. Link/Reference: 2018 Definitive Information Statement (SEC 20-IS): Pages 20 https://www.chinabank.ph/pdf/2018-CHIB-Definitive-20-IS_compressed_.pdf
c. Proxy documents	Compliant		The Proxy Form is available as follows: Links/References: <ul style="list-style-type: none"> • 2018 Definitive Information Statement (SEC 20-IS): Page 2 https://www.chinabank.ph/pdf/2018-CHIB-Definitive-20-IS_compressed_.pdf • Bank Website https://www.chinabank.ph/pdf/2019-Proxy-Form.pdf
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	Compliant	Provide link or reference to the rationale for the agenda items	For each item in the agenda, a rationale or explanation is given. Link/Reference: 2018 Definitive Information Statement (SEC 20-IS): Annex A (Explanation of Agenda Items)

			https://www.chinabank.ph/pdf/2018-CHIB-Definitive-20-IS_compressed_.pdf
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	Compliant	Provide information or reference to a document containing information on all relevant questions raised and answers during the ASM and special meeting and the results of the vote taken during the most recent ASM/SSM.	<p>The 2019 Annual Stockholders Meeting was held on 02 May 2019. Voting results during the ASM was disclosed within the same day.</p> <p>  05-02-19 Press Release - China Bank posts P1.9B in Q1 up 24%; declares P2.4B cash dividends  05-02-19 CHIB Board Approval on Cash Dividend Declaration 2019  05-02-19 CHIB Results of the 2019 Stockholders' and Organizational Meetings </p> <p>Link/Reference:</p> <p>Results of the 2019 Stockholders' and Organizational Meetings https://www.chinabank.ph/pdf/2019-05-02-CHIBPSEDisclosure-CHIB-Results-of-the-2019-Stockholders-and-Organizational-Meetings.pdf </p>
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	Compliant	<p>Provide link to minutes of meeting in the company website.</p> <p>Indicate voting results for all agenda items, including the approving, dissenting and abstaining votes.</p> <p>Indicate also if the voting on resolutions was by poll.</p> <p>Include whether there was opportunity to ask question and the answers given, if any</p>	<p>The 2019 Annual Stockholders Meeting was held on 02 May 2019. The minutes of the ASM was posted on the Bank's website the day after the ASM.</p> <p>The votes on each agenda item is clearly reflected in the minutes of the meeting, including all the questions asked and the reply thereto.</p> <p>Links/Reference:</p> <ul style="list-style-type: none"> Minutes of the 2019 Annual Stockholders' Meeting https://www.chinabank.ph/pdf/Minutes-of-the-Annual-Stockholders-Meeting-2019.pdf 2019 Annual Stockholders' Meeting Voting Results

			https://www.chinabank.ph/pdf/ANNUAL-STOCKHOLDERS-MEETING-2019_Votes.pdf
Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	Compliant	Indicate if the external auditor and other relevant individuals were present during the ASM and/or special meeting	<p>The Board ensures that the Bank's External Auditor, SGV & Co. with Partner Mr. Ray Francis C. Balagtas are present during ASM. The Bank's President, Head of Investor Relations, Corporate Secretary, Head of Compliance, etc. are also present to answer any shareholder question during ASM.</p> <p>Link/Reference:</p> <p>Minutes of the 2019 Annual Stockholders' Meeting: Page 1 https://www.chinabank.ph/pdf/Minutes-of-the-Annual-Stockholders-Meeting-2019.pdf</p>
Recommendation 13.4			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Compliant	Provide details of the alternative dispute resolution made available to resolve intra-corporate disputes	<p>The Bank has an alternative dispute resolution system in place, and is duly documented in the Corporate Governance Manual.</p> <p>Link/Reference:</p>
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Compliant	Provide link/reference to where it is found in the Manual on Corporate Governance	<p>Corporate Governance Manual: Page 105 (Alternative Dispute Resolution System) https://chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf</p>
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Compliant	<p>Disclose the contact details of the officer/office responsible for investor relations, such as:</p> <ol style="list-style-type: none"> 1. Name of the person 2. Telephone number 3. Fax number 	<p>The Head of the Bank's Investor and Corporate Relations Group is SVP Alexander C. Escucha. He may be reached through the following:</p> <p>Telephone Number: (+632) 8885-5609 E-mail Address: investor-relations@chinabank.ph</p>

		4. E-mail address	<p>The contact details are posted in the Bank website.</p> <p>Link/Reference:</p> <p>Investors Information https://www.chinabank.ph/corgov.aspx?title=Investors+Information </p>
2. IRO is present at every shareholder's meeting.	Compliant	Indicate if the IRO was present during the ASM.	<p>Mr. Alexander C. Escucha, the Head of the Bank's Investor and Corporate Relations Group, was present in the 2018 ASM as indicated in the corresponding Minutes.</p> <p>Link/Reference:</p> <p>Minutes of the 2019 Annual Stockholders' Meeting https://www.chinabank.ph/pdf/Minutes-of-the-Annual-Stockholders-Meeting-2019.pdf </p>
Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	Compliant	Provide information on how anti-takeover measures or similar devices were avoided by the board, if any.	<p>The Bank adheres to the rules on voting in accordance with the Corporation Code and in accordance with the Bank's By-laws as to manner of voting, any stockholder who is not delinquent in his subscription shall be allowed to vote either in person or by proxy executed in writing.</p> <p>Link/Reference:</p> <p>By-Laws: Page 2 (Article III, Section 7) https://www.chinabank.ph/pdf/CHIB-Amended-By-laws-January-31-2019.pdf </p>
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Compliant	Indicate the company's public float.	<p>As of December 31, 2019, the Bank's public float is 57.1680 %.</p>

			<p>Link/Reference:</p> <p>Public Ownership Report (as of 31 December 2019) https://www.chinabank.ph/pdf/2020-01-15-CHIBPSEDisclosure-CHIB-Public-Ownership-Report-as-of-December-31-2019.pdf</p>
Optional: Principle 13			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	Compliant	Disclose or provide link/reference to policies and practices to encourage shareholders' participation beyond ASM	<p>The Bank goes beyond the Annual Stockholders' Meeting in its practices to engage its shareholders and accommodates investors' meeting.</p> <p>Link/Reference:</p> <p>Analyst Briefing and Presentation for Investors https://www.chinabank.ph/corgov.aspx?title=Analyst+Briefing+and+Presentation+for+Investors</p>
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	Non-Compliant	Disclose the process and procedure for secure electronic voting in absentia, if any.	<p>In 2019, the Bank practiced a manual voting system which is subject to a third-party independent validation.</p> <p>However, the Bank's By-Laws was amended in 2020 to include a provision on electronic voting in accordance with the Revised Corporation Code.</p> <p>Last 18 June 2020, the Bank held its first ever virtual ASM. Prior to the meeting, duly registered stockholders (<i>as verified by the office of the Secretary</i>) were able to cast their votes online for various items in the agenda such as approval of minutes of the 2019 ASM and election of directors, among others.</p> <p>Link/Reference:</p> <p>Proposed Amendments of By-Laws: Page 1 (Manner of Voting)</p>

			https://www.chinabank.ph/pdf/CHIB-Proposed-Amendments-of-By-Laws-June-18-2020.pdf
Duties to Stakeholders			
Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.			
Recommendation 14.1			
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	Identify the company's shareholder and provide information or reference to a document containing information on the company's policies and programs for its stakeholders.	<p>In 2019, the Bank, through its Board and Management has identified topics/issues that are highly significant to its stakeholders.</p> <p>These material topics, the concerned stakeholders and the Bank's stakeholder engagement process are discussed in the Annual Financial and Sustainability Report.</p> <p>The Bank believes that it is through proper understanding of stakeholders' needs, concerns, and expectations, and more importantly, embedding their feedback into the corporate strategy and daily business, that it is able to develop long term-solutions, make responsible business decisions, and perform better.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • 2019 Annual Financial and Sustainability Report: Page 20 (Stakeholder Engagement) https://www.chinabank.ph/pdf/2019 Annual Report.pdf • Sustainability https://www.chinabank.ph/corgov.aspx?title=Sustainability
Recommendation 14.2			

<p>1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.</p>	<p>Compliant</p>	<p>Identify policies and programs for the protection and fair treatment of company's stakeholders</p>	<p>The Bank treats its stakeholders fairly and ensures their protection.</p> <p>Policy on Fair Treatment to Stakeholders The policies are in Pages 101-105 of the Bank's Corporate Governance Manual.</p> <p>Link: https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf</p> <p>Up-to-date Disclosures The Bank also provides up to date disclosures in its website, about corporate news and happenings.</p> <p>Link: https://www.chinabank.ph/news.aspx</p> <p>China Bank adheres to a high standard of disclosure and transparency to facilitate understanding of the Bank's true financial condition and the quality of our corporate governance. All material information about China Bank is adequately and punctually disclosed, in accordance with SEC and PSE's disclosure policy. In addition to compliance with the reportorial requirements, we promptly disclose major and market sensitive information like, financial condition through quarterly reports, dividend declarations, joint ventures and acquisitions, sale and disposition of significant assets, as well as financial and non-financial information that may affect the investment decision of the investing public, in the form of press releases in newspapers and reports in our internal publication. We also electronically file our disclosures through the Electronic Disclosure Generation Technology (EDGE) portal of PSE, which are then posted on its website.</p>
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			<p>Our corporate website is likewise regularly updated to include the latest news and current information about the Bank.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • Presentation to Shareholders https://www.chinabank.ph/corgov.aspx?title=Analyst+Briefing+and+Presentation+for+Investors • Disclosures https://www.chinabank.ph/about_china_bank.aspx?title=Corporate+Disclosures
Recommendation 14.3			
1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	Compliant	<p>Provide the contact details (i.e., name of contact person, dedicated phone number or e-mail address, etc.) which stakeholders can use to voice their concerns and/or complaints for possible violation of their rights.</p> <p>Provide information on whistleblowing policy, practices and procedures for stakeholders</p>	<p>The Bank provides transparent framework for stakeholders where they can raise their concern and the Bank ensures that their rights are protected. Employees may raise their concern, without fear of retaliation.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • Investor Relations https://www.chinabank.ph/corgov.aspx?title=Investors+Information • Whistleblowing https://www.chinabank.ph/corgov.aspx?title=Governance+Policies • Contact Center https://www.chinabank.ph/contact_us.aspx • Borrowers https://www.chinabank.ph/personal.aspx?title=Notice+to+Loan+Clients

Supplement to Recommendation 14.3			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	Compliant	Provide information on the alternative dispute resolution system established by the company.	<p>In line with its dedication to effectively resolve disputes, China Bank maintains close coordination with stockholders, third parties, regulatory authorities and other stakeholders to discuss the issues and concerns, and ultimately address conflicts. Provisions related to the Bank's alternative dispute resolution system can be found in the Corporate Governance Manual.</p> <p>Link/Reference:</p> <p>Corporate Governance Manual: Page 105 (Alternative Dispute Resolution System)</p> <p>https://www.chinabank.ph/pdf/Revised-Corporate-Governance-Manual-November-2019.pdf</p>
Additional Recommendations to Principle 14			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	Compliant	Disclose any requests for exemption by the company and the reason for the request.	In 2019, the Bank did not seek any application for exemption on the application of corporate governance law, rules or regulations.
2. Company respects intellectual property rights.	Compliant	Provide specific instances, if any.	<p>The Bank respects intellectual property and observes practices in relation thereto, which among others is the registration of its logo for use by the Bank.</p> <p>Please refer to Annex 12 for the latest Certificate of Registration of the Bank's logo with the Intellectual Property Office (IPO).</p>
Optional: Principle 14			

<p>1. Company discloses its policies and practices that address customers' welfare</p>	<p>Compliant</p>	<p>Identify policies, programs and practices that address customers' welfare or provide link/reference to a document containing the same.</p>	<p>Part of the Bank's Mission is to provide the highest ethical standards, sense of responsibility, and fairness with respect to customers.</p> <p>The Bank has a Consumer Protection Framework in place. China Bank also has a contact center, where customers may raise their concerns. The Bank also has policies on Data Protection, Cyber Security, and Whistleblowing, to enhance customer welfare.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • Whistleblowing https://www.chinabank.ph/corgov.aspx?title=Governance+Policies • Investor Relations https://www.chinabank.ph/corgov.aspx?title=Investors+Information • Consumer Protection https://www.chinabank.ph/corgov.aspx?title=Consumer+Protection • Contact Center https://www.chinabank.ph/contact_us.aspx <p>The Bank provides a safe and secure banking environment for its customers. For the last five (5) years, the Bank has no major breach.</p> <p>Link/Reference:</p> <p>2019 Annual Financial and Sustainability Report: Page 32 (Cyber Security and Data Privacy) https://www.chinabank.ph/pdf/2019_Annual_Report.pdf</p>
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2. Company discloses its policies and practices that address supplier/contractor selection procedures	Compliant	Identify policies, programs and practices that address supplier/contractor selection procedures or provide link/reference to a document containing the same.	<p>The Bank practices utmost professionalism in managing its resources. The Bank processes all matters with due diligence and compliance to ensure that any service or goods procurement will pose the greatest benefit to the company, while posing little to no negative impact on stakeholders. Applicable policies are posted to the Bank's website.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • 2019 Annual Financial and Sustainability Report: Page 47 (Suppliers and Contractors) https://www.chinabank.ph/pdf/2019_Annual_Report.pdf • Governance Policies https://www.chinabank.ph/corgov.aspx?title=Governance+Policies
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Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.

Recommendation 15.1

1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Compliant	Provide information on or link/reference to company policies, programs and procedures that encourage employee participation.	<p>The Human Resources Group has various training and engagement activities to ensure that all employees of the Bank are heard and updated on the Bank's goal or objective to make them more effective.</p> <p>Moreover, part of the activities of the Bank is the commitment to continually strengthen compliance and governance culture through education and training.</p> <p>Compliance Division regular conducts briefing to Compliance Coordinators in branches and head office to raise the level of awareness and</p>
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			<p>understanding of principles, concepts, and elements of good corporate governance and compliance.</p> <p>The Compliance Coordinators are required to cascade their learning to their respective areas. All new employees of the Bank undergo a basic orientation on Compliance System, Anti-Money Laundering and Governance, among others. As part of the continuing education program, Compliance Division conducts lectures in Junior Executive Program of the Bank and in Supervisory Development Program.</p> <p>Link/Reference:</p> <p>2019 Annual Financial and Sustainability Report: Pages 58-63 (China Bank as Employer) https://www.chinabank.ph/pdf/2019 Annual Report.pdf</p>
Supplement to Recommendation 15.1			
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	Non-Compliant	Disclose if company has in place a merit-based performance incentive mechanism such as an employee stock option plan (ESOP) or any such scheme that awards and incentivizes employees, at the same time aligns their interests with those of the shareholders.	<p>The Bank has a "Performance Bonus/Profit Sharing" Program that recognizes the Officers performance in support of the Bank's Performance.</p> <p>The terms of the aforesaid profit-sharing program is set forth in the Bank's By-Laws.</p> <p>Link/Reference:</p> <p>By-Laws: Page 11 (Article VIII, Section 1) https://www.chinabank.ph/pdf/CHIB-Amended-By-laws-January-31-2019.pdf</p>
2. Company has policies and practices on health, safety and welfare of its employees.	Compliant	Disclose and provide information on policies and practices on health, safety and welfare of	The Bank values the safety and health of its employees embracing the Safety and Health Program instituted by the Government.

		<p>employees. Include statistics and data, if any.</p>	<p>Link/Reference:</p> <p>2019 Annual Financial and Sustainability Report: Page 61 (Health and Safety) https://www.chinabank.ph/pdf/2019 Annual Report.pdf</p> <p>In compliance with RA 11058 An Act Strengthening Compliance with Occupational Safety and Health Standards, the Bank performed the following:</p> <ol style="list-style-type: none"> 1. Strengthened the OSHCs (Corporate and Unit) 2. Formalized and submitted its OSH Program to DOLE last October 22, 2019. 3. Conducted trainings for appointed Safety Officers and First Aiders 4. Published a number of policies such as: <p><u>Existing Policies</u></p> <ul style="list-style-type: none"> • Drug-Free Workplace Policy • Tuberculosis Prevention and Control in the Workplace Policy • Hepatitis B Prevention and Control In the workplace Policy • HIV and AIDS Prevention and Control In The Workplace Policy • Breastfeeding Policy • Occupational Safety and Health - Formulation of Committee <p><u>Forthcoming Policies</u></p> <ul style="list-style-type: none"> • Smoke-Free Workplace Policy • Alcohol-Free Workplace Policy • Pollution Control Officer
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			<p>5. Conduct of annual fire and earthquake drills, and implements the annual physical examination for our employees.</p> <p>6. Continuous publication via email on health and wellness information.</p> <p>7. Continuous promotion of Promotes work life balance through its various programs, sports activities and personal interest skills development.</p> <p>Furthermore, the Bank will continuously release additional policies to support the OSH Program and DOLE if deemed necessary.</p>
3. Company has policies and practices on training and development of its employees.	Compliant	<p>Disclose and provide information on policies and practices on training and development of employees.</p> <p>Include information on any training conducted or attended.</p>	<p>The Bank is committed to the success of its employees whereby opportunities for their development are prioritized through offering professional training and development programs, both in-house and Bank-sponsored external trainings.</p> <p>Link/Reference:</p> <p>2019 Annual Financial and Sustainability Report: Page 61 (Training)</p> <p>https://www.chinabank.ph/pdf/2019_Annual_Report.pdf</p>
Recommendation 15.2			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	Compliant	<p>Identify or provide link/reference to the company's policies, programs and practices on anti-corruption</p>	<p>The Bank is committed to honest and ethical business practices and does not tolerate any form of bribery and corruption. We take our legal responsibilities very seriously and expect our directors and employees at all levels and grades to do the same. China Bank directors and employees are expected to act professionally, fairly, and with integrity in all our business dealings and relationships wherever we operate; thus, they 1) must never offer, promise, or give a financial or other</p>

			<p>advantage to any person or party, including public officials, with the intention of inducing or rewarding improper performance by them of their duties or to facilitate the transaction of the Bank, and 2) must never directly or indirectly accept or agree to receive a financial or other advantage as a reward for performing any act prejudicial to the Bank, the director/employee himself, or a third party.</p> <p>Link/Reference:</p> <p>Anti-Bribery and Corruption https://www.chinabank.ph/corgov.aspx?title=Governance+Policies</p>												
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant	Identify how the board disseminated the policy and program to employees across the organization	<p>The Board has imposed a policy of full compliance with the Code of Ethics and other policies. HRG ensures that every Bank employee is aware of, and upholds the Code.</p> <p>Given the mandate of the Board, HRG ensures that the training programs present the pertinent Bank policies governing their respective functions.</p> <p>The following trainings were conducted, wherein related topics on Code of Ethics and Anti-Bribery and Corruption were included:</p> <table><tr><td>New Employees Orientation</td><td>930</td></tr><tr><td>Orientation for New Officers</td><td>161</td></tr><tr><td>Banker's Ethics</td><td>76</td></tr><tr><td>Values Enhancement & Work Attitude</td><td>453</td></tr><tr><td>Employee Relations</td><td>76</td></tr><tr><td>Total</td><td>1,696</td></tr></table> <p>Links/References:</p>	New Employees Orientation	930	Orientation for New Officers	161	Banker's Ethics	76	Values Enhancement & Work Attitude	453	Employee Relations	76	Total	1,696
New Employees Orientation	930														
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Values Enhancement & Work Attitude	453														
Employee Relations	76														
Total	1,696														

			<ul style="list-style-type: none"> • 2019 Annual Financial and Sustainability Report: Page 46 (Anti-Bribery and Corruption) https://www.chinabank.ph/pdf/2019_Annual_Report.pdf • Code of Ethics https://www.chinabank.ph/corgov.aspx?title=Code+of+Ethics
Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	Compliant	<p>Identify or provide link/reference to the company policy and procedures on penalizing employees involved in corrupt practices.</p> <p>Include any finding of violations of the company policy.</p>	<p>China Bank is committed to honest and ethical business practices and does not tolerate any form of bribery and corruption. China Bank directors and employees are to act professionally, fairly, and with integrity in all our business dealings and relationships wherever we operate; thus, they 1) must never offer, promise, or give a financial or other advantage to any person or party, including public officials, with the intention of inducing or rewarding improper performance by them of their duties or to facilitate the transaction of the Bank, and 2) must never directly or indirectly accept or agree to receive a financial or other advantage as a reward for performing any act prejudicial to the Bank, the director/employee himself, or a third party.</p> <p>Under the Bank's Code of Ethics, on Proper Conduct and Behavior, "<u>offering</u> or receiving money or other valuable consideration <u>in exchange for a job</u> or <u>offering</u>, soliciting or receiving anything of value to perform any act/activity prejudicial to the interest of the Bank" is subjected to a disciplinary process and if found guilty then may be meted out with a suspension and or dismissal on the 1st offense.</p> <p>Links/References:</p>

			<ul style="list-style-type: none"> • Anti-Bribery and Corruption https://www.chinabank.ph/corgov.aspx?title=Governance+Policies • Code of Ethics https://www.chinabank.ph/corgov.aspx?title=Code+of+Ethics
Recommendation 15.3			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	Compliant	<p>Disclose or provide link/reference to the company whistle-blowing policy and procedure for employees.</p> <p>Indicate if the framework includes procedures to protect the employees from retaliation.</p> <p>Provide contact details to report any illegal or unethical behavior.</p>	<p>The Bank does not and will not tolerate unethical or illegal conduct, thus a Whistleblowing mechanism was established to ensure that employees, customers, shareholders, and third party service providers will have a way to report questionable activity, unethical conduct, fraud or any other malpractice by mail, phone or e-mail, under the strictest measures of confidentiality and anonymity to allay fears of reprisal or retaliation.</p> <p>Link/Reference:</p> <p>Whistleblowing https://www.chinabank.ph/corgov.aspx?title=Governance+Policies</p>
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	Compliant		<p>The Bank's Chief Compliance Officer (CCO) determines the substance and validity of all whistleblower reports. Reports can also be disclosed to any officer of the bank, the Risk Management Group, Internal Audit and the HRG.</p> <p>If the report is deemed well-substantiated, the CCO turns over the disclosure to the Audit Division and/or HRG for further investigation. Should the report be deemed baseless, within 24 hours from receipt thereof, the CCO informs the whistleblower of its status without prejudice to its re-submission.</p>

			<p>Meritorious disclosures are given due recognition and may be eligible for a reward as determined by the HRG or the Investigation Committee. All disclosures, their statuses, and resolutions are regularly reported to the Compliance and Corporate Governance Committees then to the Board.</p> <p>Link/Reference:</p> <p>Whistleblowing https://www.chinabank.ph/corgov.aspx?title=Governance+Policies</p>
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant	Provide information on how the board supervised and ensured enforcement of the whistleblowing framework, including any incident of whistleblowing.	<p>All the disclosures, and their corresponding status and resolution are regularly reported to the Board, thru the Audit Committee.</p> <p>Link/Reference:</p> <p>Whistleblowing https://www.chinabank.ph/corgov.aspx?title=Governance+Policies</p>
Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
Recommendation 16.1			
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	Compliant	Provide information or reference to a document containing information on the company's community involvement and environment-related programs.	<p>The Bank is committed to managing its operations responsibly and running the business in a way that supports the protection of the environment. In 2019, the Bank's electricity usage is well within the energy efficiency index based on occupied air-conditioned areas set by the ASEAN Energy Awards. The Bank intends to go greener in the coming years to keep its ecological footprint as small as possible.</p>

			<p>In October 2018, China Bank signed an agreement with IFC for the Bank's first green bond issue worth US\$150 million to finance climate-smart projects. The bond supports the continuing development of the nascent green bond market in the Philippines and the government's target of reducing carbon emissions by 70% by 2030.</p> <p>In addition, the Green Bond underscores the Bank's strategy to facilitate business growth and economic development in a way that is sustainable and beneficial to society and the environment. It opens up more financing for projects to address climate change, including renewable energy, green buildings, energy efficiency, and water conservation initiatives.</p> <p>In 2019, the proceeds of the US\$150 million green bond were allocated to climate-smart projects that would contribute to the low carbon economy such as wind farm and green building developments.</p> <p>Link/Reference:</p> <p>2019 Annual Financial and Sustainability Report: Page 65 (Economic Value Created and Distributed), Pages 66-67 (Environment Impact) and Page 67 (Green Finance)</p> <p>https://www.chinabank.ph/pdf/2019_Annual_Report.pdf</p>
Optional: Principle 16			
1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development	Compliant	Identify or provide link/reference to policies, programs and practices to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development.	The Bank is committed to place sustainability at the heart of its business and treats it as a cornerstone of its mission and the work it does. The Bank continues to adopt best practices and conduct its business responsibly and ethically to ensure the company's sustainability and to contribute to a sustainable future

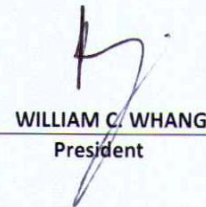
			<p>for all. The Bank's sustainability journey and corresponding efforts are comprehensively discussed in its 2019 Annual Financial and Sustainability Report.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • 2019 Annual Financial and Sustainability Report https://www.chinabank.ph/pdf/2019_Annual_Report.pdf • Sustainability https://www.chinabank.ph/corgov.aspx?title=Sustainability
2. Company exerts effort to interact positively with the communities in which it operates	Compliant	Identify or provide link/reference to policies, programs and practices to interact positively with the communities in which it operates.	<p>China Bank for the last 99 years of its journey served as a partner in the wealth creation of its customers while helping the nation as well in building a strong and sustainable banking industry. The Bank is committed to do its part to help drive the nation's economic growth, to protect the environment, to promote financial awareness and inclusion, and to support the vulnerable members of the society. China Bank vows to be an eager partner for sustainability, working with and for our stakeholders to create a better tomorrow for everyone.</p> <p>In 2019, the focus of China Bank's Corporate Social Responsibility efforts continued to be education, nutrition, and social development. With the help of its employees and various organizations, the Bank was able to make a difference through its nationwide projects.</p> <p>Links/References:</p> <ul style="list-style-type: none"> • 2019 Annual Financial and Sustainability Report: Pages 64-69 (China Bank as Partner)

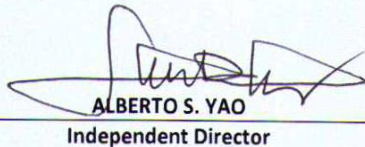
			https://www.chinabank.ph/pdf/2019 Annual Report.pdf <ul style="list-style-type: none"> • Sustainability https://www.chinabank.ph/corgov.aspx?title=Sustainability
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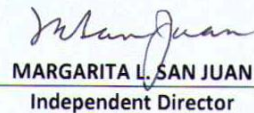
Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report (I-ACGR) is signed on behalf of the registrant by the undersigned.

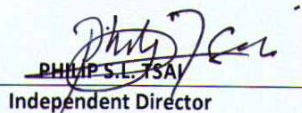
SIGNATURES

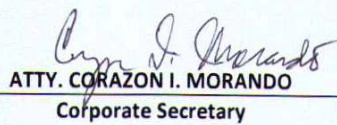

HANS T. SY
Chairman of the Board

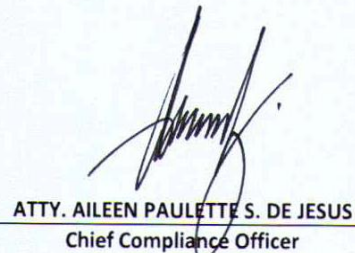

WILLIAM C. WHANG
President


ALBERTO S. YAO
Independent Director


MARGARITA L. SAN JUAN
Independent Director


PHILIP S.L. TSAI
Independent Director


ATTY. CORAZON I. MORANDO
Corporate Secretary


ATTY. AILEEN PAULETTE S. DE JESUS
Chief Compliance Officer

21 JUL 2020
SUBSCRIBED AND SWORN to before me this ____ day of July 2020, affiant(s) exhibiting to me their identification documents, as follows:

NAME	IDENTIFICATION DOCUMENT
Hans T. Sy	SSS ID No. 03-4301174-3
William C. Whang	SSS ID No. 03-5882607-5
Alberto S. Yao	SSS ID No. 03-1300449-2
Margarita L. San Juan	SSS ID No. 03-3300959-0
Philip S.L. Tsai	Passport No. P7396029A valid until May 30, 2028
Atty. Corazon I. Morando	SSS ID No. 33-0678316-7
Atty. Aileen Paulette S. De Jesus	IBP ID - Lifetime Member No. 01667

ALVIN A. QUINTANILLA
Notary Public for Makati City
Appt. No. M-201 until December 31, 2021
4/F PHILIPPINE BUILDING,
8755 Paseo de Roxas, Makati City
PTR No. 8117268; 01-02-20; Makati City
IBP No. 100120; 12-27-19; Cavite
Roll of Attorney's No. 40925

Doc No. 164
Page No. 34
Book No. 74
Series of 2020

Certificates of Participation in the 2019 Advanced Corporate Governance Training
(Corporate Secretary and Chief Compliance Officer)



**Institute of
Corporate Directors**

presents this

Certificate of Participation

to

Corazon I. Morando

China Banking Corporation

for having completed

**Advanced Corporate
Governance Training**

held on

Wednesday, 7 August 2019

at China Bank Building,

Makati City, Metro Manila, Philippines.

Alfredo E. Pascual
Chief Executive Officer





**Institute of
Corporate Directors**

presents this

Certificate of Participation

to

Aileen Paulette S. De Jesus

China Banking Corporation

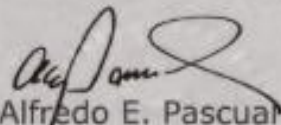
for having completed

Advanced Corporate Governance Training

held on

Wednesday, 7 August 2019

at China Bank Building,
Makati City, Metro Manila, Philippines.



Alfredo E. Pascual
Chief Executive Officer



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

**{In Archive} Agenda and Materials for BOD Meeting on May 02, 2019**

Julius L. Danas to: Hans T. Sy, Gilbert U. Dee, William C. Whang, Ricardo R. Chua, Peter S. Dee, 04/24/2019 09:47 PM
 suntree.tower, stanfieldto, hats, yao.alberto,
 "Maria Eleanor D. Ennle", Linda Susan T. Mendoza, Zenaida C.
 Cc: Milan, suntree_building, smaca_sf, officeoftheceo, Leilani B. Elarmo,
 OCS - Minutes & Agenda, "I. Morando Corazon", Romeo Jr. D. Uyan,
 This message is being viewed in an archive.

Archive:

Gentlemen,

Relative to SEC Memorandum Circular No. 19, Series of 2016 and ASEAN Corporate Governance Scorecard recommending that relevant information need to be provided to the directors at least 5 business days in advance of the meetings, we are forwarding to you the attached agenda and materials for the BOD Meeting on May 02, 2019.

IBG.zip RBB.zip


ATTY. JULIUS L. DANAS

Office of the Corporate Secretary
 China Banking Corporation (China Bank)
 Contact Number: 885-5133
 Fax Number: 885-5135
 jldanas@chinabank.ph



Your Success Is Our Business

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 Please consider the environment before printing this email

Certification from the Corporate Secretary re: the Bank's 2019-2023 Business Plans



CERTIFICATION

This is to certify that the Bank's 2019 Budget and Business Plan, and updates to the 2018-2023 Five-Year Business Plan, were among those presented to, discussed, and approved by the Board of Directors during its meeting on 06 February 2019.

Issued this 1st day of June 2020 in Makati City.


ATTY. CORAZON I. MORANDO
Vice President & Corporate Secretary 

Certification from the Corporate Secretary re: Performance Reports



CERTIFICATION

This is to certify that the 2019 Performance Reports were among those presented to, discussed and noted by the Board of Directors during its meetings on 02 May 2019 (First Quarter 2019 Performance Report), 07 August 2019 (First Half 2019 Performance Report), 06 November 2019 (January - September 2019 Performance Report), and 05 February 2020 (2019 Performance Report).

Issued this 1st day of June 2020 in Makati City.


ATTY. CORAZON I. MORANDO
Vice President & Corporate Secretary 

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

February 1, 2019

AILEEN PAULETTE S. DE JESUS

Chief Compliance Officer
Compliance Division
China Banking Corporation
8th Floor, VGP Center
6772 Ayala Avenue
Makati City

**Subject: Request for Proposal for Candidates for
Independent Director of Chinabank**

Attorney de Jesus:

Thank you for reaching out to the Institute of Corporate Directors (ICD) for your board requirements. We have noted your request to assist your corporation in searching for an independent director as well as the profile of the candidate you require, namely:

1. Experience in the Banking or Finance industry/field
2. Independence from the management and controlling shareholders
3. Other qualifications stipulated in the latest Rules Governing the Nomination and Election of Directors

Bearing this in mind, we have put together a list of nominees for the said position and have attached it to this cover letter. We hope it will meet your requirements.

Thank you once again for approaching the Institute of Corporate Directors in connection with your board needs.

Very truly yours,


Sisenando U. Bengzon
Chief Operations Officer
Institute of Corporate Directors

Revised Materiality Threshold

RPT Materiality Threshold Matrix
Updated as of March 4, 2020

Units Concerned	Material Transaction	Transaction (as may be applicable, but not limited to)
Accounting Division (Reconciliation and Control, General Accounting)	Php 2.0 M	Consulting, professional, agency and other service arrangements/contracts
Administrative Division	Php 50.0 M	Construction arrangements / contracts
	Php 50.0 M	Consulting, professional, agency and other service arrangements/contracts
	Php 2.0 M	Sale , purchase or supply of any goods or materials
	Php 50.0 M	Lease Arrangements / contracts (including extension of lease) – whether or not the Bank is the lessor or lessee
	Php 2.0 M	Sale , purchase or supply of any goods or materials (vehicle)
Cards Business Division	Php 5.0 M	On- and off-balance sheet credit exposures (including credit card limits) and claims and write-offs
Consumer Banking	Php 10.0 M – Housing Loan	Borrowings, commitments, fund transfers and guarantees
	Php 4.0 M – Auto Loan	
Office of the Corporate Secretary	Php 2.0 M	Service arrangements/contracts
Human Resources Group	Php 10.0 M	Consulting, professional, agency and other service arrangements
Institutional Banking Group (IBG)	Php 50.0 M	Borrowings, commitments, fund transfers and guarantees
Internal Audit Division	Php 5.0 M	IT Audit / Quality Assurance services for China Bank Savings, Inc.

Units Concerned	Material Transaction	Transaction (as may be applicable, but not limited to)
Retail Banking Business	Php 50.0 M	Borrowings, commitments, fund transfers and guarantees
	Php 50.0 M	Lease Arrangements / contracts (including extension of lease) – whether or not the Bank is the lessor or lessee
Treasury Group	Php 500.0 M or its equivalent in other currencies	Borrowings, commitments, fund transfers and guarantees
	Php 500.0 M	Investments and/or subscriptions for debit/equity issuances
	Php 50.0 M (local securities)	Trading and derivative transactions
	\$ 10.0 M (foreign currency securities)	
	\$ 10.0 M FX spot transactions;	
	\$ 25.0 M FX swap transactions;	
	\$10.0 M USD derivative transactions (other than FX swaps);	
	Php 100.0 M (Interest Rate Swap)	
Trust and Asset Management Group	Php 50.0 M	Trust Transactions - investments and fiduciary services

Units Concerned	Material Transaction	Transaction (as may be applicable, but not limited to)
FSG - Asset Quality & Recovery Management Division	Php 2.0 M	Sale of other Acquired Assets (vehicles and other non-real estate assets)
	Php 50.0 M	Sale of Real Estate Acquired Assets
CMG - Credit Process	Php 2.0 M	Service arrangements/contracts
China Bank Capital Corporation	Php 15.0 M (in fees)	Investment banking deals (capital markets and advisory)
	Php 10.0 M (annual rental fee)	Office Leasing
	Php 10.0 M (single transaction or a single continuing engagement)	Office leasing Consulting, professional, agency, advertising and other service arrangements / contracts
China Bank Securities Corporation	Php 7.5 M	All transactions

Internal Audit Charter	Effectivity Date: August 7, 2019	Page No. 1
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INTRODUCTION

The Internal Audit Charter aims to accomplish the following objectives:

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

I. PURPOSE, AUTHORITY AND RESPONSIBILITY

A. PURPOSE, MISSION and VISION STATEMENT

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

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

VISION

Audit Division envisions the following:

1. A catalyst in promoting the Bank's –

- Mission Statement which states:

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

We will be a primary catalyst in the creation of wealth for our customers, driven by a desire to help them succeed, through a highly

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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".

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

B. AUTHORITY

The authority of the Division is established by the Board of Directors, and its responsibilities are defined by the Audit Committee as part of its oversight function. The Audit Committee and management shall take all the necessary measures to provide the

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appropriate resources (e.g. personnel, information, tools, training, etc.) and assistance that would enable Audit Division to effectively and efficiently perform its mission and objectives. This authority extends also to the audit of Bank's subsidiaries.

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

- Review and approve the –
 - Internal audit charter
 - Risk-based audit plan
 - Internal audit budget and resource plan and all major changes therein
 - Decisions on the appointment and removal of the Chief Audit Executive (CAE), including evaluation of his/her compensation package
 - Internal audit activity's standards, manuals and guidance as part of its oversight role;
- Receive communications from the CAE on internal audit activity's progress, findings and performance relative to its plan and other matters;
- Monitor the ability of internal audit to operate independently and fulfill its charter; and
- Make appropriate inquiries of management and the CAE to determine whether there is inappropriate scope or resource limitations

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

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

1. Have full, free, and unrestricted access to all functions, records/documents, files, accounts, property, and personnel of the Bank during the course of their examination with strict accountability for confidentiality and safeguarding of information obtained.
2. Allocate resources, set frequencies, select subjects, determine nature, scope, and timing of work, and apply the procedures and techniques required to accomplish audit objectives and issue reports.
3. Obtain assistance from the necessary personnel of other Units of the Bank where they perform audits, as well as other specialized services from within or outside the Bank, in order to complete the engagement.

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4. Require all members of staff and Management to supply on a timely manner, needed information and explanation necessary for the performance of its functions, especially those concerning security and compliance issues.

C. RESPONSIBILITY

The CAE has the responsibility to:

1. Overall manage the internal audit (IA) activity to ensure that sound internal auditing standards and other supplemental standards issued by regulatory authorities/government agencies are complied with, to improve the Bank's risk management, governance and control processes using a systematic and disciplined approach, and to ensure that the IA activity adds value to the organization.
2. Direct an independent, objective and comprehensive audit function which provides assurance and consulting services to determine whether:
 - Bank's organizational objectives are achieved;
 - Corporate plans, policies and procedures are carried out effectively and efficiently;
 - Assets are safeguarded properly;
 - Applicable laws, regulations, and contracts are complied with;
 - Adequate managerial and accounting controls exist and function properly.
3. Develop a risk-based internal audit plan and submit the plan annually to the Board thru the Audit Committee for review and approval.
4. Communicate the impact of scope and resource limitations on the internal audit plan to senior management and the Board thru the Audit Committee.
5. Review and adjust the internal audit plan in response to changes in the Bank's business, risks, operations, programs, systems, and controls, as necessary.
6. Ensure each engagement in the approved annual audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties. This includes any special tasks or projects requested by Management and the Audit Committee as appropriate. Major revision of the plan shall be discussed with Management and agreed with the Audit Committee.
7. Establish a follow-up process to monitor and ensure that engagement recommendations and management actions have been effectively implemented.

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8. Ensure internal audit collectively possesses and obtains sufficient knowledge, skills, experience, and other competencies, obtain professional qualifications/certifications to meet the requirements of regulations and this Charter. If the internal auditors lack the knowledge, skills, or other competencies needed to perform all or part of the engagement, competent advice and assistance from external service providers shall be obtained.
9. Provide an annual assessment and opinion on the overall adequacy and effectiveness of the Bank's processes for controlling its operations and managing its significant risks;
10. Ensure emerging trends and successful practices in internal auditing are considered.
11. Ensure trends and emerging issues that could impact the Bank are considered and communicated to senior management and the Board, as appropriate.
12. Establish and ensure compliance to policies and procedures designed to guide the internal audit activities.
13. Ensure adherence to the Bank's relevant policies and procedures, unless such policies and procedures conflict with the internal audit charter. Any such conflicts shall be resolved or otherwise communicated to senior management and the Board.
14. Ensure conformance of the internal audit activity with IIA's Code of Ethics and the *Standards* and report any impairment to independence or objectivity.
15. Evaluate significant new or changing Bank's operations, functions, processes, services and systems coincident with their development, implementation and expansion to ensure adequacy and effectiveness of security and control.
16. Keep the senior management and the board informed and educated of the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework (IPPF). Also, identify external seminars/trainings or conferences of possible interest to the committee members.
17. Evaluate operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned. This is accomplished by providing Audit Committee with a list of significant measurement goals and results.
18. Assist the Bank in the investigation and evaluation of significant suspected fraudulent activities within the organization and notify management and the Audit Committee of the results. This involves the exercise of due professional care in the conduct of every engagement which implies reasonable care and competence not infallibility. Auditors shall be alert to the possibility of fraud, intentional

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wrongdoing, errors and omissions, inefficiency, waste, ineffectiveness, and conflict of interest, as well as being alert to those conditions and activities where irregularity are most likely to occur.

19. Consider the scope of work and coordinate with other internal/external service providers and regulators, as appropriate, for the purpose of providing optimal audit coverage to the Bank at a reasonable cost. This includes coordination with other control and monitoring Units (e.g. Risk Management Group, Compliance Unit, Legal Division, Human Resources Division, Information Security Office) on activities and issues that are considered important and pose potential risks to the Bank;
20. Report significant risk exposures, control and governance issues, and other matters needed or requested by the Board through the Audit Committee.
21. Communicate the results of internal audit activity's quality assurance and improvement program, which includes ongoing/periodic internal assessments and external assessments conducted at least every five years;
22. Report periodically to the Board thru the Audit Committee and communicate information on the –
 - adequacy of internal audit activity's purpose, authority, and responsibility, to enable the activity to accomplish its mandate and objectives;
 - internal audit activity's performance relative to its plan and sufficiency of its resources;
 - results of audit engagements or other activities;
 - results of consulting services provided to the Bank;
 - status of accomplishments of the Audit Division
 - independence of the internal audit activity;
 - Internal audit's conformance with The IIA's Code of Ethics and *Standards*, and action plans to address significant conformance issues;
 - significant issues or findings related to Bank's risk management and internal control processes, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Board and potential improvements of these processes, and provide information on the status of their implementation;
 - corrective actions not effectively implemented or acceptance of risk by management; and

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- summary of results of audit activities and status of unresolved exceptions/findings.

II. ORGANIZATION AND REPORTING STRUCTURE

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

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

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

III. INDEPENDENCE AND OBJECTIVITY

As discussed in the *Policy on Independence & Objectivity*, the CAE shall ensure that internal audit is free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner. Internal auditors shall maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, no quality compromises are made, and they do not subordinate their judgment on audit matters to others. The internal audit activity shall remain free from interference by any element in the organization, in matters of audit selection, scope, procedures, frequency, timing, or report content to exhibit necessary independent and objective mental attitude.

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

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

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

1. Internal auditors shall have no direct operational duties and responsibilities for the Bank and its subsidiaries or authority over any of the activities audited. Accordingly, they shall not implement internal controls, develop procedures, install systems, prepare records, or

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engage in any other activity that may impair auditor's judgment including assessing specific operations for which they had responsibility within the previous year. Their involvement in these activities is limited to consulting only.

2. Internal audit is not authorized to –
 - Initiate or approve accounting transactions external to the internal auditing functions
 - Direct the activities of any Bank employee not under the Audit Division, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors
 - Disclose information obtained during the course of audits to unauthorized parties but rather use such information strictly for audit purposes only
3. Internal auditors shall exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the unit/process/system being examined.
4. Internal auditors shall make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.
5. Internal auditors shall take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

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

IV. SCOPE OF WORK

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

1. Risks relating to the achievement of the Bank's strategic objectives are appropriately identified and managed.
2. Interaction with the various Bank's groups and regulatory authorities occurs as needed.
3. Bank's operations or programs are being carried out effectively and efficiently and results of operations or programs are consistent with established goals and objectives.

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4. Information and the means used to identify, measure, analyze, classify, and report such information are reliable and have integrity.
5. The actions of the Bank's employees are in compliance with Bank's code of conduct, policies, standards, procedures, and applicable laws and regulations.
6. Significant legislative or regulatory issues impacting the Bank are recognized and addressed properly.
7. Bank's resources and assets are acquired economically, used efficiently, and adequately protected.
8. Quality and continuous improvement are fostered in the organization's control process.
9. Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the Bank.

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

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

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

Services Provided by Audit Division

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

Examples for this type of service are:

- Financial Statement review
- Performance/operational audit
- Compliance engagement
- Information systems security review
- Systems or processes audit (e.g. internal control systems or computer systems)

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- Fraud/Special Audit

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

Examples for this type of service are:

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

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

V. STANDARDS OF AUDIT PRACTICE

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

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

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

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VI. QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

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

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

VII. REVIEW OF INTERNAL AUDIT CHARTER

The CAE shall review and assess the adequacy and relevance of this charter annually, requesting board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.

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



CERTIFICATION

This is to certify that the Audit Committee of the Bank, together with the external auditor, SyCip Gorres Velayo & Co. (SGV), held a meeting on 16 October 2019, without anyone from the Bank Management present, to discuss SGV's 2019 Audit Plan.

Issued this 1st day of June 2020 in Makati City.


ATTY. CORAZON I. MORANDO
Vice President & Corporate Secretary 

“Generally Conforms” Certificate



Internal Audit Division

of China Banking Corporation

headed by Marilyn G. Yuchenkang, Chief Audit Executive

Generally Conforms

to the definition of internal auditing, the code of ethics, and the international standards for the professional practice of internal auditing. We express this opinion based on the results of the **external quality assessment review** conducted in accordance with the standards for the quality assessment of internal audit activities.

Michael C. Gallego

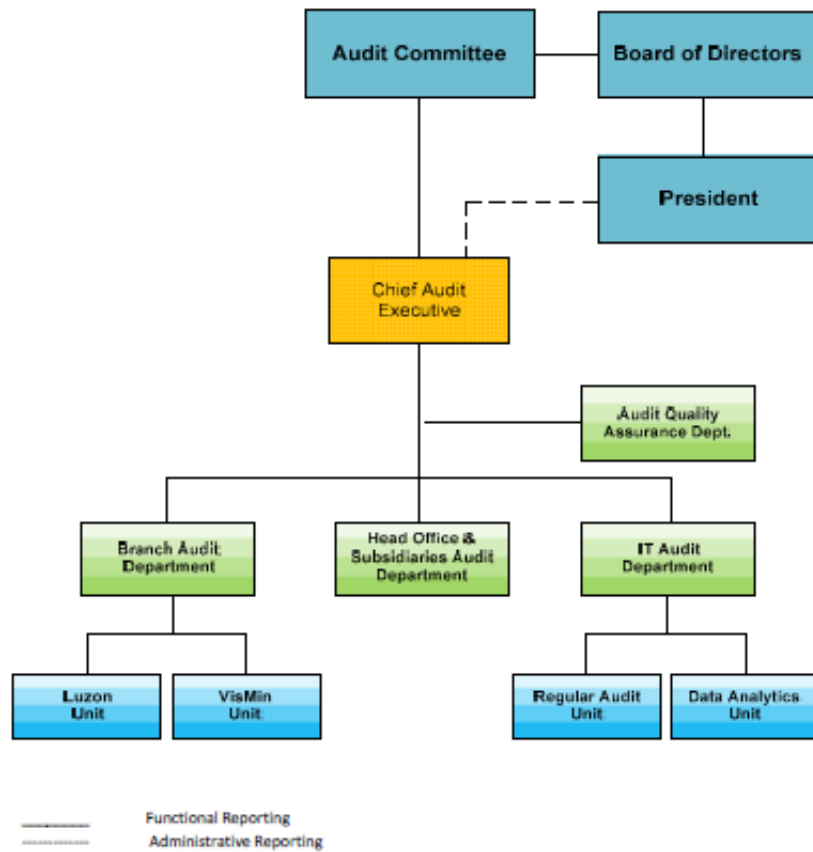
CPA, CIA, CCSA, CRISC, MPM, CMC, CRMA
Partner and Validation Team Leader

July 2015

Internal Audit Division Table of Organization

Audit Division

2020 Table of Organization



Certification from the Corporate Secretary re: 2019 Attestation on Control Processes



CERTIFICATION

This is to certify that in the Audit Committee meeting on 19 February 2020, the Chief Audit Executive (CAE) of the Bank issued an attestation that the Bank's control processes are in place, adequate and working effectively to mitigate risks that could adversely affect the achievement of the Bank's objectives.

Issued this 1st day of June 2020 in Makati City.


ATTY. CORAZON I. MORANDO
Vice President & Corporate Secretary

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



Certificate of Registration

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



Your success is our business

More than your Banker, the Right Partner.

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

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