

COVER SHEET

A S 9 4 0 0 2 7 3 3

S.E.C. Registration Number

E A S T W E S T B A N K I N G C O R P O R A T I O N

(Company's Full Name)

P O D I U M O F T H E B E A U F O R T 5 T H A V E

C O R 2 3 R D S T G L O B A L C I T Y T A G U I G

(Business address: No. Street City / Town / Province)

ELEANOR B. RIVERA

Contact Person

8575-3829

Company Telephone Number

1 2 3 1

Month Day
Fiscal Year

I A C G R

FORM TYPE

0 6 2 0

Month Day
Annual Meeting

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

Top be accomplished by SEC Personnel concerned

LCU

CASHIER



Securities and
Exchange
Commission
PHILIPPINES

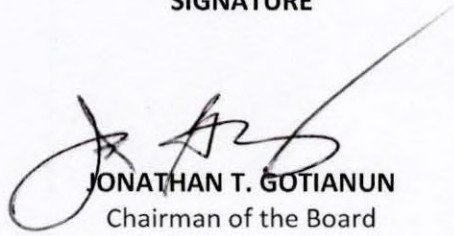
SEC FORM - I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended 2019.....
2. SEC Identification Number AS094-002733 3. BIR Tax Identification No. 003-921-057.....
4. Exact name of issuer as specified in its charter EAST WEST BANKING CORPORATION
5. METRO MANILA, PHILIPPINES.....
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. THE BEAUFORT, 5TH AVE. COR. 23RD ST., BONIFACIO GLOBAL CITY, TAGUIG.....
Address of principal office 1630
Postal Code
8. (632) 8575-3888.....
Issuer's telephone number, including area code
9. N/A.....
Former name, former address, and former fiscal year, if changed since last report.

Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Taguig on ____ August, 2020.

SIGNATURE

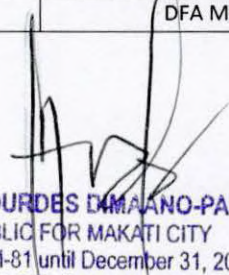


JONATHAN T. GOTIANUN
Chairman of the Board

SUBSCRIBED AND SWORN to before me this ____ day of 14 AUG 2020 2020, affiant (s) exhibiting to me his competent evidence of identity as follows:

NAME/NO.	ID NO. AND DATE OF ISSUE/EXPIRATION	PLACE OF ISSUE
Jonathan T. Gotianun	Passport [REDACTED] issued on [REDACTED]	DFA Manila

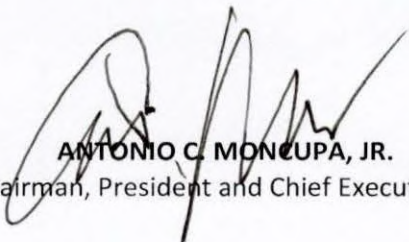
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Series of 2020



ATTY. MA. ANNA LOURDES DIMAANO-PAMFILO
NOTARY PUBLIC FOR MAKATI CITY
Appointment No. M-81 until December 31, 2020
Roll No. 38260 / IBP Lifetime No. 07083
PTR No. 7333148 January 3, 2019 .

Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Taguig on ____ August, 2020.

SIGNATURE


ANTONIO C. MONCUPA, JR.
Vice Chairman, President and Chief Executive Officer

SUBSCRIBED AND SWORN to before me this ____ day of 14 AUG 2020 2020, affiant (s) exhibiting to me his competent evidence of identity as follows:

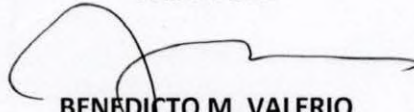
NAME/NO.	ID NO. AND DATE OF ISSUE/EXPIRATION	PLACE OF ISSUE
Antonio C. Moncupa, Jr.	Passport [REDACTED] issued on [REDACTED]	DFA Manila

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ATTY. MA. ANNA LOURDES DIMAANO-PAMFILO
NOTARY PUBLIC FOR MAKATI CITY
Appointment No. M-81 until December 31, 2020
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PTR No. 7333148 January 3, 2019

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SIGNATURE




BENEDICTO M. VALERIO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this ____ day of 14 AUG 2020, affiant (s) exhibiting to me his competent evidence of identity as follows:

NAME/NO.	ID NO. AND DATE OF ISSUE/EXPIRATION	PLACE OF ISSUE
Benedicto M. Valerio	Passport [REDACTED] issued on [REDACTED]	DFA NCR SOUTH

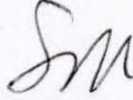
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ATTY. MA. ANNA LOURDES DIMASANO-PAMILO
NOTARY PUBLIC FOR MAKATI CITY
Appointment No. M-81 until December 31, 2020
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PTR No. 7333148 January 3, 2019 .

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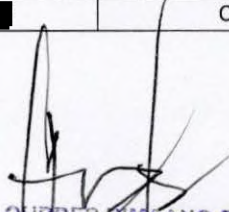


ELEANOR B. RIVERA
Chief Compliance Officer

SUBSCRIBED AND SWORN to before me this ____ day of 4 AUG 2020 2020, affiant (s) exhibiting to me her competent evidence of identity as follows:

NAME/NO.	ID NO. AND DATE OF ISSUE/EXPIRATION	PLACE OF ISSUE
Eleanor B. Rivera	Driver's Lic. [REDACTED] valid until [REDACTED]	Quezon City

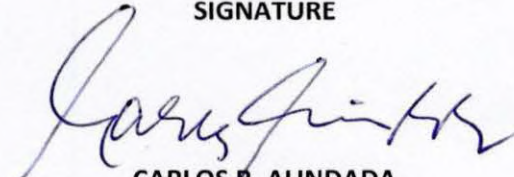
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ATTY. MA. ANNA LOURDES DIMAANO-PAMILO
NOTARY PUBLIC FOR MAKATI CITY
Appointment No. M-81 until December 31, 2020
Roll No. 38260 /IBP Lifetime No. 07083
PTR No. 7333148 January 3, 2019 .

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SIGNATURE

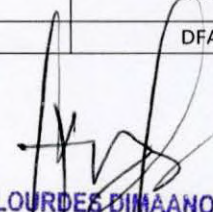


CARLOS R. ALINDADA
Independent Director

SUBSCRIBED AND SWORN to before me this ____ day of 14 AUG 2020, 2020, affiant (s) exhibiting to me his competent evidence of identity as follows:

NAME/NO.	ID NO. AND DATE OF ISSUE/EXPIRATION	PLACE OF ISSUE
Carlos R. Alindada	Passport [REDACTED] issued on [REDACTED]	DFA NCR EAST

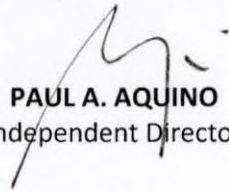
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ATTY. MA. ANNA LOURDES DIMAANO-PAMILO
NOTARY PUBLIC FOR MAKATI CITY
Appointment No. M-81 until December 31, 2020
Roll No. 38260 / IBP Lifetime No. 07083
PTR No. 7333148 January 3, 2019 .

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SIGNATURE

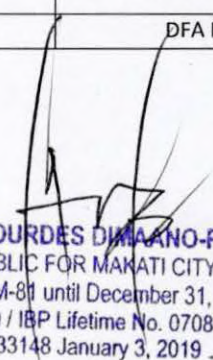


PAUL A. AQUINO
Independent Director

SUBSCRIBED AND SWORN to before me this ____ day of 4 AUG 2020 2020, affiant (s) exhibiting to me his competent evidence of identity as follows:

NAME/NO.	ID NO. AND DATE OF ISSUE/EXPIRATION	PLACE OF ISSUE
Paul A. Aquino	Passport [REDACTED] issued on [REDACTED]	DFA NCR EAST

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ATTY. MA. ANNA LOURDES DIMAANO-PAMFILO
NOTARY PUBLIC FOR MAKATI CITY
Appointment No. M-81 until December 31, 2020
Roll No. 38260 / IBP Lifetime No. 07083
PTR No. 7333148 January 3, 2019 .

Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Taguig on _____ August, 2020.

SIGNATURE

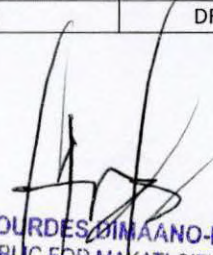


JOSE MARIA G. HOFIŁEÑA
Independent Director

SUBSCRIBED AND SWORN to before me this _____ day of 14 AUG 2020 2020, affiant (s) exhibiting to me his competent evidence of identity as follows:

NAME/NO.	ID NO. AND DATE OF ISSUE/EXPIRATION	PLACE OF ISSUE
Jose Maria G. Hofileña	Passport [REDACTED] issued on [REDACTED]	DFA NCR NORTHEAST

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ATTY. MA. ANNA LOURDES DIMAANO-PAMFILO
NOTARY PUBLIC FOR MAKATI CITY
Appointment No. M-81 until December 31, 2020
Roll No. 38260 / IBP Lifetime No. 07083
PTR No. 7333148 January 3, 2019 .



20 August 2020

ATTY. RACHEL ESTHER J. GUMTANG-REMALANTE

Director

Corporate Governance & Finance Department
Securities & Exchange Commission

REQUEST

Dear Atty. Gumtang-Remalante,

With regard to the submission of the Integrated Annual Corporate Governance Report (I-ACGR) of the East West Banking Corporation ("Bank"), in lieu of the required signatory's wet signature in the notarized I-ACGR, in this case, for one of our independent directors, Mr. Gregorio Kilayko, we have attached the signature page bearing Mr. Kilayko's electronic signature and a certification issued by the Bank's Corporate Secretary which states, among others:

1. That Director Gregorio U. Kilayko was present in the meeting of the Board of Directors and participated in the discussions and the approval of the Integrated Annual Corporate Governance Report (I-ACGR).
2. That Director Gregorio U. Kilayko approved the I-ACGR electronically since he is out of the country.
3. That Director Kilayko is currently in Canada and because of the Covid-19 pandemic, he cannot travel back to the Philippines to affirm his signature before a notary.

Included in the certification is the undertaking that as soon as travel restrictions eases, Mr. Kilayko will appear before a notary to affirm his signature on the I-ACGR.

In this regard, we humbly request for the acceptance of the electronic signature and the certification as compliance of the requirement that independent directors should sign the I-ACGR until such time that Mr. Kilayko may appear before a notary.

We look forward to your favorable action.

Very truly yours,

A handwritten signature in blue ink, appearing to read "E. Rivera".

ELEANOR B. RIVERA

Chief Compliance Officer

SECRETARY'S CERTIFICATE

The undersigned, **BENEDICTO M. VALERIO, JR.**, of legal age, Filipino, Corporate Secretary of East West Banking Corporation duly certifies that Director Gregorio U. Kilayko was present in the meeting of the Board of Directors and participated in the discussions and the approval of the Integrated Annual Corporate Governance Report (I-ACGR). This is to certify further that Director Gregorio U. Kilayko approved the I-ACGR electronically since he is out of the country. Director Kilayko is currently in Canada and because of the Covid-19 pandemic, he cannot travel back to the Philippines to affirm his signature before a notary. I hereby undertake that as soon as travel restrictions eases, he will appear before a notary to affirm his signature on the I-ACGR. In the meantime, we are constrained to submit the I-ACGR containing his electronic signature.

IN WITNESS WHEREOF, the undersigned has signed this Certificate this 13 AUG 2020 at MAKATI CITY, Philippines.

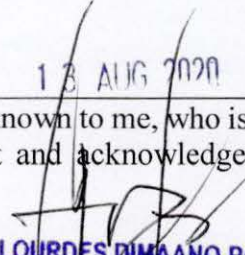


ATTY. BENEDICTO M. VALERIO, JR.
Corporate Secretary

REPUBLIC OF THE PHILIPPINES)
) S.S.

SUBSCRIBED AND SWORN to before me in 13 AUG 2020, this _____, by Atty. Benedicto M. Valerio, Jr., personally known to me, who is the same person who personally signed before me the foregoing affidavit and acknowledged that he executed the same.

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Book No. XII ;
Series of 2020.



ATTY. MA. ANNA LOURDES DIMAANO-PAMILO
NOTARY PUBLIC FOR MAKATI CITY
Appointment No. M-81 until December 31, 2020
Roll No. 38260 / IBP Lifetime No. 07083
PTR No. 7333148 January 3, 2019

Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized on 13 August 2020.

SIGNATURE

A handwritten signature in black ink, appearing to read 'G. Kilayko', written in a cursive style.

GREGORIO U. KILAYKO
Independent Director

2019 INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
<p>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.</p>			
Recommendation 1.1			
<p>1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.</p>	Compliant	<p>The Bank's Board of Directors is composed of 11 directors with diverse knowledge, professional experience, expertise, skills, background, and moral standing in the community.</p>	
<p>2. Board has an appropriate mix of competence and expertise.</p>	Compliant	<p>Please refer to Annex A Corporate Governance Manual Section 2.2 Composition of the Board of Directors on pages 4-5</p> <p>Please also refer to List and profile of the Board of Directors: https://www.eastwestbanker.com/info/ew_board.asp</p>	
<p>3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.</p>	Compliant	<p>Please also refer to the Definitive Information Statement for Annual Stockholders Meeting on June 11, 2020 (Part I.B. Item 5 Directors and Executive Officers on pages 10-13) https://www.eastwestbanker.com/info/pse/DefinitiveInformationStatementforAnnualStockholdersMeetingonJune112020.pdf</p>	
Recommendation 1.2			
<p>1. Board is composed of a majority of nonexecutive directors.</p>	Compliant	<p>The Board of Directors is composed of eleven (11) Directors and the rest are non-executive directors, including the Chairman.</p> <p>Please refer to Annex A Corporate Governance Manual Section 2.2 Composition of the Board of Directors on pages 4-5.</p> <p>Please refer to the List and profile of the Board of Directors: https://www.eastwestbanker.com/info/ew_board.asp</p> <p>Please also refer to PSE Disclosure on April 22, 2019 on results of Annual Stockholder's Meeting and Organizational Meeting (creation of Board Committees) https://edqe.pse.com.ph/openDiscViewer.do?edqe_no=4c4a88fd69ab9a60efdfc15ec263a54d Attachment Name: April 23, 2019 Result of Annual Stockholders' Meeting and Organizational Meeting</p>	

2019 INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
Recommendation 1.3			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	Compliant	<p>The Board Charter is embedded in the Bank’s Corporate Governance Manual as the Manual provides among others, the composition, duties and responsibilities, meetings and quorum requirements, including training of the Board.</p> <p>Please refer to Annex A Corporate Governance Manual Section VI. Training on Corporate Governance on page 47.</p>	
2. Company has an orientation program for first time directors.	Compliant	<p>First time directors are given an orientation/briefing about the Bank including among others, its products and services, the organization structure including the Committees. Kits are also distributed containing, among others, the latest Annual Report, the Corporate Governance Manual, and the relevant Committee Charters.</p> <p>Please refer to Annex A Corporate Governance Manual Section 3.2 Corporate Governance and Compliance Committee on page 14.</p>	
3. Company has relevant annual continuing training for all directors.	Compliant	<p>Please refer to Annex A Corporate Governance Manual Section VI. Training on Corporate Governance on page 47.</p> <p>Please also refer to Annex B Course Outline on Advanced Corporate Governance Training conducted by Institute of Corporate Directors (ICD) on November 19, 2019.</p>	
Recommendation 1.4			
1. Board has a policy on board diversity.	Compliant	Please refer to Annex A Corporate Governance Manual Section 2.2 Composition of Board of Directors on page 5.	
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.			

2019 INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	Compliant	<p>The Bank's Corporate Secretary is Atty. Benedicto M. Valerio, Jr.</p> <p>Please refer to Annex A Corporate Governance Manual Section 6 Corporate Secretary on pages 33-35.</p> <p>Please also refer to the Profile of the Corporate Secretary in the following link: https://www.eastwestbanker.com/info/ew_board.asp</p> <p>Please also refer to the Definitive Information Statement for Annual Stockholders Meeting on June 11, 2020 (Part I.B. Item 5 Directors and Executive Officers on pages 10-13) https://www.eastwestbanker.com/info/pse/DefinitiveInformationStatementforAnnualStockholdersMeetingonJune112020.pdf</p>	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant	<p>The Bank's Corporate Secretary is Atty. Benedicto M. Valerio, Jr. while the Bank's Chief Compliance Officer is Atty. Eleanor B. Rivera.</p> <p>Please refer to the Profiles of the Corporate Secretary and Chief Compliance Officer: https://www.eastwestbanker.com/info/ew_board.asp</p> <p>Please also refer to the Definitive Information Statement for Annual Stockholders Meeting on June 11, 2020 (Part I.B. Item 5 Directors and Executive Officers on pages 10-16) https://www.eastwestbanker.com/info/pse/DefinitiveInformationStatementforAnnualStockholdersMeetingonJune112020.pdf</p>	
3. Corporate Secretary is not a member of the Board of Directors.	Compliant	<p>The Corporate Secretary is not a member of the Board of Directors.</p> <p>Please refer to the Names and Profiles of the Board of Directors and the Corporate Secretary: https://www.eastwestbanker.com/info/ew_board.asp</p> <p>Please also refer to Annex A Corporate Governance Manual Section 2.2 Composition of Board of Directors (last paragraph) on page 5.</p>	
4. Corporate Secretary attends training/s on corporate governance.	Compliant	<p>The Corporate Secretary attended Corporate Governance Training on May 2019.</p> <p>Please refer to Annex C for the Certificate of Participation of the Corporate Secretary on a corporate governance training held on May 22, 2019.</p>	

2019 INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.			
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	Compliant	<p>The Bank's Chief Compliance Officer is Atty. Eleanor B. Rivera. She has the rank of Senior Vice President appointed by the Board.</p> <p>Please refer to Annex A Corporate Governance Manual Section G. Chief Compliance Officer on pages 35-36.</p>	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant	<p>Please also refer to the Definitive Information Statement for Annual Stockholders Meeting on June 11, 2020 (Part I.B. Item 5 Directors and Executive Officers on page 16) for the Profile of the Chief Compliance Officer.</p> <p>https://www.eastwestbanker.com/info/pse/DefinitiveInformationStatementforAnnualStockholdersMeetingonJune112020.pdf</p>	
3. Compliance Officer is not a member of the board.	Compliant	<p>The Chief Compliance Officer is not a member of the Board of Directors.</p> <p>Please refer to Annex A Corporate Governance Manual Section 2.2 Composition of Board of Directors (last paragraph) on page 5.</p> <p>Please also refer to the Profiles of the Board of Directors.: https://www.eastwestbanker.com/info/ew_board.asp</p>	
4. Compliance Officer attends training/s on corporate governance.	Compliant	<p>The Chief Compliance Officer attended Corporate Governance Training on November 19, 2019.</p> <p>Please refer to Annex D Certificate of Participation of Chief Compliance Officer in the corporate governance training conducted by ICD on November 19, 2019.</p>	

2019 INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<p>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.</p>			
<p>Recommendation 2.1</p>			
<p>1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.</p>	<p align="center">Compliant</p>	<p>Please refer to Annex A Corporate Governance Manual Section 4.7 Duties and Responsibilities of a Director on pages 32.</p>	
<p>Recommendation 2.2</p>			
<p>1. Board oversees the development, review and approval of the company’s business objectives and strategy.</p>	<p align="center">Compliant</p>	<p>Please refer to Annex A Corporate Governance Manual Section 2.1 Definition of Board of Directors on page 4;</p>	
<p>2. Board oversees and monitors the implementation of the company’s business objectives and strategy.</p>	<p align="center">Compliant</p>	<p>Section 2.6 General Responsibilities of Board of Directors on page 7; Section 2.7 Specific Duties and Functions of Board of Directors on pages 7-9.</p>	
<p>Supplement to Recommendation 2.2</p>			
<p>1. Board has a clearly defined and updated vision, mission and core values.</p>	<p align="center">Compliant</p>	<p>Please refer to the link for the Vision, mission and core values of the Bank: https://www.eastwestbanker.com/info/ew_identity.asp</p>	
<p>2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company’s business environment, and culture.</p>	<p align="center">Compliant</p>	<p>Please refer to Annex A Corporate Governance Manual Section 2.1 Definition of Board of Directors on page 4; Section 2.6 General Responsibilities of Board of Directors on page 7; Section 2.7 Specific Duties and Functions of Board of Directors on pages 7-9.</p>	

2019 INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	Compliant	<p>The Chairman of the Bank is Mr. Jonathan T.Gotianun.</p> <p>Please refer to Annex A Corporate Governance Manual Section 2.9 Chairperson of the Board of Directors on page 10.</p> <p>Please also refer to the profile of the Chairman of the Board in this link: https://www.eastwestbanker.com/info/ew_board.asp</p> <p>Please also refer to the Definitive Information Statement for Annual Stockholders Meeting on June 11, 2020 (Part I.B. Item 5 Directors and Executive Officers on pages 10-13) https://www.eastwestbanker.com/info/pse/DefinitiveInformationStatementforAnnualStockholdersMeetingonJune112020.pdf</p>	
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	Please refer to Annex A Corporate Governance Manual Section 2.7 Specific Duties and Functions of Board of Directors Item "g" on page 8.	
2. Board adopts a policy on the retirement for directors and key officers.	Compliant	Please refer to Annex A Corporate Governance Manual Section 4.6 Tenure of Directors page 31.	
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant	Please refer to Annex A Corporate Governance Manual Section 4.9 Remuneration of Directors (which shall also apply to Officers of the Bank) on page 33.	
2. Board adopts a policy specifying the relationship between remuneration and performance.	Compliant		
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant		
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.			

2019 INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
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.			
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	Compliant	Please refer Annex A Corporate Governance Manual Section 2.3 Board Nomination and Election on pages 5-6 Please also refer to Notice of Stockholders Meeting https://www.eastwestbanker.com/info/pse/NoticeofApril222019StockholdersMeeting.pdf	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant		
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Compliant	Please refer to the Notice of Stockholders' Meeting includes the call for nominations from all shareholders. https://www.eastwestbanker.com/info/pse/NoticeofApril222019StockholdersMeeting.pdf	
4. Board nomination and election policy includes how the board shortlists candidates.	Compliant	Please refer to Annex A Corporate Governance Manual Section 2.3 Board Nomination and Election on pages 5-6 Please also refer to the the Notice of the Stockholders' Meeting in this link: https://www.eastwestbanker.com/info/ir_noticestock.asp	
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	Please refer to Annex A Corporate Governance Manual Section 2.3 Board Nomination and Election on pages 5-6; Section 3.2 Corporate Governance and Compliance Committee (last paragraph) on page 4.	
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant	Please refer to Annex A Corporate Governance Manual Section 2.2. Composition of Board of Directors on pages 4-5; Section 2.3 Board Nomination and Election on pages 5-6.	

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	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
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.			
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	Please refer to Annex A Corporate Governance Manual Section 2.7 Specific Duties and Functions of Board of Directors on pages 8-9.	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant	Please refer to Related Party Transaction Manual Section III.E. Review and Approval of Related Party Transactions on pages 10-12. https://www.eastwestbanker.com/info/RPTManual.pdf	
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant	Please refer to Related Party Transaction Manual Section II.A. Definition of Related Party on pages 3-5. https://www.eastwestbanker.com/info/RPTManual.pdf	
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 de minimis or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval	Compliant	Please refer to the Related Party Transaction Manual Section III.C. Materiality Threshold for Related Party Transactions on pages 7-9. Section III.E. Review and Approval of Related Party Transactions on pages 10-12 Section III.I. Disclosure and Reporting on pages 15-16 https://www.eastwestbanker.com/info/RPTManual.pdf	

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	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<p>2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.</p>	<p>Non-compliant</p>		<p>As a Bank, the Board ensures compliance with BSP Circular No. 895, Guidelines on Related Party Transactions. Section 132 (d) (7) (a) of MORB 2018, on Specific Duties and Responsibilities of the Board of Directors provides that the Board shall approve all material RPTs, those that cross the materiality threshold, and write-off of material exposures to related parties, and submit the same for confirmation by majority vote of the stockholders in the annual stockholders' meeting.</p> <p>In the Bank's RPT Manual, Section E.9 (page 12), all material RPTs and write-offs of material exposures to related parties shall be submitted for confirmation by at least majority vote of the stockholders constituting a quorum at the annual stockholders meeting of the Bank.</p>
<p>Recommendation 2.8</p>			
<p>1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	<p>Compliant</p>	<p>Please refer to Annex A Corporate Governance Manual Section 2.7 Specific Duties and Functions of Board of Directors Item "f" on page 8.</p>	
<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).</p>	<p>Compliant</p>	<p>The Board maintains oversight function over all actions of the Board-level Committee where it could assess the performance of these senior officers. Minutes of these Committees are submitted to the Board.</p> <p>Please refer to Annex A Corporate Governance Manual Chief Executive Officer - Section 2.7 Specific Duties and Function of the Board of Directors Item "j" on page 8 Chief Compliance Officer - Section 3.2 Corporate Governance and Compliance Committee General Responsibility on Compliance Item "6" on page 15 Chief Risk Officer - Section 3.3 Risk Management Committee Duties and Responsibilities Item "11" on page 17 Chief Audit Executive - Section 3.4 Audit Committee General Responsibilities on Internal Audit Item "9" on page 19</p>	

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	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
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	Please refer to Annex A Corporate Governance Manual Section 2.6 General Responsibilities of the Board on page 7 and Section 3.6 Compensation Committee on pages 22-23.	
2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	Compliant	Please refer to Annex A Corporate Governance Manual Section 2.6 General Responsibilities of the Board on page 7 and Section 3.6 Compensation Committee on pages 22-23.	
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	Compliant	Please refer to Annex A Corporate Governance Manual Section 2.8 Internal Control Responsibilities of the Board on page 9.	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant	Please refer to Annex A Corporate Governance Manual Section 2.8 Internal Control Responsibilities of the Board on pages 9-10 and Section III.2 Conflict of Interest on pages 43-44.	
3. Board approves the Internal Audit Charter.	Compliant	Please refer to the Annex E Internal Audit Charter.	
Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	Compliant	Please refer to Annex A Corporate Governance Manual Section 2.7 Specific Duties and Functions of Board of Directors Item "e" on page 8. Please also refer to the Bank's Audited Financial Statements Disclosure Note 4 - Financial Risk Management Objectives and Policies, under the Risk Management Structure subsection, item (a.).	

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	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
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>Please refer to Annex A Corporate Governance Manual Section 3.3 Risk Management Committee on pages 15-16.</p> <p>Please also refer to the Bank's Audited Financial Statements Disclosure Note 4 - Financial Risk Management Objectives and Policies, under the Risk Management Structure subsection, item (e). https://www.eastwestbanker.com/info/pse/2019SECFom17-A.pdf</p>	
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	<p>The Board Charter is embedded in the Bank's Corporate Governance Manual as the Manual provides, among others, the composition, duties and responsibilities, meetings quorum requirement and training of the Board.</p> <p>Please refer to Annex A Corporate Governance Manual Section I. Board Governance on pages 4-12.</p>	
2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant	<p>Please refer to this link: https://www.eastwestbanker.com/info/CorporateGovernanceManual.pdf</p>	
3. Board Charter is publicly available and posted on the company's website.	Compliant		
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	Compliant	<p>Please refer to Annex A Corporate Governance Manual Section III.3 Insider Trading on page 44.</p>	
Optional: Principle 2			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.	Compliant	<p>Please refer to Related Party Transaction Manual Section III.A. Guidelines on Arms Length Terms on page 6. https://www.eastwestbanker.com/info/RPTManual.pdf</p>	
2. Company discloses the types of decision requiring board of directors' approval.	Compliant	<p>Please refer to Related Party Transaction Manual Section III.E. Review and Approval of Related Party Transactions on pages 10-12. https://www.eastwestbanker.com/info/RPTManual.pdf</p>	

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	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
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	<p>Please refer to Annex A Corporate Governance Manual Section 2.7 Specific Date and Functions of the Board of Directors Item "i" on page 8 Section 3 Board Committees on pages 13 to 25.</p> <p>Please also refer to the PSE Disclosure on April 22, 2019 on results of Annual Stockholder's Meeting and Organizational Meeting https://edqe.pse.com.ph/openDiscViewer.do?edqe_no=4c4a88fd69ab9a60efdfc15ec263a54d Attachment Name: April 23, 2019 Result of Annual Stockholders' Meeting and Organizational Meeting</p>	
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>Please refer to Annex A Corporate Governance Manual Section 3.4 Audit Committee on pages 17-21.</p> <p>Please also refer to PSE Disclosure on April 22, 2019 on results of Annual Stockholder's Meeting and Organizational Meeting https://edqe.pse.com.ph/openDiscViewer.do?edqe_no=4c4a88fd69ab9a60efdfc15ec263a54d Attachment Name: April 23, 2019 Result of Annual Stockholders' Meeting and Organizational Meeting</p>	
2. Audit Committee is composed of at least three appropriately qualified nonexecutive directors, the majority of whom, including the Chairman is independent.	Compliant	<p>Please refer to Annex A Corporate Governance Manual Section 3.4 Audit Committee on pages 17-21.</p> <p>Please also refer to PSE Disclosure on April 22, 2019 on results of Annual Stockholder's Meeting and Organizational Meeting https://edqe.pse.com.ph/openDiscViewer.do?edqe_no=4c4a88fd69ab9a60efdfc15ec263a54d Attachment Name: April 23, 2019 Result of Annual Stockholders' Meeting and Organizational Meeting</p> <p>Please also refer to the following link for the profiles of the members of the committees: https://www.eastwestbanker.com/info/ew_board.asp https://www.eastwestbanker.com/info/pse/DefinitiveInformationStatementforAnnualStockholdersMeetingonJune112020.pdf</p>	

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	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	<p>Please refer to Annex A Corporate Governance Manual Section 3.4 Audit Committee on page 17.</p> <p>Please also refer to the following link for the profiles of the members of the committees: https://www.eastwestbanker.com/info/ew_board.asp https://www.eastwestbanker.com/info/pse/DefinitiveInformationStatementforAnnualStockholdersMeetingonJune112020.pdf</p>	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Compliant	<p>The Chairman of the Audit Committee is Mr. Alindada and the Chairman of the Board is Mr. Gotianun. The Chairman of the Audit Committee is not a chairman of the other Board Committees.</p> <p>Please refer to PSE Disclosure on April 22, 2019 on results of Annual Stockholder's Meeting and Organizational Meeting (creation of Board Committees) https://edqe.pse.com.ph/openDiscViewer.do?edqe_no=4c4a88fd69ab9a60efdfc15ec263a54d Attachment Name: April 23, 2019 Result of Annual Stockholders' Meeting and Organizational Meeting</p>	
Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external auditor.	Compliant	<p>Please refer to Annex A Corporate Governance Manual Section 3.4 External Audit Item "6" on page 20.</p> <p>Please also refer to the following link of the 2019 SEC Form 17-A, on page 53: https://www.eastwestbanker.com/info/pse/2019SECFom17-A.pdf</p>	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	Non-Compliant		For 2019, no Audit Committee Meeting was conducted without the presence of the Management. A meeting of non-executive directors with the external auditor was conducted in 2019.
Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.	Compliant	<p>Please refer to SEC Form 17-A 2019 on page 68 https://www.eastwestbanker.com/info/pse/2019SECFom17-A.pdf</p>	
2. Audit Committee approves the appointment and removal of the internal auditor.	Compliant	<p>Please refer to Annex A Corporate Governance Manual Section 3.4 Internal Audit Item "10" on page 20.</p>	

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	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
Recommendation 3.3			
<p>1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.</p>	<p align="center">Compliant</p>	<p>Please refer to Annex A Corporate Governance Manual Section 3.2 Corporate Governance and Compliance Committee on pages 13-15.</p> <p>Please also refer to PSE Disclosure on April 22, 2019 on results of Annual Stockholder's Meeting and Organizational Meeting (creation of Board Committees) https://edge.pse.com.ph/openDiscViewer.do?edge_no=4c4a88fd69ab9a60efdfc15ec263a54d Attachment Name: April 23, 2019 Result of Annual Stockholders' Meeting and Organizational Meeting</p>	
<p>2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.</p>	<p align="center">Non-Compliant</p>		<p>As a bank, the Board ensures compliance with BSP Circular No. 969, Enhanced Corporate Governance Guidelines for BSP-Supervised Financial Institutions. Section 133 of the MORB 2018 states on the Corporate Governance Committee that "The committee shall be composed of at least three (3) members of the board of directors who shall all be non-executive directors, majority of whom shall be independent directors, including the chairperson." In the case of the Bank, the Committee is composed of three non-executive members of the Board, two of whom are independent directors including the chairperson.</p>
<p>3. Chairman of the Corporate Governance Committee is an independent director.</p>	<p align="center">Compliant</p>	<p>The Chairman of the Committee is an independent director.</p> <p>Please refer to Annex A Corporate Governance Manual Section 3.2 Corporate Governance and Compliance Committee on pages 13-15.</p> <p>Please also refer to PSE Disclosure on April 22, 2019 on results of Annual Stockholder's Meeting and Organizational Meeting (creation of Board Committees) https://edge.pse.com.ph/openDiscViewer.do?edge_no=4c4a88fd69ab9a60efdfc15ec263a54d Attachment Name: April 23, 2019 Result of Annual Stockholders' Meeting and Organizational Meeting</p>	

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	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
Optional: Recommendation 3.3			
1. Corporate Governance Committee meet at least twice during the year.	Compliant	Please refer to SEC Form 17-A 2019 on page 67 in this link: https://www.eastwestbanker.com/info/pse/2019SECFom17-A.pdf Please also refer to the Corporate Governance and Compliance Committee Charter Section V. Meetings on page 2. http://www.eastwestbanker.com/info/BoardComm/CGCCCharter.pdf	
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	Please refer to Annex A Corporate Governance Manual Section 3.3 Risk Management Committee on pages 15-17. Please also refer to the PSE Disclosure on April 22, 2019 on results of Annual Stockholder's Meeting and Organizational Meeting (creation of Board Committees) https://edge.pse.com.ph/openDiscViewer.do?edge_no=4c4a88fd69ab9a60efdfc15ec263a54d Attachment Name: April 23, 2019 Result of Annual Stockholders' Meeting and Organizational Meeting	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Compliant	Please refer to Annex A Corporate Governance Manual Section 3.3 Risk Management Committee on pages 15-17. Please also refer to the PSE Disclosure on April 22, 2019 on results of Annual Stockholder's Meeting and Organizational Meeting (creation of Board Committees) https://edge.pse.com.ph/openDiscViewer.do?edge_no=4c4a88fd69ab9a60efdfc15ec263a54d Attachment Name: April 23, 2019 Result of Annual Stockholders' Meeting and Organizational Meeting	

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	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
3. The Chairman of the BROCC is not the Chairman of the Board or of any other committee.	Compliant	<p>The Chairman of the Risk Management Committee is Mr. Gregorio U. Kilayko and the Chairman of the Board is Mr. Gotianun. The Chairman of the Risk Management Committee is not a chairman of any Board Committee.</p> <p>Please refer to the PSE Disclosure on April 22, 2019 on results of Annual Stockholder's Meeting and Organizational Meeting (creation of Board Committees) https://edge.pse.com.ph/openDiscViewer.do?edge_no=4c4a88fd69ab9a60efdfc15ec263a54d Attachment Name: April 23, 2019 Result of Annual Stockholders' Meeting and Organizational Meeting</p>	
4. At least one member of the BROCC has relevant thorough knowledge and experience on risk and risk management.	Compliant	<p>Please refer to Annex A Corporate Governance Manual Section 3.3 Risk Management Committee on pages 15-17.</p> <p>Please also refer to the following links for the Profile of the members of the Risk Management Committee https://www.eastwestbanker.com/info/ew_board.asp https://www.eastwestbanker.com/info/pse/DefinitiveInformationStatementforAnnualStockholdersMeetingonJune112020.pdf</p>	
Recommendation 3.5			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Compliant	<p>Please refer to Annex A Corporate Governance Manual Section 3.7 Related Party Transaction Committee on pages 23-25.</p> <p>Please refer to the PSE Disclosure on April 22, 2019 on results of Annual Stockholder's Meeting and Organizational Meeting (creation of Board Committees) https://edge.pse.com.ph/openDiscViewer.do?edge_no=4c4a88fd69ab9a60efdfc15ec263a54d Attachment Name: April 23, 2019 Result of Annual Stockholders' Meeting and Organizational Meeting</p>	
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	Compliant	<p>Please refer to the PSE Disclosure on April 22, 2019 on results of Annual Stockholder's Meeting and Organizational Meeting (creation of Board Committees) https://edge.pse.com.ph/openDiscViewer.do?edge_no=4c4a88fd69ab9a60efdfc15ec263a54d Attachment Name: April 23, 2019 Result of Annual Stockholders' Meeting and Organizational Meeting</p>	

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	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
Recommendation 3.6			
<p>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.</p>	<p align="center">Compliant</p>	<p>Please refer to Committee Charters: https://www.eastwestbanker.com/info/ew_BoardComm.asp</p>	
<p>2. Committee Charters provide standards for evaluating the performance of the Committees.</p>	<p align="center">Compliant</p>	<p>Performance evaluation of Committees as indicated in all Committee Charters shall be conducted in accordance with the Corporate Governance Manual.</p> <p>Please refer to Annex A Corporate Governance Manual Section X. Governance and Self Rating System on page 51.</p> <p>Please refer to Committee Charters: https://www.eastwestbanker.com/info/ew_BoardComm.asp</p>	
<p>3. Committee Charters were fully disclosed on the company's website.</p>	<p align="center">Compliant</p>	<p>Please refer to Committee Charters: https://www.eastwestbanker.com/info/ew_BoardComm.asp</p>	

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	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<p>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.</p>			
<p>Recommendation 4.1</p>			
<p>1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.</p>	<p align="center">Compliant</p>	<p>Please refer to Annex A Corporate Governance Manual Section 2.4 Board Meetings on page 6-7 .</p> <p>Please refer to SEC Form 20-IS (Definitive) Part I.B Item 5 Directors and Executive Officers on the attendance of Directors in the Board meetings on page 13: https://www.eastwestbanker.com/info/pse/DefinitiveInformationStatementforAnnualStockholdersMeetingonJune112020.pdf</p>	
<p>2. The directors review meeting materials for all Board and Committee meetings.</p>	<p align="center">Compliant</p>	<p>Please refer to Annex A Corporate Governance Manual Section 6.2 Duties and Responsibilities Item "f" on page 34.</p>	
<p>3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.</p>	<p align="center">Compliant</p>	<p>The Corporate Secretary confirms that the Board of Directors actively participate or seek clarifications/ explanations during the Board and Committee meetings.</p>	
<p>Recommendation 4.2</p>			
<p>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.</p>	<p align="center">Compliant</p>	<p>Please refer to Annex A Corporate Governance Manual Section 4.8 Interlocking Directorship on page 32.</p> <p>Please refer to Profiles of the Directors https://www.eastwestbanker.com/info/ew_board.asp</p>	

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	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	Compliant	Please refer to Annex A Corporate Governance Manual Section 4.8 Interlocking Directorship on page 32.	
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	Please refer to the profile of Directors in the SEC Form 17-A 2019 pages 55-58 as posted in this link: https://www.eastwestbanker.com/info/pse/2019SECFom17-A.pdf	
2. Company schedules board of directors' meetings before the start of the financial year.	Compliant	The schedule for the regular meetings have already been agreed before the start of the financial year.	
3. Board of directors meet at least six times during the year.	Compliant	Please refer to SEC Form 17-A 2019 pages 58-59 as posted in this link: https://www.eastwestbanker.com/info/pse/2019SECFom17-A.pdf	
4. Company requires as minimum quorum of at least 2/3 for board decisions.			

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	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
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 number as to constitute one-third of the board, whichever is higher.	Compliant	<p>Please refer to Annex A Corporate Governance Manual Section 2.2 Composition of Board of Directors on pages 4-5.</p> <p>Please also refer to the PSE Disclosure on April 22, 2019 on results of Annual Stockholder's Meeting and Organizational Meeting https://edqe.pse.com.ph/openDiscViewer.do?edqe_no=4c4a88fd69ab9a60efdfc15ec263a54d Attachment Name: April 23, 2019 Result of Annual Stockholders' Meeting and Organizational Meeting</p>	
Recommendation 5.2			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Compliant	<p>Please refer to Annex A Corporate Governance Manual Section 4.2 Item "c" Types of Directors - Independent Director on pages 25-27.</p> <p>Please also refer to the following link for the Profiles of Independent Directors https://www.eastwestbanker.com/info/ew_board.asp</p> <p>Please also refer to the following link for the Certification on Qualification of Independent Directors can be viewed in SEC Form 17-A 2019 on pages 72-80. https://www.eastwestbanker.com/info/pse/2019SECFom17-A.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	<p>There are no shareholder agreements, by-law provisions, or other arrangements that constrain the directors' ability to vote independently.</p> <p>Please refer to Annex A Corporate Governance Manual Section 4.7 Duties and Responsibilities of Directors Item "e" on page 32.</p>	
Recommendation 5.3			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	Compliant	Please refer to Annex A Corporate Governance Manual Section 4.6 Tenure of Directors on page 31.	

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	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Compliant	Please refer to Annex A Corporate Governance Manual Section 4.6 Tenure of Directors on page 31.	
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	<p>The Bank's Corporate Governance Manual does not provide for instances of retention of an independent director after 9 years in the same capacity as an independent director. Independent directors shall serve up for a maximum amount of the cumulative term of nine (9) years, after which he can no longer be re-elected as such in the Bank.</p> <p>Please refer to Annex A Corporate Governance Manual Section 4.6 Tenure of Directors on page 31.</p>	
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Compliant	<p>The Chairman of the Board is Jonathan T.Gotianun and the Chief Executive Officer is Antonio C. Moncupa, Jr.</p> <p>Please refer to the Profiles of Chairman of the Board and Chief Executive Officer: https://www.eastwestbanker.com/info/ew_board.asp</p>	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	<p>Please refer to the following:</p> <p>Chairman of the Board Annex A Corporate Governance Manual Section 2.9 Chairperson of the Board of Directors on page 10. Section 2.10 Duties and Responsibilities of Chairman on pages 10-11.</p> <p>Chief Executive Officer Annex A Corporate Governance Manual Section 2.9 Chairperson of the Board of Directors on page 10 Section 2.11 Duties and Responsibilities of the CEO on pages 10-11.</p> <p>https://www.eastwestbanker.com/info/2019CorporateGovernanceManual.pdf</p>	

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	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
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.	Non-Compliant		As a bank, the Board ensures compliance with BSP Circular No. 969, Enhanced Corporate Governance Guidelines for BSP-Supervised Financial Institutions. Section 132 of the MORB 2018 states on the Qualifications of the Chairman of the Board that "The position of the Chairperson and CEO shall not be held by one person. In exceptional cases where the position of the Chairperson of the Board of Directors and CEO is allowed to be held by one person as approved by the Monetary Board, a lead independent director shall be appointed." In the case of the Bank, different people hold the position of Chairman and CEO.
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	Please refer to Annex A Corporate Governance Manual Section III.2 Conflict of Interest on pages 43-44.	
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	Please refer to Annex A Corporate Governance Manual Section 2.4 Board Meetings on page 6. For 2019, the NEDs had a meeting without any executive present.	
2. The meetings are chaired by the lead independent director.	Non-Compliant		As cited in the explanation in Recommendation 5.5, the Bank has not appointed a lead independent director. The meeting of the Non-Executive Directors, however, was chaired by an independent director.
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.	Compliant	Please refer to this link for the Profiles of Directors and Chief Executive Officer: https://www.eastwestbanker.com/info/ew_board.asp	

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	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<p>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.</p>			
<p>Recommendation 6.1</p>			
1. Board conducts an annual self-assessment of its performance as a whole.	Compliant		
2. The Chairman conducts a self-assessment of his performance.	Compliant	Please refer to Annex A Corporate Governance Manual Section X. Governance and Self Rating System on page 51.	
3. The individual members conduct a selfassessment of their performance.	Compliant	Please also refer to this link on the Committee Charters. https://www.eastwestbanker.com/info/ew_BoardComm.asp	
4. Each committee conducts a self-assessment of its performance.	Compliant		
5. Every three years, the assessments are supported by an external facilitator.	Compliant	<p>The conduct of assessment has not yet reached three years. Nonetheless, the Bank's Corporate Governance Manual in Section X. Governance and Self Rating System (page 51) states that "If deemed needed by the Board, an external facilitator may be engaged to assist the Board in assessing its performance, individual directors, and Committees." The Board, once the 3 year has been reached, may deem the engagement of an external facilitator necessary.</p> <p>Please refer to Annex A Corporate Governance Manual Section X. Governance and Self Rating System on page 51.</p>	
<p>Recommendation 6.2</p>			
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	Please refer to Annex A Corporate Governance Manual Section X. Governance and Self Rating System on page 51.	
2. The system allows for a feedback mechanism from the shareholders.	Compliant	<p>Please refer to the following links for the feedback mechanism of the Bank:</p> <p>Mode of Communication to Investor Relations: https://www.eastwestbanker.com/info/ir_irprogram.asp</p> <p>Open Forum during the Stockholder's meeting. Sample minutes (item 9) of Annual Stockholders' Meeting held on on page 250 in this link: https://www.eastwestbanker.com/info/pse/DefinitiveInformationStatementforAnnualStockholdersMeetingonJune112020.pdf</p>	

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	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
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	Please refer to Annex A Corporate Governance Manual Section 2.7 Specific Duties and Functions of Board of Directors Item "a" on page 7. Please also refer to the Code of Business Conduct and Ethics • https://www.eastwestbanker.com/info/ew_cobce.asp	
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant	The Bank's Code of Business Conduct and Ethics is discussed to all employees upon onboarding. Learning materials are also available in the Bank's internal portal. Code of Business Conduct and Ethics https://www.eastwestbanker.com/info/ew_cobce.asp	
3. The Code is disclosed and made available to the public through the company website.	Compliant	Please refer to this link for the Code of Business Conduct and Ethics https://www.eastwestbanker.com/info/ew_cobce.asp	
Supplemental 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	The Bank has established that bribery is a serious offense under the Bank's Code of Discipline and Ethics (CODE), provided as follows: There are a number of provisions penalizing all forms of bribery involving employees of the Bank under the Bank's CODE, to wit: 3. Conflict of Interest Examples by way of illustration but not limited to: 3.1 Offering or accepting anything of value in exchange for a job, work assignment or favorable conditions of employment. 3.2 Favoring suppliers, clients, media or other entities which have official transactions with the Bank for consideration in the form of kickbacks or personal rebates. 3.3 Performing work for a competitor company whether or not it resulted in prejudice to the Bank. 3.4 Offering, soliciting or accepting bribes, commissions, referral fees, kickbacks, whether in money or in kind. 3.5 Rendering services for another employer engaged in a similar business or in competition with the Bank during Bank's time or employee's personal time and/or without approval from the Bank's Management. 3.6 Receiving of gifts, percentage and commission in exchange for a favor to a client, supplier, vendor or other third party with whom the employee has a dealing in relation to his work. 3.7 Borrowing from or lending to bank clients or customers and/or co-employees.	

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	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
		<p>3.8 Committing an acts, whether in a private capacity or in representation of the Bank, whether within or outside Company time and premises, and whether personally or through another, which puts the bank in bad light or which jeopardizes its reputation or goodwill or acts</p> <p>3.9 Entering into transactions with third parties or engaging in practices which may result into a situation/s that has/have potential to undermine the impartiality of an employee because of the possibility of a clash between his self-interests and that of the Bank or situations in which an employee’s dealing or personal interest limits his ability to discharge his responsibility to the Bank.</p> <p>Serious Misconduct:</p> <p>4.4 Commission of a crime involving dishonesty or breach of trust such as , but not limited to, estafa, embezzlement, extortion, forgery, malversation, swindling, theft, robbery, falsification, bribery , violation of BP Blg. 22 , violation of Anti-Graft and Corrupt Practices Act</p> <p>In penalizing employees involved in bribery or any corrupt acts, the standard CODE procedures applied to normal administrative cases shall be also be applied.</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 align="center">Compliant</p>	<p>The Bank’s Code of Business Conduct and Ethics is posted in the Bank’s website and discussed to all employees upon onboarding.</p> <p>Please refer to Annex A Corporate Governance Manual Section 2.7 Specific Duties and Function of the Board of Directors on pages 7-9.</p>	
<p>2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.</p>	<p align="center">Compliant</p>	<p>The Code Committee has been created to review, deliberate, and render fair assessment of alleged administrative violation(s) and provide a recommendation on the appropriate sanction against erring employees proven to have committed violation(s).</p>	

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	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
Disclosure and Transparency			
Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
Recommendation 8.1			
<p>1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.</p>	Compliant	<p>Please refer to Annex A Corporate Governance Manual Section V Communication Process on page 47 and Section VII Reportorial and Disclosure System on pages 47-48</p> <p>Please also refer Bank's website, Investors Relations tab that contains comprehensive information to shareholders and other stakeholders https://www.eastwestbanker.com/info/ir_shareinfo.asp</p> <p>Please also refer to SEC Form 20-IS (Definitive) Audited Financial Statement starting page 58. https://www.eastwestbanker.com/info/pse/DefinitiveInformationStatementforAnnualStockholdersMeetingonJune112020.pdf</p>	
Supplement to Recommendations 8.1			
<p>1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within fortyfive (45) days from the end of the reporting period.</p>	Compliant	<p>Annual and quarterly consolidated reports are available in the Bank's website that can be viewed in this link: https://www.eastwestbanker.com/info/ir_sec.asp</p>	
<p>2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.</p>	Compliant	<p>Disclosures can be viewed in the following links: https://www.eastwestbanker.com/info/ir_sec.asp https://www.eastwestbanker.com/info/pse/2019SECFom17-A.pdf https://www.eastwestbanker.com/info/ir_shareinfo.asp</p>	

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	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
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	Please refer to Annex A Corporate Governance Manual Section III.3 Insider Trading on page 44.	
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	Compliant		
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	The Bank discloses the trading of the Bank shares by directors and principal officers in the PSE (Template name is Change in Shareholdings of Directors and Principal Officers) which can be viewed in this link: https://edqe.pse.com.ph/companyDisclosures/form.do?cmpy_id=634	
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	Please refer to the profile of Directors in the following links: https://www.eastwestbanker.com/info/ew_board.asp Please refer to SEC Form 17-A 2019 pages 55-59 as posted in this link: https://www.eastwestbanker.com/info/pse/2019SECFom17-A.pdf	
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	Please refer to the profile of Key Officers in the SEC Form 17-A 2019 on pages 59-61 as posted in this link: https://www.eastwestbanker.com/info/pse/2019SECFom17-A.pdf	

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	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
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	Please refer to Annex A Corporate Governance Manual Section 4.9 Remuneration of Directors on page 33. Please also refer to the By-Laws Section 5 Compensation and Per Diems of Directors and Corporate Secretary on page 9 https://www.eastwestbanker.com/info/CERTOFFILINGOFAMENDEDBY-LAWS02-2018.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	Please refer to Annex A Corporate Governance Manual Section 4.9 Remuneration of Directors (which is also applicable to all officers of the Bank) on page 33.	
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Non-Compliant		The Bank discloses the remuneration of the directors and the officers on an aggregate basis. The aggregate compensation of the CEO and 4 most highly compensated executive officers is also disclosed. The disclosure on an aggregate basis takes into consideration privacy and security issues of the executive officers.
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	Compliant	Please refer to Annex A Corporate Governance Manual Section III.1 Related Party Transactions Policy on pages 43.	
2. Company discloses material or significant RPTs reviewed and approved during the year.	Compliant	Please refer to RPT Manual, Section I. Disclosure and Reporting to Section N. Policy Review on pages 15-18 https://www.eastwestbanker.com/info/RPTManual.pdf Please also refer to SEC Form 20-IS (Definitive) Item 5. Directors and Executive Officers, letter f Relationships and Related Transactions on pages 18-23 on this link: https://www.eastwestbanker.com/info/pse/DefinitiveInformationStatementforAnnualStockholdersMeetingonJune112020.pdf	

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	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	Compliant	Please refer to Annex A Corporate Governance Manual Section III. Key Governance Policies on RPT Policy, Conflict of Interest and Insider Trading on pages 43-44.	
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	Please refer to Annex A Corporate Governance Manual Section III.1 Related Party Transactions Policy on pages 43. Please also refer to RPT Manual Section III. A. Guidelines on Arm's Length Terms on page 6. https://www.eastwestbanker.com/info/RPTManual.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	Please refer to Annex A Corporate Governance Manual Section VII Reportorial and Disclosure System on pages 47-48. Please also refer to RPT Manual Section III. I. Disclosure and Reporting on pages 15-16. https://www.eastwestbanker.com/info/RPTManual.pdf	
2. Board appoint an independent party to evaluate the fairness of the transaction price of the acquisition or disposal of assets	Compliant	Please refer to Annex A Corporate Governance Manual Section 2.7 Specific Duties and Functions of the Board Item "p" on page 9.	
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	There is no agreement on these matters. Please refer to SEC Form 17-A 2019 Part III, Item 11 Security Ownership of Certain Beneficial Owners and Management on page 63 as posted in this link: https://www.eastwestbanker.com/info/pse/2019SECForm17-A.pdf	

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	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	Please refer to Annex A Corporate Governance Manual	
2. Company's MCG is submitted to the SEC and PSE.	Compliant	Please refer to Annex F Proof of Submission of the Corporate Governance Manual to SEC Please refer to the link below for the Bank's Corporate Governance Manual submitted to PSE: http://edge.pse.com.ph/openDiscViewer.do?edge_no=2afd4d360db2c01943ca035510b6ec2b#sthash.14IYbN2X.dpbs	
3. Company's MCG is posted on its company website.	Compliant	Please refer to the link below for the Bank's Corporate Governance Manual: https://www.eastwestbanker.com/info/CorporateGovernanceManual.pdf	
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.	Non-Compliant		The Company submitted its updated MCG to SEC. Please refer to Annex F Proof of Submission to SEC To date, the Company has submitted the same to the PSE. https://edge.pse.com.ph/openDiscViewer.do?edge_no=719e4aa55058dc470de8473cebbd6407
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:			
a. Corporate Objectives	Compliant		
b. Financial performance indicators	Compliant		

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	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
c. Non-financial performance indicators	Compliant	Please refer to the EastWest 2019 Annual Report and Sustainability Report 2019 https://www.eastwestbanker.com/info/EastWest%202019%20Annual%20and%20Sustainability%20Report%20-%20Main%20Section.pdf https://www.eastwestbanker.com/info/pse/DefinitiveInformationStatementforAnnualStockholdersMeetingonJune112020.pdf	
d. Dividend Policy	Compliant		
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	Compliant		
f. Attendance details of each director in all directors meetings held during the year.	Compliant		
g. Total remuneration of each member of the board of directors.	Non-Compliant		The Bank discloses the remuneration of the directors and the officers on an aggregate basis. The aggregate compensation of the CEO and 4 most highly compensated executive officers is also disclosed. The disclosure on an aggregate basis takes into consideration privacy and security issues of its directors.
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	Please refer to EastWest 2019 Annual Report and Sustainability Report 2019 https://www.eastwestbanker.com/info/EastWest%202019%20Annual%20and%20Sustainability%20Report%20-%20Main%20Section.pdf Please also refer to SEC Form 20-IS (Definitive) on Compliance with Corporate Governance Practices on pages 59-61 on the following link: https://www.eastwestbanker.com/info/pse/DefinitiveInformationStatementforAnnualStockholdersMeetingonJune112020.pdf	

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	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<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 align="center">Compliant</p>	<p>Please refer to EastWest 2019 Annual and Sustainability Report on Corporate Governance Practices on pages 66-75 as posted in this link: https://www.eastwestbanker.com/info/EastWest%202019%20Annual%20and%20Sustainability%20Report%20-%20Main%20Section.pdf</p> <p>Please also refer to SEC Form 20-IS (Definitive) on Compliance with Corporate Governance Practices on pages 59-61 on the following link: https://www.eastwestbanker.com/info/pse/DefinitiveInformationStatementforAnnualStockholdersMeetingonJune112020.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 align="center">Compliant</p>	<p>Please refer to EastWest 2019 Annual and Sustainability Report on Corporate Governance Practices on pages 66-75 as posted in this link: https://www.eastwestbanker.com/info/EastWest%202019%20Annual%20and%20Sustainability%20Report%20-%20Main%20Section.pdf</p> <p>Please also refer to SEC Form 20-IS (Definitive) on Compliance with Corporate Governance Practices on pages 59-61 on the following link: https://www.eastwestbanker.com/info/pse/DefinitiveInformationStatementforAnnualStockholdersMeetingonJune112020.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 align="center">Compliant</p>	<p>Please refer to the following links:</p> <p>SEC Form 17-A 2019 on Compliance with Corporate Governance Practices on pages 66-69 as posted in this link: https://www.eastwestbanker.com/info/pse/2019SECForm17-A.pdf</p> <p>Please also refer to EastWest 2019 Annual and Sustainability Report on Risk Management on pages 50-53 as posted in this link: https://www.eastwestbanker.com/info/EastWest%202019%20Annual%20and%20Sustainability%20Report%20-%20Main%20Section.pdf</p>	

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	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<p>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.</p>			
<p>Recommendation 9.1</p>			
<p>1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.</p>	<p align="center">Compliant</p>	<p>Please refer to Annex A Corporate Governance Manual Section 3.4 General Responsibilities of Audit Committee on External Audit on page 20 Section 9 External Auditor pages 37-39.</p>	
<p>2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.</p>	<p align="center">Compliant</p>	<p>The re-appointment of the Bank's external auditor was recommended by the Audit Committee, approved by the Board of Directors and subsequently ratified by the stockholders during the Annual Stockholders' Meeting on April 22, 2019.</p> <p>Minutes of the 2019 Annual Stockholders' Meeting (page 253): https://www.eastwestbanker.com/info/pse/DefinitiveInformationStatementforAnnualStockholdersMeetingonJune112020.pdf</p>	
<p>3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.</p>	<p align="center">Compliant</p>	<p>In the event of a removal or change of external auditor, the Bank, as a publicly listed company, shall disclose the reasons for such to its regulators and the public.</p>	
<p>Supplement to Recommendation 9.1</p>			
<p>1. Company has a policy of rotating the lead audit partner every five years.</p>	<p align="center">Compliant</p>	<p>Please refer to Annex A Corporate Governance Manual Section 9.2 External Auditor pages 37-39.</p> <p>Please also refer to the SEC Form 20-IS (Definitive) on Item No. 7 Independent Public Accountants on page 24 https://www.eastwestbanker.com/info/pse/DefinitiveInformationStatementforAnnualStockholdersMeetingonJune112020.pdf</p>	

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	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
Recommendation 9.2			
<p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <p>i. assessing the integrity and independence of external auditors;</p> <p>ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and</p> <p>iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.</p>	Compliant	<p>Please refer to Audit Committee Charter Section B on page 1 Section E on pages 2-5 https://www.eastwestbanker.com/info/BoardComm/AuditCommitteeCharter.pdf</p>	
<p>2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p>	Compliant	<p>Please refer to Audit Committee Charter Section E on pages 2-5 https://www.eastwestbanker.com/info/BoardComm/AuditCommitteeCharter.pdf</p>	
Supplement to Recommendation 9.2			
<p>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.</p>	Compliant	<p>Please refer to Annex A Corporate Governance Manual Section 3.4 General Responsibilities of Audit Committee on External Audit on page 20 and Section 9 External Auditor pages 45-46</p> <p>Please also refer to Audit Committee Charter Section E item 4 on pages 4. https://www.eastwestbanker.com/info/BoardComm/AuditCommitteeCharter.pdf</p>	
<p>2. Audit Committee ensures that the external auditor has adequate quality control procedures.</p>	Compliant	<p>Please refer to Annex A Corporate Governance Manual Section 3.4 Audit Committee on pages 17-21.</p> <p>Please also refer to the Audit Committee Charter Section E Item "2" Internal Control on page 3 and Item "4" External Audit on page 4 https://www.eastwestbanker.com/info/BoardComm/AuditCommitteeCharter.pdf</p>	

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	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
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.	Non-Compliant		Although the disclosure of the nature of some of the non-audit items are not identified and is made together as Tax and Related Fees, there is a disclosure of the total amount of the non-audit items. More importantly, the Audit Committee approves the non-audit services and ensures that there is no potential conflict.
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	Compliant	<p>The Audit Committee reviews and confirms the independence of the external auditors on relationships by obtaining statements from the auditors on the relationships between the auditors and the bank, including non-audit services, and discussing the relationships with the auditors. On an annual basis, the Audit Committee should review and discuss with the external auditors all significant relationships they have with the bank that could impair the auditors' independence.</p> <p>Please refer to Audit Committee Charter https://www.eastwestbanker.com/info/BoardComm/AuditCommitteeCharter.pdf</p> <p>Please also refer to Annex A Corporate Governance Manual Section 3.4 Audit Committee on page 20.</p>	
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	Non-Compliant		In 2019, there were several special projects/engagements rendered by the Bank's external auditor. These non-audit services were approved by the Audit Committee.
Additional Recommendation to Principle 9			
1. Company's external auditor is duly accredited by the SEC under Group a category.	Compliant	<p>Information on Bank's external auditor:</p> <ol style="list-style-type: none"> 1. Name of the audit engagement partner - Veronica Mae A. Arce 2. Accreditation number - 1740-A (Group A), 3. Date Accredited - February 7, 2019 4. Expiry date of accreditation - February 6, 2022 5. Name, address, contact number of the audit firm. - Sycip Gorres Velayo & Co./6760 Ayala Avenue, 1266 Makati City Philippines 891-0307 	
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>Details as follows:</p> <ol style="list-style-type: none"> 1. Date it was subjected to SOAR inspection - November 12-23, 2018 2. Name of the Audit firm - SGV & Co. 3. Members of the engagement team inspected by the SEC - The names of the members of the engagement team were provided to the SEC during the SOAR inspection. <p>SOAR inspection happens once every three years.</p>	

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	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<p>Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.</p>			
<p>Recommendation 10.1</p>			
<p>1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.</p>	<p align="center">Compliant</p>	<p>The Bank's Annual Report for 2019 includes its first environmental, social, and governance (ESG) report. This details the Bank's non-financial performance across the economic, environmental and social aspects of our business for 2019. It was prepared with reference to the Global Reporting Initiative (GRI) Standards Reporting Guidelines.</p>	
<p>2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.</p>	<p align="center">Compliant</p>	<p>EastWest 2019 Annual Report and Sustainability Report 2019 https://www.eastwestbanker.com/info/EastWest%202019%20Annual%20and%20Sustainability%20Report%20-%20Main%20Section.pdf</p>	

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	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<p>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.</p>			
<p>Recommendation 11.1</p>			
<p>1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.</p>	<p align="center">Compliant</p>	<p>Analyst briefing section can be viewed in this link: https://www.eastwestbanker.com/info/ir_invpres.asp</p>	
<p>Supplemental to Principle 11</p>			
<p>1. Company has a website disclosing up-to-date information on the following:</p>			
<p>a. Financial statements/reports (latest quarterly).</p>	<p align="center">Compliant</p>	<p>Updated financial reports can be viewed in SEC Forms 17A, 17Q, 20 (IS) that can be viewed in the link below: https://www.eastwestbanker.com/info/ir_sec.asp</p>	
<p>b. Materials provided in briefings to analysts and media.</p>	<p align="center">Compliant</p>	<p>Please refer to this link : https://www.eastwestbanker.com/info/ir_invpres.asp</p>	
<p>c. Downloadable annual report.</p>	<p align="center">Compliant</p>	<p>EastWest 2019 Annual Report and Sustainability Report 2019 https://www.eastwestbanker.com/info/EastWest%202019%20Annual%20and%20Sustainability%20Report%20-%20Main%20Section.pdf</p>	
<p>d. Notice of ASM and/or SSM.</p>	<p align="center">Compliant</p>	<p>Please refer to this link - Notice of Annual Stockholder's Meetings: https://www.eastwestbanker.com/info/ir_noticestock.asp</p>	
<p>e. Minutes of ASM and/or SSM.</p>	<p align="center">Compliant</p>	<p>Please refer to this link - Minutes of Annual Stockholder's Meeting: https://www.eastwestbanker.com/info/pse/DefinitiveInformationStatementforAnnualStockholdersMeetingonJune112020.pdf</p>	
<p>f. Company's Articles of Incorporation and By-Laws.</p>	<p align="center">Compliant</p>	<p>Please refer to the following links:</p> <p>Articles of Incorporation https://www.eastwestbanker.com/info/CERTOFFILINGAMENDEDArticlesOfIncorporation%202002-2018.pdf</p> <p>By- Laws https://www.eastwestbanker.com/info/CERTOFFILINGOFAMENDEDBY-LAWS02-2018.pdf</p>	
<p>Additional Recommendation to Principle 11</p>			
<p>1. Company complies with SEC-prescribed website template.</p>	<p align="center">Compliant</p>	<p>Please refer to this link: https://www.eastwestbanker.com/</p>	

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	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
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>Please refer to Annex A Corporate Governance Manual Section 2.8 Internal Control Responsibilities of the Board on pages 9-10 and Section 3.4 Audit Committee on pages 17-21</p> <p>On an annual basis, Internal Audit prepares an Audit Work Plan based on a 3-year cycle, which is reviewed and approved by the Audit Committee, with whom the Internal Audit functionally reports. The annual audit work plan is developed based on the results of the risk assessment conducted by Internal Audit. The risk assessment methodology is also being reviewed and confirmed/approved by the Audit Committee on an annual basis. Internal Audit reports the results of audit reviews during the committee's regular meeting. Internal Audit also reports the status of corrective/remedial measures undertaken on high and medium risk issues. Internal Audit also monitors the accomplishments of the work plan quarterly and reports the same to the Audit Committee on a semi-annual basis.</p>	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Compliant	<p>Please refer to Annex A Corporate Governance Manual Section 2.7 Specific Duties and Functions of Board of Directors Item "e" on page 8 Section 3.3 Risk Management Committee on pages 15-16.</p> <p>Please also refer to the Bank's Audited Financial Statements Disclosure Note 4 - Financial Risk Management Objectives and Policies has subsections for each major risk Credit (including Credit Concentration), Market (Trading and Banking Books), Operational, and Liquidity that summarizes each risk's identification, measurement, and control tools and measures, as well as the current risk profile of the Bank as at year-end on pages 144-179.</p> <p>https://www.eastwestbanker.com/info/pse/2019SECFom17-A.pdf</p>	

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	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
Supplement to Recommendations 12.1			
<p>1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.</p>	<p align="center">Compliant</p>	<p>The Bank's 2019 Compliance Program, duly approved by its Board of Directors, serves as its reference in complying with the provisions of the relevant laws and regulations. It operates parallel to and is part of the Bank's Internal Control and Audit Program and the Risk Management Program. The Compliance Program contains the guidelines to: (1) Identify, assess and mitigate Compliance Risks which may erode the franchise value of the Bank; (2) Enable the Bank to identify the relevant and applicable laws, rules, regulations, codes of conduct and standards of good practice, analyze the corresponding risks of non-compliance, and prioritize the Compliance Risks for mitigation and monitoring; (3) Establish the duties and responsibilities of the Chief Compliance Officer (CCO) and the personnel involved in the compliance function; (4) Promote compliance awareness and the right compliance culture across the organization; (5) Enable the Compliance Division to conduct periodic independent testing with applicable legal and regulatory requirements, report findings and significant breaches of laws, rules and standards and recommend appropriate resolutions to such findings and breaches to Senior Management (SM) and the Corporate Governance and Compliance Committee (CGCC). Said Compliance Program is updated on an annual basis.</p>	
Optional: Recommendation 12.1			
<p>1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.</p>	<p align="center">Compliant</p>	<p>The Bank has an Information Technology Steering Committee, a senior management committee, to oversee and ensure that technology is implemented properly across the Bank with appropriate controls, and that related risks are adequately addressed, managed, and reported where necessary to the Board.</p>	
Recommendation 12.2			
<p>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.</p>	<p align="center">Compliant</p>	<p>Please refer to Annex A Corporate Governance Manual Section 10.1 Definition and Function of the Chief Audit Executive on page 47</p> <p>Please also refer to the Organizational Chart reflecting the Internal Audit Division https://www.eastwestbanker.com/info/ew_orgChart.asp</p>	

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	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Compliant	<p>The Bank's Chief Audit Executive is Ms. Eloida Oquialda.</p> <p>Please refer to Annex A Corporate Governance Manual Section 10.1 Definition and Function of the Chief Audit Executive on page 39</p> <p>Please also refer to the following link for the Profile of Chief Audit Executive: SEC Form 17-A 2019, Item 9 page 61 https://www.eastwestbanker.com/info/pse/2019SECFom17-A.pdf</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>Please refer to Annex A Corporate Governance Manual Section 10. Scope of Chief Audit Executive on page 39.</p> <p>The CAE is responsible for the oversight on the outsourced audit activity and must ensure that the details of the engagement contract are fully adhered to.</p>	
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	Compliant	<p>The Bank's internal audit activity is conducted by an in house internal audit division headed by a Chief Audit Executive. Should there be a fully outsourced internal audit activity, a senior management personnel shall be assigned to manage the activity.</p>	
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	<p>Please refer to Annex A Corporate Governance Manual Section IV. Risk Management Function on pages 46-47.</p> <p>Please also refer to the Organizational Chart reflecting the Risk Management Division of the Bank https://www.eastwestbanker.com/info/ew_orqChart.asp</p>	

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	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	Compliant	<p>The Bank seeks the expertise of external experts when necessary.</p> <p>The Model Risk Framework that sets the policy on model development that employs technical expertise on mathematics and statistics in principle acknowledges the limitations in data, development, and/or validation resources within the Bank, which assumes participation of independent external parties in the process.</p>	
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	<p>The CRO is Ms. Grace Ang.</p> <p>Please refer to Annex A Corporate Governance Manual Section 8 Chief Risk Officer on page 36-37.</p> <p>Please also refer to Profile of Chief Risk Officer on page 61 https://www.eastwestbanker.com/info/pse/2019SECFom17-A.pdf</p>	
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Compliant	<p>The CRO is Ms. Grace Ang.</p> <p>Please refer to Annex A Corporate Governance Manual Section 8 Chief Risk Officer on page 36-37.</p> <p>Please also refer to Profile of Chief Risk Officer on page 61 https://www.eastwestbanker.com/info/pse/2019SECFom17-A.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	Please see attached Annex G for the attestation of the CEO and the CAE for 2019 audit activities.	

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	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
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	Please refer to Annex A Corporate Governance Manual Section VIII Stockholders' Benefits on pages 48-50.	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	Please refer to Section VII. Stakeholder's Benefits that can be viewed in this link: https://www.eastwestbanker.com/info/CorporateGovernanceManual.pdf	
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	Compliant	Please refer to the SEC Form 20-IS (Definitive) Item 4c Nomination and Election of Directors and Independent Directors and manner of voting on page 7 as posted in this link: https://www.eastwestbanker.com/info/pse/DefinitiveInformationStatementforAnnualStockholdersMeetingonApril222019.pdf	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Compliant	Please refer to Annex A Corporate Governance Manual Section VIII Stockholders' Benefits on pages 48-50. Please also refer to the SEC Form 20-IS (Definitive) Item 4c Nomination and Election of Directors and Independent Directors and manner of voting on page 7 as posted in this link: https://www.eastwestbanker.com/info/pse/DefinitiveInformationStatementforAnnualStockholdersMeetingonApril222019.pdf	
3. Board has an effective, secure, and efficient voting system.	Compliant	Please refer to Annex A Corporate Governance Manual Section 2.3 Board Nomination and Election pages 5-6. The voting procedure is found in the Notice of Stockholders' Meeting https://www.eastwestbanker.com/info/pse/NoticeofApril222019StockholdersMeeting.pdf	

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	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
4. Board has an effective shareholder voting mechanisms such as supermajority or “majority of minority” requirements to protect minority shareholders against actions of controlling shareholders.	Non-Compliant		The Bank provides the minority shareholders the rights provided under the law and in the Bank’s Manual of the Corporate Governance.
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	Please refer to Article II, Section 3 of the Bank’s By-Laws https://www.eastwestbanker.com/info/CERTOFFILINGOFAMENDEDBY-LAWS02-2018.pdf Please refer to Annex A Corporate Governance Manual Section VIII.4 Right to Information on page 49.	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Compliant	Please refer to Annex A Corporate Governance Manual Section VIII Stockholders’ Benefits on pages 48-50.	
7. Company has a transparent and specific dividend policy.	Compliant	Please refer to the Bank’s By-laws Article X.Section 2 https://www.eastwestbanker.com/info/CERTOFFILINGOFAMENDEDBY-LAWS02-2018.pdf Please refer to Annex A Corporate Governance Manual Section VIII.5 Rights to Dividends on pages 49-50.	
Optional: Recommendation 13.1			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders’ Meeting.			
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	Please refer to the Notice of Stockholder’s Meeting that can be viewed in this link: https://www.eastwestbanker.com/info/pse/NoticeofApril222019StockholdersMeeting.pdf	
Supplemental to Recommendation 13.2			
1. Company’s Notice of Annual Stockholders’ Meeting contains the following information:			

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	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	Compliant	Please refer to the profile of Key Officers in the SEC Form 20-IS (Definitive) Part I.B. Item 5.Directors and Executive Officers pages 9-12 as posted in this link: https://www.eastwestbanker.com/info/pse/DefinitiveInformationStatementforAnnualStockholdersMeetingonApril222019.pdf Such Definitive Information Statement is submitted together with the Notice of Annual Stockholders Meeting	
b. Auditors seeking appointment/ reappointment	Compliant	Please refer to SEC Form 20-IS (Definitive) Item 15 No.5 on page 24 as posted in this link: https://www.eastwestbanker.com/info/pse/DefinitiveInformationStatementforAnnualStockholdersMeetingonApril222019.pdf Such Definitive Information Statement is submitted together with the Notice of Annual Stockholders Meeting.	
c. Proxy documents	Compliant	Please refer to the SEC Form 20-IS (Definitive) Item 4c Nomination and Election of Directors and Independent Directors and manner of voting on page 7 as posted in this link: https://www.eastwestbanker.com/info/pse/DefinitiveInformationStatementforAnnualStockholdersMeetingonApril222019.pdf Such Definitive Information Statement is submitted together with the Notice of Annual Stockholders Meeting.	
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting.	Compliant	Please refer to SEC Form 20-IS (Definitive) on Explanation on Agenda Items on page 4 as posted in this link: https://www.eastwestbanker.com/info/pse/DefinitiveInformationStatementforAnnualStockholdersMeetingonApril222019.pdf Such Definitive Information Statement is submitted together with the Notice of Annual Stockholders Meeting.	
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	Please refer to PSE Disclosure on April 22, 2019 on results of Annual Stockholder's Meeting and Organizational Meeting https://edge.pse.com.ph/openDiscViewer.do?edge_no=4c4a88fd69ab9a60efdfc15ec263a54d Attachment Name: April 23, 2019 Result of Annual Stockholders' Meeting and Organizational Meeting	

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	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
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.	Non-Compliant		Although the Minutes are not made available within the five business day period, the significant items taken up during said meeting is disclosed in this link: https://www.eastwestbanker.com/info/pse/DefinitiveInformationStatementforAnnualStockholdersMeetingonJune112020.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	The external auditor and senior management were present during the 2019 Annual Stockholders' Meeting.	
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.	Non-Compliant		The Bank's Corporate Governance Manual includes the establishment of an alternative dispute mechanism.
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Compliant	Please refer to Annex A Corporate Governance Manual Section 2.7 Specific Duties and Functions of Board of Directors Item "m" on page 8.	
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Compliant	Please refer to this link for the modes of communication to the investing public: https://www.eastwestbanker.com/info/ir_irprogram.asp Investor Relations Office Vincent A. Villanueva Telephone Number 575-3888 Email Address at ir@eastwestbanker.com	
2. IRO is present at every shareholder's meeting.	Compliant	The IRO was present during the 2019 Annual Stockholders Meeting.	
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	There are no measures or any similar devices that enable the Board to entrench an ineffective management or the existing controlling shareholder group.	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Non-Compliant		As of December 2019, the Bank has a minimum public float of 20.22%, above the minimum required public float.

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	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
Optional: Principle 13			
<p>1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting.</p>	<p align="center">Compliant</p>	<p>While the policies are not documented, it is the Bank's practice to have an open communication policy with its stockholders. For instance, the Chairman and the CEO entertain all comments and suggestions of sharehokders raised thru phone or email. In addition, the Bank encourages engagement through the Investor Relations Office and the channels of communication with the Bank is found in this link: https://www.eastwestbanker.com/info/contact_us.asp</p> <p>Please also refer to Mode of Comminucation to Investor Relations in this link: •https://www.eastwestbanker.com/info/ir_irprogram.asp</p>	
<p>2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.</p>			

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	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
Duties to Stakeholders			
<p>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.</p>			
Recommendation 14.1			
<p>1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability</p>	Compliant	<p>Please refer to Annex A Corporate Governance Manual Section II Board Governance on page 4.</p>	
Recommendation 14.2			
<p>1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.</p>	Compliant	<p>Please refer to Annex A Corporate Governance Manual Section VIII Stakeholders' Benefits on pages 48-50.</p>	
Recommendation 14.3			
<p>1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.</p>	Compliant	<p>The Bank's different channels of communication with the Bank is found in this link: https://www.eastwestbanker.com/info/contact_us.asp</p> <p>In addition, please refer to Whistle-Blowing Policy under this link: https://www.eastwestbanker.com/info/ew_CompPolicies.asp</p>	
Supplement to Recommendation 14.3			
<p>1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.</p>	Compliant	<p>Please refer to Annex A Corporate Governance Manual Section 2.7 Specific Duties and Functions of Board of Directors Item "m" on page 8.</p>	
Additional Recommendations to Principle 14			
<p>1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.</p>	Compliant	<p>The Bank has not sought any exemption from the application of a law, rule or regulation, particularly on corporate governance issues.</p>	
<p>2. Company respects intellectual property rights.</p>	Compliant	<p>The Bank has no case related to intellectual property rights issues.</p>	

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	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
Optional: Principle 14			
1. Company discloses its policies and practices that address customers' welfare	Compliant	<p>The Bank has established a Financial Consumer Protection Program which includes the Bank's Consumer Protection Standards of Conduct, Standards on Protection of Client Information, Standards on Fair Treatment, Standards on Effective Recourse, Financial Consumer Education Programs.</p> <p>Please see link: Consumer Protection Section (pages 46-48) of the Annual Report and Sustainability Report for 2019 https://www.eastwestbanker.com/info/EastWest%202019%20Annual%20and%20Sustainability%20Report%20-%20Main%20Section.pdf</p>	
2. Company discloses its policies and practices that address supplier/contractor selection procedures			

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	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
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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

<p>1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.</p>	<p align="center">Compliant</p>	<p>Please refer to Annex A Corporate Governance Section III.5 Empowering and Engaging Employees on pages 45-46.</p> <p>Through the performance management system, each employee is required to develop a Key Result Area (KRAs) that is in line with the Bank's objectives and strategies. The Bank believes that the organization's success starts with its People – "People at the Center". Having the right people in the Bank will ultimately drive business results. Given the importance of the employees, the Bank aims to take care of its employees in three main areas deemed vital in employee attraction, engagement and retention, regardless of industry and culture:</p> <p>1) Role – is it meaningful? Does it align with the employee's personal purpose? Is it challenging enough? Will it allow an employee to make useful contribution to something bigger? Will it utilize the employee's strength?</p> <p>2) Environment – Is it one that treats people with respect and dignity? Is it fun? Is it meritocracy? Are the coworkers smart and capable? Do all employees have a common set of core beliefs? Are these beliefs in line with the employee's personal values?</p> <p>3) Development – Will an employee have opportunities to learn and develop? Will an employee be able to try new things? Will an employee get coaching and feedback? Will an employee's Immediate Superior take a personal interest in an employee's career?</p>	
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Supplement to Recommendation 15.1

<p>1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.</p>	<p align="center">Compliant</p>	<p>Please refer to Annex A Corporate Governance Manual Section 3.6 Compensation Committee on page 28 Section 4.9 Remuneration of Directors on page 40</p> <p>The Bank's rewards programs are generally hinged on performance. The three major components of the rating system recognize the basic premises for the Bank to be able to achieve its business objectives. These are Key Result Areas/Key Performance Indicators which pertain to the execution of the direct business-related mandate of the unit and the individuals within the units; Customer Service believing that in the long run, providing excellent customer service is the defining variable for business sustainability and Leadership, Values, and Governance.</p>	
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2019 INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
2. Company has policies and practices on health, safety and welfare of its employees.	Compliant	<p>Please refer to Annex A Corporate Governance Section III.5 Empowering and Engaging Employees on pages 45-46.</p> <p>Please also refer to this link: https://www.eastwestbanker.com/info/ew_cobce.asp Please also refer to this link: https://www.eastwestbanker.com/info/ew_CompPolicies.asp</p>	
3. Company has policies and practices on training and development of its employees.	Compliant	<p>Please refer to Annex A Corporate Governance Section III.5 Empowering and Engaging Employees on pages 45-46.</p> <p>The Learning and Development programs are anchored on the competencies required for employees to perform effectively in their current and future roles. The different programs cover programs that provide employees a common foundation knowledge of the company and its business and establish a strong culture of customer service, safety, risk management and legal compliance; programs that will address required competencies for employees to perform their respective job functions; and developmental programs to enable employees become more effective performing their job level.</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>Please refer to the Code of Business Conducts and Ethics - Trust and Confidence and Business and Personal Conducts https://www.eastwestbanker.com/info/ew_cobce.asp</p> <p>Furthermore, the Bank has a “Whistle-blowing Policy” that encourages all personnel to disclose any wrongdoing or wrongful acts that may adversely impact the Bank and its stakeholders and be protected from any possible reprisals. Under the same policy, one of the reportable whistle-blowing matters is “Indulgence in corruption”.</p>	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company’s culture.	Compliant	<p>During New Employees Orientation Program (NEOP), a broad overview of the Committee on Discipline and Ethics is discussed while the Code of Conduct and Employee Handbook is handed out during NEOP also. The receipt is duly acknowledged by the new employee.</p> <p>Moreover, the Bank’s CODE is one of the mandatory courses provided by Learning and Development, which should be completed by all employees annually.</p>	

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	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
Supplement to Recommendation 15.2			
<p>1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.</p>	<p align="center">Compliant</p>	<p>The Bank has established that bribery is a serious offense under the Bank’s Code of Discipline and Ethics (CODE), provided as follows:</p> <p>There are a number of provisions penalizing all forms of bribery involving employees of the Bank under the Bank’s CODE, to wit:</p> <p><u>3. Conflict of Interest</u> Examples by way of illustration but not limited to:</p> <p>3.1 Offering or accepting anything of value in exchange for a job, work assignment or favorable conditions of employment.</p> <p>3.2 Favoring suppliers, clients, media or other entities which have official transactions with the Bank for consideration in the form of kickbacks or personal rebates.</p> <p>3.3 Performing work for a competitor company whether or not it resulted in prejudice to the Bank.</p> <p>3.4 Offering, soliciting or accepting bribes, commissions, referral fees, kickbacks, whether in money or in kind.</p> <p>3.5 Rendering services for another employer engaged in a similar business or in competition with the Bank during Bank’s time or employee’s personal time and/or without approval from the Bank’s Management.</p> <p>3.6 Receiving of gifts, percentage and commission in exchange for a favor to a client, supplier, vendor or other third party with whom the employee has a dealing in relation to his work.</p> <p>3.7 Borrowing from or lending to bank clients or customers and/or co-employees.</p> <p>3.8 Committing an acts, whether in a private capacity or in representation of the Bank, whether within or outside Company time and premises, and whether personally or through another, which puts the bank in bad light or which jeopardizes its reputation or goodwill or acts</p> <p>3.9 Entering into transactions with third parties or engaging in practices which may result into a situation/s that has/have potential to undermine the impartiality of an employee because of the possibility of a clash between his self-interests and that of the Bank or situations in which an employee’s dealing or personal interest limits his ability to discharge his responsibility to the Bank.</p> <p>Serious Misconduct:</p> <p>4.4 Commission of a crime involving dishonesty or breach of trust such as , but not limited to, estafa, embezzlement, extortion, forgery, malversation, swindling, theft, robbery, falsification, bribery , violation of BP Blg. 22 , violation of Anti-Graft and Corrupt Practices Act</p> <p>In penalizing employees involved in bribery or any corrupt acts, the standard CODE procedures applied to normal administrative cases shall be also be applied.</p>	

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	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
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	Please refer to Annex A Corporate Governance Manual Section 4 Whistle Blowing Policy on pages 44-45. Please also refer to the policy on whistleblowing. https://www.eastwestbanker.com/info/ew_CompPolicies.asp	
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	Please refer to Annex A Corporate Governance Manual Section 4 Whistle Blowing Policy on pages 44-45. Please also refer to the whistleblowing policy: https://www.eastwestbanker.com/info/ew_CompPolicies.asp	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant	Please refer to Annex A Corporate Governance Manual Section 4 Whistle Blowing Policy on pages 44-45. Please also refer to the whistleblowing policy: https://www.eastwestbanker.com/info/ew_CompPolicies.asp	

2019 INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

	COMPLIANT/ NONCOMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<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.</p>			
<p>Recommendation 16.1</p>			
<p>1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.</p>	<p align="center">Compliant</p>	<p>Please refer to Section of Our Community in the Sustainability at EastWest portion (page 34) and Our People and The Community (pages 22-26) of the Bank's 2019 Annual Report and Sustainability Report 2019. https://www.eastwestbanker.com/info/EastWest%202019%20Annual%20and%20Sustainability%20Report%20-%20Main%20Section.pdf</p>	
<p>Optional: Principle 16</p>			
<p>1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development</p>	<p align="center">Compliant</p>	<p>Please refer to Section of Our Environmental Footprint in the Sustainability at EastWest portion (page 34) of the Bank's 2019 Annual Report and Sustainability Report 2019 https://www.eastwestbanker.com/info/EastWest%202019%20Annual%20and%20Sustainability%20Report%20-%20Main%20Section.pdf</p>	
<p>2. Company exerts effort to interact positively with the communities in which it operates.</p>	<p align="center">Compliant</p>	<p>Please refer to Section of Our Community in the Sustainability at EastWest portion (page 34) and Our People and The Community (pages 22-26) of the EastWest 2019 Annual Report and Sustainability Report 2019. https://www.eastwestbanker.com/info/EastWest%202019%20Annual%20and%20Sustainability%20Report%20-%20Main%20Section.pdf</p>	

**EASTWEST BANKING CORPORATION
MANUAL ON CORPORATE GOVERNANCE
Revised as of September 2019**

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I. OBJECTIVE AND COMMITMENT

EAST WEST BANKING CORPORATION (the Bank) understands that it is paramount to set the kind of corporate governance needed in the attainment of the Bank's corporate goals.

The **Corporate Governance Manual** (the Manual) was designed to define the framework of rules, systems and processes that governs the performance of the Board of Directors (the "Board") and Management. It establishes the structure by which the Bank executes and carries out its Corporate Governance. This serves as reference by all the members of the Board as well as its Management in the conduct of their duties and responsibilities.

The provisions in this Manual are based and premised on the Corporation Code of the Philippines, Securities Regulations Code, SEC Memorandum Circular No. 19, series of 2016 on the Code of Corporate Governance for Publicly Listed Companies and relevant provisions from BSP Circular No. 969 dated 22 August 2017 on the *Enhanced Corporate Governance Guidelines for BSP Supervised Financial Institutions*.

The Board of Directors and Senior Management of the Bank hereby commit themselves to the principles and best practices contained in this Manual.

II. BOARD GOVERNANCE

1. Definition of Corporate Governance

Corporate Governance is the system of stewardship and control that guides the Bank in fulfilling its long-term economic, moral, legal and social obligations towards its stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and community in which it operates. Its purpose is to maximize the Bank's long-term success, creating sustainable value for its shareholders, stakeholders and the country.

2. Board of Directors

2.1 Definition

The Board is the highest governing body of the Bank, elected from and among the stockholders of the Bank who exercises corporate powers of the Bank, conducts all its businesses and controls and holds all its properties. It provides stewardship, sets the Bank's over-all direction and approves and oversees the implementation of the its strategic objectives, risk strategy, corporate governance and compliance, corporate values and the code of conduct.

Compliance with the principles of good corporate governance shall start with the Board.

2.2 Composition

The Board is composed of eleven (11) directors, majority of whom are non-

executive directors. Four (4) Board members are independent directors whose role is to provide impartial judgement, outside experience and objectivity to the Board. Nominated and voted by shareholders every year, each director serves a one-year term until the election of another set of directors.

The Bank recognizes increasing diversity at the Board level as an essential element in maintaining a competitive advantage and achieving long-term growth and profitability. In determining the appropriate Board composition, Board diversity shall consider professional experience, skills, knowledge, background, moral standing in the community and other distinctions between Directors. The Bank does not discriminate against gender, age, and ethnic, political, religious, or cultural backgrounds.

Through the Board's Corporate Governance and Compliance Committee, the Bank ensures that all directors are qualified for election. All Board appointments are made on merit, taking into account the following which the Board, as a whole, requires to be effective: integrity/probity, physical/mental fitness; relevant education, financial literacy and training; possession of competencies relevant to the job, such as knowledge and experience, skills, diligence and independence of mind; and sufficiency of time to fully carry out responsibilities.

In assessing a director's integrity/probity, consideration shall be given to the director's market reputation, observed conduct and behavior, and his ability to continuously comply with company policies and applicable laws and regulations, including market conduct rules, and the relevant requirements and standards of regulators, professional organization, clearing house or exchange, or government and any of its instrumentalities/agencies.

Non-Filipino citizens may become members of the Board of Directors to the extent of the foreign participation the equity the Bank, provided that a majority of the directors shall be residents of the Philippines.

Members of the Board of Directors shall not be appointed as Corporate Secretary or Chief Compliance Officer.

2.3 Board Nomination and Election

All nominations for Directors and Independent Directors shall be submitted to the Corporate Governance and Compliance Committee (CGCC) through any of their Members or to the Corporate Secretary of the Bank as indicated in the year's Rules Governing the Nomination and Election of Directors.

All nominations shall be in writing, duly signed by the nominating stockholders or their duly authorized (in writing) representatives, with the written acceptance and conformity of their nominee. The nomination must indicate whether the nominees are intended to be independent directors and shall contain the nominee's age, educational attainment, full disclosure of work and/or business experience and/or affiliations.

The CGCC shall 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. In the unlikely event that no one among the stockholders who made the nominations indicated any particular nominee as nominee for independent director, the Committee shall endorse by majority vote of their members the nominees for independent directors who meet the guidelines/criteria set by the regulatory agencies/offices of listed banks.

If there are not enough nominees from shareholders for directors and/or independent directors, the CGCC members, jointly or separately, as may be agreed upon among themselves, may, by majority vote, vet and nominate such number of nominees to complete the list for the said position/s and include them in the final list of nominees to be submitted at the stockholders' meeting.

The Directors and Independent Directors shall be elected from among the Bank's stockholders.

2.4 Board Meetings

The Board shall hold a meeting for organizational purposes immediately after their election, of which no notice shall be required. Thereafter, the Board shall hold its regular meetings at least once every quarter of each calendar year on such dates as may be fixed by the Board at the principal office of the Bank or at such other place within the Philippines as may be fixed by the Board.

Special meetings of the Board of Directors may be called at any time by the Chairman or the Vice Chairman and Chief Executive Officer or on written request of at least the majority of the Directors. Only one-day notice shall be required for any meeting of the Board and can be made either orally or in writing.

In all meetings wherein there are participants who cannot be physically present because they are located at different local or international places, the meeting may be held through teleconferencing or videoconferencing conducted in accordance to the rules and regulations of the SEC and subject to compliance with the requirements provided for in Section 4 of the Bank's By-Laws.

Every member of the Board shall participate in at least fifty percent (50%) and shall physically attend at least twenty-five percent (25%) of all meetings of the board of directors every year: Provided, further that the absence of a director in more than fifty percent (50%) of all regular and special meetings of the Board during his/her incumbency is a ground for disqualification in the succeeding election.

As may be deemed necessary, the non-executive directors (NEDs) shall have separate periodic meetings with the external auditor and heads of the governance units, namely Internal Audit, Compliance and Risk Management, without any executive director or senior management present to ensure that proper checks and balances are in place within the Bank. The meeting shall be led by the Chairman of the Governance Committee who called the meeting.

2.5 Quorum Requirements

A majority of the Directors shall constitute a quorum to do business and every decision of the majority of the quorum duly assembled as a Board shall be valid as an act of the entire Board.

2.6 General Responsibilities

The Board is committed to conduct itself with utmost honesty, integrity, and transparency in the discharge of its duties, functions, and responsibilities. It shall foster the long-term success of the Bank and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Bank, its shareholders and other stakeholders, namely, its depositors and other creditors, its management and employees, the regulators and government, the community where it operates and the public in general.

The Board is primarily responsible for approving and overseeing the implementation of the Bank's strategic objectives and business plans, risk strategy, corporate governance and corporate values. It shall hold regular and special meetings to discuss senior management's performance vis-a-vis the Bank's strategic plan and annual budget, as well as policies and developments in the areas of risk management, corporate governance, compliance, and relevant operational functions.

2.7 Specific Duties and Functions

To ensure a high standard of best practice for the Bank, its stockholders and other stakeholders, the Board shall:

- a. Define the Bank's corporate culture and values, establishing a Code of Conduct and ethical standards and institutionalizing a reporting system to handle concerns and violations.
- b. Consistently conduct the affairs of the institution with a high degree of integrity and oversee the integrity, independence, and effectiveness of the bank's policies and procedures for whistleblowing.
- c. Approve and monitor the implementation of business objectives, strategies and programs and assessing the performance of Senior Management vis-à-vis such strategic plans;
- d. Approve and oversee the implementation of policies governing major areas of banking operations and regularly review these policies, as well as evaluate control functions (internal audit, risk management and compliance) with senior management to determine areas for improvement as well as to promptly identify and address significant risks and issues;

- e. Define the Bank's risk appetite and approve and oversee the implementation of a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks;
- f. Appoint key members of Senior Management and Heads of control functions in accordance with fit and proper standards and approve a sound remuneration and other incentives policy for all personnel.
- g. Adopt an effective succession planning program for its directors, the CEO, the President and key senior officers;
- h. Define, approve and oversee the implementation of the Bank's corporate governance framework, policies and practices and establish means to ensure that such are followed and periodically reviewed for ongoing improvement;
- i. Constitute Board committees to increase efficiency and allow deeper focus in specific areas and approve all Board Committee Charters;
- j. Assess at least annually its performance and effectiveness as a body, as well as its various committees, the CEO, the individual directors, and the Bank;
- k. Effectively utilize the work conducted by the internal audit, risk management and compliance functions and the external auditors;
- l. Regularly meet with Senior Management to engage in discussions, question, and critically review the reports and information provided by the latter.
- m. Establish and maintain an alternative dispute resolution system in the Bank that can amicably settle conflicts or differences between the Bank and its stockholders, and the Bank and third parties, including the regulatory authorities;
- n. Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the Bank. The Bank's CEO or Chief Finance Officer shall exercise oversight responsibility over this program;
- o. Formulate and implement group-wide policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Bank and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their close family members as defined in the Bank's Related Party Transactions (RPT) Policy and of interlocking director's relationships by members of the Board;

- p. When deemed necessary, appoint an independent party to evaluate the fairness of the transaction price on any acquisition or disposal of significant/material assets.
- q. Ensure the consistent adoption of corporate governance policies and systems across the group and disclose to the BSP and other regulators all entities in the group as well as all significant transactions between entities in the group involving any BSP-regulated entity.
- r. Identify the Bank's stakeholders in the community in which it operates or are directly affected by its operations and formulate a clear policy of accurate, timely and effective communication with them.

In effecting the aforementioned duties and responsibilities, the Board of Directors shall perform the specific duties and responsibilities as provided for in Section 4 of BSP Circular No. 969 dated 22 August 2017 on the Enhanced Corporate Governance Guidelines for BSP Supervised Financial Institutions and Principle 2 of SEC Memorandum Circular No. 19, series of 2016 on the Code of Corporate Governance for Publicly Listed Companies.

2.8 Internal Control Responsibilities of the Board

The Board of Directors shall be ultimately responsible for ensuring that Senior Management establishes and maintains an adequate, effective and efficient internal control framework commensurate with the size, risk profile and complexity of operations of the bank. The Board shall also ensure that the internal audit function has an appropriate stature and authority within the bank and is provided with adequate resources to enable it to effectively carry out its assignments with objectivity.

Further, the Board shall, on a periodic basis:

- a. Conduct discussions with management on the effectiveness of the internal control system;
- b. Review evaluations made by the Audit Committee on the assessment of effectiveness of internal control made by management, internal auditors and external auditors;
- c. Ensure that management has promptly followed up on recommendations and concerns expressed by auditors and supervisory authorities on internal control weaknesses; and
- d. Review and approve the remuneration of the head and personnel of the internal audit function. Said remuneration shall be in accordance with the bank's remuneration policies and practices and shall be structured in such a way that these do not create conflicts of interest or compromise independence and objectivity.

The internal control mechanisms for the performance of the Board's oversight responsibility include:

- a. Definition of the duties and responsibilities of the CEO who is ultimately accountable for the Bank's organizational and operational controls.
- b. Selection of the person who possesses the ability, integrity and expertise essential for the position of CEO.
- c. Evaluation of proposed senior management appointees. Senior management refers to bank officers who directly report to the CEO, heads of governance units, regardless of rank, and those with the rank of Senior Vice President and above.
- d. Selection and appointment of qualified and competent management officers.
- e. Review of the Bank's human resource policies, conflict of interest situations, compensation program for employees and management succession plan.
- f. Establishment of an internal audit system that can reasonably assure the Board, Management and stockholders that its key organizational and operational controls are faithfully complied with. The Board shall appoint a Chief Audit Executive to perform the audit function who shall report to the Audit Committee of the Board. The Chief Audit Executive shall be guided by the International Standards on Professional Practice of Internal Auditing.

The following factors contribute to the scope and particulars of an effective organizational and operational controls of the Bank: nature and complexity of business and business culture; volume, size and complexity of transactions, degree of risks involved, degree of centralization and delegation of authority, extent and effectiveness of information technology and extent of regulatory compliance.

2.9 Chairperson of the Board of Directors

To promote checks and balances, the Chairperson of the Board of Directors shall be a non-executive director or an independent director and must not have served as CEO of the Bank within the past three (3) years.

The roles of the Chairman of the Board and of the Chief Executive Officer (CEO) shall as much as practicable, be separate to foster an independent decision-making by the Board. A clear delineation of functions shall be made between the Chairman and CEO upon their election. In exceptional cases where the position of Chairperson of the Board and CEO is held by one (1) person, Monetary Board approval shall be sought. Proper checks and balances including the appointment of each independent director shall be laid down to ensure that the Board gets the benefit of independent views and perspectives.

2.10 Duties and Responsibilities of the Chairman of the Board

The Chairman shall preside at all the meetings of the stockholders and the Board of the Directors. He may also call special meetings of the stockholders and Board of Directors pursuant to Section 3 of Article II and Section 4 of Article III of the Bank's By-laws. The Vice Chairman shall alternately preside at all meetings in the absence of the Chairman.

The duties and responsibilities of the Chairman includes, among others, the following:

- a. Provides leadership in the Board and ensures its effective functioning, including maintaining a relationship of trust with and among board members;
- b. Ensures that the Board makes an informed decision based on a sound decision making process. The Chairman shall encourage and promote critical discussions and make certain that dissenting views can be expressed and discussed within the decision-making process.
- c. Ensures that the meetings of the Board are held in accordance with the Bank's By-laws or as he may deem necessary;
- d. Supervises the preparation of the agenda of the meeting in coordination with Corporate Secretary, taking into consideration the suggestions of the CEO, the President, Senior Management and the Directors. The Chairman shall ensure that the meeting agenda focuses on strategic matters, including the over-all risk appetite of the bank, developments in the business and regulatory environments, key governance concerns and issues that may significantly affect banking operations; and
- e. Maintains qualitative and timely lines of communication and information between the Board and Management.
- f. Ensures that members of the Board receive accurate, timely, and relevant information;
- g. Ensures the conduct of proper orientation for first time directors and provides training opportunities for all directors; and
- h. Ensures conduct of performance evaluation of the Board of Directors at least once a year.

2.11 Duties and Responsibilities of the Chief Executive Officer

The Chief Executive Officer shall be elected by the Board from among its members. He shall, subject to the control of the Board, be overall-in-charge for the management of the business and affairs of the Bank governed by the strategic direction and risk appetite approved by the Board of Directors. He shall be primarily accountable to the Board in championing the desired conduct and behavior, implementing strategies, and in promoting the long-term interest of the Bank.

The CEO shall execute and administer the administrative and operational policies approved by the Board and shall exercise such powers as may be vested upon him by the Board not incompatible with law or the Bank's By-laws. He may, at his discretion, delegate to the Deputy CEO, the Chief Operating Officer (COO) or any equivalent rank some of his responsibilities subject to such rules and limitations as the Board may prescribe.

The duties and responsibilities of the CEO, includes among others, the following:

- a. Determines the Bank's strategic direction and formulates and implements the Board-approved strategic plan;
- b. Communicates and implements the Bank's vision, mission, corporate values and over-all strategy and promotes any organization or stakeholder change in relation to the same;
- c. Oversees the operations of the Bank and manages human and financial resources in accordance to the strategic plan;
- d. Keeps abreast of developments which may significantly impact on the Bank's core business;
- e. Directs, evaluates and guides the work of Senior Management;
- f. Manages the Bank's resources prudently and ensures their proper balance;
- g. Provides the Board with timely information and interfaces between the Board and management; and
- h. Builds the Bank's culture that shall lead and motivate the Bank's employees.

2.12 Adequate and Timely Reporting

To enable the members of the Board to properly fulfill their duties and responsibilities, Management shall provide them with accurate, timely relevant, insightful, concise and clear information about the matters to be taken in their meetings.

The members of the Board shall have independent access to Management and the Corporate Secretary, particularly when it comes to financial, operational and management information. This right of access to information may only be exercised within reasonable hours during business days.

The information may include the background or explanation of transactions and other matters brought before the Board, such as but not limited to disclosures, budgets, forecasts and internal financial documents.

The members, either individually or as a Board, and in furtherance of their duties and responsibilities, shall have access to independent professional advice at the Bank's expense, subject to further evaluation and approval by the Board.

3. Board of Directors

To support the effective performance of the Board's function and fulfill the principles of good corporate governance, the following Committees shall be established. All Committees shall have Committee Charters stating their respective purposes, memberships, duties and responsibilities, conduct of meetings and other relevant information.

- Executive Committee
- Corporate Governance and Compliance Committee
- Risk Management Committee
- Audit Committee
- Trust Committee
- Compensation Committee
- Related Party Transactions (RPT) Committee

3.1 Executive Committee

The Executive Committee shall have the power to direct the business of the Bank vested by law in the Board of Directors insofar as such powers and authority may be lawfully delegated to the Executive Committee, including the power to review and approve proposals and transactions related to credit in amounts within the limits of its delegated authority.

The Executive Committee shall have 5 regular members and an alternate member appointed by the Board for a term of one (1) year.

General Responsibilities:

The Executive Committee, by a majority vote of all its members, and subject to such limitations as the Board may prescribe, is empowered to perform the following actions:

1. Approve and/or implement any or all corporate acts within the competence of the board except those acts expressly reserved by the Corporation Code for the board of directors.
2. Review and approve bank-wide credit strategy, profile and performance.
3. Approve the credit risk taking-activities of the bank based on the regulations of established approving authorities and reviews and endorses credit-granting activities.
4. Review and assess, at least annually, the adequacy of this Charter and recommend any changes to the Board for approval.

3.2 Corporate Governance and Compliance Committee

The Corporate Governance and Compliance Committee (CGCC) shall assist the Board of Directors (the Board) in fulfilling its corporate governance responsibilities and in providing oversight in the implementation of the Bank's Compliance Program, including its Money Laundering and Terrorist Financing Prevention Program (MLPP).

The Committee shall be composed at least three (3) members of the Board of Directors who shall all be non-executive directors, majority of whom shall be independent directors, including the chairperson. The Compliance Division shall serve as the Committee Secretariat.

The CGCC shall serve as the Nomination Committee of the Bank. It shall review and evaluate the qualifications of all persons nominated to the Board as well as those nominated to other positions requiring appointment by the Board and assess the effectiveness of the Board's process and procedures in the election or replacement of directors.

General Responsibilities

Corporate Governance:

1. Review and evaluate the qualifications of all persons nominated to the Board, all direct reports of the CEO and the President, regardless of rank, heads of Governance Units and other positions of the Bank requiring appointment by the Board of Directors and confirmation by the BSP.
2. Ensure the Board's effectiveness and due observance of corporate governance principles and guidelines.
3. Establish and ensure the effective implementation of policy for on-boarding and the orientation program for first time directors and the annual continuing education for all directors.
4. Ensure that there is an appropriate succession plan for Board members and the Bank's Senior Officers.
5. Decide whether or not a Director is able to and has been adequately carrying out his/her duties as director bearing in mind the director's contribution and performance (e.g. competence, candor, attendance, preparedness and participation).
6. Adopt internal guidelines that address the competing time commitments that are faced when directors serve on multiple boards.
7. Decide how the Board's performance may be evaluated and propose objective performance criteria approved by the Board. Such performance indicators shall address how the Board has enhanced long term shareholders' value.

8. Oversee the annual performance evaluation of the Board, its committees, and individual directors and shall also conduct an annual self-evaluation of its performance as prescribed under and in accordance with the Corporate Governance Manual, the 2016 SEC Code of Corporate Governance for Publicly Listed Companies and BSP Circular 969 - Enhanced Corporate Governance Guidelines for BSP-Supervised Financial Institutions.
9. Review and assess the adequacy of its Charter, the Corporate Governance Manual and recommend changes for the approval of the Board at least annually.
10. In collaboration with the Risk Management Committee, evaluate the incentives created by the Bank's remuneration system.

Compliance:

1. Oversee the implementation of the Bank's Compliance Program, including its MLPP, ensuring that the Bank complies with all applicable laws, regulations, codes of conduct and standards of good practice. The Committee shall also ensure that compliance issues are resolved expeditiously.
2. Ensure the regular review and updating, at least annually, of the Compliance Program and the MLPP to incorporate changes in laws, rules and regulations for approval by the Board.
3. Endorse the appointment of a Chief Compliance Officer to the Board with a rank of at least Vice President and who a) directly reports to the Board, through the CGCC, and b) be responsible for coordinating, monitoring and facilitating compliance with applicable laws, rules and regulations.
4. Vest the Compliance Officer and the Compliance Division with the appropriate authority and provide the necessary support and resources to effectively perform his or her responsibilities.
5. Assist the Board in making an informed assessment on how the Bank is managing its compliance risk. The Committee shall review with senior management and the Chief Compliance Officer the actions taken by the Bank to address any findings/directives in report of examinations by regulatory agencies.
6. Evaluate the performance of the Chief Compliance Officer at least on an annual basis.

3.3 Risk Management Committee

The Risk Management Committee (RMC) shall assist the Board in fulfilling its responsibilities in managing the Bank's risk-taking activities. The nature of the Committee's responsibilities is one of development and oversight while the

responsibility for executing the Bank's risk management policy and framework lies with Senior Management led by the Chief Risk Officer (CRO).

The Committee shall have no less than three (3) members, majority of whom shall be independent directors, including the chairperson. The RMC's chairperson shall not be the Chairperson of the Board of Directors, or any other board-level committee. RMC's members must possess adequate knowledge and understanding of the Bank's risk exposures as well as the expertise to develop appropriate risk policy and strategy.

Duties and Responsibilities

1. Identifies and evaluates the Bank's risk exposures. The Committee assesses the likelihood of each risk identified and estimates its impact to the Bank. Further attention shall be given to those risks that are more likely to happen and bear costlier impact to the Bank.
2. Ensures that all risk management strategies and policies for all types of risks are developed, properly documented, and effectively communicated to the organization. The Committee also ensures that the concerned units follow the loss mitigating strategies and procedures laid out in the risk management policies.
3. Evaluates and approves all types of recommended risk tolerances including portfolio credit tolerances, market and liquidity risk limits, and operational risk parameters that includes business continuity and information security risks; taking into consideration the overall risk appetite of the Board.
4. Ensures that relevant risks are measured and monitored for all portfolios and business activities.
5. Evaluates the magnitude, direction and distribution of risks across the Bank. Provides direction to the Bank on how to control or mitigate these risks through its developed risk management strategies and policies.
6. Evaluates and reports to the Board the Bank's over-all risk exposures and the effectiveness of its over-all risk management practices and processes and recommends further action or policy revisions, if necessary.
7. Ensures that timely corrective actions are carried out whenever limits are breached.
8. Recommends the allocation of capital in order to manage risk and corresponding earnings.
9. On Internal Audit –
 1. Ensures that the Bank's risk management framework is evaluated regularly by Internal Audit.

2. Reviews issues raised by Internal and External Auditors regarding the Bank's risk management framework.
3. Relays to the Audit Committee any issues that the Committee sees as relevant.
10. Examines other matters referred by the Board.
11. Evaluates the performance of the Chief Risk Officer, at least, on an annual basis.
12. Conduct performance self-assessment as prescribed under and in accordance with the Corporate Governance Manual.
13. Reviews, at least annually, the Committee's charter and recommend any proposed changes to the Board for approval.

3.4 Audit Committee

The Audit Committee shall be composed of at least three (3) of the Board of Directors who shall all be non-executive directors, majority of whom shall be independent directors including the Chairperson. The Committee's members, including its chair, shall have accounting, auditing or related financial management expertise or experience commensurate with the size, complexity of operations and risk profile of the Bank.

General Responsibilities:

The Committee will carry out the following responsibilities:

Financial reporting, including disclosures

1. Monitor the financial reporting process and its quarterly output;
2. Oversee the establishment of accounting policies and practices by the bank and review the significant qualitative aspects of the bank's accounting practices, including accounting estimates and financial disclosures;
3. Monitor the integrity of the bank's financial statements and any formal announcements relating to the bank's financial performance;
4. Review significant financial reporting judgments contained in the financial statements;
5. Review with management and the external auditors, recent accounting, tax and regulatory pronouncements, and understand their impact on the financial statements;

6. Discuss with the external auditor the report that the auditor is required to make to the committee regarding:
 - All accounting policies and practices to be used that the independent auditor identifies as critical.
 - All alternative treatments within generally accepted accounting principles for policies and practices related to material items that have been discussed among management and the independent auditor, including the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the auditor.
 - Other material written communications between the independent auditor and management of the bank, such as any management letter, management representation letter, reports on observations and recommendations on internal controls, independent auditor's engagement and independence letters, schedule of unadjusted audit differences and any listing of adjustments and reclassifications not recorded.
7. Review and discuss with management and the external auditor the annual audited financial statements, including the bank's specific disclosures made in management's discussion and analysis, and recommend to the Board whether the audited financial statements should be included in the bank's Annual Report.
8. Review with management and the independent auditor: (1) major issues regarding accounting principles and financial statement presentation, including any significant changes in the bank's selection or application of accounting principles; and (2) major issues as to the adequacy of the bank's internal controls and any special audit steps adopted in light of material control deficiencies and the adequacy of disclosures about changes in internal control over financial reporting; and (3) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the bank.
9. Discuss with management the bank's major risk exposures and the steps management has taken to monitor and control such exposures including the bank's risk assessment and risk management policies.
10. Review disclosures made to the Audit Committee by the bank's CEO and CFO about any significant deficiencies in the design or operations of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the bank's internal controls.
11. Review procedures by which bank employees and other concerned parties may confidentially raise concerns or complaints about possible improprieties in matters of financial reporting.

1. Ensure that senior management establishes and maintains an adequate and effective internal control system and processes. The system and processes should be designed to provide assurance in areas including reporting (financial, operational, Risk), monitoring compliance to laws, regulations and internal policies, efficiency and effectiveness of operations and safeguarding of assets.
2. Consider the effectiveness of the bank's internal control system, including information technology security and control.
3. Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendation.

Internal Audit

1. Monitor and review the effectiveness of the internal audit function, including compliance with the Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing.
2. Review and approve the charter, plans, activities, staffing, budget and organizational structure of the internal audit function annually.
3. Report to the board of directors on the status of accomplishments of the outsourced internal audit activities, including significant findings noted during the conduct of the internal audit;
4. Review significant findings contained in reports prepared by the internal audit together with management's response and follow-up for corrective action.
5. Ensure that the internal audit function maintains open communication with senior management, external auditors, the supervisory authority, and the audit committee.
6. Ensure there are no unjustified restrictions or limitations in the performance of the internal audit function.
7. On a regular basis, meet separately with the chief executive to discuss any matters that the committee or internal audit believes warrant audit committee attention that should be discussed privately.
8. Review all reports concerning significant fraud or regulatory noncompliance that occurred at the bank considering internal controls that should be strengthened to reduce the risk of a similar event in the future;
9. Assess and report to the board the annual performance appraisal of the Chief Audit Executive (CAE);

10. Approve, or recommend to the board for its approval, the annual remuneration of the Chief Audit Executive (CAE) and personnel of internal audit function;
11. Review and approve the appointment, reappointment and replacement of the Chief Audit Executive (CAE) and key internal auditors.

External Audit

1. Approve a set of appropriate objective criteria for approving the external audit firm of the bank;
2. Approve, or recommend to the board or stockholders for their approval, the appointment, re-appointment and removal of external audit firm;
3. Approve the remuneration and terms of engagement of the external audit firm;
4. Review the independent auditors audit plan – discuss scope, staffing, reliance upon management and the internal audit, general audit approach, and coverage provided to any significant areas of concern that the Committee may have.
5. Ensure that senior management is taking necessary corrective actions to address the findings and recommendations of external auditors and regulatory authority in a timely manner.
6. Review and confirm the independence of the external auditors on relationships by obtaining statements from the auditors on the relationships between the auditors and the bank, including non-audit services, and discussing the relationships with the auditors.
7. Prior to publishing the year-end earnings, discuss the results of the audit with the external auditors.
8. On an annual basis, the audit committee should review and discuss with the external auditors all significant relationships they have with the bank that could impair the auditors' independence.
9. On a regular basis, meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.

Compliance

1. On at least an annual basis, review with the bank's counsel, any legal/regulatory matters that could have a significant impact on the bank's financial statements, compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies.

Remedial Actions

1. Ensure the senior management is taking necessary corrective actions to address the findings and recommendations of internal auditors and external auditors in a timely manner.
2. Addressing control weaknesses, non-compliance with policies, laws and regulations and other problems identified by internal auditors and external auditors, and;
3. Ensuring the deficiencies identified by supervisory authorities related to the internal audit function are remedied within appropriate time frame and that progress of necessary corrective actions are reported to the board of directors.

Reporting Responsibilities

1. Regularly report to the board of directors about committee activities, issues, and related recommendations.
2. Provide an open avenue of communication between internal audit, the external auditors, and the board of directors.
3. Report annually to the shareholders, describing the committee's composition, responsibilities and how they were discharged, and any other information required by rule, including approval of non-audit services.
4. Review any other reports the company issues that relate to committee responsibilities.

3.5 Trust Committee

The Trust Committee shall assist the Board in fulfilling its responsibilities to oversee the proper management and administration of trust and other fiduciary business of the Bank. The committee shall be composed of at least five (5) members including the President, Trust Officer and non-Executive Directors who are appointed by the Board on a regular basis.

Duties and Responsibilities:

The Trust Committee shall act within the sphere of authority granted in the Bank's By-laws and/or as may be delegated by the Board, such as but not limited to the following:

1. Acceptance and closing of trust and other fiduciary accounts;
2. Initial review of assets placed under the trustee's fiduciary custody;

3. Investment, re-investment and disposition of funds or property;
4. Review and approval of transactions between trust and/or fiduciary accounts;
5. Review of trust and other fiduciary accounts at least once every twelve (12) months to determine the advisability of retaining or disposing of the trust or fiduciary assets and/or whether the account is being managed in accordance with the instrument creating the trust or other fiduciary relationship;
6. Review all internally and externally prepared audits and examinations of the Trust Division and take whatever actions are required to rectify any problems reported in such audits or examination;
7. Review the Disaster Recovery Plan of the Trust Division;
8. Preside over the proper conduct of the trust's business, reviewing on a periodic basis, business development initiatives as:
 1. Staffing and delineation of responsibility / accountability,
 2. Review operating budget for the division and its annual goals,
 3. Proactive development and implementation of strategies for cultivating of revenue streams and cost management,
 4. Application and monitoring of the proper performance benchmarks, and
 5. Performance appraisal of the Trust Officer;
9. Establish such rules and policies from time to time as it may consider proper;
10. Self-assessment of the Trust Committee shall be conducted by the CGCC; and
11. Review and reassess the adequacy of this Charter at least annually and recommend to the Board any proposed changes to the Charter.

3.6 Compensation Committee

The Compensation Committee shall be composed of at least five (5) members, including the CEO, the President or any equivalent rank, and one independent director.

Duties and Responsibilities:

The Committee ensures that the compensation policies and practices are consistent with the corporate culture, strategy and the business environment under

which it operates. It evaluates and recommends to the board incentives and other equity-based plans designed to attract and retain qualified and competent individuals.

1. Oversee the design and operation of the remuneration and other incentives policy.
2. Review and approve, at least once a year, the total cash compensation (annual base salaries and annual incentive opportunities) of the Executive Officers. The CEO and the President shall not be present during the Committee deliberations or voting of their respective compensation.
3. Regularly and as and when needed, review and approve the following as they affect the Executive Officers: (a) all incentive plans and bonuses, cash and non-cash based awards; (b) any employment agreements and severance arrangements; (c) any special or supplemental/additional compensation and benefits for the Executive Officers and anybody who has formerly served as Executive Officers of the Bank, including supplemental retirement benefits and the perquisites provided to them during and after employment.
4. Review the overall remuneration plan covering all employees of the Bank.
5. Ensure that all remuneration programs are sensitive to the job, its Mandates, Activities, Key Result Areas (MAKs) as well as risks taken in behalf of the Bank. It shall also consider sensitivity to the time horizon of the risk. Also, depending on the remuneration program, it may include provisions for deferred payments to consider risks based on erroneous assumptions.
6. Conduct performance self-assessment as prescribed under and in accordance with the Corporate Governance Manual.

3.7 Related Party Transactions (RPT) Committee

The RPT Committee shall assist the Board in ensuring that transactions with related parties are handled in a sound and prudent manner, with integrity and in compliance with applicable laws and regulations to protect the interest of depositors, creditors and other stakeholders and RPTs are conducted on an arm's length basis and that no stakeholder is unduly disadvantaged.

The Committee shall be composed of at least three (3) members of the Board of Directors, two (2) of whom shall be independent directors and one of the independent directors is the Committee Chairman. The Committee shall at all times be entirely composed of independent and non-executive directors, with independent directors comprising majority of the members.

The Chief Audit Executive shall sit as non-voting member of the Committee while the Chief Compliance Officer shall serve as the Secretary of the Committee.

Duties and Responsibilities:

1. Evaluate on an ongoing basis, existing relations between and among the Bank's businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships shall be reflected in the relevant reports to the Board and regulators/supervisors.
2. Evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the bank are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the Committee shall take into account, among others, the following:
 - a. The related party's relationship to the bank and interest in the transaction;
 - b. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
 - c. The benefits to the Bank of the proposed RPT;
 - d. The availability of other sources of comparable products or services; and
 - e. An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances.

Based on its assessment, the RPT Committee shall endorse acceptable material RPTs as defined in the Bank's Policy on Related Party Transactions to the Board of Directors for approval.

3. Review and endorses to the Board for confirmation non-material RPTs approved by the Board-delegated approving officer or Management Committee.
4. Ensure that appropriate public disclosure is made, and/or information is provided to supervisors, relating to the Bank's RPT exposures, policies on conflicts of interest and potential conflicts of interest. The disclosure shall include information on the approach to managing material conflicts of interest that are inconsistent with such policies; and conflicts that could arise as a result of the Bank's affiliation or transactions with other related parties.
5. Report to the Board of Directors on bimonthly (every other month) the status and aggregate exposures to each related party and the total amount of exposures to all related parties.

6. Evaluate any breach in the internal limits set for RPTs and recommends actions to be taken on the breach to the Board of Directors.
7. Ensure that transactions with related parties, including write-off of exposures, are subject to periodic independent review or audit process.
8. Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs.
9. Conduct a periodic review of RPT policies and procedures, including materiality thresholds and internal limits for individual and aggregate exposures and endorse revisions for Board approval, if necessary based on updates in banking laws and regulations, recommendations of Senior Management and actions taken by the Board of Directors.
10. Review and assess, at least annually, the adequacy of this Charter and recommend any changes to the Board for approval.
11. Conduct a self-assessment of its performance, at least once a year, as prescribed and in accordance with the Corporate Governance Manual.

4. Directors

4.1 Definition of a Director

Directors shall include:

- a. Directors who are named as such in the Amended Articles of Incorporation;
- b. Directors duly elected in subsequent meetings of the stockholders; and
- c. Those elected to fill vacancies in the Board of Directors.

4.2 Types of Director

- a. **Executive Director** – a director who is part of the day-to-day management of banking operations.
- b. **Non-executive Director** – a director who has no executive responsibility and does not perform any work related to banking operations.
- c. **Independent Director** – a person who is independent of management and the controlling shareholder and is free from any business or other relationship which could or could reasonably be perceived to, materially interfere with his exercise of independent judgement in carrying out his responsibilities as a director. He is ---

1. Not or was not a director, officer or employee of the Bank, its subsidiaries, affiliates or related interests during the past three (3)

- years counted from the date of his election/appointment;
2. Not or was not a director, officer, or employee of the Bank's substantial stockholders and their related companies during the past three (3) years counted from the date of his election/appointment;
 3. Not an owner of more than two percent (2%) of the outstanding shares or a stockholder with shares of stock sufficient to elect one (1) seat in the board of directors of the Bank, or in any of its related companies or of its majority corporate shareholders;
 4. Not a relative, legitimate or common-law of any director, officer or stockholder holding shares of stock sufficient to elect one (1) seat in the Bank's board or any of its related companies or of any of its substantial stockholders. For this purpose, *relatives* refer to the spouse, parent, child, brother, sister, parent-in-law, son-/daughter-in-law, and brother-/sister-in-law;
 5. Not acting as a nominee or representative of any director or substantial shareholder of the Bank, any of its related companies or any of its substantial shareholders;
 6. Not or was not retained as professional adviser, consultant, agent or counsel of the Bank, any of its related companies or any of its substantial shareholders, either in his personal capacity or through his firm during the past three (3) years counted from the date of his election;
 7. Independent of management and free from any business or other relationship, has not engaged and does not engage in any transaction with the Bank or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and could not materially interfere with or influence the exercise of his judgment;
 8. Not appointed in the Bank, its subsidiaries, affiliates or related interests as Chairman "Emeritus", "Ex-Officio", Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities during the past three (3) years counted from the date of his appointment; and
 9. Not affiliated with any non-profit organization that receives significant funding from the Bank or any of its related companies or substantial shareholders.

10. Is not employed as an executive officer of another company where any of the Bank's executives serve as directors.
11. Not a securities broker-dealer of listed companies and registered issuers of securities.

4.3 Qualifications of a Director

- a. Holder of at least one (1) share of stock of East West Banking Corporation;
- b. He shall be at least a college graduate or have at least five (5) years' experience in business;
- c. At least twenty-five (25) years of age at the time of his election or appointment;
- d. Has proven to be fit and proper for the position and possessing integrity/probity, physical/mental fitness, relevant education/ financial literacy / training possession of competencies relevant to the job, such as knowledge and experience, skills, diligence and independence of mind and sufficiency of time to fully carry out responsibilities.
- e. Possesses all the qualifications and none of the disqualifications of a Director at the time of his election or re-election as required under pertinent regulations¹;
- f. A member in good standing in relevant industry, business or professional organizations;
- g. Must have attended a seminar on corporate governance for Board of Directors conducted by an accredited SEC training provider²;

4.4 Disqualifications of a Director³

- a. **Permanent disqualifications:** Directors permanently disqualified by the Monetary Board from holding a director position are:
 1. Those convicted by final judgment of a court for offenses involving dishonesty or breach of trust such as, but not limited to, estafa, embezzlement, extortion, forgery, malversation, swindling, theft,

¹ A director shall submit to the Bangko Sentral the required certifications and other documentary proof of such qualifications using the Appendix 98 as a guide within twenty (20) banking days from the date of election. Non- submission of complete documentary requirements or their equivalent within the prescribed period shall be construed as his failure to establish his qualifications for the position and results in his removal from the board of directors.

² A director shall submit to the Bangko Sentral a certification of compliance with the Bangko Sentral-prescribed syllabus on corporate governance for first time directors and documentary proof of such compliance

³ Also applies with officer of the Bank.

robbery, falsification, bribery, violation of B.P. Blg. 22, violation of Anti- Graft and Corrupt Practices Act and prohibited acts and transactions under Section 7 of R.A. No. 6713 (Code of Conduct and Ethical Standards for Public Officials and Employees), violation of the Corporation Code, Securities Regulation Code and any other law administered by the SEC or BSP and any of its rules and regulations.

2. Those convicted by final judgment of a court sentencing them to serve a maximum term of imprisonment of more than six (6) years; or a violation of the Corporation Code committed within five (5) years) prior to the date of his election or appointment;
 3. Those convicted by final judgment of the court for violation of banking laws, rules and regulations;
 4. Those judicially declared insolvent, spendthrift or incapacitated to contract;
 5. Director/s of closed banks/quasi-banks/trust entities who were found to be culpable for such institution's closure as determined by the Monetary Board;
 6. Any person found by the Monetary Board as administratively liable for violation of banking laws, rules and regulations where a penalty of removal from office is imposed, and which finding of the Monetary Board has become final and executory;
 7. Any person found by the Monetary Board to be unfit for the position of directors or officers because they were found administratively liable by another government agency for violation of banking laws, rules and regulations or any offense/violation involving dishonesty or breach of trust, and which finding of said government agency has become final and executory; and
 8. Any person earlier elected as independent director who becomes an officer, employee or consultant of the Bank.
- b. **Temporary disqualifications:** Directors disqualified by the Monetary Board from holding a director position for a specific/indefinite period of time are:
1. Those who refuse to fully disclose the extent of their business interest or any material information when required pursuant to a provision of law or of a circular, memorandum, rule or regulation of the BSP and the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as the refusal persists;
 2. Those who have been absent or who have not participated for whatever reasons in more than fifty percent (50%) of all meetings,

both regular and special, of the Board of Directors during their incumbency, and directors who failed to physically attend for whatever reasons in at least twenty-five percent (25%) of all board meetings in any year, except when a) a notarized certification executed by the corporate secretary has been submitted attesting that said directors were given the agenda materials prior to the meeting and that their comments/decisions thereon were submitted for deliberation/discussion and were taken up in the actual board meeting said directors shall be considered present in the board meeting or b) absence is due to illness, death in the immediate family or serious accident. This disqualification applies only for purposes of the immediately succeeding election.

3. Those who are delinquent in the payment of their obligations as defined. This disqualification shall be in effect as long as the delinquency persists;
4. Those who have been convicted by a court for offenses involving dishonesty or breach of trust such as but not limited to estafa, embezzlement, extortion, forgery, malversation, swindling, theft, robbery, falsification, bribery, violation of B.P. Blg. 22, violation of anti-graft and corrupt practices act and prohibited acts and transactions under Sec. 7 of R.A. No. 6713 (Code of Conduct and Ethical Standards for Public Officials and Employees), violation of banking laws, rules and regulations, or those sentenced to serve a maximum term of imprisonment of more than six (6) years but whose conviction has not yet become final and executory;
5. Those convicted for offenses involving dishonestly, breach of trust or violation of banking laws but whose conviction has not yet become final and executory;
6. Directors of closed banks pending their clearance by the Monetary Board;
7. Those disqualified for failure to observe/discharge their duties and responsibilities prescribed under existing regulations. This disqualification applies until the lapse of the specific period of disqualification or upon approval by the Monetary Board on recommendation by the appropriate department of the Supervision and Examination Sector (SES) of such directors' election/re-election;
8. Those who failed to attend the special seminar on corporate governance for Board conducted or accredited by SEC. This disqualification applies until the director concerned has attended such seminar;
9. Those dismissed/terminated from employment for cause. This disqualification shall be in effect until they have cleared themselves of involvement in the alleged irregularity or upon clearance, on their

request, from the Monetary Board after showing good and justifiable reasons, or after the lapse of five (5) years from the time they were officially advised by the appropriate department of SES of their disqualification;

10. Those under preventive suspension;
11. Those with derogatory records as certified by, or on the official files of, the judiciary, NBI, Philippine National Police (PNP), quasi-judicial bodies, other government agencies, international police, monetary authorities and similar agencies or authorities of foreign countries for irregularities or violations of any law, rules and regulations that would adversely affect the integrity of the director or his ability to discharge his duties. This disqualification applies until they have cleared themselves of the alleged irregularities/violations or after a lapse of five (5) years from the time the complaint, which was the basis of the derogatory record, was initiated;
12. Those found by the Monetary Board as administratively liable for violation of banking laws, rules and regulations where a penalty of removal from office is imposed, and which finding of the Monetary Board is pending appeal before the appellate court, unless execution or enforcement thereof is retrained by the court;
13. Those found by the Monetary Board to be unfit for the position of director because they were found administratively liable by another government agency for violation of banking laws, rules and regulations or any offense/violation involving dishonesty or breach of trust, and which finding of said government agency is pending appeal before appellate court, unless execution or enforcement thereof is retrained by the court; and
14. Those found by the Monetary Board as administratively liable for violation of banking laws, rules and regulations where a penalty of suspension from office or fine is imposed, regardless whether the finding of the Monetary Board is final and executory or pending appeal before the appellate court, unless execution or enforcement thereof is restrained by the court. The disqualification shall be in effect during the period of suspension or so long as the fine is not fully paid;
15. Independent director whose beneficial equity ownership in the Bank or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.
16. A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.

4.5 Disqualification Procedures

- a. The Board of Directors shall be responsible for determining the existence of the ground for disqualification of the Bank's director and for reporting the same to the BSP. While the Bank may conduct its own investigation and impose appropriate sanction/s as are allowable, this shall be without prejudice to the authority of the Monetary Board to disqualify a director from being elected/appointed as director in any FI under the supervision of the BSP. Grounds for disqualification made known to the institution, shall be reported to the appropriate department of the SES within seventy-two (72) hours from knowledge thereof.
- b. The Board of Directors shall be immediately informed of cases of disqualification approved by the Monetary Board and shall be directed to act thereon not later than the following Board meeting. Within seventy-two (72) hours thereafter, the Corporate Secretary shall report to the Governor of the BSP through the appropriate department of the SES the action taken by the Board on the director involved.

4.6 Tenure of Directors

Except for the term limits of independent directors, the Board shall set the term limits for directors based on their contribution to the overall Board's performance.

For as long as a board director is able to effectively perform his/her functions, the Bank considers them eligible to stay as a board director. In line with this, the Bank's retirement policy for its Board of Directors is not based on age but one that is based on their capabilities to carry out their function. The Corporate Governance and Compliance Committee evaluates the fitness of the nominees for the Board of Directors. Upon election, a director serves for a term of one (1) year subject to re-election the following year.

The Corporate Governance and Compliance Committee therefore shall review each Director's continuation on the Board annually. This will allow each director the opportunity to confirm his or her desire to continue as a member of the Board and also allow the CGCC to review the director's performance and suitability.

Independent Directors shall serve up for a maximum of the cumulative term of nine (9) years (reckoned from 2012), after which he can no longer be re-elected as such in the Bank. However, he shall continue to qualify for nomination and election as a regular director.

4.7 Duties and Responsibilities of a Director

A Director's office is one of trust and confidence. He shall act in a manner characterized by transparency, accountability and fairness, and in the best interest of the Bank. He shall exercise leadership, prudence and integrity in directing the Bank towards sustained progress.

A director shall have the following duties and responsibilities:

- a. Remain fit and proper for the position for the duration of his term;
- b. Conduct fair business transactions with the bank and to ensure that personal interest does not conflict with Board decisions;
- c. Act honestly and in good faith, with loyalty and in the best interest of the institution, its stockholders, regardless of the amount of their stockholdings, and other stakeholders such as its depositors, investors, borrowers, other clients and the general public;
- d. Devote time and attention necessary to properly discharge their duties and responsibilities;
- e. Act judiciously and exercise independent judgment;
- f. Contribute significantly to the decision-making process of the Board.
- g. Have a working knowledge of the statutory and regulatory requirements affecting the Bank, including the content of its Articles of Incorporation and By-laws, the requirements of the BSP, SEC and where applicable, the requirements of other regulatory agencies;
- h. Keep himself informed of the industry developments and business trends in order to safeguard the institution's competitiveness; and
- i. Observe confidentiality.

4.8 Interlocking Directorship

In order to safeguard against the excessive concentration of economic power, unfair competitive advantage or conflict of interest situations to the detriment of others through the exercise by the same person or group of persons of undue influence over the policy-making and/or management function of similar financial Institutions while at the same time allowed them to benefit from organizational synergy or economies of scale and effective sharing of managerial and technical expertise, any interlocking directorship shall be governed by provisions in the BSP's Manual of Regulations for Banks and/or SEC's Code of Corporate Governance.

A director shall notify the Board where he/she is an incumbent director before accepting a directorship in another company.

As a Conglomerate, an independent director shall not be a director or officer of the Bank's majority stockholder and its related companies.

A non-executive director may concurrently serve as director in a maximum of five (5) publicly listed companies. For concurrent directorship within the FDC conglomerate, each entity where the nonexecutive director is concurrently serving

as director shall be separately considered in assessing compliance with this requirement.

Membership of non-executive Directors of the Board in more than 5 publicly listed companies shall be assessed by the Corporate Governance and Committee, considering time allotted by the director to regularly attend Board meetings.

4.9 Remuneration of Directors⁴

The levels of remuneration of the Bank, subject to the limitations as provided in its By-Laws, should be sufficient to be able to attract and retain the services of qualified and competent directors. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance.

The Bank shall establish formal and transparent procedures for the development of a policy on executive remuneration or determination of remuneration levels for individual directors depending on the particular needs of the Bank. No director should participate in deciding on his remuneration.

The Bank's annual reports and information and proxy statements shall include a clear, concise and understandable disclosure of the policies for setting Board and executive remuneration as well as all fixed and variable compensation that may be paid, directly or indirectly, to its directors and management officers with the rank of Senior Vice President and up during the preceding fiscal year.

5. Senior Management

5.1 Definition

Senior Management, as defined in this Manual, is the body given the authority by the Board of Directors to implement the policies it has laid down in the conduct of the business of the Bank. These are the Chief Executive Officer, Deputy CEO, the President, COO or any equivalent rank, all direct reports of the CEO and the President, Heads of Governance Units regardless of rank, and all officers with the rank of Senior Vice President and up.

6. Corporate Secretary

6.1 Definition

The Corporate Secretary shall be a Filipino citizen and a resident of the Philippines. He shall have a working knowledge of the Bank's operations and the appropriate administrative and interpersonal skills required of the position. Primarily responsible to the Bank and its shareholders, he shall be loyal to the vision, mission and objectives of the Bank.

⁴ Policies on Remuneration shall also apply to all officers of the Bank.

6.2 Duties and Responsibilities

The Corporate Secretary shall have the following duties and responsibilities:

- a. Assists the Board and the Executive Committee in the conduct of their meetings, including preparing an annual schedule of the Board and the Executive Committee and the annual Board calendar and assisting the Chairman of the Board and the Executive Committee to set agendas;
- b. Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the Bank;
- c. Keeps abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the corporation, advises the Board and the Chairman on all relevant issues as they arise;
- d. Works fairly and objectively with the Board, Management and stockholders and contributes to the flow of information between the Board and management, the Board and its committees, and the Board and its stakeholders, including shareholders;
- e. Advises on the establishment of Board Committees and their terms of reference;
- f. Informs the Board, in accordance with the by-laws, of the agenda of their meetings at least three (3) working days in advance, and ensures that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- g. Gathers and analyzes all documents, records and other information essential to the conduct of his duties and responsibilities to the Bank;
- h. Ensures that all Board procedures, rules and regulations are strictly followed by the Directors;
- i. Attends all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent him from doing so;
- j. Performs required administrative functions;
- k. Oversees the drafting of the Bank's by-laws and ensures that they conform with regulatory requirements;
- l. Submits to the Securities and Exchange Commission (SEC), at the end of every fiscal year, an annual sworn certification on the directors' record of attendance in Board meetings; and

- m. Performs such other duties and responsibilities as are incident to his office and those which may be required of him by the Board, the CEO or provided by the SEC.

7. Chief Compliance Officer

7.1 Definition

The Chief Compliance Officer (CCO) is the lead senior officer appointed by the Bank's Board whose principal function is to oversee and coordinate the implementation of the Compliance Program on a full-time basis and whose responsibility includes the identification, monitoring and controlling of Compliance Risks. The CCO functionally reports to the Board of Directors through the Corporate Governance and Compliance Committee.

The appointment/designation of the Chief Compliance Officer shall be subject to the confirmation of the Bangko Sentral ng Pilipinas. The appointment of the Compliance Officer shall be immediately disclosed to the Securities & Exchange Commission. All correspondences relative to his functions as such shall be addressed to said Officer.

7.2 Duties and Responsibilities

He shall perform the following duties:

- a. Advises the Board of Directors and Senior Management on relevant laws, rules and standards, including keeping them informed on developments in governance and compliance risk management;
- b. Apprises Bank personnel on compliance issues and advises them on compliance queries;
- c. Establishes written guidance to staff on the appropriate implementation of laws, rules and standards through policies and procedures and other documents such as compliance manuals, internal codes of conduct and practice guidelines;
- d. Identifies, documents and assesses the compliance risks associated with the Bank's business activities, including new products and business units;
- e. Designs the Bank's Compliance Program, oversees its effective implementation and recommends appropriate courses of action to address breaches that may arise;
- f. Assesses the appropriateness of the Bank's compliance procedures and guidelines, promptly following up any identified deficiencies, and where necessary, formulating proposals for amendments;
- g. Validates and monitors compliance in banking units by performing sufficient and representative compliance testing;

- h. On a bi-monthly basis, reports to CGCC the status of the Compliance Program and activities and any business or compliance risk issues which require the Committee's attention, approval and/or endorsement to the Board;
- i. Ensures the integrity and accuracy of all documentary submissions to SEC, BSP and PDIC; and
- j. Maintains a constructive working relationship with the BSP, AMLC, SEC, PDIC and PDEx;
- k. Appears before the SEC, BSP and PDIC upon summon on relevant matters that need to be clarified by the same; and
- l. Determines violation/s of the Manual, Code of Corporate Governance and rules and regulations issued by the BSP, AMLC, SEC, PDIC and PDEx, and recommend penalty for violation thereof for further review and approval of the Board; and
- m. Performs such other duties and responsibilities as may be provided by the regulators.

8. Chief Risk Officer

8.1 Definition

The Chief Risk Officer (CRO) leads Senior Management in executing the Bank's risk management policy and framework. He shall be responsible for overseeing the risk management function and shall support the Board of Directors in the development of the risk appetite and the risk appetite statement (RAS) of the Bank and for translating the risk appetite into a risk limits structure. The CRO functionally reports to the Board of Directors through the Risk Management Committee. As the champion of Enterprise Risk Management (ERM), the position has adequate authority, stature, resources and support to fulfill his responsibilities, subject to the Bank's size, risk profile and complexity of operations.

The appointment/designation of the Chief Risk Officer shall be subject to the confirmation of the Supervision and Examination Sector (SES) Committee (BSP Circular No. 969). The appointment, dismissal and other changes to the CRO or its equivalent position shall have prior approval of the Board of Directors. In cases, when the CRO will be replaced, the Bank shall report the same to the BSP within five (5) days from the time it has been approved by the board of directors.

8.2 Duties and Responsibilities

He shall have the following functions:

- a. Supervise the entire ERM process and spearheads the development, implementation, maintenance and continuous improvement of ERM processes and documentation;
- b. Communicates the top risks and status of implementation of risk management strategies and action plans to the Risk Management Committee;
- c. Collaborates with the CEO in updating and making recommendations to the Risk Management Committee;
- d. Recommends ERM policies, processes and systems, their enhancements and provides related guidance, as may be needed to ensure that the Bank's risk management capabilities are sufficiently robust and effective to fully support strategic objectives and risk-taking activities; and
- e. Provides insights on the following:
 - 1. Risk management processes are performing as intended;
 - 2. Risk measures reported are continuously reviewed by risk owners for effectiveness; and
 - 3. Established risk policies and procedures are being complied with.

9. External Auditor

9.1 Definition and Function

An External Auditor duly accredited by the Securities and Exchange Commission shall undertake an independent audit of the Bank and shall provide an objective assurance on the manner by which the financial statements shall be prepared and presented to stockholders.

9.2 Guiding Principles

- a. The Bank's external auditor shall be changed or the lead and concurring partner shall be rotated every 5 years or earlier. That the rotation of the lead and concurrent partner shall have an interval of at least 2 years;
- b. That the external auditor shall be included in the list of BSP selected external auditors;
- c. The external auditor, partners, associates, auditor-in-charge of the engagement and the members of their immediate family shall not acquire any direct or indirect financial interest with the bank, its subsidiaries and affiliates. Their independence is not considered impaired under the circumstances specified in the Code of Professional Ethics for Certified Public Accounts;

- d. The external auditor does not have nor shall apply for loans or any credit accommodations (except normal credit card obligations and full secured auto and housing loans which are not past due);
- e. The external auditor was not engaged during the preceding year in providing the following services:
 - 1. Internal audit functions;
 - 2. Information systems design, implementation and assessment; and
 - 3. Such other services which could affect his independence as may be determined by the Monetary Board from time to time.
- f. The external auditor shall have the following track record in conducting external audits:
 - 1. Must have at least 20 existing corporate clients with resources of at least P50million each; and
 - 2. At least 1 existing client universal or commercial bank in the regular audit; or
 - 3. The external auditor or the auditor-in-charge of the engagement must have at least 5 years of experience in the regular audit of universal or commercial bank.
- g. The external auditor adheres to the highest standard of professional conduct and shall carry out their services in accordance with relevant ethical and technical standards of the accounting profession;
- h. The lead or concurring partner and auditor-in-charge shall not accept employment with the Bank, its subsidiaries and affiliates being audited during the engagement period and within a period of 1 year after the audit engagement;
- i. The external auditor shall not accept an audit engagement with a Bank, its subsidiaries and affiliates where an officer (i.e. CEO, CFO, Controller, Chief Accounting Officer or other senior officer of equivalent rank) had been a partner of the external auditor or had worked for the audit firm and had been the auditor-in-charge of the audit engagement during the year immediately preceding the engagement;
- j. The external auditor shall keep all audit or review working papers for at least 5 years in sufficient detail to support the conclusions in the audit report;
- k. The audit work shall include assessment of the Bank's compliance with BSP rules and regulations, such as, but not limited to capital adequacy ratio and loans and other risk assets review and classification.

- I. The accountability of an external auditor is based on matters within the normal coverage of an audit conducted in accordance with generally accepted auditing standards.

10. Chief Audit Executive

10.1 Definition and Function

Internal audit is an independent, objective assurance and consulting function established to examine, evaluate and improve the effectiveness of risk management, internal control, and governance processes of an organization.

The Chief Audit Executive (CAE) is the highest position in the Bank responsible for internal audit activities while the Internal Audit Division is the unit of the Bank that provides independent and objective assurance services in order to add value to and improve the Bank's operations.

The CAE shall have such powers and duties as are incident to his office and as the Board of Directors may prescribe. He shall report and be accountable directly to the Board of Directors through the Audit Committee

The appointment/designation of the Chief Audit Executive shall be subject to the confirmation of the Supervision and Examination Sector (SES) Committee (BSP Circular No. 969). The CAE shall be appointed/reappointed or replaced with prior approval of the Audit Committee. In cases when the CAE will be replaced, the bank shall report the same and the corresponding reason for replacement to the Bangko Sentral within five (5) days from the time it has been approved by the Board of Directors.

10.2 Status

The internal audit function must be independent of the activities audited and from day-to-day internal control process. It must be free to report audit results, findings, opinions, appraisals and other information to the appropriate level of management. It shall have authority to directly access and communicate with any officer or employee, to examine any activity or entity of the institution, as well as to access any records, files or data whenever relevant to the exercise of its assignment. The Audit Committee or Senior Management shall take all necessary measures to provide the appropriate resources and staffing that would enable internal audit to achieve its objectives.

10.3 Scope

The scope of internal audit shall include:

- a. Examination and evaluation of the adequacy and effectiveness of the internal control systems;
- b. Review of the application and effectiveness of risk management procedures and risk assessment methodologies;

- c. Review of the management and financial information systems, including the electronic information system and electronic banking services;
- d. Assessment of the accuracy and reliability of the accounting system and of the resulting financial reports;
- e. Review of the systems and procedures of safeguarding assets;
- f. Review of the system of assessing capital in relation to the estimate of organization risk;
- g. Transaction testing and assessment of specific internal control procedures; and
- h. Review of the compliance program and the implementation of established compliance policies and procedures.

10.4 Qualification Standards of the Chief Audit Executive

- a. The Chief Audit Executive of the Bank must be a Certified Public Accountant (CPA) or a Certified Internal Auditor (CIA).
- b. He must have at least five (5) years' experience in the regular audit (internal or external) of a commercial bank as auditor-in-charge, senior auditor or audit manager.
- c. He must possess the knowledge, skills and other competencies to examine all areas in which the institution operates.
- d. Professional competence as well as continuing training and education shall be required to face up to the increasing complexity and diversity of the institution's operations.

10.5 Code of Ethics and Internal Audit Standards

The Chief Audit Executive shall conform with the Code of Professional Ethics for Certified Public Accountants and ensure compliance with sound internal auditing standards, such as the Institute of Internal Auditors' Internal Standards for the Professional Practice of Internal Auditing and other supplemental standards issued by regulatory authorities/government agencies. The Standards address independence and objectivity, professional proficiency, scope of work, performance of audit work, management of internal audit, quality assurance reviews, communication and monitoring results.

11. Officers

11.1 Definition of Officers

Officers shall include the CEO, the President, Senior Executive Vice President, Executive Vice President, Senior Vice President, First Vice President, Vice President and others mentioned as officers of the Bank, or those whose duties as such are defined in the by-laws, or are generally known to be the officers of the Bank (or any of its branches and offices other than the head office) either through announcement, representation, publication or any kind of communication made by the Bank: Provided, That a person holding the position of Chairman or Vice Chairman of the Board or another position in the Board shall not be considered as an officer unless the duties of his position in the Board include functions of management such as those ordinarily performed by regular officers: Provided, further, that members of a group or committee, including sub-groups or sub-committees, whose duties include functions of management such as those ordinarily performed by regular officers, and are not purely recommendatory or advisory, shall likewise be considered as officers.

11.2 Qualifications of an Officer

An officer shall have the following minimum qualifications:

- a. He shall be at least twenty-one (21) years of age;
- b. He shall be at least a college graduate, or have at least five (5) years of experience in banking or trust operations or related activities or in a field related to his position and responsibilities, or have undergone training in banking or trust operations acceptable to the appropriate department of the SES: Provided, however, That the trust officer who shall be appointed shall possess any of the following:
 1. At least five (5) years of actual experience (refers to the exposures in trust operations either as officer of a trust entity or members of trust committee) in trust operations;
 2. At least three (3) years of actual experience in trust operations and must have: (a) completed at least ninety (90) training hours in trust, other fiduciary business, or investment management activities acceptable to the Bangko Sentral; or (b) completed a relevant global or local professional certification program; or (3) at least five (5) years of actual experience as an officer of a bank and must have: (a) completed at least ninety (90) training hours in trust, other fiduciary business, or investment management activities acceptable to the Bangko Sentral; or (b) completed a relevant global or local professional certification program; and
- c. He must be fit and proper for the position he is being proposed/appointed to. In determining whether a person is fit and proper for a particular position, the following matters must be considered: integrity/probity, competence, education, diligence and experience/training.

11.3 Disqualifications of an Officer

- a. The disqualifications for directors mentioned in Section 4.4 this Manual shall likewise apply to officers, except those stated in Items "b(2)" and b(7).
- b. The spouses or relatives within the second degree of consanguinity or affinity are prohibited from holding officership positions across the following functional categories within a bank:
 - 1. Decision making and senior management function, e.g., Chairman, Chief Executive Officer (CEO), President, General Manager, and Chief Finance Officer (CFO) other than the Treasurer or Controller;
 - 2. Treasury function
 - 3. Recordkeeping and financial reporting functions
 - 4. Safekeeping of assets
 - 5. Risk management function
 - 6. Compliance function
 - 7. Internal audit function

The spouse or a relative within the second degree of consanguinity or affinity of any person holding the position of Store Manager or Service Manager of a store of a Bank or their respective equivalent positions is disqualified from holding or being appointed to any of said positions in the same branch or extension office.

- c. Any appointive or elective official, whether full time or part time, except in cases where such service is incident to financial assistance provided by the government or government owned or -controlled corporations (GOCCs) or in cases allowed under existing law.

11.4 Duties and Responsibilities of Officers

- a. To set the tone of good governance from the top.
- b. To oversee the day-to-day management of the bank.
- c. To ensure that duties are effectively delegated to the staff and to establish a management structure that promotes accountability and transparency.
- d. To promote and strengthen checks and balances systems in the bank.

III. KEY GOVERNANCE POLICIES

1. Related Party Transactions (RPT) Policy

The Related Party Transaction (RPT) policy of East West Bank aims to ensure that all RPTs are conducted at arm's length and managed in a manner that will protect the Bank, its depositors, creditors and other stakeholders from conflicts of interest and possible material risks arising from exposures to such transactions; and

All RPTs are appropriately reviewed, approved, ratified and disclosed as required in compliance with legal and regulatory requirements.

All material RPTs shall be vetted by the RPT Committee, who in turns endorse the same to the Board for approval. The materiality criteria takes into consideration the nature of the transaction and the degree of risk associated with it and allows the Bank to undertake RPTs in a timely manner while ensuring that the review mandate of the RPT Committee shall be carried out judiciously and in accordance to the Bank's size, risk profile and risk management framework.

Members of the Board of Directors, Stockholders or Management of the Bank shall immediately disclose to the Board of Directors if they or their close family members directly, indirectly or on behalf of third parties, have a financial interest or potential conflict of interest in any transaction, arrangement or relationship affecting the Bank. The duty to disclose shall include disclosure of relationships with clients, prospects, service providers, suppliers and vendors.

The Bank shall ensure that its Annual Report and website appropriately disclose the policies and procedures for managing RPTs, including managing of conflicts of interest or potential conflicts of interest; responsibilities of the RPT Committee; nature, terms and conditions of material RPTs as well as their outstanding individual and aggregate balances.

2. Conflict of Interest⁵

Directors must never allow themselves to be placed in a position where their personal interests are in conflict (or could be in conflict) with the interests or business of the Bank. They must avoid any situation or activity that compromises, or may compromise, their judgment or ability to act in the best interest of the Company. The Bank's policy on Conflict of Interest is stated as follows:

- a. It is the duty of a Director to fully disclose to the Board of any conflict of interest or presumption thereof involving him/her which could materially impair his/her judgment, exercise of duties and responsibilities and loyalty to the Bank.
- b. It is the duty of a Director to report to the Board any conflict of interest or presumption thereof involving a Director which could materially impair the latter's judgment, exercise of duties and responsibilities and loyalty to the Bank.

⁵ The Rules on Conflict of Interest shall also apply to officers and employees of the Bank. PPM COMP2013-003 on Related Party Transactions and Conflict of Interest states that all Bank employees and that of their Connected Persons, except the President being a director of the Bank and shall be governed by Section 14.3 of the PPM, shall obtain pre-clearance for their personal dealings/trade from the Bank's Chief Compliance Officer or his designate.

- c. The director, who is in conflict of interest, should not vote and be counted in determining the existence of a quorum at the Board of Directors' meeting at which the matter is voted upon.
- d. If the conflict of interest is significant, ongoing and competing with the Bank's interest and if it impedes the ability of the director to carry out his/her duties, the Bank has the right to remove the director from his/her position.
- e. The Board of Directors shall be governed by the Bank's policy on acceptance of gifts to avoid conflict of interest contained in OMS Personnel-10-000 Policy Manual.

Any transaction with conflict of interest requires prior approval of the members of the Board.

3. Insider Trading

The Bank is committed to preserving the confidentiality and preventing the misuse of any sensitive, confidential or material information. It is the Bank's policy that, unless the information has been widely disseminated to the public, any director, officer and employee who has sensitive or material information about the Bank or its products or services, cannot apply for, acquire or dispose of such financial products or Bank securities to which the inside information relates, or enter into an agreement to do any of those things, either for himself or for another person. Information generally would be considered widely disseminated if it has been disclosed broadly to the marketplace, such as through a press release, SEC filing, PSE disclosure, or placement on the Bank's website as may be warranted by the situation. By contrast, information would likely not be considered widely disseminated if it is available only to limited people within the Bank.

As a listed Bank, it is governed by the Philippine Stock Exchange (PSE) and the Securities and Exchange Commission (SEC) on disclosure of trading transactions of its Directors and Principal Officers. Principal Officers of the Bank shall pertain to all Bank officers with a rank of Senior Vice President and up, all Heads of the Governance units regardless of rank and Unit Heads of the key business units regardless of rank. All Bank Directors and Principal Officers shall observe the pre-clearance of trade prior to engaging in any trading transactions. They shall likewise inform the Investor Relations Office and the Office of the Corporate Secretary on their trading transactions no later than one (1) banking day after the transaction is executed.

4. Whistle-Blowing Policy

Employees, directors, stakeholders, clients, service providers and other third parties are encouraged to report, in good faith, knowledge of any misconduct, irregularity or act detrimental to the interests of the Bank and its stakeholders.

The reporting party or otherwise referred to as the "whistleblower" has choice of communication channels to report any knowledge of misconduct or irregularity. The report may be through the normal channel of reporting bank concerns which is through the direct supervisor/manager of the personnel or officer involved in the reportable behavior.

However, if the reported misconduct or irregularity is not acted upon by the direct supervisor or in the judgment of the whistleblower, the direct supervisor is not in a position to address his report, the whistleblower may email his/her report to: #WhistleBlowingCommittee@eastwestbanker.com or call any of the following Designated Officers: Human Resources Group Head, Chief Audit Executive, Chief Risk Officer or Chief Compliance Officer.

If the issue to be reported is serious and sensitive, the whistleblower may directly approach the President, CEO or the Chairman of the Board of Directors. A member of the Board of Directors reporting an activity under this policy may raise his concerns to the Chairman of the Audit Committee, Chairman of the Corporate Governance and Compliance Committee or the Chairman of the Board of Directors.

The whistleblower may disclose his/her identity or opt to remain anonymous. However, sufficient information must be provided to aid in the investigation of the reported misconduct, irregularity or improper activity. The whistleblower should refrain from obtaining evidence for which he/she does not have right of access but his/her cooperation in the investigation, if needed, is expected.

Ample protection is accorded to a whistleblower which includes, among others: (i) Confidentiality of identity and of the information reported; (ii) Non-retaliation against the whistleblower; (iii) Protection and security of his/her person and his/her family; (iv) Transfer to another unit; and/or, (v) Reinstatement to the same or comparable position and back benefits and pay, if warranted by the circumstances.

On the other hand, any person implicated in the reported act is accorded the right to be informed of the act he/she is alleged to have committed, its penalties or consequences, the right to counsel of his own choice, the right to be heard and present evidence on his/her defense, and the right to be informed of the resolution of the investigation or action taken.

This policy sets forth a reporting process beyond the normal reporting line to provide an alternative venue for reporting any irregularity, misconduct or suspicious activities to the Management but this is without prejudice to established procedures of the Bank in handling disciplinary cases under its Code of Ethics and Discipline.

5. Empowering and Engaging Employees

The Bank ensures that its people are empowered, highly competent, engaged and collaborative and is well-invested in their personal and professional growth. It promotes competency-based career progression which recognizes employee value and their potential for stepping up their professional development and increasing their contribution to the Bank.

Through EastWest's Learning Academy, the Bank creates a learning environment that gives its people opportunities to gain knowledge, continuously hone their skills and sharpen their competencies. Training programs include Foundational Courses in Banking, Officers' and Business Development Programs, Leadership and Personal Effectiveness.

The Bank has an Employee Relations Council (ERC) composed of representatives from various units which ensures that the interests and concerns of its employees are heard and properly addressed. Through its corporate social responsibility (CSR) initiatives, the ERC also helps employees participate in meaningful work that can make a difference in the communities where the Bank's offices operate.

The Bank believes that caring for the health and well-being and the safety and security of our employees is important to having sound corporate governance. It strives to create a healthy workplace that encourages people to stay well. The Bank has a wide range of programs and initiatives to help promote workplace wellness, focusing on worksite safety and injury prevention.

IV. RISK MANAGEMENT FUNCTIONS

1. Function

Risk Management is generally responsible for:

- a. Defining risk management strategy;
- b. Identifying the key risk exposures and assessing and measuring the extent of risk exposures of the bank and its trust operations;
- c. Evaluating and categorizing each identified risk using the company's predefined risk categories and parameters;
- d. Establishing a risk register with clearly defined, prioritized and residual risks;
- e. Developing a risk mitigation plan for the most important risks to the company, as defined by the risk management strategy;
- f. Monitoring the risk exposures and determining the corresponding capital requirement in accordance with the Basel capital adequacy framework and based on the bank's internal capital adequacy assessment on an on-going basis;
- g. Monitoring and assessing decisions to accept particular risks whether these are consistent with board approved policies on risk tolerance and the effectiveness of the corresponding risk mitigation measures;
- h. Reporting on a regular basis to Senior Management and to the Board of Directors of the results of assessment and monitoring.

2. Qualification Standards

Risk management personnel shall possess sufficient experience and qualifications, including knowledge on the banking business, the developments in the market, industry and product lines, as well as mastery of risk disciplines. They shall have the ability and

willingness to challenge business lines regarding all aspects of risk arising from the bank's activities.

V. COMMUNICATION PROCESS

1. This Manual shall be available for inspection by any stockholder of the Bank at reasonable hours on business days.
2. All directors, executives, division and department heads are tasked to ensure the thorough dissemination of this Manual to all employees and related third parties, and to likewise enjoin compliance in the process.
3. The copy of this Manual will be posted and be made available in the Bank's intranet.
4. The Board and Senior Management shall ensure that stakeholders are kept informed through the annual meeting of shareholders, annual report, general information sheet, quarterly financial reports, news releases, and other meetings. The Bank's website provides extensive information about the Board, its mandate, the Board committees and their charters, Directors and other relevant information.

VI. TRAINING ON CORPORATE GOVERNANCE

1. A new Director of the Bank shall attend a seminar on corporate governance conducted by SEC accredited training provider.
2. All members of the current Board and the Bank's key officers shall attend, at least once a year, a refresher program on relevant corporate governance and compliance topics conducted by training providers duly accredited by the SEC.

VII. REPORTORIAL AND DISCLOSURE SYSTEM

1. The reports or disclosures required under this Manual shall be prepared and submitted to the SEC by the Office of the Corporate Secretary or responsible officer designated by the Bank.
2. All material information about the Bank that could potentially affect share price, its viability or the interest of its stockholders and other stakeholders, shall be publicly and timely disclosed. Such information shall include corporate strategy, earnings results, material acquisition or disposal of assets, off balance sheet transactions, Board changes, material related party transactions, shareholdings of directors, changes to ownership and direct and indirect remuneration of members of the Board and Senior Management.

The Board shall therefore commit at all times to full disclosure of material information dealings. It shall cause the filing of all required information through the appropriate Exchange mechanisms for listed companies and submissions to the Commission for the interest of its stockholders and other stakeholders.

3. Other information that shall be disclosed includes ---
 - a. Remuneration (including stock options) of all directors and senior management; and
 - b. Experience and qualification of individual Board members and key executives as well as any potential conflicts of interest which may affect their judgement.
4. All disclosed information shall be released via the approved stock exchange procedure for Bank announcements as well as through the annual report.
5. The Board shall commit at all times to fully disclose material information dealings. It shall cause the filing of all required information for the interest of the stakeholders.

VIII. STAKEHOLDERS' BENEFITS

The Bank recognizes that the most cogent proof of good corporate governance is that which is visible to the eyes of its investors, particularly minority shareholders. Therefore, the following provisions are issued for the guidance of all internal and external parties concerned, as the governance covenant between the Bank and all its investors.

Investors' Rights and Protection

The Board shall be committed to respect the following rights of the stockholders:

1. Voting Right

- a. Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Bank Code.
- b. Cumulative voting shall be used in the election of directors.
- c. A Director shall not be removed without cause if it will deny minority shareholders representation in the Board.

2. Pre-emptive Right

No stockholder of the Bank shall, because of his ownership of stock, have preemptive right or right to purchase, subscribed for, or take any stock or any part of the notes, debentures, bonds or other securities convertible into a carrying option or warrant to purchase stock of the Bank issued, optioned or sold by it after its incorporation. Any part of the capital stock and any part of the notes, debentures, bonds or other securities convertible into carrying option or warrant to purchase stock of the Bank may be issued, optioned for sale and sold or disposed of by the Bank pursuant to the resolution of its Board of Directors for such person and upon terms as may to such Board seems proper without first offering such stock or securities or any part thereof to existing stockholders.

No transfer of stock or interest which reduces the ownership of Filipino citizens to less than the required percentage of capital stock shall be allowed or permitted to be recorded in the books of the Bank. The foregoing restrictions shall be printed in all the articles of stock to be issued by the corporation. Any violation of the foregoing restrictions shall be treated as null and void.

3. Power of Inspection

All shareholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code and shall be furnished with annual reports, including financial statements, without cost or restrictions.

4. Right to Information

- a. The Shareholders shall be provided with, upon request, periodic reports which disclose personal and professional information about the directors and officers, as may be determined by the Board as relevant in the exercise of functions as such directors and officers, and certain other matters such as their holdings of the Bank's shares dealings, dealings with the Bank, relationships among directors and key officers, and the aggregate compensation of directors and officers.
- b. The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.
- c. The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes".
- d. Result of the votes taken during the most recent Annual or Special Shareholder's Meeting publicly available the next working day. In addition, the Minutes of the Annual and Special Shareholder' Meeting shall be available to the company website within five business days from the end of the meeting.

5. Right to Dividends

- a. Shareholders shall have the right to receive dividends subject to the discretion of the Board.
- b. The Bank shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, except: a) when justified by definite corporate expansion projects or programs approved by the Board or b) when the Bank is prohibited under any loan

agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or c) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Bank, such as when there is a need for special reserve for probable contingencies.

6. Appraisal Right

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

- a. In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
- b. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and
- c. In case of merger or consolidation.

Any stockholder who votes against a proposed corporate action may avail himself of the right of appraisal by making a written demand on the Bank within thirty (30) days after the meeting for the payment of the fair value of his shares. In order to perfect such right, the stockholder shall follow the procedures as described under Sections 81 to 86 of The Corporation Code.

It shall be the duty of the Board to promote shareholder rights, remove impediments to the exercise of shareholders' right and allow possibilities to seek redress for violation of their rights. It shall encourage the exercise of shareholder's voting rights and the solution of collective action problems through appropriate mechanisms. It shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The Board shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.

IX. MONITORING ASSESSMENT

1. Each Committee shall report regularly to the Board.
2. The Corporate Governance and Compliance Committee, with the assistance of the Chief Compliance Officer, shall establish an evaluation system to determine and measure compliance with this Manual and the SEC Revised Code of Corporate Governance.

3. Any violation thereof shall subject the responsible officer or employee to the penalty under Part X of this Manual.
4. The establishment of such evaluation system, including the features thereof shall be disclosed in the Bank's annual report (SEC Form 17-A) or in such form of report that is applicable to the Bank. The adoption of such performance evaluation system must be covered by a Board approval.
5. This Manual shall be subject to annual review unless amendments are required by regulatory announcements or by the Board.
6. All business processes and practices being performed within any business unit of the Bank that are not consistent with any portion of this Manual shall be revoked unless upgraded to the compliant extent.

X. GOVERNANCE AND SELF-RATING SYSTEM

An annual governance and performance self-rating exercise shall be undertaken by the Board of Directors, its members and all Board Committees in April of every year. The results shall be consolidated and presented by the Chief Compliance Officer to the Board through the Corporate Governance and Compliance Committee prior to the Annual Stockholders' Meeting.

Each assessment form shall have a series of statements that describe the desired composition, functions and responsibilities of the Board, each Committee and individual director in accordance with this Manual. The member of the Board shall rate each statement using a number scale of 1 to 5⁶. The over-all self-assessment score shall be computed using the simple average method for all statements rated by the Board member.

The self-assessment results shall provide an overall view of the performance of the Board and its committees which can aid in leveraging on the strengths of individual and collective efforts and working on areas of improvement in the conduct of oversight and governance. A decrease of at least 10% from the previous year's over-all assessment score or an individual rating of 3 or below on any of the statements in the self-assessment form shall warrant further evaluation and recommendations and/or action plan, if any, for the Board to address issues raised.

If deemed needed by the Board, an external facilitator may be engaged to assist the Board in assessing its performance, individual directors, and Committees.

⁶ Where 1 = hardly ever/poor
2 = seldom/below average
3 = some of the time/average
4 = most of the time/above average
5 = all of the time/fully satisfactory

XI. REGULAR REVIEW OF THE CODE AND SCORECARD

To monitor the compliance by covered corporations either Revised Code of Corporate Governance, SEC may require the Bank to accomplish annually a scorecard in the scope, nature and extent of the actions they have taken to meet the objectives of the Code.

2019 CORPORATE GOVERNANCE SEMINAR

NOVEMBER 19, 2019
 BALLROOM 3, CRIMSON HOTEL,
 FILINVEST CITY, ALABANG

PROGRAM

TIME	TOPICS AND SPEAKERS
9:00 am to 9:05 am	Opening Remarks Mr. Jonathan T. Gotianun Chairman, East West Banking Corporation
9:05 am to 11:05 am	Sustainability Reporting Guidelines for PLCs under SEC Memorandum Circular No. 4, Series of 2019 Atty. Teodoro Kalaw IV
11:05 am to 12:05 pm	Revised Corporation Code and Updates on Related Party Transactions Atty. Francis Ed. Lim
12:05 pm to 1:05 pm	Lunch Break
1:05 pm to 3:05 pm	Updates on Anti-Money Laundering Mr. Alexander A. Patricio
3:05 pm to 3:10 pm	Closing Remarks



Institute of Corporate Directors

presents this

Certificate of Participation

to

Benedicto M. Valerio, Jr.

East West Banking Corporation

for having participated in

Board Oversight

held on

Wednesday, 22 May 2019

at Tower Club, Philam Tower,

Makati City, Metro Manila, Philippines.



Alfredo E. Pascual
Chief Executive Officer





Institute of Corporate Directors

presents this

Certificate of Participation

to

Eleanor B. Rivera

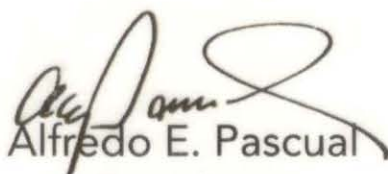
East West Banking Corporation

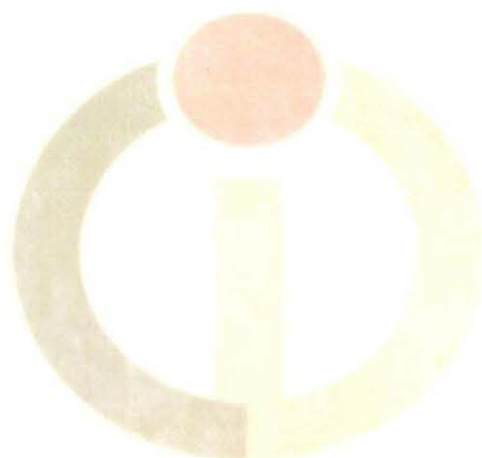
for having completed

Advanced Corporate Governance Training

held on

Tuesday, 19 November 2019
at Crimson Hotel, Filinvest City,
Alabang, Metro Manila, Philippines


Alfredo E. Pascual
President



Title of Manual Internal Audit Manual		
Policy Expert Internal Audit	Issue Date	Page No. 1 of 3

SECTION	DOCUMENT
1000	AUTHORITY, ORGANIZATION AND PROFESSIONAL STANDARDS
1100	AUTHORITY
1102	APPROVED INTERNAL AUDIT CHARTER

A. VISION

To provide excellent service in the performance of our audit functions and consulting activities in the spirit of partnership with objectivity and fairness in accordance with the highest professional and ethical standards. We will be a support unit that provides value-added audit to assist in the achievement of the bank's goals and performance objectives.

To continually improve our auditing programs and strive towards achieving world class auditing practices. We will support the pursuit of professional advancement, sharing of knowledge, best practices and experiences with our colleagues.

To assist the bank in instilling a culture of an effective risk management, control, and governance processes.

B. MISSION

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

C. SCOPE OF WORK

The scope of work of Internal Audit is to determine whether the Bank's systems of risk management, control, and governance processes are adequate and functioning in a manner to ensure:

- Risks are identified and managed.
- Quality and continuous improvement are upheld in the Bank's control process.
- Significant financial, managerial, and operating information is accurate, reliable, and timely.
- Employees comply with policies, standards, procedures, and applicable laws and regulations.
- Resources are acquired economically, used efficiently, and protected adequately.
- Programs, plans, and objectives are achieved.
- Interaction with the various working committees occurs as needed.
- Significant regulatory issues affecting the Bank are recognized and addressed appropriately.

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Opportunities for improving management control, profitability, and the organization's image may be identified during audits. They will be communicated to the appropriate level of management.

D. ACCOUNTABILITY

The Chief Audit Executive, in the discharge of his/her duties, shall be accountable to management and the Audit Committee to:

- Issue an annual report summarizing results of audit activities including significant risk exposures and control issues.
- Report significant issues related to the processes for controlling the activities of the Bank, including potential improvements to those processes, and provide information concerning such issues.
- Periodically provide information on the status and results of the annual audit plan and the sufficiency of Internal Audit's resources.

E. INDEPENDENCE

To provide for the independence of Internal Audit, its personnel report to the Internal Auditor, who reports functionally to the Audit Committee and administratively to the Chief Executive Officer in a manner outlined in the above section on Accountability.

Internal Audit is entirely independent of all other organizational units of the Bank as well as of the personnel and work audited. It should not implement nor develop procedures, prepare records or engage in other activities, which it normally reviews or appraise.

Internal Audit review and appraisal should not in any way relieve other persons in the organization of the responsibilities assigned to them.

In accepting proposed consulting engagements, Internal Audit shall consider the engagement's potential to improve management of risks, add value, and improve the organization's operations. The acceptance of consulting engagement shall have prior approval from the Audit Committee and endorsed by Chief Audit Executive. When performing consulting services, the Internal Auditor should maintain objectivity and not assume management responsibility.

F. RESPONSIBILITY

The Internal Auditor and staff of the Internal Audit have responsibility to:

- Develop a flexible annual audit plan using a risk-based methodology, including any risks or control concerns identified by management, and submit that plan to the Audit Committee for review and approval as well as periodic updates.
- Implement the annual audit plan, as approved, including as appropriate any special tasks or projects requested by management and the Audit Committee.
- Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirement of this Charter.
- Conduct investigation of significant suspected fraudulent activities within the organization and notify management and the Audit Committee of the results.
 - Gather and analyze relevant facts.

- Identify control weaknesses.
- Recommend appropriate control improvements and further course of action.

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- Consider the scope of work of the external auditors and regulators for the purpose of providing optimal audit coverage to the organization at a reasonable overall cost.
- Coordinate issues with other control and monitoring functions such as Risk Management, Compliance, Security, Legal, Automated System, Systems and Methods and external audit, as appropriate.
- Establish relationship with external auditors and supervisory authorities to facilitate effective communication.

G. AUTHORITY

The Internal Auditor and staff of the Internal Audit are authorized to:

- Access all functions, information, documents, property, systems and personnel
 - There is no need to pre-clear with the auditee's officer to answer queries or present files or documents for examination of the auditor.
 - Audit may at all times conduct a search of the Bank's premises and facilities.
- Access the reports, working papers or results of work of other auditors and experts engaged by the Bank.
- Review agreement between the Bank and any service provider before or post effect. Carry out such audit work as is considered necessary regarding the outsourced function.
- Have full and free access to the Audit Committee.
- Allocate resources, set priorities/frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives.
- Obtain the necessary assistance of personnel in units of the organization where they perform audits, as well as other specialized services from within or outside the Bank.
- Give final rating to the unit or function audited based on its assessment and in accordance with its audit rating system.
- With the endorsement of the CAE and approval of the Audit Committee, engage the services of appropriately-selected external service provider in any audit activity/ies to support or complement Internal Audit. The decision to outsource must be guided by the needs or demands of the Bank and in accordance with regulatory requirements and industry standards.

H. STANDARDS OF AUDIT PRACTICE

Internal Audit adheres to the standards of best professional practice, such as those published by the Institute of Internal Auditors and the Information Systems Audit and Control Association, and the relevant reports, recommendations and pronouncements of the Bangko Sentral and other regulatory bodies.

I. OBJECTIVE AND COMMITMENT

EAST WEST BANKING CORPORATION (the Bank) understands that it is paramount to set the kind of corporate governance needed in the attainment of the Bank's corporate goals.

The **Corporate Governance Manual** (the Manual) was designed to define the framework of rules, systems and processes that governs the performance of the Board of Directors (the "Board") and Management. It establishes the structure by which the Bank executes and carries out its Corporate Governance. This serves as reference by all the members of the Board as well as its Management in the conduct of their duties and responsibilities.

The provisions in this Manual are based and premised on the Corporation Code of the Philippines, Securities Regulations Code, SEC Memorandum Circular No. 19, series of 2016 on the Code of Corporate Governance for Publicly Listed Companies and relevant provisions from BSP Circular No. 969 dated 22 August 2017 on the *Enhanced Corporate Governance Guidelines for BSP Supervised Financial Institutions*.

The Board of Directors and Senior Management of the Bank hereby commit themselves to the principles and best practices contained in this Manual.

**II. BOARD GOVERNANCE****A. Definition of Corporate Governance**

Corporate Governance is the system of stewardship and control that guides the Bank in fulfilling its long-term economic, moral, legal and social obligations towards its stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and community in which it operates. Its purpose is to maximize the Bank's long-term success, creating sustainable value for its shareholders, stakeholders and the country.

B. Board of Directors**2.1 Definition**

The Board is the highest governing body of the Bank, elected from and among the stockholders of the Bank who exercises corporate powers of the Bank, conducts all its businesses and controls and holds all its properties. It provides stewardship, sets the Bank's over-all direction and approves and oversees the implementation of the its strategic objectives, risk strategy, corporate governance and compliance, corporate values and the code of conduct.

Compliance with the principles of good corporate governance shall start with the Board.

2.2 Composition

The Board is composed of eleven (11) directors, majority of whom are non-



**ATTESTATION OF THE
CHIEF EXECUTIVE OFFICER AND THE CHIEF AUDIT EXECUTIVE**

Based on the assurance activities performed in 2019 by the Bank's Internal Audit and its external auditor, sound internal control and compliance system is in place and is working effectively. We confirm that the scope and coverage of Internal Audit are sufficient, comprehensive and risk-based, that the Management is aware of its responsibility for internal control and that there is no interference with the accomplishment of audit activities and reporting of issues and other relevant information to the Audit Committee and the Board of Directors.


ANTONIO C. MONCUPA, JR.
Chief Executive Officer


ELOIDA F. OQUIALDA
Chief Audit Executive