



# Chinatrust

4 March 2008

**The Philippine Stock Exchange, Inc.**  
4<sup>th</sup> Floor, Philippine Stock Exchange Centre  
Exchange Road, Ortigas Center  
Pasig City

Attention : **Atty. Pete M. Malabanan**  
Head, Disclosure Department

Re : **Updated Manual on Corporate Governance**

Gentlemen:

We are pleased to furnish you a copy of the Bank's updated Manual on Corporate Governance ("Manual"), which was revised last February 22, 2008 by rephrasing of certain provisions pertaining to the required attendance of directors in a seminar on corporate governance under Section 5 with the heading "Training Process".

Thank you and best regards.

Very truly yours,

**Atty. Mary Elizabeth H. Bayhon**  
Assistant Vice President  
Corporate Information Officer

Encl.: a/s

**CHINATRUST (PHILIPPINES) COMMERCIAL BANK CORPORATION**

**MANUAL**

**ON**

**CORPORATE GOVERNANCE**

**(Effective January 1, 2003)**

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## **1 OBJECTIVE AND COMMITMENT**

Chinatrust (Phils.) Commercial Bank Corporation (Bank) adopts and promulgates the Manual on Corporate Governance (Manual) aiming to institutionalize the principles of good corporate governance, to specify the responsibilities of the Board of Directors (Board) in managing the affairs of the Bank and to strengthen the Bank's compliance with related laws and regulations.

The provisions in this Manual are based and premised on the Securities and Exchange Commission (SEC) Resolution no. 135, Series of 2002 dated April 4, 2002. The publication of this Manual is subject to the approval of the Board and submission to the SEC.

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

## 2 DEFINITIONS

### **Directors**

Directors shall include:

1. Directors who are named as such in the Articles of Incorporation;
2. Directors duly elected in subsequent meetings of the stockholders; and
3. Those elected to fill vacancies in the Board of Directors.

### **Independent Director**

An independent director shall mean a person who –

1. Is not or has not been an officer or employee of the Bank, its subsidiaries or affiliates or related interests during the past three (3) years counted from the date of his election;
2. Is not a director or officer of the related companies of the Bank's majority stockholder;
3. Is not a majority shareholder of the Bank, any of its related companies, or of its majority shareholder;
4. Is not a relative within the fourth degree of consanguinity or affinity, legitimate or common-law of any director, officer or majority shareholder of the Bank, or any of its related companies;
5. Is 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; and,
6. Is free from any business or other relationship with the Bank or any of its major stockholders which could materially interfere with the exercise of his judgment, i.e., has not engaged and does not engage in any transaction with the Bank, any of its related companies or 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 arms length and could not materially interfere or influence with the exercise of his judgments.

### **3 COMPLIANCE SYSTEM**

The Board is primarily responsible for the governance of the Bank. Although the Board performs its duties on a collective basis, the Board shall constitute Committees and designate/appoint a Compliance Officer, Internal Auditor and External Auditors in aid of good corporate governance.

#### **3.1 Board of Directors**

The Board shall be organized and the members shall be elected/appointed based on the procedures and qualification as specified in the Articles of Incorporation of the Bank (the Articles and By-laws), Banking Laws and Corporation Code. The Board shall be composed of seven (7) members as set forth in the Articles and By-laws of the Bank. Such number is deemed to be sufficient enough to discharge its duties and responsibilities with independence. The Board shall have at least two (2) independent directors, or independent directors shall constitute at least 20% of the members of the Board, whichever is lesser. The Chairman of the Board shall be elected in accordance with the By-laws of the Bank.

The Board may consider guidelines on the number of directorships for its members. The optimum number is related to the capacity of a director to perform his duties diligently in general. The Chief Executive Officer and other executive directors may submit themselves to a low indicative limit on membership in other corporate Boards. The same low limit may apply to independent, non-executive directors who serve as full-time executives in other corporations. In any case, the capacity of directors to serve with diligence shall not be compromised.

It shall be the Board's responsibility to foster the long-term success of the Bank and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Bank, its shareholders and other stakeholders. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

##### 3.1.1 Qualifications

3.1.1.1 Holder of at least one (1) share of stock of the Bank in his own name;

3.1.1.2 He shall be at least a college graduate or have at least five (5) years experience in business sufficient to substitute for such formal education;

3.1.1.3 He must have attended a special seminar for board of directors conducted or accredited by the Bangko Sentral ng Pilipinas (BSP) within a period of six (6) months from the date of his election;

3.1.1.4 He shall be at least twenty five (25) years of age at the time of his election or appointment;

3.1.1.5 He must be fit and proper for the position of a director of the Bank. In determining whether a person is fit and proper for the position of a director, the following matters must be considered:

- integrity/probity;
- competence;
- education;
- diligence; and
- experience/training.

3.1.1.6 He shall be assiduous.

### 3.1.2 Disqualifications

#### 3.1.2.1 Permanently Disqualified

3.1.2.1.1 Any person finally convicted judicially of offenses involving dishonesty or breach of trust such as estafa, embezzlement, extortion, forgery, malversation, swindling and theft or of an offense involving moral turpitude or fraudulent act or transgressions;

3.1.2.1.2 Any person finally found by the SEC or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the SEC or BSP, or any rule, regulation or order of the SEC or BSP;

3.1.2.1.3 Any person judicially declared to be insolvent, spendthrift or incapacitated to contract;



3.1.2.1.4 Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs;

3.1.2.1.5 Conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code and banking laws, committed within five (5) years prior to the date of his election or appointment; and

3.1.2.1.6 Directors, officers or employees of closed banks/quasi-banks/trust entities/investment house or as affiliated persons of any of them, who were responsible for such institution's closure as determined by the Monetary Board.

#### 3.1.2.2 Temporary Disqualification

3.1.2.2.1 Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations and other provision of law or of a circular, memorandum or rule or regulation of the BSP. This disqualification shall be in effect as long as his refusal persists;

3.1.2.2.2 Absence or non-participation for whatever reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the Board of Directors during his incumbency, or any twelve (12) month period during said incumbency. This disqualification applies for purposes of the succeeding election;

3.1.2.2.3 Dismissal/termination from directorship in another listed corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;

3.1.2.2.4 If the beneficial security ownership of an independent director in the Bank and in its related companies shall exceed ten percent (10%) limit;

3.1.2.2.5 Persons who are delinquent in the payment of their obligations as defined hereunder:

- a. Delinquency in the payment of obligations means that an obligation of the Director with the Bank, or at least two obligations with other banks/financial institution, under different credit lines or loan contracts, are past due pursuant to Sec. X306 of the BSP Manual of Regulations for Banks;
- b. Obligations shall include all borrowings from a bank or financial institution obtained by:
  - i. A director for his own account or as the representative or agent of others or where he/she acts as a guarantor, endorser, or surety for loans from such financial institutions;
  - ii. The spouse or child under the parental authority of the director;
  - iii. Any person whose borrowings or loan proceeds were credited to the account of, or used for the benefit of a director;
  - iv. A partnership of which a director or his/her spouse is the managing partner or a general partner owning a controlling interest in the partnership; and
  - v. A corporation, association or firm wholly-owned or majority of the capital of which is owned by any or a group of persons mentioned in the foregoing Items (i),(ii) and (iv);

This disqualification shall be in effect as long as the delinquency persists.

3.1.2.1.7 Persons convicted for offenses involving dishonesty, breach of trust or violation of banking laws or convicted judicially for an offense involving moral turpitude or fraudulent act or transgressions but whose conviction has not yet become final and executory;

- 3.1.2.2.6 Directors and officers of closed banks/quasi-banks/trust entities pending their clearance by the Monetary Board;
- 3.1.2.2.7 Directors disqualified for failure to observe/discharge their duties and responsibilities prescribed under existing regulations. This disqualification applies until the lapse of the specific period of disqualification or upon approval by the Monetary Board on recommendation by the appropriate BSP supervising and examining department of such directors' election/reelection;
- 3.1.2.2.8 Directors who failed to attend the special seminar for board of directors required under item 3 of Subsec. X141.2 of the BSP Manual of Regulations for Banks. This disqualification applies until the director concerned has attended such seminar;
- 3.1.2.2.9 Persons dismissed/terminated from employment for cause. This disqualification shall be in effect until they have cleared themselves of involvement in the alleged irregularity;
- 3.1.2.2.10 Persons with derogatory records with the National Bureau of Investigation (NBI), court, police, Interpol and monetary authority (central bank) of other countries (for foreign directors) involving violation of any law, rule or regulation of the Government or any of its instrumentalities adversely affecting the integrity and/or ability to discharge the duties of the Bank director. This disqualification applies until they have cleared themselves of involvement in the alleged irregularity;
- 3.1.2.2.11 Being under preventive suspension by the Bank;
- 3.1.2.2.12 If the independent director becomes an officer or employee of the Bank he shall be automatically disqualified from being an independent director;

### 3.1.3 General Responsibility

A director's office is one of trust and confidence. He shall act in a manner characterized by transparency, accountability and fairness.

The Board shall establish the Bank's vision and mission, strategic direction, objectives, policies and procedures the may guide and direct the Bank's operation.

### 3.1.4 Specific Duties and Functions

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

3.1.4.1 Install a process of selection to ensure a mix of competent directors and officers.

3.1.4.2 Determine the Bank's purpose, its vision and mission and strategies to carry out its objectives.

3.1.4.3 Ensure that the Bank complies with all relevant laws, regulations and codes of best business practices;

3.1.4.4 Identify the Bank's major and other stakeholders and formulate a clear policy on communicating or relating with them through an effective investor relations program;

3.1.4.5 Adopt a system of internal checks and balances;

3.1.4.6 Identify key risk areas and key performance indicators and monitor these factors with due diligence;

3.1.4.7 Constitute an Audit and Compliance Committee;

3.1.4.8 Properly discharge the functions of the Board of Directors by meeting regularly. Independent views during Board meetings shall be given due consideration and all such meetings shall be duly minuted; and

3.1.4.9 Keep the authority of the Board of Directors within the powers of the Bank as prescribed in the Articles of Incorporation and By-laws and in existing laws, rules and regulation.

### 3.1.5 The Roles of the Board, Chief Executive Officer and Management

The Board is the ultimate decision-making body of the Bank, except with respect to matters reserved to the shareholders. The Board selects the Chief Executive Officer (CEO) and, after consultation with the CEO, certain other members of the senior executive management of the Bank, who are charged with directing the Bank's business. The Board has delegated to the CEO, working with the other executive officers (Management) of the Bank, the authority and responsibility for managing the business of the Bank in a manner consistent with the standards of the Bank, instructions or directions of the Board. The primary function of the Board is oversight – defining and enforcing standards of accountability that enable executive management to perform their responsibilities fully and in the interests of its shareholders, customers and employees. Broadly, the primary responsibilities of the Board include but are not limited to the following:

- reviewing and approving overall business strategy developed and recommended by Management;
- ensuring that decisions and investments are consistent with long-term strategic goals;
- ensuring that the Bank is operated to preserve its financial integrity and in accordance with policies approved by the Board;
- providing oversight in ensuring that the Bank's risk appetite and activities are consistent with the strategic intent, operating environment, effective internal controls, capital sufficiency and regulatory standards;
- overseeing through the Audit Committee, the quality and integrity of the Bank's accounting and financial reporting systems, disclosure controls and procedures, internal controls and risk management systems; and
- reviewing any transaction for the acquisition or disposal of assets that is material to the Bank.

### 3.1.6 Duties and Responsibilities of a Director

A director should conduct fair business transactions with the Bank, void of personal biases and interest detrimental to the Corporation's own interest. As a director, time and attention is expected to be afforded of his/her function. It is inherent that the director contributes meaningfully to the Bank.

A director decides with thorough consideration of the important aspects of the issue for evaluation. He thinks and decide independently, whether popular or not, and only for the best interest of the Bank. He is also expected to ensure the continuing soundness, effectiveness and adequacy of the Bank's control environment.

### 3.1.7 Internal Control Responsibilities

3.1.7.1 The Board ensures that the Bank is appropriately and effectively managed and controlled;

3.1.7.2 Management actively manages and operates the Bank in a sound and prudent manner;

3.1.7.3 Organizational and procedural controls are supported by an effective management information system and risk management reporting system; and

3.1.7.4 Independent audit mechanisms are in place for monitoring the adequacy and effectiveness of the organization's governance, operations, information systems, reliability and integrity of financial and operational information, effectiveness and efficiency of operations, security of assets, and compliance with laws, rules, regulations and contracts. The Director shall have access to independent professional advice to enable him/her to discharge his/her duties.

### 3.1.8 Board Meeting and Quorum Requirement

Members of the Board should attend regular and special meetings of the Board in person. In view of modern technology, the meetings of the Board of Directors may be conducted through teleconferencing and video-conferencing as long as the director who is taking part in said meetings can actively participate in the deliberations on matters taken up therein.

An independent director should always be in attendance. However, the absence of an independent director may not affect the quorum requirements if he is duly notified of the meeting but deliberately and without justifiable cause fails to attend the meeting. Justifiable causes may only include grave illness or death of immediate family and serious accidents.

#### 3.1.9 Remuneration of the Members of the Board and Officers

Levels of remuneration should only be sufficient & necessary to attract and retain the directors, if any, and officers needed to manage the Bank successfully. A proportion of executive directors' remuneration may be structured so as to link rewards to corporate and individual performance. However, a member of the Board cannot decide for his/her own remuneration.

A disclosure of the compensation of the Bank's executive officers for the previous fiscal year and the ensuing year is provided in the Annual Report.

#### 3.1.10 Performance Monitoring

The Board, using such resources or methods as it determines, is responsible to annually assess the effectiveness of the Board, Board Committees and each Director's contribution. The purpose of the evaluation process is to increase the overall effectiveness of the Board, not to target individual Board members.

The Directors participate in the evaluation. Each Director evaluates the performance of the Board and Board Committees and conducts a self-assessment and a peer-assessment of the other Directors. The assessments are made against pre-established criteria which are derived from the Board's charter and responsibilities. The results of the evaluation are used constructively by the Nomination and Review Committee to discuss improvements with the Board and to provide developmental feedback to individual Directors.

In the attached annex (Annex A), a self-assessment questionnaire on corporate governance shall be used for the performance monitoring.

#### 3.1.11. Potential Liabilities

The Corporation Code of the Philippines, under section 31 of the same, forewarned that the Directors or trustees who willfully and knowingly vote for or assent to patently unlawful acts of the Bank or who are guilty of gross

negligence or bad faith in directing the affairs of the Bank or acquire any personal or pecuniary interest in conflict with their duty as such directors or trustees shall be liable jointly and severally for all damages resulting therefrom suffered by the Bank, its stockholders or members and other persons.

When a director, trustee or officer attempts to acquire or acquires, in violation of his duty, any interest adverse to the corporation in respect of any matter which has been reposed in him in confidence, as to which equity imposes a disability upon him to deal in his own behalf, he shall be liable as a trustee for the corporation and must account for the profits which otherwise would have accrued to the corporation.

In the same interest, the Bangko Sentral ng Pilipinas, identified criminal sanctions for violations in R.A. No. 7653 or "The New Central Bank Act" on:

1. **Refusal to Make Reports or Permit Examination**- Fine of not less than Fifty Thousand pesos (P50,000) nor more than One Hundred Thousand pesos (P100,000) or by imprisonment of not less than one (1) year nor more than five (5) years, or both, in the discretion of the court.
2. **Willful making of a False Statement on a Material Fact to the BSP**- Fine of not less than One hundred thousand pesos (P100,000) nor more than Two hundred thousand pesos (P200,000), or by imprisonment of not more than (5) years, or both, at the discretion of the court.
3. **Proceedings Upon Violation of This Act and Other Banking Laws, Rules, Regulations, Orders or Instructions** — Whenever a bank or quasi-bank, or whenever any person or entity willfully violates this Act or other pertinent banking laws being enforced or implemented by the Bangko Sentral or any order, instruction, rule or regulation issued by the Monetary Board, the person or persons responsible for such violation shall be punished by a fine of not less than Fifty thousand pesos (P50,000) nor more than Two hundred thousand pesos (P200,000) or by imprisonment of not less than two (2) years nor more than ten (10) years, or both, at the discretion of the court

However, without prejudice to the above criminal sanctions, the Monetary Board may, at its discretion, impose upon any bank or quasi-bank, their directors and/or officers, for any willful violation of its charter or by-laws, willful delay in the submission of reports or publications thereof as required by law, rules and regulations; any refusal to permit examination into the affairs of the institution; any willful making of a false or misleading statement to the Board or the appropriate supervising and examining department or its examiners; any willful failure or refusal to comply with, or violation of, any banking law or any order, instruction or regulation issued by the Monetary Board, or any order, instruction or ruling by the Governor; or any commission of irregularities, and/or conducting business in an unsafe or unsound manner



as may be determined by the Monetary Board, the following administrative sanctions, whenever applicable:

- (a) Fines in amounts as may be determined by the Monetary Board to be appropriate, but in no case to exceed Thirty thousand pesos (P30,000) a day for each violation, taking into consideration the attendant circumstances, such as the nature and gravity of the violation or irregularity and the size of the bank;
- (b) Suspension of rediscounting privileges or access to Bangko Sentral credit facilities;
- (c) Suspension of lending or foreign exchange operations or authority to accept new deposits or make new investments;
- (d) Suspension of interbank clearing privileges; and/or
- (e) Revocation of quasi-banking license.

Resignation or termination from office shall not exempt such director or officer from administrative or criminal sanctions.

The Monetary Board may, whenever warranted by circumstances, preventively suspend any director or officer of a bank pending an investigation: Provided, That should the case be not finally decided by the Bangko Sentral within a period of one hundred twenty (120) days after the date of suspension, said director or officer shall be reinstated in his position: Provided, further, That when the delay in the disposition of the case is due to the fault, negligence or petition of the director or officer, the period of delay shall not be counted in computing the period of suspension herein provided.

Whether or not there is an administrative proceeding, if the Bank and/or the directors and/or officers concerned continue with or otherwise persist in the commission of the indicated practice or violation, the Monetary Board may issue an order requiring the institution and/or the directors and/or officers concerned to cease and desist from the indicated practice or violation, and may further order that immediate action be taken to correct the conditions resulting from such practice or violation.

The Governor of the Bangko Sentral ng Pilipinas is also authorized, at his discretion, to impose upon banking institutions, for any failure to comply with the requirements of law, Monetary Board regulations and policies, and/or instructions issued by the Monetary Board or by the Governor, fines not in excess of Ten thousand pesos (P10,000) a day for each violation, the imposition of which shall be final and executory until reversed, modified or lifted by the Monetary Board on appeal.

The Monetary Board further identified the monetary penalty guidelines for banks, their directors and/or officers for violations/offenses with sanctions falling under Section 37 of R.A. No. 7653 or "The New Central Bank Act". The schedule of penalty, categorized based on: (1) the nature of offenses such as minor, less serious, and/or serious, and (2) the assets size of the bank/quasi-bank, shall be as follows:

### 3.1.11.1. For Serious Offense

This refers to unsafe or unsound banking practice. An unsafe or unsound practice is one in which there has been some conduct, whether act or omission, which is contrary to accepted standards of prudent banking operation and may result to the exposure of the bank and its shareholders to abnormal risk or loss. In determining the acts or omissions included under the unsafe or unsound banking practice, an analysis of the impact thereof on the banks/quasi-banks/trust entities' operations and financial condition must be undertaken, including evaluation of capital position, asset condition, management, earnings posture and liquidity position. The following circumstances shall be considered:

- a) The act or omission has resulted or may result in material loss or damage, or abnormal risk or danger to the safety, stability, liquidity or solvency of the institution;
- b) The act or omission has resulted or may result in material loss or damage or abnormal risk to the institution's depositors, creditors, investors, stockholders or to the Bangko Sentral or to the public in general;
- c) The act or omission has caused any undue injury, or has given unwarranted benefits, advantage or preference to the bank or any party in the discharge by the director or officer of his duties and responsibilities through manifest partiality, evident bad faith or gross inexcusable negligence; or
- d) The act or omission involves entering into any contract or transaction manifestly and grossly disadvantageous to the bank, quasi-bank or trust entity, whether or not the director or officer profited or will profit thereby.

Below is the table of penalty for Serious offenses:

Asset Size	Up to P200 million	Above P200 million but not exceeding P500 million	Above P500 million but not exceeding P1 Billion	Above P1 Billion but not exceeding P10 Billion	Above P10 Billion but not exceeding P50 Billion	Above P50 Billion
Penalty Range						
Minimum	P 500	P 1,000	P 3,000	P 10,000	P 18,000	P 25,000

Medium	750	1,500	5,000	12,500	20,000	27,500
Maximum	1,000	2,000	7,000	15,000	22,000	30,000

### 3.1.11.2. For Less Serious Offense

These include major acts or omissions defined as bank/individual's failure to comply with the requirements of banking laws, rules and regulations, provisions of MOR/Circulars/Memorandum as well as Monetary Board directives/instructions having material impact on Bank's solvency, liquidity or profitability and/or those violations classified as major offenses under the Report of Examination, except those classified under unsafe or unsound banking practice.

Below is the table of penalty for Less Serious offenses:

Asset Size	Up to P200 million	Above P200 million but not exceeding P500 million	Above P500 million but not exceeding P1 Billion	Above P1 Billion but not exceeding P10 Billion	Above P10 Billion but not exceeding P50 Billion	Above P50 Billion
Penalty Range						
Minimum	P 300	P 600	P 1,000	P 3,000	P 7,000	P15,000
Medium	350	700	1,250	4,000	8,500	17,500
Maximum	400	800	1,500	5,000	10,000	20,000

### 3.1.11.3 For Minor Offense

Minor Offense - These include acts or omissions which are procedural in nature, can be corrected immediately and do not have material impact on the solvency, liquidity and profitability of the Bank. All other acts or omissions that cannot be classified under the major offenses/violations will be classified under this category.

Below is the table of penalty for Serious offenses:

Asset Size	Up to P200 million	Above P200 million but not exceeding P500 million	Above P500 million but not exceeding P1 Billion	Above P1 Billion but not exceeding P10 Billion	Above P10 Billion but not exceeding P50 Billion	Above P50 Billion
Penalty Range						

Minimum	P 150	P 300	P 600	P 1,000	P 3,000	P 6,000
Medium	200	400	700	1,500	4,000	8,000
Maximum	250	500	800	2,000	5,000	10,000

The penalty range set by the Monetary Board shall be defined as follows:

Minimum refers to the range of penalties to be imposed if the mitigating factor(s) outweigh the aggravating circumstances.

Medium refers to the penalty to be imposed in the absence of any mitigating and aggravating circumstances or if the mitigating factor(s) offset the aggravating factor(s).

Maximum refers to the penalty to be imposed if the aggravating circumstances outweigh the mitigating factor(s).

The foregoing monetary penalties shall be without prejudice to the imposition of non-monetary sanctions, if and when deemed applicable by the Monetary Board. Violations of banking laws and Bangko Sentral regulations with specific penal clause are not covered by this Circular.

### **3.2 Board Committees**

To aid in complying with the principles of good corporate governance, the Board shall constitute Committees.

#### **3.2.1 Executive Committee**

The Executive Committee shall be composed of members with qualification as set forth in the By-laws of the Bank. No member of this Committee should also be designated as member of the Audit Committee. Its duties and responsibilities shall include the following:

3.2.1.1 Review and approve credit facilities which are beyond the President's approval limits; as for DOSRI transactions, they shall be reviewed by the Executive Committee first, then to the Board for final approval;

3.2.1.2 Review and approve the credit Policies and Procedures of the Bank;

- 3.2.1.3 Review and approve the Bank's financial budget/management by objective (MBO)/ strategic plans and short-term and long-term business plan;
- 3.2.1.4 Coordinate and discuss with other Board Committees critical problems or difficulties in the Bank's operations to achieve an effective resolution;
- 3.2.1.5 Handle matters which requires the Board's review or act on behalf of the Board of Directors for any urgent matter that may arise prior to the scheduled Board meeting; and
- 3.2.1.6 Require the Bank's management to make an assessment and make a report on the potential effect to the Bank in the event of any instability or crisis in the economic and political environment.

### **3.2.2 Nomination and Review Committee**

The Nomination and Review Committee shall be composed of at least three (3) but not more than five (5) members, two of whom are independent. Its members should be designated by a majority vote of the Board with qualifications as set forth in the By-laws of the Bank. Its duties and responsibilities as exhaustively discussed in the Bank's Nomination and Review Committee Charter shall include the following:

- 3.2.2.1 Review and evaluate all persons nominated to the Board as well as those appointed by the Board;
- 3.2.2.2 Adoption of procedures promulgated by the Securities Regulation Code and its Implementing Rules and Regulation and its amendments on nomination and election of independent directors;
- 3.2.2.3 Conduct quarterly performance review;
- 3.2.2.4 Exercise all powers entrusted to it by the Board;
- 3.2.2.5 Ensure the Board's effectiveness and due observance of corporate governance principles;
- 3.2.2.6 Oversight of the performance evaluation of the Board and its Committees and Executive Management;

- 3.2.2.7 Conduct annual evaluation of its performance;
- 3.2.2.8 Review and evaluate the contribution and performance of the persons appointed to the Board;
- 3.2.2.9 Adopt guidelines for directors serving on multiple boards;
- 3.2.2.10 Make recommendation to the Board on continuing education of directors, Board Committee assignments, and succession plan and remuneration of directors and senior officers;
- 3.2.2.11 Adopt a performance evaluation criteria for the approval and implementation of the Board;
- 3.2.2.12 Review and evaluate the performance of the Head of Internal Audit;
- 3.2.2.13 Creation of Sub-Committees;
- 3.2.2.14 Perform other duties and functions as required by law, rules and regulations, and the Board.

### **3.2.3 Audit Committee**

The Audit Committee shall be composed of three (3) members which shall include the Chairman and two (2) independent directors. The members shall have accounting, auditing or related financial management expertise or experience and other qualifications as set forth in the By-laws of the Bank. No member of the Audit Committee shall concurrently be designated as member of the Executive and Trust Committees. Its duties and responsibilities as exhaustively discussed in the Bank's Internal Audit Charter shall include the following:

- 3.2.3.1 The Committee shall serve as the Board's "eyes and ears" in monitoring compliance with the approved internal policies and controls and statutory regulations and performs oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Bank and crisis management;
- 3.2.3.2 Recommend the appointment of External Auditor;
- 3.2.3.3 The Committee shall have unlimited access to internal and external auditors and to senior management.

- 3.2.3.4 Approve the internal audit plan covering the review, among others, of the financial operations, credit risks, information technology, electronic data processing etc. on a full scope or on a limited basis as appropriate;
- 3.2.3.5 Review the examination reports of Internal/External Auditors, BSP examiners and compliance officer and ensure that the findings or exceptions noted were regularized and complied with;
- 3.2.3.6 Checks all financial reports against its compliance with Bank, accounting and statutory requirements;
- 3.2.3.7 Review and approve the Bank's internal auditing policies and procedures documented in the Internal Audit Charter;
- 3.2.3.8 Review and approve a timetable for the appropriate officers of the Bank to work on an accounting system that is 100% International Accounting Standard compliant and issue an accountability statement identifying the responsible officers for such task;
- 3.2.3.9 Recommend and obtain the final approval of the Board on the above items;
- 3.2.3.10 Meet with the Internal Auditor and Compliance Officer at least on a quarterly basis;
- 3.2.3.11 Review the performance of the Bank's Internal Auditor and Compliance Officer; and
- 3.2.3.12 Recommend to the President to initiate investigations and report to the Board when major audit findings or compliance issues occur.

#### **3.2.4 Risk Management Committee**

The Risk Management Committee shall be composed of three (3) members of the Board who shall possess a range of expertise as well as adequate knowledge of the Bank's risk exposures. Its duties and responsibilities as exhaustedly discussed in the Bank's Risk Management Committee Charter shall include the following:

- 3.2.4.1 Identify and evaluate risk exposures;

- 3.2.4.2 Develop the risk management strategies;
- 3.2.4.3 Implement the risk management plan;
- 3.2.4.4 Review and revise the risk management plan as needed; and
- 3.2.4.5 Review and update the Risk Management Charter periodically.

### **3.2.5 Trust Committee**

The Trust Committee shall be composed of five (5) members, including the President and trust officer. No officer of the Bank proper except for the President and the trust officer should become a member of this committee. No member of the Audit Committee shall concurrently be designated as a member of the Trust Committee.

The Committee should act within the sphere of authority as provided in the By-laws and/or as may be delegated by the Board. Its duties and responsibilities shall include following:

- 3.2.5.1 Authorize the opening and closing of trust and other fiduciary accounts;
- 3.2.5.2 Review the quality of assets placed under the trustee's fiduciary's custody;
- 3.2.5.3 Authorize the investment, reinvestment and disposal of funds or properties;
- 3.2.5.4 Review at least once every twelve (12) months, the trust and other fiduciary accounts to determine the viability of retaining or disposing of trust or other fiduciary assets and/or whether the accounts are being managed in accordance with the trust or other fiduciary agreement;
- 3.2.5.5 Approve the list of banks and other financial institutions where the trust and other fiduciary funds or securities may be placed, purchased or sold;
- 3.2.5.6 Approve the acceptable fixed income (except for government securities) and equity investments;



3.2.5.7 Approve the list of investment outlets for fixed income instruments and investments and accreditation of brokers and financial institutions; and

3.2.5.8 Report to the Board any changes in regulations, interest rate and foreign exchange fluctuations and other factors that may affect the trust business.

### **3.3 Code of Ethics**

The Bank follows a written Code of Ethics that covers all officers and staff. The Code shall enumerate the Code objectives; the responsibilities of the officers and staff; various principles on conflict of interests and important issues; and offenses and corresponding penalties.

### **3.4 Compliance Officer**

To insure adherence to corporate principles and best practices, the Board of Directors upon recommendation of the Audit Committee shall designate a Compliance Officer. He shall have direct reporting responsibilities to the Chairman of the Board. He shall perform the following duties:

3.4.1 Monitor compliance with the provisions and requirements of this Manual;

3.4.2 Appear before the SEC or BSP upon summon on similar matters that needs to be clarified by the same;

3.4.3 Determine violation/s of the Manual and recommend penalty for violation thereof for further review and approval of the Board;

3.4.4 Issue a certification every January 30<sup>th</sup> of the year on the extent of the Bank's compliance with this Manual for the completed year, explaining the reason/s of the latter's deviation from the same; and

3.4.5 Identify, monitor and control compliance risks.

### **3.5 Corporate Secretary**

3.5.1 The Corporate Secretary is an officer of the Bank and perfection in performance and no surprises are expected of him. Likewise, his loyalty to the mission, vision and specific business objectives of the corporate entity come with his duties.

- 3.5.2 The Corporate Secretary must be a Filipino citizen.
- 3.5.3 Considering his varied functions and duties, he must possess administrative and interpersonal skills, and if he is not the general counsel, then he must have some legal skills. He must also have some financial and accounting skills.
- 3.5.4 Duties and Responsibilities
  - 3.5.4.1 Gather and analyze all documents, records and other information essential to the conduct of his duties and responsibilities to the Bank. The Corporate Secretary is also responsible in disseminating corporate activities in a timely manner to the Board.
  - 3.5.4.2 As to agenda, get a complete schedule thereof at least for the current year and put the Board on notice before every meeting.
  - 3.5.4.3 Assist the Board in making business judgment in good faith and in the performance of their responsibilities and obligations.
  - 3.5.4.4 Monitor individual Board member's compliance to the qualifications and disqualifications criteria as set by this Manual and report the same to the Board for action.
  - 3.5.4.5 Attend all Board meetings and maintain record of the same.
  - 3.5.4.6 Submit to the SEC, at the end of every fiscal year, an annual certification as to the attendance of the directors during Board meetings.

### **3.6 External Auditor**

- 3.6.1 An External Auditor shall enable an environment of good corporate governance as reflected in the financial records and reports of the Bank. An External Auditor shall be selected and appointed by the stockholders upon recommendation of the Audit Committee.
- 3.6.2 The reason/s for the resignation, dismissal or cessation from service and the date thereof of an External Auditor shall be reported in the Bank's annual and current reports. Said report shall include a discussion of any disagreement with said former External Auditor on

any matter of accounting principles of practices, financial statement disclosure or auditing scope or procedure.

- 3.6.3 The External Auditor of the Bank shall not at the same time provide the services of an Internal Auditor to the Bank. The Bank shall ensure that other non-audit work shall not be in conflict with the functions of the External Auditor.
- 3.6.4 The Bank's External Auditor shall be rotated or the handling partner shall be changed every five (5) years or earlier.
- 3.6.5 If an External Auditor believes that the statements made in the Bank's annual report, information statement or proxy statement filed during his engagement is incorrect or incomplete, he shall present his views in said reports.

### **3.7 Internal Auditor**

- 3.7.1 The Bank shall have in place an independent internal audit function which shall be performed by an Internal Auditor or a group of Internal Auditors, through which its Board, senior management, and stockholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate, and complied with.
- 3.7.2 The Internal Auditor shall report to the Audit Committee. An annual report is submitted to the Audit Committee and Senior Management on the department's activities, purpose, authority, responsibility, and performance relative to audit plans and strategies approved by the Audit Committee.
- 3.7.3 The Internal Auditor shall have full access to all the company's records, properties and personnel relevant to the internal audit activity.
- 3.7.4 The Internal Auditor shall not install nor develop procedures, prepare records or engage in other activities which he normally reviews or appraises. The internal audit activities are being conducted in accordance with the Standards for the Professional Practice of Internal Auditing.

3.7.5 The minimum internal control mechanisms for management's operational responsibility shall center on the President, being ultimately accountable for the Bank's organizational and procedural controls.

3.7.6 The internal audit examinations covers, at least:

3.7.6.1 The evaluation of adequacy and effectiveness of controls encompassing the organization's governance, operations, information systems (including reliability and integrity of financial and operational information);

3.7.6.2 Effectiveness and efficiency of operations;

3.7.6.3 Safeguarding of assets; and

3.7.6.4 Compliance with laws, rules and regulations and contracts.

There shall be status reports that summarize recommendations, officers responsible and implementation dates.

3.7.7 The scope and particulars of a system of effective organizational and procedural controls shall be based on the following factors: the nature and complexity of business and the business culture; the volume, size and complexity of transactions; the degree of risk; the degree of centralization and delegation of authority; the extent and effectiveness of information technology; and the extent of regulatory compliance.

#### **4 COMMUNICATION PROCESS**

- 4.1 This Manual shall be available for inspection by any stockholder of the Bank at reasonable hours on business days.
- 4.2 All directors, executives, division and department heads are tasked to ensure that all employees and related third parties have thorough understanding of the process of the Manual that the Board of Directors and its Committees are undertaking and to likewise enjoin compliance in the process.
- 4.3 This Manual shall be made available to the employees of the Bank via its distribution channel of all policies, procedures, laws and regulations.

## 5 TRAINING PROCESS

Every director shall, upon assumption of his office as such, and within a period of six (6) months from the date of his election, be required to attend a seminar on corporate governance which shall be conducted by a duly recognized private or government institute.

## **6 REPORTORIAL OR DISCLOSURE SYSTEM OF BANK'S CORPORATE GOVERNANCE POLICIES**

- 6.1 The reports or disclosures required under this Manual shall be prepared by the responsible Committee or officer of the Bank and submitted to the SEC through the Bank's Compliance Officer.
- 6.2 All material information, i.e., anything that could potentially affect share price, shall be publicly disclosed. Such information shall include earnings results, acquisition or disposal of assets, board changes, related party transactions, shareholdings of directors and changes to ownership.
- 6.3 All disclosed information shall be released via the approved stock exchange procedure for Bank announcements as well as through the annual report.
- 6.4 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.

## **7 SHAREHOLDER'S BENEFIT**

The Bank recognizes that the most cogent proof of good corporate governance is that which is visible to the eyes of its investors. Therefore the following provisions relating to rights of investors and minority interests are issued for the guidance of all internal and external parties concerned. The Board shall be committed to respect the following rights of the stockholders:

### **7.1 Voting Right**

7.1.1 Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.

7.1.2 Cumulative voting shall be used in the election of directors.

7.1.3 A director shall not be removed without cause if it will deny minority shareholders representation in the Board.

### **7.2 Pre-emptive Right**

Unless otherwise determined by the Board of Directors, no holder of stock of the Bank shall be entitled as such, as a matter of right, to purchase or subscribe for any stock of any class which the Bank may issue or sell, whether or not exchangeable for any stock of the Bank of any class or classes and whether out of un-issued shares authorized by the articles of incorporation of the Bank as originally filed or by any amendment thereof or out of shares of stock of the Bank acquired by it after the issue thereof, and whether issued for cash, labor done, personal property, or real property, or leases thereof. Nor, unless otherwise determined by the Board of Directors, shall any holder or any shares of the capital stock of the Bank be entitled as such, as a matter of right, to purchase or subscribe for any obligation which the Bank may issue or sell that shall be convertible into or exchangeable for any shares of stock of the Bank of any class or classes, or to which shall be attached or appurtenant to any warrant or warrants or any other instrument or instruments that shall confer upon the holder or holders of such obligation the right to subscribe for or purchase from the Bank any shares of its capital stock of any class or classes.



### **7.3 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 provisions of the Corporation Code and shall be furnished with annual reports, including financial statements, without cost or restrictions.

### **7.4 Right to Information**

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

7.4.2 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".

### **7.5 Right to Dividends**

7.5.1 Shareholders shall have the right to receive dividends subject to the discretion of the Board.

7.5.2 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 or a need to meet the minimum capitalization as prescribed by the BSP.

## 7.6 Appraisal Right

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

- 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;
- 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
- In case of merger or consolidation.

7.6.1 It shall be the duty of the directors to promote shareholder rights, remove impediments to the exercise of shareholders' right and allow possibilities to seek redress for violation of their rights. They shall encourage the exercise of shareholder's voting rights and the solution of collective action problems through appropriate mechanisms. Such mechanisms may include the right of the shareholder to propose items in the agenda of meetings in order for the grievances, as long as appropriate, are discussed.

7.6.2 Directors shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.

## **8 MONITORING AND ASSESSMENT**

- 8.1 Each Committee shall report regularly to the Board of Directors.
- 8.2 The Compliance Officer shall establish an evaluation system to determine and measure compliance with this Manual. Any violation thereof shall subject the responsible officer or employee to the penalty provided under Part 9 of this Manual.
- 8.3 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.
- 8.4 This Manual shall be subject to annual review unless the same frequency is amended by the Board.
- 8.5 All business processes and practices being performed within any department or business unit of the Bank that are not consistent with any portion of this Manual shall be revoked unless upgraded to the compliant extent.

## 9 PENALTIES FOR NON-COMPLIANCE WITH THE MANUAL

- 9.1 To strictly observe and implement the provisions of this Manual, the following penalties shall be imposed, after notice and hearing, on the Bank's directors, officers, staff, and the subsidiaries and affiliates respective directors, officers and staff in case of violation of any of the provision of this Manual:
- In case of **first violation**, the subject person shall be reprimanded.
  - Suspension from office shall be imposed in case of **second violation**. The duration of the suspension shall depend on the gravity of the violation.
  - **For third violation**, the maximum penalty of removal from office shall be imposed.
- 9.2 The commission of a third violation of this Manual by any member of the board of the Bank or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.
- 9.3 The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Board of Directors the imposable penalty for such violation, for further review and approval of the Board.

**ANNEX A**  
**Chinatrust (Phils) Commercial Bank Corporation**  
**CORPORATE GOVERNANCE**  
**Self-Assessment Questionnaire**

<b>1. Guide Questions on THE BOARD</b>	<b>TOTAL</b>	<b>AVERAGE</b>
a) Does the Board have an explicit commitment in a written Policy Document to:		
i) Promote long-term shareholder value?		
ii) Safeguard and respect all other stakeholder interests?		
(1) A policy on full and faithful compliance with laws, regulation, BSP circulars?		
(2) A quarterly compliance statement from the Compliance Officer, reporting directly to the Board?		
(3) A semi-annual compliance statement from the President, and an annual statement from the Chairman?		
(4) A policy on human resource development and personnel development system based on accountability, checks and balances, and a corporate and a corporate Code of Ethics?		
(5) A policy, with appropriately updated Guidelines, to promote the good reputation of the bank in dealings with depositors, borrowers, and other parties that transact business with the bank?		
(6) A sustained program of corporate social responsibility that enhances the good image of the bank before the general public?		
b) Does the Board set-- and periodically review as well as update--- the bank's corporate philosophy and mission?		
c) Does the Board set and review annually the bank's strategic and business plans?		
d) Does the Board set and review the Bank's financial objectives, plans and actions?		
e) Does the Board regularly monitor corporate performance against the strategic and business plans, and against annual financial objectives and operating plans/targets?		
f) Does the Board include non-financial aspects in its monitoring functions?		
g) Does the Board have a performance evaluation system in place? Does it work in a manner that includes evaluation of Board performance itself? Is this system used to evaluate the performance of top management, and to select, monitor and compensate the CEO and other senior officers?		

h) Does the board have succession plan for the Board and senior management?		
i) Does the board review and approve all material transactions not in the ordinary course of business?		
j) Does the board have a formal mechanism to search for and invite independent directors? What policy direction is the Board setting to increase the percentage of independent directors in the Board?		
k) Is the Board working towards a proper mix of directors with varied and diverse backgrounds to ensure a high caliber of directors?		
l) Is the Board committed to have a working Board of Directors, whose size and composition would be conducive to active participation of all members?		
m) Does the Board have clear guidelines on the amount of time directors spend on board matters? Would these guidelines include limiting the number of directorships in other corporations that members may accept?		
n) Does the Board spend much of its time on routine matters, which are taken up on a pro forma basis, without need for deliberation?		
<b>2. Guide Questions on THE CHAIRMAN</b>		
a) Does the Board have a Code of Corporate Governance?		
b) Does the Code clearly indicate the main responsibility of the Chairman as being focused on the proper governance of the bank through the Board of Directors?		
c) Does the Chairman ensure an efficient, effective functioning of the Board?		
d) Does the Chairman ensure active participation and sufficiently deep professional involvement of all members of the Board?		
e) Does the Chairman encourage and actively solicit views and opinions of other members of the Board in the process of arriving at a decision?		
f) Does the Chairman ensure that all members of the Board are given sufficient information on time to enable them to study issues carefully and responsibly that come up to the Board? Does the Chairman allow for, and even encourage, the expression of independent views that may be different from those proposed by top management?		
<b>3. Guide Questions on MEMBERS OF THE BOARD</b>		

a) Are Directors fully aware that their primary loyalty as a member of the Board is to the bank, as a whole, an institution with several shareholders as well as other shareholders?		
b) Do Directors know that as members of the Board they represent no other interests except those of the bank itself, an institution with a juridical personality separate and independent of its different shareholders (whether majority or minority) and stakeholders? Do they act accordingly?		
c) Do Directors know that their position is one of trust, with serious fiduciary duties to all shareholders (without distinction between majority and minority)?		
d) Do Directors know that their duty of loyalty to the bank demands that they always act honestly and in good faith, lawfully and avoiding conflicts of interests?		
e) Do Directors spend enough time on board matters? Do they devote reasonable diligence to these matters? Do they attend Board meetings and related activities regularly? Do they actively participate, after due and diligent preparation, in Board meetings and other deliberative activities of the Board?		
f) Do Directors observe confidentiality and the duty of proper and responsible disclosure?		
g) Do Directors insist on getting the proper information and background materials to enable them to carry out their duties diligently and professionally?		
h) Do Directors taken an active interest in corporate governance practices so as to align the bank's practices with best practices? Do Directors take advantage of training opportunities provided for them?		
i) Do Directors draw the line between Board and management responsibilities, not getting involved in management and operational issues, but exercising diligent oversight over, and regular monitoring of, operations?		
j) Do the President and other executive directors (i.e directors with management responsibilities in the bank) recognize the dual role they play, and that in the board, as directors, they are to express their views and make decisions with integrity and independence, including a degree of independence from their executive functions?		
<b>4. Guide Questions on BOARD MEETINGS.</b>		
a) Does the Board meet regularly?		
b) Does the Board meet to consider strategic and long-term		

positioning issues of the bank at least once a year?		
c) Does the Board meet to consider various aspects of the annual business plan, focusing on a few aspects once a quarter until all aspects are covered within a year? Does the Board relate these aspects of the business plan with the strategic plan?		
d) Does the Board monitor performance and relate actual performance with both the business plan and targets as well as with the strategic plan?		
e) Does the Board assess the risk of the portfolio the bank carries?		
f) Does the Board oversee the risk management process, ensuring that operating officers generally stay within limits authorized for them? Are corrective reports and actions automatically triggered once those limits are breached?		
g) Are Board decisions truly collegial, and are they arrived at after independent views from several directors have been freely expressed?		
h) Does the Board have an occasion to meet, at least once a year, without the President present?		
i) Does the Board have a performance evaluation system, which enables it to assess its own governance mechanism and performance?		
j) Does the Board have a performance evaluation system, connected with its remuneration system, for all senior officers that it appoints?		
k) Does the Board exercise due diligence and care in looking at, and acting upon, the audit reports, submitted through its audit committee by the internal auditors, the external auditors, and the BSP?		
<b>5. Guide Questions on BOARD COMMITTEES AND BOARD ISSUES.</b>		
a) Does the Board have a fully functioning Audit Committee, made up mostly of independent directors? Are all the members of the Audit Committee financially literate?		
b) Do the Audit Committee and other Board committees have written terms of reference approved by the full Board?		
c) Does the internal auditor report directly to the Board?		
d) Does the Audit Committee meet at least once a quarter?		
e) Is there a system of checks and balance in the Executive Committee?		
f) Is the President a member of the Executive Committee?		



g) Does the bank have a Governance Committee, tasked with performance evaluation, nomination, remuneration, and corporate governance?		
h) Is the compensation structure of directors fair and adequate in view of the duties and responsibilities assigned to the Board? Does it attract and retain qualified independent directors?		
i) Does the compensation of directors include both equity and cash, and is this fully revealed to the regulatory authorities?		
j) Does the bank disclose the philosophy and process used in determining director compensation in its annual statement to all shareholders?		
k) Is the Board fully committed to accurate and timely disclosure on all material matters, including the financial situation, performance (both financial and non-financial), ownership changes and governance of the bank?		
l) Does the Board insist on high quality standards of auditing and compliance?		
m) Does the Board have a clear, written policy on transparency and disclosure to the regulatory authorities and the general public?		
n) Does the Board insist on open channels of communication with the regulatory authorities?		
o) Does the Board insist on strict adherence to bank's Code of Ethics, which should guide all relations with the bank's different other stakeholders and with the general public?		