CHARTER
CORPORATE GOVERNANCE/NOMINATION/ REMUNERATION AND SUSTAINABILITY COMMITTEE

I. Corporate Governance defined –

Corporate Governance refers to that "set of relationships *between* an institution's management, its board, its shareholders, and other stakeholders. Corporate governance also provides the structure through which the objectives of the institution are set, and the means of attaining those objectives and monitoring performance are determined. Good corporate governance should provide proper incentives for the Board and Management to pursue objectives that are in the best interest of the institution its various stakeholders. It should facilitate effective monitoring thereby encouraging institutions to use resources more efficiently. More briefly, it is the system by which businesses are directed and implemented by the institution's board of directors." *(Source: Organization for Economic Co-operation and Development)*

Corporate Governance is the system of stewardship and control to guide organizations in fulfilling their long-term economic, moral, legal and social obligations towards their stakeholders.

It is a form of organization of power and its control which gives the Board of Directors and informing shareholders a larger role. Specifically in:

1. Establishing strategic objectives and a set of corporate values that are communicated throughout the institution;

2. Setting and enforcing clear lines of responsibility and accountability throughout the Bank;

3. Ensuring that Board members are qualified for their positions, have a clear understanding of their role in corporate governance and are not subject to undue influence from Management or outside concerns;

4. Effectively utilizing the work conducted by internal and external auditors, in recognition of the important control function they provide;

5. Ensuring that compensation approaches are consistent with the Bank's ethical values, objectives, strategy and control environment; and

6. Conducting corporate governance in a transparent manner.

II. The Corporate Governance/Nomination/Remuneration and Sustainability Committee

The Corporate Governance/Nomination/Remuneration and Sustainability Committee is created pursuant and in compliance to SEC Memorandum Circular No. 19 dated Nov. 22, 2016, Code of Corporate Governance for PLCs; BSP Circular 456 dated October 4, 2004, Constitute Board Committees; and BSP Circular No. 749 dated February 27, 2012, Strengthening Corporate Governance, to align existing regulations with international best practices that promote good corporate governance such as the "Principles for Enhancing Corporate Governance", to assist the Board of Directors in fulfilling its corporate governance responsibilities; and ensure the Board's effectiveness and due observance of corporate governance principles and guidelines.

III. Composition of the Committee

a) The Committee shall have a minimum of at least five (5) members of the board of directors, inclusive of the President and two (2) independent directors. The Chairman shall be an independent director. They shall be entitled to the payment of the usual per diems given to members of the Committees created by the Board.

b) The Committee shall invite resource persons in any of its meetings to render a report, clarify and provide guidance to the Committee on any relevant issue the Committee is confronted with.

c) The presence of the majority of the members of the committee less 1 member shall constitute a quorum; but the vote of the majority of the quorum which in no case is less than 2 members is required to approve any act in all the meetings of the committee.

d) When there is a lack of quorum due to the absence of other members, an alternate member from among the Board Members may be appointed to attend a particular meeting and automatically sit as a voting member.

e) Subject to Section 35 of the Corporation Code, the Board of Directors shall have the power, at any time, to change, to increase or decrease the membership of the Corporate Governance/Nomination/Remuneration and Sustainability Committee or to fill vacancies therein, and to determine from time to time, by resolution, the number of members to constitute a quorum.

IV. Duties and Responsibilities

1. Corporate Governance and Sustainability

- Oversees the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the bank's size, complexity and business strategy, as well as its business and regulatory environments;

- Oversees the periodic performance evaluation of the Board and its committees, as well as executive management and conducts an annual self-evaluation of its performance; and review/evaluate the annual self-assessment of the directors, board and committees prior to Board approval/notation;

- Ensures that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;

- Decides the manner by which the Board's performance may be evaluated, as well as 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);

- Recommends continuing education and relevant training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance;

- Ensures that the Bank has a clear and focused policy on the disclosure of non-financial information, with emphasis on management of Economic, Environmental, Social and Governance (ESSG) issues of its business, which underpin sustainability that are disclosed through the Bank's Annual Report and website;

- Encourage Bank's employees to actively participate in the realization of its goals and governance, to be a good and responsible corporate citizen that contributes to the country's sustainable development, respects the interests and promotes the wellbeing of its various stakeholders, and creates value in everything it does. At the same time, social responsibility is a commitment that is shared by every employee of the Bank.

- Responsible in all bank's dealings with the communities where it's business operates and plays an active role in nation-building through its Corporate Social Responsibility (CSR) initiatives. Ensure that Bank's interactions serve its environment and stakeholders and promotes a mutually beneficial relationship that allows the Bank to grow its business, while contributing to the advancement of the society.

2. Nomination and Qualifications of Board Members and Senior Management

- Determines the nomination and election process for the bank's directors and has the special duty of defining the general profile of board members that the bank may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board;

- Ensures that the Bank shall have at least three (3) Independent Directors (IDs) or such number as to constitute at least one-third 1/3 of the members of the Board, whichever is higher.

- Pre-screens and shortlist all candidates nominated to become a member of the board of directors in accordance with the qualifications and disqualifications; and

- Develops a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired.

3. Remuneration of Directors/Officers

- Establishes a formal and transparent procedure to develop a policy for determining the remuneration packages of directors and officers that is consistent with the bank's culture and strategy as well as the business environment in which it operates;

- Designates the amount of remuneration and fringe benefits, which shall be at a sufficient level to attract and retain directors and officers who are needed to run the Bank successfully;

- Disallows any director to decide his or her own remuneration; and

- Provides in the Bank's annual reports, information and proxy statements a clear, concise and understandable disclosure of the aggregate compensation of its executive officers for the previous fiscal year and the ensuing year.

4. Committee Chairman

Generally, the powers and duties of the Chairman of the Committee are as follows:

- To convene the members of the Committee whenever he deems it necessary, either on his own initiative, or upon the request of the members of the Committee, at least once every quarter;
- To preside over all the Committee meetings;
- To maintain efficient lines of communication and information between the Board and Management; and
- To perform such other functions as provided by law or as may be assigned to him by the Board of Directors.

5. The Committee Vice Chairman

The Committee Vice Chairman shall preside over the meeting of the Corporate Governance/Nomination/Remuneration and Sustainability Committee in the absence of the Chairman.

V. Frequency Meeting

The Committee shall hold a meeting at such time and place as it considers appropriate, provided that a meeting shall be held at least every quarter.

VI. Secretariat

The administrative requirements of the Committee shall be handled by a Secretariat to be designated by the Committee.

VII. Review of the Charter

The Committee shall review and assess the adequacy of this Charter annually and recommend any proposed changes for approval of the Board of Directors.