

**SECURITIES AND EXCHANGE COMMISSION**  
**SEC FORM – ACGR**  
**ANNUAL CORPORATE GOVERNANCE REPORT**

**GENERAL INSTRUCTIONS**

**(A) Use of Form ACGR**

This SEC Form shall be used to meet the requirements of the Revised Code of Corporate Governance.

**(B) Preparation of Report**

These general instructions are not to be filed with the report. The instructions to the various captions of the form shall not be omitted from the report as filed. The report shall contain the numbers and captions of all items. If any item is inapplicable or the answer thereto is in the *negative*, an appropriate statement to that effect shall be made. Provide an explanation on why the item does not apply to the company or on how the company's practice differs from the Code.

**(C) Signature and Filing of the Report**

- A. Three (3) complete set of the report shall be filed with the Main Office of the Commission.
- B. At least one complete copy of the report filed with the Commission shall be **manually** signed.
- C. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.
- D. This report is required to be filed annually together with the company's annual report.


**(D) Filing an Amendment**

Any material change in the facts set forth in the report occurring within the year shall be reported through SEC Form 17-C. The cover page for the SEC Form 17-C shall indicate "Amendment to the ACGR".

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM – ACGR**

**ANNUAL CORPORATE GOVERNANCE REPORT**

1. Report is Filed for the Year: **2014**
2. Exact Name of Registrant as Specified in its Charter: **EAST WEST BANKING CORPORATION**
3. **Podium of the Beaufort, 5<sup>th</sup> Avenue Cor. 23<sup>rd</sup> Sts., Bonifacio Global City, Taguig**  
Address of Principal Office Postal Code **1634**
4. SEC Identification Number: **ASO94-002733**
5.  (SEC Use Only)  
Industry Classification Code
6. BIR Tax Identification Number: **003-921-057**
7. **(632) 575-3888**  
Issuer's Telephone number, including area code
8. ....  
Former name or former address, if changed from the last report

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## A. BOARD MATTERS

### 1) Board of Directors

Number of Directors per Articles of Incorporation	9
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Actual number of Directors for the year	9
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#### (a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) <sup>1</sup>	Elected when (Annual /Special Meeting)	No. of years served as director
1. GOTIANUN, SR. ANDREW L.	NED		FDC	SINCE INCEPTION 1994	April 25, 2014	ASM April 25, 2014	20
2. GOTIANUN, MERCEDES T.	NED		FDC	SINCE INCEPTION 1994	April 25, 2014	ASM April 25, 2014	20
3. GOTIANUN, JONATHAN T.	NED		FDC	SINCE INCEPTION 1994	April 25, 2014	ASM April 25, 2014	20
4. GOTIANUN-YAP, LOURDES JOSEPHINE	NED	NA	FDC FOREX	AUG. 15, 2000	April 25, 2014	ASM April 25, 2014	14
5. MONCUPA, JR. ANTONIO C.	ED		FDC FOREX	SEPT. 16, 2006	April 25, 2014	ASM April 25, 2014	8
6. VALERIO, JR. BENEDICTO M.	NED		FDC FOREX	JULY 26, 2012	April 25, 2014	ASM April 25, 2014	2 years and 5 months
7. SANDEJAS, JOSE S.	ID		FDC (Rel. None)	APRIL 2012	April 25, 2014	ASM April 25, 2014	2 years and 8 months
8. ALINDADA, CARLOS R.	ID		FDC (Rel. None)	APRIL 2012	April 25, 2014	ASM April 25, 2014	2 years and 8 months
9. AQUINO, PAUL A.	ID		FDC FOREX (Rel. None)	OCT 10, 2012	April 25, 2014	ASM April 25, 2014	2 years and 8 months

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

**The Corporate Governance Manual was designed to define the framework of rules, systems and processes that governs the performance of the Board of Directors and Management. It establishes the structure by which the Bank executes and carries out its Corporate Governance.**

<sup>1</sup> Reckoned from the election immediately following January 2, 2012.

The Bank's Board conducts its functions as a full board and through its committees. The Board established committees to assist it in discharging its responsibilities. Each committee has a mandate outlining the authority delegated to it by the board.

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, 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 shall conduct itself with utmost honesty, integrity and transparency in the discharge of its duties, functions and responsibilities.

The Board is committed to respect the rights of the stockholders such as but not limited to:

- a. Voting rights - Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Bank Code
- b. Pre-emptive right - All stockholders shall have pre-emptive rights, unless the same is denied in the articles of incorporation or an amendment thereto. They shall have the right to subscribe to the capital stock of the Bank.
- c. Powers 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
- a. Right to information - All 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".
- a. Rights to dividends - Shareholders shall have the right to receive dividends subject to the discretion of the Board.
- d. 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

How often does the Board review and approve the vision and mission?

This depends on the numbers of strategic meetings which are normally held at the beginning of the year during planning sessions and as often as needed to accommodate any revision.

(c) Directorship in Other Companies

(i) Directorship in the Company's Group<sup>2</sup>

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

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Andrew T. Gotianun Sr.	Filinvest Development Corporation	Chairman Emeritus
	Filinvest Land, Inc	Honorary Chairman
	Davao Sugar Central Corporation	Chairman
	Filinvest Farm Corp.	Chairman
	Pacific Sugar Holdings	Chairman
	ALG Holdings , Inc	Chairman

<sup>2</sup> The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Jonathan T. Gotianun	Filinvest Development Corp.	Chairman
	Davao Sugar Central co., Inc	Executive Director (ED) / President
	Filinvest Alabang, Inc.	
Mercedes T. Gotianun	EW Rural Bank	Chairman
	Filinvest Development Corp.	
	Filinvest Land, Inc	
	Davao Sugar Central Corporation	
	Filinvest Alabang, Inc.	
Lourdes Josephine Gotianun Yap	Filinvest Land Inc.	Executive Director/ President and CEO
	Filinvest Alabang, Inc.	Executive Director/ President
	Filinvest Asia Corp.	Chairman
	Cyberzone Properties, Inc.	Chairman
	The Palms Country Club	Chairman / President
	Filinvest Development Corp.	President
	Festival Supermall, Inc	President
Jose S. Sandejas	The Palms Country Club	

(ii) Directorship in Other Listed Companies

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

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
None		

(iii) Relationship within the Company and its Group

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

Director's Name	Name of the Significant Shareholder	Description of the relationship
ANDREW L. GOTIANUN SR.	FDC	SHAREHOLDER/DIRECTOR
MERCEDES T. GOTIANUN	FDC	SHAREHOLDER/DIRECTOR
L. JOSEPHINE GOTIANUN YAP	FDC AND FDC FOREX	SHAREHOLDER/DIRECTOR
JONATHAN T. GOTIANUN	FDC AND FDC FOREX	SHAREHOLDER/DIRECTOR

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

**The Bank follows the rule provided by the BSP on interlocking directorships in order to protect the Bank against the excessive concentration of economic power, unfair competitive advantage or conflict of interest.**

(d) Shareholding in the Company

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

**Record date as of December 31, 2014**

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
<b>JONATHAN T. GOTIANUN</b>	<b>10</b>	<b>4,271,200 Team Gladiola/ Berit holdings Inc</b>	<b>0.3785</b>
<b>ANDREW L. GOTIANUN SR.</b>	<b>10</b>	<b>662,500/Andremerc Holdings Corp.</b>	<b>0.0587</b>
<b>MERCEDES T. GOTIANUN</b>	<b>10</b>	<b>662,500/Andremerc Holdings Corp.</b>	<b>0.0587</b>
<b>JOSEPHINE L. GOTIANUN YAP</b>	<b>195,410</b>	<b>3,407,500/share in EW Trust Account &amp; shares held by immediate family</b>	<b>0.3193</b>
<b>ANTONIO C. MONCUPA JR.</b>	<b>455,010</b>	<b>0</b>	<b>0.0403</b>
<b>BENEDICTO M. VALERIO JR.</b>	<b>500</b>	<b>0</b>	<b>0.00</b>
<b>CARLOS R. ALINDADA</b>	<b>10</b>	<b>0</b>	<b>0.00</b>
<b>JOSE S. SANDEJAS</b>	<b>20,010</b>	<b>0</b>	<b>0.0018</b>
<b>PAUL A. AQUINO</b>	<b>10,010</b>	<b>0</b>	<b>0.0009</b>
<b>TOTAL</b>	<b>680,980</b>	<b>9,003,700</b>	<b>0.8583</b>

2) Chairman and CEO

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

Yes  No

Identify the Chair and CEO:

Chairman of the Board	<b>JONATHAN T. GOTIANUN</b>
CEO/President	<b>ANTONIO C. MONCUPA JR.</b>

(b) Roles, Accountabilities and Deliverables

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

	<b>Chairman</b>	<b>Chief Executive Officer</b>
Roles, Accountabilities, Deliverables	<b>The function of the Chairman is to preside at all meetings of the stockholders and the Board of Directors. He may also call special meetings of the stockholders and the Board of Directors pursuant to Section 3 of Article II and Section 4 of Article III.</b>	<b>The President, who shall be elected by the Board from among its members, shall be the Chief Executive Officer of the corporation. He shall, subject to the control of the Board, have direct and immediate supervision over the long term and daily operations and management of the Bank and shall execute and</b>



	Chairman	Chief Executive Officer
	<ol style="list-style-type: none"> <li>1. To provide leadership in the Board of Directors.</li> <li>2. To ensure that the Board takes an informed decision.</li> <li>3. To attend all committee meetings.</li> </ol>	<p>administer the administrative and operational policies approved by the Board. He shall also exercise such powers as may be vested upon him by the Board not incompatible with law or these By-Laws. He may, at his discretion, delegate to a Chief Operating Officer some of his responsibilities subject to such rules and limitations as the Board may prescribe.</p> <p>The President shall ensure that the strategic goals set by the Bank's Board of Directors are achieved.</p> <p>He is also requested to attend all committee meetings.</p>

3) Explain how the Board of Directors plans for the succession of the CEO/Managing Director/President and the top key management positions?

I. **EastWest Bank's Succession Planning Program** is designed to identify and assess next-in-line individuals who can fill in critical positions, and to provide the necessary development plans to ensure readiness. The program initially covers Senior Officer positions.

Succession Planning in EastWest is limited to the most critical positions in the Bank such as the President / Chief Executive Officer (CEO), and the Heads who drive the various business units, whether operations, support or governance. It also tries to put in place a talent pool for other secondary yet equally important positions such as the department heads and area heads in the branches.

II. **Methods used to Support Succession Planning**

1. Job Evaluation
2. Career Planning and Development – preparation of career plan for identified High Potential Individuals (HiPos) to prepare them for bigger responsibilities in the future
3. Talent Management – identification of top talent and designing development plan for these key talents
4. Officer Development Programs

III. **EastWest Succession Planning** - The Succession Plan for key positions in EastWest is as follows:

1. The President – May be chosen from the Business Heads of critical units who are all members of the Senior Management Committee (MANCOM) and other operating committees. If, in the opinion of the Chairman of the Board, none of the present crop qualifies, external hires will be considered.
2. The Group Heads of key business units may be chosen from the Division Heads or external hires; The Division / Department Heads may be chosen from the Department / Section Heads, or external hires.

IV. **The Corporate Governance and Compliance Committee vets the candidates for the Bank's critical positions.**

4) Other Executive, Non-Executive and Independent Directors

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

It is the policy of the Bank that in selecting the members of the Board, it considers each director's professional background, business or banking experience, competency, independence and critical thinking and moral standing in the community.

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

**The Bank thru Corporate Governance and Compliance Committee ensures that the directors are qualified prior to their election /appointment taking into account their integrity, physical fitness, competence, education, moral standing and relevant experience among others.**

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

	Executive	Non-Executive	Independent Director
Role	The President and CEO is the only Executive Director of the Bank. He shall, subject to the control of the Board, have direct and immediate supervision over the long-term and daily operations and management of the Bank.	The Non-executive Director is one who is not involved in the day to day management of the Bank and is generally free from any business relationship that could hamper their objectivity or judgment on the business and activities of the Bank.	An Independent Director is one who has no business or relationship with the Bank which could or could reasonably be perceived to materially interfere with the exercise of his independent judgment in carrying out his responsibilities as a Director.
Accountabilities, Deliverables	<p>To ensure a high standard of best practice for the Bank, its stockholders and other stakeholders, the Board shall:</p> <ul style="list-style-type: none"> <li>a. Approve and monitor the implementation of strategic objectives;</li> <li>b. Approve and oversee the implementation of policies governing major areas of banking operations;</li> <li>c. Approve and oversee the implementation of risk management policies;</li> <li>d. Oversee selection and performance of Directors and Senior Management and adopt an effective succession planning program;</li> <li>e. Consistently conduct the affairs of the institution with a high degree of integrity;</li> <li>f. Define appropriate governance policies and practices for the Bank and for its own work and establish means to ensure that such are followed and periodically reviewed for ongoing improvement;</li> <li>g. Constitute committees to increase efficiency and allow deeper focus in specific areas.</li> <li>h. Effectively utilize the work conducted by the internal audit, risk management and compliance functions and the external auditors;</li> <li>i. 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;</li> <li>j. Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the Bank.</li> <li>k. Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Bank and its parent company.</li> <li>l. Ensure the consistent adoption of corporate governance policies and systems across the group.</li> <li>m. 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.</li> </ul>		

Provide the company's definition of "independence" and describe the company's compliance to the definition.

**The Bank defines independence as having no business relationship with the Bank which could or could reasonably be perceived to materially interfere with the exercise of his independent judgment in carrying out his responsibilities as a Director.**

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

**In accordance with BSP Circular No. 749 series of 2012 and SEC Circular No. 9 series of 2011, the Bank's independent directors have a term limit of five (5) consecutive years. If after two years, the Bank decides to bring back an independent director who had served for five years, it shall limit the term for no more than four (4) additional years.**

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

(a) Resignation/Death/Removal

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

Name	Position	Date of Cessation	Reason
None			

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

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

Procedure	Process Adopted	Criteria
<b>a. Selection/Appointment</b>		
(i) Executive Directors	<ul style="list-style-type: none"> <li>- The Board's Corporate Governance and Compliance Committee accepts nomination and vets qualified nominees based on the criteria provided in the By-laws for election/re-election at the Annual Stockholders Meeting.</li> <li>- The Bank follows the rules on permanent and temporary disqualification outlined in its By-laws, MORB Section X143 of the Bangko Sentral ng Pilipinas, the Corporation Code and SEC issuances.</li> <li>- The Bank follows the rules and procedures prescribed by the Bangko Sentral ng Pilipinas under MORB Section X143 for removal, reinstatement and suspension of its directors.</li> </ul>	
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>b. Re-appointment</b>		
(i) Executive Directors	See response to "a"	
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>c. Permanent Disqualification</b>		
(i) Executive Directors	See response to "a"	
(ii) Non-Executive Directors		
(iii) Independent Directors		

Procedure	Process Adopted	Criteria
<b>d. Temporary Disqualification</b>		
(i) Executive Directors		<b>See response to "a"</b>
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>e. Removal</b>		
(i) Executive Directors		<b>See response to "a"</b>
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>f. Re-instatement</b>		
(i) Executive Directors		<b>See response to "a"</b>
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>g. Suspension</b>		
(i) Executive Directors		<b>See response to "a"</b>
(ii) Non-Executive Directors		
(iii) Independent Directors		

Voting Results of the last Annual General Meeting:

**East West Bank Stockholder's Meeting was held on April 25, 2014.**

Name of Director	Votes Received
<b>JONATHAN T. GOTIANUN</b>	<b>The total votes received for the election of the Board of Directors were 86.41% or 975,062,821 voting shares of the total outstanding subscribed capital stock of the bank.</b>
<b>ANDREW L. GOTIANUN SR.</b>	
<b>MERCEDES T. GOTIANUN</b>	
<b>LOURDES JOSEPHINE GOTIANUN YAP</b>	
<b>ANTONIO C. MONCUPA JR.</b>	
<b>ATTY. BENEDICTO M. VALERIO JR.</b>	
<b>JOSE S. SANDEJAS</b>	
<b>CARLOS R. ALINDADA</b>	
<b>PAUL A. AQUINO</b>	

6) Orientation and Education Program

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

**The Bank provides a seminar / training in corporate governance for new Directors in compliance with BSP regulation under MORB Section 141.2.**

- b. State any in-house training and external courses attended by Directors and Senior Management<sup>3</sup> for the past three (3) years:

**In September 2012, the Bank had a Board Retreat where members of the Board and Senior Management had sessions on Corporate Governance with compliance, risk management and internal**

<sup>3</sup> Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

audit as focus of discussion.

In December 2014, the Institute of Corporate Directors (ICD), a SEC-accredited training provider, conducted an exclusive Corporate Governance Training Seminar for the Board and Senior Management of the Bank at Crimson Hotel, Alabang.

EWB Academy, the Bank's training arm provides, in coordination with an accredited BSP training provider, offered Corporate Governance Courses for senior officers of the Bank with the rank of Assistant Vice President and up. There were a total of four runs of this seminar in 2013 and two in 2014.

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

Name of Director/Officer	Date of Training	Program	Name of Training Institution
<b>Board of Directors:</b> 1. Andrew L. Gotianun, Sr. 2. Jonathan T. Gotianun 3. Josephine L. Gotianun-Yap 4. Carlos R. Alindada 5. Paul A. Aquino 6. Jose S. Sandejas 7. Atty. Benedicto M. Valerio 8. Antonio C. Moncupa, Jr.  <b>Senior Management:</b> 1. Jose Emmanuel U. Hilado 2. Gerardo Susmerano 3. Jacqueline S. Fernandez 4. Arturo L. Kimseng 5. Rene K. De Borja Jr. 6. Manuel Andres D. Goseco 7. Denise N. Tambuatco 8. Ernesto T. Uy 9. Grace N. Ang 10. Virgilio L. Camilo 11. Consuelo V. Dantes 12. Randall A. Evangelista 13. Gina Marie C. Galita 14. Renato P. Peralta 15. Ma. Bernadette T. Ratcliffe 16. Gerone G. Jimenez 17. Clarissa Maria A. Villalon 18. Mari Cris Q. Mauhay 19. Lourdes A. Ona	December 02, 2014	1. The ASEAN Corporate Governance Scorecard (ACGS) Exercise and the ACGR Posting Requirements on Publicly Listed Companies (PLC) Websites 2. Preliminary 2014 ACGS Rating 3. Special Topics in Financial Reporting and Internal/External Audit 4. Review of SEC Issuances	Institute of Corporate Directors (ICD)

## B. CODE OF BUSINESS CONDUCT & ETHICS

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

Business Conduct & Ethics	Directors	Senior Management	Employees
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Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	<p>The Corporate Governance Manual provides that a Director or Officer must fully disclose/notify Senior Management and 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.</p> <p>The Bank, in its commitment to ensure the transparency and fairness in dealing with all its stakeholders, has established policies to avoid potential conflict of interest. Conflict of interest is defined as any situation in which the Bank's directors, officers and employees have a competing interest against the Bank or its customers.</p> <p>As a general rule, all Directors, Officers and Employees of the Bank shall not engage in any transaction that may be construed as having conflict of interest with the Bank or its customers. Although, it is not possible to enumerate all situations which could constitute a conflict, the facts and merits of each situation shall determine the interest in question to bring it within the area of potential conflict. Conflict of interest of all employees shall be governed by the Code of Ethics and Discipline and any inquiries and request for clarification on this matter shall be referred to the Human Resources Group. This shall be</p>	<p>The Bank's Code of Ethics and Discipline provides that no employee may engage in any business or activity that, directly or indirectly, is in competition with that of the Bank or to the performance of his respective job or work assignments.</p> <p>The Bank also maintains a policy on Related Party Transactions and Conflict of Interest which provide guidance on –</p> <ol style="list-style-type: none"> <li>1. Identification of related party transactions, and actual and potential conflicts of interest that may arise in the course of the Bank's business.</li> <li>2. Establishment of transparency in related party transactions and personal dealings to promote operational integrity in the business.</li> <li>3. The proper and restricted use of confidential, sensitive and/or material information not available to the public.</li> <li>4. The establishment and maintenance of Chinese Walls.</li> </ol>	

Business Conduct & Ethics	Directors	Senior Management	Employees
	<p>discussed with the employee's immediate Supervisor and Chief Compliance Officer. In case of doubt, any material matter that poses conflict of interest shall be vetted by the Corporate Governance and Compliance Committee and endorsed to the Board for approval.</p>		
(b) Conduct of Business and Fair Dealings	<p>The Bank's Code of Ethics and Discipline describes the policies on Trust and Confidence / Honesty and Integrity.</p> <p>It is the obligation of every director, officer and employee to preserve and maintain the trust and confidence bestowed on him/her by the Bank when it entrusts to him/her records, documents, cash and other restricted and confidential matters pertinent to bank operations and business.</p> <p>1.1. Confidentiality of Bank Transactions – Bank transactions are confidential. Any information and /or data relative thereto should not be divulged.</p> <p>1.2. Accuracy and Completeness of Data and Records – The records, data and information owned, used and managed by the Bank should be accurate, updated and complete at all times. Every employee is responsible for the integrity of information, records and reports under his/her control. Financial information provided to the Bank's shareholders, regulatory bodies and other must embody the highest standards of fairness and accuracy.</p> <p>1.3. Confidentiality of Bank Records – The Bank prohibits the unauthorized disclosure or reproduction of classified and confidential records, documents, correspondences and information pertaining to the Bank's business or affairs.</p> <p>1.4. Integrity of Bank Records – The integrity of the records of the Bank must be maintained at all times. Any willful action, which would affect the integrity of the said records, including falsification, misrepresentation or concealment of material and/or relevant facts, will not be tolerated and will be subjected to appropriate disciplinary action.</p> <p>1.5. Turnover of Bank Records and Documents upon Resignation/Separation – All Bank records and documents in the custody of an employee must be surrendered to the Bank upon the employee's resignation/separation from the Bank.</p> <p>1.6. Confidential Relationship between Employee and Customers – Employee must maintain the confidential relationship between the Bank and each of its customers. Likewise, those by virtue of their responsibilities are privy to employees' personal data should keep in strictest confidence such information unless required by Management or by court of law.</p> <p>1.7. Confidential Information – Confidential information is considered to be privileged and must be held in strictest confidence and must never be discussed outside the normal and necessary course of employment with the Bank for the purpose of furthering any personal interest or as a means of making any personal gain.</p>		
(c) Receipt of gifts from third parties	<p><u>Code of Ethics and Discipline</u></p> <p>Section 11. No employee shall accept gifts or lavish entertainment from customers or suppliers either for himself, his family or his dependents.</p>		

Business Conduct & Ethics	Directors	Senior Management	Employees
	Section 12. Receiving of gifts, percentage and commission in exchange for a favor to a client is strictly prohibited.		
(d) Compliance with Laws & Regulations	<p>The Board of Directors shall:</p> <p>a. Oversee the implementation of the Compliance Program and ensure that compliance issues are resolved expeditiously;</p> <p>b. Constitute a Committee that will be responsible in coordinating, monitoring and facilitating compliance with existing laws, rules and regulations; and</p> <p>c. Act as the approver of the Compliance Manual and amendments thereto.</p>	<p>Compliance, which is essential to the Bank's continued growth and stability, is the responsibility of every East West Banker.</p> <p>The Compliance Division headed by the Chief Compliance Officer is vested with the role of overseeing the design of the Bank's Compliance Program and coordinating its effective implementation towards the sound management of Business and Compliance Risks. It is also the Division's mandate to propagate the right compliance culture while avoiding an overly risk-averse environment that inhibits business growth.</p> <p>In coordination with the Compliance Division and corollary to the Bank's Compliance Program, each Business and Support Unit shall develop and implement policies and procedures consistent with the BOD-approved Compliance Manual embodying the Bank's Compliance Program.</p> <p>Each employee has the responsibility to have a working knowledge of all relevant laws, rules and regulations applicable to his assignment and is expected to fulfill his duties and responsibilities set forth in the Unit's/Group's Compliance Program.</p>	
(e) Respect for Trade Secrets/Use of Non-public Information	<p>The Bank's confidential information shall be adequately protected in its entire lifecycle. Creation, access, and usage of confidential information is on a need-to-know basis while transmission, storage, and disposal shall adopt secured handling.</p> <p>Authorized users must not distribute the Bank's confidential information to unauthorized internal and external parties. Management approval is required before anyone can distribute the Bank's confidential information. Any approved material that is to be distributed must contain all proper copyright, trademark and disclaimer notices.</p> <p><u>Code of Ethics and Discipline</u></p> <p>Section F 1. It is the obligation of every employee to preserve and maintain the trust and confidence bestowed on him by the Bank when it entrusts to him records, documents, cash and other restricted and confidential matters pertinent to Bank operations and business</p> <p>Section F 2. Bank transactions are confidential and any information and/or data relative thereto may not be divulged. Strict compliance to R.A. 1405, which prohibits the disclosure of deposits of any nature, should be observed at all times.</p> <p>Section F 3. The Bank prohibits the unauthorized disclosure or reproduction of classified and confidential records, documents, correspondence and information pertaining to the Bank business or affairs.</p> <p>Section F 5. All Bank records and documents in the custody of an employee must be surrendered to the Bank upon the employee's resignation/separation from the Bank.</p> <p>Section F 6. Employees must maintain the confidential relationship between the Bank and each of its customers.</p> <p>Section F 7. Likewise, those by virtue of their responsibilities are privy to employee's</p>		



Business Conduct & Ethics	Directors	Senior Management	Employees
	personal data should keep in strictest confidence such information, unless required by the Management or by court of law.		
(f) Use of Company Funds, Assets and Information	<p><b>Code of Ethics and Discipline</b></p> <p><b>Section 15. Employees shall not use Bank stationery, office supplies and/or equipment for personal purposes, nor should any employee perform, during working hours or inside Bank premises, any work not related to his job or connected with the Bank's business.</b></p> <p>The Bank also has an Information Security Policy, and new hires are required to read it and sign the attached acknowledgment form.</p>		
(g) Employment & Labor Laws & Policies	The Employee Handbook, given out during the New Employees' Orientation Program (NEOP) and the Code of Ethics and Discipline contain Bank policies, and rules and regulations that are in accordance with existing Labor Laws.		
(h) Disciplinary action	<p>Consistent with the General Banking Act of 2000 and the fiduciary nature of the relationship of banks with its depositors and because the banking business is impressed with public interest, the Bank adopts a policy to promote the highest standards of integrity and the highest degree of diligence and responsibility among its directors, officers and employees. In line with this, the directors, officers and employees must conduct themselves in a manner consistent with the Bank's core values and be instrumental in the promotion of the Bank's good name and reputation and in the achievement of its business goals and objectives.</p> <p>The Bank has thus set standards of discipline and work ethics for its officers and employees and shall, when circumstances so warrant, impose appropriate disciplinary action against employees who, by their acts or omissions, commit infractions and breach the work standards, policies and procedures, rules and regulations of the Bank.</p>		
(i) Whistle Blower	<p>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.</p> <p>The reporting party or otherwise referred to as the "whistleblower" has a 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 the Whistle Blowing Committee or call any of the following designated officers:</p> <ol style="list-style-type: none"> <li>1. Head, Human Resources Division</li> <li>2. Chief Audit Executive</li> <li>3. Chief Risk Officer</li> <li>4. Chief Compliance Officer</li> </ol> <p>If the issue to be reported is serious and sensitive, the whistleblower may directly approach the President and 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 Committee or the Chairman of the Board of Directors.</p> <p>The whistleblower may disclose his/her identity or opt to remain anonymous.</p>		

Business Conduct & Ethics	Directors	Senior Management	Employees
	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>		
(j) Conflict Resolution	<p><b>A Grievance Committee composed of officers and representatives of the Bank’s Employee Relations Council was created with the following responsibilities.</b></p> <ol style="list-style-type: none"> <li>1. To uphold fairness, justice and cooperation in the investigation of issues involving any employee.</li> <li>2. To ensure that both parties are given equal opportunities to present their sides.</li> <li>3. To assist in the mediation of grievances at the earliest possible time.</li> <li>4. To refer the grievance matter to the Human Resources Division (HRD) pursuant to established procedure of the Bank on handling administrative complaints</li> </ol> <p>Once a complaint is referred to HRD through an incident report, appropriate investigation is conducted. If there is a violation of the Bank’s policies, concerned employees are accorded due process and if sanction is warranted, appropriate sanctions are meted.</p>		

2) Has the Code of Ethics or Conduct been disseminated to all directors, senior management and employees?

**Yes. As soon as they join the organization, directors, senior management and employees are provided a copy of the Code of Ethics and Discipline as well as the Employee Handbook.**

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

The Code of Ethics aims to enforce the Bank standards and ensure impartiality and fair treatment of all employees when disciplinary action is required. The Management, through its line managers, enforces the code of ethics but all employees are welcome to file reports/complaints when they find that offenses have been committed. Human Resources, along with Legal Department and Internal Audit Group, conduct a preliminary investigation.

If the findings indicate that there is basis, administrative proceedings are then conducted.

- Minor offenses would warrant a disciplinary action of oral reprimand, written warning, or suspension of not more than five (5) days, and may be decided on by the Line Manager/Group Head after taking into consideration the employee’s reply and issuing a Notice of Disciplinary Action.
- Serious offenses would warrant a disciplinary action of more than five (5) days suspension up to termination and shall be decided on by the President after submitting a written reply and the conduct

**of a formal hearing with the Committee on Ethics and Discipline.**

4) Related Party Transactions

(a) Policies and Procedures

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

Related Party Transactions	Policies and Procedures
(1) Parent Company	<p><b>In line with the Bank's thrust to promote transparency, any Related Party transaction shall be on an arms-length basis and no favorable or special treatment shall be afforded to such related party unless the same treatment shall be accorded to all parties similarly interested in such dealing.</b></p> <p><b>All Related Party Transactions shall be reviewed and vetted by the Corporate Governance and Compliance Committee, which serves as the Board's Related Party Committee. This Committee is composed of 5 Board members, 3 of whom are independent directors. Furthermore, the Chief Compliance Officer and the Chief Audit Executive sit as non-voting members in the said committee whenever there are Related Party Transactions for vetting. Upon approval, the transactions shall be endorsed and presented to the Board for approval. All approved Related Party Transactions are reported to the Bangko Sentral ng Pilipinas in accordance with the regulatory reporting requirements.</b></p>
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	
(6) Officers including spouse/children/siblings/parents	
(7) Directors including spouse/children/siblings/parents	
(8) Interlocking director relationship of Board of Directors	

(b) Conflict of Interest

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

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

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	None
Name of Officer/s	None
Name of Significant Shareholders	None

(ii) Mechanism

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

**The Related Party Transactions and Conflict of Interest Policy Manual provides that any Related Party Transaction (RPT) and Personal Dealings by any Relevant Person that includes all directors, officers and employees, regardless of employment status, title, position or duties and Connected Persons which refers to immediate family members, members of the household and legal entities that are majority owned by the Relevant Person with the Bank shall be conducted at arms-length and no favorable or**

special treatment shall be accorded to such related parties unless the same treatment shall be given to all parties similarly interested in such dealings. All RPT, transactions with directors, officers, stockholders and related interest (DOSRI) and personal dealings of directors, officers and their connected persons shall be vetted by the Corporate Governance and Compliance Committee (CGCC) before these are presented to the Board of Directors for approval.

The Bank further issued an inter-office memorandum that provides guidelines on loan-related transactions and purchase of Bank's Real and Other Properties Acquired (ROPA) by DOSRI and their Related Party that shall require vetting of CGCC.

5) Family, Commercial and Contractual Relations

- (a) Indicate, if applicable, any relation of a family,<sup>4</sup> commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
None		

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

Names of Related Significant Shareholders	Type of Relationship	Brief Description
FDC Group	Borrowing Client	Subject to the rules of the BAP on DOSRI accommodation, shareholder has a credit facility with the company which it may avail from time to time

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

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
None		

6) Alternative Dispute Resolution

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

Alternative Dispute Resolution System	
Corporation & Stockholders	None
Corporation & Third Parties	The Bank, complies with applicable laws, rules and regulations on the matter of alternative dispute resolution and that, whenever circumstances warrant, the Bank expresses or manifests its willingness and openness to reasonable (extra-judicial) resolution of disputes with third parties. Further, the Bank complies with the provisions of Alternative Dispute Resolution whenever incorporated in contracts it

<sup>4</sup> Family relationship up to the fourth civil degree either by consanguinity or affinity.

	enters into.”
Corporation & Regulatory Authorities	There has been no dispute between regulatory authorities in the last three years.

### C. BOARD MEETINGS & ATTENDANCE

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

Yes.

- 2) Attendance of Directors

There were twelve (12) regular board meetings, four (4) special board meetings and one (1) organizational meeting of the Board held from January to December 2014 or a total of seventeen (17) Board of Directors’ Meetings.

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	JONATHAN T. GOTIANUN	April 25, 2014	17	17	100
Member	ANDREW L. GOTIANUN SR.	April 25, 2014	17	17	100
Member	MERCEDES T. GOTIANUN	April 25, 2014	17	16	94.12
Member	L.JOSEPHINE GOTIANUN YAP	April 25, 2014	17	17	100
Member	ANTONIO C. MONCUPA JR.	April 25, 2014	17	17	100
Member	BENEDICTO M. VALERIO JR.	April 25, 2014	17	17	100
Independent Director	JOSE S. SANDEJAS	April 25, 2014	17	17	100
Independent Director	CARLOS R. ALINDADA	April 25, 2014	17	17	100
Independent Director	PAUL A. AQUINO	April 25, 2014	17	17	100

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

None

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

**No. As prescribed by the Bylaws of the Bank, at least a majority of the members of the Board of Directors shall constitute a quorum to do business, except in those cases where the Corporation Code provides for a greater percentage.**

- 5) Access to Information

- (a) How many days in advance are board papers<sup>5</sup> for board of directors meetings provided to the board?

<sup>5</sup> Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

**3-7 days before the meeting**

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

Yes

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

**Pursuant to the 2009 SEC Revised Code of Corporate Governance, Bank's Corporate Governance Manual and Amended Bylaws of the Bank, below are details relative to responsibilities of the Corporate Secretary:**

**The Corporate Secretary should be:**

- 3.1.1 A Filipino citizen and a resident of the Philippines**
- 3.1.2 Be loyal to the mission, vision and objectives of the corporation;**
- 3.1.3 Work fairly and objectively with the Board, Management and stockholders;**
- 3.1.4 Have appropriate administrative and interpersonal skills;**
- 3.1.5 Be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities;**
- 3.1.6 Have a working knowledge of the operations of the corporation.**

**Duties and Responsibilities**

- 1. He shall have custody of the Stock certificate Book, Stock and Transfer Book and the corporate Seal.**
- 2. Prepare Ballots for the annual election and keep a complete and up-to-date roll of the stockholders and their addresses.**
- 3. He shall also perform such duties as are incident to his office and those which may be required of him by the Board of Directors and of the President.**
- 4. Gathers and analyzes all documents, records and other information essential to the conduct of his duties and responsibilities to the Bank.**
- 5. Informs the members of the Board, in accordance with the by-laws of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval.**
- 6. Attends all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent him from doing so.**
- 7. Safe keeps and preserves 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.**
- 8. Ensures that all Board procedures, rules and regulations are strictly followed by the members.**
- 9. Submits to the Securities and Exchange Commission, at the end of every fiscal year, an annual sworn certification on the directors' record of attendance in Board meetings.**

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

**Yes. The Corporate Secretary is actively engaged in the practice of law and specializes in corporate work and litigation.**

(e) Committee Procedures

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

Yes  No

Committee	Details of the procedures
Executive	As a matter of policy, materials for the meeting are

Committee	Details of the procedures
	<p>disseminated to the committee members at least a day before the meeting date. Further information required by the committee member/s, if any, are made available within the meeting day or subsequently as agreed with the concerned committee member/s.</p> <p>All items for Executive Committee approval are sent to and maintained by the Corporate Secretary. All members of the Board have access to these records.</p>
Audit	<p>As a matter of policy, materials for the meeting are disseminated to the committee members at least a day before the meeting date. Further information required by the committee member/s, if any, are made available within the meeting day or subsequently as agreed with the concerned committee member/s.</p> <p>All records of the Audit Committee is maintained by the Committee and its Secretary and can be accessed by the members of the Board.</p>
Corporate Governance and Compliance Committee (Nomination)	<p>As a matter of policy, materials for the meeting are disseminated to the committee members at least 2 days before the meeting date. Further information required by the committee member/s, if any, are made available within the meeting day or subsequently as agreed with the concerned committee member/s.</p> <p>All records of the Corporate Governance and Compliance Committee is maintained by the Committee and its Secretary and can be accessed by the members of the Board.</p>
Remuneration	<p>As a matter of policy, materials for the meeting are disseminated to the committee members at least a day before the meeting date. Further information required by the committee member/s, if any, are made available within the meeting day or subsequently as agreed with the concerned committee member/s.</p> <p>All records of the Remuneration Committee is maintained by the Committee and its Secretary and can be accessed by the members of the Board.</p>
Risk	<p>As a matter of policy, materials for the meeting are disseminated to the committee members at least a day before the meeting date. Further information required by the committee member/s, if any, are made available within the meeting day or subsequently as agreed with the concerned committee member/s.</p> <p>All records of the Risk Committee is maintained by the Committee and its Secretary and can be accessed by the members of the Board.</p>
Trust	<p>Materials for the regular meeting are distributed to the committee members at least 2 days before the meeting date. Additional information that may be required is provided during</p>

Committee	Details of the procedures
	<p>the meeting or afterward to the concerned Committee member(s). Special meetings may be requested / convened to discuss specific issues.</p> <p>All records of the Trust Committee is maintained by the Committee and its Secretary and can be accessed by the members of the Board.</p>

6) External Advice

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

**There is no formal procedure. If the directors see the need, they can seek external advice.**

7) Change/s in existing policies

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

**All major policies and procedures, including revision and modifications thereto, are subject to periodic review and require approval of the Board of Directors. This is to ensure compliance to laws and regulations and alignment to Bank's strategy.**

**D. REMUNERATION MATTERS**

1) Remuneration Process

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

**Human Resources Group recommends a proposed compensation package for the CEO and all Senior Management Officers to the Remuneration Committee. This Committee, composed of five members including the President and one independent director, evaluates and recommends to the Board incentives and other equity-based plans designed to attract and retain qualified and competent senior officers.**

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

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

Executive Directors	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
	<b>For the CEO, please see response to number 1.</b>		
	<b>Please see response in number 3.</b>		

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

**Stockholders do not approve the decision on total remuneration of the Board.**

3) Aggregate Remuneration

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



The following are the Bank's CEO and four most highly compensated executive officers for the year ended 2014:

Name	Position
Antonio C. Moncupa, Jr. ....	Chief Executive Officer
Gerardo Susmerano .....	Head of Retail Banking
Jacqueline S. Fernandez .....	Head of Consumer Lending
Arturo L. Kimseng .....	Chief Audit Executive
Renato K. De Borja, Jr. ....	Chief Finance Officer

The following table identifies and summarizes the aggregate compensation of the Bank's CEO and the four most highly compensated executive officers of the Bank in 2012, 2013 and 2014 estimates:

	Year	Total(1) (P in millions)
CEO and the most highly compensated officers named above .....	2012	60.8
	2013	66.8
	2014	77.8
Aggregate compensation paid to all officers and Directors as a group unnamed .....	2012	379.4
	2013	449.1
	2014	524.3

Notes:

(1) Includes salary, bonuses and other income.

The growth in aggregate compensation of the CEO and the four most highly compensated executive officers of the Bank for 2015 is estimated to be the same as that of the prior year.

There are no actions to be taken as regards any bonus, profit sharing, pension or retirement plan, granting of extension of any option warrant or right to purchase any securities between the Bank and its directors and officers

Remunerations given to directors which were approved by the Board Remuneration Committee amounted to P 13.1 million in 2014 and P10.2 million in 2013.

4) Stock Rights, Options and Warrants

**EW has no stock rights, options and warrants.**

(a) Board of Directors

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

Director's Name	Number of Direct Option/Rights/Warrants	Number of Indirect Option/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock
None				

(b) Amendments of Incentive Programs

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

Incentive Program	Amendments	Date of Stockholders' Approval

None		
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5) Remuneration of Management

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

The following are the Bank's CEO and four most highly compensated executive officers for the year ended 2014:

Name	Position
Antonio C. Moncupa, Jr. ....	Chief Executive Officer
Gerardo Susmerano .....	Head of Retail Banking
Jacqueline S. Fernandez .....	Head of Consumer Lending
Arturo L. Kimseng .....	Chief Audit Executive
Renato K. De Borja, Jr. ....	Chief Finance Officer

The total remuneration for the CEO and the most highly compensated officers named above is ₱77.8 million in 2014.

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

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

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	1	4	None	<p>The Composition and mandate of the Executive Committee (ExCom) is defined in Section 8, Article III of the By-laws of the Bank, to wit: "(T)he Board of Directors may create an Executive Committee, the composition of which shall include not less than three members of the Board to be appointed by the Board. The Executive Committee, by a majority vote of its members , and subject to such limitations as the Board may prescribe, is empowered to approved and/or implement any or all corporate acts within the competence of the Board except those acts expressly reserved by the Corporation Code to the Board of Directors."</p> <p>The Executive committee has six members, five of which are regular members</p>	<p>The primary function of the ExCom is to approve the recommendation of management for the grant of loans that are within its authority as fixed by the Board from time to time, to confirm the approval by the Loan Committee of the recommendation for the grant of credit accommodation within the authority of the said Committee as fixed by the Board from time to time and to endorsed to the Board the grant of credit accommodation</p>	<p>The responsibilities of the ExCom were already cited in its charter, power and functions.</p>	<p>Currently the ExCom is empowered to approve clean loans up to the maximum amount of P250MM and secured loans up to the maximum amount of 500MM. It is also empowered to act on all request for approval of the</p>

Committee	No. of Members			Committee Charter	Functions	Key	Power
				and an alternate member who is appointed by the Board during its Organizational Meeting that is held after the Annual Stockholder's Meeting of the Bank. It meets there (3) times a month during which meetings, the management present updates on bank operations, request for loan approval and request for endorsement to the board of various matters which are within the exclusive competence of the said body.  The loan approval limit of the Executive Committee is determined by the Board and is covered by written resolutions.	which per policy of the Bank requires Board approval. Finally, as mandated by the Board, all requests for Board action are sent to the Executive Committee for endorsement to the Board.		Board needing immediate action subject to the latter's confirmation except those reserved to the Board under pertinent rules like the grant of DOSRI accommodation, transactions involving related interest, etc.
Audit	None	1	3	Please see attached Internal Audit Charter (Annex 1)			
Corporate Governance and Compliance (Nomination)		2	3	Corporate Governance and Compliance Committee (Annex 2)			
Remuneration	1	3	1	Ensures that remuneration arrangements support the strategic objectives of the institution and enable the recruitment and retention of key talents in accordance with applicable regulations.			
Others : Trust Comm	2	3	None	Please see attached Trust Committee Charter (Annex 3)			
Others : Risk Comm		1	3	Please see attached Risk Committee Charter (Annex 4)			

2) Committee Members

(a) Executive Committee

**\*For year ended 2014**

Office	Name	Date of Appointment Re- election held on April 25, 2014)	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	JONATHAN T. GOTIANUN	April 25, 2014	38	37	97.30	20
Member (ED)	ANTONIO C. MONCUPA	April 25, 2014	38	38	100	8

Member (NED)	ANDREW L. GOTIANUN SR.	April 25, 2014	38	35	91.89	20
Member (NED)	MERCEDES T. GOTIANUN	April 25, 2014	38	33	86.47	20
Member (NED)	L.JOSEPHINE GOTIANUN YAP	April 25, 2014	38	33	86.47	14

(b) Audit Committee

Office	Name	Date of Appointment Re- election held on April 25, 2014)	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Carlos R. Alindada	April 25, 2014	13	13	100%	2 years and 8 months
Member (NED)	Josephine Gotianun-Yap	April 25, 2014	13	4	31%	14
Member (ID)	Jose S. Sandejas	April 25, 2014	13	13	100%	2 years and 8 months
Member (ID)	Paul A. Aquino	April 25, 2014	13	13	100%	2 years and 8 months

Disclose the profile or qualifications of the Audit Committee members.

1. Carlos R. Alindada –

- Tanduary Holdings, Inc. (Director); Citibank Savings, Inc. (Director); National Power Corporation (Director, 2001); Energy Regulation Commission (Commissioner, 2001-2004); SGV & Co. (Chairman and Managing Partner, 1996-1999)
- Education:
  - BBA Accounting, University of the East, 1954
  - Masters in Business Administration in Corporate Finance, New York University, 1959
  - Advance Management Program, Harvard University, 1975

2. Jose S. Sandejas

- Soloil, Inc. (Chairman & President); Pilipinas Hino, Inc. (Chairman); Pilipinas Transport Ind., Inc. (Chairman); Philworld Travel, Inc. (Chairman); Diversified Holdings, Inc. (Chairman); St. Scholastica's College (Chairman); Insular Investments & Trust Corp. (Director); Home Credit Mutual Bldg. & Loan Assn. (Director); Benguet Consolidated Corporation (Director); Petron Corporation (Director); Board of Investments (Director)
- Education:
  - BS Chemical Engineering (Cum Laude), De La Salle University, 1961
  - Ph.D in Materials Engineering, Rensselaer Polytechnic Institute, NY, USA, 1962

3. Paul A. Aquino

- Skycable Inc. (Director); Tanging Yaman Foundation (Trustee); Energy Development Corporation (Consultant); Government of Malta (Honorary Consul); KEI Tech Educational Foundation, Inc. (President)
- Education:
  - Bachelor of Arts , Ateneo De Manila University, 1963
  - BS Electrical Engineering, Santa Clara University, California, USA, 1965

- **Masters in Business Administration, Santa Clara University, California, USA, 1967**
- 4. Lourdes Josephine T. Gotianun-Yap**
- **Filinvest Development Corp. (President & CEO); Filinvest Asia Corp. (President); Cyberzone Properties, Inc. (President); The Palms Country Club (President)**
  - **Education:**
    - **BS Business Management, Ateneo De Manila, 1975**
    - **Masters in Business Administration (major in Finance), University of Chicago, 1977**

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

**As contained in the Audit Committee Charter**

**xxx B. Power and Authority,**

- **Oversee the resolution of disagreement between management and the external auditors, in the event they arise. xxx**
- **Meet with the company officers, external auditors, or outside counsel, as necessary.**

**E. Responsibilities**

- **The Audit Committee provides oversight of the institution's financial reporting and internal and external audit functions. It is responsible for the appointment of the internal auditor as well as the independent external auditor who shall both report directly to the Audit Committee. xxx**

**Financial Statements**

- **Review with management and the external auditors the results of the audit, including any difficulties encountered.**

**Internal Control**

- **Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendation.**

**External Audit**

- **Appoint a BSP-accredited external auditor for the purpose of preparing or issuing an audit report or related work.**
- **Review the independent auditors audit plan – discuss scope, staffing, reliance upon management and the internal audit department, general audit approach, and coverage provided to any significant areas of concern that the Committee may have.**
- **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 company, including non-audit services, and discussing the relationships with the auditors.**
- **Prior to publishing the year-end earnings, discuss the results of the audit with the independent auditors.**
- **On an annual basis, the Committee should review and discuss with the independent auditors all significant relationships they have with the Bank that could impair the auditors' independence.**
- **On a regular basis, meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.**

**(c) Nomination Committee**

**The Board of Directors approved on April 28, 2011, the revised Charter of the Corporate Governance and Compliance Committee which includes its duties and responsibilities as the Nomination Committee. It reviews and evaluates the qualification of individuals nominated to the board as well as those nominated to other positions requiring appointment by the board to ensure alignment with the Bank's strategy**

Office	Name	Date of Appointment Re- election held on April 25, 2014)	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Paul A. Aquino	April 25, 2014	8	8	100%	2 years and 8 months
Member (ED)	Jonathan Gotianun	April 25, 2014	8	6	75%	20
Member (NED)	Carlos Alindada	April 25, 2014	8	8	100%	2 years and 8 months
Member (ID)	Jose Sandejas	April 25, 2014	8	8	100%	2 years and 8 months
Member	Atty. Benedicto Valerio	April 25, 2014	8	7	88%	2 years and 5 months

(d) Remuneration Committee

Office	Name	Date of Appointment (Re- election held on April 25, 2014)	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Lourdes Josephine G. Yap	April 25, 2014	1 – May 29, 2014	1	100	14
Member (NED)	Mercedes T. Gotianun	April 25, 2014	1 – May 29, 2014	1	100	20
Member (NED)	Jonathan T. Gotianun	April 25, 2014	1 – May 29, 2014	1	100	20
Member (ID)	Jose S. Sandejas	April 25, 2014	1 – May 29, 2014	1	100	2 years and 8 months
Member (ED)	Antonio C. Moncupa	April 25, 2014	1 – May 29, 2014	1	100	8

(e) Others (Specify)

Provide the same information on all other committees constituted by the Board of Directors:

**Risk Management Committee**

Office	Name	Date of Appointment (Re- election held on April 25, 2014)	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Jose Sandejas	April 25, 2014	12	12	100	2 years and 8 months
Member (NED)	Lourdes Josephine Yap	April 25, 2014	12	11	92	14
Member (ID)	Carlos Alindada	April 25, 2014	12	12	100	2 years and 8 months

Member (ID)	Paul Aquino	April 25, 2014	12	12	100	2 years and 8 months
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#### Trust Committee

Office	Name	Date of Appointment (Re- election held on April 25, 2014)	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Jonathan T. Gotianun	April 25, 2014	4	2	50	20
Member (ED)	Antonio C. Moncupa, Jr.	April 25, 2014	4	3	75	8
Member (NED)	Andrew L. Gotianun, Sr.	April 25, 2014	4	2	50	20
Member (NED)	Atty. Benedicto M. Valerio	April 25, 2014	4	4	100	2 years and 5 months
Member	Arnulfo V. de Pala	June 9, 2011	4	4	100	3 years and 6 months

#### 3) Changes in Committee Members

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

Name of Committee	Name	Reason
Executive	None	None
Audit	None	None
Nomination	None	None
Remuneration	None	None
<b>Others (specify):</b>		
RISK	None	None
TRUST	None	None

#### 4) Work Done and Issues Addressed

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

Name of Committee	Work Done	Issues Addressed
Executive	For 2014, the Executive Committee approved 301 loan applications. It recommended to Board all requests for Board action referred to by the management which it deems are worthy of Board consideration.	NONE
Audit	Oversight function over external and internal audit work plan and results. Reviews also BSP report on examination.	Resolutions of significant audit issues noted during the regular audits were monitored monthly.
Corporate Governance and	Oversight of the Bank's Compliance Program including Anti Money	Significant issues addressed were those raised in the 2014 BSP

Name of Committee	Work Done	Issues Addressed
Compliance	Laundering and Terrorist Financing Deterrence. It also monitored the implementation of the bank's compliance program for the year. It nominated to the Board of Directors candidates to key senior management positions in the bank.	examination of the bank. Actions taken and planned resolutions were monitored monthly by the Compliance Division and reported to the Committee every other month.
Remuneration	The Compensation Committee, assisted by the Human Resources Division, was responsible for harmonizing the salaries of the employees of the bank in accordance with the performance, responsibility and adherence to the prescribed culture. It was also responsible for the implementation of the reward system thru promotion of deserving employees, grant of bonus and incentives.	No significant issues.
Risk	<p>The highlights of the Committee's accomplishments include:</p> <ul style="list-style-type: none"> <li>• Basel III awareness for the Board and Senior Management</li> <li>• Implementation of monthly committee meeting</li> <li>• Review and approval of the revised framework on operational risk and information security</li> </ul> <p>Implementation of the monthly SMT meeting focused on risk and capital management</p>	<p>These initiatives aimed to:</p> <ul style="list-style-type: none"> <li>• familiarize the Board and Senior Management Team (SMT) with the Basel III standards, its objectives, impact to the banking system, and requirements with respect to Bank's risk and capital management</li> <li>• allow more extensive discussions on matters pertaining to risk and capital management to heighten risk oversight</li> <li>• improve management of key operational risks and information security concerns</li> <li>• transition from silo-based to integrated management of risk and capital</li> </ul>
Trust	<ul style="list-style-type: none"> <li>• Instituted tighter documentary requirements such as mandatory letters of instructions</li> <li>• Instituted regular monitoring of documentary deficiencies of the branch network</li> <li>• Maintained tight approval control of one-off investment proposals.</li> <li>• Reviewed and approved managed accounts and discussed performance of key managed accounts and UITFs</li> </ul>	<ul style="list-style-type: none"> <li>• Reduction of operational risks.</li> <li>• Improve investment discipline.</li> </ul>



5) Committee Program

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

Name of Committee	Planned Programs	Issues to be Addressed
Executive	<b>None</b>	
Audit	<b>Control Appreciation and Fraud Prevention Program</b>	<b>To promote and instill control awareness and appreciation among the bank's store officers to minimize occurrence of fraud and loss exposure due to fraud and other irregularities.</b>
Corporate Governance and Compliance (Nomination)	<b>Enhance the Bank's Compliance Program, including its Anti-Money Laundering and Terrorist Financing Deterrence, to promote and improve the organization's culture of compliance.</b>	<b>Raise awareness and understanding of the Bank's compliance risks and institute the right policies, systems and procedures to ensure strict adherence to rules and regulations.</b>
Remuneration	<b>None</b>	
Risk	<b>The Committee planned for and is now undergoing a more in depth risk and capital management education program.</b>	<b>The in depth education program is for the Committee's more entrenched appreciation and understanding of the significant risks that the Bank faces, how the Bank manages them, and the new and emerging trends in the conduct of risk and capital management.</b>
Trust	<b>Offer investment solutions and portfolios utilizing a complete array of investment funds necessary for optimal portfolio construction within an operational framework that is in line with regulatory standards.</b>	<b>Increase competitiveness and differentiation of the business in the industry. Improve operational framework to ensure efficiency and internal controls over asset management and account administration.</b>

**F. RISK MANAGEMENT SYSTEM**

1) Disclose the following:

(a) Overall risk management philosophy of the company;

**The Bank's risk philosophy has been defined and outlined by its Board of Directors in order to provide clear directions and mandate in the conduct of risk management at all levels across the Bank. The underlying premise of the Bank's risk philosophy is that every entity in the Bank exists to provide value for the Bank's 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. All units in the Bank face uncertainty and thus are challenged to determine how much uncertainty to accept in doing business. Uncertainty presents both risk and opportunity, with the potential to erode or enhance value. Value is maximized when management sets strategy and objectives to achieve an optimal balance between growth and return goals and, its related risks, and efficiently and effectively deploys capital in pursuit of the Bank's objectives.**

**The Bank is broadly directed by the following guidelines:**

- align risk appetite with its business plan and strategies
- proactive risk management
- reduce surprises of unexpected losses
- identify and manage all material risks
- optimize use of capital

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

**Not discounting the risk strategies and policies setting and risk exposure monitoring regularly performed by the Board of Directors through the Risk Management Committee (RMC), the Board performs its comprehensive review of the effectiveness of the Bank's risk management system through its annual Internal Capital Adequacy Assessment Process (ICAAP) exercise. While the exercise's prime objective is to assess adequacy of the Bank's capital to cover for its risk exposures, embedded in this assessment is an assessment of the Bank's risk management system effectiveness that ensures risk exposures are contained within prescribed tolerances, and necessarily with sufficient capital cover.**

**The Bank's 2014 ICAAP Document, which summarizes the results of the assessment, indicates that the Bank is exposed to various risks. Alongside its primary risk exposure in credit are exposures in market, operations, liquidity, compliance, reputational, strategic, interest re-pricing, and credit concentration to certain industry. Despite these risk exposures, the Bank remains to have adequate capital to cover for these exposures. This signifies that risks are well contained as a consequence of an effective risk management system in place. With that, the Board confirmed the adequacy of the existing risk management infrastructure through its approval of the 2014 ICAAP Document last January 2014. To date, a similar review is being performed to update last year's assessment. This is expected to be completed not later than March 2015.**

- (c) Period covered by the review;

**The review covered the Bank's risk and capital management performance for the year 2013, plus a 5-year forward looking view while the on-going review indicated above covers the year 2014 and similarly prospective 5-year period.**

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

**The Bank's risk and capital management system, mainly its policies and processes, is constantly challenged and refined as stakeholder reliance on an effective risk management system becomes more pronounced for sound business decision-making purposes. At a minimum, the review is performed on an annual basis through its ICAAP exercise. This is without prejudice to the monthly RMC meetings diligently held to tackle and approve risk and capital management policies and limit structures, and where the results of the monitoring of the Bank's risk and capital management initiatives are comprehensively reported.**

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

**N/A**

## 2) Risk Policy

- (a) Company

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

Risk Exposure	Risk Management Policy	Objective
Credit risk	Well-controlled underwriting process with appropriate levels of authority	To ensure that borrower accounts undergo a rigid credit evaluation

		process and authority commensurate to the risks the Bank will assume with the approval of said account.
	<b>Employment of credit limits (at various levels)</b>	To contain Bank credit exposures within borrowers' capacity to pay and Bank's risk tolerance.
	<b>Securitization and/or insurance</b>	To have credit risk mitigant as an alternative source of collection by the Bank from its clients should a default occur.
	<b>Maintain a minimum level of quality for its credit portfolio</b>	To keep the Bank's credit portfolio quality within acceptable level whereby credit losses are still acceptable and within the Bank's credit risk appetite.
	<b>Diversification</b>	To reduce credit concentration risk in terms of industry sectors, and specific borrowers and/or group of related borrowers.
Operational risk	<b>Segregation of duties and responsibilities, and dual control</b>	To prevent unauthorized or invalid activities arising from monopoly of the whole process by one person or unit in the Bank.
	<b>Hierarchy of approving authorities</b>	To ensure that transactions entered into by the Bank is reviewed and authorized by the appropriate body/ies and level of authority/ies within the Bank.
	<b>Four eye policy</b>	To ensure that transactions are accurately done through verification or second look by another person.
	<b>Independent validation</b>	To ensure reliance on reported completeness and accuracy of records and estimates through a review by a party other than the one performing the task.
Market (includes interest rate) risk	<b>Trading of liquid instruments</b>	To ensure that price fluctuations are relatively contained (in contrast to price fluctuations in illiquid instruments).
	<b>Employment of market risk limits (at various levels) including loss alert system</b>	To cap the Bank's market risk exposure within its risk tolerance and sufficient leeway is allowed to appropriately dispose limit breaches without unnecessarily increasing the Bank's risk.

Liquidity risk	Maintenance of adequate liquidity reserves	To ensure that the Bank has sufficient liquidity to draw from to settle its obligations as and when it falls due.
	Contain cash outflows within acceptable levels, as reflected in the liquidity risk limits	Ensure that there is adequate liquidity to meet expected and unexpected outflows.
	Contingency funding planning	To ensure that all available sources of funding are identified and procedures are set to address an event of severe liquidity requirement.

(b) Group

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

Risk Exposure	Risk Management Policy	Objective
Not applicable		

(c) Minority Shareholders

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

Risk to Minority Shareholders
The principal risk of the minority shareholders in controlling shareholders' exercise of its voting power is the risk of share value reduction due to corporate actions by the controlling shareholders that may be detrimental to the minority shareholders. This risk is considered by the Bank to have a remote possibility of happening to the minority shareholders given the Bank's controlling shareholders track record of prudent management. Since the Bank's public debut a year ago, there were no cited incidents that caused detrimental damage to the Bank's share value as a result of unsound corporate action/s by the Bank's controlling shareholders.

3) Control System Set Up

(a) Company

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

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Operational risk (i.e. fraud activities)	Results of the Bank's risk self assessment performed shows that the Bank is exposed to operational risk such as business disruptions, process errors and failures, and fraudulent activities to which the Bank's management considers as high risk exposure.  The above self-assessment results came on the back of the regular	Having established better or tighter control environment in the Bank's store operations, the Bank further pursued the operationalization of its well-laid Operational Risk Framework with the senior management team at the forefront to perform the same.  Overall operational risk management is directed through Board-approved policies as embodied in the Bank's

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
	<p>monitoring by each of the Bank's business and operating units. Collated by the Risk Management Division, the reports are analyzed on a Group-wide perspective and reported monthly to the Risk Management Committee of the Board.</p> <p>Operational risk is measured in both financial and non-financial terms in accordance with the Board approved risk appetite and tolerances. It is performed by assessing the likelihood of an operational risk happening, and estimating the consequential business impact when the event happens having considered the effectiveness of controls in reducing operational risk.</p>	<p>Operational Risk Management Manual. Self-assessment activities are performed to understand risk exposures and its control environment at point of occurrence to be able to proactively mitigate unacceptable residual exposures.</p> <p>Operational risk events, both near-miss and actual losses, are recorded, tracked, and monitored. The root cause of the operational risk event is determined to evaluate soundness of control design and effective execution of said control that is essential to surface control design issues or execution lapses. This facilitates actions that should prevent the recurrence of said risk event. Key risk indicators are also monitored on a periodic basis to provide early-warnings on potential losses or control breakdowns.</p> <p>Further, to ensure continuity of the Bank's operations, business continuity and disaster recovery planning is performed in readiness for adverse internal and external disruptions.</p> <p>On the other hand, to mitigate losses, insurance coverage for various purposes is maintained by the Bank. Example, insurance coverage for its employee's health and safety, and for potential property loss or damage to its physical assets.</p>

(b) Group

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

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Not applicable		

(c) Committee

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

Committee/Unit	Control Mechanism	Details of its Functions
Executive Committee	Oversight on the Bank's overall credit risk management	<p>The Committee's function includes:</p> <ul style="list-style-type: none"> <li>to review the bank-wide credit</li> </ul>

Committee/Unit	Control Mechanism	Details of its Functions
		<p>strategy, profile and performance.</p> <ul style="list-style-type: none"> <li>to approve the credit risk-taking activities based on the established approving authorities and likewise reviews and endorses credit-granting activities, including the Internal Credit Risk Rating System</li> </ul>
<p><b>Corporate Governance and Compliance Committee (CGCC)</b></p>	<p>Oversight on the Bank’s overall corporate governance and compliance system. It also serves as the Board’s Nomination Committee.</p>	<p>The Committee’s function includes:</p> <ul style="list-style-type: none"> <li>to review and assesses the adequacy of the CGCC’s charter and Corporate Governance Manual and recommends changes as necessary.</li> <li>to oversee the implementation of the compliance program and ensures compliance issues are resolved expeditiously.</li> <li>to assist the Board in assessing the effectiveness of managing compliance risk and ensures regular review of the compliance program.</li> <li>to review and evaluate the qualifications of all persons nominated to the Board and to other positions requiring appointment by the Board.</li> <li>to review and vet all related party transactions</li> </ul>
<p><b>Risk Management Committee (RMC)</b></p>	<p>Oversight on the Bank’s overall risk management system</p>	<p>The Committee’s function includes:</p> <ul style="list-style-type: none"> <li>to develop risk appetite and tolerances for the Bank and recommends them to the Board</li> <li>to review and approve risk management principles, strategies, policies, and initiatives</li> <li>to oversee the overall risk management, risk profile, and compliance with the Board approved risk appetite and tolerances</li> </ul>
<p><b>Audit Committee (AuditCom)</b></p>	<p>Independent Examination the Bank’s internal control system</p>	<p>The Committee’s function includes:</p> <ul style="list-style-type: none"> <li>to examine the major risk exposures and ensures accountability on the part of management to monitor and control such exposures including the risk assessment and risk management policies</li> <li>to examine the major issues</li> </ul>

Committee/Unit	Control Mechanism	Details of its Functions
		<p>regarding accounting principles and financial statement presentation, including any significant changes in selection or application of accounting principles</p> <ul style="list-style-type: none"> <li>• to examine the major issues as to the adequacy of internal controls; to examine the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements</li> </ul>
Trust Committee	Oversight on the proper management of trust and other fiduciary business	<p>The Committee's function includes:</p> <ul style="list-style-type: none"> <li>• Acceptance and closing of trust and other fiduciary accounts</li> <li>• Initial review of assets placed under the trustee's fiduciary custody</li> <li>• Investment, re-investment and disposition of funds or property</li> <li>• Review and approval of transactions between trust and/or fiduciary accounts, and</li> <li>• 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.</li> <li>• The TrustCom shall also preside over the proper conduct of the trust's business, reviewing on a periodic basis, business development initiatives as: <ul style="list-style-type: none"> <li>a. Staffing and delineation of responsibility / accountability</li> <li>b. Proactive development and implementation of strategies for cultivating of revenue streams and cost management</li> <li>c. Application and monitoring of the proper performance benchmarks.</li> </ul> </li> </ul>

Committee/Unit	Control Mechanism	Details of its Functions
Executive Management Committee	Looks into broad organizational and operational issues, and approves major initiatives. Serves as the IT Steering Committee as well.	<p>The Committee's function includes:</p> <ol style="list-style-type: none"> <li>1. Reviews strategies and key execution plans and monitors performance vs plans and historical numbers.</li> <li>2. Discusses employee, customer and competitive trends and formulates strategies and action plans in response to trends.</li> <li>3. Evaluates, approves, prioritizes and monitors major projects and initiatives</li> <li>4. Reviews and monitors broad organizational situation</li> <li>5. As IT Steering Committee <ul style="list-style-type: none"> <li>- Evaluates, approves, monitors and prioritizes IT projects</li> <li>- Monitors progress of IT Strategic Plan, regularly reviews the plan and identify opportunities that will align the plan to the Bank's business strategy.</li> <li>- Identifies business solutions that may leverage technology</li> <li>- Reviews IT policies, procedures and standards, when needed.</li> </ul> </li> </ol>
Loan and Investments Committee (LoanCom)	Oversight on credit risk control	<p>The Committee's function includes:</p> <ul style="list-style-type: none"> <li>• to oversee the credit risk-taking activities and overall adherence to the credit risk management framework,</li> <li>• to review business/credit risk strategies, quality and profitability of the credit portfolio and recommend changes to the credit evaluation process, credit risk acceptance criteria and the minimum and target return per credit or investment transaction</li> </ul>
Asset-Liability Management Committee (ALCO)	Oversight on market, liquidity, and other financial position related risk	<p>The Committee's function includes:</p> <ul style="list-style-type: none"> <li>• ensuring that there is sufficient liquid assets of appropriate quality and in appropriate currencies to meet short-term funding and regulatory requirements,</li> <li>• managing financial position and ensuring that business strategies are consistent with its liquidity, capital and funding strategies,</li> <li>• establishing asset and/or liability pricing policies that are consistent with the financial position</li> </ul>



Committee/Unit	Control Mechanism	Details of its Functions
		<p>objectives,</p> <ul style="list-style-type: none"> <li>• recommending market and liquidity risk limits to the Risk Management Committee and BOD</li> <li>• approving the assumptions used in contingency and funding plans.</li> <li>• reviews cash flow forecasts, stress testing scenarios and results, and implements liquidity limits and guidelines.</li> </ul>
Risk Management Subcommittee (RMS)	Oversight on the implementation and execution of the Bank's risk management policies and procedures	<p>The Committee's function includes:</p> <ul style="list-style-type: none"> <li>• to oversee and direct the management of the overall risk profile</li> <li>• to spearhead the implementation of the Bank's risk management initiatives</li> <li>• to lead the effective conduct of risk management</li> <li>• to oversee the overall risk incidents and control gaps or deficiencies and implementation of corresponding corrective actions</li> </ul>

## G. INTERNAL AUDIT AND CONTROL

### 1) Internal Control System

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

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

**Internal control is broadly defined as a process, effected by the bank's Board of Directors, Management and other personnel, designed to provide reasonable assurance regarding the achievement of its objectives.**

**The bank's internal control was designed to:**

- **Safeguard the bank's assets**
- **Ensure adherence to regulations, particularly those of the BSP, Anti-Money Laundering Council (AMLC), Philippine Deposit Insurance Corporation (PDIC) and SEC.**
- **Maintain reliability of accounting data**
- **Promote operational efficiency**

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

**The Audit Committee prepares annually a self-assessment on their performance and an annual report to the Board of Directors with regards their assessment of the effectiveness and adequacy of the internal controls of the Bank, among others.**

(c) Period covered by the review;

**Latest report was for the calendar year 2013.**

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

**The Audit Committee reviews the effectiveness and efficiency of internal control every meeting. An assessment will be given to the Board, when appropriate and necessary. Annually, the Audit Committee prepares a formal report to the Board of Directors.**

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

**Not applicable**

2) Internal Audit

- (a) Role, Scope and Internal Audit Function

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

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
Refer to the attached Internal Audit Charter	Refer to the attached Internal Audit Charter	In-house but certain functions may be outsourced, if the need arises.	Arturo L. Kimseng EVP & Chief Audit Executive	Refer to the attached Internal Audit Charter

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

**Yes**

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

**Internal Audit is functionally reporting to the Audit Committee. Internal Audit reports to the Audit Committee at least 4 times per year. For 2014, the Audit Committee met 13 times.**

**The Chief Audit Executive (CAE) has direct access and unfettered access to the Board and the Audit Committee. Internal Audit has unrestricted access to all records, properties and personnel.**

- (d) Resignation, Re-assignment and Reasons

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

**There were 17 Internal Audit staff who left due to various reasons such as career change, family circumstance, health condition and migration**

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

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

**Internal Audit monitors the accomplishment of the work plan quarterly and reports to the Audit Committee on a semi-annual basis. Also, status of corrective/remedial measures undertaken on high risk issues is reported to the Audit Committee during its regular meeting.**

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

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

### 3) Audit Control Policies and Procedures

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

Policies & Procedures	Description	Implementation
<b>Internal Audit Manual, which includes the following, among others:</b>		
<b>Audit Risk Assessment Model</b>	<b>Provides risk assessment measurement criteria based on key business risk variables to calculate the weighted risk rating and rank the auditable units/entities. The main purpose of the Risk Assessment Methodology is to enhance the objectivity and transparency and provide for a sound basis for the preparation of the Annual Audit Plan (audit frequency, intensity and timing).</b>	
<b>Risk-based Audit Methodology</b>		
<b>Audit Rating System</b>	<b>Guidelines to promote consistency and objectivity in the formulation of an overall assessment /rating for each audit engagement.</b>	<b>All established controls, policies and procedures have been implemented.</b>
<b>Outsourcing Policies</b>	<b>Covers the process of obtaining external service providers to support or complement the Internal Audit Activity, in conformance with the Institute of Internal Auditor’s Practice Advisory 1210.A1-1 and regulatory requirements of the Bangko Sentral ng Pilipinas, currently under Circular 765, and as may be amended in the future.</b>	
<b>Various Audit Program Guides</b>	<b>Audit Program Guides provide the audit steps / procedures for a particular audit engagement. These are reviewed and updated when deemed necessary, i.e. based on the results of walkthrough procedures there are changes in the process brought about by changes in the system, regulations, etc.</b>	

### 4) Mechanism and Safeguards

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

<b>Auditors (Internal and External)</b>	<b>Financial Analysts</b>	<b>Investment Banks</b>	<b>Rating Agencies</b>
<p><b>Internal Audit functionally reports to the Audit Committee composed of independent directors</b></p> <p><b>Internal Auditors' Declaration of Independence signed annually.</b></p> <p><b>External Auditors issue statement of their independence in compliance with regulation.</b></p>	<b>Not Applicable</b>	<b>Not Applicable</b>	<p><b>The Bank has a signed agreement where the Rating Agencies commit to express an independent, objective and fair credit opinion, adhering to its credit rating standards and ensuring that the credit rating function shall be performed with utmost professional competence.</b></p>

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

<b>Jonathan T. Gotianun, Chairman</b>
<b>Antonio C. Moncupa, Jr., President and CEO</b>
<b>Ma. Bernadette T. Ratcliffe, Chief Compliance Officer</b>

#### **H. ROLE OF STAKEHOLDERS**

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

	<b>Policy</b>	<b>Activities</b>
Customers' welfare	<b>Under the vision and mission statement of the bank, customer is treated equally with the shareholders and employees as major stakeholder of the bank.</b>	<b>Directors, senior management and employees are constantly reminded that the bank is the just the custodian of the money of the depositors and all risk taking activities should be taken only if it will not prejudice the depositors.</b>
Supplier/contractor selection practice	<b>Only pre-qualified bidders are allowed to bid and the bid is awarded to the lowest bidder.</b>	<ol style="list-style-type: none"> <li><b>1. Notice of bidding; prequalification to bid.</b></li> <li><b>2. Announcement of pre-qualified bidder.</b></li> <li><b>3. Submission of bid documents/bond.</b></li> <li><b>4. Bidding</b></li> <li><b>5. Awarding.</b></li> <li><b>6. Notice to proceed.</b></li> </ol>
Environmentally friendly value-chain	<b>Contribute to conservation of trees thru adoption of paperless media transaction.</b>	<ol style="list-style-type: none"> <li><b>1. Electronic instead of paper based communication.</b></li> <li><b>2. Adoption of other electronic based banking products and</b></li> </ol>

		transactions.
Community interaction	Promotion of specific cause for improvement of the Community.	Sponsor community and school based social programs.
Anti-corruption programmes and procedures?	Section I (Rules and Regulations) of the Bank's Code of Ethics and Discipline describes the policies covering the following: F. Trust and Confidence/Honesty and Integrity G. Preservation of Bank Property I. Business and Personal Conduct J. Outside Activities K. Conflict of Interest	Section II (Employee Discipline) of the Bank's Code of Ethics and Discipline describes the policies covering the following: C. Administrative Charges D. Schedule of Penalties
Safeguarding creditors' rights		

2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?

**There is no separate CSR section in the EastWest Annual Report.**

3) Performance-enhancing mechanisms for employee participation.

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

**Caring for the health and well being, as well as for the safety and security of our employees, EastWest provide HMO and group life insurance coverage. Employees' financial security extends beyond retirement with a retirement benefit plan that helps them reap the benefits of long years of hard work and allows them to enjoy life after their tenure with EastWest.**

**As an organization, EastWest believes in providing a learning environment which gives our people all the opportunities for them to accumulate knowledge, continuously hone their skills and sharpen their competencies. EastWest Bank's Learning Academy mission is to provide the necessary training programs to all employees that will help them increase their level of awareness, improve their skills and develop the right attitude in performing their jobs.**

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

HEALTH RELATED FRINGE BENEFITS	AVAILED
1. Annual Physical Examination (Head Offices and Branches)	1,255
2. Executive Check-up	62
3. Pre-employment Physical Examination	1,510
4. Medical Retainer onsite clinics Physician Nurses	4 3
5. Total Amount for emergency medicines and clinic supplies	P685,965
6. Monthly Medical Specialists Consultation	412
7. Monthly Health Advisories	12

8. Flu Vaccinations for employees & Dependents	1,500
9. Wellness Programs	368

**Safety & Security Programs:**

Training Program	Frequency	Participants
Bank Safety and Security Orientation for New Employees Orientation Program (NEOP) <i>(Covers topics on Bank Emergency Preparedness and Response for fire, earthquake, bomb threat and robbery)</i>	Twice a month	New EWB Employees
Security Customer Service Program Modules: 1. Bank Security Operations 2. EW Customer Service Standards 3. Emergency Preparedness & Response 4. ATM-related Fraud– Identification and Prevention	Annual per Security Guard per Security Agency	All agency-deployed Security Guards
Safety and Security Seminar for Service Managers	As scheduled	Service Managers
Safety and Security Division (SSD) Quarterly In-House/Field Training	As scheduled	Safety and Security Division / Operations Center Officers
Safety and Security Seminar - Store Officers Development Program (SODP)	Semi-annual	Store Officers

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

EWB has various training programs such as Foundational Courses, Development Programs, Bank Development, Business Development, Governance, Risk and Compliance, Leadership and Personal Effectiveness . The attached file shows the various ongoing and scheduled classroom courses as well as our list of online courses.



2014 EWB Courses.pdf

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

**The Bank’s Compensation programs will reflect the following beliefs and intentions:**

- We are in the service industry. As such we recognized that the key factor to succeed is to build and retain an employee corps that could compete effectively.
- Having the right people is the first and most important step in achieving the Bank’s vision of being a “world-class bank anchored on service excellence in our chosen markets”.

- We will use compensation to attract and retain top performers, and provide base salary, incentives and rewards that direct behaviour & performance to achieve the Bank's goals & strategies as well as build and sustain the Bank's values and culture.
- We will keep our competitive positioning at or near the 50th percentile of identified competitor banks for annual base salary and total cash compensation (base plus bonus or incentives). Total cash compensation above the 50th percentile may be attained for core employees who hold critical positions and exceed performance expectations.
- The general level of the variable component (bonus) of the compensation will be correlated to the Bank's performance. If the Bank achieves above average results, the bonus pool will correspondingly increase and possibly push the average total compensation higher than the 50th percentile level. In this way, the fortunes of the Bank and that of its workforce are tied tightly.
- We will maintain a salary structure consistent with the aforementioned competitive positioning and at the same time ensures internal consistency whereby the salary is reflective of the employee's duties and responsibilities; competencies relevant to the job, performance and contributions to the business. The salary structure shall specify ranges (minimum, midpoint, and maximum) which are set to correspond to each of the corporate ranks or levels in the bank's job classification framework.
- Similarly, we will provide a fringe benefits program that is competitive with the target market in terms of benefit mix and amounts. The program will complement our base compensation and pay incentives in attracting and retaining employees who meet or exceed performance standards.
- The benefits program will be a mix of benefits that are mandated by law and those commonly given in the industry such as health and life insurances, employee loans, car benefits, retirement, etc. The specific benefit amounts shall be competitively positioned at median or average of the target market.
- The Human Resources Group shall review and recommend changes to the compensation and benefits programs in order to maintain its competitiveness and responsiveness to the needs of the organization.
- The Compensation Committee shall review and approve proposed changes in the compensation structure and benefits program of the Bank.

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

**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 a 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 the Whistle Blowing Committee or call any of the following designated officers:**

1. Head, Human Resources Division
2. Chief Audit Executive
3. Chief Risk Officer
4. Chief Compliance Officer

If the issue to be reported is serious and sensitive, the whistleblower may directly approach the President and 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 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.

## I. DISCLOSURE AND TRANSPARENCY

### 1) Ownership Structure

#### (a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
Filinvest Development Corporation	451,354,890	40.00%	ALG Holdings Corporation
Filinvest Development Corporation Forex Corporation	394,941,030	35.00%	Filinvest Development Corporation
PCD Nominee Corporation -Foreign	170,690,570	15.13%	Various stockholders/clients
PCD Nominee Corporation - Filipino	106,722,409	09.46%	Various stockholders/clients

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Antonio C. Moncupa, Jr.	455,010		0.04%
Gerardo Susmerano	320,000		0.03%
Jacqueline S. Fernandez	23,800		0.00%
Arturo L. Kimseng	30,000		0.00%
Ernesto T. Uy	25,000		0.00%
Manuel Andres D. Goseco	150,000		0.01%
Ivy B. Uy	150,000		0.01%
Renato K. De Borja, Jr.	50,000		0.00%
Bernadette T. Ratcliffe	10,000		0.00%
Arnulfo V. De Pala	10,000		0.00%
Renato P. Peralta	46,300		0.00%



Grace N. Ang	40,000	15,000	0.01%
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2) Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	No
Details of whistle-blowing policy	Yes
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	Yes
Number of board of directors/commissioners meetings held during the year	Yes
Attendance details of each director/commissioner in respect of meetings held	Yes
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

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

**Dividend Policy – the Bank has yet to finalize its Dividend Policy. In prior years' statement, the Bank has disclosed dividends attached to its Preferred Shares. Once the Dividend Policy on its common shares has been finalized, the same shall be included in the annual report.**

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
Sycip, Gorres, Velayo and Co.	PHP 2,950,000	PHP 13,000,000

4) Medium of Communication

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

1. Periodic submission of structured reports to the PSE and SEC
2. Immediate submission of unstructured reports to PSE and SEC in the event a material information occurs
3. Annual investor briefing participation locally and abroad
4. Accommodation of queries by various existing and potential investors through personal meetings, email, and tele-conference
5. Press releases to leading newspapers in circulation pertaining to significant developments happening in the Bank
6. Continuous update of the Bank's website ([www.eastwestbanker.com](http://www.eastwestbanker.com)) for all of the above information released to the public

5) Date of release of audited financial report: **February 27, 2014**

6) Company Website

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

Business operations	Yes
Financial statements/reports (current and prior years)	Yes

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

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

**Not applicable**

7) **Disclosure of RPT**

**The amounts and the balances arising from the foregoing significant related party transactions of the Group and of the Parent Company are as follows:**

Category	2014		Terms and Conditions/Nature
	Amount/ Volume	Outstanding Balance	
<b>Significant investors:</b>			
Loans receivable	₱-	₱5,621,850	Loans granted with a term of seven years, interest of 4.50%, secured, no impairment
Deposit liabilities	-	2,864,568	Deposit liabilities with interest ranging from 0.50% to 1.00%
Accrued interest receivable	-	60,224	Interest income accrued on outstanding loans receivable
Accrued expenses	-	13,297	Payable for management and professional fees paid by FDC (reimbursement for expenses)
Guarantees and commitments	-	3,500,000	Unused credit lines
Interest income	228,219	-	Interest income on loans receivable
Interest expense	2,954	-	Interest expense on deposit liabilities
<b>Key management personnel:</b>			
Loans receivable	-	37,777	Loans granted with terms ranging from three to twenty years, interest ranging from 5.59% to 10.42%, secured at 98%
Deposit liabilities	-	259,726	Deposit liabilities with interest ranging from 0.50% to 5.88%
Accrued interest receivable	-	90	Interest income accrued on outstanding loans receivable
Interest income	3,440	-	Interest income on loans receivable
Interest expense	846	-	Interest expense on deposit liabilities
<b>Other related parties:</b>			
Loans receivable	-	2,310,222	Loans granted with terms ranging from two months to thirteen and a half years, interest ranging from 3.75% to 6.40%, 76% secured by real estate and chattel mortgage, no impairment
Receivables purchased	-	857,158	Receivables purchased by the Parent Company from FLI
Financial assets at FVTPL	-	99,680	FLI- issued debt securities held for trading by the Parent Company, with interest rates ranging from 5.40% to 5.64%, unimpaired
Deposit liabilities	-	15,815,423	Deposit liabilities with interest ranging from 0.50% to 5.88%
Accrued interest receivable	-	17,048	Interest income accrued on outstanding loans receivable
Guarantees and commitments	-	5,267,068	Unused credit lines
Accounts receivable	₱-	₱411,597	Receivable from FAI on the sale of land by the Parent Company, payable in 5 years, interest of 6.00% (Note 10)
Gain on sale of land	264,132	-	Gain recognized on the sale of the Parent Company's land to FAI (Note 10)
Interest income	21,406	-	Interest income on loans receivable
Interest expense	220,370	-	Interest expense on deposit liabilities
Service fee expense	5,434	-	Service fees paid to FLI for account servicing equivalent to 1.12% of loan amounts collected by FLI on behalf of the Parent Company (see Note 9)
Rent expense	37,407	-	Rent expenses paid for lease transactions with other

2014

Category	Amount/ Volume	Outstanding Balance	Terms and Conditions/Nature
			related parties such as Filinvest Asia Corporation, FAI and FLI

The Group's significant investors pertain to FDC, the immediate Parent Company of the Group, and FDC Forex Corporation (a company under common control of FDC).

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The Group considers the members of the Management Committee to constitute key management personnel for purposes of PAS 24. The Group provides banking services to its key management personnel.

Other related parties pertain to the Group's affiliates (subsidiaries of FDC).

The Group and the Parent Company had no outright purchases and outright sale of debt securities with significant shareholders and key management personnel in 2014 and 2013. In 2014, the Parent Company purchased peso-denominated debt securities issued by Filinvest Land, Inc., an affiliate, with market value amounting to 99.68 million as of December 31, 2014.

No provision and allowance for loan losses was recognized by the Group for loans to significant investors, key management personnel and other related parties in 2014 and 2013.

The Parent Company's subsidiaries have no transactions with related parties outside of the Group. The transactions disclosed above are the same for the Group and the Parent Company.

#### Parent Company Related Party Transactions

Transactions between the Parent Company and its subsidiary (EWRB) meet the definition of related party transactions. Details of the Parent Company's subsidiary are disclosed in Note 1.

In addition to the transactions discussed above, the following are the transactions between the Parent Company and its subsidiary that are recognized in the Parent Company's statements of financial position and statements of income and eliminated in the consolidated financial statements:

Category	2014		Terms and Conditions/ Nature
	Amount/ Volume	Outstanding Balance	
<b>Subsidiaries:</b>			
Loans receivable	<b>₱300,000</b>	<b>₱300,000</b>	Loans granted with a term of one month or 30 days, interest rate of 4.00%, unsecured, no impairment
Receivables purchased	<b>5,740,168</b>	<b>3,890,662</b>	Receivables purchased by the Parent Company from EWRB (Note 9)
Accrued interest receivable	–	<b>7,887</b>	Interest on receivables purchased from EWRB and loans granted to EWRB at 4.00% per annum
Accounts receivable	–	<b>564,845</b>	Amount collected by EWRB from borrowers on behalf of the Parent Company that remained unremitted by EWRB
Deposit liabilities	–	<b>166,573</b>	Deposit liabilities with interest rates of 0.05% to 5.87%
Accounts payable	–	<b>72,206</b>	Cash reloading transactions between EWRB and the Parent Company
Interest income	<b>2,537</b>	–	Interest income on outstanding loans receivable
Interest expense	<b>579</b>	–	Interest expense on deposit liabilities
Service fee expense	<b>16,482</b>	–	Service fees paid to EWRB for account servicing equivalent to 0.37% of loan amounts collected by EWRB in behalf of the Parent Company for the receivables purchased (see Note 9)

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

In line with the Bank’s thrust to promote transparency, any Related Party transaction shall be on an arms-length basis and no favorable or special treatment shall be afforded to such related party unless the same treatment shall be accorded to all parties similarly interested in such dealing.

All Related Party Transactions shall be reviewed and vetted by the Corporate Governance and Compliance Committee, which serves as the Board’s Related Party Committee. This Committee is composed of 5 Board members, 3 of whom are independent directors. Furthermore, the Chief Compliance Officer and the Chief Audit Executive sit as non-voting members in the said committee whenever there are Related Party Transactions for vetting. Upon approval, the transactions shall be endorsed and presented to the Board for approval. All approved Related Party Transactions are reported to the Bangko Sentral ng Pilipinas in accordance with the regulatory reporting requirements.

**J. RIGHTS OF STOCKHOLDERS**

Except for pre-emptive right, the stockholders of the Bank possess all the rights of a stockholder under the Corporation Code of the Philippines, to wit:

- 1) Right to attend and vote in person or by proxy at stockholders’ meeting.
- 2) Right to elect and remove directors.
- 3) Right to approve certain corporate acts.
- 4) Right to adopt and amend or repeal the by-laws or adopt new by-laws.
- 5) Right to compel the calling of meetings when for any cause there is no authorized person to call such a meeting.
- 6) Right to issuance of certificate or stocks or other evidence of stock ownership and be registered as a stockholder.
- 7) Right to receive dividends when declared.
- 8) Right to participate in the distribution of corporate assets upon dissolution.
- 9) Right to transfer of stocks in the corporate books.
- 10) Right to inspect corporate books and records.
- 11) Right to be furnished the most recent financial statements upon request and to receive financial report of the corporation’s operations.
- 12) Right to bring individual and representative or derivative suits.
- 13) Right to recover stock unlawfully sold for delinquency.
- 14) Right to enter into voting trust agreements.
- 15) Right to demand payment for the value of his shares and withdraw from the corporation in certain cases.
- 16) Right to have the corporation voluntarily dissolved.

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

(a) Quorum

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

<b>Quorum Required</b>	<b>As prescribed in the bylaws of the Bank, the registered owners of at least a majority of the outstanding capital stock present in person or by proxy shall constitute a quorum to do business except in those case whether the corporate Code provides a greater percentage vis-à-vis the total outstanding capital stock.</b>
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(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

<b>System Used</b>	<b>There is no specific system used. The bank complies with all laws and regulations for the approval of corporate acts.</b>
<b>Description</b>	

(c) Stockholders' Rights

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

Stockholders' Rights under The Corporation Code	Stockholders' Rights <u>not</u> in The Corporation Code
None	

Dividends

Declaration Date	Record Date	Payment Date
Not Applicable		

(d) Stockholders' Participation

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

- **Ensure the participation of the shareholders thru widespread dissemination of the notice of the shareholders' meeting including the use of newspaper publication and the service to each of the shareholder of the bank thru modes allowed in the By-laws.**
- **Encourage direct participation by providing relevant materials to the entire shareholder regardless of the number of their shares.**
- **Have a Question and Answer period to be participated by stockholders during the ASM.**

Measures Adopted	Communication Procedure

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

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

**All proposals for amendment of the corporate charters, issuance of additional shares and transfer of assets are sent to all the shareholders of record in order that the same could be considered by the shareholders in a meeting called for that purpose. The Chair will explain the rationale and after, questions are entertained from the floor. The vote required to adopt proposal is based on the number of votes prescribed by law.**

3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up? **Yes**

- a. Date of sending out notices: **February 14, 2014**
- b. Date of the Annual/Special Stockholders' Meeting: **April 25, 2014**

4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting. **Refer to the attached minutes of the Annual Stockholder's Meeting (Annex 10)**

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

Refer to the attached Minutes of the Annual Stockholders' Meeting on April 25, 2014. (Please see Annex 10)

6. Resolution	7. Approving	8. Dissenting	9. Abstaining
10.	11.	12.	13.
14.	15.	16.	17.

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

**The Bank published the results of its Annual Stockholder's Meeting the day after the Annual Stockholder's meeting held on April 25, 2014.**

(e) Modifications

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

Modifications	Reason for Modification
None	

(f) Stockholders' Attendance

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

**Below is the attendance report provided by the bank's stock transfer agent, Stock Transfer Service Inc for those stockholders who were attended in person or in proxy during the Annual Stockholder's Meeting on April 25, 2014.**

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	<b>1. Andrew Gotianun Sr. – NED/ Chairman Emeritus</b> <b>2. Mercedes T. Gotianun – NED</b> <b>3. L. Josephine T. Gotianun Yap – NED / Chairman of the Compensation Committee</b> <b>4. Jonathan T. Gotianun – NED/ Chairman</b> <b>5. Antonio C. Moncupa Jr. – ED/ President and CEO</b> <b>6. Jose S. Sandejas – NED/ Chairman of Risk Management Committee</b> <b>7. Carlos R. Alindada – NED/ Chairman of Audit Committee</b> <b>8. Paul Aquino – NED/ Chairman of Corporate Governance and</b>	April 25, 2014	Voting by show of hands	.91	85.50	86.41

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
	<b>Compliance Committee</b> <b>9. Benedicto M. Valerio Jr. – NED / Corporate Secretary</b>					

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

**Yes.**

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

**Yes, one vote for one share.**

(g) Proxy Voting Policies

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

	Company's Policies
Execution and acceptance of proxies	<b>Form for proxy are sent to the stockholders of record as part of ASM with instructions on how to accomplish it, including the instruction of the shareholder on how to vote on specific matters in the agenda.</b>
Notary	<b>Proxies are required to be notarized.</b>
Submission of Proxy	<b>Proxies may be submitted to the office of the corporate secretary or to the office designated in the principal office of the Bank.</b>
Several Proxies	<b>Proxy may cover one or several shares at the option of the shareholder.</b>
Validity of Proxy	<b>Valid only for a specific meeting.</b>
Proxies executed abroad	<b>Uniform rules for proxies executed in the Philippines and abroad.</b>
Invalidated Proxy	<b>Shareholders of invalidated proxies are informed in writing at a date which would give them sufficient time to address noted deficiencies before the ASM.</b>
Validation of Proxy	<b>Cut-off date for validation of the proxy is indicated in the notice of meeting. Validation is done by the Corp Sec assisted by the stock and transfer agent.</b>
Violation of Proxy	<b>Proxies are voted strictly in accordance with its term.</b>

(h) Sending of Notices

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

Policies	Procedure
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Notices may be sent by registered mail, personal service or by publication.	Notice of ASM is published in a newspaper of general circulation. ASM kit, together with the notice, is also sent to all stockholders of record as of a pre-determined record date.
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(i) Definitive Information Statements and Management Report

<b>Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials</b>	All
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners</b>	21 days before scheduled meeting.
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders</b>	21 days before scheduled meeting.
<b>State whether CD format or hard copies were distributed</b>	The CD format was distributed at initial distribution and the hard copies at actual stockholders' meeting.
<b>If yes, indicate whether requesting stockholders were provided hard copies</b>	Yes

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

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes
The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	Yes
The amount payable for final dividends.	Not applicable
Documents required for proxy vote.	Yes

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

2) Treatment of Minority Stockholders

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

Policies	Implementation
<b>No discrimination.</b>	All queries during the stockholders meeting are entertained regardless of the number of the shares the shareholder has in the Bank. No preference is given to any of the stockholders by virtue of the number of the shares that they hold.
<b>Observance of right.</b>	The rights of a shareholder under its by-laws and the law are respected by the Bank.

(b) Do minority stockholders have a right to nominate candidates for board of directors?



**Yes. Minority shareholders have the right to nominate and elect the members of the board of directors which is impliedly expressed in the rights of the shareholders prescribed in the Corporation Code of the Philippines.**

**K. INVESTORS RELATIONS PROGRAM**

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

**The Bank’s communication frameworks are centralized through the following units:**

**a. Strategic Management Department (SMD)**

**SMD is responsible for the investor relations framework of the Bank. Thus, all structured public disclosure and announcement of material information shall be coursed through SMD. Likewise, all external announcements, i.e. press releases, newspaper ads, etc. that will be released by any of the Bank’s units shall be coursed through SMD for clearance. SMD reviews and ensures the accuracy of all financial and non-financial external announcements prior to providing clearance. Likewise, if the announcement is material in nature, SMD shall ensure that it is properly disclosed to the PSE or SEC prior to release to the press or to external parties. SMD is also responsible in informing all Bank Directors and Principal Officers of the blackout trading period prior to the disclosure of material information.**

**b. Bank Marketing and Corporate Communications (BMCC)**

**BMCC is responsible for the release of all external and internal communication to ensure that these comply with the Bank’s communication standards. The approval process would depend on the nature of the announcement, such as:**

- **Product specific announcements (e.g. advertisements, promotions, branch opening, etc.) shall be endorsed by the project owner and approved by the head of the unit in charge of the product. The approval of the unit head signifies that the information to be released is accurate and has gone through the necessary approval process set forth by the Bank.**
- **Bank-wide related announcements (e.g. financial performance, branding, etc.) shall be endorsed by the project owner and approved by the President / CEO.**
- **SMD shall be informed by BMCC prior to release of announcement to ensure that there is no material information to be disclosed. SMD ensures that the public is informed ahead, through appropriate PSE / SEC disclosures, prior to BMCC’s release of the announcement through the press or to other external party.**

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

	<b>Details</b>
(1) Objectives	<b>The objective of EastWest’s Investor Relations (IR) framework is to ensure that the investing public is fully informed at all times of significant developments and material information pertaining to the Bank, and no investor shall be disadvantaged by lack of access to these information.</b>
(2) Principles	<b>The IR principle pertain to the strict adherence on the timely, accurate and credible reporting of all corporate information, business performance, and any material information of the Bank based on the disclosure standards set by the Philippine Stock Exchange (PSE) and the Securities and Exchange Commission (SEC).</b>

	<p>As a listed company, IR is a critical function of EastWest Bank (EW) in order to ensure that all our clients and investors have access to the same level of information. Likewise, it is important that all officers and employees of EW provide same standard of information to the public to establish credibility to the public on the way we do business.</p> <p>All these are envisaged contribute to achieving fair valuation of our listed shares.</p>
(3) Modes of Communications	<p>The following are the modes of communication used in the Investor Relations framework:</p> <ol style="list-style-type: none"> <li>a. Periodic submission of structured reports to the PSE and SEC</li> <li>b. Immediate submission of unstructured reports to PSE and SEC in the event a material information occurs</li> <li>c. Annual investor briefing participation locally and abroad</li> <li>d. Accommodation of queries by various existing and potential investors through personal meetings, email, and tele-conference</li> <li>e. Press releases to leading newspapers in circulation pertaining to significant developments happening in the Bank</li> <li>f. Continuous update of the Bank's website (<a href="http://www.eastwestbanker.com">www.eastwestbanker.com</a>) for all of the above information released to the public</li> </ol>
(4) Investors Relations Officer	<p>The Bank's Investor Relations is under Strategic Management Department with the following contact information:</p> <p>Address: 5<sup>th</sup> Fl., The Beaufort, 5<sup>th</sup> Avenue corner 23<sup>rd</sup> Street, Bonifacio Global City, Taguig City, Philippines  Email: <a href="mailto:ir@eastwestbanker.com">ir@eastwestbanker.com</a>  Website: <a href="http://www.eastwestbanker.com/info/ir_main.asp">http://www.eastwestbanker.com/info/ir_main.asp</a></p> <p>The following are the official contact persons under EW Investor Relations:</p> <p><b>Aerol Paul B. Banal</b>  Corporate Planning Officer  <a href="mailto:abbanal@eastwestbanker.com">abbanal@eastwestbanker.com</a>  Tel. No. (631) 5753888 loc. 3586  Fax No. (632) 5753888 loc. 3623</p> <p>The following are the other Corporate Information Officers of EW, as submitted to the Philippine Stock Exchange (PSE):</p> <p><b>Atty. Benedicto M. Valerio, Jr.</b>  Corporate Secretary  <a href="mailto:bmvalerio@eastwestbanker.com">bmvalerio@eastwestbanker.com</a>  Tel. No. (632) 5753871  Fax No. (632) 8150619 / (632) 8184147</p> <p><b>Rene K. De Borja, Jr.</b>  Chief Finance Officer  <a href="mailto:rkdeborja@eastwestbanker.com">rkdeborja@eastwestbanker.com</a></p>

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

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

Once a target company is identified, a memorandum of understanding (MOU) or a letter of intent (including nondisclosure agreement) will be executed prior to commencing preliminary transactions among parties to the acquisition.

The Management will then create a Due Diligence Team. At the outset, the Due Diligence Team will have to agree on the scope of the examination/investigation (i.e. Corporate, financial, legal, etc.).

Should the Bank decide to continue with the merger and acquisitions (M&A) after due diligence investigations, the legal documentations (i.e. Deed of Assignment, Articles and Plan of Merger) will be drafted.

All proposed M&A transactions are presented to the Board for approval. If the transaction received majority vote consent from the boards of directors, such M&A transaction must be approved by the shareholders.

The shareholders of all of the involved companies shall be given a notice. This notice should also inform them as to the purpose of the meeting and include a summary of the plan for the M&A. An affirmative vote of stockholders representing at least two-thirds of the outstanding capital stock of the Bank is needed to approve the plan.

After approval, any amendment to the plan for the M&A must similarly be approved by a majority vote from the board of directors and an affirmative vote from stockholders representing at least two thirds of the Bank's outstanding capital stock.

Bank acquisition, mergers and consolidations are subject to the approval of the Bangko Sentral ng Pilipinas (BSP). The Bank should consult with the BSP prior to the finalization of any M&A transaction.

The price/exchange ratio to be applied in the M&A shall be determined by the Board in consultation with a reputable independent auditor.

#### L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

Initiative	Beneficiary
The Bank is in the process of drafting a CSR charter.	Employees, Community, Regulators, Customers and Shareholders

#### M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

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

	Process	Criteria
Board of Directors	A self-assessment form is accomplished by the members of the Board at the start of the year to assess its performance and effectiveness as a body, the various committees, the CEO/President and the Individual Directors. The overall result of the annual self-assessment is presented to the	Criteria used in the self-assessment are in accordance with the SEC Memorandum Circular No. 6, Series of 2009 (Revised Code of Corporate Governance) and Subsection X141.3 (Power/Duties and Responsibilities of Directors) of the Manual of Regulations for Banks (MORB).
Board Committees		
Individual Directors		
CEO/President		

	Board through the Corporate Governance and Compliance Committee (CGCC).	Each guide question is rated from 1-10, with 10 being the highest (the lowest being <i>not observed</i> and the highest being <i>largely observed</i> ).
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**N. INTERNAL BREACHES AND SANCTIONS**

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

<b>Violations</b>	<b>Sanctions</b>
<b>First violation</b>	<b>Reprimand</b>
<b>Second violation</b>	<b>Suspension from office. The duration of the suspension shall depend on the gravity of the violation.</b>
<b>Third violation</b>	<b>Maximum penalty of removal from office shall be imposed.</b>

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Taguig on        April 2015.

**SIGNATURES**

**Jonathan T. Gotianun**  
 \_\_\_\_\_  
**Chairman of the Board**

**Antonio C. Moncupa, Jr.**  
 \_\_\_\_\_  
**President and Chief Executive Officer**

**Paul A. Aquino**  
 \_\_\_\_\_  
**Independent Director**

**Carlos R. Alindada**  
 \_\_\_\_\_  
**Independent Director**

**Jose S. Sandejas**  
 \_\_\_\_\_  
**Independent Director**

**Atty. Benedicto M. Valerio**  
 \_\_\_\_\_  
**Corporate Secretary**

**Ma. Bernadette T. Ratcliffe**  
 \_\_\_\_\_  
**Chief Compliance Officer**

**SUBSCRIBED AND SWORN** to before me this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_ , affiant(s) exhibiting to me their \_\_\_\_\_, as follows:

NAME/NO.	DATE OF ISSUE	PLACE OF ISSUE
Jonathan T. Gotianun	Passport EB9194744 - Issued on 20 Sep 2013	Manila
Antonio C. Moncupa	Passport EB1531631 - Issued on 09 Dec 2010	Manila
Paul A. Aquino	Passport EC0067879 - Issued on 22 Jan 2014	Manila
Carlos R. Alindada	Passport EB8591905 - Issued on 8 July 2013	Manila
Jose S. Sandejas	Passport EC1485358 - Issued on 27 June 2014	Manila
Atty. Benedicto M. Valerio	Passport EC1321279 - Issued on 05 Jun 2014	Manila
Ma. Bernadette T. Ratcliffe	SSS No. 33-0271881-9	

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