

The Corporate Governance Committee (the “CGC Committee”) is tasked with assisting the Board of Directors in fulfilling its oversight responsibilities in relation to corporate governance. Further, the Committee shall assist the Board in defining an appropriate corporate governance framework that will enable the Board to effectively provide oversight over the parent bank and its subsidiaries.

I. Purpose

The purposes of the CGC Committee shall be three-fold:

a. Corporate Governance

To assist the Board of Directors in the performance of its corporate governance responsibilities.

b. Nomination of Directors/Officers

The CGC Committee is the mother group for the Nomination Sub-Committee. The latter is assigned with the portion of the CGC Committee's power to advise the Board with respect to matters relating to the composition of the Board and determine the nominees for election to the company's Board of directors.

The Nomination Sub-Committee shall identify individuals qualified to become directors, conduct all needed interviews/inquiries into their background and qualifications, and, consistent with criteria approved by the Board, recommend that the Board select the Director nominees for the next annual meeting of stockholders.

The Nomination Sub-Committee shall prescreen and short list all candidates nominated to become a member of the Board of Directors in accordance with the qualifications criteria and grounds for disqualification provided in “Annex A” of the Nomination Sub-Committee Charter.

In consultation with the executive or management committees, negotiate the appropriate compensation package and exercise oversight on the appointment of members of senior management.

c. Compensation of Directors/Officers/Employees

The CGC Committee is the mother group for the Performance, Compensation and Remuneration Sub-Committee. The latter is assigned with the portion of the CGC Committee's power to make recommendations to the board regarding the continuing education of directors, assignment to board committees, succession plan for the board members and senior officers, and their remuneration commensurate with corporate and individual performance.

The Performance, Compensation and Remuneration Sub-Committee shall recommend and oversee the implementation of a Performance Management Process for Senior Management and the Members of the Board: review performance vis-à-vis agreed upon objectives, evaluate progress made with respect to Senior Management/Directors Development plans, monitor

changes in professional affiliations, personal status even health, which could have qualifications, resignation and succession implications.

Based on the needs of the business to attract the best talents to help it accomplish its objectives and guided by periodic benchmarking with practices/offers of other leading financial institutions, the Performance, Compensation and Remuneration Sub-Committee shall recommend and oversee implementation of the program of salaries and benefits for Directors and senior management; the sub-committee shall monitor adequacy, effectiveness and consistency of compensation program vis-à-vis corporate philosophy and strategy.

II. Membership

Composition. The Committee shall be composed of at least three (3) directors all of whom should be independent.

Appointment, Term and Removal - The Board of Directors shall appoint the members of the Committee, including the Chairman, at the annual organizational meeting of the Board and each member shall serve upon his election until the next organizational meeting of the Board unless removed or replaced by the Board.

In case of vacancy in the membership of the Committee, the Board shall appoint a new member from among the directors. In case of vacancy in the position of the Chairman, the Board shall appoint a new Chairman from the members of the Committee. The member elected to fill the vacancy shall hold office for the remainder of the term, or until his successor shall have been duly elected and qualified.

The Chairman of the Committee shall be responsible for appointing the Committee Secretary, who must be an officer of the parent bank but not necessarily a member of the Committee.

III. Duties and Responsibilities

- a. Oversee the implementation of the corporate governance framework and periodically review said framework to ensure that it remains appropriate in light of material changes to the corporation's size, complexity, and business strategy, as well as its business and regulatory environments.
- b. Ensure the Board's effectiveness and due observance of corporate governance principles and guidelines.
- c. Oversee the periodic performance evaluation of the Board and its committees and executive management; and conduct an annual self-evaluation of its performance, using AUB's corporate governance scorecards and other related tools or mechanisms every three (3) years or within the frequency approved by the entire board, whichever is applicable or appropriate;
- d. Ensure that the results of the Board evaluation are shared, discussed and concrete action plans are developed and implemented to address the identified areas for improvement. The Committee may coordinate with external facilitators on carrying out board

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- evaluation, every three (3) years or within the frequency approved by the entire board, whichever is applicable or appropriate.
- e. Decide whether or not a director is able to and has been adequately carrying out his/her duties as director based on its own assessment or the assessment of external facilitators, bearing in mind the director's contribution and performance (e.g. competence, candor, attendance, preparedness, and participation).
 - f. Oversees the conduct of the annual review of Board effectiveness. In reviewing Board composition, the Committee shall ensure that the Board has an appropriate mix of competence, expertise and diversity and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction.
 - g. Formulate and adopt internal guidelines that address the competing time commitments that are faced when the directors serve on multiple boards.
 - h. Make recommendations to the Board, when appropriate, regarding the continuing education of directors, assignment to board committees, succession plan for the board members and executive officers, and their remuneration commensurate with corporate and individual performance.
 - i. Upon thorough deliberation, recommend the replacement, including separation from the Board, of any Director, member of a board committee, or executive officer in case of non-compliance or failure to effectively perform his duties and responsibilities.
 - j. Develop and recommend amendments to the Bank's Articles of Incorporation and By-Laws as well as the set of guiding corporate governance principles, policies and best practices including but not limited to:
 - Size of the Board (number of members)
 - The minimum, criteria and process to determine the performance of the Board, individual directors and committees.
 - Criteria for Membership (e.g. Qualifications, Stock Ownership, diversity)
 - Retirement Age of Members
 - Mix of Management and Independent Directors
 - Conflicts of Interest
 - Compensation and benefits of managing and non-managing members of the Board, Senior Management
 - Structure and charter of Board Committees
 - Rotation of Committee members and chairs
 - Performance Evaluation of CEO and the members of the Board
 - Succession Planning and Senior Management/Directors Development
 - k. Identify the Company's various stakeholders and promote cooperation between them and the company in creating wealth, growth and sustainability.

1. Establish clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.

IV. Meetings

- a. **Schedule.** The Committee shall meet once a month or as often as may be deemed necessary or desirable at a time and place determined by its Chairman.
- b. **Quorum.** A majority of the members of the Committee shall constitute a quorum for the transaction of business, and the affirmative vote of a majority of those present shall be necessary for any action by the Committee.
- c. The Committee Secretary will develop the agenda for each meeting and notice shall be sent out before the meeting date.
- d. **Minutes of the Meeting.** The minutes of the Committee meeting will be recorded and maintained by the Committee Secretary or his designated representative and presented to the Committee at the next Committee meeting for approval.

V. Annual Performance Evaluation of the Committee

The Committee shall conduct an annual self-evaluation to determine whether it is functioning effectively. The Chairman of the Committee, together with the Chairman of the Board shall determine the form and nature of the annual self-evaluation.

VI. Review of the Charter

The Corporate Governance Committee shall periodically review and re-assess the adequacy of its Charter at least once every two years and recommend any revisions thereto to the Board of Directors for their approval.