



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

GENERAL INSTRUCTIONS

A. Use of Form I-ACGR

This SEC Form shall be used as a tool to disclose Publicly-Listed Companies’ compliance/non-compliance with the recommendations provided under the Code of Corporate Governance for Publicly-Listed Companies, which follows the “comply or explain” approach, and for harmonizing the corporate governance reportorial requirements of the SEC and the Philippine Stock Exchange (PSE).

B. Preparation of Report

These general instructions are not to be filed with the report. The report shall contain the numbers and captions of all items.

The I-ACGR has four columns, arranged as follows:

RECOMMENDED CG PRACTICE/POLICY	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<p>Contains CG Practices/ Policies, labelled as follows:</p> <p>(1) “Recommendations” – derived from the CG Code for PLCs;</p> <p>(2) “Supplement to Recommendation” – derived from the PSE CG Guidelines for Listed Companies;</p> <p>(3) “Additional Recommendations” – CG Practices not found in the CG Code for PLCs and PSE CG Guidelines but are expected already of PLCs; and</p> <p>(4) “Optional Recommendation” – practices taken from the ASEAN Corporate Governance Scorecard</p> <p>*Items under (1) – (3) must be answered/disclosed by the PLCs following the “comply or explain” approach. Answering of items under (4) are left to the discretion of PLCs.</p>	<p>The company shall indicate compliance or non-compliance with the recommended practice.</p>	<p>The company shall provide additional information to support their compliance with the recommended CG practice</p>	<p>The PLCs shall provide the explanations for any non-compliance, pursuant to the “comply or explain” approach.</p> <p>Please note that the explanation given should describe the non-compliance and include how the overall Principle being recommended is still being achieved by the company.</p> <p>*“Not Applicable” or “None” shall not be considered as sufficient explanation</p>

C. Signature and Filing of the Report

- a. Three (3) copies of a fully accomplished I-ACGR shall be filed with the Main Office of the Commission **on or before May 30 of the following year for every year that the company remains listed in the PSE;**
- b. At least one (1) complete copy of the I-ACGR shall be duly notarized and shall bear **original and manual** signatures
- c. The I-ACGR shall be signed under oath by: (1) Chairman of the Board; (2) Chief Executive Officer or President; (3) All Independent Directors; (4) Compliance Officer; and (5) Corporate Secretary.
- d. The I-ACGR shall cover all relevant information from January to December of the given year.
- e. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended **December 31, 2020**
2. SEC Identification Number **A-1997-9587** 3. BIR Tax Identification No. **005-338-421-000**
4. Exact name of issuer as specified in its charter **CITYSTATE SAVINGS BANK, INC.**
5. **Makati City, Metro Manila, Philippines**
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. **Citystate Centre Building, 709 Shaw Boulevard, Pasig City** **1600**
Address of principal office Postal Code
8. **(632) 8470-3333**
Issuer's telephone number, including area code
9. **N/A**
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.			
Recommendation 1.1			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	<p>D. Edgard A. Cabangon, 56, Chairman. Mr. Cabangon is a Filipino citizen. He graduated from De La Salle University with a Bachelor of Science in Business Administration, major in Management. He is currently the President of Isuzu Gencars Group, Citystate Tower Hotel, Manila Grand Opera Hotel, Asian Security Agency, Pilipino Mirror, and the Chairman and CEO of Eternal Gardens Memorial Park Corporation. Further, he is also a director of ALC Realty Development Corporation and ALC Industrial & Com. Development Corp and was a director of PlanBank "Rural Bank of Canlubang" Planters Inc.</p> <p>Benjamin V. Ramos, 57, Director and President. Mr. Ramos is a Filipino citizen. He graduated from the University of Sto. Tomas with a Bachelor of Science in Commerce degree in 1983. Mr. Ramos is a Certified Public Accountant. He is currently the President of Philippine Graphic Publications Inc., Philippine Business Daily Mirror Publishing, Inc. and Radio Philippines Network. He is a director of Eternal Gardens Group of Companies and Fortune Insurance Group.</p> <p>He has been re-elected as Director of Citystate Savings Bank, Inc. in February 2015 and appointed as President of the Bank last April 06, 2015.</p>	
2. Board has an appropriate mix of competence and expertise.	Compliant		
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	Compliant		

		<p>D. Arnold A. Cabangon, 50, Director. Mr. Cabangon is a Filipino citizen. He graduated from Ateneo de Manila University in 1992 with a Bachelor of Arts degree in Management Economics. He is the Chairman of DAAC Realty & Development Corporation. He is presently the President of Fortune Life Insurance Company, Inc., FIG Financing Company, Inc. and AAA Southeast Equities, Inc. He is the director of Philippines Graphic Publication, Inc., Manila Grand Opera Hotel, Inc., Asian Security & Investigation Agency, Inc., Chow Rite Foods, Inc., Gencars Batangas, Inc., ALC Industrial & Commercial Development Corporation, ALC Baliwag Cinema & Shopping Complex, Inc., Paco Filipinas Pawnshop Manila, Inc., Aliw Management Ventures, Inc. and Fortune General Insurance Corporation.</p> <p>He has been a Director of Citystate Savings Bank, Inc. since April 2000.</p> <p>D. Alfred A. Cabangon, 54, Chairman. Mr. Cabangon is a Filipino citizen. He graduated from De La Salle University with a Bachelor of Science in Commerce degree, major in Accounting in 1987. Mr. Cabangon is a Certified Public Accountant. He is also the Chairman of Fortune Life Insurance Co., Inc. and President of DAAC Realty & Development Corporation. He is presently a director of Fortune General Insurance Corporation, Fortune Medicare, Philippines Graphic Publication, Inc., Manila Grand Opera Hotel, Inc., Chow Rite Foods, Inc., Gencars Batangas, Inc., WMC Filipinas Pawnshop, Inc., ALC Baliwag Cinema & Shopping Complex, Inc., Aliw Management Ventures, Inc. and ALC Realty & Development Corporation.</p>	
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	<p>He was re-elected as Chairman of the Bank last March 29, 2016. He has been the Chairman of the Board and President of Citystate Savings Bank, Inc. from 2005 up to 2011.</p> <p>J. Wilfredo A. Cabangon, 60, Director. Mr. Cabangon is a Filipino Citizen. He is a graduate of De La Salle University – College of St. Benilde with a degree in Bachelor of Science in Commerce, major in Business Management in 1997. He is the Chairman of AMB, ALC Holdings & Management Corporation, ALC Baliwag Cinema & Shopping Complex, Inc., ALC Realty Development Corporation and ALC Industrial & Commercial Development Corporation. He is the President of WMC Filipinas Pawnshop, Inc. and a Director of Fortune Life Insurance Company, Inc., Fortune General Insurance Corporation, Eternal Plans, Inc., Eternal Gardens Memorial Park Corporation, Gencars, Inc., Aliw Management Ventures Meycauayan, Inc., Filipnas Pawnshop, Inc., Aliw Cinema Complex, Inc., Manila Grand Opera Hotel, Inc., Asian Security & Investigation Agency, Inc., Chow Rite Foods, Inc., Gencars Batangas, Inc. and New Filipinas Pawnshop, Inc.</p> <p>He was re-elected as Director of Citystate Savings Bank, Inc. last February 2016. He has served as Director of the Bank from 1997 to 2013.</p> <p>Engr. Feorelio M. Bote, 78, Director, is a citizen of the Philippines. Mr. Bote graduated from Mapua Institute of Technology with a degree in Civil Engineering in 1964. Besides being a director of the Bank, Mr. Bote is also a director of Citystate Properties & Management Corporation.</p> <p>He has been a Director of Citystate Savings Bank, Inc.</p>	
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		<p>since the start of the Bank in 1997.</p> <p>Ramon L. Sin, 87, Director. Mr. Sin is a Filipino citizen. He is a graduate of the University of Santo Tomas where he received an Associate in Arts degree in 1950. He finished his Doctor of Medicine from the same university in 1955. Dr. Sin is the Assistant to the Rector for Grants and Endowment of the University of Santo Tomas. He is also the Vice Chairman of Fortune Medicare, Inc., a Board Member of Fortune Life Insurance Co., Inc. and Eternal Plans, Inc., and the Medical Director of Philippine Airlines. He also chairs the KAAD (Scholarship Foundation of the German Catholic Bishop's Conference) at the University of Santo Tomas.</p> <p>He has been a Director of Citystate Savings Bank, Inc. since 2002.</p> <p>Susan M. Belen, 61, Director. Ms. Belen, a Filipino citizen and was elected as Director of Citystate Savings Bank, Inc. on May 2016.</p> <p>She is an experienced and seasoned Banker who has achieved an extensive and comprehensive exposure in all aspects of banking operations continuously for 31 years at Allied Banking Corporation, United Savings Bank and Security Banking Corporation. She has served multifaceted posts from Branch Banking Group , Treasury Trading and FX Dealership to Branch Operations and Marketing earning vast and balanced performance in the arena of Sales – Corporate , Marketing, Credit-consumer lending, Systems and Operations, Internal Control/Audit , expanded growth of alternate banking channels and exceeded in generating Branch/Area</p>	
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	<p>management profitability . She served as In-house speaker, lecturer, panelist for the Training Academy. She accelerated her banking career to her last post as Senior Executive Officer handling Branches and performance driven. A milestone and horizons evolve that changed her course to becoming an Entrepreneur and a Businesswoman.</p> <p>She is a graduate of the University of Santo Tomas with a degree in Bachelor of Science major in Business Administration and minor in Banking & Finance and Economics. She took up her post graduate at University of Santo Tomas.</p> <p>Michael F. Rellosa, 59, Director. Mr. Rellosa is a Filipino citizen. He graduated from Ateneo de Manila University in 1983 with a degree in Bachelor of Arts in Economics. He is one of the Trustees and an Executive Director of the Philippine Insurers and Reinsurers Association, and a part-time faculty member of Insurance Institute for Asia and the Pacific.</p> <p>He has been elected as Director of Citystate Savings Bank, Inc. in December 2016.</p> <p>Roberto L. Obiedo, 70, Director. Mr. Obiedo is a Filipino citizen. He graduated from University of the East with a Bachelor of Science in Business Administration. He is currently the President of ROBIEDO Inc., Grand Capitol Marketing Corporation, Robertson International Philippine Development Corporation, Kawit Megaland Development Corporation, Robertson Marketing Development Corporation, and the Director of Filipino-Chinese General Chamber of Commerce Industry. Further, he is also a Senator Director of JC I, and an adviser of Metro Naga Chamber of Commerce Industry and Camarines Sur</p>	
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		<p>Chamber of Commerce Industry.</p> <p>Lucito L. Sioson, 82, Independent Director. Mr. Sioson is a Filipino citizen. He graduated from the University of the East in 1958 with a Bachelor of Science degree in Business Administration. He was the Special Assistant to the President and CEO of Social Security System from November 2001 to July 2008 before joining the Bank. Mr. Sioson is a Certified Public Accountant.</p> <p>He has been a Director of Citystate Savings Bank, Inc. since December 2008.</p> <p>Wilfredo S. Madarang, Jr., 72, Independent Director. Mr. Madarang is a Filipino Citizen. He is a graduate of the University of the East with a Bachelor of Business Administration degree in 1970. He is a Trustee of Isla Lipana & Company Foundation, Inc. and a director/president of Wilko21 Global Trade, Incorporated. He is also a past director/vice president of the Philippine Institute of Certified Public Accountants and the Association of Certified Public Accountants in Public Practice.</p> <p>He was first elected as Director of Citystate Savings Bank, Inc. last October 27, 2015.</p> <p>Edith D. DyChiao, 57, Independent Director. Ms. DyChiao is a Filipino Citizen. She graduated from the De La Salle University in 1984 with a degree in Bachelor of Arts in Biology and in Management of Financial Institutions. She also took Certified Marketing Professional at Asia Pacific Marketing Federation. Ms. DyChiao is a Licensed Real Estate Broker and Appraiser. She is also a past General Manager of Deutschland concept Inc., Vice President and First</p>	
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		<p>Vice President of BDO Universal Bank, General Manager of Swiss Prestige Holdings Inc. & Progressive Time Inc., Assistant Vice President of CitiBank NA and a Foreign Department Staff of Philtrust Bank.</p> <p>She was elected as Independent Director of Citystate Savings Bank, Inc. on July 31, 2018.</p> <p>Atty. Jose Roderick F. Fernando, 47, Independent Director. Mr. Fernando is a Filipino Citizen. He graduated from Ateneo de Manila University with a degree in Bachelor of Arts in Development Studies. He finished his Juris Doctor also at Ateneo de Manila University. In 2005, he took his Masters of Law at University of Pennsylvania Law School. Atty. Fernando is currently a Legal Specialist of Unlqorn Consultancy. He was a Vice President at Nickel Asia Corporation, a Senior Associate at Balane Tamase Alampay Law Office, a Hearing Officer at the Integrated Bar of the Philippines (IBP), a Legal Consultant at the House of Representatives Philippine Congress and a consultant at the Office of the Majority Floor Leader City Council of Caloocan</p> <p>He was elected as Independent Director of Citystate Savings Bank, Inc. on July 31, 2018.</p> <p>http://www.citystatesavings.com/company-disclosures</p>	
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Recommendation 1.2

<p>1. Board is composed of a majority of non-executive directors.</p>	<p>Compliant</p>	<p>Board Of Directors</p> <ol style="list-style-type: none"> 1. D. Edgard A. Cabangon -Chairman 2. Benjamin V. Ramos - Director/President 3. D. Alfred A. Cabangon -Director 4. D. Arnold A. Cabangon -Director 5. J. Wilfredo A. Cabangon -Director 	
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		6. Engr. Feorelio M. Bote -Director 7. Dr. Ramon L. Sin -Director 8. Susan M. Belen -Director 9. Michael F. Rellosa -Director 10. Roberto L. Obiedo -Director 11. Lucito L. Sioson -Independent Director 12. Wilfredo S. Madarang, Jr. -Independent Director 13. Edith D. DyChiao -Independent Director 14. Jose Roderick F. Fernando -Independent Director	
Recommendation 1.3			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	Compliant	Directors must have attended a special seminar on corporate governance conducted by an accredited training provider of the SEC and Bangko Sentral ng Pilipinas (BSP) http://www.citystatesavings.com/uploads/Manual-on-Corporate-Governance-as-Amended-on-June-08-2017.pdf	
2. Company has an orientation program for first time directors.	Compliant		
3. Company has relevant annual continuing training for all directors.	Compliant		
Recommendation 1.4			
1. Board has a policy on board diversity.	Compliant	Composition of the Board a. Pursuant to Sec. 15 of R.A. 8791 "The General Banking Law of 2000", there shall be at least five (5), and a maximum of fifteen (15) members of the Board. The Board shall determine the appropriate number of its members to ensure that the number is commensurate with the size and complexity of the Bank's operations. To the extent practicable, the members of	

		<p>the Board shall be selected from a broad pool of qualified candidates. External databases of professional search firms (e.g. Institute of Corporate Directors) as well as recommendations from shareholders and existing directors shall be used for possible candidates as director. A sufficient number of qualified non-executive members shall be elected to promote the independence of the Board from the views of Senior Management. Non-executive members of the Board shall refer to those who are not part of the day to day management of banking operations and shall include the independent directors.</p> <p>The Board's composition should reflect an appropriate mix with regards to skill representation, board experience, tenure, gender, age, and geographic experience. Other considerations are personal qualities, communication capabilities, ability and commitment to devote appropriate time to properly discharge the task, professional reputation and community standing and alignment of the quality of directors with the Bank's strategic directions. The Bank may compile a board profile when considering candidates to the Board (i.e., identify the professional skills and personal characteristics present on the current Board; identify the missing skills and characteristics; and nominate individuals who could fill the possible gaps).</p>	
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- b. At least twenty percent (20%) but not less than two (2) members of the Board shall be independent directors: provided that any fractional result from applying the required minimum proportion, i.e., 20 percent (20%), shall be rounded-up to the nearest whole number.
- c. Non-Filipino citizens may become members of the Board to the extent of the foreign participation in the equity of the Bank: provided, pursuant to Section 23 of the Corporation Code of the Philippines (BP Blg. 68), a majority of the directors must be residents of the Philippines.

Board of Directors	Gender
D. Edgard A. Cabangon	Male
D. Alfred A. Cabangon	Male
Benjamin V. Ramos	Male
D. Arnold A. Cabangon	Male
J. Wilfredo A. Cabangon	Male
Engr. Feorelio M. Bote	Male
Ramon L. Sin	Male
Roberto L. Obiedo	Male
Susan M. Belen	Female
Michael F. Rellosa	Male
Lucito L. Sioson	Male
Edith D. DyChiao	Female
Atty. Jose Roderick F. Fernando	Male
Wilfredo S. Madarang, Jr.	Male

		http://www.citystatesavings.com/uploads/Manual-on-Corporate-Governance-as-Amended-on-June-08-2017.pdf	
Optional: Recommendation 1.4			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.			
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	Compliant	The Corporate Secretary assists in setting the Board agenda and performs the following: 1. Provides ready and reasonable information that the Directors may need during deliberation in board issues. 2. Maintains the reliability of the effectively perform his duties. 3. Updates to the Directors and Management about regulatory changes.	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant	Our Corporate Secretary, Atty. Socrates M. Arevalo, possesses the qualifications and competencies to effectively perform his duties. http://www.citystatesavings.com/our-company/board-of-directors	
3. Corporate Secretary is not a member of the Board of Directors.	Compliant		
4. Corporate Secretary attends training/s on corporate governance.	Compliant	Corporate Secretary's Seminar on Corporate Governance:	

		Title	Date Taken	
		Seminar on Corporate Governance	November 14, 2015	
		Best Practices in Parliamentary Procedures for Board Directors	December 19, 2016	
		Advance Corporate Governance Training Program	December 19, 2017	
		Advance Corporate Governance Training Program	October 30, 2018	
		Best Practices to Manage ML/TF Risk Arising from Online Sexual Exploitation of Children Coursed Thru Banks / MSBs (Webinar Series on ML/TF Typologies)	August 26, 2020	
		BSP Supervisory Assessment Framework to Replace the CAMELS and ROCA Rating Systems for BSP-Supervised Financial Institutions	September 23, 2020	

Optional: Recommendation 1.5

1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.			
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Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	Compliant	Mr. Ariel V. Ajesta is the Bank's Chief Compliance Officer. In 2011, he started his banking career at RCBC Savings Bank and worked in the Retail Banking Group and Asset Management Remedial Group. In 2013, Mr. Ajesta worked at Citystate Savings Bank as Risk Analyst and held various units in Risk Management Department until he became the Deputy Risk Officer of the Bank from 2015 to 2018. During that period, he handled the Trust Risk, Liquidity Risk, Investment Risk, and Operations Risk functions. Mr. Ajesta was the former Risk and Compliance Officer of AllBank (A Thrift Bank), Inc. from 2018 to 2019. During that period, he was also appointed as the Information Security and Data Privacy Officer. In June 2019, Mr. Ajesta resumed his banking career with Citystate Savings Bank Inc. and was appointed by the Corporate Governance Committee as the Chief Compliance Officer (CCO) with a rank of Assistant Vice President. He obtained his Master in Business Administration (MBA) and Bachelor of Science in Commerce (BSC) major in Legal Management degree from San Sebastian College. He attended various seminars/short courses for banks where he successfully passed and finished the one (1) year course on Trust Operations and Investment Management facilitated by the Trust Institute Foundation of the Philippines and completed the seminar on Business of Treasury Banking Perspective and Risk Management in banking module 1 in Ateneo De Manila Center for Continuing Education.	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant		
3. Compliance Officer is not a member of the board.	Compliant		
		In relation to Corporate Governance, the Chief	

		<p>Compliance Officer shall have the following duties and responsibilities⁵⁸:</p> <ol style="list-style-type: none"> a. Monitor compliance with the provisions and requirements of this Manual; b. Appear before the Securities and Exchange Commission upon summon on similar matters that need to be clarified by the same; c. Determine violation/s of the Manual and recommend penalty/sanction for violation thereof for further review and approval of the Board; <p>The Chief Compliance Officer may perform other functions such as:</p> <ol style="list-style-type: none"> a. Identify, monitor and control compliance risks; b. Oversee and coordinate the implementation of the existing compliance program approved by the Board of Directors in line with the rules and regulations promulgated by the Bangko Sentral ng Pilipinas; c. Develop, initiate, maintain and revise policies and procedures for the general operation of the Compliance Program and its related activities; d. Collaborate with Management to identify, address and integrate significant legislative or regulatory compliance requirement into business activities; e. Monitor compliance activities on an institution-wide basis, and as necessary, coordinate compliance activities of 	
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		<p>other departments to remain abreast of the status of all compliance activities;</p> <p>f. Ensure that alleged violations of rules, regulations, policies, procedures and standards of conduct are properly addressed on a timely basis.</p> <p>g. Provide reports on a regular basis and as directed or requested, to keep the Board and Senior Management informed of the operation and progress of compliance efforts; and</p> <p>h. Act as independent review and evaluation body to ensure that compliance issues/concerns within the organization are being appropriately evaluated, investigated and resolved.</p> <p>http://www.citystatesavings.com/uploads/Manual-on-Corporate-Governance-as-Amended-on-June-08-2017.pdf</p>							
<p>4. Compliance Officer attends training/s on corporate governance.</p>	<p>Compliant</p>	<p>Chief Compliance Officer Seminar on Corporate Governance:</p> <table border="1" data-bbox="833 1023 1518 1407"> <thead> <tr> <th data-bbox="833 1023 1176 1062">Title</th> <th data-bbox="1176 1023 1518 1062">Date Taken</th> </tr> </thead> <tbody> <tr> <td data-bbox="833 1062 1176 1339">Best Practices to Manage ML/TF Risk Arising from Online Sexual Exploitation of Children Coursed Thru Banks / MSBs (Webinar Series on ML/TF Typologies)</td> <td data-bbox="1176 1062 1518 1339">August 26, 2020</td> </tr> <tr> <td data-bbox="833 1339 1176 1407">BSP Supervisory Assessment Framework</td> <td data-bbox="1176 1339 1518 1407">September 23, 2020</td> </tr> </tbody> </table>	Title	Date Taken	Best Practices to Manage ML/TF Risk Arising from Online Sexual Exploitation of Children Coursed Thru Banks / MSBs (Webinar Series on ML/TF Typologies)	August 26, 2020	BSP Supervisory Assessment Framework	September 23, 2020	
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BSP Supervisory Assessment Framework	September 23, 2020								

		to Replace the CAMELS and ROCA Rating Systems for BSP-Supervised Financial Institutions	
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Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.

Recommendation 2.1

1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	Compliant	The Board of Directors is responsible for the overall performance of the Bank. It collegially directs and oversee the affairs of the Bank, while delivering the associated interests in investors and others stakeholders.	
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Recommendation 2.2

1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	The Board oversees the development, review and approval of the Bank's business objectives and strategy and monitors its implementation during monthly board meetings.	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	Compliant		

Supplement to Recommendation 2.2

1. Board has a clearly defined and updated vision, mission and core values.	Compliant	Mission Citystate Savings Bank, Inc. shall be aggressive in its deposit-gathering efforts providing high-technology based services to its depositors and locating its branch network within easy access to its operations and build a loan and investment portfolio around small and medium sized enterprises.	
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		<p>Vision</p> <p>CITYSTATE SAVINGS BANK, INC. will be a major player in the Thrift and Consumer Industry rendering high-technological services of traditional banking products for the Filipino consumer.</p> <p>The savings mobilized shall be channeled to the small and medium sized Filipino entrepreneur, enhancing the role of Micro-Finance institutions in the economic development of the nation.</p> <p>It will fulfill the mandates given to it by the Bangko Sentral ng Pilipinas and will faithfully comply with rules governing the industry.</p> <p>Yet, it is mindful of its obligation to its stockholders for a sustainable and reasonable return on their investment.</p> <p>Its founders intend to upgrade into a Commercial Bank but continue their delivery of traditional banking products and services attuned to the high technology development in the industry.</p> <p>http://www.citystatesavings.com/our-company/mission-and-vision</p>	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	Compliant	Monthly board meetings discuss the monthly performance, details of business plan results vs. targets, issues and problems encountered and relevant matters affecting results and performance and if there are changes in the strategy to be implemented.	
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	Compliant	D. Edgard A. Cabangon, 56, Chairman. Mr. Cabangon is a Filipino citizen. He graduated from De La Salle University with a Bachelor of Science in Business Administration, major in Management. He is currently the President of Isuzu Gencars Group,	

		<p>Citystate Tower Hotel, Manila Grand Opera Hotel, Asian Security Agency, Pilipino Mirror, and the Chairman and CEO of Eternal Gardens Memorial Park Corporation. Further, he is also a director of ALC Realty Development Corporation and ALC Industrial & Com. Development Corp and was a director of PlanBank "Rural Bank of Canlubang" Planters Inc.</p> <p>http://www.citystatesavings.com/our-company/board-of-directors</p>	
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Recommendation 2.4

<p>1. Board ensures and adopts an effective succession planning program for directors, key officers and management.</p>	<p>Compliant</p>	<p>The objective of succession planning is to ensure that the bank continues to operate successfully when individuals occupying critical positions and hard to replace competencies depart.</p> <p>Succession Planning is a long-term strategic initiative that ensures that the right staff are in the right jobs at the right times. It ensures the continued effective performance of an organization by establishing a process to develop and replace key staff over time.</p> <p>There are two (2) levels of succession planning:</p> <ul style="list-style-type: none"> a. Executive Level – Board to be spearheaded by Corporate Governance Committee b. Management Level Succession Planning – Senior Management, to be spearheaded by Risk Management Department 	
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<p>2. Board adopts a policy on the retirement for directors and key officers.</p>	<p>Non-Compliant</p>		<p>The existing retirement plan only covers employees and key officers of the Bank.</p>
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Recommendation 2.5

1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant	Please refer to Part III.K.1 and III.D.6 of the Manual on Corporate Governance as amended. http://www.citystatesavings.com/uploads/Manual-on-Corporate-Governance-as-Amended-on-June-08-2017.pdf	
2. Board adopts a policy specifying the relationship between remuneration and performance.	Compliant		
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant		
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.			
2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.			
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	Compliant	Nomination Procedure 1. Any stockholder may submit nominations for	

2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant	<p>directorial positions to the Nominations Committee.</p> <p>2. The nominating stockholder shall submit his proposed nomination in writing to the Nominations Committee, together with the biodata, acceptance and conformity of the would-be nominee. In the case of a nominee for the position of an independent director, the would-be nominee is also required to submit a Certification that he has all the qualifications and none of the disqualifications to become an independent director.</p> <p>3. The Nominations Committee, the Corporate Governance, and Compensation Committee then jointly screen the nominations of directors prior to the submission of the Definitive Information Statement and come up with a Final List of Candidates.</p> <p>4. Only nominees whose names appear in the Final List of Candidates shall be eligible for election as director.</p> <p>http://www.citystatesavings.com/uploads/Manual-on-Corporate-Governance-as-Amended-on-June-08-2017.pdf</p>	
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Compliant		
4. Board nomination and election policy includes how the board shortlists candidates.	Compliant		
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	Compliant		
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant		
Optional: Recommendation to 2.6			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies)			

when searching for candidates to the board of directors.			
Recommendation 2.7			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	RPT Policy provides for the responsibilities at different levels of the organization, from the Board, the Corporate Governance Committee and the Management, as well as the policy on review and approval process of material and unusual RPTs. It encompasses all entities within the group, taking into account the size, structure, risk profile and complexity of the operations.	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant	http://www.citystatesavings.com/uploads/Manual-on-Corporate-Governance-as-Amended-on-June-08-2017.pdf	
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant	http://www.citystatesavings.com/corporate-governance/companys-policies/related-party-transactions-policy	
Supplement to Recommendations 2.7			
1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs	Compliant	The Materiality threshold of the Bank for Related Party Transactions are enumerated under Board Approved Related Party Transactions Charter and Policy and Guidelines http://www.citystatesavings.com/corporate-governance/companys-policies/related-party-transactions-policy	

<p>within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.</p>															
<p>2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.</p>	<p>Compliant</p>	<p>Related Party Transaction are coursed through the approval of RPT Committee and endorsed it to the Board for notation/ratification.</p> <p>http://www.citystatesavings.com/corporate-governance/companys-policies/related-party-transactions-policy</p>													
<p>Recommendation 2.8</p>															
<p>1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	<p>Compliant</p>	<p>The appointed senior officers were approved and duly endorsed by the Corporate Governance Committee to the Board of Directors for confirmation.</p> <p>Management Team as of December 2020:</p> <table border="1" data-bbox="835 922 1516 1278"> <thead> <tr> <th data-bbox="835 922 1137 960">Name</th> <th data-bbox="1137 922 1516 960">Position</th> </tr> </thead> <tbody> <tr> <td data-bbox="835 960 1137 999">Benjamin V. Ramos</td> <td data-bbox="1137 960 1516 999">President</td> </tr> <tr> <td data-bbox="835 999 1137 1069">Jaime Valentin Araneta</td> <td data-bbox="1137 999 1516 1069">Chief Operating Officer</td> </tr> <tr> <td data-bbox="835 1069 1137 1107">Michael M. Boado</td> <td data-bbox="1137 1069 1516 1107">Chief Risk Officer</td> </tr> <tr> <td data-bbox="835 1107 1137 1177">Ariel V. Ajesta</td> <td data-bbox="1137 1107 1516 1177">Chief Compliance Officer</td> </tr> <tr> <td data-bbox="835 1177 1137 1278">Sarah E. Benito</td> <td data-bbox="1137 1177 1516 1278">Chief Audit Executive/Internal Auditor</td> </tr> </tbody> </table> <p>http://www.citystatesavings.com/our-company/principal-officers</p>	Name	Position	Benjamin V. Ramos	President	Jaime Valentin Araneta	Chief Operating Officer	Michael M. Boado	Chief Risk Officer	Ariel V. Ajesta	Chief Compliance Officer	Sarah E. Benito	Chief Audit Executive/Internal Auditor	
Name	Position														
Benjamin V. Ramos	President														
Jaime Valentin Araneta	Chief Operating Officer														
Michael M. Boado	Chief Risk Officer														
Ariel V. Ajesta	Chief Compliance Officer														
Sarah E. Benito	Chief Audit Executive/Internal Auditor														

2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliant	One of the specific duties and responsibilities of the Board is to install a process of selection to ensure a mix of competent directors and officers. http://www.citystatesavings.com/uploads/Manual-on-Corporate-Governance-as-Amended-on-June-08-2017.pdf	
Recommendation 2.10			
1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	Compliant	Please refer to the Book 2 Part IV of the HRD Manual marked as Annex A	
2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	Compliant		
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	Compliant	Conflict of Interest policy ensures that the Bank's interests are duly protected, it requires all employees to make sure that their personal interests do not conflict with the duties which the bank perform for its clients and those of their affiliates. This policy prohibits employees from engaging into certain conflict of interest and directives to disclose procedures in case of possible conflict of interest scenarios.	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant		

		http://www.citystatesavings.com/uploads/Manual-on-Corporate-Governance-as-Amended-on-June-08-2017.pdf	
3. Board approves the Internal Audit Charter.	Compliant	Please refer to the Audit Committee Charter marked as Annex B	
Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	Compliant	Please refer to Part III.H. of the Manual on Corporate Governance as amended. http://www.citystatesavings.com/uploads/Manual-on-Corporate-Governance-as-Amended-on-June-08-2017.pdf	
2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	Compliant		
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	Compliant	General Responsibility of the Board The position of a Bank director is a position of trust. A director assumes certain responsibilities to different constituencies or stakeholders, i.e., the Bank itself, its stockholders, its depositors and other creditors, its management and employees, the regulators, deposit insurer and the public at large. These constituencies or stakeholders have the right to expect that the institution is being run in a prudent and sound manner.	
2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant		
3. Board Charter is publicly available and posted on the company's website.	Compliant	The Board is primarily responsible for approving and overseeing the implementation of the Bank's strategic objectives, risk strategy, corporate	

		<p>governance and corporate values. Further, the Board is also responsible for monitoring and overseeing the performance of Senior Management as the latter manages the day to day affairs of the Bank.</p> <p>It is the Board's responsibility to foster the long-term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders and other stakeholders.</p> <p>Specific Duties and Responsibilities of the Board</p> <p>To ensure a high standard of best practice for the Bank, its stockholders and other stakeholders, the Board should conduct itself with honesty and integrity in the performance of, among others, the following duties and responsibilities:</p> <ol style="list-style-type: none"> 1. Install a process of selection to ensure a mix of competent directors and officers; 2. Determine the Corporation's purpose, its vision and mission and strategies to carry out its objectives; 3. Ensure that the Corporation complies with all relevant laws, regulations and codes of best business practices; 4. Identify the Corporation's major and other stakeholders and formulate a clear policy on communicating or relating with them through an effective investor relations program; 5. Adopt a system of internal checks and balances; 	
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		<ol style="list-style-type: none"> 6. Identify key risk areas and key performance indicators and monitor these factors with due diligence; 7. Properly discharge Board functions by meeting regularly. Independent views during Board meetings shall be given due consideration and all such meetings shall be duly minutes; and 8. Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing laws, rules and regulation. <p>http://www.citystatesavings.com/uploads/Manual-on-Corporate-Governance-as-Amended-on-June-08-2017.pdf</p>	
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Additional Recommendation to Principle 2

1. Board has a clear insider trading policy.	Compliant	http://www.citystatesavings.com/uploads/Insider-Trading-Policy.pdf	
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Optional: Principle 2

1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.			
2. Company discloses the types of decision requiring board of directors' approval.			

Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.

Recommendation 3.1											
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	Please refer to Part III.D. of the Manual on Corporate Governance as amended http://www.citystatesavings.com/uploads/Manual-on-Corporate-Governance-as-Amended-on-June-08-2017.pdf									
Recommendation 3.2											
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	Compliant	Please refer to Part III.D.2 of the Manual on Corporate Governance as amended. http://www.citystatesavings.com/uploads/Manual-on-Corporate-Governance-as-Amended-on-June-08-2017.pdf									
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	Compliant	The Audit Committee is composed of three (3) members of the Board whom including the Chairman, are independent directors. <table border="1" style="margin-top: 10px; width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;">Director's Name</th> <th style="width: 40%;">Type</th> </tr> </thead> <tbody> <tr> <td>Lucito L. Sioson – Chairman</td> <td>Independent Director</td> </tr> <tr> <td>Atty. Jose Roderick F. Fernado – Member</td> <td>Independent Director</td> </tr> <tr> <td>Wilfredo S. Madarang Jr. - Member</td> <td>Independent Director</td> </tr> </tbody> </table>	Director's Name	Type	Lucito L. Sioson – Chairman	Independent Director	Atty. Jose Roderick F. Fernado – Member	Independent Director	Wilfredo S. Madarang Jr. - Member	Independent Director	
Director's Name	Type										
Lucito L. Sioson – Chairman	Independent Director										
Atty. Jose Roderick F. Fernado – Member	Independent Director										
Wilfredo S. Madarang Jr. - Member	Independent Director										
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant										
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Compliant	Please refer to Recommendation 1.1 for their qualifications									
Supplement to Recommendation 3.2											

1. Audit Committee approves all non-audit services conducted by the external auditor.	Compliant	Please refer to the Audit Committee Charter marked as Annex B							
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	Compliant	The Bank's Audit Committee has conducted meeting with the External Auditor and approved its Audit Plan based on the Terms of Engagement							
Optional: Recommendation 3.2									
1. Audit Committee meet at least four times during the year.									
2. Audit Committee approves the appointment and removal of the internal auditor.									
Recommendation 3.3									
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	Compliant	Please refer to the Corporate Governance Committee Charter marked as Annex C							
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	Compliant	The Corporate Governance Committee is composed of three (2) members of the Board whom including the Chairman, are independent directors.							
3. Chairman of the Corporate Governance Committee is an independent director.	Compliant	<table border="1"> <thead> <tr> <th>Director's Name</th> <th>Type</th> </tr> </thead> <tbody> <tr> <td>Atty. Jose Roderick F. Fernando – Chairman</td> <td>Independent Director</td> </tr> <tr> <td>Edith D. DyChiao – Member</td> <td>Independent Director</td> </tr> </tbody> </table>	Director's Name	Type	Atty. Jose Roderick F. Fernando – Chairman	Independent Director	Edith D. DyChiao – Member	Independent Director	
Director's Name	Type								
Atty. Jose Roderick F. Fernando – Chairman	Independent Director								
Edith D. DyChiao – Member	Independent Director								

		Please refer to Recommendation 1.1 for their qualifications					
Optional: Recommendation 3.3.							
1. Corporate Governance Committee meet at least twice during the year.							
Recommendation 3.4							
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	Compliant	Please refer to Part III.D.3. of the Manual on Corporate Governance as amended http://www.citystatesavings.com/uploads/Manual-on-Corporate-Governance-as-Amended-on-June-08-2017.pdf					
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Compliant	The Risk Oversight Committee is composed of three (3) members of the Board two (2) of whom, including the Chairman, are independent directors.					
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Compliant	<table border="1"> <thead> <tr> <th>Director's Name</th> <th>Type</th> </tr> </thead> <tbody> <tr> <td>Wilfredo S. Madarang Jr. – Chairman</td> <td>Independent Director</td> </tr> </tbody> </table>	Director's Name	Type	Wilfredo S. Madarang Jr. – Chairman	Independent Director	
Director's Name	Type						
Wilfredo S. Madarang Jr. – Chairman	Independent Director						
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Compliant	<table border="1"> <tbody> <tr> <td>Edith D. DyChiao – Member</td> <td>Independent Director</td> </tr> <tr> <td>Michael F. Rellosa – Member</td> <td>Director</td> </tr> </tbody> </table> <p>Please refer to Recommendation 1.1 for their qualifications</p>	Edith D. DyChiao – Member	Independent Director	Michael F. Rellosa – Member	Director	
Edith D. DyChiao – Member	Independent Director						
Michael F. Rellosa – Member	Director						
Recommendation 3.5							
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with	Compliant	Please refer to Part III.D.7. of the Manual on Corporate Governance as amended					

<p>reviewing all material related party transactions of the company.</p>		<p>http://www.citystatesavings.com/uploads/Manual-on-Corporate-Governance-as-Amended-on-June-08-2017.pdf</p>									
<p>2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.</p>	<p>Compliant</p>	<p>The RPT Committee is composed of three (3) members of the Board two (2) of whom, including the Chairman, are independent directors.</p> <table border="1" data-bbox="835 507 1518 719"> <thead> <tr> <th>Director's Name</th> <th>Type</th> </tr> </thead> <tbody> <tr> <td>Edith D. DyChiao – Chairman</td> <td>Independent Director</td> </tr> <tr> <td>Wilfredo S. Madarang Jr. – Member</td> <td>Independent Director</td> </tr> <tr> <td>Feorelio M. Bote</td> <td>Director</td> </tr> </tbody> </table> <p>Please refer to Recommendation 1.1 for their qualifications</p>	Director's Name	Type	Edith D. DyChiao – Chairman	Independent Director	Wilfredo S. Madarang Jr. – Member	Independent Director	Feorelio M. Bote	Director	
Director's Name	Type										
Edith D. DyChiao – Chairman	Independent Director										
Wilfredo S. Madarang Jr. – Member	Independent Director										
Feorelio M. Bote	Director										
<p>Recommendation 3.6</p>											
<p>1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.</p>	<p>Compliant</p>	<p>Please refer to Committee Charters marked as Annexes B, C and E</p> <p>http://www.citystatesavings.com/corporate-governance/board-committees</p>									
<p>2. Committee Charters provide standards for evaluating the performance of the Committees.</p>	<p>Compliant</p>										

Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Pasig on June 26, 2020.

3. Committee Charters were fully disclosed on the company's website.	Compliant		
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Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.

Recommendation 4.1

1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	Compliant	Please refer to the attached Board Attendance marked as Annex D	
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2. The directors review meeting materials for all Board and Committee meetings.	Compliant		
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3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	The directors review meeting materials and seek clarification and explanations during the Board and Committee meetings.	
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Recommendation 4.2

1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	Compliant	Director	Corporate Name	Publicly Listed (√ or X)	
		Lucito L Sioson	N/A	X	
		Atty. Jose Roderick F. Fernando	UNIQORN Consultancy	X	
			Minedomaine Inc.	X	
		Wilfredo S.	Isla Lipana	X	

		Madarang Jr.	Foundation, Inc.		
			WilKo21 Global Trade, Inc.	X	
			Business Protech Consultancy Services, Inc.	X	
		Edith D. DyChiao	Blue Oak Logistics and Property Management Inc.	X	
			Viatech E-commerce Inc.	X	
			OFA Realty Corporation	X	

Recommendation 4.3

1. The directors notify the company's board before accepting a directorship in another company.	Compliant	The Corporate Secretary confirms that Directors advise the Office of the Corporate Secretary before accepting any directorships /chairmanships in other companies. Updated bio-data of newly-elected and re-elected directors, are submitted by the directors to the Compliance Department, and forwarded annually to the BSP for confirmation if necessary.	
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Optional: Principle 4

1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.			
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2. Company schedules board of directors' meetings before the start of the financial year.			
3.			
4. Board of directors meet at least six times during the year.			
5. Company requires as minimum quorum of at least 2/3 for board decisions.			

Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs

Recommendation 5.1

1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	Compliant	The Bank has 4 Independent Directors: 1. Lucito L. Sioson 2. Wilfredo S. Madarang Jr. 3. Edith D. DyChiao 4. Atty. Jose Roderick F. Fernando	
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Recommendation 5.2

1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Compliant	Please refer to Part III.B.2. of the Manual on Corporate Governance as amended http://www.citystatesavings.com/uploads/Manual-on-Corporate-Governance-as-Amended-on-June-08-2017.pdf	
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Supplement to Recommendation 5.2

1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	Compliant	Please refer to Part III.A.3. of the Manual on Corporate Governance as amended http://www.citystatesavings.com/uploads/Manual-on-Corporate-Governance-as-Amended-on-June-08-2017.pdf	
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Recommendation 5.3																		
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	Compliant	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Name of Independent Director</th> <th style="width: 20%;">Date Elected</th> <th style="width: 50%;">No. of years served as ID (from Jan. 2012)</th> </tr> </thead> <tbody> <tr> <td>Wilfredo S. Madarang Jr.</td> <td>October 27, 2015</td> <td>5</td> </tr> <tr> <td>Lucito L. Sioson</td> <td>December 2008</td> <td>8</td> </tr> <tr> <td>Edith D. DyChiao</td> <td>July 31, 2018</td> <td>2</td> </tr> <tr> <td>Atty. Jose Roderick F. Fernando</td> <td>July 31, 2018</td> <td>2</td> </tr> </tbody> </table>	Name of Independent Director	Date Elected	No. of years served as ID (from Jan. 2012)	Wilfredo S. Madarang Jr.	October 27, 2015	5	Lucito L. Sioson	December 2008	8	Edith D. DyChiao	July 31, 2018	2	Atty. Jose Roderick F. Fernando	July 31, 2018	2	
Name of Independent Director	Date Elected	No. of years served as ID (from Jan. 2012)																
Wilfredo S. Madarang Jr.	October 27, 2015	5																
Lucito L. Sioson	December 2008	8																
Edith D. DyChiao	July 31, 2018	2																
Atty. Jose Roderick F. Fernando	July 31, 2018	2																
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Compliant	<p>Currently, the Bank has no Independent Directors retained beyond the term limit of nine years, as reckoned from 2012. The Bank has a policy on the term limits of Independent Directors which includes such a provision.</p> <p>http://www.citystatesavings.com/uploads/Manual-on-Corporate-Governance-as-Amended-on-June-08-2017.pdf</p>																
3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	Compliant	<p>Please refer to Part III.B.3 of the Manual on Corporate Governance as amended.</p> <p>http://www.citystatesavings.com/uploads/Manual-on-Corporate-Governance-as-Amended-on-June-08-2017.pdf</p>																
Recommendation 5.4																		
1. The positions of Chairman of the Board and Chief Executive	Compliant	Mr. D. Edgard A. Cabangon is Chairman of the Board of CSBI. The functions of a Chief Executive																

Officer are held by separate individuals.		Officer are being performed by the President of CSBI, Mr. Benjamin V. Ramos	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	Please refer to Part III.C. of the Manual on Corporate Governance as amended. http://www.citystatesavings.com/uploads/Manual-on-Corporate-Governance-as-Amended-on-June-08-2017.pdf	
Recommendation 5.5			
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.		The Chairman is not holding the position of the CEO. Hence, as per BSP Circular No. 969 series of 2017 the aforesaid requirement of appointing a Lead Independent Director is not applicable.	
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	Compliant	Please refer to Part III.K.5 of the Manual on Corporate Governance as amended. http://www.citystatesavings.com/uploads/Manual-on-Corporate-Governance-as-Amended-on-June-08-2017.pdf	
Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	Compliant	The Respective Board Committee freely requests to have an executive session if there is a need to hold. The same was presided by its respective chairman. Audit Committee is chaired by an independent director	
2. The meetings are chaired by the lead independent director.	Compliant		

Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.			
Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	Compliant	Self-Assessment is conducted annually, reviewed by the Corporate Governance Committee and presented to the Board.	
2. The Chairman conducts a self-assessment of his performance.	Compliant		
3. The individual members conduct a self-assessment of their performance.	Compliant		
4. Each committee conducts a self-assessment of its performance.		Please refer to the attached Committee Charters marked as Annex B,C and E	
5. Every three years, the assessments are supported by an external facilitator.	Non-Compliant		The Chairman of the Governance Committee, oversee the performance evaluation of the Board.
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committee	Compliant	To assess the effectiveness of the Board of Directors and Committees in performing its mandate and functions, each member of the Board and Committee shall accomplish Assessment Form.	

2. The system allows for a feedback mechanism from the shareholders.	Compliant	Our Investor Relation Unit allows for a feedback mechanism of shareholders and stakeholders to communicate or raise governance issues.	
Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
Recommendation 7.1			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	Compliant	Codes are properly disseminated to the Board, Senior Management and employees. http://www.citystatesavings.com/corporate-governance/code-of-business-conduct-and-ethics	
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant		
3. The Code is disclosed and made available to the public through the company website.	Compliant		
Supplement to Recommendation 7.1			
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	Compliant	Directors, Officers and Employees are required to certify their compliance with the code. The Bank's Human Resources Department has the primary responsibility to implement and administer the Code of Business Conduct and Ethics to all Employees through on boarding and refresher orientation. Ethics is embedded in the job descriptions and performance evaluation process. The Code of Business Conduct and Ethics is communicated with all departments in all levels across the company.	

		Alleged breach of conduct is investigated and due process is observed. Code violations are taken seriously and may result to disciplinary action, up to and including termination of employment and possible legal action.	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	Directors, Officers and Employees are required to certify their compliance with the code. The Bank's Human Resources Department has the primary responsibility to implement and administer the Code of Business Conduct and Ethics to all Employees through on boarding and refresher orientation. Ethics is embedded in the job descriptions and performance evaluation process.	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant	The Code of Business Conduct and Ethics is communicated with all departments in all levels across the company. Alleged breach of conduct is investigated and due process is observed. Code violations are taken seriously and may result to disciplinary action, up to and including termination of employment and possible legal action.	
Disclosure and Transparency			
Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
Recommendation 8.1			
1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to	Compliant	This webpage includes disclosures for stockholders and other stakeholders that give fair and complete picture of a Company's financial condition, results and business operations.	

shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.		The Company is fully compliant with mandatory disclosure requirements of the regulators. http://www.citystatesavings.com/company-disclosures	
Supplement to Recommendations 8.1			
1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.	Compliant	CSB practices regular disclosure of financial results. Annual report are presented to the Board of director before disclosure and immediately disclosed to the SEC and PSE. Quarterly and Annual Reports and detailed management's discussion and analysis are filed within the mandated 45 and 105 calendar days respectively at the end of fiscal period, if not earlier. The company's financial reporting disclosure are in compliance with BSP, PSE and SEC. These reports are made available to investors are posted as well on the PSE EDGE and on the Company's website. http://www.citystatesavings.com/company-disclosures	
2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.	Compliant	The company's Annual Report contains a discussion on the security ownership of certain record and beneficial owners and a management, the indirect shareholdings of the directors, officers and principal shareholdings, voting trust of shareholders and changes in control. Please refer to the Annual Report (SEC 17-A) http://www.citystatesavings.com/company-disclosures	
Recommendation 8.2			

1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	Insiders Trading Policy requires all directors and key officers to disclose transactions with company shares within two (2) business days from transaction date.	
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	Please refer to Part III.K.4 of the Manual on Corporate Governance as amended http://www.citystatesavings.com/uploads/Manual-on-Corporate-Governance-as-Amended-on-June-08-2017.pdf	
Supplement to Recommendation 8.2			
1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).	Compliant	These reports are made available to investors are posted as well on the PSE EDGE and on the Company's website.	
Recommendation 8.3			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	Please refer to the Annual Report (SEC 17-A) http://www.citystatesavings.com/company-disclosures	
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications,	Compliant		

and assess any potential conflicts of interest that might affect their judgment.									
Recommendation 8.4									
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	Compliant	Please refer to Part III.K.1 of the Manual on Corporate Governance as amended http://www.citystatesavings.com/uploads/Manual-on-Corporate-Governance-as-Amended-on-June-08-2017.pdf							
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	Compliant								
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Compliant	<p>The following table summarizes the aggregate compensation of the five (5) most highly compensated executive officers of the Bank for the period ended December 31, 2020</p> <table border="1" data-bbox="900 959 1449 1067"> <tr> <td>Salaries</td> <td>P7,500,000.00</td> </tr> <tr> <td>Bonuses</td> <td>P1,250,000.33</td> </tr> <tr> <td>Total</td> <td>P8,750,000.00</td> </tr> </table> <p>The director's per diem and other fees amounted to P875,000.00 as of December 31, 2020.</p> <p>Source: Definitive Information Statement (SEC 20-IS)</p> <p>https://www.citystatesavings.com/uploads/sec-filings/20-IS/CSB-</p>	Salaries	P7,500,000.00	Bonuses	P1,250,000.33	Total	P8,750,000.00	
Salaries	P7,500,000.00								
Bonuses	P1,250,000.33								
Total	P8,750,000.00								

		SEC%2020%20Information%20Statement%20(Definitive)%20ASM%20-%202021.pdf	
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	Compliant	Please refer to Part III.K.3 of the Manual on Corporate Governance as amended http://www.citystatesavings.com/uploads/Manual-on-Corporate-Governance-as-Amended-on-June-08-2017.pdf	
2. Company discloses material or significant RPTs reviewed and approved during the year.	Compliant	Please refer to the Annual Report (SEC 17-A) http://www.citystatesavings.com/company-disclosures	
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	Compliant	All directors, officers and employees are expected to promote the Company's interest. They shall not compete with the Company, nor shall they allow business dealing on behalf of the Company to be influenced, and or appear to be influenced by their own personal or family interests. http://www.citystatesavings.com/corporate-governance/companys-policies/related-party-transactions-policy	
Optional : Recommendation 8.5			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.			
Recommendation 8.6			
1. Company makes a full, fair, accurate and timely disclosure	Compliant	The Company complies with the disclosure requirements of the SEC and PSE.	

<p>to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.</p>		<p>http://www.citystatesavings.com/company-disclosures</p>	
<p>2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.</p>	<p>Compliant</p>	<p>When necessary the bank appoints an external, independent party to evaluate the fairness for acquisitions and/or dispositions of assets. Appointed independent evaluator will depend on the nature of the transaction, among other factors considered.</p>	
<p>Supplement to Recommendation 8.6</p>			
<p>1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.</p>	<p>Compliant</p>	<p>Please refer to the Annual Report (SEC 17-A) and SEC 20-IS (Definitive)</p> <p>https://edge.pse.com.ph/openDiscViewer.do?edge_no=206bfe185758344f5d542af6f1e997b9</p>	
<p>Recommendation 8.7</p>			
<p>1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).</p>	<p>Compliant</p>	<p>Please refer to the Manual on Corporate Governance</p> <p>http://www.citystatesavings.com/uploads/Manual-on-Corporate-Governance-as-Amended-on-June-08-2017.pdf</p>	

2. Company's MCG is submitted to the SEC and PSE.	Compliant		
3. Company's MCG is posted on its company website.	Compliant		
Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	Compliant	Please refer to the Manual on Corporate Governance http://www.citystatesavings.com/uploads/Manual-on-Corporate-Governance-as-Amended-on-June-08-2017.pdf	
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:	Compliant	Please refer to the Annual Report (SEC 17-A) http://www.citystatesavings.com/company-disclosures	
a. Corporate Objectives	Compliant	https://edge.pse.com.ph/openDiscViewer.do?edge_no=206bfe185758344f5d542af6f1e997b9	
b. Financial performance indicators	Compliant		
c. Non-financial performance indicators	Compliant		
d. Dividend Policy	Compliant		
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other	Compliant		

directorships in listed companies) of all directors			
f. Attendance details of each director in all directors meetings held during the year	Compliant		
g. Total remuneration of each member of the board of directors	Compliant		
2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.	Compliant	Please refer to Part IV of the Annual Report http://www.citystatesavings.com/company-disclosures	
3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.	Compliant	The Audit Committee assists the Board of Directors in carrying out its responsibilities as they relate to its oversight of the Company's internal control, internal audit function, legal and regulatory requirements and corporate governance. http://www.citystatesavings.com/company-disclosures	
4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the	Compliant	Please refer to the Annual Report (SEC 17-A) http://www.citystatesavings.com/company-disclosures	

company's internal controls/risk management systems.			
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	Compliant		

Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

Recommendation 9.1

1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	Compliant	The Audit Committee has the authority to recommend the appointment and compensation of the independent external auditor and oversee their work performance.	
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	Compliant	Please refer to the SEC 17-A http://www.citystatesavings.com/company-disclosures	
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	Compliant	Not applicable for the current year. CSBI is engaged in the same external auditor.	

Supplement to Recommendation 9.1

<p>1. Company has a policy of rotating the lead audit partner every five years.</p>	<p>Compliant</p>	<p>The appointment of external auditor complies with the requirement of SEC under SRC Rule 68 (3) (b) (iv) regarding rotation of external auditors or engagement partners.</p>	
<p>Recommendation 9.2</p>			
<p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <ul style="list-style-type: none"> i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. 	<p>Compliant</p>	<p>Please refer to the attached Audit Committee Charter marked as Annex B</p>	
<p>2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p>	<p>Compliant</p>	<p>Please refer to the attached Audit Committee Charter marked as Annex B</p>	
<p>Supplement to Recommendations 9.2</p>			

1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	Compliant	Please refer to the attached Audit Committee Charter marked as Annex B	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	Compliant		
Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	Compliant	This is included in the Duties and Responsibilities of the Audit Committee, as stated in the Committee Charter.	
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	Compliant	Please refer to Manual on Corporate Governance as amended, External Audit Fees and Services http://www.citystatesavings.com/uploads/Manual-on-Corporate-Governance-as-Amended-on-June-08-2017.pdf	
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	Compliant	Please refer to Annual Report (SEC 17-A) http://www.citystatesavings.com/company-disclosures	

Additional Recommendation to Principle 9			
1. Company's external auditor is duly accredited by the SEC under Group A category.	Compliant	Punongbayan & Araulo SEC Group A 0002-FR-5 January 04, 2021 December 3, 2024 20 th Floor, Tower 1 The Enterprises Center 6766 Ayala Avenue 1200 Makati City, Philippines 632 988 2288	
2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	Compliant	Jerald M. Sanchez SEC Group A 121830 December 31, 2023 Punongbayan & Araulo 20 th Floor, Tower 1 The Enterprises Center 6766 Ayala Avenue 1200 Makati City, Philippines 632 988 2288	

Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.

Recommendation 10.1

1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	Compliant	We provide in our website disclosures on non-financial information such as our advocacies and the different programs and initiatives we undertake that highlights our corporate social responsibility. The management give emphasis on economic, environmental and governance issues of its business by posting in its website.	
2. Company adopts a globally recognized standard/framework	Compliant		

in reporting sustainability and non-financial issues.			
<p>Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.</p>			
<p>Recommendation 11.1</p>			
<p>1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.</p>	<p>Compliant</p>	<p>The Company disseminates and discloses material and relevant information through its website, press releases and disclosures to PSE and SEC.</p> <p>http://www.citystatesavings.com/ PSE-EDGE Disclosure SEC Disclosure</p>	
<p>Supplemental to Principle 11</p>			
<p>1. Company has a website disclosing up-to-date information on the following:</p>	<p>Compliant</p>	<p>http://www.citystatesavings.com/</p>	
<p>a. Financial statements/reports (latest quarterly)</p>	<p>Compliant</p>	<p>http://www.citystatesavings.com/company-disclosures</p>	
<p>b. Materials provided in briefings to analysts and media</p>	<p>Compliant</p>	<p>http://www.citystatesavings.com/uploads/CSBI-AMENDED-ARTICLES-OF-INCORPORATION.pdf</p>	
<p>c. Downloadable annual report</p>	<p>Compliant</p>	<p>http://www.citystatesavings.com/uploads/CSBI-AMENDED-BY-LAWS.pdf</p>	
<p>d. Notice of ASM and/or SSM</p>	<p>Compliant</p>		
<p>e. Minutes of ASM and/or SSM</p>	<p>Compliant</p>		

f. Company's Articles of Incorporation and By-Laws	Compliant		
Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template.	Compliant	http://www.citystatesavings.com/	
Internal Control System and Risk Management Framework			
Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.			
Recommendation 12.1			
1. Company has an adequate and effective internal control system in the conduct of its business.	Compliant	The Audit and Risk Oversight Committee of the Company is responsible for overseeing senior management in establishing and maintaining an adequate, effective and efficient internal control network. It ensures that systems and processes are designed to provide assurance in areas including reporting, monitoring, compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets. Through the Internal Auditor, the Corporation monitors and evaluates the adequacy and effectiveness of the Corporation's internal control system, integrity of financial reporting, and security of physical and information assets.	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Compliant	Please refer to Part I of the Annual Report (SEC 17-A) http://www.citystatesavings.com/company-disclosures https://edge.pse.com.ph/openDiscViewer.do?edge_no=206bfe185758344f5d542af6f1e997b9	

Supplement to Recommendations 12.1			
1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.	Compliant	The Bank's Compliance Program was approved and duly endorsed by the Corporate Governance Committee to the Board of Directors for confirmation.	
Optional: Recommendation 12.1			
1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.			
Recommendation 12.2			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	Compliant	Citystate Savings Bank, Inc. has an in-house independent Internal Audit Department reporting directly to the Audit Committee.	
Recommendation 12.3			

<p>1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.</p>	<p>Compliant</p>	<p>Sarah E. Benito, 62, Vice President, is the head of Internal Audit Department. Board of Directors appointed her on July 31, 2018. She is a graduate of Manuel L. Quezon University with a degree in Bachelor of Science major in Accountancy. Ms. Benito is a Certified Public Accountant and a member of Philippine Institute of CPA's and Institute of Internal Auditors. She worked with Invest Projects Inc. as the Head of General Operations and Finance Group and in Philippine Veterans Bank as the Head of Internal Audit.</p>	
<p>2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.</p>	<p>Compliant</p>	<p>Audit Committee is responsible for the internal audit activity of the organization, including that portion is outsourced to a third-party service provider. CSB Internal Audit has no outsourced activity to a third-party provider.</p>	
<p>3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.</p>		<p>This is not applicable to CSB which has an in-house Internal Audit Department and does not outsource activity to a third-party provider.</p>	
<p>Recommendation 12.4</p>			
<p>1. Company has a separate risk management function to identify, assess and monitor key risk exposures.</p>	<p>Compliant</p>	<p>The Risk Oversight Committee has been established by the Board to assist in the development and oversight of the Company's risk management program.</p> <p>http://www.citystatesavings.com/corporate-governance/board-committees</p>	

Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	Non-Compliant	Identify source of external technical support, if any.	The Bank currently does not require assistance of external technical support in risk management. Based on the assessment of the Board of Directors, full compliance with this recommendation is not necessary taking into account the size, structure, risk profile and complexity of operations of the Bank. The same will be implemented when the needs of the Company require so.
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Compliant	Mr. Michael M. Boado is the Bank's Chief Risk Officer, effective April 2018	
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Compliant	Michael M. Boado, 35, Assistant Vice President and the Bank's Chief Risk Officer. He joined CSBI in July 2012 and rose from the ranks: Credit Review Officer, Risk Officer, Manager & OIC of Risk Management Department and Acting Chief Risk Officer in 2017 until his appointment as CRO in May 2018. Prior to CSBI, he was with Export and Industry Bank, Robinsons Banking Corporation and Asiatrust Development Bank. Mr. Boado holds a degree in Banking and Finance from President Ramon Magsaysay State University and an MBA from Pamantasan ng Lungsod ng Maynila.	
Additional Recommendation to Principle 12			
1. Company's Chief Executive Officer and Chief Audit	Partially Compliant		The bank has no CEO

Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.			
Cultivating a Synergic Relationship with Shareholders			
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
Recommendation 13.1			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	Please refer to Part III.A.3. of the Manual on Corporate Governance as amended http://www.citystatesavings.com/uploads/Manual-on-Corporate-Governance-as-Amended-on-June-08-2017.pdf	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	Please refer to Manual on Corporate Governance as amended http://www.citystatesavings.com/uploads/Manual-on-Corporate-Governance-as-Amended-on-June-08-2017.pdf	
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	Compliant	Sec. 4. Voting Right – At a stockholders' meeting, every stockholder shall be entitled to one (1) vote for each share of voting stock standing in his name on the proper book of the Bank at the time of closing thereof for the purpose of the meeting. The right to vote of stockholders or members may be exercised in person, through a proxy, or through remote communication or in absentia. (As amended on 18 August 2020.) Source: By-Laws http://www.citystatesavings.com/uploads/CSBI-AMENDED-BY-LAWS.pdf	

2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Compliant	The Company has 100,000,000 shares. All shares have the same rights for voting, subscription and transfer.	
3. Board has an effective, secure, and efficient voting system.	Compliant	<p>Stockholders could cast their votes on the presented resolutions and participate in the election of directors during the event by submitting the Voting Form. The polls will remain open until the end of the Meet</p> <p>The Voting Form shall be sent in the email of the Corporate Secretary, at asmregistration@ciystatesavings.com.</p>	
4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	Compliant	<p>Please refer to the Manual on Corporate Governance, Part III.A.3.g.</p> <p>"The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose Parts in the agenda of the meeting, provided the Parts are for legitimate business purposes."</p>	
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda Part at the AGM or special meeting.	Compliant	<p>http://www.citystatesavings.com/uploads/Manual-on-Corporate-Governance-as-Amended-on-June-08-2017.pdf</p>	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Compliant	The Company promotes a culture of transparency with protection and equal respect of shareholder/investor rights embodied in its Manual on Corporate Governance.	

		http://www.citystatesavings.com/uploads/Manual-on-Corporate-Governance-as-Amended-on-June-08-2017.pdf	
7. Company has a transparent and specific dividend policy.	Compliant	CSBI is authorized to distribute dividends out of its surplus profit, in cash, properties of the Bank, shares of stock, and/or securities of other companies belonging to the Bank subject to certain BSP rules and regulations. http://www.citystatesavings.com/company-disclosures	
Optional: Recommendation 13.1			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.			
Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	Compliant	For 2020, the Company sent out Notice of Annual Shareholders' Meeting on July 13, 2020 and published it in a newspaper.	
Supplemental to Recommendation 13.2			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:	Compliant	Definitive Information Statement (SEC Form 20-IS) Directors' business experiences are indicated in this report.	
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	Compliant	http://www.citystatesavings.com/company-disclosures	

b. Auditors seeking appointment/re-appointment	Compliant		
c. Proxy documents	Compliant		
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda Parts for the annual stockholders meeting	Compliant	Notice of annual or Special Stockholders' Meeting http://www.citystatesavings.com/company-disclosures	
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	Compliant	Result of Annual Stockholders Meeting and Organizational meeting was posted to the PSE immediately after the meeting. Minutes of the Annual Stockholders Meeting posted in the CSB website. http://www.citystatesavings.com/company-disclosures	
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	Compliant	Minutes of the Annual Stockholders Meeting posted in the CSB website. http://www.citystatesavings.com/company-disclosures	
Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	Compliant	Result of Annual Stockholders Meeting and Organizational meeting was posted to the PSE immediately after the meeting and in CSB http://www.citystatesavings.com/company-disclosures	

Recommendation 13.4			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Compliant	The Company has designated an investor relations officer to handle investor and shareholder queries and requests, and his contact information can easily be accessed through the Company's website. Any further issue will be escalated either to the Management or Board of Directors for proper resolution.	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Compliant	Manual on Corporate Governance as amended, p. 7-10. Posted in the CSB website http://www.citystatesavings.com/uploads/Manual-on-Corporate-Governance-as-Amended-on-June-08-2017.pdf	
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Compliant	Atty. Freda F. Bartolome-Ringor Tel. No.: 8470-3333 Fax No.: 8706-5864 Email Address: ffbartolome@citystatesavings.com	
2. IRO is present at every shareholder's meeting.	Compliant	The IRO and/or her representative is present during ASM.	
Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	Compliant	There are no capital structures or arrangements that enable certain shareholders to obtain a degree of control, i.e, shareholders agreement, voting cap, multiple voting rights, pyramid structures or crossholding structures. The voting procedures discussed earlier in the document also support that the Board does not have any anti-takeover measures in place.	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Non-Compliant		The proportion of the Corporation's outstanding shares that are considered public float is less than 30% (i.e. only

			15.78% as of December 31, 2020). Based on the assessment of the Board of Directors, full compliance with this recommendation is not necessary taking into account the size, structure, risk profile and complexity of operations of the Corporation. Public Ownership Report disclosed in the PSE Edge and posted in CSB website.
Optional: Principle 13			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting			
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.			
Duties to Stakeholders			
Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.			
Recommendation 14.1			
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	Stakeholders in CSBI's Corporate Governance which include, among others, its customers, employees, suppliers, financiers, government and the community in which it operates, In articulating CSBI's operational and strategic assessments affecting its wealth, growth and sustainability due attention is given to those who have an interest in	

		the Bank and are directly affected by its operations and actions.	
Recommendation 14.2			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	The Board shall commit at all times to fully disclose material information dealings. It shall cause the filing of all required information for the interest of the stakeholders	
Recommendation 14.3			
1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	Compliant	Bank maintains open communication with its stockholders. The Bank has a unit that handles customer complain, disposition and resolution. CSBI Consumer Assistance: (02) 8470-3333 Mondays to Fridays from 8:30-5:30pm. Visit CSBI Facebook page and lodge any inquiries/concern 24/7.	
Supplement to Recommendation 14.3			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	Compliant	The Company has designated an investor relations officer to handle investor and shareholder queries and requests, and his contact information can easily be accessed through the Company's website. Any further issue will be escalated either to the Management or Board of Directors for proper resolution.	
Additional Recommendations to Principle 14			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a	Compliant	No instances in 2020.	

<p>corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.</p>			
<p>2. Company respects intellectual property rights.</p>	<p>Compliant</p>	<p>Policies for the protection of intellectual property rights are found in the Code Discipline HRD Operating Manual database of the Bank for internal use of employees.</p>	
<p>Optional: Principle 14</p>			
<p>1. Company discloses its policies and practices that address customers' welfare</p>			
<p>2. Company discloses its policies and practices that address supplier/contractor selection procedures</p>			
<p>Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.</p>			
<p>Recommendation 15.1</p>			
<p>1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.</p>	<p>Compliant</p>	<p>The Bank ensures continuous training programs to develop the competency and enhance employees at work. Furthermore, the Bank has sports and recreational programs to promote fitness and develop relationship among other employees.</p>	
<p>Supplement to Recommendation 15.1</p>			

1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	Compliant	The company has its policy on reward / compensation to recognize employees' performance based on Performance Appraisal Report (PAR).	
2. Company has policies and practices on health, safety and welfare of its employees.	Compliant	<ol style="list-style-type: none"> 1. All employees are strictly instructed not to come to office when they are suffering from communicable diseases. 2. No employee shall be allowed to enter the bank under the influence of alcohol or drugs. 3. If the employee feels ill while at work, he is advised to proceed to the Fortune Medicare immediately for a check-up. 4. All employees are encouraged to undergo annual medical check-up per schedule provided by Fortune Medicare. Employees who fail to undergo the annual medical check-up during the schedules dates shall be asked to explain in writing for non-appearance. 5. A First Aid Kit, which includes medicines for ordinary ailments, burn ointments, gauzes are readily available with HRAD. 	
3. Company has policies and practices on training and development of its employees.	Compliant	New employees are given orientation on the Company's policies and procedures and made to undergo basic insurance and reinsurance training. Depending on their work assignment and employee development plans, employees undergo or are sent to specialized training courses.	
Recommendation 15.2			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-	Compliant	Code of Business Conduct and Ethics:	

<p>corruption policy and program in its Code of Conduct.</p>		<p>6. Receiving of gifts, percentage and commission in exchange for a favor to a client is strictly prohibited.</p> <p>7. All employees especially those in the collection and cash departments, should refrain from any acts, which may prejudice bank-customer relations.</p>	
<p>2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.</p>	<p>Compliant</p>	<p>The Code of Discipline shall be implemented by the immediate superiors, Department Heads, Human Resources Department, and Personnel Committee, all of which are expected at all times to perform their respective roles diligently, competently, professionally, objectively, without discrimination or bias or likeliness of bias, and in the highest standards of ethical behavior;</p>	
<p>Supplement to Recommendation 15.2</p>			
<p>1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.</p>	<p>Compliant</p>	<p>The Code of Discipline imposes upon all CSBI employees the duty and responsibility to report to the Department Head, Head of HR, or any member of the Personnel Committee, all known or suspected violation of company policy, or any circumstances that the employee believes in good faith to constitute an offense punishable under the Employee Handbook, violation of company policy, rule, or regulation, commission of a crime, or violation of existing laws and government regulations. Any employee who shall deliberately, and without justifiable reason, fail to comply with the duty to report known or suspected violation(s) may himself be subjected to disciplinary action for the commission of an offense classified under Neglect of Duty (Class III) of the table of offenses.</p>	

		<p>CSBI denounces any form of retaliation against individuals who, in good faith, report suspected violations, or who cooperate in an investigation of a suspected violation reported by someone else. Any employee who may be found liable for acts constituting retaliation against a whistleblower may be held liable under Conduct and Behavior (No.10) of the table of offenses.</p> <p>http://www.citystatesavings.com/corporate-governance/code-of-business-conduct-and-ethics</p>	
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Recommendation 15.3

1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	Compliant	<p>The bank adopted a responsive Whistle Blowing Policy intended to provide warnings and promote ethical conduct in the bank adopting the measures provided in the Personnel Handbook.</p> <p>http://www.citystatesavings.com/uploads/Whistle-Blowing-POLICY-CSBI.pdf</p>	
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	Compliant		
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant		

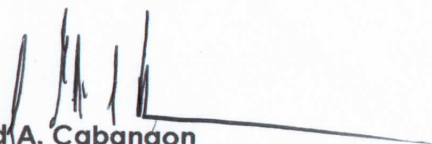
Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

Recommendation 16.1

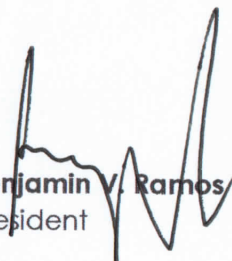
<p>1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.</p>	<p>Compliant</p>	<p>Corporate Social Responsibility</p> <p>Our Tagline "WE TAKE CARE OF YOU" is manifested through the banks excellent supervision and sound decision-making, strategic planning with enhanced policies, investments with innovative product lines and services for our customers. These are the hemisphere that the bank evolves; the other half of our dedication is social responsibility through Eco- friendly projects, orphanage visitation and community feeding program, education and relevant development programs, thriftiness awareness and financial literacy. These are the activities attuned with the corporate social responsibility of Citystate Savings Bank. WE TAKE CARE OF YOU, doing the extra mile in providing better lives for Filipinos and the community.</p> <p>http://www.citystatesavings.com/corporate-governance/corporate-social-responsibilities</p>	
<p>Optional: Principle 16</p>			
<p>1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development</p>			
<p>2. Company exerts effort to interact positively with the communities in which it operates</p>			

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 Pasig on June 14, 2021.


SIGNATURES



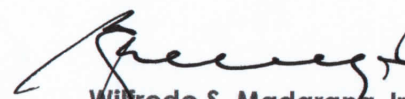
D. Edgard A. Cabangon
Chairman




Benjamin V. Ramos
President



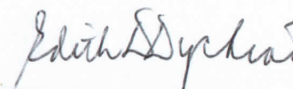
Lucito L. Sioson
Independent Director



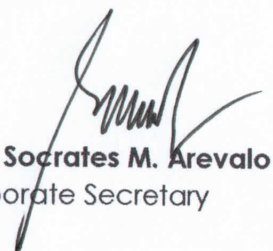
Wilfredo S. Madarang Jr.
Independent Director



Atty. Jose Roderick F. Fernando
Independent Director



Edith D. DyChiao
Independent Director



Atty. Socrates M. Arevalo
Corporate Secretary



Ariel V. Ajesta
Chief Compliance Officer

SUBSCRIBE AND SWORN to before me at Pasig City, Metro Manila this JUN 30 2021; affiant(s) exhibiting to me his Tax Identification Number (TIN) with the following details:

D. EDGARD A. CABANGON
BENJAMIN V. RAMOS
WILFREDO S. MADARANG, JR.
LUCITO L. SIOSON
ATTY. JOSE RODERICK F. FERNANDO
EDITH D. DYCHIAO
ATTY. SOCRATES M. AREVALO
ARIEL V. AJESTA

TIN NO. 122-341-728
TIN NO. 116-889-795
TIN NO. 112-071-504
TIN NO. 106-213-585
TIN NO. 210-182-448
TIN NO. 106-904-218
TIN NO. 123-271-382
TIN NO. 411-776-939

Doc. No. 431 :
Page No. 88 :
Book No. 10 :
Series of 2021

ATTY. PHIL EPHRAIM T. ELGO
NOTARY PUBLIC FOR IN PASIG CITY
ATTORNEY'S ROLL NO. 62593
IBP LIFETIME MEMBER NO. 011920
PTR NO. 4589256; MCLE VI-0024955
APPOINTMENT NO. 59(2021-2022)
UNTIL DECEMBER 31, 2022

PERFORMANCE APPRAISALS
HUMAN RESOURCES & ADMINISTRATION DEPT. (OPPM)**SECTION I - PERFORMANCE APPRAISALS**

The work performance of every employee is monitored regularly through the bank's Performance Appraisal System. This allows the individual employee to identify his strengths and areas for improvement as perceived by the management. It enables supervising officers concerned to utilize and develop the employee's capabilities effectively towards greater productivity and increased responsibility required in higher-level positions.

1. All employees shall undergo performance review utilizing the Performance Appraisal Form (PAF)
 - a. Performance Appraisal Form for Rank And File
 - b. Performance Appraisal Form for Officers
2. Performance review is conducted before the end of contractual and probationary period. Likewise, all regular employees shall undergo a semi-annual performance review.
3. Employee performance shall be evaluated & rated by their immediate superior in accordance with the schedules cited below.
4. Performance Appraisals are conducted according to the following schedules:
 - a. **Probationary Employees** – the employee shall be evaluated before the completion of the 6 months preferably on the 4th month probationary period to determine whether or not he/she has performed satisfactorily and has met the standards of work as explained during his/her orientation.
 - b. **Regular Employees** – the employee's performance shall be reviewed semi-annually.
5. While performance appraisals are highly essential and serve as a basis in grant of merit increases and promotion, it does not necessarily mean that a merit increase or promotion shall automatically be extended once a performance appraisal is undertaken.
6. The immediate superior shall discuss with the employee the result of the performance appraisal and the employee shall acknowledge the evaluation given to him by his immediate superior and indicate his reaction and comments therein.
7. The Performance Analysis portion of the PAF shall be assessed further by the immediate superior and endorsed to the Department Head for further comments. Furthermore, this shall be discussed nor revealed to the rate.
8. After the review of the PAF by the Department Head, this shall be forwarded to HRAD for appreciated action.



CITYSTATE

SAVINGS BANK

We Take Care of You.

AUDIT COMMITTEE CHARTER

Approved by the CSBI Board of Directors and adopted by BOD resolution
of the Board on _____

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AUDIT COMMITTEE CHARTER

INTRODUCTION

The audit committee plays an important role in providing oversight of the organization's governance, risk management, regulatory compliance and internal control practices. The oversight mechanism also serves to provide confidence in the integrity of these practices. The committee performs its role by providing independent oversight to the governing body (BOD) of Citystate Savings Bank, Inc.(CSBI).

A. PURPOSE

The Audit Committee assists the board and management by providing advice and guidance on the adequacy of the organization's initiatives for;

- Values And Ethics
- Governance Structure
- Risk Management
- Regulatory Compliance (AMLA, MLTFPP)
- Internal Control Framework (Risk Based Audit)
- Oversight of the internal audit activity, external auditors and other service assurance providers
- Financial Reporting

The committee will review each of the above items and provide the board with independent advice and guidance on the adequacy and effectiveness of management's practices and potential improvements to the adopted practices.

B. COMPOSITION AND QUALIFICATION OF THE COMMITTEE MEMBER

The committee will be composed of at least three (3) independent directors to be appointed by the BOD of CSBI. Among the three independent directors, one will be elected as Chairman by CSBI Board of Directors. Below are the criteria in the selection of an Audit Committee Member / Director;

1. Meets the criteria of an independent director set forth by CSBI Board of Directors in accordance with the SEC Code of Corporate Governance as defined below;

“ Independent director – a person who is independent of management and the controlling shareholder, and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.”

2. Has not participated in the preparation of the financial statements of the bank or any of the subsidiary for the past three years.
3. Able to read and understand fundamental financial statements.
4. At least one of the committee director / member shall have accounting or related Financial Management expertise.
5. Attend seminars and trainings needed in the discharge of their functions as director / member of the committee.

C. COMMITTEE MEETING AND QUORUM

1. The Committee will meet at least quarterly, with authority to convene additional meetings, as circumstances require and at such times and places as the Committee will determine.
2. The majority of the members of the Committee will constitute a quorum.
3. Each members / directors are expected to attend the regular and special committee meetings.
4. The committee may invite members of management, auditors, compliance officer or other resource person to attend the meetings and provide pertinent information as necessary.
5. The committee members may meet with the internal and external auditors as deemed necessary.
6. Schedule of the committee meetings are to be agreed by all members of committee and to be presided by the Audit Committee Chairman.
7. The agenda will be prepared by the Chief Internal Auditor (CAE) / Internal Audit Department (IAD) Head in consultation with the Audit Committee Chairman and also with the committee directors / members.
8. The Audit Committee will maintain written minutes of the meeting which shall be submitted to CSBI Board of Directors for notation / confirmation. The committee will also maintain copies of the materials taken up in the meetings.

D. AUTHORITY OF THE COMMITTEE

The Committee should have sufficient authority to promote independence and to

ensure broad audit coverage, adequate consideration of audit reports and appropriate action on audit recommendations. It has authority to conduct or authorize investigations into matters within its scope of responsibility. It is empowered to:

1. Review and oversee audit engagements performed by BSP accredited external auditing firm employed by CSBI.
2. Review and comment on all reports issued by internal and external auditors for CSBI as well as those from regulatory bodies like Bangko Sentral ng Pilipinas (BSP), Philippine Deposit Insurance Corporation (PDIC), Securities and Exchange Commission (SEC) and Bureau of Internal Revenue (BIR).
3. Resolve any disagreements between management and the auditor regarding financial reporting.
4. Conduct or investigate any matter appropriate in fulfilling its responsibilities with unrestricted access to all data, records and reports. The committee may retain independent or outside counsel auditors, accountants or other experts to advise them for this purpose.
5. Meet with Management, external auditors, regulatory examiners or outside counsel it deemed necessary to carry out its duties.
6. The committee will have unrestricted access to relevant information it requires from bank officers and employees, all whom are directed to cooperate with the committee's requests.
7. The committee will approve the audit plan and activities as recommended by the CAE, including budget and organizational structure of the Internal Audit Department so to perform its function.
8. The committee will approve the performance evaluation of the Internal Audit Department officers and staff relative to the department's agreed KRA's as recommended by the CAE.

E. ROLES AND RESPONSIBILITIES

1. The primary role of the Audit Committee is to provide the board with independent, objective advice on the adequacy of the risk management, compliance to gov't. regulatory agencies and internal control system under a Risk Based Audit Framework with respect to various areas of bank operation.
2. The Audit Committee will provide the board with independent and objective advice on the adequacy of management's arrangements with respect to the following aspects of the management of the organization:

a. Values And Ethics

To obtain reasonable assurance with respect to the organization's values and ethics practices, the audit committee will;

- Review and assess the policies, procedures, and practices established by the governing body (CSBI BOD) to monitor conformance with its code of conduct and ethical policies by all managers and staff of the organization.
- Provide oversight mechanism established by management to maintain high ethical standards for all the managers and staff of the organization.
- Review and provide advice on the systems and practices established by management to monitor compliance with laws, regulations, policies and standards of ethical conduct and identify and deal with any legal or ethical violations.

b. Governance Structure

- To obtain reasonable assurance with respect to the organization's governance process.
- The audit committee review and provide advice on the governance process established and maintained within the organization and the procedures in place to ensure that they are operating as intended.

c. Risk Management

- Annually review the organization's risk profile.
- Obtain reports on CSBI Senior Management's activities in managing credit, market, liquidity, operational, regulatory, legal and other significant risks or exposures and the steps taken by management to monitor and control such risks to the bank. The bank's senior management will provide the audit committee with periodic information on the risk exposures and risk management activities.
- Review the effectiveness of the risk management functions, assess the adequacy of its function in terms of resources, scope of work and its reporting arrangements.
- Provide oversight on significant risk exposures and control issues, including fraud risks, governance issues and other matters needed or as requested by the board.
- Review and provide advice on the risk management process established and maintained by management and the procedure in place to ensure that they are operating as intended.
- Provide oversight of the adequacy of the combined assurance being provided.

d. Internal Control Framework

- To obtain reasonable assurance for an effective internal control system wherein the fundamental concept is geared towards the achievement of objectives of a process consisting of ongoing tasks and activities performed by people.
- Assess the internal control system adaptable to the structure of the organization and the bank's business operation by identifying the risks involved in a business

process.

- Consider the effectiveness of the organization's control framework, including information technology security and control.
- Review and provide advice on the control of the organization as a whole and its individual units.
- Receive reports on all matters of significance arising work performed by other providers of financial and internal control assurance to senior management and the board.

e. Compliance

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management investigation and follow up (including disciplinary action) of any instances of non-compliance.
- Review the observation and conclusions of internal and external auditors and the findings of any regulatory agencies.
- Review the process for communicating the code of conduct to the organization's personnel and for monitoring compliance.
- Obtain regular updates from management and the organization's legal counsel regarding compliance matters.

f. Fraud

Obtain reasonable assurance with respect to the organization's procedures for the prevention and detection of fraud, the audit committee will:

- Oversee the management's arrangements for the prevention and deterrence of fraud.
- Ensure appropriate action is taken against known perpetrators of fraud.
- Challenge management and internal control and external auditors to ensure that the entity has appropriate anti-fraud programs and controls in place to identify potential fraud and ensure that investigations are undertaken if fraud is detected.

g. Oversight of the Internal Audit Activity and Other Assurance Providers

- Internal Audit Charter and Resources
 - Review and approve the internal audit charter to ensure that it reflects the internal audit activity's purpose, authority and responsibility, consistent with the mandatory scope defined in issued circulars and regulations of various gov't regulatory agencies specifically the Bangko Sentral Ng Pilipinas (BSP) Manual of Regulation For Banks (MORB).
 - Ensure that the internal audit activities are consistent with the mandatory guidance of the IIA's International Professional Practices Framework and the nature of assurance and consulting services, as well as changes in the financial, risk management, and the governance processes of the organization reflect developments in the professional practice of internal auditing.

- *Advise the board about increases and decreases to the requested resources to achieve the internal audit plan.*
- Evaluate whether any additional resources are needed permanently or should be provided through outsourcing.
- Chief Audit Executive (CAE) Performance
 - The audit committee will advise the board regarding the qualifications, recruitment, appointment, appropriate compensation and removal of the CAE.
 - The Audit Committee Chairman will evaluate and approved the performance appraisal of the CAE with concurrence of the committee members/directors.
 - The Head of the Internal Audit Department is also the Chief Audit Executive of CSBI.
- Internal Audit Strategy Plan
 - Review and provide inputs on the internal audit activity's strategic plan, objectives, performance measures, and outcomes.
 - Review and approved proposed Risk Based audit plan and make recommendations concerning internal audit projects.
 - Review and approve the internal audit plan and engagement work program, including reviewing internal audit resources necessary to achieve the plan.
 - Review the internal audit activity's performance relative to its audit plan.
- Internal Audit Engagement and Follow Up
 - Review internal audit reports and other communications to management.
 - Review and track the management's action plans to address the results of internal audit engagements.
 - Review and advise the board and management on the results of any special investigations.
 - Inquire of the CAE whether any internal audit engagements or non-audit engagements have been completed but not reported to the committee, if so, inquire whether any matters of significance arose from such work.
 - Inquire of the CAE whether any evidence of fraud has been identified during internal audit engagements and evaluate what additional actions, if any should be taken.
 - Review and advise CSBI Board on the results of any special investigation.
- Standard's Conformance
 - Inquire from CAE about the steps taken to ensure that the internal audit activity conforms with IIA's International Standards for the Professional Practice of Internal Auditing.
 - Ensure that the internal audit activity has a quality assurance and

improvement program and that the results of these periodic assessments are presented to the audit committee.

- Review the results of the quality assurance activities and monitor the implementation of the internal audit activity's action plans to address any recommendation.
- Advise the board about any recommendations for the continuous improvement of the internal audit activity.

- External Auditors

- Meet with the external assurance providers so to obtain reasonable assurance with respect to their work during the planning phase engagement, the presentation of Audited Financial Statements, and the discussion of the results of engagements and recommendations for management.
- Review the external auditors' proposed audit scope and approach, including coordination of audit effort with the internal audit activity.
- Review the performance of the external auditor and exercise final approval on the appointment or discharge of the auditors.
- Obtain statements from the external auditors about their relationships with the organization, including non-audit services.
- Have regularly scheduled exclusive meetings with external auditors to discuss any sensitive matters.
- Monitor management's progress on action plans.

- Financial Statements and Public Accountability Reporting

- Responsible for oversight of independent audit of the bank's financial statements, including but not limited to overseeing the resolution of audit findings in areas such as internal control, legal, regulatory compliance and ethics.
- Review with the management and the external auditors the results of audit engagements, including any difficulties encountered.
- Review significant accounting and reporting issues, including complex and unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Review the annual financial statements, and consider whether they are complete, consistent with information known to committee members, and they reflect appropriate accounting principles.
- Review other sections of the annual report and related regulatory filings and consider the accuracy and completeness of the information before it is released.
- Review with management and the external auditors all matters required to be communicated to the audit committee under the generally accepted external auditing standards.
- Understand strategies, assumptions and estimates that management has made in preparing financial statements, budgets, and investment plans.

- Understand how management develops interim financial information and the nature and extent of internal and external auditor involvement in the process.
 - Review interim financial reports with management and external auditors before filing with regulator, and consider whether they are complete and consistent with the information known to committee members.
- Other Responsibilities
 - Perform other activities related to this charter as requested by CSBI BOD.
 - Institute and oversee special investigations as needed.

F. REPORTING ON AUDIT COMMITTEE PERFORMANCE

The audit committee will report to CSBI BOD annually, summarizing the committee's activities and recommendations. The report may be delivered during a regularly scheduled meeting of the board or in an audit committee meeting attended by the board. The report shall include the following;

- A summary of the work the audit committee performed to fully discharge its responsibilities during the preceding year.
- A summary of management's progress in addressing the results of internal and external audit engagements reports.
- An overall assessment of management's risks, control, and compliance processes, including details of any significant emerging risks or legislative changes impacting the governance issue of the bank.
- Details of meetings, including the number of meetings held during the relevant period and the number of meetings each member attended.
- Provide information required if any, by new or emerging corporate governance developments.
- The committee may report to CSBI BOD at any time regarding any other matter it deems of sufficient importance.
- Periodically evaluate performance (annually) of the audit committee members using the Audit Committee Self – Assessment Matrix (Annex A)

Approval / Signatures:

DATE

Audit Committee Chairman: LUCITO L. SIOSON

Director Member: WILFREDO S. MADARANG

ATTY. JOSE RODERICK F. FERNANDO

CITYSTATE SAVINGS BANK, INC.
Audit Committee Self-Assessment

Annex A

Name:

ARE ENABLERS OF AUDIT COMMITTEE EFFECTIVENESS IN PLACE TO ALLOW THE COMMITTEE MEMBERS TO WORK EFFECTIVELY AND PRODUCTIVELY? Indicate your score in the rating column with 1-5 scaling as follows: (1 - *Poor*; 2 - *Below Average*; 3 - *Average*; 4 - *Above Average*; 5 - *Excellent*)

COMMITTEE STRUCTURE & OPERATION	RATING
Committee size is appropriate	
Committee composition is appropriate	
Qualifications, skills and attributes of members and Chair	
Financial knowledge of members	
Committee has effective processes for identifying, cultivating, and integrating new members	
Committee meeting calendars, advance materials, and agendas support the board as needed	
Committee meetings run well, e.g. give members a chance to engage in issues, ensure all voices are heard	
OVERSIGHT ON FINANCIAL REPORTING & DISCLOSURE	RATING
The Committee is compliance with financial reporting regulations	
Extent of understanding of the Company's business and industry in which it operates	
Recognition of management's responsibility over the financial statements	
Identification of material errors and fraud and sufficiency of risk controls	
Actions or measures in case of finding of error or fraud in financial reporting	
Review of unusual or complex transactions including all related party transactions	
Fair and balance review of financial reports	
OVERSIGHT ON INTERNAL CONTROLS	RATING
Obtaining management's assurance on the state of internal controls	

Review of internal auditor's evaluation of internal controls	
Evaluation of internal control issues raised by external auditors	
Deliberation on findings of weaknesses in controls and reporting process	
OVERSIGHT ON MANAGEMENT, INTERNAL AND EXTERNAL AUDIT	RATING
Communication with management and internal auditor	
Assessment of adequacy of resources and independence of Internal Auditor	
Review and approval of internal audit annual plan	
Extent and scope of internal audit work	
Assessment of independence and professional qualifications and competence of external auditor	
Engagement and rotation process of external auditor or firm	
Actions on the findings of external auditor	
Management's competence regarding financial reporting responsibilities including aggressiveness and reasonableness of decisions	
Compliance of external auditor with auditing standards	

OTHER COMMENTS:

II - COMMITTEE MEMBER COMMENTS

- What worked best during the meeting?

- What did not work?

- What could be done to improve Committee meetings?

- What issues should occupy the Committee's time and attention?

Signature

I. INTRODUCTION

This Charter is established by the Board of Directors of Citystate Savings Bank, Inc. (CSBI) to clearly define the Corporate Governance Committee's mandate, authority and duties and functions, among others.

The Corporate Governance Committee shall assist the Board of Directors in fulfilling its corporate governance responsibilities and in providing oversight in the implementation of CSBI's Compliance System through the Compliance Department.

II. ORGANIZATION and QUALIFICATIONS OF MEMBERS

The members of the Committee, including the Chairman, shall be appointed annually by the Board of Directors taking into consideration the optimal mix of skills and experience to fully understand and objectively evaluate the relevant issues. They may be replaced or removed at any time by the Board of Directors.

The Committee shall be comprised of three (3) members of the Board of Directors, all of whom shall be independent directors and non-executive directors as defined by existing regulations, including the Chairman.

All members of the Committee shall have adequate understanding at least or competence at most of CSBI's operations and environment.

The Compliance Department of CSBI shall serve as the Secretariat and custodian of minutes, records and/or resolutions of the Committee.

III. MEETING

The Committee shall meet at least quarterly, or whenever necessary, at such time as the Chairman of the Committee shall designate. A majority of the members of the Committee shall constitute a quorum. All decisions of the Committee shall at all times be taken by a majority of all of its members.

It is the responsibility of the Chairman to schedule and preside all meetings of the Committee. The agenda of the Committee meetings shall be prepared by the Chief Compliance Officer in consultation with the Chairman and Committee members.

IV. DUTIES AND FUNCTIONS

The Committee is tasked with ensuring compliance with and proper observance of corporate governance principles and practices. It has the following duties and functions, among others:

- a. Oversees CSBI's compliance with Anti-Money Laundering-Combating the Financing of Terrorism (AML/CFT) rules and regulations.
- b. Oversees the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the corporation's size, complexity and business strategy, as well as its business and regulatory environments;
- c. Oversees the periodic performance evaluation of the Board and its committees as well as executive management, and conducts an annual self-evaluation of its performance;
- d. Ensures that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;
- e. Recommends continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance;
- f. Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;
- g. Proposes and plans relevant trainings for the members of the Board;
- h. Determines the nomination and election process for the company's directors and has the special duty of defining the general profile of board members that the company may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board; and
- i. Establishes a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is consistent with the corporation's culture and strategy as well as the business environment in which it operates.

The establishment of a Corporate Governance Committee does not preclude the establishment of a separate Remuneration or Nomination Committees, if deem necessary by CSBI.

IV. SELF-ASSESSMENT

To assess the effectiveness of the Committee in performing its mandate and functions, each member of the Committee shall accomplish every November of the present year a Self-Assessment Form approved by the Committee.

The Compliance Department shall collate all the forms and tabulate the results of the self-assessments and shall present it for discussion before the Committee in one of its meeting in December of the present year.

V. REPORTING

The Committee shall report regularly to the Board of Directors regarding corporate governance and compliance matters.

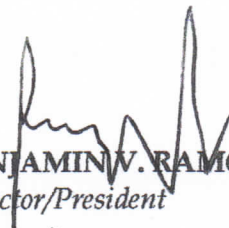
VI. CHARTER REVIEW

This Charter shall be reviewed, updated and endorsed for approval by the Committee, at least annually, and submitted to the Board of Directors for approval.

Adopted this 29th day of January 2019 at Pasig City, Philippines.

APPROVED BY:

D. ALFRED A. CABANGON
Chairman


BENJAMIN V. RAMOS
Director/President

ALFONSO G. SIY
Vice Chairman (Absent)

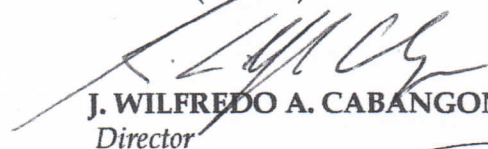
MICHAEL F. RELLOSA
Director (Absent)

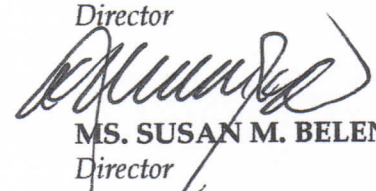
D. ARNOLD A. CABANGON
Director


MR. RAMON L. SIN
Director


FEORELIO M. BOTE
Director (Absent)

EMMANUEL R. SISON
Director


J. WILFREDO A. CABANGON
Director

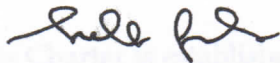

MS. SUSAN M. BELEN
Director


LUCITO L. SIOSON
Independent Director

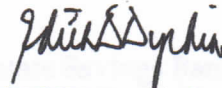

Justice JOSE ARMANDO R. MELO
Independent Director


WILFREDO S. MADARANG JR.
Independent Director

1. INTRODUCTION



JOSE RODERICK F. FERNANDO
Independent Director



EDITH D. DYCHIAO
Independent Director

The Corporate Governance Committee shall assist the Board of Directors in fulfilling its corporate governance responsibilities and in providing oversight in the implementation of CMB's Compliance Policy through the Compliance Department.

2. ORGANIZATION and QUALIFICATIONS OF MEMBERS

The members of the Committee, including the Chairman, shall be appointed annually by the Board of Directors taking into consideration the requisite mix of skills and experience or fully understand and objectively evaluate the relevant issues. They may be reappointed or removed at any time by the Board of Directors.

The Committee shall be composed of three (3) members of the Board of Directors, all of whom shall be independent directors and non-executive directors as defined by existing regulations, including the Chairman.

All members of the Committee shall have adequate understanding or level of competence or most of CMB's operations and structure.

The Compliance Department of CMB shall serve as the secretariat and maintain all minutes, records and/or resolutions of the Committee.

3. MEETING

The Committee shall meet at least quarterly, or whenever necessary, at such time as the Chairman of the Committee shall designate. A majority of the members of the Committee shall constitute a quorum. All decisions of the Committee shall be taken by a majority or all of its members.

It is the responsibility of the Chairman to schedule and provide all meetings of the Committee. The agenda of the Committee meetings shall be prepared by the Chief Compliance Officer in consultation with that business and Committee members.

4. DUTIES AND FUNCTIONS

The Committee is tasked with ensuring compliance with and proper observance of corporate governance principles and practices. It has the following duties and functions, among others:

ATTENDANCE OF BOARD OF DIRECTORS

NAMES	JAN	FEB	MAY	JULY	AUG	SEPT	OCT	NOV	DEC
	28-Jan	3-Mar	5-May	10-Jul	Aug 18 (ASHM&ORG)	29-Sep	27-Oct	25-Nov	18-Dec
MR. BENJAMIN V. RAMOS	✓	✓	✓	✓	✓	✓	✓	✓	✓
MR. D. ARNOLD A. CABANGON			✓	✓	✓	✓		✓	✓
ENGR. FEORELIO M. BOTE			✓	✓	✓	✓	✓	✓	✓
DR. RAMON L. SIN	✓	✓		✓	✓	✓	✓	✓	✓
MS. SUSAN M. BELEN	✓	✓	✓	✓	✓	✓	✓	✓	✓
MR. MICHAEL F. RELLOSA	✓		✓	✓	✓				✓
MR. LUCITO L. SIOSON	✓	✓						✓	✓
MR. WILFREDO S. MADARANG, JR.	✓	✓	✓	✓	✓	✓	✓	✓	✓
MS. EDITH D. DYCHIAO	✓		✓	✓	✓	✓	✓	✓	✓
ATTY. JOSE RODERICK F. FERNANDO	✓	✓	✓	✓	✓	✓	✓	✓	✓
MR. D. EDGARD A. CABANGON				✓	✓	✓	✓	✓	✓
MR. ROBERTO L. OBIEDO							✓	✓	✓
MR. JESUS WILFREDO A. CABANGON			✓	✓	✓			✓	

Section 1 PURPOSE

The Risk Oversight Committee (the "ROC" or "Committee") of Citystate Savings Bank, Inc. (the "CSBI" or "Bank") is a standing committee of the Board of Directors ("Board").

The purpose of the Committee is to assist the Board in fulfilling its responsibility with respect to:

- 1.1 the Citystate Savings Bank, Inc. (CSBI)'s risk governance structure,
- 1.2 the Bank's risk management guidelines and policies regarding credit, liquidity, market, operational and other related risk as necessary to fulfil the Committee's duties and responsibilities,
- 1.2 the Bank's risk tolerance
- 1.3 the Bank's capital, liquidity and funding, and
- 1.4 the performance of Bank's Chief Risk Officer

The Committee reports to the Board of Directors regarding Bank's risk profile, as well as its risk management framework, including the significant policies and practices employed to manage risks in CSBI's businesses, as well as the overall adequacy of the risk management function.

The Committee's role is one of oversight, recognizing that Senior Management is responsible for executing the bank's risk management. While the Committee has the responsibilities and powers set forth in this Charter, Senior Management is responsible for designing, implementing and maintaining an effective risk program. In this regard, the Bank's department heads or line managers are responsible for managing risks in the areas for which they are responsible.

Finally, the Bank's Chief Risk Officer ("CRO") manages the Bank's risk management guidelines and policies regarding credit, liquidity, market, operational and other related risk on a consolidated basis under CSBI's risk management framework.

The CRO also provide overall leadership for CSBI's risk management framework, independent risk management function and risk governance processes, including risk identification, measurement, monitoring and mitigation (i.e., I³M Risk Framework)

Section 2 MEMBERSHIP

- 2.1 The Committee shall be represented by at least three (3) Board members appointed by the Board of Directors after considering the recommendation of the Nominating and Governance Committee or until their successors shall be duly qualified and appointed.
- 2.2 One of the Board members in the Committee should be an independent director who has no material relationship to the Bank – or its subsidiaries or affiliates – that may interfere with the exercise of his/her independence from management and the Bank or shall otherwise compromise the independence requirements of the regulatory authorities.
- 2.3 The Board shall designate one Committee member as the Committee's chair (the "Chairman").
- 2.4 The Board may also appoint any Senior Management Officers as *ex officio* or non-voting member of the Committee.

Section 3 OPERATIONS

- 3.1 The Committee shall hold regular meetings at least four times per year and report to the Board on a regular basis.

- 3.2 Meetings shall include any participants the Committee deems appropriate and shall be of sufficient duration and scheduled at such times as the Committee deems appropriate to discharge properly its responsibilities.
- 3.3 The Committee shall meet, as deemed necessary and appropriate, with the Chief Risk Officer and other Senior Management officers of the Bank, in separate executive sessions.
- 3.4 The Committee may form and delegate to one or more subcommittees all or any portion of the Committee's authority, duties and responsibilities, and may establish such rules as it determines necessary or appropriate to conduct the Committee's business.
- 3.5 The Committee shall have direct access to, and complete and open communication with, the Bank's Senior Management, including the Chief Risk Officer and other employees of the Risk Department, and may obtain advice and assistance from internal legal or other advisors.
- 3.6 The Bank shall provide for appropriate funding, as determined by the Committee, for the payment of:
 - a. ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties and responsibilities, and
 - b. compensation to independent legal or other advisors retained by the Committee.
- 3.7 The Committee shall review and assess annually its performance and report the results to the Board.
- 3.8 The Committee shall review and assess annually the adequacy of this charter and, if appropriate, recommend changes to this charter to the Board of Directors for approval.

Section 4 OVERSIGHT FUNCTIONS*Oversight of Risk Management*

- 4.1 Review or discuss, as and when appropriate, with Senior Management, the Bank's risk governance structure and the Bank's risk management, guidelines and policies regarding credit, liquidity, market, operational and other related risk and the Bank's risk tolerance.

- 4.2 Review periodically the major risk exposures of the Bank and its business units, including credit, liquidity, market, operational and other related risk, against established risk measurement methodologies and the steps management has taken to monitor and control such exposures.

- 4.3 Receive, as and when appropriate, reports and recommendations from the Head of the Internal Audit Department (and other internal departments as necessary to fulfil the Committee's duties and responsibilities) regarding the results of risk management reviews and assessments.

Oversight of Risk Tolerance

- 4.4 Oversee the Bank's process and policies for determining risk tolerance and review management's measurement of overall risk tolerance to established levels. As appropriate, confirm risk tolerance levels and capital targets and limits.

- 4.5 Receive, as and when appropriate, reports and recommendations from the Senior Management (and other internal departments as necessary to fulfil the Committee's duties and responsibilities) on risk tolerance.

Oversight of Capital, Liquidity and Funding

- 4.6 Review periodically the steps the Bank management has taken to manage capital, liquidity and funding.

- 4.7 Receive, as and when appropriate, reports and recommendations from the Head of the Treasury Department (and other internal departments as necessary to fulfil the Committee's duties and responsibilities) on capital, liquidity and funding risk guidelines and policies.

Oversight of the Chief Risk Officer

- 4.8 Approve the appointment and, when and if appropriate, replacement of the Chief Risk Officer, who shall report directly to the Committee as well as to the Chief Executive Officer.
- 4.9 Review and evaluate periodically the qualifications and performance of the Chief Risk Officer.

Coordination with Other Board Committees and Senior Management

- 4.10 Coordinate with the Audit Committee and Operations Committee to help ensure that the Committee have received the information necessary to permit them to fulfil their duties and responsibilities with respect to oversight of risk management and risk assessment guidelines and policies.
- 4.11 Coordinate with the Compensation and/or Personnel Committee in relation to that Committee's role with respect to risk matters related to compensation.

Other Functions

- 4.12 Make such recommendations with respect to any of the above and other matters as the Committee deems necessary or appropriate.
- 4.13 Have such other authority, duties and responsibilities as may be delegated to the Committee by the Board.

Section 5 CORE RESPONSIBILITIES

(Per BSP Circular No. 749, Series of 2012 – "Guidelines in Strengthening Corporate Governance in BSP supervised FIs")

5.1 Identify and evaluate exposures

The Committee shall assess the probability of each risk becoming reality and shall estimate its possible effect and cost. Priority areas of concern are those risks that are most likely to occur and are costly when they happen.

5.2 Develop risk management strategies

The Committee shall develop a written plan defining the strategies for managing and controlling major risks. It shall identify practical strategies to reduce the chance of harm and failure or minimize losses if the risk becomes real.

5.3 Oversee the implementation of the risk management plan

The Committee shall conduct regular discussion on the institution's current risk exposure based on regular management reports and assess how the concerned units or offices reduced these risks.

5.4 Review and revise the plan as needed

The Committee shall evaluate the risk management plan to ensure its continued relevance, comprehensiveness, and effectiveness.

It shall revisit strategies, look for emerging or changing exposures, and stay abreast of developments that affect the likelihood of harm or loss.

The Committee shall report regularly to the Board of Directors the Bank's overall risk exposure, actions taken to reduce the risks, and recommend further actions or plans as necessary.