

**SECURITIES AND EXCHANGE COMMISSION**  
**SEC FORM - ACGR**  
**ANNUAL CORPORATE GOVERNANCE REPORT**  
**GENERAL INSTRUCTIONS**

**(A) Use of Form ACGR**

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

**(B) Preparation of Report**

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

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

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

**(D) Filing an Amendment**

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



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## A. BOARD MATTERS

### 1) Board of Directors

Number of Directors per Articles of Incorporation	15
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Actual number of Directors for the year	13
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#### (a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) <sup>1</sup>	Elected when (Annual / Special Meeting)	No. of years served as director
Amb. Antonio L. Cabangon Chua	NED	N/A	N/A	1997	N/A	N/A	17
Atty. Rey D. Delfin	ED	N/A	N/A	2007	N/A	N/A	7
Alfonso G. Siy	NED	N/A	N/A	1997	N/A	N/A	17
D. Arnold A. Cabangon	NED	N/A	N/A	2000	N/A	N/A	14
J. Antonio A. Cabangon, Jr.	NED	N/A	N/A	2007	N/A	N/A	7
D. Alfred A. Cabangon	NED	N/A	N/A	1997	N/A	N/A	17
Engr. Feorelio M. Bote	NED	N/A	N/A	1997	N/A	N/A	17
Ramon L. Sin	NED	N/A	N/A	2002	N/A	N/A	12
Pedro E. Paraiso	NED	N/A	N/A	2008	N/A	N/A	6
Atty. Emmanuel	NED	N/A	N/A	2011	N/A	N/A	3

<sup>1</sup> Reckoned from the election immediately following May 27, 2014

R. Sison							
Andres Y. Narvasa, Jr.	ED	N/A	N/A	2007	N/A	N/A	7
Lucito L. Sioson	ID	N/A	N/A	2012	N/A	N/A	2
Justice Jose Armando R. Melo	ID	N/A	N/A	2012	N/A	N/A	2

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

Compliance with the principles of good corporate governance shall start with the Board of Directors. It shall be the Board's responsibility to foster the long-term success of the corporation and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Corporation, its shareholders. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

The Board shall be committed to respect the following rights of the stockholders:

**Voting Right:**

- Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.
- Cumulative voting shall be used in the election of directors.
- A director shall not be removed without cause if it will deny minority shareholders representation in the Board.

**Pre-emptive Right**

All stockholders shall have pre-emptive rights, unless the same is denied in the articles of incorporation or an amendment thereto. They shall have the right to subscribe to the capital stock of the Corporation. The Articles of Incorporation shall lay down the specific rights and powers of shareholders with respect to the particular shares they hold, all of which shall be protected by law so long as they shall not be in conflict with the Corporation Code.

**Power of Inspection**

Unless otherwise restricted by law, all shareholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code and shall be furnished with annual reports, including financial statements, without cost or restrictions.

**Right to Information**

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

The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.

The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes".

(c) How often does the Board review and approve the vision and mission?

The Board of the Directors does not intent to amend the bank's vision and mission

(d) Directorship in Other Companies

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

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

<b>Director's Name</b>	<b>Corporate Name of the Group Company</b>	<b>Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.</b>
N/A	N/A	N/A

(ii) Directorship in Other Listed Companies

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

<b>Director's Name</b>	<b>Name of Listed Company</b>	<b>Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.</b>
N/A	N/A	N/A

(iii) Relationship within the Company and its Group

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

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

Director's Name	Name of the Significant Shareholder	Description of the relationship
N/A	N/A	N/A

- (iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines: No.

	Guidelines	Maximum Number of Directorships in other companies
<b>Executive Director</b>	N/A	N/A
<b>Non-Executive Director</b>	N/A	N/A
<b>CEO</b>	N/A	N/A

- (e) Shareholding in the Company

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

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Amb. Antonio L. Cabangon Chua	14,206,114		19.52%
D. Alfred A. Cabangon	8,283,330		11.38%
Engr. Feorelio M. Bote	4,302,500		5.91%
Alfonso G. Siy	1,650,000		2.27%
J. Antonio A. Cabangon, Jr.	1,000		0.00%
Ramon L. Sin	110		0.00%
Atty. Rey D. Delfin	110		0.00%
Andres Y. Narvasa, Jr.	110		0.00%
Lucito L. Sioson	1		0.00%
Pedro E. Paraiso	1		0.00%
D. Arnold A. Cabangon	1		0.00%
Atty. Emmanuel R. Sison	1		0.00%
Justice Jose Armando R. Melo	1		0.00%



<b>TOTAL</b>	<b>28,443,279</b>		<b>39.08%</b>
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2) Chairman and CEO

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

Yes

No  (f)

Identify the Chair and CEO:

Chairman of the Board	Amb. Antonio L. Cabangon Chua
CEO	Andres Y. Narvasa, Jr.

President	Atty. Rey D. Delfin
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(b) Roles, Accountabilities and Deliverables

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

	Chairman	Chief Executive Officer
Role	<p>a. schedule meetings to enable the Board to perform its duties responsibly while not interfering with the flow of the company's operations</p> <p>b. prepare meeting agenda in consultation with the CEO;</p> <p>c. exercise control over quality, quantity and timeliness of the flow of information between Management and the Board; and</p> <p>d. assist in ensuring compliance with company's guidelines on corporate governance.</p> <p>The responsibilities set out in the above guidelines may pertain only to the Chairman's role in respect to the Board proceedings. It should not be taken as a comprehensive list of all the duties and responsibilities of a Chairman.</p>	<p>a) Supervises, the operational and administrative functions of bank.</p> <p>b) On behalf of the Board, to provide broad policy guidance to the executive officers in order to achieve the bank's objectives.</p> <p>The following are the functional responsibility of the president:</p> <ol style="list-style-type: none"> <li>1. To support the company and its policies internally and externally;</li> <li>2. To exercise the governing authority of the Board of Directors when advised to do so by the Board;</li> <li>3. Plan and chair Board and general meetings, including meeting agenda preparation;</li> <li>4. To act as the main liaison between the Board and the senior officers;</li> <li>5. To initiate and the lead Board's process of annual performance review of the company</li> </ol>
Accountabilities	The Chairman of the Board, who shall be chosen from among the	The President, who need not be a member of the Board of

	members of the Board, shall preside at all meetings of the Board of Directors and the stockholders of the Bank, if present, and shall, in general, be vested with all the powers and shall perform all the duties and functions incident to the office of the Chairman of the Board and such other duties and functions as from time to time may be assigned to him by the Board of Directors.	Directors, shall have active supervision of the operations of the Bank. He shall perform in general all duties and functions incident to the office of the President and such other duties and functions as from time to time may be assigned to him by the Board of Directors.
Deliverables	N/A	To execute the policy directives of the Board of Directors

3) Explain how the board of directors plan for the succession of the CEO/Managing Director/President and the top key management positions? Senior Management officers comprises the pool of the Succession Planning Program.

4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain. The Bank subscribe to the BSP Rules and Regulations for the Fit and Proper Rule.

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain. Yes, the Bank has the Independent Directors with experience with the financial industry sector.

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

	<b>Executive</b>	<b>Non-Executive</b>	<b>Independent Director</b>
Role	To execute the policy decisions of the bank	To articulate policy directions	To conduct, asses the policy approval conforms in the industry.
Accountabilities	Policy execution	Monitoring of compliance of the policy	Ensure standard of excellence
Deliverables	Achieve the target or goals of the industry	Ensure sustainability and practical application of the policy of the bank	Ensure the practical application of the policy of the bank

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

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

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

(a) Resignation/Death/Removal

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

period:

Name	Position	Date of Cessation	Reason
N/A	N/A	N/A	N/A

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

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

Procedure	Process Adopted	Criteria
<b>a. Selection/Appointment</b>		
(i) Executive Directors	The Board level Nomination Committee handles the pre-qualification and the selection / appointment of the members of the Board of Directors.	Minimum criteria prescribed by BSP's regulation on Fit and Proper Rule and under BSP Circular No. 758 series of 2012.
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>b. Re-appointment</b>		
(i) Executive Directors	The Nomination Committee should pre-qualify and shall be approved by the Board.	The Bank subscribed to the BSP rules and regulations.
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>c. Permanent Disqualification</b>		
(i) Executive Directors	A statement of cause will have to be reviewed and decided by the Board.	-do-
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>d. Temporary Disqualification</b>		
(i) Executive Directors	A statement of cause or leave of absence or temporary inhibition	-do-
(ii) Non-Executive Directors		
(iii) Independent Directors		
(i) Executive Directors	The Board will declare vacancy on the subject to the Board.	-do-
(ii) Non-Executive Directors		
(iii) Independent Directors		
(i) Executive Directors	Declaration of re-instatement subject to the Board	-do-
(ii) Non-Executive Directors		
(iii) Independent Directors		
(i) Executive Directors	The Board will send notice	-do-

(ii) Non-Executive Directors	of temporary inhibition to perform duties	
(iii) Independent Directors		

Voting Result of the last Annual General Meeting

Name of Director	Votes Received
Amb. Antonio L. Cabangon Chua	majority
Alfonso G. Siy	-do-
Andres Y. Narvasa, Jr.	-do-
Atty. Rey D. Delfin	-do-
D. Arnold A. Cabangon	-do-
J. Antonio A. Cabangon, Jr.	-do-
D. Alfred A. Cabangon	-do-
Engr. Feorelio M. Bote	-do-
Ramon L. Sin	-do-
Pedro E. Paraiso	-do-
Atty. Emmanuel R. Sison	-do-
Lucito L. Sioson	-do-
Justice Jose Armando R. Melo	-do-

6) Orientation and Education Program

- (a) Disclose details of the company's orientation program for new directors, if any.
- (b) State any in-house training and external courses attended by Directors and Senior Management<sup>3</sup> for the past three (3) years: Corporate Governance Seminar conducted by ROAM, Inc. held on November 15, 2014.
- (c) Continuing education programs for directors: programs and seminars and round tables attended during the year.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Amb. Antonio L. Cabangon Chua	NONE	-	-
Atty. Rey D. Delfin	NONE	-	-
Alfonso G. Siy	NONE	-	-

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

D. Arnold A. Cabangon	NONE	-	-
J. Antonio A. Cabangon, Jr.	NONE	-	-
D. Alfred A. Cabangon	NONE	-	-
Engr. Feorelio M. Bote	NONE	-	-
Ramon L. Sin	NONE	-	-
Pedro E. Paraiso	NONE	-	-
Atty. Emmanuel R. Sison	NONE	-	-
Andres Y. Narvasa, Jr.	NONE	-	-
Lucito L. Sioson	NONE	-	-
Justice Jose Armando R. Melo	NONE	-	-

## B. CODE OF BUSINESS CONDUCT & ETHICS

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

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	For approval of the Board before the third quarter of the year.		For approval of the Board before the third quarter of the year.
(b) Conduct of Business and Fair Dealings			
(c) Receipt of gifts from third parties			
(d) Compliance with Laws & Regulations			
(e) Respect for Trade Secrets/Use of Non-public Information			
(f) Use of Company Funds, Assets and Information			
(g) Employment & Labor Laws & Policies			
(h) Disciplinary action	For approval of the Board before the third quarter of the year.		The immediate superior shall serve a "Notice of Offense" to the concerned employee. This Notice of Offenses shall indicate the specific violation of the employee and its probable penalties. The immediate superior shall explain to the employee the reason for imposing

		appropriate penalties for the offense committed. The employee shall be given ample time to explain in writing justifiable reasons for the violation of the company policies and procedures and shall submit the same to his superior and HRAD
(i) Whistle Blower	For approval of the Board before the third quarter of the year.	Any CSBI employee who witness or receives information from an internal source or 3rd party transacting with CSBI, regarding impropriety or malpractice committed by one or more employees or a 3rd party shall be required to report it to na appropriate party. The Informant is encouraged to report the impropriety or malpractice directly to the Internal Audit Department (IAD) Head. Otherwise, he may opt to report it to his Dept. Head or the HRAD Head. The informant may make the report using any of the following channels: 1. email 2. land line 3. Mail 4. Cellular phone.
(j) Conflict Resolution	For approval of the Board before the third quarter of the year.	For approval of the Board before the third quarter of the year.

2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?

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

4) Related Party Transactions

(a) Policies and Procedures

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

Related Party Transactions	Policies and Procedures
(1) Parent Company	
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	
(6) Officers including spouse/children/siblings/parents	
(7) Directors including spouse/children/siblings/parents	
(8) Interlocking director relationship of Board of Directors	

(b) Conflict of Interest

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

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

	<b>Details of Conflict of Interest (Actual or Probable)</b>
Name of Director/s	
Name of Officer/s	
Name of Significant Shareholders	

(ii) Mechanism

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

	<b>Directors/Officers/Significant Shareholders</b>
Company	
Group	

5) Family, Commercial and Contractual Relations

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

<b>Names of Related Significant Shareholders</b>	<b>Type of Relationship</b>	<b>Brief Description of the Relationship</b>

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

<b>Names of Related Significant Shareholders</b>	<b>Type of Relationship</b>	<b>Brief Description</b>

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

<b>Name of Shareholders</b>	<b>% of Capital Stock affected (Parties)</b>	<b>Brief Description of the Transaction</b>

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

6) Alternative Dispute Resolution

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

<b>Alternative Dispute Resolution System</b>	
<b>Corporation &amp; Stockholders</b>	
<b>Corporation &amp; Third Parties</b>	
<b>Corporation &amp; Regulatory Authorities</b>	

**C. BOARD MEETINGS & ATTENDANCE**

1) Are Board of Directors' meetings scheduled before or at the beginning of the year? Before.

2) Attendance of Directors

<b>Board</b>	<b>Name</b>	<b>Date of Election</b>	<b>No. of Meetings Held during the year</b>	<b>No. of Meetings Attended</b>	<b>%</b>
Chairman	Amb. Antonio L. Cabangon Chua	05/27/2014	12	9	75.00%
Pres/Member	Atty. Rey D. Delfin	05/27/2014	12	9	100.00%
Member	Alfonso G. Siy	05/27/2014	12	8	66.67%
Member	Andres Y. Narvasa, Jr.	05/27/2014	12	12	100.00%
Member	D. Arnold A. Cabangon	05/27/2014	12	7	58.33%
Member	J. Antonio A. Cabangon, Jr.	05/27/2014	12	7	58.33%
Member	D. Alfred A. Cabangon	05/27/2014	12	9	75.00%
Member	Engr. Feorelio M. Bote	05/27/2014	12	12	100.00%
Member	Ramon L. Sin	05/27/2014	12	12	100.00%
Member	Pedro E. Paraiso	05/27/2014	12	12	100.00%
Member	Atty. Emmanuel R. Sison	05/27/2014	12	12	100.00%
Member	Benjamin V. Ramos	02/24/2015	12	4	100.00%
Independent	Lucito L. Sioson	05/27/2014	12	12	100.00%
Independent	Justice Jose Armando R. Melo	05/27/2014	12	12	100.00%

3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times? None.



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

5) Access to Information

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

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

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

Gather and analyze all documents, records and other information essential to the conduct of his duties and responsibilities to the Corporation.

- As to agenda, get a complete schedule thereof at least for the current year and put the Board on notice before every meeting.
- Assist the Board in making business judgment in good faith and in the performance of their responsibilities and obligations.
- Attend all Board meetings and maintain record of the same.
- Submit to the Commission, at the end of every fiscal year, an annual certification as to the attendance of the directors during Board meetings.

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

(e) Committee Procedures

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

Yes  No

Committee	Details of the procedures
Executive	
Audit	
Nomination	
Remuneration	
Others (specify)	

6) External Advice

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

Procedures	Details

7) Change/s in existing policies

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

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

Existing Policies	Changes	Reason

#### D. REMUNERATION MATTERS

##### 1) Remuneration Process

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

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	As determined by Remuneration Committee	
(2) Variable remuneration		
(3) Per diem allowance		
(4) Bonus		
(5) Stock Options and other financial instruments		
(6) Others (specify)		

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

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

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	As determined by Remuneration Committee		
Non-Executive Directors	P5k for every board meeting		

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

Remuneration Scheme	Date of Stockholders' Approval


3) Aggregate Remuneration

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

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	P201,214.82	P780,000.00	none
(b) Variable Remuneration	N/A	N/A	N/A
(c) Per diem Allowance	N/A	N/A	N/A
(d) Bonuses	N/A	N/A	N/A
(e) Stock Options and/or other financial instruments	110	28,344,118	3
(f) Others (Specify)			
<b>Total</b>			

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	None	None	None
2) Credit granted	None	None	None
3) Pension Plan/s Contributions	None	None	None
(d) Pension Plans, Obligations incurred	None	None	None
(e) Life Insurance Premium	Group life insurance	None	None
(f) Hospitalization Plan	Health insurance	None	None
(g) Car Plan	Staff car	None	None
(h) Others (Specify)			
<b>Total</b>			

4) Stock Rights, Options and Warrants

(a) Board of Directors

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

Director's	Number of	Number of	Number of	Total % from
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Name	Direct Option/Rights / Warrants	Indirect Option/Rights / Warrants	Equivalent Shares	Capital Stock
N/A	N/A	N/A	N/A	N/A

(b) Amendments of Incentive Programs

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

Incentive Program	Amendments	Date of Stockholders' Approval
None	None	None

5) Remuneration of Management

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

Name of Officer/Position	Total Remuneration
Jeffrey T. Tantiado/VP	<b><u>P5,844,798.40</u></b>
Eduardo O. Olavario/VP	
Emerson G. Igarta/VP	
Des Corazon D. Cruz/AVP	
Lawrence K. Cementina/AVP	

**E. BOARD COMMITTEES**

1) Number of Members, Functions and Responsibilities

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

Committee	No. of Members	Committe	Functions	Key	Power
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	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)	e Charter		Responsibilities	
Executive							
Audit							
Nomination							
Remuneration							
Others (specify)							

## 2) Committee Members

### (a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman						
Member (ED)						
Member (NED)						
Member (ID)						
Member						

### (b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Lucito L. Sioson	5/27/2014	4/12	4	100%	
Member (ED)						
Member (NED)						
Member (ID)						
Member	Engr. Feorelio M. Bote	5/27/2014	4/12	4	100%	
Member	Pedro E. Paraiso	5/27/2014	4/12	4	100%	

Disclose the profile or qualifications of the Audit Committee members.

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

### (c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Amb. Antonio L. Cabangon	5/27/2014	1/12	1	100%	

	Chua					
Member (ED)	Atty. Rey D. Delfin	5/27/2014	1/12	1	100%	
Member (NED)						
Member (ED)	Andres Y. Narvasa, Jr.	5/27/2014	1/12	1	100%	
Member	Gemma F. Montes	5/27/2014	1/12	1	100%	

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	D. Arnold A. Cabangon	5/27/2014	1/12	1	100%	
Member (ED)	Andres Y. Narvasa	5/27/2014	1/12	1	100%	
Member (NED)	D. Alfred A. Cabangon	5/27/2014	1/12	1	100%	
Member (ID)						
Member						

(e) Others (Specify)

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

Corporate Governance

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Justice Jose Armando R. Melo	12/17/2014	1/12	1	100%	
Member (ED)	Atty. Rey D. Delfin	5/27/2014	1/12	1	100%	
Member (NED)	Atty. Emmanuel R. Sison	5/27/2014	1/12	1	100%	

Member (ED)	Mr. Andres Y. Narvasa, Jr.	5/27/2014	1/12	1	100%	
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3) Changes in Committee Members

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

Name of Committee	Name	Reason
Executive		
Audit		
Nomination		
Remuneration		
Others (specify)		

4) Work Done and Issues Addressed

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

<b>Name of Committee</b>	<b>Work Done</b>	<b>Issues Addressed</b>
Executive		
Audit		
Nomination		
Remuneration		
Others (specify)		

5) Committee Program

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

<b>Name of Committee</b>	<b>Planned Programs</b>	<b>Issues to be Addressed</b>
Executive		
Audit		
Nomination		
Remuneration		
Others (specify)		

**F. RISK MANAGEMENT SYSTEM**

1) Disclose the following:

(a) Overall risk management philosophy of the company;

To impose a diligent approach to risk management in accordance to the Bank's business objectives.

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

The Risk Management Committee (RMC – i.e., a Board-level committee) shall have its charter meeting this June as a reconstituted oversight body following CSBI's Annual Stockholder's Meeting last April 2013..

(c) Period covered by the review; N/C

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

The risk management system review shall be conducted at least once a year with criteria to be determined/established by the RMC.

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

The Risk Management Department was reconstituted only on February 2013 and the Risk Management Committee on April 2013. At present, the Risk Management Department is reviewing, updating and assessing the risk management policies and procedures appropriate/ applicable to CSBI's banking objectives for Board approval.

2) Risk Policy

(a) Company

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

<b>Risk Exposure</b>	<b>Risk Management Policy</b>	<b>Objective</b>
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<p>CREDIT RISK</p> <p>MARKET RISK</p> <p>LIQUIDITY RISK</p>	<p>- Overall RM Policy is to establish the institution's overall risk tolerance in relation to credit, market and liquidity positions and ensure that institution's significant credit, market and liquidity risk exposures are maintained at prudent levels and consistent with the available capital of the bank;</p>	<p>- The Board's objectives is to ensure that top management as well as individuals responsible for credit, market and liquidity management possess sound expertise and knowledge to accomplish the risk management function;</p> <p>- It should also ensure that the institution implements sound fundamental principles that facilitate the identification, measurement, monitoring and control of credit, market and liquidity risk; and,</p> <p>- It should also ensure that internal audit reviews the credit, market and liquidity management operations to assess whether or not the institution's policies and procedures are adequate and being adhered to.</p>
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(b) Group

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

Risk Exposure	Risk Management Policy	Objective
N/A	N/A	N/A

(c) Minority Shareholders

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

Risk to Minority Shareholders
N/A

3) Control System Set Up

(a) Company

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

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
N/A	N/A	N/A

(b) Group

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



<b>Risk Exposure</b>	<b>Risk Assessment (Monitoring and Measurement Process)</b>	<b>Risk Management and Control (Structures, Procedures, Actions Taken)</b>
N/A	N/A	N/A

(c) Committee

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

<b>Committee/Unit</b>	<b>Control Mechanism</b>	<b>Details of its Functions</b>
N/A	N/A	N/A

**G. INTERNAL AUDIT AND CONTROL**

1) Internal Control System

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

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

Internal Control is broadly defined as a process, effected by Citystate Savings Bank, Incorporated (CSBI) Board of Directors (the “Board”), Management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations (including safeguarding of assets);
- Reliability of financial reporting; and
- Compliance with applicable laws, regulations and internal policies.

The required reasonable assurance exists when all the components of management control (the control environment, risk assessment processes, control activities, information and communication systems and monitoring activities) are present and operate effectively.

- (b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;
- (c) Period covered by the review; Annually
- (d) How often internal controls are reviewed and the directors’ criteria for assessing the effectiveness of the internal control system; and Annually
- (e) Where no review was conducted during the year, an explanation why not.

2) Internal Audit

(a) Role, Scope and Internal Audit Function

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

<b>Role</b>	<b>Scope</b>	<b>Indicate whether In-house or Outsource Internal Audit Function</b>	<b>Name of Chief Internal Auditor/Auditing Firm</b>	<b>Reporting process</b>
Internal Audit Department’s (IAD) primary function within	The scope of Internal Audit shall include:	In house	The bank’s Internal Audit function is in-house, headed by Mr. Emerson	Internal Audit personnel reports to the Head of Internal Audit

<p>Citystate Savings Bank, Inc. is to assist the Audit Committee in fulfilling its oversight responsibilities set forth in its own charter. It is managed with the bank as an integral part of its risk management, control and governance processes. Its mission is to provide independent, objective assurance service and occasionally consulting service, designed to add value and improve CSBI's operations. It helps CSBI accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of CSBI's systems of internal control, risk management and governance processes. In addition to its specific roles, IAD shall be called anytime by Senior Management, Audit Committee or Board of Director to conduct special review of the bank's operations.</p>	<ul style="list-style-type: none"> <li>-Examination and evaluation of the adequacy and effectiveness of the internal control systems;</li> <li>Review of the application and effectiveness of risk management procedures and risk assessment methodologies;</li> <li>Review of the management and financial information systems, including the electronic information system and electronic banking services;</li> <li>- Assessment of the accuracy and reliability of the accounting system of the resulting financial reports;</li> <li>Review of the systems and procedures of safeguarding assets;</li> <li>- Review of the system of assessing capital in relation to the estimate organizational risk;</li> <li>- Transactions testing and assessment of specific internal control procedures; and</li> <li>Review of the compliance system and the implementation of established policies and procedures.</li> </ul>		<p>G. Igarta, Vice-</p>	<p>Department who reports functionally to the Audit Committee of the Board and administratively to the President. The head of IAD also has direct access to the Audit Committee and its Chairman on matters believed to be of sufficient importance and magnitude to require their immediate attention. The head of Internal Audit shall have no executive or managerial powers and duties in CSBI except those relating to the management of Internal Audit Department.</p>
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(b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee? As defined in the Audit Committee Charter, the appointment and or removal of the Internal Auditor is part of their function.

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

As defined in the Audit Committee Charter, Internal Audit, under the supervision of the head of Internal Audit, is authorized to:

- Have unrestricted access to all functions, documents, records or reports (in both paper and electronic format), property and personnel with stringent regard for safekeeping and confidentiality.
- Have full free access to the Audit Committee;
- Allocate resources, determine timing, set frequencies, select subjects, determine scopes of work and apply different techniques required to accomplish audit objectives;
- Obtain necessary assistance of business unit personnel, as well as other specialized services from within or outside the organization;
- Attend or participate in meetings relating to the Board’s oversight responsibilities for auditing and participate in governance control.

(d) Resignation, Re-assignment and Reasons

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

Name of Audit Staff	Reason
Liezal R. Gacutan	Transfer to other bank
Mar Andrew T. Naciaceno	Pursue his plan to study (full time) web design & other related courses in IT

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

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

<b>Progress Against Plans</b>	One of the responsibilities of IAD is to develop a flexible annual audit plan and submit that plan to the Audit Committee for review and approval. The department ensures strict implementation of the plan, discusses the significant findings to the concerned department/unit and monitors implementation of audit recommendation.
<b>Issues<sup>6</sup></b>	
<b>Findings<sup>7</sup></b>	
<b>Examination Trends</b>	

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

- 1) Preparation of an audit plan inclusive of a time line and milestones;
- 2) Conduct of examination based on the plan;
- 3) Evaluation of the progress in the implementation of the plan;

<sup>6</sup> “Issues” are compliance matters that arise from adopting different interpretations.

<sup>7</sup> “Findings” are those with concrete basis under the company’s policies and rules.

- 4) Documentation of issues and findings as a result of the examination;
- 5) Determination of the pervasive issues and findings (“examination trends”) based on single year result and/or year-to-year results;
- 6) Conduct of the foregoing procedures on a regular basis.]

(f) Audit Control Policies and Procedures

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

Policies & Procedures	Implementation
1. Adherence to professional ethics	√
2. Skills and competence of audit personnel	√
3. Assignment of audit work	√
4. Delegation of audit work	√
5. Consultation with supervisors	√
6. Trainings & Programs	√
7. Monitoring of quality of work	√
8. Work is in accordance with audit program	√
9. Results obtained have been adequately documented	√
10. Any significant audit matters have been resolved or are reflected in audit conclusions.	√
11. Objective of the audit have been achieved	√

(g) Mechanisms and Safeguards

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

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
<p>To permit the rendering of impartial and unbiased judgment essential to the proper conduct of audits, Internal Audit is independent of the activities it audits. Internal Audit will not have direct responsibility for, nor authority over, any of the activities reviewed and will not engage in activities which would normally be reviewed by internal auditors. Internal Audit is not authorized to:</p> <ul style="list-style-type: none"> <li>- Perform any operational duties or to be involved in the day-to-day internal checking systems of the bank or its subsidiaries/affiliates;</li> <li>- Perform operational risk whatsoever for the bank and its subsidiaries/affiliates;</li> <li>- Initiate or approve transactions external to the Internal Audit;</li> </ul>			

- Perform audit in case there is conflict of interest between the auditor and auditee;
- Perform actions that might ruin Internal Audit's reputation and /or profession;
- Provide confidential information to unauthorized person and/or party and should maintain this information with good care.

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

## H. ROLE OF STAKEHOLDERS

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

	Policy	Activities
Customers' welfare	We conduct KYC, Suitability Assessment, BSP rule on AMLA	We create awareness and financial literacy program
Supplier/contractor selection practice		
Environmentally friendly value-chain		
Community interaction		
Anti-corruption programmes and procedures?		
Safeguarding creditors' rights		

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

3) Performance-enhancing mechanisms for employee participation.

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

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

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

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

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

## I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
Amb. Antonio L.	14,206,114	19.52%	Antonio L. Cabangon

Cabangon Chua			Chua
D. Alfred A. Cabangon	8,283,330	11.38%	D. Alfred A. Cabangon
Fortune Life Insurance Co., Inc.	7,499,250	10.31%	D. Arnold A. Cabangon
Fortune General Insurance Corp.	5,484,000	7.54%	J. Antonio A. Cabangon, Jr.
Top Ventures & Investment Management	4,902,594	6.74%	Antonio L. Cabangon Chua
Feorelio M. Bote	4,302,500	5.91%	Feorelio M. Bote

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
N/A	N/A	N/A	N/A
<b>TOTAL</b>			

2) Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	Yes
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education program attended by each director/commissioner	Yes
Number of board of directors/commissioners meetings held during the year	Yes
Attendance details of each director/commissioner in respect of meetings held	Yes
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure. None

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
Punongbayan & Araullo	P1,209,600.00	-

4) Medium of Communication

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

5) Date of release of audited financial report: April 21, 2014

6) Company Website

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

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

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

7) **Disclosure of RPT**

RPT	Relationship	Nature	Value

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

**J. RIGHTS OF STOCKHOLDERS**

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

(a) Quorum

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

<b>Quorum Required</b>	Stockholders present or represented in the meeting owning a majority of the outstanding voting stock shall constitute a quorum for the transaction of business in the meeting. When a quorum is present at such meeting, the vote of the stockholders owning a majority of the outstanding voting stock, present or represented at such meeting, shall decide on any matter brought before such meeting, unless the affirmative vote of stockholders owning a greater capital stock is required by law.
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(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

<b>System Used</b>	
<b>Description</b>	

(c) Stockholders' Rights

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

<b>Stockholders' Rights under The Corporation Code</b>	<b>Stockholders' Rights not in The Corporation Code</b>
Voting Right	
Pre-emptive Right	
Power of Inspection	
Right to Information	
Right to Dividends	
Appraisal Right	
<p>It shall be the duty of the directors to promote shareholder rights, remove impediments to the exercise of the shareholder's right and allow possibilities to seek redress for violation of their rights. They shall encourage the exercise of shareholder's voting rights and the solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meeting and/or voting in person. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.</p>	

Dividends

Declaration Date	Record Date	Payment Date
Dividends Declared for the Last Five (5) years:		
<ol style="list-style-type: none"> <li>1. In 2001, 2002, 2003, 2004 and 2005 cash dividends amounting to P330,000.00, P660,000.00, P882,000.00, P882,000.00 and another P882,000.00 respectively were declared, approved by BSP and paid by the bank.</li> <li>2. In 2006, a 10% stock dividend equivalent to 6,614,998 shares and cash dividend amounting to P1,984,520.00 were declared, approved by BSP and paid by the bank.</li> <li>3. In 2007, cash dividend declared was 3/10 of 1% of the par value per share or Php 0.03 per share.</li> <li>4. In 2008, cash dividend declared was 3/10 of 1% of the par value per share or Php 0.03 per share.</li> <li>5. In 2009, cash dividend declared was 3/10 of 1% of the par value per share or Php 0.03 per share.</li> <li>6. All cash dividends declarations are subject to Bangko Sentral ng Pilipinas approval.</li> </ol>		

(d) Stockholders' Participation



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

Measures Adopted	Communication Procedure

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

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

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

- Date of sending out notices:

Notices of meetings of the stockholders shall be made, as the Board of Directors may determine, either by publication in a newspaper of general circulation at least once and at least ten (10) banking days prior to the date of the meeting or by written notice sent by delivery, fax or ordinary mail to each stockholder at least ten (10) banking days prior to the date of the meeting. The notice shall state the date, time and place of the meeting and if a special meeting, the purpose for which the meeting is called.

- Date of the Annual/Special Stockholders' Meeting: April 30, 2013

10. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

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

Resolution	Approving	Dissenting	Abstaining

12. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions: May 27, 2014, right after the stockholders meeting.

(e) Modifications

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

Modifications	Reason for Modification

(f) Stockholders' Attendance

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

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance

			hands, etc.)			
Annual	Amb. Antonio L. Cabangon Chua	5/27/2014	Show of hands			
	Atty. Rey D. Delfin	5/27/2014	-do-			
	Alfonso G. Siy	5/27/2014	-do-			
	D. Arnold A. Cabangon	5/27/2014	-do-			
	J. Antonio A. Cabangon, Jr.	5/27/2014	-do-			
	D. Alfred A. Cabangon	5/27/2014	-do-			
	Engr. Feorelio M. Bote	5/27/2014	-do-			
	Ramon L. Sin	5/27/2014	-do-			
	Pedro E. Paraiso	5/27/2014	-do-			
	Atty. Emmanuel R. Sison	5/27/2014	-do-			
	Andres Y. Narvasa, Jr.	5/27/2014	-do-			
	Lucito L. Sioson	5/27/2014	-do-			
	Justice Jose Armando R. Melo	5/27/2014	-do-			
Special	N/A	N/A	N/A	N/A	N/A	N/A

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

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

(g) Proxy Voting Policies

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

	<b>Company's Policies</b>
Execution and acceptance of proxies	Stockholders may vote in all meetings either in person or by proxy given in writing and signed by the stockholders concerned and presented to the Secretary at least two (2) banking days prior to the date of the meeting, for verification and record purposes. Revocation of proxies shall also be in writing and signed by the stockholders concerned and presented to the Secretary before the same deadline.
Notary	
Submission of Proxy	At least two (2) banking days prior to the date of the meeting, for verification and record purposes.
Several Proxies	
Validity of Proxy	Revocation of proxies shall also be in writing and signed by the stockholders concerned and presented to the Secretary before the same deadline.
Proxies executed abroad	
Invalidated Proxy	
Validation of Proxy	
Violation of Proxy	

(h) Sending of Notices

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

<b>Policies</b>	<b>Procedure</b>
The Bank will send a Notice of Annual Meeting of Stockholders duly signed by the Corporate/Asst. Corporate Secretary indicating the matters to be taken in the meeting. The SEC-20 IS definitive report is being attached.	Approximate 25 calendar days on which the Notice and the Information sheet is first to be sent or given to security holders

(i) Definitive Information Statements and Management Report

<b>Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials</b>	13
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners</b>	May 6
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders</b>	May 6

<b>State whether CD format or hard copies were distributed</b>	Hard copies
<b>If yes, indicate whether requesting stockholders were provided hard copies</b>	Yes

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

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes
The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	Yes
The amount payable for final dividends.	Yes
Documents required for proxy vote.	Yes

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

2) Treatment of Minority Stockholders

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

<b>Policies</b>	<b>Implementation</b>

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

**K. INVESTORS RELATIONS PROGRAM**

- 1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.
- 2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

	<b>Details</b>
(1) Objectives	
(2) Principles	
(3) Modes of Communications	
(4) Investors Relations Officer	

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

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

**L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

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

Initiative	Beneficiary

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

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

	Process	Criteria
<b>Board of Directors</b>		
<b>Board Committees</b>		
<b>Individual Directors</b>		
<b>CEO/President</b>		

**N. INTERNAL BREACHES AND SANCTIONS**

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

Violations	Sanctions

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 \_\_\_\_\_ on \_\_\_\_\_, 20\_\_.

**SIGNATURES**

\_\_\_\_\_  
(Signature over Printed Name)  
**Chairman of the Board**

\_\_\_\_\_  
(Signature over Printed Name)  
**Chief Executive Officer**

\_\_\_\_\_  
(Signature over Printed Name)  
**Independent Director**

\_\_\_\_\_  
(Signature over Printed Name)  
**Independent Director**

\_\_\_\_\_  
(Signature over Printed Name)  
**Compliance Officer**

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

NAME/NO.

DATE OF ISSUE

PLACE OF ISSUE

**NOTARY PUBLIC**

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Book No. \_\_\_\_\_  
Series of \_\_\_\_\_