

I. INTRODUCTION

The Remuneration and Compensation Committee provides oversight over the remuneration of senior management and other key personnel, ensuring that compensation is consistent with the Bank's culture, strategy and control environment¹.

This Committee works as preparatory committee for the Board of Directors with respect to matters of the of the Board of Directors, the Executive Board and material risk takers of Citystate Savings Bank, Inc. and incentive programmes. Any delegation to the Remuneration and Compensation Committee shall not amend the authority or responsibility of the Board of Directors.

II. PURPOSE

The purpose of this Committee is to assist the Board of Directors in fulfilling its responsibilities with regard to oversight and determination of Remuneration and compensation by:

- a. Reviewing, recommending and approving salaries and other compensation and remuneration of the Company's employees.
- b. Administering the Company's equity incentive and compensation plans, including reviewing, recommending and approving stock option and other equity incentive and compensation awards to employees.
- c. Recommending and taking action upon any other compensation practices or policies of the Company as the Board may request or the Committee may determine to be appropriate.

III. MEMBERSHIP

The Committee shall be comprised of at least three (3) members whom shall be a regular Director.

The Board appoints the members of the Committee at the annual organizational meeting of the Board unless removed or replaced by, and in the sole discretion of, the Board.

Any vacancy in the Committee caused by the death, resignation, or disqualification of member, or by any other cause, may be filled by the Board. The member elected to fill the vacancy shall hold office for the remainder of the term, or until his successor shall have been duly elected and have qualified.

¹ Control Environment – The control environment includes the integrity, ethical values, policies, actions, management style and competence of the entity's people, which set the tone of firm's day-to-day activities.

IV. MEETING

The Committee shall meet as necessary to enable it to fulfill its duties and responsibilities as set forth herein. The Committee shall report its actions to the Board and keep written minutes of its meetings which shall be recorded and filed with the books and records of the Company.

Other members of the Board of Directors, Executive Board, and Senior Management and relevant employees of the Bank shall participate in meetings of the Remuneration and Compensation Committee at the request of the Committee.

The Remuneration and Compensation Committee forms a quorum when two thirds (2/3) of its members including Chairman of the Committee are present.

V. DUTIES AND RESPONSIBILITIES

1. Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Corporation's culture, strategy and control environment².
2. Designate amount of remuneration and compensation, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the company successfully.
3. Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the compensation packages of individual directors, if any, and officers.
4. Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired.
5. Disallow any director to decide his or her own Remuneration and Compensation.
6. Provide in the Corporation's annual reports, information and proxy statements a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and the ensuing year.
7. Review (if any) of the existing Human Resources Development or Personnel Handbook, to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of

² BSP Circular No. 283

personnel concerned with all statutory requirements that must be periodically met in their respective posts.

8. Or, in the absence of such Personnel Handbook, cause the development of such, covering the same parameters of governance stated above.

VI. ANNUAL REVIEW AND DISCLOSURE

This Committee Charter shall be reviewed and updated by the Committee annually. Any proposed amendment of this Charter shall be approved by the Board.

The Remuneration and Compensation Committee must conduct an annual review of its performance and of this Charter with the purpose of assessing, if the Charter is adequate and compliant.

The activities and meeting frequency of the Remuneration and Compensation committee during the year are disclosed in the annual report and website of the Bank with the names of the committee members.
