

COVER SHEET

A 1 9 9 7 - 9 5 8 7

S.E.C Registration Number

C I T Y S T A T E S A V I N G S B A N K I N C .

(Company's Full Name)

C I T Y S T A T E C E N T R E B U I L D I N G

7 0 9 S H A W B O U L E V A R D P A S I G C I T Y

(Business Address: No. Street City/ Town / Province)

ATTY. JOSE D. DE LEON

Contact Person

8 4 7 0 - 3 3 3 3

Company Telephone Number

1 2 3 1

Month Day
Fiscal Year

I - A C G R

FORM TYPE

Month Day
Annual Meeting

G S E D

Secondary License Type, If Applicable

C R M D

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D

Cashier

S T A M P S



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, 2022**
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, 58, Chairman. Mr. Cabangon is a Filipino citizen. He graduated from De La Salle University with a degree of 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, 59, 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 Nine Media Corporation, 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		

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
		<p>D. Arnold A. Cabangon, 52, 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>J. Wilfredo A. Cabangon, 62, 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,</p>	

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

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		<p>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>Susan M. Belen, 63, Director. Ms. Belen, a Filipino citizen and was elected as Director of Citystate Savings Bank, Inc. on May 2016. 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 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</p>	

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

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		<p>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, 61, 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>Atty. Maria Katrina C. Bote-Veguillas, 51, Director. Atty. Bote-Veguillas is a Filipino citizen. She is currently the partner of VT Legal and Consultancy Services, and Padilla Asuncion Bote-Veguillas Toboso Palmera Law Offices. Atty. Bote Veguillas is currently the Director/ In-house Broker Head at Rafel Realty & Developmental Corp. and a member of Real Estate Brokers of the Philippines Inc. Mandaluyong City Chapter. From 1999 to 2019, Atty. Bote-Veguillas was the partner of various law offices. She was also the Legal Counsel at Philippine Karatedo Federation from 2000 to 2002.</p>	

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

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		<p>Atty. Bote-Veguillas received Bachelor of Laws from San Beda College of Law (1992-1994) and Arellano Law School (1994-1997) and Bachelor of Arts in Interdisciplinary Studies from Ateneo De Manila University. She took and 12 passed the Bar examination in 1998. Atty. Bote-Veguillas is also a Real Estate Licensure passer.</p> <p>Dante T. Fuentes, 70, Director. Mr. Fuentes, is a Certified Public Accountant, Certified Fraud Examiner, and Certified Anti-Money Laundering Specialist. He is currently a consultant/adviser of 3 banks, 2 real estate developers, a fintech company, an investment house, and a finance company. He is an Accredited Trainer of the Anti-Money Laundering Council and an Empanelled Trainer for Fintelekt Advisory Services Pvt Ltd. Mr. Fuentes is also a lecturer in the Certificate Course in Strategic Compliance in the Banking Industry at the De La Salle University School of Life Long Learning since 2009. Mr. Fuentes worked in the banking industry for 40 years, serving 5 banks (Philippine Banking Corporation, AsianBank Corporation, Philippine Bank of Communication, China Banking Corporation and Security Bank Corporation) until his final retirement as Group Chief Compliance Officer in December 31, 2018. Mr. Fuentes served 12 years as president of the Association of Bank Compliance Officers, Inc. (ABCOMP) from 2006 to 2018. He currently serves as one of the advisers to the Board of ABCOMP. Mr. Fuentes is currently one of the six Advisers of the Good Governance Advocates and Practitioners of the Philippines (GGAPP) since 2014. He is one of the 11</p>	

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

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		<p>members of the Association of Certified Fraud Examiners – USA Advisory Council (ACFE-USA) for years 2022-2023. Mr. Fuentes also served as an Ex-Officio member of the Operations Committee and Risk Management Committee of the Bankers Association of Philippines from 2006 to 2018 and 2016 to 2018, respectively. He is the president of the Association of Certified Fraud Examiners - Philippine Chapter since 2014. Mr. Fuentes is a resource person in both houses of Congress on topics related to banking, anti-money laundering and countering the financing of terrorism. He also lectures to the board of directors and senior management of companies in different industries and to students of different colleges and universities on topics related to Corporate Governance; Ethics; AntiBribery, Fraud and Corruption; Data Privacy; Compliance Function; Anti-Money Laundering and Countering the Financing of Terrorism. Mr. Fuentes has lectured and acted as resource person/subject matter expert on the same subject matters in the countries of Bhutan, Malaysia, Myanmar, Singapore, and Thailand. He graduated from the University of Mindanao in Davao City and a candidate for Master in Business Management degree from Ateneo De Manila University.</p> <p>Jaime Valentin L. Araneta, 67, Director. Mr. Araneta is a Filipino Citizen. He graduated from the Ateneo De Manila with a course of A.B. Philosophy in 1975. He also took MBA at Ateneo Professional School. He started his banking career at Boston Bank of the Philippines with a rank of a Manager from September</p>	

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		<p>1981 to June 1988. Mr. Araneta was appointed as Assistant Vice President at PNB Republic Bank from August 1993 to September 1993 and became the Assistant Vice President at Asiatrust Bank from February 1994 to May 1994. From April 2001 to August 2011, Mr. Araneta worked at Philippine Savings Bank and was appointed at Unity Rural Bank as Vice Chairman and President from November 2012 to January 2014. Mr. Araneta was appointed at Planters Development Bank as Executive Vice President from November 2012 to January 2014 and worked at VGP Condominium Corp Association Inc. as Director from August 2011 to August 2016. Mr. Araneta used to work also at Chinabank Savings Inc. as Executive Vice President from August 2011 to August 2016 and then transferred to Philippine Bank of Communications as Executive Vice President from December 2016 to March 2019. From January 2017 to June 2020, Mr. Araneta was elected also as Director at PBCOM Insurance Services Agency.</p> <p>Wilfredo S. Madarang, Jr., 74, 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 elected as Director of Citystate Savings Bank,</p>	

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
		<p>Inc. last October 27, 2015.</p> <p>Edith D. DyChiao, 59, 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 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, 49, 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 Unlqom 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</p>	

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
		<p>of Caloocan.</p> <p>He was elected as Independent Director of Citystate Savings Bank, Inc. on July 31, 2018.</p> <p>Atty. Reynaldo A. Catapang, 69, Independent Director. Mr. Catapang is a Filipino Citizen. He is a Certified Public Accountant and a Lawyer. He graduated from University of the Philippines with a degree in Bachelor of Science in Business Administration in Accountancy and Bachelor of Laws. He passed the Foreign Service Officers' Examination (FSO) in 1982 and was appointed as FSO IV (Vice-Consul) in 1984. In 1998, he passed the Career Ministers' Examination and was appointed as Career Minister in 1999. He served in the Foreign Service such as Second Secretary/First Secretary of Consul, Director (on secondment) and Deputy Chief Mission, Philippine Embassy, London.</p> <p>He was elected as Independent Director of Citystate Savings Bank, Inc. on June 23, 2021.</p> <p>Atty. Filomeno P. Cadiz, 55, Independent Director. Mr. Cadiz is a Filipino Citizen. He graduated from University of Sto. Tomas (UST), Manila with a degree in AB Political Science and Bachelor of Laws. He is a practicing lawyer and currently the Corporate Secretary of Talacogon Woodworks, Inc. (TWI), D. Dreamwood, Inc., Legal Retainer of EMCO Plywood Corporation and Prosperidad Real Estate Development, Inc.</p>	

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
		<p>He was elected as Independent Director of Citystate Savings Bank, Inc. on June 23, 2021.</p> <p>Judge Carlos A. Valenzuela, 72, Independent Director. Mr. Valenzuela is a Filipino Citizen. From 2018-2020, he was the Executive Judge of Regional Trial Court in Mandaluyong City. From 2006 to 2020, he was also the Presiding Judge in Regional Trial Court Branch 213. From 1995 to 2006, Mr. Valenzuela held various positions in the Mandaluyong Prosecutor’s Office at Department of Justice. From 1993 to 1995 he served as the Legal Officer II in the City of Mandaluyong Government. He worked as the Chief of Estate Management & Development Office in the City of Mandaluyong from 1992 to 1993. Also, from the City of Mandaluyong, Mr. Valenzuela was the former Chief of Business License & Permit Office from 1988 to 1992. He also joined as member of Board of Special Inquiry in Commission of Immigration and Deportation at Department of Justice from 1986 to 1988. Mr. Valenzuela joined Philippine Racing Commission as Member of the Board Racing Stewards from 1986 to 1988. From 1975 to 1986, he held various positions at the FGU Insurance Corporation. He received a Bachelor of Laws Degree from the University of the East and Bachelor of Arts in A.B. Political Science from the Arellano University. Mr. Valenzuela took and passed the Bar examinations in 1976.</p> <p>https://citystatesavings.com/our-company/board-of-directors</p>	

Recommendation 1.2

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
1. Board is composed of a majority of non-executive directors.	Compliant	Board Of Directors 1. D. Edgard A. Cabangon -Chairman 2. Benjamin V. Ramos - Director/President 3. D. Arnold A. Cabangon -Director 4. J. Wilfredo A. Cabangon -Director 5. Susan M. Belen -Director 6. Michael F. Rellosa -Director 7. Atty. Maria Katrina Bote-Veguillas- Director 8. Jaime Valentin L. Araneta- Director 9. Dante T. Fuentes- Director 10. Wilfredo S. Madarang, Jr. -Independent Director 11. Edith D. DyChiao -Independent Director 12. Jose Roderick F. Fernando -Independent Director 13. Filomeno P. Cadiz – Independent Director 14. Reynaldo A. Catapang – Independent Director 15. Judge Carlos A. Valenzuela- 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)	
2. Company has an orientation program for first time directors.	Compliant		

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
3. Company has relevant annual continuing training for all directors.	Compliant	http://www.citystatesavings.com/uploads/Manual-on-Corporate-Governance-as-Amended-on-June-08-2017.pdf	
Recommendation 1.4			
1. Board has a policy on board diversity.	Compliant	<p>Composition of the Board</p> <p>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 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. The Board's composition should reflect an</p>	

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
		<p>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> <p>b. At least one-third (1/3) but not less than two (2) members of the board of directors shall be independent directors: Provided, That any fractional result from applying the required minimum proportion, i.e., one-third (1/3), shall be rounded up to the nearest whole number.</p> <p>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 Revised Corporation Code of the</p>	

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION																																
		<p>Philippines, a majority of the directors must be residents of the Philippines.</p> <table border="1" data-bbox="840 443 1500 1102"> <thead> <tr> <th data-bbox="840 443 1310 483">Board of Directors</th> <th data-bbox="1310 443 1500 483">Gender</th> </tr> </thead> <tbody> <tr> <td data-bbox="840 483 1310 523">D. Edgard A. Cabangon</td> <td data-bbox="1310 483 1500 523">Male</td> </tr> <tr> <td data-bbox="840 523 1310 563">Benjamin V. Ramos</td> <td data-bbox="1310 523 1500 563">Male</td> </tr> <tr> <td data-bbox="840 563 1310 603">D. Arnold A. Cabangon</td> <td data-bbox="1310 563 1500 603">Male</td> </tr> <tr> <td data-bbox="840 603 1310 643">J. Wilfredo A. Cabangon</td> <td data-bbox="1310 603 1500 643">Male</td> </tr> <tr> <td data-bbox="840 643 1310 699">Atty. Maria C. Katrina Bote-Veguillas</td> <td data-bbox="1310 643 1500 699">Female</td> </tr> <tr> <td data-bbox="840 699 1310 738">Jaime Valentin L. Araneta</td> <td data-bbox="1310 699 1500 738">Male</td> </tr> <tr> <td data-bbox="840 738 1310 778">Dante T. Fuentes</td> <td data-bbox="1310 738 1500 778">Male</td> </tr> <tr> <td data-bbox="840 778 1310 818">Susan M. Belen</td> <td data-bbox="1310 778 1500 818">Female</td> </tr> <tr> <td data-bbox="840 818 1310 858">Michael F. Rellosa</td> <td data-bbox="1310 818 1500 858">Male</td> </tr> <tr> <td data-bbox="840 858 1310 898">Edith D. DyChiao</td> <td data-bbox="1310 858 1500 898">Female</td> </tr> <tr> <td data-bbox="840 898 1310 938">Atty. Jose Roderick F. Fernando</td> <td data-bbox="1310 898 1500 938">Male</td> </tr> <tr> <td data-bbox="840 938 1310 978">Wilfredo S. Madarang, Jr.</td> <td data-bbox="1310 938 1500 978">Male</td> </tr> <tr> <td data-bbox="840 978 1310 1018">Atty. Reynaldo A. Catapang</td> <td data-bbox="1310 978 1500 1018">Male</td> </tr> <tr> <td data-bbox="840 1018 1310 1058">Atty. Filomeno P. Cadiz</td> <td data-bbox="1310 1018 1500 1058">Male</td> </tr> <tr> <td data-bbox="840 1058 1310 1098">Judge Carlos A. Valenzuela</td> <td data-bbox="1310 1058 1500 1098">Male</td> </tr> </tbody> </table> <p data-bbox="828 1182 1496 1281">http://www.citystatesavings.com/uploads/Manual-on-Corporate-Governance-as-Amended-on-June-08-2017.pdf</p>	Board of Directors	Gender	D. Edgard A. Cabangon	Male	Benjamin V. Ramos	Male	D. Arnold A. Cabangon	Male	J. Wilfredo A. Cabangon	Male	Atty. Maria C. Katrina Bote-Veguillas	Female	Jaime Valentin L. Araneta	Male	Dante T. Fuentes	Male	Susan M. Belen	Female	Michael F. Rellosa	Male	Edith D. DyChiao	Female	Atty. Jose Roderick F. Fernando	Male	Wilfredo S. Madarang, Jr.	Male	Atty. Reynaldo A. Catapang	Male	Atty. Filomeno P. Cadiz	Male	Judge Carlos A. Valenzuela	Male	
Board of Directors	Gender																																		
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Optional: Recommendation 1.4																																			
1. Company has a policy on and discloses measurable objectives																																			

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT							
	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION				
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: <table border="1" data-bbox="831 1321 1518 1426"> <thead> <tr> <th>Title</th> <th>Date Taken</th> </tr> </thead> <tbody> <tr> <td>Seminar on Corporate Governance</td> <td>November 14, 2015</td> </tr> </tbody> </table>	Title	Date Taken	Seminar on Corporate Governance	November 14, 2015	
Title	Date Taken						
Seminar on Corporate Governance	November 14, 2015						

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
		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
		Building Better Bankers: Fostering a Stronger KYE Program	July 15, 2021
		The Philippines' FATF Journey: From	September 27, 2021

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		Technical Compliance to Effectiveness		
		Corporate Governance Updates Economic Briefing	October 26, 2022	
		Updates on Anti-Money Laundering Law and Regulations Best Practices of Effective Boards	October 26, 2022	
Optional: Recommendation 1.5				
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.				
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		
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant			

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<p>3. Compliance Officer is not a member of the board.</p>	<p>Compliant</p>	<p>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.</p> <p>In relation to Corporate Governance, the Chief Compliance Officer shall have the following duties and responsibilities:</p> <ul 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 	

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		<p>violation thereof for further review and approval of the Board;</p> <p>The Chief Compliance Officer may perform other functions such as:</p> <ul 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 other departments to remain abreast of the status of all compliance activities; f. Ensure that alleged violations of rules, regulations, policies, procedures and standards of conduct are properly addressed on a timely basis. g. Provide reports on a regular basis and as 	

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		<p>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="831 922 1518 1409"> <thead> <tr> <th data-bbox="831 922 1176 959">Title</th> <th data-bbox="1176 922 1518 959">Date Taken</th> </tr> </thead> <tbody> <tr> <td data-bbox="831 959 1176 1235">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 959 1518 1235">August 26, 2020</td> </tr> <tr> <td data-bbox="831 1235 1176 1409">BSP Supervisory Assessment Framework to Replace the CAMELS and ROCA Rating Systems for BSP-</td> <td data-bbox="1176 1235 1518 1409">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 to Replace the CAMELS and ROCA Rating Systems for BSP-	September 23, 2020	
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		Supervised Financial Institutions		
		Building Better Bankers: Fostering a Stronger KYE Program	July 15, 2021	
		The Philippines' FATF Journey: From Technical Compliance to Effectiveness	September 27, 2021	
		Corporate Governance Updates Economic Briefing	October 26, 2022	
		Updates on Anti-Money Laundering Law and Regulations Best Practices of Effective Boards	October 26, 2022	
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.		
Recommendation 2.2				

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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	<p>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.</p> <p>Vision 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. 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. It will fulfill the mandates given to it by the Bangko Sentral ng Pilipinas and will faithfully comply with rules governing the industry.</p>	

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		<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, 58, Chairman. Mr. Cabangon is a Filipino citizen. He graduated from De La Salle University with a degree of 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.	

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		<p>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>	
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	<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. 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 Human Resources Administration Department 	
2. Board adopts a policy on the retirement for directors and key officers.	Non-Compliant		The existing retirement plan only covers employees and key officers of the Bank.

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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.			

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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 directorial positions to the Nominations Committee. 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. 3. The Nominations Committee and the Corporate Governance, 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. 4. Only nominees whose names appear in the Final List of Candidates shall be eligible for election as director. http://www.citystatesavings.com/uploads/Manu	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant		
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	Compliant		

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strategic direction of the company.		al-on-Corporate-Governance-as-Amended-on-June-08-2017.pdf	
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	

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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 within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.	Compliant	The Materiality threshold of the Bank for Related Party Transactions are enumerated under Board Approved Related Party Transactions Policy and Guidelines http://www.citystatesavings.com/corporate-governance/companys-policies/related-party-transactions-policy	
2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.	Compliant	Related Party Transaction are coursed through the approval of RPT Committee and endorsed it to the Board for notation/ratification. http://www.citystatesavings.com/corporate-governance/companys-policies/related-party-transactions-policy	.
Recommendation 2.8			

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<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 2022:</p> <table border="1" data-bbox="833 576 1516 963"> <thead> <tr> <th data-bbox="833 576 1137 612">Name</th> <th data-bbox="1137 576 1516 612">Position</th> </tr> </thead> <tbody> <tr> <td data-bbox="833 612 1137 649">Benjamin V. Ramos</td> <td data-bbox="1137 612 1516 649">President</td> </tr> <tr> <td data-bbox="833 649 1137 718">Jaime Valentin L. Araneta</td> <td data-bbox="1137 649 1516 718">Chief Operating Officer</td> </tr> <tr> <td data-bbox="833 718 1137 786">Inocencio Joven C. Abunan</td> <td data-bbox="1137 718 1516 786">Chief Risk Officer</td> </tr> <tr> <td data-bbox="833 786 1137 855">Ariel V. Ajesta</td> <td data-bbox="1137 786 1516 855">Chief Compliance Officer</td> </tr> <tr> <td data-bbox="833 855 1137 963">Jean L. Cledera</td> <td data-bbox="1137 855 1516 963">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 L. Araneta	Chief Operating Officer	Inocencio Joven C. Abunan	Chief Risk Officer	Ariel V. Ajesta	Chief Compliance Officer	Jean L. Cledera	Chief Audit Executive/Internal Auditor	
Name	Position														
Benjamin V. Ramos	President														
Jaime Valentin L. Araneta	Chief Operating Officer														
Inocencio Joven C. Abunan	Chief Risk Officer														
Ariel V. Ajesta	Chief Compliance Officer														
Jean L. Cledera	Chief Audit Executive/Internal Auditor														
<p>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).</p>	<p>Compliant</p>	<p>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.</p> <p>http://www.citystatesavings.com/uploads/Manual-on-Corporate-Governance-as-Amended-on-June-08-2017.pdf</p>													

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
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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. http://www.citystatesavings.com/uploads/Manual-on-Corporate-Governance-as-Amended-on-June-08-2017.pdf	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant		
3. Board approves the Internal Audit Charter.	Compliant	Please refer to the Audit Committee Charter marked as Annex B	
Recommendation 2.11			

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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 governance and corporate values. Further, the Board is also responsible for monitoring and	

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		<p>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; 	

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		5. Adopt a system of internal checks and balances; 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. http://www.citystatesavings.com/uploads/Manual-on-Corporate-Governance-as-Amended-on-June-08-2017.pdf	
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	Compliant	Please refer to the link below: http://www.citystatesavings.com/uploads/Insider-Trading-Policy.pdf	
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.			

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2. Company discloses the types of decision requiring board of directors' approval.							
<p>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.</p>							
<p>Recommendation 3.1</p>							
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	<p>Please refer to Part III.D. 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>					
<p>Recommendation 3.2</p>							
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	<p>Please refer to Part III.D.2 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>					
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	Compliant	<p>The Audit Committee is composed of three (3) members of the Board whom including the Chairman, are independent directors.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Director's Name</th> <th style="width: 50%;">Type</th> </tr> </thead> <tbody> <tr> <td style="height: 20px;"> </td> <td> </td> </tr> </tbody> </table>	Director's Name	Type			
Director's Name	Type						

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3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	Wilfredo S. Madarang Jr. - Chairman	Independent Director	
		Atty. Jose Roderick F. Fernado – Member	Independent Director	
		Atty. Reynaldo A. Catapang - Member	Independent Director	
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,	Compliant	Please refer to the Corporate Governance Committee Charter marked as Annex C		

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including the functions that were formerly assigned to a Nomination and Remuneration Committee.											
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	Compliant	The committee is composed of three (3) members of the board of directors who are all non-executive directors, majority of whom are independent directors, including the chairperson									
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>Dante T. Fuentes – Member</td> <td>Director</td> </tr> <tr> <td>Judge Carlos A. Valenzuela– Member</td> <td>Independent Director</td> </tr> </tbody> </table> <p>Please refer to Recommendation 1.1 for their qualifications</p>	Director's Name	Type	Atty. Jose Roderick F. Fernando – Chairman	Independent Director	Dante T. Fuentes – Member	Director	Judge Carlos A. Valenzuela– Member	Independent Director	
Director's Name	Type										
Atty. Jose Roderick F. Fernando – Chairman	Independent Director										
Dante T. Fuentes – Member	Director										
Judge Carlos A. Valenzuela– Member	Independent Director										
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	Compliant	<p>Please refer to Part III.D.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>									

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT											
	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION								
its functionality and effectiveness.											
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 who are all 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>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>Atty. Reynaldo A. Catapang- Member</td> <td>Independent Director</td> </tr> </tbody> </table>	Director's Name	Type	Edith D. DyChiao – Chairman	Independent Director	Wilfredo S. Madarang, Jr. – Member	Independent Director	Atty. Reynaldo A. Catapang- Member	Independent Director	
Director's Name	Type										
Edith D. DyChiao – Chairman	Independent Director										
Wilfredo S. Madarang, Jr. – Member	Independent Director										
Atty. Reynaldo A. Catapang- Member	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"> <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>Atty. Reynaldo A. Catapang- Member</td> <td>Independent 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	Atty. Reynaldo A. Catapang- Member	Independent Director	
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Edith D. DyChiao – Chairman	Independent Director										
Wilfredo S. Madarang, Jr. – Member	Independent Director										
Atty. Reynaldo A. Catapang- Member	Independent Director										
Recommendation 3.5											
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Compliant	<p>Please refer to Part III.D.7. 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>									
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	Compliant	<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"> <thead> <tr> <th>Director's Name</th> <th>Type</th> </tr> </thead> <tbody> </tbody> </table>	Director's Name	Type							
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INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT									
	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION						
		<table border="1"> <tr> <td>Atty. Filomeno P. Cadiz – Chairman</td> <td>Independent Director</td> </tr> <tr> <td>Dante T. Fuentes</td> <td>Director</td> </tr> <tr> <td>Judge Carlos A. Valenzuela</td> <td>Independent Director</td> </tr> </table> <p>Please refer to Recommendation 1.1 for their qualifications</p>	Atty. Filomeno P. Cadiz – Chairman	Independent Director	Dante T. Fuentes	Director	Judge Carlos A. Valenzuela	Independent Director	
Atty. Filomeno P. Cadiz – Chairman	Independent Director								
Dante T. Fuentes	Director								
Judge Carlos A. Valenzuela	Independent Director								
Recommendation 3.6									
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.	Compliant	<p>Please refer to Committee Charters</p> <p>http://www.citystatesavings.com/corporate-governance/board-committees</p>							
2. Committee Charters provide standards for evaluating the performance of the Committees.	Compliant								
3. Committee Charters were fully disclosed on the company's website.	Compliant								
<p>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.</p>									
Recommendation 4.1									

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT					
	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION			EXPLANATION
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	The Board of Directors shall hold regular meetings every month, on such date and at such time and place, within or outside the Philippines, the Board of Directors may set. The Board of Directors may, however, change the frequency of such regular meetings.			
2. The directors review meeting materials for all Board and Committee meetings.	Compliant	Notices of Board meetings shall be in writing and given at least two (2) banking days before the date of the meeting.			
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.			
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)	
		Reynaldo A. Catapang	N/A	X	
		Atty. Jose Roderick F. Fernando	UN1QORN Consultancy	X	
			Minedomaine Inc.	X	
		Rules Change Committee of the Philippine Electricity Market Corp.	X		

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION			EXPLANATION
		Wilfredo S. Madarang Jr.	Isla Lipana Foundation, Inc.	X	
			WilKo21 Global Trade, Inc.	X	
			Business Protech Consultancy Services, Inc.	X	
			Insular life Foundation Inc.	X	
		Edith D. DyChiao	Blue Oak Logistics and Property Management Inc.	X	
			Viatech E-commerce Inc.	X	
			OFA Realty Corporation	X	
		Filomeno P. Cadiz	Talacogon Woodworks Inc	X	
			D. Dreamwood, Inc.	X	

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT				
	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION		EXPLANATION
		Rosario Manobo Mining	X	
		Emco Plywood Corporation	X	
		Agusan Del Sur Electric Cooperative	X	
		Aselco Office Multi-purpose	X	
		Lapag Ice Block Corporation	X	
		Sta. Josefa Petron Station	X	
		Bunawan Petron Station	X	
		New Unistar Commercial	X	
		Sansaet-Massendo-Cadiz & Banosia	X	
		Agusan Del Sur Chamber of Commerce & Industry Foundation Inc.	X	

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT				
	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION		EXPLANATION
			Local Government Unit of San Francisco, Agusan Del Sur	X
		Judge Carlos A. Valenzuela	N/A	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' advice 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.		
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.				
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.				

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
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 six (6) Independent Directors: <ul style="list-style-type: none"> 1. Wilfredo S. Madarang Jr. 2. Edith D. DyChiao 3. Atty. Jose Roderick F. Fernando 4. Atty. Reynaldo A. Catapang 5. Atty. Filomeno P. Cadiz 6. Judge Carlos A. Valenzuela 	
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	
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	

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT																								
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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"> <thead> <tr> <th>Name of Independent Director</th> <th>Date Elected</th> <th>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>7</td> </tr> <tr> <td>Edith D. DyChiao</td> <td>July 31, 2018</td> <td>4</td> </tr> <tr> <td>Atty. Jose Roderick F. Fernando</td> <td>July 31, 2018</td> <td>4</td> </tr> <tr> <td>Atty. Reynaldo A. Catapang</td> <td>June 23, 2021</td> <td>1</td> </tr> <tr> <td>Atty. Filomeno P. Cadiz</td> <td>June 23, 2021</td> <td>1</td> </tr> <tr> <td>Judge Carlos A. Valenzuela</td> <td>June 29, 2022</td> <td>6 months</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	7	Edith D. DyChiao	July 31, 2018	4	Atty. Jose Roderick F. Fernando	July 31, 2018	4	Atty. Reynaldo A. Catapang	June 23, 2021	1	Atty. Filomeno P. Cadiz	June 23, 2021	1	Judge Carlos A. Valenzuela	June 29, 2022	6 months	
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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,	Compliant	Please refer to Part III.B.3 of the Manual on Corporate Governance as amended.																						

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.		http://www.citystatesavings.com/uploads/Manual-on-Corporate-Governance-as-Amended-on-June-08-2017.pdf	
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Compliant	Mr. D. Edgard A. Cabangon is Chairman of the Board of CSBI. The functions of a Chief Executive 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	

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
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		

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
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4. Each committee conducts a self-assessment of its performance.		Please refer to the attached Committee Charters marked as Annex B, C and D	
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	

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
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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	<p>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.</p> <p>The Code of Business Conduct and Ethics is communicated with all departments in all levels across the company.</p> <p>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.</p>	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	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.	

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant	<p>The Code of Business Conduct and Ethics is communicated with all departments in all levels across the company.</p> <p>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.</p>	
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 shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	Compliant	<p>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.</p> <p>The Company is fully compliant with mandatory disclosure requirements of the regulators.</p> <p>http://www.citystatesavings.com/company-disclosures</p>	
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	Compliant	CSB practices regular disclosure of financial results. Annual report is 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	

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
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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.		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 disclosures 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	Compliant	Please refer to Part III.K.4 of the Manual on Corporate Governance as amended	

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
the company's shares within three business days.		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, and assess any potential conflicts of interest that might affect their judgment.	Compliant		

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT									
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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	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, 2022 <table border="1" data-bbox="898 959 1449 1066"> <tr> <td>Salaries</td> <td>P10,020,000.00</td> </tr> <tr> <td>Bonuses</td> <td>P1,670,000.00</td> </tr> <tr> <td>Total</td> <td>P11,690,000.00</td> </tr> </table> <p>The director's per diem and other fees amounted to P1,665,500.00 as of December 31, 2022.</p> https://citystatesavings.com/company-disclosures	Salaries	P10,020,000.00	Bonuses	P1,670,000.00	Total	P11,690,000.00	
Salaries	P10,020,000.00								
Bonuses	P1,670,000.00								
Total	P11,690,000.00								
Recommendation 8.5									
1. Company discloses its policies governing Related Party Transactions (RPTs) and other	Compliant	Please refer to Part III.K.3 of the Manual on Corporate Governance as amended							

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
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unusual or infrequently occurring transactions in their Manual on Corporate Governance.		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 to the public of every material	Compliant	The Company complies with the disclosure requirements of the SEC and PSE.	

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
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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.		http://www.citystatesavings.com/company-disclosures	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	Compliant	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.	
Supplement to Recommendation 8.6			
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.	Compliant	Please refer to the Annual Report (SEC 17-A) https://www.citystatesavings.com/company-disclosures	
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained	Compliant	Please refer to the Manual on Corporate Governance	

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
in its Manual on Corporate Governance (MCG).		http://www.citystatesavings.com/uploads/Manual-on-Corporate-Governance-as-Amended-on-June-08-2017.pdf	
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		
b. Financial performance indicators	Compliant		
c. Non-financial performance indicators	Compliant		
d. Dividend Policy	Compliant		

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
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e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	Compliant		
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,	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.	

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
financial and compliance controls) and risk management systems.		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 company's internal controls/risk management systems.	Compliant	Please refer to the Annual Report (SEC 17-A) http://www.citystatesavings.com/company-disclosures	
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	Compliant	Please refer to the SEC 17-A	

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recommended by the Audit Committee, approved by the Board and ratified by the shareholders.		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			
1. Company has a policy of rotating the lead audit partner every five years.	Compliant	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.	
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on: <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 	Compliant	Please refer to the attached Audit Committee Charter marked as Annex B	

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iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.			
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	Compliant	Please refer to the attached Audit Committee Charter marked as Annex B	
Supplement to Recommendations 9.2			
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		

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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	

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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 in reporting sustainability and non-financial issues.	Compliant		
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.			

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Recommendation 11.1			
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.	Compliant	The Company disseminates and discloses material and relevant information through its website, press releases and disclosures to PSE and SEC. http://www.citystatesavings.com/ PSE-EDGE Disclosure SEC Disclosure	
Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:	Compliant	Please refer to the following links below: http://www.citystatesavings.com/	
a. Financial statements/reports (latest quarterly)	Compliant	http://www.citystatesavings.com/company-disclosures	
b. Materials provided in briefings to analysts and media	Compliant	http://www.citystatesavings.com/uploads/CSBI-AMENDED-ARTICLES-OF-INCORPORATION.pdf	
c. Downloadable annual report	Compliant	http://www.citystatesavings.com/uploads/CSBI-AMENDED-BY-LAWS.pdf	
d. Notice of ASM and/or SSM	Compliant		
e. Minutes of ASM and/or SSM	Compliant		
f. Company's Articles of Incorporation and By-Laws	Compliant		

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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	

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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	Compliant	Citystate Savings Bank, Inc. has an in-house independent Internal Audit Department reporting directly to the Audit Committee.	

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and improve the company's operations.			
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Compliant	<p>Jean L. Cledera, 57, Vice President. Ms. Cledera joined CSBI in 2022. She is the Bank's Chief Audit Executive. She worked at Metrobank for 25 years and held various roles in Audit Department. In 2004, she was appointed as Head of General Accounting of Asiatrust Bank. Ms. Cledera was appointed as Head of Bookkeeping Unit of SB Cards Corporation at Security Bank in 2003. Also in Security Bank Corp., Ms. Cledera served as Management Trainee in Human Resources Department and for 12 year she held various roles in Audit Division.</p> <p>Ms. Cledera holds a B.S. in Commerce major in Accounting from the University of Sto. Tomas and a Certified Public Accountant.</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.	Compliant	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.	
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.		This is not applicable to CSB which has an in-house Internal Audit Department and does not outsource activity to a third-party provider.	

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Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	The Risk Oversight Committee has been established by the Board to assist in the development and oversight of the Company's risk management program. http://www.citystatesavings.com/corporate-governance/board-committees	
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. Joven Inocencio C. Abunan is the Bank's Chief Risk Officer, effective September 29, 2021	

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2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Compliant	Mr. Joven Inocencio C. Abunan, 47, Vice President, Mr. Abunan graduated from University of Santo Tomas with a Bachelor's Degree in Commerce Major in Business Administration in the year 1997. He started his banking career at Westmont Bank as Loans Clerk/Proof Clerk/ Accounting Clerk from July 1997 to November 1999. Then he became the Budget Analyst/ Reports Analyst from November 1999 to May 2004 of United Overseas Bank – Philippines. From May 2004 to March 2010, he served as the Assistant GL Unit Head and as the Credit Risk Control Officer up to July 2011 of Philippine Bank of Communications. Then from July 2011 to September 2013, he was the Management Information System Officer of Planters Development Bank. Lastly, before joining CSBI, he was the Financial and Credit Risk Division Head of Philippine Bank of Communications since September 2013 to September 6, 2021.	
Additional Recommendation to Principle 12			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	Partially Compliant		The CAE was appointed on May 25, 2022 and still in the process of assessing Internal Audit, Control and Compliance System. Appointment of CAE in PSE Edge
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.			

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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.) <i>Source: By-Laws</i> 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	Compliant	The Company has 150,600,000 shares. All shares have the same rights for voting, subscription and transfer.	

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to voting rights, subscription rights and transfer rights.			
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	<p>The Company promotes a culture of transparency with protection and equal respect of shareholder/investor rights embodied in its Manual on Corporate Governance.</p>	

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		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 2022, the Company sent out Notice of Annual Shareholders' Meeting on May 26, 2022 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.	

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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	Compliant	Minutes of the Annual Stockholders Meeting posted in the CSB website.	

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business days from the end of the meeting.		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. https://citystatesavings.com/investor-relations	
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. Socrates M. Arevalo Tel. No.: 8470-3333 Email Address: smarevalo@citystatesavings.com	

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2. IRO is present at every shareholder's meeting.	Compliant	The IRO and/or his/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 10.45% as of December 31, 2022). 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			

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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			

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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 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	Compliant	No instances in 2022.	

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applicable law, rule or regulation.			
2. Company respects intellectual property rights.	Compliant	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.	
Optional: Principle 14			
1. Company discloses its policies and practices that address customers' welfare			
2. Company discloses its policies and practices that address supplier/contractor selection procedures			
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.			
Recommendation 15.1			
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.	Compliant	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.	
Supplement to Recommendation 15.1			
1. Company has a reward/compensation policy	Compliant	The company has its policy on reward / compensation to recognize employees'	

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that accounts for the performance of the company beyond short-term financial measures.		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 Clinic immediately for a check-up. 4. All employees are encouraged to undergo annual medical check-up per schedule provided. 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			

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1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	Compliant	Code of Business Conduct and Ethics: 6. Receiving of gifts, percentage and commission in exchange for a favor to a client is strictly prohibited. 7. All employees especially those in the collection and cash departments, should refrain from any acts, which may prejudice bank-customer relations.	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant	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;	
Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	Compliant	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,	

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		<p>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>	
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	Compliant		

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Board or a unit created to handle whistleblowing concerns.			
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			
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.	Compliant	<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 co7aasdmcommunity.</p> <p>http://www.citystatesavings.com/corporate-governance/corporate-social-responsibilities</p>	
Optional: Principle 16			

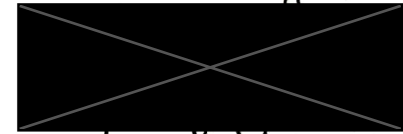
INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development			
2. Company exerts effort to interact positively with the communities in which it operates			

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 MAY 18 2023.

SIGNATURES



D. Edgard A. Cdbangon
Chairman



Benjamin V. Ramos
President



Atty. Reynaldo A. Catapang
Independent Director



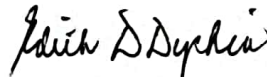
Wilfredo S. Madarang Jr.
Independent Director



Atty. Filomeno P. Odaz
Independent Director



Atty. Jose Roderick F. Fernando
Independent Director



Edith D. DyChico
Independent Director



Judge Carlos A. Valenzuela
Independent Director



Atty. Socrates M. Arevalo
Corporate Secretary



Ariel V. Ajeza
Chief Compliance Officer

MAY 18 2023

SUBSCRIBE AND SWORN to before me at Pasig City, Metro Manila this _____; 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.
ATTY. REYNALDO A. CATAPANG
ATTY. FILOMENO P. CADIZ
ATTY. JOSE RODERICK F. FERNANDO
EDITH D. DYCHIAO
JUDGE CARLOS A. VALENZUELA
ATTY. SOCRATES M. AREVALO
ARIEL V. AJESTA



ATTY. *C. DE ALDAY*
Notary Public for Pasig, San Juan, Pateros
Until Dec. 31, 2024
Appointment No. 2023-20241



Roll No.

IBP No. Nov. 2, 2022 / RSM

PTR No. / Jan 4, 2023 / Pasay

MCLE Compliance No. Jan. 16, 2022

Doc. No. 376 :
Page No. 97 :
Book No. 8 :
Series of 2023.

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.



AUDIT COMMITTEE CHARTER

INTRODUCTION

The Audit Committee (AuditCom) plays an important role in providing oversight on the Bank's governance, risk management, regulatory compliance and internal control practices. The oversight mechanism also serves to provide confidence in the integrity of these practices.

A. PURPOSE

The AuditCom is responsible for enhancing the Board's oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations. It shall oversee the Senior Management in establishing and maintaining an adequate, effective and efficient internal control framework. It shall ensure 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.

B. COMPOSITION AND QUALIFICATIONS OF COMMITTEE MEMBERS

The AuditCom shall be composed of at least three (3) appropriately qualified non-executive directors, the majority of whom, including the Chairperson, should be independent directors. All of the members of the AuditCom must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. The Chairperson of the AuditCom should not be the Chairperson of the Board or of any other committees.

CSBI Board of Directors (BoD) shall appoint the AuditCom members, including its Chairman in accordance with the existing rules and regulations. New AuditCom members shall be oriented on the AuditCom's authorities/duties/ responsibilities and shall be provided with an overview of the company's internal control, compliance, governance and risk management systems. The AuditCom shall also ensure that all members are provided with regular and timely updates on changes in regulatory environment, accounting standards, and best practices in corporate governance and industry.

C. COMMITTEE MEETING AND QUORUM

1. The AuditCom shall meet at least quarterly at such date, time, and place to be determined by the Committee. It has authority to convene additional/special meetings as circumstances require.

2. Non-executive board members shall meet regularly, other than in meetings of the audit, risk oversight, corporate governance, and related party transactions committees, in the absence of senior management, with the external auditor and heads of the internal audit, compliance and risk management functions.
3. The majority of the members of the Committee will constitute a quorum.
4. Each member / director is expected to attend the regular and special committee meetings.
5. The committee may invite members of management, auditors, compliance officer or other resource person to attend the meetings and provide pertinent information as necessary.
6. The committee members may meet with the internal and external auditors as deemed necessary.
7. Schedule of the committee meetings are to be agreed by all members of committee and to be presided by the AuditCom Chairman.
8. The agenda will be prepared by the Chief Audit Executive (CAE) /Internal Audit Department (IAD) Head in consultation with the AuditCom Chairman and also with the committee directors / members.
9. The AuditCom 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 shall have sufficient authority to promote independence and to ensure broad audit coverage, adequate consideration of audit reports and appropriate action on audit recommendations.

The Committee shall have explicit authority to investigate any matter within its scope based on the Audit Committee Charter, have full access to and cooperation by management, have full discretion to invite any director or executive officer to attend its meetings, and have full and unrestricted access to records, data, information, reports, personnel, and physical properties relevant to the discharge of its duties.

E. DUTIES AND RESPONSIBILITIES

The AuditCom shall have the following duties and responsibilities:

1. Recommends the approval of the Internal Audit (IA) Charter, which formally defines the responsibilities, powers and authority of the Internal Audit Department (IAD), the

audit plan of the IAD, as well as oversees the implementation of the IA Charter. The IA Charter shall be periodically reviewed by the AuditCom and any changes thereto shall be approved by the BoD. The Charter should contain, among others, the AuditCom's purpose, membership, structure, operations, reporting process, resources and other relevant information.

2. Internal Audit

- 2.1 Oversee the internal audit function and shall ensure its independence and unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions taking into consideration relevant Philippine professional and regulatory requirements. The Bank should have an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the Bank's operations.
- 2.2 Monitor and review the effectiveness of IAD and ensure that it complies with internal auditing standards and the Code of Ethics. In line with this, it shall:
 - a. Review and approve the audit plan, scope, frequency and budget of the IAD.
 - b. Ensure that audit plan is based on a robust risk assessment.
 - c. Ensure that the audit scope covers the review of the effectiveness of the Bank's internal controls, including financial, operational and compliance controls, and risk management system.
 - d. Review the internal audit reports and the corresponding recommendations to address the weaknesses noted, discussing the same with IAD Head and report significant matters to the BoD.
 - e. Ensure that the IAD maintains an open communication with Senior Management, the AuditCom, External Auditors, and the supervisory authority.
 - f. Review discoveries of fraud and violations of laws and regulations as raised by the IAD.
- 2.3 Responsible for the qualifications, appointment/selection, reappointment, and dismissal of the CAE/IAD Head and key internal auditors. It shall report to the BoD the annual performance appraisal of the CAE/IAD Head. It shall recommend for approval of the BoD the annual remuneration of the CAE/IAD Head and key internal auditors. The remuneration shall be in accordance with the Bank's remuneration policies and practices and shall be structured in such a way that these do not create conflicts of interest or compromise independence and objectivity.
- 2.4 Functionally meet with the Head of Internal Audit and such meetings shall be duly minuted and adequately documented.
- 2.5 Establish and identify the reporting line of the IAD to enable it to properly fulfill his duties and responsibilities. For this purpose, the IAD should directly report to the AuditCom.

2.6 Receive key audit reports, and ensure that senior management is taking necessary corrective actions in a timely manner to address the weaknesses, non-compliance with policies, laws, and regulations and other issues and recommendations identified by auditors and other control functions.

2.7 In case of outsourced audit services, the AuditCom shall be responsible for:

- a. Selecting and overseeing the performance of the internal audit service provider.
- b. Approving the terms and conditions for outsourcing internal audit services.
- c. Ensuring the independence of the internal audit service provider.
- d. Reporting to the BoD on the status of accomplishments of the outsourced internal audit activities, including significant findings noted during the conduct of internal audit.
- e. Ensuring that the IA service provider complies with sound internal auditing standards such as the Institute of Internal Auditors' International Standard for the Professional Practice of Internal Auditing and other supplemental standards issued by regulatory authorities/government agencies, as well as with relevant code of ethics.
- f. Ensuring that the audit plan is aligned with the overall plan strategy and budget of the Bank and is based on a robust risk assessment.
- g. Ensuring that the outsourced service provider has adequate human resources with sufficient qualifications and skills necessary to accomplish the internal audit activities.

3. External Audit

3.1 Perform oversight function over the Bank's External Auditors, and ensure unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions taking into consideration relevant Philippine professional and regulatory requirements.

3.2 Responsible for the appointment, reappointment, removal, replacement, and fees of External Auditor, duly accredited by the SEC and included in BSP's List of Selected External Auditors, who undertakes an independent audit of the Bank, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the shareholders/members.

The appointment, reappointment, removal, and fees of the external auditor is recommended by the AuditCom, approved by the BoD and the shareholders/members.

For removal of the external auditor, the reasons for removal or change are disclosed to the SEC, the shareholders/members, and the public through the company website and required disclosures.

3.3 Prior to the commencement of the audit, discuss with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if

more than one audit firm is involved in the activity to identify proper coverage and minimize duplication of efforts.

- 3.4 Responsible for assessing the integrity and independence of external auditors; exercising effective oversight to review and monitor the external auditor's independence and objectivity; and exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine financial and regulatory requirements.
 - 3.5 Review the recommendations in the External Auditor's management letter.
 - 3.6 Evaluate and determine the non-audit work, if any, of the External Auditor, and periodically review the non-audit fees paid to the External Auditor in relation to the total fees paid and the corporation's overall consultancy expenses. The AuditCom should disallow any non-audit work that will conflict with the duties of an External Auditor or may pose a threat to his independence¹. The non-audit work, if allowed, should be disclosed in the corporation's Annual Report and Annual Corporate Governance Report to manage potential conflict of interest cases.
 - 3.7 Be 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.
 - 3.8 Responsible for review and monitoring the external auditor's suitability and effectiveness on an annual basis.
4. Internal Control
- 4.1 Oversee the implementation of internal control policies and activities.
 - 4.2 Through the IAD, monitor and evaluate the adequacy and effectiveness of the Bank's internal control system, integrity of financial reporting, and security of physical and information assets.
 - 4.3 Ensure that well-designed internal control procedures and processes that will provide a system of checks and balances are in place in order to: (a) safeguard the company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the company's financial data, and (d) ensure compliance with applicable laws and regulations.
 - 4.4 Ensure that periodic assessment of the internal control system is conducted to identify the weaknesses and evaluate its robustness considering the Bank's risk profile and strategic direction.

¹ As defined under the Code of Ethics for Professional Accountants.

4.5 Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the corporation. This function shall include regular receipt from Management of information on risk exposures and risk management activities.

5. Financial Reporting and Disclosures

5.1 Oversee the financial reporting process, practices, and controls.

5.2 Ensure that the reporting framework enables the generation and preparation of accurate and comprehensive information and reports.

5.3 Review and discuss with Senior Management the Interim and, with the External Auditor, the Annual Financial Statements before their submission to the Board, with particular focus on the following matters:

- Any change/s in accounting policies and practices
- Areas where a significant amount of judgment has been exercised
- Significant adjustments resulting from the audit
- Going concern assumptions
- Compliance with accounting standards/financial reporting regulations
- Compliance with tax, legal and regulatory requirements

5.4 Ensure that the scope of external audit work appropriately covers areas relevant to the Bank's operations and risk exposures. These include the following:

- Review of the adoption of applicable reporting framework as well as the assessment of the accuracy, adequacy, reliability of accounting records and financial reports
- Assessment of the propriety and adequacy of disclosures in the financial statements;
- Assessment of the adequacy and effectiveness of internal controls and risk management systems
- Assessment of the quality of capital in relation to risk exposures
- Evaluation of the quality of corporate governance

6. Compliance

6.1 Coordinate, monitor and facilitate compliance with laws, rules and regulations.

6.2 Ensure that the scope and frequency of audit is appropriate to the risk exposures. Any operational risk issue identified and reported in the audit process should be addressed by senior management in a timely and effective manner, or raised to the attention of the board as appropriate.

6.3 Evaluate on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified,

RPTs are monitored, the Related Party Registry is updated to capture subsequent changes in relationships with counterparties (from non-related to related and vice versa).

- 6.4 Establish and maintain mechanisms by which officers and staff shall, in confidence, raise concerns about possible improprieties or malpractices in matters of financial reporting, internal control, auditing or other issues to persons or entities that have the power to take corrective action. It shall ensure that arrangements are in place for the independent investigation, appropriate follow-up action, and subsequent resolution of complaints.

F. REPORTING ON AUDIT COMMITTEE PERFORMANCE

The AuditCom 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.

The AuditCom shall assess at least annually its performance and effectiveness as a body, and as individual AuditCom members, based on the requirements of the Code of Corporate Governance, other applicable laws and regulations in the Philippines, as well as best practices and standards. At a minimum, the self-assessment should cover the following areas:

- Setting of Committee Structure and Operation
- Oversight on Financial Reporting and Disclosures
- Oversight on Risk Management and Internal Controls
- Oversight on Management and Internal Audit
- Oversight on External Audit

 CITYSTATE SAVINGS BANK <i>We Take Care of You.</i>	CHARTER	No.	Version 3
	CORPORATE GOVERNANCE COMMITTEE	Approval Date	
		Page 1 of 3	
		Effectivity Date	27 March 2023

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. x

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, who shall all be non-executive directors, majority of whom shall be independent directors including chairperson.

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 (either through remote communication or physical/face to face meeting) at least once every other month), 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.

	CHARTER	No.	Version 3
	CORPORATE GOVERNANCE COMMITTEE	Approval Date	
		Page 2 of 3	
		Effectivity Date	27 March 2023

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/oversees the positions appointed by the Board 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 deemed 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 or as necessary a Self-Assessment Form approved by the Committee.

	CHARTER	No.	Version 3
	CORPORATE GOVERNANCE COMMITTEE	Approval Date	
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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 meetings 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 27th day of March 2023 at Pasig City, Philippines.

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 Bank's risk governance structure,
- 1.2 the Bank's risk management guidelines and policies regarding credit, liquidity, market, operational and other related risks, 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., I'M³ Risk Framework)

Section 2 COMPOSITION AND CHAIRPERSON

2.1 The Risk Oversight Committee shall be composed of at least three (3) members of the board of directors, majority of whom shall be independent directors, including the chairperson. The ROC's chairperson shall not be the chairperson of the board of directors, or any other board-level committee. The ROC shall possess a range of expertise and adequate knowledge on risk management issues and practices. It shall have an access to independent experts to assist it in discharging its responsibilities.

Source: BSP Circular No. 969, Series of 2017

"Enhanced Corporate Governance Guidelines for BSP-Supervised Financial Institution"

Section 3 OPERATIONS

3.1 The Committee shall hold quarterly meetings (either physically or virtually) every year. The Committee may likewise hold special meetings as it deems necessary.

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 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.
- 3.4 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.
- 3.5 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.
- 3.6 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. All changes or updates need to be elevated to the Board for approval. If none, the CRO need only to advise the ROC and the Board for their information.
- 3.7 The presence of the majority of members of the committee (either physically or virtually) shall constitute a quorum.
- 3.8 Where a quorum is present, a majority vote of all members present shall constitute an official action of the ROC.
- 3.9 All items presented in the ROC, whether for approval or notation, shall be elevated to the Board for approval or notation as well.

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 Evaluate the performance of the CRO and the Risk Management function on an annual basis.

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 DUTIES AND RESPONSIBILITIES

(Per BSP Circular No. 969, Series of 2017 – "Enhanced Corporate Governance Guidelines for in BSP-supervised Financial Institutions")

The ROC shall advise the board of directors on the BSFI's overall current and future risk appetite, oversee senior management's adherence to the risk appetite statement, and report on the state of risk culture of the BSFI. The ROC shall:

5.1 ***Oversee the risk management framework.***

The committee shall oversee the enterprise risk management framework and ensure that there is periodic review of the effectiveness of the risk management systems and recovery plans. It shall ensure that corrective actions are promptly implemented to address risk management concerns

5.2 ***Oversee adherence to risk appetite.***

The committee shall ensure that the current and emerging risk exposures are consistent with the BSFI's strategic direction and overall risk appetite. It shall assess the overall status of adherence to the risk appetite based on the quality of compliance with the limit structure, policies, and procedures relating to risk management and control, and performance of management, among others.

5.3 ***Oversee the risk management function.***

The committee shall be responsible for the appointment/selection, remuneration, and dismissal of the CRO. It shall also ensure that the risk management function has adequate resources and effectively oversees the risk-taking activities of the BSFI.