COVER SHEET

1	5	5	5	2							

SEC Registration Number

P	H	I	L	I	P	P	I	N	E		S	A	V	I	N	G	S		B	A	N	K													

(Company's Full Name)

P	S	B	a	n	k		C	e	n	t	e	r	,		7	7	7		P	a	s	e	o		d	e		R	o	x	a	s
c	o	r	n	e	r		S	e	d	e	ñ	o		S	t	r	e	e	t	,		M	a	k	a	t	i		C	i	t	y		

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

MAUREEN G. CALALANG

(Contact Person)

8885-8208 Local 1921

(Company Telephone Number)

1	2		3	1
Month			*Day*	

(Fiscal Year)

I	A	C	G	R					

(Form Type)

0	4		2	7
Month			*Day*	

(Annual Meeting)

(Secondary License Type, If Applicable)

Corporate Governance & Finance Dept.

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

1,441

Total No. of Stockholders
As of 31-March-2023

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended : **December 31, 2022**

2. SEC Identification Number : **15552** 3. BIR Tax Identification No. : **000-663-983-000**

4. Exact name of issuer as specified in its charter : **PHILIPPINE SAVINGS BANK**

5. **City of Manila, Philippines** 6. _____ (SEC Use Only)
Province, Country or other jurisdiction of incorporation or organization
Industry Classification Code:

7. **PSBank Center, 777 Paseo de Roxas cor. Sedeño St., Makati City** **1225**
Address of principal office Postal Code

8. **(632) 8885-8208**
Issuer's telephone number, including area code

9. **Not applicable**
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. The Board should be composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	**COMPLIANT**	**In 2022, there were nine (9) directors in our Board, four (4) of whom are independent directors, four (4) are non-executive directors, and one (1) is an executive director who is also the President of the Bank. They are all qualified business professionals with the required expertise and experience in directing our strategic path. Their selection was based on their qualifications (i.e., integrity/probity, physical/mental fitness, competence, relevant education/financial literacy/training, diligence and knowledge/experience) without discrimination against gender, age, and ethnic, political, religious, or cultural backgrounds, and therefore achieving diversity in the Board.** **2022 Annual Report – Corporate Governance-Board Oversight, Pages 34-35** **2022 Annual Report – Board of Directors, Pages 42-45** **Corporate Governance Manual – Composition of the Board, Page 7** **Corporate Governance Manual – Qualifications of a Director, Pages 23-24** **Corporate Website – Board of Directors** **PSBank Definitive Information Statement for April 27, 2023 ASM, Item No. 5 Directors and Executive Officers, Pages 10-17**	
2. Board has an appropriate mix of competence and expertise	**COMPLIANT**	**The members of the Board are all qualified business professionals with the required expertise and experience in directing our strategic path.**	

		These directors were selected based on their qualifications (i.e., integrity/probity, physical/mental fitness, competence, relevant education/financial literacy/training, diligence and knowledge/experience) without discrimination on gender, age, and ethnic, political, religious, or cultural backgrounds. **2022 Annual Report – Corporate Governance-Board Oversight, Pages 34-35** **Corporate Governance Manual – Qualifications of a Director, Pages 23-24** **Corporate Website – Board of Directors** **PSBank Definitive Information Statement for April 27, 2023 ASM, Item No. 5 Directors and Executive Officers, Pages 10-17**	
3. Directors remained 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**	**Our Corporate Governance Manual states that *"A director is expected to remain fit and proper for the position for the duration of his term. He should possess unquestionable credibility to make decisions objectively and resist undue influence. He shall treat Board directorship as a profession and shall have a clear understanding of his duties and responsibilities as well as his role in promoting good governance. Hence, he shall maintain his professional integrity and continuously seek to enhance his skills, knowledge and understanding of the activities that the Bank is engaged in or intends to pursue as well as the developments in the banking industry including regulatory changes through continuing education or training."*** **Corporate Governance Manual – Specific Duties and Responsibilities of a Director, Page 38** **2022 Annual Report – Corporate Governance-Board Oversight, Pages 34-35**	

<table>
<tr><th colspan="4">Recommendation 1.2</th></tr>
<tr><td>1. Board is composed majority of non-executive directors</td><td>COMPLIANT</td><td>Of the Bank's nine (9) directors, eight (8) or 89% are non-executive of which four (4) are independent, to wit:

<table><tr><th>2022 Directors</th><th>Type</th></tr><tr><td>Chairman Jose T. Pardo</td><td>Non-Executive (Independent)</td></tr><tr><td>Vice-Chairman Arthur V. Ty</td><td>Non-Executive</td></tr><tr><td>Vice-Chairman Vicente R. Cuna, Jr.</td><td>Non-Executive</td></tr><tr><td>Jose Vicente L. Alde</td><td>Executive (President)</td></tr><tr><td>Samson C. Lim</td><td>Non-Executive (Independent)</td></tr><tr><td>Eduardo A. Sahagun</td><td>Non-Executive (Independent)</td></tr><tr><td>Francisco S. Magsajo, Jr.</td><td>Non-Executive (Independent)</td></tr><tr><td>Ma. Soledad D.S. De Leon</td><td>Non-Executive</td></tr><tr><td>Rosanna F. De Vera</td><td>Non-Executive</td></tr></table>
Corporate Governance Manual – Composition of the Board, Page 7

2022 Annual Report – Corporate Governance-Board Oversight, Pages 34-35

Corporate Website – Board of Directors

PSBank Definitive Information Statement for April 27, 2023 ASM, Item No. 5 Directors and Executive Officers, Pages 10-17</td><td></td></tr>
<tr><th colspan="4">Recommendation 1.3</th></tr>
<tr><td>1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors</td><td>COMPLIANT</td><td>Our Corporate Governance Manual provides for the following training program for directors:

"a. Orientation for First-Time Director
It is critical that new directors receive the training they need in order to be an effective member of the Board and help lead the Bank in the right direction. The Bank shall furnish all its first-time directors with a copy of the general responsibility and specific duties and</td><td></td></tr>
</table>

		responsibilities of the Board of Directors and of a director. The Bank must keep on file and submit the said Certification under oath of the directors concerned that they have received copies of such general responsibility and specific duties and responsibilities and that they fully understand and accept the same. They shall also attend a CG seminar re: Orientation Program for 1st-time Directors to be conducted by SEC and BSP-accredited training providers in accordance with the BSP-prescribed syllabus on the same, as applicable which should be held for at least eight (8) hours. The Bank shall keep on file and submit the certification to the appropriate department of the BSP, together with a copy of Certificate of Attendance in said Corporate Governance (CG) seminar. ***b. Annual Continuing Education Program*** ***"The Board as a group and as individual directors should have sufficient knowledge relevant to the Bank's activities to provide effective governance and oversight. They should be continuously informed of the developments in the business and regulatory environments, including emerging risks relevant to the Bank. The program shall include courses on corporate governance matters relevant to the Bank, including audit, internal controls, risk management, sustainability and strategy. The Corporate Governance Committee (CGC) is mandated, among others, to make recommendations to the Board regarding the continuing education of directors. In this regard, the Chief Compliance Officer (CCO) shall liaise with internal and/or external training providers for the training and seminars of directors. Unless otherwise exempted by existing regulations, all Directors and Key Officers are required to attend for a minimum of four (4) hours of training every year, a program on Corporate Governance conducted by training providers duly accredited by the SEC or through an SEC-approved in-house corporate governance training, covering all the mandated topics including financial reporting and auditing. Key Officers, for purposes of this requirement, refers to all officers with the rank of Senior Vice President (SVP) & up (Principal***	

		Officers) and those officers named in the Bank's By-Laws, the Chief Audit Executive (CAE) and the Chief Compliance Officer (CCO)." **Corporate Governance Manual – Orientation and Continuing Education, Pages 39** **2022 Annual Report – Corporate Governance-Board Oversight, Page 34**	
2. Company has an orientation program for first time directors.	**COMPLIANT**	**Our Corporate Governance Manual provides that:** ***"a. Orientation for First-Time Director*** ***It is critical that new directors receive the training they need in order to be an effective member of the Board and help lead the Bank in the right direction. The Bank shall furnish all its first-time directors with a copy of the general responsibility and specific duties and responsibilities of the Board of Directors and of a director. The Bank must keep on file and submit the said Certification under oath of the directors concerned that they have received copies of such general responsibility and specific duties and responsibilities and that they fully understand and accept the same. They shall also attend a CG seminar re: Orientation Program for 1st-time Directors to be conducted by SEC and BSP-accredited training providers in accordance with the BSP-prescribed syllabus on the same, as applicable which should be held for at least eight (8) hours. The Bank shall keep on file and submit the certification to the appropriate department of the BSP, together with a copy of Certificate of Attendance in said Corporate Governance (CG) seminar."*** **Corporate Governance Manual – Orientation for First-Time Director, Pages 39-40**	
3. Company has relevant annual continuing training for all directors	**COMPLIANT**	**Together with our principal officers, our directors attended in November 2022 an annual refresher program on Corporate Governance via Zoom webinar pursuant to SEC Memorandum Circular No. 20 s2013 and as**	

		conducted by the ICD, a SEC-accredited training provider. Topics covered in said webinar are Advanced Corporate Governance Training and AMLA Compliance in the Age of the Digital World. **Corporate Governance Manual – Annual Continuing Education Program, Page 40** **2022 Annual Report – Corporate Governance-Board Oversight, Page 34**	
Recommendation 1.4			
1. Board has a policy on board diversity.	**COMPLIANT**	**Our Corporate Governance Manual provides as follows:** ***"As a Board Diversity Policy, no director or candidate for directorship shall be discriminated upon by reason of gender, age, sexual orientation, disability, ethnicity, skills/knowledge/competence, nationality, or political, religious or cultural backgrounds. This aims to avoid groupthink and ensure that optimal decision-making is achieved."*** **Further, as part of our CG practices and to implement our board diversity policy, we have since maintained two (2) female Directors in the Board.** **Corporate Governance Manual – Board Diversity Policy, Page 7** **Corporate Website – Board of Directors** **2022 Annual Report – Board of Directors, Pages 42-45** **PSBank Definitive Information Statement for April 27, 2023 ASM, Item No. 5 Directors and Executive Officers, Pages 10-17**	
Optional: Recommendation 1.4			
1. Company has a policy on and discloses measurable objectives for implementing	**COMPLIANT**	**As part of our Corporate Governance policy and cognizant of the requirement to implement our Board Diversity Policy, we have**	

its board diversity and reports on progress in achieving its objectives		**maintained two (2) female Directors.** **As per our *Board Diversity Policy*, *"No director or candidate for directorship shall be discriminated upon by reason of gender, age, sexual orientation, disability, ethnicity, skills/knowledge/competence, nationality, or political, religious or cultural backgrounds. This aims to avoid groupthink and ensure that optimal decision-making is achieved."*** **Corporate Governance Manual – Board Diversity Policy, Page 7** **Corporate Website – Board of Directors**	
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	**COMPLIANT**	**Our Board has access to our Corporate Secretary, Senior Vice President Perfecto Ramon Z. Dimayuga, Jr., who manages the flow of information to the Board prior to the meetings. The Office of the Corporate Secretary plays a significant role in supporting the Board in discharging its responsibilities. It administers, attends, and prepares the agenda and minutes of Board meetings, and ensures that notices required under the By-Laws are given to all directors and stockholders. Beginning 2021, regular Board meetings have already been scheduled in advance as set every third Thursday of the month.** **Corporate Governance Manual – Corporate Secretary, Pages 42-43** **2022 Annual Report – Corporate Governance-Board Oversight, Page 34** **2022 Annual Report – Board of Directors, Pages 42-45** **Corporate Website – Board of Directors**	
2. Corporate Secretary is a separate individual from the Compliance Officer.	**COMPLIANT**	**The Bank's Corporate Secretary is a separate individual from the Chief Compliance Officer (CCO).**	

		Corporate Governance Manual – Corporate Secretary, Pages 42-43 **2022 Annual Report – Corporate Governance-Board Oversight, Page 34** **2022 Annual Report – Board of Directors, Pages 42-45** **Corporate Website – Board of Directors**	
3. Corporate Secretary is not a member of the Board of Directors.	**COMPLIANT**	**The Bank's Corporate Secretary is not a member of the Board of Directors.** **Corporate Governance Manual – Corporate Secretary, Pages 42-43** **2022 Annual Report – Corporate Governance-Board Oversight, Page 34** **2022 Annual Report – Board of Directors, Pages 44-45** **Corporate Website – Board of Directors**	
4. Corporate Secretary attends training/s on corporate governance.	**COMPLIANT**	**Together with our principal officers and directors, our Corporate Secretary attended in November 2022 an annual refresher program on Corporate Governance via Zoom webinar pursuant to SEC Memorandum Circular No. 20 s2013 and as conducted by the ICD, a SEC-accredited training provider. Topics covered in said webinar are Advanced Corporate Governance Training and AMLA Compliance in the Age of the Digital World.** **Corporate Governance Manual – Corporate Secretary, Pages 42-43** **2022 Annual Report – Corporate Governance-Board Oversight, Page 34**	
Optional: Recommendation 1.5			
1. The 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**	**First Vice President Gilbert L. Nunag, is the Bank's Board-appointed and BSP/Monetary Board-approved full-time Chief Compliance Officer (CCO). He is a member of the Bank's management team and is the lead senior officer for purposes of administering the Bank's Compliance Program. He is expected to liaise with the Bangko Sentral ng Pilipinas (BSP) and other regulatory bodies on compliance-related issues and is also responsible for ensuring the integrity and accuracy of all regulatory documentary submissions. His principal function is to oversee the design of an appropriate compliance system, promote its effective implementation and address breaches that may arise.** **Corporate Governance Manual – Chief Compliance Officer (CCO), Pages 53-54** **2022 Annual Report – Senior Officers, Page 49** **PSBank Definitive Information Statement for April 27, 2023 ASM – Compliance, Page 50**	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	**NON-COMPLIANT**		**Given the importance of the compliance function, the Bank's Chief Compliance Officer (CCO) is a senior officer with a rank of First Vice President (FVP) functionally reporting directly to the Corporate Governance Committee and to the Board. Further, such an appointment is covered with the prior approval of the BSP/Monetary Board.**

			Notwithstanding SEC's recommendation that the CCO position should be an SVP rank, the Bank's CCO has adequate stature and authority in the Bank necessary to effectively carry out his duties and responsibilities in implementing the Bank's compliance program. **Corporate Governance Manual – Chief Compliance Officer (CCO), Pages 53-54** **2022 Annual Report – Senior Officers, Page 46**
3. Compliance Officer is not a member of the Board.	**COMPLIANT**	**The Bank's Chief Compliance Officer is a senior officer and is not a member of the Board.** **Corporate Governance Manual – Chief Compliance Officer (CCO), Pages 53-54** **2022 Annual Report – Senior Officers, Page 46**	
4. Compliance Officer attends training/s on corporate governance.	**COMPLIANT**	**Together with our principal officers and directors, our Chief Compliance Officer attended in November 2022 an annual refresher program on Corporate Governance via Zoom webinar pursuant to SEC Memorandum Circular No. 20 s2013 and as conducted by the ICD, a SEC-accredited training provider. Topics covered in said webinar are Advanced Corporate Governance Training and AMLA Compliance in the Age of the Digital World.** **2022 Annual Report – Corporate Governance-Board Oversight, Page 34**	

Principle 2: The fiduciary roles and 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 specific duties and responsibilities of PSBank's Board of Directors are clearly outlined in our Corporate Governance Manual which also serves as the Board Charter providing due guidance to all directors as to the proper discharge of their roles, duties and responsibilities and accountabilities, among other Board-related matters.** **As stated in the 2023 PSBank ASM Results, all corporate acts and transactions, subject of the Stockholders' confirmation/ratification especially those relating to our material/significant related party transactions (RPTs) which were entered into between the Bank and its related parties were reviewed and endorsed for the Board of Directors' approval prior to their consummation.** **PSBank 2023 ASM Results - Item No. 3 Confirmation of All Corporate Acts of the Board of Directors, Management and All Committees during the year 2022, Page 6** **2022 Annual Report – Material Related Party Transactions, Pages 30-31** **Corporate Governance Manual – Specific Duties and Responsibilities of a Director, Page 38-39**	
Recommendation 2.2			
1. Board oversees the development, review and approval of the company's business objective and strategy.	**COMPLIANT**	**PSBank's Board of Directors is primarily responsible for approving and overseeing the implementation of the Bank's strategic objectives, risk strategy, corporate governance and corporate values. It is also responsible for monitoring and overseeing the performance of senior management as the latter manages the day-to-day affairs of the Bank. Lastly, it approves the Bank's business strategy on an annual basis.**	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	**COMPLIANT**		

		Corporate Governance Manual – General Responsibility of the Board, Page 8 **2022 Annual Report – Corporate Governance-Board Oversight, Page 34**	
Supplemental to Recommendation 2.2			
1. Board has a clearly defined and updated vision, mission and core values.	**COMPLIANT**	**For many years, the Bank's vision, mission and core values remain the same as they remain relevant and continue to be a work-in-progress despite the Bank's many achievements and current standing in the Thrift Banking industry, to wit:** **Vision:** **To be the country's consumer and retail bank of choice.** **Mission:** **As an INSTITUTION: To conform to the highest standards of integrity, professionalism and teamwork.** **For our CLIENTS: To provide superior products and reliable, top quality services responsive to their banking needs.** **For our EMPLOYEES: To place a premium on their growth, and nurture an environment of teamwork where outstanding performance is recognized.** **For our SHAREHOLDERS: To enhance the value of their investments.** **Core Values:** **In realizing our mission and vision, we will be:** **PROACTIVE in serving our customers.** **PERFORMANCE-driven and recognized, reinforced, and rewarded accordingly.** **PROFESSIONAL to the highest standards and in all respects.** **PEOPLE-ORIENTED in our dealings with our internal and external customers alike.**	

		Corporate Website – About PSBank, Vision and Mission **2022 Annual Report –Vision and Mission Statement, Page 2**	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	**COMPLIANT**	**On 17 January 2022, PSBank's Board of Directors approved the Bank's Annual Budget for the year 2022. This is in line with the primary responsibility of the Board of approving the Bank's strategic objectives and business plans, among others. These take into account the Bank's long-term financial interests, its level of risk tolerance, and ability to manage risks effectively. In this respect, the Board of Directors shall establish a system for measuring performance against plans.** **Please see Annex "A" for the Secretary's Certificate certifying Board's approval of our 2022 Budget.** **Corporate Governance Manual – Specific Duties and Responsibilities of the Board, Page 8**	
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	**COMPLIANT**	**PSBank's Chairman, Mr. Jose T. Pardo, is a Non-Executive and Independent Director. Information on his qualifications is disclosed in our Annual Report and Corporate Website.** **The Board Chairman provides active leadership by ensuring that the Board and its various committees function effectively, including maintaining a relationship of trust among Board members. The Board Chairman also ensures that the Board follows a sound decision-making process, among other tasks.** **Corporate Governance Manual – Chairman of the Board, Pages 40-42** **2022 Annual Report – Board of Directors, Page 42**	

		2022 Annual Report – Corporate Governance-Board Oversight, Page 34 **Corporate Website – Board of Directors**	
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	**COMPLIANT**	**Our Corporate Governance Manual provides for the following:** **Succession Planning for Directors** **Any vacancy occurring in the Board of directors other than by removal by the stockholders or by expiration of term, may be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum; otherwise, said vacancies must be filled by the stockholders in a regular or special meeting called for that purpose.** **When the vacancy is due to term expiration, the election shall be held no later than the day of such expiration at a meeting called for that purpose. When the vacancy arises as a result of removal by the stockholders, the election may be held on the same day of the meeting authorizing the removal and this fact must be so stated in the agenda and notice of said meeting. In all other cases, the election must be held *no later than forty-five (45) days from the time the vacancy arose*. A director elected to fill a vacancy shall be referred to as replacement director and shall serve only for the unexpired term of the predecessor in office.** **However, when the vacancy prevents the remaining directors from constituting a quorum and emergency action is required to prevent grave, substantial, and irreparable loss or damage to the Bank, the vacancy may be temporarily filled from among the officers of the Bank by unanimous vote of the remaining directors. The action by the designated director shall be limited to the emergency action necessary, and the term shall cease within a reasonable time from the termination of the emergency or upon election of the replacement director, whichever comes earlier. The Bank must notify the SEC *within three (3)***	

		***days from the creation of the emergency Board*, stating therein the reason for its creation.** **A directorship to be filled by reason of an increase in the number of directors shall be filled only by an election at a regular or at a special meeting of stockholders duly called for the purpose, or in the same meeting authorizing the increase of directors if so stated in the notice of the meeting.** **At least on an annual basis, the Corporate Governance Committee (CGC) shall review the status of the Board and consider if the criteria set forth (i.e. composition of the Board, qualifications of directors, limits, etc.) are being met. It shall determine if there is reason to believe that one or more director slots shall become vacant within the remaining term and if any, shall report the same including its recommendation(s) to the Board. When searching for candidates to fill in a vacancy(ies) in the Board, the use of professional search firms or external sources may be resorted to.** **In all elections to fill vacancies, the procedure set forth in Sections 23 and 25 of the Revised Corporation Code shall apply.** **<u>Succession Planning for Officers</u>** **The Bank's succession planning program aims to ensure continuity and viability of its business. Under this program, officer positions that are considered critical for business continuity shall be determined and next-in-line officers shall be identified and evaluated as *"Ready Now"* and *"Ready Later"* replacements, which process shall be reviewed regularly. Potential successors shall be subjected to Individual Development Plans, which is a combination of classroom training, cross postings, immersions, and developmental assignments. Further, strategic workforce planning shall also be pursued to ensure that critical positions are filled up and that Talent Acquisition is ready to provide external talents if deemed necessary.**	

		2010 PSBank By-Laws – Section 6.03-Vacancies, Page 6 **2022 Annual Report – Our Retirement and Succession Policy, Page 39** **Corporate Governance Manual – Vacancies in the Office of Director and Succession Planning, Page 36** **Corporate Governance Manual – Succession Planning for Officers, Page 51** **Corporate Governance Manual – Specific Duties and Responsibilities of the Board, Page 8**	
2. Board adopts a policy on the retirement for directors and key officers.	**COMPLIANT**	**Our Corporate Governance Manual provides for the following:** **Retirement Policy for Directors** **Except for certain persons such as Filipino citizens with recognized stature, influence and reputation in the banking and business community and whose business practices stand as testimonies to good corporate governance, the Bank observes an age limit of *seventy-five (75) years old* as a general rule for directors. As such, a director may be elected or re-elected until the calendar year in which he/she turns 75 years of age. Upon the recommendation of the Corporate Governance Committee, however, said age limit for directors may be waived by the Board of Directors if such a waiver is deemed to be for the best interest of the Bank.** **Retirement Policy for Officers** **The compulsory retirement age for the Bank's regular employees (officers and staff) is at *fifty-five (55) years old*. Such has been established in the Bank's Retirement and Gratuity Plan, duly approved by the Bureau of Internal Revenue (BIR). To aid in workforce planning, the Bank shall review the roster of its employees who shall be reaching the compulsory retirement age before the end of the applicable year.**	

		Appropriate notification shall be arranged and deferential treatment shall be accorded to the retired employee ensure that they receive the compensations for their loyal service within thirty (30) days after their effective date of retirement. **2022 Annual Report – Our Retirement and Succession Policy, Page 39** **Corporate Governance Manual – Retirement Policy for Directors, Page 40** **Corporate Governance Manual – Retirement Policy for Officers, Pages 51** **Corporate Governance Manual – Specific Duties and Responsibilities of the Board, Page 8**	
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	**COMPLIANT**	**Our Corporate Governance Manual sets forth a Remuneration Policy that the Bank's directors and officers shall be provided with an industry competitive compensation package to attract, motivate, and retain highly qualified people. The salary scales of its officers shall be generally based on the nature of their jobs, positions, and ranks. These shall be reviewed yearly vis-à-vis annual performance scorecards so structured to achieve business objectives. Consistent with the philosophy of meritocracy, the Bank's compensation and rewards programs shall be geared towards providing incentives to employees who have contributed to the success of the Bank.** **The Bank's compensation package for its non-officers/rank & file employees shall be in accordance with the labor law requirements and shall be linked to both performance and the Bank's contractual obligation under a Collective Bargaining Agreement (CBA) which include loyalty bonuses to reward loyal employees.** **The Bank shall grant fixed bonuses, including a 13th-month pay in accordance with law and may also provide performance bonus (non-**	

		guaranteed) based on the Bank's overall performance, individual performance and market conditions. **The Board of Directors, through its Corporate Governance Committee, shall ensure that this remuneration strategy is regularly reviewed to ensure that the policy is commensurate with corporate and individual performance, aligned with the Bank's operating and risk culture, long-term interests, compliant with labor laws & regulations, and benchmarked against our industry peers and other market considerations, while also maintaining internal equity.** **Except for the President/Chief Executive Officer, each director shall receive a monthly professional fee for attending Board and committee meetings. This is also in consideration of their valuable contributions in the formulation of the Bank's overall strategy.** **Corporate Governance Manual – Specific Duties and Responsibilities of the Board, Page 8-9** **Corporate Governance Manual – Remuneration Policy, Page 59** **2022 Annual Report – Our Remuneration Policy, Pages 38-39** **PSBank Definitive Information Statement for April 27, 2023 ASM – Our Remuneration Policy, Pages 51-52**	
2. Board adopts a policy specifying the relationship between remuneration and performance.	**COMPLIANT**	**As likewise provided in our Corporate Governance Manual, the salary scales of the Bank's officers are reviewed yearly vis-à-vis annual performance scorecards so structured to achieve business objectives. Consistent with the philosophy of meritocracy, the Bank's compensation and rewards programs shall be geared towards providing incentives to employees who have contributed to the success of the Bank.** **The Bank's compensation package for its non-officers/rank & file**	

		employees shall be in accordance with the labor law requirements and shall be linked to both performance and the Bank's contractual obligation under a Collective Bargaining Agreement (CBA) which include loyalty bonuses to reward loyal employees. **Corporate Governance Manual – Specific Duties and Responsibilities of the Board, Page 8-9** **Corporate Governance Manual – Remuneration Policy, Page 59** **2022 Annual Report – Our Remuneration Policy, Pages 38-39** **PSBank Definitive Information Statement for April 27, 2023 ASM – Our Remuneration Policy, Pages 51-52**	
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	**COMPLIANT**	**As stipulated in the Bank's Corporate Governance Manual, "Xxx, no PSBank director participates in discussions or deliberations involving his own remuneration."** **Corporate Governance Manual – Specific Duties and Responsibilities of the Board, Page 8-9**	
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 executives with long-term interest, such as claw back provision and deferred bonuses.	**COMPLIANT**	**As discussed in our 2022 Annual Report, our directors and officers are provided with an industry competitive compensation package to attract, motivate, and retain highly qualified people. The salary scales of our officers, including that of our President or Chief Executive Officer (our sole Executive Director), are generally based on the nature of their jobs, positions and ranks. These are reviewed annually vis-à-vis annual performance scorecards so structured to achieve business objectives and adjusted as needed, based on performance.**	

		The compensation package for our non-officers/rank-and-file employees is in accordance with labor law requirements and is linked to both performance and our contractual obligation under a collective bargaining agreement which include loyalty bonuses for long-term employees. **We also grant fixed bonuses, including a 13th-month pay in accordance with law and performance bonus (non-guaranteed) based on our overall performance, individual performance and market conditions.** **Our Board sees to it that this remuneration strategy is regularly reviewed to ensure that the policy is commensurate with corporate and individual performance, aligned with our long-term interests, compliant with labor laws and regulations, and benchmarked against our industry peers and other market considerations, while also maintaining internal equity.** **Except for the President/Chief Executive Officer (our sole Executive Director), each director receives a monthly professional fee for attending Board and committee meetings. This is also in consideration of their valuable contributions in the formulation of our Bank's overall strategy.** **2022 Annual Report – Our Remuneration Policy, Pages 38-39** **PSBank Definitive Information Statement for April 27, 2023 ASM – Our Remuneration Policy, Pages 51-52**	
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	**COMPLIANT**	**Our Corporate Governance Committee assists the Board in the performance of functions that were previously assigned to a Nomination Committee.** **Our Nomination Procedure for purposes of electing a director is disclosed in our Corporate Governance Manual, Amended By-Laws and**	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	**COMPLIANT**		

		Corporate Governance Charter. **Corporate Governance Manual – Election of Directors – Nomination Procedures, Page 26** **Corporate Website – 2010 Amended Articles of Incorporation and By-Laws, Page 5** **Corporate Governance Committee Charter**	
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	**COMPLIANT**	**As stated in our Corporate Governance Manual and in accordance with the Bank's By-Laws, directors are elected by the vote of the holders of common stock of the Bank in accordance with Section 23 of the Revised Corporation Code of the Philippines and other pertinent applicable laws. Any stockholder may submit nominations for directorial positions to the Corporate Governance Committee (CGCom) following the prescribed procedures.** **Corporate Governance Manual – Election of Directors – Nomination Procedures, Page 26** **Corporate Website – 2010 Amended Articles of Incorporation and By-Laws, Page 5** **2022 Annual Report – Corporate Governance-Board Oversight, Pages 34-35** **PSBank Definitive Information Statement for April 27, 2023 ASM – Nomination Procedures, Page 22**	
4. Board nomination and election policy includes how the board shortlists candidates.	**COMPLIANT**	**The Corporate Governance Committee screens all persons nominated to the Board prior to the submission of the Definitive Information Statement (DIS) and in coming up with a Final List of Candidates. This process includes the review and evaluation of their qualifications**	

		(including the determination of any grounds for disqualification) and whether the candidates (1) possess the knowledge, skills, experience, and particularly in the case of non-executive directors, independence of mind given their responsibilities to the Board and in light of the Bank's business and risk profile; (2) have a record of integrity and good repute; (3) have sufficient time to carry out their responsibilities; and (4) have the ability to promote a smooth interaction between board members. Only nominees whose names appear in the Final List of Candidates shall be eligible for election as director. **Our Nomination Procedures, for purposes of electing a director is disclosed in our Corporate Governance Manual, Amended By-Laws and Corporate Governance Charter.** **Corporate Governance Manual – Election of Directors – Nomination Procedures, Page 26** **Corporate Website – 2010 Amended Articles of Incorporation and By-Laws, Page 5** **2022 Annual Report – Corporate Governance-Board Oversight, Pages 34-35** **PSBank Definitive Information Statement for April 27, 2023 ASM – Nomination Procedures, Page 22**	
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**	**Along with other Board Committees, the Corporate Governance Committee, in fulfilling its corporate governance responsibilities including those functions formerly assigned to a Nomination Committee is required to conduct on an annual basis within the first quarter of the following year, a performance evaluation/assessment.** **Corporate Governance Manual – Part IV. Performance Evaluation, Pages 66-68**	

		2022 Annual Report – Our Governance Evaluation, Page 40 **PSBank Definitive Information Statement for April 27, 2023 ASM – Our Governance Evaluation, Page 53**	
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	**COMPLIANT**	**As required in our Corporate Governance Manual, part of the screening process of in the nomination of PSBank directors includes the review and evaluation of their qualifications (including the determination of any grounds for disqualification) and whether the candidates (1) possess the knowledge, skills, experience, and particularly in the case of non-executive directors, independence of mind given their responsibilities to the Board and in light of the Bank's business and risk profile; (2) have a record of integrity and good repute; (3) have sufficient time to carry out their responsibilities; and (4) have the ability to promote a smooth interaction between board members.** **As also mandated in our Corporate Governance Committee (CGCom) Charter, the CGCom shall *"Oversee the nomination process for members of the Board of Directors and for positions appointed by the Board of Directors. The CGCom shall review and evaluate the qualifications of all persons nominated to the Board of Directors as well as those nominated to other positions requiring appointment by the Board of Directors. The CGCom shall recommend to the Board of Directors matters pertaining to the assignment to Board committees, as well as succession plan for the members of the Board of Directors and Senior Management."*** **Corporate Governance Manual – Election of Directors – Nomination Procedures, Page 26** **Corporate Governance Committee Charter**	
Optional: Recommendation 2.6			
1. Company uses professional search firms	**COMPLIANT**	**As provided in our Corporate Governance Manual, PSBank may use**	

or other external sources of candidates (such as directors databases set up by director or shareholder bodies) when searching for candidates to the board of directors.		**professional search firms such as the Institute of Corporate Directors (ICD) as well as recommendations from shareholders and existing directors when searching for possible candidates as directors.** **Corporate Governance Manual – Composition of the Board, Page 7** **Corporate Governance Manual – Election of Directors – Nomination Procedures, Page 26**	
Recommendation 2.7			
1. Board has overall responsibility in ensuring that there is group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	**COMPLIANT**	**In line with the principles of fairness and transparency, it is the policy of PSBank that all dealings with counterparties and other stakeholders are fairly conducted. We ensure that such dealings, especially with our related parties, are made in the regular course of our business, and upon terms not less favorable to us than those offered to other unaffiliated/unrelated parties and that corporate/business resources are not misappropriated or misapplied.** **Towards these ends, PSBank has put in place a *Board-approved* Related Party Transactions (RPT) policy that embodies the key requirements pursuant to BSP Circular No. 895 re: RPT Guidelines. Our RPT policy likewise requires our directors and officers with personal interest in the Bank's transaction (e.g., they themselves or any of their close family members acting as the Bank's counterparty) to inhibit/abstain from the discussion, approval and management of such transaction except in order to provide material information to the RPTC/Board about the transaction. Provisions against conflict of interest situations are likewise stipulated in the Bank's Board-approved "Code of Conduct" such as the prohibition of self-dealing transactions.** **Pursuant to Memorandum Circular No. 10 s2019 of the Securities and Exchange Commission (SEC) re: "Rules on Material Related Party Transactions for Publicly-Listed Companies," the Bank also adopted since August 2019 a Board-approved Material Related Party Transactions**	

		(MRPT) policy that exclusively applies to related party transaction(s) amounting to at least ten percent (10%) of the Bank's Total Assets based on its latest Audited Financial Statement (AFS), either individually or in aggregate over a 12-month period with the same related party. Save for a few differences in terms of scope, approval, reportorial and disclosure requirements, this separate policy espouses the same key principles in handling related party transactions and is likewise posted in the Bank's corporate website. **In this regard, we have constituted a *Board-level* Related Party Transactions Committee (RPTC). The RPTC is composed of three non-executive Directors, two or majority of whom are independent directors, including the committee Chairperson. The RPTC is tasked to assist the Board in ensuring that transactions with related parties are reviewed, appropriate restrictions are followed, and corporate resources are judiciously used. It is also tasked to review/evaluate and endorse for Board approval RPTs beyond their set transaction materiality thresholds (material RPT items), further subject of stockholders' ratification during the Annual Stockholders' Meeting.** **We have further disclosed in our 2022 Annual Report the material RPTs that were entered into between the Bank and its related interests.** **Corporate Website - Related Party Transactions Policy** **Corporate Website – Material Related Party Transactions Policy** **2022 Annual Report – Material Related Party Transactions, Pages 30-31** **Related Party Transactions Committee Charter**	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of	**COMPLIANT**	**As stated in our RPT Policy, to ensure the proper identification, review, approval, monitoring and reporting of the Bank's RPTs, and to further ensure that all its transactions with its related parties are made in the**	

the transactions.		**regular course of business, conducted at arm's length terms (i.e., not less favorable to the Bank than those offered to other unaffiliated/non-related parties and that corporate/business resources of the Bank are not misappropriated or misapplied), we have created a Board-level Related Party Transactions Committee (RPTC) to ensure that all RPTs beyond the set transaction materiality threshold are duly reviewed/evaluated before those are endorsed for Board approval.** **On the other hand, we have also created a Management-level Related Party Transactions Management Committee (RPTMC) that is tasked to assist the RPTC and to review/evaluate/approve RPT items within their set transaction materiality thresholds, subject to Board confirmation.** **Corporate Website - Related Party Transactions Policy** **Related Party Transactions Committee (RPTC) Charter** **Related Party Transactions Management Committee (RPTMC) Charter**	
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	**COMPLIANT**	**Our RPT Policy covers all related parties, both natural and juridical persons within the Metrobank Group and are further classified whether "DOSRI", "Subsidiary/Affiliate" or "Other Related Parties".** **Corporate Website - Related Party Transactions Policy**	
Supplemental to Recommendation 2.7			
1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered *de minimis* or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate	**COMPLIANT**	**Our transaction materiality thresholds for RPTs were set on a per transaction type basis, taking into account the high end of their historical ticket sizes, their nature, and our risk appetite. These thresholds are applied on a per single transaction basis for one-time or non-recurring transactions, or the aggregate amount of multiple transactions expected in a year for some arrangements with recurring/continuing transactions. Except for loan transactions to Directors, Officers, Stockholders, and their Related Interests (DOSRI), as well as to subsidiaries and affiliates**	

amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosures and approval.		**requiring prior approval of the Board of Directors under existing Bangko Sentral ng Pilipinas (BSP) rules regardless of their amounts, RPTs with amounts within these thresholds are subject to the review and approval of the Management-level RPTMC and endorsement of the Board-level RPTC for the Board of Directors' confirmation. On the other hand, those beyond such thresholds are considered "material" and shall pass through the Board-level RPTC for review and endorsement for Board approval prior to their consummation and for stockholders' confirmation in the Annual Stockholders' Meeting.** **2022 Annual Report – Core Governance Policies – Fairness, Page 29** **Corporate Website - 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.	**NON-COMPLIANT**		**The Board of Directors has been effectively performing its responsibility of ensuring the integrity of the Bank's related party transactions by setting up strict handling procedures and monitoring/reporting of any breaches in its internal exposure limits. Further, in compliance with BSP Circular No. 895, our RPTC, which is at all times composed of Independent Directors (IDs) and Non-executive directors with IDs comprising majority of the members, reviews all RPTs beyond the materiality threshold before the same is submitted to the Board of Directors for approval and then**

			confirmation by the Stockholders in the Annual Stockholders' Meeting. Further, our RPT Policy also requires any director involved/related to an RPT transaction to inhibit from reviewing/endorsing/approving said transaction. **Corporate Website - Related Party Transactions Policy** **Related Party Transactions Committee Charter**
Recommendation 2.8			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive)	**COMPLIANT**	**As provided in our Corporate Governance Manual, our Board of Directors is the one responsible for approving the appointment/selection of key members of senior management and heads of control functions (i.e. Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive) and for the approval of a sound remuneration and other incentives policy for personnel. The list of our Management team is disclosed through our Annual Report and Corporate Website.** **Corporate Governance Manual – Specific Duties and Responsibilities of the Board, Pages 8-9** **2022 Annual Report – Senior Officers, Pages 46-54** **Corporate Website – Senior Officers**	
2. Board is primarily responsible for assessing the performance of	**COMPLIANT**	**Every year, our Board, individual Directors, their respective oversight committees, and all other Board-level committees, as well as the**	

Management led by the Chief Executive Officer (CEO) and the heads of other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive)		**President and all Management-level committees conduct annual self-rating exercises on their performance through the use of scorecards. The scorecard results are reviewed by our Corporate Governance Committee and reported to our Board of Directors. This annual performance rating exercises also include that of the Chairman of the Board, the Chief Risk Officer, the Chief Audit Executive, the Chief Compliance Officer, directors/officers with multiple/interlocking positions and of the entire Bank.** **Corporate Governance Manual – Specific Duties and Responsibilities of the Board, Page 8-9** **2022 Annual Report- Our Governance Evaluation, Page 40** **Corporate Governance Manual – Part IV. Performance Evaluation, Pages 66-68**	
Recommendation 2.9			
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**	**The Bank has in place a Performance Appraisal & Development Program (PADP) that is to be accomplished annually down the line to gauge and rate/assess performance of each PSBanker vis-à-vis his approved business & developmental goals. This annual performance exercise is supplemented by a Mid-Year Performance Discussion (MYPD) process aimed at keeping the achievement of such goals on track. These performance exercises are always tied up with key HR matters such as training and development, remuneration, job fitness/propriety assessment and succession planning.** **Corporate Governance Manual – Specific Duties and Responsibilities of the Board, Page 8**	
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**	**As provided in the Bank's Corporate Governance Manual, PSBank's Board of Directors is principally responsible in approving and overseeing**	

2. The internal control system includes a mechanism for monitoring and managing conflict of interest of the Management, members and shareholders.	**COMPLIANT**	**the implementation of policies governing major areas of the Bank's operations. The Board of Directors regularly reviews these policies, as well as evaluates control functions (e.g., internal audit, risk management and compliance) with Senior Management to determine areas for improvement as well as to promptly identify and address significant risks and issues.** **The Audit Committee aims to enhance the Board's oversight capability over the Bank's financial reporting process, system of internal control and risk management, internal and external audit as well as fraud management functions, and monitoring of compliance with Bank policies, applicable laws, rules, regulations, and Code of Conduct. As such, it is responsible for overseeing the senior management in establishing and maintaining an adequate, effective, and efficient internal control framework, and for ensuring that systems and processes are designed to provide assurance in above areas including efficiency and effectiveness of operations, and safeguarding of assets.** **The Risk Oversight Committee (ROC) is constituted by the Board of Directors to be responsible for the development and oversight of the Risk Management Program for the Bank and the risk activities of its Trust Division. It oversees a system of limits to discretionary authority that the Board delegates to management, ensures that the system remains effective, the limits are observed and immediate corrective actions are taken whenever limits are breached. As such, the overall responsibility for the Bank's Risk Management Framework/Process rests with the ROC.** **Further, the Non-executive board members also meet regularly on annual basis, 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. The Chief Compliance Officer (CCO) or his designated officer shall serve as Secretary to this session and shall therefore coordinate with the Chief**	

		Risk Officer (CRO and the Chief Audit Executive (CAE) for the agenda/items for discussion and record such dialogues in minutes of meeting. This session aims to scrutinize Management's performance, particularly in meeting the Bank's goals and objectives and to determine the integrity of the Bank's internal control and effectiveness of risk management systems. **Our internal control procedures and risk management framework are discussed further in our Annual Report, Corporate Governance Manual, Audit Committee Charter and Risk Oversight Committee Charter.** **Corporate Governance Manual - Specific Duties and Responsibilities of the Board, Pages 8** **2022 Annual Report – Risk Management, Page 22** **2022 Annual Report – Corporate Governance, Page 28** **Audit Committee Charter** **Risk Oversight Committee Charter**	
3. Board approves the Internal Audit Charter.	**COMPLIANT**	**As stated in the Corporate Governance Manual, "The Board of Directors shall create committees to increase efficiency and allow deeper focus in specific areas. The Board of Directors may delegate some of its functions, but not its responsibilities. In that regard, the Board of Directors shall approve, review and update *at least annually* or whenever there are significant changes therein, the respective Charters of each of its committees or other documents that set out its mandate, scope and working procedures.** **The Bank's Audit Committee Charter is disclosed in its corporate website.**	

		Corporate Governance Manual - Specific Duties and Responsibilities of the Board, Page 11 **Audit Committee Charter**	
Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	**COMPLIANT**	**As stated in the Bank's Corporate Governance Manual, the Board of Directors is responsible for approving the Bank's risk governance framework and overseeing Management's implementation thereof through its Risk Oversight Committee (ROC).** **Corporate Governance Manual – Specific Duties and Responsibilities Of The Board, Page 8** **2022 Annual Report – Risk Management, Page 22**	
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**	**As mentioned in our 2022 Annual Report, the Bank's Board-level Risk Oversight Committee (ROC) oversees our Enterprise Risk Management (ERM) framework, the consistency of current and emerging risk exposures with our strategic direction and overall risk appetite and the effectiveness of our risk management function in monitoring our risk-taking activities. It formulates policies and strategies to identify, measure, manage and limit risks. The ROC ensures that the system of limits approved by the Board remains effective. It also makes certain that limits are observed and that immediate corrective actions are taken whenever needed.** **2022 Annual Report – Risk Management, Page 22** **Risk Oversight Committee Charter** **Corporate Governance Manual – Board Committees – Risk Oversight Committee, Pages 43-44**	

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**	**As stated in our Corporate Governance Manual, said Manual which is posted in our website, also serves as the Board Charter and the Board's Code of Conduct providing due guidance to all directors as to the proper discharge of their roles, duties & responsibilities and accountabilities, among other Board-related matters.** **Corporate Governance Manual – Part I. Introduction, Page 6**	
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**		
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	**COMPLIANT**	**In line with upholding the principles of fairness and transparency by ensuring that shareholders are afforded due protection and that individuals do not benefit from knowledge which is not otherwise generally available to the market, PSBank commits to prevent Insider Trading as prohibited under Section 27 of the Securities Regulations Code (SRC) and to comply with the pertinent requirements of the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE) as a Publicly-Listed Company (PLC). These prohibitions are embedded in our Policy on Insider Trading which is publicly available through our corporate website.** **Corporate Website - Policy on Insider Trading** **Corporate Governance Manual – Policy Against Insider Trading, Page 61** **2022 Annual Report – Insider Trading, Page 32**	
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.	**COMPLIANT**	**In line with the principles of fairness and transparency, it is the policy of PSBank that all dealings with counterparties and other stakeholders are fairly conducted. The Bank also ensures that such dealings, especially with its related parties, are made in the regular course of business, and upon terms not less favorable to the Bank than those offered to others.**	

		The guidelines to ensure that all RPTs are fair and conducted at arm's length and at market rates are covered by our Related Party Transactions Policy. **Further, our By-laws expressly prohibits PSBank Directors and Officers to either directly or indirectly, for himself or as a representative or agent of other, borrow money from the Bank, nor shall he become a guarantor, endorser or surety for loans from the Bank to others, or in any manner be an obligor for moneys borrowed from the Bank or loaned by it except with the written approval of the majority of the Directors of the Bank, excluding the Director or Officer concerned. It further requires that such approval be entered upon the records of the Bank and shall be properly reported as required under existing BSP regulations.** **Corporate Website - Related Party Transactions Policy** **2022 Annual Report –Core Governance Policies – Fairness, Page 29** **2010 PSBank Amended By-Laws – Section 6.13 Prohibition, Page 8**	
2. Company discloses the types of decision requiring board of directors' approval.	**COMPLIANT**	**The types of decisions requiring prior Board approval are disclosed in our Corporate Governance Manual, Annual Report as well as in our By-laws, which are all publicly-available through our company website.** **In matters of governance, our Board of Directors is the one primarily responsible for defining the Bank's vision and mission and sets the corporate governance tone in our organization by ensuring adherence to principles and standards. It 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 overseeing the performance of senior management as the latter manages the day-to-day affairs of the Bank.**	

		2022 Annual Report – Corporate Governance-Board Oversight, Page 34 **Corporate Governance Manual – General Responsibility of the Board, Page 8** **2010 PSBank Amended By-Laws – Section 6.12 Powers, Page 8**	
Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.			
Recommendation 3.1			
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	**COMPLIANT**	**A number of Board-level committees were created to aid our Board of Directors in its various tasks to ensure efficiency and provide greater focus. The list of our Board-level committees is publicly available through our corporate website.** **Corporate Website – Corporate Governance - Board-Level Committees** **2022 Annual Report – Board Committees, Pages 35-37** **Corporate Governance Manual – Board Committees, Pages 43-45**	
Recommendation 3.2			
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	**COMPLIANT**	**The Bank's Audit Committee is designated to provide independent oversight for our financial reporting process, corporate governance, and system of internal control and risk management, internal and external audit as well as fraud management functions, and monitoring of compliance with Bank policies, applicable laws, rules, regulations, and Code of Conduct. It is entirely comprised of three non-executive directors, all of whom are independent, including the committee Chairperson, who is not the Chairman of the Board of Directors or of any other Board-level committee. The committee members have accounting, auditing, or related financial management expertise or experience commensurate with the size, complexity of operations and risk profile of**	

		the Bank. The committee meets monthly and as needed, and is supported by our Internal Audit Group (IAG) and the Fraud Management Group (FMG). **PSBank's external/independent auditors are directly responsible to the Audit Committee in helping ensure the integrity of our financial statements and reporting processes. As such, the Audit Committee has a primary responsibility of recommending to the Board of Directors for approval, subject to ratification of the shareholders, the appointment, reappointment, dismissal, and fees of our external auditors.** **Audit Committee Charter** **2022 Annual Report – Board Committees – Audit Committee, Pages 35-36** **Corporate Governance Manual – Board Committees, Page 43**	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	**COMPLIANT**	**Our Audit Committee is composed of three (3) non-executive directors, all of** **whom are independent, including the committee Chairperson, who is not the Chairman of the Board of Directors or of any other Board-level committee.** **In 2022, the Audit Committee is composed of the following:** **1. Eduardo A. Sahagun (ID) - Chairperson** **2. Samson C. Lim (ID) - Member** **3. Jose T. Pardo (ID) - Member** **Their detailed qualifications and background are fully discussed in our 2022 Annual Report which is publicly-available through our corporate website.**	

		Audit Committee Charter **2022 Annual Report – Board Committees – Audit Committee, Pages 35-36** **2022 Annual Report – Board of Directors, Pages 42-45**	
3. All the members of the committee have relevant background, knowledge, skills and/or experience in the areas of accounting, auditing and finance.	**COMPLIANT**	**The Audit Committee members have auditing, accounting, or related financial management expertise or experience commensurate with the size, complexity of operations, and risk profile of the Bank.** **Their detailed qualifications and background are fully discussed in our 2022 Annual Report which is publicly-available through our corporate website.** **2022 Annual Report – Board Committees – Audit Committee, Pages 35-36** **2022 Annual Report – Board of Directors, Pages 42-45** **Corporate Website – Principal Officers**	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	**COMPLIANT**	**The Chairperson of the Audit Committee, Independent Director Eduardo A. Sahagun, is not the Chairman of the Board or of any other committees.** **Audit Committee Charter** **2022 Annual Report – Board Committees – Audit Committee, Pages 35-36**	
Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external	**COMPLIANT**	**One of the duties and responsibilities of our Audit Committee as stated in its Audit Committee Charter is to evaluate and determine non-audit**	

auditor.		**works to be performed by the external auditor and review periodically the fees paid for such services in relation to their significance to the total annual income of the external auditor and to the Bank's total expenditure on consultancy. They may also disallow any non-audit work that will conflict with the external auditor's duties or may pose a threat to his independence. Non-audit work allowed in 2022 only pertains to services relative to the Bank's 2022 Annual Stockholders' Meeting which involved only a minimal amount of fee.** **Audit Committee Charter**	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	**COMPLIANT**	**Our Audit Committee complies with the requirement of holding a regular executive session with the external auditor without the presence of management. Executive session of the Audit Committee and the SGV & Company, our external auditor, was held in November 2022 without the presence of management. The holding of the said session was duly documented in the Audit Committee minutes.** **2022 Annual Report – Board Committees – Audit Committee, Pages 35-36**	
Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.	**COMPLIANT**	**The Bank's Audit Committee meets on a monthly basis as stated in its Charter and attendance of its members in 2022 was reflected in our 2022 Annual Report.** **Audit Committee Charter** **2022 Annual Report – Board Committees – Audit Committee, Pages 35-36**	
2. Audit Committee approves the appointment and removal of the internal auditor.	**COMPLIANT**	**One of the duties and responsibilities of our Audit Committee as stated in its Audit Committee Charter is to recommend to the Board the appointment, reappointment and dismissal of the Chief Audit Executive**	**Effective 01 January 2022, CAE & Vice President Atty. Emma B. Co has tendered her**

		(CAE) and key internal auditors (i.e., Audit Division Head and Audit Managers). **Senior management may recommend the appointment, reappointment, and dismissal of the CAE subject to concurrence of the AuditCom. If the internal auditor resigns or communicates an intention to resign, the AuditCom should follow up the reasons giving rise to such resignation, and should consider whether it needs to take any action in response to those reasons. In cases when the CAE will be replaced, the Bank shall report the same and the corresponding reason for replacement to the Bangko Sentral ng Pilipinas (BSP) within five (5) days from the time it has been approved by the Board.** **Audit Committee Charter**	**resignation. She was replaced by then Assistant Vice President Mr. Sherwin U. Lee in an acting/officer-in-charge capacity. The BSP was formally notified in writing on this CAE replacement.** **Subsequently in June 2022, Mr. Sherwin U. Lee was appointed as the Bank's new Chief Audit Executive (CAE) by the Board of Directors as endorsed by the AuditCom which was confirmed by the BSP in August 2022. He was then promoted to the rank of Vice President shortly after in September 2022.**
Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	**COMPLIANT**	**The Bank's Corporate Governance Committee is tasked to assist our Board in fulfilling its duties and responsibilities and monitoring our adherence to the corporate governance principles and guidelines set forth in our Corporate Governance Manual including the functions formerly assigned to the Nomination Committee and Compensation and Remuneration Committee which were both dissolved and integrated into this committee since 2017. It also oversees the development and effective implementation of our compliance system. The Committee is composed of three Directors, all of whom are independent directors, including the committee chairperson. The Committee meets monthly and is supported by our Compliance Office (CO).** **It also oversees the nomination process for members of the Board of Directors and for positions appointed by the Board of Directors. For this**	

		matter, it shall review and evaluate the qualifications of all persons nominated to the Board of Directors as well as those nominated to other positions requiring appointment by the Board of Directors. It shall recommend to the Board of Directors matters pertaining to the assignment to Board committees, as well as succession plan for the members of the Board of Directors and Senior Management. **Corporate Governance Committee Charter** **2022 Annual Report – Board Committees – Corporate Governance Committee, Pages 35-36**	
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) Directors, all of whom are Independent Directors (IDs), including the committee chairperson.** **In 2022, the Corporate Governance Committee is composed of the following:** **1. Jose T. Pardo (ID) - Chairperson** **2. Eduardo A. Sahagun (ID) - Member** **3. Samson C. Lim (ID) - Member** **Corporate Governance Committee Charter** **2022 Annual Report – Board Committees – Corporate Governance Committee, Pages 35-36** **Corporate Website – Principal Officers**	
3. Chairman of the Corporate Governance Committee is an independent director.	**COMPLIANT**	**The Chairman of the Bank's Corporate Governance Committee is Mr. Jose T. Pardo who is an Independent Director.** **2022 Annual Report – Board Committees – Corporate Governance Committee, Pages 35-36**	

		2022 Annual Report – Board of Directors, Page 42	
Optional: Recommendation 3.3			
1. Corporate Governance Committee meet at least twice during the year.	**COMPLIANT**	**As stated in our Corporate Governance Committee (CGCom) Charter, the Committee convenes and meets at least on a monthly basis and as soon as the need arises.** **Total number of meetings held by the CGCom and members' attendance are disclosed in our 2022 Annual Report which is publicly-available through our corporate website.** **2022 Annual Report – Board Committees – Corporate Governance Committee, Page 35** **Corporate Governance Committee Charter**	
Recommendation 3.4			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	**COMPLIANT**	**The Bank's Risk Oversight Committee (ROC) is responsible for the development and oversight of our risk management program. The Committee is currently composed of three members of the Board of Directors. Two or majority of its members are independent directors, including its Chairperson, who is not the Chairman of the Board of Directors or of any other Board-level committee. The ROC members possess a range of expertise and adequate knowledge of our risk exposures, which is needed to develop appropriate strategies for preventing or minimizing losses. The Committee meets monthly and is supported by our Risk Management Office (RMO).** **Risk Oversight Committee Charter** **2022 Annual Report – Risk Management, Page 22** **2022 Annual Report – Board Committees – Risk Oversight Committee,**	

		Page 35	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	**COMPLIANT**	**The ROC is currently composed of three members of the Board of Directors. Two or majority of its members are independent directors, including its Chairperson, who is not the Chairman of the Board of Directors or of any other Board-level committee.** **In 2022, the Risk Oversight Committee is composed of the following:** **1. Francisco S. Magsajo Jr. (ID) - Chairperson** **2. Jose Vicente L. Alde (ED) - Member** **3. Eduardo A. Sahagun (ID) - Member** **2022 Annual Report – Board Committees – Risk Oversight Committee, Page 35** **2022 Annual Report – Board of Directors, Page 42**	
3. The Chairman of the BROC is not the Chairman of the Board or any other committee.	**COMPLIANT**	**The Chairman of ROC, Francisco S. Magsajo Jr., is an Independent Director and is not the Chairman of the Board nor of any other Board-level committee.** **2022 Annual Report – Board Committees – Risk Oversight Committee, Page 35** **2022 Annual Report – Board of Directors, Page 42** **Corporate Website – Principal Officers**	
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	**COMPLIANT**	**Per our ROC Charter, members of the ROC should possess a range of expertise as well as adequate knowledge of risks, risk management and the Bank's risk exposures to be able to develop appropriate strategies for preventing losses and minimizing the impact of losses when they**	

		occur. The background, skills and experience of the members of the ROC are disclosed in the Bank's corporate website, 2022 Annual Report and Definitive Information Statement. **Corporate Website – Principal Officers** **2022 Annual Report – Board of Directors, Page 42** **PSBank Definitive Statement for April 27, 2023 ASM – Item 5. Directors and Executive Officers, Pages 10-17**	
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**	**The Bank's Related Party Transactions Committee is tasked to assist the Board in ensuring that transactions with related parties are reviewed, appropriate restrictions are followed, and corporate resources are judiciously used. The committee meets monthly and is also supported by our Compliance Office (CO).** **Related Party Transactions Committee Charter** **2022 Annual Report – Board Committees – Related Party Transactions Committee, Page 37**	
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	**COMPLIANT**	**The RPT Committee is composed of three (3) non-executive Directors, two or majority of whom are Independent Directors (IDs), including the committee Chairperson. The committee meets monthly and is supported by our Compliance Office (CO).** **In 2022, the Related Party Transactions Committee is composed of the following:** **1. Samson C. Lim (ID) - Chairperson** **2. Jose T. Pardo (ID) - Member** **3. Ma. Soledad D.S. De Leon (NED) - Member**	

		Related Party Transactions Committee Charter **2022 Annual Report – Board Committees – Related Party Transactions Committee, Page37**	
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**	**The Board-level Committee Charters are all disclosed in the Bank's corporate website, containing all the relevant information such as functions, qualification, meeting frequency, including their respective membership compositions, which are necessary for their performance evaluation.** **Corporate Website - Board Committees** **Corporate Website - Board Committee Members** **Corporate Governance - Governance Committee Charters**	
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**		
Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.			
Recommendation 4.1			
1. The Directors attend and actively participate in all meetings of the Board Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	**COMPLIANT**	**As discussed in our Corporate Governance Manual, our members of the Board should attend its regular and special meetings in person or through teleconferencing. Independent directors should always attend Board meetings. The meetings of the Board may be conducted through modern technologies such as, but not limited to, teleconferencing and video conferencing as long as the director who is taking part in said meetings can actively participate in the deliberations on matters taken up therein: Provided, that every member of the Board shall participate in at least fifty percent (50%) and shall physically attend at least twenty five percent (25%) of all Board meetings every year: Provided, further, that the absence of a director of more than fifty percent (50%) of all**	

		regular and special meetings of the Board of Directors during his/her incumbency is a ground for disqualification in the succeeding election. However, the twenty-five percent (25%) physical attendance requirement is lifted during periods of national emergencies, public health emergencies, and major disasters, among others, that affect mobility, activity and access to the Bank. **In 2022, our Board had 12 regular meetings, in addition to the annual stockholders' meeting (ASM) and organizational meeting. Our Directors logged a 99% attendance rate in such regular meetings held in 2022.** **Attendance records to the Board and Board Committee meetings in 2022 are summarized in the 2022 Annual Report. On the other hand, attendance record of our Board of Directors in the 2022 Annual Stockholders Meeting is reflected in the PSBank 2023 ASM Results as also disclosed in our corporate website.** **Corporate Governance Manual – Conduct of Board Meetings and Quorum Requirements, Page 23** **2022 Annual Report – Board Committees, Page 35** **2022 Annual Report – Board Meetings, Page 37** **PSBank 2023 ASM Results – Item I. Attendance at the Meeting, Page 4**	
2. The directors review meeting materials for all Board and Committee meetings.	**COMPLIANT**	**One of the specific duties and responsibilities of a director as discussed in our Corporate Governance Manual is to devote time and attention necessary to properly discharge their duties and responsibilities.** **Directors should devote sufficient time to familiarize themselves with the Bank's business. They must be constantly aware of the Bank's condition and be knowledgeable enough to contribute meaningfully to the Board's work. They must attend and actively participate in Board and**	

		committee meetings, request and review meeting materials, ask questions, and request explanations. If a person cannot give sufficient time and attention to the affairs of the Bank, he should neither accept his nomination nor run for election as member of the Board. **Corporate Governance Manual – Specific Duties and Responsibilities of a Director, Page 38**	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	**COMPLIANT**	**Our Directors attend and actively participate in all our Board and Board-level committee meetings, by requesting and reviewing meeting materials, by asking questions, and requesting explanations, if needed.** **Corporate Governance Manual – Specific Duties and Responsibilities of a Director, Page 38**	
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**	**As stated in our Corporate Governance Manual, "Non-Executive Directors of the Board may concurrently serve as directors up to a maximum of five (5) Publicly Listed Companies (PLCs) in order to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the Bank." None of our Non-Executive Directors has breached this limit.** **Corporate Governance Manual – Multiple Board Seats, Page 37-38** **Corporate Website – Board of Directors** **2022 Annual Report – Board of Directors, Page 42**	
Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	**COMPLIANT**	**Our Corporate Governance Manual requires that *"Xxx a director should seek the approval of the Board-designated Board-level committee as well as the confirmation of the Board of Directors before accepting a directorship (or officership position in the case of Non-Executive***	

		Directors) in another company (whether publicly-listed or not) for proper handling in accordance with the Bank's Board-approved Policy on Interlocking Positions[1]. This is for the designated Board-level committees and the Board to be able to assess if his/her present responsibilities and commitment to the Bank will be affected, if there will be no resulting conflict of interest and if the director can still adequately provide what is expected of him/her." **This policy has been and is being strictly observed by our directors.** **Corporate Governance Manual – Multiple Board Seats, Page 37-38**	
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.	**COMPLIANT**	**No PSBank executive director concurrently serves in more than 2 boards of listed companies outside of the group. In fact, we only have one (1) executive director in the person of our President. Further, as mentioned in our Corporate Governance Manual, similar to Non-Executive Directors (NEDs), executive directors may be covered by a lower indicative limit for membership in other Boards.** **Corporate Website – Board of Directors** **2022 Annual Report – Board of Directors, Page 42** **Corporate Governance Manual – Multiple Board Seats, Page 37-38**	
2. Company schedules board of directors' meetings before the start of the financial year.	**COMPLIANT**	**Regular Board meetings have already been scheduled in advance as set every third Thursday of the month.** **2022 Annual Report – Board Oversight, Page 34**	
3. Board of directors meet at least six	**COMPLIANT**	**In 2022, our Board had 12 regular meetings, in addition to the annual**	

[1] Amending Memorandum to the Board of Directors dated 24 May 2018 issued by the Board Chairman.

times during the year.		**stockholders' meeting (ASM) and organizational meeting. Our directors logged a 99% attendance rate. The total number of board meetings held in 2022 and directors' attendance records are summarized in our 2022 Annual Report.** **2022 Annual Report – Board Meetings, Page 37**	
4. Company requires as minimum quorum of at least 2/3 for board decisions.			
Principle 5: The Board should endeavor to exercise objective and independent judgment on all corporate affairs.			
Recommendation 5.1			
1. The Board has at least 3 independent directors or such numbers as to constitute one-third of the board, whichever is higher.	**COMPLIANT**	**We have consistently maintained independent directors who provide independent judgment, outside experience, and objectivity. Of our nine (9)-seat Board, we have four (4) independent directors, including our Board Chairman. This is more than the required minimum number of independent directors.** **2022 Annual Report – Board Oversight, Page 34** **Corporate Website – Board of Directors**	
Recommendation 5.2			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	**COMPLIANT**	**All our four (4) independent directors possess all the qualifications and none of the disqualifications under existing BSP and SEC rules & regulations. They are required to submit a Certification to that effect on an annual basis. Information as to the qualifications of our independent directors is disclosed through our corporate website and 2022 Annual Report.** **Corporate Website – Board of Directors** **Corporate Governance Manual – Independent Directors, Page 25**	

		Corporate Governance Manual – Election of Directors, Page 26 **2022 Annual Report – Board of Directors, Page 42**	
Supplemental 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**	**One of the specific duties and responsibilities of a director as stated in our Corporate Governance Manual is to exercise independent judgment. A director should view each problem/situation objectively. When a disagreement with others occurs, he should carefully evaluate the situation and state his position. He should not be afraid to take a position even though it might be unpopular. Corollary, he should support plans and ideas that he thinks will be beneficial to the Bank. The Bank has no such shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.** **Corporate Governance Manual – Specific Duties and Responsibilities of a Director – Exercise independent judgment, Page 38-39**	
Recommendation 5.3			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012)	**COMPLIANT**	**PSBank's Independent Directors are subject to a limit of a maximum cumulative term of nine (9) years reckoned starting 2012. The years our IDs have served as such are disclosed in the following links:** **Corporate Website – Board of Directors** **2022 Annual Report – Board of Directors, Page 42** **Corporate Governance Manual – Limits for Independent and Non-Executive Directors, Page 25**	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	**COMPLIANT**	**The Bank's independent directors may serve for a maximum cumulative term of nine (9) years reckoned starting 2012. After which, the independent director shall be perpetually barred from re-election as such, but may continue to qualify for nomination and election as a non-**	

		independent/regular director. **Corporate Governance Manual – Limits for Independent and Non-Executive Directors, Page 25** **2022 Annual Report – Our Retirement and Succession Policy, Page 39**	
3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	**COMPLIANT**	**In April 2021, the Bank has exercised this option by obtaining the prior approval of the BSP-Monetary Board under MB Resolution No. 235 dated 24 February 2021 in extending the independent directorship terms of Messrs. JTPardo and SCLim up to a maximum period of two (2) years up to April 2023 or earlier as soon as their successors are identified and approved by the Board which extension was likewise approved by the Bank's stockholders during its Annual Stockholders' Meeting held in April 2021. This request for ID term extension primarily aims to preserve the continuity of the Board of Directors during such challenging times brought about by the COVID-19 pandemic.** **Shortly after on 23 April 2021, the BSP released its Memorandum No. 2021-025 clarifying that it will no longer approve requests for exemption from the 9-year term limit for independent directors in order to promote good corporate governance and effective risk management systems in the financial industry.**	
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	**COMPLIANT**	**The positions of Chairperson and President/CEO are not be held by one person.** **In 2022, Independent Director Mr. Jose T. Pardo was re-elected and appointed as the Chairman of the Board while Mr. Jose Vicente L. Alde was likewise re-elected and appointed as President.** **Corporate Governance Manual – Chairman of the Board, Vice Chairman, President and the Corporate Secretary, Page 40**	

		Corporate Website – Board of Directors **2022 Annual Report – Board of Directors, Page 42**	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	**COMPLIANT**	**The roles and responsibilities of the Chairman of the Board and the President/Chief Executive Officer are clearly stated as enumerated in our Corporate Governance Manual as well as in the Amended By-Laws.** **Our President and Chairman of the Board are not related to each other either by consanguinity or affinity.** **Corporate Governance Manual – Chairman of the Board, Vice Chairman, President and the Corporate Secretary, Pages 40-42** **Amended By-Laws – Powers and Duties of the Officers of the Bank, Page 10**	
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.	**COMPLIANT**	**PSBank's Chairman of the Board until April 2023 is an Independent Director in the person of Mr. Jose T. Pardo.** **Corporate Website – Board of Directors** **2022 Annual Report – Board of Directors, Page 42**	
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**	**PSBank has a clear policy on the abstention of a director from participating in a meeting when related party transactions, self-dealings or any transactions or matters on which he/she has a material interest are taken up to ensure that he has no influence over the outcome of the deliberations.** **Corporate Governance Manual – Specific Duties and Responsibilities of**	

		the Board, Page 8	
Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of internal audit, compliance and risk functions, without any executive present.	**COMPLIANT**	**As discussed in our Corporate Governance Manual, non-executive board members shall meet regularly on an annual basis, 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. The Chief Compliance Officer (CCO) or his designated officer shall serve as Secretary to this session and shall therefore coordinate with the Chief Risk Officer (CRO and the Chief Audit Executive (CAE) for the agenda/items for discussion and record such dialogues in minutes of meeting. This session aims to scrutinize Management's performance, particularly in meeting the Bank's goals and objectives and to determine the integrity of the Bank's internal control and effectiveness of risk management systems. In 2022, this meeting was held in October 2022.** **Corporate Governance Manual – Specific Duties and Responsibilities of the Board, Page 8**	
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.	**COMPLIANT**	**Incumbent PSBank Non-Executive Director Mr. Vicente R. Cuna, Jr. served as the Bank's President up to April 2018 only, hence, way beyond the past two (2) years already.** **Corporate Website – Board of Directors**	
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**	**Annually within the first quarter of each year, our Board, individual Directors, their respective oversight committees, and all other Board-level committees, as well as the President and all Management-level**	
2. The Chairman conducts a self-	**COMPLIANT**		

assessment of his performance.		**committees conduct annual self-rating exercises on their performance during the immediately preceding calendar year through the use of scorecards. This aims to gauge their effectiveness and determine areas of improvement vis-à-vis set performance standards that are consistent with our strategic objectives and business plans designed to continuously create value to all our stakeholders. Items subject to rating are the pertinent standards, as well as their duties and responsibilities, under a 3-point rating scale, to wit: "3"-Meets Standards (MS), "2"-Needs Improvement (NI), and "1"-Not Observed (NO), with an enjoinder to provide suggestions on how to address the deficiencies/improve performance on items rated either "1" or "2". The scorecard results are reviewed by our Corporate Governance Committee, reported to our Board of Directors and, thereafter, regularly tracked in terms of the status of addressing the areas needing improvement. This annual performance rating exercises also include that of the Chairman of the Board, the Chief Risk Officer, the Chief Audit Executive, the Chief Compliance Officer, the entire Bank and, not later than second quarter of each year, those of directors/officers with multiple/interlocking positions.** **Results of our Annual CG Self-Rating Exercises for the year 2022 were submitted to the Corporate Governance Committee and to the Board of Directors for notation in March 2023 which was duly minuted as well. In the said meeting, our Chief Compliance Officer (CCO) explained the following to the CG members:** • **The scores were obtained via averaging of each of the members' individual ratings; and** • **Items rated less than 3 were duly noted for improvement.** **Thereafter, the CGC duly noted the results of the 2022 Annual CG Performance Self-Rating exercises and endorsed the same for notation of the Board of Directors as well .** **Corporate Governance Manual – Part IV. Performance Evaluation, Pages**	
3. The individual members conduct a self-assessment of their performance.	**COMPLIANT**		
4. Each committee conducts a self-assessment of its performance.	**COMPLIANT**		

		66-68 **2022 Annual Report – Our Governance Evaluation, Page 40**	
5. Every three years, the assessments are supported by an external facilitator.	**NON-COMPLIANT**	**As stated in our Corporate Governance Manual, the Bank may hire the services of an external/independent facilitator (e.g. consulting firm, academic institution or professional organization) to support these Board performance assessments every three (3) years starting 2017.** **Corporate Governance Manual – Part IV. Performance Evaluation, Pages 66-68**	**We have deferred pursuing this for now given the challenges brought about by the COVID-19 pandemic. Further, this is voluntary or optional only taking into consideration the benefits that may be obtained vis-à-vis its cost implications per BSP Memorandum No. M-2012-032. Rest assured, however, that our present performance assessment system remains effective.**
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 committees.	**COMPLIANT**	**Annually within the first quarter of each year, our Board, individual Directors, their respective oversight committees, and all other Board-level committees, as well as the President and all Management-level committees conduct annual self-rating exercises on their performance during the immediately preceding calendar year through the use of scorecards. This aims to gauge their effectiveness and determine areas of improvement vis-à-vis set performance standards that are consistent with our strategic objectives and business plans designed to continuously create value to all our stakeholders. Items subject to rating are the pertinent standards, as well as their duties and responsibilities, under a 3-point rating scale, to wit: "3"-Meets Standards (MS), "2"-Needs Improvement (NI), and "1"-Not Observed (NO), with an enjoinder to provide suggestions on how to address the deficiencies/improve performance on items rated either "1" or "2". The scorecard results are reviewed by our Corporate Governance Committee, reported to our**	

		Board of Directors and, thereafter, regularly tracked in terms of the status of addressing the areas needing improvement. **Corporate Governance Manual – Part IV. Performance Evaluation, Pages 66-68** **2022 Annual Report – Our Governance Evaluation, Page 40**	
2. The system allows for a feedback mechanism from the shareholders.	**COMPLIANT**	**As stated in our Corporate Governance Manual, the Bank's Corporate Affairs Division (CAD), as its Investor Relations Office (IRO), is tasked to receive feedback, complaints and queries from shareholders in order to ensure constant engagement with its shareholders. For this matter, the designated officer of CAD/IRO should be present at every shareholders' meeting with his/her contact details (i.e. e-mail address and telephone number) also posted in the Bank's corporate website.** **Corporate Governance Manual - Shareholders' Rights and Protection of Minority Stockholders' Interests, Page 19**	
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 provides 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**	**We uphold at all times the value of honesty as the best policy. We believe that our reputation precedes us in the business of trust and confidence. We continue to enhance a working culture of integrity, guided by a Code of Conduct that defines the standards that we must follow in our business dealings and relationships.** **Our Code of Conduct is our guide in defining the norms, rules, and responsibilities of each and every PSBanker. It includes provisions on:** • **Disciplinary process;** • **General policies to establish a professional working environment and secure a favorable reputation for our Bank;** • **Corrective measures for unacceptable behavior or failure to comply with our rules, such as on Financial Consumer Protection and on**	

		Anti-Money Laundering/Terrorism Financing, Data Privacy and other policies and procedures; • **Schedule of penalties for attendance and punctuality, required corporate attire, conduct and behavior, dishonesty, health, safety and security, reporting of violations, information security and data privacy, among others; and** • **Provisions on management of personal finances, conflict of interest, anti-bribery and corruption, anti-sexual harassment, non-disclosure of information and insider information.** **Our Code of Conduct is publicly-accessible and downloadable through our company website. Some of the key policies in the Code of Conduct are also included in our Annual Report, Corporate Governance Manual and company website.** **On the other hand, our Corporate Governance Manual also serves as the Board Charter providing due guidance to all directors as to the proper discharge of their roles, duties & responsibilities and accountabilities, among other Board-related matters.** **2022 Annual Report – Integrity and Accountability, Page 31** **Corporate Governance Manual – Section 4. Code of Business Conduct and Ethics, Pages 58-59** **Corporate Website - Code of Business Conduct and Ethics**	
2. The Code is properly disseminated to the Board, senior management and employees.	**COMPLIANT**	**Our Customer Experience and Human Resources Group (CXHRG) ensures that the Code of Conduct is disseminated and implemented to each and every employee through information campaign of the Code of Conduct, new hire orientation, annual training programs, lectures, printed and electronic materials, infographics and posting in our intranet facility.** **Our Code of Conduct is publicly-accessible and downloadable through**	

		our company website. **Corporate Website - Code of Business Conduct and Ethics**	
3. The Code is disclosed and made available to the public through the company website.	**COMPLIANT**	**Our Code of Conduct is publicly-accessible and downloadable through our company website. Some of the key policies in the Code of Conduct are also included in our Annual Report and Corporate Governance Manual.** **Corporate Website - Code of Business Conduct and Ethics** **2022 Annual Report – Integrity and Accountability, Page 31** **Corporate Governance Manual – Section 4. Code of Business Conduct and Ethics, Pages 58-59**	
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**	**Our Corporate Governance Manual provides the following:** ***"SECTION 16. ANTI-BRIBERY AND CORRUPTION POLICY*** ***The Bank conducts its business in a legal, honest and ethical way and does not tolerate any form of bribery or corruption to obtain an unfair advantage. It shall not offer, pay or receive bribes directly or indirectly. It shall comply with this Policy (as also embodied in the Bank's Code of Conduct for its employees), Republic Act No. 3019 (or the Anti-Graft and Corrupt Practices Act) and all applicable anti-bribery and corruption laws and/or regulations that penalize such acts. This policy shall apply to dealings and transactions of the Bank, its directors and employees, with its clients, service providers, counterparties and other third parties.*** ***Towards this end, all directors and employees of the Bank are prohibited from:*** ***a. Soliciting, arranging or accepting a bribe, facilitation payments and***	

		kickbacks for the benefit of the Bank, its director or employee or for the benefit of his/her family, friends, associate or acquaintances; ***b. Offering, promising or giving a bribe to public officials or other private individuals, directly or indirectly on behalf of the Bank; and*** ***c. Abusing entrusted power and authority.*** ***No director or employee shall be sanctioned or admonished for refusing to pay a bribe or misuse entrusted power and authority regardless of the financial impact to the Bank. On the other hand, a breach to this policy shall result in sanctions, regardless of any benefit to the Bank that may have arisen as a result of the bribe or misuse of entrusted power and authority.*** ***Any knowledge of bribery/corruption may be reported following existing guidelines under the Bank's Whistle Blowing Policy."*** **Corporate Website - Code of Business Conduct and Ethics** **Corporate Governance Manual – Section 16. Anti-Bribery and Corruption Policy, Page 62**	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	**COMPLIANT**	**As discussed in our Corporate Governance Manual, PSBank's Board of Directors is responsible in ensuring the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.** **Further, our Audit Committee Charter provides that the Audit Committee aims to enhance the Board's oversight capability over the Bank's financial reporting process and monitoring of compliance with Bank's policies, applicable laws, rules, regulations and Code of Conduct.** **In this regard, the Board and Management is assisted by our HR through its conduct of continuous trainings/campaigns, etc., Internal Audit Group**	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	**COMPLIANT**		

		through its conduct of an annual Business Assurance Review/audits of the various business and operating units, Fraud Management Group in its fraud monitoring, detection, investigation and reporting, Risk Management through its risk monitoring and reporting framework, Compliance Office through its Independent Compliance Testing, Legal Services Division in its review of all HR-related forms, policies, regulations, etc., in the implementation and monitoring of compliance with internal policies. **Corporate Governance Manual – Specific Duties and Responsibilities of the Board, Pages 8-9** **Audit Committee Charter**	
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**	**As explained in our Corporate Governance Manual, the essence of corporate governance is transparency. It is therefore essential that all material information about the Bank which could adversely affect its viability or the interests of the stockholders and other stakeholders should be publicly and timely disclosed. Such information should include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, relevant and material information on individual Board members and key executives and policies and procedure for setting Board and executive/management remuneration as well as the level and mix of the same, including termination and retirement provisions.** **The Board shall therefore commit at all times to full disclosure of material information dealings. It shall cause the filing of all required information through the appropriate Exchange mechanisms for listed companies and submissions to the SEC for the interest of its stockholders and other stakeholders. All disclosure/transparency requirements of the**	

		BSP and other regulatory authorities should also be complied with. **Likewise, the minimum information required to be posted on the company's website, arranged under SEC-recommended topic headings, shall be retained for a period of five (5) years. Any items in the required website template prescribed by the SEC could be added or removed any time as the need arises.** **The Bank shall include 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.** **The Bank also maintains an open communication line and uses feedback from its various stakeholders to develop better policies, products, and services as well as to accommodate requests for information on the management of the Bank, shareholders rights, or any other Bank-related matters, while remaining mindful of the disclosure limitations under existing laws on the secrecy of bank deposits and data privacy. For this matter, stakeholder engagement touch-points (i.e. via hotlines and other contact details) of Customer Experience (CX) shall be maintained for customer-related concerns and of Corporate Affairs Division (CAD)/Investor Relations Office (IRO)/Corporate Communications Division (CCD) for all other concerns.** **Corporate Governance Manual – Section 6. Disclosure & Transparency, Pages 59-60** **2022 Annual Report – Transparency and Open Communication, Page 32** **Corporate Website – Company Disclosures** **Corporate Website – Investor Relations**	

<table>
<tr><th colspan="4">Supplemental to Recommendation 8.1</th></tr>
<tr><td>1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty five (45) days from the end of the reporting period.</td><td>COMPLIANT</td><td>The Bank complies with the SEC and PSE reportorial requirements. These reports are duly disclosed and accessible in our corporate website.

<table><tr><th>SEC Report</th><th>Date Submitted to SEC/PSE</th><th>No. of days</th></tr><tr><td>SEC Form 17-A (Dec. 2022)</td><td>April 13, 2023</td><td>103 days*</td></tr><tr><td>SEC Form 17-Q (Sep. 2022)</td><td>November 11, 2022</td><td>42 days</td></tr><tr><td>SEC Form 17-Q (Jun. 2022)</td><td>August 12, 2022</td><td>43 days</td></tr><tr><td>SEC Form 17-Q (Mar 2022)</td><td>May 13, 2022</td><td>43 days</td></tr></table>
2023 SEC Form 17-A (Annual Report)

2022 SEC Form 17-Q (Third Quarter)

2022 SEC Form 17-Q (Second Quarter)

2022 SEC Form 17-Q (First Quarter)

Preliminary Information Sheet for April 27, 2023 PSBank ASM

*While SEC Form 17-A was submitted 104 calendar days from end of the year 2022, the Bank’s Preliminary Information Sheet which contains its Audited Financial Statements was filed on April 13, 2023 or 103 days from end of year thus, still compliant with the 90 calendar day-required submission.</td><td></td></tr>
<tr><td>2. Company discloses in its annual report the principal risks associated with the identity of the company’s controlling</td><td>COMPLIANT</td><td>It is disclosed through the Annual Report particularly under Security Ownership of Certain Record and Beneficial Owners and Management.</td><td></td></tr>
</table>

shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity positions in the company.		**Please see the following links/references showing the above requirements**: **2023 SEC Form 17-A (Annual Report) – Item 11. Security Ownership of Certain Record and Beneficial Owners and Management, Page 54** **PSBank Definitive Information Statement for April 27, 2023 ASM – Security Ownership of Certain Record and Beneficial Owners and Management , Page 9**	
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**	**Under our Policy Against Insider Trading, reporting insiders are required to disclose their and their associates' initial beneficial ownership in PSBank shares and any changes thereof within two (2) trading days after their election/appointment in office and from the date of said changes, respectively. They are likewise prohibited from selling or buying PSBank shares during "blackout periods," i.e., upon obtaining material on non-public information up to two (2) trading days after such information is disclosed. The Bank did not have any trading transactions with reporting insiders and/or their associates in 2022.** **Directors' level of share ownership and movements from beginning to end of the year 2022 are summarized in the Bank's 2022 Annual Report.** **Policy on Insider Trading** **2022 Annual Report – Insider Trading and Roll Forward of Common Shares, Page 32**	
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	**COMPLIANT**		
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	**COMPLIANT**	**Information regarding PSBank's top 100 shareholders is disclosed in our corporate website**. **Also, Directors' level of share ownership and movements from beginning**	

the disclosure of the company's purchase of its shares from the market. (e.g. share buy-back program)		**to end of the year 2022 are summarized in the Bank's 2022 Annual Report. There were no shares buy-back made in 2022.** **Corporate Website – Top 100 Stockholders List** **Corporate Website – Conglomerate Map** **2022 Annual Report – Insider Trading and Roll Forward of Common Shares, Page 32**	
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 interests that might affect their judgement.	**COMPLIANT**	**PSBank Directors' academic qualifications, share ownership in the company, memberships in other boards, other executive positions, professional experiences, expertise and relevant trainings attended are all disclosed through our corporate website and in our 2022 Annual Report.** **Corporate Website – Board of Directors** **Corporate Website – Board Committee Members** **2022 Annual Report – Board of Directors, Page 42** **2022 Annual Report – Roll Forward of Common Shares, Page 32** **2022 Annual Report – Board Oversight, Page 34** **2022 Annual Report – Board Committees, Page 35**	
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	**COMPLIANT**	**PSBank key officers' academic qualifications, share ownership in the company, memberships in other boards, other executive positions, professional experiences, expertise and relevant trainings attended are all disclosed through our corporate website and in our 2022 Annual Report.**	

judgement.		**2022 Annual Report – Board Oversight, Page 34** **2022 Annual Report – Senior Officer, Page 46** **Corporate Website - Company Disclosures – Securities and Exchange Commission Form 23-A/B – Initial Statement of Beneficial Ownership of Various Employees**	
Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedures for setting Board remuneration, including the level and mix of the same.	**COMPLIANT**	**Our directors and officers are provided with an industry competitive compensation package to attract, motivate, and retain highly qualified people. The salary scales of our officers, including that of our President or Chief Executive Officer (our sole Executive Director), are generally based on the nature of their jobs, positions and ranks. These are reviewed annually vis-à-vis annual performance scorecards so structured to achieve business objectives and adjusted as needed, based on performance.** **Our compensation package for non-officers/rank-and-file employees is in accordance with labor law requirements and is linked to both performance and our contractual obligation under a collective bargaining agreement which include loyalty bonuses for long-term employees.** **We also grant fixed bonuses, including a 13th-month pay in accordance with law and performance bonus (non-guaranteed) based on our overall performance, individual performance and market conditions.** **Our Board sees to it that this remuneration strategy is regularly reviewed to ensure that the policy is commensurate with corporate and individual performance, aligned with our long-term interests, compliant with labor laws and regulations, and benchmarked against our industry peers and other market considerations, while also maintaining internal equity.**	
2. Company provides a clear disclosure of its policies and procedures for setting executive remuneration, including the level and mix of the same.	**COMPLIANT**		

		Except for the President/Chief Executive Officer (our sole Executive Director), each director receives a monthly professional fee for attending Board and committee meetings. This is also in consideration of their valuable contributions in the formulation of our Bank's overall strategy. **2022 Annual Report – Our Remuneration Policy, Page 38** **Corporate Governance Manual – Section 5. Remuneration Policy, Page 59** **PSBank Definitive Information Statement for April 27, 2023 ASM – Our Remuneration Policy, Pages 51-52**	
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	**NON-COMPLIANT**	**The Bank discloses annual remuneration of its directors and executive officers on an aggregate basis only.** **PSBank Definitive Information Statement for April 27, 2023 ASM – Item 6. Compensation of Directors and Executive Officers, Pages 26-27**	**The Bank discloses information on the remuneration of its directors and executives based on the existing disclosure rules of the SEC and PSE, while duly respecting their right to data privacy and with due consideration to their security.**
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	**COMPLIANT**	**Our Related Party Transactions Policy is disclosed through our corporate website. The said policy strictly requires, among others the prohibition of a director and/or officer of the Bank to engage in any Board, RPTC/RPTMC or other committee discussions or approval of any transaction in which he/she and/or his/her related parties is (are) involved. It is also required that such director or officer concerned must provide to the Board/RPTC/RPTMC all material information reasonably requested about the transaction.** **Corporate Website - Related Party Transactions Policy**	

		PSBank Definitive Information Statement for April 27, 2023 ASM – Our Core Governance Policies, Pages 38-41	
2. Company discloses material or significant RPTs reviewed and approved during the year.	**COMPLIANT**	**In 2022, all significant/material related party transactions (RPTs) of the Bank, which are all disclosed through our 2022 Annual Report, passed through the Board-level Related Party Transactions Committee (RPTC).** **All material RPTs of the Bank in 2022 were approved by the Board of Directors and to be ratified by its stockholders in its annual stockholders' meeting in April 2023.** **2022 Annual Report – Core Governance Policies, Page 29** **2022 Annual Report – Material Related Party Transactions, Page 30**	
Supplemental to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	**COMPLIANT**	**As provided for in our Corporate Governance Manual: *"To ensure that the Bank's interests are duly safeguarded, this policy requires all employees to make sure that their personal interests and those of their affiliates do not conflict with the duties which they perform for the Bank or with the duties which the Bank perform for its clients. This policy prohibits employees from venturing into certain conflict of interest situations and mandates disclosure procedures in case of possible/potential conflict of interest scenarios."*** **Further, our Corporate Governance Manual likewise requires our directors to: *"Conduct fair business transactions with the Bank and to ensure that personal interest does not bias Board decisions. Directors should, whenever possible, avoid situations that would give rise to a conflict of interest. If transactions with the Bank cannot be avoided, it should be done in the regular course of business and upon terms not less favorable to the Bank than those offered to others. The basic principle to be observed is that a director should not use his position to make profit***	

		or to acquire benefit or advantage for himself and/or his related interests. He should avoid situations that would compromise his impartiality." **Directors and officers are likewise required to submit upon their election/appointment and update annually thereafter their respective bio-data which includes the disclosure of their related interests which are subject to annual review of the designated Board or Management-level committees in accordance with the Bank's Policy on Interlocking Positions.** **Finally, our RPT Policy strictly requires, among others the prohibition of a director and/or officer of the Bank to engage in any Board, RPTC/RPTMC or other committee discussions or approval of any transaction in which he/she and/or his/her related parties is (are) involved. It is also requires that such director or officer concerned must disclose and provide to the Board/RPTC/RPTMC all material information reasonably requested about the transaction.** **Corporate Governance Manual – Section 12. Conflict of Interest Policy, Page 61** **Corporate Governance Manual – Specific Duties and Responsibilities of a Director, Page 38** **Corporate Governance Manual – Interlocking Directorships and/or Officerships, Pages 36-38** **Corporate Website – 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.	**COMPLIANT**	**The Bank's RPTs are disclosed through our 2022 Annual Report and corporate website.**	

		Corporate Website – Related Party Transactions Policy **2022 Annual Report – Material Related Party Transactions, Page 30**	
Recommendation 8.6			
1. Company makes a full, fair, accurate, and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	**COMPLIANT**	**No significant bank assets were disposed of or acquired in 2022. However, we ensure that all material fact/information, acts, events or development about the Bank which may be expected to impact an investor's decision to buy, sell or hold their securities are duly disclosed by the Bank through the submission of SEC Form 17-C which is simultaneously uploaded/disclosed through the Bank's corporate website.** **Corporate Website – Company Disclosure**	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of asset.	**COMPLIANT**	**No significant assets were disposed of or acquired by Bank in 2022 which would require the appointment of an independent party to evaluate the transaction's fairness. However, in such cases, we ensure that our Board of Directors appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.** **Corporate Governance Manual – Section 6. Disclosure and Transparency, Page 59-60**	
Supplemental to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, and such other agreements that may impact on the control, ownership and strategic direction of the company.	**COMPLIANT**	**As disclosed in our Annual Report, there is no such person who holds more than 5% of the Bank's securities under a voting trust or similar agreement.** **2023 SEC Form 17-A (Annual Report) – Voting Trust Holders of 5% or more, Page 55** **PSBank Definitive Information Statement for April 27, 2023 ASM – Voting Trust Holders of 5% or more, Page 9**	

Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its manual on Corporate Governance (MCG)	**COMPLIANT**	**Our Corporate Governance Manual serves as a valuable guide and reference in our implementation of all corporate governance rules and regulations, and standards of both the BSP and SEC. It was duly submitted to the SEC and posted in our corporate website.** **Corporate Governance Manual**	
2. Company's MCG is submitted to the SEC and PSE	**COMPLIANT**		
3. Company's MCG is posted on its company website.	**COMPLIANT**		
Supplemental 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**	**The Bank, in compliance with SEC Memorandum Circular No. 19, series of 2016, submitted to SEC on May 12, 2017, a copy of its updated Corporate Governance for PLCs. Said manual is regularly updated on an annual basis and is posted in the Bank's corporate website.** **Corporate Governance Manual**	
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:	**COMPLIANT**	**Please see below links in our 2022 Annual Report showing the required information:**	
a. Corporate Objectives	**COMPLIANT**	**2022 Annual Report – President's Report, Page 6**	
b. Financial performance indicators	**COMPLIANT**	**2022 Annual Report – Financial Highlights, Page 8**	
c. Non-financial performance indicators	**COMPLIANT**	**2022 Annual Report – Corporate Social Responsibility, Page 16** **2022 Annual Report – President's Report, Page 6**	
d. Dividend Policy	**COMPLIANT**	**2022 Annual Report – Our Dividend Policy, Page 40**	
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of	**COMPLIANT**	**2022 Annual Report – Board of Directors, Page 42**	

all directors			
f. Attendance details of each director in all directors meetings held during the year	**COMPLIANT**	**2022 Annual Report – Board Committees, Page 35**	
g. Total remuneration of each member of the board of directors	**NON-COMPLIANT**	**The Bank discloses annual remuneration of its directors on an aggregate basis only.** **2022 Annual Report – Our Remuneration Policy, Page 38** **2023 SEC Form 17-A (Annual Report) – Item 10. Executive Compensation, Page 53**	**The Bank discloses information on the remuneration of its directors based on the existing disclosure rules of the SEC and PSE, while duly respecting their right to data privacy and with due consideration to their security.**
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**	**As mentioned in our 2022 Annual Report, the Bank fully and continually complies with the material requirements of the SEC's Revised Code of Corporate Governance for Publicly-Listed Companies as embodied in its Board-approved Corporate Governance Manual.** **2022 Annual Report – Our Governance Vanguards, Page 38**	
3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.	**COMPLIANT**	**The Audit Committee is delegated by the Board of Directors (Board) to provide independent oversight on the Bank's financial reporting process, corporate governance, risk management, and control processes; internal and external audit functions; and monitoring of compliance with Bank policies and Code of Conduct and applicable laws, rules, and regulations.** **2022 Annual Report – Audit Committee Report, Page 27**	
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**	**The Audit Committee Report's confirmation that the Bank's risk management and internal control processes are generally established, adequate and are operating properly is contained in our 2022 Annual Report.** **2022 Annual Report – Audit Committee Report, Page 27**	

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**	**Good risk management does not imply avoiding all risks at all cost. It means making well-informed decisions regarding the risks we want to take in pursuit of our goals and the measures to mitigate those risks. We design our risk management policies, not as an isolated add-on process, but as embedded in our strategy design and execution.** **The Bank's key risks are the following:** **1. Credit Risk** **2. Credit Concentration Risk** **3. Market Risk** **4. Trading Market Risk** **5. Interest Rate Risk** **6. Liquidity Risk** **7. Operational Risk** **8. Technology Risk** **9. Legal Risk** **10. Regulatory Risk** **11. Strategic Risk** **12. Reputational Risk** **2022 Annual Report – Risk Management, Page 22**	
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**	**As set forth in our Audit Committee Charter, the Audit Committee recommends to the Board of Directors for approval, subject to the ratification of the shareholders, the appointment, reappointment, dismissal and fees of the external auditor who must be duly accredited by**	

		the Securities and Exchange Commission (SEC) and included in the list of the selected external auditors for BSP-supervised FIs. The Audit Committee reviews and evaluates the qualifications, performance, integrity, independence and objectivity of the external auditor and its lead audit partner primarily responsible for the audit of the Bank's financial accounts. It also reviews and monitors the external audit process' overall effectiveness, independence and objectivity taking into consideration the relevant Philippine professional and regulatory requirements. It reviews and monitors the external auditor's suitability and effectiveness on an annual basis. **Audit Committee Charter – External Auditor, Page 6** **Corporate Governance Manual – External Auditor, Page 58** **2022 Annual Report – Audit Committee Report, Page 27**	
2. The appointment, reappointment, removal and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	**COMPLIANT**	**As set forth in our Audit Committee Charter, the Audit Committee recommends to the Board of Directors for approval, subject to the ratification of the shareholders, the appointment, reappointment, dismissal and fees of the external auditor who must be duly accredited by the Securities and Exchange Commission (SEC) and included in the list of the selected external auditors for BSP-supervised FIs.** **Thus, in connection with the Annual Stockholders' Meeting (ASM) held on April 27, 2023, we advised SEC and PSE that 100% of the stockholders present and represented by proxy voted in favor of the appointment of SGV and Company as our External Auditor for 2023-2024.** **Audit Committee Charter – External Auditor, Page 6** **PSBank 2023 ASM Results – Item No. 6 Appointment of the External Auditor for 2023-2024, Page 2**	

		Corporate Governance Manual – Shareholders' Rights and Protection of Minority Stockholders' Interests, Page 19 **Corporate Governance Manual – External Auditor, Page 58**	
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	**COMPLIANT**	**The reason/s for any resignation, dismissal or cessation from service and the date thereof of an external auditor is to be reported in the Bank's annual and current reports. Said report shall include a discussion of any disagreement with said former external auditor on any manner of accounting principles or practices, financial statement disclosure or auditing scope or procedure.** **Audit Committee Charter – External Auditor, Page 6** **Corporate Governance Manual – External Auditor, Page 58**	
Supplement to Recommendation 9.1			
1. Company has a policy of rotating the lead audit partner every five years.	**COMPLIANT**	**As stated in our Corporate Governance Manual, *"The Bank's external auditor shall be rotated or the handling partner shall be changed every five (5) years or earlier."*** **Corporate Governance Manual – External Auditor, Page 58**	
Recommendation 9.2			
1. Audit Committee Charter includes Audit Committee's responsibility on: i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review	**COMPLIANT**	**As stated in our Audit Committee Charter under Specific Duties and Responsibilities, one of the responsibilities of the Audit Committee is to review and evaluate the qualifications, performance, independence, and objectivity of the external auditor and its lead audit partner primarily responsible for the audit of the Bank's financial accounts. It also reviews and monitor external audit process' overall effectiveness, independence and objectivity, taking into consideration relevant Philippine professional and regulatory requirements. It also reviews and monitors the external auditor's suitability and effectiveness on an annual basis.**	

and monitor the effective of the audit process taking into consideration relevant Philippine professional and regulatory requirements.		**Audit Committee Charter – External Auditor, Page 6**	
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**		
Supplement to Recommendation 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**	**As stated in our Audit Committee Charter under Specific Duties and Responsibilities, "The Audit Committee is tasked to review and evaluate the qualifications, performance, integrity, independence, and objectivity of the external auditor." Further, "The Audit Committee is tasked to review and monitor external audit process' overall effectiveness, independence, and objectivity as well as review and monitor the external auditor's suitability and effectiveness on an annual basis."** **Audit Committee Charter – External Auditor, Page 6**	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	**COMPLIANT**		
Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	**COMPLIANT**	**The Bank disclosed in its SEC Form 17-A for the year 2022 that the Bank has engaged the services of external auditor for compliance, advice, planning and other form of services during the last three (3) years. These non-audit services pertain to professional services rendered for the Annual Stockholders Meeting. Nonetheless, to ensure that the existing arrangements do not compromise our external auditor's independence, separate engagement agreements and teams handled the said services.** **2023 SEC Form 17-A (Annual Report) – Item 7. Financial Statements, Page 36**	

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**	**Our Audit Committee Charter states under D. External Audit, #8 that the Audit Committee is tasked to: *"Evaluate and determine non-audit works to be performed by the external auditor and review periodically the fees paid for such services in relation to their significance to the total annual income of the external auditor and to the Bank's total expenditure on consultancy. Disallow any non-audit work that will conflict with the external auditor's duties or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Bank's Annual Report and Annual Corporate Governance Report."*** **Audit Committee Charter – External Auditor, Page 6**	
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	**COMPLIANT**	**In 2022, non-audit fees paid by the Bank to its external auditors amounting to Php44,000 did not outweigh its audit-related fees totalling Php2.838 Million. These non-audit fees pertain to professional services rendered for the Bank's Annual Stockholders Meeting while audit-related fees pertain to regular year-end financial statement audits. Nonetheless, to ensure that the existing arrangements do not compromise our external auditor's independence, separate engagement agreements and teams handled the said services.** **PSBank Definitive Information Statement for April 27, 2023 ASM – Tax and All Other Fees of External Auditor, Pages 70-71**	
Additional to Recommendation 9.3			
1. Company's external audit is duly accredited by the SEC under Group A category.	**COMPLIANT**	1. ***Name of the audit engagement partner:*** **Veronica Mae A. Arce** 2. ***Accreditation number:*** **SEC Partner Accreditation No. 0117208-SEC (Group A)**	

		SEC Firm Accreditation No. 0001-SEC (Group A) **3. *Validity of accreditation:*** **Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions** **4. *Name, address, contact number of the audit firm:*** **SyCip, Gorres, Velayo & Co.,** **6760 Ayala Avenue, Legaspi Village** **Makati City, 1226, Philippines** **(632) 8891 0307** **2022 Audited Financial Statements – Independent Auditor's Report, Page 18**	
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**	**SGV & Co. is a covered firm under SEC Memorandum Circular No. 9, series of 2017 re: Rules and Regulations on the Implementation of the Securities and Exchange Commission (SEC) Oversight Assurance Review Inspection Program. SEC has performed the review/inspection last November 2018.**	
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**	**More than just its participation to CSR activities, the Bank aims to be socially responsible in all its dealings with the communities where it operates. As such, it shall 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. It shall ensure that its value chain is environmentally friendly and is consistent with promoting sustainable development. It shall exert efforts to interact positively with the communities in which it operates.** **Guided by SEC and BSP rules & regulations and standards, the Bank shall have a clear and focused policy on the disclosure of material and**	

		reportable non-financial information, with emphasis on the management of Economic, Environmental, Social and Governance (EESG) issues of its business, which underpin sustainability. For this matter, the Bank adopts a globally recognized standard and framework in reporting sustainability and non-financial issues. **Corporate Governance Manual – Sustainability Reporting, Pages 62-63** **2022 Annual Report – Sustainability – Committed to Sustainability, Page 18**	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	**COMPLIANT**	**The Bank previously engaged Trucost (part of S&P Global) to review its process of reporting of environmental, social, and governance (ESG) impacts. The Bank was able to measure its baseline ESG impact that it can use to track progress against ESG-related activities over time. The results of this report are in line with common sustainability reporting frameworks and can be used for further disclosures in alignment with GRI, CDP, SASB and TCFD, among others, and can satisfy the sustainability reporting requirements of the SEC and PSE.** **For the year 2022, we filed our ESG/Sustainability report on April 13, 2023.** **2023 SEC Form 17-A (Annual Report) – Our Sustainability Report, Pages 1-35** **2022 Annual Report – Embracing Sustainability, Pages 18-21**	
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.			
Recommendation 11.1			
1. Company has media and analysts'	**COMPLIANT**	**The following are the communication channels used by the Bank in**	

briefing as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.		**disseminating information to the public and to all its stakeholders: Branches, ATMs, Customer Updates newsletter, Statements of Account, SMS and e-mail blasts, Annual Report, Corporate Website, Flyers, Brochures, Sales Kits, Media Releases, PSE disclosures.** **PSBank Corporate Website** **PSBank Company Disclosures** **PSBank Financial Reports**	
Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:			
a. Financial statements/reports (latest quarterly)	**COMPLIANT**	**Quarterly financial results are immediately disclosed after the approval by the Board to PSE and SEC. Quarterly and year-end financial statements and detailed management's discussion and analysis are filed within 45 and 105 calendar days, respectively from the end of the financial period, in compliance with SEC and PSE rules. These quarterly reports are disclosed in our corporate website.** **PSBank Financial Reports**	
b. Material provided in briefings to analysts and media	**COMPLIANT**	**PSBank Corporate Website** **PSBank Financial Reports – Press Releases**	
c. Downloadable annual report	**COMPLIANT**	**2022 Annual Report**	
d. Notice of ASM and/or SSM	**COMPLIANT**	**PSBank ASM and Record Date 2023**	
e. Minutes of ASM and/or SSM	**COMPLIANT**	**Minutes of the Annual Stockholders' Meeting**	

f. Company's Articles of Incorporation	**COMPLIANT**	**2010 Amended Articles of Incorporation and By-Laws** **2014 Amended Articles of Incorporation**	
Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template	**COMPLIANT**	**PSBank complies with the SEC-prescribed website template:** **PSBank Corporate Website**	
Internal Control System and Risk Management Framework			
Principle 12. To ensure the integrity 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 Bank has adequate and effective internal control system as evidenced by the following:** • **Board-level committees charged with oversight functions.** • **Senior Management Team responsible for the Bank's operations and business affairs.** • **Established policies and procedures approved by the Board** • **Existence of internal audit function that complies with the international auditing standards; coordinates with the other internal and external assurance providers; and reviews the processes to determine if these are generally established and functioning as intended.** • **Existence of risk management framework that includes activities such as identification, evaluation, and monitoring of risks.** • **Existence of compliance function that implements a dynamic and responsive compliance risk management system designed to specifically identify and mitigate compliance risks that may erode the franchise value of the Bank.**	
2. Company has an adequate and effective enterprise risk management framework in	**COMPLIANT**	**The Bank has an adequate and effective Enterprise Risk Management (ERM) framework in the conduct of its business.**	

the conduct of its business.		**The Bank's ERM framework encompasses its policies and strategies to identify, measure, manage and limit risks that may arise in the areas of deposit taking, lending, securities investment and trading and foreign exchange and operational support. Our risk appetite is defined by a set of qualitative standards and quantitative metrics aimed at maintaining strong capital and liquidity position, stable funding, good risk-reward balance, acceptable business practices and dynamic compliance culture. Our risk metrics allow us to monitor our risk exposure under normal and stressed scenarios against established trigger levels and limits. Predefined approval hierarchy and escalation processes apply during breach of our risk limits. Reports on the Bank's risk profile are presented to the Senior Management and the Board of Directors. These are all contained in the Board-approved risk management manuals. These are revisited on an *annual basis, or more frequently based* on the changing risk environment and evolving regulatory landscape.** **2022 Annual Report – Risk Management, Page 22** **Corporate Governance Manual – Risk Management, Pages 54-56** **Enterprise Risk Management Policy**	
Supplement to Recommendation 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**	**Our Compliance Program adopts a three-pronged, risk-based approach to effectively manage our compliance risks by ensuring compliance with pertinent banking laws, rules and regulations, codes of conduct, policies and standards of good practice. Our Bank Compliance Program is reviewed and updated on an annual basis.** **2022 Annual Report – Compliance, Page 38** **Corporate Governance Manual – Section 3. Compliance System, Risk Management and Independent Assurance, Pages 52-54**	

		PSBank Definitive Information Statement for April 27, 2023 ASM – Compliance, Pages 50-51	
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.	**COMPLIANT**	**PSBank's Information Security Governance provides assurance that information security strategies are aligned with and supports the business objectives and the strategic direction of the Board and Senior Management. It aims to continually strengthen the Bank's security landscape by implementing security controls and establishing a robust information security culture.** **PSBank also has an IT Business Continuity and Disaster Recovery Plan in place that is regularly tested and enhanced to ensure continuity of its critical operations.** **Please refer to our IT Governance Framework as posted in our corporate website.** **Information Technology (IT) Governance Framework**	
Recommendation 12.2			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	**COMPLIANT**	**As discussed in our Corporate Governance Manual, the Bank has an internal audit function which constitutes the third line of defense in the system of internal control. It is an independent, objective assurance and consulting function established to examine, evaluate and improve the effectiveness of internal control, risk management and governance systems and processes, which helps management and the Board of Directors in protecting the Bank and its reputation. It shall both assess and complement operational management, risk management, compliance and other control functions.** **This function is being served by the Bank's Internal Audit Group (IAG).**	

		Corporate Governance Manual – Internal Controls and Independent Assurance, Pages 56-58	
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	**COMPLIANT**	**PSBank's Internal Audit Group (IAG) is headed by Mr. Sherwin U. Lee as our Chief Audit Executive (CAE). As CAE, he reports functionally to the Board through the Audit Committee and administratively to the President. The CAE oversees and is responsible for the internal audit activities of the Bank, including any portion that may be outsourced to a third party service provider.** **The CAE confirms annually to the Board the organizational independence of the internal audit activity.** **The following are the responsibilities of the CAE, among others:** **1. Periodically reviews the Internal Audit Charter and presents it to Senior Management and the Audit Committee and Board for approval;** **2. Establishes a risk-based internal audit plan, including policies and procedures, to determine the priorities of the internal audit activity, consistent with the Bank's goals;** **3. Communicates the internal audit activity's plans, resource requirements and impact of resource limitations, as well as significant interim changes, to Senior Management and the Audit Committee for review and approval;** **4. Spearheads the performance of the internal audit activity to ensure it adds value to the Bank;** **5. Reports periodically to the Audit Committee on the internal audit activity's performance relative to its plan; and** **6. Presents findings and recommendations to the Audit Committee and gives advice to Senior Management and the Board on how to improve internal processes.**	

		2022 Annual Report – Internal Audit, Page 38 **2022 Annual Report – Senior Officers, Page 46** **Corporate Governance Manual – Chief Audit Executive, Pages 57-58**	
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**	**Such a responsibility of the Bank's CAE is discussed above.** **2022 Annual Report – Internal Audit, Page 38** **Corporate Governance Manual – Chief Audit Executive, Pages 57-58**	
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.	**COMPLIANT**	**The Bank's internal audit activity is not being outsourced. Nonetheless, as stated in our Corporate Governance Manual, in case of a fully outsourced internal audit activity, a qualified independent executive or Senior Management personnel will be assigned the responsibility for managing the fully outsourced internal audit activity.** **Corporate Governance Manual – Chief Audit Executive, Page 57-58**	
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	**COMPLIANT**	**As discussed in our Corporate Governance Manual, the Bank has a separate risk management function to identify, assess and monitor key risk exposures.** **The risk management function involves the following activities, among others:** **1. Defining a risk management strategy;** **2. Identifying the key risk exposures and assessing and measuring the extent of risk exposures of the Bank and its trust operations;** **3. Identifying and analyzing key risk exposures relating to economic, environmental, social and governance (EESG) factors and the**	

		achievement of the Bank's strategic objectives; **4. Evaluating and categorizing each identified risk using the Bank's predefined risk categories and parameters;** **5. Establishing a risk register with clearly defined, prioritized and residual risks;** **6. Developing a risk mitigation plan for the most important risks to the Bank, as defined by the risk management strategy;** **7. Monitoring the risk exposures and determining the corresponding capital requirement in accordance with the Basel capital adequacy framework and based on the Bank's internal capital adequacy assessment on an on-going basis;** **8. Monitoring and assessing decisions to accept particular risks whether these are consistent with Board-approved policies on risk tolerance and the effectiveness of the corresponding risk mitigation measures;** **9. Communicating and reporting significant risk exposures including business risks (e.g, strategic, compliance, operational, financial and reputational risks), control issues and risk mitigation plan to the Risk Oversight Committee (ROC);** **10. Monitoring and evaluating the effectiveness of the Bank's risk management processes; and** **11. Reporting on a regular basis to senior management, Risk Oversight Committee (ROC) and Board of Directors of the results of assessment and monitoring.** **Corporate Governance Manual – Risk Management, Pages 54-55**	
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	**COMPLIANT**	**The Bank outsources for consulting and knowledge transfer services on risk modeling and tools, as needed.**	
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a	**COMPLIANT**	**The Bank's Chief Risk Officer (CRO) is Senior Vice President Ms. Edeza A. Que. She is a graduate of BS Statistics with Honors and MS Statistics from**	

Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).		**the University of the Philippines and has joined the Bank since October 2005.** **As the ultimate champion of the Bank's Enterprise Risk Management (ERM), the following are her duties and responsibilities, among others:** **1. Supervises the entire ERM process and spearheads the development, implementation, maintenance and continuous improvement of ERM processes and documentation;** **2. Communicates top risks and the status of the implementation of risk management strategies and action plans to the Risk Oversight Committee;** **3. Collaborates with the President/CEO in updating and making recommendations to the Risk Oversight Committee;** **4. Suggests ERM policies and related guidance, as may be needed; and** **5. Provide insights on the following:** • **Risk management processes are performing as intended;** • **Risk measures reported are continuously reviewed by risk owners for effectiveness; and** • **Established risk policies and procedures are being complied with.** **Corporate Governance Manual – Chief Risk Officer, Pages 55-56** **2022 Annual Report – Senior Officers, Page 46**	
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities	**COMPLIANT**	**Our CRO, as the ultimate champion of the Bank's Enterprise Risk Management (ERM), has the sufficient stature, authority and seniority within the Bank. This is assessed based on her ability to influence decisions that affect the Bank's exposure to risk. Our CRO has the ability, without compromising her independence, to engage in discussions with the Board, President and other senior management on key risk issues and to access such information as she deems necessary to form her judgment. The Bank's CRO meets with the Board/Risk Oversight Committee on a regular basis and such meetings is duly minuted and adequately**	

		documented. **Corporate Governance Manual – Chief Risk Officer, Pages 55-56** **2022 Annual Report – Risk Management, Page 22**	
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.	**NON-COMPLIANT**		**The Chief Audit Executive (CAE) provides an annual report to the Board of Directors thru the Audit Committee on the adequacy and effectiveness of the Bank's control processes and the overall assessments on the adherence to applicable laws, rules, and regulations.** **The President's attestation on the soundness and effectiveness of internal audit, control, and compliance systems is not in writing. However, demonstration of sound internal audit, control and compliance system include:** • **Reporting of the CAE to the Board thru the Audit Committee that achieved the organizational independence of the internal audit function.**

			• **Direct and regular interaction of the CAE with the Board and the President.** • **Regular reporting by the CAE to the Audit Committee and the President on the results of audit engagements on the adequacy and effectiveness of the control process and compliance with regulations.** **2022 Annual Report - Audit Committee Report, Page 27**
Cultivating a Synergic Relationship with Shareholders			
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
Recommendation 13.1			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	**COMPLIANT**	**The rights of PSBank's shareholders are duly disclosed in our Corporate Governance Manual which is accessible through our corporate website.** **Corporate Governance Manual – Shareholders' Rights and Protection of Minority Stockholders' Interests, Pages 19-21** **PSBank Corporate Website – Corporate Governance**	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	**COMPLIANT**		
Supplement to Recommendation 13.1			
1. Company's common share has one vote	**COMPLIANT**	**As stated in the Definitive Information Sheet for our April 27, 2023**	

for one share.		**Annual Stockholders' Meeting (ASM), the 426,859,416 Common Shares outstanding as of February 28, 2023 and as of record date March 10, 2023 were entitled to one (1) vote per share.** **PSBank Definitive Information Sheet for April 27, 2023 ASM – Item 4. Voting Securities and Principal Holders Thereof, Page 9**	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	**COMPLIANT**	**PSBank's common shares have one vote for one share. This is stated in our By-Laws, Corporate Governance Manual, Notice of Annual Stockholders' Meeting and Definitive Information Statement.** **2010 PSBank's Amended By-Laws – Section 5.05 Voting, Page 3** **Corporate Governance Manual – Election of Directors, Pages 26-27** **Corporate Governance Manual – Shareholders' Rights and Protection of Minority Stockholders' Interests, Pages 19-20** **PSBank Definitive Information Sheet for April 27, 2023 ASM – Item 4. Voting Securities and Principal Holders Thereof, Page 9** **PSBank Definitive Information Statement for April 27, 2023 ASM – Notice of Annual Stockholders' Meeting, Page 4**	
3. Board has an effective, secure, and efficient voting system.	**COMPLIANT**	**Under Sec. 5.05 of the Amended Code of By-Laws, at any stockholders' meeting, voting shall be by shares of stock and not "per capita" unless the law provides otherwise. Cumulative voting shall be used in the election of the members of the Board of Directors and in ratifying corporate acts. Our voting procedures are laid down in our Corporate Governance Manual.** **2010 PSBank's Amended By-Laws – Section 5.05 Voting, Page 3** **Corporate Governance Manual – Shareholders' Rights and Protection of**	

		Minority Stockholders' Interests – Voting Procedures, Pages 19-20 **PSBank Definitive Information Sheet for April 27, 2023 ASM – Item 4. Voting Securities and Principal Holders Thereof, Page 9** **PSBank Definitive Information Sheet for April 27, 2023 ASM – Item 10. Voting Procedures, Page 32**	
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**	**Our Corporate Governance Manual states:** **"3. Shareholders' Right and Protection of Minority Stockholders' Interest** **xxx** **e. Although all shareholders should be treated equally or without discrimination, the Board should give minority shareholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation. Xxx"** **Corporate Governance Manual – Shareholders' Rights and Protection of Minority Stockholders' Interests, Page 19** **PSBank Definitive Information Sheet for April 27, 2023 ASM – Item 4. Voting Securities and Principal Holders Thereof, Page 9** **PSBank Definitive Information Sheet for April 25, 2022 ASM – Item 10. Voting Procedures, Page 32**	
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	**COMPLIANT**	**Our Corporate Governance Manual further provides that:** **"3. Shareholders' Right and Protection of Minority Stockholders' Interest** 7) ***Right to put items on the agenda for regular/special stockholders'***	

		***meetings*.** The shareholders who, alone or together with other shareholders, hold at least five percent (5%) of the outstanding capital stock of the Bank (a publicly-listed company) shall have the right to include items on the agenda prior to the regular/special stockholder's meeting. Any officer or agent of the Bank who shall unjustly refuse to allow a shareholder or group of shareholders, duly qualified and holding the required to exercise his/her right to put items on the agenda shall be liable under Section 158 of the Revised Corporation Code. 8) ***Right to call for a special stockholders' meeting*.** Any number of shareholders who hold at least ten percent (10%) of the outstanding capital stock of the Bank shall have the right to call for a Special Stockholders' Meeting, either physically or remotely through allowable means of remote communication, subject to compliance with the guidelines set forth under Section 49 of the Revised Corporation Code, SEC Memorandum Circular No. 07 s2021 re: Calling of Special Stockholders' Meeting and other relevant regulations. Such shareholders should have continuously held their shares for a period of at least one (1) year prior to the receipt by the Corporate Secretary of their written call for a Special Stockholders' Meeting." **Corporate Governance Manual – Shareholders' Rights and Protection of Minority Stockholders' Interests, Page 19**	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	**COMPLIANT**	**PSBank respects its shareholders' rights and protects the minority stockholders' interests. These are all lengthily discussed in our Corporate Governance Manual.** **Rights of minority stockholders are duly protected through the Bank's compliance with applicable BSP and SEC rules and observance of best corporate governance practices which increase the quality of Board oversight, including the following: (a) right to elect, remove and replace directors as well as vote on certain corporate acts; (b) Audit Committee is**	

		composed majority of Independent Directors; (c) Corporate Governance is composed entirely by Independent Directors; and (d) Bank policies on the handling of conflicts of interest and related party transactions which provide for the proper review, approval and disclosures of such relationships and transactions. **Corporate Governance Manual – Shareholders' Rights and Protection of Minority Stockholders' Interests, Pages 19-23** **2022 Annual Report – Fairness, Page 29** **PSBank Definitive Information Statement for April 27, 2023 ASM – Fairness, Page 38-41** **Board Committee Members** **Conflict of Interest Policy** **Related Party Transactions Policy**	
7. Company has a transparent and specific dividend policy.	**COMPLIANT**	**Our Dividend Policy is disclosed in our Corporate Governance Manual and corporate website. The same is also included in our Annual Report, SEC Form 17-A and Definitive Information Statement. Consistent with SEC rules, cash dividends declared by the Bank must have a record date of not less than 10 business days but not more than 30 business days from the date the cash dividends are declared/approved by the Board. Unless approved via majority vote of the Board of Directors at a different rate or otherwise restricted/prohibited from declaring/paying dividends, the Bank shall regularly declare and pay cash dividends at a rate of Seventy-Five Centavos (PhP0.75) per share on a quarterly basis.** **PSBank Definitive Information Statement for April 27, 2023 ASM – Our Dividend Policy, Page 53**	

		2022 Annual Report – Our Dividend Policy, Page 40 **Corporate Governance Manual – Section 7. Dividends Policy, Page 60**	
Optional: Recommendation 13.1			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	**COMPLIANT**	**Identification of PSBank's appointed independent party to validate the votes at the ASM is stated in our 2023 ASM Results which is disclosed in our corporate website. All votes will be counted by the Office of the Corporate Secretary, to be assisted by the Bank's stock transfer agent, Metrobank Trust Banking Group, and validated by SGV & Co.** **PSBank 2023 ASM Results**	
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**	**PSBank observes sending of notices of ASM at least 28 days prior to the date of the actual meeting. For our 2023 ASM held on April 27, 2023, we submitted the Notice of the ASM to the PSE and SEC on January 26, 2023 and the same was posted on our corporate website on the same day. We likewise sent the Notice and Agenda Items of the ASM and the SEC Form 20-IS on March 20, 2023 (Preliminary) and on March 27, 2023 (Definitive).** **PSBank ASM and Record Date 2023** **PSBank Definitive Information Statement for April 27, 2023 ASM – Notice of Annual Stockholders' Meeting, Page 4** **PSBank Definitive Information Statement for April 27, 2023 ASM – Explanation and Rationale of Agenda Items, Page 5**	
Supplemental to Recommendation 13.2			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:		**The Bank's Notice of its Annual Stockholders' Meeting contains all the following information below:**	

a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	**COMPLIANT**	**The profiles of PSBank directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies) are disclosed below:** **PSBank Definitive Information Statement for April 27, 2023 ASM – Item 5. Directors and Executive Officers, Pages 10-17**	
a. Auditors seeking appointment/re-appointment	**COMPLIANT**	**Appointment of the External Auditor is one of the items in the Agenda of our 2023 ASM:** **PSBank Definitive Information Statement for April 27, 2023 ASM – Explanation and Rationale of Agenda Items – Item No. 7, Page 5**	
b. Proxy documents	**COMPLIANT**	**Proxy document is also included in our Definitive Information Statement for our April 27, 2023 ASM:** **PSBank Definitive Information Statement for April 27, 2023 ASM – Proxy, Page 7**	
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	**COMPLIANT**	**PSBank provides the rationale and explanation for each agenda item that requires shareholders' approval in our Notice of ASM. This is termed as "Explanation and Rationale of Agenda Items" in the Definitive Information Statement.** **PSBank Definitive Information Statement for April 27, 2023 ASM – Explanation and Rationale of Agenda Items, Pages 5-6**	
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	**COMPLIANT**	**The PSE approves the corresponding disclosure re: Bank's ASM results by (or not later than) the next working day, simultaneous with the uploading of the same in the PSE website, making such a disclosure a "public" document for the information and reference of the investing public.**	

available the next working day.		**PSBank 2023 ASM Results**	
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	**COMPLIANT**	**The Minutes of the ASM were made available in the Bank's website within five (5) business days from the end of such a meeting.** **Minutes of the Annual Stockholders' Meeting (April 27, 2023)**	
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**	**All relevant individuals are required to attend the Bank's Annual Stockholders' Meeting (ASM) to answer any shareholder questions. The Bank's external auditor SGV & Co. also attends to help address any questions that may be raised about the Bank's audited financial statements.**	
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**	**As part of the Board's commitment to uphold and respect our shareholders' rights and protect the interests of our minority stockholders, our Corporate Governance Manual provides:** **xxx** **h. The Board shall make available, at the option of a shareholder, an Alternative Dispute Resolution (ADR) mechanism to resolve intra-corporate disputes in an amicable and cost-effective manner. ADR is a redress mechanism that is an alternative remedy for the infringement of shareholders' rights aimed at avoiding excessive litigation. It is a process or procedure used to resolve a dispute or controversy, other than by adjudication of a presiding judge of a court or an officer of a government agency, in which a neutral third party participates to assist in the resolution of issues, which includes arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any combination thereof.** **Corporate Governance Manual – Shareholders' Rights and Protection of**	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	**COMPLIANT**		

		Minority Stockholders' Interests, Pages 19	
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	**COMPLIANT**	**For investor inquiries and shareholder assistance, we can be reached through our Corporate Affairs Division at (632) 8885-8208 local 8902 or send us a message through our Contact Us e-mail form with Investor Relations as the chosen subject.** **As discussed in our Corporate Governance Manual, the Bank's Corporate Affairs Division (CAD), as its Investor Relations Office (IRO), is tasked to receive feedback, complaints and queries from shareholders in order to ensure constant engagement with its shareholders. For this matter, the designated officer of CAD/IRO should be present at every shareholders' meeting with his/her contact details (i.e. e-mail address and telephone number) also posted in the Bank's corporate website.** **Corporate Governance Manual – Shareholders' Rights and Protection of Minority Stockholders' Interests, Page 19** **2022 Annual Report – Shareholder Assistance and Services, Page 56** **Corporate Website – Investor Relations**	
2. IRO is present at every shareholder's meeting.	**COMPLIANT**	**Our Investor Relations Officer (Corporate Affairs Division Head), together with her team, is always present during our 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**	**The Bank respects and follows free market forces, subject to compliance with existing rules and regulations. There are no anti-takeover provisions in the By-laws of the Bank or in our Corporate Governance Manual.** **The Board avoids any anti-takeover measures by setting the following voting procedures:**	

		1. Majority vote is required for the following: **a) Approval of the minutes of the annual meeting of the stockholders** **b) Ratification of Corporate Acts** **c) Election of External Auditors** **On the election of directors, nominees receiving the highest number of votes shall be declared elected following the provisions of the Revised Corporation Code.** **2. Every stockholder entitled to vote on a particular question or matter involved shall be entitled to one (1) vote for each share of stock in his name. Cumulative voting is allowed provided that the total votes cast by a stockholder shall not exceed the number of shares registered in his name as of the record date multiplied by the number of directors to be elected. Matters submitted to stockholders for ratification shall be decided by the required vote of stockholders present in person or by proxy.** **3. The Bank has not solicited any discretionary authority to cumulative voting.** **4. Votes cast at the meeting shall be counted by the Bank's Stock Transfer Agent and validated by external auditor SGV & Co.**	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	**NON-COMPLIANT**		**Albeit below the 30% best practice, the Bank's public float at 10.57% as of Dec. 31, 2022 is still above the 10% minimum required by the PSE.**
Optional: Principle 13			
1. Company has policies and practices to encourage shareholders to engage with the			

company beyond the Annual Stockholders' Meeting			
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	**COMPLIANT**	**Secure electronic voting in absentia at the Annual Stockholders' Meeting has been practiced since 2020 due to the COVID-19 pandemic safety protocols.**	
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**	**The Bank's stakeholders, as discussed in our Corporate Governance Manual, includes but not limited to, our customers, creditors, employees, suppliers, investors/shareholders, as well as the government and community in which we operate.** **Policies and implementing rules on our Corporate Governance, Code of Ethics, Whistleblowing, Conflict of Interest, Related Party Transactions, are in place and disclosed in our corporate website to set out the duties and responsibilities of the Board, Management and Employees in safeguarding the rights of the shareholders and stakeholders.** **Corporate Governance Manual** **Code of Business Conduct and Ethics** **Whistleblowing Policy** **Conflict of Interest Policy** **Learning and Development Policy** **Policy on Health, Safety and Welfare of Employees** **Policy on Insider Trading**	

		Related Party Transactions Policy	
Recommendation 14.2			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	**COMPLIANT**	**PSBank recognizes that fulfilling its obligations to its various stakeholders is an integral aspect of good corporate governance. Thus, policies and programs relating to the protection and fair treatment of our stakeholders are encapsulated in our Corporate Governance Manual and bank several policies which were all disclosed through our corporate website.** **Corporate Governance Manual** **Code of Business Conduct and Ethics** **Whistleblowing Policy** **Conflict of Interest Policy** **Learning and Development Policy** **Policy on Health, Safety and Welfare of Employees** **Policy on Insider Trading** **Related Party Transactions Policy**	
Recommendation 14.3			
1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	**COMPLIANT**	**Bank's stakeholders, including but not limited to, customers, suppliers and the general public have different avenues to contact/reach out to PSBank to voice their concerns, inquiries and/or complaints:** ***Investor Relations:***	

		Corporate Affairs Division **9th Floor PSBank Center** **777 Paseo de Roxas corner Sedeño Street** **Makati City 1226** **(632) 8885-8208 local 8180** **Email: msperez@psbank.com.ph** ***Media:*** **PR and Corporate Communications Division** **8th Floor PSBank Center** **777 Paseo de Roxas corner Sedeño Street** **Makati City 1226** **Tel: (+632) 8845-8208** **Fax: (+632) 8845-0025** ***For inquiries or concerns:*** **Customer Experience Group** **6th Floor PSBank Center** **777 Paseo de Roxas corner Sedeño Street** **Makati City 1226** **Tel: (+632) 8845-8888** **Fax: (+632) 8845-0048** **SMS: (+63) 998-8458888** **Email: customerexperience@psbank.com.ph** **Chat: www.psbank.com.ph** ***Stockholder Services:*** **For inquiries regarding dividend payments, change of address or account status:** **Metrobank Trust Banking Group – Settlements Department** **16F Metrobank Center** **35th Street corner 7th Avenue** **Bonifacio Global City** **Taguig City 1634, Philippines**	

		Tel: (+632) 8857-5694 to 95 **On the other hand, as stated in our Whistleblowing Policy, the Bank requires our employees to report any impropriety or malpractice committed by co-employee/s or third-party or parties to their Group Heads or to the Customer Experience and Human Resources Group Head, the Fraud Management Group Head/ Division Heads, or the Chief Audit Executive/Internal Audit Group Head for evaluation if it would warrant an investigation. Under the Code of Conduct, concealment or non-reporting is considered as an impropriety or malpractice in itself. The whistleblower is protected from any form of harassment as a result of any disclosure which was made in good faith believing the disclosure to be true and was not made maliciously or for personal gain. The policy considers any attempt to determine the whistleblower's identities as a breach of confidentiality which is subject to disciplinary sanctions.** **2022 Annual Report – Shareholders Information, Page 56** **Whistleblowing Policy** **Corporate Governance Manual – Section 8. Whistleblowing Policy, Pages 60-61** **2022 Annual Report – Whistleblowing, Page 32**	
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**	**As part of the Board's commitment to uphold and respect our shareholders' rights and protect the interests of our minority stockholders, our Corporate Governance Manual provides:** **xxx** **h. The Board shall make available, at the option of a shareholder, an Alternative Dispute Resolution (ADR) mechanism to resolve intra-corporate disputes in an amicable and cost-effective manner. ADR is a**	

		redress mechanism that is an alternative remedy for the infringement of shareholders' rights aimed at avoiding excessive litigation. It is a process or procedure used to resolve a dispute or controversy, other than by adjudication of a presiding judge of a court or an officer of a government agency, in which a neutral third party participates to assist in the resolution of issues, which includes arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any combination thereof. **Corporate Governance Manual - Shareholders' Rights and Protection of Minority Stockholders' Interests, Page 19**	
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 applicable law, rule or regulation.	**COMPLIANT**	**The Bank does not seek any such exemption from the application of a law, rule or regulation especially related to a corporate governance issue.**	
2. Company respects intellectual property rights.	**COMPLIANT**	**The Bank prohibits any infringement of intellectual property rights or other proprietary rights including, without limitation, material protected by copyright, trademark, patent, trade secret or other intellectual property right.** **Distributing, installing, copying or using pirated or other software products that are not appropriately licensed for the use of the Bank is strictly prohibited.** **Unauthorized copying of copyrighted material including but not limited to, digitization, distribution and/or posting of photographs from magazines, books or other copyrighted sources, logos, copyrighted music, videos and the installation of any copyrighted software for which the**	

		Bank or the end user does not have an active license is strictly prohibited.	
Optional: Principle 14			
1. Company discloses its policies and practices that address customers' welfare	**COMPLIANT**	**Bank's policies and practices addressing customers' welfare are duly disclosed in its Annual Report particularly under Financial Consumer Protection and Culture + Customer Centricity.** **2022 Annual Report – Financial Consumer Protection, Page 33** **2022 Annual Report – Culture + Customer Centricity, Pages 14-15** **Corporate Website – PSBank Live Chat**	
2. Company discloses its policies and practices that address supplier/contractor selection procedures	**COMPLIANT**	**The Bank's Outsourcing Oversight Committee (OOC) oversees the accreditation of service providers & vendors/suppliers, performance monitoring, post-implementation reviews including materiality, environment and social risk assessment and contract renewals in accordance with our Board-approved risk-based Outsourcing Policy Guidelines pursuant to existing BSP rules and regulations on outsourcing. The OOC's responsibilities are to:** • **Establish, implement, review, and update a risk-based Outsourcing Policy Guidelines and Procedures aligned with existing regulatory requirements;** • **Conduct due diligence and materiality assessment on service providers & vendors/suppliers based on materials submitted by process owners / outsourcing units by reviewing the organization's financial stability, management capabilities, track record, available facilities, system upgradeability, help desk facilities, business continuity, and other considerations required by the Bank's Board of Directors;** • **Endorse unanimously to the Board of Directors or to the President the approval of outsourcing proposals recommended by process owners / outsourcing units that were reviewed to be in order and**	

		compliant with internal policy requirements and pertinent regulations; • **Review the standard Outsource Service Agreement (OSA) to ensure compliance to applicable BSP regulations as well as the Bank's policies. The OSA shall require the service provider to provide for the continuity of service / contingency plan acceptable to the Bank including the schedule of review or testing;** • **Review the summary submitted by process owners / outsourcing units that documents the conduct of the periodic performance review of service providers.** **2022 Annual Report – Management Committees – Outsourcing Oversight Committee (OOC), Page 37**	
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 has established policies and programs for its employees covering among others, health, safety and welfare, training and development, reward/compensation, which encourage them to perform better and motivate them to a more dynamic role in the Bank.** **These policies, practices and programs of the Bank are all disclosed in our Annual Report and corporate website. Further, our Corporate Governance Manual as well as Code of Conduct also includes these policies related to the welfare of our employees.** **2022 Annual Report – Looking out for Health and Safety, Page 13** **Policy on Health, Safety and Welfare of Employees** **Code of Business Conduct and Ethics** **Corporate Governance Manual – Section 14. Employee Health, Safety and**	

		Welfare Policy, Page 62	
Supplement to Recommendation 15.1			
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	**COMPLIANT**	**While the Bank does not have a stock option scheme, we have been consistent in preaching the philosophy of meritocracy, such that our compensation and rewards programs are geared towards providing incentives to employees who have contributed to the success of the Bank.** **Below are the schemes the Bank employ to incentivize our employees due to their good performance:** • **Merit Increase. Annual increases are given to employees based on their relative performance within the organization. The Bank has adopted an increase matrix that rewards high performers without neglecting those rated as standard performers, or those who were able to perform as expected. Rewarding the most productive encourages others to perform better. This procedure on merit increase comes immediately after the annual performance appraisal exercise for the employees to relish the fruits of their hard work and contributions to the growth of the Bank.** • **Other Performance Incentives. Based on the overall company performance, i.e., attainment by the Bank of a stipulated income, we grant a return on equity (ROE) bonus to rank and file employees.** • **HE1GHTS: Reaching the Peak of Topnotch Performance. This productivity-based award is given quarterly and annually to an individual or group for achieving exceptional performance. In 2022, top-performing PSBankers from Branch Banking Group, Credit and Collections Group, and Indirect Sales Channel Group were recognized for exceeding more than 100% of their target productivity.** **2022 Annual Report – Our Remuneration Policy, Page 38**	

2. Company has policies and practices on health, safety and welfare of its employees.	**COMPLIANT**	**As disclosed in our 2022 Annual Report, we continued our strict 24/7 COVID-19 management and monitoring to safeguard our employees' health and well-being. Our employees' mental and emotional wellness were also our utmost priority. Equally important to our ability to retool and prepare our people for the future of work is listening to their concerns and feedback.** **2022 Annual Report – Looking out for Health and Safety, Page 13** **2022 Annual Report – Learning & Development, Making Awesome Employee Experiences and Hearing the Voice of Our People, Pages 12-13** **Policy on Health, Safety and Welfare of Employees**	
3. Company has policies and practices on training and development of its employees.	**COMPLIANT**	**The Bank maintains a policy on the continuous learning and development of its employees as it aims to continuously improve the products and services it offers and provides to its customers. As such, the Bank provides for certain training and development programs.** **Corporate Governance Manual – Section 13. Learning and Development Policy, Page 62** **2022 Annual Report – Retooling the Organization, Page 12** **PSBank Definitive Information Statement for April 27, 2023 ASM – Information Technology (IT) Trainings, Page 54**	
Recommendation 15.2			
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**	**Our Corporate Governance Manual provides that: "The Bank conducts its business in a legal, honest and ethical way and does not tolerate any form of bribery or corruption to obtain an unfair advantage. It shall not offer, pay or receive bribes directly or indirectly. It shall comply with this Policy (as also embodied in the Bank's Code of Conduct for its**	

		employees), Republic Act No. 3019 (or the Anti-Graft and Corrupt Practices Act) and all applicable anti-bribery and corruption laws and/or regulations that penalize such acts. This policy shall apply to dealings and transactions of the Bank, its directors and employees, with its clients, service providers, counterparties and other third parties. **Towards this end, all directors and employees of the Bank are prohibited from:** **a. Soliciting, arranging or accepting a bribe, facilitation payments and kickbacks for the benefit of the Bank, its director or employee or for the benefit of his/her family, friends, associate or acquaintances;** **b. Offering, promising or giving a bribe to public officials or other private individuals, directly or indirectly on behalf of the Bank; and** **c. Abusing entrusted power and authority.** **No director or employee shall be sanctioned or admonished for refusing to pay a bribe or misuse entrusted power and authority regardless of the financial impact to the Bank. On the other hand, a breach to this policy shall result in sanctions, regardless of any benefit to the Bank that may have arisen as a result of the bribe or misuse of entrusted power and authority.** **Any knowledge of bribery/corruption may be reported following existing guidelines under the Bank's Whistle Blowing Policy."** **Corporate Governance Manual – Section 16. Anti-Bribery and Corruption Policy, Page 62** **Whistleblowing Policy**	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	**COMPLIANT**	**The Board, through the Bank's Leadership and Employee Engagement Division, is tasked to disseminate to all employees all its policies/programs relating to anti-corruption by way of lectures, printed and electronic materials, and infographics. This is also part of the**	

		orientation for our new employees. **Corporate Governance Manual – Section 16. Anti-Bribery and Corruption Policy, Page 62**	
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**	**As stated in our Code of Business Conduct and Ethics, we consider as a grave offense, any act that put the integrity of our employee in question, that affects the company's interests, and/or results in substantial monetary or non-monetary (e.g., public trust and confidence) loss to the Bank. Examples are fraud, soliciting or accepting favors/bribes, gross negligence and qualified theft. These offenses merit the penalty from suspension to dismissal of the employee/s involved.** **Code of Business Conduct and Ethics – Classification of Offenses, Page 17**	
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**	**We are bound by a "whistleblower" policy that require our employees to report any impropriety or malpractice committed by co-employee/s or third-party or parties to their Group Heads or to the Customer Experience and Human Resources Group Head, the Fraud Management Group Head/ Division Heads, or the Chief Audit Executive/ Internal Audit Group Head for evaluation if it would warrant an investigation. Under the Code of Conduct, concealment or non-reporting is considered as an impropriety or malpractice in itself. The whistleblower is protected from any form of harassment as a result of any disclosure which was made in good faith believing the disclosure to be true and was not made maliciously or for personal gain. The policy considers any attempt to determine the whistleblower's identities as a breach of confidentiality which is subject to disciplinary sanctions.** **More details about our whistleblowing policy are disclosed in our Whistleblowing Policy, Annual Report and Corporate Governance**	
2, Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	**COMPLIANT**		

		Manual. **Whistleblowing Policy** **2022 Annual Report – Whistleblowing, Page 32** **Corporate Governance Manual – Section 8. Whistleblowing Policy, Pages 60-61**	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	**COMPLIANT**	**One of the duties and responsibilities of our Board of Directors is to oversee the integrity, independence, and effectiveness of Bank's policies and procedures for whistleblowing. It shall allow employees to communicate, with protection from reprisal, legitimate concerns about illegal, unethical or questionable practices directly to the Board of Directors or to any independent unit. Policies shall likewise be set on how such concerns shall be investigated and addressed, for example, by an internal control function, an objective external party, Senior Management and/or the Board of Directors itself. It shall prevent the use of the facilities of the Bank in the furtherance of criminal and other improper or illegal activities, such as but not limited to financial misreporting, money laundering, fraud, bribery or corruption. Our Board of Directors likewise ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.** **Corporate Governance Manual – Specific Duties and Responsibilities of the Board, Page 8**	
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	**COMPLIANT**	**The Bank recognizes and places an importance on the interdependence between its business and society and promotes a mutually beneficial relationship that allows it to grow its business, while contributing to the**	

promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.		**advancement of the society where it operates as a way of sharing its success with the community through its various Corporate Social Responsibility (CSR) partners. As such, the Bank continually and actively participates in various CSR activities such as educational, medical and environmental causes, promotion of integrity and other interactive outreach programs.** **Corporate Governance Manual – Section 15. Corporate Social Responsibility (CSR), Page 62** **2022 Annual Report – Corporate Social Responsibility Page 16**	
Optional: Principle 16			
1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development	**COMPLIANT**	**PSBank believes in "doing good by doing well." To magnify its contributions to society and communities, the Bank engages its employees through corporate social responsibility (CSR) initiatives, a number of which are in partnership with non-government organizations, and charitable and academic institutions.** **In addition, the Bank also aims to be socially responsible in all its dealings with the communities where it operates. As such, it shall 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. It shall ensure that its value chain is environmentally friendly and is consistent with promoting sustainable development. It shall exert efforts to interact positively with the communities in which it operates. Guided by SEC and BSP rules & regulations and standards, the Bank shall have a clear and focused policy on the disclosure of material and reportable non-financial information, with emphasis on the management of Economic, Environmental, Social and Governance (EESG) issues of its business, which underpin sustainability. For this matter, the Bank adopts a globally recognized standard and framework in reporting sustainability and non-financial issues.**	

		2022 Annual Report – Corporate Social Responsibility, Page 16 **Corporate Governance Manual – Section 17. Sustainability Reporting, Pages 62-63**	
2. Company exerts effort to interact positively with the communities in which it operates	**COMPLIANT**	**At PSBank, responsibly conducting our business starts with minding our footprint and impact on people, the planet and the communities we serve. We recognize that our success also lies on the difference our financial solutions make, as well as on how we contribute to creating happier, healthier and more inclusive communities.** **2022 Annual Report – Corporate Social Responsibility, Being a Responsible Business Pages 16-17**	

Pursuant to the requirement of the Securities and Exchange Commission, this **2022 Integrated Annual Corporate Governance Report (I-ACGR)** is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Makati on MAY 11 2023, 2023.

SIGNATURES

[redacted]

JOSE T. PARDO
Chairman of the Board/Independent Director

[redacted]

EDUARDO A. SAHAGUN
Independent Director

[redacted]

SAMSON C. LIM
Independent Director

[redacted]

FRANCISCO S. MAGSAJO, JR.
Independent Director

[redacted]

JOSE VICENTE L. ALDE
President

[redacted]

PERFECTO RAMON Z. DIMAYUGA, JR.
Corporate Secretary

[redacted]

GILBERT L. NUNAG
Chief Compliance Officer

SUBSCRIBED AND SWORN to before me this MAY 11 2023 day of _____, 2023, affiant(s) exhibiting to me their _____, as follows:

NAME	ID No.	Date of Issue
JOSE T. PARDO	[redacted]	
SAMSON C. LIM	[redacted]	
FRANCISCO S. MAGSAJO, JR.	[redacted]	
EDUARDO A. SAHAGUN	[redacted]	
JOSE VICENTE L. ALDE	[redacted]	
PERFECTO RAMON Z. DIMAYUGA, JR.	[redacted]	
GILBERT L. NUNAG	[redacted]	[redacted]

ATTY. ROMEO S. MASANGYA, JR.
ROLL NO. 45164
NOTARY PUBLIC FOR MAKATI CITY
APPOINTMENT NO. M-026 UNTIL DECEMBER 31, 2024
MCLE COMPLIANCE NO. VII-0005549 APRIL 14, 2025
IBP LIFETIME NO. 018663, 01/03/2018 MAKATI CITY
PTR NO. 9565013, 01/03/2023 MAKATI CITY
MEZZANINE FLR. PSBANK CENTER NO. 777 PASEO DE ROXAS
COR. SEDEÑO ST. MAKATI CITY
TEL NO. (02)8511-8042

Doc No. 251
Page No. 52
Book No. 13
Series of 2023

PHILIPPINE SAVINGS BANK

777 Paseo de Roxas Ave., corner Sedeño St., Makati City

SECRETARY'S CERTIFICATE

I, **PERFECTO RAMON Z. DIMAYUGA, JR.**, of legal age, Filipino citizen, married with office address at PSBank Center, 777 Paseo de Roxas Ave., corner Sedeño St., Makati City, after having been sworn in accordance with law, depose and state:

1. That, I am the duly elected and qualified Corporate Secretary of Philippine Savings Bank, a banking institution duly organized and existing under and in accordance with the laws of the Philippines, with principal office at PSBank Center, 777 Paseo de Roxas Ave., corner Sedeño St., Makati City.

2. That, at the regular meeting of the Board of Directors of the said banking institution held on January 17, 2022 via remote communication, with all nine (9) directors in attendance, the following resolution was unanimously approved:

RESOLUTION NO. 2022 - 008

"**RESOLVED**, as it is hereby resolved, that the Board of Directors of Philippine Savings Bank hereby approves the **Year 2022 Budget**, with details as attached in the pertinent Memorandum submitted to the Board, and broken down as follows:

in Php billion	
Net Income	2.03
Assets	280.11
Gross Loans	103.08
Deposits	233.95
Capital	35.51

"**RESOLVED FURTHER,** That the Board of Directors of Philippine Savings Bank hereby approves the **Capital Expenditures** included in the 2022 Budget amounting to Php 480.20 million, broken down as follows:

in Php million	
IT-related Applications, Infrastructure & Licenses	438.70
Bank Premises & FFE	41.50
Total Capital Expenditures	**480.20**

3. That, said resolution is now in full force and effect.

IN WITNESS WEREOF, I have hereunto set my hand at Makati Ci this JAN 18 2022 day of _____.

[redacted]

PERFECTO RAMON Z. DIMAYUGA, JR.
Corporate Secretary

SUBSCRIBED AND SWORN TO before me, this day of JAN 18 2022 at Makati City affiant exhibiting to me his Passport No. [redacted] issued at DFA NCR Northeast on July 3, 2017.

Doc. No. 88
Page No. 19
Book No. 13
Series of 2022.

Notary Public

ATTY. ROMANO M. DIAZ
Notary Public for Makati City
Until December 31 2022
Notarial Commission Appt. No. M-213
PTR No. 8704315MI/June 30,2021/Makati City
Roll No. 58123
IBP No. 122997 / Jan. 7, 2021 / PPLM
MCLE Compliance No. VI-0008177/04-23-18
Unit 17-C (17-IJ2), Burgundy Corporate Tower,
252 Sen. Gil Puyat Ave., Makati City