



Opening Doors, Building Tomorrows.

MOVING FORWARD, FUTURE READY

2020 | ANNUAL
REPORT





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MOVING FORWARD, **FUTURE READY**

1. CORPORATE POLICY

Our Vision:

We are the preferred savings bank with a highly competent and dedicated professional team committed to delivering excellent service and providing responsive and innovative solutions to our chosen markets.

Our Mission:

We provide a highly rewarding and significantly beneficial experience to our stakeholders by:

- Delivering efficient and personalized service to our customers;
- Ensuring the professional growth and personal well-being of our employees;
- Optimizing return on shareholder investment;
- Maximizing synergy with business partners; and
- Promoting corporate social responsibility.

About the Bank:

- Equicom Savings Bank (EqB) is a medium-sized savings bank established on September 29, 2008 with 10 branches located in NCR, Southern Luzon, Visayas, and Mindanao
- Proud member of the Equicom Group and BancNet
- As of end-December 2019, EqB was among the country's top 20 thrift banks (in a group of 49 small, medium, and large thrift banks) in terms of total assets, total deposits, total loan portfolio volume, and return on equity
- On April 2018, EqB was one of the five (5) pilot BSP-supervised institutions to launch instaPay, representing the thrift banks
- On July 2012, EqB was the first bank to receive the "Pagtugon Award" bestowed by the Bangko Sentral ng Pilipinas (BSP). This award recognizes EqB's excellence in responding to issues or concerns of clients referred to the Bank by the BSP
- EqB's strong presence in its niche market not only rests on its solid banking relationship with its clients and its synergistic connection with other companies in the Equicom Group, but also draws momentum from the dedicated efforts of its highly-competent professional teams steeped in sound banking practices and operations

Business Model of the Bank

We opened our doors in 2008 and currently engaged in retail banking, credit, debit, and prepaid cards, and commercial banking services. In the 12 years since then, we've built a business that is providing innovative financial solutions and offering a compelling alternative for customers across the communities we serve. We are embracing new banking platform and technologies, ensuring it develop in ways that maximize the opportunities while minimizing risks for our chosen markets.

Our ten (10) branches and 25 ATM locations put us at the heart of the communities we serve having presence in key cities in the National Capitol Region, Visayas, and Mindanao. Our customer service excellence was cemented as one of the industry's best back in 2012 after receiving the BSP Pagtugon Award.

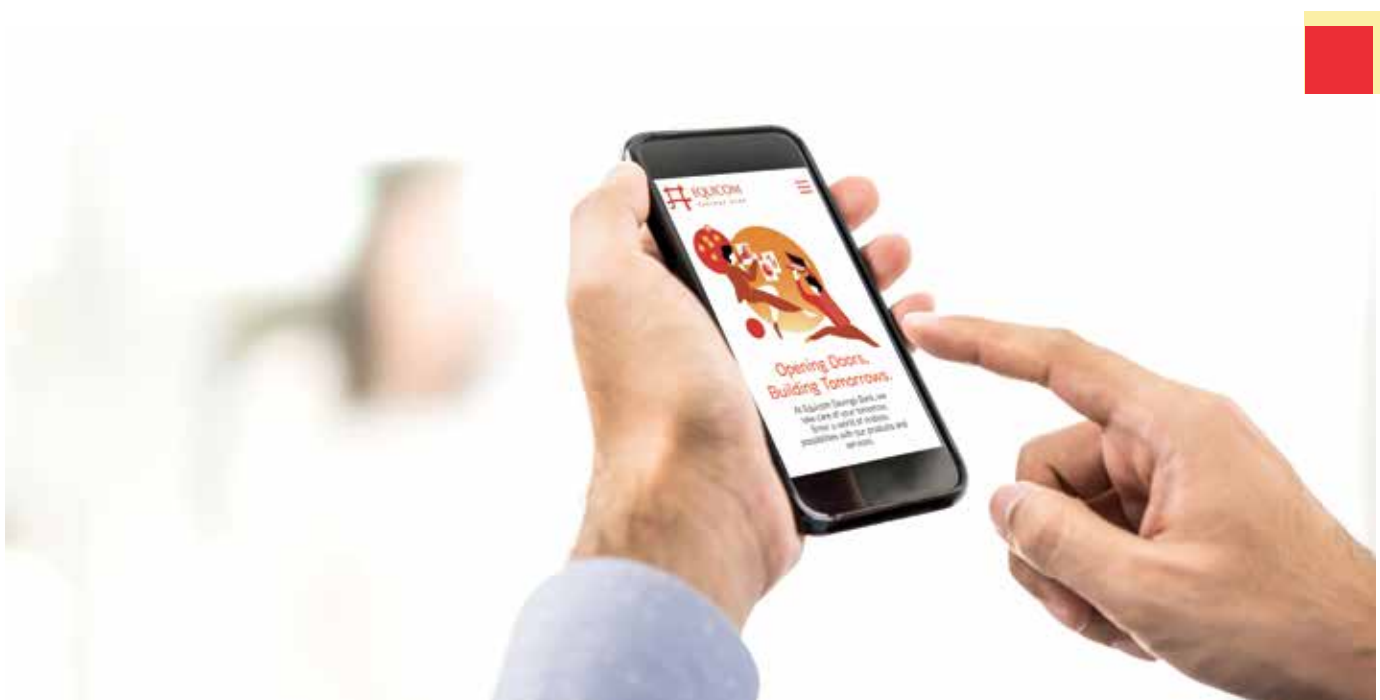
We underpin our business model with strong capital position, low risk business, liquidity management, and a robust approach to risk and corporate governance.

2. FINANCIAL HIGHLIGHTS

Statements of Financial Position:

	Years Ended December 31		Increase (Decrease)	Increase (Decrease)
	2020	2019	Amount	%
ASSETS				
Cash and Other Cash Items	92,323,326	94,905,537	(2,582,211)	-3%
Due from Bangko Sentral ng Pilipinas	4,669,240,626	2,816,637,901	1,852,602,725	66%
Due from Other Banks	267,020,619	265,986,133	1,034,486	0%
Interbank Loans Receivable	1,193,480,905	915,065,428	278,415,477	30%
Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)	20,604,691	20,604,691	0	0%
Investment Securities at Amortized Cost	0	25,000,000	(25,000,000)	-100%
Loans and Receivables	4,510,075,638	4,493,956,068	16,119,570	0%
Property and Equipment	73,169,214	110,321,688	(37,152,474)	-34%
Investment Properties	168,947,411	202,868,273	(33,920,862)	-17%
Deferred Tax Assets	141,912,352	149,151,965	(7,239,613)	-5%
Other Assets	326,873,113	261,076,149	65,796,964	25%
TOTAL ASSETS	11,463,647,895	9,355,573,833	2,108,074,062	23%

LIABILITIES AND EQUITY				
Liabilities				
Deposit Liabilities				
Demand	543,534,974	582,034,828	(38,499,854)	-7%
Savings	3,094,141,633	3,074,270,636	19,870,997	1%
Time	6,433,404,383	4,340,733,458	2,092,670,925	48%
	10,071,080,990	7,997,038,922	2,074,042,068	26%
Accrued Taxes and Other Liabilities	373,702,811	457,444,563	(83,741,752)	-18%
Retirement Liability	92,685,107	82,505,008	10,180,099	12%
Income Tax Payable	656,439	0	656,439	-
TOTAL LIABILITIES	10,538,125,347	8,536,988,493	2,001,136,854	23%
Equity				
Common Stock	1,658,856,150	1,499,751,950	159,104,200	11%
Capital Paid in Excess of Par Value	7,847,774	7,847,774	0	0%
Deficit	(736,371,576)	(689,793,106)	(46,578,470)	7%
Remeasurement Gains (Losses) on Defined Benefit Obligation	(16,639,014)	(11,915,110)	(4,723,904)	40%
Fair Value Reserves on Financial Assets at FVOCI	8,054,691	8,054,691	0	0%
Cumulative Translation Adjustment	3,774,523	4,639,141	(864,618)	-19%
	925,522,548	818,585,340	106,937,208	13%
TOTAL LIABILITIES AND EQUITY	11,463,647,895	9,355,573,833	2,108,074,062	23%



3. FINANCIAL CONDITION

The Bank's total assets stood at Php 11.464 billion as of December 31, 2020, higher by Php 2.108 billion or 23% than December 31, 2019 level.

Due from BSP and interbank loans receivables increased by Php 1.853 billion or 66% to Php 4.669 billion and Php 278 million or 30% to Php 1.193 billion, respectively, as excess funds sourced from deposit liabilities were placed under the BSP's overnight and term deposit facility. Investment Securities were reduced to nil due to its maturity. Loans and receivables remained the same from last year at Php 4.510 billion. Cash and other cash items generally flat at Php 92 million from last year's Php 95 million as the Bank just maintained its operating cash requirements.

Property and Equipment decreased by Php 37 million or 34% to Php 73 million due to depreciation for the year. Investment properties decreased by Php 34 million or 17% to Php 169 million due to disposals or sale of properties. Deferred tax assets declined by Php 7 million or 5% to Php 142 million as the Bank did not recognize deferred tax assets on the temporary differences since management believes that the Bank may not generate sufficient taxable profits that will be available to allow all or part of the deferred tax asset to be realized.

Other assets went up by Php 66 million or 25% to Php 327 million due to increase in prepaid expenses pertaining to prepayments for purchased software, insurance, taxes and licenses, rental and other services.

As of December 31, 2020, the Bank's total deposits increased by Php 2.074 billion or 26% to Php 10.071 billion brought about by the deposit generation campaign of the Bank. Accrued taxes and other liabilities decreased Php 84 million or 18% to Php 374 million mainly due to last year's booking of deposit for future stock subscription that was reclassified to equity in 2020. Retirement liability increased by Php 10 million or 12% to Php 93 million due to the contribution by the Bank to the retirement fund.

The Bank's stockholders' equity increased by Php 107 million or 13% to Php 926 million. The increase was attributed to the additional capital made during the year.

4. RISK MANAGEMENT FRAMEWORK ADOPTED

Risk management

Risk is inherent in the Bank's activities but it is carefully managed through a process of ongoing identification, measurement and monitoring subject to prudent risk limits and strong controls. Those procedures of risk management are critical to the Bank's continuing profitability and each individual within the Bank is accountable for the risk exposures relating to his/her responsibilities. The Bank is exposed to credit risk, liquidity risk and market risk.

The Chief Risk Officer of the Bank, is responsible to communicate formally to the board level, particularly the Risk Oversight Committee (ROC) and management committee levels (MANCOM, ALCO, CRECOM and ITSC), any material information relative to risk management.

The ROC shall be responsible for the development and oversight of the risk management program of the Bank. Its core responsibilities include but not limited to the following:

1. Prioritize areas of concern where risk is most likely to occur and are costly when it happens. The committee assess the probability of each risk becoming real and shall estimate its possible effect and cost.
2. Determine practical strategies to reduce the chance of harm and failure or minimize losses if the risk becomes real.
3. Conduct regular discussion on the bank's current risk exposure based on regular management report and assess how the concerned units reduced this risks.
4. Evaluate risk management plan to ensure its continued relevance, comprehensiveness and effectiveness.

Directly reporting to ROC is the Chief Risk Officer of the Bank, and communicates formally to the committee any material information relative to risk management.

The Bank's has various management committees that periodically review and assess the Bank's performance and exposure to various business risks.

These committees, which initiate measures aimed at minimizing business risks, use benchmarks that are industry-based as a yardstick for measuring how it is doing, and for determining the quality of its various assets, the soundness of its pricing strategies and market focus. In addition, the Bank's various key result areas have very specific goals that ensure strict adherence to established policies and guidelines particularly those relating to asset quality, liquidity parameters, portfolio diversification and product pricing. Periodic reviews are regularly communicated to the Board of Directors and Audit Committee.

The management of the Bank reviews the policies for managing each financial risk, which are summarized as follows:

a. Credit risk

The Bank's activities are governed by its Credit Policy Manual which defines guiding principles and parameters for credit activities as well as the roles and responsibilities of every individual to the over-all credit process. Credit policies and standards are periodically reviewed to ensure effectiveness and relevance.

The Credit Committee undertakes credit analysis and review to ensure consistency in the Bank's risk assessment process. It performs risk ratings for corporate accounts and risk scoring for consumer accounts. It also ensures that the Bank's credit policies and procedures are adequate to meet the demands of the business operations. The Credit Committee is also responsible for developing procedures to streamline and expedite the processing of credit applications.

The Credit Committee also undertakes portfolio management by reviewing the Bank's loan portfolio risks associated with particular industry sectors, regions, loan size and maturity, and development of a strategy for the Bank to achieve its desired portfolio mix and risk profile.

The Credit Committee reviews the Bank's loan portfolio in line with the Bank's policy of not having significant unwarranted concentrations of exposure to individual counterparties, in accordance with the BSP's prohibitions on maintaining a financial exposure to any single person or group of connected persons in excess of 25.00% of its net worth.

The Bank has dedicated teams composed of experienced senior credit officers and seasoned lawyers to handle distressed and past due accounts. For investments in debt securities, credit risk is addressed by setting limits as to the maximum amount of investment that can be made on a certain type of security. The credit rating of the issuers of the securities is also evaluated before an investment is made. The Bank's maximum credit risk is limited to the amounts on the statements of financial position.

Credit Quality

EqB uses the standard below in defining credit quality:

Satisfactory exposures show low levels of expected loss. For loans, these accounts should neither be past due nor impaired. The Bank classifies those accounts under current or 1 to 30 days past due status and are not impaired (Stage 1).

Acceptable exposures show moderate levels of expected loss. For loans, these accounts should neither be past due nor impaired (Stage 1).

Past Due but Not Impaired - This includes past due loans whether impaired or not and items in litigation. Past due but not impaired loans are loan accounts that are nonperforming but are adequately secured (60.00% loan to collateral ratio). Past due and impaired loans are those unsecured, secured with overvalued collateral, with defective documentation, or with problems that would make it difficult to foreclose or take possession of the collateral. Items in litigation include accounts that are under litigation, unsecured skip accounts, unsecured starter accounts, and loans with imperfect documentation (Stages 2 and 3).

Past Due and Credit Impaired. These include loan accounts considered to be delinquent (91+ days past due), non-performing as defined by BSP Circular No. 941.

b. Liquidity risk

Liquidity risk is the risk that the Bank does not have sufficient financial assets to meet its obligations as they fall due, or will have to do so at an excessive cost. This risk arises from mismatches in the timing of cash flows. Funding risk (a form of liquidity risk) arises when the necessary liquidity to fund illiquid asset positions cannot be obtained at the expected terms and when required.

The Bank's liquidity risk is managed by holding sufficient liquid assets of appropriate quality to ensure short-term funding requirements are met with minimum sacrifice to market price and by maintaining a balanced loan portfolio which is repriced on a regular basis. Deposits with banks are made on a short-term basis with almost all being available on demand or for collection in three months. Likewise, the Bank has sufficient available credit lines with other banks to address short-term liquidity needs.

c. Market risk

Market risk is the risk of loss to future earnings, fair values or future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in equity prices, interest rates and foreign exchange rates.

The Bank reviews its financial assets and liabilities portfolio regularly to monitor the effect of changes in market variables mentioned above.

Interest Rate Risk

The Bank follows a prudent policy on managing its assets and liabilities so as to ensure that exposure to fluctuations in interest rates are kept within acceptable limits. The Bank's liquidity and cash flow interest rate risks are managed by means of sourcing funds from various lenders and through operations. The Bank employs the interest rate gap (IRG) to measure and analyze the interest rate sensitivity of its assets and liabilities on the statement of financial position. This was adopted from the BSP interest rate matching schedule.

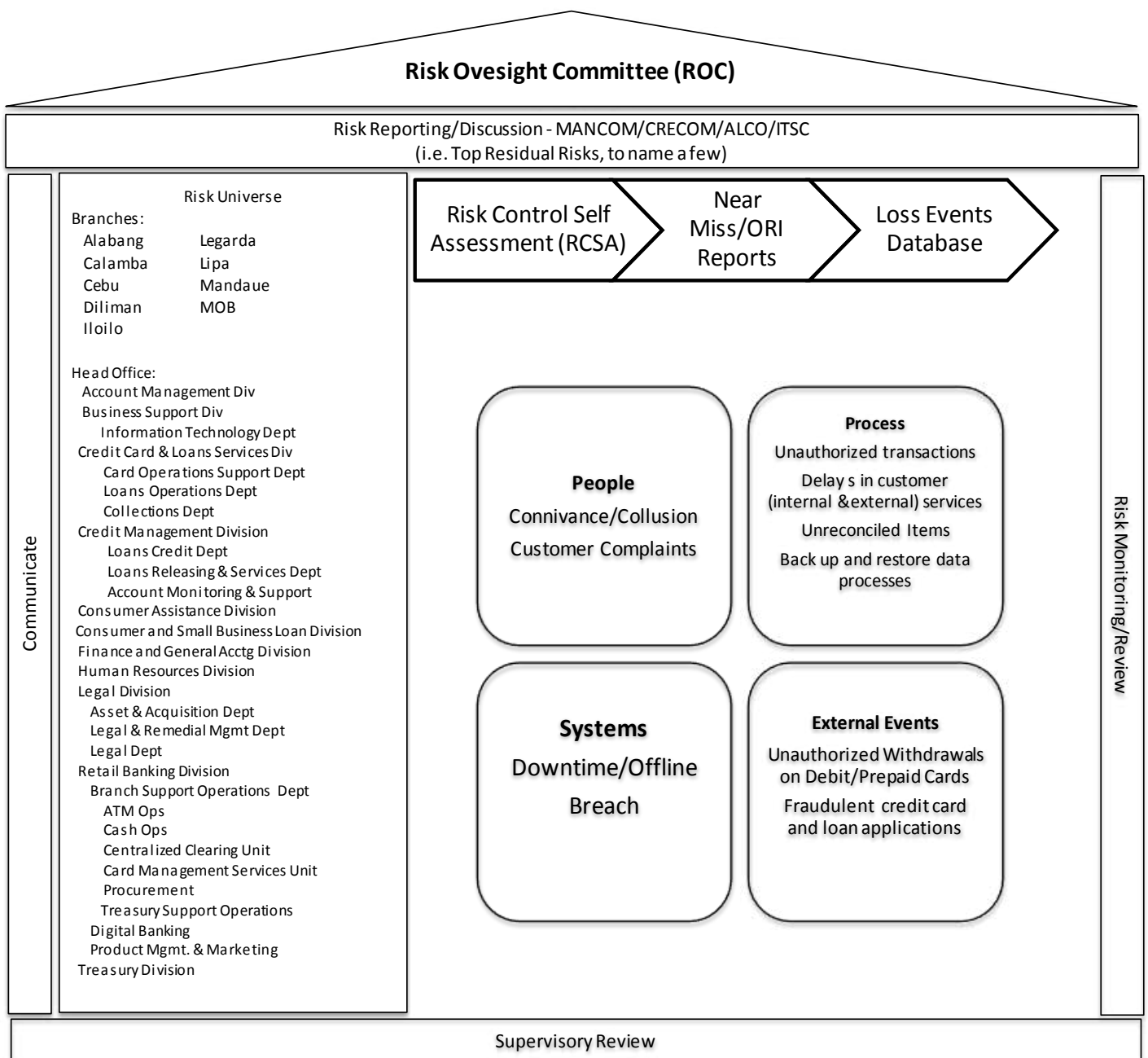
Foreign Currency Risk

Foreign currency risk is the risk to earnings or capital arising from changes in foreign currency exchange rates.



In Annex A, the flow of communication and reporting depicting risk management structure and as an illustration where the Operational Risk Framework is generally observed.

ANNEX A



AML/CFT Risk Management Framework

Equicom Savings Bank, Inc. has developed sound risk management policies and practices to ensure that risks associated with AML/CFT are identified, assessed, monitored, mitigated and controlled, as well as to ensure effective implementation and that the Bank will not be used as a vehicle to legitimize proceeds of unlawful activity or to facilitate or finance terrorism.

Board and Senior Management Oversight

It is the responsibility of the Board of Directors, through the Board Audit Committee (BAC), to provide oversight in the implementation of the AML/CFT policy and ensure that compliance issues are resolved expeditiously. On the other hand, the Senior Management (SM) oversees the day-to-day management of AML/CFT risk and ensures the effective implementation of the Board-approved AML/CFT policies and alignment of the Bank activities with the strategic objectives.

The Chief Compliance Officer who is also the designated AML Officer in concurrent capacity, serves as the overall overseer of the Bank's AML/CFT compliance and reports regularly the significant issues to the BAC. The AML/CFT Program was embedded in the Compliance Program, which was further enhanced, revised and approved by the BAC on January 22, 2020. Compliance with AMLA regulations is part of the monthly compliance self-testing activities of each unit. Results are being reviewed and assessed regularly by the Compliance Office and likewise covered in the conduct of Independent Compliance Testing being performed by the Compliance Office, at least annually, including the monitoring of actions that need to be taken on any noted infractions.

Money Laundering and Terrorist Financing Prevention Policies (MLTFPP)

MLTFPP embodies the comprehensive and risk-based operating policies and procedures geared toward the promotion of high ethical and professional standards and the prevention of the Bank being used, intentionally or unintentionally, for AML/CFT activities. The updated MLTFPP, consistent with the AML laws, rules and regulations was approved on 16 April 2020 by the Board, through BAC. The MLTFPP includes the detailed procedures on customer identification, periodic updating of customer information, transaction monitoring, alert investigation, covered and suspicious transaction reporting, record keeping and retention, training, terrorist financing, financing terrorism, and handling freeze order, among others.

Internal Control and Audit

Internal Audit Division, which functionally reports to the Board of Directors through the BAC is responsible in the conduct of periodic and independent evaluation on soundness of risk management, degree of adherence to internal control mechanisms related to KYC and due diligence policies and procedures, covered and suspicious transaction reporting, record keeping and retention, and effectiveness of other existing controls on AML/CFT, among others. Audit findings and observations related to AML/CFT form part of the Audit Report on Business Units issued to the Board through BAC.

Actions to preclude recurrence is being evaluated by both the Compliance Office and Internal Audit. The resolutions of deficiencies and weaknesses are closely monitored to ensure implementation. The 3 units



exercising independent functions (Compliance Office, Internal Audit and Risk Management) have a signed and standing corroboration agreement to further strengthen monitoring.

AML Training and Continuous Education

The Bank has a continuous AML/CFT Training Program to ensure that the Board, Management and all employees are informed of the AML/CFT risks and regularly updated of the new regulatory issuances and be constantly reminded of their respective responsibilities. MLTF module is part of the training programs which were designed and administered by the Compliance Division with coordination with Human Resources Division (i.e., New Hire Orientation; Officer Training Program, Basic Banking Course; and the MLTF Refresher Course), that is administered to all employees of the Bank. These trainings are likewise part of the HRD training program and regularly conducted.

The program provides for a comprehensive understanding of anti-money laundering, the pertinent laws and regulations, and the role of bank personnel in the fight against money laundering and terrorist financing, particularly in reporting, conducting due diligence and enhanced due diligence procedures as part of the Bank's KYC policy.

5. CORPORATE GOVERNANCE**A. Board of Directors**

The Board of Directors is primarily responsible for the corporate governance of the Bank. To ensure good governance, the Board of Directors shall establish the strategic objectives, policies and procedures that will guide and direct the activities of the Bank, including the means to attain the same and as the mechanism for monitoring management's performance. While the management of the day-to-day affairs of the Bank shall be handled by the Management team, the Board of Directors shall be responsible for monitoring and overseeing management action.



A.1 COMPOSITION OF THE BOARD OF DIRECTORS

The Board of Directors shall be composed of at least five (5) but not more than 15 directors, at least 20% of whom, but not less than two (2), shall be Independent Directors, a fraction as a result of the application of the 20% minimum requirement being rounded-up to the nearest whole number.

To the extent practicable, the members of the board of directors shall be selected from a broad pool of qualified candidates. A sufficient number of qualified non-executive members shall be elected to promote the independence of the board from the views of senior management. For this purpose, non-executive members of the board shall refer to those who are not part of the day to day management of banking operations and shall include the independent directors.

A.2. DEFINITION OF DIRECTORS

Directors shall include:

- 1) Directors who are named as such in the Articles of Incorporation
- 2) Directors duly elected in subsequent meetings of the stockholders
- 3) Those elected to fill vacancies in the board of directors

A.3. QUALIFICATIONS OF DIRECTORS

The Board of Directors shall possess, at the minimum, the following qualifications and no disqualifications as discussed in Sections A.4.1 and A.4.2 below:

- 1) He shall be at least twenty-five (25) years old at the time of his election or appointment
- 2) He shall be at least a college graduate or has at least five (5) years of experience in business
- 3) He must have attended a special corporate governance for Board of Directors seminar conducted by the BSP or its accredited institution: Provided, that incumbent Directors must attend said seminar within a period of six months from date of election
- 4) He must be fit and proper for the position of a bank director (i.e., of proven high standards of integrity and probity, he possesses the education, experience and training required of the position of a bank directors, he is competent and diligent and he is physically and mentally fit)
- 5) He must own at least one (1) share of the capital stock of the bank

He must possess the foregoing qualifications for directors in addition to those required or prescribed under R.A. No. 8791 and other existing applicable laws and regulations.

A.3.1 Additional Qualifications of Independent Director/s

In addition to the qualification of Directors, the Bank's Independent Director/s shall meet the following requirements:

- 1) He is not or has not been, an officer or employee of the bank, its subsidiaries or affiliates or related

interests during the past three (3) years counted from the date of election;

- 2) He is not a director or officer of the related companies of the bank's majority stockholder;
- 3) He is not a majority stockholder of the Bank, any of its related companies or of its majority stockholder
- 4) He is not a relative within the fourth degree of consanguinity or affinity, legitimate or commonlaw of any director, officer or majority shareholder of the Bank or any of its related companies;
- 5) He is not acting as a nominee or representative of any director or substantial shareholder of the bank, any of its related companies or any of its substantial shareholders; and
- 6) He is not retained as professional adviser, consultant, agent or counsel of the Bank, any of its related companies or any of its substantial shareholders, either in his personal capacity or through his firm; is independent of management and free from any business or other relationship, has not engaged and does not engage in any transaction with the bank or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and could not materially interfere with or influence the exercise of his judgment.

The foregoing terms and phrases used in Items "1" to "6" shall have the following meaning:

- a) Parent is a corporation which has control over another corporation directly or indirectly through one (1) or more intermediaries.
- b) Subsidiary means a corporation more than fifty percent (50%) of the voting stock of which is owned or controlled directly or indirectly through one (1) or more intermediaries by a bank.
- c) Affiliate is a juridical person that directly or indirectly, through one (1) or more intermediaries, is controlled by, or is under common control with the bank or its affiliates.
- d) Related interests as defined under Sections 12 and 13 of R.A. No. 8791 shall mean individuals related to each other within the fourth degree of consanguinity or affinity, legitimate or common law, and two (2) or more corporations owned or controlled by a single individual or by the same family group or the same group of persons.
- e) Control exists when the parent owns directly or indirectly through subsidiaries more than one-half of the voting power of an enterprise unless, in exceptional circumstance, it can be clearly demonstrated that such ownership does not constitute control. Control may also exist even when ownership is one-half or less of the voting power of an enterprise when there is:
 - i. power over more than one-half of the voting rights by virtue of an agreement with other stockholders; or
 - ii. power to govern the financial and operating policies of the enterprise under a statute or an

- agreement; or
- iii. power to appoint or remove the majority of the members of the board of directors or equivalent governing body; or
- iv. power to cast the majority votes at meetings of the board of directors or equivalent governing body; or
- v. any other arrangement similar to any of the above.

f) Related company means another company which is: (a) its parent or holding company; (b) its subsidiary or affiliate; or (c) a corporation where a bank or its majority stockholder own such number of shares that will allow/enable him to elect at least one (1) member of the board of directors or a partnership where such majority stockholder is a partner.

g) Substantial or major shareholder shall mean a person, whether natural or juridical, owning such number of shares that will allow him to elect at least one (1) member of the board of directors of a bank or who is directly or indirectly the registered or beneficial owner of more than ten percent (10%) of any class of its equity security.

h) Majority stockholder or majority shareholder means a person, whether natural or juridical, owning more than fifty percent (50%) of the voting stock of a bank.

A.4 DISQUALIFICATIONS OF DIRECTORS

The Bank shall consider any of the following persons as unfit to be appointed as a member of the Board of Directors:

A.4.1 Permanent Disqualification

- 1) Persons who have been convicted by final judgment of a court for offenses involving dishonesty, or breach of trust such as, but not limited to estafa, embezzlement, extortion, forgery, malversation, swindling, theft, robbery, falsification, bribery, violation of B.P. Blg. 22, violation of Anti-Graft and Corrupt Practices Act and prohibited acts and transactions under Section R.A No. 6713 (Code of Conduct and Ethical Standards for Public Officials and Employees);
- 2) Persons who have been convicted by final judgment of a court for sentencing the to serve a maximum term of imprisonment of more than six (6) years;
- 3) Persons who have been convicted by final judgment of a court for violation of banking laws, rules and regulations;
- 4) Persons who have been judicially declared insolvent, spendthrift or incapacitated to contract;
- 5) Directors, officers or employees of closed banks who were found to be culpable for such institution's closure as determined by the Monetary Board;

- 6) Directors and officers of banks found by the Monetary Board as administratively liable for violation of banking laws, rules and regulations where a penalty of removal office is imposed, and which finding of the Monetary Board has become final and executory; or
- 7) Directors and officers of banks or any person found by the Monetary Board to be unfit for the position of directors or officers because they were found administratively liable by another government agency for violation of banking laws, rules and regulations or any offense/violation involving dishonesty or breach of trust, and which finding of said government agency has become final and executory.

A.4.2 Temporary Disqualification

- 1) Persons who refuse to fully disclose the extent of their business interests or any material information to the appropriate department of the SES when required pursuant to a provision of law or of a circular, memorandum, rule or regulation of the BSP. This disqualification shall be in effect as long as his refusal persists;
- 2) Directors who have been absent or who have not participated for whatever reasons in more than fifty percent (50%) of all regular and special meetings of the Board of Directors during their incumbency, and directors who failed to physically attend for whatever reasons in at least twenty-five percent (25%) of all board meetings in any year, except that when a notarized certification executed by the corporate secretary has been submitted attesting that said directors were given the agenda materials prior to the meeting and that their comments/decisions thereon were submitted for deliberation/discussion and were taken up in the actual board meeting, said directors shall be considered present in the board meeting. This disqualification applies only for purposes of the immediately succeeding election;
- 3) Persons who are delinquent in the payment of obligations as elucidated under §X143.1, Item b.3, of the BSP Manual of Regulations for Banks;
- 4) Persons who have been convicted by a court for offenses involving dishonesty or breach of trust such as, but not limited to, estafa. Embezzlement, extortion, forgery, malversation, swindling, theft, robbery, falsification, bribery, violation of B.P. Blg. 22, violation of Anti-Graft and Corrupt Practices Act and prohibited acts and transactions under Section 7 of R.A. No. 6713, violation of banking laws, rules and regulations or those sentenced to serve a maximum term of imprisonment of more than six (6) years but whose conviction has not yet become final and executory;
- 5) Directors and officers of closed banks pending their clearance by the Monetary Board;
- 6) Directors disqualified for failure to observe/discharge their duties and responsibilities prescribed under existing regulations. This disqualification applies until the lapse of the specific period of disqualification or upon approval by the Monetary Board on recommendation by the appropriate department of the SES of such directors' election/reelection;
- 7) Directors who failed to attend a corporate governance for Board of directors' seminar conducted by the BSP or its accredited institution. This disqualification applies until the director concerned has attended such seminar;

- 8) Persons dismissed/terminated from employment for cause. This disqualification shall be in effect until they have cleared themselves of involvement in the alleged irregularity or upon clearance, on their request, from the Monetary Board after showing good and justifiable reasons, or after the lapse of five (5) years from the time they were officially advised by the appropriate department of SES of their disqualification;
- 9) Those under preventive suspension;
- 10) Persons with derogatory records as certified by, or on the official files of, the judiciary, NBI, Philippine National Police, quasi-judicial bodies, other government agencies, international police, monetary authorities and similar agencies or authorities of foreign countries for irregularities or violation of any law, rules and regulations that would adversely affect the integrity of the director or the ability to effectively discharge his duties. This disqualification applies until they have cleared themselves of the alleged irregularities/violations or after a lapse of five (5) years from the time the complaint, which was the basis of the derogatory records;
- 11) Directors and officers of banks found by the Monetary Board as administratively liable for violation of banking laws, rules and regulations where a penalty of removal from office is imposed and which finding of the Monetary Board is pending appeal before the appellate court, unless execution or enforcement thereof is restrained by the court;
- 12) Directors and officers of banks or any person found by the Monetary Board to be unfit for the position of director because they were found administratively liable by another government agency for violation of banking laws, rules and regulations or any offense/violation involving dishonesty or breach of trust, and which finding of said government agency is pending appeal before the appellate court, unless execution or enforcement thereof is restrained by the court; and
- 13) Directors and officers of banks found by the Monetary Board as administratively liable for violation of banking laws, rules and regulations where a penalty of suspension from office or fine is imposed, regardless whether the finding of the Monetary Board is final and executory or pending appeal before the appellate court, unless execution or enforcement thereof is restrained by the court. This disqualification shall be in effect during the period of suspension or so long as the fine is not fully paid.

A.5 Powers/Responsibilities And Duties Of Directors

The corporate powers of the Bank shall be exercised, its business conducted and all its property shall be controlled and held by the Bank's Board of Directors. The powers of the board of directors as conferred by law are original and cannot be revoked by the stockholders. The directors hold their office charged with the duty to exercise sound and objective judgment for the best interest of the bank.

A.6 General Responsibility Of The Board Of Directors

The position of a bank director is a position of trust. A director assumes certain responsibilities to different constituencies or stakeholders, i.e., the bank itself, its stockholders, its depositors and other creditors, its management and employees, the regulators, deposit insurer and the public at large. These constituencies



or stakeholders have the right to expect that the institution is being run in a prudent and sound manner.

It is the Board's responsibility to foster the long-term success of the Bank, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interest of its stockholders and other stakeholders.

The 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 institution.

A.7 Duties And Responsibilities Of The Chairperson Of The Board Of Directors

The duties and responsibilities of the Chairperson in relation to the Board shall include, among others, the following:

- (1) To provide leadership in the board of directors. The chairperson of the board shall ensure effective functioning of the board, including maintaining a relationship of trust with board members.
- (2) To ensure that the board takes an informed decision. The chairperson of the board shall ensure a sound decision making process and he should encourage and promote critical discussions and ensure that dissenting views can be expressed and discussed within the decision-making process
- (3) Maintain qualitative and timely lines of communication and information between the Board and Management

A.8 BOARD COMPOSITION

Name	Position	No. of Shares Held	Percentage of Shares Held to Total Outstanding Shares
1 Antonio L. Go	Chairman	576,147	34.73%
2 Rene J. Buenaventura	Vice-Chairman	1	0.0001%
3 Alan David L. Matutina	Director	1	0.0001%
4 Roberto R. Romulo	Director	1	0.0001%
5 Eduardo J. Katigbak, Jr.	Director	1	0.0001%
6 Esther Wileen S. Go	Director	1	0.0001%
7 Mina C. Figueroa	Independent Director	1	0.0001%
8 Kenneth Y. Hartigan-Go	Independent Director	1	0.0001%
9 Antonino B. Inumerable	Independent Director	1	0.0001%



A.9 BRIEF BACKGROUND OF DIRECTORS

ANTONIO L. GO, 81 years old, was elected Director and Chairman of Equicom Savings Bank on 16 January 2008. He is also the Chairman of Algo Leasing and Finance Inc. and Director of Equitable Computer Services Inc., Equicom Information Technology Inc., Equitable Development Corporation, Maxicare Healthcare Corporation, Medilink Network Inc., Pin-An Holdings Corp., Equicom Manila Holdings Inc., Equicom Inc., SteelAsia Manufacturing Corp., and a Non-Executive Director of DITO Telecommunity Corporation. He also serves as Independent Director of Cebu Air Inc., Oriental Petroleum and Minerals Corporation, Robinson Retail Holdings Inc., and JG Summit Holdings Inc. He also sits on the board of Singapore based company, the United Industrial Corporation. He is also a Trustee of Equitable Foundation,

Go Kim Pah Foundation, Inc. and Gokongwei Brothers Foundation, Inc. and a Member of the Makati Business Club, Philippine-Singapore Business Council and Philippine Chamber of Commerce, Inc.

Mr. Go was Chairman of Visa International Asia Pacific Region from 1998 to 2005 and was a director since 1980, He was also a Member of the Executive Committee of Visa International Worldwide where he was also a director. From 2004 to 2006, Mr. Go was a director of Philex Mining Corporation, one of the largest mining companies in the Philippines. He graduated from Youngstown University, U.S.A with a degree in BS Business Administration. He attended the International Advanced Management program at the International Management Institute, Geneva, Switzerland as well as the Financial Planning/Control/ from the ABA National School of Bankard Management, Northwestern University, USA.

RENE J. BUENAVENTURA, 66 years old, was elected Director and Vice Chairman of the Board of Equicom Savings Bank on 16 January 2008. He is a Certified Public Accountant and graduated Summa Cum Laude for Bachelor of Arts, Major in Behavioral Sciences and Bachelor of Science in Commerce in Dela Salle University in the Philippines. He also earned his Master in Business Administration from the same university. He is also the Vice Chairman of Algo Leasing and Finance, Inc. and Equicom Manila Holdings, Inc. He also serves as Director of Pin-An Holdings Corp., Equicom, Inc., Equicom Information Technology, Inc., Maxicare Healthcare Corporation, SteelAsia Manufacturing Corporation, SteelAsia Development and Management Corp., Candelaria Steel and Consumer CreditScore Philippines, Inc. He is also an Independent Director of UBS Philippines, Inc., AIG Insurance Philippines, Inc., Lorenzo Shipping Corporation and GT Capital Corporation. Mr. Buenaventura is also the President of Gramercy Holdings Corporation, Canyon Crest Holding Corp., Hengrave Holdings Corp. and Cliveden Management Corp. He has been in the banking industry for almost 30 years. He served as President of Equitable PCI Bank from 2002 to 2006, SEVP and Group Head of Retail Banking in 2001-2002 and EVP in 1992-2001. He was EVP and COO of PCI Leasing and Finance from 1993 to 1994, and former Director of PCI Insurance Brokers, Inc, PCIB Savings Bank and Bankard, Inc. He was also the former President of Megalink and a Director of Bankers Association of the Philippines. He started his career in commercial Bank and Trust Co. as Manager in 1977.

ALAN DAVID L. MATUTINA, 56 years old, joined the Bank on June 1, 2012 as Senior Vice President and Head of Consumer Finance Division. He was appointed Officer-in-Charge (OIC) in February 2013 and as President effective September 1, 2013. Prior to joining EqB, he was Senior Vice President of Security Bank Corporation, Acting President and Director of Security Finance Corporation and Director of SB Cards Corporation from 2010 to 2012; Senior Vice President of GE Money Bank in 2007; and First Vice President in Equitable PCI Bank. He started his banking career in 1988 as an Account Officer in PCI Bank where he worked until 1992. He took up Juris Doctor in Ateneo Law School from 1989 until 1993 and after passing the bar examination in 1994, he joined Bengzon Law office as an Associate Lawyer. He obtained his Bachelor of Science in Statistics degree from the University of the Philippines in Diliman.

AMBASSADOR ROBERTO R. ROMULO is the Chairman of the following organizations: AIG Philippines Insurance, Inc., MediLink Network Inc. and Nationwide Development Corporation. He holds board memberships in the following corporations: PLDT, Inc.; Equicom Savings Bank; Robinsons Retail Holdings, Inc., Maxicare Healthcare Corporation and McLarty Associates (formerly Kissinger McLarty Associates).

He is also chairman of non-profit foundations: Carlos P. Romulo Foundation for Peace and Development,

and Asia-Europe Foundation of the Philippines. He is Chairman Emeritus of Zuellig Family Foundation, which he chaired for more than 10 years. He is a Co-Founder and Trustee of the US-Philippines Society.

During his 25-year career with IBM, he held various marketing and management positions in New York, Managing Director in Thailand, Burma and Bangladesh and the Philippines (President and GM).

He joined government service in June 1989 as Ambassador to Belgium, Luxembourg and the Commission of the European Communities. In 1992, he was appointed Foreign Minister.

In 1995, he rejoined the private sector and was elected as Chairman of PLDT, and Vice-Chair of San Miguel International. He was Chairman of Interpharma Investments Ltd. (Zuellig Pharma) from 1997 to 2007. He was a board member of MIH (a subsidiary of NASPERS, a South African Company) from 2002 to 2013. From 2003 to 2010, he was an independent director of Singapore Land and UIC.

He is a graduate of Georgetown University and Ateneo College of Law.

EDUARDO J. KATIGBAK, JR., was elected Director of Equicom Savings Bank on 15 September 2020. He is a graduate of University of the Philippines with a degree of BS Business Administration. He is currently serving as a consultant for a group of companies engaged in health care and business outsourcing services. He sits as Chairman of the Board of Philippine Rating Services Corp. (PhilRatings) and Outsource Network Contact Center and Back Office Services Incorporated (ONet); and Director of Maxicare Healthcare Corporation (Maxicare). He previously served as Director of Credit Information Bureau, Inc. (CIBI), and Consultant for Equicom Shared Services, Inc. He is experienced in bank operations and systems management which include design strategy and implementation of operating systems for the whole range of banking products – trade, cash management, corporate banking and treasury services. Also experienced in processing operations, management information systems, data processing, audit and organizational restructuring. Mr. Katigbak also developed and conducted training programs relating to technology, product/service development/management, audit and control operations, productivity, and people management. He served as President and Chief Operation Officer of Philippine Clearing House Corporation from 2007-2013. He also served as Executive Vice President of Equitable PCI Bank from 2001 to 2007. He was Country Operations Manager at Deutsche Bank AG Manila in 1995-2001, Vice President and Head of Branch Operation of Bank of Philippine Islands in 1989-1994 and as Vice President of Citibank, N. A. He started his career in Philippine Bank of Commerce as Data Processing Manager in 1967.

ESTHER WILEEN S. GO, 51 years old, Filipino, was elected Director of Equicom Savings Bank on 16 January 2008. She is a graduate of Smith College with a degree in BA Computer Science and BA Economics, magna cum laude, and received high honors for her Computer Science thesis on Artificial Intelligence. She obtained her Masters in Business Administration from Harvard Business School. She is currently President of Medilink Network, Inc.; Director of the Harvard Business School Club of The Philippines. She was formerly Vice President of Citigroup, Inc. (New York) and Senior Associate at Booz, Allen and Hamilton (Singapore, New York).

MINA C. FIGUEROA, 65 years old and has been an independent director of Equicom Savings Bank since 2008. She is a Certified Public Account and a graduate of University of Sto. Tomas. Her first job was with SGV's Management Services Division. After four years with SGV, she was hired as a trader at the



Central Bank of the Philippines' International Treasury. She joined Equitable Banking Corp.'s Hong Kong Branch Treasury from 1989 to 1990. She joined Security Bank Corporation in 1990 and became its Vice President from 1997 to 1999.

She was involved as a consultant of the projects of Asian Development Bank and Credit Suisse with the Department of Finance and the Bureau of the Treasury, respectively.

Aside from being an independent director of Equicom Savings Bank, she is also the Chairperson of Farmans Development, Inc. and a Kagawad in their Barangay.

DR. KENNETH Y. HARTIGAN-GO, 61 years old, was first elected as Independent Director of Equicom Savings Bank, Inc. in 2011. He is currently an Associate Professor at the Asian Institute of Management. He was Philippine Department of Health Undersecretary (2015-2016); Director General of Food and Drugs Administration (October 2012- October 2014); Deputy Director Bureau of Food and Drugs (1999-2001). He was the founding Executive Director of the Zuellig Foundation from 2001 to 2009. He was faculty of the UP College of Medicine (1990-2006), Ateneo School of Medicine and Public Health (until 2010) and AIM (2010-2015).

He holds Doctor of Medicine degrees from the University of the Philippines College of Medicine (1985), and from Newcastle University UK (1998, Clinical Pharmacology). He is a Fellow of the Royal College of Physicians (Edinburgh), a Fellow of the American College of Physicians, Honorary Fellow of the Academy of Medicine, Singapore and Honorary Fellow of the Singapore College of Physician since 2017 and the President Philippine College of Physicians (2017-2018).

From 2013-2016, he advised the Chair of the APEC's Life Science Innovation Forum (LSIF) executive board. He served as member of the WHO Global Advisory Committee on Vaccine Safety and WHO Advisory Committee on the Safety of Medicinal Products. He is a member of the Steering Committee of the NUS Initiative for Health in Asia (NIHA), and Expert Panel member of the Center for Regulatory Excellence based in Singapore. In the mid-2000's he was also President of the Corporate Network for Disaster Response (CNDR) and a founding member of the Laban Konsyumer Inc, an NGO Consumer advocacy organization since 2016. He sits as Board Member of Cullion Foundation Inc., Equicom Savings Bank, Maxicare Health Corporation, Generika, OML Center for Climate Change Adaptation, CARD MRI BotiCARD Inc, MedGrocer, and a member of the National Council of Biosafety Philippines. He is currently the president of the International Society of Pharmacoeconomics and Outcome Research Philippine Chapter. He is a Fellow of the Institute of Corporate Directors.

ANTONINO B. INUMERABLE, 65 years old, was elected Independent Director of Equicom Savings Bank on 04 December 2018. He obtained his Bachelor of Arts degree in Economics from the Ateneo de Manila University. He also obtained units in Master of Business Administration from Ateneo Business School and completed with distinction his Trust Operations and Investment Management course from the Philippine Trust Institute. He also serves as Independent Director of Algo Leasing Corporation and is currently a Board member and Treasurer of the Center for Family Ministries. He was also an Independent Director for Maxicare Healthcare Corporation. He served as President of PrimeEarth Corporation from 2015 to 2017. Mr. Inumerable has been in the banking industry for almost 30 years. He served as Vice-President of The Bank of New York Mellon from 2008 to 2014. He was the Assistant Vice-President for Marketing and Investments Trust Department of The Hongkong Shanghai Banking Corporation from 1995 to 2000. He served as Assistant Vice-President and Trust Officer of Philippine Commercial Capital, Inc. He was Senior Manager at United Coconut Planters Bank from 1987 to 1992. He was Assistant Manager in the Trust and Investment Division of Union Bank of the Philippines from 1982 to 1987. He served as Corporate Sector Head for the Investment Management Department of Bancom Development Corporation from 1979 to 1982. He started his career in Far East Banking Corporation from 1977 to 1979.

B. OFFICERS

B.1 DEFINITION OF OFFICERS

Officers of the Bank shall include the President, Senior Vice President, Vice President, Asst. Vice President, Senior Managers, Senior Assistant Managers, Assistant Managers, Junior Assistant Managers and others mentioned as officers of the Bank, or those whose duties as such are defined in the by-laws, or are generally known to be the officers of the Bank (or any of its branches and offices other than the Head Office) either through announcement, representation, publication or any kind of communication made by the Bank.

B.2 QUALIFICATIONS OF AN OFFICER

An officer shall have the following minimum qualifications and none of the applicable disqualifications

discussed in X143.1, Items A.4.1 and A.4.2 of the BSP Manual of Regulations for Banks;

- 1) He shall be at least twenty-one (21) years of age
- 2) He shall be at least a college graduate or have at least five (5) years of experience in banking or trust operations or related activities or in a field related to his position and responsibilities, or have undergone training in trust operations acceptable to the Bangko Sentral ng Pilipinas, or at least five (5) years of actual experience as officer of a bank or related activities and completed at least one (1) year training program in trust operations acceptable to the BSP; and
- 3) He must be fit and proper in terms of integrity/probity, competence, education, diligence and experience/training.

An officer must possess the foregoing qualifications in addition to those required or prescribed under R.A. No. 8791 and other existing applicable laws and regulations.

B.3 DUTIES AND RESPONSIBILITIES OF OFFICERS

- 1) To set the tone of good governance from the top. Bank officers shall promote the good governance practices within the bank by ensuring that policies on governance as approved by the board of directors are consistently adopted across the bank.
- 2) To oversee the day-to-day management of the bank. Bank officers shall ensure the bank's activities and

B.4 LIST OF KEY OFFICERS

MATUTINA, ALAN DAVID LUNA	Director and President	Office of the President
BERNARDO, SERAFIN IV LABAO	Vice President	Chief Compliance Officer
CHUA, MARIA CLARA DULCE	Vice President	Head, Account Management Division
DU, MARIA LIRIO EVANGELISTA	Vice President	Head, VisMin Area and Cebu Branch
GRAVES, RAINELDA INEZ	Vice President	Head, Human Resources Division
JAVIER, ORLANDO RIGOR	Vice President	Head, Metro Manila & South Luzon Area and Legarda Branch
LARGER, ROUSSEL ESCUDERO	Vice President	Head, Consumer and Small Business Loans
MANGIBIN, MA. THERESA GUISON	Vice President	Head, Direct Sales Department
AGUIRRE, ROMALLEE PEÑA	Assistant Vice President	Head, AMD Metro Manila & Luzon Area
ATIENZA, MA. THERESA FERNANDO	Assistant Vice President	Head, Consumer Assistance Division

ELIZONDO, MELANIE PANGAN	Assistant Vice President	Deputy Head, Retail Banking Division and Head of Calamba Branch
FAJATIN, MARIA RACHELLE ARROYO	Assistant Vice President	Head, Treasury Division
FLORENDO, JOHN TOMAS	Assistant Vice President	Chief Risk Officer
GATBONTON, HERMINIGILDO LICUP	Assistant Vice President	Head, Finance and General Accounting Division
GONZAGA, RUBY TERESA ENCARNACION	Assistant Vice President	Head, Internal Audit Division
RODRIGUEZ, CORINNA MERCADO	Assistant Vice President	Head, Credit Management Division
SALAZAR, JERILYN VALES	Assistant Vice President	Head, Salary Loans Department
SAN JOSE, SHERYLL KALONG	Assistant Vice President	Head, Credit Card & Loan Services Division
PLANTA, ELMER MONDEZ	Assistant Vice President	Head, IT Department
RAMOS, ANABELLE M.	Assistant Vice President	Head, Accounting Department
MALABANAN, LOUISE JANE JUINIO	Assistant Vice President	Head, Loans Operations
LAT, MARIA MABEL SILVA	Senior Manager	Head, Lipa Branch
LABRO, JAIME VELASCO JR.	Senior Manager	Head, Diliman Branch
BALABALA, ELENITA ACAYLAR	Senior Manager	Head, Main Office Branch
BALAJADIA, RUDOLPH B.	Senior Manager	Head, Branch Support Operations Department
PERMALE, GRACE SALUD	Senior Manager	Officer-in-Charge, Mandaue Branch
SAQUN, MARY ANN SALLY	Manager	Officer-in-Charge, Iloilo Branch
DIAZ, DARYL ENRIQUEZ	Manager	Head, Alabang Branch

C. BOARD COMMITTEES, MEMBERSHIP AND FUNCTION

The following Committees shall assist the Board in performing its good corporate governance responsibilities:

I. EXECUTIVE COMMITTEE

A. Composition:

The Committee shall be composed of at least five (5) members of the Board of Directors who shall hold office for one year and/or until their successors shall be designated. A vacancy in the Committee shall be filled by the Board of Directors.

Current Members:

Chair: Mr. ANTONIO L. GO

Members: Mr. RENE J. BUENAVENTURA
Mr. EDUARDO J. KATIGBAK, JR.
Ms. ESTHER WILEEN S. GO
Atty. ALAN DAVID L. MATUTINA

B. Function:

1. Review and evaluate all recommendations submitted by any division/office to the Board through the Committee.
2. Review the Bank's Business Plans and Programs.
3. Evaluate and act on credit-related proposals within its authority.
4. Evaluate and act on proposals for the Bank to engage in new products or services
5. Review and evaluate all recommendations on the adoption of new policies or amendment of existing policies.
6. Evaluate and act on recommendations for the hiring of officers up to the rank of Assistant Vice President, including their compensation package.
7. Evaluate and act on recommendations for the promotion of officers up to the rank of Assistant Vice President.
8. Review and evaluate all recommendations on the grant of Bankwide salary increase, new benefits or increase in the amount of existing benefits.
9. Conduct an annual self-evaluation of the Committee's performance.

II. AUDIT COMMITTEE

A. Composition

The Board Audit Committee shall be composed of at least three (3) members of the Board of Directors who shall all be non-executive directors, majority of whom shall be independent directors, including the Chairperson: Provided further that the Chairperson of the Audit Committee shall not be the Chairperson of the Board of Directors or of any other board-level committees.

The Board Audit Committee shall have the accounting, auditing, or related financial management expertise or experience commensurate with the size, complexity of operations, and risk profile of the Bank. It shall have access to independent experts to assist them in carrying out its responsibilities.

Current Members:

Chair: Ms. MINA C. FIGUEROA (Independent Director)

Members: Mr. RENE J. BUENAVENTURA
Mr. ANTONINO B. INUMERABLE (Independent Director)

B. Functions

1. Oversee the financial reporting framework, i.e., the financial reporting process, practices and controls. It shall ensure that the reporting framework enables the generation and preparation of accurate and comprehensive information and reports.
2. Monitor and evaluate the adequacy and effectiveness of the Internal Control System. The committee shall oversee the implementation of internal control policies and activities. It shall also ensure that periodic assessment of internal control is conducted to identify the weaknesses and evaluate its robustness considering the Bank's risk profile and strategic direction. Such periodic assessment shall include periodic formal review of the effectiveness of the Bank's systems and internal control on related-party transactions to assess consistency with the board-approved policies and procedures. The resulting audit reports, including exceptions or breaches in limits, shall be communicated directly to the Audit Committee by internal audit.
3. Oversee the Internal Audit Function. The Committee shall be responsible for the appointment/selection, remuneration, and dismissal of internal auditor. It shall review and approve the audit scope and frequency. The committee shall ensure that the scope covers the review of the effectiveness of the Bank's internal controls, including financial, operational and compliance controls and risk management. The committee shall functionally meet with the Head of Internal Audit and such meeting shall be duly minuted and adequately documented. In this regard, the audit committee shall review and approve the performance and compensation of the head of internal audit and the budget of the internal audit function.
4. Oversee the External Audit Function. The committee shall be responsible for the appointment, fees and replacement of the external auditor. It shall review and approve the engagement contract and ensure that the scope of audit likewise cover areas specifically prescribed by Bangko Sentral and other regulators.
5. Oversee the implementation of corrective actions. The committee shall receive key audit reports and ensure that senior management is taking necessary actions in a timely manner to address the weaknesses, non-compliance with policies, laws, and regulations and other issues identified by auditors and other control functions. It shall also review and deliberate on the reports of examination by the Bangko Sentral ng Pilipinas prior to endorsement to the Board of Directors for approval.
6. Investigate significant issues/concerns raised. The committee shall have explicit authority to investigate any matter within its terms of reference, have full access to and cooperation by management, and have full discretion to invite any director or executive officer to attend its meetings.
7. Establish whistle-blowing mechanism. The committee shall establish and maintain mechanisms by which officers and staff shall, in confidence, raise concerns about possible improprieties or malpractices in matters of financial reporting, internal control, auditing or other issues to persons or entities that have the power to take corrective action. It shall ensure that arrangements are in place for the independent investigation, appropriate follow up action, and subsequent resolution of complaints.
8. Oversee Compliance Function. The Board Audit Committee shall be responsible for approving the Compliance Office Charter, and shall oversee the implementation of the Bank's Anti-Money Laundering and Terrorist Financing program (MLLP). This includes the monitoring of the plans, programs, and activities

and evaluation of the performance of the Compliance Office including its remuneration on a periodic basis.

It shall act on or cause the resolution of adverse findings, irregularities and exceptions and recommendations communicated by Compliance Office resulting from the conduct of its compliance reviews or from investigation of non-compliance.

9. Reports to the Board of Directors all audit and compliance-related matters requiring the board's information and/or attendant action.

III. RISK OVERSIGHT COMMITTEE

A. Composition:

1. The Board of Directors shall appoint the members of the Risk Oversight Committee
2. The Risk Oversight Committee (ROC) shall be composed of at least three (3) members of the Board of Directors, majority of whom shall be independent directors. The ROC shall possess adequate knowledge on risk management issues and practices and shall have access to independent experts to assist it in discharging its responsibilities.
3. The Chairman of the Committee shall not be the Chairman of the Board of Directors or any other board-level committee. He/she shall be an independent director.
4. The Secretary of the Committee shall be the Corporate Secretary of the Bank.

Current Members:

Chair: Mr. ANTONINO B. INUMERABLE (Independent Director)

Members: Ms. MINA C. FIGUEROA (Independent Director)
Ms. ESTHER S. GO

B. Functions:

The Risk Oversight Committee has the responsibility to oversee the Bank's risk management framework and function, as well as adherence to its risk appetite statement. It shall advise the Board of Directors on the overall current and future risk appetite and report on the state of risk culture of the Bank.

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

3. It shall ensure that the current and emerging risk exposures are consistent with the Bank’s strategic direction and overall risk appetite.
4. It shall assess the overall status of adherence to the risk appetite based on the quality of compliance with the limit structure, policies, and procedures relating to risk management and control, and performance of management, among others.
5. It shall also ensure that the risk management function has adequate resources and effectively oversees the risk taking activities of the Bank.
6. It shall examine whether incentives provided by the remuneration system take into consideration risk, capital and the likelihood and timing of earnings.
7. It shall be responsible for the appointment/selection, remuneration, and dismissal of the Chief Risk Officer (CRO).
8. The committee shall assess at least annually the performance and effectiveness of the Chief Risk Officer (CRO) under a 5 point rating system of evaluation and procedure that is not limited to setting of benchmark and peer group analysis, and may affect changes as deemed necessary.

IV. CORPORATE GOVERNANCE COMMITTEE (Concurrently: NOMINATIONS COMMITTEE)

A. Composition

The Committee shall be composed of at least three (3) members of the Board of Directors who shall all be non-executive directors, majority of whom shall be independent directors, including the Chairman.

Current Members:

Chair: Dr. KENNETH Y. HARTIGAN-GO (Independent Director)

Members: Mr. RENE J. BUENAVENTURA
Ms. MINA C. FIGUEROA (Independent Director)

B. Functions

1. Review and evaluate the qualifications of person/s nominated to the Board for directors and candidates for officers with rank of Vice President and up and other key positions requiring the appointment of the Board, (i.e., Chief Compliance Officer, Internal Auditor, Chief Risk Officer, Chief Security Officer).
2. Establish and ensure effective implementation of policy on orientation program for first time directors
3. Recommend to the Board of Directors matters pertaining to the assignment to board committees.

4. Oversee the design and operation of the remuneration and other incentives policy to ensure that it is aligned with the Bank's operating and risk culture, strategic and financial interest, as well as to ensure that it promotes good performance and conveys acceptable risk-taking behavior.
5. Adopt guidelines that address the competing time commitments of Directors when they serve on multiple boards.
6. Oversee the periodic evaluation of the performance of the Board of Directors as a collective body and as individual members based on objective performance criteria indicators, the board and management level committees, the Bank as an institution and the President of the Bank.
7. Oversee the continuing education program for board of directors, ensuring allocation of sufficient time, budget and other resources for the said program.
8. Review and approve the Succession Plan of the Bank.
9. Report all actions/resolutions of the Committee to the Board of Directors in the latter's immediately succeeding meeting.



V. RELATED PARTY TRANSACTIONS COMMITTEE

A. Composition

1. The RPT Committee shall be composed of at least three (3) members of the Board of Directors, two (2) of whom shall be independent directors, including the chairperson. The Committee shall at all times be entirely composed of independent directors and nonexecutive directors, with independent directors comprising the majority of the members.
2. In case a member has conflict of interest in a particular RPT, he should abstain from evaluating that particular transaction.
3. The Chief Compliance Officer or Head of Internal Audit Division may sit as resource persons in the RPT committee.

Current Members:

Chair: Dr. KENNETH Y. HARTIGAN-GO (Independent Director)

Members: Mr. RENE J. BUENAVENTURA
Ms. MINA C. FIGUEROA (Independent Director)

B. Functions

1. Evaluate, on an ongoing basis, existing relations between and among businesses and counterparties to ensure that all related companies are continuously identified, RPTs are monitored, and subsequent changes in relationship with counterparties (from non related to related and vice versa) are captured and reflected in the relevant reports to the Board of Directors and regulators/supervisors.
2. Evaluate all material RPTs that require the Committee's approval as deemed necessary by the Outsourcing Committee; ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) with such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the Bank are misappropriated or misapplied; and determine any potential reputational risk issues that may arise as a result of or in connection with the transactions.

In evaluating RPTs, the Committee shall take into account, among others, the following:

- a) The related party's relationship to the Bank and interest in the transaction;
- b) The material facts of the proposed RPT, including the proposed aggregate value of each transaction;
- c) The benefits to the Bank of the proposed RPT;
- d) The availability of other sources of comparable products or services; and

e) An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The Bank shall have in place an effective price discovery system and exercised due diligence in determining a fair price for RPTs

3. Endorse for approval of the Board of Directors, all RPTs that are considered material based on the Bank's internal policies.

4. Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Bank's RPT exposures, and policies on conflict of interest or potential conflict of interest. Further the disclosure shall include information on the approach to managing material conflict of interest that are inconsistent with the policies and conflicts that could arise as a result of the Bank's affiliation or transaction with other related parties.

5. Report to the Board of Directors on a regular basis, the status and aggregate exposure to each related party as well as the total amount of all exposures to all related parties.

6. Ensure that transactions with related parties, including write-off of exposures, are subjected to periodic independent review or audit process.

7. Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting of RPT's including the periodic review of RPT policies and procedures.

D. DIRECTORS' ATTENDANCE

1. BOARD MEETING

Name	Total Number of Meetings for the Year	Number of Meetings Attended
Antonio L. Go	14	14
Rene J. Buenaventura	14	14
Alan David L. Matutina	14	14
Roberto R. Romulo	14	13
Eduardo J. Katigbak, Jr. *	14	3
Esther Wileen S. Go	14	13
Mina C. Figueroa	14	14
Kenneth Y. Hartigan-Go	14	11
Antonino B. Inumberable	14	14
Roberto K. Macasaet	14	8

* Elected on 15 September 2020 replacing Roberto K. Macasaet

2. BOARD AUDIT COMMITTEE

Name	Total Number of Meetings for the Year	Number of Meetings Attended
Mina C. Figueroa	6	6
Rene J. Buenaventura	6	6
Antonino B. Inumerable	6	6

3. RISK OVERSIGHT COMMITTEE

Name	Total Number of Meetings for the Year	Number of Meetings Attended
Antonino B. Inumerable	4	4
Esther Wileen S. Go	4	4
Mina C. Figueroa	4	4

4. CORPORATE GOVERNANCE COMMITTEE

Name	Total Number of Meetings for the Year	Number of Meetings Attended
Kenneth Y. Hartigan-Go	2	2
Rene J. Buenaventura	2	2
Mina C. Figueroa	2	2

5. EXECUTIVE COMMITTEE

Name	Total Number of Meetings for the Year	Number of Meetings Attended
Antonio L. Go	12	12
Rene J. Buenaventura	12	12
Alan David L. Matutina	12	12
Esther Wileen S. Go *	12	3
Eduardo J. Katigbak, Jr. *	12	3

** ExCom Charter amended on 15 September 2020 adding two (2) member to its composition*

6. RELATED PARTY TRANSACTIONS COMMITTEE

Name	Total Number of Meetings for the Year	Number of Meetings Attended
Kenneth Y. Hartigan-Go	1	1
Rene J. Buenaventura	1	1
Mina C. Figueroa	1	1

E. CHANGES IN THE BOARD OF DIRECTORS

Changes in the composition of the Board of Directors during the period was due to election of the members of the Board of Directors by the stockholders during the Bank's Annual Stockholders' Meeting held on 15 September 2020.

F. ANNUAL ASSESSMENT OF PERFORMANCE

As part of the Bank's corporate governance practices, the Corporate Governance Committee shall conduct an annual assessment of the performance of the, Board of Directors as a collective body and as individual members; Equicom Savings Bank as an institution and the President and the various Board and Management committees.

GUIDELINES AND CRITERIA

1. Every 1st quarter of the year, the Board of Directors shall assess their own performance as a collective body and as individual directors. Likewise, the President shall assess his performance and that of the Bank while the members of the various committees shall assess the performance of their respective committees.
2. The performance shall be assessed following the performance guidelines and criteria approved by the Board as follows:

1) Board of Directors as a collective body and as individual directors

PERFORMANCE CRITERIA:

- 1) Achievement of Key Result Areas (KRAs)/Functions – this pertains to the Board's performance of their specific functions and responsibilities as a collective body; and as individual directors.
- 2) Key Attributes – this pertains to the Board of Directors' attributes in terms of competency, integrity, commitment and dedication as a collective body; and as individual directors.

2) Equicom Savings Bank

PERFORMANCE CRITERIA:

- 1) Vision - this pertains to the Bank's aspirations in the short, middle and long-term, and its plan of action to realize these aspirations, giving it a sense of purpose and direction.
- 2) Management – this is the ability of the Management Team to direct, encourage, inspire and motivate the organization to achieve the Bank's strategic objectives.
- 3) Financial Performance – this pertains to the achievement of the Bank's profitability and growth

goals as evidenced by a positive bottom-line and increase in net income over previous year's actual net income.

4) Compliance with Laws and Regulation – this is the degree of the Bank's compliance with applicable laws and regulations in the conduct of its business and ability to operate on a safe and sound basis.

5) Banking Industry Relations – this is the Bank's involvement in relevant banking community associations and its support for their projects and programs to improve banking services and products.

6) Consumer Service and Protection – this is the quality of service and protection provided by the Bank to its customers as evidenced by complaints or commendations.

3) Equicom Savings Bank President

PERFORMANCE CRITERIA:

1) Vision – this pertains to the PRESIDENT's aspirations for the Bank in the short, middle and long term, and his plan of action to realize these aspirations, giving the Bank a sense of purpose and direction

2) Leadership – this is the ability of the PRESIDENT to lead, encourage, inspire and empower his Management Team to take on more responsibility in the achievement of Strategic objectives.

3) Financial Performance – this is the ability of the PRESIDENT to achieve the Bank's profitability and growth goals as evidenced by a positive bottom-line and increase in net income over previous year's actual net income

4) Compliance with Laws and Regulations – this is the ability of the PRESIDENT to run the Bank in accordance with applicable laws and regulations and operate on a safe and sound basis.

5) Performance as a member of the Board – this pertains to the PRESIDENT's working relationship with the Board of Directors as evidenced by his performance rating as a Director.

6) Banking Industry Relations – this pertains to the PRESIDENT's involvement in relevant banking community associations and his support for their projects and programs to improve banking services and products

7) As the Image of the Bank – this is the image of the Bank projected by the PRESIDENT through his personality, outlook and attitude towards stakeholders

4) Board and Management Committees

PERFORMANCE CRITERIA:

- 1) Achievement of Key Result Areas (KRAs)/Functions – this pertains to the Committees’ performance of their specific functions and responsibilities as provided in their respective Charters
- 2) Key Attributes – this pertains to the collective attributes and competencies of the Committee members.

G. ORIENTATION AND EDUCATION PROGRAM

A. IN-HOUSE TRAINING

1. ORIENTATION OR INDUCTION OF NEW EMPLOYEES

The orientation program aims to motivate new employees by ensuring their smooth adjustment to the Bank, their jobs and the people they will be working with. It is also intended to get them off to a right start by informing them of what the Bank expects from them and what they, in turn, may expect from the Bank.

The orientation/induction of new employees shall be the joint responsibility of the Human Resources Division and the employees’ respective supervising officers. The Human Resources Division shall conduct the orientation of new employees to be assigned in the Head Office and Metro Manila branches, if practicable, while the respective Branch Heads shall conduct the orientation of employees to be assigned in provincial branches.

Among the topics to be discussed in the induction of new employees are the following:
the bank’s operations, products and services

- the bank’s organizational structure and management
- hours of work, breaks or rest periods, working conditions, safety information and precautions, etc.
- compensation policies and practices, benefits and other privileges such as sick leave, paid holidays, medical benefits, leave privileges
- policies, procedures, regulations on discipline and the rules of conduct governing employees and the penalties for the violation of these rules
- specific requirements of employee’s job, duties and responsibilities, relation of his job to other departments and performance review considerations

2. ON-THE-JOB TRAINING

The Bank shall encourage supervising officers to allow an employee to learn the tasks of another employee by actually performing them. This will ensure continuity of operations and efficient delivery of services even when an employee is on leave.

3. RE-TRAINING, TECHNICAL, PROFESSIONAL AND SPECIALIZED SEMINARS/COURSES

The Bank shall conduct seminars and training programs which are necessary to keep the employees abreast with new developments/technologies or requirements in the Banking business, upgrade/update their knowledge and skills or improve their competencies in their present jobs.

Some of the seminars/courses which are offered by the bank are the following:

- Basic Banking Course
- AMLA
- ATM Operations
- Bank Frauds Prevention & Control
- Basic Banking Laws
- Branch Systems Training
- Card Products Orientation
- Clearing Operations
- Compliance System
- Counterfeit Detection
- Loan Products & Services
- Negotiable Instruments Law
- Security Procedures Orientation
- Service Excellence
- Signature Identification

4. INTERNSHIP TRAINING PROGRAM

The details of this program, including the implementing guidelines are provided in a separate policy (i.e., the Officership Training Program or OTP).

B. EXTERNAL TRAINING PROGRAMS/SEMINARS/CONFERENCES

The Bank shall finance the participation/attendance of an employee in external seminars/training programs, workshops and conferences provided the topic or course content is directly applicable to the needs of his job. This need should be justified by the employee's supervising officer and confirmed by the Division/ Group Head.

Occasionally, the Bank may also authorize high potential or key officers to attend seminars or training programs offered abroad in order to be updated on the latest developments in the field of banking, finance and IT and other technical/specialized areas.



H. SUCCESSION PLANNING PROGRAM

1. Objective

To ensure efficiency of operations at all times by developing successors for key/critical positions

2. Process

- a. Identify key/critical positions & required qualifications
- b. Identify potential successor and his/her present qualifications
- c. Prepare Successor Development Plan to address gaps

3. Successor Development Plan activities:

- a. Mentoring
- b. Coaching
- c. Seminars/trainings
- d. On-the-job training
- e. Designation in acting capacity



I. RETIREMENT POLICY OF THE BANK

NORMAL RETIREMENT

- The normal retirement age of a member shall be upon attainment of sixty (60) years of age and completion of at least five (5) years continuous service in the Bank. It shall take effect at the close of office hours of the last day of the month that a member attains the retirement age.

LATE RETIREMENT

- A member's service may be extended beyond his normal retirement date up to age 65. Any extension beyond the normal retirement date shall be on case-to-case basis and shall be subject to the approval of the Board of Directors of the Bank.

EARLY/OPTIONAL RETIREMENT

- A member who has not yet reached the normal retirement date may avail of early or optional retirement benefit provided that he is at least 50 years of age and has completed at least ten (10) years continuous service

J. RELATED PARTY TRANSACTION

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions or if they are subjected to common control, common significant influence or common key management personnel such as affiliates or other related parties.

In the ordinary course of business, the Bank enters into transactions with its related parties. The amounts and related volumes and changes are presented in the summary below. Generally, related party transactions are settled in cash. As of December 31, 2020, outstanding balances with related parties are not impaired.

December 31, 2020			
Category	Amount/ Volume	Outstanding Balance	Terms and Conditions/Nature
Other Related Parties			
Advances for software development costs	23,309,202	86,961,597	Advances to the service provider while the product is being developed (see Note 11)
Advance rental	–	276,096	Equivalent to 2 months rent to be applied on the last 2 months of the lease term
Rent expense	6,681,941	1,544,056	Rent expense and rent payable
Management and other professional fees	394,749	36,960	Payroll services
Information technology-related costs	1,612,800	134,400	Card management and operations services maintenance fee
Deposit liabilities	–	1,860,624,526	Earns interest at the respective bank deposit rates
Deposits	8,535,856,612		
Withdrawals	7,020,910,435		
Interest/accrued interest payable	8,339,083	991,936	Interest expense and accrued interest payable

December 31, 2020			
Category	Amount/Volume	Outstanding Balance	Terms and Conditions/Nature
Key Management Personnel			
Loans and receivables		2,875,995	Salary loans with terms ranging from 1 to 2 years; earns interest of 10.00%
Grants	2,896,860		
Settlements	3,422,923		
Interest/Accrued interest receivable	306,146	12,344	Interest income and accrued interest receivable
Deposit liabilities	–	115,267,144	Earns interest at the respective bank deposit rates
Deposits	292,830,051		
Withdrawals	382,246,575		
Interest/accrued interest payable	1,564,295	90,924	Interest expense and accrued interest payable

The remuneration of key officers and other members of management (covering five most highly compensated officers):

	2020	2019
Short-term employee benefits	28,048,500	27,251,500
Post-employment pension benefits	5,805,293	4,289,390
	33,853,793	31,540,890

Short-term employee benefits include salaries, paid annual leave and paid sick leave and non-monetary benefits.

K. SELF-ASSESSMENT FUNCTION

Internal Audit

Internal audit activity is established by the Board of Directors (BOD) or its oversight body known as the Board Audit Committee (BAC). The internal audit activity's responsibilities are defined by the BOD as part of their oversight role. With strict accountability for the confidentiality and safeguarding of its records and information, IA is authorized to a full, free and unrestricted access to any and all of the Bank's records, physical property and personnel pertinent to carrying out any engagement. All employees are requested to assist the internal audit activity in fulfilling its role and responsibilities.

The Internal Audit Head (IAH) will report functionally and administratively to the BAC/BOD. The power to appoint and remove IAH shall be with the BAC/BOD. The BAC/BOD shall regularly evaluate the performance of the IAH. The IAH shall have free and unrestricted access to the BAC/BOD and any member of the BAC/BOD can call execute sessions with the IAH, when appropriate.

To establish, maintain and assure that the Bank's Internal Audit Division has sufficient Authority to fulfill its duties, the Board Audit Committee will:

- Approve the Internal Audit Division's Charter.
- Approve the Risk-Based Internal Audit Plan and changes thereto.
- Approve the Internal Audit's budget and resource plan.
- Receive communications from the Internal Audit Head on the IAD's performance relative to its plan and other matters on a periodic bases or when necessary.
- Approve decisions regarding the appointment/election, remuneration, and dismissal of the Internal Audit Head.
- Make appropriate inquiries of management and the IAD Head to determine whether there is inappropriate scope or resource limitations.
- Authorizes the IAD Head to obtain assistance from the necessary personnel of the Bank, as well as other specialized services from within or outside the Bank, in order to complete the engagement.

All processes, systems, units and activities, including outsourced services, shall fall within the overall scope of the internal audit function. The scope of internal audit function. The scope of internal audit shall cover, among others, the following:

- Evaluate the adequacy, efficiency and effectiveness of internal control, risk management and governance systems in the context of current and potential future risks;
- Review the reliability, effectiveness and integrity of management and financial information system and electronic banking services;
- Review of the systems and procedures of safeguarding the Bank's physical and information assets;
- Review of compliance system and the implementation of established policies and procedures; and,
- Review of areas of interest to the regulators such as, among others, monitoring of compliance with relevant laws, rules and regulations, including but not limited to assessment of the

The Board of Directors and Senior Management shall be responsible for promoting high ethical and integrity standards; establishing the appropriate culture that emphasizes, demonstrates and promotes the importance of internal control; and designing and implementing processes for the prevention and detection of fraud.

1. The Board of Directors shall be ultimately responsible for ensuring that senior management establishes and maintains an adequate, effective and efficient internal control framework commensurate with size, risk profile and complexity of the operations of the Bank. The Board of Directors shall also ensure that the internal audit function has an appropriate stature and authority within the Bank and is provided with adequate resources to enable it to effectively carry out its assignments with objectivity. On a periodic basis, the BOD Shall:

- Conduct discussion with management on the effectiveness of internal control system;
- Review evaluation made by the Audit Committee on the assessment of the effectiveness of internal controls made by management, internal auditors and external auditors;
- Ensure that management has promptly followed up on recommendations and concerns expressed by auditors and supervisory authorities on internal control weaknesses; and,
- Review and approved the remuneration of the Head and personnel of the Internal Audit function. Said remuneration shall be in accordance with the Bank's remuneration policies and practices and shall be structured in such a way that these do not create a conflict of interest or compromise of independence and objectivity.

As approved by the Board of Directors, the Board Audit Committee shall have the authority to examine, verify or cause the examination of all accounts, records, systems, processes, internal controls, risk management, governance and related-party transactions of the Bank and its financial subsidiaries and affiliates to ensure adherence to existing policies, laws, rules and regulations; evaluate, and, recommend

necessary appropriate course of action(s) to the Board of Directors.

It shall have the authority to require any of the Bank director and executive officer to attend meetings of the committee whenever necessary, and ensure there is adequate resources to enable it to effectively discharge its function.

The Board Audit Committee shall be responsible for overseeing senior management in establishing and maintaining an adequate, effective and efficient internal control framework. It shall ensure that systems and processes are designed to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets. The Audit Committee shall oversee the internal audit function and shall be responsible for:

1. Monitoring and reviewing the effectiveness of the internal audit function;
2. Approving the internal audit plan, scope and budget;
3. Reviewing the internal audit reports and the corresponding recommendations to address the weaknesses noted, discussing the same with the head of the internal audit function and reporting significant matters to the board of directors;
4. Ensuring that the internal audit function maintains an open communication with senior management, the audit committee, external auditors, and the supervisory authority;
5. Reviewing discoveries of fraud and violations of laws and regulations as raised by the internal audit function;
6. Reporting to the Board of Directors the annual performance appraisal of the head of the internal audit function;
7. Recommending for approval of the board of directors the annual remuneration of the head of the internal audit function and key internal auditors;
8. Appointing, reappointing or removing the head of the internal audit function and key internal auditors; and
9. Selecting and overseeing the performance of the internal audit service provider.

Compliance

The Chief Compliance Officer (CCO) regularly and directly reports to the Board of Directors through the Board Audit Committee (BAC) on the status updates of the compliance performance.

Periodic Compliance Testing is strictly enforced and monitored, including Covered and Suspicious Transaction reporting. Covered and Suspicious transactions are religiously reported to AMLC.

Key personnel are sent to AML trainings conducted by external parties to ensure an up-to-date knowledge of regulations.

The Revised MLTFPP follows the Compliance System framework, where the BOD is the overall authority in the management of the MLTF compliance and the CCO being tasked to ascertain its successful implementation.

Senior Management (SM) is the implementing body of the policies, with the Bank's President ensuring cooperation and observance.

Internal Audit (IA) is tasked to post-check compliance in coordination with the Compliance Office.

The CCO is appointed as the lead operating officer on compliance, both regulatory and AML/CFT.

Authorities given to the CCO are as follows:

- a. Delineate responsibilities and lines of cooperation with the other units of the organization;
- b. Unrestricted and full access to all information, operational areas, records and documents necessary in carrying out its responsibilities;
- c. Investigate possible breaches of the policies;
- d. Formal reporting relationship to SM, the BOD and the BAC;
- e. Direct access to the BOD and the BAC;
- f. Examine or cause the examination of all accounts and records to verify adherence to the policy to prevent MLTF;
- g. Investigate actual and possible breaches of laws, rules and regulations and standards of good practice.

L. DIVIDEND POLICY

Shareholders shall have the right to receive dividends subject to the discretion of the Board.

The Bank shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, except: a) when justified by definite corporate expansion projects or programs approved by the Board or b) when the corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or c) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Corporation, such as when there is a need for special reserve for probable contingencies.

There were no dividends declared during the year 2020.

M. CORPORATE SOCIAL RESPONSIBILITIES

At Equicom Savings Bank, we are committed to contributing to the communities we serve, while meeting the expectations of our customers. And through our partnership with various institutions, we are supporting a range of initiatives aimed at helping businesses to develop and recognize Corporate Social Responsibility (CSR). One of the Bank's programs is to work with local schools, colleges, universities and other education institutions to assist young people in choosing their future careers, being an advocate for the financial

services industry. We are also supportive of non-government organizations' objectives for mutual benefits. The Bank believes that CSR initiatives also improve employee morale that leads to higher productivity and improved performance as well as contributing to positive influence on Equicom Savings Bank's reputation in the industry and to its customers.

operations are consistent with the bank's strategic objectives, risk strategy, corporate values and

N1 CONSUMER PROTECTION RISK MANAGEMENT SYSTEM (CPRMS)

The CPRMS is part of the corporate-wide Risk Management System. It is a means by which the Bank, identify, measure, monitor and control consumer protection risks inherent in its operations, i.e. risks to financial consumers and to the Bank. EqB's CPRMS includes the foundation for ensuring adherence to consumer protection standards of conduct and compliance with consumer protection laws, rules and regulations towards ensuring consumer protection practices address and prevent identified risks to the Bank and associated risks to financial harm or loss to consumers. The underlying basis or principles for the Bank's CPRMS are:

1. **Board of Directors.** Responsible for developing and maintaining a sound CPRMS that is integrated into the overall framework for the entire product and service life cycle.
2. **Senior Management.** Jointly with the Board, responsible for:
 - a. Periodic review of the effectiveness of the CPRMS, including how findings are reported and whether the audit mechanism in place enable adequate oversight.
 - b. Quality and timeliness of information sent to the Board and Senior management.
 - c. Sufficient resources have been devoted to the program.
 - d. CPRMS weaknesses are addressed and corrective actions are taken in a timely manner.
3. **Compliance Program.** A Consumer Protection Compliance Program, as an essential part of the CPRMS shall form part of the over-all Compliance System. The well-planned program shall ensure adherence to the Bank's policies, relevant banking rules and regulations of BSP and other regulatory agencies, which shall protect consumers from noncompliance and related harms or loss.
4. **Policies and Procedures.** The Board approved policies and procedures shall ensure that:
 - a. Consumer protection practices are embedded in the bank's business operations;
 - b. Address compliance with consumer protection laws, rules and regulations; and,
 - c. Reviewed periodically and kept up-to-date as it serves as reference to employees in their day-to-day activities.
5. **Internal Audit Function.** Independent of the Compliance function, Audit function should review the Bank's consumer protection practices, adherence to internal policies and procedures, and compliance with existing laws, rules and regulations based on Board-approved Consumer Protection Audit Program.

Such program shall allow Board and/or Board Audit Committee assessment on the effectiveness of implementation and adequacy of approved policies and standards in meeting established consumer protection objectives.

6. **Training.** Continuing education of Bank personnel about consumer protection laws, rules and regulations including related policies and procedures essential to maintaining a sound consumer protection compliance program. The training programs covers all relevant personnel specifically those whose roles and responsibilities have customer interface, receive specific and comprehensive training that reinforce and helps implement written policies and procedures on consumer protection. Further, the program is appropriate to the organization structure and activities it engages sufficient to address changes in consumer protection laws, rules and regulations, policies and procedures provided in a timely manner.
7. **Consumer Assistance Division.** A Board-approved corporate structure with defined roles and responsibilities in handling consumer concerns.

N.2 CONSUMER ASSISTANCE MANAGEMENT SYSTEM (CAMS)

The Bank is aware of the important role of the financial consumers in bringing about a strong and stable financial system, their rights to be protected in all stages of their dealings with the Bank and to be given an avenue where they can air their complaints or concerns anent the product and/or service being offered to or availed by them. Consumer Protection, being a core function complementary to Bangko Sentral ng Pilipinas' (BSP) prudential regulation and supervision, financial stability, financial inclusion, and financial education agenda, the Bank institutionalize this Consumer Assistance mechanism - Consumer Assistance Management System (CAMS).

I. DEFINITION OF TERMS.

1. **Complaint** - is an expression of dissatisfaction relative to a financial product or service in which a response or resolution is expected. A complaint may be
 2. **Simple Complaint/request** - complaint/request where frontline staff solution or immediate explanation or action can be rendered. A resolution immediate if it can be resolved without the need of third party intervention, such as outsource service providers, external auditors, or other banks. Resolution thereof must be achieved within a 7-day period.
 3. **Complex compliant/request** - complaint/request which needs assessment, verification, or investigation with third-party intervention. Resolution thereof may ideally be achieved within 45-day period.
 4. **Consumers** - refers to natural or juridical person who has a complaint, inquiry or request relative to the Bank's products and services.
 5. **Bank/EqB** - refers to the Equicom Savings Bank, Inc.

II. ROLE OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT. They are responsible for:

A. Board of Directors

1. The approval of the Consumer Assistance Policies and procedures.
2. The approval the Risk Assessment Strategies relating to Effective Recourse by the Consumer.
3. Monitor compliance with Consumer Assistance policies and procedures.
4. Providing adequate resources devoted to Consumer Assistance; and,
5. The review the Consumer Assistance policies at least annually.

B. Senior Management

1. The implementation of the Consumer Assistance policies and procedures.
2. The necessary feedback requiring immediate notification to/action from the Board of Directors.

III. MINIMUM REQUIREMENTS

A. Consumer Assistance Policies and Procedures. The Bank acknowledge that excellent customer service is not only a differentiating factor but also leads to creating long term customer loyalty. In fact, EqB was the first ever recipient of the “Pantugon Award” given by BSP in recognition of the Bank’s efforts to be the country’s most responsive bank in addressing the customers’ needs expeditiously and treating “Responsiveness” as an essential quality of service excellence, an award that validates its VISION of delivering excellent service and providing responsive and innovative solutions to its customers. As part of the Bank’s strategy to become one of the most responsive banks to financial consumers, it continuously listens to customers’ feedback to further improve their banking experiences with us. Thus, for an effective handling of financial consumer concerns, it adopted the following:

1. The corporate structure of the Group on consumer assistance includes an BOD approved table of organization under the supervision of the Office of the President. There are defined roles and responsibilities/tasks for all those involved in the CAMS.
2. For capability building for Consumer Assistance Team, all consumer assistance personnel shall be equipped with the knowledge on the structure and implementation of the Bank’s Consumer Assistance Management System (CAMS). At the minimum, they shall be provided with periodic trainings on:
 - a. Solid interpersonal skills/customer service.
 - b. Basic and advance listening skills.
 - c. Written and verbal communication skills.
 - d. Handling financial consumer feedback.
 - e. Dealing with difficult people.
 - f. Problem solving and conflict resolution.
 - g. Bank corporate structure and products and services.
 - h. Consumer Protection Policy and related manual.

3. Consumer Assistance Process and Timeline

B. Publication of Consumer Assistance Management System (CAMS)

1. The Bank publish details of their CAMS in the various terms and conditions of its products and services;
2. Leaflets/flyers it gives its clients;
3. In its website
4. Bank's public folder
5. Manuals

C. Corporate Structure

The **Corporate Structure of the Consumer Assistance Division**, as an independent unit, consists of the following with defined roles and responsibilities:

1. **Board of Directors (or Board Audit Committee).** The Board shall be primarily responsible for approving and overseeing the implementation of the Bank's Consumer Protection policies as well as the mechanisms to ensure compliance with said policies. They shall monitor and oversee the performance of senior management in managing the day-to-day consumer protection activities of the Bank and delegate other duties and responsibilities to Senior Management and/or Committees created for the purpose except the function of overseeing compliance with the BSP prescribed Consumer Protection Framework and the Bank's own Consumer Protection Framework.
2. **Senior Management.** Responsible for the implementation of the consumer protection policies approved by the Board. Jointly with the Board, responsible for:
 - a. Periodic review of the effectiveness of the CPRMS, including how findings are reported and whether the audit mechanism in place enable adequate oversight.
 - b. Quality and timeliness of information sent to the Board and Senior management.
 - c. Sufficient resources have been devoted to the program.
 - d. CPRMS weaknesses are addressed and corrective actions are taken in a timely manner.
3. **Consumer Assistance Division Head.** Reports directly to the President and is the overall manager of the activities performed by the Consumer Assistance Group. The position calls for managerial skills and qualifications in Customer Service, Process Improvement, Decision Making, Managing Processes, Staffing, Planning, Tracking Budget Expenses, Analyzing Information, Developing Standards, Help Desk Experience, Emphasizing Excellence.
4. **Customer Service Officer.** Reports directly to the Consumer Assistance Division Head. Oversees and manages daily operations of the Customer Service (Service Provider) Call Center and ensures it delivers services in accordance with expected level of excellence and customer service satisfaction to the Bank's clientele. Exercise supervision over his/her customer service assistant's works and performance. Provides quality service to internal and external clients and ensures complaints are attended to within the defined turn-around-time (TAT). The position calls for minimum qualifications of a graduate of any 4-year business related course and preferably with customer service handling/bank services experience,



excellent communication skills and computer literate.

5. **Consumer Protection Officer** Reports directly to the Consumer Assistance Division Head

6. **Customer Service Assistant (Rank & File)**. Reports to the Customer Service Officer. The position calls for a graduate of any business-related four-year course, preferably with customer service handling/bank services experience, excellent communication skills and computer literate.

7. **Other Consumer Assistance Personnel**. All bank personnel (Sales Officer and Sales Assistant at branches, ATM Operations personnel, etc.) directly doing customer-related transactions must be equipped with the knowledge on the structure and implementation of the Bank's consumer assistance mechanism. At the minimum, they should be provided with periodic trainings on the following:

1. Solid interpersonal skills/customer service
2. Basic and advanced listening skills
3. Written and verbal communication skills
4. Handling financial consumer feedback
5. Dealing with difficult people
6. Problem solving and conflict resolution
7. Bank's corporate structure and products and services

D. Complaints And Recording /Data Management. Consumer Assistance Division, branches and other concerned units of the Bank shall maintain copies of the complaints, requests received, including supporting and other relevant documents thereto, within a period of two (2) to five (5) years

from date of resolution pursuant to established policies on records retention and those prescribed under BSP Cir. 706 - Rules and Regulations on Anti-Money Laundering and Terrorist Financing. The complaints/requests register should contain the following information:

- a. Name of the complainant;
- b. Subject/Nature of the complaint;
The subject/nature of complaint may be indicated by classification, such as those related to credit cards, deposits, administrative, foreign exchange, remittances, investments, others;
- c. Name of the personnel directly handling/in-charge of the complaint and officer supervising the resolution of the complaint;
- d. Date of receipt of complaint by receiving unit.
- e. Actions taken on the complaint or request;
- f. Resolution provided;
- g. Date of resolution; and (The complaint register must reveal the reason in case the date of resolution falls outside the regulatory guideline.)
- h. Other information such as, log and details of phone calls made or received.

E. The Consumer Assistance Division in Head Office shall maintain:

- a. A master register of all complaints received by the Bank and its Branches and other offices.
- b. Complaint database to identify the trend of complaints received, potential problems, and risks.

F. Risk Assessment Strategies

Further to Bank's Consumer Protection Risk Management System, the Bank shall ensure appropriate management controls and undertake reasonable steps to ensure that in handling complaints, it:

1. Identifies and remedies any recurring or system problems
2. Identifies weaknesses in internal control procedure or process.

These shall be accomplished through proper analysis of:

- a. Complaints/concerns/requested data;
- b. Causes for complaints /concerns/requests received and considering whether such identified weaknesses may also affect other processes or products, including those not directly complained of/requested.

3. Effect corrective measures where/when warranted or reasonable to do so, taking into consideration the concomitant and other resources.

G. Complaint Reporting

1. Internal Reporting
 - a. The responsible officer/personnel of any contact point shall submit summary complaints report to the designated officer of, Consumer Assistance Division on a periodic basis.
 - b. Similarly Complaints report shall be submitted on a monthly basis by the Head of Consumer Assistance Division to Senior Management/Board of Directors thru the Board Audit Committee.

- c. The report shall include, as a minimum:
 - i. General category of complaints received;
 - ii. Statistics/frequency of said complaints;
 - iii. Aging of complaints or requests;
 - iv. Explanations on deviations, if any, from required resolution period; and
 - v. General description of resolutions and actions taken to resolve complaints/requests;
2. The report shall include recommendation on how to avoid recurring complaints and suggestions for process/personnel competency improvement, as needed.
3. The report of the Compliance Monitoring Office and Internal Audit concerning independent review conducted on the complaints report, policy recommendations and consumer protection compliance, shall be elevated to the Board every quarter.
4. Reporting to BSP

The designated Consumer Assistance Officer shall submit a consolidated Complaints Report to the Supervisory Data Center (SDC) of the Supervision and Examination Sector on a quarterly Basis. Such report shall be submitted in the format required by BSP. Submission of the report to the SDC shall not be later than one (1) month after the end of every quarter. A complaints Report is a Category B Report for purpose of applying the appropriate monetary penalty.

H. Interface With Bangko Sentral ng Pilipinas (BSP)

To be aligned with BSP's Consumer Protection Framework, the Bank shall exhaust all internal remedies available to address the issues raised by the consumers in their complaints/requests/concerns.

This is to prevent dissatisfied consumers to seek assistance with BSP-FCAG pursuant to BSP Consumer Assistance Mechanism. In the event that a customer complaint reaches BSP-FCAG, the allegations of consumer that the Bank has not properly and efficiently handled, processed and responded to his/her/its concerns shall be validated, and where appropriate, considered in FCAG's assessment of Bank's compliance with BSP Consumer protection regulations. This is without prejudice to the imposition of appropriate enforcement actions. It is presumed that the higher number of complaints received by BSP reflects the non-effectiveness of the Bank's CAMS.

I. Outsourcing Of Handling Of Consumer Concerns. Currently, EqB outsources its customer service requirements to a Service Provider, an Equicom Group affiliate, to handle and receive calls via the Equicom 24/7 Customer Service Number (02) 241-5952 or Domestic Toll Free Number 1-800-10-EQUICOM (3784266) subject to the outsourcing policy of the Bank, which includes, among others:

1. Conduct due diligence in the selection of outsources entity/person;
2. Be responsible for the performance thereof in the same manner and to the same extent as if performed by itself;
3. Comply with all laws and regulations governing the consumer assistance activities/services performed by the outsource entity/person in its behalf; and
4. Manage, monitor and review on an ongoing basis the performance of the outsource entity/person

on their outsourced consumer assistance activities/services.

J. Accountability And Reward. In order to ensure fair treatment and responsible business conduct of personnel engaged in consumer relations, the Bank adopts Efficiency in handling consumer complaints as one of the Key Result Areas (KRAs) for all front liners and Consumer Assistance personnel.

K. Consumer Assistance With Persons With Disabilities (Pwds) And Non- English Speakers. The Bank shall take into account the needs of PWDs (persons with disabilities), such as but not limited to those with learning difficulties, people who are deaf or hard of hearing, the visually impaired and the non-English speakers, in ensuring that they understand the Bank's consumer products, services, assistance provided with respect to customer-related financial needs.

6. CORPORATE INFORMATION

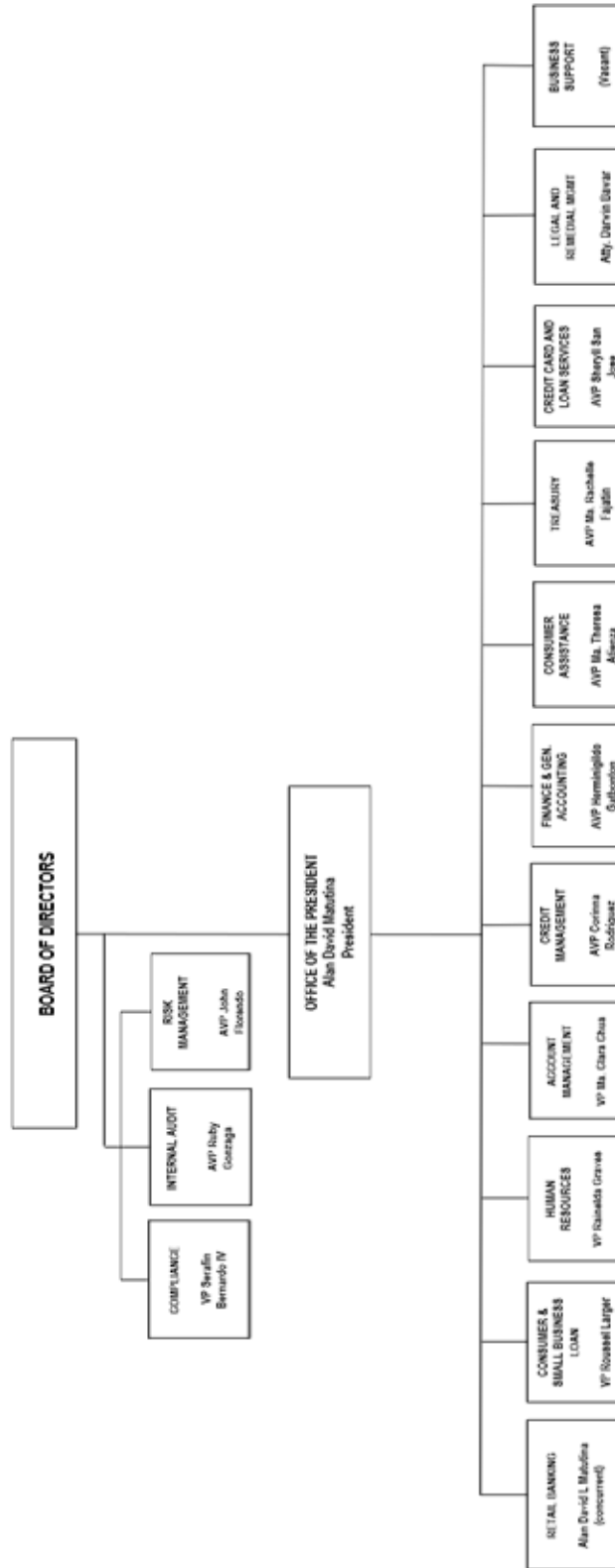
Equicom Savings Bank, Inc. was incorporated in the Philippines and is 34.93% owned by Equicom Manila Holdings, Inc., 34.73% owned by an individual shareholder, 27.41% owned by Pin-An Holdings Corporation and the rest by other individuals and entities. The Bank was formerly known as Anchor Savings Bank and was previously 77.61% owned by the Knights of Columbus Fraternal Association of the Philippines, Inc. (KCFAPI).

EqB maintains several brand offerings/products and services in the market. Among these are the following:

- Deposits (Savings, Checking, and Time Deposits)
- Consumer Loans (Auto, Home, Personal, and Salary Loans)
- Business and Corporate Loans
- Credit, Debit, and Prepaid Cards (Visa-branded products)
- Cash Management Facilities (Checkwriting, Deposit Pick-up Service, and Payroll Account Arrangement)
- Online and Phone Banking Facilities
- Fund Management



Organizational Structure:



List of banking units:

	Name of Banking Office	Type of Banking Office	Address
1	Main Office	Regular Branch	G/F ODC Building, 219 Salcedo St., Legaspi Village, Makati City
2	Davao	Regular Branch	G/F Chimes Specialty Store, Gov. Sales St. cor. Sta. Ana Ave, Davao City
3	Cebu	Regular Branch	The Strip, Pres. Osmena Blvd., Cebu City
4	Calamba	Regular Branch	G/F Calamba Medical Center, Crossing, Calamba
5	Alabang	Regular Branch	G/F Skunac Bldg., Alabang Zapote Road, Alabang, Muntinlupa
6	Diliman	Regular Branch	Matalino cor. Malakas Sts., Bry. Central, Diliman, Q.C.
7	Legarda	Regular Branch	G/F Ultima Bldg., Legarda cor. San Rafael Sts, Quiapo, Manila
8	Lipa	Regular Branch	G/F Hotel Gregorio, CM Recto and B Morada Sts., Lipa City, Batangas
9	Mandaue	Regular Branch	G/F Mitsubishi Motors Bldg., MC Briones St., Hiway Maguikay, Mandaue City, Cebu
10	Iloilo	Regular Branch	G/F Rialto Bldg., Ledesma cor. Quezon Sts., Bry. Edgarzon, Iloilo City
11	Head Office	Head Office	6/F ODC Building, 219 Salcedo St., Legaspi Village, Makati City
12	Loan Processing Office – Cebu	Regular Other Banking Office (OBO)	G/F Equicom-Apple One Tower, Mindanao Ave. Cor. Biliran Road, Cebu Business Park, Cebu City

7. Additional Disclosure

Tier 1 Capital – this comprises most of the equity accounts less the deferred tax assets of the bank.	Tier 1 – P945,337,058.95 (178,041,168.14)
Tier 2 Capital - this is adding back the recorded general loan loss provision of the bank	37,579,677.88
Deductions from Tier 1 and Tier 2 – as of reporting date, there is no eligible amount for this account	0.00
Total Qualifying Capital (TQC)	804,875,568.69
Capital requirements for credit risk	5,322,201,697.16
Capital requirements for market risk; and	0.00
Capital requirements for operational risk	1,008,846,094.12
Risk-based capital adequacy ratio	12.71%



Opening Doors, Building Tomorrows.

Equicom Savings Bank is a proud member of BancNet and Equicom Group

Deposits are insured by PDIC up to P500,000 per depositor.

BOB (BSP Online Buddy) may be accessed by financial consumers through the following portals:

BSP Webchat: <http://www.bsp.gov.ph/> BSP Facebook: <https://www.facebook.com/BangkoSentralngPilipinas/>

SMS 021582277 (for Globe subscribers only; for other network subscribers, BOB will also be made available soon)

Equicom Savings Bank is regulated by the Banko Sentral ng Pilipinas <https://www.bsp.gov.ph>

Corporate Office

6/F ODC International Plaza, 219 Salcedo Street,
Legaspi Village, Makati City 1229, Philippines

Trunkline Number

(632) 8828-EQUI (3784)

(632) 8812-6404

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(632) 8856-1229

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Mobile: 0920-9496496 (Smart)

