

SeaBank Philippines, Inc.

A Rural Bank

2023 ANNUAL REPORT

Table of Contents

1. Corporate Objective **2**
Vision and Mission Statement of the Bank 2
Corporate Values 2
About SeaBank Philippines, Inc. (A Rural Bank) 3
Business Model 3
2. Financial Summary/Financial Highlights **4**
3. Financial Condition and Results of Operation **6**
Message from the President 6
4. Financial Result of Major Business Segments **8**
5. Risk Management Framework **9**
Risk Management Culture And Philosophy 9
Risk Appetite And Strategy 9
Bank-Wide Risk Governance Structure And Risk Management Process 11
Money Laundering And Terrorist Financing Risk Management Framework 17
6. Sustainable Finance Framework **19**
7. Corporate Governance **20**
Corporate Governance Structure And Practices 20
Board of Directors 21
Board-Level Committee 22
Profile and Qualifications of Directors 23
Selection Process for Directors and Officers 25
Directors 25
Senior Management 26
Retirement And Succession Policy For Directors 27
List of Officers 28
Performance Management 31
Education Program 32
Retirement and Succession Policy for Senior Management 33
Remuneration Policy 34
Related Party Transactions 36
Self-Assessment Function 36
Dividend Policy 38
Corporate Social Responsibility (CSR) 38
Consumer Protection 38
List of Stockholders (As of 31 December 2022) 39
Products And Services 40
Banking Units/Branches/Extension Office 42
8. Audited Financial Statements (AFS) with Auditor's Opinion **44**

SEABANK PHILIPPINES, INC. (A Rural Bank)
ANNUAL REPORT (As of 31 December 2023)

1. Corporate Objective

Vision and Mission Statement of the Bank

To better the lives of individuals and businesses in our region with financial services through technology:

- Make financial services accessible for everyone through the use of proprietary technology and data
- Offer fast and seamless services enabled by best-in-class user interface, user experience, and back-end technology
- Simplify all offerings to encourage everyone to save, invest, grow, and achieve their aspirations
- Provide transparent pricing with no hidden fees and penalties
- Ensure stability with proper risk infrastructure focused on advanced credit models, and leading edge non-financial risk prevention

Corporate Values

We strive to build an institution that will last for generations and evolve with time and that is founded upon our core values.

The core values of the Bank are:

1. We Serve - Our customers are the sole arbiter of the value of our products and services. We strive to meet unmet needs and serve the underserved.
2. We Adapt – Rapid change is the only constant in this digital age of ours. We embrace change, celebrate it, and always strive to be a thought leader that influences it.
3. We Run – We are in a constant race to success while grappling with rapidly shifting forces. We move faster, better, and with more urgency each day.
4. We Commit – Our work is our commitment. We commit to our values, institution, customers, and partners. We commit to each other. Above all, we commit to doing the best we can and being the best we are.
5. We Stay Humble – We never lose our humility in our continual quest for greater heights.

About SeaBank Philippines, Inc. (A Rural Bank)

On December 5, 1965, the 300th rural bank of the Philippines opened, known as **The Rural Bank of Pagsanjan, Inc.** From the ground floor of a two-storey house, bank employees went and reached as far as the boundaries of Laguna with the provinces of Quezon and Rizal. As a rural bank, we take our mission to provide our customers the ability to save excess deposits and take on loans to invest in building their productive capacity.

Prior to its 50th year, the Bank unveiled its new brand name as **Banco Laguna, Inc. (A Rural Bank Since 1965)** alongside its new corporate logo to signify unwavering pursuit of quality rural banking and genuine service towards responsible financing. Continuous commitment to uphold the lives of the people and communities it serves is one of the main thrusts and part of the Bank' s strategies it pursues.

In December 2021, the Bank rebranded to SeaBank Philippines, Inc. (A Rural Bank), **("SeaBank", "the Bank")** alongside its new corporate logo.

Currently, the Bank has five (5) branches - the Head Office is located in Pagsanjan, and branches in the capital towns of Sta. Cruz, Siniloan and Liliw in Laguna and one in Sariaya, Quezon. Additionally, the Bank opened an extension office in Mandaluyong, Metro Manila to provide additional working space for its employees.

Business Model

In 2023, the Bank continued to support countryside development by offering simple banking products and services to depositors and borrowers within Laguna and its neighboring provinces across the CALABARZON region offering products and services at competitive rates. Credit facilities for agricultural, business, personal and other purposes are available for qualified borrowers while deposit products consist of regular and premium savings deposits.

Within the same year, the SeaBank set in motion various endeavors to catalyze its planned shift to a retail-funded digital-centric business model. In April 2021 and April 2022, the Bank was granted Electronic Products and Financial Services (EPFS) Type A Licenses by the Bangko Sentral ng Pilipinas. The Bank launched its Mobile Banking App in June 2022 enabling it to expand its customer reach to nationwide scale.

.

2. Financial Summary/Financial Highlights

(In Philippine Pesos, except selected ratios and headcount)

Profitability	**2023**	**2022**
Total Net Interest Income	2,402,746,264	24,785,550
Total Non-Interest Income	94,763,129	8,881,339
Total Non-Interest Expenses	(815,594,623)	(494,399,337)
Pre-provision Net Income (Loss)	1,681,914,770	(460,732,448)
Provision for Credit and Impairment Losses	(1,805,721,156)	(168,502,117)
Provision for Income Tax	(99,791,029)	(20,535,546)
Net Loss	(223,597,415)	(649,770,111)
Other Comprehensive Income (Loss), Net of Tax	10,204,750	(34,773,347)
Net Loss after Other Comprehensive Income (Loss)	(213,392,665)	(684,543,458)
Selected Balance Sheet Data		
Liquid Assets	6,198,287,065	8,832,599,643
Gross Loans	11,917,066,218	3,043,794,154
Total Assets	18,592,637,927	12,241,444,984

Deposits	15,756,886,053	10,768,748,804
Total Equity	1,515,403,675	918,796,340
Selected Ratios		
Return on Equity	(18.37%)	(122.99%)
Return on Assets	(1.45%)	(9.93%)
Capital Adequacy Ratio	11.21%	16.54%
Others		
Cash Dividends Declared	-	-
Headcount		340
Officers		19
Staff		321

**excluding interest expense on finance lease payable*

3. Financial Condition and Results of Operation

Message from the President

In 2023, the Bank continued to execute according to our strategy which included significant investments to build our mobile banking app, resulting in an expected net loss.

The mobile banking app has seen good traction with consumers, with more than a million downloads and a 4.9 average rating on both Google Play and Apple App Store. Importantly, it has allowed us to effectively reach and serve Filipinos across the nation in a cost effective and inclusive way. For example, customers who use the mobile banking app do not need to go to a branch to open an account; nor do they need to maintain a minimum balance. Additionally, we offer competitive interest rates and 15 free transfers weekly.

With the continued support of our shareholders and directors, we aim to continue serving our community by providing financial services in 2024 and beyond.

2023 Operational Performance

At the end of 2023, total assets grew to Php18.59 billion, 51.88% higher from the previous year. The increase is mainly due to higher levels of deposit taking activities which resulted in total deposits growing to Php15.76 billion, 46.32% higher from the previous year. Deposits were effectively deployed into loans, and gross loans grew to Php11.92 billion, 291.52% higher from the previous year.

Net losses for FY 2023 were at, Php223.60 million, 65.59% lower from the previous year. Because of the larger asset and capital base, ROE improved from -122.99% to -18.37%; while ROA improved from -9.93% to -1.45%. We expect continued progress on these core profitability metrics in FY 2024.

Our Capital Adequacy Ratio (CAR) remained within the Bank's Risk Appetite at 11.21% by year end, and the Bank's Tier 1 Capital to Risk Assets Ratio stood at 10.18%.

Challenges and Opportunities

Digital Financial Services have become an expectation of the Philippines market and we view the shift in this market expectation as an opportunity for us to acquire new customers by offering a better experience. However, this has also attracted several new market entrants, which brings new challenges in the form of price competition for customers as well as talent.

Thank you very much to all of you!



MARCO C. CABREZA

4. Financial Result of Major Business Segments

The table below shows the performance of the Major Business Segments of the Bank

Business Segment	Outstanding balance as	
	of December 31, 2023	of December 31, 2022
Loans to Individuals for Personal Use	11,604,576,290	2,868,213,607
Loans to Private Corporation - Non-Financial	173,889,189	16,560,566
Loans to Individuals for Other Purposes (Business)	31,068,886	29,009,970
Medium Enterprise	29,531,663	25,505,606
Salary Loans	25,098,029	33,670,509
Small Enterprise	22,084,790	23,057,191
Micro Enterprise	16,715,712	22,540,075
Loans to Individuals for Housing Purposes	7,092,218	7,888,775
Agra Loans and Other Agricultural Credits	7,009,441	17,347,855
Total	**11,917,066,218**	**3,043,794,154**

5. Risk Management Framework

Risk Management Culture And Philosophy

The Bank recognizes enterprise risk management as an integral part of its operating environment and good governance. Hence, the Bank is committed to carry out risk management principles and practices in attaining the Bank's mission "to better the lives of individuals and businesses in our region with financial services through technology". In this sense, the Bank has adopted a risk management system that can effectively adapt to changing internal and external environments especially during severe adverse events such as the recent COVID-19 pandemic.

Risk Appetite And Strategy

Risk is inherent in the business of banking, thus risk-taking is an essential part of the operation wherein if not taken, returns and growth may be insignificant and unsustainable. Given that business risks are always present, the Board of Directors and Senior Management make timely and rational decisions about the risks that the Bank is willing to take in pursuit of the organization's goals and objectives, aligned with the Risk Management Principles of the Bank:

- Robust Governance
- Adequate Capital Ratios
- Sound Business Management
- Sustainable Products and Services
- Sustainable Long Term Earnings
- Protection of Consumer Rights

These Principles provide an overarching framework for which the Bank assumes and manages risks, as well as adapt to the new normal brought by the unprecedented Covid-19 pandemic. Striking a balance between generating new businesses and mitigating risk, while remaining committed to the Bank's mission has guided the Bank in defining its risk appetite and long-term strategies.

The Bank takes calculated risks when making business decisions. The Bank's risk appetite has been clearly defined to provide a comprehensive summary of risk tolerance and parameters guiding the operations of the Bank. It facilitates concise presentation and informed periodic review of the amount of risk the Bank is prepared to take in its key activities. Strategies are also designed to address limits throughout the Bank to ensure that actions in all levels of the organization are in line with the risks that the company is willing to accept.

High-Level Risk Appetite Statement

The Bank pursues business objectives by accepting risks up to the level where it remains aligned with the following Risk Appetite Statements:

General Statement
The Bank will not compromise adherence to its risk appetite to pursue revenue growth or higher returns.

On Credit Risk
The Bank shall accept high credit risk, but maintain a sufficient Allowance for Credit Losses at minimum in-line with regulatory requirements. Credit concentration shall be controlled to fulfill internal and regulatory requirements.

On Liquidity Risk and Balance Sheet strength
The Bank shall manage and hold an adequate buffer of high-quality liquid assets and maintain adequate capital to weather deterioration of balance sheet strength and survive extreme but plausible liquidity and capital stress scenarios without recourse to extraordinary support from the BSP.

On Operational Risk
The Bank shall manage operational risk with a set of policies that is in line with the regulatory requirement, with defined processes, procedures and controls that guide the Bank's day to day operations.

On Regulatory Compliance Risk
The Bank has zero tolerance for regulatory compliance breaches. Any audit findings from the BSP or from Internal Audit shall be addressed as soon as possible.

On Market Risk and Interest Rate Risk in the Banking Books (IRRBB)

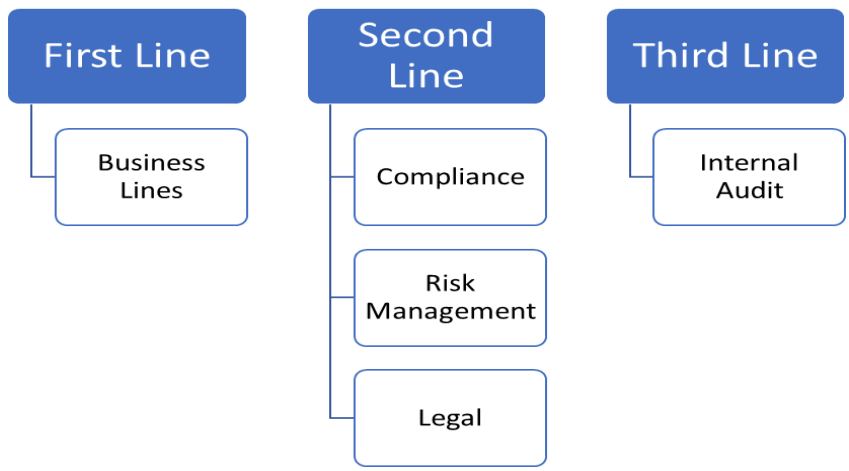
The Bank shall manage its market risk and interest rate risk in the banking book (IRRBB) exposures to ensure that losses from adverse market movement and volatility are within moderate tolerance level. The Bank does not engage in trading of financial instruments unless otherwise authorized by the BSP and the Board.

On Environmental and Social Risk Management

The Bank accepts medium level of E&S Risk, balancing near term profitability with long term sustainability, while ensuring compliance with applicable laws and regulations relating to environmental and social risk.

Bank-Wide Risk Governance Structure And Risk Management Process

Three Lines of Defense System



The Bank subscribes to a three lines of defense system to effectively manage the bank-wide risks. The first-line of defense is the business lines who are considered as the risk-takers. Risk-taking activities are done within the set parameters, limits and threshold as approved by the Board. Business lines are supported with policies and procedures to which risk controls are embedded. The second line of defense is the Compliance and Risk Management functions. The compliance function is in charge of implementing a compliance risk management system which is designed to manage risks that may erode the franchise value of the Bank. The risk management function is responsible for overseeing the risk-taking activities of the Bank, as well as evaluating whether these remain consistent with the Bank's risk appetite and strategic direction. The third line of defense is Internal Audit

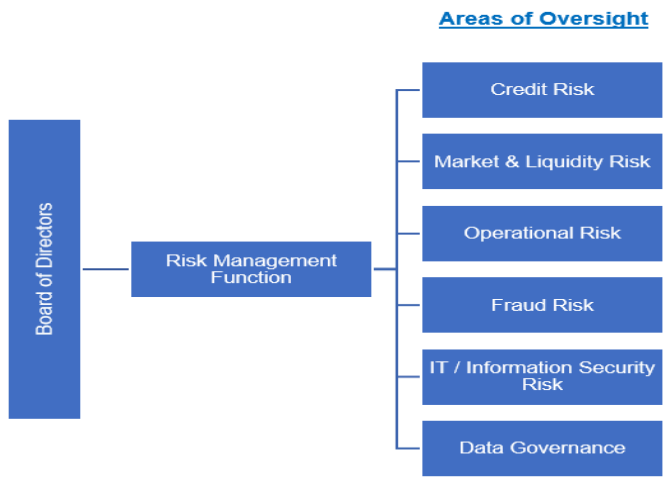
who is in charge of providing independent assurance that the Bank's risk management, governance and internal control processes are operating effectively. The three lines of defense have regular reporting to the Board and/or a board-level committee in accordance with their respective reporting responsibilities.

Risk governance directly emanates from the Board of Directors who set the tone for a sound risk culture within the Bank; and approve and support the overall risk management systems and procedures to ensure risk supervision. The established risk management framework is being implemented by Senior Management across the business units with the philosophy of uniformity and consistency. The Key Risk Indicators and other relevant metrics are monitored on a monthly basis and reported to the Board.

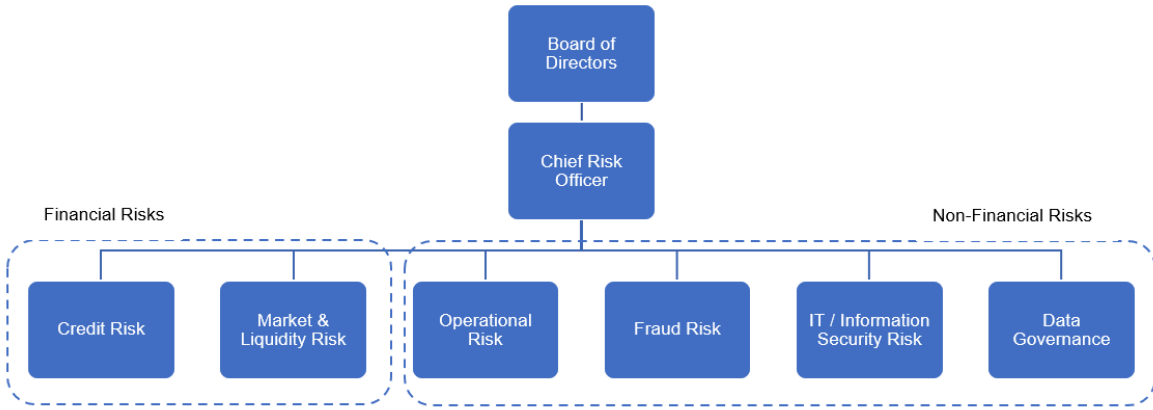
Risk Management

The risk management structure of the Bank is designed to alleviate risks related to its operation and to add maximum sustainable value in all its activities and business endeavors. It represents delegation of responsibility and accountability on risk management, which drive on a foundation that risk management is everyone's responsibility.

Risk Management Structure[1]



[1] As of 31 March 2024



The specific goal of the risk management process is to ensure adherence to the Bank's standards in risk measurement and reporting. The evaluation, analysis, and control performed by the Risk Management Department, in conjunction with the Business Units, constitute the risk management process. The risk management process is applied at all levels of the Bank to ensure that risks are properly identified, quantified, and analyzed in the light of its potential effect on the Bank's business. These processes are specifically embedded in managing the relevant risk areas of the Bank:

Credit Risk

The Bank Credit Risk Management (CRM) Policy is designed to ensure sound and prudent lending practices and good governance across all credit granting activities. The Policy encompasses established systems and procedures on relevant areas of credit management such as a) credit origination and evaluation, b) credit approval and disbursement, c) loan review, and d) problem credit management, among others. The Bank implements a Board-approved credit structure to support the employment of the CRM policy effectively. The structure clearly delineates the duties and responsibilities as well as the authorities of personnel involved in the credit process. The Head of Credit Risk Management Unit primarily oversees and leads the implementation of the Bank's CRM Policy.

Protection of the rights of our borrowers is of major importance to the Bank. The Bank strictly adheres to the Truth in Lending Act Disclosure Requirement and makes the true and effective cost of borrowing an integral part of every loan contract/transaction. The Bank implements its Financial Consumer Protection as part of the overall governance system of the Bank.

Risk limits and thresholds have been established to ensure that the credit granting processes adhere to the regulatory ceilings and limits and within the Bank's risk appetite. Single Borrower's Limit (SBL) and large credit exposures that may pose concentration risk to the Bank are periodically monitored.

For digital loans, the Bank evaluates the borrower's credit risk through usage of different credit scorecards approved by the Board and is further enhanced by other risk acceptance criteria. These credit scorecards and risk acceptance criteria are hosted in a system which facilitates the credit underwriting process at near real-time.

For branch loans, the Bank measures credit risk from its individual borrowers using the Credit Risk Assessment Sheet, which is a rating scorecard that factors in relevant borrower and facility-specific criteria . The result of the credit risk assessment is incorporated and considered in the loan packaging and approval of the accounts. Loan approval follows the Bank's Code of Approving and Signing Authorities.

The Bank also undertakes a periodic loan review of accounts to facilitate and ensure proper loan classification of the accounts and to appropriately set up sufficient provisions for expected credit losses, in accordance with the minimum requirement of the MORB Appendix 18 Basic Guidelines in Setting-Up of Allowance for Credit Losses. Overall, the Bank's commitment is to maintain a quality credit portfolio that will sustain its long term goal and strategic plans.

Market Risk

The Board regularly reviews our market risk policies and implementing guidelines to ensure that these are up-to-date, in accordance with our risk appetite, and in line with changes in the economy, environment, and relevant regulations. The Board sets the Bank's tolerance levels to risks through a defined limit structure. The Bank utilizes various measurement and monitoring tools to ensure that risk-taking activities remain within instituted market risk parameters.

Interest rate risk

The Bank has policies and processes and uses Net Interest Income (NII) and Economic Value of Equity (EVE) measures to quantify and manage interest rate risk in the banking book (IRRBB).

NII measure includes the calculation of the potential impact of adverse movements in

interest rates to the Bank's projected NII in the next 12 months given the Bank's current repricing profile of its rate-sensitive assets and liabilities.

The Bank uses EVE to measure changes in the net present value of our banking book under different interest rate shocks. The scenarios include: 300-basis point parallel up and down, extreme short rate up and down, yield curve steepener and flattener. EVE is calculated by slotting the notional and expected cash flows arising from rate-sensitive assets and liabilities in pre-defined tenor buckets. The net present value of the repricing cash flows is then calculated using the interest rate scenarios to estimate the potential loss to EVE during stress conditions. .

The Bank generates and monitors the NII and EVE measures on a monthly basis. They are assessed vis-a-vis limits which are based on a percentage of net interest income or capital. The Board is responsible for managing our structural interest rate exposure, with the goal of achieving a desired overall interest rate profile that is within our risk appetite. The Bank has established the appropriate escalation process to ensure that any positions that have exceeded or are approaching risk thresholds receive prompt attention at an appropriate management level.

Foreign exchange rate risk

The Bank's exposure to foreign exchange risk is insignificant due to minimal foreign currency-denominated positions (i.e. Due from Other Banks).

Equity risk

The Bank adopts daily mark-to-market valuation for all outstanding debt securities, except agrarian reform bonds and time deposits.

Liquidity Risk

Liquidity risk is the inability to meet obligations when they become due, without incurring substantial losses. The Bank ensures that it has adequate funds to meet maturing obligations through the stress testing exercise and the maturity matching report.

Liquidity stress testing is done to fully assess the Bank's funding needs and strategies under various extreme but plausible conditions such as deposit runoff and increase in loans past due. This also enables the Bank to gauge its capacity to withstand both short-term and long-term liquidity disruptions.

In addition, the Bank generates a forward-looking gap analysis of cash inflows and outflows per predetermined tenor buckets through its maturity matching report. This allows the Bank to monitor liquidity mismatches and preempt potential liquidity crunches by highlighting periods where substantial liquidity gap is present.

Likewise, the Bank has a liquidity contingency plan to evaluate and mitigate risk arising from situations with unprecedented decline in liquidity levels and monitor and ensure the availability of funding during these scenarios. Lastly, the Bank's minimum liquidity ratio (MLR) and minimum reserve requirement (MRR) are reported regularly to the Board for information and appropriate action. Any unusual emerging issues related to the liquidity position of the Bank is escalated to the appropriate level of management for necessary remediation.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The Bank established its Operational Risk Management Policy which stipulates the minimum requirements for implementing operational risk management procedures and processes to ensure that the Bank identifies, understands and consciously monitors and accepts the ranges and magnitudes of the operational risks it faces including taking appropriate risk controls and mitigation steps for adequate risk protection.

All departments are responsible for managing operational risk within their line of business by implementing adequate internal controls and operational risk mitigation strategies and processes. The Operational Risk Management Unit, as the second line of defense, provides an independent oversight to the operational risk management activities of the Bank including the recommendation of appropriate operational risk policies and procedures, design and implementation of operational risk assessment tools and risk event reporting system and reporting of operational risk status of the Bank to the Board and Senior Management, among others.

The Bank adopts tools and mechanisms to identify and assess its operational risk. Likewise, various operational risk-related policies and procedures are also in place to manage risk associated with new products, outsourcing and disruptions due to internal and external threats.

Risk reporting is integrated into the overall reporting structure of the Bank and comprises regular risk reporting to the Board and Senior Management. At a minimum, operational key risk indicators such as risk incidents are monitored and reported for ongoing monitoring of operational risk profile and development of new risk management policies and practices by Senior Management for approval of the Board.

Fraud Risk

Fraud is defined as any intentional act or omission designed to deceive others, resulting in losses and/or the perpetrator achieving an unlawful gain.

The Bank's Fraud Risk Management Framework provides a holistic approach that is effective and efficient in addressing fraud risks originating from internal and external sources. The said framework is based on the four (4) fundamental pillars of fraud risk management which are fraud prevention, detection, response, and deterrence. A comprehensive fraud risk assessment is conducted by the first line of defense, supported by the Fraud Risk Management Unit, to identify existing and potential fraud risks, assess their likelihood and financial impact, evaluate current fraud controls, and implement actions or additional controls to mitigate the residual fraud risks. The Bank employs an automated and real-time fraud monitoring and detection system to identify and block suspicious or fraudulent transactions. Multi factor authentication are implemented to validate and verify the identity and authorization of customers in performing various transactions. Processes and procedures are defined to monitor, detect and block any suspicious or fraudulent activity as well as how to notify customers or third parties. The Consumer Assistance Management System (CAMS) provides 24/7 available communication channels to handle suspicious or fraud reports. Also, fraud awareness campaigns are conducted all-year round to inform, remind and alert customers of current fraud trends including recommendations on how to prevent from being victims of fraud. Reporting of fraud metrics and trends, including confirmed fraud cases are reported to Senior Management and/or the Board.

Information Technology Risk

The management of information technology (IT) risk, including information security risk, forms part of the Bank's risk management processes and risk governance framework that includes the governance structure, policies, processes, measurement and control procedures to ensure that risks associated with technology are identified, measured,

monitored, and mitigated. The Bank has instituted several IT risk policies such as on technology risk, information security, service management, systems development and third party management to provide standard processes and procedures to be followed by its employees with respect to all technology risk management activities of the Bank.

Data Governance

Data Governance, as part of the Risk Management function, is the discipline at the center of data-related risks that aims to exercise authority, control, and shared decision-making over the management of data assets.

The Bank's Data Governance capability, starting with its Data Privacy facet, kicked off with the establishment of the Data Protection and Privacy Policy and Personal Data Sharing Policy. These policies set out the minimum requirements for personal data processing in relation to upholding privacy rights of individuals and compliance with the Philippine Data Privacy Act of 2012. The Bank has also published its Privacy Statement in-app and on website to help customers understand how their personal data are being processed and how they can exercise their rights as data subjects.

The Bank is also committed to its mandate as a Personal Information Controller (PIC) as it complies with the repertorial requirement by the National Privacy Commission (NPC) such as the annual submission of security incidents. The Operational Risk Incident Management Guideline allows for compilation of all personal data-related incidents for timely aggregation and reporting. Moreover, the Bank conducts Privacy Impact Assessment (PIA) for all its activities to allow for identification of privacy risks and its corresponding mitigating controls and actions to ensure that risks are brought down to an acceptable level for every product, service, process, and project.

In terms of data management and data security at large, the Bank enforces measures to ensure that: (1) Accountability and oversight over data are in place; and (2) data-at-rest and data-in-transit are protected by implementing various controls. Data ownership roles and approval processes are in place for internal and external movements of data. This also applies for data in the Bank's data warehouse, data mart, and data tools and systems. In addition, data encryption and masking of sensitive data on systems are implemented to minimize the risks of data leakage and data misuse. All data are backed up in a secured storage, which can only be accessed and retrieved by authorized personnel as needed.

Money Laundering And Terrorist Financing Risk Management Framework

The members of the Board, Senior Management and all employees of the Bank strictly adhere to the provisions of the Anti-Money Laundering Act (AMLA) as amended, the relevant Revised Implementing Rules and Regulations (RIRR), and its own Money Laundering and Terrorist Financing Prevention Program (MTPP).

To ensure full compliance with the AML regulations, employee awareness is key; thus, timely dissemination of the MTPP manual and new AML Issuances and periodic Anti-Money Laundering and Counter Terrorism and Proliferation Financing training are conducted.

The Bank also established an Anti-Money Laundering Governance Committee (AMLGC) to ensure management oversight on the implementation of the Bank's AML risk management policies and procedures. The AMLGC reports to the CGC, which in turn assists the Board in fulfilling its responsibilities in the prevention of money laundering and terrorist financing.

The Bank seeks to actively participate in the fight against money laundering and counter terrorist financing by applying the following principles:

Customer Acceptance Policies and Identity Verification

The Bank's customer financial crime risk assessment considers all relevant risk factors based on established data points which are documented and updated periodically. From the resulting risk assessment, the appropriate level of due diligence is applied. Name screening is employed to assist with the identification of sanctioned individuals and organizations, persons convicted of or involved in AML/CTPF crimes, as well as other illegal activities to which the Bank may be exposed. Screening against international and local sanctions and terror watchlists are conducted at key intervals of the business relationship to ensure that there are no dealings with designated entities and to ensure that any new risks posed by the customer not previously present will be detected, deterred, or mitigated.

Where the risk posed is no longer within acceptable limits of the Bank, there are procedures and policies in place to facilitate the offboarding of customers who pose a higher level of risk, with consideration of the financial consumer's rights.

The provisions of the Bank's MTPP are Implemented in a manner that is non-discriminatory

to all customer types, ensuring that political exposure, religion, race or ethnic origin are not used as the only basis to deny access to the Bank's services.

The Bank's customer due diligence and know-your-customer process determines and verifies the identity of all individuals and entities, including their beneficial owners and persons purporting to act on behalf of the customer, seeking to avail the Bank's products and services.

Transaction Monitoring and Reporting of Covered and Suspicious Transactions
There are designated operations units assigned to oversee the transaction monitoring and reporting system for Covered and Suspicious Transactions (STRs), in coordination with the AML Compliance Unit of the Bank. Cooperatively, both operations and the AML Compliance Unit ensure that the transaction monitoring and reporting systems are working effectively. The performance of such systems and controls are regularly reviewed so that reports to the regulatory agencies continue to be accurate and submitted within the prescribed period.

There is also an integration of Fraud and AML systems and procedures to have a cohesive and comprehensive financial crime prevention system throughout the Bank.

Ongoing monitoring
The Bank has procedures and controls in place to continually assess the risks, understand the transactions and activities, and update the identification information and/or identification documents of customers, their beneficial owners and other persons purporting to act on behalf of the customer.

Cooperation with authorities
The Bank takes appropriate measures required by law if there are reasonable grounds for suspecting money laundering or terrorist financing including, but not limited to, maintenance of customer data and transaction documents within prescribed timelines, reporting of covered and suspicious transactions and cooperating with investigations or complying with requirements of an authorized body.

Policies, procedures, and training
The Bank designs appropriate policies and relevant procedures for their respective business units, keeping these updated with changes in regulations and AML/CTPF typologies. It also ensures that its staff are adequately informed and undergo effective AML/CTPF training programs to adequately comply with said policies and procedures.

The Bank also maintains and adheres to its Money Laundering and Terrorist Financing Prevention Program ("MTPP") which covers the Bank and all its branches. In conformity with the standards set by the local banking authority and international organizations, the Bank regularly reviews its MTPP to ensure compliance with the latest laws and regulations.

Record Keeping and Retention

Business and operations units, departments, and branches responsible for safekeeping records and documents as required under the AMLA, as amended, are obligated to ensure that the aforementioned records are made readily available during examinations and/or audits conducted by its regulators.

6. Sustainable Finance Framework

The Bank recognizes the key role of inclusive growth in achieving the sustainable development goals. Towards this end, the Bank has defined an Environment and Social Risk Management Policy that will govern how it achieves its sustainability agenda.

Sustainability Strategic Objectives and Risk Appetite

The Bank's key sustainability agenda is to encourage the empowerment of Filipinos by encouraging unbanked individuals to embrace digital deposits and provide greater access to credit through digital channels. Starting 2023 onwards, the Bank will set a target on the number of low value deposit accounts (i.e. those that have less than P50,000 in deposit balance) as a measure of its success in achieving this agenda.

At the same time, the Bank is cognizant that climate change and other environmental and social risks could pose financial risks, as well as financial stability concerns, considering their significant and protracted implications on the Bank's operations and financial interest. In particular, physical and transition risks arising from climate change could result in significant societal, economic and financial risks affecting the Bank and its stakeholders.

The Bank's Environmental and Social (E&S) primary objective are:

- In the short term: endeavor to support the BSP's financial inclusion agenda as may be required by regulations .
- In the medium term: Identify industry and sectors where the Bank can provide green financing and launch pilot programs to assess the financial sustainability of such programs.

Overview of E&S Risk Management System

From 2023 onwards, the Bank will rate the E&S Risk of its material customers / counterparties and reject those that are deemed High E&S Risk. For Medium E&S Risk, it will be escalated to the Board for approval. In addition, the Bank will also conduct stress testing resulting from E&S Risk and will define action plans to reduce exposure to E&S risk if stress tests indicate a breach in internal thresholds.

Other Disclosures

Aligned with the Environmental and Social Risk Management Policy, the Bank will also disclose in the Bank's 2023 Annual Report:

- Products / Services that are aligned with internationally recognized sustainability standards and practices
- Breakdown of E&S risk exposure of the bank per industry
- Information on existing and emerging E&S risk and their impact on the Bank
- Other initiatives to promote adherence to internationally recognized sustainability standards and practices

7. Corporate Governance

Corporate Governance Structure And Practices

The Board adopts a Manual on Corporate Governance that is aligned with the requirements of the Enhanced Corporate Governance Guidelines for BSP-Supervised Financial Institutions. The Manual serves as the commitment, reinforced with the values, principles, and best practices to guide the Bank's business conduct.

Board of Directors

The Board is composed of 5 seats, the Chairman of the Board, 2 regular directors and 2 independent directors. The present composition of the Board exceeds the minimum regulatory standards which require that the majority of the directors should be non-executive and independent. Independent and Non-Executive Directors of the Bank comprise 80% (4 of 5) of the Board.

The Board is primarily responsible for establishing the overall corporate culture and values of the organization. In this regard, it has adopted the Bank's codes of conduct and ethical

standards with a high degree of integrity. Further, it approves the Bank's strategic objectives and oversees its implementation. The Board likewise approves and oversees the implementation of the Bank's policies including the governance framework, risk management, related-party transactions, among others.

The Board is also responsible for approving the selection and appointment of the Senior Management led by the President including the Heads of Departments who exercise control functions, i.e., Compliance, Risk and Internal Audit. Fit and proper standards are applied in the selection of key officers and utmost consideration is given to their integrity, physical/mental fitness, competence, relevant education and training and knowledge/experience. In this regard, the Board likewise approves and oversees the implementation of standards as well as remuneration and other incentives policies.

The Board meets at least once a month primarily held at the Bank's principal office, at any branch office or such other place in or outside the Philippines as may be designated in the notice of meetings. Directors who cannot physically attend or vote at regular board meetings can participate and vote through remote communication aligned with the Securities and Exchange Commission Memorandum Circular No. 6, series of 2020. Special Board Meetings may be called upon the call of the Chairman of the Board. Notice of such meetings shall be given at least 3 days before the date thereof.

On an annual basis, the Board performs a self-assessment exercise to evaluate its performance as an oversight body, as individual directors, and as members of board-level committees. The annual self-assessment aims to ascertain the oversight and fiduciary roles and responsibilities and confirms the qualifications of the Board. In this regard, the Board reviews and rates its performance using an internally-set rating system on the basis of its (i) individual practice of duties and responsibilities, appropriate training requirements and qualifications; (ii) performance as a collective oversight body; (iii) frequency, quality and attendance to meetings; (iv) effectiveness of oversight on corporate governance, related party transactions, and risk management; and, when applicable (v) duties and responsibilities as members of board-level committees.

In June 2023, Mr. Felix R. Ang joined the Bank's Board of Directors as an independent director, replacing Mr. Simeo Heo.

Role And Contribution Of The Board Of Directors And The Chairman Of The Board

The Bank's Board of Directors has a range of skills and a mix of experiences vital to the conduct of the organization and its business affairs.

The role of the Chairman of the Board is segregated from that of the Bank's President, and the independent directors. He provides leadership and facilitates activity during Board meetings. As Chairman, he influences the direction and priorities of the Board as a whole.

The function of the Board is being balanced through the roles of the non-executive and executive directors. As the Executive Director is directly involved in the day-to-day operations of the Bank. The non-executive directors, which includes independent directors generally focuses on board matters. As they are not involved in the day-to-day running of the business, they have a more independent perspective of the business. Nevertheless, they have the same authority to access information and to constructively challenge the Senior Management in order to ensure that it meets the Bank's organizational objectives.

Board-Level Committee

Audit Committee[2]

The Audit Committee (AC) is composed of at least three members of the Board, two of whom are independent directors, including the Chairman. The Audit Committee provides oversight over the Bank's financial reporting and control, internal and external audit functions, and internal control. In this regard, the Head of Internal Audit functionally reports to the Committee on a regular basis.

Corporate Governance Committee

The Corporate Governance Committee (CGC) is composed of three members, two of whom are independent directors. This Committee provides oversight over the effectiveness of the corporate governance practices of the Bank. It is responsible for monitoring the board and senior management composition, structure and performance. The Committee also oversees the Bank's Compliance Program.

Related Party Transaction

[2] In the second half of 2023, the Audit and Compliance Committee was replaced by the Audit Committee where the Internal Audit Function continues to report to the Audit Committee and oversight of the Compliance Function was transferred to the Corporate Governance Committee.

The Related Party Transaction (RPT) Committee is composed of three members, two of whom are independent directors. The Committee oversees and reviews the transactions involving related parties to ensure they are conducted at arm's length and in the best interests of the Bank and its shareholders.

Board Composition and Participation on Board-Level Committees

Name	Type of Director	Number of years served	Number of direct and indirect shares held	% shares held to total outstanding shares	Board Level Committees
Tan Ki Mien	• Chairman • Non executive	3	1	0.0%	• AC • CGC • RPT
Marco Cabreza	• Executive	30	1	0.0%	• N/A
Jan Frederic Chiong	• Non Executive	3	11,800,000	40.0%	• N /A
Felix R. Ang	• Independent	.5	1	0.0%	• CGC (Chairman) • RPT (Chairman) • AC
Tan Shao Ming	• Independent	3	1	0.0%	• AC (Chairman) • CGC • RPT

Frequency and Attendance to Meetings

Name	Board Meeting *(23 sessions)*	Audit & Compliance Meeting *(sessions)*	AC Meeting *(1 session)*	CGC Meeting *(1 session)*	RPT Meeting *(2 sessions)*
	Attendance | Percentage (%)				
Tan Ki Mien	**18 | 78%**	**3 | 100%**	**1 | 100%**	**1 | 100%**	**2 | 100%**
Tan Shao Ming	**16 | 70%**	**3 | 100%**	**1 | 100%**	**1 | 100%**	**2 | 100%**
Wonsuk Heo	**9 | 75%**	**2 | 67%**	**N/A**	**NA**	**NA**
Marco Cabreza	**23 | 100%**	**N/A**	**N/A**	**NA**	**NA**
Jan Frederic Chiong	**23 | 100%**	**N/A**	**N/A**	**NA**	**NA**
Felix Ang	**N/A**	**N/A**	**1 | 100%**	**1 | 100%**	**2 | 100%**

Profile and Qualifications of Directors

Name	Education Background	Previous Position in Other Company	Current Directorship	Officership in Other Companies	Age	Nationality
Tan Ki Mien	• National University of Singapore (BSc. Engineering) • Baruch College, City University of New York (MSc. Finance)	• Manager, Accenture (2007-2009) • Director, Wilmar Consultancy Services Pte. Ltd. (2009-2011)	• SeaBank Philippines, Inc. (A Rural Bank) • Naterra Resources International • SeaMoney (Credit) Finance Philippines Inc.	• N/A	48	Singaporean
Marco Cabreza	• University of the Philippines (B.A. Philippine Studies)	• Director/ President, Banco Laguna, Inc. (A Rural Bank Since 1965) (2012 - 2021) • Director/ President, Rural Bank of Pagsanjan, Inc. (2011 - 2012) • Director/ Executive Assistant to the President, Rural Bank of Pagsanjan, Inc. (2008 - 2011) • Director/ President, Rural Bank of Pagsanjan, Inc. (1993 - 1993) • Director, Rural Bankers Assoc. of the Philippines (2000 - 2001) • President, Federation of Laguna Rural Banks (1997 - 1999)	• Director/President, SeaBank Philippines, Inc. (A Rural Bank)	• President, MC Isarog Holdings, OPC • President, Cabreza & Crescini, Inc. • President, CNDG Banahaw Corporation • President, Metro Laguna Land Corporation • Director, Laguna Livestock and Poultry Farms	57	Filipino
Jan Frederic Chiong	• Ateneo De Zamboanga University (BS Computer Engineering)	• N/A	• SeaBank Philippines Inc (A Rural Bank) • Chairman, Garena Philippines Inc. • Chairman, SCommerce Philippines Inc. • Chairman, ShopeePay Philippines Inc. • Chairman, SPX Philippines Inc. • Parolla Logistics Inc • Chairman, Qualitrans Courier and Manpower Services Inc. • Chairman, SeaInsure General Insurance Co., Inc. • Chairman, SeaInsure Life Insurance Co., Inc. • SP Collective Property Holding Inc.	• President, Garena Philippines, Inc. • President, SCommerce Philippines, Inc. • President, ShopeePay Philippines, Inc. • President, SPX Philippines, Inc. • President, SeaMoney (Credit) Finance Philippines, Inc. • President, Qualitrans Courier and Manpower Services, Inc. • President, SP Collective Property Holding, Inc.	38	Filipino
Felix R. Ang	• N/A	• President, American Motorcycles, Inc. (2012-2020) • President, CATS Motors, Inc. (1995-2015)	• Independent Director, SeaBank Philippines Inc. (A Rural Bank)	• President, Auto Nation Group, Inc. • Chairman, CATS Motors Inc. • Chairman, CATS Asia Cars, Inc. • Chairman, American	64	Filipino

Name	Education Background	Previous Position in Other Company	Current Directorship	Officership in Other Companies	Age	Nationality
		• President, CATS Asian Cars, Inc. (2004-2013) • President, Greenhills CATS Inc. (1989-2011)		Motorcycles, Inc. • President, CATS Automobile Corp. • President, Redding Inc. • President & Chairman, Felton Properties, Inc. • President, Lions Gate Holdings, Inc. • President & Chairman, Eagle Land Corporation • Chairman, CATS Group Holdings, Inc.		
Tan Shao Ming	• National University of Singapore (M. Eng, B. Eng (Chemical Engineering)	• Director, Peer Capita Limited (2018-2021) • Managing Director, Ikhlas Capital Singapore Pte. Ltd. (2018-2018) • Director, Citi Venture Capital International (2010-2015) • Director - Special, Citadel Investment Group (HK) (2006-2010) • Associate Director, Temasek Holdings Private Limited (2001-2006) • Non-executive Director, Asia Capital & Advisors Pte. Ltd. (2015-2019) • Director, Luma Investments Limited (2011-2015)	• Independent Director, SeaBank Philippines Inc. (A Rural Bank) • Algodao Investment Holding Pte. Ltd. • Iceotope Technologies Limited • Impact Asia Pte. Ltd. • Impact Blossom Pte. Ltd. • Impact Food Pte. Ltd. • Impact Vietnam Pte. Ltd. • Kim Health Care Group Corporation • Labo A&B Joint Stock Company • Temasek Trust Asset Management Pte. Ltd. (Formerly Known As Abc World Asia Pte. Ltd.)	• N/A	48	Singaporean

Selection Process for Directors and Officers

Election/Appointment of the Board of Directors and Officers are in accordance with the Bank's internal policies, including its Manual of Corporate Governance, By-Laws and relevant laws and regulations. Said election/appointment of Directors and Senior Management follows a three-phased selection process, i.e., identification, assessment and selection. A rigorous selection process is adopted to ensure that the Director/Officers meet the required qualifications and none of the disqualifications set forth under the BSP MORB and as documented in the Bank's Manual on Good Corporate Governance.

Further, the People Team performs a Fit and Proper Declaration, specifically considering the: (i) integrity/probity: market reputation, conduct and behavior; (ii) physical/mental fitness; (iii) relevant education/financial literacy/training; (iv) possession of competencies relevant to the job such as knowledge and experience; (v) skills, diligence, and independence; (vi)

sufficiency of time to fully carry out responsibilities; and (vii) concurrent positions in the Bank and interlocking positions in other entities that may pose conflict of interest

The results of the Fit and Proper declaration shall be properly documented by the People Team.

Directors

Election

Unless otherwise provided in the Corporation Code, the corporate powers are exercised, the business affairs of the Bank shall be conducted under the supervision and control of a Board of Directors consisting of five (5) members, at least two (2) of whom are independent directors. The holders of stocks entitled to vote shall elect such directors in the manner provided in Section 23 of the Revised Corporation Code of the Philippines, whose qualification shall be subject to the pertinent rules and regulations of the Bangko Sentral ng Pilipinas. Directors of foreign nationality may be elected by the stockholders, the maximum number of which shall be prorated to the number of shares of foreign ownership in accordance with existing laws.

Eligibility

He/she may be a Filipino or a non-Filipino citizen, provided, that the appointment/election of non-Filipino citizens as directors should be to the extent of the foreign participation in the equity of the Bank, provided further, that he/she shall he at least (25) years of age at the time of his/her election or appointment. He/she must have attended a seminar on corporate governance for the Board of Directors.

Each member of the Board of Directors, in order to be qualified as such, must own at least one (1) share of the Bank's capital stock which shall stand in their name in the books of the corporation. Eligibility of directors shall be subject to existing laws and Bangko Sentral ng Pilipinas rules and regulations.

For further information on qualifications for a Director, refer to the Bank’s Manual on Good Corporate Governance.

Term

The Board of Directors shall serve for one (1) year and until their successors are elected and qualified. A director shall hold office for such period unless before their term expires they resign, is removed from office, becomes incapacitated by the reason of sickness or death, or otherwise disqualified by law or by Bangko Sentral ng Pilipinas rules and regulations.

Vacancy in the Office of Director

Any vacancy occurring in the Board of Directors other than by removal by the stockholders or by expiration of term, may be filled by the vote of at least the majority of the remaining directors, if still constituting a quorum; otherwise, said vacancy shall be filled by the stockholders in a regular or special meeting called for the purpose. A director so elected to fill a vacancy shall serve only the unexpired term of his predecessor in office.

Any directorship to be filled by reason of an increase in the number of directors is filled only by election at a regular or special meeting of stockholders duly called for the purpose.

Senior Management

The Senior Management of the Bank are identified through the People Team in line with the Bank's existing policy, and assessed against the qualifications required under the Section 134 of the BSP MORB and as documented in the Bank's Manual on Good Corporate Governance. Assessment on the qualifications, including the conduct of fit and proper tests are done by the People Team together with the Head of the unit and/or, if directly reporting to the President, the President. The Head of the unit and/or, if applicable, the President recommends the best candidate for approval of the Nominations Committee and Board.

In summary, responsible parties for the selection process are as follows:

	Identification	Assessment	Selection
Directors	• Shareholders • Board of Directors	• Shareholders • People Team • Compliance	• Shareholders • Board of Directors
Senior Management	• People Team	• People Team • Head of the Unit	• Head of the Unit • President

		● President	● Board of Directors
Other Levels	● Reporting Manager	● People Team ● Head of the Unit	● Senior Management

Retirement And Succession Policy For Directors

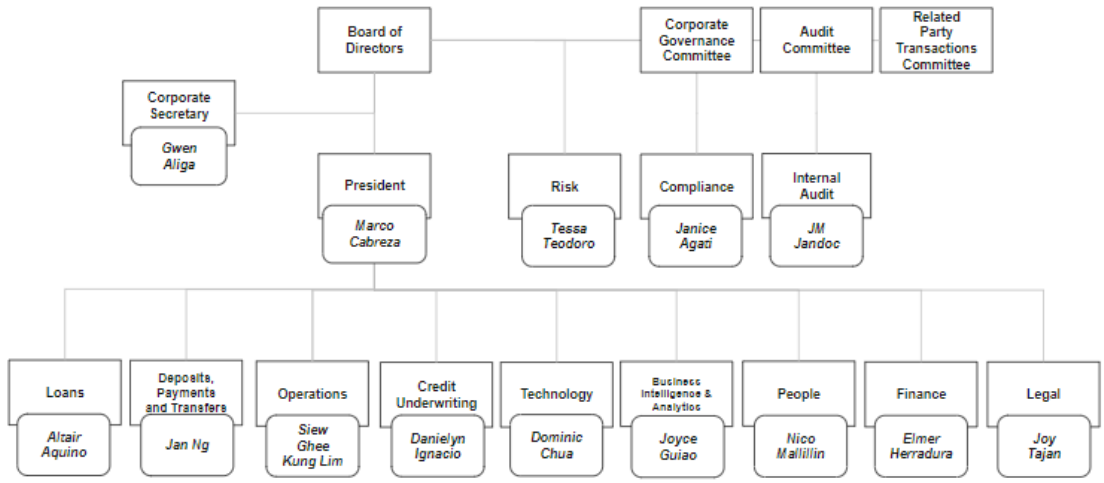
The Board oversees the succession framework and leadership development plans for senior management. As part of the periodic review, the succession framework is updated and training programs are conducted accordingly. In 2022, the Board approved an updated succession plan for Directors to meet the needs of the organization's growth.

The key elements of succession policy of the Bank extends to current members of the board:

- Independent directors may only serve as such for a maximum cumulative term of nine (9) years. After which, they may serve as regular directors.
- Independent directors shall not be a close family member of any director, officer or stockholder holding shares of stock sufficient to elect one (1) seat in the board of directors of the Bank;
- Members of the board of directors shall not be appointed as Corporate Secretary or Compliance Officer.
- The positions of chairperson and CEO/President shall not be held by one person.
- In exceptional cases where the position of chairperson of the board of directors and CEO/President is allowed to be held by one person as approved by the Monetary Board, a lead independent director is appointed, whose functions shall be defined and documented in the corporate governance manual.
- The retirement age for directors shall be 70 years old. In the exigency of the requirement to fill up any vacancy in the director-level and in the absence of qualified personnel to the vacant position, the Bank, subject to Board approval, might retain directors aged more than 70 years old until a suitable successor is appointed

List of Officers

Bank's Organizational Structure



Senior Management

Senior Management refers to the President and other persons having authority and responsibility for planning, directing and controlling the activities of the Bank .

As of 31 December 2023, the following are the members of the Bank's Senior Management:

Senior Management	Position	Age and Nationality	Relevant Qualifications/Experience
Cabreza, Marco C.	President	58 years old, Filipino	- Bank Director since year 1993, - 31 years of banking experience - Graduate of Bachelor of Arts in Philippine Studies, University of the Philippines
Kung Lim, Siew Ghee	Executive Vice President - Operations	38 years old, Malaysian	- Former Vice President of Strategy, SeaBank - Former Head of Regional Business Development at Shopee Singapore - Former Private Equity Associate at Creador - Former Consulting Associate at McKinsey & Company - Graduate of Bachelor of Mechanical Engineering and Management - McMaster University
Agati, Janice Joy M.	Chief Compliance Officer	39 years old, Filipino	- 16 years of experience in banking and other financial institution - Former Senior Director for Financial Services Risk Management Group, SGV & Co.

			- Former Bank Officer, Bangko Sentral ng Pilipinas - Graduate of Masters of Science in Computational Finance, De LaSalle University (Taft) - Graduate of Bachelor of Science in Accountancy, University of Santo Tomas - Certified Public Accountant
Teodoro, Theresa S.	Chief Risk Officer	40 years old, Filipino	- Former Operational Risk Head of the Bank - Former Regional Fraud Risk Manager at Citibank, N.A. Regional Operating Headquarters - Former Head of Operations Control Management for Corporate & Investment Banking at JPMorgan Chase Bank, N.A. - Philippine Global Service Center - Former Head of Operational Risk Management at Mizuho Bank, Ltd. - Manila Branch - 18 years of banking experience specializing on risk management - With experience on various areas of risk management other than Operational Risk (e.g., Fraud, IT, Credit, Market risks) and IT Systems Development - Graduate of Bachelor of Science in Mathematics and Computer Science, Summa Cum Laude, from Far Eastern University
Jandoc, Jay Mark M.	Head, Internal Audit	33 years old, Filipino	- 14 years of banking experience - Former Chief Audit Executive of True Money Philippines - Head of Head Office in Bank Of Makati - Graduate of Bachelor of Science in Accountancy from Polytechnic University of the Philippines
Ng, Jan Colbert D.	Head, Deposits, Payments, and Transfers	37 years old, Filipino	- 17 years of experience in banking - Former Assistant Vice President in Credit Suisse in India - Graduate of Bachelor of Science in Banking and Finance from University of London - Diploma in Banking and Finance from Temasek Polytechnic in Singapore
Aquino, Altair Astraea B.	Head, Loans	38 years old, Filipino	- 17 years of experience in banking - Former Retail Deposits and Debit Cards Head at Security Bank Corporation - Former Credit Cards and Personal Loans Manager at BDOUnibank, Inc.

			- Former Consumer Transaction Banking Manager at Standard Chartered Bank, Philippines - Former Deposits Product Manager and Management Associate at GE Money Philippines - Graduate of Bachelor of Science in Applied Economics and Bachelor of Science in Commerce, Major in Financial Institutions from De La Salle University Manila
Herradura, Elmer T.	Head, Finance	47 years old, Filipino	- With over 24 years of work experience in the banking sector specializing in Accounting, Finance, and Business Analysis - Former Vice President - Planning Unity Head at Sumitomo Mitsui Banking Corporation - Manila Branch - Former Vice President for Management Information and Business Analysis at Hongkong and Shanghai Banking Corporation, Ltd (HSBC) Philippines - Graduate of Bachelor of Science in Accounting, from Ateneo De Davao University
Mallillin, Nico Angelo A.	Head, People	34 years old, Filipino	- Former Chief People Officer of Mynt (Globe Fintech Innovations, Inc.) - Over 9 years of HR Head experience in Mobile Banking & Fintech - With over 11 years of experience in Human Resources, with end-to-end expertise in Talent Acquisition and Management, Strategic HR Business Partnership, HR Operations, and Total Rewards. - Have certifications from the Society of Human Resources Management (USA), Chartered Professional In Human Resources (UK), and Certified Human Resources Professional from IFPM Philippines. - With multiple local and global recognitions in Employer Branding, Coaching, and HR Leadership - Completed a Global HR Leaders Program with National University of Singapore Business School in collaboration with Northwest Executive Education. - Graduate of Bachelor of Science in Management Engineering, Honorable Mention, from Ateneo de Manila University
Chua, Dominic	Chief Technology Officer	32 years old, Singaporean	- With over 8 years of Banking experience - Former Regional Lead for Digital Bank Loans Product - Former Management Associate with Standard Chartered Bank

			- Graduate of Bachelor of Accountancy, minor in Business administration from Nanyang Technological University with First Class Honors
Ignacio, Danielyn R.	Head, Credit Underwriting	32 years old, Filipino	- Former Branch Head for Liliw of the Bank - With over 12 years of banking experience - Graduate of Bachelor of Science in Information and Technology, from Laguna State Polytechnic University - Sta Cruz
Tajan, Joy Stephanie C.	Legal Counsel	41 years old, Filipino	- With over 15 years of working experience, and 10 years of banking experience - Former Head of Legal (Vice President) of Sumitomo Mitsui Banking Corporation - Former Documentation Lawyer of Rizal Commercial Banking Corporation (RCBC) - Former Associate of SyCip Salazar Hernandez & Gatmaitan - Graduate of Masters of Law from Columbia University School of Law - Juris Doctor, Second Honors and Top 10% of the Batch, from Ateneo De Manila University - Graduate of Bachelor or Arts Major in European Studies, Minor in French Studies, German Studies, History Philosophy, from Ateneo De Manila University

Performance Management

The Bank has established an effective performance management framework and ensures that personnel's performance is at par with the standards set by the Board. The performance evaluation is linked to other People activities such as training and development, remuneration, and succession planning.

The Bank established the Performance Appraisal System (PAS) to objectively measure the job performance of all Officers and Rank & File members of the organization. This will likewise facilitate assessment of the continuing fitness and propriety of personnel in carrying out their respective duties and responsibilities.

Performance management shall be conducted for all employees at least once annually.

Objectives:

1. To provide a rational measure of employee performance, which shall serve as a basis for personnel actions such as but not limited to regularization, promotion, merit increases, transfers and reassignments, or general assessment purposes;
2. To motivate and guide employees toward improved performance and development of competencies;
3. To provide reporting managers a basis for coaching and mentoring of the individual

All employees of the bank shall identify specific goals for the calendar year revolving around the following:

1. Functional Goals/Targets - Refers to quantifiable measure of performance over time for a specific strategic objective of each department/Individual of the Bank and which are designed to support the achievement of Bank's strategic objectives.
2. Behavioral Expectations - Refers to concrete and specific critical incidents on how each employee consistently exhibits each of the Bank's Core Values and proper conduct of behavior in the workplace and compliance to different company policies
3. Personal Development Goals - Refers to a written plan outlining the short-term or long-term development goals based on employees identified learning needs/gaps or in order to support continuous improvement and career development.

To ensure that contribution of employees are aligned to the Bank's long-term strategic objectives, ensure financial soundness of the Bank, and convey acceptable risk-taking behavior, identified employees, depending on the nature of their rank and function, shall also identify goals and targets for the following:

1. Sustainability Agenda, and/or - Refers to the commitment of the bank to incorporate environmental , social, economic and ethical impact into the company's strategic planning, business operations and decision-making.
2. Risk Management (Credit/counterparty Risk, Market Risk, Liquidity Risk, Operational Risk, Compliance Risk, Strategic Risk, Reputational Risk, IT Risk, Environmental and Social Risk), and/or - Tasks designed to ensure that exposures are well within the Bank's capacity to manage and risks taken by the Bank are consistent with the Bank's respective risk tolerance. Includes practices promoting efficiency in the administration and operation of the Bank.

3. Other metrics supporting Good Governance (such as but not limited to Audit Findings Remediation), and/or - Tasks to ensure the timely resolution of audit findings and deficiencies, creation, and continuous enhancement of policies, processes, and standard operating procedures (SOPs) that ensure sound company practices and governance.

The Bank's People Team shall work closely with the Head of Departments to determine specific quantifiable metrics and targets to set per calendar year. The Board is responsible to approve these metrics and it is tracked periodically during the Board Meetings. In the event goals are not met, this will be reflected in their Performance Evaluation which affects any changes in incentives and compensation of the respective employee.

Education Program

The Bank promotes professional development among its employees by offering a range of educational opportunities at various levels. Both internal and external seminars and training sessions are provided to enhance the knowledge and skills of Directors, Senior Management, and employees from different departments necessary for the effective functioning of the bank. For new employees, customized training plans are created based on their specific job roles, with a minimum onboarding period of one week and up to three months for more technical roles. Nonetheless, on-the-job training remains the most important way for our employees to obtain the relevant skills to perform their role.

All directors were provided and attended a 4-hour corporate governance training provided by the Institute of Corporate Directors and Bankers Institute of the Philippines in June, November - December 2023.

Retirement and Succession Policy for Senior Management

Normal Retirement

The normal retirement date of an Employee shall be the first day of the month coincident with or next following his attainment of age sixty (60). Employment shall not continue beyond the normal retirement date unless extended by mutual agreement

Early Retirement

An Employee may, upon application and subject to the approval of the Bank, retire after the attainment of age fifty (50), provided that at the date of retirement the employee should have at least rendered five (5) or ten (10) years of service, following their eligibility on the approved retirement plan rules based on their hire date.

Compulsory Retirement

All employees may, with the consent of the Bank, remain in active service after its normal retirement date and continue to earn retirement credits, but not beyond his attainment of age sixty-five (65). Such deferred retirement, however, shall be on a case to case basis.

Succession Management

In the exigency of the requirement to fill up any vacancy in the officer-level and in the absence of qualified employees to the vacant position, Management employs experienced bank officers, regardless of age, under management contract, and subject to the approval of the board.

Succession planning is a mindful decision of the Bank to foster and promote continuous development of employees and ensure that their positions maintain some measure of stability. A succession plan for key officers and employees is in place in compliance with BSP's Management of Human Resource-Related Risk.

In 2022, the Board approved an updated succession plan for Senior Management to meet the needs of the organization's growth. The Bank has adopted a talent management program, potential job rotation assignments, coupled with internal and external training and development curriculum, that identifies the appropriate exposure and program for a potential successor.

Remuneration Policy

The Bank is committed to providing a total rewards structure that attracts, drives, motivates high performance, and retains high engagement of talents for a sustainable achievement of company goals. Driving by and co-built with the Bank's leaders, this forms an integral part of

the overall employer value proposition (EVP) of the Bank and a reflection of our core values.

Our guiding principles for designing our total rewards philosophy are as follows:

- To remain competitive with companies in growth stage to manage attrition, especially of key leadership positions, in a competitive talent market particularly given skills necessary being developed in the Bank.
- To clearly define the expected performance through a structured system of performance management use it as basis for compensation decisions
- To build a high-performance culture by linking and differentiating variable rewards by individual contribution in relation to driving the achievement of total organization goals both for short-term and long-term value creation.
- To genuinely take care of employees by providing benefits that protect basic wellbeing requirements and further support work-life integration.
- To increase loyalty and build a holistic uniquely-SeaBank employee experience for employees with non-monetary components & drivers of sustainable engagement such as career development, meaningful work, and community-like culture.
- Determines the appropriate pay in relation to criticality of skills to ensure functions are performed at its best. This includes differentiating pay between talent segments and geographical assignment.
- Encourages good performance that supports the interest of the Bank and its stakeholders.
- Aligns with prudent risk-taking and explicitly discourages excessive risk-taking as defined by internal policies.
- Consistent with the long-term strategic objectives and financial soundness of the Bank and promote good performance, convey acceptable risk-taking behavior, and reinforce the Bank's operating and risk culture
- Remuneration of employees in risk control functions (i.e., internal audit, compliance, and risk management functions) shall be based on the achievement of their objectives and shall be independent of the business lines which they oversee. Furthermore, for self-assessment functions, the rewards system shall be aligned with the principles and requirements of the relevant provision of the MORB and the Manual on Good Corporate Governance.

Board Remuneration

The non-executive members of the Board do not receive any stated salary for their services, except for reasonable per diems. Compensation of the Executive Directors are covered in the section on Senior Management below

Senior Management

Following the philosophy and guidelines aforementioned, the remuneration framework for senior management includes guaranteed pay, variable and performance-based bonuses for short-term goals and achievements, employee stock option plans for long-term gains, and a comprehensive set of employee benefits and perks to support total employee well-being and health. The employee stock option plan is designed to encourage long-term tenure, loyalty, co-ownership, and shared accountability in growing the bank's business. The specific components and details for the remuneration package of the bank's CEO/President and the four (4) most highly compensated members of the Senior Management team (Department Heads) is recommended by the Head of the Human Resources department which goes through a series of review and approval of the Remuneration Committee which is composed of the bank's Board of Directors. This exercise is done on an annual basis, through an Executive Session, towards the end of the calendar year and implemented in the first month of the following calendar year.

The compensation is determined by various factors, including but not limited to the following:

- Current salary from previous employer (if newly appointed and externally hired) or from last performance year (for annual review of incumbents). Any benefits that will fall under the profit sharing program shall be reflected in the by-laws and aligned with the guidelines under Section 135 of the MORB.
- External benchmarking of remuneration data from companies in similar or related industries
- Annual Performance Rating which is determined by assessing current performance and contribution to the bank's targets and corporate goals
- Review of depth and span of the incumbent's roles and responsibilities in the bank

All Employees

All other employees of the bank may also be entitled to an annual merit increase in salary and variable performance-based bonuses. Any salary adjustments or performance bonuses are based on the employee's performance evaluation and rating for the preceding year.

Employee benefits and perks are also reviewed on an annual basis to ensure competitiveness in the market as well as considering employee's needs for health and wellbeing.

Related Party Transactions

Cognizant of the risks posed to the Bank, its depositors, creditors and other stakeholders arising from conflict of interest brought about by dealings with related parties, the Board adopts and oversees the implementation of the Bank's policy on related party transactions (RPT). Said policy provides the framework that ensures the related party transactions are conducted on an arm's length basis and in accordance with the relevant provisions of the BSP and SEC.

The said policy requires a thorough review of all transactions with related parties as having been conducted in the ordinary course of business, at arm's length basis, at fair market prices, and upon terms not less favorable to the Bank versus terms offered to others. Materiality thresholds on an individual and aggregate exposures have been set in line with the Bank's overall risk appetite. RPTs are vetted and approved by the RPT Committee and Board of Directors, as may be applicable, who shall be presented with formal justification that such RPT has been conducted at arm's length..= To prevent conflict of interest, no director is allowed to participate in the discussion, deliberation, and approval of a transaction where he is a related party.

Self-Assessment Function

Internal Audit

The Bank has an independent internal audit function which is mandated to provide assurance and consulting activities designed to add value and improve operations through

employing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control, and governance processes of the Bank.

The Internal Audit (IA) presents the audit reports to the Audit and Compliance Committee (ACC) quarterly. However, if there is a material breach in internal control and/or fraud is discovered, the matter is immediately elevated to the Chairperson, and a special meeting shall ensue to address the issue.

IA covers the entire Bank operations. It adheres to the principles required by the ISPPIA (International Standard for the Professional Practice of Internal Auditing), the Definition of Internal Audit, Code of Ethics, and other pertinent applicable rules and regulations of the governing regulatory agencies. The function, its scope, and activities are committed to support Senior Management and the Board protect the Bank and its reputation. The purpose, authority, responsibility, statement of independence and objectivity, organizational set-up, and scope of work of IA are formally defined in its Charter and duly approved by the ACC.

IA reports to the Board of Directors through the ACC. IA's regular agenda to the ACC involves the request for approval on the results of the annual risk assessment and annual audit plan, confirmation on results of the audit engagement, updates on IA performance progress, and status of audit issue. The ACC deliberates on the audit issues presented and provides directives to adjust the action plan and/or timeline, if necessary.

Compliance

Maintaining the trust and confidence of the banking public is of paramount importance to the Bank. The Bank is committed to comply with existing laws, rules and regulations to protect the franchise value of the Bank and preserve the confidence of its clientele. Compliance starts at the top, with the Board of Directors primarily responsible for establishing an effective compliance risk management system that is aimed to mitigate compliance risk, while Senior Management is responsible to implement this system and to report and timely address any significant compliance concerns

The Compliance Function holds a permanent function within the organization and thus, leads the implementation of the Bank's compliance risk management system. The Bank adopts a Charter of the Compliance Function which sets out standing, authority and independence of the Compliance Unit as well as its roles and responsibilities and

relationship with the Audit and Compliance Committee. Under the Charter, the Compliance Unit have the authority to: (i) access to information and confidentiality; (ii) conduct due diligence as part of the regular or ad hoc compliance activity; (iii) initiate investigations on its own initiative when deemed necessary; (iv) direct access to the Board; and (v) recourse to external experts.

Dividend Policy

Subject to the Board's approval, the Bank may only declare and pay dividends only when the Capital Adequacy Ratio (CAR) of the preceding year of declaration is above the Bangko Sentral ng Pilipinas (BSP) threshold requirement of 10%.

There were no dividends declared for the Financial Year 2023.

Corporate Social Responsibility (CSR)

The Bank reaffirmed its commitment to support the underserved and underbanked sectors of society by successfully spearheading onboarding initiatives for Shopee Xpress delivery riders during Q3 of 2022. This enabled the riders to access essential financial services and enhance their economic prospects. Moreover, the Bank has taken proactive steps to foster financial literacy among various segments of society, including conducting seminars on personal budgeting and maximizing income opportunities. These informative sessions were complemented by interactive Q&A forums on personal finance, providing a platform for individuals to seek guidance and make informed decisions about their financial well-being.

Looking ahead, the Bank developed a comprehensive seminar curriculum for financial literacy, set to be implemented in 2023, targeting first-time pregnant mothers and college students. This aligns with the Bank's commitment to gender equality and supports the development of a robust channel for women empowerment through financial education.

Consumer Protection

The Bank adopts a Consumer Protection Framework that sets out the overarching principles of the Bank's consumer protection practices.

The Board and Senior Management are responsible for developing the Bank's consumer protection strategy and establishing an effective oversight over the Bank's consumer protection practices. The Board is primarily responsible for approving and overseeing the implementation of the Bank's consumer protection policy while the Senior Management shall be responsible for the implementation of the consumer protection policies.

A carefully devised, implemented, and monitored Consumer Protection Risk Management System ("CPRMS") provides the foundation for ensuring the bank's adherence to consumer protection standards of conduct and compliance with consumer protection laws, rules and regulations, thereby ensuring that identified risks to the bank and associated risk of financial harm or loss to consumers are properly managed. The Bank's CPRMS is integrated into the bank's enterprise-wide risk management processes and risk governance framework that includes the governance structure, policies, processes, measurement and control procedures to ensure that consumer protection risks are identified, measured, monitored, and mitigated.

The Consumer Assistance Group Head together with the Consumer Assistance Officers (CAOs) assigned to each Branch is responsible for implementing the Bank's established Consumer Assistance Management System ("CAMS") that sets out the standard guidelines and procedures in handling customer feedback or complaints. The CAO shall record the details of customer feedback or complaints and monitor for action and resolution in accordance with the timeline defined by the Bank. The Consumer Assistance Group Head reports on a periodic basis to Senior Management and Board on the complaints received by the Bank including the remedial actions.

List of Stockholders (As of 31 December 2023)

Name	Country/ Nationality	Shareholding	Voting Status
Marco C. Cabreza	Filipino	0.00%	Active
Jan Frederic Lam Chiong	Filipino	40.00%	Active
SeaMoney Holding PH Private Limited	Singaporean	60.00%	Active
Ki Mien Tan	Singaporean	0.00%	Active
Shao Ming Tan	Singaporean	0.00%	Active
Felix R. Ang	Filipino	0.00%	Active

Products And Services

Loan Products/ Facilities

Farmers Loan

- To provide financial assistance to small farmers for crop production.

Multi-purpose loan for Professionals

- To provide financial assistance to licensed individuals for their business and other personal needs.

Agricultural Loan

- To finance and augment working capital of borrowers engaged in agricultural activities such as palay farming, coconut production, livestock, poultry, piggery, fisheries, fruits and vegetable production and other related agricultural projects;
- To finance initial operating cost of the project/permanent working capital of borrowers engaged in agricultural activities; and
- Acquisition of fixed assets, machineries and equipment, and building construction/renovation of borrowers engaged in agricultural activities.

Business/Manufacturing/Industrial Loans

- To finance or augment working capital of borrowers engaged in business, manufacturing/industrial and other related activities
- To finance initial operating cost of the project/permanent working capital of borrowers engaged in business; and
- Acquisition of fixed assets, machineries and equipment, and building construction/renovation of borrowers engaged in business.

Personal Consumption Loans

- To finance personal financial requirements such as:
  - Purchase of lot, house and lot, condominium
  - Construction/renovation of residential building
  - Purchase/repair/maintenance of vehicles
  - Hospitalization, education, calamity and other personal needs.

Back to Back Loans

- Loans secured by hold-outs and/or assignment of deposit.

Chattel mortgage Loan

- Loans and other credit accommodations on the security of chattels not exceeding fifty

percent (50%) of the appraised value of the security.

Salary Loan

- Loans granted to individuals where repayment would come from future cash flows mainly on the basis of regular salary, pension or other fixed compensation.

Livelihood/Palengke/Market Loans

- To finance/augment working capital of borrowers engaged in livelihood projects.

Small Business Loans

- To finance/augment working capital of borrowers engaged in small business.

Supply Chain Loans

- To finance/augment working capital of businesses by leveraging their existing supply chain relationship with anchor buyers.

Digital Loans

- Unsecured Buy Now Pay Later (BNPL) loan and Cash Loans with Third Party Loan Channeling Partners

Deposit Products

Savings Account

- Deposit account for individuals or juridical persons at regular savings interest rate.

Mobile Savings Account

- An interest-bearing deposit facility, which is exclusively available and processed through the Bank's digital banking application.

Banking Units/Branches/Extension Office

Head Office
32 Rizal Street, Brgy. Poblacion II, Pagsanjan, Laguna
Telephone Nos. (049)501-4213; (049)501-4342; (049)501-4829
Email: pagsanjanbranch@seabank.com.ph; Bancolaguna.headoffice@rbap.org

Sta. Cruz Branch
Burgos Street, Brgy. IV, Sta. Cruz, Laguna
Telephone Nos. (049)501-0833; (501)2961
Email: stacruzbranch@seabank.com.ph

Siniloan Branch
Fernandez Street, Brgy. Burgos, Siniloan, Laguna
Telephone No. (049)501-1207
Email: siniloanbranch@seabank.com.ph

Liliw Branch
Bonifacio Street, Brgy. Ilayang Palina, Liliw, Laguna
Telephone No. (049)503-3311
Email: liliwbranch@seabank.com.ph

Sariaya Branch
Quezon Avenue corner Dalis Street Brgy. Poblacion 5, Sariaya, Quezon
Telephone No. (042)717-5958
Email: sariayabranch@seabank.com.ph

Back-Office and Support Teams
32nd Floor, The Podium West Tower, 12 ADB Ave., Ortigas Center, Brgy. Wack Wack, Mandaluyong, 1550 Metro Manila
Telephone No. (02) 5322 8900 loc 200
Email: info@seabank.com.ph