

1.3.4.6.3. The Board of Directors shall regularly meet with senior management to engage in discussions, question and critically review the reports and information provided by the latter. The Board of Directors shall set the frequency of meeting with senior management taking into account the size, complexity of operations and risk profile of the bank, its subsidiaries and affiliates; and

1.3.4.6.4. The Board of Directors shall regularly review policies, internal controls and self-assessment functions (e.g., internal audit, risk management and compliance) with senior management to determine areas for improvement as well as to promptly identify and address significant risks and issues.

The Board of Directors shall ensure that senior management's expertise and knowledge shall remain relevant given the bank's strategic objectives, complexity of operations and risk profile.

1.3.4.7. To consistently conduct the affairs of the bank, its subsidiaries and affiliates with a high degree of integrity. The board of directors shall lead in establishing the tone of good governance from the top and in setting corporate values, codes of conduct and other standards of appropriate behavior for itself, the senior management and other employees.

The Board of Directors shall:

1.3.4.7.1. Articulate clear policies on the handling of any transaction with DOSRI and other related parties ensuring that there is effective compliance with existing laws, rules and regulations at all times and no stockholder is unduly disadvantaged. In this regard, the Board of Directors shall define "related party transaction", which is expected to cover a wider definition than DOSRI under existing regulations and a broader spectrum of transactions (i.e., not limited to credit exposures), such that relevant transactions that could pose material risk or potential abuse to the bank and its stakeholders are captured;

1.3.4.7.2. Require the bank's stockholders to confirm by majority vote, in the annual stockholders' meeting, the bank's significant transactions with its DOSRI and other related parties;

1.3.4.7.3. Articulate acceptable and unacceptable activities, transactions and behaviors that could result or potentially result in conflict of interest, personal gain at the expense of the institution, or unethical conduct;

1.3.4.7.4. Articulate policies that will prevent the use of the facilities of the bank, its subsidiaries and affiliates in furtherance of criminal and other improper or illegal activities, such as but not limited to financial misreporting, money laundering, fraud, bribery or corruption;

1.3.4.7.5. Explicitly discourage the taking of excessive risks as defined by internal policies and establish an employees' compensation scheme effectively aligned with prudent risk taking. The compensation scheme shall be adjusted for all types of risk and sensitive to the time horizon of risk. Further, the grant of compensation in forms other than cash shall be consistent with the overall risk alignment of the bank. The Board of Directors shall regularly monitor and review the compensation scheme to ensure that it operates and achieves the objectives as intended;