

An appointed officer has the burden to prove that he/she possesses all the foregoing minimum qualifications and none of the disqualifications by submitting the documentary requirements listed in Appendix 6.

The foregoing qualifications for officers shall be in addition to those required or prescribed under R.A. No. 8791 and other applicable laws and regulations.

4.2. Duties and Responsibilities of Officers

- 4.2.1. 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;
- 4.2.2. To oversee the day-to-day management of the bank. Bank officers shall ensure that bank's activities and operations are consistent with the bank's strategic objectives, risk strategy, corporate values and policies as approved by the board of directors. They shall establish a bank-wide management system characterized by strategically aligned and mutually reinforcing performance standards across the bank.
- 4.2.3. To ensure that duties are effectively delegated to the staff and to establish a management structure that promotes accountability and transparency. Bank officers shall establish measurable standards, initiatives and specific responsibilities and accountabilities for each bank personnel. Bank officers shall oversee the performance of these delegated duties and responsibilities and shall ultimately be responsible to the board of directors for the performance of the bank;
- 4.2.4. To promote and strengthen checks and balances systems in the bank. Bank officers shall promote sound internal controls and avoid activities that shall compromise the effective dispense of their functions. Further, they shall ensure that they give due recognition to the importance of the internal audit, compliance and external audit functions;
- 4.2.5. Senior Officers (VPs and up) shall advise the Corporate Secretary of their shareholdings in the Bank within three (3) trading days after an Officer is appointed or any acquisition, disposal, or change in the shareholdings; and
- 4.2.6. Senior Officers (VPs and up) must not deal in the Bank's securities during the period within which material non-public information is obtained and up to two full trading days after the price-sensitive information is disclosed publicly.

5. The President

- 5.1. The Chief Executive of the Bank shall be the President who shall be elected by the Board of Directors from among its members.
- 5.2. The President of the Bank shall, among other powers and duties inherent in his office, execute and administer the policies, measures, orders and resolutions approved by the Board of Directors, and direct and supervise the operations and administration of the Bank. Particularly, he shall have the power and duty:
 - 5.2.1. To execute all contracts and to enter into all authorized transactions in behalf of the Bank;
 - 5.2.2. To exercise, as Chief Executive Officer, the power of supervision and control over decisions or actions of subordinate officers and all other powers that may be granted by the Board;

- 5.2.3. To recommend to the Board the appointment, promotion or removal of all officers of the Bank with the rank of at least Vice President or its equivalent;
 - 5.2.4. To appoint, promote or remove employees and officers of the Bank, except those who are to be appointed or removed by the Board of Directors;
 - 5.2.5. To transfer, assign and reassign officers and personnel of the Bank in the interest of the service;
 - 5.2.6. To report periodically to the Board of Directors on the operations of the Bank;
 - 5.2.7. To submit annually a report on the result of the operations of the Bank to the stockholders of the Bank; and
 - 5.2.8. To delegate any of his powers, duties and functions to any official of the Bank, with the approval of the Board of Directors.
6. The Corporate Secretary
- 6.1. The Corporate Secretary, who should be a Filipino citizen and a resident of the Philippines, is an officer of the Bank. Precision, transparency and thoroughness in performance are expected of him;
 - 6.2. He must possess appropriate administrative and interpersonal skills, and if he is not the general counsel, then he must have some legal skills. He must also have a working knowledge of the operations of the Bank;
 - 6.3. Duties and Responsibilities of the Corporate Secretary
 - 6.3.1. Notify parties concerned of any Stockholders and Board meetings;
 - 6.3.2. Inform the members of the Board, in accordance with the Amended By-Laws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
 - 6.3.3. Attend all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him from doing so;
 - 6.3.4. Ensure that all Board procedures, rules and regulations are strictly followed by the members;
 - 6.3.5. Provide proper assistance to the Members of the Board during all Board and Stockholders' meetings while they are in the performance of their duties and responsibilities under the law and the By-Laws;
 - 6.3.6. Be responsible for the safekeeping and preservation of the integrity of the Minutes of the meetings, as well as the other official records pertaining to the duties and responsibilities of the Office of the Corporate Secretary;
 - 6.3.7. Prepares the Agenda for the Board and Executive Committee meetings and also assists the directors in attending seminars and trainings;
 - 6.3.8. Furnish all Directors with a copy of the general responsibilities and specific duties and responsibilities of the Board of Directors prescribed under MORB Subsec. X141.3 (b and c), as well as the specific duties and responsibilities of a Director under X141.3 (d), at the time of their election. Copies of the acknowledgement and certification by the Directors

- 8.15.1. The responsibilities of the external auditor in relation to the financial statement audit, and an overview of the planned scope and timing of the audit;
 - 8.15.2. Information relevant to the external audit; and
 - 8.15.3. Timely observation arising from the external audit that is significant and relevant to the bank's financial reporting process, including inappropriate accounting treatment that may result in tax violation.
- 8.16. The external auditor should document its discussion with the bank's board of directors and the Board Audit and Compliance Committee. Where there are differences between BSP regulations and the applicable financial reporting framework, as when there is more than one option allowed, discussions on the treatment adopted in the financial statements should be duly minuted. The external auditors are nonetheless, expected to recommend compliance with BSP-prescribed accounting treatment particularly when such is likewise acceptable under the applicable financial reporting framework;
- 8.17. The external auditor is expected to charge only reasonable audit fees. In determining reasonable fees the following may be considered:
- 8.17.1. Expected hours needed to complete the scope of work envisioned in the audit plan;
 - 8.17.2. Complexity of the activities and structure of the bank;
 - 8.17.3. Level of internal audit assistance;
 - 8.17.4. Level of fees being charged by other audit firms; and
 - 8.17.5. Quality of audit services.
- The external auditor ensures that the audit fees will be set at an amount that will not in any way compromise the quality of the audit.
- 8.18. The external audit team is expected to be composed of members whose collective skills and competence are commensurate with the size and complexity of operations of the bank.

9. The Internal Auditor

- 9.1. The Head of the internal audit function must have an unassailable integrity, relevant education/experience/training, and has an understanding of the risk exposures of the bank, as well as competence to audit all areas of its operations. He must also possess the following qualifications:
- 9.1.1. The Head of the internal audit function must be a Certified Public Accountant (CPA) or a Certified Internal Auditor (CIA) and must have at least five (5) year experiences in the regular internal or external audit as auditor-in-charge, senior auditor or audit manager. He must possess the knowledge, skills, and other competencies to examine all areas in which the institution operates. Professional competence as well as continuing training and education shall be required.
- 9.2. Duties and responsibilities of the head of the internal audit function or the Chief Audit Executive:
- 9.2.1. To demonstrate appropriate leadership and have the necessary skills to fulfill his responsibilities for maintaining the unit's independence and objectivity;
 - 9.2.2. To be accountable to the board of directors or audit committee on all matters related to the performance of its mandate as provided in the internal audit charter.
 - 9.2.3. To ensure that the internal audit function complies with sound internal auditing standards such as the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing and other supplemental standards issued by regulatory authorities/government agencies, as well as with relevant code of ethics.

- 9.2.4. To develop an audit plan based on robust risk assessment, including inputs from the board of directors, audit committee and senior management and ensure that such plan is comprehensive, adequately covers regulatory matters and approved by the audit committee.
 - 9.2.5. To ensure that the internal audit function has adequate human resources with sufficient qualifications and skills necessary to accomplish its mandate.
 - 9.3. The Bank shall have in place an independent internal audit function which shall be performed by an Internal Auditor or a group of Internal Auditors, through which its Board, senior management, and stockholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate, and complied with;
 - 9.4. The Bank shall have in place an effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the bank for the benefit of all stockholders and other stakeholders;
 - 9.5. The Corporate Governance/Nomination/Remuneration Committee shall be responsible for the endorsement to the Board the approval of the appointment of the Chief Audit Executive/Internal Auditor as recommended by the Board Audit and Compliance Committee;
 - 9.6. The Chief Audit Executive/Internal Auditor shall render to the Board and Board Audit and Compliance Committee and senior management an annual report on the internal audit department's activities, purpose, authority, responsibility and performance relative to audit plans and strategies approved by the Board Audit and Compliance Committee;
 - 9.7. The minimum internal control mechanisms for management's operational responsibility shall center on the CEO, being ultimately accountable for the Bank's organizational and procedural controls; and
 - 9.8. The scope and particulars of a system of effective organizational and procedural controls shall be based on the following factors: the nature and complexity of the business and the business culture; the volume, size and complexity of transactions; the degree of risk; the degree of centralization and delegation of authority; the extent and effectiveness of information technology; and the extent of regulatory compliance.
10. The Chief Risk Officer (CRO)
 - 10.1. The bank shall appoint a Chief Risk Officer (CRO), or any equivalent position, which shall be independent from executive functions and business line responsibilities, operations and revenue-generating functions. This independence shall be displayed in practice at all times as such, the CRO reports directly to the Risk Oversight Committee without any impediment;
 - 10.2. The CRO shall have sufficient stature, authority and seniority within the bank. This will be assessed based on the ability of the CRO to influence decisions that affect the bank's exposure to risk. The CRO shall have the ability, without compromising his independence, to engage in discussions with the board of directors, chief executive officer and other senior management on key risk issues and to access such information as he deems necessary to form his or her judgment. The CRO shall meet with the board of directors/risk oversight committee on a regular basis and such meetings shall be duly minuted and adequately documented;
 - 10.3. CROs shall be appointed and replaced with prior approval of the board of directors. In cases, when the CRO will be replaced, the bank shall report the same to the SES of the Bangko Sentral ng Pilipinas within five (5) days from the time it has been approved by the board of directors;