

COVER SHEET

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SEC Registration Number

C H I N A B A N K S A V I N G S I N C .

(Company's Full Name)

C B S B L D G 3 1 4 S E N G I L J P U Y A T

A V E N U E M A K A T I C I T Y

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

ATTY. CORAZON T. LLAGAS

Contact Person

8988-9555

Company Telephone Number

0 6

Month

3 0

Day

A C G R

FORM TYPE

3<sup>rd</sup> Thursday of June

Annual Meeting

Secondary License Type, If Applicable

C G F D

Dept. Requiring this Doc.

Amended Articles Number / Section

1,545

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

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LCU

Document ID

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Cashier

STAMPS

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## SEC FORM-ACGR (FOR PC/RI)

### ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC COMPANIES AND REGISTERED ISSUERS

1. For the fiscal year ended **December 31, 2022**
2. SEC Registration Number **16962**
3. BIR Tax Identification Number **000-504-532-000**
4. Exact Name of the Issuer as specified in its charter **China Bank Savings, Inc.**
5. Province, Country or other jurisdiction of incorporation or organization .....
6. Address of Principal Office  
**CBS Building, 314 Sen. Gil J. Puyat Avenue,  
Makati City**
7. **1200**  
Postal Code
8. Issuer's telephone number, including area code **(632) 8988-8555**
9. Former name, former address, and former fiscal year, if changed since last report  
.....
10. Industry Classification Code (For SEC's use only) .....

## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC COMPANIES AND REGISTERED ISSUERS

RECOMMENDATION	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<b>THE BOARD'S GOVERNANCE RESPONSIBILITIES</b>			
<b>Principle 1. ESTABLISHING A COMPETENT BOARD</b>			
The company should be headed by a competent, working Board to foster the long-term success of the corporation, and to sustain its competitiveness and growth in a manner consistent with its corporate objectives and the long-term best interests of its shareholders/members and other stakeholders.			
<b>Recommendation 1.1</b>			
1	The Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	<p>The Bank's Board of Directors is composed of directors with diverse educational background, professional experience and expertise. Each member is selected based on the "fit and proper" standard of the Bangko Sentral ng Pilipinas (BSP) which consider, among others, integrity, competence, independence, leadership, and experience. All Bank directors have been evaluated and confirmed by the Monetary Board of the BSP.</p> <p>Link/Reference:                      - Manual on Corporate Governance: Page 35 (Qualification of Directors)  <a href="https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf">https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf</a>                      - Definitive Information Statement: Pages 5-16 (Business experience)  <a href="https://cbs.com.ph/assets/files/Definitive%20Information%20Statement ASM%202022.pdf">https://cbs.com.ph/assets/files/Definitive%20Information%20Statement ASM%202022.pdf</a></p>
2	The Board has an appropriate mix of competence and expertise.	Compliant	<p>To ensure diversity, the Board has identified the required skills and mix of qualifications of directors.</p> <p>Links/References:                      - Definitive Information Statement: Pages 5-16 (Business experience)</p>

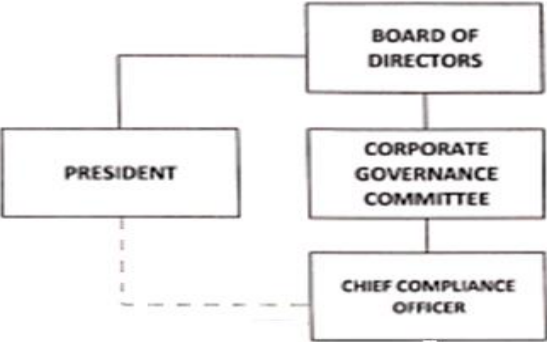
			<a href="https://cbs.com.ph/assets/files/Definitive%20Information%20Statement%20ASM%202022.pdf">https://cbs.com.ph/assets/files/Definitive%20Information%20Statement ASM%202022.pdf</a>
3	Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	Compliant	<p>The qualifications of the directors nominated to the Board are duly assessed/evaluated by the Corporate Governance and Nominations Committees.</p> <p>Every year during their election/re-election, Bank Directors certify that they possess all the qualifications and none of the disqualifications set forth by the BSP. In addition, they also evaluate their continuing qualification by way of the annual Board, Board Member and Board Committee self-assessments.</p> <p>Link/Reference: - Definitive Information Statement: Pages 5-16 (Members of the BOD) <a href="https://cbs.com.ph/assets/files/Definitive%20Information%20Statement%20ASM%202022.pdf">https://cbs.com.ph/assets/files/Definitive%20Information%20Statement ASM%202022.pdf</a></p>
<b>Recommendation 1.2</b>			
1	The Board is headed by a competent and qualified Chairperson.	Compliant	<p>Mr. Ricardo R. Chua is the Bank's Chairman of the Board. He is also an Advisor to the Board of China Banking Corporation since November 1, 2017. A Certified Public Accountant, Mr. Chua graduated with a Bachelor of Science degree in Business Administration, Major in Accounting, cum laude, from the University of the East, and completed his Master's in Business Management (MBM) from the AIM. He has had trainings in banking operations and corporate directorship, and attended AML and corporate governance seminars. His election/appointment to the Board was confirmed by the Monetary Board of the BSP.</p> <p>Link/Reference: - Definitive Information Statement: Page 6 (Member of BOD) <a href="https://cbs.com.ph/assets/files/Definitive%20Information%20Statement%20ASM%202022.pdf">https://cbs.com.ph/assets/files/Definitive%20Information%20Statement ASM%202022.pdf</a></p>



**Recommendation 1.3**

1	The company provides a policy on training of directors.	Compliant	<p>At least annually, as part of the continuing education program for directors, a corporate governance training program is conducted by a training provider duly accredited by the Securities and Exchange Commission. Annual training/continuing education is contained in the Bank's Manual on Corporate Governance which serves as the Board Charter as well.</p> <p>Link/Reference:          - Manual on Corporate Governance: Page 59 (Education Program), Page 90 (Continuing Education Program for the Directors and Officers)  <a href="https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf">https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf</a>          - Board Trainings (Annex 1)</p>	
2	The company has an orientation program for first-time directors.	Compliant	<p>First-time Directors are required to undergo an orientation program, for at least eight (8) hours, while the annual continuing training shall be at least four (4) hours by an SEC-accredited provider. The training program should cover topics relevant in carrying out their duties and responsibilities as directors. They are also provided with an orientation kit containing, among others, their Duties and Responsibilities as a Director, Manual on Corporate Governance, Code of Ethics for Directors, and the charters of the committees where the elected director is a member of.</p>	
3	The company has relevant annual continuing training for all directors.		<p>The Policy of the Bank requiring an orientation program is provided in the Manual on Corporate Governance.</p> <p>Link/Reference:          - Board Trainings (Annex 1)          - Manual on Corporate Governance: Page 59 (Education Program), Page 90 (Continuing Education Program for the Directors and Officers)  <a href="https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf">https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf</a></p>	

Recommendation 1.4			
1	The Board has a policy on board diversity.	Compliant	<p>Board composition considers educational background, business experience in banking or related industry, competence, knowledge, skills and to include ethnicity, culture, skills, etc.</p> <p>Links/References:  - Definitive Information Statement: Pages 6-9 (Members of BOD)  <a href="https://cbs.com.ph/assets/files/Definitive%20Information%20Statement_ASM%202022.pdf">https://cbs.com.ph/assets/files/Definitive%20Information%20Statement_ASM%202022.pdf</a></p>
Recommendation 1.5			
1	The Board is assisted by a Corporate Secretary.	Compliant	The Bank's Corporate Secretary is Atty. Arturo Jose M. Constantino III. He is not the Chief Compliance Officer nor a director of the Bank
2	The Corporate Secretary is a separate individual from the Compliance Officer.	Compliant	<p>Links/References:  - Definitive Information Statement: Page 13 (Executive Officers)  <a href="https://cbs.com.ph/assets/files/Definitive%20Information%20Statement_ASM%202022.pdf">https://cbs.com.ph/assets/files/Definitive%20Information%20Statement_ASM%202022.pdf</a></p>
3	The Corporate Secretary is not a member of the Board of Directors.	Compliant	
4	The Corporate Secretary attends annual training/s on corporate governance.	Compliant	<p>The Bank's Corporate Secretary has attended the following seminars organized by SEC accredited provider:</p> <ul style="list-style-type: none"> <li>- Corporate Secretary as Corporate Governance Professional held on June 16 and 17, 2022.</li> <li>- Advanced Corporate Governance Training held on Aug. 03, 2022</li> <li>- Anti-Money Laundering Updates held on Aug. 03, 2022</li> </ul> <p>Link/Reference:  - Certificate of Trainings/Seminars Attended (Annex 2)</p>
Recommendation 1.6			
1	The Board is assisted by a Compliance Officer.	Compliant	The Bank's Chief Compliance Officer is Atty. Corazon T. Llagas with a rank of Vice President, she has direct reporting line to the Board through the Corporate Governance Committee. She has the authority to review/evaluate and sign off on business policies and initiatives for any regulatory implications.
2	The Compliance Officer has a rank of Senior Vice-President or an equivalent	Compliant	

	position with adequate stature and authority in the corporation.		<p>Links/References:</p> <ul style="list-style-type: none"> <li>- Definitive Information Statement: Page 13 (Executive Officers)  <a href="https://cbs.com.ph/assets/files/Definitive%20Information%20Statement%20ASM%202022.pdf">https://cbs.com.ph/assets/files/Definitive%20Information%20Statement%20ASM%202022.pdf</a></li> </ul>	
3	The Compliance Officer is not a member of the board.	Compliant	<p>The Bank's CCO, Atty. Corazon T. Llagas is not a member of the Bank's Board of Directors. Pursuant to BSP rules, the Compliance Division is an independent unit with the Chief Compliance Officer functionally reporting to the Corporate Governance Committee of the Board, and administratively, to the President.</p> <p>Link/Reference:</p> <ul style="list-style-type: none"> <li>- 2022 Annual report: Page 61 (Compliance Risk Mgmt. System)  <a href="https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf">https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf</a></li> <li>- Manual on Corporate Governance: Pages 73 (Compliance Function), 75 (Duties and Responsibilities of Compliance Office)  <a href="https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf">https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf</a></li> </ul>  <pre> graph TD     Board[BOARD OF DIRECTORS] --- President[PRESIDENT]     Board --- CGC[CORPORATE GOVERNANCE COMMITTEE]     CGC --- CCO[CHIEF COMPLIANCE OFFICER]     President -.- CCO   </pre>	
4	The Compliance Officer attends annual training/s on corporate governance.	Compliant	<p>The Chief Compliance Officer (CCO) has attended the following seminars organized by SEC accredited provider:</p> <ul style="list-style-type: none"> <li>- Corporate Governance Orientation Program held on June 29 to 30, 2022</li> <li>- AMLA Compliance in the Age of the Digital World held on June 23, 2022</li> </ul>	

		<p>Also, the Chief Compliance Officer has complied with the required thirty-six (36) credit units as evidenced by the Certificate of Compliance issued by Mandatory Continuing Legal Education Office of Supreme Court of the Philippines on May 30, 2022.</p> <p>Link/Reference: - Certificate of Trainings/Seminars Attended (Annex 3)</p>	
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**Principle 2. ESTABLISHING CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD**

The fiduciary roles, responsibilities, and accountabilities of the Board, as provided under the law, the company’s articles of incorporation and bylaws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to shareholders/members and other stakeholders.

**Recommendation 2.1**

1	The Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company, shareholders and stakeholders.	Compliant	<p>Bank Directors are required to act on a fully informed basis, in good faith and with due diligence for the best interest of the Bank. In order to provide the Bank Directors with relevant information, materials for the Board meetings are provided to them five (5) business days prior to the Board meeting. The corresponding minutes of the meetings are prepared after every session and routed to the members of the Board for comments and approval.</p> <p>Further, to remind the directors of their duty to act on a fully informed basis, with due diligence and in the interest of the company, they are required to accomplish the annual Corporate Governance Self-Assessment checklist.</p> <p>Link/Reference: - Manual on Corporate Governance: Page 42 (Board Materials) <a href="https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf">https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf</a></p>	
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**Recommendation 2.2**

1	The Board oversees the development and approval of the company’s business objectives and strategy.	Compliant	The Business Plans and strategies are presented to the Board for review and approval on December 15, 2022. The Bank’s 2023-2027 business plans were presented to the Board and after some deliberation, the Board approved Management's projections and	
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2	The Board oversees and monitors the implementation of the company's business objectives and strategy.	Compliant	<p>recommendations.</p> <p>This is consistent with the Bank's Manual on Corporate Governance which provides that the Board is primarily responsible for approving and overseeing the implementation of the bank's strategic objectives, risk strategy, corporate governance and corporate values.</p> <p>Links/References:  - Board Approval on Business Plan (Annex 4)  - Manual on Corporate Governance: Page 14 (BOD Responsibilities)  <a href="https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf">https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf</a></p>	
<b>Recommendation 2.3</b>				
1	The Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	<p>The Manual on Corporate Governance provides that the Board establishes an effective succession planning program. The program includes a system for identifying and developing potential successors for the CEO and other critical positions.</p> <p>The Bank believes that excellent leadership talent positively contributes to the overall organizational performance. The Bank implements and maintains a Succession Planning and Management Program that ensures the availability of qualified officers for key positions for the entire life of the organization.</p> <p>Links/References:  - Manual on Corporate Governance: Page 17 (BOD Responsibilities)  <a href="https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf">https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf</a>  - 2022 Annual Report: Page 67 (Retirement &amp; Succession Policy)  <a href="https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf">https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf</a>  - Succession Management Program (Annex 5)</p>	
2	The Board adopts a policy for the retirement of directors and key officers.	Compliant	The Bank's By-Laws provides for replacements in the event of vacancy in the Board. Vacancies occurring in the Board of Directors, other than by removal or by expiration of term, may be	

			<p>filled by election or appointment made by 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, in accordance with law. The person so elected to fill a vacancy shall hold office only for the unexpired term of his predecessor in office.</p> <p>China Bank Savings adopts the Retirement policy of the parent bank China Bank Corporation</p> <p>Links/References:  - Amended By-Laws: Article IV Section 8 (Vacancies)  <a href="https://cbs.com.ph/assets/files/CBSI%20Amended%20By-Laws%202022.pdf">https://cbs.com.ph/assets/files/CBSI%20Amended%20By-Laws%202022.pdf</a>  - 2022 Annual Report: Page 67 (Retirement &amp; Succession Policy)  <a href="https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf">https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf</a>  - Retirement Policy for Directors  <a href="https://cbs.com.ph/about/Corporate_Governance.aspx">https://cbs.com.ph/about/Corporate_Governance.aspx</a></p>	
<b>Recommendation 2.4</b>				
1	The Board aligns the remuneration of key officers and board members with the long-term interests of the company.	Compliant	<p>Remuneration Committee provides oversight on the remuneration of Senior Management and other key personnel, ensuring that compensation is consistent with the Bank's culture, strategy and control environment.</p> <p>Links/References:  - 2022 Annual Report: Page 55 (Remuneration Committee)  <a href="https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf">https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf</a></p>	
2	The Board adopts a policy specifying the relationship between remuneration and performance.	Compliant	<p>Under the By-Laws, the net profits or earnings of the Bank, after deducting the expenses of administration shall be disposed of as follows: Twenty per centum (20%) to surplus, the maximum amount of which to be accumulated shall be left to the discretion of the Board; not more than five per centum (5%) as bonus to the members of the Board of Directors; not more than five per centum (5%) as bonus to the executive officers; and the balance may be</p>	

			<p>declared as dividends and appropriated for other purposes at the discretion of the Board of Directors.</p> <p>Annual salary increases and performance bonuses of officers are performance-based. While performance of officers, in turn, is rated under separate policies and specific guidelines, performance rating is among the basis for bonus, salary increase and promotion.</p> <p>Links/References:  - Definitive Information Statement: Pages 16-17 (Compensation of Directors)  <a href="https://cbs.com.ph/assets/files/Definitive%20Information%20Statement%20ASM%202022.pdf">https://cbs.com.ph/assets/files/Definitive%20Information%20Statement%20ASM%202022.pdf</a>  - Amended by-laws: Article XIII Section 1  <a href="https://cbs.com.ph/assets/files/CBSI%20Amended%20By-Laws%202022.pdf">https://cbs.com.ph/assets/files/CBSI%20Amended%20By-Laws%202022.pdf</a></p>	
3	The Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant	<p>In accordance with the Bank's By-Laws, the per diem paid to each director for attendance at any meeting of the Board of Directors or Committee shall be the sum fixed by the Board.</p> <p>Links/References:  - Amended By-Laws: Article IV Section 9 (Directors' Fees)  <a href="https://cbs.com.ph/assets/files/CBSI%20Amended%20By-Laws%202022.pdf">https://cbs.com.ph/assets/files/CBSI%20Amended%20By-Laws%202022.pdf</a></p>	
<b>Recommendation 2.5</b>				
1	The Board has a formal and transparent board and election policy.	Compliant	<p>The Bank's Nomination Process contains the nomination and election policy, which is updated annually or as the need arises. The Nomination Process form part of the Bank's Manual on Corporate Governance.</p> <p>The Bank's Nominations and Corporate Governance Committees adopted rules governing the nomination and election of directors. The rules pertinently state that the nomination forms shall be submitted to the Nominations Committee and/or the Corporate Governance Committee thru any member or to the Corporate Secretary. The rules likewise state that the Committees shall pre-</p>	
2	The Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant		

			<p>screen the qualifications of the nominees on the basis of the nomination and/or supporting papers, ensuring that the nominee's qualities meet the fit and proper standards and are aligned with the Bank's strategic direction.</p> <p>Links/References:  - Policy on Sourcing, Selection and Nomination of Directors (Annex 6)  - Manual on Corporate Governance: Page 12 (Nomination and Election of Directors)  <a href="https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf">https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf</a>  - Definitive Information Statement: Pages 3-4 (Nomination and Election of Directors)  <a href="https://cbs.com.ph/assets/files/Definitive%20Information%20Statement ASM%202022.pdf">https://cbs.com.ph/assets/files/Definitive%20Information%20Statement ASM%202022.pdf</a></p>	
3	The Board nomination and election policy includes how the company accepted nominations from shareholders/members.	Compliant	<p>The Nomination Process sets forth the nomination policies / requirements.</p> <p>In accordance with the By-Laws as to manner of voting, any stockholder shall be allowed to vote either in person through remote communication, in absentia, or by proxy duly executed in writing signed by the stockholder or his duly authorized attorney-in-fact, subject to compliance with the requirements of existing rules and regulations.</p> <p>Links/References:  - Policy on Sourcing, Selection and Nomination of Directors (Annex 6)  - Amended By-laws: Article III Section 2 (Manner of Voting)  <a href="https://cbs.com.ph/assets/files/CBSI%20Amended%20By-Laws%202022.pdf">https://cbs.com.ph/assets/files/CBSI%20Amended%20By-Laws%202022.pdf</a>  - Definitive Information Statement: Pages 3-4 (Nomination and Election of Directors)  <a href="https://cbs.com.ph/assets/files/Definitive%20Information%20Statement ASM%202022.pdf">https://cbs.com.ph/assets/files/Definitive%20Information%20Statement ASM%202022.pdf</a></p>	



4	The Board nomination and election policy includes how the board reviews the qualifications of nominated candidates.	Compliant	<p>The Nomination Process contained the corresponding provisions in reviewing the qualifications of the nominees for directorship.</p> <p>The Corporate Governance and Nominations Committees pre-screen the qualifications of the nominees on the basis of the nominations and/or supporting papers and prepare a final list of candidates containing all relevant information about the nominees.</p> <p>Links/References:  - Policy on Sourcing, Selection and Nomination of Directors (Annex 6)  - Definitive Information Statement: Pages 3-4 (Nomination and Election of Directors)  <a href="https://cbs.com.ph/assets/files/Definitive%20Information%20Statement%20ASM%202022.pdf">https://cbs.com.ph/assets/files/Definitive%20Information%20Statement%20ASM%202022.pdf</a>  - 2022 Annual Report: Page 54 (Nomination Committee)  <a href="https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf">https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf</a></p>	
5	The Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement/removal of a director.	Compliant	<p>The Nominations Committee, in accordance with its Charter, is tasked to assess the effectiveness of the Board process and procedures in the election or replacement of directors.</p> <p>Link/Reference:  - Nominations Committee Charter  <a href="https://cbs.com.ph/assets/files/Nominations%20Committee%20Charter.pdf">https://cbs.com.ph/assets/files/Nominations%20Committee%20Charter.pdf</a></p>	
6	The Board has a process for identifying the quality of directors/trustees that is aligned with the strategic direction of the company.	Compliant	<p>The position of a Director in China Bank Savings is one of trust. Thus directors are selected for their integrity, credibility, leadership, and ability to render independent judgment, among others.</p> <p>The Bank's Nominations and Corporate Governance Committees are tasked to identify the quality of directors to ensure they are aligned with the strategic direction. The nomination and election process are set forth in the Nominations Process that is incorporated in the Bank's Manual on Corporate Governance.</p>	

			<p>Links/References:</p> <ul style="list-style-type: none"> <li>- Manual on Corporate Governance: Page 63 (Nominations Committee)  <a href="https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf">https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf</a></li> <li>- Nominations Committee Charter  <a href="https://cbs.com.ph/assets/files/Nominations%20Committee%20Charter.pdf">https://cbs.com.ph/assets/files/Nominations%20Committee%20Charter.pdf</a></li> </ul>	
<b>Recommendation 2.6</b>				
1	<p>The Board has overall responsibility in ensuring that there is a policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.</p>	Compliant	<p>The Board is responsible for approving the Bank’s RPT policy, which covers guidelines and procedures for the review and approval of material RPTs to ensure that these are conducted at arm’s length basis.</p> <p>In 2022, the RPT Policy was updated to comply with the rules of the BSP and SEC. It is uploaded to the Bank’s internal public folder and on the Bank’s website. Further, to aid in identifying the Bank’s related parties, the RPT Registry is updated regularly.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>- Related Party Transactions Policy and Guidelines  <a href="https://www.cbs.com.ph/about/corporate_governance/RPT_Policy_and_Guidelines.aspx">https://www.cbs.com.ph/about/corporate_governance/RPT_Policy_and_Guidelines.aspx</a></li> <li>- RPT Committee Charter  <a href="https://cbs.com.ph/assets/files/Related%20Party%20Transaction%20Committee%20Charter.pdf">https://cbs.com.ph/assets/files/Related%20Party%20Transaction%20Committee%20Charter.pdf</a></li> </ul>	
2	<p>The RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.</p>	Compliant	<p>The Bank’s RPT policy requires all material RPTs to be reviewed and vetted upon by the RPT Committee before they are endorsed for the Board’s approval. As guiding principle, RPTs shall be at arm’s length, in the ordinary course of business &amp; in the interest of the Bank and on substantially similar terms as those offered to other non-related parties.</p> <p>Price Discovery Mechanism is in place to ensure that RPT are engaged into terms that promote the best interest of the Bank and its stakeholders.</p>	

			<p>Links/References:</p> <ul style="list-style-type: none"> <li>- RPT Committee Charter  <a href="https://cbs.com.ph/assets/files/Related%20Party%20Transaction%20Committee%20Charter.pdf">https://cbs.com.ph/assets/files/Related%20Party%20Transaction%20Committee%20Charter.pdf</a></li> <li>- RPT Policy and Guidelines  <a href="https://www.cbs.com.ph/about/corporate_governance/RPT_Policy_and_Guidelines.aspx">https://www.cbs.com.ph/about/corporate_governance/RPT_Policy_and_Guidelines.aspx</a></li> </ul>	
<b>Recommendation 2.7</b>				
1	The Board is primarily responsible for approving the selection of Management, led by the Chief Executive Officer (CEO) or his/her equivalent, and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive, as may be applicable).	Compliant	<p>The Board oversees the selection of the CEO and other key personnel, including members of senior management and heads of control functions (CRO, CCO, CAE) based on the application of fit and proper standards. Integrity, technical expertise, and experience in the Bank's business, either current or planned, shall be the key considerations in the selection process. Moreover, since mutual trust and a close working relationship are important, the members of senior management shall uphold the general operating philosophy, vision and core values of the Bank.</p> <p>Link/Reference:</p> <ul style="list-style-type: none"> <li>- Manual on Corporate Governance: Page 16(BOD Responsibilities), 75 (Appointment of CCO), 76 (Appointment of CAE), 88 (Appointment of CRO).  <a href="https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf">https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf</a></li> </ul>	
2	The Board is primarily responsible for assessing the performance of Management, led by the CEO or his/her equivalent and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive, as may be applicable).	Compliant	<p>The Board regularly monitors and assesses the performance of the management team and heads of control functions (CRO, CCO, CAE) based on approved performance standards.</p> <p>The Board of Directors assesses at least annually its performance and effectiveness as a body, as well as its various committees, the Chief Executive Officer, the individual directors, and the Bank itself. This may be facilitated by the Corporate Governance Committee or external facilitators.</p>	

			<p>Link/Reference:  - Manual on Corporate Governance: Pages 16, 18 (BOD Responsibility)  <a href="https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf">https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf</a></p>
<b>Recommendation 2.8</b>			
1	<p>The Board establishes an effective performance evaluation framework that includes a standard or criteria for assessment and ensures that Management’s performance is on par with the standards set by the Board and Senior Management.</p>	Compliant	<p>The Corporate Governance Committee is responsible for ensuring the Board’s effectiveness and due observance of corporate governance principles and guidelines. It shall oversee the periodic performance evaluation of the Board and its Committees and executive management; and shall also conduct an annual self-evaluation of its performance. The Chairman of the Corporate Governance Committee certifies that it has conducted the fit and proper test” on the Bank’s directors and Senior Management.</p> <p>Link/Reference:  - 2022 Annual Report: Page 58 (Selection Process for the Board and Senior Management)  <a href="https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf">https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf</a></p>
2	<p>The Board establishes an effective performance evaluation framework that includes a standard or criteria for assessment and ensures that personnel’s performance is on par with the standards set by the Board and Senior Management.</p>	Compliant	<p>The Bank’s Management establishes measurable standards, initiatives and specific responsibilities and accountabilities for each Bank personnel. Senior Management oversees the performance of these delegated duties and responsibilities and shall ultimately be responsible to the Board of Directors for the performance of the Bank.</p> <p>Link/Reference:  - Manual on Corporate Governance: Page 69 (Officer’s Responsibilities on Corporate Governance)  <a href="https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf">https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf</a></p>
<b>Recommendation 2.9</b>			

1	The Board ensures that an appropriate internal control system is in place.	Compliant	<p>Internal control is a process designed and effected by the Board of Directors, Senior Management, and all levels of personnel to provide reasonable assurance on the achievement of objectives through efficient and effective operations; reliable, complete and timely financial and management information; and compliance with applicable laws, rules, supervisory requirements, and the organization's policies and procedures. Control activities are every business levels' function and implemented mainly by Compliance Division, Internal Audit and Risk Management Division.</p> <p>Links/References:  - Manual on Corporate Governance: Page 72 (Internal Control Framework)  <a href="https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf">https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf</a></p>	
2	The internal control system includes a mechanism for monitoring and managing potential/actual conflicts of interest of the board members/trustees, management and shareholders/members.	Compliant	<p>The Board approved a Code of Conduct or Code of Ethics, which articulates acceptable and unacceptable activities, transactions and behaviours that could result or potentially result in conflict of interest, personal gain at the expense of the Bank as well as the corresponding disciplinary actions and sanctions.</p> <p>In accordance with the Bank's Code of Ethics, situations that would give rise to a conflict of interest are to be avoided. If transactions with the Bank cannot be avoided, the same should be done in the regular course of the business and upon terms not less favourable to the Bank than those offered to others. The basic principle to be observed is that a director should not use his position to make profit or to acquire benefit or advantage for himself and/or his related interests. Employee ensures that their personal interests do not conflict or appear to be in conflict with the duties and responsibilities which they must perform for the Bank and its clients.</p> <p>Likewise the directors, senior management and employees are expected to observe the proper conduct of business in accordance with DOSRI and Related Party Transactions policies, procedure and guidelines to ensure that such are thoroughly reviewed and approved on an arms-length basis.</p>	

			<p>Links/References:</p> <ul style="list-style-type: none"> <li>- Manual on Corporate Governance: Page 14 (BOD Responsibilities) <a href="https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf">https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf</a></li> <li>- Code of Ethics: <a href="https://cbs.com.ph/about/Code_of_Ethics.aspx">https://cbs.com.ph/about/Code_of_Ethics.aspx</a></li> </ul>
3	The Board adopts an Internal Audit Charter.	Compliant	<p>The Charter recognizes the authority of the Internal Audit function, to initiate direct communication with any Bank personnel; to examine any activity or entity; and to access any records, files, data and physical properties of the Bank, in performing its duties and responsibilities.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>- Manual on Corporate Governance: Page 84 (Internal Audit Charter) <a href="https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf">https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf</a></li> <li>- Internal Audit Charter <a href="https://www.cbs.com.ph/assets/files/Internal%20Audit%20Charter.pdf">https://www.cbs.com.ph/assets/files/Internal%20Audit%20Charter.pdf</a></li> </ul>
<b>Recommendation 2.10</b>			
1	The Board ensures that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	Compliant	<p>The Board oversees the enterprise risk management framework and ensures that there is periodic review of the effectiveness of the risk management systems and recovery plans. It shall ensure that corrective actions are promptly implemented to address risk management concerns.</p> <p>Links/References:</p> <ul style="list-style-type: none"> <li>- Manual on Corporate Governance: Page 55 (Board Responsibilities) <a href="https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf">https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf</a></li> <li>- Enterprise Risk Management Framework <a href="https://www.cbs.com.ph/assets/files/Enterprise%20Risk%20Management%20Framework.pdf">https://www.cbs.com.ph/assets/files/Enterprise%20Risk%20Management%20Framework.pdf</a></li> </ul>

2	The risk management framework guides the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	Compliant	<p>The Bank's Risk Management Group is responsible for overseeing risk management function and supports the Board in the development of the risk appetite and risk appetite statement of the Bank and for translating the risk appetite into risk limits structure.</p> <p>Risk Management function oversees the Enterprise Risk Management (ERM) process and spearheads the development, implementation, maintenance and continuous improvement of ERM processes and documentation.</p> <p>Links/References:  - Manual on Corporate Governance: Pages 86 (Risk Management Function)  <a href="https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf">https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf</a></p>	
<b>Recommendation 2.11</b>				
1	The Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties.	Compliant	The Manual on Corporate Governance serves as the Charter of the Board, and sets forth its function/role, duties and responsibilities. The duty of care and loyalty are the two key elements of the fiduciary duty of the Board. The duty of care requires the members of the Board to act on a fully informed basis, in good faith, with due diligence and care. The duty of loyalty is expressed when the board members act in the best interest of the Bank and all its stakeholder, such as the depositors, creditors, employees and regulators.	
2	The Board Charter serves as a guide to the directors/trustees in the performance of their functions.	Compliant	<p>In addition, an Orientation Kit is provided to the new members of the Board. This document contains the specific duties and responsibilities of the Directors, the Directors' affirmation of his possession of all qualifications and none of the disqualifications of a Director as embodied in the Self-assessment, as well as the applicable Board Committee Charters (i.e., those which the Director is a member of).</p> <p>Link/Reference:  - Manual on Corporate Governance  <a href="https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf">https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf</a></p>	
3	The Board Charter is publicly available.	Compliant	<p>Link/Reference:  - Manual on Corporate Governance  <a href="https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf">https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf</a></p>	

### Principle 3. ESTABLISHING BOARD COMMITTEES

The board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, compliance and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all the board committees should be contained in their respective board committee charters.

#### Recommendation 3.1

1	The Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	<p>To aid the Board in the effective performance of its functions, duties, and to address specific tasks / responsibilities, the Bank's Board of Directors created eight board-level committees namely: (1) Executive, (2) Corporate Governance, (3) Audit, (4) Risk Oversight, (5) Nomination, (6) Remuneration, (7) Related Party Transaction and (8) Retirement.</p> <p>Each committee has its own charter containing provisions on its composition, functions and responsibilities. These charters are posted on the Bank's website.</p> <p>Links/References: - Board Matters <a href="https://cbs.com.ph/about/corporate_governance/Board_Matters.aspx">https://cbs.com.ph/about/corporate_governance/Board_Matters.aspx</a></p>	
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#### Recommendation 3.2

1	The Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	Compliant	<p>The Audit Committee is responsible for overseeing the senior management's activities in establishing and maintaining an adequate, effective and efficient internal control framework. It ensures that systems and processes are designed to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets.</p> <p>Links/References: - Audit Committee Charter <a href="https://www.cbs.com.ph/assets/files/Audit%20Committee%20Charter.pdf">https://www.cbs.com.ph/assets/files/Audit%20Committee%20Charter.pdf</a></p>	
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2	The Audit Committee is composed of at least three (3) qualified non-executive directors, the majority of whom, including the Chairperson, are independent directors.	Compliant	<p>In 2022, the three (3) members of the Audit Committee are all Independent Directors. The members of the Committee are:</p> <p>Ms. Claire Ann T. Yap – Chairman/Independent Director  Mr. Philip S. L. Tsai – Vice Chairman/Independent Director  Mr. Antonio S. Espedido, Jr. – Member/Independent Director  <i>(elected on June 16, 2022)</i></p>	
3	All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	<p>Ms. Margarita L. San Juan – Member/Independent Director <i>(term ended June 16, 2022)</i></p> <p>The members of the Audit Committee have the relevant background / knowledge, skills, expertise and experience in the areas of accounting, auditing and finance.</p> <p>Links/References:  - Definitive Information Statement: Page 8-10 (Members of BOD Directors)  <a href="https://cbs.com.ph/assets/files/Definitive%20Information%20Statement%20ASM%202022.pdf">https://cbs.com.ph/assets/files/Definitive%20Information%20Statement%20ASM%202022.pdf</a>  - 2022 Annual Report: Pages 54 (Audit Committee)  <a href="https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf">https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf</a></p>	
4	The Chairperson of the Audit Committee is not the Chairperson of the Board or of any other committee.	Compliant	<p>Ms. Claire Ann T. Yap is the Chairman of the Audit Committee. She is not the Chairman of the Board or of any other Board Committee.</p> <p>Links/References:  - Definitive Information Statement: Page 9 (Members of BOD Directors)  <a href="https://cbs.com.ph/assets/files/Definitive%20Information%20Statement%20ASM%202022.pdf">https://cbs.com.ph/assets/files/Definitive%20Information%20Statement%20ASM%202022.pdf</a>  - 2022 Annual Report: Pages 54 (Audit Committee)  <a href="https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf">https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf</a></p>	
<b>Recommendation 3.3</b>				
1	The Board establishes a Corporate Governance Committee tasked to assist	Compliant	The Corporate Governance Committee is tasked to assist the Board of Directors in fulfilling its corporate governance responsibilities	

	<p>the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.</p>		<p>by ensuring compliance with and proper observance of corporate governance laws, rules, principles, and best practices. It oversees the implementation of corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of the Bank's size, complexity and business strategy, as well as its business and regulatory environment.</p> <p>Moreover, together with the Nominations Committee, it handles reviews and evaluates the qualifications of all persons nominated to the Board and those nominated to other positions requiring appointment by the Board of Directors.</p> <p>Link/Reference:  - Corporate Governance Committee Charter  <a href="https://cbs.com.ph/assets/files/Corporate%20Governance%20Committee%20Charter.pdf">https://cbs.com.ph/assets/files/Corporate%20Governance%20Committee%20Charter.pdf</a></p>	
2	<p>The Corporate Governance Committee is composed of at least three (3) members, majority of whom, including the Chairperson, should be independent directors.</p>	Compliant	<p>In 2022, the three (3) members of the Corporate Governance Committee are all Independent Directors. The members of the Committee are:</p> <p>Mr. Antonio S. Espedido, Jr. – Chairman/Independent Director  <i>(elected on June 16, 2022)</i></p> <p>Ms. Claire Ann T. Yap – Vice Chairman/Independent Director</p> <p>Mr. Genaro V. Lapez – Member/Independent Director</p> <p>Ms. Margarita L. San Juan – Chairman/Independent Director <i>(term ended June 16, 2022)</i></p> <p>Links/References:  - Definitive Information Statement: Page 8-10 (Members of BOD Directors)  <a href="https://cbs.com.ph/assets/files/Definitive%20Information%20Statement%20ASM%202022.pdf">https://cbs.com.ph/assets/files/Definitive%20Information%20Statement%20ASM%202022.pdf</a>  - 2022 Annual Report: Page 53 (Corporate Governance Committee)  <a href="https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf">https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf</a></p>	

**Recommendation 3.4**

1	The Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company’s Enterprise Risk Management system to ensure its functionality and effectiveness.	Compliant	<p>The Board Risk Oversight Committee is responsible for the oversight of the Bank's enterprise risk management system to ensure its functionality and effectiveness. It oversees the system of limits to discretionary authority that the board delegated to management, ensure that the system remains effective, that the limits are observed and that immediate corrective actions are taken whenever limits are breached.</p> <p>Links/References:          - Risk Oversight Committee Charter  <a href="https://cbs.com.ph/assets/files/Risk%20Oversight%20Committee%20Charter.pdf">https://cbs.com.ph/assets/files/Risk%20Oversight%20Committee%20Charter.pdf</a></p>	
2	The BROC is composed of at least three (3) members, the majority of whom should be independent directors, including the Chairperson.	Compliant	<p>In 2022, the three (3) members of the Risk Oversight Committee are all Independent Directors. The members of the Committee are:</p> <p>Mr. Philip S.L. Tsai – Chairman/Independent Director          Mr. Antonio S. Espedido, Jr. – Vice Chairman/Independent Director  <i>(elected on June 16, 2022)</i>          Ms. Claire Ann T. Yap – Member/Independent Director          Ms. Margarita L. San Juan – Vice Chairman/Independent Director  <i>(term ended June 16, 2022)</i></p> <p>Links/References:          - Definitive Information Statement: Page 8-10 (Members of BOD)  <a href="https://cbs.com.ph/assets/files/Definitive%20Information%20Statement%20ASM%202022.pdf">https://cbs.com.ph/assets/files/Definitive%20Information%20Statement%20ASM%202022.pdf</a>          - 2022 Annual Report: Page 54 (Risk Oversight Committee)  <a href="https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf">https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf</a></p>	
3	At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Compliant	<p>Mr. Tsai is a seasoned banker and has thorough knowledge/experience on risk management &amp; governance. Other members of the Committee have attended the relevant seminars to equip themselves of their responsibilities.</p> <p>Link/Reference:</p>	

			- Definitive Information Statement: Page 8 (Members of BOD) <a href="https://cbs.com.ph/assets/files/Definitive%20Information%20Statement_ASM%202022.pdf">https://cbs.com.ph/assets/files/Definitive%20Information%20Statement_ASM%202022.pdf</a>	
<b>Recommendation 3.5</b>				
1	All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	Compliant	All committees have their respective Charters. The Charters contain all the required information related to the function of each committee and the specific duties of its members. The Charters also provide for the performance evaluation of the committee.  All charters are made available in the Bank's website.	
2	The Committee Charters provide standards for evaluating the performance of a committee and its members.	Compliant	Link/Reference: - Board Matters <a href="https://cbs.com.ph/about/corporate_governance/Board_Matters.aspx">https://cbs.com.ph/about/corporate_governance/Board_Matters.aspx</a>	
<b>Principle 4. FOSTERING COMMITMENT</b>				
To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.				
<b>Recommendation 4.1</b>				
1	The Directors attend and actively participate in all meetings of the Board, Committees and shareholders/members in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	Compliant	In 2022, the Board actively participated in Board Meetings either in person or through remote communication/video or teleconferencing as required in the Bank's Manual on Corporate Governance.  Links/References: - Manual on Corporate Governance: Page 40 (Board and Committee Meetings) <a href="https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf">https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf</a> - Board Attendance Certification (Annex 7)	
2	The Directors review meeting materials for all Board and Committee meetings.	Compliant	The members of the Board are provided with materials five (5) days prior to Board and Committee meeting.	

			<p>Links/References:</p> <p>- Manual on Corporate Governance: Page 42 (Board Materials)  <a href="https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf">https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf</a></p>
3	The Directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	<p>The minutes of meetings reflect robust discussions by the Board on issues/proposals/initiatives presented by Management. Whenever necessary, or to arrive at an informed decision, Board members seek clarifications and/or explanations during the meetings.</p> <p>The corresponding minutes of meetings is made available upon validation for comments.</p>
<b>Recommendation 4.2</b>			
1	Non-executive directors concurrently serve in not more than ten (10) public companies and/or registered issuers. If concurrently sitting in at least three (3) publicly listed companies, the maximum concurrent directorships shall be five (5) public companies and/or registered issuers.	Compliant	<p>The Bank, in selecting independent directors and non-executive directors, considers the number and types of entities where the candidate is likewise elected as such, to ensure that he will be able to devote sufficient time to effectively carry-out his duties and responsibilities. In relation to the limit on directorship of independent directors and non-executive directors, the Bank policy follows the corresponding MORB provision which states that:</p> <p><i>“There shall be no limit in the number of covered companies a person may be elected as non-executive director or independent director, except in conglomerates where an ID can only be elected up to five (5) listed companies within the conglomerate. Each entity where the non-executive director is concurrently serving as director shall be separately considered in assessing compliance with this requirement.”</i></p> <p>Links/References:</p> <p>- Manual on Corporate Governance: Page 9 (Independent and Non-Executive Directors)  <a href="https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf">https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf</a></p>
<b>Recommendation 4.3</b>			

1	The Directors notify the company's board before accepting a directorship in another company.	Compliant	<p>Bank directors are required to notify the Board before accepting a directorship in another company. The Bank's policy on multiple Board seats is included in the Manual on Corporate Governance.</p> <p>Link/Reference:  - Manual on Corporate Governance: Page 33 (Multiple Board Seats)  <a href="https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf">https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf</a></p>	
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### Principle 5. REINFORCING BOARD INDEPENDENCE

The Board should endeavor to exercise an objective and independent judgment on all corporate affairs.

#### Recommendation 5.1

1	The Board is composed of a majority of non-executive directors who possess the necessary qualifications.	Compliant	<p>Non-executive directors, who include independent directors, comprise at least majority of the members to promote the independent oversight of management by the Board of Directors; that no director or small group of directors can dominate the decision making process. The President of the Bank is the only executive director from among the members of the Board.</p> <p>The non-executive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.</p> <p>Link/Reference:  - Manual on Corporate Governance: Page 2 (Composition of the Board)  <a href="https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf">https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf</a></p>	
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#### Recommendation 5.2

1	The Board has at least two (2) independent directors or such number as to constitute one-third (1/3) of the board, whichever is higher.	Compliant	<p>The Bank's Board is composed of 11 directors and one-third of the Board or at least four (4) are Independent Directors, namely:</p> <p>Mr. Philip S.L. Tsai  Ms. Claire Ann T. Yap  Mr. Genaro V. Lapez</p>	
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			<p>Mr. Antonio S. Espedido, Jr. (<i>elected on June 16, 2022</i>)  Ms. Margarita L. San Juan (<i>term ended June 16, 2022</i>)</p> <p>Links/References:  - Definitive Information Statement: Pages 8-10 (Members of the Board)  <a href="https://cbs.com.ph/assets/files/Definitive%20Information%20Statement_ASM%202022.pdf">https://cbs.com.ph/assets/files/Definitive%20Information%20Statement_ASM%202022.pdf</a></p>	
<b>Recommendation 5.3</b>				
1	The independent directors possess all the qualifications and none of the disqualifications to hold the position.	Compliant	<p>Each Independent Director nominated to the Board in 2022 certified that he/she possess all the qualifications and none of the disqualifications, as contained in the Bank's Definitive Information Statement.</p> <p>Links/References:  - Definitive Information Statement: Pages 8-10 (Members of the Board)  <a href="https://cbs.com.ph/assets/files/Definitive%20Information%20Statement_ASM%202022.pdf">https://cbs.com.ph/assets/files/Definitive%20Information%20Statement_ASM%202022.pdf</a></p>	
<b>Recommendation 5.4</b>				
1	The company perpetually bars an independent director from serving in such capacity after the term limit of nine (9) years.	Compliant	<p>In accordance with the Bank's CG Manual, an independent director may only serve as such for a maximum cumulative term of nine (9) years. After which, the independent director shall be perpetually barred from serving as independent director in the same bank, but may continue to serve as regular director.</p> <p>Link/Reference:  - Manual on Corporate Governance: Page 8 (Term Limits for Independent Director)  <a href="https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf">https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf</a></p>	
2	In the instance that the company retains an independent director in the same capacity after nine (9) years, the Board provides meritorious justification and	Compliant	<p>In 2022, there is no independent director of the Bank who has served for more than nine (9) years. The Independent Directors are:</p>	

<p>seeks shareholders'/members' approval during the annual regular meeting.</p>		<p>Mr. Philip S.L. Tsai - served for five (5) years only  Ms. Claire Ann T. Yap – served for two (2) years only  Mr. Genaro V. Lapez - served for one (1) year only  Mr. Antonio S. Espedido, Jr. – served for six (6) months only</p> <p>Ms. Margarita L. San Juan served for eight (8) years only until June 16, 2022.</p> <p>Links/References:  - Definitive Information Statement: Pages 8-10 (Members of the Board)  <a href="https://cbs.com.ph/assets/files/Definitive%20Information%20Statement%20ASM%202022.pdf">https://cbs.com.ph/assets/files/Definitive%20Information%20Statement%20ASM%202022.pdf</a>  - 2022 Annual Report: Page 41-42 (Members of the Board)  <a href="https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf">https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf</a></p>	
<b>Recommendation 5.5</b>			
<p>1 The positions of Chairperson of the Board and Chief Executive Officer (or its equivalent) are held by separate individuals.</p>	<p>Compliant</p>	<p>The position of the Chairman and the Chief Executive Officer are held by separate individuals.</p> <p>Mr. Ricardo R. Chua is the Chairman of the Board, while Mr. James Christian T. Dee is the President.</p> <p>Link/Reference:  - 2022 Annual Report: Page 39 (Directors and Executive Officers)  <a href="https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf">https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf</a>  - Definitive Information Statement: Pages 6 (Members of the Board)  <a href="https://cbs.com.ph/assets/files/Definitive%20Information%20Statement%20ASM%202022.pdf">https://cbs.com.ph/assets/files/Definitive%20Information%20Statement%20ASM%202022.pdf</a></p>	
<p>2 The Chairperson of the Board and Chief Executive Officer (or its equivalent) have clearly defined responsibilities.</p>	<p>Compliant</p>	<p>The position of Chairman of the Board and President are held by two different people, and their roles are clearly distinct and separate. The Chairman and the President are not related to each other either by consanguinity or affinity.</p>	



			<p>Chairman Ricardo R. Chua being a non-executive Director, is not involved in the day-to-day operations of China Bank Savings Inc., but is responsible for the leadership and effective running of the Board, including maintaining a relationship of trust with Board members, promoting a sound decision-making process by encouraging critical discussion of dissenting views and ensure that the performance of the Board is evaluated at least once a year. He chairs Board meetings and makes certain that agenda is focused on strategic matters, including risks, arranges regular and/or separate sessions with the non-executive Directors to review Management’s performance.</p> <p>The President, who is also a member of the Board, is responsible for managing the bank’s day-to-day operations, as well as the development and execution of the corporate and business strategies as established by the Board of Directors.</p> <p>Links/References:  - 2022 Annual Report: Page 39 (Directors and Executive Officers)  <a href="https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf">https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf</a>  - Definitive Information Statement: Pages 6 (Members of the Board)  <a href="https://cbs.com.ph/assets/files/Definitive%20Information%20Statement%20ASM%202022.pdf">https://cbs.com.ph/assets/files/Definitive%20Information%20Statement ASM%202022.pdf</a></p>	
<b>Recommendation 5.6</b>				
1	The Board designates a lead director among the independent directors if the Chairperson of the Board is not an independent director.	Compliant	<p>Mr. Philip S.L. Tsai is the Bank’s lead Independent Director. The duties and responsibilities of the lead independent director are in the Manual on Corporate Governance.</p> <p>Links/References:  - Manual on Corporate Governance: Page 8 (Lead Independent Director)  <a href="https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf">https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf</a>  - 2022 Annual Report: Page 41 (Members of the Board)  <a href="https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf">https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf</a></p>	

**Recommendation 5.7**

1	The Directors/Trustees with material interest in a transaction affecting the corporation fully disclose his/her adverse interest, abstain from taking part in the deliberations for the same, and recuse from voting on the approval of transaction.	Compliant	<p>Any director of the Bank who has an interest in the transaction does not participate in the deliberation and shall abstain in the approval of the transaction.</p> <p>Links/References:  - Manual on Corporate Governance: Page 98 (Related Party Transactions)  <a href="https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf">https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf</a></p>	
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**Recommendation 5.8**

1	The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance, and risk functions, without any executive directors present.	Compliant	<p>To maintain objectivity and independence, periodic meetings between NEDs/Independent Directors (including the Lead Independent Director) and Heads of Compliance, Internal Audit and Risk are held in accordance with the relevant Committee Charters (i.e., Audit, Risk Oversight &amp; Corporate Governance). These meetings are conducted without the presence of management.</p>	
2	The meetings are chaired by the lead independent director, if applicable.	Compliant	<p>A meeting was likewise convened with the external auditor, IAD and members of the Audit Committee, without the presence of management.</p> <p>Links/References:  - Secretary’s Certificate of Audit Committee Meeting (Annex 8)</p>	

**Principle 6. ASSESSING BOARD PERFORMANCE**

The best measure of the Board’s effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.

**Recommendation 6.1**

1	The Board conducts an annual self-assessment of its performance as a whole.	Compliant	The Board of Directors assesses at least annually its performance and effectiveness as a body, as well as its various committees. This exercise shall cover the assessment of the ongoing suitability of	
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2	The Chairperson conducts an annual self-assessment of his performance.	Compliant	each board member taking into account his performance in the board and board-level committees. The results thereof are reported to the Board through the Corporate Governance Committee.
3	The individual members conduct a self-assessment of their performance.	Compliant	Links/References:
4	Each committee conducts a self-assessment of its performance.	Compliant	- Manual on Corporate Governance: Page 45 (Performance Evaluation) <a href="https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf">https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf</a> - 2022 Annual Report: Page 60 (Board and Committee Performance Evaluation) <a href="https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf">https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf</a>
<b>Recommendation 6.2</b>			
1	The Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors/trustees and committees.	Compliant	As stated, the performance assessment of the Board and board-level committees is done through self-assessment.  On the other hand, the Bank also welcomes communications on matters pertaining to the management of the Bank, stockholders' benefits, rights and any other bank-related issues of importance. Stockholders who wish to communicate with any or all members of the Board, may raise their concerns thru the Office of the Corporate Secretary.
2	The system allows for a feedback mechanism from the shareholders/members.	Compliant	Links/References: - Manual on Corporate Governance: Page 45 (Performance Evaluation) <a href="https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf">https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf</a> - Definitive Information Statement: SEC Form 17-Q (Schedule A: Questions and Answers) <a href="https://cbs.com.ph/assets/files/Definitive%20Information%20Statement%20ASM%202022.pdf">https://cbs.com.ph/assets/files/Definitive%20Information%20Statement%20ASM%202022.pdf</a> - Contact Center <a href="mailto:ocs.cbs@chinabank.ph">ocs.cbs@chinabank.ph</a> <a href="https://cbs.com.ph/about/Investor_Relations.aspx">https://cbs.com.ph/about/Investor_Relations.aspx</a> <a href="https://cbs.com.ph/Contact_Us.aspx">https://cbs.com.ph/Contact_Us.aspx</a>

## Principle 7. STRENGTHENING BOARD ETHICS

The Board directors are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.

### Recommendation 7.1

1	The Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of board members.	Compliant	The Bank's core values are the foundation of the Bank's Code of Ethics – for the <b>Board of Directors</b> and <b>employees</b> , wherein the Board sets the tone from the top of the Bank's commitment to adhere to the ethical conduct of its business embodying the principles of integrity, fairness, accountability and transparency.  Link/Reference: - Code of Ethics <a href="https://cbs.com.ph/about/Code_of_Ethics.aspx">https://cbs.com.ph/about/Code_of_Ethics.aspx</a>	
2	The Code is properly disseminated to the members of Board.	Compliant	The <b>Code of Ethics for Directors</b> provides the guiding principles on the performance of their duties in accordance with the fit and proper rules; and establishes standards for professional and ethical conduct. Each Director is required to acknowledge receipt of the Code.  Link/Reference: - Code of Ethics <a href="https://cbs.com.ph/about/Code_of_Ethics.aspx">https://cbs.com.ph/about/Code_of_Ethics.aspx</a>	
3	The Code is disclosed and made available to the public through the company website.	Compliant	The copies of the Codes are available in Bank's website and also made available in the Bank's intranet to be readily accessible to all employees.  Link/Reference: - Code of Ethics <a href="https://cbs.com.ph/about/Code_of_Ethics.aspx">https://cbs.com.ph/about/Code_of_Ethics.aspx</a>	

### Recommendation 7.2

1	The Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	The Board requires full compliance with the Code of Ethics. The Board, through Human Resources Division (HRD), ensures that every employee is aware of and upholds the Code. To promote compliance with the Code, all new employees are given a copy of	
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		<p>the Code of Ethics booklet and undergo the New Employees' Orientation Program (NEOP) wherein the Code is comprehensively discussed.</p> <p>Link/Reference:  - Code of Ethics  <a href="https://cbs.com.ph/about/Code_of_Ethics.aspx">https://cbs.com.ph/about/Code_of_Ethics.aspx</a></p>
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## DISCLOSURE AND TRANSPARENCY

### Principle 8. ENHANCING COMPANY DISCLOSURE POLICIES AND PROCEDURES

The Board should establish corporate disclosure policies and procedures that are practical and in accordance with generally accepted best practices and regulatory expectations.

#### Recommendation 8.1

1	The Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders/members and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	Compliant	<p>The Board shall ensure that individual members of the Board and the shareholders are accurately and timely informed of a comprehensive and understandable assessment of the Bank's performance, financial condition and risk exposures. The Bank's website contains relevant information about the Bank.</p> <p>Links/References:  - Manual on Corporate Governance: Page 18 (Responsibilities of BOD), Page 94 (Right to Information)  <a href="https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf">https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf</a>  - Investor Relations:  <a href="https://cbs.com.ph/about/Investor_Relations.aspx">https://cbs.com.ph/about/Investor_Relations.aspx</a></p>	
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#### Recommendation 8.2

1	The company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within five (5) business days.	Compliant	<p>In accordance with the Bank's updated Manual on Corporate Governance, the Directors and Officers shall commit at all times to fully disclose to the Bank material information dealings in the company's shares by the said directors and officers within five (5) business days.</p>	
2	The company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within five (5) business days.	Compliant	<p>Links/References:  - Manual on Corporate Governance: Page 92 (Reportorial or Disclosure System of Bank's Corporate Governance Policies)</p>	

			<a href="https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf">https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf</a>	
<b>Recommendation 8.3</b>				
1	The company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	The Manual on Corporate Governance institutionalizes the principles of good corporate governance in the organization.  The latest revised version has been duly submitted to SEC, and posted accordingly in the website.	
2	The company's MCG is submitted to the SEC.	Compliant	Link/Reference: - Manual on Corporate Governance <a href="https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf">https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf</a>	
3	The company's MCG is posted on the company website.	Compliant	<a href="https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf">https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf</a>	
<b>Recommendation 8.4</b>				
1	The company's corporate governance policies and practices and all relevant information are disclosed in its Annual Corporate Governance Report (ACGR).	Compliant	In compliance with SEC Memorandum Circular No. 24 series of 2019, the Bank's Annual Corporate Governance Report (ACGR) was duly submitted to SEC, and posted accordingly in the website.  Link/Reference: - Annual Corporate Governance Report <a href="https://cbs.com.ph/about/Corporate%20Governance.aspx">https://cbs.com.ph/about/Corporate Governance.aspx</a>	
2	The company's ACGR is submitted to the SEC.	Compliant		
3	The company's ACGR is posted on the company website.	Compliant		
<b>Principle 9. STRENGTHENING EXTERNAL AUDITOR'S INDEPENDENCE AND IMPROVING AUDIT QUALITY</b>				
The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.				
<b>Recommendation 9.1</b>				
1	The Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of external auditors.	Compliant	The Audit Committee exercises oversight of external auditors. It is primarily responsible for the selection and appointment of these auditors, subject to stockholder ratification.	

			<p>The Committee also facilitates the approval / disapproval of the corresponding service fees. Moreover, they handle the performance evaluation and if necessary, the re-appointment or dismissal of the external auditors.</p> <p>Link/Reference:  - Audit Committee Charter  <a href="https://www.cbs.com.ph/assets/files/Audit%20Committee%20Charter.pdf">https://www.cbs.com.ph/assets/files/Audit%20Committee%20Charter.pdf</a>  - 2022 Annual Report: Page 38 (Audit Committee's Approval Policies)  <a href="https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf">https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf</a></p>	
2	The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and the shareholders/members.	Compliant	<p>As provided under the Audit Committee Charter, the appointment of the Bank's incumbent external auditor, SyCip Gorres Velayo &amp; Co. (SGV) has been presented to, and duly ratified by the stockholders.</p> <p>As stated in the reply above, the audit fees are endorsed by the Audit Committee.</p> <p>Link/Reference:  - 2022 Annual Report: Page 74 (Exhibits and Reports)  <a href="https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf">https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf</a></p>	
3	For the removal of external auditor, the reasons for such removal or change are disclosed to the SEC, the shareholders/members, and the public through the company website and required disclosures.	Compliant	<p>The incumbent external auditor of the Bank, SyCip Gorres Velayo &amp; Co. (SGV) was re-elected in 2022.</p> <p>Link/Reference:  - 2022 Annual Report: Page 74 (Exhibits and Reports)  <a href="https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf">https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf</a></p>	

**Recommendation 9.2**

1	The Audit Committee Charter includes the Audit Committee’s responsibility on: i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor’s independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.	Compliant	The assessment of the independence of the external auditor and oversight, among others are part of the responsibilities of the Audit Committee.  The responsibilities of the Audit Committee are discussed in the Charter.  Link/Reference: - Audit Committee Charter: Duties and Responsibilities <a href="https://www.cbs.com.ph/assets/files/Audit%20Committee%20Charter.pdf">https://www.cbs.com.ph/assets/files/Audit%20Committee%20Charter.pdf</a>	
2	The Audit Committee Charter contains the Committee’s responsibility on reviewing and monitoring the external auditor’s suitability and effectiveness on an annual basis.	Compliant	As specified in the Audit Committee Charter, the Committee has the responsibility to oversee the external auditors.  Link/Reference: - Audit Committee Charter: Duties and Responsibilities <a href="https://www.cbs.com.ph/assets/files/Audit%20Committee%20Charter.pdf">https://www.cbs.com.ph/assets/files/Audit%20Committee%20Charter.pdf</a>	

**Recommendation 9.3**

1	The company discloses the nature of non-audit services performed by its external auditor in the Annual Report to manage potential conflict of interest cases.	Compliant	Audit Committee evaluate and determine the non-audit work and disallow any non-audit work that will conflict with the duties as an external auditor or may pose a threat to the external auditor’s independence. The non-audit work, if allowed, should disclose in the corporation’s annual report and Corporate Governance Report.  Link/Reference: - Manual on Corporate Governance: Page 47 (Authority of Audit Committee), Page 85 (Non-Audit Work and Conflict of Interest) <a href="https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf">https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf</a> - 2022 Annual Report: Page 37 (Independent Public Accountant) <a href="https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf">https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf</a>	
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2	The Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	Compliant	<p>The Bank ensure that other non-audit work to be given to the external auditor shall not be in conflict with the functions of the external auditor, or does not pose a threat to his independence.</p> <p>Link/Reference:  - Manual on Corporate Governance: Page 85 (Non-Audit Work and Conflict of Interest)  <a href="https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf">https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf</a></p>	
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**Principle 10. INCREASING FOCUS ON NON-FINANCIAL AND SUSTAINABILITY REPORTING**

The Board should ensure that the company discloses material and reportable non-financial and sustainability issues.

**Recommendation 10.1**

1	The Board has a clear and focused strategy on the disclosure of non-financial information.	Compliant	China Bank Savings is committed to sustainability and to creating positive economic, social, and environmental outcomes. Sustainability is regarded as fundamental to sound business practices and good corporate citizenship. The Bank recognizes that the continued growth of business is interconnected with the fulfillment of broader development goals, including environmental and social sustainability. And as investors and customers become more aware of the world's environmental and social challenges, the Bank sharpens its focus not only on delivering strong financial performance, but also in making a positive social and environmental impact.	
2	The company discloses to all shareholders/members and other stakeholders the company's strategic and operational objectives with emphasis on the management of environmental, economic, social and governance (EESG) issues of its business which underpin sustainability.	Compliant	<p>Links/References:  - Manual on Corporate Governance: Page 99 (Sustainability, Environment, Social and Non-Financial Information)  <a href="https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf">https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf</a>  - 2022 Annual Report: Page 71-72  <a href="https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf">https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf</a></p>	

**Principle 11. PROMOTING A COMPREHENSIVE AND COST-EFFICIENT ACCESS TO RELEVANT INFORMATION**

The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for an informed decision-making by investors, stakeholders and other interested users.

**Recommendation 11.1**

1	The company has a website to ensure a comprehensive, cost-efficient, transparent and timely manner of disseminating relevant information to the public.	Compliant	<p>The Bank’s website is closely monitored and managed to ensure that it contains up-to-date disclosures and information.</p> <p>Links/References:                  - CBS Website: <a href="https://cbs.com.ph/About_Us.aspx">https://cbs.com.ph/About_Us.aspx</a></p>	
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**INTERNAL CONTROL AND RISK MANAGEMENT FRAMEWORKS**

**Principle 12. STRENGTHENING INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS**

To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management system.

**Recommendation 12.1**

1	The company has an adequate and effective internal control system in the conduct of its business.	Compliant	<p>The Board through Internal Audit Division monitors and evaluates the adequacy and effectiveness of the bank’s internal control system, integrity of financial reporting, and security of physical and information assets. It ensures review of the effectiveness of the institution’s internal controls, including financial, operational and compliance controls, and risk management.</p> <p>Links/References:                  - Manual on Corporate Governance: Pages 46 (Audit Committee)  <a href="https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf">https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf</a>                  - Annual Audit Plan (Annex 9)                  - Audit Committee Charter  <a href="https://www.cbs.com.ph/assets/files/Audit%20Committee%20Charter.pdf">https://www.cbs.com.ph/assets/files/Audit%20Committee%20Charter.pdf</a></p>	
2	The company has an adequate and effective enterprise risk management framework in the conduct of its business.	Compliant	The identification and assessment of operational risks which are inherent in all the Banks products, activities, processes and systems are performed through the Risk and Control Self-Assessment (RCSA) Program. This facilitates the determination of	

			<p>priority operational risk areas, the assessment of mitigating controls in place, and the institutionalization of additional measures to ensure a controlled operating environment.</p> <p>The Risk Oversight Committee oversees the enterprise risk management framework and ensures that there is periodic review of the effectiveness of the risk management systems and recovery plans. It ensures that corrective actions are promptly implemented to address risk management concerns.</p> <p>Links/References:  - Manual on Corporate Governance: Page 55 (Risk Management Committee)  <a href="https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf">https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf</a>  - Risk Oversight Committee Charter:  <a href="https://cbs.com.ph/assets/files/Risk%20Oversight%20Committee%20Charter.pdf">https://cbs.com.ph/assets/files/Risk%20Oversight%20Committee%20Charter.pdf</a></p>	
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**Recommendation 12.2**

1	<p>The company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.</p>	Compliant	<p>The Bank's Internal Audit Division provides independent, objective assurance and consulting services designed to add value to the Bank's governance, risk management, internal control processes and improve the company's operations.</p> <p>It assesses the Bank's system of risk management, control, and governance processes, as designed and represented by management, to determine whether it is adequate and functioning to ensure that quality and continuous improvement are fostered in the organization's control process, among others.</p> <p>Links/References:  - Annual Audit Plan (Annex 9)  - Audit Committee Charter:  <a href="https://www.cbs.com.ph/assets/files/Audit%20Committee%20Charter.pdf">https://www.cbs.com.ph/assets/files/Audit%20Committee%20Charter.pdf</a></p>	
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## CULTIVATING A SYNERGIC RELATIONSHIP WITH SHAREHOLDERS/MEMBERS

### Principle 13. PROMOTING SHAREHOLDER/MEMBER RIGHTS

The company should treat all shareholders/members fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.

#### Recommendation 13.1

1	The Board ensures that basic shareholder/member rights are disclosed in the Manual on Corporate Governance.	Compliant	<p>The fundamental rights of shareholders, amongst them, preemptive right, power of inspection, right to information, right to dividends and appraisal right are contained in the Manual on Corporate Governance.</p> <p>Link/Reference:                      - Manual on Corporate Governance: Pages 93 (Transparency)  <a href="https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf">https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf</a></p>	
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#### Recommendation 13.2

1	The Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders'/Members' Meeting with sufficient and relevant information at least twenty-one (21) days before the meeting.	Compliant	<p>The Notice for the 2022 Annual Stockholders' Meeting as contained in the Definitive Information Statement was sent out / published in two leading newspapers of general circulation on 16 May 2022 and 17 May 2022, which is 31 and 30 days, respectively, before the original Annual Stockholders' Meeting of 16 June 2022.</p> <p>Link/Reference:                      - Definitive Information Statement (Annex A: Explanation of Agenda Items)  <a href="https://cbs.com.ph/assets/files/Definitive%20Information%20Statement_ASM%202022.pdf">https://cbs.com.ph/assets/files/Definitive%20Information%20Statement_ASM%202022.pdf</a></p>	
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#### Recommendation 13.3

1	The Board encourages active shareholder/member participation by making the result of the votes taken during the most recent Annual or Special Shareholders'/Members' Meeting publicly available the next working day.	Compliant	<p>The 2022 Annual Stockholders Meeting was held on 16 June 2022. Voting results during the ASM was disclosed within the same day.</p> <p>Links/References:                      - Minutes of 2022 Annual Stockholders' Meeting  <a href="https://www.cbs.com.ph/assets/files/2022%20Annual%20Stockholders%20Meeting.pdf">https://www.cbs.com.ph/assets/files/2022%20Annual%20Stockholders%20Meeting.pdf</a></p>	
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2	The minutes of the Annual and Special Shareholders'/Members' Meetings were made available on the company website within five (5) business days from the date of the meeting.	Compliant	<p>The 2022 Annual Stockholders Meeting was held on 16 June 2022. The minutes of the ASM was posted on the Bank's website.</p> <p>The votes on each agenda item is clearly reflected in the minutes of the meeting, including all the questions asked and the reply thereto.</p> <p>Links/References:  - Minutes of 2022 Annual Stockholders' Meeting  <a href="https://www.cbs.com.ph/assets/files/2022%20Annual%20Stockholders%20Meeting.pdf">https://www.cbs.com.ph/assets/files/2022%20Annual%20Stockholders%20Meeting.pdf</a></p>	
<b>Recommendation 13.4</b>				
1	The Board makes available, at the option of a shareholder/member, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Compliant	<p>The Bank's Manual of Corporate Governance provides the establishment of an alternative dispute resolution system. However, the system has not been documented and operationalized.</p> <p>Link/Reference:  - Manual on Corporate Governance: Page 30 (Additional Duties of Board of Directors)  <a href="https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf">https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf</a></p>	
<b>Recommendation 13.5</b>				
1	The Board establishes an Investor Relations Office (IRO) or Customer Relations Office (CRO) or its equivalent to ensure constant engagement with its shareholders/members.	Compliant	<p>The Head of the Parent Bank's Investor and Corporate Relations Group (CBC) is FVP Gerald O. Florentino. With matters regarding China Bank Savings shareholders/members, contact person is Customer Experience Management and Marketing Head Maria Theresa E. Santos.</p> <p>Links/References:  - Minutes of 2022 Annual Stockholders' Meeting: Page 10 (Other Matters)  <a href="https://cbs.com.ph/assets/files/Minutes%20of%20Annual%20Stockholders%20Meeting.pdf">https://cbs.com.ph/assets/files/Minutes%20of%20Annual%20Stockholders%20Meeting.pdf</a></p>	

2	The IRO or CRO or its equivalent is present at every shareholders'/members' meeting.	Compliant	<p>Ms. Maria Theresa E. Santos, the Customer Experience Management and Marketing Head was present in the 2022 ASM as indicated in the corresponding Minutes.</p> <p>Link/Reference:  - Minutes of 2022 Annual Stockholders' Meeting  <a href="https://cbs.com.ph/assets/files/Minutes%20of%20Annual%20Stockholders%20Meeting.pdf">https://cbs.com.ph/assets/files/Minutes%20of%20Annual%20Stockholders%20Meeting.pdf</a></p>	
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### DUTIES TO STAKEHOLDERS

#### **Principle 14. RESPECTING RIGHTS OF STAKEHOLDERS AND EFFECTIVE REDRESS FOR VIOLATION OF STAKEHOLDER'S RIGHTS**

The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

#### **Recommendation 14.1**

1	The Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	<p>In 2022, the Bank, through its Board and Management has identified topics/issues that are highly significant to its stakeholders.</p> <p>The Bank believes that it is through proper understanding of stakeholders' needs, concerns, and expectations, and more importantly, embedding their feedback into the corporate strategy and daily business that it is able to develop long term-solutions, make responsible business decisions, and perform better.</p> <p>Links/References:  - 2022 Annual Report: Pages 31 (Plan of Operation)  <a href="https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf">https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf</a></p>	
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#### **Recommendation 14.2**

1	The Board establishes clear policies and programs to provide a mechanism on the fair treatment, protection and enforcement of the rights of stakeholders.	Compliant	<p>The Bank treats its stakeholders fairly and ensures their protection.</p> <p><b>Policy on Fair Treatment to Stakeholders</b>  The policies are in Pages 93-95 of the Bank's Manual on Corporate Governance (Transparency).</p>	
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**Principle 15. ENCOURAGING EMPLOYEES' PARTICIPATION**

A mechanism for employee participation should be developed to create a symbiotic working environment consistent with the realization of the company's objectives and good corporate governance goals.

**Recommendation 15.1**

1	The Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Compliant	<p>In place are policies and programs to ensure not just high-performance standards among our employees but as well as group-wide synergy towards the realization of corporate goals and business objectives.</p> <p>The Bank is committed to consistently engage its employees to ensure that all employees are heard and updated of these goals and key result areas to make them more effective. Our Human Resources Group has put in place various training and engagement activities, including a periodic town hall where employees are kept abreast of significant developments in various areas - Bank's overall performance and governance matters. A Q&amp;A portion during the town hall encourages employees to air their concerns.</p> <p>Moreover, part of the activities of the Bank is the commitment to continually strengthen compliance and governance culture through education and training.</p> <p>In order to raise awareness level, Compliance Division regularly conducts briefing to Compliance Coordinators of branches and head office units. This training program provides venue as well to better appreciate and understand compliance principles, concepts, and elements of good corporate governance.</p> <p>The Compliance Coordinators are required to cascade their learning to their respective areas. All new employees of the Bank undergo a basic orientation on Compliance System, Anti-Money Laundering and Governance, among others.</p> <p>Link/Reference: - 2022 Annual Report: Page 66 (Orientation and Education</p>	
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			Program) <a href="https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf">https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf</a>	
<b>Recommendation 15.2</b>				
1	The Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Business Conduct and Ethics.		<p>The Bank is committed to honest and ethical business practices and does not tolerate any form of bribery and corruption. Bank directors and employees are expected to act professionally, fairly, and with integrity in all our business dealings and relationships wherever we operate.</p> <p>China Bank Savings adopts the policy of the parent bank China Bank Corporation on Anti-Bribery and Corruption.</p> <p>Link/Reference:  - Manual on Corporate Governance: Page 14 (Bank's Corporate Culture and Values)  <a href="https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf">https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf</a>  - Corporate Governance (Anti-Bribery and Corruption)  <a href="https://cbs.com.ph/about/Corporate_Governance.aspx">https://cbs.com.ph/about/Corporate_Governance.aspx</a>  - Code of Ethics: <a href="https://cbs.com.ph/about/Code_of_Ethics.aspx">https://cbs.com.ph/about/Code_of_Ethics.aspx</a></p>	
2	The Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant	<p>The Board has imposed a policy of full compliance with the Code of Ethics and other policies. HRD ensures that every Bank employee is aware of, and upholds the Code.</p> <p>Given the mandate of the Board, HRD ensures that the training programs present the pertinent Bank policies governing their respective functions.</p> <p>Links/References:  - Code of Ethics: <a href="https://cbs.com.ph/about/Code_of_Ethics.aspx">https://cbs.com.ph/about/Code_of_Ethics.aspx</a></p>	
<b>Recommendation 15.3</b>				
1	The Board establishes a suitable framework for whistleblowing that allows	Compliant	The Bank does not and will not tolerate unethical or illegal conduct, thus a Whistleblowing mechanism was established to	



	<p>employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation.</p>		<p>ensure that employees, customers, shareholders, and third-party service providers will have a way to report questionable activity, unethical conduct, fraud or any other malpractice, by mail, phone or e-mail. Disclosures or reports are handled under the strictest measures of confidentiality and anonymity to allay fears of reprisal or retaliation.</p> <p>Link/Reference:  - Manual on Corporate Governance: Page 50 (On Whistleblowing)  <a href="https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf">https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf</a></p>	
2	<p>The Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.</p>	Compliant	<p>Reports can be submitted to the Bank's Chief Compliance Officer who determines the substance and validity of all whistle-blower reports. If the disclosure or information is complete and is sufficient in form and substance, the matter shall be endorsed to Audit Division and/or HRD for further investigation, subject to the Bank's Administrative Disciplinary Rules and Procedures.</p> <p>If on preliminary examination of the report, the Chief Compliance Officer finds the disclosure baseless, without substance or merit in its totality, the whistle-blower shall be notified of such fact within twenty four (24) hours from receipt of the report.</p> <p>Link/Reference:  - Manual on Corporate Governance: Page 50 (On Whistleblowing)  <a href="https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf">https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf</a></p>	
3	<p>The Board supervises and ensures the enforcement of the whistleblowing framework.</p>	Compliant	<p>All disclosures and their corresponding status and resolution are regularly reported to the Board, thru the Audit Committee.</p> <p>Link/Reference:  - Manual on Corporate Governance: Page 50 (On Whistleblowing)  <a href="https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf">https://cbs.com.ph/assets/files/Manual%20on%20Corporate%20Governance-Revised%202022.pdf</a></p>	

**Principle 16. ENCOURAGING SUSTAINABILITY AND SOCIAL RESPONSIBILITY**

The company should be socially responsible in all its dealings with the communities in which it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

**Recommendation 16.1**

1	The company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	Compliant	<p>Community involvement is a cornerstone of CBS' programs. The Bank supports a wide range of noteworthy projects for the underprivileged sector, provide educational assistance to promising children, undertake charitable fundraising, and encourage employee volunteerism in its efforts to give back to society.</p> <p>Brigada Eskwela - CBS supports clean, safe, learner-friendly school facilities and improving the quality of public education in the country. The Bank is a regular participant of Brigada Eskwela, the annual campaign of the Department of Education to mobilize parents, students, faculty and private sector stakeholders to clean, refurbish and rehabilitate public elementary and high school campuses and facilities before the start of each school year. CBS committed in collaborating with DepEd by upscaling ongoing programs and projects of the Bank to improve the learning system and achieve MATATAG goals. The Bank will continue to support teachers to fast track their career progression through professional development programs like Project Gurong Matatag.</p> <p>National Teachers Day – CBS delivered prizes and giveaways for more than 5,000 beneficiaries composed of the Department of Education teachers and staff attending National Teachers' Month and World Teachers Day celebrated in Bangued, Abra. The Bank officers and staff led by CBS President James Christian T. Dee and CBS APDS Lending Group Head Niel C. Jumawan presented the donation to the DepEd Undersecretary Atty. Gerard Chan and Education officials. CBS is committed to closer private sector-DepEd cooperation, in line with our nationwide CBS Build &amp; Rise Initiative that envisions and aspires to help Build and Raise a nation that enjoys common prosperity; a country where Filipinos can all pursue lives that are strongly-rooted, comfortable, and</p>	
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secure. Among the anchors of the CBS Build & Rise Initiative is financial inclusion. CBS is presently expanding its network of kiosk-type branches to meet the growing demand for personal finance of teachers and employees of the Department of Education, especially in the countryside.

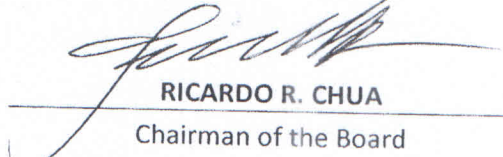
Link/References:


- 2022 Annual Report: Page 69 (Corporate Social Responsibility Initiatives)

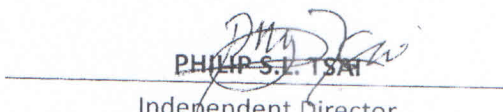
<https://cbs.com.ph/assets/files/CBS%202022%20Annual%20Report.pdf>

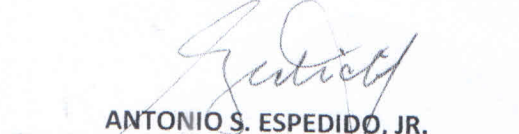
Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report (ACGR) is signed on behalf of the registrant by the undersigned.

SIGNATURES

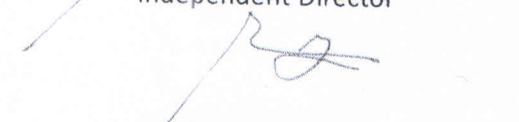
  
RICARDO R. CHUA  
Chairman of the Board

  
JAMES CHRISTIAN T. DEE  
President

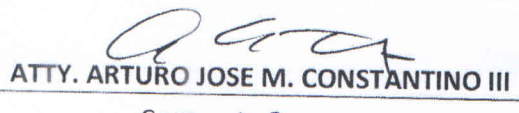
  
PHILIP S.L. TSAI  
Independent Director

  
ANTONIO S. ESPEDIDO, JR.  
Independent Director

  
CLAIRE ANN T. YAP  
Independent Director

  
GENARO V. LAPEZ  
Independent Director

  
ATTY. CORAZON T. LLAGAS  
Chief Compliance Officer


  
ATTY. ARTURO JOSE M. CONSTANTINO III  
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 22 JUN 2023 day of \_\_\_\_\_ 2023, affiant(s) exhibiting to me their identification documents, as follows:

NAME	IDENTIFICATION DOCUMENTS
Ricardo R. Chua	
James Christian T. Dee	
Antonio S. Espedido, Jr.	
Philip S.L. Tsai	
Claire Ann T. Yap	
Genaro V. Lapez	
Corazon T. Llagas	
Arturo Jose M. Constantino III	

IDENTIFICATION DOCUMENTS

Doc No. 136  
Page No. 27  
Book No. CV  
Series of 2023

  
NOEL V. DANTING  
Notary Public until Dec. 31, 2024  
Appointment No. M-102 (2023-2024)  
Roll No. 47096 IBP No. 08446  
PTR No. 9566832 01/04/23 Makati  
MCLE Compliance No. VII-0015822  
314 Gil Puyat Ave., Makati City



## Annex 1

**List of Trainings Attended by the Board of Directors  
For the Year 2022**

Directors	Annual Corporate Governance Training	Corporate Governance Orientation Program	Anti-Money Laundering Updates
	<i>03 August 2022</i>	<i>29 - 30 June 2022</i>	<i>3 August 2022</i>
Ricardo R. Chua	✓		✓
Nancy D. Yang	✓		✓
William C. Whang	✓		✓
James Christian T. Dee	✓		✓
Rosemarie C. Gan	✓		✓
Patrick D. Cheng	✓		✓
Philip S.L. Tsai (ID)	✓		✓
Antonio S. Espedido, Jr. (ID)		✓	
Claire Ann T. Yap (ID)	✓		✓
Genaro V. Lapez (ID)	✓		✓
	<i>20 July 2022</i>		
Herbert T. Sy, Jr.	✓		



Control No.: 2022-017-0014



Institute of Corporate Directors

presents this

## Certificate of Participation

to

**Arturo Jose M. Constantino III**

China Bank Savings, Inc.

for participating in the webinar

## Corporate Secretary as Corporate Governance Professionals

held on

June 16, 2022 | 1:00:00 PM - 5:00:00 PM

June 17, 2022 | 1:00:00 PM - 5:00:00 PM

through ZOOM Meetings

Carlos Jose P. Gatmaitan  
Chief Executive Officer



Institute of Corporate Directors

presents this

## Certificate of Participation

to

**Arturo Jose M. Constantino III**

China Bank Savings, Inc.

for participating in the webinar

## Advanced Corporate Governance Training

held on

August 3, 2022 | 8:50:00 AM - 12:15:00 PM  
through ZOOM Meetings

A handwritten signature in black ink, appearing to read 'Carlos Jose P. Gatmaitan', is written over a faint, repeating pattern of the ICD logo.

Carlos Jose P. Gatmaitan  
Chief Executive Officer





Institute of Corporate Directors

presents this

## Certificate of Participation

to

**Arturo Jose M. Constantino III**

China Bank Savings, Inc.

for participating in the webinar

### Anti-Money Laundering Updates

held on

August 3, 2022 | 1:00:00 PM - 2:00:00 PM  
through ZOOM Meetings



Carlos Jose P. Gatmaitan  
Chief Executive Officer



Control No.: 2022-021-0056



Institute of Corporate Directors

presents this

## Certificate of Participation

to

**Atty. Corazon T. Llagas**

China Bank Savings, Inc.

for participating in the webinar

## Corporate Governance Orientation Program

held on

June 29, 2022 | 8:00:00 AM - 12:00:00 PM

June 30, 2022 | 8:00:00 AM - 12:00:00 PM

through ZOOM Meetings

A handwritten signature in black ink, appearing to read 'Carlos Jose P. Gatmaitan', is positioned above the printed name.

Carlos Jose P. Gatmaitan  
Chief Executive Officer

Control No.: 2022-019-0017



Institute of Corporate Directors

presents this

## Certificate of Participation

to

**Corazon T. Llagas**

China Bank Savings Inc.

for having completed the online course

**AMLA Compliance in the Age of the  
Digital World**

held on

June 23, 2022 | 2:00:00 PM - 5:00:00 PM

through ZOOM Meetings

A handwritten signature in black ink, appearing to read 'Carlos Jose P. Gatmaitan', is positioned above the printed name.

Carlos Jose P. Gatmaitan  
Chief Executive Officer





Supreme Court of the Philippines  
Mandatory Continuing Legal Education Office



**Certificate of Compliance**

*This is to certify that*

***ATTY. CORAZON TIMUAT LLAGAS***

*with Roll of Attorneys No. 43639, has complied with the required 36 credit units of Mandatory Continuing Legal Education for the 7th compliance period (April 15, 2019 to April 14, 2022) under Bar Matter No. 850, dated August 22, 2000, as amended, per our records and her MCLE compliance report.*

*Issued on the 30th day of May 2022, at the MCLE Office, 4th Floor, IBP Building, 15 Doña Julia Vargas Avenue, Ortigas Center, Pasig City, Philippines.*

A handwritten signature in black ink, appearing to read "Sedfrey M. Candelaria".

**SEDFREY M. CANDELARIA**  
*Acting Chairperson, MCLE Governing Board*

***MCLE Compliance No. VII - 0019586***

*Valid until April 14, 2025.*

REPUBLIC OF THE PHILIPPINES)  
MAKATI CITY ) S.S.

=====

**S SECRETARY'S CERTIFICATE**

I, **Atty. ARTURO JOSE M. CONSTANTINO III**, of legal age, with office address at 2<sup>nd</sup> Floor, CBS Building, 314 Sen. Gil Puyat Ave., Makati City, Philippines, after having been duly sworn to in accordance with law, hereby certify that:

I am the duly appointed Corporate Secretary of **CHINA BANK SAVINGS, INC.**, (the "Corporation"), a thrift banking corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at CBS Building, 314 Sen. Gil Puyat Ave., Makati City, Philippines;

As Corporate Secretary, I have possession of the records of the Corporation, including the minutes of the meetings of the Board of Directors, Executive Committee and other Board-approved Committees;

During the regular meeting of the Board of Directors of the Corporation held on **15 December 2022**, via virtual meeting (MS Teams Platform) at which meeting a quorum was present and acting throughout, the following resolution was duly passed and approved

**CBS 2023-2027 REVISED 5-YEAR FINANCIAL PROJECTIONS**

**Board Resolution No. 13-12.15.2022-17**

**RESOLVED, AS IT IS HEREBY RESOLVED**, that the Board approve as it hereby approves the **CBS 2023-2027 Revised 5-Year Financial Projections**, as contained in the Memoranda dated 17 November 2022 and 15 December 2022 presented by the President, Mr. James Christian T. Dee.

x x x

The above resolution is still in full force and effect and has not been revoked.

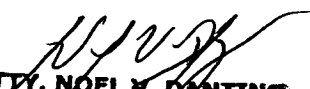
IN WITNESS WHEREOF, I hereby affix my signature on this DEC 19 2022 at Makati City.

  
**Atty. ARTURO JOSE M. CONSTANTINO III**  
Corporate Secretary

**DEC 19 2022**

**SUBSCRIBED AND SWORN TO** before me this \_\_\_\_\_ at Makati City, affiant having exhibiting to me his government issued Passport ID No. P1283873B issued by DFA Manila valid until March 29, 2029.

Doc. No. 160  
Page No. 23  
Book No. CXC/11/1  
Series of 2022

  
**ATTY. NOEL V. DANTING**  
Notary Public until June 30, 2022  
Appointment No. M-36 (2020-2021)  
Roll No. 47096 IBP No. 08446  
PTR No. 8852732 01/04/22 Makati  
MCLE Compliance No. VI-0014069  
169 H.V. Dela Costa St., Makati City

## HUMAN RESOURCE POLICIES AND PROCEDURES MANUAL

<b>SUBJECT: SUCCESSION MANAGEMENT PROGRAM</b>	
<b>Policy No:</b>	<b>Page 1 of 5</b>
<b>Effectivity Date: January 1, 2014</b>	<b>Approval Date: April 2, 2014</b>

### OBJECTIVES

The Bank's Succession Management Program (SMP) aims to:

- A. Contribute to implementing the Bank's strategic business plans;
- B. Identify high-potential employees who may be considered as possible successors for key positions and to prepare, train and develop them; and
- C. Make available qualified successors to assume key positions to ensure seamless transition of talents in the Bank.

### ROLES AND RESPONSIBILITIES

#### A. General Responsibilities

##### 1. Business Group

- a. Business Group Leaders / Senior Officers shall have hands-on involvement in the Program.
- b. Senior Officers shall be responsible for developing talent in their respective Groups / Divisions, for rewarding them, and for taking action for results and non-results.
- c. For purposes of this Manual, Business Group Leaders shall refer to Group, Division, Region, Area and Department Heads as shown in Table 1.

Table 1: List of Business Group Leaders

Branch	Non-Branch
Group Head	Group Head
Deputy Group Head	Division Head / Cluster Head
Region Head	Department Head
Area Head	

##### 2. Human Resources Division

The HRD Head shall be responsible for giving update/advice to Senior Management about the Program and important developments, situations and issues to be resolved in relation to the Succession Management Program of the Bank and its subsidiaries. HRD-OEDD shall be responsible for:

- a. Collecting information and disseminating SMP and Successor for Officer Retirees (SFOR) information across business units through Business Group Leaders and other HRD Departments.

## HUMAN RESOURCE POLICIES AND PROCEDURES MANUAL

<b>SUBJECT: SUCCESSION MANAGEMENT PROGRAM</b>	
<b>Policy No:</b>	<b>Page 2 of 5</b>
<b>Effectivity Date: January 1, 2014</b>	<b>Approval Date: April 2, 2014</b>

- b. Providing data and process support to the business groups, such as documentation of competencies, performance requirements, individual development plans and other tools for assessment and evaluation of candidates.

### POLICY GUIDELINES

- A. The HRD Head with Group / Division Heads will initiate identification of target group or key positions that will be eventually vacated due to employee movement, resignation or retirement.
- B. The SFOR includes various scenarios for retirement and the processes that emanate from each scenario of which the officers and Management have to follow to ensure proper and timely succession from the incumbent officer to the incoming officer, the successor.

Three (3) scenarios covered by SFOR:

Scenario 1 - Officers who are nearing the age of 50 and qualified for Early Retirement<sup>1</sup>

Includes CBC officers (Assistant Manager to Senior Vice President) who are 46 years old to 49 years old whose total number of years with the Bank<sup>2</sup> is 10 years on the day he / she reaches the age of 50.

Scenario 2 - Officers who are nearing the age of 55 and qualified for Normal Retirement<sup>3</sup>

Includes CBC officers (Assistant Manager to Senior Vice President) who are 51 years old to 54 years old.

Scenario 3 - Officers who are nearing the age of 60 and qualified for Deferred or Late Retirement<sup>4</sup>

Includes CBC officers (Assistant Manager to Senior Vice President) who are 56 years old to 59 years old.

- C. Business Group Leaders will conduct inventory of high-potential employees through discussions within their business units and HRD who can be possible successors for key

<sup>1</sup> Section 2. Early Retirement – on the day a member attains age 50 and after rendering at least 10 years of continuous service with the Bank, he may, at his option, retire and shall be entitled to the retirement benefits provided under Article VI of the Plan (*CBC Employees' Retirement Plan – as amended December 1, 1995*).

<sup>2</sup> Continuously employed with CBC

<sup>3</sup> Section 1. Normal Retirement – For the qualified members of the Plan, normal retirement date shall be the last day of the month during which he attains the age of 55 provided he has served the Bank for at least ten (10) continuous years; provided that the employees may opt to retire on the last day of the month during which he attains age 60, subject to the provisions of Article VI on retirement benefits (*CBC Employees' Retirement Plan*).

<sup>4</sup> Section 3. Deferred or Late Retirement – Any member may continue to work with the Bank beyond his normal retirement age of 55, provided such extended or late retirement shall not extend beyond the employee's 60<sup>th</sup> birthday, subject to the provisions of Article VI on retirement benefits (*CBC Employees' Retirement Plan – as amended December 1, 1995*).

## HUMAN RESOURCE POLICIES AND PROCEDURES MANUAL

**SUBJECT: SUCCESSION MANAGEMENT PROGRAM**

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positions in the Bank by evaluating in terms of competencies required for the position as well as their readiness to assume higher responsibilities.

If possible successor is from another unit (outside the unit where he/she was identified as a possible successor), procedures stated below should be followed:

1. Business Group Leader will secure endorsement from his / her Group or Division Head
2. Business Group Leader will inform HRD Head
3. HRD will secure endorsement from candidate's unit for eventual transfer of assignment

**Note:** *A possible successor can only be included in the Succession Management Program upon the endorsement of his/her current Group / Division / Region / Area Head.*

- D. Business Group Leaders will draft Individual Development Plan for each identified possible successor.
- E. HRD – OEDD reviews the drafted Individual Developmental Plans and revises as necessary which will be approved by the Line Officer, Group or Division Head and Chief Operating Officer.
- F. Possible successors shall be evaluated in terms of the competencies required for the position as well as their readiness to assume higher responsibilities.

### CRITERIA

- A. Performance Record

Annual performance rating of at least Good for the last two (2) years

- B. Disciplinary Record

No disciplinary record action record for the last two (2) years

- C. Key Competencies

High-potential employees who may be considered as possible successors must meet at least proficiency Level 3 of the following key competencies (*see Annex A for the definition of each competency*):

Proficiency Level 1	Proficiency Level 2	Proficiency Level 3	Proficiency Level 4
Has not demonstrated the required competency and current circumstances are	Has not demonstrated the required competency but shows aptitude and potentials to	Has demonstrated the required competency in some instances.	Has fully demonstrated the required competency

## HUMAN RESOURCE POLICIES AND PROCEDURES MANUAL

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insufficient to assess potential.	acquire and demonstrate it.		
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1. Analytical Thinking
2. Business Development
3. Customer Focus
4. Developing Others
5. Entrepreneurial Orientation
6. Goal Orientation
7. Managing Performance
8. Operational Efficiency & Effectiveness
9. People Management
10. Sales Management
11. Strategy Execution
12. Transformational Leadership

Job Family	Applicable Competencies
Marketing	All
Operations	All except Sales Management and Business Development
Support	
Technical	

### D. Job-Specific Competencies

High-potential employees who may be considered as possible successor must also meet the job-specific competencies and required proficiency level which shall be determined by the Business Group Leaders.

### PROCEDURES

1. HRD – OEDD generates Leadership Roster (**Exhibit 1**) every April and October of the year and simultaneously conducts job profiling for those who are in the SFOR and key positions.
2. HRD – OEDD submits the generated reports to HRD Head and Group / Region / Area / Division Heads concerned for discussion every May – June and November – December of the year.
3. HRD – OEDD updates the reports as necessary and resubmits to HRD Head and Group / Region / Area / Division Heads concerned until approval.



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4. Based on the discussion, Business Leaders prepare the Individual Development Plan **(Exhibit 2)** which is submitted to HRD – OEDD and revises it as necessary until approval of the Group / Region / Area / Division Heads concerned and if the possible successor is for a Group Head position, HRD – OEDD secures approval up to COO level.
5. HRD – OEDD ensures that IDP is being executed through monthly report and follow-up with HRD Head.
6. HRD – OEDD prepares quarterly SMP report which shows the percentage of implementation of the IDP and submits to HRD Head and Group / Region / Area / Division Heads concerned.
7. Business Leaders assess possible successors through the Bench Assessment **(Exhibit 3)** and submits to HRD – OEDD.
8. HRD – OEDD evaluates the accomplished Bench Assessments and updates the monthly and quarterly reports which will be submitted to the HRD Head.
9. HRD Head discusses with Group / Region / Area / Division Heads concerned the readiness of the possible successors and next steps.

# POLICY ON SOURCING, SELECTION AND NOMINATION OF DIRECTORS

## I. INTRODUCTION

The Board shall be composed of competent and working members to foster the long-term success of the corporation and to sustain its competitiveness and growth in a manner consistent with the corporate objectives. It should be composed of directors with a collective working knowledge, experience or expertise that is relevant to the company's industry/sector. The Board should always ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction.

Thus, in the event of vacancy in the Board, the remaining members should be able to identify, select, qualify and evaluate candidates using consistent criteria and process.

This policy is adopted in order to ensure an effective selection process for candidates for director of the Bank.

## II. OBJECTIVE

To set up an orderly identification, evaluation and selection process of directors in case of vacancy in the Board, whether by reason of anticipated retirement, resignation, reaching the maximum cumulative term for independent director, disqualification, or other unforeseen circumstances. The Board should be able to identify and select candidates to the Board in a timely manner for continuous and unhampered performance of its functions.

## III. SELECTION/SOURCING OF DIRECTORS

### 1. Vacancies in the Board <sup>1</sup>

- i. In accordance with the Bank's By-Laws, vacancies in the Board of Directors may be filled by election or appointment, made by the remaining directors, if still constituting a quorum, or otherwise, said vacancy shall be filled by the stockholders in a regular or special meeting called for the purpose. <sup>2</sup>
- ii. The person so elected to fill a vacancy shall hold office only for the unexpired term of his predecessor in office. Whether any such vacancy shall or shall not be filled, shall be left to the discretion of the Board of Directors.

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<sup>1</sup> China Bank Savings Manual on Corporate Governance (page 12)

<sup>2</sup> Amended By-Laws, Section 8

## 2. Sourcing of Candidates

- i. The Board of Directors may use professional search firms or other external sources of candidates when searching for candidates for the Board.
- ii. The Board of Directors may solicit nomination or select from among the Bank's stockholders, candidates for the Board.

## 3. Assessment of Candidates

- i. The members of the Board of Directors shall be selected from broad pool of qualified candidates.
- ii. In evaluating candidates for director, the following minimum qualifications shall be considered and met:
  - a. He must be fit and proper for the position of a director, in accordance with the requirements of the Bangko Sentral ng Pilipinas <sup>3</sup> and Securities and Exchange Commission (SEC) rules and regulations.
  - b. He must demonstrate integrity, competence, independence, leadership and judgment.
  - c. He can be expected to add to the total mix of the members of the Board that is effective, collegial, diverse and responsive to the needs of the corporation.
  - d. He does not hold any interlocking directorship/officership that could result to excessive concentration of economic power, unfair competitive advantage or conflict of interest situations. <sup>4</sup>
  - e. He possesses all the qualifications and none of the disqualifications set forth by the BSP, SEC and other governing bodies.
- iii. The Bank, in selecting independent directors and non-executive directors, must consider the number and types of entities where the candidate is likewise elected as such, to ensure that he will be able to devote sufficient time to effectively carry-out his duties and responsibilities.

## 4. Nomination and Election of Directors <sup>5</sup>

- i. The nomination of Directors shall be governed by the policy issued by the Office of the Corporate Secretary (OCS) and shall form part of this Policy as Annex. See **Nomination Process** <sup>6</sup> of the Bank.
- ii. The said rules shall determine the reasonable time within which nomination in writing may be submitted using the prescribed form either to any of the members of the

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<sup>3</sup> BSP Circular No. 1129 Amendments to Corporate Governance Guideline (page 3)

<sup>4</sup> MORB, Interlocking Directorship and/or Officership, (page 91)

<sup>5</sup> China Bank Savings Manual on Corporate Governance (page 12)

<sup>6</sup> Nomination Process

Nominations Committee (NomCom), the Corporate Governance Committee (CGCom) or the Office of the Corporate Secretary (OCS).

- iii. Any shareholder of record, including a minority shareholder, who is entitled to a notice and to vote during the Annual Stockholders' Meeting, is qualified to nominate or be nominated.
- iv. The Nomination Committee shall pre-screen the qualifications and/or supporting papers of each nominee and prepare a final list of candidates containing all relevant information about the nominees, and indicate the nominees for independent directors, if any.
- v. Compliance Division through the Chief Compliance Officer shall prepare the following for each candidate:
  - a. fact sheet
  - b. summary of evaluation results which shall include general qualifications, interlocking and concurrent positions in other entities, relevant training, financial standing, attendance in BSP recognized corporate governance training possible committee membership



**China Bank Savings, Inc.**  
**Nomination Process<sup>1</sup>**  
**(With Fit and Proper Rule/Guide for the Assessment of the Nominee)**

A. Nomination

Any shareholder of record, including a minority shareholder, who is entitled to a notice and to vote during the Annual Stockholders' Meeting, is qualified to nominate or be nominated.<sup>2</sup>

B. Form and Content

1. All nominations shall be in writing duly signed by the nominating stockholders or their representatives duly authorized in writing, with the written acceptance and conformity of the nominee.<sup>3</sup>
2. The nomination must indicate whether the nominee is intended to be independent director and shall contain the nominee's age, educational attainment, and full disclosure of work and/or business experience and/or affiliations. Please see **Annex 1** for the Nomination Form.

C. Endorsement to Board Committee

Nominations<sup>4</sup> shall be submitted to the Nominations Committee and/or the Corporate Governance Committee thru any member or to the Corporate Secretary.

D. Pre-Screening

1. The Nominations and/or Corporate Governance Committee shall pre-screen<sup>5</sup> the qualifications of the nominees on the basis of the nomination and/or supporting papers<sup>6</sup>. Ensuring that the nominee's qualities are aligned with the Bank's strategic direction.<sup>7</sup>
2. The nominee must be fit and proper for the position of a director<sup>8</sup>
  - 2.1 Whether a person is fit and proper for the position of a director, the following matters must be considered by the Committee:
    - a. Skills are sufficient to lead and/or assist the Bank in accomplishing its vision and corporate goals;

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<sup>1</sup>Based on the 2018 Nomination Rules of China Bank, issued by the OCS.

<sup>2</sup>CBC-CG Manual, 2018, p.13

<sup>3</sup>Revised IRR of the SRC, Rule 38.8.2

<sup>4</sup>The Nomination shall be done using the prescribed template from the Nomination Rules.

<sup>5</sup>The Committee shall put in place careening policies and parameters to enable it to effectively review the qualifications of the nominees for independent director/s. Rule 38.8.3 of the Revised IRR of the SRC (2015)

<sup>6</sup> Such as but not limited to the Bio-data of the Nominee [BSP template], Nomination Form, Certification by the Independent Director [for IDs].

<sup>7</sup>Revised CBC Nominations Committee Charter (2017)

<sup>8</sup>MORB, X142.3(2017) - Duties and responsibilities of officers) Qualifications of a director.

- b. Integrity/probity, physical/mental fitness; relevant education/ financial literacy/training;

In assessing a director's integrity/ probity, consideration shall be given to the director's market reputation, observed conduct and behaviour, as well as his ability to continuously comply with company policies and applicable laws and regulations, including market conduct rules, and the relevant requirements and standards of any regulatory body, professional body, clearing house or exchange, or government and any of its instrumentalities/agencies.

- c. Possession of competencies relevant to the job, such as knowledge and experience, skills, diligence and independence of mind; and
- d. Sufficiency of time to fully carry out responsibilities.

## 2.2 Qualifications of an Independent Director

- a. The list of qualifications and disqualifications of an Independent Director are provided in [Annex 2](#) hereof.
- b. Some Board-level Committees require that an Independent Director should sit as a member and/or that it should be composed entirely of Independent Directors. Each of this committee may require certain skills or educational background. The attached [Annex 3](#) summarized these qualifications on a per Committee basis.

## 3. Board Diversity

The Committee in assessing the nominee shall consider the Bank's policy on diversity to ensure optimal mix in the members of the Board. Please refer to [Annex 4](#) for the Diversity Policy.

## E. Use of A Search Firm

In accordance with the Bank's CG Manual, The Board of Directors may use professional search firms or other external sources of candidates when searching for candidates for the Board.

## F. List of Candidates

1. If there is not enough nominees for directors and/or IDs, the Nominations and/or Corporate Governance Committees, jointly or separately, as may be agreed upon among the members, may by majority vote nominate such number of nominees for the said position and include them in the final list for the Stockholders' Meeting.
2. The Committees shall prepare a final list of candidates containing all relevant information about the nominees (indicate the nominees for Independent Director).

3. Only nominees whose name appears on the Final List of Candidates shall be eligible for election as Independent Director/s. No other nominations shall be entertained after the Final List of Candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the actual stockholders' meeting.<sup>9</sup>

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<sup>9</sup>Rule 38.8.5, Revised IRR of the SRC (2015).

**NOMINATION FORM**

**PLEASE CHECK PROPER BOX:**

- Nominee for  
Independent Director <sup>b</sup>
- Not nominee for  
Independent Director

\_\_\_\_\_  
NAME OF NOMINEE <sup>a</sup>

CITIZENSHIP : \_\_\_\_\_ AGE : \_\_\_\_\_ DATE OF BIRTH : \_\_\_\_\_  
(MM/DD/YYYY)

PLACE OF BIRTH : \_\_\_\_\_ NAME OF SPOUSE : \_\_\_\_\_

RESIDENTIAL ADDRESS : \_\_\_\_\_ TEL. NO. : \_\_\_\_\_ CELL. NO. : \_\_\_\_\_

OFFICE ADDRESS : \_\_\_\_\_ TEL. NO. : \_\_\_\_\_

EDUCATIONAL BACKGROUND/ATTAINMENT <sup>d</sup>: (Please attach separate sheet, if necessary)

FULL DISCLOSURE OF WORK AND/OR BUSINESS EXPERIENCE: (Please attach separate sheet, if necessary)

DIRECTORSHIP/POSITION IN OTHER CORPORATIONS/ASSOCIATIONS: (Please attach separate sheet, if necessary)

PSE-LISTED COMPANIES :

OTHER COMPANIES :

STOCKHOLDINGS/SECURITY OWNERSHIP:

DIRECT :

INDIRECT:

CONVICTION, IF ANY, OF AN OFFENSE, JUDICIAL OR ADMINISTRATIVE, OR JUDICIAL DECLARATION OF BEING INSOLVENT, SPENDTHRIFT OR INCAPACITATED TO CONTRACT. IF APPLICABLE, PLEASE STATE:

<u>PARTICULARS &amp; NATURE OF OFFENSE</u>	<u>COURT/BODY</u>	<u>DATE COMPLAINT/ INFORMATION WAS FILED</u>
_____	_____	_____
_____	_____	_____

CONFORMITY & ACCEPTANCE:

_____ SIGNATURE	_____ SIGNATURE
_____ PRINTED NAME OF NOMINEE	_____ PRINTED NAME OF NOMINATOR-STOCKHOLDER OR AUTHORIZED REPRESENTATIVE <sup>e</sup>
_____ DATE SUBMITTED	_____ RELATION TO NOMINEE

NOTE: Please see reverse side to be signed and certified by nominee for Independent Director



**CERTIFICATION**  
(Nominee for Independent Director)

As a nominee for Independent Director of China Banking Corporation, I hereby certify that I have all the qualifications and none of the disqualifications as provided for in SEC Memorandum Circular No. 16, Series of 2002, Section 38 of the Securities Regulation Code and its Amended Implementing Rules and Regulations, Section X141 of the Manual of Regulations for Banks, and those required/implicit under The General Banking Law (R.A. No. 8791).

IN WITNESS WHEREOF, I have hereunto signed this certification in \_\_\_\_\_ this \_\_\_\_ day of \_\_\_\_\_, 2018.

\_\_\_\_\_  
Signature of Nominee for Independent Director

Republic of the Philippines )  
City of \_\_\_\_\_ ) s.s.

SUBSCRIBED AND SWORN to before me this \_\_\_\_ day of \_\_\_\_\_, 2018 in \_\_\_\_\_, affiant exhibiting to me his/her \_\_\_\_\_ issued on \_\_\_\_\_ in \_\_\_\_\_.

Notary Public

Doc No. \_\_\_\_\_;  
Page No. \_\_\_\_\_;  
Book No. \_\_\_\_\_;  
Series of 2018.

- <sup>a</sup> - must be an owner of at least one (1) share of stock of the Bank (Sec. 23, The Corporation Code); must be fit and proper for the position of a director, and must have attended a seminar on corporate governance for board of directors (Subsection X142.3 (a), MORB).
- <sup>b</sup> - *"Independent Director"* is defined by SEC Memorandum Circulars Nos. 19 (Series of 2016) or the Code of Corporate Governance for Publicly Listed Companies (COCG for PLCs), 16 (Series of 2002); Sec. 38 of The Securities Regulation Code (SRC), and its Amended Implementing Rules and Regulations (AIRR); Sec. 15 of The General Banking Law; and Section X141 of the Manual of Regulations for Banks (MORB) as amended by Bangko Sentral ng Pilipinas (BSP) Circular No. 969, as a person who, apart from his fees and shareholdings, is independent of management and the controlling shareholder and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with or influence his exercise of independent judgment in carrying out his responsibilities as a director of the Bank; and includes, among others, any person who:
  - i. is not, or has not been a senior officer or employee of the Bank unless there has been a change in the controlling ownership of the company (Recommendation 5.2, COCG for PLCs);
  - ii. is not or has not been a director, an officer or employee of the Bank, its subsidiaries, associates or affiliates or related interests in the three (3) years immediately preceding his election (Subsection X141.1 (g), MORB; Recommendation 5.2, COCG for PLCs), and is not a director or officer or employee of substantial stockholders and their related companies in the three (3) years counted from the date of his election/appointment or holding more than two percent (2%) of the outstanding shares of stock or holding shares of stocks sufficient to elect one (1) seat in the Board of Directors of the Bank or its majority corporate shareholders (Subsection X141.1 (g), MORB);
  - iii. has not been appointed in the Bank, its subsidiaries, associates, affiliates or related companies as Chairman "Emeritus," "Ex-Officio" Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three (3) years immediately preceding his election/appointment (Recommendation 5.2, COCG for PLCs; ; Subsection X141.1 (g), MORB);
  - iv. does not own more than two percent (2%) of the shares of the Bank and/or its related companies or any of its substantial shareholders (Rule 38.2, AIRR of the SRC);
  - v. is not a close family member of any director, officer, or stockholder holding shares of stock sufficient to elect one (1) seat in the Board of the Bank or any of its related companies or any of its substantial stockholders (Subsection X141.1 (g), MORB);
  - vi. is not acting as a nominee or representative of any director or substantial shareholder of the Bank, or any of its related companies or any of its substantial shareholders, pursuant to a Deed of Trust or under any contract or arrangement (Subsection X141.1(g), MORB; Rule 38.2, AIRR of the SRC);
  - vii. has not been employed in any executive capacity by the Bank, any of its related companies and/or any of its substantial shareholders within the last two (2) years (Rule 38.2, AIRR of the SRC);
  - viii. is not retained as professional adviser, consultant, agent or counsel by the Bank, any of its related companies or any of its substantial shareholders, either in his personal capacity or through his firm during the past three (3) years counted from the date of his election (Subsection X141.1 (g), MORB);
  - ix. has not been engaged and does not engage in any transaction with the Bank and/or with any of its related companies and/or with any of its substantial shareholders, whether by himself and/or with other persons or through a firm of which he is a partner and/or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and could not materially interfere with or influence the exercise of his judgment (Subsection X141.1 (g), MORB);
  - x. is not or has not been convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Securities Regulation Code, committed within five (5) years prior to the date of his election (Rule 38.3, AIRR of the SRC);
  - xi. as non-executive director, should not concurrently serve as director to more than five (5) publicly listed companies (Recommendation 4.2, COCG for PLCs; ; Subsection X142.3(b), MORB);
  - xii. is not affiliated with any non-profit organization that receives significant funding from the Bank or any of its related companies or substantial shareholders (Recommendation 5.2, COCG for PLCs; Subsection X141.1 (g), MORB); and,
  - xiii. is not employed as an executive officer of another company where any of the covered company's executives serve as directors (Recommendation 5.2, COCG for PLCs; Subsection X141.1 (g), MORB).
- <sup>c</sup> - nominee must be at least a college graduate or have five (5) years of experience in business (SEC Memorandum Circular No.16, Series of 2002).
- <sup>d</sup> - nominator must attach a copy of pertinent Board or Partnership Resolution if a corporation or partnership stockholder is making the nomination, or a Special Power of Attorney if an individual stockholder is making the nomination through representative.
- <sup>e</sup> - nominee for independent director must certify under oath that he complies with all the qualifications required of an independent director and does not possess any of the disqualifications therefor (Subsection X148.2, in relation to Subsection X141.1 (g), MORB).

**QUALIFICATIONS OF AN INDEPENDENT DIRECTOR<sup>10</sup>**

<b>2018 Rules Governing the Nomination and Election of Independent Directors<sup>11</sup></b>	
	<b>Educational Background.</b> At least a college graduate or 5 years of experience in business.
	<b>Stock Ownership.</b> Own at least 1 share of stock of the Bank.
	<b>Fit and Proper.</b> Must be fit and proper <sup>12</sup> for the position of a director.
	<b>Corporate Governance Training.</b> Must have attended a seminar on corporate governance for board of directors.
	<p><b>Not an Employee.</b> Is not, or has not been a senior officer or employee of the Bank unless there has been a change in the controlling ownership of the company.</p> <p><b>Not an Employee for the past 3 years.</b> Not an officer or employee of the Bank, its subsidiaries, or affiliates or related interests in the 3 years immediately preceding his election (MORB).</p> <p><i>Note: Per SRC, nominee should not have been employed in any executive capacity by the Bank, any of its related companies and/or any of its substantial shareholders within the last 2 years.</i></p>
	<b>Not Related to Substantial Stockholder.</b> Not a director or officer or employee of substantial stockholders and their related companies in the 3 years counted from the date of election/appointment or holding more than 2% of the outstanding shares of stocks or holding shares of stocks sufficient to elect 1 seat in the Board of the Bank or its majority shareholders.
	<b>Not an Adviser to the Board.</b> Has not been appointed in the Bank, its subsidiaries, associates, affiliates or related companies as Chairman “Emeritus,” “Ex-Officio” Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three (3) years immediately preceding his election.
	<b>Shareholdings not exceeding 2%.</b> Does not own more than two percent (2%) of the shares of the Bank and/or its related companies or any of its substantial shareholders.
	<b>Not a Close Family of DOS.</b> Is not a close family member of any director, officer, or stockholder holding shares of stock sufficient to elect one (1) seat in the Board of the Bank or any of its related companies or any of its substantial stockholders.
	<b>Not a Nominee.</b> Is not acting as a nominee or representative of any director or substantial shareholder of the Bank, or any of its related companies or any of its substantial shareholders, pursuant to a Deed of Trust or under any contract or arrangement.
	<b>Not a Consultant, etc. for the past 3 years.</b> Is not retained as professional adviser, consultant,

<sup>10</sup> **Nominator** must attach a copy of pertinent Board or Partnership Resolution if a corporation or partnership stockholder is making the nomination, or a Special Power of Attorney if an individual stockholder is making the nomination through representative.

**Nominee** must certify under oath that he complies with all the qualifications required of an independent director and does not possess any of the disqualifications thereof.

<sup>11</sup> Based on the related provisions stipulated under the following:

- Manual of Regulations for Banks (MORB)
- SEC Memorandum Circular No. 19 / Code of CG for Publicly Listed Companies
- Securities Regulation Code (SRC)

<sup>12</sup> Whether a person is fit and proper for the position of a director, the following matters must be considered: integrity/probity, physical/mental fitness; relevant education/ financial literacy/training; possession of competencies relevant to the job, such as knowledge and experience, skills, diligence and independence of mind; and sufficiency of time to fully carry out responsibilities.

	agent or counsel by the Bank, any of its related companies or any of its substantial shareholders, either in his personal capacity or through his firm during the past 3 years counted from the date of his election.
	<b>Transactions w/ the Bank.</b> Has not been/does not engage in any transaction with the Bank and/or its related companies and/or substantial shareholders, whether by himself and/or with other persons or through a firm of which he is a partner and/or a company of which he is a director or substantial shareholder, <u>other than</u> transactions which are conducted at arm's length and could not materially interfere with or influence the exercise of his judgment.
	<b>No Criminal Record.</b> Is not or has not been convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the SRC, committed within five (5) years prior to the date of his election.
	<b>Not a Director for 5 PLCs.</b> As non-executive director, should not concurrently serve as director to more than 5 publicly listed companies.
	<b>Not a Recipient of Funding.</b> Is not affiliated with any non-profit organization that receives significant funding from the Bank or any of its related companies or substantial shareholders.
	Is not employed as an executive officer of another company where any of the covered company's executives serve as directors.

**PERMANENT DISQUALIFICATIONS <sup>13</sup>**

	Judicially declared insolvent, spendthrift, or incapacitated to contract.
	Permanently enjoined (by reason of misconduct) by a final order of SEC, BSP or any administrative body from acting / taking on specific capacities.
<b>Has been convicted by final judgement of a court:</b>	
	<i>For offenses involving dishonesty or breach of trust.</i>
	<i>For violation of banking laws, rules and regulations.</i>
	<i>For violation of the SRC &amp; Corporation Code</i>
	<i>Sentencing him/her to serve a maximum term of imprisonment of more than six (6) years.</i>
<b>Found by Monetary Board to be:</b>	
	<i>Culpable for a bank's closure.</i>
	<i>Administratively liable for violation of banking laws, rules and regulations where a penalty of removal from office is imposed. <sup>14</sup></i>
<b>Other Disqualifications set forth in the MORB</b>	

<sup>13</sup>Based on BSP's Regulation on Fit and Proper Rules

<sup>14</sup>In which the findings of Monetary Board or another government agency has become final and executory.

<b>Committee Memberships for Independent Directors <sup>15</sup></b>	
	<p><b><u>Corporate Governance Committee</u></b> Range of expertise / experience to effectively oversee the implementation of corporate governance framework and ensure that it remains appropriate in light of the Bank’s business and regulatory environments</p>
	<p><b><u>Audit Committee</u></b> Accounting, auditing, or related financial management expertise or experience commensurate with the size, complexity of operations and risk profile of the Bank, to manage matters pertaining to internal and external control systems</p>
	<p><b><u>Compliance Committee</u></b> Range of expertise / experience to meritoriously monitor the Bank’s compliance with established rules and regulations and mitigate risks that may erode the franchise value of the Bank</p>
	<p><b><u>Risk Oversight Committee</u></b> Range of expertise / experience as well as adequate knowledge on risk management issues and practices to facilitate the execution of the Bank’s risk management plan and strategies</p>
	<p><b><u>Nominations Committee</u></b> Range of expertise / experience and objectivity to review and evaluate the qualifications of all persons nominated for the Board and other appointments that require Board approval</p>
	<p><b><u>Compensation or Remuneration Committee</u></b> Range of expertise / experience to provide oversight over the remuneration of senior management and other key personnel and ensure that compensation is consistent with the Bank’s culture, strategy and control environment</p>
	<p><b><u>Related Party Transaction Committee</u></b> Range of expertise / experience as well as adequate knowledge of the Bank’s risks concerning related party transactions to ensure that they are conducted at arm’s length.</p>

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<sup>15</sup>An elected Independent Director should have the required skills and experience to hold a position in, and carry out the duties of the committees where he may be appointed to, in accordance with the respective charters.

## Policy on Board Diversity

### Diversity in the Composition of the Board <sup>16</sup>

The Board should be composed of directors with a collective working knowledge, experience or expertise that is relevant to the Bank's industry/sector. The Board should always ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfil its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction.

To ensure diversity, the Board shall consider age, educational background, business experience in banking or related industry, competence, knowledge, skills and to include ethnicity, culture, skills as the case may be.

To the extent practicable, the members of the board of directors shall be selected from a broad pool of qualified candidates. A sufficient number of qualified non-executive members if not a majority of non-executive directors shall be elected to promote and help secure the objective independence of the board from the views of senior management in judgment of corporate affairs and to substantiate proper checks and balances.<sup>17</sup>

The membership of the Board may be a combination of executive and non-executive directors (which include independent directors) in order that no director or small group of directors can dominate the decision making process.

The non-executive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.

The Board in ensuring diversity has identified the required skills and mix of qualifications of directors. Each nominee's qualification is reviewed by the Nominations Committee in accordance with its Charter.

Below are the diversity objectives of the Board to ensure optimal mix.

1. At least one (1) female Independent Director.
2. At least fifty percent (50%) of the members of the Board are with background or experience in Banking or Finance.
3. At least fifty percent (50%) of the member of the Board are with background or experience in Management and/or Business Administration.
4. At least fifty percent are with sufficient background or training in Anti-Money Laundering and Credit Transactions

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<sup>16</sup> Recommendation 1.1 SEC Memo No. 9 S2016, Code of CG for PLCs

<sup>17</sup> Manual of Regulations for Banks (MORB), Section X141.1b; Recommendation 1.2 SEC Memo No. 16 S2016





January 9, 2023

**CERTIFICATION**

We, **RICARDO R. CHUA**, Chairman and **ATTY. ARTURO JOSE M. CONSTANTINO III**, Corporate Secretary of China Bank Savings, Inc., do hereby attest and certify the attendance in the following Board meetings of the CBS directors for the fiscal year ending December 31, 2022:

Director	Regular (12)	Special (1)	Total (13)	%
Ricardo R. Chua - Chairman	12	1	13	100.00%
Nancy D. Yang - Vice-Chairman	12	1	13	100.00%
William C. Whang	12	1	13	100.00%
Alexander C. Escucha	12	1	13	100.00%
Rosemarie C. Gan***	12	1	13	100.00%
Patrick D. Cheng	12	1	13	100.00%
Herbert T. Sy, Jr.	12	1	13	100.00%
Margarita L. San Juan - Independent Director*	5	1	6	100.00%
Philip S. L. Tsai – Independent Director	12	1	13	100.00%
Claire Ann T. Yap – Independent Director	12	1	13	100.00%
Genaro V. Lapez, Jr.	11		12	93%
Antonio S. Espedido, Jr.**	7		7	100.00%

Legend:

\* Ms. Margarita L. San Juan's term as Independent Director ended on June 16, 2022.

\*\* Mr. Antonio S. Espedido was elected on June 16, 2022 Annual Stock Holders' Meeting as the new Independent Director.

\*\*\* Ms. Ms. Rosemarie C. Gan retired effective as of December 31, 2022

This further certifies that there constituted a quorum for each scheduled meeting of the Board.

IN WITNESS WHEREOF, we have hereunto set our hands on this JAN 13 2023 at Makati City.

**Ricardo R. Chua**  
Chairman of the Board

**Atty. Arturo Jose M. Constantino III**  
Corporate Secretary

REPUBLIC OF THE PHILIPPINES)  
MAKATI CITY ) S.S.

SUBSCRIBED AND SWORN TO BEFORE ME, this JAN 13 2023, at Makati City, Ricardo R. Chua and Atty. Arturo Jose M. Constantino III, exhibited to me their Unified Multi Purpose ID Nos. CRN-0111-2418918-1 and Passport No. P1283873B, valid until 29 March 2029, respectively.

Doc. No. 292 ;  
Page No. 60 ;  
Book No. 17 ;  
Series of 2023.

**FELIPE I. ILEDAN JR.**  
Notary Public for and in Makati City  
Until Dec. 31, 2024, Appt. No. M-003  
Roll No. 27625, TIN 136897808  
Rm. 412, 4th Flr. VGP Center, Ayala, Makati City  
2023 PTR No. MLA 0861144, 01/03/2023  
IBP No. 119431, 06/17/2020  
MCLE Compliance No. V1-0012066

REPUBLIC OF THE PHILIPPINES)  
MAKATI CITY ) S.S.  
=====

**SECRETARY'S CERTIFICATE**

I, **Atty. ARTURO JOSE M. CONSTANTINO III**, of legal age, with office address at 2<sup>nd</sup> Floor, CBS Building, 314 Sen. Gil Puyat Avenue, Makati City, 1200 Philippines, after having been duly sworn to in accordance with law, hereby certify that:

I am the duly appointed Corporate Secretary of **CHINA BANK SAVINGS, INC.**, (the "Corporation"), a thrift banking corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at CBS Building, 314 Sen. Gil Puyat Ave., Makati City, Philippines;

As Corporate Secretary, I have possession of the records of the Corporation, including the minutes of the meetings of the Corporation's Audit Committee:

During the regular meeting of the Audit Committee of the Corporation held on **15 March 2022**, via MS Teams Platform, at which meeting a quorum was present and acting throughout, wherein the Corporation's external auditor, Sycip Gorres Velayo & Co. presented the Corporation's Financial Statements, the following resolution was duly passed and approved:

xxx


**Resolution No. AC No. 02-03.15.2022-02**

**RESOLVED, AS IT IS HEREBY RESOLVED**, that the Committee **notes and approves** the Financial Statements as of and for the year ended 31 December 2021, audited by Sycip Gorres Velayo & Co.

xxx


The above resolution is still in full force and effect and has not been revoked.

**JAN 31 2023** IN WITNESS WHEREOF, I hereby affix my signature on this \_\_\_\_\_ at Makati City.

  
**Atty. ARTURO JOSE M. CONSTANTINO III**  
Corporate Secretary

**SUBSCRIBED AND SWORN TO** before me this **JAN 31 2023** at Makati City, affiant having exhibiting to me his government issued Passport ID No. P1283873B issued by DFA Manila valid until 29 March 2029.

Doc. No. 271 ;  
Page No. 56 ;  
Book No. 41 ;  
Series of 2023.

  
**FELIPE I. ILEDAN JR.**  
Notary Public for and in Makati City  
Until Dec. 31, 2024, Appt. No. M-003  
Roll No. 27625, TIN 136897808  
Rm. 412, 4th Flr. VGP Center, Ayala, Makati City  
2023 PTR No. MLA 0861144, 01/03/2023  
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**CHINA BANK SAVINGS**  
 314 Sen. Gil Puyat Avenue, Makati City 1200  
 (02) 8988-9555 • www.cbs.com.ph

**OFFICE OF THE CORPORATE SECRETARY**

**NOTICE OF ACTION  
 OF THE  
 AUDIT COMMITTEE**

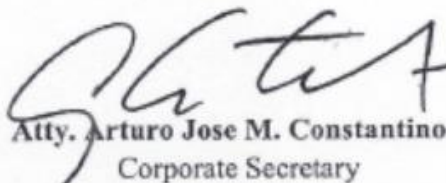
To	:	<b>Ms. Marita P. Roxas, CBC-CBS Internal Audit Department Head</b>
CC	:	Mr. Ronald Marcaida, CBC Internal Audit Division Head
Subjects	:	<b>Request for the Amendment of 2022 Branch Audit Plan</b>
Date	:	19 July 2022

Please be informed that the Audit Committee of China Bank Savings, Inc., in its regular meeting held on **19 July 2022** via electronic device, wherein a quorum was present and acted throughout, passed Resolution No. **AC No. #04-07.19.2022-06**, **approving** the above subject/report, as contained in the Presmat Presentation Slide dated **14 July 2022** submitted by the Internal Audit Division.

The above-mentioned action of the Committee further includes the following instructions:

1. Consider reducing mandays and make audit process more efficient and covering more branches.
2. Conduct preliminary work before proceeding with audit.
3. Explore outsourcing audit functions concerning non-confidential matters.
4. Approval of the request for additional budget in the amount of Php 622,000.00 for the audit on 52 units.

For your information and/or immediate action, please.

  
**Atty. Arturo Jose M. Constantino III**  
 Corporate Secretary



## Amendment of 2022 Branch Audit Plan

With the assumption that there are no changes in the available mandays used during annual planning and risk assessment, the change in the audit approach from remote to regular audit will decrease the no. of units that can be covered for 2022 by 13:

No. of Covered Units	
From	To
88	75

- Decrease was attributable to the 4 additional mandays required per engagement for regular audit, excluding travel time for audit of provincial Branches.

## Amendment of 2022 Branch Audit Plan

However, considering the available mandays available for July to Dec. 2022, the change in the audit approach from remote to regular audit will decrease the no. of units by 36:

No. of Covered Units	
From	To
88	52

Decrease in the no. of units was due to the following:

- a. 4 additional mandays required per engagement for regular audit, excluding travel time for audit of provincial Branches.
- b. Decrease in the available mandays because of the following:
  - Resignation of 1 Audit Staff in April 2022;
  - Finalization of the Audit Reports of 2021 carry-over engagements;
  - Attendance to new employee orientation seminar upon integration with parent bank and other internal trainings sponsored by HRD – Training Academy; and
  - Infection / exposure with covid19 virus of Branch Auditors requiring quarantine in first quarter of 2022.

## Amendment of 2022 Branch Audit Plan

Increase in the approved budget of P620K for Traveling Expense is also needed with the shift in the audit approach from remote to regular audit, as follows:

No. of Units For Audit	Additional Budget Needed
75	P 1.121M
52	622K



**CHINA BANK SAVINGS**  
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**OFFICE OF THE CORPORATE SECRETARY**

**NOTICE OF ACTION  
OF THE AUDIT COMMITTEE**

TO	:	Ms. Marita P. Roxas, CBS Audit Dept. Head
cc	:	Mr. Ronald R. Marcaida, CBC Internal Audit Division Head
DATE	:	21 November 2022
SUBJECT	:	<b>For Audit Committee Approval</b> <b>1. Amendment of 2022 Head Office Audit Plan</b>

Please be informed that the Audit Committee of China Bank Savings, Inc., in its regular meeting held on **15 November 2022** via MS Teams platform, wherein a quorum was present and acted throughout, passed Resolution No. **AC #06-11.15.2022-05**, approving the above subject/request, as contained in the Presentation Material dated 15 November 2022 of the Internal Audit Division.

The above-mentioned action of the Committee further includes the following instruction/s:

1. Consider convincing personnel to work overtime to cover more business units.
2. Consider increasing minimum number of audits required of every auditor, as regards the assessment of performance.
3. Consider adding transportation and meal allowance into incentives for overtime work.

For your information and/or immediate action, please.

  
**Atty. JAMES ANTHONY D. BETITO**  
Assistant Corporate Secretary



## Amendment of 2022 Head Office Audit Plan

No. of Covered Units	
From	To
28	23

Decrease in no. of Units to be covered in 2022 was due to the decrease in the available mandays attributable to the following:

1. Resignation of 1 Audit Staff in August 2022;
2. Assumption of 1 Audit Officer as HO Audit Unit Officer-In-Charge (OIC) during maternity leave of HO Unit Head from May to August 2022;
3. Finalization of the Audit Reports of 2021 carry-over engagements;
4. Availment of study leave of 2 Audit Staff;
5. Attendance to new employee orientation seminar upon integration with parent bank and other internal trainings sponsored by CBC HRD - Training Academy; and
6. Exposure with Covid19 virus of HO Auditors requiring self-quarantine in 1st and 2nd quarters of 2022.

## Amendment of 2022 Head Office Audit Plan

Units to be Deferred*	Schedule for Audit in 2023
1. General Accounting Division (GAD) - ROPA Unit	1st Quarter
2. Special Projects and Recon Unit	1st Quarter
3. GAD - Disbursement Department	2 <sup>nd</sup> Quarter
4. Sales Contract Receivable (SCR) Management Department	2 <sup>nd</sup> Quarter
5. Real Estate and Repossessed Vehicles (VisMin) Department	2 <sup>nd</sup> Quarter

\* These Units were all classified "Moderate" per Risk Assessment.