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INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
China Bank Insurance Brokers, Inc.
2/F, VGP Center, 6772 Ayala Avenue
Barangay San Lorenzo, Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of China Bank Insurance Brokers, Inc. (the Company) which comprise the balance sheets as at December 31, 2021 and 2020, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 22 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of China Bank Insurance Brokers, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Janet A. Paraiso

Janet A. Paraiso
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SEC Partner Accreditation No. 92305-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-062-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8853462, January 3, 2022, Makati City

April 22, 2022

BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 8A - MAKATI
Revenue District Office No. 47
East Makati
RECEIVED
INITIAL: DATE:

APR 29 2022

CHINABANK INSURANCE BROKERS, INC.
(A Wholly Owned Subsidiary of China Banking Corporation)

BALANCE SHEETS

	December 31	
	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 5 and 18)	**₱314,618,838**	₱276,890,285
Receivables (Notes 6 and 18)	**6,265,226**	6,288,470
Investment at fair value through profit or loss (Note 7 and 18)	**151,209,389**	150,040,984
Other current assets (Note 8)	**40,012,802**	29,046,344
	512,106,255	462,266,083
Noncurrent Assets		
Property and equipment (Note 9)	**35,452,873**	41,247,397
Software costs (Note 10)	**5,826,900**	6,711,299
Deferred income tax asset (Note 15)	**10,497,352**	13,748,466
Pension asset (Note 14)	**2,981,094**	1,546,192
Other noncurrent assets (Note 11)	**1,872,371**	1,872,371
	56,630,590	65,125,725
	₱568,736,845	₱527,391,808
LIABILITIES AND EQUITY		
Current Liabilities		
Payable to insurance principals (Note 12)	**₱27,920,505**	₱37,950,352
Accrued expenses	**4,203,460**	4,828,948
Lease liability (Note 19)	**6,979,368**	6,314,211
Other current liabilities (Note 13)	**153,778,094**	189,218,600
	192,881,427	238,312,111
Noncurrent Liability		
Lease liability (Note 19)	**19,780,354**	26,654,071
	212,661,781	264,966,182
Equity		
Capital stock – ₱100 par value		
Authorized – 5,000,000 shares		
Issued and outstanding – 1,421,300 shares	**142,130,000**	142,130,000
Retained earnings (Note 16)		
Appropriated	**80,000,000**	30,000,000
Unappropriated	**123,350,948**	81,336,439
Other equity – stock grant (Note 16)	**622,300**	656,590
Remeasurement gains on retirement plan (Note 14)	**9,971,816**	8,302,597
	356,075,064	262,425,626
	₱568,736,845	₱527,391,808

See accompanying Notes to Financial Statements.

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CHINABANK INSURANCE BROKERS, INC.
(A Wholly Owned Subsidiary of China Banking Corporation)

STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2021	2020
REVENUE		
Commissions	**₱249,528,365**	₱197,123,805
OPERATING EXPENSES		
Compensation and fringe benefits (Notes 14 and 18)	**62,248,157**	54,787,524
Marketing	**29,791,289**	24,131,514
Depreciation and amortization (Notes 9 and 10)	**12,599,110**	5,990,193
Management and professional fees (Note 18)	**4,971,767**	5,422,225
Entertainment, amusement, and recreation (Note 15)	**3,564,990**	3,544,219
Taxes and licenses	**1,864,606**	1,985,210
Messengerial and janitorial services	**1,528,844**	913,171
Stationery and office supplies	**1,262,502**	677,917
Occupancy	**1,215,463**	5,260,181
Reversal of impairment losses (Note 11)	**(1,210,574)**	–
Postage, telephone, and telegraph	**695,355**	781,044
Transportation and travel	**252,342**	270,547
Miscellaneous	**9,493,925**	6,615,377
	128,277,776	110,379,122
NET OPERATING INCOME	**121,250,589**	86,744,683
OTHER INCOME (LOSS)		
Interest (Notes 5, 7 and 18)	**554,659**	2,833,205
Miscellaneous (Notes 7 and 9)	**1,945,139**	(1,735,965)
	2,499,798	1,097,240
INCOME BEFORE INCOME TAX	**123,750,387**	87,841,923
PROVISION FOR INCOME TAX (Note 15)	**31,735,878**	24,178,082
NET INCOME	**92,014,509**	63,663,841
OTHER COMPREHENSIVE INCOME		
Items that recycle to profit or loss in subsequent periods:		
Fair value changes on investments at fair value through other comprehensive income (Note 7)	–	29,663
Loss on investments at fair value through other comprehensive income taken to profit or loss (Note 7)	–	1,554,018
Item that does not recycle to profit or loss in subsequent periods:		
Remeasurement gains on retirement plan, net of tax (Note 14)	**1,669,219**	34,057
	1,669,219	1,617,738
TOTAL COMPREHENSIVE INCOME	**₱93,683,728**	₱65,281,579

See accompanying Notes to Financial Statements.

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CHINABANK INSURANCE BROKERS, INC.
(A Wholly Owned Subsidiary of China Banking Corporation)

STATEMENTS OF CHANGES IN EQUITY

	Capital Stock	Retained Earnings (Notes 16) Appropriated	Unappropriated	Other Equity - Stock Grant	Net Unrealized Losses on Investments at Fair Value through Other Comprehensive Income (Note 7)	Remeasurement Gains on Retirement Plan (Note 14)	Total
Balances at January 1, 2021	**₱142,130,000**	**₱30,000,000**	**₱81,336,439**	**₱656,590**	**₱–**	**₱8,302,597**	**₱262,425,626**
Appropriation of retained earnings (Note 16)	–	50,000,000	(50,000,000)	–	–	–	–
Stock grant (Note 16)	–	–	–	(34,290)	–	–	(34,290)
Total comprehensive income	–	–	92,014,509	–	–	1,669,219	93,683,728
Balances at December 31, 2021	**₱142,130,000**	**₱80,000,000**	**₱123,350,948**	**₱622,300**	**₱–**	**₱9,971,816**	**₱356,075,064**
Balances at January 1, 2020	₱142,130,000	₱30,000,000	₱167,672,598	₱–	(₱1,583,681)	₱8,268,540	₱346,487,457
Cash dividends declared and paid	–	–	(150,000,000)	–	–	–	(150,000,000)
Stock grant (Note 16)	–	–	–	656,590	–	–	656,590
Total comprehensive income	–	–	63,663,841	–	1,583,681	34,057	65,281,579
Balances at December 31, 2020	₱142,130,000	₱30,000,000	₱81,336,439	₱656,590	₱–	₱8,302,597	₱262,425,626

See accompanying Notes to Financial Statements.

CHINABANK INSURANCE BROKERS, INC.
(A Wholly Owned Subsidiary of China Banking Corporation)

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱123,750,387**	₱87,841,923
Adjustments for:		
Depreciation and amortization (Notes 9 and 10)	**12,599,110**	5,990,193
Retirement expense (Note 14)	**2,786,076**	2,917,306
Interest expense (Note 19)	**1,405,751**	262,276
Reversal of impairment losses (Note 11)	**(1,210,574)**	–
Trading gain on investment at fair value through profit or loss (Note 7)	**(1,168,405)**	(40,984)
Unrealized foreign exchange loss (gain)	**(776,734)**	222,931
Interest income (Notes 5 and 7)	**(554,659)**	(2,807,524)
Stock grant (Note 16)	**(34,290)**	656,590
Loss on sale of investments at fair value through other comprehensive income (Note 7)	**–**	1,554,018
Operating income before working capital changes	**136,796,662**	96,596,729
Increase in the amounts of:		
Receivables	**(3,420)**	(1,097,988)
Other assets	**(715,381)**	(4,578,449)
Increase (decrease) in the amounts of:		
Payable to insurance principals	**(10,029,847)**	(29,529,762)
Other liabilities	**(35,440,506)**	84,850,794
Accrued expenses	**(625,488)**	(347,134)
Net cash generated from operations	**89,982,020**	145,894,190
Interest received	**581,323**	3,502,982
Income tax paid (Note 15)	**(37,290,950)**	(27,048,092)
Contributions paid (Note 14)	**(2,786,076)**	(8,954,142)
Net cash provided by operating activities	**50,486,317**	113,394,938
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Property and equipment (Note 9)	**(5,464,830)**	(5,409,366)
Software costs (Note 10)	**(455,357)**	(240,542)
Investment at fair value through profit or loss (Note 7)	**–**	(150,000,000)
Proceeds from:		
Sale of investments at fair value through other comprehensive income (Note 7)	**–**	26,540,456
Sale of property equipment (Note 9)	**–**	886,612
Net cash used in investing activities	**(5,920,187)**	(128,222,840)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of principal portion of the lease liability (Note 19)	**(6,208,560)**	(2,858,343)
Payments of the interest portion of the lease liability (Note 19)	**(1,405,751)**	(262,276)
Dividends declared and paid to stockholders	**–**	(150,000,000)
Cash used in financing activities	**(7,614,311)**	(153,120,619)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**36,951,819**	(167,948,521)
EFFECTS OF FOREIGN EXCHANGE	**776,734**	(222,931)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**276,890,285**	445,061,737
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)	**₱314,618,838**	₱276,890,285

See accompanying Notes to Financial Statements.

CHINABANK INSURANCE BROKERS, INC.
(A Wholly Owned Subsidiary of China Banking Corporation)
NOTES TO FINANCIAL STATEMENTS

1. **Corporate Information**

Chinabank Insurance Brokers, Inc. (the Company), a wholly owned subsidiary of China Banking Corporation (CBC or the Parent Company), was registered with the Philippine Securities and Exchange Commission (SEC) on November 3, 1998 primarily to engage in insurance brokerage business. The Company started its commercial operations on February 24, 1999.

The Company's principal place of business is located at 2/F, VGP Center, 6772 Ayala Avenue, Barangay San Lorenzo, Makati City.

2. **Summary of Significant Accounting Policies**

Basis of Preparation
The accompanying financial statements have been prepared on a historical cost basis except for financial assets at fair value through profit or loss (FVTPL) that have been measured at fair value. The financial statements are presented in Philippine peso (₱), which is also the Company's functional. All amounts are rounded to the nearest peso, except when otherwise indicated.

Statement of Compliance
The accompanying financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year except for the following amendments to PFRS which became effective beginning January 1, 2021, except for the amendment to PFRS 16 which is effective beginning April 1, 2021 as discussed below. Unless otherwise indicated, these changes in the accounting policies did not have any significant impact on the financial position or performance of the Company:

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Company shall also disclose information about:

- The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Company is not required to restate prior periods.

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*

  The amendment provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before
  - June 30, 2022; and
  - There is no substantive change to other terms and conditions of the lease.

  A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19-related rent concession in the same way it would account for a change that is not a lease modification - i.e., as a variable lease payment.

  The amendments are effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted.

  The Company adopted the amendment beginning April 1, 2021.

Current versus Non-current Classification
The Company presents assets and liabilities in the balance sheet based on current or non-current classification. An asset is presented as a current asset when:

- It is expected to be realized or intended to be sold or consumed within the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realized within twelve months after the reporting period; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current assets.

A liability is presented as a current liability when:

- It is expected to be settled within the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The Company classifies deferred tax assets and liabilities as non-current.

Fair Value Measurement
For measurement and disclosure purposes, the Company determines the fair value of an asset or liability at initial measurement date or at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Cash and Cash Equivalents
For purposes of reporting cash flows, cash includes cash in bank and petty cash funds. Cash equivalents are convertible to known amounts of cash which have original maturities of three months or less from dates of placements and that are subject to an insignificant risk of changes in value.

Financial Instruments

Date of recognition
Financial instruments within the scope of PFRS 9 are recognized in the balance sheet when the Company becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date, the date that an asset is delivered to or by the Company.

Classification and initial recognition of financial instruments
The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at fair value; except for financial instruments at FVTPL, transaction costs are added to, or subtracted from, the amount at initial recognition.

Contractual cash flows test
In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial assets is denominated, and the period for which the interest rate is set.

Business model assessment
The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

As of December 31, 2021 and 2020, the Company's financial assets comprised of financial assets at amortized cost and financial assets at FVTPL.

Financial assets at amortized cost
Financial assets are measured at amortized cost if both of the following conditions are met:

- The asset is held within the Company's business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI on the principal amount outstanding.

Debt financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method less allowance for expected credit losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate (EIR). The amortization is included in 'Interest income' in the statement of comprehensive income. Gains and losses are recognized in the statement of comprehensive income when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost includes 'Cash and cash equivalents', 'Receivables', 'Claims advances' and 'Rental deposits' under 'Other noncurrent assets'.

The Company may irrevocably elect at initial recognition to classify a financial asset that meets the amortized cost criteria above as at FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortized cost.

Financial assets at FVTPL
Debt instruments that neither meet the amortized cost nor the FVOCI criteria, or that meet the criteria but the Company has chosen to designate as at FVTPL at initial recognition, are classified as financial assets at FVTPL. Equity investments are classified as financial assets at FVTPL, unless the Company irrevocably designates an equity investment that is not held for trading as at FVOCI at initial recognition. The Company's financial assets at FVTPL include debt and equity securities which are held for trading purposes.

Gains and losses arising from changes (mark-to-market) in the fair value of the financial assets at FVTPL are included in 'Other income (loss) - miscellaneous' account in the statement of comprehensive income.

Reclassification of financial instruments
The Company reclassifies its financial assets when, and only when, there is a change in the business model for managing the financial assets. Accordingly, the Company is required to reclassify financial assets: (i) from amortized cost to fair value, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from fair value to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. Reclassifications shall be applied prospectively by the Company and any previously recognized gains, losses or interest shall not be restated. Reclassification of financial liabilities is not allowed.

Financial liabilities at amortized cost
Issued financial instruments or their components, which are not designated at FVTPL are classified as liabilities under 'Payable to insurance principals', 'Accrued expenses', and 'Other liabilities', where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

Financial liabilities at amortized cost are initially recognized at the fair value of the consideration received less directly attributable transaction costs.

Impairment of Financial Assets
The Company recognizes an allowance for ECL for all debt financial assets except those classified as FVTPL. The ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions.

The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company defines a financial instrument as in default, which is fully aligned with the definition of credit impaired, in all cases when the borrower becomes at least 90 days past due on its contractual payments. As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted.

For trade receivables, the Company applies the simplified approach in calculating ECL since these receivables arise from transactions within the scope of PFRS 15 and do not contain significant financing component. Under the simplified approach, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each balance sheet date. On the other hand, the Company calculates the ECL for its cash in bank by estimating the applicable exposure at default, probability of default, and loss given default.

Derecognition of Financial Instruments

Financial assets
A financial asset (or, where applicable a part of a financial asset or part of a group of financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired; or
- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained the risks and rewards of the asset but has transferred the control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Write-offs
Financial assets are written off either partially or in their entirety when the Company no longer expects collections or recoveries within a foreseeable future. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to provision for credit losses.

Financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

Offsetting
Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet only when there is a legally enforceable right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

Income and expenses are not offset in the statement comprehensive income unless required or permitted by any accounting standard or interpretation, and is specifically disclosed in the accounting policies of the Company.

Leases – Company as a Lessee
The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

Right-of-use assets
The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized adjusted by lease payments made at or before the commencement date and lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the depreciable assets. The depreciation expense is presented under 'Depreciation' in the statement of comprehensive income.

Lease liabilities
At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate (IBR) at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases. It also applies the lease of low-value assets recognition exemption to assets that are considered to be low-value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Property and Equipment
Property and equipment are carried at cost, less accumulated depreciation and amortization and any impairment in value.

The initial cost of property and equipment comprises of its purchase price, including taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the assets have been put into operation, such as repairs and maintenance and overhead costs, are charged against current operations. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and any impairment loss are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

It is the Company's policy to classify right-of-use assets as part of property and equipment. The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Depreciation is computed using the straight-line method over the estimated useful lives (EUL) of the respective assets as follows:

	EUL
Furniture, fixtures and equipment	3 to 5 years
Leasehold improvements	5 years or the related lease terms, whichever is shorter

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term. Right-of-use assets are subject to impairment.

The EUL and the depreciation method are reviewed periodically to ensure that the period and the method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units (CGUs) are written down to their recoverable amounts.

Software Costs

Costs that are directly associated with identifiable and unique software controlled by the Company and will generate economic benefits exceeding costs beyond one year are capitalized. Direct costs are capitalized during the period of software development and are amortized on a straight-line basis over the expected useful life of 10 years upon completion.

Costs associated with maintaining computer software programs are recognized as expense when incurred.

Expenditures which enhance or extend the performance of software programs beyond their original specifications are recognized as capital improvements and added to the original cost of the software.

The useful life of capitalized software cost is assessed and reviewed periodically. Changes in the expected useful life are accounted for by changing the amortization period and method, as appropriate, and are treated as changes in accounting estimates.

Impairment of Nonfinancial Assets

At each balance sheet date, the Company assesses whether there is any indication that its nonfinancial assets (e.g., property and equipment, software cost and right-of-use assets) may be impaired. When an indicator of impairment exists or when annual impairment testing for an asset is required, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the higher of an asset's or a CGU's fair value less costs to sell and its value in use (VIU). In assessing VIU, the estimated future cash flows are discounted to their present value using the pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Impairment losses are recognized under 'Provision for credit and impairment losses' in the statement of comprehensive income.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged against operations in the year in which it arises. A previously recognized impairment loss is reversed by a credit to current operations to the extent that it does not restate the asset to a carrying amount in excess of what would have been determined (net of any accumulated depreciation) had no impairment loss been recognized for the asset in prior years.

Payable to Insurance Principals
Payable to insurance principals pertain to premiums collected from policyholders but not yet remitted to insurance companies.

Equity
Capital stock is measured at par value for all shares issued and outstanding. When the shares are sold at a premium, the difference between the proceeds and the par value is credited to 'Additional paid-in capital' account. Direct costs incurred related to equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are chargeable to 'Additional paid-in capital' account. If the additional paid-in capital is not sufficient, the excess is charged against the 'Retained earnings.'

When the Company issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

Retained earnings represent accumulated earnings of the Company less dividends declared.

Revenue Recognition

Revenues within the scope of PFRS 15
Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has generally concluded that it is acting as an agent in its revenue arrangements because it does not control the specified goods or services before these are transferred to the customer.

Therefore, the Company's revenue is the net amount of consideration that the Company retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party.

For revenue stream covered by PFRS 15 (i.e. commission income), the Company exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the five-step model to contracts with customers.

The following revenue recognition criteria must also be met before revenue is recognized:

Commission income
Revenue from commissions is recognized upon collection of insurance premium from policyholders.

Revenue outside the scope of PFRS 15
The following revenue recognition criteria must also be met before revenue is recognized:

Interest income
Interest income on placements is recognized as it accrues, taking into account the effective yield on the assets.

Gain (loss) from investment securities under miscellaneous income
Gain (loss) from investment securities arise from changes in fair value of financial assets at FVTPL and losses realized from sale of FVOCI debt investments.

Expense Recognition
Expenses are recognized when decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. Expenses are recognized when incurred. Costs and expenses encompass losses as well as those expenses that arise in the course of the ordinary activities of the Company.

Income Taxes
Income tax on profit or loss for the year comprises current and deferred taxes. Income tax is determined in accordance with the Philippine Tax Law. Provision for income tax is recognized in the statement of comprehensive income.

Current taxes
Current tax assets and current tax liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date. Effective January 1, 2019, Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

Deferred taxes
Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the balance sheet date except (a) where the deferred income tax asset or liability relating to the temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and (b) in respect of temporary differences associated with investments in subsidiaries and associates, deferred income tax is provided or recognized where the timing of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT), and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient taxable profit will be available against which the deductible temporary differences and carryforward of unused tax credits from MCIT and unused NOLCO can be utilized. Deferred tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred income tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are applicable to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Current tax and deferred tax relating to items recognized directly in other comprehensive income is recognized in the statement of comprehensive income.

Deferred income tax assets and liabilities are offset if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Foreign Currency Translation

Transaction and balances
For financial reporting purposes, the foreign currency-denominated monetary assets and liabilities are translated in Philippine pesos based on the closing rate prevailing at the balance sheet date and foreign currency-denominated income and expenses, at the prevailing exchange rate at the date of transaction. Foreign exchange differences arising from restatements of foreign currency-denominated monetary assets and liabilities are credited to or charged against operations in the period in which the rates change.

Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Value-Added Tax (VAT) and Deferred Output VAT
Revenues, expenses, assets and liabilities are recognized net of the amount of VAT, except where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable. Deferred output VAT pertains to the amount of Output VAT on sales on credit which have not yet been collected as at balance sheet date.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of 'Other current assets' or 'Other liabilities' in the balance sheet.

Retirement Benefits
The Company is covered by a noncontributory defined benefit retirement plan. A defined benefit plan is a retirement plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

Defined benefit plan
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the balance sheet date reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

a. Service costs;
b. Net interest on the net defined benefit liability or asset; and
c. Remeasurements of net defined benefit liability or asset.

Service costs which include current service costs and past service costs are recognized as expense in the statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in statement of comprehensive income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to statement of comprehensive income in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Share-based Payments (Stock Grants)
Employees (including senior executives) of the Company received remuneration in the form of share-based payments (stock grants), whereby employees rendered services as consideration for equity instruments (equity-settled transactions) of CBC. CBC has the obligation to settle the transaction with the Company's employees by providing its own equity instruments.

Equity-settled transactions
The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognized in employee benefits expense, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of comprehensive income for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognized is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met.

An additional expense, measured as at the date of modification, is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the Company or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

When the equity-settled transactions vest immediately but the grant date is not yet determined as of balance sheet date, the Company recognizes the expense and the corresponding increase in equity using the estimated grant date fair value as of balance sheet date. Subsequently, once the grant date is determined, the Company revises the estimate based on the actual grant date fair value.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. When the Company expects a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is probable.

Contingent Assets and Liabilities

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of assets embodying economic benefits is remote. Contingent assets are not recognized but are disclosed in the financial statements when an inflow of economic benefits is probable.

Events after the Balance Sheet Date

Post year-end events up to the date of approval of the board of directors of the financial statements that provide additional information about the Company's financial position at the balance sheet date (adjusting event) are recognized in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

<u>New standards and interpretations that have been issued but are not yet effective</u>
There are new PFRSs, amendments, interpretation and annual improvements to existing standards which are effective for annual periods subsequent to 2021. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Company's financial statements:

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

- Amendments to PAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

  - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

    The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

    An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted.

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Company.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Company.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

  - What is meant by a right to defer settlement;
  - That a right to defer must exist at the end of the reporting period;
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

3. Significant Accounting Judgements and Estimates

The preparation of the financial statements in accordance with PFRS requires the Company to make estimates that affect the amounts reported in the Company's financial statements and accompanying notes. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

Revenue from contracts with customers
The Company applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- *Identifying performance obligations in brokerage agreements*
  Brokerage services consist of promise to place or sell an insurance policy, collect premiums from policyholders and remit the amounts collected to insurance companies. The Company determined that for brokerage services, the promise to place or sell an insurance policy, collect premiums from policyholders and remit the amounts collected to insurance companies are considered as a single distinct performance obligation as these represent a combined output and the Company would not be able to satisfy its performance obligation by transferring each of the services independently. Accordingly, the commission income is recognized at the point in time when the Company has satisfied its performance obligation which is upon collection of premiums from policyholders. The obligation to remit is considered insignificant in relation to the other components of the performance obligation.

- *Principal versus agent considerations*
  The Company enters into contracts with insurance companies to arrange for the provision of the specified service (i.e., place or sell insurance policies, collect premiums from policyholders and remit the amount collected to insurance companies). The Company determined that it does not control the specified goods or service (i.e., insurance policies) provided by the insurance companies before these are transferred to the customer (i.e., policyholder). The following factors indicate that the Company does not control the goods before they are being transferred to customers. Therefore, the Company determined that it is acting as an agent in these contracts.

  - The Company is not primarily responsible for fulfilling the promise to provide the insurance coverage to policyholders.
  - The Company has no discretion in establishing the price for the insurance policies. The Company's consideration in the contracts with insurance companies is only the commission amount based on the specified percentage of premiums collected from the policyholders.

  In addition, the Company concluded that it transfers control over its services at a point in time, upon collection of premiums from the policyholders, because this is when the insurance companies benefit from the Company's brokerage service.

Estimates

a. *Present value of retirement obligation*

The present value of the pension obligation is determined using actuarial valuation. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions.

The salary projection rate was based on the historical trend of salary increase rate of the Company. The mortality rate was based on the 1994 US Group Annuity Mortality Table. The assumed discount rates were determined using the market yields on Philippine government bonds with terms consistent with the expected employee benefit payout as at the balance sheet date.

As of December 31, 2021 and 2020, pension asset amounted to ₱2.98 million and ₱1.55 million, respectively. Further details about the assumptions used are disclosed in Note 14.

b. *Recognition of deferred tax assets*

Significant judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination was made.

The Company's estimates of future taxable income indicate that certain temporary differences will be realized in the future. The deferred tax assets recognized as of December 31, 2021 and 2020 amounted to ₱10.50 million and ₱13.75 million. Further details about the unrecognized deferred tax assets are disclosed in Note 15.

4. Fair Value Measurement

As at December 31, 2021 and 2020, the carrying values of financial assets and financial liabilities as reflected in the balance sheets and related notes approximate their respective fair values.

Cash and cash equivalents, Receivables, Payable to insurance principals, Accrued expenses and Other liabilities (excluding statutory payables)
The carrying values approximate their fair values in view of the relatively short-term maturities of these financial instruments.

Investments Securities
Fair values of quoted private debt securities are based on quoted market prices. Fair value of money market funds is determined by reference to the published net asset value per unit.

Fair Value Hierarchy
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at each balance sheet date.

The following tables summarize the carrying amount and fair values of the financial instruments, analyzed based on hierarchy described above for determining and disclosing the fair value of financial instruments by valuation technique:

	2021		2020	
	Carrying Value	**Level 2**	Carrying Value	Level 2
Assets measured at fair value				
Investment at FVTPL				
Unit Trust Investment Fund	**₱151,209,389**	**₱151,209,389**	₱150,040,984	₱150,040,984

There were no financial instruments classified under Level 1 and 3 in 2021 and 2020. There were no transfers between levels during the year.

5. Cash and Cash Equivalents

This account consists of:

	2021	2020
Petty cash fund	**₱13,100**	₱13,100
Cash in bank (Note 18)	**314,605,738**	236,881,570
Short-term investments (Note 18)	**–**	39,995,615
	₱314,618,838	₱276,890,285

Cash in bank includes demand deposit accounts which earn interest at the prevailing bank deposit rates and special savings accounts which earn interest at annual rates ranging from 0.10% to 0.13% in 2021 and from 0.02% to 0.10% in 2020. Interest income recognized on cash in bank in 2021 and 2020 amounted to ₱0.35 million and ₱0.52 million, respectively.

Short-term investments include special savings deposit accounts with original maturities of less than three months from the dates of placement. Short-term investments in 2021 and 2020 earned interest at annual rates ranging from 0.75% to 1.00% and from 0.50% to 3.20%, respectively. Interest income recognized on short-term investments in 2021 and 2020 amounted to ₱0.17 million and ₱2.09 million, respectively.

6. Receivables

This account consists of:

	2021	2020
Accrued interest receivables	**₱–**	₱26,664
Other receivables	**6,265,226**	6,261,806
	₱6,265,226	₱6,288,470

Accrued interest receivables are accruals from short-term investments.

Other receivables include advances to employees, receivables from the Parent Company (Note 18), receivables from Social Security System, and claims advances made and due from Insurers.

In its capacity as an insurance broker, the Company collects premiums from policyholders and, after deducting its commissions, remits the premiums to the respective insurance companies. Uncollected premiums from policyholders are receivables that are not recorded in the Company's balance sheets, as the Company does not have control over the insurance policies provided by the insurance companies to their customers and is not exposed to credit risk on the uncollected premiums

As of December 31, 2021 and 2020, the gross amounts of uncollected premiums due from policyholders for contracts sold through the Company's brokerage service amounted to ₱483.94 million and ₱505.91 million, respectively (see Note 12).

7. Investments

As of December 31, 2021, investments at FVTPL pertain to investments in cash and money market funds of the Parent Company. Gains from changes in the fair value amounting to ₱1.17 million and ₱0.04 million in 2021 and 2020, respectively, are included in 'Other income (loss) - miscellaneous' in the statements of comprehensive income.

In 2020, the Company sold its investments in private debt securities carried at FVOCI resulting in loss on sale amounting to ₱1.54 million. This loss is recognized under 'Other income (loss) - miscellaneous' in the statements of comprehensive income. Interest income on investments at FVOCI amounted to ₱0.20 million in 2020.

8. Other Current Assets

This account consists of:

	2021	2020
Prepaid taxes	**₱35,395,337**	₱26,354,834
Others	**4,617,465**	2,691,510
	₱40,012,802	₱29,046,344

Prepaid taxes represent income tax credits, primarily creditable withholding taxes (CWTs), which can be claimed against future income tax liability to the BIR. For the years ended December 31, 2021 and 2020, the Company utilized income tax credits amounting to ₱30.35 million and ₱24.28 million, respectively.

'Others' include primarily creditable withholding taxes for submission and filing in subsequent period.

9. Property and Equipment

The composition of and movements in this account follow:

	2021				
	Transportation Equipment	Leasehold Improvement	Furniture, Fixtures and Office Equipment	Right-of-use Asset-Office Space	Total
Cost					
At January 1	₱6,948,342	₱7,215,670	₱12,627,238	₱35,826,625	₱62,617,875
Additions	1,403,975	227,207	3,833,648	–	5,464,830
At December 31	8,352,317	7,442,877	16,460,886	35,826,625	68,082,705
Accumulated Depreciation					
At January 1	3,919,791	4,587,015	10,475,230	2,388,442	21,370,478
Depreciation	1,044,087	1,041,495	2,008,447	7,165,325	11,259,354
At December 31	4,963,878	5,628,510	12,483,677	9,553,767	32,629,832
Net Book Value at December 31	₱3,388,439	₱1,814,367	₱3,977,209	₱26,272,858	₱35,452,873

	2020				
	Transportation Equipment	Leasehold Improvement	Furniture, Fixtures and Office Equipment	Right-of-use Asset-Office Space	Total
Cost					
At January 1	₱7,535,842	₱4,424,253	₱11,134,289	₱–	₱23,094,384
Additions	1,125,000	2,791,417	1,492,949	35,826,625	41,235,991
Derecognitions	(1,712,500)	–	–	–	(1,712,500)
At December 31	6,948,342	7,215,670	12,627,238	35,826,625	62,617,875
Accumulated Depreciation					
At January 1	3,737,166	4,242,596	9,516,714	–	17,496,476
Depreciation	1,008,513	344,419	958,516	2,388,442	4,699,890
Derecognitions	(825,888)	–	–	–	(825,888)
At December 31	3,919,791	4,587,015	10,475,230	2,388,442	21,370,478
Net Book Value at December 31	₱3,028,551	₱2,628,655	₱2,152,008	₱33,438,183	₱41,247,397

In 2021 and 2020, the Company sold transportation equipment for consideration at net book value aggregating to nil and ₱0.89 million, respectively.

As of December 31, 2021 and 2020, the costs of fully depreciated assets still in use amounted to ₱16.59 million and ₱15.87 million, respectively.

In 2020, the Company recognized right-of-use asset amounting to ₱35.83 million relating to a non-cancellable five-year lease agreement that the Company entered into on March 11, 2020 with an affiliate for its office space (Note 18). The initial annual rental rate is ₱7.44 million which will increase by five percent (5%) starting after the first year of the lease contract and will increase at the same rate every year thereafter.

There are no restrictions on titles of property and equipment and the Company does not have any contractual commitment for acquisition of property and equipment as of December 31, 2021 and 2020.

10. Software Costs

The movements in software costs follow:

	2021	2020
Cost		
At January 1	**₱11,135,387**	₱10,894,845
Additions	**455,357**	240,542
At December 31	**11,590,744**	11,135,387
Accumulated amortization		
At January 1	**4,424,088**	3,133,785
Amortization	**1,339,756**	1,290,303
At December 31	**5,763,844**	4,424,088
Net book value	**₱5,826,900**	₱6,711,299

11. Other Noncurrent Assets

This account consists of:

	2021	2020
Claims advances	**₱6,401,785**	₱6,401,785
Rental deposit (Note 18)	**1,872,371**	1,872,371
Others	**88,767,838**	89,978,412
	97,041,994	98,252,568
Allowance for impairment losses	**(95,169,623)**	(96,380,197)
	₱1,872,371	₱1,872,371

Claims advances pertain to insurance claims advanced by the Company on behalf of the insurance principals for emergency purposes to policyholders. As of December 31, 2021 and 2020, this account has been fully provided for with allowance for impairment losses.

'Others' pertains to miscellaneous assets and CWTs whose related certificates are awaiting submission to the Company amounting to ₱14.41 million in 2021 and ₱15.20 million in 2020. As of December 31, 2021 and 2020, this account has been fully provided for with allowance for impairment losses. CWTs whose related certificates were subsequently received and claimed in 2021 amounted to ₱1.21 million.

12. Payable to Insurance Principals

This represents insurance premiums already collected by the Company and are due to be remitted to various insurance companies within 90 days from inception date of the policy. Insurance premiums collected but not remitted within the 90-day term are held in a fiduciary capacity and are also presented as 'Payable to insurance principals' in the Company's balance sheets.

As of December 31, 2021 and 2020, the amount of premiums that are due to the insurance companies and unpaid by the policyholders for contracts sold through the Company's brokerage service, net of the related commission, amounted to ₱409.41 million and ₱411.69 million, respectively. These amounts are not recognized in the Company's balance sheets (see Note 6).

13. Other Current Liabilities

This account consists of:

	2021	2020
Financial liabilities		
Accounts payable – premium payments	**₱130,255,923**	₱170,025,203
Accounts payable – others	**10,901,878**	6,694,223
	141,157,801	176,719,426
Nonfinancial liabilities		
Deferred output VAT	**3,309,824**	1,216,508
VAT payable - net	**4,570,910**	3,316,248
Others	**4,739,559**	7,966,418
	12,620,293	12,499,174
	₱153,778,094	₱189,218,600

Accounts payable – premium payments include (a) insurance policy premiums collected but not yet due as of balance sheet date; and (b) premium collections received through the Company's authorized banks which cannot be applied due to missing policy information. These premiums will be remitted to the respective insurance companies once due and already applied to the policy.

Accounts payable – others include (a) premiums for refund to policyholders due to excess payments or cancelled policies; (b) bank credits with incomplete information; and (c) unreleased operating expense checks.

As of December 31, 2021 and 2020, 'Others' pertains mainly to government contributions and other regulatory payments (i.e., SSS, PHIC, HDMF and withholding taxes).

14. Retirement Plan

The Company has a funded noncontributory defined benefit retirement plan covering substantially all its officers and regular employees. Under this retirement plan, all covered officers and employees are entitled to cash benefits after satisfying certain age and service requirements.

The latest actuarial valuation study of the retirement plan was made as of December 31, 2021.

The funds are administered by the Trust Department of CBC under the supervision of the Retirement Committee. The Retirement Committee is responsible for giving direction to the trustee on the investment of the assets of the fund. The Retirement Committee defines the investment strategy as often as necessary, at least annually, especially in the case of significant market developments or changes to the structure of the plan participants. When defining the investment strategy, it takes into account the plan's objectives, benefit obligations and risk capacity. The investment strategy is defined in the form of a long-term target structure (investment policy). The Retirement Committee delegates the implementation of the investment policy in accordance with the investment strategy as well as various principles and objectives to an Investment Committee, which also consists of members of the Board of Trustees, a Director and a Controller.

The existing regulatory framework, Republic Act (RA) No. 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however, that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

As of December 31, 2021 and 2020, the principal actuarial assumptions used in determining the retirement liability for the Company's retirement plan are shown below:

	2021	2020
Discount rate	**4.14%**	2.36%
Future salary increases	**6.00%**	6.00%

The changes in the defined benefit obligation and fair value of plan assets are as follows:

	2021											
		Net benefit cost				Remeasurements in other comprehensive income						
	January 1, 2021	Current service cost	Net interest	Subtotal	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from experiences adjustments	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Subtotal	Benefits paid	Contribution	December 31, 2021
Present value of defined benefit obligation	₱11,420,008	₱2,822,566	₱269,512	₱3,092,078	₱–	₱440,473	₱492,614	(₱2,004,833)	(₱1,071,746)	₱–	₱–	₱13,440,340
Fair value of plan assets	(12,966,200)	–	(306,002)	(306,002)	(363,156)	–	–	–	(363,156)	–	(2,786,076)	(16,421,434)
Net defined benefit liability (asset)	(₱1,546,192)	₱2,822,566	(₱36,490)	₱2,786,076	(₱363,156)	₱440,473	₱492,614	(₱2,004,833)	(₱1,434,902)	₱–	(₱2,786,076)	(₱2,981,094)

	2020											
		Net benefit cost				Remeasurements in other comprehensive income						
	January 1, 2020	Current service cost	Net interest	Subtotal	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from experiences adjustments	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Subtotal	Benefits paid	Contribution	December 31, 2020
Present value of defined benefit obligation	₱10,174,203	₱2,647,459	₱454,787	₱3,102,246	₱–	(₱832,899)	(₱5,223,781)	₱4,200,239	(₱1,856,441)	₱–	₱–	₱11,420,008
Fair value of plan assets	(4,137,367)	–	(184,940)	(184,940)	310,249	–	–	–	310,249	–	(8,954,142)	(12,966,200)
Net defined benefit liability (asset)	₱6,036,836	₱2,647,459	₱269,847	₱2,917,306	₱310,249	(₱832,899)	(₱5,223,781)	₱4,200,239	(₱1,546,192)	₱–	(₱8,954,142)	(₱1,546,192)

The details of the remeasurement gains on retirement plan are as follows:

	2021	2020
At January 1	**₱8,302,597**	₱8,268,540
Remeasurement gains on retirement plan	**1,434,902**	1,546,192
Deferred tax liability during the year	**(358,726)**	(463,858)
Adjustment to deferred tax due to CREATE Act	**593,043**	–
Recognition of previously unrecognized deferred taxes	**–**	(1,048,277)
At December 31	**₱9,971,816**	₱8,302,597

As of December 31, 2021 and 2020, the major categories of plan assets as a percentage of the total plan assets of the fund are as follows:

	2021		2020	
	Amount	**%**	Amount	%
Cash equivalents	**₱2,925,536**	**17.82%**	₱506,857	3.91%
UITF	**13,446,602**	**81.88%**	12,428,356	95.85%
Other assets	**63,367**	**0.39%**	39,220	0.30%
Other accountabilities	**(14,071)**	**(0.09%)**	(8,233)	(0.06%)
	₱16,421,434	**100.00%**	₱12,966,200	100.00%

Investment in UITFs pertains primarily to the equity and money market funds maintained by the Trust Department of the Parent Company.

Shown below is the maturity analysis of the undiscounted benefit payments:

	2021	2020
Less than one year	**₱–**	₱–
More than one year to five years	**5,649,647**	1,182,221
More than five years to 10 years	**18,259,471**	16,990,380
More than 10 years to 15 years	**4,348,504**	6,292,862
More than 15 years to 20 years	**15,653,319**	18,073,780
More than 20 years	**664,878,160**	605,214,850

The average duration of the defined benefit obligation as of December 31, 2021 and 2020 is 5 and 4 years, respectively.

The Company does not expect to contribute to its defined benefit pension plan in 2022.

The sensitivity analysis below, determined based on reasonably possible changes of each significant assumption on the retirement benefit obligation as of the balance sheet date assuming all other assumptions were held constant, illustrates the impact of key assumptions on the retirement benefit obligation:

	Increase (decrease)	
	2021	2020
Discount rate		
+1.00%	**(₱792,894)**	(₱936,831)
-1.00%	**1,143,884**	1,108,137
Salary increase rate		
+1.00%	**1,048,126**	1,003,672
-1.00%	**(763,749)**	(871,648)

15. Income Tax

Income taxes include corporate income tax, as discussed below, and final taxes paid at the rate of 20.00% and 15.00% on gross Philippine peso and US dollar denominated interest income, respectively, from bank deposits and investments.

Republic Act (RA) No. 9337, *An Act Amending National Internal Revenue Code*, as amended by RA No. 10963 otherwise known as the *Tax Reform for Acceleration and Inclusion* (TRAIN) and RA No. 11534 otherwise known as *Corporate Recovery and Tax Incentives for Enterprises* (CREATE), provides that regular corporate income tax (RCIT) rate shall be 25.00% while interest expense allowed as a deductible expense is reduced to 20.00% of interest income subject to final tax.

A minimum corporate income tax (MCIT) of 1.00% until June 30, 2023 under CREATE on modified gross income is computed and compared with the RCIT. Excess MCIT over RCIT can be used as a tax credit against future income tax liability for the next three years. In addition, any net operating loss carry over (NOLCO) is allowed as a deduction from taxable income in the next three years from the year of inception.

Revenue Regulations No. 10-2002 defines expenses to be classified as entertainment, amusement and recreation (EAR) expenses and sets a limit for the amount that is deductible for tax purposes. The Company's deductible EAR expenses are limited to 1.00% of net revenues. EAR expenses of the Company amounted to ₱3.56 million and ₱3.54 million in 2021 and 2020, respectively.

Relevant Tax Updates

Tax Reform for Acceleration and Inclusion (TRAIN) Law
Republic Act (RA) No. 10963, the Tax Reform for Acceleration and Inclusion (TRAIN), is the first package of the comprehensive tax reform program of the government. The bill was signed into law on December 19, 2017 and took effect on January 1, 2018, amending some provisions of the old Philippine tax system.

Except for resident foreign corporations, which is still subject to the existing rate of 7.5%, tax on interest income of foreign currency deposit was increased to 15.00% under TRAIN. Documentary stamp tax on bank checks, drafts, certificate of deposit not bearing interest, all debt instruments, bills of exchange, letters of credit, mortgages, deeds and others are now subjected to a higher rate.

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act
RA No. 11534 otherwise known as Corporate Recovery and Tax Incentives for Enterprises (CREATE) was signed into law by President Rodrigo Duterte last March 26, 2021. The law became effective on April 11, 2021, fifteen (15) days after its publication in a newspaper of general circulation on March 27, 2021.

The key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Company are the following:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30.00% to 25.00% for domestic and resident foreign corporations and to 20% for domestic corporations with net taxable income not exceeding ₱5.00 million and with total assets not exceeding ₱100.00 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year.
- Minimum corporate income tax (MCIT) rate reduced from 2.00% to 1.00% of gross income effective July 1, 2020 to June 30, 2023.

Pursuant to the provisions of Section 244 of National Internal Revenue Code (NIRC), as amended, the regulations are further amended to implement Section 4 of Republic Act No. 11494, otherwise known as "Bayanihan to Recover as One Act", which allows the business or enterprise to carry over NOLCO for taxable years 2020 and 2021 for the next 5 years. In addition, any excess of the MCIT over RCIT incurred in 2020 and 2021 can be used as a tax credit against future income tax liability for the next five years from the period of inception.

The provision for income tax consists of:

	2021	2020
Current		
RCIT	**₱28,146,502**	₱26,487,035
Final tax	**103,945**	561,057
Deferred tax	**3,485,431**	(2,870,010)
	₱31,735,878	₱24,178,082

As of December 31, 2021 and 2020, the details of net deferred tax assets follow:

	2021	2020
Deferred tax assets on:		
Allowance for credit losses	**₱9,913,543**	₱11,896,252
Unamortized past service cost	**1,207,367**	1,629,946
Others	**121,716**	686,126
Deferred tax liability on:		
Pension asset - net	**(745,274)**	(463,858)
	₱10,497,352	₱13,748,466

Deferred tax liabilities recognized with a direct charge against OCI (excluding CREATE impact) amounted to ₱0.36 million in 2021 and ₱1.51 million in 2020.

As of December 31, 2021 and 2020, the Company did not set up deferred tax assets on the following temporary differences as management assessed that these will not be realized in the future.

	2021	2020
Allowance for credit and impairment losses	**₱55,515,450**	₱56,726,024

The reconciliation of the statutory income tax to the provision for income tax of the Company follows:

	2021	2020
Statutory income tax	**₱30,937,597**	₱26,352,577
Tax effects of:		
CREATE adjustment - current tax	**(2,207,253)**	–
CREATE adjustment - deferred tax	**2,884,454**	–
Nontaxable income	**(292,101)**	–
Nondeductible expenses	**271,964**	471,694
Change in unrecognized deferred tax asset and other movements	**167,593**	(2,364,989)
Tax paid income	**(26,376)**	(281,200)
Provision for income tax	**₱31,735,878**	₱24,178,082

Impact of CREATE Law
Applying the provisions of the CREATE Law, the Company is subjected to lower regular corporate income tax rate of 25% effective July 1, 2020. The following are the impact of CREATE in the 2021 financial statements of the Company:

- Based on the provisions of Revenue Regulations (RR) No. 5-2021 dated April 8, 2021 issued by the BIR, the transitory RCIT and MCIT rates applicable to the Company for the taxable year 2020 is 27.5% and 1.50%, respectively. This resulted in reduction in the current income tax due for the taxable year 2020 amounting to ₱2.21 million. The reduced amount was reflected in the 2020 annual income tax return filed in 2021. For financial reporting purposes, such reduction in the 2020 current income taxes was recognized in the 2021 financial statements as reduction to 2021 current income tax expense.

- The deferred tax assets as of December 31, 2020 were also remeasured using the lower RCIT rate of 25.00%. The net decrease in the deferred tax assets amounting to ₱2.29 million and the related increase in the provision for deferred tax charged to profit or loss by ₱2.88 million and increase the other comprehensive income by ₱0.59 million are recognized in 2021.

There were no tax-related contingent liabilities and contingent assets arising from the changes in the tax rates due to CREATE Act.

16. Retained Earnings and Capital Management

Retained Earnings
On January 16, 2020, the BOD declared and approved cash dividends of ₱100.00 million for stockholders on record as of January 16, 2020, payable on February 21, 2020. On December 10, 2020, the BOD declared and approved cash dividends of ₱50.00 million for stockholders on record as of December 10, 2020, payable on December 21, 2020.

On November 9, 2021, the BOD approved the appropriation of retained earnings amounting to ₱50.00 million for system replacement of the Company to improve the turnaround time of and automate the Company's manual processes. The user acceptance testing will start in June 2022 and the Company, with the assistance of the Parent Company, expects to fully transition to the new system within ten (10) months after the user acceptance test before it becomes fully functional

On February 8, 2022, the BOD declared and approved cash dividends of ₱50.00 million for stockholders on record as of February 8, 2022, payable on March 1, 2022.

Capital Management
The primary objectives of the Company's capital management are to ensure that the Company complies with externally imposed capital requirements and that the Company maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholders' value.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes were made in the objectives, policies and processes from the previous years.

In May 2006, the Insurance Commission (IC) issued Insurance Memorandum Circular (IMC) 1-2006 integrating the compliance standards for the capitalization requirements for insurance brokers and reinsurance brokers. Under this IMC, adequate capitalization for existing brokers and new entrants is essential to attaining sustainable levels of profitability and for the long-term growth of the country's insurance industry.

IMC1-2006 promulgated that existing insurance or reinsurance brokers must have the following net worth for the following years:

Year	
December 31, 2006	₱2,000,000
December 31, 2007	4,000,000
December 31, 2008	6,000,000
December 31, 2009	8,000,000
December 31, 2010	10,000,000

As of December 31, 2021 and 2020, the Company's net worth is in compliance with the capital requirements of IC.

Centennial Stock Grant
In light of the Parent Company's 100th anniversary, its Board of Directors approved on August 5, 2020 a Centennial Stock Grant Plan to issue common shares to eligible grantees.

The Centennial Stock Grant Plan was approved and ratified by the stockholders on October 1, 2020, subject to the approval of the relevant regulatory agencies. New shares will be issued from the Parent Company's authorized but unissued shares in favor of the China Bank Group's regular employees and certain other officers and contractual employees as of August 16, 2020, numbering around 8,400.

On August 9, 2021, the Philippine Stock Exchange (PSE) approved the Parent Company's application to list 5,451,600 common shares, with a par value of ₱10.00 per share, to cover the Group's Centennial Stock Grant Plan. The Parent Company issued a total of 5.39 million shares on September 1, 2021. The difference between the fair value of the stock grants upon issuance of shares and the fair value previously recognized when the shares vested is recognized in the statement of comprehensive income.

The stock grant awarded by the Parent Company to the Company's employees amounting to ₱0.62 million as of December 31, 2021 is presented under 'Other equity – stock grants' in the Company's balance sheet. The difference in the fair value of the stock grants upon issuance of shares is recognized in the profit or loss.

17. Financial Risk Management Objectives and Policies

The Company's activities are principally related to the use of financial instruments, which consists of cash and cash equivalents, receivables, accrued interest receivables, claims advances, advances to officers and employees, investments at FVTPL, other noncurrent assets, accounts payable, accrued expenses and other liabilities (excluding statutory payables). Risks are inherent in these activities but are managed by the Company through a continuous process of identification, measurement, monitoring and mitigation of these risks partly through the effective use of risk and authority limits, process controls and monitoring, and independent controls.

The main objectives of the Company's financial risk management are to identify and monitor possible risks on an ongoing basis, to minimize and mitigate such risks, and to provide a degree of certainty about costs. Exposure to credit, liquidity, foreign currency and market risks arise in the normal course of the Company's business activities.

Credit risk
The Company's exposure to credit risk is minimal as the cash and cash equivalents are deposits with CBC and CBSI. The investments at FVTPL pertain to investments in money market and cash funds placed in CBC's Trust Group.

Maximum exposure to credit risk
The carrying values of the Company's financial instruments as reflected in the balance sheets and related notes already represent the financial instruments' maximum exposure to credit risk, before and after taking into account collateral held or other credit enhancements.

The table below shows the credit quality by class of the Company's financial assets as of December 31, 2021 and 2020 (gross of allowance for credit losses):

	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Cash and cash equivalents*	**₱314,605,738**	**₱–**	**₱–**	**₱314,605,738**
Other receivables	**6,265,226**	**–**	**–**	**6,265,226**
Other noncurrent assets				
Claims advances	**–**	**–**	**6,401,785**	**6,401,785**
Others	**1,872,371**	**–**	**–**	**1,872,371**
Total	**₱322,743,335**	**₱–**	**₱6,401,785**	**₱329,145,120**

* *Excluding petty cash fund*

	2020			
	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents*	₱276,877,185	₱–	₱–	₱276,877,185
Receivables				
Accrued interest receivables	26,664	–	–	26,664
Other receivables	6,261,806	–	–	6,261,806
Other noncurrent assets				
Claims advances	–	–	6,401,785	6,401,785
Others	1,872,371	–	–	1,872,371
Total	₱285,038,026	₱–	₱6,401,785	₱291,439,811

* *Excluding petty cash fund*

Stage 1 (Neither past due nor specifically impaired) - those that are considered current and up to 30 days past due, and based on change in rating, delinquencies and payment history, do not demonstrate significant increase in credit risk.

Stage 2 (Past due but not specifically impaired) – based on change in rating, delinquencies and payment history, the financial assets demonstrate significant increase in credit risk, and/or are considered more than 30 days past due but do not demonstrate objective evidence of impairment as of balance sheet date.

Stage 3 (Specifically impaired) - those that are considered in default or demonstrate objective evidence of impairment as of balance sheet date.

Impairment assessment

Financial assets at amortized cost
The credit risk for cash and cash equivalents is considered negligible since the counterparty is the Parent Company. Cash in bank and short-term placements are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of ₱0.5 million for every depositor per banking institution.

The credit risk for other assets, which consist of rental deposits and other receivables, are also considered negligible as the Company has ongoing agreements with the counterparties and the latter are considered to be with sound financial condition.

Liquidity risk
Liquidity risk is the risk of loss to earnings or capital due to the inability to meet funding requirements within a reasonable period of time at a reasonable price.

The Company monitors its cash flow position and overall liquidity position in assessing its exposure to liquidity risk. The Company maintains a level of cash deemed sufficient to finance operations and to mitigate the effects of fluctuation in cash flows.

The table below summarizes the maturity profile of the Company's financial assets used for liquidity purposes and financial liabilities based on contractual undiscounted payments as of December 31, 2021 and 2020:

	2021				
	On demand	Less than 3 months	Within 3 to 12 months	More than one year	Total
Financial Assets					
Cash and cash equivalents*	₱314,619,034	₱–	₱–	₱–	₱314,619,034
Other receivables	6,265,226	–	–	–	6,265,226
Investments at FVTPL	151,209,389	–	–	–	151,209,389
Other noncurrent assets	–	–	–	1,872,371	1,872,371
	₱472,093,649	₱–	₱–	₱1,872,371	₱473,966,020
Financial Liabilities					
Payable to insurance principals	₱27,920,505	₱–	₱–	₱–	₱27,920,505
Accrued expenses	4,203,460	–	–	–	4,203,460
Lease liability	–	1,310,660	6,684,366	21,002,426	28,997,452
Other liabilities					
Advance premium payments	130,255,923	–	–	–	130,255,923
Accounts payable	10,901,878	–	–	–	10,901,878
	₱173,281,766	₱1,310,660	₱6,684,366	₱21,002,426	₱202,279,218

* *Excluding petty cash fund, including future interest*

	2020				
	On demand	Less than 3 months	Within 3 to 12 months	More than one year	Total
Financial Assets					
Cash and cash equivalents*	₱237,007,558	₱40,024,056	₱–	₱–	₱277,031,614
Receivables					
Accrued interest receivable	26,664	–	–	–	26,664
Other receivables	6,261,806	–	–	–	6,261,806
Investments at FVTPL	150,040,984	–	–	–	150,040,984
Other noncurrent assets	–	–	–	1,872,371	1,872,371
	₱393,337,012	₱40,024,056	₱–	₱1,872,371	₱435,233,439
Financial Liabilities					
Payable to insurance principals	₱37,950,352	₱–	₱–	₱–	₱37,950,352
Accrued expenses	4,828,948	–	–	–	4,828,948
Lease liability	–	1,248,248	6,356,063	28,997,453	36,601,764
Other liabilities					
Advance premium payments	170,025,203	–	–	–	170,025,203
Accounts payable	6,694,223	–	–	–	6,694,223
	₱219,498,726	₱1,248,248	₱6,356,063	₱28,997,453	₱256,100,490

* *Excluding petty cash fund, including future interest*

The Company's obligation to insurance companies to remit collections from policyholders begins after 90 days from inception date of the policy, thus it is on demand when the account is already more than 90 days. However, the Company is not liable to remit when there is no collection.

Foreign currency risk
The Company's foreign currency exposure arises from US dollar-denominated cash in bank. Approximately 2.50% and 2.37% of the total cash in bank is denominated in US dollar as of December 31, 2021 and 2020, respectively.

Dollar-denominated financial assets are as follows:

	2021	2020
US dollar value	**$154,173**	$116,963
Philippine peso value	**₱7,862,654**	₱5,616,905

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rates of ₱50.999 per $1.00 and ₱48.023 per $1.00, with all other variables held constant, of the Company's income before tax (due to changes in the fair value of monetary assets) as of December 31, 2021 and 2020, respectively. There is no other impact on the Company's equity other than those already affecting the statement of comprehensive income.

Increase/decrease in US dollar rate	Effect on profit before tax	
	2021	2020
+2.00%	**₱157,253**	₱112,338
-2.00%	**(157,253)**	(112,338)

The increase in exchange rate above represents depreciation of the Philippine Peso while the decrease represents stronger Philippine Peso value.

18. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Corporate entities are also considered to be related if they are subject to common control or common significant influence. Transactions between related parties are based on terms similar of those offered to non-related parties.

In the ordinary course of business, the Company has normal banking and other transactions with its related parties. The effects of these transactions are reflected in the appropriate accounts in the financial statements.

The significant amount/volume, outstanding balances, and nature, terms and conditions with respect to related party transactions included in the financial statements follow:

<u>Transactions with the Retirement Plan</u>
The retirement fund of the Company's employees amounting to ₱16.42 million and ₱12.97 million as of December 31, 2021 and 2020, respectively, is being managed by the Parent Company's Trust Group.

The Company's retirement plan asset includes investment in UITFs managed by the Trust Department of the Parent Company (see Note 14).

Transactions with Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

The remuneration of the Company's key management personnel (included under 'Compensation and fringe benefits' in the statements of comprehensive income) amounted to ₱4.72 million and ₱4.63 million for 2021 and 2020, respectively.

Other related party transactions

		December 31, 2021		
Related Party	**Category**	**Amount/ Volume**	**Outstanding Balance**	**Nature, Terms and Conditions**
China Banking Corporation (Parent)	Cash in bank	**₱**	**₱258,114,900**	These are demand deposit accounts which earn interest of 0.10% to 0.125% bank deposit rates.
	Deposits	**1,240,109,186**		
	Withdrawals	**(1,160,790,779)**		
	Interest income	**248,910**		Interest income from cash in bank.
	Investment at FVTPL		**151,209,389**	These are money market and cash funds placed in the Trust Group
China Bank Savings, Inc. (CBSI) (Affiliate)	Cash in bank		**72,087,795**	These are demand deposit accounts which earn interest at the prevailing bank deposit rates.
	Deposits	**283,293,191**		
	Withdrawals	**(269,645,054)**		
	Interest income	**105,671**		Interest income from cash in bank.
	Short-term investments		–	These are special savings deposit accounts which earn interest 'of 1.0% and mature within three months or less.
	Placements	**148,993,591**		
	Maturities	**(189,182,572)**		
	Interest income	**166,704**		Interest income from time deposits.
	Security deposit		**1,872,371**	This pertains to rental deposit for office space leased from CBSI (Note 11).

		December 31, 2020		
Related Party	Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
China Banking Corporation (Parent)	Cash in bank	₱	₱178,547,583	These are demand deposit accounts which earn interest at the prevailing bank deposit rates.
	Deposits	1,177,461,617		
	Withdrawals	(1,286,642,367)		
	Interest income	380,495		Interest income from cash in bank.
	Short-term investments		–	These are special savings deposit account which earn interest of 0.50%-3.20% and mature within three months or less.
	Placements	254,320,805		
	Maturities	(376,104,824)		
	Interest income	1,170,932		Interest income from time deposits.
	Investment at FVTPL		130,040,984	These are money market and cash funds placed in the Trust Group
	Other Receivables		657,203	These are non-interest-bearing advances to CBC.
	Cash dividends	150,000,000		Dividends were declared and paid during the year (Note 16).
China Bank Savings, Inc. (CBSI) (Affiliate)	Cash in bank		58,333,987	These are demand deposit accounts which earn interest at the prevailing bank deposit rates.
	Deposits	198,451,454		
	Withdrawals	(148,102,484)		
	Interest income	139,296		Interest income from cash in bank.
	Short-term investments		40,022,279	These are special savings deposit accounts which earn interest of 1.0% and mature within three months or less.
	Placements	239,492,183		
	Maturities	(239,492,183)		
	Interest income	502,451		Interest income from time deposits.
	Security deposit		1,872,371	This pertains to rental deposit for office space leased from CBSI (Note 11).

Related Party	Nature of Transaction	2021	2020	Nature, Terms and Conditions
China Banking Corporation (Parent)	Management and professional fees	**₱320,000**	₱200,000	Annual fee paid to CBC for human resources function provided by CBC such as recruitment and placement, training and development, salary and benefits development, systems and research, and employee benefits. CBC also provided CIBI with administrative function such as procurement and inventory, messengerial and office maintenance services.
PCCI (Affiliate)	Management and professional fees	**250,000**	250,000	Annual fees paid to PCCI for information technology related function provided by PCCI to CIBI.
CBSI (Affiliate)	Leases	**7,614,311**	7,120,057	Annual rental cost of office space lease from CBSI. The non-cancellable lease is for a period of five years and renewable upon mutual agreement (Note 11).

19. Leases

The Company has lease contracts for its office space for five (5) years, with an option to renew the lease term under mutually acceptable terms and conditions. The Company's obligations under its lease are secured by the lessor's title to the leased asset. Generally, the Company is restricted from assigning and subleasing the leased asset.

The following are the amounts recognized in the statements of comprehensive income:

	2021	2020
Depreciation expense of right-of-use asset included in property and equipment (Note 9)	**₱7,165,325**	₱2,388,442
Interest expense on lease liability	**1,405,751**	262,276
	₱8,571,076	₱2,650,718

The interest expense is included in 'miscellaneous expense' account.

The rollforward analysis of lease liability follows:

	2021	2020
As at January 1	**₱32,968,282**	₱–
Renewal	–	35,826,625
Payments	**(7,614,311)**	(3,120,619)
Accretion of interest	**1,405,751**	262,276
As at December 31	**₱26,759,722**	₱32,968,282

20. Covid-19 Pandemic

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. Under the Presidential Proclamation No. 929, the Philippines had been declared under the state of calamity beginning March 16, 2020 for a period of six (6) months. This state of calamity has since been extended to September 12, 2021 through Presidential Proclamation No. 1021, and then again to September 12, 2022 through Proclamation No. 1218.

The Company was also affected by this and for purposes of risk assessment, the Company considered the prolonged effects of the pandemic in the economy and consumer outlook. Likewise, the high potential exposure of employees to COVID-19 due to current variants which are more infectious and hitting close to home.

The Company complied with the government mandate of 50% work force capacity by adopting CBC's strategy of work-from-home (WFH) and onsite alternate workforce schedule of staff. Further, the work arrangement continues to be a rotation of onsite and WFH despite increasing attendance to 70% in latter part of 2021 due to implementation of government mandated vaccination program.

21. Approval of the Release of Financial Statements

The accompanying financial statements of the Company were authorized for issue by the BOD on April 22, 2022.

22. Supplementary Information Required Under Revenue Regulations 15-2010

On November 25, 2010, the BIR issued Revenue Regulations (RR) 15-2010 to amend certain provisions of RR 21-2002. RR 15-2010 provides that starting 2010, the notes to financial statements shall include information on taxes and license fees paid or accrued during the taxable year.

The Company reported and/or paid the following types of taxes in 2021:

Input VAT

Input VAT carried over from previous period	₱	₱5,651,660
Current year's domestic purchases for:		
Goods other than capital goods	637,406	
Services	1,449,865	2,087,271
Total available input VAT		7,738,931
Less deductions from input VAT		–
Total allowable input VAT	₱	₱7,738,931

Output VAT

The Company is a VAT-registered company with VAT output tax declaration of ₱27.84 million for the year based on the amount of commission income from premiums remitted to insurance companies in 2021 amounting ₱231.99 million. Commission income reported in the Company's financial statements reflect amounts earned from brokerage services under accrual basis. The Company's sales of services are based on actual collections received, hence, may not be the same as amounts recognized in the statement of income.

As of December 31, 2021, the Company's net VAT payable amounted to ₱4.57 million.

Withholding Taxes
Details of total remittances of withholding taxes in 2021 and amounts outstanding as of December 31, 2021 are as follows:

	Total Remittance	Balance
Withholding taxes on compensation and benefits	₱4,651,282	₱ 311,667
Expanded withholding taxes	4,272,179	1,241,308
	₱8,923,461	₱1,552,975

Taxes and Licenses
In 2021, taxes and licenses of the Company consist of:

Business licenses	₱ 1,682,231
Others	182,375
	₱1,864,606

Tax assessments
As of December 31, 2021 and 2020, there are no outstanding tax assessments and tax cases under investigation, litigations nor prosecution in courts or bodies outside the BIR.

SGV
Building a better working world

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1226 Makati City
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ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
China Bank Insurance Brokers, Inc.
2/F, VGP Center, 6772 Ayala Avenue
Barangay San Lorenzo, Makati City

We have audited the financial statements of China Bank Insurance Brokers, Inc. (the Company) as at December 31, 2021 and for the year then ended, on which we have rendered the attached report dated April 22, 2022.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the above Company has one (1) stockholder owning one hundred (100) or more shares each.

SYCIP GORRES VELAYO & CO.

Janet A. Paraiso
Partner
CPA Certificate No. 92305
Tax Identification No. 193-975-241
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 92305-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-062-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8853462, January 3, 2022, Makati City

April 22, 2022

BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 8A - MAKATI
RECEIVED
APR 29 2022

CHINABANK
INSURANCE BROKERS, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBIILITY FOR ANNUAL INCOME TAX RETURN

The Management of **Chinabank Insurance Brokers, Inc.** (herein referred to as "the Company") is responsible for all information and representations contained in the **Annual Income Tax Return** for the year ended **December 31, 2021**. Management is likewise responsible for all information and representations contained in the financial statements accompanying the (Annual Income Tax Return or Annual Information Return) covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2021 and the accompanying Annual Income Tax Return are in accordance with the books and records of the Company, complete and correct in all material respects. Management likewise affirms that:

a. the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

b. any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;

c. the Company has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

Signature: ______________________
Frankie G. Panis, President

Date: April 22, 2022

Signature: ______________________
Maria Victoria A. Dagucon, Accounting Head

Date: April 22, 2022

GENERAL INFORMATION SHEET (GIS)

FOR THE YEAR 2022

STOCK CORPORATION

GENERAL INSTRUCTIONS:

1. FOR USER CORPORATION: THIS GIS SHOULD BE SUBMITTED WITHIN THIRTY (30) CALENDAR DAYS FROM THE DATE OF THE ANNUAL STOCKHOLDERS' MEETING. **DO NOT LEAVE ANY ITEM BLANK.** WRITE "N.A." IF THE INFORMATION REQUIRED IS NOT APPLICABLE TO THE CORPORATION OR "NONE" IF THE INFORMATION IS NON-EXISTENT. IF THE ANNUAL STOCKHOLDERS' MEETING IS HELD ON A DATE OTHER THAN THAT STATED IN THE BY-LAWS, THE GIS SHALL BE SUBMITTED WITHIN THIRTY (30) CALENDAR DAYS AFTER THE ELECTION OF THE DIRECTORS, TRUSTEES AND OFFICERS OF THE CORPORATION AT THE ANNUAL MEMBERS' MEETING.
2. IF NO MEETING IS HELD, THE CORPORATION SHALL SUBMIT THE GIS NOT LATER THAN JANUARY 30 OF THE FOLLOWING YEAR. HOWEVER, SHOULD AN ANNUAL STOCKHOLDERS' MEETING BE HELD THEREAFTER, A NEW GIS SHALL BE SUBMITTED/FILED.
3. THIS GIS SHALL BE ACCOMPLISHED IN ENGLISH AND CERTIFIED AND SWORN TO BY THE **CORPORATE SECRETARY** OF THE CORPORATION.
4. THE SEC SHOULD BE TIMELY APPRISED OF RELEVANT CHANGES IN THE SUBMITTED INFORMATION AS THEY ARISE. FOR CHANGES RESULTING FROM ACTIONS THAT AROSE BETWEEN THE ANNUAL MEETINGS, THE CORPORATION SHALL SUBMIT AMENDED GIS CONTAINING THE NEW INFORMATION TOGETHER WITH A COVER LETTER SIGNED THE CORPORATE SECRETARY OF THE CORPORATION. THE AMENDED GIS AND COVER LETTER SHALL BE SUBMITTED WITHIN SEVEN (7) DAYS AFTER SUCH CHANGE OCCURED OR BECAME EFFECTIVE.
5. SUBMIT FOUR (4) COPIES OF THE GIS TO THE RECEIVING SECTION AT THE SEC MAIN OFFICE, OR TO SEC SATELLITE OFFICES OR EXTENSION OFFICES. ALL COPIES SHALL UNIFORMLY BE ON A4 OR LETTER-SIZED PAPER. THE PAGES OF ALL COPIES SHALL USE ONLY ONE SIDE.
6. **ONLY THE GIS ACCOMPLISHED IN ACCORDANCE WITH THESE INSTRUCTIONS SHALL BE CONSIDERED AS HAVING BEEN FILED.**
7. THIS GIS MAY BE USED AS EVIDENCE AGAINST THE CORPORATION AND ITS RESPONSIBLE DIRECTORS/OFFICERS FOR ANY VIOLATION OF EXISTING LAWS, RULES AND REGULATIONS

================================ PLEASE PRINT LEGIBLY ================================

CORPORATE NAME: CHINABANK INSURANCE BROKERS INC.	**DATE REGISTERED:** 11/3/1998
BUSINESS/TRADE NAME: CHINABANK INSURANCE BROKERS INC.	**FISCAL YEAR END:** DECEMBER 31
SEC REGISTRATION NUMBER: A1998-13785	
DATE OF ANNUAL MEETING PER BY-LAWS: ANY DAY IN MARCH	**CORPORATE TAX IDENTIFICATION NUMBER (TIN):** 201-484-107-000
ACTUAL DATE OF ANNUAL MEETING: 21-Mar-22	**WEBSITE/URL ADDRESS:**
COMPLETE PRINCIPAL OFFICE ADDRESS: VGP CENTER 6772 AYALA AVENUE, BRGY. SAN LORENZO , MAKATI CITY 1226	**E-MAIL ADDRESS:** mvadaqucon@chinabank.ph
COMPLETE BUSINESS ADDRESS: 8/F VGP CENTER 6772 AYALA AVENUE, BRGY. SAN LORENZO, MAKATI CITY 1226	**FAX NUMBER:** 88945651

OFFICIAL E-MAIL ADDRESS	ALTERNATE E-MAIL ADDRESS	OFFICIAL MOBILE NUMBER	ALTERNATE MOBILE NUMBER
mvadaqucon@chinabank.ph	aepcamarines@chinabank.ph	0923-081-7036	[illegible]

NAME OF EXTERNAL AUDITOR & ITS SIGNING PARTNER: SYCIP GORRES VELAYO & CO.	**SEC ACCREDITATION NUMBER (if applicable):**	**TELEPHONE NUMBER(S):** 8885-5760; 8885-5765
PRIMARY PURPOSE/ACTIVITY/INDUSTRY PRESENTLY ENGAGED IN: see attached page	**INDUSTRY CLASSIFICATION:**	**GEOGRAPHICAL CODE:**

================================ INTERCOMPANY AFFILIATIONS ================================

PARENT COMPANY	SEC REGISTRATION NO.	ADDRESS
SUBSIDIARY/AFFILIATE	**SEC REGISTRATION NO.**	**ADDRESS**

NOTE: USE ADDITIONAL SHEET IF NECESSARY

PRIMARY PURPOSE

TO ACT AS A BROKER IN SOLICITING, PROCURING, NEGOTIATING, RECEIVING, MANAGING AND FORWARDING APPLICATIONS FOR FIRE, CASUALTY, PLATE GLASS, AUTOMOBILES, TRUCKS AND OTHER MOTOR VEHICLES ACCIDENT, HEALTH, BURGLARY, RENT, MARINE, CREDIT, DISABILITY, LIFE INSURANCE, AND ALL OTHER KINDS OF INSURANCE, INCLUDING REINSURANCE CONTRACTS OR IN ANY OTHER MANNER AIDING IN TAKING OUT INSURANCE, COLLECTING PAYMENTS OF PREMIUMS DUE ON SUCH POLICIES, AND DOING SUCH OTHER BUSINESS AS MAY BE DELEGAED TO BROKER OR SUCH COMPANIES IN THE CONDUCT OF A GENERAL INSURANCE BROKERAGE BUSINESS.

GENERAL INFORMATION SHEET
STOCK CORPORATION
=============================== PLEASE PRINT LEGIBLY ===============================

Corporate Name:

A. Is the Corporation a covered person under the Anti Money Laundering Act (AMLA), as amended? (Rep. Acts. 9160/9164/10167/10365) ( ) Yes (•) No

Please check the appropriate box:

1.
- ☐ a. Banks
- ☐ b. Offshore Banking Units
- ☐ c. Quasi-Banks
- ☐ d. Trust Entities
- ☐ e. Non-Stock Savings and Loan Associations
- ☐ f. Pawnshops
- ☐ g. Foreign Exchage Dealers
- ☐ h. Money Changers
- ☐ i. Remittance Agents
- ☐ j. Electronic Money Issuers
- ☐ k. Financial Institutions which Under Special Laws are subject to Bangko Sentral ng Pilipinas' (BSP) supervision and/or regulation, including their subsidiaries and affiliates.

2.
- ☐ a. Insurance Companies
- ☐ b. Insurance Agents
- ☐ c. Insurance Brokers
- ☐ d. Professional Reinsurers
- ☐ e. Reinsurance Brokers
- ☐ f. Holding Companies
- ☐ g. Holding Company Systems
- ☐ h. Pre-need Companies
- ☐ i. Mutual Benefit Association
- ☐ j. All Other Persons and entities supervised and/or regulated by the Insurance Commission (IC)

3.
- ☐ a. Securities Dealers
- ☐ b. Securities Brokers
- ☐ c. Securities Salesman
- ☐ d. Investment Houses
- ☐ e. Investment Agents and Consultants
- ☐ f. Trading Advisors
- ☐ g. Other entities managing Securities or rendering similar services
- ☐ h. Mutual Funds or Open-end Investment Companies
- ☐ i. Close-end Investment Companies
- ☐ j. Common Trust Funds or Issuers and other similar entities
- ☐ k. Transfer Companies and other similar entities
- ☐ l. Other entities administering or otherwise dealing in currency, commodities or financial derivatives based there on
- ☐ m. Entities administering of otherwise dealing in valuable objects
- ☐ n. Entities administering or otherwise dealing in cash Substitutes and other similar monetary instruments or property supervised and/or regulated by the Securities and Exchange Commission (SEC)

4. ☐ Jewelry dealers in precious metals, who, as a business, trade in precious metals

5. ☐ Jewelry dealers in precious stones, who, as a business, trade in precious stone

6. Company service providers which, as a business, provide any of the following services to third parties:
- ☐ a. acting as a formation agent of juridical persons
- ☐ b. acting as (or arranging for another person to act as) a director or corporate secretary of a company, a partner of a partnership, or a similar position in relation to other juridical persons
- ☐ c. providing a registered office, business address or accommodation, correspondence or administrative address for a company, a partnership or any other legal person or arrangement
- ☐ d. acting as (or arranging for another person to act as) a nominee shareholder for another person

7. Persons who provide any of the following services:
- ☐ a. managing of client money, securities or other assets
- ☐ b. management of bank, savings or securities accounts
- ☐ c. organization of contributions for the creation, operation or management of companies
- ☐ d. creation, operation or management of juridical persons or arrangements, and buying and selling business entities

8. ☐ None of the above

Describe nature of business:

B. Has the Corporation complied with the requirements on Customer Due Diligence (CDD) or Know Your Customer (KYC), record-keeping, and submission of reports under the AMLA, as amended, since the last filing of its GIS? ( ) Yes (•) No

GENERAL INFORMATION SHEET
STOCK CORPORATION
==================== PLEASE PRINT LEGIBLY ====================

CORPORATE NAME:	CHINABANK INSURANCE BROKERS INC.

CAPITAL STRUCTURE

AUTHORIZED CAPITAL STOCK

	TYPE OF SHARES *	NUMBER OF SHARES	PAR/STATED VALUE	AMOUNT (PhP) (No. of shares X Par/Stated Value)
	common	5,000,000	100.00	500,000,000.00
	TOTAL	5,000,000	TOTAL P	

SUBSCRIBED CAPITAL

FILIPINO	NO. OF STOCK-HOLDERS	TYPE OF SHARES *	NUMBER OF SHARES	NUMBER OF SHARES IN THE HANDS OF THE PUBLIC **	PAR/STATED VALUE	AMOUNT (PhP)	% OF OWNERSHIP
	5	common	1,421,300		100.00	142,130,000.00	
		TOTAL	1,421,300	TOTAL	TOTAL P	142,130,000.00	

FOREIGN (INDICATE BY NATIONALITY)	NO. OF STOCK-HOLDERS	TYPE OF SHARES *	NUMBER OF SHARES	NUMBER OF SHARES IN THE HANDS OF THE PUBLIC **	PAR/STATED VALUE	AMOUNT (PhP)	% OF OWNERSHIP
n/a		n/a					
Percentage of Foreign Equity :		TOTAL		TOTAL	TOTAL P		
					TOTAL SUBSCRIBED P	142,130,000.00	

PAID-UP CAPITAL

FILIPINO	NO. OF STOCK-HOLDERS	TYPE OF SHARES *	NUMBER OF SHARES	PAR/STATED VALUE	AMOUNT (PhP)	% OF OWNERSHIP
	5	common	1,421,300		142,130,000.00	
		TOTAL	1,421,300	TOTAL P	142,130,000.00	

FOREIGN (INDICATE BY NATIONALITY)	NO. OF STOCK-HOLDERS	TYPE OF SHARES *	NUMBER OF SHARES	PAR/STATED VALUE	AMOUNT (PhP)	% OF OWNERSHIP
0.00 %		TOTAL		TOTAL P		
				TOTAL PAID-UP P		

NOTE: USE ADDITIONAL SHEET IF NECESSARY

* Common, Preferred or other classification

** Other than Directors, Officers, Shareholders owning 10% of outstanding shares.

GENERAL INFORMATION SHEET

STOCK CORPORATION

================================== PLEASE PRINT LEGIBLY ==================================

CORPORATE NAME: CHINABANK INSURANCE BROKERS INC.

DIRECTORS / OFFICERS

NAME/CURRENT RESIDENTIAL ADDRESS	NATIONALITY	INC'R	BOARD	GENDER	STOCK HOLDER	OFFICER	EXEC. COMM.	TAX IDENTIFICATION NUMBER
1. PATRICK D. CHENG 827 Mabini St., Bryg. Addition Hills, Mandaluyong City	Filipino	N	C	M	Y	Chairman		107-170-683
2. FRANKIE G. PANIS 2602 A. Lamayan Street, Sta. Ana, Manila	Filipino	N	M	M	Y	President		163-080-258
3. WILLIAM C. WHANG 20 Polk St., North Greenhills, San Juan City, Metro Manila	Filipino	N	M	M	Y	N/A		113-262-108
4. PHILIP S.L. TSAI 157 Oscar Arellano St., San Juan City, Metro Manila	Filipino	N	I	M	Y	N/A		125-401-992
5. MARGARITA L. SAN JUAN 15 First Street, Ignatius Village, Quezon City	Filipino	N	I	F	Y	N/A		125-401-674
6. KRISTHA FELIZ A. MANGAHAS 1102 Tower D The Grove 117 E. Rodriguez Jr. Avenue Brgy. Ugong, Pasig City	Filipino	N		F	N	Treasurer		216-525-498
7. BELENETTE C. TAN 130 E. 9th Street, New Manila, Quezon City	Filipino	N		F	N	Corporate Secretary		153-962-566
8.								
9.								
10.								
11.								
12.								
13.								
14.								
15.								

INSTRUCTION:

FOR SEX COLUMN, PUT "F" FOR FEMALE, "M" FOR MALE.

FOR BOARD COLUMN, PUT "C" FOR CHAIRMAN, "M" FOR MEMBER, "I" FOR INDEPENDENT DIRECTOR.

FOR INC'R COLUMN, PUT "Y" IF AN INCORPORATOR, "N" IF NOT.

FOR STOCKHOLDER COLUMN, PUT "Y" IF A STOCKHOLDER, "N" IF NOT.

FOR OFFICER COLUMN, INDICATE PARTICULAR POSITION IF AN OFFICER, FROM VP UP INCLUDING THE POSITION OF THE TREASURER, SECRETARY, COMPLIANCE OFFICER AND/OR ASSOCIATED PERSON.

FOR EXECUTIVE COMMITTEE, INDICATE "C" IF MEMBER OF THE COMPENSATION COMMITTEE; "A" FOR AUDIT COMMITTEE; "N" FOR NOMINATION AND ELECTION COMMITTEE. ADDITIONALLY WRITE "C" AFTER SLASH IF CHAIRMAN AND "M" IF MEMBER.

GENERAL INFORMATION SHEET
STOCK CORPORATION

================================ PLEASE PRINT LEGIBLY ================================

CORPORATE NAME:	CHINABANK INSURANCE BROKERS INC.		
TOTAL NUMBER OF STOCKHOLDERS:	5	NO. OF STOCKHOLDERS WITH 100 OR MORE SHAR	ONE (1)
TOTAL ASSETS BASED ON LATEST AUDITED FINANCIAL STATEMENTS:	586,033,079.00		

STOCKHOLDER'S INFORMATION

NAME, NATIONALITY AND CURRENT RESIDENTIAL ADDRESS	SHARES SUBSCRIBED				AMOUNT PAID (PhP)	TAX IDENTIFICATION NUMBER
	TYPE	NUMBER	AMOUNT (PhP)	% OF OWNER-SHIP		
1. CHINABANK CORPORATION Filipino 8745 Paseo de Roxas, Makati City	C	1,421,295	142,129,500.00		142,129,500.00	000-444-210
	TOTAL	1,421,295	142,129,500.00			
2. PATRICK D. CHENG Filipino 827 Mabini St., Brgy. Addition Hills, Mandaluyong City	C	1	100.00		100.00	107-170-683
	TOTAL		100.00			
3. FRANKIE G. PANIS Filipino 2602 A. Lamayan Street, Sta. Ana, Manila	C	1	100.00		100.00	163-080-258
	TOTAL	1	100.00			
4. WILLIAM C. WHANG Filipino 20 Polk St., North Greenhills, San Juan City	C	1	100.00		100.00	113-262-108
	TOTAL	1	100.00			
5. PHILIP S.L. TSAI Filipino 157 Oscar Arellano St., San Juan City, Metro Manila	C	1	100.00		100.00	125-401-992
	TOTAL	1	100.00			
6. MARGARITA L. SAN JUAN Filipino 15 First Street, Ignatius Village, Quezon City	C	1	100.00		100.00	125-401-674
	TOTAL	1	100.00			
7.						
	TOTAL					
TOTAL AMOUNT OF SUBSCRIBED CAPITAL				0.00%	142,130,000.00	
TOTAL AMOUNT OF PAID-UP CAPITAL						

INSTRUCTION: SPECIFY THE TOP 20 STOCKHOLDERS AND INDICATE THE REST AS OTHERS

Note: For PDTC Nominee included in the list, please indicate further the beneficial owners owning more than 5% of any class of the company's voting securities. Attach separate sheet, if necessary.

GENERAL INFORMATION SHEET
STOCK CORPORATION

=================================== PLEASE PRINT LEGIBLY ===================================

CORPORATE NAME:	CHINABANK INSURANCE BROKERS INC.		
TOTAL NUMBER OF STOCKHOLDERS:	5	NO. OF STOCKHOLDERS WITH 100 OR MORE SHARES EACH:	
TOTAL ASSETS BASED ON LATEST AUDITED FS:			

STOCKHOLDER'S INFORMATION

NAME, NATIONALITY AND CURRENT RESIDENTIAL ADDRESS	SHARES SUBSCRIBED				AMOUNT PAID (PhP)	TAX IDENTIFCATION NUMBER
	TYPE	NUMBER	AMOUNT (PhP)	% OF OWNER-SHIP		
8.						
	TOTAL					
9.						
	TOTAL					
10.						
	TOTAL					
11.						
	TOTAL					
12.						
	TOTAL					
13.						
	TOTAL					
14.						
	TOTAL					
TOTAL AMOUNT OF SUBSCRIBED CAPITAL				0.00%	0.00	
			TOTAL AMOUNT OF PAID-UP CAPITAL			

INSTRUCTION: SPECIFY THE TOP 20 STOCKHOLDERS AND INDICATE THE REST AS OTHERS

Note: For PDTC Nominee Included in the list, please indicate further the beneficial owners owning more than 5% of any class of the company's voting securities. Attach separate sheet, if necessary.

GENERAL INFORMATION SHEET

STOCK CORPORATION

===================================== PLEASE PRINT LEGIBLY =====================================

CORPORATE NAME:	
TOTAL NUMBER OF STOCKHOLDERS:	[illegible]
TOTAL ASSETS BASED ON LATEST AUDITED FS:	

STOCKHOLDER'S INFORMATION

NAME, NATIONALITY AND CURRENT RESIDENTIAL ADDRESS	SHARES SUBSCRIBED				AMOUNT PAID (PhP)	TAX IDENTIFICATION NUMBER
	TYPE	NUMBER	AMOUNT (PhP)	% OF OWNER-SHIP		
15.						
	TOTAL					
16.						
	TOTAL					
17.						
	TOTAL					
18.						
	TOTAL					
19.						
	TOTAL					
20.						
	TOTAL					
21. OTHERS (Indicate the number of the remaining stockholders)						
	TOTAL					
TOTAL AMOUNT OF SUBSCRIBED CAPITAL				0.00%	0.00	
			TOTAL AMOUNT OF PAID-UP CAPITAL			

INSTRUCTION: SPECIFY THE TOP 20 STOCKHOLDERS AND INDICATE THE REST AS OTHERS

Note: For PDTC Nominee included in the list, please indicate further the beneficial owners owning more than 5% of any class of the company's voting securities. Attach separate sheet, if necessary.

GENERAL INFORMATION SHEET

STOCK CORPORATION

=================================== PLEASE PRINT LEGIBLY ===================================

CORPORATE NAME:

1. INVESTMENT OF CORPORATE FUNDS IN ANOTHER CORPORATION	AMOUNT (PhP)	DATE OF BOARD RESOLUTION
1.1 STOCKS		
1.2 BONDS/COMMERCIAL PAPER (Issued by Private Corporations)		
1.3 LOANS/ CREDITS/ ADVANCES		
1.4 GOVERNMENT TREASURY BILLS		
1.5 OTHERS		

2. INVESTMENT OF CORPORATE FUNDS IN ACTIVITIES UNDER ITS SECONDARY PURPOSES (PLEASE SPECIFY:)	DATE OF BOARD RESOLUTION	DATE OF STOCKHOLDERS RATIFICATION

3. TREASURY SHARES	NO. OF SHARES	% AS TO THE TOTAL NO. OF SHARES ISSUED

4. UNRESTRICTED/UNAPPROPRIATED RETAINED EARNINGS AS OF END OF LAST FISCAL YEAR

5. DIVIDENDS DECLARED DURING THE IMMEDIATELY PRECEDING YEAR:

TYPE OF DIVIDEND	AMOUNT (PhP)	DATE DECLARED
5.1 CASH	50,000,000.00	February 8, 2022
5.2 STOCK	622,300.00	September 1, 2021
5.3 PROPERTY		
TOTAL	P	

6. ADDITIONAL SHARES ISSUED DURING THE PERIOD:

DATE	NO. OF SHARES	AMOUNT

SECONDARY LICENSE/REGISTRATION WITH SEC AND OTHER GOV'T AGENCY:

NAME OF AGENCY:	SEC	B S P	I C
TYPE OF LICENSE/REGN.			
DATE ISSUED:			
DATE STARTED OPERATIONS:			

TOTAL ANNUAL COMPENSATION OF DIRECTORS DURING THE PRECEDING FISCAL YEAR (in PhP)	TOTAL NO. OF OFFICERS	TOTAL NO. OF RANK & FILE EMPLOYEES	TOTAL MANPOWER COMPLEMENT
	32	81	113

NOTE: USE ADDITIONAL SHEET IF NECESSARY

I, **BELENETTE C. TAN,** Corporate Secretary of CHINABANK INSURANCE BROKERS INC. declare under penalty of perjury that all matters set forth in this GIS have been made in good faith, duly verified by me and to the best of my knowledge and belief are true and correct.

I hereby attest that all the information in this GIS are being submitted in compliance with the rules and regulations of the Securities and Exchange Commission (SEC) the collection, processing, storage and sharing of said information being necessary to carry out the functions of public authority for the performance of the constitutionally and statutorily mandated functions of the SEC as a regulatory agency.

I further attest that I have been authorized by the Board of Directors/Trustees to file this GIS with the SEC.

I understand that the Commission may place the corporation under delinquent status for failure to submit the reportorial requirements three (3) times, consecutively or intermittently, within a period of five (5) years (*Section 177, RA No. 11232*).

APR 19 2022

Done this _____ day of ___________, 20 ___ in Makati City.

BELENETTE C. TAN
(Signature over printed name)

SUBSCRIBED AND SWORN TO before me in Makati City on APR 19 2022 by affiant who personally appeared before me and exhibited to me his/her competent evidence of identity consisting of SSS No. 3316808249 issued at _________ on _________

ALVIN A. QUINTANILLA
Notary Public for Makati City
Appt: No. M-281 until 31 December 2021
4/F Philcom Building,
8755 Paseo de Roxas, Makati City
NOTARY PUBLIC
PTR No. 8855315; 01-05-22; Makati City
IBP No. 174902; 01-05-22; Cavite
Roll of Attorney's No. 40925
EXTENDED UNTIL JUNE 30, 2022
PURSUANT TO BAR MATTER NO. 3795

DOC. NO. 435
PAGE NO. 87
BOOK NO. 92
SERIES OF 2022

BENEFICIAL OWNERSHIP DECLARATION
FOR THE YEAR: 2022

SEC REGISTRATION NUMBER: A1998-13785
CORPORATE NAME: CHINABANK INSURANCE BROKERS, INC.

Instructions:

1. Identify the Beneficial Owner/s of the corporation as described in the Categories of Beneficial Ownership in items A to I below. List down as many as you can identify. You may use an additional sheet if necessary.
2. Fill in the required information on the beneficial owner in the fields provided for.
3. In the "Category of Beneficial Ownership" column, indicate the letter(s) corresponding thereto. In the event that the person identified as beneficial owner falls under several categories, indicate all the letters corresponding to such categories.
4. If the category is under letter "I", indicate the position held (i.e., Director/Trustee, President, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, etc.).
5. Do not leave any item blank. Write "N/A" if the information required is not applicable or "NONE" if non-existent.

"**Beneficial Owner**" refers to any natural person(s) who ultimately own(s) or control(s) or exercise(s) ultimate effective control over the corporation. This definition covers the natural person(s) who actually own or control the corporation as distinguished from the legal owners. Such beneficial ownership may be determined on the basis of the

Category	Description
A	Natural person(s) owning, directly or indirectly or through a chain of ownership, at least twenty-five percent (25%) of the voting rights, voting shares or capital of the reporting corporation.
B	Natural person(s) who exercise control over the reporting corporation, alone or together with others, through any contract, understanding, relationship, intermediary or tiered entity.
C	Natural person(s) having the ability to elect a majority of the board of directors/trustees, or any similar body, of the corporation.
D	Natural person(s) having the ability to exert a dominant influence over the management or policies of the corporation.
E	Natural person(s) whose directions, instructions, or wishes in conducting the affairs of the corporation are carried out by majority of the members of the board of directors of such corporation who are accustomed or under an obligation to act in accordance with such person's directions, instructions or
F	Natural person(s) acting as stewards of the properties of corporations, where such properties are under the care or administration of said natural person(s).
G	Natural person(s) who actually own or control the reporting corporation through nominee shareholders or nominee directors acting for or on behalf of such natural persons.
H	Natural person(s) ultimately owning or controlling or exercising ultimate effective control over the corporation through other means not falling under any of the foregoing categories.
I	Natural person(s) exercising control through positions held within a corporation (i.e., responsible for strategic decisions that fundamentally affect the business practices or general direction of the corporation such as the members of the board of directors or trustees or similar body within the corporation; or exercising executive control over the daily or regular affairs of the corporation through a senior management position). This category is only applicable in exceptional cases where no natural person is identifiable who ultimately owns or exerts control over the corporation, the reporting corporation having exhausted all reasonable means of identification and provided there are no grounds for suspicion.

COMPLETE NAME (Surname, Given Name, Middle Name, Name Extension (i.e., Jr., Sr., III)	SPECIFIC RESIDENTIAL ADDRESS	NATIONALITY	DATE OF BIRTH	TAX IDENTIFICATION NO.	% OF OWNERSHIP[1] / % OF VOTING RIGHTS[2]	TYPE OF BENEFICIAL OWNER[3] Direct (D) or Indirect (I)	CATEGORY OF BENEFICIAL OWNERSHIP
WILLIAM C. WHANG (China Banking Corporation)	20 Polk St., North Greenhills, San Juan City, Metro Manila	Filipino	3/31/1958	113-262-108	100%	D	I (Presidet - China Banking Corporation)

Note: This page is not for uploading on the SEC iView.

[1] For Stock Corporations.
[2] For Non-Stock Corporations.
[3] For Stock Corporations.

[3] For Stock Corporations.