



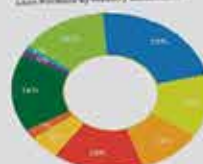
ASSETS 2004-2014



Loan Portfolio by Industry Distribution



Loan Portfolio by Industry Distribution



- Non-Financial, Banking & Insurance, Services
- Manufacturing
- Wholesale & Retail Trade
- Transportation, Storage & Communication
- Electricity, Gas & Water
- Financial Intermediaries
- Agriculture
- Construction
- Mining & Quarrying
- Others





PART 3

UNPRECEDENTED GROWTH



Part 3

UNPRECEDENTED GROWTH

The 2010s was the decade when the Philippine economy was the most prosperous it has ever been. According to the World Bank, the country's gross domestic product (GDP) growth averaged 6.34% in the 2010s—the fastest since the 1960s—from an average of 4.46% from 2000 to 2009. The Bangko Sentral ng Pilipinas kept its policy rate between 3% to 4% throughout most of the 2010s, ushering in an era of cheaper credit. Continued inflow of remittances from overseas Filipinos and rising wealth levels supported domestic consumption. The country's sovereign credit ratings reached investment grade in 2013 after the Aquino government hiked taxes on “sin” products. In 2019, the Duterte government got another upgrade.

Against this backdrop, China Bank recorded its fastest growth in decades.

In 2010, when Hans Sy was the vice chairman of the China Bank board and chair of the executive committee, he spoke about the Bank's future: “My goal is for China Bank to be No. 1 in the second tier of the banks—the ones below the top three. I see China Bank growing at a much faster pace, but still standing on a very, very solid base.” He said he would push for a China Bank that was still conservative but very strong.

On May 5, 2011, Hans became the chairman of the board and pursued his goal in earnest, infusing China Bank with a more aggressive and competitive spirit while remaining true to the core values that the founders and past leaders had instilled in the Bank's workforce.

It was not easy pursuing rapid growth in a highly competitive business environment, especially for a 90-plus-year-old bank that wanted to remain prudent and conservative in a number of ways.

The Bank's leaders believed that the only way it could be among the Top 5, and No. 1 among the second-tier banks, was to step out of its comfort zone of niche banking with entrepreneurs—where it had enjoyed greater profitability than some of the bigger banks—and seek out a much broader and diversified market. It had to enter new businesses so that it could offer its existing and new customers a wider range of products and services than it had been offering for nine decades.

The Bank's organization came under intensive review and was streamlined and revamped so that it could better serve its customers, tap business opportunities from both mature and developing markets, and drive the business to a higher level.

It had to shake off a certain amount of complacency to adopt new ways and change some of its old, set ways. It had to be bolder and aggressive—a departure from its cultivated risk-averse nature—but temper its boldness with a dose of caution and calculation, mitigating risk by not forgetting one of its long-held tenets, first articulated by Don Albino SyCip, that “It is better to know people than to know money.”

It was a matter of finding the middle way, or combining the old and the new, to meet growth targets by taking intelligent risks; speed up delivery of service without sacrificing quality; adopt leading-edge digital technology but continue to have close, personal interactions with its valued clients; and expand its workforce without losing corporate camaraderie and warmth.

In short, the Bank had to transform itself, contemporize itself, without losing its distinct nature and culture.

The new direction that the Bank took under the new leadership required a considerable reshaping of the organization, helmed by a new band of bankers—more aggressive, attuned to current customers' banking habits and needs; conversant with new ways of banking; and creative in designing new products, redesigning old products, and devising new strategies in a very old industry that has become extremely competitive and is facing challenges from new competitors and nimbler, technology-based, unregulated finance companies. An extensive search for men and women who would do all this and man the fort was undertaken within and outside the Bank and went on for a few years, until the team was complete. With this team of prodigious skill and talent, the Bank mounted its most ambitious expansion program thus far.


“Aside from growing organically, we accelerated our growth and bolstered our competitiveness with strategic acquisitions and new businesses. We are continually expanding and enhancing our products, processes, infrastructure, manpower, and technology to meet customer demands and our growing business volumes,” Hans Sy said.



CHAPTER 7

Growing Fast Through Strategic Acquisitions

China Bank acquires Manila Bank in 2007, Unity Bank in 2012, and Plantersbank in 2013—more than tripling its branch network from 148 in 2006.

A photograph of three men in dark suits and ties standing in a modern building hallway. The man on the left is gesturing with his hands while speaking to the other two. The man in the center is listening attentively, and the man on the right is also listening. They are standing on a light-colored tiled floor next to a wall with large, light-colored stone panels. A large window in the background shows a cityscape.

From left: Chairman Hans Sy,
Vice Chairman Gilbert Dee,
and then President & CEO
Ricardo Chua who succeeded
Peter Dee in 2014.

By its 90th year, in 2010, China Bank had 269 branches, a big jump from 148 in 2006 when it launched its aggressive branch network expansion plan. The branch network was complemented with 431 ATMs.



In banking, the branch is what enables banks to reach their target market and develop scale. Even in this age of digitalization, a brick-and-mortar presence is still indispensable for a bank that wants to grow, or grow bigger. It is the first step in building a customer base—or enlarging it—and it is essential in deepening relationships with existing clients.

While digital channels provide more conveniences for client transactions, the branch is still the primary platform for interacting with customers, servicing their needs, and offering them new products and services.

When the leadership of China Bank set their minds on growing bigger, branch expansion was high on the priority list. The Bank had been growing organically, but its leaders knew that it could not grow fast that way. The quickest way to do it was through a merger or an acquisition. Fortuitously, a bank was on the market at the time. So, in 2007, China Bank acquired Manila Bank, a savings bank that had 75 licenses and 27 active branches. The memorandum of agreement to purchase 87.51% of Manila Bank's subscribed shares was signed on June 21. China Bank also made a tender offer to the shareholders of the remaining 12.49% Manila Bank common stock.

The purchase allowed China Bank to expand its branch network at a faster pace than it would have through an organic expansion. It also bolstered its presence in consumer banking. China Bank operated



China Bank Savings' first branch located at the ground floor of VGP Center, formerly the Manilabank Building built in 1967, was renovated in 2013. The whole space was brightened up with light colors and new off-white granite floors, but the floor to ceiling wood carved panels and ornate chandeliers that have been the hallmark of the original interior design were retained.

Manila Bank as a savings bank subsidiary from September 2007 and relaunched it as China Bank Savings (CBS) in 2008 after obtaining BSP and SEC approvals for the rebranding.

By its 90th year, in 2010, China Bank's consolidated branch network had grown to 269 branches, a big jump from 148 in 2006 before it launched its aggressive branch network expansion plan. The branch network was complemented with 431 ATMs.

Branch expansion was carried out in a strategic manner. Areas without a China Bank presence were prioritized, a few branches were relocated to better sites, and others refurbished for better service. To make the Bank's services accessible to an even wider market, the physical branch expansion was accompanied by digital expansion. Aside from embedding ATMs in the new branches, ATMs were also installed in high traffic off-branch locations.

To widen its reach some more and promote inclusive banking further, China Bank, in November 2012, acquired Unity Bank, a Pampanga-based rural bank, which was merged with

CBS in May 2013. The acquisition boosted CBS' network with 15 Unity Bank branches and additional 24 branch licenses in the restricted areas granted by the BSP under the Strengthening Program for Rural Banks (SPRB) Plus.

Unity Bank's branches were located in the fast-developing Central Luzon area, which is home to a large number of OFWs and mid-sized businesses. While Unity Bank was a small acquisition, what turned out to be of great significance thereafter was its license to offer teachers' loans.

Branch expansion was particularly rapid in 2013. The Branch Banking Group, later known as the Retail Banking Business (RBB), led the most ambitious expansion program in China Bank's 93-year history, with one branch opening almost every week.

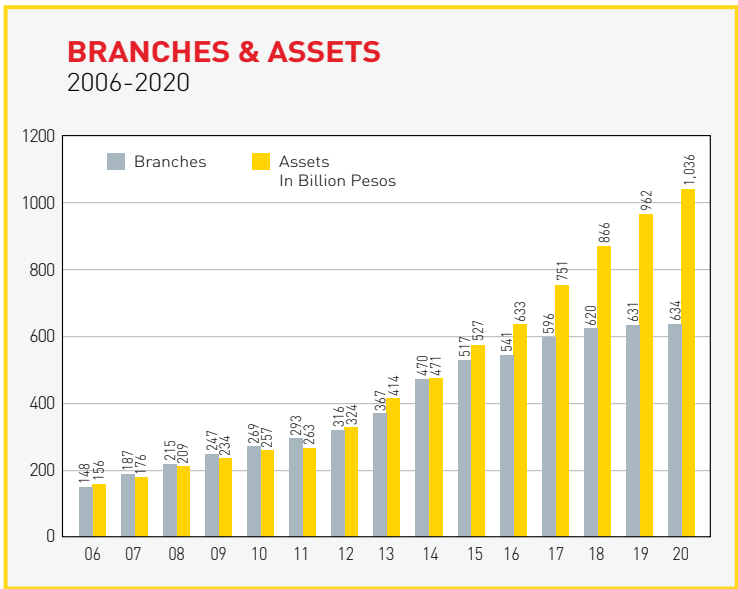
The year 2013 was challenging for the Bank because of the scaled-up expansion program, heavy investments in capacity-building to strengthen its position within the major client segments, and another strategic acquisition—Planters Development Bank (Plantersbank). But by exercising fiscal

“We are very honored that China Bank was chosen by Ambassador Tambunting and the shareholders of Plantersbank to be the partner to carry on and strengthen the legacy and advocacy of supporting entrepreneurs in this country.” —HANS SY

discipline and revving up income-generation, the Bank came through the financial hurdle, and reported a net income of P5.10 billion, up 1.95% from P5.00 billion in 2012. This income performance translated to an 11.31% return on equity and 1.45% return on assets.

The positive net income was achieved by increasing and diversifying its revenues from non-lending sources, particularly recurring income from commissions, underwriting activities, wealth management, and new businesses, as against opportunistic gains from fixed income securities trading and bond sales.

The Bank’s accelerated growth necessitated an organizational restructuring. Functionally-related and client-focused businesses were clustered into three engines of growth: Relationship Banking, Financial Capital Markets and Investment, and Subsidiaries.



Meanwhile, the operations and support units were grouped into the corporate support segment (technical, general and administrative services) and business operations segment (lending, remittance, international, and treasury operations).

The refocusing of the business lines was done to promote greater interaction and teamwork among the marketing and support units in the client acquisition and account servicing process, as well as develop their banking expertise across multiple product lines and markets.

In September 2013, China Bank acquired Plantersbank, the country’s largest private development bank and leading bank for small and medium enterprises or SMEs.

“We are very honored that China Bank was chosen by Ambassador Tambunting and the shareholders of Plantersbank to be the partner to carry on and strengthen the legacy and advocacy of supporting entrepreneurs in this country,” said Hans Sy during the signing of the memorandum

(Right) Hans Sy gets a standing ovation when he announced that Plantersbank employees are welcome to the China Bank family at the Plantersbank Townhall meeting after the MOA signing.

(Opposite page) China Bank Chairman Hans Sy (2nd from left) and Plantersbank Chairman & CEO Jesus Tambunting (center) shake hands after signing of the agreement wherein China Bank will acquire a majority interest in the SME lender. With them are (from left) then China Bank President & CEO Ricardo Chua and Plantersbank's Director Jose Tambunting and President Carlos Borroneo.



of agreement. “This is a market sector that we happen to know very well, and we are excited by the opportunities to combine the strong legacy of both institutions to strengthen our presence in the SMEs and middle market.”

“The acquisition of Plantersbank was a major step because it made the savings bank bigger and, at the same time, it gave us a lot of licenses on the parent bank side to extend our reach to our customers. It gave us the momentum,” said then president Ricardo “Ric” R. Chua, now advisor to the board.

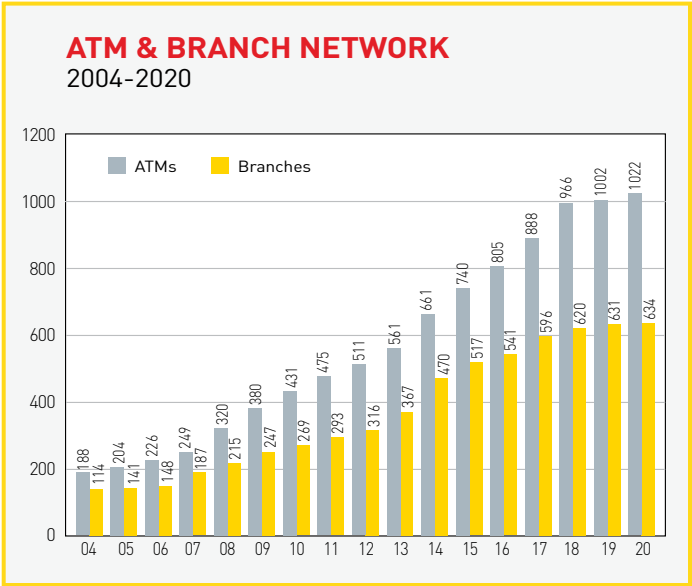
Plantersbank was a key step in consolidating the Bank’s foothold in the SME sector as well as the consumer banking business which started with the purchase of Manila Bank in 2007, followed by Unity Bank in 2012.

Plantersbank’s network of 78 branches, client base of 70,000, and resources of P53 billion brought China Bank a step closer to its goal of becoming one of the top 5 banks in the country. The Plantersbank acquisition also led to an additional 130 branch licenses to the China Bank Group that fueled its branch expansion through 2019.

By the middle of 2014, China Bank had become the fifth largest private universal bank in the country in terms of assets and branches, with P471 billion in assets and 470 branches, well over its target of 400.

On the Bank’s 95th year in 2015, the Philippine economy sustained its growth, creating opportunities for businesses

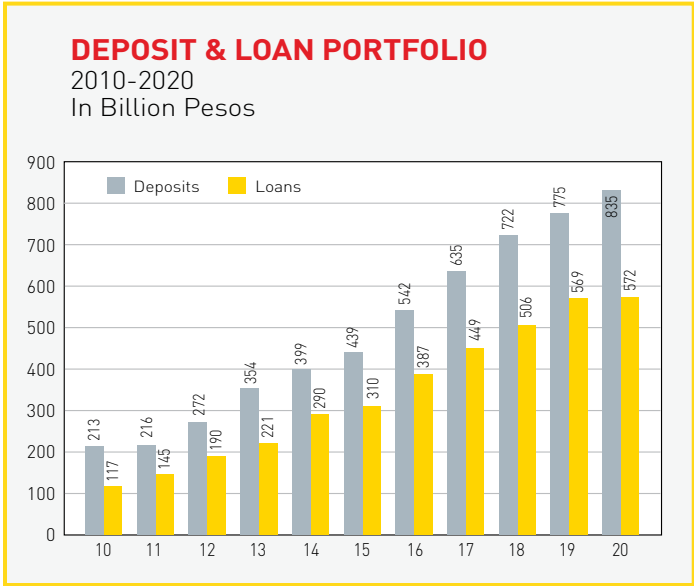
and adding jobs in the labor force. According to the Philippine Statistics Authority, the country’s unemployment rate dropped to 5.7% in October 2015, the lowest in ten years. China Bank made sure to tap the bigger workforce with strong purchasing power, launching new products, enhancing its digital offerings, expanding its branch network, and redesigning its branches to reach out to them. The branch was highlighted on the Bank’s 95th year, not only as a vehicle for growth and a hub for customer engagement, but also as a tool for corporate image enhancement. That year, the Bank invested



“Our branch design will continue to evolve in step with the changing times and the growing needs of our customers, and in line with the ‘Branch of the Future Project’ and various improvement initiatives.” —ALEX ESCUCHA



China Bank BGC-One World Place Branch



in new infrastructure so that it could deliver an enhanced level of service, convenience, and engagement to its customers. It embarked on a “redesign and refresh” project to develop a new look for its branches.

“Our branch network serves as the main customer touch point and the foundation for creating an omni-channel experience. Through the years, our branches are becoming more streamlined and modern, utilizing creative design elements, furnishing, and digital technology for a better customer journey,” said Alex Escucha, who led the Branch Redesign Project, first in 2006, followed by the implementation of an enhanced and refreshed branch look in 2015. The Bank engaged another design consultant in 2017. “Our branch design will continue to evolve in step with the changing times and the growing needs of our customers, and in line with



the ‘Branch of the Future Project’ and various improvement initiatives.”

The new branch design was showcased in a pilot branch—the China Bank Bonifacio Global City-One World Place, on 32nd Avenue, which opened in August 2015. It featured an open layout, dynamic seating, and contemporary counters and fixtures.

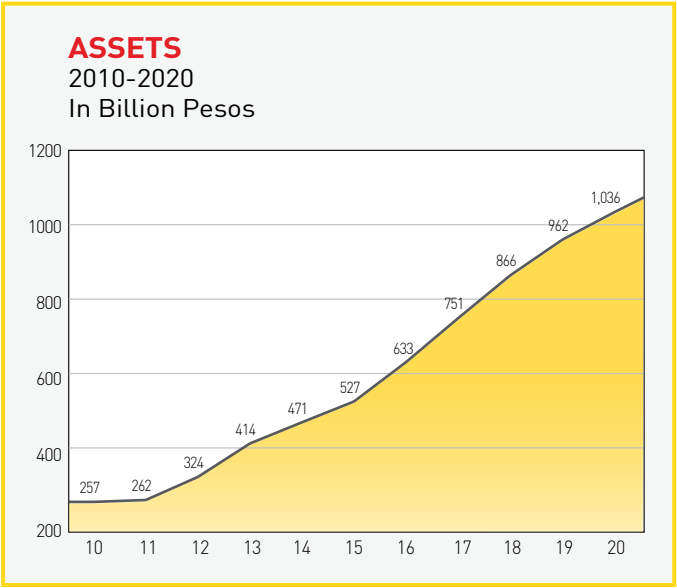
As it inched toward its 100th year, China Bank sustained its network expansion efforts. From 148 branches in 2006 when the branch expansion program started, China Bank’s total branch network more than quadrupled to reach 634 by 2020. The remarkable expansion resulted in an unparalleled increase in new customers, deposits, consumer loans, and fee-based income. The growth in the Bank’s checking and savings accounts, brought about by the branch expansion, was crucial in lowering its funding costs.

From 2010 to 2020, its deposit base increased from P213 billion to P835 billion, while loans grew from P116 billion to P572 billion. Its total assets grew from P257 billion in 2010 to P1.04 trillion in 2020. What is also remarkable is that China Bank grew by at least P100 billion in assets in each of the four years—2016, 2017, 2018, and 2019. As a result, the Bank was included in the Philippines’ Growth Champions 2021 by the *Philippine Daily Inquirer* and international market research firm Statista.

The branch has always been a profit center of the Bank, and with the massive expansion, the Retail Banking Business

contributed even more significantly to the Bank’s bottom line. In 2012, for example, it accounted for half of the Bank’s net revenue from funds, 20% of fee income, and 20% of total growth in loans. In 2015, the branches accounted for 47% of loans growth, 92% of bancassurance revenues, and 51% of consumer loan bookings.

Indeed, even as digital technology is transforming the banking industry to provide real-time convenience, the brick-and-mortar branch will continue to be a focal point for establishing and deepening customer relationships.





CHAPTER 8

From a Businessman's Bank to a Bank for All

China Bank strengthens and expands its businesses to better serve customers and to tap new market segments.

Pililla Wind Farm of Alternergy Wind One Corporation in Barangay Halayhayin, Pililla, Rizal. The construction of the 54-megawatt wind farm was funded through a US\$105 million project financing by China Bank, RCBC and BDO—the first all-Filipino commercial bank syndicated term loan facility for a wind power project and also the first Renewable Energy (RE) power project that received full project financing based on the RE law's Feed-in-Tariff (FIT) program.



Source: Alternergy.com

It expanded its scope of services to make the Bank a total solutions provider with an enhanced capability to finance capital expenditure, meet its customers' working capital and trade financing needs, and provide all kinds of financial and advisory services.



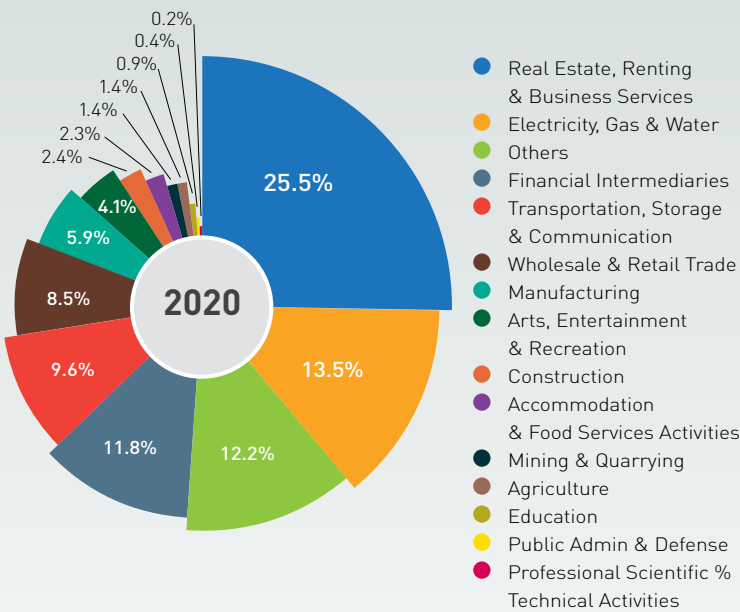
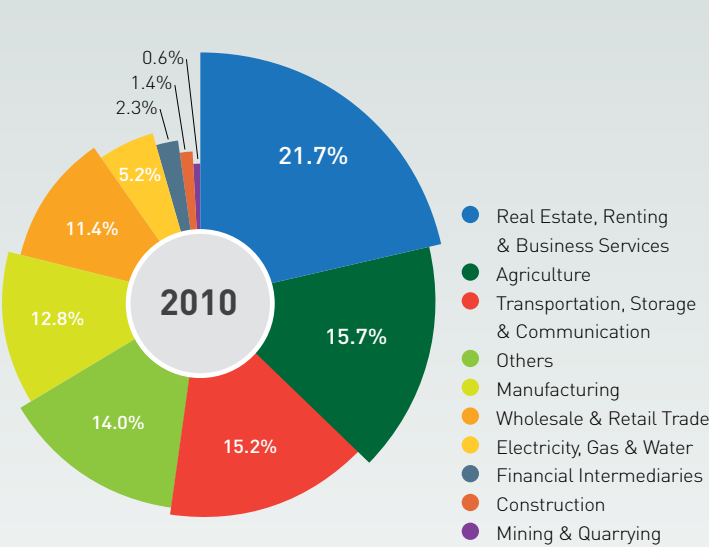
Even after China Bank has enlarged its market in the last ten years to establish a greater presence in retail banking, it continues to be an excellent bank for the businessman and still serves its core market of Chinese-Filipino entrepreneurs, for whom it was founded. Through the decades, the Bank had been helping its businessmen-clients grow their small- and medium-scale enterprises—mostly in trading and manufacturing—to become big corporations. By 2010, the Bank's portfolio had diversified to include companies in power generation, real estate development, telecommunications, finance, agriculture, transportation, and mining.

In 2011, the Account Management Group was reorganized to become the Institutional Banking Group (IBG) with a greater focus on large corporations while continuing to strengthen its presence in the commercial sector or middle market. IBG segmented its customers into the corporate and commercial sectors as it continued to build relationships with existing and prospective clients to achieve a high loan growth in a highly competitive market.

It expanded its scope of services to make the Bank a total solutions provider with an enhanced capability to finance capital expenditure, meet its customers' working capital and trade financing needs, and provide all kinds of financial and advisory services. This was done by harnessing the strengths of the Bank's business groups—Retail Banking Business, Institutional Banking, Investment Banking,

LOAN PORTFOLIO BY INDUSTRY EXPOSURE

2010 & 2020
In Billion Pesos



International Banking, Private Banking, Treasury, and Trust — and maximizing their collaboration to meet the diverse needs of all the industries the Bank serves.

The Bank’s business groups work closely with their customers to understand the intricacies of their businesses, increasing efficiencies with dedicated teams of relationship managers and up-to-date technology. The active management of customer relationships, market-focused segmentation, comprehensive credit risk assessment system, and streamlined credit processes, has led to an expansion of quality lending across a broad cross-section of industries.

CONTINUING TO MASTER THE ART AND SCIENCE OF LENDING

There is an art and science to lending, and now that the Bank’s current leadership has decided to be more aggressive in capturing a bigger market, the knowledge and experience of longtime China Bankers like Ric Chua and the fresh perspective and new approach of seasoned bankers like William Whang, who joined China Bank as IBG head in 2011, make a good combination.

“I have always told our people that the lending business is the key in banking. When you make mistakes, you go down. We love to tell our people that when you swim across a river, whatever effort you put in, if you fail to reach the other side of the river, you’ll still drown. So, what we’re saying is that lending is that swimming. When you fail in lending, whatever you did to expand the bank to be more profitable, you fail to reach the other side of the river,” Ric said.

William couldn’t agree more. “Banks are in the business to lend and should be very good at it. After all, we’re lending out our depositors’ money. We can be aggressive in lending but should not take undue risks,” he said.

There is a discernible dynamism within the Bank as it peoples itself with young bankers who are bolder and less averse to risk. Healthy disagreements and discussions are now commonplace, especially where lending decisions are concerned. This is not unexpected, because the Bank is pursuing rapid growth, and doing it at a time when the banking industry has become extremely competitive and is in the throes of a transformation itself. Newer and bolder ideas are put forward, and they are sometimes too bold for the seasoned bankers.



China Bank was the Sole Arranger of the US\$140 million ten-year loan to partially finance Cebu Pacific's new Sharklet-equipped aircrafts, the first aircraft financing to be arranged by a local bank. Cebu Pacific was the first Philippine airline company and the second in the world with the new fuel-saving large wing tip devices. From left: China Bank's FVP Victor Martinez, SVP & Institutional Banking Group Head William Whang, and FVP Virgilio Chua, with Cebu Pacific President & CEO Lance Gokongwei in front of Cebu Pacific's new Sharklet-equipped A320 which arrived from Toulouse, France on January 19, 2013.

It is not uncommon for the investment bankers to end up debating with Ric when they make a presentation. "They give you good numbers but you have to dig deeper. In some instances, it's not just the numbers that matter. It is: how many balls is that client juggling? How much focus can he put into the business? What is it that matters most in that business? It's not the numbers. It's how to make the business work. So, those are the things that we challenge them on before we can say that lending is okay," Ric said.

"Today, being one of the older guys, I can discuss this extensively with them. I've seen enough. I saw the problems in 1983, with the Ninoy Aquino Assassination. I saw the problems in 1997, during the Asian financial crisis. I have seen those difficult moments and I have told myself, we should never get caught in that situation. So to me, there's all this expansion, all of these beautiful discussions, but at the end of the day, the question is: do you know how to lend? Lending is the key to survival. You will only survive in this business if you know how to lend properly," noted Ric.

And how does one lend properly? Seasoned bankers like Ric can spot the red flags right away as well as the business people they need to be wary of. Ric said: "It's people not having expertise in that field and just wanting to expand or people having too many things on their hands without giving priority to the business they want to go into. Why should I take that kind of risk?"

"The numbers should not only check out; we should have the confidence that the borrower has the knowledge and experience to successfully manage the business, and that he has some 'skin in the game.' Business owners with more personal capital would fight harder to save their business and repay their loans," said William.

"I think it's understanding the business of your client," said Lilian Yu, who succeeded William as head of the Institutional Banking Group. "It's essential that we know what our clients are trying to achieve, if it's achievable, what the direction of their business is and also the direction of the market, if they have the capacity in terms of fund capital to pursue whatever it is that they're pursuing. So, it's many aspects. It's the industry, it's their actual place in that industry, the direction of their business, the quality of management."

"We've focused on beefing up our credit team. We have a credit team that does our analysis for our significant transactions. We're doing that. So, the growth in our portfolio comes with a need to improve our understanding of credits as well. That goes hand-in-hand. We don't just lend willy-nilly. It's a more targeted approach. You lend when you feel that the credit is worthy," said Lilian.

"In hiring new people, it is naturally one of my criteria that the people we get should know how to lend, but having said that, I still find a lot of aggressiveness that we have to tame.

China Bank was the sole arranger contracted by Philippine Airlines for the US\$329-million financing deal covering seven Airbus A321-200. PAL's new aircrafts touched down at the Ninoy Aquino International Airport on August 7, 2013. In front are (from left) China Bank FVP & Investment Banking Head Virgilio Chua, PAL VP for Treasury Stewart Lim, and China Bank's Account Officer Dianne Camille Concepcion and FVP Victor Martinez. The arrival of the first A321 was an important PAL milestone, officially putting in motion the fleet renewal program that involves a 64-aircraft order from Airbus, the largest aircraft purchase in Philippine history.



Maybe I'm too cautious but I keep on telling them, we don't have all the money in the world to lend. We have to lend it to the right people," Ric said.

To the China Bankers steeped in the teachings of the Bank's early leaders, there is only one way to find out who the right people are: by truly knowing them—their character, their lifestyle, their business practices. Longtime China Bankers subscribe to an old Bank tenet that goes: "It is more important to know people than to know money." Albino SyCip used to exhort the Bank's lending officers to look into a businessman's character before looking into his assets. Ric, however, is the first to admit that they're not infallible lenders. As he said, "We still make mistakes, but the mistakes don't kill us."

To be sure, they have lent to the wrong businessman at one point or another, but for the most part, they have discerned and judged well, and as a result, forged enduring relationships with a good number of successful entrepreneurs, mostly Chinese-Filipinos, many of whom, including the leading *taipans*, China Bank supported when they were mere start-ups.

The growth of its clients often presents a new set of challenges for the Bank. As an entrepreneur's capital requirements grow, he or she naturally seeks other banks. While some have remained loyal to China Bank and continue to bank solely or mostly with it, others have opted to bank with whoever could give them better rates. This is particularly true

of companies that have been passed on to the second or third generation by their founders, the generation whose first and only bank was China Bank.

Each of the Bank's business groups has a range of products and services that can make its commercial and corporate clients stay, but it is the Retail Banking Business that has a bigger menu of products and services to offer to a commercial or corporate client. The role of the branch cannot be overemphasized—it is the platform for retail banking. It is also where customer relationship-building takes place.

THE EVOLVING ROLE OF THE BRANCH

When the banking environment started to become highly digitalized, there was fear that the branch would become irrelevant. Customers were migrating to self-service and online banking for transactions that used to be done in the branches. But the fear turned out to be unfounded. As the banking business became more and more competitive, relationships with customers became all too important, and the branch proved to be the most important channel for relationship-building, as it continued to be a significant customer touchpoint.

The branch is growing out of its old primary function as the place for basic transactions such as cash deposits, withdrawal, and fund transfers to become a place for higher value

“We are continuing the practice of the China Bank Team approach wherein the customer’s relationship is not just with the branch manager but with China Bank. When the branch manager is not available, there is a team that will take care of the customer’s needs.” —WILLIAM WHANG

services—advisory services, loans- and investment-related services, up-selling and cross-selling, and other services that are best done face-to-face.

As the branch evolved to be a vital space for relationship-building, the role of the branch manager, as well as his or her staff, became more important in acquiring new business clients and in deepening relationships with existing ones.

Unlike in other banks, the branch is much more than a distribution channel in China Bank. “In the China Bank model, the branch is a business unit. The branch manager is running a business unit, not just a distribution channel. He has to show a profit. He has to tell us what kind of business, what kind of customers he is going to get,” Ric explained. “Your customers are business people and they’re very, very sharp. So, you really have to be knowledgeable when you talk to them; otherwise, they will not respect you.”

Ric notes that they want their branch managers to think like entrepreneurs. “When a branch manager thinks like a businessman, he can level with the customer and can talk sensibly with him. So, from the point of view of the customer, he gets better value from a China Bank branch manager. People who come from foreign banks, from graduate school, tend to put a lot of emphasis on numbers. It is beyond that. As you get older in this business, you realize it’s beyond that. And I think those are the things that make us different,” Ric said.

“At China Bank, we’re not selling banking products and services but building relationships,” added William Whang who succeeded Ric as China Bank’s president.

With the rapid growth of the branch network, it was a challenge finding people with the right skill sets. “Our home grown branch managers are trained to be all-around—they know operations, lending, and marketing. But we knew that

outside hires would not necessarily be the same, because in other banks, branch managers mostly focus on finding clients. So we put in place the training programs and the support functions to ensure our new branch managers would be well-rounded and entrepreneurially-minded: a true China Bank branch manager,” William said.

THE CHINA BANK BRANCH MANAGERS: A DIFFERENT BREED

Rosemarie ‘Rose’ Gan, head of Retail Banking Business (RBB), was a young branch manager in the early 1990s. Prior to that, she was in Corporate Planning for 12 years under Ric Chua—her first job right after college. The first branch she managed was the Arranque Branch, newly opened at the time. It was her baptism of fire. Her mandate was to grow the branch so she went out a lot in search of clients. She encountered all sorts of clients —some would ask for things that were not allowed, others would hide once they saw her coming. “It was really disappointing but it taught me perseverance and persistence. I think those were the things that helped me to really grow the branch,” said Rose. She was able to make the branch profitable in one year, a feat that normally took three years. Having achieved that, she was transferred to the Ongpin Branch, newly opened as well, and which she initially managed while still heading the Arranque Branch. After her successful stint in Ongpin, she was made an area head of branches in the Binondo area.

A big challenge came her way in 2003 when she was asked to head the Binondo Business Center (BBC), China Bank’s original home turf. Binondo was where it all began and where the hefty deposits were made, but deposit volume was declining at that branch at the time. One of the reasons, aside



From left: Rose Gan, Ric Chua, and Nancy Yang during the latter's retirement party in April 2016 after 52 years of service.

from stiff competition—with more and more banks opening branches in the Chinese-Filipino enclave—was that no one was in command of BBC's entire operation. There were several senior officers handling the different departments, but since the head office transferred from Binondo to Makati in 1990, no one was orchestrating the various units so that the branch would operate smoothly and cohesively. Rose was brought in for China Bank to reassert its leadership in the Binondo market, and it did. After succeeding in that difficult job, her rise in the Bank was more or less assured.

Rose attributes her success in the branches mainly to her training in Corporate Planning, under Ric Chua. "My training really helped me because in CorPlan, we learned to understand the balance sheet and income statement. So, it really helped me in terms of how to make the branch profitable. The reason we are opening branches is not only for market reach, but first and foremost, to be profitable, to recover the capex investments of our stockholders and, of course, to contribute to the bottom line of the bank. So, you have to know what it takes, first of all, to turn a branch around."

Rose recalled the tough training they got as young bankers. "We were trained to be high-performance-driven, disciplined, and service-oriented. What is important for us—whether we are dealing with retail, commercial, or corporate clients—is to be able to provide service. Customer service is very critical. For us, in retail banking, I think the success story is more about relationships. It is through relationship that we are able to grow the business."

"Our goal at that time was to make each branch a full-service branch. We wanted to be able to respond to whatever our customers required and that included their credit

needs. That is the reason we empower our branch heads. We train them to have the lending skills needed to be able to intelligently discuss credit with customers. I guess that is also how we are able to maintain a significant market share. Today, because of the complexity of the business and the threat of competition, you have to think out of the box. We've always believed that lending and deposits are closely linked. If you want to grow your deposits, apart from the relationship, it is important that you are able to meet the requirements especially of the entrepreneurs or the businessmen. Because they are our core market," Rose explained.

Because the Bank's primary clients are entrepreneurs, the CASA (current and savings account) is an important metric. "This is where you can see the cash flow, what you call the revolving working capital. This is where it is. So, if you are the primary bank, supposedly, you will see it in the activity of the CASA. To say that you have really successfully penetrated the account, you have to be the primary bank as far as the CASA is concerned. That is my measurement."

In these times of intense competition, making each branch a full-service branch has become all the more compelling. "We do have a target period to turn a branch around—we give it three years. And to do that, the size of the CASA should be big because of the overhead expenses. It's not easy, so we have to blend it. We have to mix deposits with other product lines."

A wide range of products and services requires a wide range of competencies from the branch manager (BM). But it does not end there. To serve their commercial or corporate clients well, the BMs need to be masters of relationship banking or what they used to call personalized service, which China Bankers take pride in as something they had been doing even before the term "relationship banking" became popular.

"For us, in retail banking, I think the success story is more about relationships. It is through relationships that we are able to grow the business." —ROSE GAN

They are the first to admit, however, that more is required now to maintain a relationship because more banks are wooing their clients.

"Personalized means really going the extra mile," Rose said, noting that at China Bank, personalized service means going beyond office hours, beyond the bank branch or office, beyond giving advice on banking matters. It is not uncommon for a BM or an account officer to go to a client's home to provide a banking service, as well as give advice on investments, and sometimes, on non-banking concerns—matters of health, family problems, and other personal concerns. "It's outside of banking but you go out of your way to help the client. You have to be more resourceful. When they start talking to you about personal matters, it means you've gained their trust. It takes time to build that trust. So, the job of a BM right now is not really easy," Rose added. The role of a branch manager, therefore, changes from banker to trusted adviser.

Unlike in other banks, a branch manager in China Bank is not only expected to grow the branch or be concerned solely with business development. She is responsible for the branch's entire operation. The manager has "command responsibility" and will be held accountable even for a small error made by a member of her staff.

Rose recalled the early days when branch managers had an easier time. "The BMs at that time did not need to go out. They just waited for the customer to come in. The customer, as far as I know, did not have much choice. Either you follow the dictates of the bank—they tell you what the requirements are—or you leave. It's up to you. But nowadays, it's the other way around. This is a customers' market. They don't talk to you. You run after them. If you don't do that, you will be left behind. So,

branch managers, ideally, should have limited hours inside the branch. They should be out most of the time —either building relationships or creating new relationships. That is supposed to be your goal every day. In your every move, you have to think of the customer."

There is no room for complacency. "If you have practically no business for the day, that means you failed for the day. Actually, you should monitor the progress of your core businesses every day. How many accounts are being opened daily? If no accounts are coming in, that is not a good sign because you're not supposed to grow your business just organically. The way for you to sustain the growth momentum is to get new customers, start new relationships. There is what you call a saturation point for your existing customers. You can probably get a bigger share of what they call the customer's wallet but there is a saturation point," Rose explained.

For a 100 year-old bank that has served generations of clients, it is important as well to build a relationship with the next generation for it to be sustainable. That has become more and more difficult over the years. Veteran China Bankers have observed that some of the third-generation Chinese-Filipino businessmen think differently from the founders of the business. "In olden times, our clients valued *utang na loob*, or debt of gratitude. They would say: 'This was the bank that helped me when I started my business.' The younger generation is not like that at all. You have to use a different approach with them," said Elizabeth Say, head of RBB's Branches Administration Division, who joined the Bank when it had only 28 branches.

Shirley Tan, then region head of Metro Manila West with 51 branches (Manila and Kalookan areas, including Binondo) has seen how the Bank's businessmen-clients have changed over

The Branch of the Year award is given to the branch with the best overall performance, which includes metrics on net income, CASA, total funds, fee-based revenues and operations. At the 2019 RBB convention (from left): RBB head Rose Gan, President William Whang, Branch of the Year winner Roberto Basilio of Dolores Business Center (Pampanga), Chairman Hans Sy, Northern Luzon Region Head Camilo Cape, and RBB deputy head Jose Osmeña Jr.

her 40-plus years in service. She said: “They are much more practical now. It used to be that our clients were really loyal. They would stick it out with China Bank no matter what. No matter how high the loan rate or how low the interest rate is. But now, if your loan rate is high, they will just go to the other bank where it’s lower. They usually want to have more than one bank and all the others extend credit facilities.”

Manny Te, then region head of Metro Manila South incharge of 71 branches (Makati, Alabang, and Parañaque areas) recognized the urgency of the problem. “As we move forward and our old clients no longer control the business and have passed it on to their children or their millennial grandchildren, we really have to position ourselves in the transition to the next generation; otherwise, we will lose the family’s loyalty to China Bank,” he said. “You really have to have a very strong relationship with the client, and it has to be consistently seen and felt. The client should feel that your service is far better than that of other banks. You offer new products ahead of the others. You call the client now and then just to ask how he is or to greet him on his birthday. The strong engagement should be there.”

BANKING IN THE REGIONS

Strong engagement can mean different things for different places. In areas like Pagadian City, in Western Mindanao—a region that was wracked by violence for many years — customer engagement is on a whole other level. That was where Hudson Uy, who started as a staff at the Zamboanga City Branch in



1987, now an area head of Mindanao 1, had his test of courage when he was assigned as manager of the Pagadian Branch in 1997.

“It was a hardship post, by any measure, and I have experienced some of the most trying moments in my banking career in that post,” Hudson said.

He had nothing going for him, except his unshakeable resolve to succeed. “I was a stranger there. I did not speak the local language, which is Bisaya, and it was not exactly the most welcoming or peaceful place in the country. I had no experience in marketing because I was previously a branch operations head. But there I was opening a branch, quite late in the game, because the other banks had been there ahead of us.”

He studied the market a bit before going on a marketing “campaign”—on a tricycle. He didn’t know anybody there, but he and his team persisted. “On our opening day, we generated total deposits of about P17 million plus on savings, current, and trust accounts combined,” Hudson recalled. He sought connections everywhere. The owner of the building housing China Bank, a politician who became a friend, introduced him to some of her colleagues. She even arranged a radio interview for Hudson, for free advertising.

Hudson soon realized that there were trading areas outside the city proper. An hour and a half away from the city was Aurora, also known as “Metrobank country.”



Hudson Uy, 2nd from right, celebrating Chinese New Year 2005 with his Pagadian Branch team.

Hudson recalled: “A councilor brought me to a business owner who said, ‘Oh, we cannot bank with you. All of us here just give our cash revenue to this lady who is a client of Metrobank.’ That client takes the cash from the businessmen and then gives them the check equivalent. That was a safer way to do things because holdups were quite rampant at the time. So, I had to find someone close to her and win her trust. Luckily, I did and convinced that Metrobank client to switch to China Bank. She remains one of our biggest clients until now.”

After about six months, Aurora became “China Bank country” and business was brisk. By its second year, China Bank Pagadian City Branch was already profitable. According to Hudson, it was service and relationship that really made a difference. For him, nurturing a relationship sometimes meant visiting a client’s store and serving as a cashier there for a few hours, or being a godfather at a wedding. He was an “adopted son” of many clients and would be invited to their family gatherings. In Pagadian, he attended all the parties hosted by customers. “I could have run for local political office in Pagadian and won,” Hudson said.

For all of nine years that he was manager of the branch, Hudson would commute weekly to Zamboanga City to be with his family. He would leave the Bank on a Friday at 6 p.m., take the bus, and arrive in Zamboanga at 2 or 3 a.m. the next day. On a Sunday evening, he would

leave Zamboanga and arrive in Pagadian at 2 or 3 a.m. the following day. When there was a ferry or a fast craft, he would take it via Cotabato City. He had some interesting trips on the ferry. Once, a fellow passenger turned out to be Nur Misuari, who was with his armed security men.

Hudson requested to be transferred to Zamboanga City in late 2006. He was first posted in a new branch, and when the manager of the main branch retired, he was assigned to manage the two branches for a while. From 2006 to 2009, the Zamboanga Branch’s deposits doubled and its total resources exceeded the P1 billion mark. In 2010, Hudson was



CASA of the Year winners at the 2019 RBB convention, branch managers with their area heads. (From left) President William Whang, RBB Segment Head Rosemarie Gan, Emma Ongleo (Laguna-Los Baños), Elsie-Ang Sy (Roosevelt Avenue), Eileen Felipe (MMN4 Area Head), Anita Samala (Quezon Avenue), Jasmin Ty (MMN3 Area Head), Edna Torralba (MME4 Area Head), Lilian Orlina (Shaw-Summit One), Arlene Uy (Araneta Avenue), Katherine Manguiat (MME1 Area Head), and RBB Deputy Head Jose Osmeña Jr.

Rose Gan with her region heads at her first Retail Banking Business Mid-Year Business Review as RBB Head, taken at the China Bank Penthouse in October 2016. First row, from left: Shirley Tan, Noemi Uy, Rose Gan, Clara Sy, Manuel Te, and Camilo Cape. Second row, from left: Stephen Tan, Mandrake Medina, and Jose Osmeña Jr.



appointed as area head of Mindanao 1, based in Davao City, supervising 22 branches. In 2017, he celebrated his 30th anniversary in China Bank.

REORGANIZING THE BRANCH NETWORK

With the expansion of the branch network, a reorganization had to be undertaken to supervise the branch managers more effectively and conscientiously. For more than 20 years, when the branch network was still small, there were only three regions: North Metro Manila/Luzon, South Metro Manila/Luzon, and Visayas/Mindanao.

In 2014, Retail Banking Business restructured its branch organization into 28 service areas that report to eight regional centers—Metro Manila North, South, West, and East; North Luzon; South Luzon; Visayas; and Mindanao—supported by business processing centers located in key service areas.

The new structure had two important features. First, there were fewer branches to be supervised by an area head for a more effective span of control; and second, the area head position became a full-time position instead of a concurrent position of a senior branch manager for sharper focus. As configured, the network would be more responsive to market developments and have the necessary credit and operational support to be able to grow their business volume. It would enable the China Bank team to respond to customer feedback and more proactively manage and strengthen client relationships.

“We are continuing the practice of the China Bank Team approach wherein the customer’s relationship is not just with

the branch manager but with China Bank. When the branch manager is not available, there is a team that will take care of the customer’s needs,” said William Whang.

The area head goes around the branches and gets to know the clients to effectively support the branch manager and the customers when the BM is not around. In short, the customer is not just dealing with one person handling his or her account but with the institution.

This China Bank Team approach shortens the service turnaround and decision-making time without compromising credit underwriting standards, internal controls, and branch profitability. It signals to the client that there is a team that supports his or her needs. The network strategy centered on building the banking presence in the capital region and key provincial cities for the main bank and the metropolitan suburban areas, Central Luzon, and underbanked provincial centers for the savings bank.

By rationalizing the span of control at the area and regional levels, enhancing the business and operational skills of branch personnel, and devolving credit evaluation down to the area and branch levels, the Bank moves closer to its goal of creating more full service branches led by well-rounded and entrepreneurially-minded branch heads.

“We (CBS) are a friendly, reliable bank specializing in ‘know-you-by-name’ service combined with products that are competitive. As we expand our presence in the coming years, we look forward to offering our banking services to more customers nationwide.” —SAMMY CHIONG

CHINA BANK SAVINGS: CREATING A STRONG PRESENCE IN THE RETAIL MARKET

While China Bank is still primarily a businessman’s bank and continues to have a solid presence in the commercial sector, its current leaders believe that in order to grow, it should also have a strong presence in the consumer and retail market. Retail banking would be a cornerstone in the Bank’s growth strategy as the Philippines enjoys a demographic sweet spot—where the share of the working age people to the population is increasing. Rising household incomes resulting from the growing workforce will drive the growth in consumption spending and demand for consumer loans and insurance products.

After Manila Bank was acquired in June 2007, it began operating as a subsidiary starting September 3. The parent bank’s Management Committee served as the CBS board, which immediately approved the rebranding of Manila Bank into China Bank Savings to leverage the strong brand franchise of China Bank.

Manila Bank was renamed and relaunched as China Bank Savings after almost a year of securing regulatory approvals from the BSP and SEC. In the first year, the focus was on laying the foundation for efficient and sustainable operations—converting the savings bank’s existing technology infrastructure to China Bank’s more robust platforms, training the personnel in the highest level of customer service, launching new retail products, raising sales volumes, and growing the customer base.

With a mission to make banking easy for customers, CBS offers affordable deposit and loan products and know-you-by-name service that create trust and build loyalty. It offers, for example, Easi-Save Basic, a zero opening and maintaining

balance savings account; Easi-Checking, which allows customers to have a checking account for only P5,000 initial deposit; and Easi-Save ATM, a savings account that requires a low initial deposit of only P500.

“We are a friendly, reliable bank specializing in ‘know-you-by-name’ service combined with products that are competitive. As we expand our presence in the coming years, we look forward to offering our banking services to more customers nationwide,” said then president of CBS, Samuel ‘Sammy’ Chiong, who was also the deputy head of China Bank’s Branch Banking Group at that time.

The original plan was to simply integrate Manila Bank into the main bank, but Hans Sy and the board thought it was an opportunity to gain a foothold in retail or consumer banking. “Ric Chua also said that the savings bank should be our laboratory for the retail [market] because market research shows that if you mention China Bank to a typical retail customer, he would say: that’s for the Chinese, for the entrepreneurs or businessmen, for the rich; that’s not for me,” said Alex Escucha.

CBS entered the market at a time when the banking business had become very competitive, and consumer banks had proliferated, but China Bank’s leaders knew that there was still a huge unbanked sector, about 70% of the population in the country. It just had to do it well, fast, and cost-effectively—three ways that do not normally go together.

There were a few existing models among the local savings banks which they could have adopted—from one that was autonomous and separate from the main (Metrobank/PSBank model) to another that was very much a part of the parent bank (BPI/BPI Family Bank model)—but the Bank’s leaders chose a different track.



Sammy Chiong and Ric Chua during China Bank Savings' Annual Stockholders' Meeting in 2010.

"We came up with a model of our own," said former China Bank president and CEO Ric Chua. "We said: we don't have to duplicate the overhead cost but we can have a dedicated team looking after this business segment. The savings bank will be a business unit. It should not have a huge overhead cost because it can share the said cost with the head office. The technology can be shared. They can have their HR [human resource] but just a skeleton force, because the other support unit, particularly IT, will come from the Bank." In effect, one is able to leverage the parent bank without duplicating the cost because at the back end, the structure that will handle the IT and the processes will be shared.

The other decision to be made had to do with branding: should they use the name of the parent bank like BPI Family or give it a different identity like PS Bank? "The board said: leverage the name of China Bank. When a Manila Bank branch was renamed China Bank, its deposits tripled within three months, a clear proof of the strength of the China Bank brand. So, it's still part of China Bank but there's a differentiation in that CBS is the vehicle that will target the more retail customer," said Alex.

In consumer banking, access and convenience are crucial in drawing customers. Thus, a broad distribution network of the savings bank had to be established, and new products and solutions had to be designed for the more retail customer segments.

In 2010, its third full year of operation, CBS had 16 branches and over P2 billion in deposits. It was also the first full year of its auto loan business. With marketing efforts full on, auto loans from dealers assigned exclusively to CBS, and very competitive interest rates, the savings bank grew its auto

loan portfolio to P564 million without any advertising cost. In the same year, it launched its instant ATM card. The branches were equipped with card printers so that customers who open Easi-Save ATM accounts would receive their ATM cards in minutes rather than the usual three banking days.

In 2011, it launched its home loan and online banking service to enable customers to do banking transactions using their internet-connected computers and smart phones. The positive developments boosted customer acquisition—account holders increased by 93%. Deposits jumped 98% and total loans expanded 103%, with auto loans rising 135% from the 2010 level.

At the end of 2011, CBS only had 25 branches. The target was to grow it to 100 by 2014, but because of the huge capital outlay required by the expansion, it was important for management to come up with a creative and cost-efficient way to broaden its market reach. In 2012, the idea of "mini-branch" was born.

CBS, then led by Alberto Emilio "Joey" Ramos who succeeded Sammy Chiong as president, approached SM with the mini-branch concept to complete the savings bank's "hub-and-spoke" business model. "The idea is to serve a big area with a traditional branch, a 'hub', complemented by mini-branches, the 'spokes', which also offer a full range of services," said Joey.

The mini-branches, open 7 days a week, from 10 a.m. to 7 p.m., are strategically located inside retail establishments frequented by retail customers such as supermarkets, community malls, and convenience stores. In spite of the longer hours, the mini-branches are 80% cheaper to operate than traditional branches. In 2013, CBS partnered with SaveMore Market to open 10 mini-branches within their stores,

“We had something like 900,000 teachers in government. They were somehow overextended, they were being charged exorbitant fees, so we thought that somehow, we could change that.” —RIC CHUA



On September 10, 2013, three CBS mini branches were inaugurated: CBS SaveMore Avenida, CBS Jackman and CBS Nova Plaza. (From left) SaveMore Leasing Manager Kenneth Chew, CBS President Joey Ramos, SaveMore Market and SM Supermarket President J.C. Mendoza, SaveMore EVP Jojo Tagbo, and CBS FVP & Auto Loans Head Chito Santamaria cutting the ribbon to officially open CBS SaveMore Avenida.

marking the savings bank's entry into community banking. By branching out to “in-store” locations like SaveMore, CBS makes banking more accessible and inclusive. CBS later renamed these branches Easi-Banking Branches (EBB). At the end of 2020, there were 18 EBBs not only at SaveMore, but also at SM Hypermarket, and small community malls like Jackman, Sun Mall, and Citymall.

Joey Ramos was appointed president of China Bank Savings in 2011, after having been head of China Bank's Private Banking Group. Running the savings bank did not come easy to him because the market he used to serve in private banking was the opposite of the mass market which he would serve in CBS. Joey wholeheartedly embraced his role as a retail/consumer banker.

“When they open an account in that outlet, the mini-branch, they are new to banking. It is their first bank account. You can see the joy in their faces when they have their pictures taken and receive their ATM cards. Having the convenience of ATM access is very important to them. On top of that, it takes only one ID to get an ATM card and they can get it on the same day. Our advertising materials are on tricycles. That's our market. Some of our clients bring their kids who study in public schools. When they grow up, they will remember China Bank,” Joey said.

In 2012, China Bank acquired Unity Bank which allowed CBS to enter a new segment of the consumer market. “That was a small bank but, to me, it was a strategic acquisition because Unity Bank had the license to offer teachers' loans,” Ric Chua said. “We had something like 900,000 teachers in government. They were somehow overextended, they were being charged exorbitant fees, so we thought that somehow, we could change that. At the same time, we thought it was a good thing for us.”

With the acquisition of Unity Bank, CBS launched its Easi-Automatic Payroll Deduction Salary (Easi-APDS) Loan, eventually renamed APD, an affordable, non-collateral loan for the teaching and non-teaching personnel of the Department of Education (DepEd) and its affiliated agencies. From 2015 to 2017, CBS lent almost P2 billion to help over 16,000 DepEd teachers and employees with their financial emergencies, home repairs, education, and business needs.

In 2018, CBS partnered with Manulife China Bank Life Assurance Corp. (MCBLife) to offer free insurance for the APD Loan, a first in the industry. The coverage is equivalent to the outstanding balance in the first three months, which will increase to 1.5 times of the outstanding loan balance from



Joey Ramos at the launch of CBS' Banking On Your Future program at the Santolan Elementary School in Pasig City in 2014.



James T. Dee was named CBS President in April 2021.

the fourth month onwards. In case something unfortunate happens to the borrower, they can get covered up to P1 million. With the added benefit of free life insurance and the opening of more APD Centers, the portfolio grew to P3.5 billion in 2018 and quadrupled in 2020 to P13.8 billion.

The acquisition of Unity Bank and Plantersbank enabled CBS to surpass its 100-branch target in 2014, closing the year with 146 branches, 78 of which were from Plantersbank.

The merger fast-tracked China Bank Savings' growth and made it the fourth largest thrift bank in 2015 in terms of assets (P76 billion), deposits (P66 billion), and loans (P52 billion) with 165 branches and 1,857 employees, and accounting for 14.5% of the China Bank Group's resources. It would also make CBS a major player in the SME market, allowing it to help that segment grow with innovative financial solutions.

In the same year, CBS migrated to the Finacle Core Banking System (Phase 2 of a similar migration in the parent bank) to boost its operations, upgraded its Internet banking platform CBS Online, and migrated its ATM network to EMV-compliant technology.

CBS continued to grow from strength to strength. In 2016, China Bank infused it with P2.5 billion to support its expansion into new market segments.

CBS's successful partnership with MCBLife resulted in significant fee income from bancassurance sales. The savings bank continues to evolve its service menu to distribute sachet-type insurance products for short- to long-term needs—from

protection, health cover, and retirement to investments with a life insurance component.

In 2020, CBS continued to serve the consumer market in a big way. Its consumer loan portfolio (housing and auto loans) reached P32 billion, while its personal loan portfolio expanded to P14.6 billion, of which P13.8 billion were APD loans.

From 5 branches in 2008, CBS grew to become 162 branches-strong in 2020. It also ranked as the fourth largest thrift bank in the country, with P100 billion in assets. CBS is pursuing growth and meeting the challenges of a changing banking landscape with a second-generation China Banker on the helm. James Christian T. Dee was elected director and president of CBS in April 2021. He has been with the China Bank Group for 14 years, working with China Bank's Treasury Group prior to his secondment to CBS as Treasury head and treasurer in 2012.

"I'm honored to carry forward CBS's strong commitment to making banking easier and more inclusive for Filipinos. We have made good progress in recent years and CBS is proving resilient in these challenging times. I'm excited to lead the bank through the next chapter in its history, to continue building on its strong foundations and delivering what our stakeholders expect from us," said James.

"CBS is a major pillar in the China Bank Group's overall growth strategy and sustainability," said current China Bank president, William C. Whang. "With a sharp focus on its niche markets—the small and medium scale enterprises, public school teachers, socialized and low-cost housing sector,

“China Bank Savings is a major pillar of the China Bank Group’s overall strategy and sustainability.” —WILLIAM WHANG

countryside businesses, and entry level customers—CBS underscores China Bank’s commitment to financial inclusion, broadens our market reach, and strengthens our value proposition to customers and investors.”

China Bank Savings has truly emerged to be an important retail bank, contributing significantly towards improving the life of the Filipino consumer and the small businessman through financial assistance and innovative financial products.

SUPPORTING THE SMALL- AND MEDIUM-SCALE ENTERPRISE

China Bank’s history is a treasure trove of business success stories—many of the Chinese start-ups of the 1950s that have grown huge had their first loans from China Bank. The Bank’s managers and staff have accompanied many small entrepreneurs in their business ventures—helping them get

through the tough times and supporting them as they grew over the years.

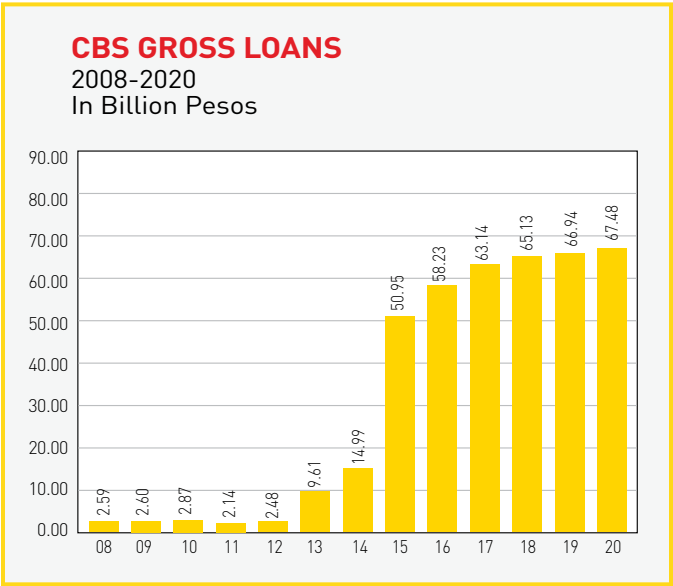
The Bank continues the tradition of supporting small- and medium-scale enterprises, which account for 95% of the country’s business establishments and are significant contributors to the country’s economic growth. When China Bank acquired Planters Development Bank (Plantersbank) in 2013, a number of SME enterprises came with it because over 60% of its loan portfolio was made up of loans to SMEs in different parts of the country. It was the country’s leading bank for SMEs and had received many citations in recognition of its success in SME banking.

China Bank Savings took these SMEs in and folded them into its portfolio, as it sought small and medium-scale businesses on its own to grow the portfolio further.

CBS has specialized lending divisions that cater to the specific needs of SMEs. The Real Estate Lending Division, formed in 2015, is focused on serving horizontal suburban developers to help them build affordable housing and enable more Filipinos to acquire their first homes.

The Bus and Truck Lending Division, which started in the middle of 2017, supports bus companies in Metro Manila that are looking to phase out their old models and procure more energy efficient units, in response to the re-fleeting program of the government. In just half a year, CBS has supported 50% of the said market. “Government rules that buses have to be changed after 15 years so bus companies have to constantly re-fleet. Business is good in that area. We are quite active in public transport financing,” said Joey Ramos.

Although the savings bank serves the agricultural sector, it does not directly lend to farmers, Joey said. “We lend to rice millers. Then we have a tie-up with Vitarich and it’s a



Carlos Borromeo and Joey Ramos (9th and 10th from left, respectively) with clients and guests at the “We Are One” event in 2015 to celebrate the merger of Plantersbank with China Bank Savings.



close coordination. They have contract growers. They check on all of these contract growers on a regular basis and they give us a report on the status of the chickens, among others, or potential problems. We lend money for the revolving fund—to buy feeds, for example.”

CBS loans to the commercial and SME segments have been growing over the years. In 2020, its total loans and receivables reached P67.48 billion. The loans helped finance the development of sustainable communities, the modernization of transportation, and the expansion of the food and agriculture industry, among others.

SERVING THE UNDERSERVED MARKET

China Bank’s expansion is notable not just for its scale, but also for its inclusivity and diversity. Through CBS, China Bank has truly made an effort to reach out to the unbanked and underserved by lowering the entry barriers. “You can open an account with us for zero minimum deposit, or our best-selling product, a savings account for just 500 pesos initial deposit,” said Joey.

The Bank has made affordable financial products and financial services accessible both to consumers and to small- and medium-scale enterprises. China Bank’s market composition has become much more diverse.

Consumers were a small part of the China Bank’s client base ten years ago and engaging them, as a market, was not exactly the Bank’s strong suit. Joey himself had to learn this fast, having come from private banking. “Our customers in China Bank Savings are people who are just starting in life. They are in their 20s and 30s. They are spenders. It’s their first time to buy a car, their first time to buy a house. So they

have a car loan, a housing loan, and they will get a personal loan to buy furniture. There’s usually not much left to save and if there’s some left, even if small, they will put it in the stock market. They look for UITF or unit investment trust fund and you’ll be surprised that some of them have accounts—they just buy them online. They’re quite educated about these things.”

Seventy per cent of CBS’s individual borrowers are OFWs or overseas Filipino workers. When a customer makes an investment, Joey has to tell his staff to make sure the customer understands what he’s getting into. “It has to be explained to them. If it’s a time deposit, it’s okay. But if it’s another investment—that’s why I don’t even sell, for example, government securities—they don’t have holding power.”

“I tell our people we should be careful, because this is their hard-earned money. In private banking, the client can take a risky position, a risky investment. If they lose P1 million or P2 million, that’s okay because they have P100 million. Here, when you talk about P200,000, it’s a big deal. If they lose P20,000, they will complain. They will leave the bank.”

It’s not an easy market to handle, but for Joey, thrift banking is rewarding. “I think there’s more fulfillment, personally. Really, because, you know, it’s a different feeling when I go around and see some of the families; when they sign, they have their kids with them, and it’s their first time to have a house. It’s different with the high net-worth clients—they buy ten condominiums. Here, I once saw a nurse who had just come from London and she was with her mom who was



CBS DepEdventure 2017

very happy because it was their first time to own a house. You can say that at least I helped them.”

For Ric Chua, the opportunity to be of assistance to a big sector in society that is underserved was one reason the purchase of Unity Bank was important. Unity Bank had a teachers’ loan portfolio that could be used to serve even just a portion of the 900,000 public school teachers in the country. “It makes us more relevant to the consumer market and we’re doing the right thing, besides,” Ric said.

“Extending help to teachers was his advocacy,” Joey said. “I remember him telling me in one event with the teachers, ‘Joey, in this room are the people who will shape the minds of the young, of the future generation of the Philippines. So these people are very important.’ When we were at the first big event, we had about 500 to 600 teachers. He was so happy.”

On October 6, 2017, in celebration of National Teachers’ Month and World Teachers’ day, CBS launched its advocacy for teachers, China Bank Savings DepEdventure: *Alay sa mga Guro*. The advocacy was motivated by a Social Weather Stations survey that showed nine out of 10 Filipinos

experienced being short of cash and that 49 % of those surveyed expressed openness to enhancing their knowledge of financial management. It was also in response to the BSP’s call to help improve financial inclusion and financial education in the country.

DepEdventure, an annual event since its launch in 2017, aims to help teachers become more financially literate so they do not end up indebted beyond their means to pay. A highlight of the event is a seminar on financial wellness and money management. Topics include: how to prepare for the future, when to borrow money, the responsibility of borrowing, and the importance of saving and investing.

“The DepEd Venture is CBS’ way of giving back to our teachers and DepEd employees who make great sacrifices in molding upright, successful citizens and building a progressive nation. We want CBS to be the financial partner of choice of DepEd teachers and staff at every stage of their career,” said Joey.

In 2017, over 600 public school teachers and DepEd employees from 59 participating schools attended the first DepEdventure. For DepEdventure 2.0 in 2018, over 500

CBS is an advocate of financial education and the welfare of public school teachers. At DepEd's national celebration of World Teacher's Day on October 5, 2019, CBS donated prizes worth over P1 million for the teachers who participated in the event.



principals, teachers, and non-teaching staff from public elementary schools and high schools in Bulacan, Pampanga, Bataan, Tarlac, Zambales, and Nueva Ecija attended.

In 2019, for the DepEd's celebration of National Teachers' Day attended by 4,500 public school teachers, CBS donated over P1 million worth of prizes and freebies.

In one of their visits to Bulacan and Pampanga, Ric felt so bad when he saw the teachers lining up under the heat of the sun just to apply for a loan. Joey said: "He found that disgraceful, so in the salary loan centers that China Bank Savings built, he made sure the teachers would be comfortable and would be served coffee or juice, out of respect for them."

As of end-2020, CBS had 29 APD Loan Centers in highly accessible locations nationwide and a portfolio of P13.8 billion.

Ric and the other officers of China Bank are aware that many public school teachers often have no recourse but to borrow from loan sharks and unaccredited lenders who often charge exorbitant interest rates. Alex Escucha knows this first-hand. "I grew up in the province where teachers were really dependent on the local usurers charging 20% per month. In some sense, they were performing a social function because we had a lot of teachers whose children were able to finish college because of it, but every month, their whole paycheck would be given to the lender. So I told then-BSP Governor Nestor Espenilla Jr., that you have to see this as a positive thing that from the usurer, they're now borrowing

from us—it now becomes part of your radar screen which you are able to monitor. Definitely, the rates that they are getting are higher than the typical loan but they're substantially lower than the informal market they used to borrow from."

The new, stricter rules of the BSP in relation to lending have been advantageous to banks like CBS. "Before, you can just have an office in one province and then do lending activities in all the provinces within the region where the province belongs. But now, government requires that you have a presence in the particular province where you will do lending activities," Joey said. The presence required is a physical branch, which CBS can easily build because they have licenses that came with the purchase of Plantersbank. CBS also has to be accredited by DepEd for every school district.

Through its savings bank, China Bank has been able to target new sectors that, if tapped, could contribute to the Bank's growth because of sheer size, and would also allow it to be more inclusive. The teachers' loan portfolio is not that big yet, but Ric said it would continue to grow. "In a way, it's guaranteed because it's salary deduction. So the risk is not that high and therefore, you can charge lower rates. And we've expanded to include the private sector and other government agencies. We think it's doable."



CHAPTER 9

From a Niche Player to a Full-Service Bank

China Bank continues to grow as it expands
its scope and services.



From left: On September 19, 2015, Director Jose Sio, China Bank President & CEO Ricardo Chua, Philippine Airlines President Jaime Bautista, China Bank EVP William Whang, and MasterCard Country Head Jose Rene Villa-Real launched the China Bank Mastercard and the "2 Million Mabuhay Miles and Priceless New York Holiday Package" raffle promo at the SM Aura Premier in Taguig City.

Over the last ten years, the Bank entered into new lines of business to better serve its expanded and expanding market—consumers, small-and medium-scale enterprises, big corporates, and conglomerates.



For many decades, the leadership of China Bank stayed close to what it knew best— running a bank for entrepreneurs, mostly medium-scale and large-scale Chinese-Filipinos, and offering a limited array of products to their “home” market. The Bank did not diversify its market significantly over that period, but it was profitable, more profitable, in fact, than some of the bigger banks in the country. Changes in the industry, however, particularly in market behavior and customer expectations, have convinced its current leaders that the Bank needed to evolve in order to be sustainable. Strong competition was making it more and more difficult to attract new clients and keep some of the old ones. The Bank had to offer more products and services even to its longtime clients, especially because many of them were passing on or have passed on their businesses to the second, third, or fourth generation family members, some of whom do not have the same kind of loyalty to China Bank that the founders did. The Bank’s leaders also wanted to grow the Bank at a much faster rate and believed that in order to do that, it had to serve a wider market to include the consumer market, which had been growing, and still growing, tremendously. Hence, over the last ten years, the Bank entered into new lines of business to better serve its expanded and expanding market—consumers, small- and medium-scale enterprises, big corporates, and conglomerates.



In 2006, China Bank signed an agreement with Al Fardan Exchange Company, the pioneer and the largest in money exchange and worldwide remittance services in Qatar, to make China Bank On-Time Remittance available in all branches and allied institutions of Al Fardan. From left: China Bank SVP Ramon Zamora, Al Fardan VP Muzzamil Hanif, and China Bank COO Ricardo Chua.

REMITTANCE

Remittance is a major contributor to the Philippine economy. The fourth biggest destination of remittances in the world, the country received US\$33.2 billion from migrant workers in 2020, which accounted for 9.2% of gross domestic product (GDP) for the year, despite mass layoffs worldwide, repatriations, and lockdowns due to COVID-19.

Many of the country's banks and non-bank financial institutions have been engaged in serving remittances for quite some time now. After all, the number of overseas Filipinos workers or OFWs has grown steadily since the 1970s when the Middle East opened itself to Filipino workers. The total number of OFWs hit the 1 million mark in 1997 and the 2 million mark in 2011. By 2020, it was estimated that 2.2 million Filipinos worked abroad.

While other Philippine banks ventured into the remittance business as early as the 1980s, China Bank only started serving this market in 2005. "We were never in the remittance business until 2005," said Ric Chua. "PNB dominated that for a long time and then Metrobank, BPI, and RCBC got in. Of course, there was also the old PCIB which was taken over by Equitable Bank, then ultimately by BDO. So those were the big players in the remittance business."

Ric believes, however, that China Bank found the right time to embark on the business. "The remittance business has changed. So we found the right time to come in because technology and change in business model presented the opportunity," he said. "Before, you had to have offices abroad—the OFW goes to that office and the office will send his money here. Not anymore. All we need is to establish partnerships with banks and money service businesses operating in countries populated by the OFWs and we're okay."

In the 1980s up until the early 2000s, the local banks' branches and remittance offices abroad did well even when their services were limited to serving OFWs. "After the 9/11 attack on the US, the global regulations in cross-border payments made very drastic changes—the cost of AML (anti-money laundering) compliance, in particular, proved very expensive. During the same time, technology-based companies saw the opportunities in the global cross-border payments which made competition stiffer. That combination triggered a rationalization of local banks' foreign offices. Some explored serving other corridors such as China and Indonesia to establish a certain level of parity with local players but in the end, most had to cease operating a branch or subsidiary in favor of partnerships. We did not have to do that because we

“The remittance business has changed. So we found the right time to come in because technology and change in business model presented the opportunity.”

—RIC CHUA



were not there in the first place. So, with some investments in technology, we are in the game, able to play competitively,” Ric concluded.

China Bank organized the Remittance Business Division, then headed by Jose Q. Cifra, and launched China Bank On-Time Remittance in 2005. The Bank focused on building its remittance network, forging tie-up arrangements with the biggest banks and money service businesses in countries with high concentrations of Filipino migrants and workers. China Bank also partnered with Overseas Workers Welfare Administration (OWWA)-accredited institutions/NGOs to conduct regular money management lectures as part of the mandatory pre-departure orientation seminar (PDOS) for OFWs.



Bank Albilad senior officials were honored guests at the inauguration of the China Bank Pre-Departure Orientation Seminar (PDOS) Center in Manila on December 18, 2015. Before the inauguration, China Bank SVP Alex Escucha (leftmost) and VP Jose Cifra (rightmost) accompanied Bank Albilad CEO Khalid Bin Sulaiman Al Jasser (2nd from right) in a courtesy call on the vice president of the Republic of the Philippines, Hon. Jejomar Binay (2nd from left), at his office at the Coconut Palace in Pasay City. VP Binay, also the presidential adviser for OFW concerns, awarded Bank Albilad for couraging the highest remittance volume from K.S.A. to the Philippines.

A year later, China Bank On-time Remittance Card was launched, a reloadable cash card that gives OFW beneficiaries with no bank accounts the convenience of withdrawing their remittance from any ATM in the Philippines. The card is free and requires no maintaining balance. This was followed in 2011 by China Bank Overseas Kababayan Savings (OKS) account, a zero-opening, zero-maintaining balance peso savings account for Filipinos bound for abroad as well as returning OFWs. It makes saving and sending money easier and more convenient.

To address the needs of “local migrant workers” who send money from Metro Manila to their loved ones in the provinces, China Bank’s thrift bank arm launched CBS Easi-Padala in 2014, the country’s first domestic money transfer service via a local bank. In partnership with Cebuana Lhuillier, CBS Easi-

Padala provides a fast, secure, and affordable domestic money transfer service. The funds are electronically sent real-time, and the fee is up to 30% cheaper compared to other domestic money transfer services offered by money transfer agencies.

In 2015, ten years after it entered the business, China Bank continued to develop its remittance services, remittance tie-ups abroad, and cash pay-out partners in the Philippines, which by then already included the vast networks of MLhuillier, Cebuana Lhuillier, Palawan Pawnshop, LBC, SM Global Pinoy Center, and One Network Bank (later renamed BDO Network Bank).

International remittances sent through China Bank were robust that year—96% growth in number of transactions and 60% growth in absolute amounts, compared to the previous year.



(Left) RBD Head Marlon Hernandez, 2nd from left, and RBD-Product Dev. & Sales Dept. Head Catherine Jean Diamante, 3rd from left, during the launch of Pay to Cash remittance service in 2019.

(Below) In March 2016, China Bank COO William Whang (3rd from right) with the Bank's remittance team headed by Jose Cifra (2nd from right) Marlon Hernandez (2nd from left), and Andy Santos (5th from left), paid a courtesy visit to Enjaz officials led by Enjaz GM Ahmed Al Enzazi (5th from right). Enjaz Banking Services is the remittance arm of Bank Albilad, one of the leading banks in Saudi Arabia.

The year 2016 was a banner year for China Bank's Remittance Business Division (RBD) as it reached a milestone in terms of volume of transactions. It exceeded the US\$1 billion mark, placing the Bank among the industry's major players. Business volume increased by 53% versus 2015 levels while transaction count increased by 33%.

The Bank enjoyed a 31% market share in the Kingdom of Saudi Arabia, where about 500,000 Filipinos work. In March 2016, then EVP and COO William C. Whang traveled to Saudi Arabia, together with RBD officers, to strengthen China Bank's relationship with key strategic partners in that country.

This visit was reciprocated by Bank Al Bilad Enjaz General Manager Omar Al Hussain when he personally visited China Bank and met with now China Bank President Whang.

The remittance team continued to actively encourage overseas Filipinos (both land-based and sea-based) and their

beneficiaries to utilize and take advantage of the Overseas Kababayan Savings Account and Overseas Kababayan Services. In 2019, under the new RBD Head Marlon B. Hernandez, the Bank processed over three million remittance transactions worth over US\$2.2 billion, equivalent to a 6.5% market share. Due to the pandemic, the numbers dropped in 2020 to over two million transactions worth over US\$1.6 billion.

Just like the teachers, the OFWs are beneficiaries of the Bank's financial literacy programs. China Bank conducts financial literacy lectures for OFWs as part of the pre-departure orientation seminar (PDOS). At the China Bank PDOS Center in Ermita, Manila, the RBD team shares practical tips and information on budgeting, saving, and investing to help OFWs secure their family's future. In 2020, the RBD team conducted 42 onsite and 92 virtual financial literacy sessions attended by a total of over 5,000 OFWs bound for the Middle East and the rest of Asia, as well as their beneficiaries.

In time for the Bank's centennial, RBD launched the Pay to Cash services within the Bank's award-winning mobile app. The Pay to Cash services allow China Bank depositors to initiate real-time cash pick-up and same-day cash delivery transactions using the mobile app which has proven very helpful, particularly when the COVID-19 crisis hit the globe.

As global cross-border payments and domestic remittance business models continue to evolve with the advances in technology and the sophistication of customers, China Bank is committed to adapt to the ever-changing remittance landscape to make sure it provides the services its customers deserve.



From the onset, MCBLife was expected to generate significant benefits for both China Bank and Manulife, and it did. The joint venture hit its full stride and became a major recurring business contributor as early as 2010.

BANCASSURANCE

In 2007, the same year that it acquired Manila Bank, China Bank entered into a bancassurance joint venture with Manulife Philippines, the local arm of Canadian insurance giant Manulife Financial Corp., with an initial 5% equity to form Manulife China Bank Life Assurance Corporation (MCBLife). MCBLife offers a full range of innovative insurance and financial products for protection, health, wealth, education, and retirement, making China Bank a one-stop shop for banking and insurance.

At the signing event, then Manulife Philippines president & CEO Carl S. Gustini said: “We are delighted to partner with China Bank and excited about the long-term growth potential of this alliance.” To this, then China Bank COO Ric Chua responded: “In Manulife, we found a long-term ally who shares our vision and growth objectives. This joint venture is one of our strategies to deliver a stronger value for our investors and stakeholders, and most importantly, to meet and exceed the expectations of our customers.”

At that time, Manulife had around 50 bancassurance relationships across Asia, with more than one bank partner in some countries. MCBLife is their first and only exclusive bancassurance venture in the Philippines. “I was telling Manulife, ‘You know, when we went into a partnership with you, it is for life.’ This is not something that I will change five years down the road. That’s why I wanted the joint venture. Many of the banks here are in a distributorship arrangement. I refused that,” Ric said.

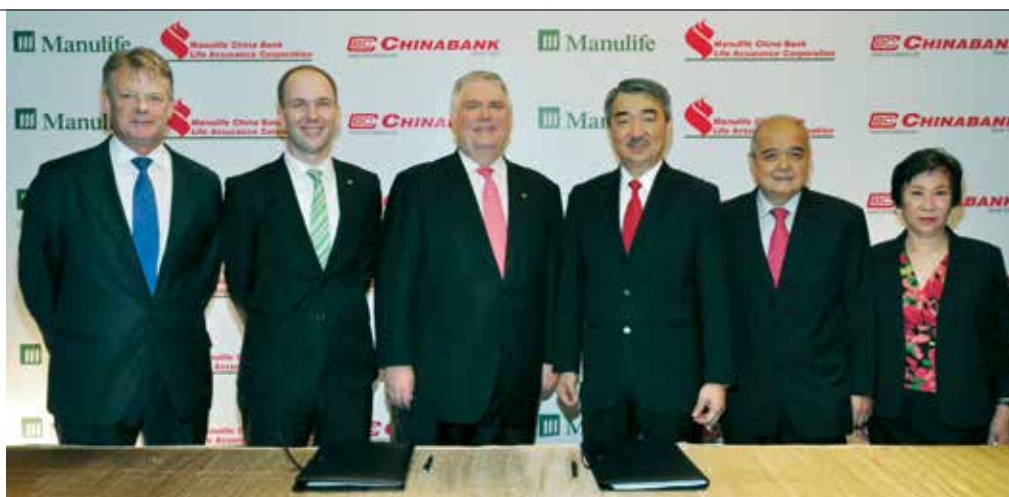
From the onset, MCBLife was expected to generate significant benefits for both China Bank and Manulife, and it did. The joint venture hit its full stride and became a major recurring business contributor as early as

2010. MCBLife’s revenue contribution to China Bank reached P434 million in 2020 from only P17 million in 2008, while its contribution to Manulife Philippines’ business in terms of annualized premium equivalent was at 30% in 2020, from less than 10% in 2008.

In 2013, MCBLife, in collaboration with China Bank’s Private Banking Group (later renamed Wealth Management Group) and Institutional Banking Group, introduced new services to address the financial and protection needs of its high net-worth and institutional clients, further strengthening the Bank’s value proposition to these market segments. On top of the financial sales associates (FSA) deployed at China Bank branches nationwide, MCBLife assigned highly-skilled financial consultants (FCs) at strategic China Bank branches to service the sophisticated estate planning and wealth management needs of private banking clients. MCBLife also provided tailor-fit solutions to the Bank’s commercial and corporate clients.



China Bank and Manulife formalize the exclusive bancassurance alliance in 2007. (From left) China Bank EVP & COO Ricardo Chua, China Bank President & CEO Peter Dee, Manulife SVP for Regional Development-Asia John Spence, and Manulife Philippines President Carl Gustini.



China Bank equity share in MCBLife increased from 5% to 40%. China Bank and Manulife officials during the agreement signing in 2014: (From left) MCBLife President & CEO Robert Wyld, Manulife Philippines President & CEO Ryan Charland, Manulife Asia CEO Robert Cook, and China Bank's Chairman Hans Sy, President & CEO Ricardo Chua, and SVP and Retail Banking Business Head Nancy Yang.

MCBLife's total premium income surged 82% to P8.2 billion in 2013. This translated to a 35% contribution to Manulife Philippines' total business. Manulife was impressed with the result of the joint venture with China Bank that the partnership was further strengthened in two key aspects in 2014—the China Bank equity stake was increased from 5% to 40%, and the exclusive arrangement was extended by another 15 years.

Robert Wyld, MCBLife president and CEO at that time, said: "With the increased stake of China Bank in MCBL, we will continue to develop our business with even greater common purpose and push it further to be the biggest, most professional bancassurance company in the industry."

The strengthened partnership opened new opportunities for expanding distribution to different customer segments within the Bank, such as in China Bank Savings (CBS), and for developing new innovative products which are more affordable to the retail segments. In 2015, CBS acquired its bancassurance license and began cross-selling MCBLife's low-premium insurance, savings, and investment plans to its consumer and SME customers.

The bancassurance joint venture has been operating successfully for over a decade. "The value of MCBLife is growing year after year. Technically, making a billion from this business is not a problem. This business is just riding on the China Bank model and the Manulife model. Manulife provides the product, we go together and we're able to make the business work. And that business growing a billion a year is not bad. But it's not just the money. It's being able to serve that need of the customer," said Ric.

"If you are a China Bank customer, you need not go to another insurance company. We have that for you and we will protect your family, we will protect your children," Ric said. "I keep on telling our customers, you're better off dealing with the banks than the insurance agents. Because the insurance agents one day will say, 'I'm no longer connected with that insurance company.' If you're dealing with a bank, it doesn't matter who you're dealing with. Your record will still be in the bank."

"MCBLife aims to provide protection to as many Filipinos and to ensure that every client receives the best possible solution. China Bank, as our partner, has been crucial in achieving this goal," said Sandeep Deobhakta, the current president and CEO of MCBLife.

Based on the reports of the Insurance Commission, MCBLife is among the top 12 life insurance companies in the country for the last five years. Its total premium income had risen 84%, from P4.9 billion in 2015 to P9 billion in 2020, and its assets doubled, from P21.3 billion in 2015 to P44.6 billion in 2020.

To comply with the higher capital requirements for insurance companies and to improve MCBLife's capacity to underwrite more business, China Bank and Manulife Philippines infused P100 million additional capital into MCBLife in 2018. MCBLife also continued to enhance its competitive position through technology and product development. In 2019, it launched the mobile-optimized site, Manulife Online, and an affordable life insurance plan that provides the benefits of insurance protection and investment for as low as P1,000 per



“Getting into the credit card business was not a decision the board and management took lightly, but we finally gave it a go to complete our consumer banking proposition.” —WILLIAM WHANG

month. In 2020, when the pandemic hit, MCBLife cut the minimum premium payment for its term products to make them more affordable. It also launched MCBL Assure Max which provides a life insurance benefit equal to 200% of a policyholder’s basic coverage.

CREDIT CARD

To complete the suite of products for a broader and more diversified market, China Bank’s leaders thought it was about time they included credit cards.

The suggestion to get into the credit cards business had been on the table since the mid-1990s. Now and then, an officer would make a case for entering the business but nothing came of it, until Hans Sy assumed leadership.

“We started as a bank for business people, so we were not structured to do consumer loans. And then we also heard a lot of horror stories about the credit cards business. So, it took a lot of debate and discussion to convince ourselves that we could do it. We can do it right and we’ll do it with the correct vehicle,” Ric Chua said.

Many of the Bank’s clients had been clamoring for a credit card for quite some time, because many local banks, some of them much younger than China Bank, had been in the credit cards business for many years already. It reached a point, according to one officer, where it had become difficult to answer their clients’ question: Why don’t you have a credit card?

“Getting into the credit card business was not a decision the board and management took lightly, but we finally gave it a go to complete our consumer banking proposition,” said William Whang who was executive vice president and head of the Lending Business Segment at the time. “As a major bank,

we should be able to provide our customers with financial flexibility and that includes credit cards. So, we set up our credit card division in 2012 with a mandate to deepen and widen consumer relationships, sealed our partnership with Mastercard in 2013, and hit the ground running.”

“We have to serve our clients’ growing needs—that is the motivation of China Bank. It doesn’t make sense that they’re banking with us but they’re going over the counter or online to pay another bank’s credit card,” said Renato ‘Rene’ K. de Borja, Jr., the former head of the Bank’s Remittance and Cards Business Group.

It is all part of delivering greater convenience for the Bank’s clients—in this instance, giving them a product that will allow for more flexible payment options. In 2015, during the celebration of China Bank’s 95th year, the China Bank credit card business was formally launched in partnership with Mastercard, with a special 95th anniversary card



China Bank teams up with MasterCard and celebrates the milestone of the partnership at the Manila Peninsula on July 12, 2013. China Bank President & CEO Peter Dee (second from right) and MasterCard Country Manager Jose Rene Villa-Real (second from left) seal the partnership with a handshake. Flanking them are China Bank’s SEVP & COO Ricardo Chua and Vice Chairman Gilbert Dee.



Then EVP & Lending Segment Head William Whang with China Bank valued client Teodoro Tagle, president & CEO of the Philippine Allied Enterprises Corporation, the exclusive distributor of Bridgestone Tires in the Philippines. Mr. Tagle and his employees are among the first to have a China Bank Credit Card.

design. In March of that year, the World, Platinum, and Prime Mastercard variants were made available to its clients.

Rene understands the Bank’s hesitation to launch it much earlier. “It’s hard to be in the cards business. It’s a complex operation since it’s an unsecured revolving credit line that requires regular credit assessments and at the same time, requires a steady stream of marketing campaigns to encourage usage on the card. You have to assess if the client has the capacity to pay, just like with other consumer loan products, except that there is no collateral to recover in case of a default.”

Rene also noted that there is a different level of engagement when it comes to servicing credit cards. “Unlike other consumer loans with a fixed amortization schedule wherein the service engagement is mostly confined to application processing, collections, and termination, the credit card client service engagement is quite frequent due to the customer journey and experience associated with using the credit card as a substitute for cash.”

He further explained that the credit cards business requires heavy investments. “It runs on a different and dedicated core processing system to support its 24/7 operation, global acceptance and compliance with Mastercard rules, credit application processing and underwriting, card embossing and delivery, fraud control, customer maintenance related to credit limits, disputed transactions, installment availments, statement of account and payments processing, as well as collections and recovery. And because there are so many moving parts in this business, you need a robust set of analytics tools and of course, the right people with the right skill set.”

In 2019, China Bank launched two new credit card variants, bringing its credit card offerings to five. The China Bank

Cash Rewards Mastercard offers up to 6% cash rebates on qualified purchases. On the other hand, China Bank Freedom Mastercard offers perpetual waiver of annual membership fees and access to exclusive rewards and deals.

In early 2020, to kick-off its centennial celebration, the China Bank Wealth Mastercard was launched which was created with exclusive features and benefits for the Bank’s Wealth Management clients.

“Credit cards, and even debit and prepaid cards, are fast becoming essentials as the world turns digital and transactions are becoming remote. Not only are these card products financing tools, the cards have also become integral in payment solutions,” said Aloysius “Aloy” Alday Jr., who succeeded Rene. Aloy now heads China Bank’s Cards Business and Contact Center Group.

China Bank credit cards are accepted globally for in-store and online purchases, equipped with EMV, 3D-Secure, and Contactless technology for security and convenience, and provides cardholders with exciting perks and privileges. Cardholders earn points which can be exchanged for cash credits or Mabuhay Miles (except for Cash Rewards Mastercard). For lighter monthly payments—merchant installment, balance transfer, balance conversion, transaction conversion, and convert-to-cash installment programs, are available at 0% or low interest rate options.

On its first year, the Bank registered P535 million in credit card gross billings, which grew to P6.3 billion in 2019. However, when the COVID-19 pandemic struck in 2020, gross billings dropped to P1.5 billion as credit card usage slumped amid the rise in unemployment and the closure of businesses during the enhanced community quarantine.



China Bank Cash Rewards Mastercard and China Bank Freedom Mastercard launch on August 8, 2019 at the Fairmont Makati Hotel. From right: China Bank Chief Risk Officer Ananias Cornelio III; Cards Sales, Marketing, Operations, and CEM Head Cherie Sia; COG and BPMD Group Head Delia Marquez; RBB Deputy Group Head Jose Osmena, Jr.; Mastercard Country Manager Rowell del Fiero; RBB Segment Head Rosemarie Gan; ICRG Head Alexander Escucha; Mastercard Director Ailea Zialcita; and Remittance and Cards Business Group Head Renato K. de Borja Jr.

Like many other sectors, the credit card industry was adversely affected by the pandemic and the ensuing lockdown and travel ban. While digital payments soared, people were hesitant to apply for new credit cards, existing cardholders consciously reduced their credit card spending, and credit card delinquency rates rose to an all-time high.

To help cardholders facing financial difficulties, China Bank, in line with the Bayanihan Acts 1 & 2, offered payment holidays and waived interest and late payment fees.

While 2020 was very difficult and uncertainties remain, Aloy believes that card utilization will pick up alongside the easing of quarantine restrictions and the return of economic activities, and that the demand for credit cards will grow with the increasing cashless and digital payment transactions.

“Credit cards are powerful financial tools that can help cardholders with their cash flow needs and emergencies. The key is to use them responsibly,” Aloy said.

Although China Bank entered the credit card business later than the other banks, it is not too late because the country’s credit card industry is still underdeveloped. The estimated number of credit cards in circulation in 2020 was about ten million, but the real account customer level number, was estimated to be around five million, or an average of two credit cards per customer, which leaves many more that can be carded in the market.

“As the credit card portfolio is still young, the growth may be focused on more familiar territory. So it will be cross-selling to existing customers of the Bank,” said Aloy. Though he is taking a cautious approach to portfolio growth for now, Aloy is confident about its eventual significant expansion in the post-pandemic era. “All cards portfolio start small, but we are determined to

grow by tapping first the existing client base of China Bank, then other market segments, and continuously enhancing our card offerings. We are committed to provide a more rewarding experience to our cardholders.”

CHINA BANK CAPITAL

In the 2010s, the Philippines’ capital markets were experiencing new vitality, thanks to earlier reforms and external economic factors. The country saw a rise in its ratings by international credit rating agencies. The main board, the Philippine Stock Exchange index (PSEi), began an inexorable rise in early 2011 when it crossed the 4000-mark. April 2015 saw the index at an all-time high of 8100. The government infrastructure program and the need for private sector players to raise finance for PPPs (public-private partnership) and for their own expansion also made 2015 a good year for fixed-income. In addition, Philippine banks had been trying to raise their capital in order to meet their Basel III requirements, also giving them an incentive to enter the bond market. These favourable circumstances helped drive a major surge in capital markets activity.

China Bank successfully made its presence felt in the capital markets when its in-house investment unit was established in 2011. But it strengthened its leadership position when China Bank Capital was created. Shortly after its incorporation in 2015, China Bank Capital was able to establish its leadership in the capital markets business, besting the investment banking subsidiaries of the three biggest banks in the country. Its ability to keenly identify market trends, design innovative solutions, and deliver oversubscribed orderbooks and tight pricing to its clients has made it the investment house of choice of



At the 2013 Philippine Dealing System (PDS) Awards, China Bank was recognized as one of the top 5 Corporate Issue Managers/Arrangers. At the awarding were Treasury Business Center Head Lily Reyes-Lao and Investment Banking Head Rhodora Canto, 2nd and 3rd from left, respectively.



China Bank won for the first time the Top Corporate Issue Manager/ Arranger Bank award for 2015 from the Philippine Dealing System (PDS) Group, besting ING, HSBC, and StanChart. From left: Philippine Dealing & Exchange Corp. President and COO Antonino Nakpil, China Bank ICRG Head Alex Escucha, China Bank Capital Managing Director Virgilio Chua, China Bank Capital Director Manuel San Diego, Securities and Exchange Commission Chairperson Teresita Herbosa, and PDS Group President and CEO Cesar Crisol.

conglomerates and big corporations. From its No. 4 position in the corporate bonds league tables in 2015, China Bank Capital rose to No. 1 in 2016 and remained in the top position through 2020. Its stellar performance earned for it the Best Bond Adviser in the Philippines Award at *The Asset Triple A Country Awards* for five consecutive years, from 2016 to 2020.

Romeo “Romy” D. Uyan Jr., the first president of China Bank Capital and now China Bank’s chief operating officer, attributes their success to hard work and great teamwork. “I think we did it with more dedication. Sitting where I was, I thought the only way we could compete was to make sure that Capital, Treasury, and Institutional Banking were working together. So, when Capital did the deal, we had to make sure that Institutional Banking was also in it, that they were willing to lend a certain portion. If we did bonds, we had to make sure that Treasury was willing to market it. In other institutions, they are all run by different people. They compete. So, for us, because we could link them all together in one way or another, even if we were mid-size, we could then have the capacity of one of the top three banks. Because we were making everybody work together rather than compete with each other,” Romy said.

Before the investment banking business was put up, China Bank had only been in the distribution side of the capital markets business. Tapping its premium clientele and wide distribution network, the Bank participated in deals led by other investment houses and sold their bonds, notes, shares, and other securities. But by not

being on the origination side, the Bank missed out on hefty fee income and when it came to allocation, the Bank was allotted only small portions of the offerings, not enough to cover the orders of its customers. With this realization, the Bank sought to establish a presence in the investment banking landscape and created the Investment Banking Group in June 2011, under then senior vice president Rhodora Z. Canto. In May 2012, First Vice President Virgilio O. Chua was brought in from Citibank Global Banking Group to head the Investment Banking Group.

Leveraging its already vast corporate banking relationships, China Bank immediately made inroads in the investment banking space, winning mandates from longtime corporate clients of the Bank who were only too pleased to learn that



China Bank Chairman Hans Sy handing the Bank’s 90th anniversary coffee table book to JG Summit Chairman Emeritus John Gokongwei Jr. during the closing dinner for the Cebu Pacific deal in March 2013. Looking on are (from left): China Bank Vice Chairman Gilbert Dee, SVP Alex Escucha, and Cebu Pacific President and CEO Lance Gokongwei.



Best Bond Advisor
The Asset Triple A Awards
2016, 2017, 2018, 2019, 2020



Best Debt Capital Markets House
Finance Asia
2018, 2019, 2020



Best Fixed Income House
Investment House Association
of the Philippines - 2018, 2020

the Bank was now providing new services such as financial advisory and equity and debt underwriting. The Investment Banking Group continued to grow its business and manpower, expanded its client base to comprise both public and private companies, and honed its expertise in the services it provided.

In 2012, only a year after the Investment Banking Group was established, China Bank acted as lead arranger or joint lead arranger for a total of nearly US\$400 million in dollar-denominated deals, and over P450 billion in peso-denominated transactions. In 2013, it was the sole arranger of the two biggest aircraft financing transactions in the local aviation industry—Cebu Pacific’s US\$140 million term loan to partially finance the acquisition of four new Sharklet-equipped Airbus A320, marking the first aircraft financing to be arranged by a local bank; and with flag carrier Philippine Airlines’ US\$329 million financing for seven Airbus A321-200, putting in motion its comprehensive fleet renewal program.

China Bank Capital extended the wide range of services that its predecessor, the Investment Banking Group, provided its clients. China Bank Capital still provides debt and equity capital raising and underwriting, mergers and acquisitions advisory, and corporate finance services to public and private companies, but on a bigger scale and with greater capabilities to compete for lead roles in the biggest and most sought-after syndications and capital market transactions. China Bank Capital’s performance has been remarkable in the short time that it has been in business, catching the eye not only of issuers but also of prestigious award-giving bodies.

China Bank Capital has always been strong in corporate retail bond issuances. In 2015, when it started, it was already among the top 5 underwriters in this category, with 24.13%

market share. China Bank was also awarded by the PDS Group as the Top Corporate Issue Manager (Bank Category) for 2015, besting three foreign banks.

In 2016, China Bank Capital completed its maiden year of operations and posted revenues of P385.24 million for the full year. Encouraged by the good results, the board of China Bank decided to increase the authorized capital of China Bank Capital from P500 million to P2 billion, with an additional capital infusion of P500 million, which enhanced the investment house’s capacity to underwrite capital market transactions.

The year 2016 was also marked by China Bank Capital’s involvement in some of the biggest corporate bond and preferred share offerings in the local market.

From Ayala Land, Inc.’s (ALI) P50-billion Debt Securities Program, the first issue of P20-billion Retail Bonds was met with an oversubscribed orderbook, allowing ALI to achieve the lowest coupon for a 10-year bond issuance at the time of issuance.

For the second issuance out of the same Debt Securities Program, Augusto Cesar Bengzon, vice president and treasurer of Ayala Land, Inc., said at the time: “China Bank Capital is committed to delivering the best possible solution to issuers like Ayala Land. Their lean team is able to execute within tight timelines and possesses a deep understanding of the investor market which allows them to provide an up-to-date read of investor appetite, both of which are crucial elements in the deal’s distribution strategy. This is the reason why China Bank Capital has been mandated as the sole issue manager and bookrunner for the recently concluded and successful P7.0 billion, 7-year retail bond of Ayala Land.”



P3-Billion Ayala Land, Inc (ALI) Homestarter Bond listing at the Philippine Dealing and Exchange Corp. (PDEX) in October 2016—the first tranche of the Homestarter Bond series issued from ALI’s P50-billion Shelf Program of Debt Securities registered with the SEC and the fourth issuance out of the shelf registration. China Bank acted in a lead underwriting capacity in all four ALI capital markets transactions in 2016. From left: PNB Capital and Investment Corp. President Gerry Valenciano, China Bank Capital Corp. Managing Director and Investment Banking Group Head Virgilio Chua, BPI Capital Corp. Managing Director Eric Roberto Luchangco, ALI SVP and CFO Jaime Ysmael, ALI VP and Treasurer Augusto Cesar Bengzon, PDEX Chairman and CEO Cesar Crisol, and PDEX President and COO Antonino Nakpil.

For the third issuance, China Bank Capital was appointed as the sole issue manager, and printed the lowest-priced Philippine corporate bond for tenors of 5 years or longer.

The other landmark transaction in 2016 was San Miguel Corporation’s issuance of P30 billion preferred shares, which was the largest transaction during that year and was the third largest preferred shares issue in the history of the capital markets thus far. China Bank Capital was appointed joint lead underwriter.

In the largest peso bond transaction for a single tenor in 2016, which was SM Prime Holdings Inc.’s P20 billion fixed retail bonds issuance, China Bank Capital was a joint issue manager, bookrunner, and lead underwriter.

“China Bank Capital has been one of the SM Group’s most active partners in accessing the market. They have jointly led issues for the Group that achieved the largest issue sizes in the market. They have wide and deep distribution channels which enable them to place deals with targeted investors at the desired pricing. They have proven to be insightful in reading the market and execute transactions in an efficient and reliable manner,” said Marcelo C. Fernando, Jr., senior vice president of SM Investments Corp.’s Treasury Group.

In 2018, Ryan Martin L. Tapia was named president of China Bank Capital, succeeding Romy Uyan, who became vice chairman of the investment house and chief operating officer of China Bank. Ryan joined China Bank Capital as managing director, COO, and head of execution in November 2016. He has been pivotal in leading the team and winning mandates for major deals like Ayala Land’s P4.3 billion short-dated notes issue, Ayala Corp.’s US\$400 million bonds issue, and the Bureau of Treasury’s P181 billion Retail Treasury Bonds issue,

which were all lauded by *The Asset* as the Best Local Currency Bond, Best Corporate Bond, and Best Bond Deal for Retail Investors in Southeast Asia, respectively.

Ryan attributes China Bank Capital’s success to the support given their team by the Bank’s senior management and various business units.

“We have a lot of leeway to work around these things and we’re given freedom by the senior management team to exercise our creativity. And the second reason for Capital’s success is working well with all the various units of the Bank. In terms of instruments, we’re only as successful as how we can properly structure them and then distribute them, or at least be able to sell them to investors. Crucial to our success is how well we work with the Bank’s branch network, the Treasury, Trust, and Wealth Management teams—all these different units that compose basically the sales arms of China Bank. The reason we’re able to tell our client that we can come in and underwrite X billion is because we are fairly confident that if we structure the product correctly, keeping in mind both the issuer’s and the investor’s interests, then our distribution or sales arms can sell these down to our clients. I believe that’s why we’ve been No. 1 in the league tables for the last five years. Listening to our corporate clients and the investors, we have the confidence that we can come up with the right structure or product that investors will want,” Ryan said.

Innovation is key to China Bank Capital’s success and it helps that Ryan has had international experience where he was introduced to a wide variety of products and structures. He worked with JP Morgan in New York and after business school joined Goldman Sachs in Hong Kong, and then locally with foreign investment banks. A number of key people in the team

“Crucial to our success is how well we work with the Bank’s branch network, the Treasury, Trust, and Wealth Management teams—all these different units that compose basically the sales arms of China Bank.” —RYAN TAPIA

also came from foreign investment banks, so they complement well those who were homegrown or recruited from other local firms.

Ryan said: “The way we try to distinguish ourselves is by trying to be more innovative or more creative. I know that in terms of banking you wouldn’t think there’s a lot of innovation or creativity involved, but in the local market, there’s still a lot of runway. When you go offshore there are a lot of products that they can use. A bond can be as simple as plain vanilla, or can be highly structured or embedded with options or warrants. In the local market, the variety of products available is still not as deep or not as broad. So, to the extent that you can start applying little by little some of those things that you see offshore and making sure that it’s acceptable to the regulators, acceptable to your client, and it’s still something that investors are willing to put money in, then that’s how we try to distinguish ourselves.”

CHINA BANK CAPITAL
RANK & MARKET SHARE IN THE
CORPORATE BONDS LEAGUE
TABLES
2015-2020

Year	Rank	Market Share
2020	1	30.58%
2019	1	23.84%
2018	1	32.41%
2017	1	21.88%
2016	1	24.11%
2015	4	23.13%

The knack for innovation was evident in the product they designed for Ayala Land in 2017. When the BSP discontinued access of trust entities to the BSP deposit facilities, China Bank Capital saw a huge opportunity in the P300 billion from trust entities that would need to be redeployed. To tap into this deep liquidity, China Bank Capital arranged the first Short Dated Note (SDN) issue of Ayala Land through a P4.3-billion issuance in July 2017 for which it acted as the sole issue manager, underwriter, and bookrunner. The offering was launched with a minimum issue size of P3 billion. By addressing a specific market need, the SDNs received strong interest which led to the transaction being upsized to P4.3 billion.

Augusto Bengzon of ALI said that because they were offering a new instrument in the market, “there were regulatory requirements as well as executional challenges that needed to be addressed. The China Bank Capital team was able to respond to these in a thorough and timely fashion. Furthermore, their aggressive and robust distribution capabilities allowed us to achieve both the volume and price targets that we had set.”

In the same year, Del Monte Pacific Limited listed its first US\$-denominated preferred shares in the Philippine Stock Exchange. The US\$200-million issuance marked the introduction of a new product in the equity capital market, being the first foreign currency-denominated preferred shares in the country.

There were other debt instruments that China Bank Capital pioneered in the Philippines in the following years. Ayala Land, Inc.’s P10-billion fixed retail bonds issuance was the first corporate bond with a true re-pricing structure during the life of the bond.

Similarly, Ortigas and Company, Limited issued P5 billion in corporate notes, which marked the first foray of this



China Bank Capital President Ryan Tapia at *The Asset Triple A Country Awards 2018*. China Bank Capital won as the Best Bond Adviser in the Philippines and was also recognized for its role in two award winning transactions—the Bloomberry Resorts and Hotels P73.5 billion syndicated term loan, awarded as the Best Syndicated Loan in the country, and the Ayala Land P10 billion retail bonds issue, cited as the Most Innovative Deal.

long-standing company in the capital market arena. As sole issue manager, China Bank Capital went to market with an innovative 5+5 structure, and despite being a relatively unknown issuer, the deal was executed deftly with a swift end-to-end process that took a mere month. In a 5+5 structure, the interest rate of a facility with a tenor of ten years is re-priced on the 5th year. This means that the interest rate for the first five years reflects current market conditions, but the next five years will be re-priced to reflect market conditions at that point in time.

In 2019, China Bank Capital was the domestic lead manager for AC Energy Finance International Ltd.'s US\$ 410-million senior notes. It was the first Climate Bond that was certified and publicly listed in the Southeast Asian market, and it was the debut issuance in the capital market.

While product quality and innovation are important in the capital markets business, relationships are just as crucial. Ryan said: "A lot of us on the team, prior to joining China Bank Capital, already had many dealings with these corporate clients from our previous jobs. So we already had very good relationships with these people, and it was our challenge to nurture and grow those connections. But more than that, I think what was crucial was being able to go in front of CEOs and CFOs and say that China Bank hadn't been so aggressive with this side of the banking business in the past, but we're here now to change that. We have a lot more products and services we can do for you and in fact, we have so much untapped potential because we haven't done anything for you but we can leverage all of our resources just for your company. So, it's easy to have a conversation with the client and say, our customer base is hungry for your paper."

According to Ryan, the personal factor matters a lot in this business. "I think it matters more than anything else. There are some clients whom we're not really close to. So we try to

sniff around and do our research to see if they have a huge capital expenditure planned for the year. We become more proactive. And by being more proactive, we hope to develop that relationship further. But admittedly, because China Bank as an institution is recognized as the businessman's bank, we try to leverage everybody in the Bank—from the corporate bankers, to the branch personnel whose branch is the servicing branch of a client, to the folks in marketing, and to the people in Trust. So, we try to leverage all the resources of the Bank in order to put forward a more solid relationship with those clients."

One thing going for the industry is the presence of supportive regulators. "The Securities and Exchange Commission has been trying to push more and more products and create a deeper capital market or investment banking environment, and with more products, more investors are going to invest in our market. And then there would be more participation in terms of the local market and also the foreign investors. So what do the regulators want to see? They want to see the investment houses trying to deepen the market further—whether it's through having more access to other types of investors or by bringing in different types of products and services. They want to see a little more complexity, a little more sophistication. The regulators are in sync with the industry players to make the environment more conducive to increased activity. And I think we have a lot of support from them—the SEC, the PSE, the PDS, and even the BSP," said Ryan.

China Bank Capital is, without a doubt, one of the brightest spots in China Bank's growth story. "The Bank's mandate for us is to just keep on expanding our business. We're considered one of the instruments of growth for the Bank. Obviously, the Bank will need to grow its CASA base, its loan portfolio, its fee-based income whether it's from Treasury or Trust, and all the

“Our competitive advantage is the fact that we can leverage our rich customer base throughout our extensive branch network. And, of course, the China Bank name.” —MARISOL TEODORO

other units. We’re right alongside them, and working with all of them to help each other achieve our targets.” Ryan concluded.

In 2020, China Bank Capital arranged a total of 39 deals, eight of which as sole manager/arranger, and raised over P350 billion for the private sector. For the fifth year in a row, China Bank Capital topped the corporate bonds league tables, with 30.58% market share. It participated in the most number of local currency and USD fixed income issuances in 2020, including the Bureau of the Treasury’s (BTr) Retail Treasury Bonds (RTBs). China Bank Capital acted as a joint lead arranger in key transactions by the national government, helping the BTr with its P310.8 billion RTBs and switch offer, its subsequent P516.3 billion RTBs—the largest RTB issuance by the government, and the P6.57 billion Premyo Bonds 2 to raise funds for the country’s educational programs, public infrastructure, and economic recovery in response to the

ongoing COVID-19 pandemic. China Bank Capital also acted as the mandated lead arranger, joint lead underwriter, and sole bookrunner for North Luzon Expressway Corp.’s P20 billion Corporate Notes Facility to partially finance the construction of the 8-kilometer NLEX connector road project, and Puregold Price Club, Inc.’s P12 billion Fixed-Rate Corporate Notes, which was executed within a 6-week timetable amidst a volatile economic backdrop and tight market liquidity due to the COVID-19 outbreak.

China Bank Capital was again the Investors’ Choice or the top arranger for primary corporate bond issues in the Philippines, according to the 2020 Asian Local Currency Bond Benchmark Review of *The Asset* Benchmark Research. *The Asset* also recognized China Bank Capital for its involvement in the Development Bank of the Philippines’ (DBP) P18.25 billion ASEAN Sustainability Bond in 2019, awarded as Best Sustainability Bond - Financial Institution, and Jollibee Worldwide Private Limited’s US\$600 million perpetual capital securities, named as Best New Bond. China Bank Capital also bagged the regional publication’s awards for participating in landmark infrastructure projects in the Philippines, distinguished as the Renewable Energy Deal of the Year-Wind, Green Project of the Year, and Transport Deal of the Year.

While China Bank Capital was hugely successful in itself, the establishment of China Bank Securities rounded out the investment house’s offerings.



Eagle Cement Corp.’s (ECC) P8.6 billion IPO listing in 2017, the largest all-domestic stock offering at the time. From Left: China Bank President & CEO Ricardo Chua, China Bank COO William Whang, ECC Corporate Secretary Maria Farah Suchianco, and ECC Executive Adviser Mike Fitch.

8990 Holdings' P5 billion Preferred Shares listing in 2017, with China Bank Securities President Marisol Teodoro, leftmost, 8990 President Willie Uy, 7th from left, and senior officials of China Bank, China Bank Capital, and PSE.



CHINA BANK SECURITIES

In March 2017, China Bank Capital acquired ATC Securities to be its securities broker-dealer subsidiary, thereafter renaming it China Bank Securities Corporation (CBSec) and hiking its capital to P150 million from P38 million.

The establishment of China Bank Securities enabled China Bank Capital to actively pursue equity underwriting activities such as initial public offerings (IPOs), secondary and follow-on offerings (FOO). China Bank Group's clients would also benefit by gaining access to the said stock offerings as well as the servicing of their secondary trades- and equities-related transactions at the Philippine Stock Exchange (PSE).

As a broker and dealer in equities and a trading participant (TP) at the PSE, CBSec's services include the distribution of equity issues under IPOs and FOOs. It also facilitates the secondary buying and selling of stocks in the PSE and provides relevant market, industry, and technical analysis to enable clients to make informed investment decisions.

The launch of CBSec completed the suite of China Bank's services to serve clients' investment needs across all asset classes, from fixed-income securities to equities. "It's good to be able to offer a full range of products and services. It also serves as a marketing tool for China Bank Capital because they can now tell their client: we have our own brokerage house that can help with your IPO," said Marisol M. Teodoro, president and CEO of China Bank Securities. This opportunity came quite soon during its maiden year when CBSec took part in the marketing and distribution of the P8.6-billion public issue of Eagle Cement's common shares and 8990 Holdings' P5-billion preferred shares, both in 2017, which were underwritten solely by China Bank Capital. CBSec also handled the listing of China Bank's P15-billion stock rights offering (SRO) in 2017.

Marisol has been with China Bank for more than 26 years, having joined the Bank in 1994 as Investments Division head of the Trust Group. Prior to her current appointment, she was the Bank's Treasury Business Center head, responsible for the marketing and distribution of treasury products and services to retail and corporate clients. She also helped set up the Treasury Group's money center desks in key provincial locations.

There is a huge untapped market for stock investing in the country. According to the PSE's 2019 stock market investor profile report, the total number of accounts reached 1,228,038, which is only about 1% of the country's population. This figure is 12.7% higher than that in 2018, largely because of a 25% increase in online accounts in 2019, as more and more people are getting attracted to online stock trading. Investors aged 30 to 44 years old had the biggest share in terms of total accounts, with a 45.5% share, followed by those aged 18 to



From left: China Bank President & CEO Ricardo Chua, ATC Shareholder Representative Carlos Syquia, China Bank Capital President Romeo Uyan Jr., and China Bank COO William Whang at the MOA signing in 2017.

China Bank Chairman Hans Sy (6th from left) and President and CEO Ricardo Chua (5th from left) lead the bell ringing ceremony at the Philippine Stock Exchange on May 10, 2017 to celebrate the completion of the Bank's second P15 B SRO. Also onstage are senior officers from PSE and China Bank.



29 years (21.7%), then by those aged 45 to 59 years (20.3%), and finally, those who are 60 years and above (12.5%). Still, compared to other Asian countries, these numbers are quite dismal. For example, Malaysia's overall retail participation rate in trading activity is about 23%, the Star Online reports in 2017.

Marisol attributes the measly numbers to the low financial literacy rate among Filipinos and their tendency to be risk-averse. Others liken stock investing to gambling, which is something you don't do with your hard-earned money. There is also the misconception that stock trading is only for the rich or for the business people.

A stock brokerage has to deal with the mindset of many Filipinos that one should invest only what one can afford to lose. What people do not know is that financial products have become quite affordable for a broader segment of the population. There are index funds that can be had for as low as P5,000 which provides the retail investor access to a basket of 30 prime companies that constitute the Philippine Stock Exchange index.

"If you look at the number of depositors in the banking system, you could literally be talking about tens of millions of depositors. The market's growth potential is really high. To tap this market, there is a need to go to the grassroots level and undertake financial literacy campaigns," Marisol said. Aware of the growing young market and the rising trend of digitalization, CBSec launched an online trading platform.

Being new in the business, CBSec's immediate goal is to be able to generate considerable trade volume to boost its

TP ranking because this is one of the things that institutional clients look for. "Size and track record are important to them," Marisol said.

"We're targeting mainly the existing clients of the branches and private banking, with a focus on those clients who are already into stock investing and know how the stock market works as well as the risks involved. We are asking the branches and the relationship managers to identify who those clients are and to convince them to try the services of CBSec by transferring their accounts from their existing brokers or adding CBSec as one of their brokers. Making the move to CBSec will enable them to benefit from the strong brand and backing of China Bank. We also have our own research unit providing daily, weekly, and special reports which not all brokers can boast of. They can also look forward to seamless transactions because buy and sell trades as well as cash dividends can easily be debited from or credited to their China Bank deposit accounts," Marisol said.

Marisol explained that potential clients who want to accumulate wealth cannot rely on deposits and fixed-income securities to achieve this goal. The key to growing money faster is through capital appreciation, which is one of the benefits of investing in the stock market. To prove this point, she showed a sample list of select index stocks' closing prices over a 10-year period. "Let's say you just held these stocks starting from end of 2009 till the end of 2018, which wasn't too risky to do since these are index stocks. Taking the example of JG Summit, even excluding the effect of



On the 90th anniversary of its listing at the Manila Stock Exchange in September 1927, PSE Chairman Jose Pardo (3rd from left) presents a plaque of recognition to China Bank chairman Hans T. Sy (4th from left), with PSE COO Roel Refran, PSE President Ramon Monzon, China Bank President William Whang and SVP Alexander Escucha.

dividends, one's investment would have grown 700% by assuming a buy-and-hold strategy—no effort at all, just letting time to simply pass by. This can happen if one has a long-term investment horizon and picked the right stock. “

Marisol is determined to grow CBSec amid strong competition—there are about 130 stock brokerages in the country. “Our competitive advantage is the fact that we can leverage our rich customer base throughout our extensive branch network. And, of course, the China Bank name. Even if we're new, we have the backing of China Bank, a solid name in the banking industry,” Marisol concluded.

China Bank Securities is one of the last pieces of the puzzle needed to complete China Bank's portfolio of services, enabling the Bank to fully serve its clients' investment needs.

NEW PRODUCTS AND STRATEGIES FOR NEW GENERATION INVESTORS

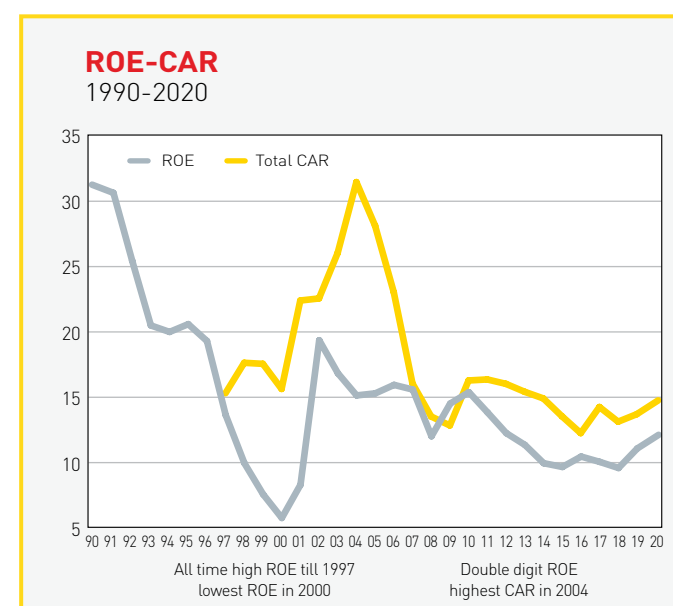
China Bank's trust, treasury, and wealth management businesses have been traditional sources of considerable income. Treasury gains, under then Treasury Group head Danilo A. Alcoseba, contributed to the golden age of China Bank, leading the industry in profitability, in the late 1990s to 2000s. Continuous system, process, service, and organizational improvements have kept these businesses strong. The next phase of growth is in meeting the needs of the new generation of investment-savvy China Bank customers.

While the Bank's loyal core market—the Chinese-Filipino entrepreneurs—has given the Bank a solid and sizable deposit base for many decades now, the Bank has not maximized it the way other banks would have if they had it,

partly due to the risk-averse nature of the first-generation business owners as well as the former Bank leaders' bias toward conservative banking.

Investment banking has not been the Bank's strong suit until recently, when the new leadership thought it was about time the Bank offered more products and services, not only to grow the Bank's fee-based businesses but also to keep its loyal clients and attract new ones. This is particularly important at this point in the Bank's relationship with its longtime clients who are handing over, or have handed over, their businesses to the younger generation, whose members are more exposed to new and sophisticated financial products and whose risk appetite is generally stronger than that of their elders.

“They have been banking with us because their parents banked with us. But then we have to have a strategy for



“The goal is for us to be the preferred bank—the primary bank—rather than the second. The Bank has traditionally been a lending and deposit-taking institution so whatever value add that we can create within FMS would really be incremental to how the Bank has operated in the past.” —OLLIE PALANCA

the next generation—those who are now in their 30s to 60s—because they’re the next stewards of the wealth,” says Magnolia Luisa “Ollie” N. Palanca, head of China Bank’s Financial Markets Segment. “Now if their parents pass on and they’re more exposed to what other banks are offering, what will tie them up to us? Nothing much at this time. So we have to change so that we can appeal to them to make sure that the wealth we’re managing today stays with the Bank, even after the current stewards pass it to the next. The loyalty that was shown to China Bank must be passed on, too,” Ollie adds.

Ollie joined China Bank in February of 2018. A seasoned markets practitioner, her work experience includes a 10-year stint with Standard Chartered Bank and another 10 years with JP Morgan, both in Manila and in Singapore.



China Bank is consistently one of the country’s top Corporate Securities Market Makers and Top Fixed-income Brokering Participants. At the 14th Philippine Dealing System Annual Awards in 2019, China Bank’s Fixed Income Division Head Cristina Arceo and Treasurer Benedict Chan, 3rd and 2nd from right, respectively, received the Bank’s award.

Ollie believes that while China Bank should take very good care of its core market, it should also look beyond it. “The asset that I see is the loyal client base. There is a niche that the Bank was able to identify and serve well, and recent studies, in terms of the segmentation of our clients and their behavior, would establish this fact—that we are very well entrenched in the middle market segment or the business owners, mostly of Chinese-Filipino descent. This has given us a steady flow of business, which the Bank has built on, but I think, clearly, to be able to compete, we have to find a way to expand beyond this client base,” she said.

Given the Bank’s rich client base, the numbers relating to the Financial Markets Segment (FMS) indicate that there is a huge market niche that has remained untapped. This

is largely because for a long time, the range of financial products being offered to the Bank’s clients was limited. It does not help that the first generation businessmen who make up majority of the Bank’s clients are not risk-takers. For them, the most basic financial products were enough. The more risk-oriented ones among them are being serviced by other banks who offer a wider range of investment products, including more sophisticated ones that give better yields. That should change with the new developments in FMS being led by Ollie Palanca.

“The goal is for us to be the preferred bank—the primary bank—rather than the second. The Bank has traditionally been a lending and deposit-taking institution so whatever value add that we can create within FMS would really be incremental to how the Bank has operated in the past,” said Ollie.



Ollie Palanca, 2nd from right, CFO Patrick Cheng, third from right, with China Bank officials at the Appreciation Dinner for Wealth Management Clients in January 2020.

The reorganization that Ollie has undertaken was to further improve the focus of each department under FMS. All sales functions are now within a market sales group, which is tasked to sell what is traditionally termed “treasury products”—foreign exchange, fixed income products, and investment products. Its team members will serve the different client segments of the FMS business—the big corporate accounts, the institutional clients, and the branch clients.

The components of the growth project—structural changes, capability building, marketing strategy, product development—are all crucial, but the key element, according to Ollie, is people. “The people agenda is key for us to strengthen and deliver on what is required. As suggested by our Fixed Income Trading head, Cris Arceo, we’re embarking on what we’re hoping to call, and we’re putting the thing in place, an FMS academy— Financial Markets Segment academy— because this aspect of the business requires technical skills and specific product knowledge, so you really need a certain retooling with the end goal of upgrading the skill set of our traders and sales people.”

There are very specific qualities a trader should have. It’s not just smarts that one looks for. “One should have what it takes to survive inside the dealing room. It’s not all brains. It’s the ability to think on your feet, react and decide quickly,

because the market is constantly moving,” Ollie said. “Some brainy people get rattled and freeze, which is one thing you cannot afford to do in trading.” Ollie has inherited a team who are mostly capable; but each person’s skill set can be further enhanced with the appropriate training.

“In the banking industry, each bank has its own capital base and it will afford you a certain amount of investment or risk appetite based on your size. But in terms of how you make the most or make money off the same market situation, it’s really skill that matters,” Ollie explained.

The FMS person also has to adopt a more aggressive marketing approach. Reverse inquiry will not do—where the person will just sit in the branch and wait for a client to approach him and inquire. “The way we designed it now, you have to be out there and go to your clients. You need to tap it. We have to grab market share because we’re late entrants,” Ollie said. She believes that aside from the Bank’s loyal client base, there are many potential clients that people are not looking at, and that’s a growth area that they will go after.

It is treasury retail sales, however, that Ollie and her team plans to pursue with vigor. “What I promised my superiors when I came in is that when markets are bad, we would have established our bread and butter, so that even if we’re not able to generate trading gains, there’s an annuity income that will be built, which will cushion us in bad situations. Now if the market is conducive and supportive, that’s good. But that’s not always the case. This annuity income will come from clients—from client flows. So the more clients you have and the bigger market share you have from these clients, the more flows our trading desks can trade on,” Ollie explained.

“Our challenge is to address the needs of the next generation of clients while remaining true to the values that made China Bank a trusted partner in the last century. At the end of the day, it’s all about relationship and we intend to strengthen that and build on that.” —ANGIE CRUZ

“There is a lot of room to maximize our footprint in the country through our extensive branch network. This whole treasury sales concept is limited to Manila and some key areas. We have to be able to roll that out so we can also tap our clients in the provinces for these types of products. It gives us fee income, and the more products you’re able to cross-sell to clients, the more entrenched the clients are with you.” Ollie’s team will consult with the Retail Banking Business team to determine to which branches the treasury specialists should be deployed first, to optimize the small team that the group has at the moment.

“Treasury retail sales, to my mind, is the future, the market that really remains untapped. We have very, very loyal clients and if we get to entice them not just with CASA or loans but also some investments, then that’s where we can make our money. Because now, we don’t have that market share. Other banks are servicing that. Or we may have clients who are not exposed just yet, to whom we can introduce some new investments,” Ollie said.

This involves rethinking the product development cycle all the way to enabling the sales teams to effectively market the new products. “Product development means somebody will conceptualize it and then you have to do teach-ins. You have to make sure all the salespeople know what it is and what the risks are. And they should be able to explain it well to clients. There is a gestation period though, from conceptualization to rolling a new product out.”

Ollie hopes that these products will appeal to China Bank’s current clients who are dealing in treasury products with other banks, especially the younger members who are now the stewards of their family’s business. “They’re exposed to more products and loyalty to China Bank was not ingrained in

some of them,” Ollie said. Some of them do not see the need to stay with the Bank, even if it helped their family start the business and enabled them to grow it.

“We cannot depend on the children who know and appreciate what China Bank had done for their father’s business. We have to evolve because we need to change the way they see us. We have to, because if not, they can just say, that was the time of my father. So we have to be able to present a different side, a more dynamic one; and show them that we can grow and meet their financial needs alongside them,” concluded Ollie.

Evolving with the times to better serve the next generation of clients is also a key theme in the Wealth Management Group (WMG), formerly known as Private Banking Group. Headed by longtime China Banker Angela “Angie” D. Cruz, WMG offers comprehensive solutions and personalized service to China Bank’s high net-worth clients.

China Bank has been strong in the private banking space, serving its natural market—the families of the businesses that started with the Bank—and affluent customers who are drawn to the Bank’s reputation as a strong, dependable, and trustworthy institution.

“Private banking is a completely different dynamic from consumer banking. In consumer banking, if you want a loan or a credit card, you’ll take it from whichever bank will give you the best rates, regardless of the bank’s size. But if you want to grow and protect your assets, you’ll only entrust your hard-earned money with the bank that will let you sleep soundly at night,” said Angie.

Angie and her team of relationship managers focus on assisting and advising WMG clients on all financial aspects—asset management, financial planning, tax planning,



retirement planning, and estate planning— backed by sound market research, in-depth knowledge of investment dynamics, and a clear understanding of each client’s circumstances.

“It’s about trust and leaving a legacy. We help our clients in growing, preserving, and managing their wealth, and in transferring this wealth to their next generation,” said Angie.

While also trained in foreign banks, Angie is sensitive to the Bank’s core market. “Our clients want priority treatment, confidential transactions, and personalized service, and that’s what we provide at WMG. We’re building strong relationships that will continue in the next generation.”

WMG has undergone several reorganizations over the years to improve service, expand its team and offerings, and enhance its systems and technology to provide clients with a 360-degree view of their portfolios. In early 2020, WMG refreshed its value proposition, which included the launch of China Bank Wealth Mastercard. Angie noted that WMG is changing with the times while remaining distinctly China Bank. “Our challenge is to address the needs of the next generation of clients while remaining true to the values that made China Bank a trusted partner in the last century. At the end of the day, it’s all about relationships and we intend to strengthen that and build on that,” said Angie.



Angie Cruz, 5th from right, with her Wealth Management team during the appreciation dinner for WMG clients in January 2020.

CHINABANK SEC ALPHA



PSET
6,046.24
145.60 (-2.35%)
VALUE 1.93B



TOTAL ASSETS				TOTAL LIABILITIES			
STOCKS	24.0%	BONDS	1.0%	STOCKS	24.0%	BONDS	1.0%
TOTAL 13,610,657.84				TOTAL 3,357,776.51			
INVESTMENT PORTFOLIO				PORTFOLIO PERFORMANCE			
STOCK	PRICE	QTY	VALUE	STOCK	PRICE	QTY	VALUE
000001.SS	145.60	1000	145,600.00	000001.SS	145.60	1000	145,600.00
000002.SS	120.50	500	60,250.00	000002.SS	120.50	500	60,250.00
000003.SS	80.20	200	16,040.00	000003.SS	80.20	200	16,040.00
000004.SS	60.10	100	6,010.00	000004.SS	60.10	100	6,010.00
000005.SS	40.00	50	2,000.00	000005.SS	40.00	50	2,000.00
000006.SS	30.00	20	600.00	000006.SS	30.00	20	600.00
000007.SS	20.00	10	200.00	000007.SS	20.00	10	200.00
000008.SS	10.00	5	50.00	000008.SS	10.00	5	50.00
000009.SS	5.00	2	10.00	000009.SS	5.00	2	10.00
000010.SS	1.00	1	1.00	000010.SS	1.00	1	1.00
TOTAL 13,610,657.84				TOTAL 3,357,776.51			



PART 4

**EMBRACING
THE FUTURE**



Part 4

EMBRACING THE FUTURE

The future looks daunting for incumbent banks. The appearance of new competition in the form of fintech companies has roused many banks from complacency. New technologies are transforming the nature of banking. And although the industry had redesigned its products and services many times in the past to meet every new generation's needs and preferences, it has been forced to innovate at an even faster rate. Newer and newer digital technologies are being developed to make banking smarter and more efficient. And not keeping up may not only mean being left behind, but losing one's market altogether.

The Philippine banking industry may not be at the leading edge of digital technology, but it is experiencing the beginnings of its transformation into a digital- or technology-based model. But other than the need to keep up with costly, cutting-edge technology, Philippine banks face other challenges just among themselves, without their digital competitors—market volatility, thinning margins, and a crowded industry with players who are constantly raising the bar with new and more attractive products and services.

Going for a rapid growth in an environment of heightened competition is tough for any kind of business. But China Bank's new leaders believed that rapid expansion was the way to be

sustainable, especially in a competitive setting, and that they could achieve it with the right strategy and the right people.

The Bank's chairman, Hans Sy, said: "Our biggest challenges were, and still are, tight margins, market volatility, and increased competition. We worked through the challenges and difficulties, guided by our resolve to deliver strong customer and shareholder value."

In the face of increased competition, China Bank geared up to be more competitive. "We embarked on a digital transformation project and switched to a new core banking system, Finacle Core Banking Solution, to make the Bank more accessible to more customers 24/7 and to future-proof the Bank and provide our customers with faster, better, and more responsive service," said Hans.

When the COVID-19 pandemic hit, the digitalization trend accelerated. Restricted mobility and social distancing led to a boom in e-commerce, contactless payments, and digital banking. The strong foundation China Bank built over the years—robust liquidity and capital levels, secure and accessible digital banking channels, high governance standards, and highly competent workforce—and its relentless pursuit of continuous improvement prepared the Bank for the challenges of 2020 and beyond.



CHAPTER 10

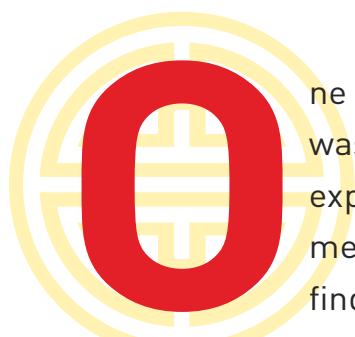
A New Generation of Bankers

New leaders take the helm and chart
China Bank's future direction and success.

President William C. Whang flanked by
Chief Operating Officer Romeo D. Uyan Jr.
and Chief Finance Officer Patrick D. Cheng
in front of the restored China Bank Binondo
Business Center.



“Somehow, it made sense to me that when you choose, you choose somebody who can rally the troops, who can make things happen. More than brilliance, it has to be leadership.” —RIC CHUA



ne of the growth challenges the Bank had to face was finding highly qualified people to man the expanding organization—which grew from 4,325 men and women in 2010, to 9,825 in 2020—and finding new managers to lead its many departments.

The Bank looked within and outside of itself to find the right people who would steer its rapid pace to growth. They would fill newly vacated posts as well as newly created ones brought about by the Bank’s expansion and entry into new businesses.

Ric Chua, who was responsible for many of the new hires in management, said: “The Bank was growing. There were a lot of branches coming up. We saw consumers getting to be a bigger part of our portfolio. But at the end of the day, you realize that what matters most is the capability of your workforce and your organizational strength.”

“Somehow, it made sense to me that when you choose, you choose somebody who can rally the troops, who can make things happen. More than brilliance, it has to be leadership,” Ric added.

After Gilbert Dee stepped down as China Bank’s chairman in 2011 to give way to Hans Sy, the next major shift in leadership was when Ricardo R. Chua succeeded Peter S. Dee in 2014 as the Bank’s president and CEO. Prior to that, Ric was executive vice president and chief operating officer from 1995 to 2014.



2020 China Bank Management Committee. First row, from left: Centralized Operations Group Head Delia Marquez, Institutional Banking Group Head Lilian Yu, President William C. Whang, Retail Banking Business Segment Head Rosemarie C. Gan, and Financial Markets Segment Head Magnolia Luisa N. Palanca. Second row, from left: Digital Banking Group Head Manuel C. Tagaza, Chief Finance Officer Patrick D. Cheng, Chief Operating Officer Romeo D. Uyan Jr., and Chief Risk Officer Ananias S. Cornelio III.

“He is a product of the China Bank culture that molded the previous and current generations of China Bankers, with a deep understanding of our customers and a keen sense of how China Bank can help our clients succeed. He has been a driving force in key initiatives undertaken by the Bank, while he also has a clear vision of what it will take to propel China Bank to the next level of performance and competitiveness. His hard work, sense of commitment, and loyalty to the Bank have made him a natural choice to become the next president and CEO,” said Chairman Hans Sy and Vice Chairman Gilbert Dee in a joint statement to announce the development to the China Bank Group employees.

In November 2017, the Bank went through another change in leadership, when William C. Whang, the chief operating officer at the time, took over the reins as China Bank president, following the retirement of Ric Chua, who remains in China Bank as advisor to the board, and chairman of key subsidiaries China Bank Savings and China Bank Capital.

William joined the Bank in November 2011 as senior vice president and head of the Institutional Banking Group (IBG), focusing on the corporate and commercial segments. He later

became head of the Lending Business Segment which covers both IBG and Consumer Banking Group (housing and auto loans).

Under William, the Lending Business Segment recorded faster-than-market growth, from P151.5 billion in 2011 to P391.9 billion in 2017, for a compound annual growth of 17%. Consumer loans, alone, grew by 18% annually during the same period.

The following months after William’s appointment were marked by key senior management movements.

Romeo “Romy” D. Uyan, Jr. succeeded William as chief operating officer. The former investment banker became the vice chairman of China Bank Capital Corp., the Bank’s investment house subsidiary. Prior to these appointments, Romy was the Bank’s treasurer and head of the Financial Markets Segment, and concurrent president of China Bank Capital.

Patrick D. Cheng became the chief finance officer and head of the Finance Group. Up until this new designation, he served as the Bank’s trust officer and head of the Trust Group, renamed Trust and Asset Management Group (TAMG). He also

“With such a high-caliber team, I am confident we can take China Bank to the next level.” —WILLIAM WHANG

became a director of China Bank Savings. Patrick belongs to the Dee founding family, being a grandson of Dee K. Chiong.

Previously the trading head of the Bank’s Treasury Group, Benedict “Benny” L. Chan succeeded Romy as treasurer. Fast forward to 2019, the Financial Markets Segment (FMS), which includes the Treasury Group, was reorganized. Magnolia Luisa “Ollie” N. Palanca came on board as FMS head. Benny became head of Trading while Christopher Ma. Carmelo “Rowel” Y. Salazar became treasurer and Treasury Group head.

In 2018, Lilian Yu moved up to the role of Investment Banking Group head from deputy head. She was also appointed to the board of China Bank Capital as advisor after serving as the investment house’s Credit Structuring head.

Subsidiaries China Bank Capital and China Bank Securities likewise have new top honchos. Ryan Martin L. Tapia succeeded Romy as president of China Bank Capital. Prior to taking on his new role, Ryan was the investment house’s managing director, chief operating officer, and head of Execution. Marisol M. Teodoro was appointed president of China Bank Securities. She previously served as head of the Bank’s Treasury Business Center.

The combined banking experience of the new leaders is deep and vast. William Whang has over 30 years of banking experience in corporate lending, branch banking, and retail banking. His career spanned various senior management positions in local and regional banks, including the Republic Bank of New York in Hong Kong.

His second-in-command, Romy, has more than two decades of experience working in various senior trading, research, and financial structuring positions with top multinational investment houses in the Asia Pacific region, including UBS AG-Singapore Branch and Barclays

Capital. Meanwhile, Patrick has over two decades of wealth management, treasury, and consumer banking experience gained from PBCOM, HSBC Savings Bank, HSBC Philippines, and Citibank Philippines. He was president of HSBC Savings Bank from 2008 to 2013 and president of the Chamber of Thrift Banks for two terms.

The rest of the Bank’s top brass are also seasoned bankers with an average of 20 years of financial experience. “With such a high-caliber team, I am confident we can take China Bank to the next level,” said William.

Many of the new managers came from international banks, from a culture that was vastly different from that of China Bank. “I came from an environment where you were rewarded for what you did. Your slate was wiped clean every year. And the next year, if you got fired, there were no hard feelings. But at the end of the year, you had to pay me up to the last cent of what I think I was worth. That’s my training. There, it’s not like ‘Don’t worry, we’ll take care of you for the rest of your life’,” said Romy Uyan.

On the other hand, in China Bank, as long as you do your job and stay true to its code of ethics, you’re practically assured of continuous employment until retirement. It is known to be a caring employer—*may malasakit*, as its employees would say. “I appreciate the fact that when one of our officers resigns, the board asks why,” said Ric Chua. “It’s not a simple ‘Yeah, let’s accept the resignation.’ The board asks why because the answer to that will tell you: Is this institution good for its people? Did we fail them? So, I think that makes a big difference. It’s not just saying: Let’s accept it. Hire another person. It’s not like that at all. For every single resignation of an officer, the board or the ExCom will ask you why,” Ric added.



China Bank directors and senior officers, led by Chairman Hans Sy, toast to the Bank's continued success at the 2019 Christmas Dinner.

A big part of the Bank's culture is the close-knit family feel, the small-company atmosphere, where there is openness, camaraderie, and warmth.

"I think one of the good things about the Bank is its culture. The senior management is very, very approachable. They're very humble. You can go to the Executive Office on the fourth floor and talk to them at any time. There are no egos around unlike in other institutions. The same is true for all the leaders of all the different departments and units. Everyone seems very, very approachable and just open to talking to you. It lends to a more collaborative atmosphere and to more efficiency in terms of how you want to do things," Ryan said. "In some other institutions, people work in silos. They operate in a fiefdom kind of culture where the attitude is: this is my group, I want to make sure my group is on top of everybody else. My revenues are going to be for my group and we have to be the ones booking the fees relative to some other department. Still, we try to be more collaborative so that even if I'm the one booking revenues, I recognize your contributions," he added.

Romy, the first president of China Bank Capital who led his team in dislodging the top three banks in the country in 2015 to become No. 1 in corporate retail bonds, believes that a strong culture is important in the overall success of a bank, but he also believes that the culture must include elements that will allow the bank to succeed in a very competitive environment.

"No organization can stay strong or can progress further without a culture. Culture is important. But it cannot just be pure feelings. As you progress, the element of being rational, of being numbers-driven, will eventually matter," Romy said.

"I also believe that culture has to be adaptive. Culture cannot remain constant. It would have been nice for a culture to remain constant but for me that's nostalgia. So, culture has to be adaptive because competing forces keep coming up. And the whole thing is constantly changing, constantly moving. So, you have to find a balance," he added.

"It's good if people will think five to ten years down the road what it is that we really want to become, to be known for. It can still be a continuation of the past—the relationships we have established, all those things. They're our strength. The thing is, in this new era, the third generation is now running these businesses. What are they like and what do they want us to become? We cannot be the bank of their grandfathers. If we're not careful, we'll end up being that, which they themselves don't like. We have to engage. We have to adapt."

For Romy, it's important for the Bank to be sure about its identity in the next five to ten years. There will be consolidations, he predicts, because given the size of the country, only six or seven banks will really matter. "We need to find where it is we want to be and differentiate ourselves and be very good at it. So that when consolidation comes, we know where to position ourselves," Romy said.

“These are exciting times for China Bank. As we mark our centennial year, we redouble our efforts to make tomorrow better than yesterday; we strengthen our resolve to transform our Bank with the changing world, well adapted to the 21st century. Our WIGs reflect our bold ambition for the future and confidence in our ability to deliver.”

—WILLIAM WHANG

REVIVING THE BANK’S COMPETITIVE SPIRIT

When William Whang became the Bank’s president in 2017, there was one thing he wanted: “I wanted to make people hungry again, running the business as if it was in survival mode—not just in maintenance mode because there were so many times when we had very good clients who, because of pricing issues or things that we could have solved, moved to another bank.”

William had known what the Bank was like in its younger years. Veteran bankers like Ric Chua, former president and CEO, who has been with the Bank for more than forty years, told him stories about the Bank’s employees. “Ric was telling me that back then, people were so entrepreneurial. But now,

they’re out of survival mode. The forefathers did that a long time ago,” William said.

“When you are in survival mode, every single cent counts. Every single account counts. If this guy complains, you’ll do everything to satisfy him so he will stay with you. Not the other way around. I mean, when you are small, you have an entrepreneurial instinct.” The Bank has lost some of that instinct, he said. “It’s normal. It’s not just China Bank. All big banks go through that. I wanted to revive the instinct of being entrepreneurial.”

William believes he can do this through what he calls “Wildly Important Goals” or WIGs. All activities shall be aligned towards the achievement of the four WIGs: business growth, customer-centricity, operational excellence, and employee engagement.

“If I were to do goal-setting, what would the people have to remember? I thought these four covered everything that should be covered,” William said. Speaking of operational excellence, he thinks there are legacy procedures that must be changed. “There are new skills that have to be learned because if you don’t, it does not help the Bank, and somebody else will do it faster than you.”

Customer-centricity is of extreme importance, too, and when he speaks of customers, he means both external—the client, and internal—one’s fellow bank employee. “Your cut-off is 3:00 because that is what your customer wants. If he wants 4:00, you cut off at 4:00. If he wants 5:00, you cut off at 5:00 because that is what the demand is. Not because we have to go home at 5:30. Customer-centricity,” William said.



William Whang delivers his first keynote address as China Bank president at the 2018 Retail Banking Business National Convention.

CFO Patrick Cheng sharing his market insights with ANC's Mimi Ong in 2016.



Just as important as the clients are the internal customers. To him, it is fundamental for the support staff to do its work efficiently and well to serve the other units. “I tell them, it’s like in the military. You send the army and the marines to scout the field, look for the enemy. But then someone else sends the trucks and when someone is hurt, someone sends the doctors. You can’t expect the army to do everything. You have to support the frontliners. That’s the customer-centricity model that I was saying. That’s part of it. And that is connected to operational excellence because you think of ways to make it easy for them, to make things more efficient. So you can help them get more business,” William explained.

“What I love about China Bankers is *may malasakit sa bangko*,” he said. The employees care for the Bank. But he would like this to be reflected in the way they do their work. “I want people to be more engaged in the way they do things.”

One could say that William is shaking things up in the Bank. But he knows there is a right way, an effective way, to do it. “My style is to encourage deliberation, collaboration, even conflict, you know, to elicit different opinions. For me, that is obvious. The culture here is you just do what you are told. The boss says, turn left, and everyone turns left. Nobody asks why. For me, if I say, ‘Left’, I want people to ask me, ‘Why sir? Why should I do this?’ That’s what I want but they think that they are being impolite or anti-culture if they ask. I asked someone, ‘Do you understand or not?’ ‘Sir, I am not used to questioning authority.’ I say, ‘Do. You question’.”

Transitioning from one management or leadership style to another can be a tricky situation.

“I think the way I do it is to really get some buy-ins. My first one-downs are very important to me. They have to have the

buy-ins because it starts from the top. If I can’t get my one-downs to believe in what I do, then I am not successful here. That takes time. Because it’s not that I brought everybody in. You know, I am working with everyone—the old timers and the newcomers. The COO is a new team member and so is the CFO. Of course, we still have the veterans. That’s nice because I want the new guys to understand how I understood it before. I’m in the middle of a transition. I am the guy, the person who is trying to change things, revolutionize all this to have them reenergized,” said William.

Introducing changes of any kind in a 97-year-old institution at the start of one’s stint could be tumultuous, but William is far from bothered. As the Bank continues to grow in the coming years, there will be a new influx of young executives, all coming in after having been convinced by William and the new team to join China Bank because it is going to change. He said he would tell the incoming bankers what he had told the recent recruits: “This bank is going to grow. This bank is going to be a very successful bank. And you’re going to be a part of it. I need you to be part of it.”

In 2017, the Bank’s leadership adopted William’s WIGs concept as the pillars of execution for its success and sustainability. In 2018 and succeeding years, all activities were aligned towards the achievement of the four goals.

For CFO Patrick Cheng, setting growth targets of a certain percentage year-on-year is well and good but a more effective strategy would be benchmarking against competitors. “If they’re growing by 15%, and you’re growing by 10%, you should find out why you are lagging behind. It’s scoping the market.

“We need to find where it is we want to be and differentiate ourselves and be very good at it. So that when consolidation comes, we know where to position ourselves,” —ROMY UYAN

Those are some of the indicators you should look at rather than simply setting a 10% growth rate a year as your target. It's really market-sizing. It's looking at who's in the industry, and how big they are. It's in relation to what's happening in the industry, in the economy,” said Patrick Cheng, chief finance officer.

At the forefront of the Bank's core business expansion is fund build-up, particularly low-cost deposits. “The branch network is quite extensive already,” said Patrick. “For a mid-tier bank, our branch network is bigger than that of RCBC, Security Bank, or Union Bank. But our CASA level, our deposit level, is not as big as it should be so we're trying to ramp that up.”

In line with pursuing business growth, Romy is tapping into consumer loans. He said: “The biggest push for me right now is to try to get the consumer lending unit to increase the volume in consumer. And I'm using the corporate relationships to go and pitch for consumer loans. So, what we're doing now to increase the volume in consumer is to go back to all these developers that are our clients and then say, ‘we lend to you but the take out is ours.’ With these arrangements, we have the right of first refusal to take out all your contract-to-sell or CTS financing, for example.”

The consumer business is set to steadily expand and grow its share to the consolidated loan portfolio. Satellite offices dedicated to servicing housing, auto, and personal loans were set up in selected branches to ramp up relationship-building with new and existing retail clients. This was complemented by the suite of fee-based products and services, such as non-life insurance, trust, bancassurance, wealth management, and securities brokering, as well as the China Bank credit cards in order to achieve a more comprehensive product coverage.

As the branch network matures, the managers continue to review the organizational structure of distribution channels



COO Romy Uyan at the 2018 RBB National Convention.

and recalibrate branch functions in order to accommodate more high-value transactions. The synergy between branches and other sales desks is also tightened to drive internal client sourcing, cross-selling, and leads generation programs, while maintaining prudent credit standards.

In line with the Bank's goal of becoming a digitally-powered and highly-automated bank by its centenary in 2020, it streamlined key processes to cut redundancies and automate manual procedures alongside setting inter-departmental service level agreements to generate operational efficiencies. It also launched programs to drive up enrollment and utilization rates for all digital banking channels to facilitate efficient and secure banking transactions.

The Bank recognizes that to meet the challenges of today's competitive banking landscape, a highly engaged and capable workforce is vital. This became more apparent when the Bank embarked on the expansion project. “To me, the biggest

The participants of the 2019 Strategic Planning Session, led by President William Whang, hard at work on their workshop exercises.



challenge was how to prepare the organization. So we put a lot of resources into it. After acquiring Manila Bank, we renovated one whole floor and made it into the China Bank Academy,” said Ric.

The Bank committed to the continuous development and education of its employees at all levels. The training programs equipped its officers and staff with skills and competencies to achieve its strategic objectives—preparing them for higher responsibilities and enabling them to cope with changes in the business environment, banking regulations, and new technology, methods, and procedures. The Bank also instituted a management training program for fresh graduates who have the potential to take on leadership roles. Many management trainees have gone on to become officers of China Bank.

While excellence was always highly valued, it was equally important that the new hires shared the China Bank culture, which is characterized by openness, loyalty, and an understanding that no matter how much the Bank grows over the years, the small-company, close-knit family feel remains. It was also imperative that the new members of the China Bank community conduct themselves and perform their duties consistent with the Bank’s core values of integrity, high performance standards, commitment to quality, customer service focus, concern for people, efficiency, resourcefulness, and initiative.

In 2019, a strategic planning session was held to flesh out the WIGs, and there, the new executives who came on board only two or three years before and veterans who had been

in the Bank for forty years or more engaged in a planning workshop whose theme was “How to Work as a Team.”

“That was a first, and to me, it was a breakthrough exercise because there was a realization that there was a silo tendency and then there was a ‘stormy stage’ where people argued until they arrived at a consensus. So, everybody realized that we were in the process of getting to be a very cohesive team,” said Alexander Escucha, head of investor and corporate relations who has been with the Bank for 26 years.

“These are exciting times for China Bank. As we mark our centennial, we redouble our efforts to make tomorrow better than yesterday; we strengthen our resolve to transform our Bank with the changing world, well-adapted to the 21st century. Our WIGs reflect our bold ambition for the future and confidence in our ability to deliver,” said William. “I am happy to report that so far, we are on track.”

China Bank achieved new record highs in 2019 as net earnings rose by 24% year-on-year to P10.1 billion, driven by the sustained robust growth of its core businesses. In 2020, even as the COVID-19 pandemic and the community quarantine measures adversely affected economies and businesses worldwide, China Bank continued to grow. It concluded 2020 with P12.1 billion net income, up 20%, which translated to an improved return on equity of 12.1% from 11.0%, and a better return on assets of 1.2% from 1.1%. Despite the macroeconomic headwinds, the Bank maintained liquidity and capital strength while supporting customers and businesses facing financial difficulties.



CHAPTER 11

Timely Innovation: Digital Transformation

China Bank transforms, adapts, and innovates
to serve customers better.

China Bank's successful migration to the powerful Finacle Core Banking Solution from Infosys was recognized as the "Best Core Banking Implementation Project" by *The Asian Banker* in 2017. China Bank's Business Process Management Division Head Delia Marquez and Chief Technology Officer Editha Young (3rd and 4th from left, respectively) received the award on the Bank's behalf at the awarding ceremony in Singapore on June 9, 2017. With them on stage are (from left) Banking Reports CEO David Gyori, Infosys Finacle Asst. Marketing Manager Bharadwaj S, and *The Asian Banker* Senior Research Manager Neeti Aggarwal and Managing Editor Foo Boon Ping.

ACHIEVEMENT AWARDS DINNER 2017



In China Bank, customers are at the center of the digital transformation strategy—it is primarily aimed at responding to the changing needs and preferences of their different markets while ensuring the security and stability of their services.



In banking, the future is looking more and more digital. Different banks are digitalizing in different ways, but to remain competitive, it is imperative for a bank to integrate digital technology into all areas of the business, in effect transforming its processes for greater efficiency and to change the way it delivers its products and services to its customers.

When the COVID-19 pandemic struck in early 2020, digital transformation took on greater urgency as consumers changed behavior and as restrictions on travel and close contact were imposed in many parts of the world. Globally, the pandemic has become a powerful driver for electronic payments. According to the Bangko Sentral ng Pilipinas, digital transactions in the Philippines have been increasing in recent years, but not as remarkably as during the enhanced community quarantine. In 2020, the volume of PESONet transfers surged by 376% to 15.3 million, while the volume of InstaPay transfers jumped by 459% to 86.7 million. These transactions were valued at over P1.4 trillion.

China Bank also recorded remarkable growth in transactions through its digital channels in 2020. In particular, China Bank Mobile App adoption and utilization surged, with 97% increase in enrollment and 201% increase in transactions.

As more and more customers are opting for cashless transactions, which will likely be the norm even when the pandemic

BANK SAFELY FROM HOME



We encourage you to use our digital banking channels -- **China Bank Online, Mobile App, and TellerPhone** -- to safely bank from home.

For your security, never share your login credentials even with someone claiming to be from China Bank.

Thank you and stay safe.

CHINABANK
Since 1920

During the various states of community quarantine, China Bank encouraged customers to safely bank from home via its digital banking channels.

officers to make sound credit decisions. It is vital in assessing risks, designing a credit package, and managing the credit.

Knowing the consumer market, however, is another matter. It requires a different set of tools. Mere engagement, no matter how frequent and up close, is not enough; it is also difficult to do, given the size of the market. With consumers today, bankers know that the way to better understand, predict, and give them what they

ends, China Bank is accelerating its digital transformation project for the new and even the next normal.

In China Bank, customers are at the center of the digital transformation strategy—it is primarily aimed at responding to the changing needs and preferences of their different markets while ensuring the security and stability of their services.

China Bankers have always prided themselves in taking the extra mile to understand the needs of their clients, especially the business owners—their core market. The traditional manner of knowing the businessman and his business, through constant engagement and face-to-face interaction, has worked well for the Bank for many years. They called it “personalized service” and it was rendered not only by designated account officers, but even by the Bank’s top officers who would develop life-long relations with their customers. Knowing their clients well was what enabled, and still enables, the Bank’s lending

want is best done with digital help.

“Personalized” has become “hyper-personalized,” a term used to describe a product or service that’s highly customized, designed to meet a consumer’s highly specific needs and preferences, which are known through data analytics and data mining. Because it is tailor-made to the peculiar preferences of the customer, such product or service solves the problem of choice overload. Data analytics also enables banks to offer a product or service that they can incentivize or add value to, given a customer’s situation at a given time. This is the only way, many believe, that banks can retain their current customers who are seen as less loyal to their banks than previous generations.

These days, banks are compelled to adopt ways that will keep them visible and relevant to their new generation of clients. In the Philippines, which has a very young population,



For its 96th anniversary ad in 2016, China Bank featured its mobile banking app to reflect the Bank's renewed commitment to building relationships while evolving with the times.

Since then, it has undertaken several digital upgrades, both for operational efficiency and improved customer service. It was one of two Philippine banks to go non-IBM in 1988, using Total Concept Financial Systems (TCFS) software running on NCR 9800 — the same hardware used by the ATM network BancNet when it launched in 1990. This unprecedented move changed the way banks choose their core banking systems based on customer-friendly features, instead of getting what happened to be running on the dominant hardware platform. And when people started using their computers and mobile phones for banking, China Bank made sure to keep up with its digitally-savvy customers.

In 2005, the Bank launched its Internet banking facility China Bank Online, followed by its “lite version” in 2011, the China Bank Online for Mobile, optimized for iPads, other tablets, and smart phones. China Bank Online and China Bank Online-Corporate, the version for the Bank's business

customers, were upgraded in 2016 with enhanced security features like two-factor authentication, added transaction functionalities, and simpler user interface.

In 2013, the first version of China Bank Mobile App was released, initially on the App Store, and later, also on Google Play. That version was revamped and a more powerful and more secure China Bank Mobile App was launched in 2018 with groundbreaking features such as JUMP (Just Use Your Mobile Phone), which enables clients to pay or transfer funds even to someone without a bank account as long as the recipient has a valid mobile phone number; the first real-time Autosweep RFID reloading; and the first and only Branch/ATM locator that uses

the so-called millennials and Gen Z constitute 53% of the voters' population in 2019, based on Commission on Elections (Comelec) data. This demographic, especially Gen Z, is composed mostly of digital natives who have influenced and will continue to influence the way banking is conducted.

EARLY AND SUSTAINED FORAY INTO AUTOMATED BANKING

China Bank was an early adopter of computer technology. It was the first to do “digital” banking in Southeast Asia, when in 1969, it started the processing of both savings and current accounts online, using the IBM 360.

(Right) China Bank's 10/10 ATM launch in 2016 to unveil the new touchscreen ATMs.

(Below) China Bank Mobile App was awarded "Mobile Banking & Payment Initiative of the Year-Philippines" by *Asian Banking & Finance* in 2020.



augmented reality and indicates real-time whether an ATM is available or not. The China Bank Mobile App was distinguished by international magazine *Asian Banking & Finance* in 2020 as the Mobile Banking & Payment Initiative of the Year-Philippines.

China Bank also continued to improve its other digital banking channels—TellerPhone, Cash Accept Machine—in addition to strengthening its ATM network and online and mobile banking facilities, to increase the shift to digital transactions and decongest its tellers' counters.

The most significant digital upgrade in the past ten years, however, was done in 2015 when the Bank migrated from its 20-year old platform to a more powerful core banking system to support its expanding operations. The new system was Finacle Core Banking Solution (FCBS) from Infosys. Its agile architecture and scalable technology give greater computer power and enhanced capability and flexibility to improve service quality and optimize customer experience. It allows the Bank to manage risk and regulatory compliance more effectively and easily adapt to changing customer demands and market trends.

More important, it laid the groundwork for its digital banking project to transform China Bank into a process-efficient and technologically-driven business that integrates backroom processing, channel management, customer engagement, and branch redesign initiatives into a coherent banking roadmap.

The FCBS rollout is considered one of the most successful core banking system conversions in the country, with marginal service disruption during and after the transition. It was awarded Best Core Banking Implementation Project by international publications *Global Banking & Finance Review* in 2016 and *The Asian Banker* in 2017.

"I remember my friends from other banks asking me, 'When will your new core banking system go live?', and when I replied, 'Last week,' or 'Last month', depending on when they asked me, they were very surprised and impressed because they did not experience any disruption. It was a very smooth and seamless transition," said Alex Escucha.

China Bank kept pace with digital innovations with a pioneering spirit. It was one of the first banks in the country to adopt the EMV standard for its ATM and credit cards, as well as its ATM network in 2015, ahead of the BSP deadline. It was the first local bank to introduce a new ATM user experience in 2016 with the new generation touch screen ATMs that mimic the interface of a smart phone. China Bank fully supports the National Retail Payment System, and was a pilot participant

“Digital transformation is not just applying advanced technology or appearing to be technologically advanced. It’s about cultivating a culture that encourages open-minded thinking, and having a digital mindset that puts customers front and center.” —NOEL TAGAZA

in InstaPay, launched in 2018, and was one of the first five institution adapters of QR Ph, the National QR Code launched in 2019. China Bank Mobile App has a unique “Shake to Scan” feature for transferring funds using the QR Ph.

China Bank also continues to make banking more inclusive. In 2020, it introduced Pay-to-Cash, a remittance service function on China Bank Mobile App that allows the sender to remit money to anyone, even to someone without a bank account.



Using China Bank Mobile App, customers can simply scan a QR Ph code to transfer funds or to pay for goods and services. China Bank is one of the pilot participants in BSP’s QR Ph for person-to-person payments or “QR Ph P2P”, launched in November 2019, and in QR Ph for person-to-merchant payments or “QR Ph P2M”, launched in April 2021. QR Ph is the national QR code standard that transformed the fragmented QR-driven payment services into interoperable payment solutions.

The recipient can conveniently claim the money from any China Bank or China Bank Savings branch or ATM, or from any authorized remittance partner which includes popular pawnshops nationwide. This was followed by enhancements in the fund transfer function to also enable customers to make real-time fund transfers using only the recipient’s email address or mobile number, even without a bank account number.

CATCHING UP AND PUSHING DIGITAL TRANSFORMATION HARDER

While China Bank was a pioneer in adopting digital technology in the country and in Southeast Asia, it now finds itself catching up with local banks that had invested heavily and continuously in digitalization and are way ahead in their digital transformation.

To be sure, China Bank has the mobile and online banking facilities that the other banks have but it is not the first bank a digital native will think about if he or she wants to open an account.

“I think it’s partly because of perception. Though China Bank has all these digital channels, it is yet to outwardly reinvent itself to be seen as a digital bank,” said Manuel “Noel” C. Tagaza, head of China Bank’s Digital Banking Group.

“Internally, it’s also because the prevailing mindset among many in the Bank is that a customer’s needs are binary—either you are a branch customer or a digital customer, but that is not the case. A customer needs to use the channel that’s right for him or her depending on certain factors. A spectrum of services should be there for the customer to choose from at any given time. You should think about the customer and provide the services that should always be available to them,” he added.



China Bankers actively participating in Microsoft's Ideation Workshop.

Noel Tagaza has had more than 30 years of experience in banking and technology solutions. He came from the Bank of the Philippine Islands and joined China Bank in April 2020 to be the Bank's chief digital officer and lead its digital transformation. He was also appointed general manager of the Bank's technology subsidiary CBC Properties & Computer Center in June 2020.

In 2019, the Bank engaged tech giant Microsoft for digital advisory services. The engagement entailed developing China Bank's digital transformation strategy and roadmap for delivering enhanced customer experience. Leveraging technology and ensuring that all enhancements increasingly translate into seamless and innovative banking services will shape the next 100 years of China Bank's progress.

Members of the Management Committee were individually interviewed, an envisioning session with key executives was held, and a series of workshops with the Retail Banking, Corporate Banking, and Operations and Support groups was conducted in 2019 to generate ideas and to deliberate on various case studies and perspectives. In addition, targeted focus group discussions were held to go deeper into the processes and organizational and operational approaches, as well as to get inputs on the planned establishment of a Digital Acceleration Center.

"Digital transformation means change, and that's why we don't only need the board's buy-in; we also need to get everyone on board," said William Whang, noting that engaging the whole organization is crucial to the project's success.

Noel Tagaza could not agree with the president more. "You have to transform the way people think inside. People will have to be more customer-centric in their way of thinking, lead themselves more to the digital way of doing business, because we have all the elements, the foundation, but we need to support that with the right culture and the right mindset with the customer at the heart of everything we do."

When Noel looked deeply into the way things worked in China Bank, he saw the place of IT in the Bank's scheme of things. "A critical success factor in a digital transformation is a high-performing and business-aligned IT organization. While I believe that the bank's IT has the fundamental skills, there is a need to transform its processes and provide the necessary tools to make our IT more agile and responsive to the needs of the business, particularly as we get more digitalized," he said.

For Noel, another vital component is the right mindset—people and culture drive change and innovation. "Digital transformation is not just applying advanced technology or appearing to be technologically advanced. It's about cultivating a culture that encourages open-minded thinking, and having a digital mindset that puts customers front and center."

The hesitation to embrace a digital mindset within the Bank comes mostly from China Bankers who highly value and are protective of the Bank's core market—the old Chinese-Filipino businessmen who love to visit and do their transactions in the branches and who may not be comfortable in a branch designed for digital processes. There is also the fear among

“The tremendous advances in digital technologies have created many opportunities and challenges for the banking industry. We have always known that the way to move forward is to embrace these changes, and so we are transforming China Bank to be a leading digital bank of tomorrow.” —WILLIAM WHANG

these bankers that confidentiality might be compromised as their customer’s personal information could become accessible to other departments.

“There may be a belief that our most important customers are not ready for digital, that the customers they take care of would still like to perform their transactions in the branch. Actually, they still can. It’s not an ‘either-or’ thing. Our branches will still be there and they will be mostly for the high-value transactions of our customers, while they can do their routine transactions via the digital channels. As to the issue of confidentiality, I believe that if we put the customer front and center of our processes, we also have to value their privacy and security. What we are offering, with digitalization, is a spectrum of services for our entire customer base that has become varied and segmented,” Noel said.

Noel understands the reservations of some China Bankers because taking care of people is deeply ingrained in China Bank’s culture, but evolving with the times and the new set of clients is necessary. “We have to be open to tweak the culture, if that’s the right term. We’re doing that little by little and my approach is in support of that. We have to respect the culture that brought success and, at the same time, introduce some things that will allow us to move forward and address the new competitive environment,” he said.

Noel cannot overemphasize the advantages of digitalization in the Bank’s growth. Seeing that customer base expansion will come from two areas—the new-to-workforce who are the new graduates and the unbanked—he believes digitalization is the way to increase efficiency and reduce cost.

“For those new-to-workforce, they are digital natives and would naturally prefer to engage their banks digitally instead of physically going to the bank to perform their routine



China Bank offers another first in the market—beep™ card reloading via automated teller machines (ATM). A beep™ card is a stored value contactless card that can be used to pay fares in LRT-1, LRT-2, and MRT-3, and some point-to-point buses, as well as public utility vehicles. In 2018, China Bank and AF Payments, Inc. signed a partnership agreement adding China Bank as the first bank in the convenient and secure card reloading network of beep™. Seated from left: China Bank Pres. William Whang, AFPI Pres. & CEO Peter Maher, and China Bank EVP & RBB Segment Head Rosemarie Gan; standing from left: CBS FVP & BBG Head Agerico Agustin, China Bank VP & Alternative Channels Head Carol Chua, AFPI Senior Business Development Mgr. Raymond Joseph Dolor, and CBS FVP & Alternative Channels Head Adonis Yap.



transactions. For the unbanked segment, on the other hand, given its potential scale, we would need to deploy a highly scalable and easy-to-use digital platform to cost-effectively tap this market,” said Noel.

There has been a gradual opening of minds to digitalization among those who were initially resistant, and it helps that there are champions at the top, foremost of whom is the Bank’s president, William Whang.

Launched in 2021, ChinaBankSec Online provides top-notch stock trading tools and services on any digital device 24/7.

“The intention to go digital has been there for quite some time. When Mr. Whang became president in 2017, from day one, he said, we should all go digital. In fact, he encouraged paperless communication within the Bank, starting with email instead of paper memos.

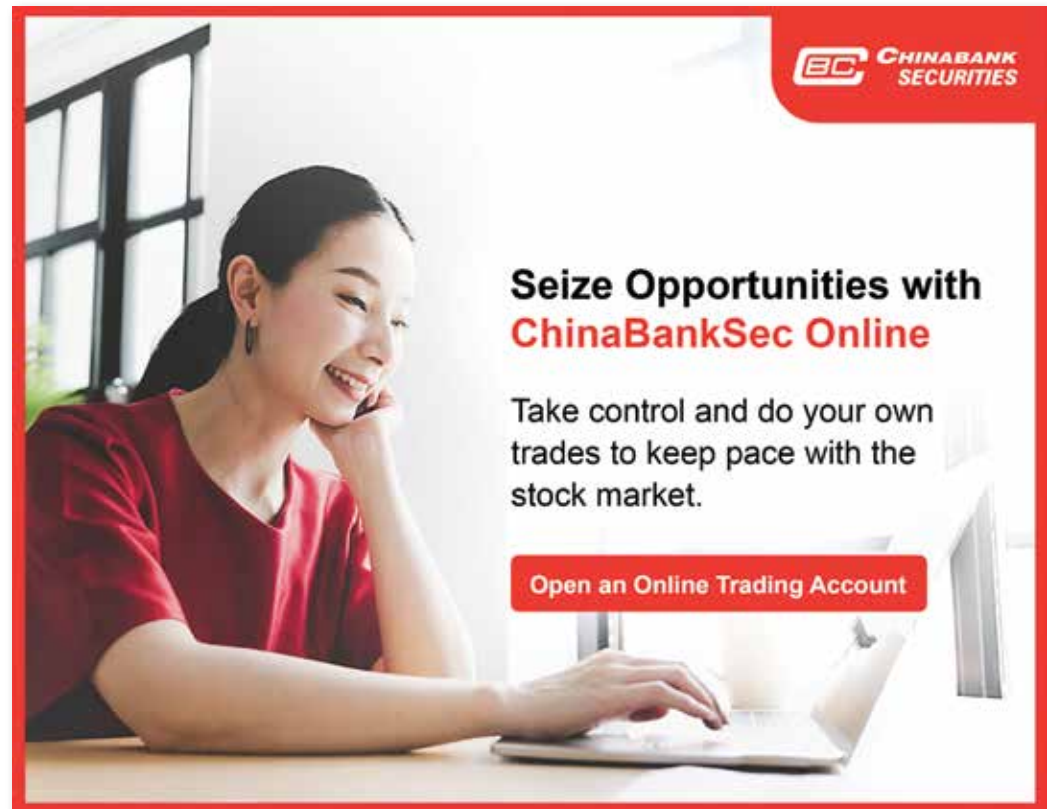
But he also realized that digitalization is easier said than done when you bring it down to procedures and all these processes in the branch,” said Alex Escucha.

The Bank’s president once said: “The tremendous advances in digital technologies have created many opportunities and challenges for the banking industry. We have always known that the way to move forward is to embrace these changes, and so we are transforming China Bank to be a leading digital bank of tomorrow.”

While it is important to bring everybody around to the idea of digitalization, Noel cannot wait for that before jumpstarting the process. For now, it is enough that there is recognition that digital technology or IT should not be merely a service unit but an important tool for growth, an instrument to meet the business goals of the company. The alignment between business strategies and priorities with IT is the most basic pillar of the digital transformation project that Noel proposed to the Bank’s managers and which they had approved.

And with IT taking a bigger role, Noel is making sure that the team is ready for the job—stronger, engaged, with the right skills, and with high morale.

The second pillar in the project is strengthening the Bank’s digital foundation via China Bank Digital 2.0 to be launched in 2021. This means integrated web and mobile platforms,



a modern platform architecture, improved user security, seamless registration process, and a more intuitive user interface—all of which will result in a pain-free customer experience.

Once the digital foundation is fortified, the Bank can then accelerate its digitalization efforts by introducing more cutting-edge digital products that put customers’ needs and preferences front and center.

China Bank has had a number of digital projects undertaken by different departments, separately and at different times. With the newly established Digital Banking Group, there will be a coherent management of projects and initiatives under the digitalization portfolio.

Noel is confident that China Bank’s digital transformation will happen as scheduled, starting early 2021. “The push is coming from the board, from the president. Now there is a clear articulation of strategy—that digital is the way to go, that we have to change toward a digital mindset, we have to be agile, we have to support the new client base, we have to reach the unbanked.”

“This is an opportunity. We have the elements, we just have to strengthen them, and have the culture, the mindset to be more open to it,” Noel concluded.



CHAPTER 12

Timeless Values and Time-Tested Relationships

China Bank reaches the 100-year milestone and continues the journey to the next 100 years with the values and relationships that have kept it going and growing strong in the last century.

China Bank kicked off its centennial celebration during Chinese New Year in January 2020. Chairman Hans T. Sy and President William C. Whang switched on the LED lighted logo of the Bank's 100th anniversary mounted on the upper floor facade of the China Bank Head Office in Makati City.



Through the years, with great deliberation, the leaders built a corporate culture that upheld integrity, honor, and excellence. And whoever was at the helm stayed faithful and committed to these values.



The founders and first leaders of China Bank had a very clear idea of the kind of bank they wanted to put up—a bank for the Chinese-Filipino businessmen that would be run with the highest ethical standards and the highest level of competence. Through the years, with great deliberation, the leaders built a corporate culture that upheld integrity, honor, and excellence. And whoever was at the helm stayed faithful and committed to these values. The Bank’s founders succeeded in building a good and reputable bank, and gained the loyalty of generations of customers that they supported. To this day, the Bank’s loyal base of clients and its culture of excellence and honor remain its greatest competitive advantages.

“China Bank, built by entrepreneurs, is the local businessmen’s bank,” Hans Sy said. “We have the longest association with our core market, the commercial or middle market. We are unique in our in-depth understanding of the way Chinese-Filipino businessmen do business, and our personal, very attentive approach to customer service. Our focus is not just growing market share but deepening each customer relationship to be more intrinsic and holistic. We take the time to understand our customers’ business and circumstances then offer them the banking solutions that best fit their particular needs and requirements.”

“I think that is really the soul of China Bank—enduring relationships through decades and really supporting clients that we



believe in,” said Lilian Yu, head of the Institutional Banking Group. “And I think that continues to this day. The emerging conglomerates that I speak of, we support them in significant ways. It’s the same philosophy. And that’s really how we work. We look for clients that we believe in and work with them closely,” she added.

China Bank had not gone beyond its core market so much until the last ten years, when it decided to create a greater presence in retail banking. It is still perceived by some as conservative, but Ric Chua is confident that the Bank will prevail, in spite of intense competition. “My personal view is that the organization will make the difference. The culture will make the difference. As I was saying, other bankers say that the hardest clients to poach are China Bank clients. Because the relationship, the engagement, is so strong. And I think that matters. And I hope we don’t change that. We should not lose that,” Ric added.

For Ric, there are more important things than becoming the biggest bank. “If you have a good market that loves you, then you’re okay. You don’t have to be the biggest bank.”

His successor, William Whang, also believes that the Bank’s hallmark of success is its strong and enduring client relationships.



“China Bank is adapting to a fast-changing world, modernizing without losing our core values and without changing the Bank’s distinct character—that of being a true ally and partner to our customers,” said William.

Ric also believes that Hans Sy’s assumption of leadership has made a great difference in the growth of the Bank. “We’re very lucky. Mr. Hans loves this business and I think he loves the culture of China Bank. And he’s bringing new things. He’s bringing a lot of dynamism, he’s very bold in making decisions, and he is detail-oriented, which is good, which is very good. Very unorthodox. Mr. Hans loves to talk about audit findings. So he asks our branch managers to come and tell us the reasons why certain things go wrong and, in the process, everybody learns, everybody becomes more accountable. He sits down and talks about past dues. He goes through the pain of two, three hours discussing why this account went past due. That process is very important. It makes our people think. It makes everybody accountable. At the same time, it gives them a lot of feedback. Many top people don’t go through that—that’s discipline. He loves our culture.”

In 2020, China Bank reached its 100th year. “China Bank’s corporate longevity stems from the Bank’s founders and

“China Bank’s corporate longevity stems from the Bank’s founders and owners whose values are shared by the entire organization and underpin the enduring relationships we have cultivated over the years.”—HANS SY

owners whose values are shared by the entire organization and underpin the enduring relationships we have cultivated over the years. Our commitment to conducting business the right way and doing right by our stakeholders drives us to constantly improve to be more responsive to customer needs, and remain relevant and resilient amid the changing business landscape,” said Hans Sy.

To which, William added: “Our founders’ legacy continues on and is kept alive through us, for indeed, times change but values remain.”

CHAMPIONING GOOD CORPORATE GOVERNANCE

Good corporate governance is in China Bank’s DNA. A century ago, its founders and leaders committed themselves to do business the right way, in a principled and responsible manner, and made sure to instill the same commitment in China Bank employees at all levels of the organization. Dee C. Chuan, Albino SyCip, and the succession of highly capable leaders managed the Bank with honor and integrity, adhered to the highest ethical standards, and demanded the same from every China Banker.

Long before the DOSRI rule was conceived, which limits the loans that a bank can extend to its directors and officers, Albino thought it unethical to borrow from his own bank and never did. He also disallowed any relative of his to work for the Bank. A man of great integrity, he upheld honesty at all costs, and always thought of what would be good for the Bank’s employees, clients, and society in general. Albino set the tone and the values that underpin China Bank’s culture to this day. All the leaders who came after him were held to the same standards and all measured up.



In 2016, China Bank won its 5th Bell Award for Corporate Governance Excellence—the only bank among the awardees in the publicly-listed company category and the only listed company to have won in all Bell Awards since it was launched by the Philippine Stock Exchange (PSE) in 2012. From left: China Bank Chairman of the Board Hans Sy, President and CEO Ricardo Chua, and Investor and Corporate Relations Group Head Alexander Escucha. In 2017, the PSE awarded China Bank with a special recognition for being among the Top 5 in governance for six straight years.

In the years following the 1997 Asian financial crisis and the 2008 global financial crisis, the regulatory environment has been progressively growing tighter, with new rules enacted or modified for stricter controls and greater transparency to prevent a collapse of such magnitude from ever happening again. China Bank is resolute in its compliance, strengthening its governance practices amid the regulatory changes to operate profitably while upholding the spirit and the letter of the law.

When the Philippine Stock Exchange (PSE) held the first Bell Awards in 2012 to recognize the outstanding listed firms and trading participants that adhere to high corporate governance standards, China Bank was the only bank among the five

China Bank won a Four-Arrow Recognition from the Institute of Corporate Directors (ICD) at the 2019 Golden Arrow Awards. It won the same Four-Arrow award in 2021. From left: ICD CEO Alfredo Pascual, China Bank President William Whang, and SEC Chairman Emilio Aquino.



companies awarded, distinguished from among 255 publicly listed companies (PLCs). China Bank had been a Bell Awardee every year since then, and in 2017, the PSE awarded China Bank with a special recognition for being one of the country’s top 5 in governance for six straight years.

The Bank’s commitment to good governance is also affirmed by international award-giving bodies. The ASEAN Capital Markets Forum (ACMF) distinguished China Bank in 2018 as one of the Top 50 PLCs in the ASEAN region and the Top 3 PLC in the Philippines based on the Bank’s performance in the ASEAN Corporate Governance Scorecard (ACGS) in 2018. In 2021, based on the 2019 ACGS, the Bank was again recognized by ACMF as among the top 3 PLCs in the Philippines, among the top 20 PLCs in ASEAN, and was also conferred an ASEAN Asset Class Award.

The ACGS is an instrument for assessing the governance practices of listed companies in the participating ASEAN member countries. Aligned with the corporate governance principles by the Organization for Economic Cooperation and Development, the ACGS encourages listed companies to go above and beyond national legislative requirements and adopt international best practices to boost investor confidence. UK publications Global Banking and Finance Review and Capital Finance International also named China Bank as the Best Bank for Corporate Governance-Philippines in 2018.

In 2019, the Institute of Corporate Directors (ICD) conferred a 4-Golden Arrow recognition on China Bank which represents the Bank’s achievement of scoring 110 to 119 points out of the 130 highest possible points in the 2018 ACGS. In 2021, China Bank won the same award from ICD for its performance in the 2019 ACGS. Before the adoption of ACGS, Philippine-listed companies were evaluated based on ICD’s Corporate Governance (CG) Scorecard. In 2011, China Bank received a Gold Award for being

one of the top scorers in ICD’s 2010 CG Scorecard, moving up to the gold category from its position as silver awardee in the prior year. ICD cited only four banks among the 36 top-scoring companies, and China Bank was the only gold awardee among these banks.

In a message delivered when the ICD conferred a 4-Golden Arrow recognition on China Bank in 2021, Hans Sy said: “This culture of accountability, integrity, and transparency is the foundation of our enduring relationship of trust with generations of customers. Our high standard of transparency formally started when international credit rating agencies began covering China Bank in 1995, which required an extensive data base. Since then, we have been continuously improving our governance practices, highlighted by the investment credit grade rating from Moody’s in 2017. . . . In China Bank, doing what’s right and doing right by our stakeholders is an intrinsic part of our corporate culture. For the last 100 years, it has guided our strategies, decisions, and actions. It still does today. In the next 100 years, with the next generation of China Bank leaders, I believe that good governance will remain a priority at China Bank – during good times and especially during bad times.”

“Good corporate governance is not optional. It’s a business imperative and it’s crucial to the health of the financial system and our economy. The trust and credibility China Bank enjoys are the hard-earned result of the continuous efforts and commitment of our board, management, and employees to make good governance a priority. I am proud that China Bank continues to be defined by timeless values of fairness, accountability, integrity, and transparency—and there lies our inherent strength,” William Whang said.

“We are committed to doing business the right way—in accordance with the law, the best practices, and the best



The Global Banking & Finance Review featured China Bank President and CEO Ric Chua on the cover of its 2016 Issue no.6, when it bestowed on China Bank the awards for Best in Corporate Governance and Best in Investor Relations for the Philippines.



interest of our stakeholders. The board sets the tone for and leads the practice of ethical business conduct, ensuring that we go beyond mere compliance, but that we elevate our corporate governance structures and processes to align with ASEAN and global standards and best practices,” Hans Sy said.

SUSTAINABLE BANKING

China Bank has since gone beyond excellent corporate governance and adopted a consciousness that looks outward and pays greater attention to the nation and society as a whole. The Bank advocates financial inclusion, sustainable finance, environmental protection, and social development. Working hand in hand with its employees, customers, community groups, and charitable organizations, China Bank is doing everything it can to provide solutions to economic, social, and environmental challenges.

The Bank’s focus on environmental, social, and governance (ESG) matters is anchored on its fundamental and guiding principle of responsible banking: to do the right thing and to do right by its stakeholders.

Resource management and efficiency is emphasized in the Bank. In the last two decades, it has been implementing policies, projects, and practices to progressively lessen its operation’s direct impact on the environment. These include switching to energy-efficient technology for lighting, air conditioning, and computer hardware; putting in place energy, water, and paper conservation measures and monitoring the use of these resources; embracing modern technology to communicate and collaborate without the need for travel; adopting e-statements and enhancing its electronic banking channels to enjoy customers in its drive to go green; and launching various

programs to encourage employees to reduce, reuse, and recycle.

China Bank also considers its lending activities’ indirect impact on the environment and the planet’s sustainability. It played a key role in sustainable projects that are good for the environment and future generations, and also awarded by *The Asset* as the best infrastructure deals.

China Bank served as a co-lender and China Bank Capital acted as joint transaction manager, joint bookrunner, and joint lead arranger for the largest wind project financing in the Philippines in 2019: the P3.71 billion omnibus loan of Alternergy Wind One Corporation, named Renewable Energy Deal of the Year - Wind. The project financing completed the first wind farm project in Luzon, the 54-MW Pililla Wind Farm in Rizal, capable of powering 66,000 households in Manila and has the generation capacity equivalent to reducing 73,000 tons of GHG emissions per year.

China Bank Capital served as one of the co-lead arrangers, and China Bank as lender, for the P41.2 billion corporate notes facility of Atlantic Aurum Investments Philippines Corporation, cited as the Transport Deal of the Year, to fund one of the country’s biggest infrastructure projects, the Skyway Stage 3. The completion of the 18-kilometer Skyway Stage 3 which links the northern and southern portion of Metro Manila, is expected to help decongest EDSA and greatly reduce travel time.

China Bank Capital served as one of the domestic lead managers, and China Bank as an anchor investor, for one of the largest bond offerings supporting renewable energy in the region, AC Energy Finance International’s US\$410 million green bonds. Awarded as the Green Project of the Year, the five- and ten-year green bonds are the first Climate Bond certified, publicly listed dollar green bond in Southeast Asia, expected to contribute to



US\$150 Green bond. China Bank raised US\$150 million via its maiden green bond issue to fund climate change mitigation projects, with International Finance Corporation (IFC) as the sole investor. Seated from left: IFC Regional Director Pathak, IFC CEO Philippe Le Houérou, China Bank Chairman Hans Sy, and China Bank COO Romeo Uyan. Standing from left: IFC's Michael Angelo Melo Viray, Aileen Theresa Ruiz, and Country Manager Jane Xu; China Bank CFO Patrick Cheng; and China Bank Capital's Pres. Ryan Martin Tapia, Leah Quiambao, Jenina Jill Sy, and Martin Sy at the MOA signing in October 2018.

ASEAN's target of drawing 23% of its energy mix from clean and sustainable renewable sources by 2025.

In October 2018, China Bank signed an agreement with IFC for the Bank's first green bond issue worth US\$150 million to finance climate-smart projects, including renewable energy, green buildings, energy efficiency, and water conservation initiatives. The green bond will bring up China Bank's climate portfolio to over US\$200 million (equivalent to about P11 billion), affirming its commitment to sustainability. The bond also supports the continuing development of the nascent green bond market in the Philippines and the government's target of reducing carbon emissions by 70% by 2030.

Hans said: "We integrate social, environmental, and governance practices into our day-to-day business activities to maintain a balance between our business interests and our stakeholders' welfare, and to create a positive impact on our people, customers, investors, the environment, the economy, and the communities we serve."

"We are also committed to doing business responsibly—big social impact, small carbon footprint. We do what we can to help with social, environmental, and economic challenges. This includes actively financing climate-smart projects and those that contribute to the U.N. Sustainable Development Goals, managing the environmental impact of our operations, sourcing and hiring locally, and giving back," he added.

As a financial institution, China Bank is vital to savings mobilization which helps sustain economic growth. To this end, financial education is the key not only to helping individuals become financially secure, but also to improving the national savings level to consequently increase the amount of domestic resources to cover domestic investments. China Bank promotes

financial literacy and wellness to help develop a savings culture in the Philippines. Targeting different sectors aside from their own customers and employees, China Bank and CBS have ongoing financial literacy campaigns and programs to help seafarers, overseas Filipino workers, students, and public school teachers become more financially savvy.

From the time of its founders, China Bank has always looked beyond itself and beyond the industry where it belongs. Albino SyCip had always emphasized that the Bank should never consider short-term profit-making but should always consider the overall well-being of society. He, along with the Bank's early leaders, worked towards long-term, sustainable benefit, not only for themselves but for their stakeholders—the customers, employees, and shareholders.

In a number of ways, China Bank has been committed to sustainability in different forms: sustainability of the business so that it can contribute to economic growth, sustainability of communities to help alleviate poverty, and now, sustainability of the environment. This shows a deepening and widening of the Bank's practice of responsible banking.

RESILIENCE THROUGH THE NEXT 100 YEARS

China Bank, at 100, has survived many adversities that came and battered the country and the world—two world wars, global economic depressions and financial crises, regional and national recessions. In 2020, it faced a pandemic.

As the Bank commemorated its founding on August 16, 2020, it found itself dealing with the impact of the COVID-19 pandemic and the quarantine measures, adapting to the "new normal", and preparing for the "next normal."

“The year 2020 will go down in China Bank’s history, not just for our centennial, but for our resolve to make the best out of a very difficult situation, keeping in mind the safety and welfare of our stakeholders.”—WILLIAM WHANG

“The year 2020 will go down in China Bank’s history, not just for our centennial, but for our resolve to make the best out of a very difficult situation, keeping in mind the safety and welfare of our stakeholders,” said China Bank President William Whang.

When William assumed the presidency of China Bank in 2017, he said, “China Bank’s place in the Philippine economic and business history is very well-entrenched, providing banking support to many entrepreneurs. My task is to lead our management team to build on the strengths of such a storied legacy, and bring China Bank to the next level and the next 100 years of its history.”

William was delivering on his promise, making the necessary changes and improvements to usher the Bank into the future. The pandemic that struck on China Bank’s 100th year was a tremendous challenge that could put the Bank off-track, but William and the whole China Bank leadership are determined not to let this happen.

“China Bank faced a number of crises in the last 100 years and not only survived but thrived,” said William. “Our relentless efforts to build and maintain robust liquidity and capital levels have positioned the Bank well to weather this storm, and at the same time, to help our customers and the country recover.”

The COVID-19 pandemic is a global economic disruption on a scale not seen in over a hundred years. It swept across countries



Chairman Hans Sy during the Special Stockholder’s Meeting in October 2020 where the Centennial Stock Grant Plan was ratified.



At the 2020 Stockholders’ Meeting, China Bank President William Whang reported on the Bank’s performance in 2019, before the global pandemic; how the growth was sustained in the first quarter of 2020 amid COVID-19 and the quarantine measures; and how the Bank is adapting to the new normal and supporting its stakeholders to weather the crisis.

blazingly fast, wreaked havoc on people’s lives and livelihoods, and weakened even the strongest economies.

The Philippines ended 2020 with its worst economic performance in decades. The country’s gross domestic product

During the various states of community quarantine, China Bank continued to serve customers while observing health and safety protocols to protect everyone who works for and banks with China Bank.



shrank by 9.5%, the first annual contraction since 1998. Before COVID-19, the World Bank forecasted the Philippine economy to grow by 6.5% in 2020.

“The pandemic has upended all projections, but the good thing is, with the efforts of the BSP, the banking industry in general, and China Bank in particular, entered the crisis period well-capitalized and prepared for shocks,” said Patrick Cheng, the Bank’s chief finance officer.

China Bank, thus far, is in a relatively good place, registering a 20% higher net income of P12.1 billion in 2020, despite setting aside 3.5x higher provisions for probable credit losses in anticipation of the impact of COVID-19 and the quarantine measures on asset quality. Total assets stood at P1.04 trillion, up 8%.

“The year 2020 has been very challenging, but with the hard work and commitment of our employees, we were able to pull through and provide the needed banking services and support to our clients. We are still expecting continuing difficulties as the country strives to recover, and the results give us the buffer to absorb further stresses down the road,” said William.

“We are closely monitoring developments and working with our customers who are under financial distress in these difficult times. While the long-term impact of the pandemic on the Philippine economy and banking industry remains uncertain, we are confident that China Bank’s enduring financial strength will enable us to navigate the new or even the next normal,” said Patrick.

Throughout the various states of community quarantines, China Bank focused on business continuity, the safety and well-being of its employees and customers, and allowing some flexibility to ease consumer pain.

INVESTMENT GRADE CREDIT RATING FROM MOODY’S

As China Bank completed its first century, Moody’s Investors Service retained its investment grade credit rating of Baa2 with a stable outlook, on the back of the Bank’s strong capitalization, profitability, and liquidity amid the COVID-19 pandemic.

This affirms, once more, China Bank’s stability brought about, largely, by its strong financials and continued adherence to good corporate governance.

China Bank first earned an investment grade credit rating from Moody’s in 2017, the same year it completed a P15 billion-stock rights offering. Through the years, from 2017–2021, the Bank retained its Baa2 rating with a stable outlook.

According to Moody’s, China Bank’s credit strengths are its stable capitalization and profitability, which support business expansion, and its healthy liquidity -- while credit challenges are risks to asset quality on account of the economic shock arising from the pandemic, and the Bank’s modest funding profile, with a relatively high share of corporate deposits.

The Bank marked its centennial year with P1.036 trillion in total assets, P105 billion in capital, P557 billion in loans, and P835 billion in deposits -- with total Capital Adequacy Ratio of 14.7% and Common Equity Tier 1 Ratio of 13.8%.

Four Generations of China Bank Memories

By: Stephen CuUnjieng

(Published in *The Manila Times*, August 14, 2020)

I am the great grandson of one of China Banking Corp.'s 20 original incorporators, Guillermo Cu Unjieng. He died in 1955, four years before I was born. My grandfather Mariano, who died in 1983 when I was 24, was his oldest son. I recall my grandfather calling his relatives every year to round up proxies for management and telling my father who was his only child, never to sell the China Bank shares he was leaving him. He would also tell that to his siblings and nephews and nieces and would sometimes buy their shares if he could, if they insisted on selling. Not trading their shares was quite an exception as he liked playing the stock market but he considered his China Bank shares a family legacy. As he only had four grandchildren, we were all close to him. He died when I was in law school, and he never saw me serendipitously become an investment banker.

I had the good fortune to be the investment banker to SM Investments in their groundbreaking initial public offering or IPO, which is still the deal I am probably most associated with among the many I have had the extremely good fortune to be entrusted with during my 30 plus year investment banking career. In 2006, having been described in *Finance Asia* as the "father" of the re-IPO, I was asked to do that for China Bank. A re-IPO means relaunching the listed stock as if it was an IPO with pricing and distribution that reflected its true value and with the hope that the stock price continued to improve in keeping with the enhanced and sufficient liquidity which would enable it to trade better and close to its true value.

I was asked to re-IPO China Bank by Hans Sy and Henry Sy Jr. after the SM Investments IPO, when they saw how both BDO and SM Investments traded well. I met with the China Bank board many times and was very touched that some of the directors remembered not just my grandfather but even my great grandfather, and warmly at that.



Guillermo Cu Unjieng



Stephen CuUnjieng

Hans Sy, Ricardo Chua, and Alex Escucha, assisted by my team and I at Macquarie Securities (where I was then), went on a global roadshow to Singapore, Hong Kong, the United Kingdom, and the United States and successfully sold the stock (see page 214). We were very proud of this as, at the very same time, a larger Philippine bank was trying to do a placement with another international investment bank and they failed and canceled their deal a few days after we

closed ours and they were on the road at the same time we were.

It may have been China Bank's first time to sell its equity internationally but it was very gratifying to see the long-term and steady professionalism and prudent management of the Bank. The ownership of the Sy family resonated so well with the most prestigious international fund managers, many of whom bought shares in the placement. I mused to one of the fund managers in the UK when he asked me how I got the deal that it was through my prior work for SM and the Sy family, but that ironically my family was one of the founding families and that if we had the same patience and long-term vision and discipline that Henry Sy Sr. had and instilled in his children, I might have been with China Bank rather than assisting them.

I am now over 60 years old and while I still see some of the bankers of China Bank occasionally, our paths have not professionally crossed since then. Nevertheless, that international placement will always be very special to me. I hope my forefathers are proud that a fourth-generation descendant had a small role in the Bank's very illustrious history. Given the long history and success of China Banking Corp., I hope one of my descendants will be able to assist the bank, too, as it continues from strength to strength in its second century of serving its many depositors, borrowers, and clients.

China Bank marks 100 years with centennial ad

As part of its 100th anniversary celebration China Bank launched an integrated mainstream and digital campaign, highlighted by a video ad, that tells the story of China Bank's founding and how its core values remain despite the changing times.

The campaign, created and produced by NC&A (Nita Claravall and Associates), captures a moment in history a century ago, when a young Dee C. Chuan lays the groundwork for China Bank's founding amidst the burgeoning markets of 1920s Binondo. The video follows Dee C. Chuan meeting with Binondo's community of Chinese merchants, who at the time could not find financial institutions willing to help finance their



ventures. He later gathers the community for a photograph at the site of what would become China Bank's first office, where it then cuts to the present time of China Bank as the larger, storied institution that it is today.

"We researched the look of Chinatown in the 1920s including costuming, the buildings, and the popular trades at that time. We tried to replicate Dee C. Chuan's car, a 1920 Rolls Royce. Our team included Director Paolo Dy and Director of Cinematography Rody Lacap, both



award winners in the movie industry here and abroad. We also had our talented set director Egay Littaua and my executive producer Cynthia Fernandez," said NC&A President & CEO Nita Claravall.

Dee C. Chuan was played by Charles Tiu, TV personality and Sports Desk anchor. On his casting, Nita said: "I cast Charles when I saw him in the wedding of a friend's daughter, and his regal bearing reminded me of Dee C. Chuan. I thought he would make a good choice, and he was! By coincidence, it turned out that Charles was the godson of the Chairman, Mr. Hans T. Sy, so there was that magical connection to the Bank."

Richard Yap also appears during the ad's shift to the present time as the modern China Bank client. He has been one of the celebrity endorsers for Manulife China Bank Life Assurance Corporation.

"We are proud of our history and of the values that will sustain us into our next century," said China Bank chairman Hans T. Sy. "We are celebrating China Bank's 100 years—the enduring relationships, the success, the bright prospects ahead, and the people who made it all possible."

"Our message is simple: times change but values remain," said

China Bank President William C. Whang. "We hope it resonates with the new generation of customers and they would see how we are transforming this institution to be relevant to them, as it was 4—5 generations ago."

The China Bank centennial ad is on YouTube and Facebook.

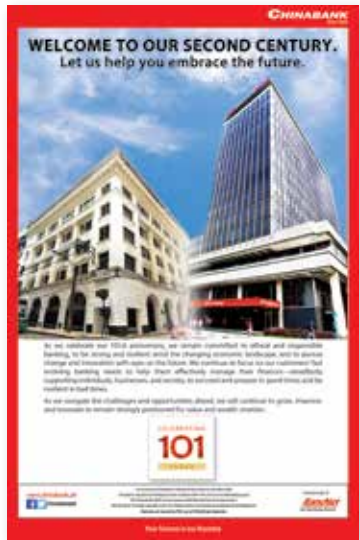
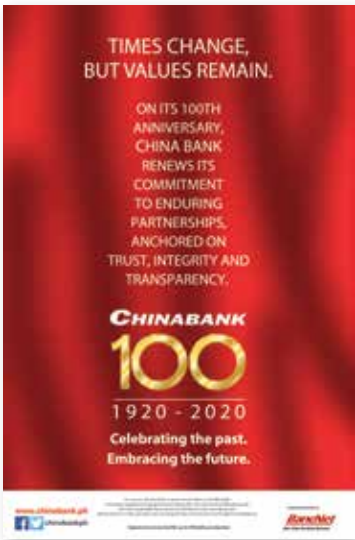


The Bank instituted team rotation, work from home arrangements, and mandatory health checks for employees; provided logistical support for frontliners and HMO coverage for COVID-related treatment, and continued payment of full salaries and benefits; and extended financial assistance to agency personnel, among others.

To support customers, the Bank continued to operate as many branches as practicable and ensured the availability of digital banking channels and of cash in its ATMs. In line with the Bayanihan “We Heal As One” and the Bayanihan “We Recover As One” Acts, the Bank extended loan and credit card payments. The Bank also waived certain fees and increased the ATM withdrawal limit to P50,000 per day. But beyond the regulatory mandate, China Bank has always been committed to work prudently and pro-actively with its customers, consistent with “safe and sound” practices. As in the past crises, it is prepared to be flexible to help individuals and businesses recover and protect jobs.

“In these uncertain times, we remain cautiously optimistic. We are adapting our strategies accordingly and managing our capital with the prudence that the current volatility calls for. I am convinced that we could overcome the difficulties, and like in the last 100 years, we would do so by standing by our customers, cooperating with regulators, and doing our part to fight this pandemic and emerge stronger together,” said William.

The year 2020 would have seen China Bank celebrate its centennial in a big way. The Bank planned for various events and activities to commemorate the milestone, which was kick-started



in January 2020 with the lighting of the 100th logo LED sign mounted on the façade of its head office building in Makati City and the debut of its “Times Change, But Values Remain” commercial on social media and cable TV. Then COVID-19 happened. The gravity of the pandemic situation necessitated modification of plans, but it did not diminish the significance of the occasion. Though the celebration had been muted, China Bank made a big gesture of appreciation and goodwill that will echo through time.

“On our 100th year, we’re building on China Bank’s proud history by building a culture of ownership,” said Chairman Hans Sy in his message to employees on the Bank’s 100th anniversary on August 16, 2020. “Your Board approved last August 5 a Centennial Stock Grant Plan of 100 China Bank shares for every year of service. The equity gift is for regular employees of the China Bank Group with at least one year of service as of August 16, 2020. We recognize and appreciate your dedication, deep sense of ownership, and natural inclination to do what’s best for the Bank and for our customers. Now, you’re not only emotionally invested in China Bank, you own part of it.”

The stock grant covers 8,408 employees for a total of 5,451,600 shares valued at P133,564,200 at an average price of P24.50 per share at issue date.

For customers, whose trust and support are paramount to the Bank’s success and longevity, China Bank launched a year-long deposit promo and produced special commemorative items.



Meanwhile, the centerpiece of the centennial celebration, the Binondo Heritage Restoration project, is the Bank's contribution to the revitalization of Binondo, the world's oldest Chinatown. Restoring China Bank's original head office, built in 1924, to its original architecture and making it more resilient aim to preserve not only the Bank's culture and heritage, but more importantly, the bygone character of Binondo for generations to come.

While the development of COVID-19 vaccines brings fresh hope, uncertainties remain. As of this writing, no one really knows when the pandemic will end. China Bank is doing all the necessary planning and recalibration of strategies to remain strong and profitable in the post-pandemic era. China Bank's adversity quotient is high, and its current leaders know that



The centerpiece of the centennial celebration is the restoration of China Bank's original headquarters in Binondo. Prior to the restoration which began in 2019 (left), the façade looked old and very much altered from the original design. Due to the community quarantines imposed by government, construction was delayed, but by August 2020, the building facade had been restored to its original grandeur.



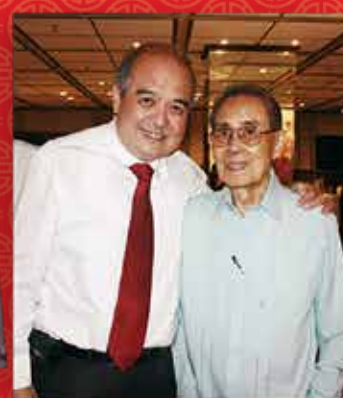
The Philippine Postal Corporation issued limited-edition China Bank stamps to commemorate the Bank's centennial.

Left, China Bank President William Whang, holding the poster of the commemorative stamps, signed by Postmaster General Norman Fulgencio.

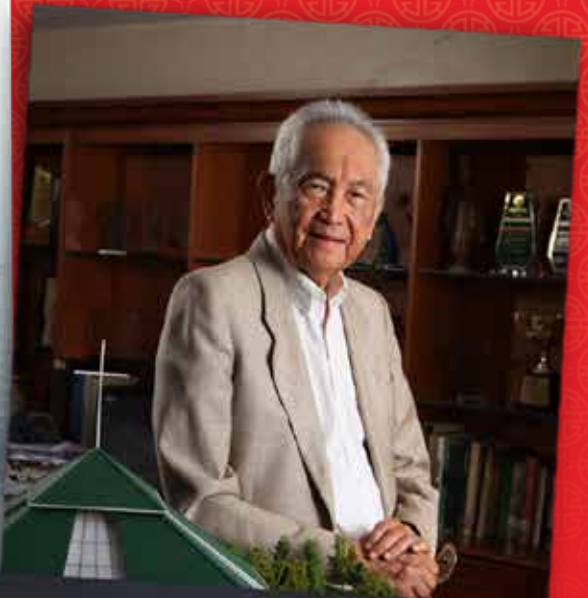
the Bank will pull through, more than pull through in fact, as it had in the past, after every sharp downturn. The Bank's much-vaunted prudence will serve them in good stead, as will their practice of responsible banking, adoption of innovative solutions, commitment to their customers who are currently in financial distress, and their determination to stay the course with them, to accompany and support them fully on their road to recovery.

"We will continue to pursue change and innovation with eyes on the future, and more importantly, we will keep on supporting and helping people, businesses, and society prosper in good times and be resilient in bad times," said Hans Sy.





100 YEARS OF ENDURING PARTNERSHIPS





THEIR SUCCESS IS OUR BUSINESS

China Bank has always had a soft spot for entrepreneurs, especially those who start without a lot—not a lot of capital, not a lot of connections, not a lot of privilege—but who are gifted with tenacity, a strong work ethic, and a deep sense of honor. This is because the Bank was founded not by big capitalists but by entrepreneurs themselves—men who worked their way up the ladder of success. Carlos Palanca Sr. and Benito Siy Cong Bieng worked for years as clerks in grocery stores to save enough capital to start their own businesses. The Bank’s founders knew the value of a peso and the importance of keeping one’s word. They understood the ups and downs of the business cycle, and knew how crucial a bank’s support was for a businessman. As they wrote: the Philippines “needed a bank that shall minister understandingly to [businessmen’s] credit requirements.”

One hundred years ago, the founders Dee C. Chuan, Palanca, Siy, and their associates established a new bank to help men and women like themselves—entrepreneurs with integrity, business savvy, discipline, humility, and an appetite for hard work. From 1920 until today, the Bank carries out the same mission and looks for the same kind of clients, people with these same values. The confluence of values between the Bank and its clients is what makes their relationships strong, lasting, and fruitful. For indeed, times change but values remain.

On the following pages are stories of some of the Bank's most notable and interesting clients from different parts of the country. They come from businesses as disparate as malls, tires, airline, tuna, dried mangoes, logistics, construction, bottled water, luxury watches, pharmaceutical products, and retail. Many of them came from very humble beginnings, some had nothing except an indomitable will to succeed. A number of them are second-generation owners, whose businesses were begun by their immigrant fathers who came to the Philippines to escape poverty in China and build a better life here.

In 1945, Henry Sy sold shoes on the sidewalks of Carriedo. John Gokongwei started his business at the age of fifteen, selling rice, thread, and candles in a Cebu market. A poor Cebuano started his dried mango business in his 20s, after three short-lived ventures. One company built its fortune on liniment oil. China Bank clients demonstrate what hard work can achieve and how big dreams can come true.

Those featured here are only a small sample of the Bank's client base, which, over several decades, has grown to include a wide assortment of business people, all of whom it serves and values equally, all of whom it stands by in good times and bad.

So here's to the entrepreneurs, the visionaries, the men and women who make the Philippine economy's wheel turn. China Bank is proud to be their Bank. It is glad to have played some small part in their success and grateful for their continued trust and partnership.



A tender father and son moment:
Henry and Hans Sy at the family home in Makati City.



THE MALL KING'S LEGACY

“My relationship with China Bank has always been special to me.” —HENRY SY SR.

HENRY SY SR. (1924–2019) was in many ways an archetypal China Bank client—the poor immigrant from Fujian who arrived in Manila as a young boy and who used diligence, vision, and some timely assistance from the Bank to build a business empire. Two things made him stand out from the crowd: the first is the unprecedented scale of his success. He was the richest man in the Philippines for 11 consecutive years. *Forbes* Magazine put his 2019 net worth at \$19 billion. The second key fact is that this one-time client was so appreciative of China Bank that he became its controlling shareholder and Honorary Chairman. He spent twenty-five years patiently building up his stake, from 1979 to 2004. He was vocal about how crucial China Bank was to his eventual success.

Henry Sy (Chinese name 施至成, or in Pinyin, Shī Zhì Chéng) was born on October 15, 1924 in Xiamen (Sy Chi Sieng means “to attain ultimate success.”). In 1936, at the age of twelve, Henry left his village and took a steamship to Manila. He went to help his father Sy Siu Tek run a small *sari-sari* store in Quiapo.

Henry said decades later: “Fresh off a boat from China, I arrived at my father’s store and saw his humble surroundings. I said to myself, ‘This world is not enough. It is just not good enough. I must build it bigger and better.’”

In 1945, at nineteen, Henry decided to go into the retail business in the still smoldering ruins of Manila. He began selling goods on the sidewalks of Carriedo Street. Soon after, he was able to acquire job lots of surplus shoes being brought in by the US military. In 1948, Henry teamed up with four partners to put up Plaza Shoe Store, located at Plaza Miranda.

To grow any further, to buy larger stocks of shoes and open new stores, Henry needed more capital than he could provide out of cash flow. He needed a loan. It was China Bank that gave him his first big break when it gave him his first credit line in 1949. China Bank VP Yap Tian Sang saw that Henry was quite young and he didn’t have the assets to collateralize the loan, but he liked the young man’s drive and solid grasp of the shoe business. The loan helped Henry become a force in the local shoe industry.

Henry said: “The loan facilities given to me by the Bank gave me ‘*pinsin*’ [a Fujianese word meaning ‘trustworthiness’ or ‘credibility’] in the Chinese community. It established me as trustworthy. It built up my credit. It proved that I was considered a very trusted customer by the Bank, and that helped my business. If China Bank considered me a good credit risk, then other people would also. That’s why I appreciate that loan so much.”

Using the loan, Henry was able to put up new shoe stores and to buy raw materials to manufacture new shoes. Then he just kept getting bigger and bigger. He put up the first Shoemart store on Avenida, Rizal in downtown Manila in October 1958. In 1963, he put up an SM in Makati, and in 1968, Henry opened SM Cubao on Aurora Boulevard. In 1973, Henry opened a new SM in Makati beside the Hotel Intercontinental. In 1986 came the country’s first giant mall, SM City North EDSA, followed by SM Megamall in 1991 and SM Mall of Asia in 2006.

100 YEARS OF TRUST



Henry Sy Sr. had the vision to see where the nation's retail trends were going, decades ahead of time. "I foresaw the development of Makati from the time there was just one building along Ayala Avenue. I saw the potential of the place and I made my investments," he said. "When I opened my first store in Makati, my shoe suppliers, mostly from Marikina, and fellow shoe store owners from downtown Manila came to congratulate me. But some guests said behind my back, *Malulugi si Henry*

dito ['Henry will lose his shirt here.']. Not only did Henry prove them all wrong, he became the country's biggest shopping mall operator, with 83 malls in the Philippines and 7 malls in China as of 2020. He was also very successful in other industries, including real estate development with SM Prime and SMDC, and banking with BDO and China Bank.

"My relationship with China Bank is special to me," said Henry. He believed in the Bank and in its leadership that he didn't want to make changes despite gaining majority shareholdings by 2005. "The Dee family of the original founder has managed the institution so professionally and profitably; we never attempted to change the incumbent chairman, Gilbert Dee or president, Peter Dee. We are not greedy; it's not good. I don't believe in wanting both power and financial gain. Even those executives who have been with China Bank for many years, they are still there. If a venerable institution like China Bank is doing so well, why make changes?" he said in an interview in 2006.

In his lifetime, Henry had achieved great success, becoming the country's top retail, banking and property tycoon, known not only for his wealth but also for his philanthropic work. Through his various foundations and personal charities, he generously gave back to society. He once said: "Not everything I do is purely for money. Of course, as a businessman and as head of publicly listed companies, we have to earn, but at this point in my life, there are other considerations more important besides just money."

Henry made his dreams a reality, and in the process, changed the country's landscape with his property developments, provided jobs, turned malling into a national recreation, and redefined the limits of banking.



“If I have achieved something, I move on to the next challenge. The money is the by-product. It is not money that counts. It is the creation of something new and good for the consumers and the public which is most important.”—HENRY SY SR.





Lance Gokongwei at the JG Summit headquarters
with his father's portrait in the background.



JOHN GOKONGWEI AND CHINA BANK

“I have great affection for China Bank.”

—JOHN GOKONGWEI JR.

JG SUMMIT FOUNDER John Gokongwei Jr. (1926-2019) was one of the richest Filipino businessmen but he lived like an “every Juan”—a common man who worked hard and found joy in the simple things.

As his son and successor Lance Y. Gokongwei said in his eulogy, “Dad was an every Juan, a simple man who wore ill-fitting clothes, whose ties were almost always stained, who loved to stay home and read his piles of books . . . He was most successful with businesses that catered to the every man, the common man, because that’s who he was himself.”

“Mr. John,” as he was known, didn’t come by his wealth the easy way. His father died when he was thirteen, and John became the family breadwinner, supporting his five siblings and sending them to school by buying and selling rice, clothing, and scrap metal. He worked his way up from small-scale trading to big manufacturing by the time he was thirty. In that move, a key step in his rise to taipan status, China Bank played a key role.

In an interview in 2010, Mr. John recalled: “In 1956, I spotted an opportunity in cornstarch manufacturing. But I was going to compete with Ludo and Luym, the richest group in Cebu and the biggest corn starch manufacturers. I borrowed money to finance the project. The first bank I approached made me wait for two hours, only to refuse my loan. The second one, China Bank, approved a P500,000-peso clean loan for me. Years later, the banker who extended that loan, Dr. Albino SyCip, said that he saw something special in me. Today, I still wonder what that was, but I still thank Dr. SyCip to this day.”

With the loan from China Bank, John Gokongwei started Universal Corn Products, which evolved into Universal Robina Corporation. He had since moved from one venture to another, working for the next half century to build one of the Philippines’ leading conglomerates with interests in airlines, property, telecom, banking, food, and power, all the while maintaining a close relationship with China Bank.

He said: “I have great affection for China Bank. It’s my first bank. I knew the officers well, and they trusted me, and I trusted the bank. I was there [in the Binondo head office] practically every day in the early days.”

Over the years, China Bank remained committed to support JG Summit in its expansion and diversification. The mutual trust continues with Lance Gokongwei, president and CEO of JG Summit.

At the time when Cebu Pacific was expanding rapidly, supporting tourism and trade in the country, China Bank financed some of its new, fuel efficient airplanes. Lance is thankful that China Bank supported its mission to bring people together through safe, affordable, reliable, and fun-filled air travel.

Before his passing in 2019, Mr. John said: “China Bank has proven to be a reliable partner in ensuring JG Summit’s success not only in key projects but also in our day-to-day operations. Its continued support will play an important role as we identify and take advantage of growth opportunities in the future.”



Willy Chiongbian (standing) and his father, Victor
at Fast Logistics' headquarters in Cebu.



FRIENDS THROUGH GOOD TIMES AND BAD

“Gilbert has never failed us.”—VICTOR CHIONGBIAN

THE RELATIONSHIP BETWEEN the Chiongbians and China Bank goes back over seventy years. William L. Chiongbian (1914-2002) founded his shipping firm in 1945 with one ship named MV Victoriano, after his father. For five decades, William Lines dominated the local shipping industry. In 2003, the Chiongbians divested from shipping to focus on the growth opportunities in logistics, distribution, forwarding, warehousing, dealerships, and property. They flourished in the new businesses, proving that while assets can change, values and business skills remain.

William Chiongbian was a good friend of the late Dee K. Chiong, and China Bank was happy to help their business in any way it could. These strong ties have been handed down to the next generation. William’s eldest son and successor, Victor, said: “My father introduced me to Dee K. Chiong. So since our fathers were friends, Gilbert Dee and I were introduced to each other. And it was just natural that we became close friends. In my business, I have met so many bankers—but Gilbert is the only one who is really close to me. We have grown up together—not only in business but more so in friendship. I truly treasure our long-term relationship.”

Victor is quick to point out that this relationship has been tested through time. He said: “In 1999, Gilbert gave us solid support. During this time, the global economy had deteriorated and most companies were hit by the challenges of tight credit and high interest rates. We were in need of working capital to support the expanding warehouse and logistics businesses of FastCargo and we approached many banks for financial assistance. It was Gilbert who responded promptly and helped us; he approved immediately the P200 million line—a big amount at that time. This was a big boost to our company. This was something I will never forget, since it was during trying times that we needed our bankers most. Gilbert will go out of his way; he is willing to move fast for a friend. He is also very astute in business; he won’t just lend that amount to any Tom, Dick, or Harry. So he really trusted our management.”

“Whatever the situation we were in, Gilbert had never failed us. Whenever I had an urgent need, Gilbert was always there to assist us. He gives us that assurance—that comfort level. Now that we are liquid and expanding our capacity, we reciprocate. I have given China Bank top priority in handling our business investments and funds. This is my instruction to all our affiliates—as a sign of my loyalty and appreciation for the help that China Bank has provided us when it really counted most,” Victor added.

Victor’s son, William Joseph “Willy” Chiongbian II, who is now president and CEO of the Fast Logistics Group, believes that the key to their relationship is good communication. “We understand each other, both from a personal perspective and a process perspective. China Bank always asks us about our five-year plan and helps us with our financing needs accordingly,” he said. “The personal touch of China Bank, coming from the highest level—the board—down to the front office staff, is what sets it apart from other banks.”

In the past ten years, the company put greater focus on their customers. “We continue to tweak our organization to be more anticipative of our customers’ present and near-future needs. This is why our relationship with China Bank is critical; we need a partner that moves just as proactively. And we anticipate infrastructure growth over the next five years, so China Bank will be key to our financing needs,” said Willy.



Isidro "Sid" Consunji at the boardroom
of DMCI head office in Makati City.



BUILDING THE FUTURE

“We’ve been working with China Bank for 40 years now, through good times and bad times, through prosperity and adversity.” —ISIDRO A. CONSUNJI

CONSTRUCTION MAGNATE David Mendoza Consunji (1921-2017) was once a humble concrete inspector who left a legacy as solid as the buildings he built. DM, as he was known in the industry, started as a small contractor, incorporating DMCI in 1954. What he lacked in big connections, he made up in dedication to quality work and finishing projects on time. DMCI soon became one of the biggest construction companies in the country, building such landmarks as the Cultural Center of the Philippines, the Philippine International Convention Center, Solaire Resorts, and Rockwell Business District. It also built the huge palace of the Sultan of Brunei and landed major infrastructure projects such as the NAIA Expressway, Manila Skyway Stage 3, Cavite-Laguna Expressway, LRT 2 East Extension, and NLEX-SLEX Connector Road.

DM Consunji knew that in a capital-intensive business like construction, a reliable bank partner was crucial. China Bank has come to the aid of DMCI in critical times. In 1984 when IBAA was being sold by its owners and its debtors were being required to pay their loans, DMCI, which owed the bank several million pesos, was forced to look for another bank that would loan them the amount. DMCI approached China Bank, with whom it had not dealt before. The Bank looked the company over and felt DM Consunji was a man they could trust. They extended the loan, and that was the start of a long and fruitful relationship.

In 1997, DMCI Holdings Inc. bought into Semirara Mining Corporation, a coal company then in a very bad state. When DMCI Holdings took over, they had to make changes in the company’s operations to turn it around. That meant purchasing new equipment to make production more efficient and to produce better quality coal. “We really needed money to get going. But at the time, nobody wanted to touch coal companies because nobody made money on coal,” DM said. “But China Bank’s officers firmly believed in our capacity to pay our obligations, probably because we had a good track record with them.”

The relationship between China Bank and DMCI flourishes to this day. It has passed on from DM to his son, Isidro ‘Sid’ Consunji—chairman, president, and CEO of DMCI Holdings. In the past 10-15 years, DMCI had further diversified into power, water, and nickel mining businesses. “We have been trying to use the basic competencies of engineering and construction and transfer them to different industries,” said Sid.

China Bank continues to be a part of the company’s tremendous growth through the years. “Most of the people in China Bank know our people very well—the people, the history, the corporate culture, so it’s very easy to work with them. It seems seamless. We’ve been working with China Bank for 40 years now, through good times and bad times, through prosperity and adversity,” he added.

DM once said: “My son Victor, says ‘China Bank is our lifesaver.’” Victor Consunji (1950-2018) was the president and COO of Semirara.

Sid could only agree: “Very few banks will be there for you when it rains. Normally, when it rains, they will pull away the umbrella. But not China Bank.”



Teodoro Tagle at his office in the
PAEC headquarters in Makati City.



STEADFASTLY LOYAL TO CHINA BANK

“Our relationship with China Bank remains strong to this day.”—TEODORO TAGLE

IN THE TAGLE Group of Companies, loyalty to China Bank is company policy. Teodoro Y. Tagle, chairman of the Philippine Allied Enterprises Corporation (PAEC) said: “China Bank has been very good to us. We never had problems with them and it’s so easy to deal with them. We have been dealing with China Bank for almost ninety years now, since my father’s time.”

The group’s relationship with China Bank goes all the way back to the 1930s when Teodoro’s father, Cecilio Tagle, a shirt factory owner at the time, was approached by Dee K. Chiong, who offered the Bank’s services. The business relationship between the Dees and the Tagles was interrupted by World War II, when Tagle had to shut down his shirt business. After the liberation of Manila in 1945, he rebuilt his fortune by going into copra trading in Mindoro, and he also resumed his relationship with China Bank.

In 1953, Cecilio Tagle, with his business associates, formed PAEC, which became the exclusive distributor of Bridgestone tires in the Philippines. Teodoro recalled: “China Bank was always around to help ensure the survival and success of our company. Time and again, the Bank made its resources available to us so that we could meet the challenges that we faced in the late 1950s, when there were import restrictions, and during the period of scarcity of US currency in the 1980s and 1990s.”

When he took over the reins of the company from his father, Teodoro enjoyed the continuous support of China Bank, this time from the third generation of leadership—Gilbert Dee and Peter Dee. He said the Bank was particularly helpful to him in the 1970s, when he was organizing four new companies in a bid to diversify into other businesses—leasing and real estate, manufacturing of cooking appliances, brake linings, and shock absorbers. These companies are CTM Management Corp., General Heat Corp., Friction Materials Corp., and Autobus Industries, Inc. In the decades that followed, the relationship with China Bank grew stronger as the Tagle Group grew bigger.

“We have been approached by many other banks in the past, but we have remained steadfastly loyal to China Bank. Our relationship with China Bank remains strong to this day,” Teodoro said.

The past ten years had seen some changes in the Tagle Group. “We’re transitioning into a more modern and professional organization. Slowly but surely, the acquisition of new talent and adaptation of technology is helping us build a better culture that puts importance on being data-driven, fosters hard work, and encourages results. At the same time, we’re also diversifying into new lines of business to continue the growth of our companies,” Teodoro said. China Bank has undergone some changes as well, especially in leadership, but the Tagle Group’s relationship with the Bank has remained steady. “While change is inevitable, and people come and go, their team continues to persevere and act with our best interest in mind. By balancing risk and identifying opportunities, China Bank plays an important role in ensuring all possible options are made available to us,” Teodoro said.

“It’s the people behind China Bank who make our relationship special. Their level of service and commitment to their clients is ultimately what sets them apart,” he concluded.



Johnny Cobankiat at his Casablanca Cigar Bar
in Shangri-La Plaza



BEYOND HOME IMPROVEMENT

“China Bank is a partner. We are empowered by our trust
in each other.” —JOHNNY COBANKIAT

THE FAMILY OF Johnny O. Cobankiat has been in the hardware business for 100 years now. His grandfather Co Ban Kiat started the business in 1920 (same year as China Bank was founded) when every hardware product, from screws to GI sheets, was imported. After World War II, Johnny’s father, Atilano, kept the business running and helped rebuild war-torn Manila by producing and supplying building materials. Now, Co Ban Kiat Hardware, Inc. (CBKHI) is one of the largest distributors of equipment, machinery, and tooling products in the Philippines.

All these years, the family’s bank has always been China Bank. “It has grown into a partnership bonded by time, a partnership that helps us make our vision a reality. Like our company, China Bank is always looking ahead, embracing the future,” said Johnny Cobankiat, president of CBKHI, ACE Hardware Philippines, and eight other Cobankiat companies.

With a vision to improve the lives of Filipinos with world-class

products in home improvement, Johnny entered the aesthetics sector for the high-end market with Coby’s Design Center which opened in Shangri-La Plaza in 1996. Then he brought hardware giant ACE Hardware USA, opening the first ACE Hardware branch in the Philippines in SM Southmall in 1997. ACE Hardware Philippines has grown to become the country’s leading home hardware chain, with over 200 branches nationwide in 2020. In 2018, he brought to the country the world-renowned hi-fi speaker brand from Great Britain, KEF, and has since then redefined the hi-fi experience of Filipinos.

“We are the leading and largest distributor of the best global brands in home improvement because we’ve embraced the fast-changing times by becoming the ultimate solutions provider not just to homes but to all industries,” said Johnny, acknowledging the fact that China Bank stood by them all these years. “China Bank supports the journey of their clients and pushes them to succeed.”

For Johnny, trust is very important in building relationships. “China Bank is a partner. We are empowered by our trust in each other.”



Hi-Tech Steel Industries Corp. moves forward with the new generation: (From left) Luis Co with his daughter Lucy Cobankiat behind him, now the Account Manager; Marcelo Co and his son Jeffrey Cobankiat, now the CEO; Geronimo Co Chin Chieng, seated, with his son Lawrence Cobankiat, now the Finance Manager; Co Chin Wee, seated, and his son Frederick Cobankiat, now the Production Manager / Corporate Secretary

PARTNERSHIP AS SOLID AS STEEL
“We don’t look for other banks because China Bank is our partner.”—MARCELO CO

HARDWARE IS IN THE BLOOD of Luis and Marcelo Co, whose father was Co Ban Kiat, the founder of Co Ban Kiat Hardware in 1920. “Our family has been banking with China Bank for many years. My father dealt with Albino SyCip and Dee C. Chuan who were very helpful to him. He encountered hardship when he was starting his business and it was China Bank that assisted him,” said Luis.

After the war, their father decided to go into manufacturing. The transition was not easy but China Bank helped him through by readily increasing his credit limit.

Luis and Marcelo took over from their father and ran Fidelity Steel Manufacturing, Inc. and Hi-Tech Steel Industries Corp. and continued the relationship with China Bank. Marcelo said that in times of crisis, one can count on China Bank. “When there was a dollar shortage during the Marcos regime, China Bank was very helpful to the industrial sector. They always think of their clients’ survival, not just their own,” Marcelo said.

The family business underwent a major expansion in the past ten years, with some members of the third generation becoming more

involved in the business and taking on greater responsibility. Marcelo’s son, Jeffrey Cobankiat, is now CEO of Hi-Tech Steel Industries Corp.

“We’ve grown our companies in the last decade by adding products and facilities. We now make gabion wires and different kinds of wire and mesh, and we’ve added more machinery and equipment, as well as warehouses, to serve our market’s needs,” said Jeffrey, noting that they retired about 70% of their old machinery and acquired new ones to increase production and efficiency.

Throughout the expansion, China Bank was their bank of choice. “We have a very good relationship with China Bank. More than 60 years already and we haven’t changed. We don’t look for other banks because China Bank is our partner. We always go with China Bank,” said Marcelo.

“Providing the best rates and facilities is very important, but what’s more important is the relationship. I think one of the key things that our company has, which was started by our fathers, is the relationship with China Bank. And that goes beyond numbers,” said Jeffrey.



Even on vacation, James Go Jr. is working to keep the family enterprise evergreen.



EVERGREEN RELATIONSHIP

China Bank is like family to us.”—JAMES GO JR.

JAMES GO SR. started his plywood business Cebu Evergreen in 1967 with a P10,000 loan from China Bank. His father, Santiago Go, was a top Cebu lumber magnate, but he wanted to see his son James stand on his own feet. So it was China Bank that backed James Sr.’s start—a decision that paid off handsomely for both businessman and bank, as Cebu Evergreen became a major force nationwide in plywood, construction materials, and interior fittings. When James Sr. passed away in 2004, his son James Jr. continued his legacy and the relationship with China Bank.

“There’s no comparison between the service of China Bank and other banks—because China Bank is like family to us,” said James Jr. The young James used to tag along in his grandfather Santiago’s daily visits to his good friend Dong Pao Loh, the longtime manager of China Bank Cebu-Magallanes. “I grew up in that building. Every day, we would go there and I would play in DP’s office,” James said.

Under James Jr., the family business has significantly diversified its products and services, but China Bank has remained a constant partner. Ninety-five percent of their banking needs are served by China Bank.

Cebu Evergreen has recently gone into construction, in addition to its distribution business. “We started with just distribution, but

some customers started asking us to help them with certain parts of their construction projects, then they just kept adding work, until we decided to take on bigger construction and installation work,” said James.

The company specializes in the installation of the products they distribute—fiber cement boards and gypsum boards, mainly. They do exterior finishes of malls and hotels as well as interior work such as linings of walls and ceilings.

Distribution continues to be their main business, and cement board their top product. In one month, as much as 170 containers of cement boards are sold and used for their own construction projects.

“We now operate nationwide, from Manila all the way to Davao. When my father started the business, we just had one branch here in downtown Cebu. China Bank was key in managing the finances. We don’t like to borrow money so much but when we do need to borrow, China Bank is always there. So from the credit standpoint and the cash management standpoint, China Bank has always supported us,” James Jr. said.

“I can say that at least four generations [in our family] have banked with China Bank. There is a certain level of trust that we have with the Bank,” James concluded.



Edgardo Reyes, seated, flanked by Aristeo Puyat and Wilfrido Reyes, president and corporate secretary/EVP of Gonzalo Puyat & Sons, respectively.

TRUST BUILT THROUGH GENERATIONS

“I believe that this relationship with China Bank will continue on with the succeeding generations.”—EDGARDO PUYAT REYES

“OURS WAS A RELATIONSHIP that started with the founders and has continued for several generations,” said Edgardo “Ed” Puyat Reyes, chairman of Gonzalo Puyat and Sons, Inc., of the relationship between his family and China Bank. “It is a relationship that spans multiple generations of the founding families of two very old business organizations which has been kept alive by personal relationships. It is characterized by the old way of doing business where bankers knew the people heading the companies that they dealt with and to a great extent, trust was built from the relationship,” Ed said, noting that China Bank officers, from the chairman down the line, make sure they know their clients well. He is impressed that every time they met with Gilbert Dee, he knew the details of their account. “It’s old-time banking which is built on the premise of knowing each other,” he added.

Gonzalo Puyat and Sons, Inc., one of the oldest industrial firms in the country, has holdings in the manufacture of steel products (galvanized steel and large diameter steel pipes)—in which it is the pioneer, as well as in flour milling, wood processing, homogenous floors, marine and agro-industrial products, and real estate development. It traces its roots to the House of Puyat, a company founded in 1907 by Gonzalo Puyat, a Philippine Legion of Honor Awardee as a pioneer Philippine industrialist. The House of Puyat produced billiard tables, bowling alleys, and furniture.

China Bank continues to provide support and various services to the Puyat-Reyes Group as it undertakes new projects and expands its various businesses. A subsidiary, International Pipe Industries Corp., is expanding its steel manufacturing base by constructing an P820-million pipe manufacturing plant in Batangas that will produce steel pipes of up to 3.6 meters in diameter. This is to continue maintaining its dominant position in this field, having just upgraded and expanded its Davao plant to serve the infrastructure requirements of Mindanao.

One of its affiliates, SOCRessources, a publicly listed company, ventured into property development through real estate unit SOC Land Development Corp. in 2011. Some of its projects include a four-tower project called Anuva along South Luzon Expressway in Muntinlupa with a total inventory of 2,000 units and a horizontal development in Biñan, Laguna which offered 350 units of medium-priced single detached homes. Three new residential projects are ongoing, and new projects in Quezon City, Baguio, and Taft Avenue are in the planning stages.

The businesses that have grown from Gonzalo Puyat and Sons, Inc. are now being managed by members of the third and fourth generations. “I believe that this relationship with China Bank will continue on with the succeeding generations,” Ed concluded.



Father and son tandem Willy Ong and Justin Ongsue at Pacific Paint's headquarters in Quezon City



TESTED THROUGH TIME

“We would not be where we are today without the help of China Bank.”—WILLY ONG

THE ONG FAMILY of Pacific Paint (Boysen) Philippines, Inc. has been loyal China Bank customers since the 1950s. Vicente Ong Sue, the founder of Pacific Paint, started the business in 1953 as a repacker of paint and laquer thinner. In 1958, he began the production of Nation House Paints. In 1960, he acquired the license from Walter N. Boysen Company of California to manufacture Boysen paints in the Philippines. The rest is literally colorful history.

Today, Pacific Paint is the leading paint manufacturer in the country and one of the largest in the world. Vicente's son Willy Ong, who has been running Pacific Paint for decades, said: “We would not be where we are today without the help of China Bank, because China Bank was the first bank that gave my father a credit line. And I will always remember that China Bank supported us during the big crisis in the 1980s.”

Even as it dominates the market, Pacific Paint is far from complacent. The past ten years saw the company embarking on a massive expansion project—building and acquiring production facilities for new products and expanding their manufacturing capabilities. To support the increased production capacity and to enhance the efficiency of product delivery, multiple logistic hubs were constructed all over the country.

China Bank played an important role in this most recent expansion. “Our relationship with China Bank continues to grow. We acquired a major facility in 2012 through a loan from China Bank. Growing our

business means more importation of raw materials, which translates to an increased issuance of Letters of Credit from China Bank to our suppliers,” said Willy.

The growth is driven by the company's continuous pursuit of innovation, commitment to quality, and concern for the environment. “We are always challenged to make our products greener, using more renewable materials as part of our thrust not only to innovate paints for decorative use but also for functional purposes like air-cleaning, anti-bacterial, and easy-to-clean purposes as well. There is a paradigm shift in the building and construction industry to using eco-friendly paints and we have taken the lead to improve the quality of our products and, most of the time, to even exceed industry standards. We will be counting on China Bank to help us fund these innovation projects and facility upgrades or expansions when needed,” said Willy's son Justin who heads sales and operations.

Like with his father before, and now with his son, Willy looks far into the future with China Bank. “In any business relationship, trust should be at the core of the partnership. The mutual trust between Boysen and China Bank has remained strong and solid through the years. Our confidence in doing business with each other could not be easily shaken, allowing Boysen, our company, and China Bank, the financial institution, to continue to grow together,” said Willy.



Ruben Siao, seated, with his wife Elizabeth, and standing from left, his niece Kristine, son Paul Ryan, and daughter-in-law Natalie—all of whom are involved in running the family business. Behind them are the portraits of Ruben's mother, Lo Eh Biao, and father, Siao Tick Chong.

ON POINT AND IN TOUCH
“My father was with China Bank for a long time, so it’s in my DNA.”—RUBEN SIAO

THREE GENERATIONS of the Siao family have been banking with China Bank. It started with Siao Tick Chong (1918-2019), a copra trader in Iligan who eventually set up shop in Manila in the 1940s and went into the business of electrical supplies. Like most long-time clients of China Bank, Mr. Siao had dealt with Albino SyCip and regularly visited China Bank Binondo—from the time it was the head office until it became the Binondo Business Center. Stopping by China Bank with friend Luis Uy to chat with the staff and fellow clients was part of Mr. Siao’s daily routine even when he was in his 90s and his children were already the ones running the family corporation, Pointer Enterprises, Inc.

Pointer Enterprises is an importer, wholesaler, and retailer of more than 100 electrical products—from generators and transformers to circuit breakers, cables, switches, LED lightings, fans and blowers, sauna heaters, conduit pipes, and fittings. The company also manufactures enclosures for switch gears, panel boards, lighting fixtures, kilowatt-hour meters, and automatic transfer switches.

“We import most of our products from China. We used to source them from Europe, the US, Japan, and Korea, but they’re very expensive, so we looked for high quality alternatives,” said Ruben Siao, the company’s president since 2007. “We’re also moving more and more into e-commerce. We only have five salesmen now, down from

18. It’s only Paul, my son, who goes to see the clients for marketing purposes. Most transactions are now done online,” he added.

While transactions have shifted online, building relationships still requires some personal touch. “I still do physical marketing. Especially with new clients, I meet with them to introduce myself, the company, and to introduce a new product,” Paul said. The bulk of the company’s business comes from corporate clients—property developers, construction firms, and industrial companies.

To increase efficiency, Ruben said that they have been automating their manufacturing plant. “We used to have 11 presses that were operated by 11 workers. Then we invested in a CNC controlled turret punching machine that is operated by only two persons and does everything faster. So our people in the plant now are down to 40 from a high of 80.”

As the company uses more advanced technology, the business becomes more capital-intensive. Pointer Enterprises, Inc. works with a number of banks, but China Bank continues to provide major services for it. “My father was with China Bank for a long time, so it’s in my DNA. We are happy with China Bank and we are looking forward to greater support from them,” said Ruben.



Christopher and his father, Ricardo Po,
at the CPFI head office in Pasig City.



READY TO SERVE

“Century wouldn’t be the success it is today without China Bank’s support.” —RICARDO PO

RICARDO S. PO (1931-2021) is another success story from the large number of entrepreneurs fostered by China Bank. He emigrated from China in 1947 at the age of 16, and started banking with China Bank in 1958. In 1978, he founded a tuna processing and exporting company, Century Canning, which in time became Century Pacific Food Inc. (CPFI), the leading canned food producer in the Philippines.

To grow CPFI, Ricardo Po made China Bank his primary bank. In fact, the company’s longest-standing banking relationship is with China Bank. From financing its first tuna plant in Taguig City, China Bank has played a key role in CPFI’s success through the years. And when it matters most, the Bank could be counted on. “The year 2008 was difficult for everyone. It was a global recession. I talked to Gilbert Dee and he said very quickly: ‘I’ll give you P300 million more for your credit line.’ We never had to use that line, fortunately. But that’s the kind of bank China Bank is. Once they trust a client, they support him all the way,” said CPFI’s chairman emeritus in an interview in 2010.

Aside from its flagship brand Century Tuna, CPFI has a broad portfolio of brands, including 555, Blue Bay, Argentina, Swift, Birch

Tree, Angel, Wow Ulam, and Hunts. In recent years, CPFI also entered the condiments business and the domestic coconut market, and strengthened its export business via the consolidation of its Century International (China) Group of Companies.

“China Bank has continued to be very responsive to our banking needs,” said Ricardo’s son Christopher, the company’s executive chairman. “Its highly professional team of relationship managers understands our business well and carries out innovative ways to support our financing requirements. They make banking easy for us.”

Ricardo said their banking relationship is one that deeply embraces mutual trust and respect. “China Bank is a truly valuable partner and is always committed to our business success. I owe a debt of gratitude to Mr. Gilbert Dee and China Bank for their confidence in our business and its future. Century wouldn’t be the success it is today without China Bank’s support. Without China Bank helping us in our early beginnings as a company, there would be no Century today,” he concluded.



Lucio Yan (left) and Larry Tan-Villareal
at Larry's home in Makati City.

UNWAVERING LOYALTY

“China Bank gives us the best kind of support any bank could give.”—LARRY TAN-VILLAREAL AND LUCIO YAN

STARTING AS A MANUFACTURER of tin cans for industrial paints and chemicals in 1962, the partnership of Larry Tan-Villareal and Lucio Yan has not only grown exponentially but has also diversified into food grade tin cans, cardboard and corrugated boxes, tin can labels, and bottle caps, among others. In the 1970s, the longtime friends also ventured into real estate development.

Larry and Lucio's companies count among its clients some of the manufacturing giants, including Nestlé, Universal Robina, and Colgate-Palmolive.

From the time the partners established their first company, Rowell Industrial Corp., China Bank has always been their bank. “It was China Bank that extended to us our first loan of P30,000,” said Larry, whose father was a good friend of former China Bank president George Dee Se Wee, the eldest son of Dee C. Chuan.

As their businesses grew, other banks approached them, but they stayed with China Bank. “China Bank gives us the best kind of support that any bank could give,” said Larry.

Lucio added, “China Bank's reliable service, efficient response to clients' needs, and the professionalism of its people make China Bank stand out. It has been our trusted and most reliable partner through the years. The last ten years have seen us develop a deeper bond strengthened by years of familiarity and respect for each other.”

In anticipation of further growth and expansion, their company Dowell Container & Packaging Corp., which continues to be a major player in the packaging industry, has moved its manufacturing facilities to Cavite. “We never cease to explore new technologies to continuously improve our products and services,” said Lucio.

“Coping with the unprecedented growth of information technology and how it will affect our business—our manufacturing process and the supply chain—is a great challenge every company has to face these days. Having a reliable partner like China Bank will surely make these challenges easier to approach,” Larry concluded.



THROUGH GENERATIONS AND NEW VENTURES

“I have been banking with China Bank for over 60 years now.”

—YAP YOK JR.

ALMOST A CENTURY AGO, the Yap family’s first immigrant, Yap Yok Sr., came to the Philippines from Nan’an, Fujian, China and put up a textile trading business in Cebu. When China Bank opened its branch there, Yap Yok Sr. opened his first bank account with it—the start of a relationship of trust that would endure even beyond his lifetime.

At only 17 years old, Yap Yok Jr., or YY for short, started his own business. Noting the Yap family’s *xinyong* or trustworthiness, China Bank readily supported the young YY, reaffirming the bond of trust started by his father years ago.

“I went into the business of importing and selling reconditioned engines, trucks, and heavy equipment from Japan. Being young and having no collateral, no financial institution wanted to grant me a credit line, except China Bank,” said YY. With the loan, YY became one of the first businessmen in Cebu to engage in heavy equipment importation, and with the Bank’s continued support, he managed to grow the business and to venture into other businesses—lending, vehicle dealership, real estate leasing, and more. Through the years,

YY remained a loyal China Bank client. “I have been banking with China Bank for over 60 years now,” he added.

The YY Group is currently transitioning to its third generation. With great optimism for the future, YY, a storied figure in the business world and a guiding hand in his group of companies, is passing the torch to his son, William “Bill” W. Yap, who is taking the YY Group to greater heights by further diversifying into other businesses. Bill’s passion for service saw successful ventures into the hospitality, financial, and payroll services industries, establishing multiple restaurant brands and creating the first DOLE-accredited payroll software.

“China Bank remains a stalwart partner of the YY Group, and we continue to rely on them for all our business endeavors,” said Bill.

The relationship with China Bank continues to be strong with the fourth generation. The young members of the family can sometimes be seen patiently waiting for their turn to be provided service at the nearest China Bank branch, carrying on the tradition that started with their forefathers nearly a century ago.



A LEGACY FORGED IN STEEL

“We will always be with China Bank because we recognize their support in the early days.”—GABBY TONG

PAG-ASA STEEL WORKS, Inc. founder Francisco S. Tong (1924-2017) had everything when he ventured into steel manufacturing—expertise, connections, integrity—except enough capital. As it turned out, finding capital was not hard for a man who had built a reputation for trustworthiness.

“When Pag-asa Steel started, my father applied for a loan with China Bank since he knew the China Bank people and they knew him to be hardworking, capable, and trustworthy. Dee K. Chiong was running the bank at that time. He knew my father very well, even my grandfather,” said Wellington ‘Willy’ Tong, president of Pag-asa Steel, noting that his father, Francisco, had been banking with China Bank even before starting his own business.

Francisco had real mastery of the steel business. From 1948 to 1961, he successfully ran the steel company Philippine Blooming Mills (PBM). It was he who brought in the technology that made use of the open hearth furnace, which proved appropriate due to the high cost and short supply of power then. This materially boosted PBM’s production capacity and its competitiveness.

After retiring from PBM, he was looking into cement production until a Japanese friend made an offer that was hard to refuse—steel mill equipment that was technologically advanced and reasonably priced. Driven by a desire to help in nation-building, he bought the

equipment, sought help from banks, and established Pag-asa Steel in December 1964, the first automatic rolling mill in the Philippines.

“We had a hard start because we were short of capital. And then we had the first automatic mill in the Philippines and labor could not handle the equipment,” said Gabby Tong, general manager of Pag-asa Steel. The company owners persevered, partnering with Japan’s Kyoei Steel for technology transfer and investing in technical training.

The company has since grown into the leading producer of quality concrete reinforcing steel bars in the Philippines today. It was the first domestic steel mill to place its logo on its rebars, before Philippine law required it, a testament to its product quality. It also pioneered the production of Grade 60 high-strength bars in the Philippines, a cornerstone in the country’s leap to high-rise buildings and skyscrapers.

Francisco instilled in his children the values he lived by, which have become the company’s values. “Competence, character, commitment, and integrity—these are what we demand of our employees, and which we demand no less from family members,” Willy said.

For over 55 years, Pag-asa Steel’s relationship with China Bank has remained strong. “We’re very appreciative of China Bank’s support,” Gabby said. “When a bank supports us, we reciprocate. We will always be with China Bank because we recognize their support in the early days.”



UPLIFTING THE CLIENT

“We are confident that China Bank will always be a reliable partner.” —LUIS K. TAN

IN 1952, AT ONLY AGE 16, Luis K. Tan left his hometown in Sta. Cruz, Marinduque to seek his fortune in Manila. He started working as a helper at an auto supply shop along Gandara St. in Manila and later on became a salesman. He worked during the day and studied at night, finishing his college degree at Far Eastern University. The young Luis learned the auto-supply business inside and out. In 1964, at the age of 28, he launched his own business. In a few months, his Luis Auto Supply commanded a huge portion of the market share for forklift spare parts in the Philippines.

With his success, he joined his friends at Paragon Trading & Services Corporation, selling brand new TCM forklift units. A few years later, he took over complete management at Paragon and successfully promoted the brand in the Philippine market. The TCM-Paragon partnership now dominates the local market for forklifts, wheel loaders, container carriers, and genuine parts for all

these machineries. Soon after launching his business, Luis Tan met China Bank’s Gilbert Dee. A strong friendship and a solid business relationship was born. “China Bank and Gilbert Dee have been very supportive of our companies all these years. And we are very thankful to them for that support,” Luis said.

Luis, now 84 years old, has turned over the management of his businesses to his sons, Liberato, Luis Jr., Lawrence, and Leonardo. But the relationship with China Bank has continued and has, in fact, been enhanced.

“China Bank’s integrity earned my trust and confidence in its management and in the range of services it offers,” Luis said. “Whatever challenges we will encounter in the future, we are confident that China Bank will always be a reliable partner—ready and willing to assist us in our business interests,” he concluded.



F. F. Cruz and his wife Angelita
in 2009.

ENGINEERING MARVEL

“China Bank has been a most valuable partner.”

—FELIPE F. CRUZ

BUSINESSMAN AND CONSTRUCTION pioneer Felipe F. Cruz’s vision was to help build the country’s infrastructure requirements utilizing renowned Filipino engineering expertise. He established F.F. Cruz & Co. in 1949, which started as a small surveying firm, and incorporated it in 1954 as a full-service engineering company with business segments in land and aerial surveying, engineering design, geotechnical services, construction, land reclamation, marine works, and real estate development.

Consistently ranked among the top ten constructions firms in the country and rated “AAAA” under the Philippine Contractors Accreditation Board, F.F. Cruz & Co. has been building key infrastructure projects all over the country, including the EDSA-Ortigas, Kalayaan, and Kamuning flyovers, the Batangas Port, the San Roque Hydroelectric Plant in Pangasinan, and geothermal plants in Leyte and Albay. F. F. Cruz is a leading highway contractor, a specialist in dams and flood control works, a pioneer in advanced micro-tunneling technology and balanced cantilever bridge work.

“In many of our big projects, China Bank has been a most valuable partner,” said Felipe in an interview in 2009. “I remember we were bidding for a huge project—the Alabang viaduct—a P1.2 billion project—and we were required to come up with a P300 million performance bond. China Bank went out of their way just so I could

get the award even if I was a relatively new client then. I know other banks would never do that. So, we showed them that their trust was not misplaced.”

The Alabang Viaduct project called for the rehabilitation of the old 6-lane deck built in 1977 into an 8-lane superstructure. Felipe added: “When I met with China Bank Chairman Gilbert Dee to show him the progress of work, he said, ‘Mr. Cruz, we trust that you can do it’.” And he did. The rehabilitated Alabang Viaduct, the major crossroad between South Luzon and Metro Manila, was opened to motorists in November 2008, one month ahead of the original completion date.

Felipe passed away in May 2013. His wife, Angelita, as chairperson and president, and their daughter Aida Cruz-Chinloy, as chief executive officer, continue to fulfill his vision and to maintain the strong relationship with China Bank.

Some of the major and recent projects of F.F. Cruz & Co. included the first phase of the Cavite C5 South Link which would eventually connect C5 and Cavite via Merville and Sucat; the Plaridel Bypass—a 1.063-kilometer long-bridge with continuous pre-stressed concrete box girder erected by balanced cantilever method; the 4.2-kilometer Marikina North Sewer Network using the trenchless method and microtunneling technology; and the Calaca, Batangas Port Extension.



Willie Yap, seated, with his nephew Kenny Carter Yap, VP for Operations, at Willie's office in Makati, with the portrait of his father, Henry, behind them.



AS IT IS WRITTEN

“To this day, majority of our transactions are with China Bank.”—WILLIE YAP

GOLDEN MAPLE INDUSTRIAL Corp. is the only ballpen manufacturer in the Philippines, and its brand, Panda, is so popular that, at one point, China-based makers sold counterfeit versions of it in the country. Its founder, Henry Yap Long Pheng, was 18 years old when he migrated from Fujian, China in the 1920s. Determined to make a better life in the Philippines, he worked hard and went from one business to another—buying slippers from Laguna and selling them in Manila, importing and selling Japanese textile, and distributing office equipment and the Japanese ballpen brand, Zebra.

“When the price of Zebra kept going up, my father thought he should just manufacture the ballpens himself, and found a Taiwanese ballpen maker who taught him and led him to a German supplier of ink and a Swiss supplier of ballpen tips. Soon, we were making ballpens, which my father branded Panda,” said Willie Yap, vice president of Golden Maple.

With famous brands like Bic, Reynolds, and Kilometrico dominating the market, it was hard for Panda to penetrate the market, but it did so after three years. “In our business, distribution is everything. We couldn’t afford advertisements then so we had to rely on very good salesmen,” said Willie, noting that they initially focused distribution in the provinces.

For a number of reasons, including rising production cost and labor problems, four ballpen manufacturers closed one by one, leaving Golden Maple, founded in 1988, the sole ballpen manufacturer in the country. Willie said that they also considered quitting the business. Twenty years ago, their 200-plus workers went on strike and their plant shut down for a year. Then business also suffered because of fake Panda ballpens from China. “We were telling our father, ‘let’s just import from China,’ but he would not hear of it. My father had a soft heart and he did not want our workers to lose their jobs, especially since most of them had been with us for 20, 30 years. He said it was okay if we did not earn much as long as they had work. So we stuck it out.”

Business has been steady for some years now and Panda still enjoys great popularity, with 67 percent market share and 600 dealers nationwide. Throughout the years, Golden Maple has counted on China Bank for support. “My father only did business with two banks—China Bank and another bank which no longer exists. He always said we did not need a lot of banks. To this day, the majority of our transactions are with China Bank. We’re comfortable dealing with the bank. I, myself, know a lot of China Bankers, some of whom have retired, because I’ve been actively involved in our business since I was in my twenties,” said Willie.



Tommy Que (left) and his nephew John Alexander Que at The Atrium.

GROCER’S PARADISE
“China Bank has exceptional service, is very flexible, and warm to their clients.”—TOMMY QUE

ILOILO SUPERMART is the largest supermarket chain in Western Visayas. Its founder, Que Hua Pho (George Que), started it in 1948, opening his first store, Washington Grocery, on Iznart St., the same street where China Bank opened its first branch in Iloilo. “My father was very frugal and hard-working. He was also very smart,” said Tommy O. Que, president of Iloilo Supermart, Inc.

“In 1950, my father rented the corner portion of the newly reconstructed Hoskyn’s Compound and made it his second store, Washington Commercial Grocery and Cold Storage (later renamed Washington Supermart). It was the first grocery in Iloilo to offer refrigerated products,” Tommy said. Hoskyn’s was the first department store in the Philippines. By the 1970s, George had purchased the space they were renting.

In 1974, George opened a bigger store and named it Iloilo Supermart. By that time, Tommy and his siblings were already helping out. “We all became involved in the business when we were very young. During school breaks, we would help in the stores and after graduation, we were expected to work in the family business.” That turned out to be a good thing because in 1983, George passed away in his early 60s. “Our father was really smart and innovative in the way he did retail business. He taught us well and made us learn the business

from the ground up. Because, he said, we cannot manage what we do not know,” said Tommy.

With the second generation at the helm, the company expanded and diversified. Aside from Iloilo Supermart with eight branches as of 2020, Iloilo Supermart Incorporated also operates specialty stores Paper Chase, Homestore, Tinapayan, and Medicine Corner; and shopping centers The Atrium at the Capitol and Right Choice.

“We always make sure to know our customers very well and serve their needs. Everything we do is aimed to make them happy and comfortable. We also plan to expand more to have economies of scale,” Tommy said.

In all of this continuing growth, China Bank plays no small part. “China Bank partly financed our expansion, especially during the early years and up to the present,” Tommy said, noting that China Bank is the Que family’s bank for more than 70 years now. “Even before the paint of China Bank Iznart Branch had dried, my father was already opening an account with Mr. Conrad Tan, the manager.”

“China Bank has exceptional service, is very flexible, and warm to their clients. It has become our preferred depository bank because of their exceptional service,” Tommy concluded.



Brothers and Lucerne Managing Directors, Ivan (left) and Emerson Yao, at their Rolex Store in BGC.



TIMELESS VALUES

“People in China Bank stay longer, so we know them and they know us. That’s important.”—IVAN YAO

THE SWISS LUXURY watch business of brothers Ivan and Emerson Yao has its roots in the used-watch business of their enterprising grandfather—an immigrant from Fujian who came to the Philippines in the 1930s and went into farming, supplying Manila markets with vegetables. In 1946, he bought the watches of American soldiers leaving the Philippines and sold them to the locals. Soon, he had a thriving watch business, and asked his sons to come to the Philippines and run his retail business.

Ivan was 15 years old when he started to help his father run his grandfather’s watch shop in Plaza Sta. Cruz, which by then was sourcing timepieces from local importers. It was Ivan and his father who started the company’s relationship with China Bank. “My father and I opened a personal joint account in China Bank. At the time, we had only one store,” Ivan said.

It was in the early 1990s when Ivan and Emerson decided to enter the high-end watch business. “We saw a very crowded market because everybody was selling the same stuff; it was very competitive and we wanted to be different. That time, everybody had shifted their focus to Japanese watches. They thought the Swiss watches were gone; they did not expect that there would be a revival,” Emerson said.

Lucerne opened its first store at Ali Mall in Cubao in 1982, followed by a boutique store in Makati, where they started to offer

luxury watches. “We started small and grew slowly. We just kept on investing until we got the trust of our suppliers, creditors, and customers. We always remember what our father taught us: ‘Do not lose your reputation; you have to protect your reputation by all means’,” noted Emerson.

Lucerne is now a reputable market leader in Swiss luxury watches, carrying over 20 luxury watch brands like Rolex, Patek Philippe, Breguet, Jaeger-LeCoultre, and others. The Lucerne Group also includes Chronos and L-Time Studio, which carry a range of watch brands catering to a broad market. In the past ten years, the brothers have diversified into other lifestyle products such as cameras (Leica), jewelry (Pandora), and eyewear (Owndays).

In a luxury brand business, banks play a critical role. “We need a ready facility to make sure we are prepared for peak seasons. We also renovate 30 stores every year, and that alone can cost a considerable amount. I would say, right now, China Bank can assist us to have a certain flexibility to make our operations smoother,” Ivan said.

It matters to Ivan and Emerson that they have been dealing with the same team in China Bank for quite some time now. “Unlike in some banks, people in China Bank stay longer, so we know them and they know us. That’s important,” Ivan said.



Pio Castillo at his office in IPI's headquarters in Cebu.

PROVIDING WELLNESS
“China Bank has been our bank since our fathers’ time and our relationship continues to this day.” —PIO CASTILLO JR.

INTERNATIONAL PHARMACEUTICALS, INC. (IPI) is one of the Philippines’ leading manufacturers and distributors of pharmaceutical and consumer products, including Omega Pain Killer, Dr. S. Wong’s Sulfur Soap, Bioderm Family Germicidal Soap, Casino Ethyl Alcohol, and the popular liniment, Efficascent Oil. These brands have been staples in every Filipino home, which speaks volumes of how IPI has served Filipinos for over sixty years.

“Efficascent Oil is still our most popular product,” said IPI President and CEO Pio B. Castillo Jr. “It was the first product we made which we sold in our pharmacy, our family’s first business that my father and uncles put up in 1959,” added Dennis Wong, IPI’s chief operating officer. Their fathers were two of the five Wong brothers—George, David Sr., Sergio, Pio Sr., and Sixto—who started IPI as a family business.

From a humble roster of products, IPI now produces top-of-the-line health, wellness, personal care, home care, and food products. In 2019, IPI launched IPI Generics, the company’s arm that produces affordable quality prescription drugs for hypertension and other cardiac diseases, diabetes, pain, ulcers, and antibiotics for mild and serious infections.

The company’s research and development department, once headed by Dennis Wong’s pharmacist mother, Paz Wong, is a fundamental part of the business. To cater to different market segments, IPI continually develops new products and new variants of its existing brands, like Efficascent Relaxing Oil, Efficascent Ointment,

and Dr. S. Wong’s Sulfur Soap with Moisturizer. “We constantly review and rationalize our product lines. A product or two may be dropped if it’s not selling,” Dennis said.

Based in the Queen City of the South, IPI first distributed its products in Cebu and ventured out to the rest of Visayas and Mindanao. Ten years after its establishment, the company eventually entered the Luzon market. Now, fifty percent of the company’s total production goes to Luzon and the rest is distributed in Visayas, Mindanao, and abroad.

IPI continually upgrades its facilities and equipment to keep up with global standards and meet the growing demand. “Our new production facility, warehouses, and offices will probably be completed this year,” said Pio of the expansion that started in 2015. The company’s production processes are also undergoing an upgrade. “We’re putting in new machines for our alcohol production. We bought high capacity machines for soap manufacturing. For Omega Pain Killer, we’re buying new compounding and emulsifying tanks. We’re improving the efficiencies so that outputs improve as well,” Dennis added.

Through the years, China Bank stood by IPI, providing credit and cash management facilities and warm, personalized service. “China Bank is our main bank. It has been our bank since our fathers’ time and our relationship continues to this day,” Pio expressed. China Bank and IPI continue to work together as they each endeavor to maintain leadership in their respective industries.

Danilo Lua at his office in
PSWRI's headquarters in Cebu.



AS NATURAL AS IT COMES “CHINA BANK IS FLEXIBLE, WHICH REALLY SUITS THE ENTREPRENEUR.”—DANILO LUA

THE BEGINNING OF Nature's Spring is a case of an entrepreneur finding an opportunity in a crisis. In November 1990, Typhoon Ruping struck Cebu, downing power lines and cutting off water supply. For months, people had no access to potable water.

It was the push that Danilo 'Danny' Lua, founder and president of Philippine Spring Water Resources, Inc. (PSWRI), needed. He had been thinking of going into the bottled water business, which at the time was beginning to be popular only in Manila.

"Water has always been a problem in Cebu. We would always boil our drinking water, but that's not so good either as that produces sediments," said Danny.

After Typhoon Ruping's devastation, Danny lost no time laying the groundwork for PSWRI. With his team, he went to the US for research and training on the technical aspects of bottling water. He also commissioned a local product and market research study. In 1991, Danny, aided by foreign consultants, put up the first plant in Mandaue City in Cebu. Then, PSWRI only had one truck to do the distribution.

From the beginning, Danny believed that distribution is the key to success in the bottled water business. So he built a wide distribution network with 2,000 trucks and 200 warehouses all over the country. "That was the only way we could penetrate the market. Now, nobody can compete with our network," he said. And because everybody was

selling in Manila, he targeted the provinces in Visayas and Mindanao. Distribution in Luzon started only in 2000.

Their machines are maintained religiously and upgraded periodically. According to Danny's son, Daniel Ryan Lua, chief operating officer, most of their machines now are German-made and all are brand new. "German engineering is really precise. There is no drip. Since using them, our scrap rate went down, as did our water usage. We don't need to wash the bottles with water anymore unlike with our old machines. The new machines clean the bottles with ionized air, then the bottles pass through a heater," Daniel explained.

PSWRI is the Philippines' overall market leader in the bottled water industry, operating seven plants to produce high quality purified and distilled water and flavored drinks. To capture the flavored drink market, Nature's Spring Iced Tea was introduced in 2015, followed by Nature's Spring Flavored Drinks in 2016.

Because of the nature of the business, Danny has a number of banks, but China Bank gets the lion's share. "We operate in many areas, so we need many banks because one bank does not have a branch in all areas. But we bring it all to China Bank and deposit it there, and all our disbursements are with China Bank. China Bank is flexible, which really suits the entrepreneur," said Danny.



Alberto Dy Sun at his office in Yakult Philippines' headquarters in Ermita, Manila.

A PARTNERSHIP CULTURED IN TRUST
“China Bank is our main bank.”—ALBERTO DY SUN

ONE HALLMARK OF A SUCCESSFUL enterprise is its mutual experience of growth and solidarity with allied firms in the industry. Over the years, being part of each other’s history reflects the deepening ties that bind corporate leaders and their institutions. Such is the partnership between China Bank and Yakult Philippines Incorporated (YPI). It is a partnership rooted in trust.

“Success did not come easy to Yakult,” said YPI President Alberto R. Dy Sun. Luckily, the friendship that his father had nurtured with China Bank even way before the company was born, paved the way for several good things to happen. “My father, Dr. Vicente Dy Sun Sr. came to the Philippines from Fujian, China and married a beautiful Filipina from Tayabas, Quezon. He was a driven and determined visionary, and marketing was among his greatest skills,” Alberto added.

In the 1950s, he set up a pharmaceutical company that produced multivitamins for children. That became the family’s first venture into health products. “China Bank was my father’s bank, even before he went into the Yakult business,” said Alberto. “He had a remarkable business relationship with Dee K. Chiong—a relationship which I later on inherited from him.”

In the 1970s, a friend from Yakult Taiwan introduced Vicente to the manufacture and distribution of Yakult, resulting in the establishment of Yakult Philippines Incorporated, a joint venture with Yakult Honsha, Co. Ltd of Japan. From the beginning, China Bank played a vital part

in YPI’s progress. With its support, construction of the manufacturing plant in Calamba City, Laguna began immediately after YPI’s incorporation. Within its first year of operation, the company produced 11,000 bottles a day of probiotic health drink. Soon, a liaison office was established in Malate, Manila.

It took several years though, before business prospered. “It was very challenging; after our huge investment in building the factory, we had a hard time meeting our projections,” Alberto said. “Back then, people did not understand the benefits of good bacteria or probiotics in human health. Yakult contains 8 billion live Lactobacillus casei strain Shirota, a beneficial bacteria which is scientifically proven to improve digestive health. However, the word bacteria connoted negativity in people’s minds. Fortunately, an effective advertising campaign changed everything as it caught the public’s attention.”

Through it all, China Bank has been a major partner in YPI’s growth. “China Bank is our main bank. I trust them. When I need something, I can just call them, even when I’m abroad,” said Alberto. Nurtured by the trust of its partner bank, Yakult Philippines Incorporated now produces more than 4 million bottles every day. From that single product whose formulation was developed in Japan by Dr. Minoru Shirota, the probiotic drink continues to improve the daily health of millions of Filipinos around the world.



Justin Uy at his office in Profood's headquarters in Cebu.



MANGO MAGNATE

“China Bank is a preferred bank.”—JUSTIN UY

THE DRIED MANGO business is the fourth business venture of Justin Uy, president of Profood International Corporation. He started at 15 years old, and went from fashion jewelry-making to poultry-raising to mushroom-growing. Then he saw the process of making dried mango at his aunt's kitchen and saw potential in the product. “I had no money when I started so I would use a lit candle to seal my packaging,” recalled Justin, who was 19 when he founded Profood.

Dried mango has been an industry in Cebu since the 1950s, but not a lot were producing in commercial quantities in the 1970s. “I think there were about seven producers of dried mango when I started in 1978. Some of them were already exporting, but mostly to Hong Kong. I was the first to export to the United States. I was also the first to guarantee my foreign buyers that my product would be approved by their FDA,” said Justin.

Justin started exporting to Hong Kong in 1980, and to the USA in 1983, the same year he started mechanizing his dried mango production. With his engineering know-how (Justin has a chemical engineering degree), he created a conveyor and boiler using junk parts. “I had no money so I went to the scrap yard of San Miguel Corporation to pick up a stainless steel table top, chain, and sprockets. From Kimwa Construction, I got a junk marine boiler,” he said.

Although Justin went into other mango-based products and later diversified into other fruit products, his flagship product is still dried mangoes. Now, Profood is the largest Philippine-based producer of dried fruit, preserves, purees, concentrates, and juices. Its products are available in the Philippines and exported to many countries in Asia, the Middle East, Europe, North, Central, and South America, the Caribbean, and Oceania.

“There's no replacement for hard work,” Justin said. That was what got him started and sustained him all these years. “For me, even if you have nothing, it's not impossible to succeed. When I started the mango business, I had no property, no factory, no buyer, no technology—just the will to go for it.”

Unlike before, capital is not hard to access anymore. Because of its size, Profood does business with a number of banks, but China Bank has a special place in his heart. “China Bank is a preferred bank. It was the bank of my father and when I was just starting, I would sometimes borrow through my father's account. And now, it's owned by friends, Hans and Herbert, who've helped me from the time I became a supplier of SM Supermarkets,” Justin said.



John Marie Concepcion at Ippudo Greenbelt 5.

MASTERFULLY CRAFTED

“We’re partners for growth since we began. It’s a good partnership.” —JOHN MARIE CONCEPCION

FOUNDER & PRESIDENT of Standard Hospitality Group John Marie Concepcion was already CEO of the family’s consumer food business when he thought of striking out on his own. “When I turned 50, I wanted to do something challenging,” he said. So, he looked into the restaurant industry and saw an opportunity to come out with something different, inspired by his trips to Japan. “I liked the idea of a dish-specific restaurant and I thought that would be the new thing moving forward.”

In 2011, John set up Yabu, the first “House of Katsu” in the country. The idea of specializing in a single dish, like in Japan, truly appealed to him. “It’s really a mastering of the craft. You do only one craft and you do it extremely well. And from there you create a brand. You commit to be the best in that dish,” he said. “I want to bring the experience to the middle class Filipinos and to make them feel as if they’re in Japan, eating an authentic katsu dish and getting five-star service for under \$8 or P400.”

John also believes that good service is as important as good food. “We came up with the ‘Yabu promise’, which we printed on our menu. It says that if the meal does not come out in 20 minutes, we’ll give it for free. And if you’re not happy with our food, we’ll replace it. If you’re still not happy with it, we’ll give your money back. No reason needed.”

Yabu was so successful that within a year of operation it opened its second and third branches. By 2020, Yabu had 14 branches.

Yabu caught the eye of Joey Ramos, then president of China Bank Savings. “I knew him and he saw what we were doing. I made a presentation and immediately, we got a loan. We’re partners for growth since we began. It’s a good partnership,” said John.

In 2014, John brought the world-famous ramen house, Ippudo, to the Philippines. On opening day, hundreds of people lined up. “It was a big hit and it went on for months and months,” he recalled. By October 2016, Ippudo has grown to become the brand’s best operator globally. And by the end of 2020, there were ten Ippudo branches in Metro Manila.

“To me, the key to success is consistency in all your restaurants. And for you to be consistent, you need to invest in your organization and processes to build a strong foundation. We invested in a sophisticated computer system and in a training team which conducts training every month.”

John takes pride in doing it one at a time and doing it well, which he believes matters to banks. “Joey liked the fact that we did not go all over the place with different concepts. New concepts can be quite expensive and risky. But because of our track record, there’s an element of trust between us and CBS. They know us so they’re more open to supporting us in a new venture,” John concluded.



Rosario Acierto, seated, with her daughter Farah at the Casa del Niño campus in San Pedro, Laguna.



MOLDING YOUNG MINDS

“We really have a very good relationship with China Bank Savings.”—ROSARIO ACIERTO

DR. ROSARIO G. ACIERTO had taught in Montessori schools for many years when her business-minded sister, Mila, asked her: “Why don’t you put up a school?”

“I told her I only knew how to teach; I did not know anything about running a school,” said Rosario. But with her sister’s encouragement and assurance that she would help take care of the business side, Rosario put up the first preschool in the subdivision where they lived, Pacita Complex in San Pedro, Laguna. Her husband, Jose C. Acierto, a government employee then, supported the idea of putting up a school.

“We opened a preschool in a small house in the subdivision with only 17 children in 1981. We called it Casa del Niño,” said Rosario, noting that in those early days, she was the teacher, administrator, cashier, and janitor.

In 1983, they started an elementary school—encouraged by the parents of their preschoolers, then added a high school in 1989. Seeing the need for a school catering to kids with special needs, Rosario put up the Maria Montessori School for Special Children in 1999, followed by Casa del Niño College in 2002, offering courses in Information Technology and Education.

“In the early 1990s, we needed to construct a big building for our high school students and we needed a big amount for that, which Plantersbank provided. Before Plantersbank came along, we were

borrowing from smaller development banks because almost every summer, we had to do some construction work—usually adding rooms to accommodate new students. Then Plantersbank offered their services and we ended up consolidating everything with them,” said Rosario.

The loan from Plantersbank was used to purchase a 5,000-sq. meter lot and to construct the high school building. In 2013, one of their buildings burned down and Plantersbank again provided the money for its reconstruction.

By 2020, Casa del Niño School System Inc. has seven campuses with more than 2,000 learners—five campuses are located in San Pedro, Sta. Rosa, Biñan, and Calamba; one in Ilagan, and one in Roxas, Isabela. As president, Rosario continues to be involved in running the schools, assisted by her children, Farah Acierto-Cabanban as chief executive officer and Mark Acierto as executive vice president.

When the Plantersbank San Pedro Biñan Branch became China Bank Savings, it was as if nothing changed as far as the relationship was concerned. “The manager is also very accommodating and the processing of papers is even faster now,” said Rosario. “We really have a very good relationship with China Bank Savings. I’m grateful that they trust us, and when we need financial help, they attend to us right away,” she added.



Jovito flanked by his sons Raymond and Jomel,
with his grandson Onemig at the garage of JGTTI.

IN FOR THE LONG HAUL

“China Bank Savings has always given us great support.”

—JOVITO GATLABAYAN

ENTREPRENEUR JOVITO GATLABAYAN started as a construction materials supplier in 1991. In the midst of the Asian financial crisis, he decided to shift to trucking, and in 2000, closed his construction materials company altogether. “Construction had slowed down as a result of the crisis, and I thought I should shift to another business before things got worse,” said Jovito, founder and president of J. Gatlabayan Trucking and Trading, Inc. (JGTTI).

As a hauler, he started with three dump trucks to haul concrete aggregates for Solid Cement, one of the biggest cement manufacturers in the country and his first client in his previous construction supplies business. In 2008, J. Gatlabayan Trucking became Solid Cement’s main contractor.

Jovito relied on bank financing to grow his fleet of trucks and equipment. “Without it, we could not have expanded. Every now and then we needed additional units and I didn’t have the capital at that time,” said Jovito. The bank that supported him was Planters Development Bank, which was later bought by China Bank and merged with China Bank Savings (CBS).

“There was a big change when CBS took over. That was when we were able to buy a good number of brand-new trucks and equipment. Before, we were buying mostly used trucks. With our CBS loans, we

purchased a brand new fleet from China and 1.5 hectares of land to add to our 2.5-hectare garage,” he added.

Jovito soon diversified into other businesses dealing in equipment rental, cement trading, and container yard operation. Trucking, however, continues to be his main business, so equipment maintenance and safety are top priority. The company has safety officers, in-house mechanics, and its own towing trucks and vulcanizing shop to ensure all company trucks and equipment are always in good condition. A maintenance schedule is strictly followed. “I think our big advantage over some haulers is that we have a big facility where we can do maintenance work on our trucks,” said Jovito.

For five consecutive years now, JGTTI has been chosen the best hauler by Solid Cement. The big challenge is further growing his fleet to meet demand.

Jovito is confident CBS will be there for them when the time comes for another expansion. “China Bank Savings has always given us great support. It was a loan from them that made it possible for me to expand my business in a big way. The truth is I have loan offers from other banks, but I choose CBS because it is so easy to deal with their account officer and manager.”