CHINABANK
100
1920 - 2020

Celebrating the Past.
Embracing the Future.

CHINABANK
Since 1920

2019 Annual Financial and Sustainability Report

About the Report

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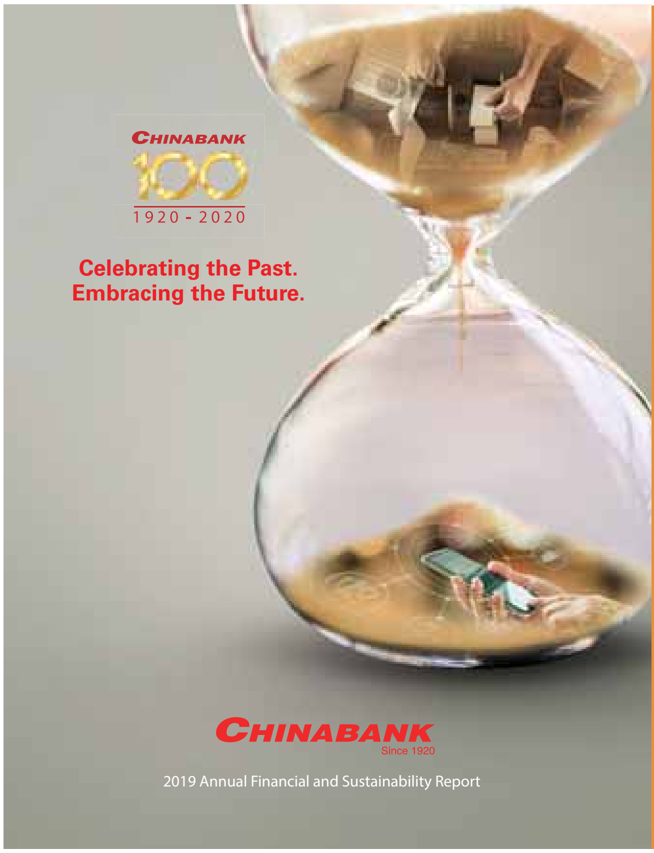
This Annual Financial and Sustainability Report provides our stakeholders with a balanced view of our ability to use our financial resources and expertise to be a sustainable business that creates sustainable value.

Covering the period January 1 to December 31, 2019, this report contains material information relating to our financial and non-financial performance, operating context, prospects, risks, and governance to address the information requirements of our current and prospective investors. We also present information relevant to the way we create value for other key stakeholders, including our employees, customers, regulators, and society. This follows our latest report released in 2018 covering the period January 1 to December 31, 2018.

This report has been prepared in accordance with the GRI Standards: Core option. This has also been aligned with the disclosure requirements of the Bangko Sentral ng Pilipinas and the ASEAN Corporate Governance Scorecard. For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.



About the Cover

The hourglass represents two different eras inextricably connected with each other. While the glass bulb on top symbolizes a traditional banking method, the one at the bottom features a more modern platform. While the eras are distinct, the timeless values of past still forms part of the fabric of the future, in a time continuum where partnerships continues to evolve in new, reimagined ways.

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About China Bank

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China Banking Corporation (China Bank) is one of the leading private universal banks in the Philippines. We offer a full range of banking products and services to institutional (corporate, middle market/ commercial, SMEs) and individual (retail, mass affluent, high net worth) customers, as well as thrift banking, investment banking, insurance brokerage, and bancassurance services through our subsidiaries China Bank Savings, China Bank Capital, China Bank Securities, China Bank Insurance Brokerage, and affiliate Manulife China Bank Life Assurance.

China Bank, established in 1920, has an in-depth understanding of the way entrepreneurs and businessmen do business. While maintaining very close multi-generational relationships with the Filipino-Chinese community, we have since expanded the scope of our products and services to cover all market segments as we pursue and enhance ways to create greater value for the future.

Over the years, we have reinforced our human, physical, and technological resources to meet the changing needs of our customers, shareholders, and regulators, while minimizing any negative impact on communities and the environment.

Our vision, mission, and the values passed on by China Bank's founders underpin our continuing story of sustainable growth, governance excellence, and enduring partnerships. We are committed to place sustainability at the heart of our business and credit decisions and to uphold the highest standards of corporate governance to remain strongly positioned for value creation.

The China Bank stock (PSE: CHIB) is listed on the Philippine Stock Exchange (PSE). We are a member of the SM Group, one of the largest conglomerates in the Philippines.

631 branches

9,813 employees

₱962 billion total assets

1,002 ATMs

₱10.1 billion net income

₱775 billion total deposits

1.7 million customers

₱96 billion capital

₱578 billion gross loans

VISION

102-16

Drawing strength from our rich history, we will be the best, most admired, and innovative financial services institution, partnering with our customers, employees, and shareholders in wealth and value creation.

MISSION

We will be a leading provider of quality services consistently delivered to institutions, entrepreneurs, and individuals here and abroad, to meet their financial needs and exceed their rising expectations.

We will be a primary catalyst in the creation of wealth for our customers, driven by a desire to help them succeed, through a highly engaged team of competent and empowered professionals, guided by in-depth knowledge of their needs and supported by leading-edge technology.

We will maintain the highest ethical standards, sense of responsibility, and fairness with respect to our customers, employees, shareholders, and the communities we serve.

CORE VALUES

Integrity
We will always take the high road by practicing the highest ethical standards and by honoring our commitments. We will take personal responsibility for our actions and treat everyone fairly and with trust and respect.

Customer service focus
Satisfied customers are essential to our success. We will achieve total customer satisfaction by understanding what the customer wants and deliver it efficiently.

High performance standards
We will abide by well-established professional methods of doing business that go beyond the typical/routine functions and designated results.

Resourcefulness/ Initiative
We will devise and initiate ways and means to achieve targets/ goals and go beyond customer expectations.

Commitment to quality
We will strive for continuous improvement in all that we do, so that we will rank among the best in the banking industry in customer, employee, and community satisfaction.

Efficiency
We will perform tasks promptly and accurately while maintaining or improving the quality of results or output.

Concern for people
We have a high regard for people's needs and welfare, whether in and out of the office.

Message to Stakeholders

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To Our Fellow Stakeholders,

2019 was a momentous year for China Bank that marked the end of another remarkable decade, and ushered in the next phase of our journey—China Bank's 100th year and the exciting opportunities ahead.

However, as we were preparing this report in early 2020, the world was hit by an unprecedented global crisis and changed everything. In the wake and in the aftermath of the COVID-19 pandemic, our priority is to help our stakeholders in these challenging times.

We are pleased to report that our Bank is well positioned financially, operationally, and strategically to provide the needed resources, services, and support to address the humanitarian needs and economic challenges caused by this pandemic. As the Philippines and other countries imposed lockdowns to contain the spread of the virus, we remained committed to helping our customers and communities while ensuring the safety and well-being of our employees.

The economy before the pandemic

Global economic growth in 2019 slowed to 2.9% from 3.6% in 2018, its weakest pace since the global financial crisis a decade ago. Around the world, business sentiment and economic activity were dampened by trade tensions, the global slowdown in manufacturing, country-specific weakness in large emerging market economies, and unrest in the Middle East.

In the Philippines, economic growth also decelerated amid challenging external environment and a contraction in public investments. The country's gross domestic product (GDP) grew 6% in 2019 compared to 6.3% in 2018. Nonetheless, the Philippines grew faster than the other major economies in the region except Vietnam.

From left: China Bank Vice Chairman Gilbert U. Dee, Chairman Hans T. Sy, and President William C. Whang.

GDP growth averaged 5.6% in the first semester, its lowest level in eight years, due mainly to public underspending caused by the delayed passage of the 2019 national budget. The growth picked up in the third quarter at 6.3% and further improved to 6.7% in the fourth quarter, driven by a sharp rebound in infrastructure spending which rose 46%.

Then COVID-19 struck hard and fast, overturning earlier growth estimates. The extraordinary public health crisis is expected to weaken even the strongest economies in 2020. For the Philippines, the latest estimate of the Bangko Sentral ng Pillipinas (BSP) is GDP contraction of 2.0% to 3.4%, bleaker than the 2.0% growth forecast by the World Bank and Asian Development Bank, and a far cry from the government's 6.5% to 7.5% original GDP growth target for 2020. Think tank Fitch Solutions cut its 2020 GDP growth projection for the country from 4% to -2%.

Solid performance that will see us through these uncertain times

Amid the slowdown in 2019, we channeled our efforts to deliver excellent customer service while taking advantage of growth opportunities and managing our risks well.

"We intend to leverage our financial strength and business expertise to extend the help and support our stakeholders need the most."

Supported by your trust and confidence and driven by the dedication and enthusiasm of our employees, we built on the growth momentum of the past three years and set new record highs. We intend to leverage our financial strength and business expertise to extend the help and support our stakeholders need the most.

China Bank's net income rose 24% year-on-year to ₱10.1 billion in 2019, driven by the sustained robust growth of our core businesses. This translated to a return on equity of 11.04% and a return on assets of 1.10%. Net interest margin improved to 3.39%.

Net interest income rose 14% to ₱26.1 billion, while fee-based income jumped 49% to ₱8.4 billion.

Message to Stakeholders

"More so in these trying times, we draw strength from our strong governance culture and our core values that guide our actions and decisions to always do what is right and to do right by our stakeholders no matter the circumstances."

Total resources reached ₱962 billion in 2019,11% higher than in 2018, bringing us closer to the P1 trillion asset milestone.

Gross loans expanded 13% to ₱578 billion, driven by higher demand across all segments. Consumer loans, in particular, grew 23% to ₱107 billion. Asset quality remained healthy amid the loans growth, with a gross non-performing loan (NPL) ratio of 1.5% and NPL cover at 129%.

Total deposits grew 7% to ₱775 billion, underpinned by ₱412 billion in checking and savings account (CASA) deposits. Our ₱30 billion Peso retail bonds offer and US$150 million green bonds issue to International Finance Corporation also helped diversify our funding base and enhance funding flexibility. Six times oversubscribed, our maiden issue of fixed rate bonds had the largest number of investors and was the second largest issuance for the year in terms of volume.

As we continued to upgrade and expand our systems, processes, infrastructure, and manpower, total operating expenses increased 13% to ₱20.3 billion. Cost-to-income ratio improved to 59% from 63%. We are working on further improving cost efficiency in 2020, while also investing in the needed improvements to provide the best service to our customers.

Total capital stood at P96 billion, up 9%. Capital adequacy ratios remained healthy with common equity tier (CET) 1 ratio at 12.8% and total capital adequacy ratio (CAR) at 13.7%.

With consistent profit growth driven by stable core recurring income, we are able to provide satisfactory returns to our shareholders. In 2019, we paid a total of ₱2.4 billion cash dividends, 6% higher than 2018's ₱2.2 billion. The cash dividends, equivalent to ₱0.88 per share were paid within 30 days of declaration, in line with global best practice governance standards. Since China Bank's first stock rights offer in 2014, a total of ₱11.7 billion in cash dividends had been paid to shareholders.

Good governance amid the good times and the bad

One of the reasons for China Bank's resilience is our commitment to conducting our business ethically and responsibly. We recognize the importance of upholding international standards and best practices that promote responsible business conduct. Our latest awards for excellence in corporate governance affirm this steadfast commitment.

In 2019, the Institute of Corporate Directors awarded China Bank with a Four-Arrow Recognition for achieving a score 110 to 119 points out of the 130 highest possible points in the 2018 ASEAN Corporate Governance Scorecard (ACGS). We were the only bank among the six publicly-listed companies (PLCs) with this score range in the ACGS, which included SM Investments Corp. and SM Prime Holdings, Inc. In addition, the BSP conferred to China Bank the Best Corporate Governance Disclosure and Transparency Award, and for the second year in a row, the Pagtugon Award for Universal and Commercial Banks, in recognition of the Bank's customer responsiveness and strong support of the BSP's consumer protection advocacy.

Since 2013, China Bank has been consistently among the top 50 PLCs in the Philippines evaluated under the ACGS. In 2018, we were ranked among the top 50 PLCs in Southeast Asia by the ASEAN Capital Markets Forum.

In 2019, we continued to further strengthen our position as one of the best governed companies in the region. Among other key changes, we amended China Bank's By-Laws, increasing the number of directors from 11 to 12. Director Angeline Ann H. Hwang, our fourth independent director, was elected during the 2019 Annual Stockholders' Meeting. With over 45 years of experience in almost all facets of Philippine banking, especially in credit aspects. Director Hwang brought valuable insights and sound governance to the China Bank Board as well as to the Boards of our subsidiaries China Bank Savings and China Bank Securities where she likewise served as independent director. We are deeply saddened by the passing of Director Hwang on April 11, 2020. Despite being on the Board for less than a year, she had made an indelible mark in board and committee proceedings on credit matters and issues of accountability. Her passing is a real loss to China Bank and to the community, and she will be greatly missed.

More so in these trying times, we draw strength from our strong governance culture and our core values that guide our actions and decisions to always do what's right and to do right by our stakeholders no matter the circumstances.

Toward a sustainable future for all

We are committed to combine financial success with socially responsible action. We strive to create shared value and make a meaningful contribution to the realization of the United Nations Sustainable Development Goals, while being mindful of our direct and indirect impacts.

Proceeds of the US$150 million we raised from our maiden green bond issue, with IFC as the sole investor, were used to finance renewable energy and green building projects in 2019. We also continued to support sustainable infrastructure projects that contribute to nation building and to help uplift lives by financing the dreams of everyday Filipinos—a car, a home, a business of their own.

In 2019, China Bank generated almost ₱35 billion in direct economic value and distributed 78% of it or ₱27 billion for the benefit of the people and the communities where we operate. Underpinning our financial activities is our constant drive to get the best talents and to make China Bank a great place to work. In 2019, we hired 1,602 new employees, bringing our total manpower to 9,813-strong. We further developed our leadership bench strength and welcomed Magnolia Luisa N. Palanca as Financial Markets Segment Head and Christopher Ma. Carmelo Y. Salazar as Treasurer and Treasury Group Head.

From recruitment to training, to rewards and recognition initiatives, to work-life integration programs (WLIPs) and bank-sponsored volunteer activities, we continued to work on having a highly engaged workforce who feel good about their job and take pride in working for China Bank and what we stand for. And indeed we were rewarded, for our employees remained resolute to fulfill their duties and responsibilities to keep the Bank running during the Luzon-wide enhanced community quarantine (ECQ). From the ones who worked from home to those called to serve at our branches and offices as part of the skeletal workforce, we are truly grateful for their service.

The next 100 years

In preparing for the future, we are preserving our legacy while transforming to be a better and more responsive bank for the next generation of customers.

In 2019, we began restoring the China Bank Binondo Building, our first head office, to its original architecture and make it more resilient. Built in 1924, it is the only bank headquarters still standing and being used for bank operations in Binondo, Manila. Construction was suspended during the ECQ, but once completed, the restored building will be marked as a heritage site and, we hope, will prove to be a model of true architectural restoration and an important cornerstone of urban renewal in Manila. It will also house the China Bank Museum where people can appreciate our Bank's rich history, and for those who can't visit the museum, they can tour it virtually via a mobile-based app.

Message to Stakeholders

“As we face the challenges of the ‘new normal’, we offer you and all our stakeholders what no amount of planning or innovation can provide: a century of trustworthiness.”

We recognize that digital is reshaping the banking landscape; thus, we have been building our digital capabilities and know how to respond effectively and efficiently. In 2019, we engaged tech giant Microsoft for the development of strategies to future proof our operations. Our digital transformation initiatives will be given further impetus with Manuel C. Tagaza as our Chief Digital Officer. Leveraging technology and ensuring that all enhancements increasingly translate into seamless and innovative banking services will shape the next 100 years of our progress.

As we mark China Bank’s centennial year this eventful 2020, we remain committed to providing the highest quality of banking experience, and to becoming the top choice for our multi-generational customers. Our corporate objective is to be one of the best financial institutions in terms of profitability and shareholder value over the next five years. To do so, we will focus on four key goals: 1) growth in revenues and size of business; 2) operational excellence; 3) a customer-centric approach to doing business; and 4) higher level of engagement from the employees.

Depending on the economic effects of COVID-19 and the ECQ in Luzon, we will maintain a prudent stance in our business operations.

Our core business expansion strategy is anchored on growing customer relationships while strengthening ties with existing ones. Our funds build-up strategy will be driven by our client acquisition and retention programs, the launch of new products and services suited to the requirements of the retail and emerging sectors. The synergy between branches and other sales desks will be strengthened to drive internal client sourcing, cross-selling, and leads generation programs, while maintaining prudent credit standards.

China Bank will expand in the consumer sector, with the launch of new retail loan products while repackaging and improving the product features of existing ones. This will be complemented by a suite of fee-based products and services, such as non-life insurance, trust, bancassurance, wealth management, and securities brokering, as well as credit cards in order to achieve comprehensive product coverage.

Our subsidiaries will likewise continue to pursue growth goals and further harness the synergies of the China Bank Group.

China Bank Savings will further ramp up its Automatic Payroll Deduction (APD) portfolio by setting up additional sales offices and customer touchpoints for easier loan application and transaction.

China Bank Insurance Brokers, Inc. and Manulife China Bank Life Assurance Corporation, will further deepen market penetration through active leads generation in the various customer segments of the Bank, widen branch network coverage, and solidify existing relationships through the distinctive China Bank customer experience.

China Bank Capital, together with China Bank Securities, will sustain its momentum in the capital markets by actively participating in more underwriting deals, loan syndications, preferred shares issuance, project finance, advisory services, and stock brokerage.

A century of trust

CHINABANK 100 1920 - 2020

2019 was a good year, and in contrast, 2020 is shaping out to be a very difficult one. As we face the challenges of the "new normal", we offer you and all our stakeholders what no amount of planning or innovation can provide: a century of trustworthiness. We have been working, with the guidance of the Board, on crafting a strategic plan to navigate the drastically different landscape of the post-COVID world, to remain a sustainable bank, capable of doing more good, now and in the future.

Like all the crises and hardships that humankind had to endure in the past, this too shall pass. We march on, with heaviness in our hearts for the lives lost but with a sense of urgency to do what needs to be done to make things better.

We would like to acknowledge the vision and business acumen of our founders led by Dee C. Chuan and Albino Z. SyCip for establishing China Bank's corporate DNA, and the succession of directors and leaders for laying a strong foundation for our Bank's growth and resilience.

On behalf of China Bank's board of directors and leadership team, we thank you for your continued trust and patronage. We are also grateful for the hard work and dedication of China Bankers, most especially our front liners. It is our shared privilege and ongoing mission to help businesses succeed and make a positive difference in the lives of the people and communities we serve.

HANS T. SY
Chairman of the Board
& Executive Committee

GILBERT U. DEE
Vice Chairman

WILLIAM C. WHANG
President


Banking in the Time of COVID-19

The impact of the COVID-19 pandemic on our customers, employees, and society as a whole is a great concern for China Bank. We are committed to extend the help, support, and flexibility that our stakeholders need in these extraordinary times. As the world navigates and adapts to the "new normal", China Bank is here to serve. We stand by our stakeholders, ready to undertake other supportive actions so that we all weather the crisis, recover, and emerge stronger.

Safety and Business Continuity

Amid the constraints of the varying states of community quarantines in the country, we continue to provide essential banking services while ensuring the safety of our employees and customers and allowing some flexibility to ease consumer pain.

Whether China Bank employees are working in our branches, at critical units in the head office and other offices, or from home, we are enabling them to do their jobs as safely as possible. And although work environments have changed, our commitment to our customers remains the same.

During the Luzon-wide Enhanced Community Quarantine, human well-being took priority. We paid our employees' salaries and benefits in full, gave financial assistance to agency personnel (security guards, drivers, janitors, and utility staff), and provided HMO coverage for COVID-related treatment. For our customers, we waived certain fees and offered loan and credit card payment extension, in line with the Bayanihan We Heal As One Act. At all our branches and offices, we observed protocols on social distancing, temperature checks, wearing of masks, sanitation, and disinfection.

CHINA BANK'S COVID RESPONSE	
FOR OUR EMPLOYEES	FOR OUR CUSTOMERS
• Adjusted banking hours & work-from-home setup • Logistical support for frontliners (transportation, emergency allowance) • HMO coverage for COVID-related treatment • Continued to pay full salaries & benefits • Financial assistance to agency personnel • HR guidelines on travel, self-quarantine, sanitation, temperature scanning	• Continued operations of selected branches • Availability of e-banking channels: ATM, Online, Mobile App, Tellerphone • Grace period for loans with due dates within ECQ period • Fee waivers: InstaPay, PesoNet and selected remittances • Increased daily ATM withdrawal limit to P50 thousand • Availability of Customer Contact Center and other customer feedback channels • Proactive communication on social media to update, assure, and guide customers

We took proactive measures to maintain a strong cash position and recalibrated our strategies to adapt to current market conditions. We temporarily paused spending on non-critical projects, cut certain expenses, and re-allocated funds to our COVID response. As of this writing, we have spent approximately P140 million on the emergency allowances, transportation, and accommodation for frontliners, financial assistance for agency personnel, disinfection of buildings and common areas, and medical equipment/supplies.

Banking From Home

The pandemic accelerated the adoption of digital banking as a way to safely and easily manage their money during the quarantine period.

In 2019, there were over 145 thousand users of China Bank Online (retail), up 26% vs. 2018, and over 49 thousand users of China Bank Mobile App, up 104%. As of May 31, 2020, China Bank Online has 153,000 users and China Bank Mobile App has 61,500 users. Since its launch in February 2018, the app has over 352,000 downloads.

Transactions through the Bank's e-channels —China Bank Online, Mobile App, ATMs, TellerPhone, POS, CAM— reached 23.7 million from January to May 2020, almost 42% of the 56.8 million e-banking transactions recorded for the whole of 2019. For the first five months of 2020, China Bank Mobile App users increased 83% and transactions surged 165% compared to the same period last year.

Mobile app sign-ups and usage were heaviest in April and May. The top three mobile app transactions were balance inquiry, fund transfer, and bills payment.

Customers will likely carry on embracing digital banking and payments which they have been using to a greater extent during the ECQ.

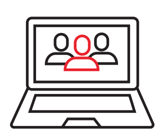
Post-ECQ New Normal

As we move forward in the new normal, we are committed to work prudently and pro-actively with our customers, consistent with "safe and sound" practices, to help individuals and businesses recover, to help protect jobs, and to help revitalize the economy.

We will continue to prioritize the safety and well-being of our employees and customers. We developed workarounds and recalibrated our strategies and contingency plans to adapt to current constraints and market conditions, and manage loan stress and customer expectations. In place are team rotation work schedules, work from home arrangements, mandatory health and safety measures, and case management protocols.

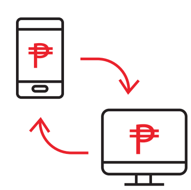
We are continuously re-evaluating our cyber resilience accordingly. The aim is to balance the need to support new ways of working and keep business processes and operations moving, with the need to secure data, identify and protect vulnerable systems, and detect, respond and recover from possible increased cyber attacks. We will continue to be vigilant to ensure sound governance to mitigate these.

The pandemic has upended all projections, but 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. Our robust balance sheet and Business Continuity Management program enable us to be financially and operationally resilient to withstand this global health crisis. And we are prepared to do everything we can for our stakeholders until we see this through together.



23.7 M
eBanking Transactions

83%
Increase in China Bank Mobile App Users



165%
Increase in China Bank Mobile App transactions

Financial Highlights

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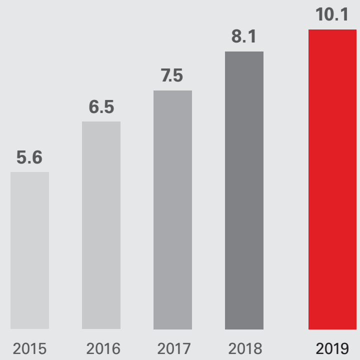
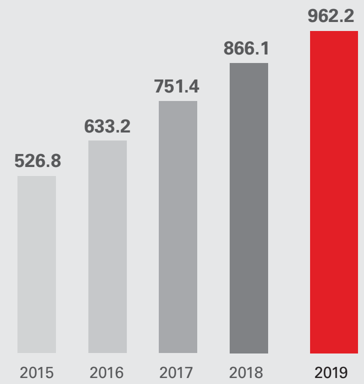
	CONSOLIDATED		PARENT COMPANY	
	2018	**2019**	2018	**2019**
For the Year (In Million Pesos)				
Net Interest Income	22,926	**26,051**	19,577	**22,658**
Non-Interest Income	5,658	**8,431**	4,656	**7,184**
Operating Income	28,584	**34,482**	24,234	**29,842**
Provision for Impairment & Credit Losses	141	**2,570**	(2)	**2,205**
Operating Expenses	18,056	**20,324**	13,866	**15,890**
Net Income Attributable to Equity Holders of the Parent Bank	8, 110	**10,069**	8,110	**10,069**
At Year End (In Million Pesos)				
Total Resources	866,072	**962,226**	778,253	**870,180**
Loan Portfolio (Net)	505,805	**568,919**	441,432	**502,930**
Investment Securities	190,235	**212,836**	178,727	**206,846**
Total Deposits	722,123	**775,428**	638,243	**687,764**
Stockholders' Equity	87,857	**96,176**	87,852	**96,163**
Distribution Network and Manpower				
Number of Branches	620	**631**	458	**473**
Number of ATMs	966	**1,002**	799	**840**
Number of Employees	9,652	**9,813**	6,829	**7,141**
Key Performance Indicators (In %)				
Profitability				
Return on Average Equity	9.54	**11.04**	9.54	**11.04**
Return on Average Assets	1.04	**1.10**	1.17	**1.22**
Net Interest Margin	3.56	**3.39**	3.42	**3.26**
Cost-to-Income Ratio	63	**59**	57	**53**
Liquidity				
Liquid Assets to Total Assets	38	**37**	39	**38**
Loans (net) to Deposit Ratio	70	**73**	69	**73**
Asset Quality				
Gross Non-Performing Loans (NPL) Ratio	1.2	**1.5**	0.6	**1.0**
NPL Cover	167	**129**	323	**190**
Capitalization				
Common Equity Tier 1 Ratio (CET 1/Tier 1)	12.16	**12.76**	12.10	**12.62**
Capital Adequacy Ratio (Total CAR)	13.09	**13.67**	13.03	**13.53**
Shareholder Information				
Market Value				
Market Price Per Share (In Pesos)	27.10	**25.05**		
Market Capitalization (In Million Pesos)	72,788	**67,282**		
Valuation				
Earnings Per Share (In Pesos)	3.02	**3.75**		
Book Value Per Share (In Pesos)	32.71	**35.80**		
Price to Book Ratio (x)	0.83	**0.70**		
Price to Earnings Ratio	8.97	**6.68**		
Dividends				
Cash Dividends Paid (In Million Pesos)	2,229	**2,364**		
Cash Dividends Per Share (In Pesos)	0.83	**0.88**		
Cash Payout Ratio (In %)	30	**29**		
Cash Dividend Yield (In %)	2.49	**3.39**		

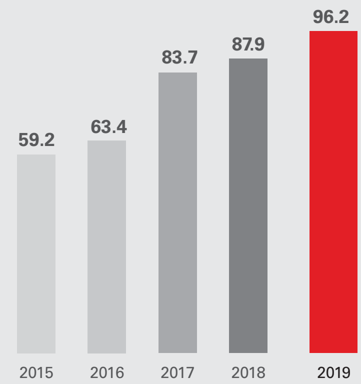
NET INCOME
In Billion Pesos



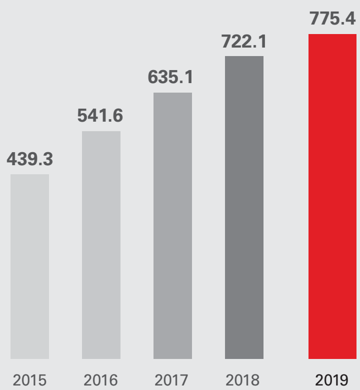
TOTAL RESOURCES
In Billion Pesos



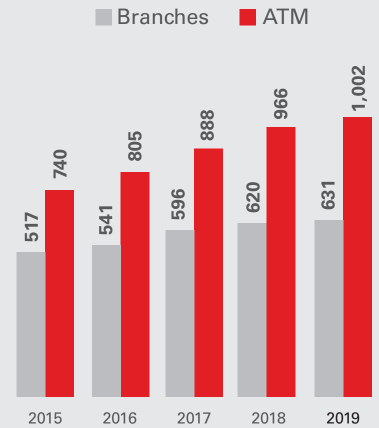
STOCKHOLDERS' EQUITY
In Billion Pesos



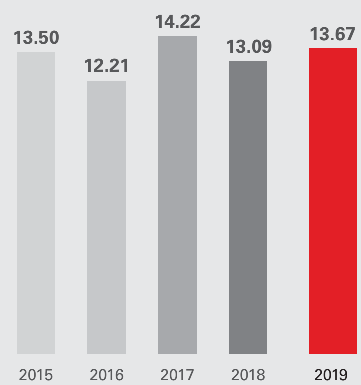
DEPOSITS
In Billion Pesos



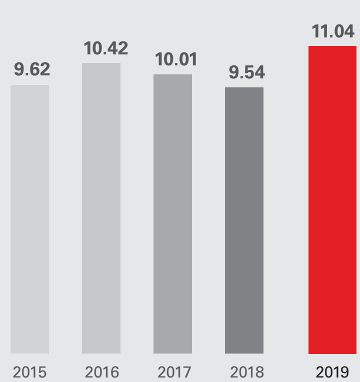
DISTRIBUTION NETWORK



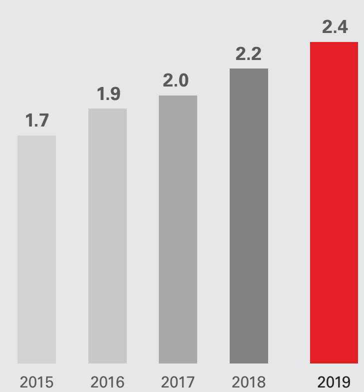
TOTAL CAR
In Percent



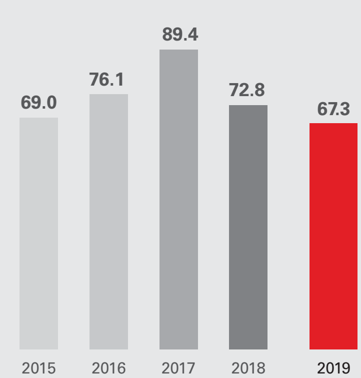
RETURN ON EQUITY
In Percent



CASH DIVIDENDS PAID
In Billion Pesos



MARKET CAPITALIZATION
In Billion Pesos



SDG Contribution - Core Areas

203-2

How we contribute

Making banking accessible and convenient through distribution network expansion, digital innovation, and systems and process improvements to encourage more people, especially the unbanked sector, to join the formal financial system.

Prudently managing our risks, capital, and balance sheet to remain profitable and capable of supporting the Philippines' economic development.

Promoting financial education and developing affordable and innovative banking, insurance, and financial products and services to help more people achieve their dreams and secure their financial future.

Providing equal opportunities for gainful employment and equitable compensation while ensuring employees' overall wellbeing.

Performance

Target	Performance	2018	2019
Target 1.4 Equal rights to economic resources	Customers nationwide	1.5 M	1.7 M
	Personal loans	P4.4 B	P10.0 B
	Direct economic value distributed	P23.2 B	P27.0 B
Target 3.8 Financial risk protection	Number of insured lives	111,905	128,290
	Life insurance claims paid	P110 M	P77 M
Target 4.6 Literacy and numeracy	Beneficiaries of financial literacy programs	28,400	21,200
Target 5.5 Equal leadership opportunities for women	Percentage of China Bank officers that are Female	63%	67%
Target 8.10 Access to banking, insurance, and financial services for all **Target 8.5** Full and productive employment and equal pay for work of equal value **Target 8.8** Labor rights and safe and secure working environments	Branches	620	631
	ATMs	966	1,002
	Number of no maintaining/ no minimum balance accounts	200,351	243,549
	Number of full-time employees	9,652	9,813
	Salary and benefits paid to employees	P6.1 B	P6.6 B
	Safe man-hours recorded	20.1 M	20.3 M

SDG	Target	How we contribute	Performance	2018	2019
7 AFFORDABLE AND CLEAN ENERGY	**Target 7.1** Access to energy	Supporting key business sectors in driving sustainable industrialization.	Loans for energy access	**P7.0 B**	**P11.9 B**
			Renewable energy financed	**P7.2 B**	**P8.6 B**
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**Target 9.3** Access to affordable credit	Supporting the SME and middle market segments to increase their capacity for growth and expansion.	Commercial & SME loans	**P84 B**	**P89 B**
11 SUSTAINABLE CITIES AND COMMUNITIES	**Target 11.1** Affordable housing for all **Target 11.2** Access to sustainable transport	Actively lending to support home and vehicle ownership and help raise the quality of life.	Housing loans*	**P59 B**	**P72 B**
			Auto loans	**P22 B**	**P23 B**
			** Includes Contract-to-Sell loans*		
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**Target 12.6** Sustainable practices		Annual Financial & Sustainability Report	**2nd**	**3rd**
13 CLIMATE ACTION	**Target 13.A** Climate change mitigation	Investing in and raising finance for climate-smart projects to help accelerate the transition to a low-carbon economy.	Green Bond	**US$150 M**	**Drawdown of the Green Bond**
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	**Target 16.5** Reduction of bribery and corruption **Target 16.6** Effective, accountable, and transparent institutions	Adopting global best practices and upholding the highest governance standards to ensure sustainable value creation for all stakeholders	Employees trained on anti-bribery and anti-corruption	**1,658**	**3,574**
			Governance awards	Among the **50 best ASEAN PLCs** in corporate governance	**4-Golden Arrow awardee** for corporate governance excellence

Sustainability at China Bank

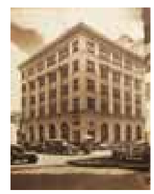
At China Bank, we are determined to move forward in a sustainable way. We are building a stronger customer-centric bank that is ready for a more digital future and capable of doing more good for this generation and the next. We are committed to continue our 100-year legacy of ethical and responsible banking by faithfully fulfilling our roles to our stakeholders, in line with our mission to be a catalyst of wealth and value creation.

Sustainability Journey

1920
Founder Dee C. Chuan leads a group of top Chinese businessmen and opens China Bank on August 16, 1920 in Binondo, Manila

1927
Becomes one of the first companies to list on the Manila Stock Exchange

1945
After being shut down during the Japanese occupation, China Bank reopens and lends heavily for post-war rehabilitation, granting over P182 million by the end of 1950



1954
Initiates the Liberty Wells project, building over 20,000 artesian wells and developing over 2,000 springs over the next 13 years to provide rural villages with potable water

2007
Acquires Manila Bank and operates it as China Bank Savings; signs bancassurance joint venture with Manulife

2009
Inaugurates China Bank Academy and embarks on a new program to improve employee training and development

2010
Begins replacing CFLs with LED lights, retrofitting ventilation systems to be more energy efficient, and acquiring new A/C units with Variable Refrigerant Volume

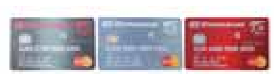
2010
Wins PSE Bell Award for Corporate Governance and goes on to win the award for the next 6 years

2012
Donates cash and relief goods to help victims of typhoons Pedring, Quiel, and Sendong; establishes calamity fund to raise funds for subsequent calamities

2012
Acquires Pampanga-based Unity Bank

2014
Acquires Planters Development Bank; raises P8 B from stock rights offer

2015
Launches China Bank Capital and credit card business; rolls out new and more robust core banking system, Finacle Core Banking Solution



2017
Gets investment grade credit rating of "Baa2" from Moody's; raises P15 B from stock rights offer

1969

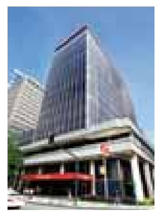
Becomes the first bank in Southeast Asia to process deposits on-line

1970

Donates the amount appropriated for the 50th anniversary celebration to various charities

1990

Head office officially transfers to Makati City



1991

Acquires universal banking license and Introduces TellerPhone, the first phone banking service in the country

1996

Accesses the offshore capital markets, with US$50 M Floating Rate Certificate of Deposit (and US$75 M in 1997)

1997

Becomes best capitalized local bank during the Asian Financial Crisis, after a 2 for every 3 shares stock rights offering

2000

Donates P1M to Tabang Mindanaw to help the victims of armed conflict in Mindanao

2005

Launches China Bank Online for fast and convenient Internet banking

2006

Completes the first international US$53 M secondary share offering

2019

Raises P30 B via fixed rate retail bond issue; starts restoration of original head office in Binondo

2018

Signs US$150 M Green Bond agreement with IFC

2018

Ranks among the Top 50 best publicly listed companies in ASEAN

2018

Raises P10.25 B via LTNCD issue

Legend: Economic, Environmental, Social, Governance

Sustainability Strategy and Roadmap

Banking is a stakeholder business. China Bank's sustainability is underpinned by the enduring relationships of trust we have built with our customers, employees, investors, regulators, and society in general. We are driven to continuously create value by delivering on our role to our stakeholders and contributing to the achievement of the Sustainable Development Goals.

OUR MISSION	METRICS	SDG Contribution
AS ENABLER	• Number of branches and ATMs • Number of customers • New products/ services launched • Transaction volume (E-banking) • Deposit volume • Remittance volume • Loan volume • Deal volume • Investment volume • Insurance volume	• Target 1.4 • Target 3.8 • Target 8.10 • Target 9.3 • Target 13.A • Target 7.1 • Target 11.1, 11.2
AS ADVOCATE	• Customer Satisfaction rating • Volume of inquiries, requests, complaints received • Number of reported concerns • Complaint resolution rate	• Target 16.6
AS EMPLOYER	• Number of employees • Number of new hires • Workforce proportion in terms of gender, age, and rank • Number of employees promoted • Number of training hours • Attrition rate • Retention rate • Number of engagement, team effectiveness, and work-life integration programs	• Target 5.5 • Target 8.5 • Target 8.8
AS PARTNER	• Economic value distributed • Energy and fuel consumption Scope 2 and Scope 1 GHG emissions • Number and impact of Corporate Social Responsibility programs and activities	• Target 1.4 • Target 4.6
AS STEWARD	• Board Direction and Senior Management performance • Governance policies and ethical business practices • Board and Board Committee meetings, directors' attendance, and assessments • Compliance with the ASEAN Corporate Governance Scorecard • Governance awards	• Target 12.6 • Target 16.5, 16.6

Developing new shared value approaches to better serve the needs of and continue to make a positive impact on our stakeholders

Setting ambitious targets to scale up contribution to the SDGs

Listening to our Stakeholders

Finding the sustainable way forward starts with finding out what matters to our stakeholders, what they think of our performance, and how we can improve our practices and better respond to their expectations. We use these insights to shape our activities and reporting.

Materiality Process

102-42, 102-46, 103-1

Addressing what's important to our stakeholders and our business is an opportunity for us to strengthen our Bank, improve the way we do businesses, and create sustainable value.

In 2019, we conducted a materiality assessment to identify and prioritize China Bank's material sustainability topics. We engaged an external consultant, Business for Sustainable Development, formerly known as Philippine Business for the Environment (PBE), to provide additional rigor and analysis to the process.

BENCHMARKING

We researched competitors, international standards of best practice and globally accepted frameworks, and peer companies to establish a baseline understanding of trends, best practices, and material topics in the banking industry.

1

IDENTIFICATION

We consulted our key stakeholder groups to identify an array of environmental, social, and governance topics. To gain broader perspective on these topics of interest, we also reviewed various stakeholder reports, investor briefing materials, results of our customer satisfaction surveys, and other sources.

2

PRIORITIZATION

We conducted working sessions, face-to-face interviews, and phone/email consultations with our senior management and various business groups and select external stakeholders. We asked the respondents to select issues that present significant risk, leadership opportunities, or long-term effects on our business.

3

VALIDATION

We consolidated their feedback, confirmed with the various business groups that all significant aspects and impacts have been considered, and presented the materiality results to senior management.

4

Stakeholder Engagement

102-40, 102-43, 102-44

Our ongoing engagement and dialogue with our stakeholders enable us to understand their concerns and expectations. Analysing, assessing, and responding to their feedback are fundamental to our effort to operate as a responsible bank and to ensure the success of our activities along the value chain.

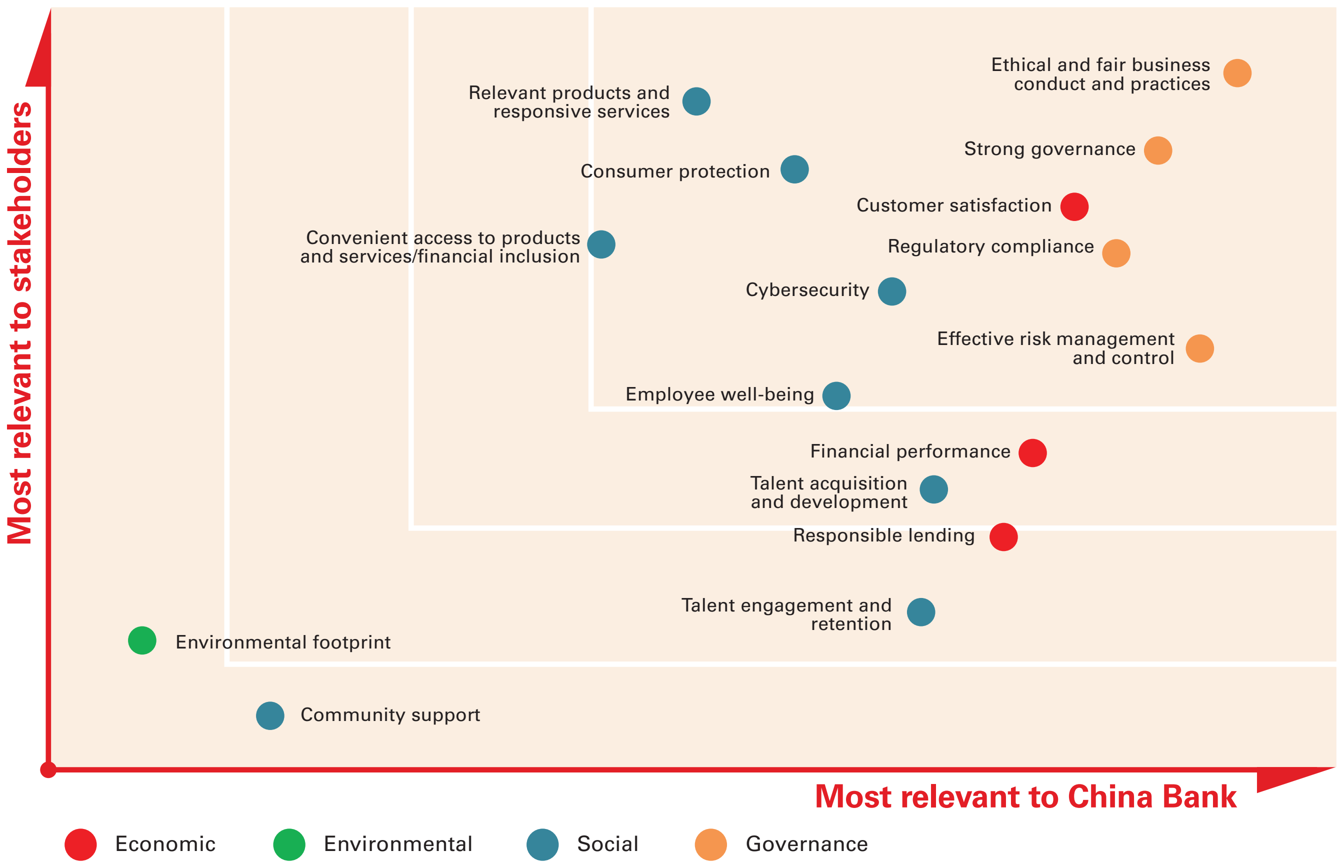
Our stakeholders	Key Engagement Channels	Frequency	Concerns	Response
Customers	• Commercial channels • Customers Satisfaction survey • Economic briefing • Wealth Management forum • Complaints management	• Continuous • Continuous • Annual • Annual • Continuous	• Service quality • Reliability and security of electronic banking channels • Accessibility of branches • Easy account opening/loan application requirements and processes • Sound financial advice • Capable personnel to efficiently address concerns • Fast complaints resolution	• Continuous service, process, and technology improvements • Ongoing branch and ATM network expansion • Ongoing capacity building: hiring people with the right qualifications, competencies, and attitude and further developing their skills through training
Employees	• Internal Customer Satisfaction Survey • Work-life Integration Programs • Employee Engagement Programs • Whistleblowing channels	• Annual • Continuous • Continuous • Continuous	• Career development • Equitable compensation • Work-life balance • Understanding of organizational goals	• Continuous implementation and enhancement of employee recruitment, development, and engagement programs • Cascade of Wildly Important Goals (WIGs)
Shareholders	• Stockholders' Meeting • Group Strategy Update • Shareholder service • Investor forum/road show	• Annual • Annual • Continuous • Continuous	• Shareholder returns • Financial performance • Continued growth, managed risks	• Timely and transparent updates and disclosures • Continuous fiscal management and risk management improvement to enhance profitability and deliver dividends
Communities	• Collaborations with NGOs, public schools, and charitable institutions • Active membership in and collaboration with industry groups • Social networks	• Continuous • Continuous • Continuous	• Support for projects and initiatives • Collaboration • Feedback on activities conducted	• Participation in and support of worthy causes • Continuous enhancement of community relations • Constant communication
Regulators	• Regular audits and reports • BSP examination	• Continuous • Annual	• Transparency and accountability • Compliance with relevant Philippine laws,rules, and regulations • Responsible lending • Ethics and compliance	• Prompt response to inquiries and requests for explanation on certain matters • Timely and transparent disclosures and regulatory compliance reports • Cascade of policies and regular updates • Annual conduct of internal and external audits
Suppliers and contractors	• Accreditation • Procurement process	• Continuous • Continuous	• Procurement policies	• Cascade of policies and regular updates

What our Stakeholders are Saying

102-46, 102-47

Our materiality study combined internal and external perspectives and included quantitative and qualitative analyses to draw up a table of the most relevant subject areas for China Bank in 2019.

Materiality Matrix



Key Themes

For a more cohesive reporting, we arranged our 16 material topics into five themes, in line with our sustainability strategy.

Theme	Why It's Important
Enabling customers' success	Our core business is to deliver exceptional service and provide convenient access to fair and affordable financial solutions to help our customers achieve their financial goals.
Advocating for our customers	Building strong customer relationships is paramount to our business. We aim to delight customers, ensuring China Bank is always reliable, easy to deal with, and responsive to their concerns.
Being a good steward	We earn the trust and confidence of our shareholders, customers, employees, and other stakeholders by being a responsible business with robust governance systems that drive good decision making, ethical business conduct, and effective risk management.
Engaging our people	An engaged and productive workforce is vital to delivering on our commitments to our stakeholders and to achieving our goals. We take care of our employees, develop their skills, and listen to them.
Partnering with and for our communities	We play an important role in nation building, in supporting our communities, and in protecting the environment. We focus our efforts on promoting financial literacy, helping marginalized groups, and managing our carbon footprint.

Enabling Customers' Success

When our customers succeed, so do we. We are committed to be our customers' right banking partner and to help them achieve their financial goals at any life stage. We offer financial products, services, and advice suited to their particular situation and needs, and we make it easy for them to bank with us. We are continuously working on improving every aspect of our business to ensure we deliver real outcomes that make our customers' lives better, the economy stronger, and China Bank more sustainable.

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1 NO POVERTY
Target 1.4 Equal rights to economic resources

3 GOOD HEALTH AND WELL-BEING
Target 3.8 Financial risk protection

7 AFFORDABLE AND CLEAN ENERGY
Target 7.1 Access to energy

8 DECENT WORK AND ECONOMIC GROWTH
Target 8.10 Access to banking, insurance, and financial services for all

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Target 9.3 Access to affordable credit

11 SUSTAINABLE CITIES AND COMMUNITIES
Target 11.1 Affordable housing for all
Target 11.2 Access to sustainable transport

13 CLIMATE ACTION
Target 13.A Climate change mitigation

Convenient Access

We are just within easy reach of our customers—through our strategically-located branches nationwide, electronic banking channels, and Customer Contact Center. Our branches are still the primary customer relationship channel where more personal service and in-depth interactions occur, including advisory services, cross-selling and up-selling, and overall relationship management. And with our convenient and secure e-banking channels, customers can choose how, when, and where they want to bank with us.

To make our services more accessible in 2019, we expanded our distribution network by 11 branches and 36 ATMs, extended banking hours – up to 5 PM for regular branches and longer operating hours for mall-based branches, and added more branches open on Saturdays.

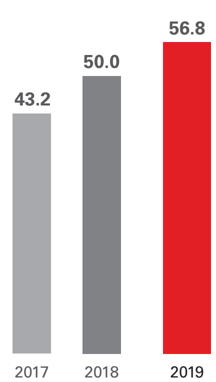
In line with our ongoing strategy to improve customer service, we enhanced the features of our e-banking channels and simplified/automated certain processes. Enrollment in China Bank Online and China Bank Mobile App surged 26% and 104%, respectively. The number of transactions via these channels (including China Bank ATMs) grew 14% to 57 million.

Client Base Per Channel

	2017	2018	2019
China Bank ATM	721,600	829,800	965,000
China Bank Online (Retail)	83,200	114,900	144,900
China Bank Mobile App*		24,100	49,100

* Launched in February 2018

NUMBER OF E-CHANNEL TRANSACTIONS*
In Millions



* e-Channels: China Bank ATM, Online, Mobile App, TellerPhone, Point-of-Sale (POS), Cash Accept Machine (CAM)

Distribution Network

Branches	2017	2018	2019
China Bank	436	458	473
CBS	160	162	158
TOTAL	**596**	**620**	**631**
ATM	**2017**	**2018**	**2019**
China Bank	724	799	840
CBS	164	167	162
TOTAL	**888**	**966**	**1,002**

Convenience for beep™ cardholders

China Bank is the first bank to offer the beep™ card reloading service via ATM. In October 2018, we inked the agreement with AF Payments, operator of the beep™ tap-and-go payment system. As of 2019, a total of 100 China Bank and China Bank Savings ATMs strategically located near LRT and MRT stations and P2P bus terminals have been equipped for beep™ card loading.

China Bank ATM cardholders can conveniently check their beep™ card and reload from a minimum of P100 up to P10,000, in multiples of P100. The load amount is debited from their China Bank account and instantly stored in their beep™ cards.

Deposits

We actively promote savings consciousness to help build a savings culture in the Philippines. Our continued service and product enhancements, branch-based marketing activities, and financial literacy programs enable us to capture more opportunities for customer acquisition and deposit generation despite the lack of advertising. In 2019, total deposits grew 7% to P775 billion, underpinned by P412 billion in CASA deposits (Checking and Savings Accounts), up 3%. Our no opening/ maintaining balance deposits accounts, China Bank Overseas Kababayan Savings and CBS Easi-Save Basic, supported by our year-round financial awareness campaigns, encouraged more people to save. The number of accounts under these deposit products increased 22% to over 243 thousand accounts. And as we continued to promote the habit of saving even at a young age, the number of CBS Easi-Save Kids accounts increased 13% to 9,170.

Deposits			
	2017	2018	2019
CASA	P343 B	P401 B	P412 B
High cost	P292 B	P321 B	P363 B
Total	**P635 B**	**P722 B**	**P775 B**

Investments

We are committed to help our customers prosper by helping them maximize their money's earning potential. Whether first time investors or investment-savvy customers, we guide them through the investment process, explaining the features, benefits, and risks involved to help them choose the right investment suited to their financial objectives, risk appetite, and time frame.

Through our Trust and Asset Management Group, we offer customers ten Unit Investment Trust Fund (UITF) products the advantage of having a competent trustee to manage their investment portfolio, estate, and retirement funds, and the benefit of having a reliable escrow agent for business transactions involving large sums of money. To make investing in UITFs more affordable, we reduced the minimum initial investment to only P5,000 for the peso-denominated variants and only $500 for the US dollar variants, China Bank Dollar Fund and China Bank Dollar Money Market Fund. In 2019, our Trust assets under management (AUM) grew 27% to P169 billion, the 5th largest out of 44 trust institutions in the Philippines.

Trust			
	2017	2018	2019
AUM	P132 B	P134 B	P169 B
Number of accounts	16,700	19,800	25,300

Recognition for CBS' financial wellness programs

The Department of Education (DepEd) recognized China Bank Savings (CBS) for programs that promote financial wellness among teachers and improve the quality of public education in the country. These include CBS' Financial Wellness Road Show for public school teachers and staff, CBS DepEdVenture: Alay sa mga Guro, and contributions to the Brigada Eskwela campus rehabilitation and Nutrition Month campaigns of the government. DepEd also commended CBS for promoting savings consciousness and bank participation among kids and teens through the Financial WYFi (Wellness for Young Filipinos) program and for its support to help improve literacy among the indigenous Remontado Dumagat people in Rizal province through Project RED.

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.

Best Managed Fund of the Year

The CFA Society Philippines named China Bank Dollar Fund as the Best Managed Fund of the Year in the long-term (Dollar FVPL) category for the fourth time in a row, a testament to the Bank's commitment to providing the best returns to investors. The China Bank Dollar Fund is invested in a portfolio of US dollar-denominated securities consisting principally of government/corporate bonds and bank deposits of varying tenors to provide investors with relatively higher yields than deposit accounts. It is suitable for investors with moderate risk appetite. The CFA Society Philippines is the local chapter of the CFA Institute, a global network of investment and finance professionals and their partners in over 163 countries.

China Bank is a Government Securities Eligible Dealer (GSED), a registered broker-dealer of fixed income securities with the Securities and Exchange Commission, and a brokering participant in the Fixed Income Trading Platform of the Philippine Dealing and Exchange Corporation. Through our Treasury Group, we offer customers access to direct investments in government securities issued by the Bureau of Treasury and to highly-rated bonds of various maturities issued by prime Philippine corporations. In 2019, we ranked 6th out of 33 broker participants in fixed income trading volume, with P128 billion, up 57% from 2018. In terms of number of trades, we ranked 2nd, with 17,732 deals, representing 16% of total market trades.

Fixed Income

	2017	2018	2019
Trading volume	P87 B	P82 B	P128 B
Number of trades	6,026	9,335	17,732

As our customers accumulate wealth, we provide wealth management services to help them effectively and efficiently manage, enhance, and preserve it. Leveraging the expertise of our seasoned team of relationship managers and broad access to market information, our affluent clients enjoy customized solutions, superior long-term returns, and highly personalized service. In the third quarter of 2019, our Wealth Management Division embarked on a brand refresh initiative primarily aimed at positioning the business to be more responsive and relevant to the high net worth segment. This will ensure that Wealth Management will continue to be a valuable partner in wealth creation, preservation, and transfer across generations. In 2019, Wealth Management Division posted a 21% growth in AUM to P128 billion.

Wealth Management

	2017	2018	2019
AUM	P85 B	P106 B	P128 B

Remittance

We want to be a reliable banking partner to our modern-day heroes, the overseas Filipino workers (OFWs), and help them make the most of their hard-earned money. We ensure that sending and receiving money through China Bank is fast, secure, and affordable. We also make it rewarding with our year-round promotions that give OFWs the chance to win cash and other exciting prizes. From abroad, remitters can choose to send money via direct credit to their China Bank account or with any other bank in the Philippines, via cash pick up from our domestic cash pay-out network of close to 10,000 locations nationwide, or via cash delivery to the beneficiaries' doorstep.

Beyond remittances, we also contribute to the financial well-being of OFWs and their families through the Overseas Kababayan Services and ongoing financial literacy campaigns, including pre-departure orientation seminars (PDOS) and basic money management briefings for students with OFW parents.

In 2019, we processed 3 million remittance transactions, with a remittance volume of US$2.2 billion.

Remittance	2017	2018	2019
Volume	US$1.6 B	US$3.2 B	US$2.2 B
No. of transactions	2,880,000	4,037,000	3,078,000

Consumer Loans

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We want to help our customers achieve their dreams, enjoy the good life, and when faced with difficulties, to count on us to support them. Our competitive consumer loan rates and fast processing made our consumer loan products attractive and accessible. We continued to strengthen business relationships with developers and dealers, and at the same time, the branches heightened their efforts to market our consumer loans. In 2019, our consumer loans portfolio grew 22% to P107 billion in real estate, auto, and personal loans (includes credit cards and salary loans).

Consumer Loans	2017	2018	2019
Housing*	P 50 B	P 59 B	P 72 B
Auto	P 19 B	P 22 B	P 23 B
Credit Cards	P 1 B	P 1 B	P 2 B
Personal	P 3 B	P 4 B	P 10 B
Total	**P 74 B**	**P 87 B**	**P 107 B**
Share to total loan portfolio	16%	17%	18%

**Includes contract to sell*

To enable our customers enjoy spending flexibility, we entered the credit card business in 2015. We launched two new credit card variants in 2019, bringing our credit card offerings to five. China Bank Cash Rewards Mastercard provides up to 6% cash rewards on purchases. On the other hand, China Bank Freedom Mastercard offers perpetual waiver of annual membership fees and access to exclusive rewards and deals. We also continued to push paperless statements for monthly billings to save on printing and delivery costs. In 2019, 9% more cardholders were encouraged to enroll in E-SOA, opting to receive their monthly statements via email instead of courier delivery. As we continued to expand our merchant partnerships to provide our credit cardholders with more discounts and special privileges, our cardholder base increased 13% to 54,165 while gross billings rose 17% to P6.3 billion.

China Bank Credit Cards

	2017	2018	2019
Cardholders	44,806	47,776	54,165
Gross billings	P5.2 B	P5.4 B	P6.3 B

We are breaking down barriers for low income individuals to have access to affordable credit. Through CBS, we offer personal loans, handy salary loans, and for the teaching and non-teaching employees of the Department of Education and its affiliated agencies, we offer the Easi-Automatic Payroll Deduction Salary (Easi-APDS) loan. In 2018, CBS partnered with Manulife China Bank Life Assurance Corporation (MCBLife) to provide Easi-APDS borrowers with free life insurance coverage.

The free insurance and CBS' continued engagement programs for public school teachers like the CBS DepEdVenture contributed to the 171% growth in loan volume and 132% increase in borrowers in 2019.

Easi-APDS Loans

	2017	2018	2019
Amount disbursed	P1.7 B	P3.5 B	P9.5 B
No. of borrowers	13,305	28,169	65,392

Business Loans

203-2

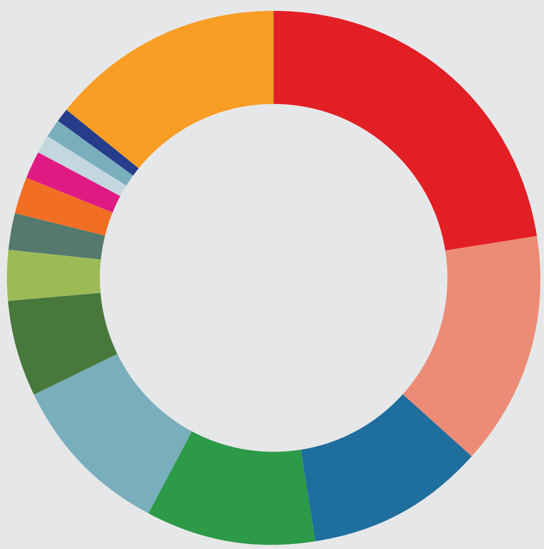
From starting to expanding a business, funding can be the key to success. We offer a full range of loan and credit facilities for businesses of all sizes, combining advisory and cash management services with our financing solutions to address the diverse needs of entrepreneurs to conglomerates. In 2019, we mobilized a total of P471 billion in corporate and commercial loans, 11% higher than in 2018, to help businesses achieve their short-term and long-term goals. Of this amount, P89 billion was lent out to our SME and commercial customers.

Corporate and Commercial Loans

	2017	2018	2019
Amount	P382 B	P426 B	P471 B
Share to total loan portfolio	84%	83%	82%

In 2019, our loan portfolio grew 13% to P578 billion, consisting of loans to consumers and to businesses in various industries. Over P131 billion or 23% was lent to the real estate, renting, and business services sector, while 14% or almost P81 billion was channeled to finance projects of electricity, gas, and water industries.

Breakdown of 2019 loan portfolio:



Real estate, renting, and business services	22.77%
Electricity, gas, and water	13.98%
Financial intermediaries	11.00%
Wholesale and retail trade	10.27%
Transportation, storage, and communication	10.00%
Manufacturing	5.61%
Arts, entertainment, and recreation	3.10%
Accommodation and food service activities	2.22%
Construction	2.27%
Mining and quarrying	1.73%
Agriculture	1.15%
Education	1.09%
Public administration and defense	0.71%
Professional, scientific, and technical activities	0.13%
Others*	13.98%

**Consists of administrative and support service, health, household, and other activities*

Capital and Equities Markets

We actively promote the development of the Philippines' capital and equities markets to help the private and government sectors raise funds to finance expansion projects and infrastructure developments, and at the same time, provide our customers with more investment options such as fixed income securities, equities, and IPOs. Through China Bank Capital and China Bank Securities, we are establishing a strong presence in the country's capital and equities markets, playing various key roles in the issuances of the Bureau of Treasury and the country's top corporations.

Award-winning infrastructure deals

China Bank and China Bank Capital were recognized at The Asset Triple A Asia Infrastructure Awards 2019 for our role in the P6-billion term loan facility for Atlantic Gulf and Pacific Company (AG&P), awarded as the Oil and Gas Deal of the Year, and the P9-billion financing for Apo Agua Infrastructura, named Utility Deal of the Year. China Bank Capital was lead arranger of the AG&P transaction, while China Bank served as a lender alongside the Development Bank of the Philippines. For Apo Agua, the Bank and China Bank Capital were lender and co-lead arranger, respectively.

China Bank issues P30-billion bonds

China Bank successfully raised P30 billion via the maiden issue of peso fixed rate bonds. Due January 2021, the bonds carry an annual interest rate of 5.70%, which will be paid monthly. They were listed on the Philippine Dealing & Exchange on July 10, 2019. The offer was upsized to P30 billion from the initial target of P5 billion to accommodate strong investor demand. It was one of the largest corporate bond issuances on a single issuance in 2019, a testament to the Bank's placement capabilities, solid client support, and strong distribution reach.

This bond issue forms part of the Bank's planned P75-billion fund raising program for the next three years to support expansion and strategic initiatives. Last year, China Bank raised P10.25 billion via LTNCD.

We also tapped the capital market in line with our objective to strengthen China Bank's capital base and funding flexibility to support lending activities and strategic initiatives. In 2019, we participated in almost 50 deals, raising P557 billion and US$890 million, including China Bank's P30 billion fixed rate bonds. For the third year in a row, China Bank Capital ranked number one in retail bond issue, with 24% market share.

Capital and Equities Markets			
Peso (in Billions)	**2017**	**2018**	**2019**
Government	255	0	259
Corporations	401	289	282
Total	**656**	**289**	**541**
Dollar (in Millions)	**2017**	**2018**	**2019**
Government	0	0	0
Corporations	2,310	675	1,285
Total	**2,310**	**675**	**1,285**

Insurance

We help our customers secure their financial future not only through deposit and investment products, but also through innovative insurance solutions. Through China Bank Life Assurance Corp. (MCBLife) and Chinabank Insurance Brokerage Inc. (CIBI), we offer our customers security and peace of mind that they are well prepared for life's eventualities and unforeseen events. Our customer-centric approach, roster of A-rated insurers, robust brokering and claims infrastructure ensure that our customers receive the right insurance policy for their specific needs and circumstances, and enjoy hassle-free claims procedure.

In 2019, MCBLife's total gross premiums dropped 10% to P7.9 billion, but the number of insured lives increased 15% to 128,290. Insurance claims payments decreased 30% to P77 million. Meanwhile, CIBI recorded a 24% increase in premiums to P910 million and an 18% drop in insurance claims payments to P108 million.

MCBLife	2017	2018	2019
Premiums	P8.4 B	P8.8 B	P7.9 B
Claims paid	P79 M	P110 M	P77 M

CIBI	2017	2018	2019
Premiums	P678 M	P737 M	P910 M
Claims paid	P96 M	P132 M	P108 M

Advocating for our customers

We strive to build trust and confidence at all stages of our relationship with our customers by serving them well, listening to what they want, and helping them make informed financial decisions. Throughout the Bank's history, we have remained steadfast to our commitment to provide fair, convenient, responsive, and secure banking services, while embracing and humanizing technology to meet our customers' financial needs and expectations. As we grow alongside our customers, we are continually improving and innovating to ensure great customer experiences with every encounter, at any banking channel.

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Target 16.6
Effective, accountable, and transparent institution

Consumer Protection

Consumer protection is a fundamental responsibility for China Bank. Across our operations, in our dealings with all our customers and other stakeholders, and in the development and delivery of our products and services, we uphold consumer protection standards and practices.

The Board is responsible for approving and overseeing the implementation of our Consumer Protection Risk Management System and Consumer Assistance Mechanism (CAM), while Management is in charge of its proper implementation, ensuring the effective management of day-to-day consumer protection activities, and strict compliance with internal policies and applicable laws and regulations.

The Board is apprised on a regular basis of the terms and measures of consumer protection related risks, reports on CAMs and others similar matters that will impact the Bank.

The Bank's Consumer Protection Framework is composed of the following pillars to ensure its effectiveness in the implementation process:

Board and Management Responsibility

Consumer Protection Risk Management System

Institutional Culture

Disclosure and Transparency

Effective and Robust Complaints Handling

Customer Contact Center

The Bank's Customer Contact Center (CCC), headed by the Chief Consumer Assistance Officer (CCAO), has the primary responsibility of ensuring that customer inquiries, requests, and complaints are monitored and handled promptly and properly, in accordance with our established standard handling and escalation procedures and service levels.

Customer Assistance Channels

Aside from China Bank branches nationwide, CCC maintains various channels through which our customers can conveniently reach us and get assistance.

Customer Contact Center Hotline
Customer Contact Center Hotline
Metro Manila: 888-55-888
Domestic Toll-Free: 1-800-1888-5888 (PLDT)
International Toll-free: Visit www.chinabank.ph for the list of countries and toll-free numbers

Email
online@chinabank.ph

Viber
+639178814263

Facebook
www.facebook.com/chinabankph

Twitter
www.twitter.com/chinabankph

Fax:
(632) 8519-0143

Mail:
Customer Contact Center, China Bank Building,
8745 Paseo de Roxas corner Villar St.,
Makati City 1226 Philippines

For reports on fraudulent activities or unethical behavior, customers can also use our Whistleblowing channel. See page 46 for details.

For general information on China Bank, including products, services, and corporate developments, customers can visit www.chinabank.ph.

Complaint resolution

Excellent customer service means being attentive and responsive to customers' needs. Inquiries are responded to immediately or on the next banking day, while requests and complaints are duly acknowledged within the prescribed period and recorded using our centralized complaints management system for proper monitoring, resolution, and reporting. The CCC consolidates the daily reports of complaints received into a monthly report, with general descriptions of resolutions and actions taken, submitted to the Risk Oversight Committee through the Risk Management Group (RMG). The CCC also prepares a quarterly report to the Supervisory Data Center of the Bangko Sentral ng Pilipinas (BSP).

In 2019, 12,294 complaints were recorded, 10% higher than in 2018. CCC resolved 97% of the concerns within the turnaround time set by the BSP. For the second time in 2019, China Bank won the BSP's Pagtugon Award for Universal and Commercial Banks for excellence in addressing customer complaints.

Complaints received, processed, and resolved

Category	2017	2018	2019
Alternative channels*	6,117	8,668	10,786
Credit Cards	2,054	1,946	1,001
Deposits & branch banking	297	290	349
Others	180	241	158
Total	**8,648**	**11,145**	**12,294**

**ATM, China Bank Online, China Bank Mobile App-related concerns*

Data Privacy

Protecting customers' data and privacy is of utmost importance to China Bank and we are continually investing to improve our security measures. In place are data privacy policies and procedures on the use, distribution, storage and eventual disposal of customer information obtained by the Bank in the regular course of transaction, as well as employee training programs on confidentiality and security standards for handling customer information.

The Information Security Office (ISO), headed by the Chief Information Security Officer (CISO), is responsible for developing, updating, and implementing China Bank's Information Security Plan. The Plan covers among others, the identification and assessment of the risks to customer information in each relevant area of operation, and the design, implementation, and monitoring of our safeguard program. In 2019, no significant data privacy breaches were recorded.

Cyber Security

The Bank is methodical and diligent in protecting assets and transactions from cyber threats and in managing the Bank's Information Technology (IT) risk. In place are security policies, systems, and protocols to provide a safe and secure banking environment for our customers, and to ensure compliance with all applicable IT laws and regulations. The IT Team (China Bank Properties & Computer Center, Inc.), led by the Chief Technology Officer (CTO), work hand in hand with ISO and RMG in managing and implementing the Bank's IT security strategy. As China Bank increasingly becomes digital, we continue to strengthen our security foundation with preventive, detective, and responsive layers, while proactively enforcing cyber security governance bank wide. Cyber security awareness is not only promoted internally through employee trainings and refresher courses, but also cascaded to customers and the banking public via security tips and reminders posted on China Bank's website and social media accounts. In 2019, no significant cyber attacks were recorded.

Branch Customer Feedback

China Bank branches are still the main service delivery channel; thus, it is important for us to know if we are meeting our customers' expectations when they transact at our branches. The Service Standards and Quality Department (SSQD) conducts a monthly survey to measure customer satisfaction at the branch level. The Branch personnel proactively encourage customers to participate in the survey by filling in feedback forms available at our branches year-round, and SSQD consolidates the responses and reports the results to the head of Retail Banking Business and the entire branch network management. In 2019, the Bank achieved an Overall Satisfaction rating of 94%.

Branch Customer Feedback/Survey Report			
Attributes	2017	2018	2019
Overall Satisfaction	93%	95%	94%
Queue Time	91%	94%	93%
Account Opening	96%	96%	97%
Deposit/Withdrawal	93%	95%	95%
Branch Premises	95%	96%	96%
ATM Services	96%	96%	95%
Security Guards	96%	97%	97%

Customer Information and Financial Education

Financial education is an integral component of our ongoing interaction and relationship with our customers. In advertisements, marketing materials, and customer communications, the Bank is transparent and truthful about products and services, fees, and charges. All branch personnel, relationship managers, account officers, and Phone Bankers are adequately trained to answer questions about China Bank products and services, explain the risks that certain products and services carry, and advise customers on financial matters. At the same time, we promote financial literacy through information campaigns on social media and programs designed to help our customers and select stakeholders manage their finances better, secure their financial future, or use credit wisely.

Being a Trusted Steward

102-16

Good corporate governance is fundamental in earning the trust of our stakeholders and achieving long term success. From the Board and across all levels of the organization, decisions and actions are guided by the principles of fairness, accountability, integrity, and transparency. We are committed to doing business the right way—in accordance with the rules, best practices, and best interest of all stakeholders—to enhance China Bank's corporate value and generate sustainable returns for shareholders.

Target 12.6
Sustainable practices

Target 16.5
Reduce of bribery and corruption

Target 16.6
Effective, accountable, and transparent institutions

New Developments in 2019

102-12, 102-17

In addition to our regular governance activities, we made the following key changes in 2019 to further strengthen our position as one of the best governed companies in the region:

- Amended China Bank's By-Laws, increasing the number of directors from 11 to 12.
- Added a fourth (and second female) independent director, elected during the Annual Stockholders' Meeting.
- Enhanced the Corporate Governance Manual to align with recent rules, regulations, and international practices.
- Enhanced the Self-Assessment Forms for the Board and the Board Committees, and introduced a new Self-Assessment Form for Independent Directors.
- Updated the Related Party Transaction (RPT) Framework to harmonize the Bank's compliance with the rules of Bangko Sentral ng Pilipinas (BSP) and Securities and Exchange Commission (SEC).
- Enhanced the Board performance evaluation process through a third party validation by an external / independent entity to ensure its objectivity.

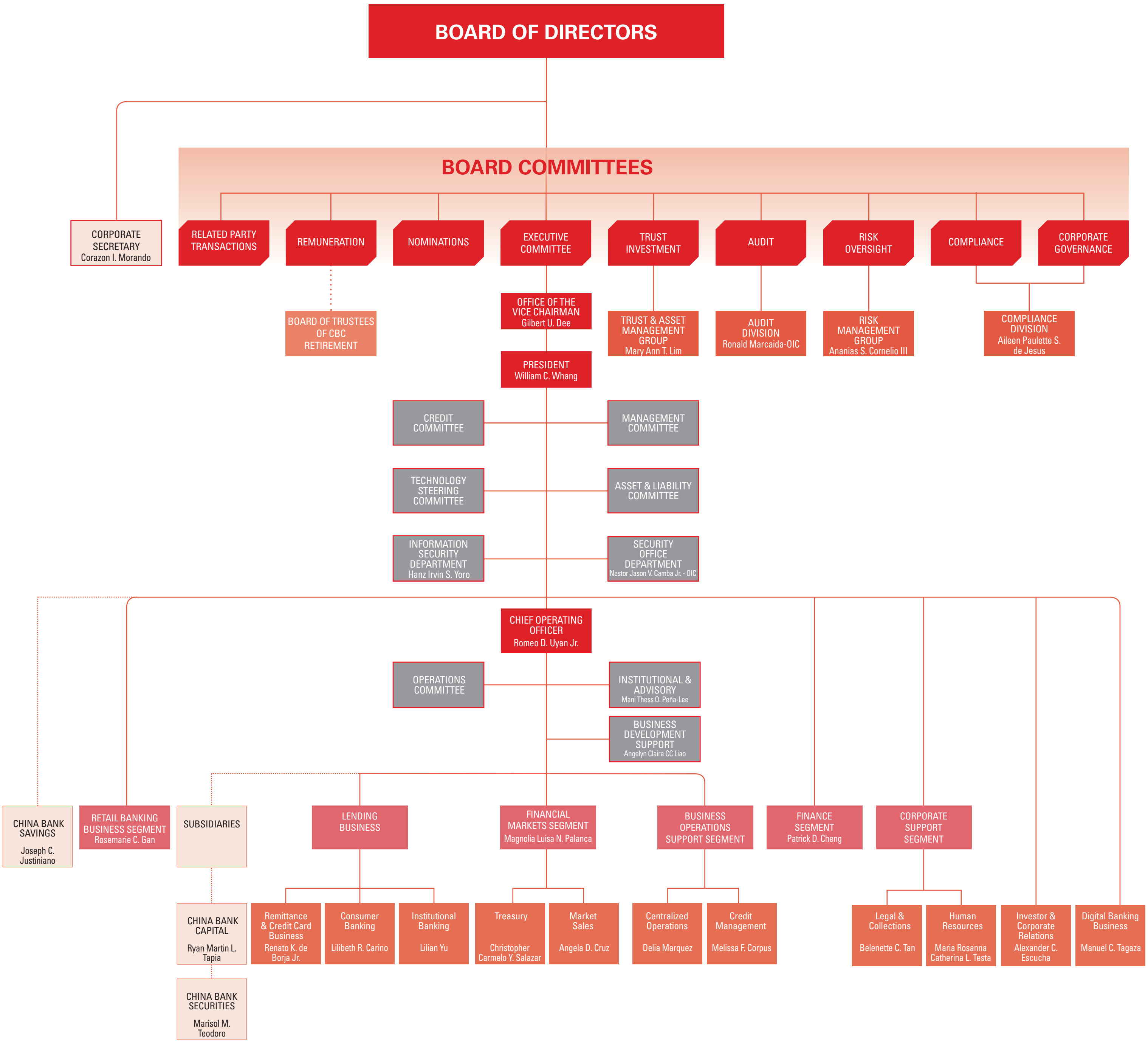
Organizational Structure

The Board of Directors is the highest governing authority at China Bank. In the exercise of its authority, the Board sets the tone, leads the practice of ethical and responsible business conduct, guides the overall corporate philosophy and direction, and champions a "beyond compliance" approach to corporate governance. The Board delegates to Management the day-to-day running of the Bank, including the power to make decisions on operational matters within the agreed strategy and framework.

Governance Principles

Organizational Chart

102-18



Board of Directors

The China Bank Board has the overall responsibility for China Bank's long-term success and sustainability. To achieve this, the Board, amongst others:

- defines the corporate culture and values
- approves the business objectives and strategies, and oversees its implementation
- appoints key members of senior management and heads of control functions
- approves the director and management succession plan
- oversees the development and implementation of internal control systems and sound policies
- approves and oversees the implementation of the various frameworks on corporate governance enterprise risk management, business continuity, and consumer protection
- sets and oversees the environmental, social, and governance initiatives

The Board is composed of 12 highly qualified individual directors. There is also an advisor to the Board. These directors have the required expertise and exposures to diverse fields – banking & finance, accounting, risk management and banking laws, rules and regulations. Of the 12, four are independent non-executive directors who are tasked to observe the objectivity and independent judgment on all corporate activities and transactions, ensuring arm's length in material related party transactions, and safeguard the interests of minority shareholders.

Lead Independent Director	Independent Director	Executive Director	Non-Executive Director
• Has sufficient authority to lead the Board in cases where management has clear conflict of interest. • Serves as an intermediary between the Chairman and the other directors when necessary • Also a non-executive director • Convenes and chairs meeting of the independent directors and/or non-executive directors without the presence of the executive directors	• Holds no interests or relationships with China Bank, the controlling shareholders, or the Management that would influence his decisions or interfere with his exercise of independent judgment, among others. • Also a non-executive director • Provides objective judgment independent of management • Oversees management performance, including prevention of conflict of interest and to balance competing demands of the corporation	• Has executive responsibility of day-to-day operations of a part or the whole of the organization	• Has no executive responsibility and does not perform any work related to the operations of the corporation. • Provides objective judgment independent of management. • Challenges and monitors management's delivery of strategy within the risk and governance structure agreed by the board • Has oversight responsibility for the Bank's internal control and effectiveness of the risk management system

BOARD OF DIRECTORS					
Name	Designation	Directorship	Age	Year First Elected	No. of Years as Director
Hans T. Sy	Chairman	Non-executive	64	1986	34
Gilbert U. Dee	Vice Chairman	Executive	84	1969	51
William C. Whang	Director & President	Executive	61	2017	3
Peter S. Dee	Director	Non-executive	78	1977	43
Joaquin T. Dee	Director	Non-executive	84	1984	36
Herbert T. Sy	Director	Non-executive	63	1993	27
Harley T. Sy	Director	Non-executive	60	2001	19
Jose T. Sio	Director	Non-executive	80	2007	13
Alberto S. Yao	Lead Independent Director	Non-executive	73	2004	16
Margarita L. San Juan	Independent Director	Non-executive	66	2017	3
Philip S. L. Tsai	Independent Director	Non-executive	69	2018	2
Angeline Ann H. Hwang†	Independent Director	Non-executive	69	2019	1
Ricardo R. Chua	Advisor	N/A	68	N/A	N/A

Turn to pages 71 to 75 for the director profiles

† *Passed away on April 11, 2020*

Separation of Roles

102-23

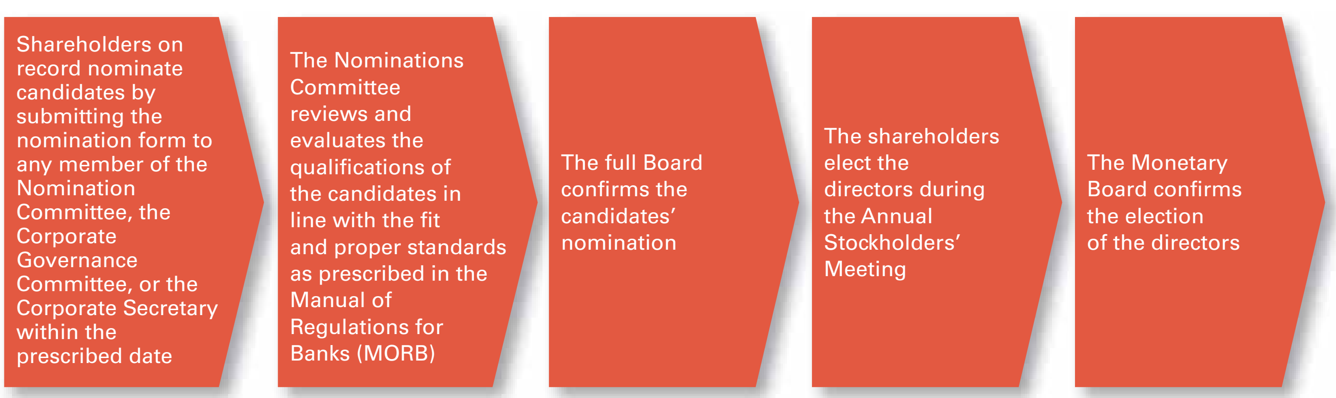
The Chairman and President work in close coordination, but their roles are kept separate with a clear delineation of duties to foster appropriate balance of power, promote accountability, and better capacity for independent decision making by the Board. The Chairman is responsible for the leadership and effective running of the Board, enabling effective board discussions and creating a culture of openness so that diversity of views can be expressed, while the President leads Management in the day-to-day operations. The President is likewise responsible for accomplishing the objectives and executing the strategies established by the Board.

Nomination and Election

102-24

The Bank has a rigorous and transparent procedure for the nomination and election of directors and adopts a well-balanced approach to ensure diversity in the composition of the Board. Directors are selected from a pool of qualified candidates with due consideration for their integrity, leadership capabilities, technical expertise, and banking experience. In 2019 the Bank engaged an independent search firm, the Institute of Corporate Directors, in searching for possible candidates for the Board. The Nominations Committee pre-screens candidates and prepares a final list of nominees who have qualified under the “fit and proper” test of the BSP and other applicable standards, for election or re-election during the Annual Stockholders’ Meeting.

Nomination process



In case of an incumbent director, the results of the Board self-assessment, his attendance and participation in board meetings are evaluated by the Nominations Committee prior to his qualification for election.

Upon election, a director is given a copy of the general and specific duties and responsibilities as prescribed by the Manual of Regulations for Banks (MORB), which a director must acknowledge and certify to have read and fully understood the same. Also, each director shall submit a Sworn Certification that he possesses all the qualifications required in the MORB. Additional certifications are executed by Independent Directors to comply with the Securities Regulation Code and BSP rules. The acknowledgement Receipt and Certifications are submitted to the BSP and/or SEC within the prescribed period.

Induction and Continuing Education

The Bank promotes continuing education to enhance the knowledge and skills set of directors and enable them to carry out their work efficiently and effectively. New directors undergo an orientation program from an SEC accredited training provider and they also receive an orientation kit containing the Specific Duties and Responsibilities of Directors, Corporate Governance Manual, and applicable Board Committee Charters. All directors are also required to attend the mandatory annual governance training facilitated by a SEC-accredited institution to continually update and expand their knowledge of governance best practices, market developments, changing commercial risks, and changes in the regulatory environment. Regular refresher training and information sessions to address current business or emerging trends and issues are arranged, as appropriate by the Compliance Division.

On August 7, 2019, directors, members of the Management Committee, and key officers of the Bank attended the Bank's exclusive advanced Corporate Governance training facilitated by the Institute of Corporate Directors, arranged by the Compliance Division. The said training focused on the revised Corporation Code, Anti-Money Laundering (AML) in the age of technology, and other AML updates.

Remuneration

Directors are entitled to a ***per diem*** of five hundred pesos (P500.00) for attendance at each Board/Committee meeting and to 4% of the Bank's net earnings. Executive directors receive performance-related compensation based on their performance, banking experience, position, and rank in the Bank, while non-executive directors do not receive any performance-related compensation.

Performance Evaluation

102-28

The Board, all Board-level Committees, individual Directors, and the President annually accomplish a self-evaluation to assess individual effectiveness, collective performance, and identify areas for improvement. The Compliance Division summarizes the results of the evaluation and reports it to the Board. The annual evaluation is validated by an external facilitator every three years.

A 5-point scale rating system is used for the self-assessment. The lowest is 0, equivalent to "Poor", and the highest is 5, equivalent to "Excellent".

Rating	Description
0	Poor – Leading practice or principle is not adopted in the company's Manual of Corporate Governance
1	Needs Improvement – Leading practice or principle is adopted in the Manual but compliance has not yet been made
2-3	Fair – Leading practice or principle is adopted in the Manual and compliance has been made but with major deviation(s) or incompleteness
4	Good – Leading practice or principle is adopted in the Manual and compliance has been made but with minor deviation(s) or incompleteness
5	Excellent – Leading practice or principle is adopted in the Manual and full compliance with the same has been made

The self-assessments focus on the following key aspects:

A. For the Board as a whole:
   - Structure (size and composition; skills, expertise and competencies)
   - Organization and functioning (conduct of meetings, quality of reporting, training areas, reporting by committees)
   - Dynamics and internal culture (formal and informal engagement)

B. For the Board Committees:
   - Leadership, size and composition (including skills)
   - Responsibilities
   - Quality of reporting and timelines

C. For the Individual Directors
   - Upholding the guiding principles and best practices stipulated in the Code of Ethics for Directors
   - Practicing due diligence in carrying out duties as director
   - Willingness to speak at the meetings
   - Receptiveness to other views
   - Constructively challenging fellow directors and proposals and management of senior management
   - Applying a strategic mindset to board
   - Attendance at Board and Committee meetings

D. For the President
   - Leadership
   - Cooperation and collaboration with the Board
   - Execution of strategies
   - External relations

The 2019 evaluation revealed the following:

- The positive assessment of the Directors reflects their view that overall, the Board is seen as effective in carrying out its function.
- The Directors are generally satisfied with the progress the Board has made to enhance its effectiveness.
- The size and level of independence within the Board and Committees are deemed appropriate.
- The committee leadership is deemed effective and operates on a high level of competency.
- There is strong commitment among the Directors and the President to fulfill their obligations
- There is a high degree of confidence that the Directors and the President are competent to serve their roles to a high standard.

Independent Board Evaluation

In compliance with the SEC Code of Corporate Governance in promoting a more objective Board and properly assessing its performance, the Good Governance Advocates and Practitioners of the Philippines (GGAPP) was engaged to conduct the independent evaluation. The Bank's internal scoring criteria were adopted to ensure comparability of quantitative results.

Based on the results, the Board is generally capable of providing the needed corporate direction as collective strengths of its members and the strong leadership of the Chairman provide the essential pillars that give way to the seamless performance of the body's responsibilities.

Retirement and Succession

The Bank highly recognizes the wisdom that senior directors contribute; hence, the Bank does not discriminate when it comes to age. A director may remain on the Board for as long he/she continues to be physically and mentally fit for the position and able to discharge his/her duties in accordance with the regulatory requirements for banks.

The By-laws provides the rules on succession, replacement or vacancy in the Board due to retirement or any other reason, stating that vacancies in the Board may be filled up by appointment or election of the remaining directors, if still constituting a quorum; otherwise, the stockholders shall fill such vacancy in a regular or special meeting called for this purpose.

Corporate Secretary

All directors have access to the services of the Corporate Secretary, a senior, strategic-level corporate officer who has the vital role of official record keeper responsible for the administrative side of Board and committee meetings, corporate governance gatekeeper responsible for overseeing sound board practices, and Board liaison who works and deals fairly and objectively with the Board, Management, stockholders, and other stakeholders. Our Corporate Secretary, Atty. Corazon I. Morando, is responsible for ensuring that the Board procedures and applicable rules and regulations are always observed.

Board Committees

102-19

The Board is supported by nine committees to effectively carry out its mandate of good corporate governance. Each committee has a charter and operates within its specific delegated authority and functions. The committee charters are posted in the governance section of our corporate website, www.chinabank.ph.

Executive Committee

Has the powers of the Board, when the latter is not in session, in the management of the business and affairs of the Bank to the fullest extent permitted under its By-Laws and Philippine laws. The committee also decides on credit applications or transactions that exceed the Credit Committee's credit authority, as well as on other matters brought to their attention from time to time.

Corporate Governance Committee

Responsible for ensuring that the Bank's Corporate Governance framework is regularly reviewed, updated, and implemented accordingly at all times. The committee provides assistance to the Board in fulfilling its responsibilities by ensuring compliance with, and proper observance of governance laws, rules, principles, and best practices, including the continuing education program for the directors and conduct of the Board assessment, among others.

Audit Committee

Composed entirely of non-executive directors, is responsible for all matters pertaining to audit, including providing oversight for the Bank's financial reporting, internal control system, internal and external audit processes, periodic and annual review of internal audit mechanism, and compliance with applicable laws and regulations. The committee has the explicit authority to investigate any matter within its terms of reference, in order to ensure the effectiveness and efficiency of the Bank's internal controls. Furthermore, the Audit Committee is responsible for the recommendation on the appointment and removal of the external auditor.

Compliance Committee

Responsible for monitoring compliance with established bank laws, rules and regulations specifically in creating a dynamic and responsive compliance risk management system for identifying and mitigating risks that may erode the franchise value of the Bank, and ensuring that Management is doing business in accordance with these laws.

Risk Oversight Committee

Responsible for the development and oversight of the Bank's risk management functions, including the evaluation of the effectiveness of the enterprise risk management framework and ensuring that corrective actions are in place to address concerns in a timely manner. The committee oversees the risk taking activities of the Bank and warrants the continued relevance, comprehensiveness and overall value of the institutional risk management plan.

Nominations Committee

Responsible for reviewing and evaluating the qualifications of all persons nominated to the Board and other appointments that require Board approval, including promotions favorably endorsed by the Promotions Review Committee. It is also tasked to review the qualifications of the candidates, to ensure that their qualities and/or skills are appropriate for leading and assisting the Bank in achieving its vision and corporate goals and strategic directions. The committee is composed entirely of Independent Directors.

Remuneration Committee

Provides oversight for the remuneration of senior management and other key personnel to ensure that compensation is consistent with the interest of all stakeholders and the Bank's culture, strategy, and control environment. All members are independent directors.

Related Party Transactions Committee

Responsible for reviewing all material related party transactions (RPTs) to ensure that they are conducted at fair terms and at arm's length for the best interest of the Bank and stakeholders. Composed entirely of Independent Directors, the committee oversees the proper implementation of the RPT Policy and ensures that corresponding transactions are duly identified, measured, monitored, controlled and reported.

Trust Investment Committee

Oversees the trust, investment management, and fiduciary activities of the Bank, and ensures that they are conducted in accordance with applicable rules and regulations, and judicious practices. The committee provides oversight functions, overall strategic business development, and financial policy directions to the Trust and Asset Management Group, and ensures that prudent operating standards and internal controls are in place, understood, and implemented.

COMMITTEE MEMBERSHIP									
Name	Executive Committee	Corporate Governance Committee	Audit Committee	Compliance Committee	Risk Oversight Committee	Nominations Committee	Remuneration Committee	RPT Committee	Trust Investment Committee*
Hans T. Sy - Chairman	Chairman	-	-	Chairman	Member	-	Member	-	-
Gilbert U. Dee - Vice Chairman	Member	-	-	-	-	-	-	-	-
William C. Whang - Director & President	Member	-	-	-	-	-	-	-	Member
Peter S. Dee - Director	Member	-	-	-	-	-	-	-	Member
Joaquin T. Dee - Director	Member	-	Member	Member	-	-	-	-	-
Herbert T. Sy - Director	-	-	-	-	-	-	-	-	Chairman
Harley T. Sy - Director	-	-	-	-	-	-	Member	-	-
Jose T. Sio - Director	-	-	-	-	-	-	-	-	Member
Alberto S. Yao - Lead Independent Dir.	-	Member	Chairman	Member	Member	Member	Member	Member	-
Margarita L. San Juan - Independent Director	-	Member	-	-	Chairman	Member	Member	Member	-
Philip S. L. Tsai - Independent Director	-	Chairman	Member	-	-	Member	Chairman	Chairman	-
Angeline Ann H. Hwang† - Independent Director	-	Member	-	-	-	Chairman	-	Member	-

** Trust Officer Mary Ann T. Lim is also a member*
† Passed away on April 11, 2020

Board Meetings

The Board conducts business through meetings of the Board and its committees. Regular Board meetings are held at least once a month, set to be every first Wednesday, to review China Bank's financial performance, approve strategies, policies, and business plans, as well as to consider business and other proposals which require the Board's approval. Special Board meetings may also be called to deliberate and assess corporate proposals or business issues that also require Board approval. Board and committee meetings are conducted consistent with the Bank's By-Laws. Majority of the Board constitutes quorum and a majority of the quorum is generally what is required for Board decisions.

The directors are committed to their duty by studying the materials to prepare for the meetings. When exigencies prevent a director from physically attending a Board or committee meeting, he/she could participate via telephone or video conferencing. To ensure sound and objective decision making, board papers are provided to the directors five days before the meeting. The directors also have access to senior management, external consultants and advisors, and the Corporate Secretary.

In 2019, the Board had 16 meetings, including the organizational meeting. The Board Committees also held separate committee meetings or jointly with other committees.

ATTENDANCE										
Name	Board of Directors	Executive Committee	Corporate Governance Committee	Audit Committee	Compliance Committee	Risk Oversight Committee	Nominations Committee	Remuneration Committee	RPT Committee	Trust Investment Committee
Number of meetings	16	38 Incl. 1 joint meeting w/ Risk Oversight	30 Incl. 11 joint meetings w/ Compliance and 18 joint meetings w/ Nominations	15	12 Incl. 11 joint meetings w/ Corp.Gov	11 Incl. 1 joint meeting w/ Executive	18 joint meetings w/ Corp.Gov	2	12	11[4]
Hans T. Sy	15/16	35/38	-	-	10/12	11/11	-	2/2	-	-
Gilbert U. Dee	16/16	38/38	-	-	-	-	-	-	-	-
William C. Whang	16/16	36/38	-	-	-	-	-	-	-	11/11
Peter S. Dee	16/16	35/38	-	-	-	-	-	-	-	-
Joaquin T. Dee	16/16	36/38	-	15/15	12/12	-	-	-	-	-
Herbert T. Sy	14/16	-	-	-	-	-	-	-	-	11/11
Harley T. Sy	16/16	-	-	-	-	-	-	2/2	-	-
Jose T. Sio	16/16	-	-	-	-	-	-	-	-	11/11
Alberto S. Yao	15/16	-	29/30	14/15	11/12	11/11	17/18	2/2	10/12	-
Margarita L. San Juan	16/16	-	29/30	-	-	11/11	18/18	2/2	12/12	-
Philip S. L. Tsai	16/16	-	29/30	15/15	-	-	17/18[3]	2/2	12/12	-
Angeline Ann H. Hwang†	9/9[1]	-	15/19[1]	-	-	-	9/18[2]	-	7/7[1]	-

[1] Member from May 2, 2019
[2] Chairman from May 2, 2019
[3] Chairman up to May 1, 2019
[4] Attendance of Trust Officer Mary Ann T. Lim: 11/11
† Passed away on April 11, 2020

Governance Related Policies

102-11, 102-17

The Bank is committed to a higher standard to ensure good stewardship of assets and resources. In place are internal policies that make that standard clear, serve as the guidelines for our overall governance practices, and demonstrate how seriously we take corporate governance.

Corporate Governance Manual

The Bank's comprehensive Corporate Governance Manual institutionalizes the principles of good corporate governance. It contains our governance policies and structure, the duties and responsibilities of the Board and the individual directors, the compliance system and internal control, and the guidelines on communication and the protection of the rights of various stakeholders, among others. The Manual is updated to keep it abreast with latest regulatory issuances and aligned with international best practices. It is easily accessible via the Bank's intranet facility and corporate website, www.chinabank.ph.

The Chief Compliance Officer (CCO) performs a vital function in monitoring compliance with the Manual. In 2019, the Bank has fully complied with all the material provisions of the Corporate Governance Manual.

Code of Ethics

The Bank is committed to ethical and professional business conduct in performing its duties and responsibilities, and in dealing with customers, investors, employees, creditors, regulators, contractors, and other stakeholders. The Code of Ethics for employees and for directors are anchored on the Bank's core values of integrity, high performance standards, commitment to quality, customer service focus, concern for people, efficiency and resourcefulness, and initiative.
All directors, officers, and employees are required to adhere to the Code. All new directors and employees are given a copy of the Code, required to acknowledge receipt thereof, and undergo the New Employees' Orientation Course wherein the Code is comprehensively discussed. For easy reference, the Code is posted on our intranet facility and corporate website, www.chinabank.ph.

Insider Trading

Directors, officers, and employees who have knowledge of material facts or changes in the affairs of the Bank which have not yet been publicly disclosed—including any information likely to affect the share price of the Bank's stock—are strictly prohibited from directly or indirectly engaging in financial transactions. The policy on insider trading also applies to consultants and advisers and all other employees who are made aware of undisclosed material information. Any transactions by the Directors and principal officers involving the Bank's shares are required to be disclosed within three business days from the date of the transaction.

Conflict of Interest

Conflict of interest between the Bank and employees should be avoided at all times. However, should a conflict arise, the interest of the Bank must prevail. Employees are not permitted to have or be involved in any financial interests that are in conflict or appear to be in conflict with their duties and responsibilities to China Bank. They are likewise barred from engaging in work outside of the Bank unless with duly-approved permission, as well as perform activities or work in direct competition with the Bank.

Related Party Transactions

Since Related Party Transactions (RPTs) may give rise to a conflict of interest, the Bank exercises caution in dealing with related parties. All transactions with such parties are thoroughly reviewed as having been conducted in the ordinary course of business, at arm's length basis, at fair market prices, and upon terms not less favorable to the Bank, in the same terms as those offered to others. All material RPTs are reviewed and vetted by the RPT Committee before they are endorsed to the Board for approval and are ratified by the stockholders during the Annual Stockholders' Meeting.

The RPT Framework serves as a guide to the China Bank group in dealing with related parties. The Bank's RPT policy is kept relevant and aligned with recent regulatory issuances. To prevent conflict of interest, no director is allowed to participate in the discussion, deliberation, and approval of a transaction where he is a related party. Specific materiality thresholds on a per transaction basis have been established.

The following summary shows the material related party transactions and outstanding loan balances for the year 2019. Details have been disclosed through the submission of required periodic report to the BSP and/or SEC.

Related Party	Total Amount [/1]	Total Outstanding Balance [/2]
China Bank Group	P19.8 B $ 1.4 B	P 9.0 M
SM Group	P134.5 B $ 224.5 M	P 13.7 B $ 170 M
Other Related Parties	P37.7 B $ 8.9 M	P11.5 B

[1/] *Covers all transactions*
[2/] *For loan transactions approved in 2019*

Anti-Bribery & Anti-Corruption

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The Bank does not tolerate any form of bribery and corruption. China Bank is dedicated to upholding fair and professional business dealings at all times. As established in the Code of Ethics, Directors, officers, and employees are prohibited from offering, promising, or giving a financial or other advantage to any person or party, including public officials, with the intention of inducing or rewarding improper performance by them of their duties or to facilitate Bank transactions. They are likewise prohibited from accepting any financial or other advantage as a reward for participating in any act prejudicial to the Bank, and any of its stakeholders.

In 2019, a total of 3,574 employees or 51.58% of the Bank's workforce completed the annual anti-corruption online course or attended the classroom training. Directors also received training on anti-corruption as part of the annual Corporate Governance Workshop. For the same year, no China Bank director or employee was dismissed or disciplined for violating our anti-corruption policy. Similarly, no contract with our suppliers and contractors was terminated due to incidents of corruption.

Anti-Money Laundering

The Bank upholds the law, rules, and regulations to combating money laundering and terrorist financing. It cooperates with the regulators and law enforcement agencies within the bounds of confidentiality and privacy laws.

The Compliance Division manages the Bank's compliance with Anti-Money Laundering laws and regulations by establishing the Money Laundering and Terrorism-financing Prevention Program (MTPP) containing policies to prevent the Bank from being used as channel for money laundering and terrorism financial activities. The Division sees to it that the MTPP is updated to keep abreast on the results of the institution-wide risk assessment. Other major functions of the Division include:

1. Conduct of testing and monitoring to ensure institution-wide compliance with the MTPP
2. Manage the Bank's AML System to ensure effective monitoring of transactions and timely reporting of covered and suspicious transactions.
3. Formulation and implementation of internet-based and classroom training programs to ensure that all Bank personnel are well-informed of the current policies pertaining to AML.

A total of 255 employees completed the mandatory AML e-learning course while a total of 1,634 branch employees attended the AML learning sessions. For the same year, China Bank has fully complied with the AMLA provisions, including AMLC reporting of suspected money laundering and terrorist financing activities.

Whistleblowing

The Bank does not tolerate unethical conduct. Employees, customers, shareholders, and third party service providers are encouraged to report questionable activity, bribery and corruption issues, unethical behavior, incidents of fraud or any other malpractice within China Bank, without fear of reprisal or retaliation, as identity of the whistleblower is kept confidential.

The substance and validity of the whistleblowing report or disclosure is determined by the CCO. If deemed sufficient in form and substance, the disclosure is referred either to the Audit Division or the Human Resources Group (HRG) for further investigation. If the report is found baseless, or lacks sufficient information, the whistle blower is informed of the status within 24 hours from receipt, without prejudice to its resubmission. Meritorious disclosure, as may be evaluated, will be given recognition and may be entitled to an award as deemed necessary by the HRG or the Investigation Committee.

Whistleblowing disclosures may be reported to the Compliance, Audit, HRG or Risk. Below are details of the Chief Compliance Officer.

CHIEF COMPLIANCE OFFICER
Tel. No. 8885-5731
Mobile No. 0947-9960573
Fax No. 8864-5007
Email: apsdejesus@chinabank.ph
whistle_chib@yahoo.com.ph

A Whistleblower disclosure form is also available at www.chinabank.ph

Creditors

As a financial institution and an active participant in the capital markets, the Bank honors all the agreements, be it debt or equity issuances and respect the rights of our creditors—stockholders and bondholders. The Bank likewise complies with all the post-issuance regulatory requirements, including continuing disclosures and tax compliance.

Suppliers and Contractors

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The Bank commits to fair market practices and engages suppliers and contractors that are reputable, comply with national laws and international standards, and have good track records and sustainable business practices. Qualified suppliers and contractors are given equal opportunity to bid for projects through established processes for vendor accreditation, selection, and audit. Vendor bids are evaluated based on thorough criteria such as quality, price, service, and overall value to the business, ensuring the prevention of any favoritism or conflicts of interest.

The Bank also has an outsourcing policy that is aligned with the outsourcing regulations of the BSP to ensure that all outsourced activities are conducted in compliance with applicable laws, and that risks arising from outsourced activities are identified, monitored, and mitigated.

Senior Management Appointment and Succession

Ensuring that we have the right people is crucial to the Bank's success and sustainability. The Board is primarily responsible for approving the selection of the Senior Management Team led by the President and approving an effective succession plan to preserve the continuity of the Bank. Senior officer appointments (VPs up) are made on merit and in accordance with the "fit and proper" rule, giving consideration on integrity, expertise and experience in finance or banking, and aligned with the Bank's strategic objective of having the highest-caliber leaders who inspire the trust and confidence of our employees, customers, investors, and other stakeholders. Policies and procedures are in place for building the talent pipeline, for ensuring that key positions are filled up through internal promotion (Succession Management Program) or external sourcing, and for implementing development plans and priorities for officers. The Human Resources Group Head is responsible for ensuring the adherence to these policies and procedures and that the appropriate level of administrative support is provided throughout the selection and appointment process. The Nominations Committee reviews the candidates' qualifications and information, and the Board approves the appointments.

Executive Compensation

The Bank's remuneration policy is anchored on the principle of fair, transparent, and performance-based reward to encourage employees' long-term commitment, to support the Bank's long-term outlook and plans, and to address the challenge of attracting and retaining the best talents. Remuneration for senior officers varies according rank, function, and performance. Regular salary reviews are conducted to ensure market competitiveness of total remuneration.

In 2019, the Bank paid a total of P97.7 million to the five most senior executives*: Vice Chairman Gilbert U. Dee, President William C. Whang, Chief Operating Officer Romeo D. Uyan Jr., Chief Finance Officer Patrick D. Cheng, and RBB Segment Head Rosemarie C. Gan.

Year	Salary	Bonuses & Other Compensation	TOTAL
2019	₱54,416,702	₱43,245,548	₱97,662,250
2018	₱46,747,440	₱40,084,898	₱86,832,338

** Due to the competitiveness and high demand for talent in the banking industry, individually disclosing the remuneration of the top five officers, as per corporate governance best practices, would be disadvantageous to the Bank.*

Dividends

Shareholders have the right to receive an equitable share of profits. Cash dividends are declared at a payout ratio of approximately thirty percent (30%) of the net income of the prior year, subject to the conditions and limitations set forth in more detail in the dividend policy statement contained in the Corporate Governance Manual.

Dividend payouts, as part of our capital management policy and process, are reviewed and calibrated annually, taking into account the economic and business environment, the Bank's risk profile and appetite, and trends in capital markets and regulatory environment to achieve the following objectives:

1. Delivering to stockholders satisfactory returns and enhanced shareholder value
2. Healthy capital adequacy ratios to comply with regulatory capital requirements and maintain strong credit rating
3. Capital buffer to support business growth and pursue business opportunities

Dividend History

	2015	2016	2017	2018	2019
Stock Dividend	8%	8%	8%	--	--
Cash Dividend	10%	10%	8%	8.3%	8.8%

Disclosure and Transparency

Stakeholders are provided with timely and accurate information to facilitate understanding of the Bank's true financial condition and quality of corporate governance. The Bank complies with the disclosure and reportorial requirements of regulators—BSP, PSE, and SEC, and maintains an up-to-date corporate website, www.chinabank.ph, where relevant information is disclosed, and a Corporate Governance microsite containing focused disclosures on our governance policies and practices. Prompt disclosure is observed with respect to major and market-sensitive information such as dividend declarations, joint ventures and acquisitions, sale and disposition of significant assets, as well as financial and non-financial information that may affect or influence the decision of our shareholders and other stakeholders, in the form of disclosures through EDGE for posting on the PSE website, media releases, and news updates on our corporate website. In addition, the Investor and Corporate Relations Group conducts/participates in investor fora and briefings with analysts and members of the media.

Internal Controls

Internal controls are vital to safe and sound banking operations. China Bank's strong internal control system helps to ensure compliance with laws and regulations as well as internal policies and procedures, the effective management and mitigation of risks, the reliability and accuracy of financial reports, and the achievement of strategic objectives and long-term profitability targets.

The Board and Senior Management lead the establishment of a culture that emphasises and demonstrates to all levels of the organization the importance of internal controls. The Board is responsible for the development and review of the Bank's internal control system, while the day-to-day responsibility for internal control rests with Management. In varying degrees, internal control is the responsibility of everyone in the Bank. All personnel understand their role in the internal controls process.

Based on the Audit Committee's continuing review and monitoring of the Bank's internal control system, in 2019, material controls, risk management systems and framework remain adequate and effective relative to the Bank's size and complexity of transactions.

Compliance

In China Bank, compliance starts at the top and is embraced at all levels of the organization as an integral part of its business activities. The Board is responsible for ensuring that appropriate policies are in place to manage compliance risk and to oversee Management's implementation of these policies and the appropriate actions when compliance issues are identified.

Compliance System

The Compliance Division plays a crucial role in fostering a culture of compliance within China Bank and across the Group. It also assists the Board in the discharge of its governance function to protect the Bank's reputation and its stakeholders' interests. A compliance risk management system has been designed to identify and mitigate risks, and ensure the Bank's safety and soundness.

The Compliance Division is led by the Chief Compliance Officer (CCO), who also takes on the role of Group Compliance Officer for the China Bank Group. She also oversees the compliance function of the entire China Bank Group. The CCO functionally reports to the Compliance and the Corporate Governance committees of the Board, and administratively to the Bank's President. As the Bank's second line of defense, Compliance is independent from business operations and is made up of six (6) departments: regulatory compliance, anti-money laundering, IT compliance, corporate governance, subsidiaries oversight, and associated person.

The mandate of fostering a strong compliance culture within the Group is made possible through a robust compliance program covering preparation and enhancement of policies and procedures, risk assessment, independent testing and compliance awareness. Regular trainings are in place to ensure employees are kept abreast of changes in the laws and regulations. The compliance function and program are subject to independent review by the Audit Division.

Risk Management

Risks are part of doing business. Effective risk management rather than outright risk avoidance has been a guiding principle at China Bank, enabling us to maintain highly profitable and stable operations while undertaking only well-calculated risks for commensurate returns. Risk oversight is a primary Board responsibility, setting the tone for a sound risk culture. Management handles the implementation of the Enterprise Risk Management Framework and day-to-day risk management, ensuring the Bank operates within the established risk appetite and limits. Effective risk management is reinforced as a discipline group-wide through trainings and communication.

Risk Governance System

At China Bank, managing risks is everyone's business. Our framework ensures that the Board direction on strategy and risks are well articulated in the risk policies and that risk appetites, limits, and measures are identified and monitored.

We subscribe to a Three Lines of Defense system to effectively manage group-wide risks. The first line of defense is risk management by the business lines, wherein business unit engages in risk-taking within the established range of risk appetite, and promptly implements risk control at the on-site level when a risk arises. The second line of defense is Compliance and Risk Management. Compliance Division is in charge of the compliance risk management system to identify and mitigate risk that may erode the franchise value of the Bank, while the Risk Management Group (RMG) acts as a restraint function for the risk taking of the first line of defense, and supervises and provides guidance regarding the risk governance system. RMG reports on the status of risk management to the Board of Directors through the Risk Oversight Committee. The third line of defense is The Audit Division which validates the effectiveness and appropriateness of the group-wide risk governance system and processes from an independent standpoint.

Risk Management Group

The Risk Management Group (RMG), headed by the Chief Risk Officer (CRO), performs overall risk management, identifies and evaluates group-wide risks, creates a risk management process, formulates recovery strategies, and sets risk limits in accordance with the Board-approved risk management policies. RMG applies the principles of sound governance to the identification, assessment, monitoring, and mitigation of risks. Risk identification and assessment are embedded in our work processes and critical business systems to ensure that decision-making is based on valid data. RMG distinguishes the different types of risk and takes an integrated approach, guided by supporting frameworks and policies which are regularly reviewed and enhanced, to effectively manage the Bank's financial, nonfinancial, and emerging risks.

Credit Risk

During the normal course of lending and credit underwriting, the Bank is exposed to credit risk which is the risk of financial loss where a customer or counterparty fails to meet their financial obligations to China Bank. The policies for managing credit risk are determined at the business level with specific procedures for different risk environments and business goals. Risk limits and thresholds have been established to monitor and manage credit risk from individual counterparties and/or group of counterparties, countries, and industry sectors. Periodic assessments are also conducted to review the creditworthiness of our counterparties.

Credit risk for large corporates and medium-sized entities is measured through the Internal Credit Risk Rating System (ICRRS). For smaller businesses, retail and individual loan accounts, the credit scoring system used is the Borrower Credit Score (BCS). There is a separate application scorecard for auto loans and housing loans, while Transunion score is used for credit cards in conjunction with other credit acceptance criteria.

The Bank also has a rating system for Philippine universal, commercial, thrift, rural, and cooperative banks. In addition, the Bank has a Sovereign Risk Rating Model used to assess the strength of the country rated with reference to its economic fundamentals, fiscal policy, institutional strength, and vulnerability to extreme events.

Moody's Analytics performed a quantitative and qualitative validation of the ICRRS in 2014, followed by the model recalibration in 2015. In 2016, with the assistance of Teradata as its technology provider, the Bank completed the statistical validation of the BCS using the same methodology applied to the validation of its corporate risk rating model. In 2017 and 2018, the Bank conducted the validation of the two proposed recalibrated ICRRS models and the results were used as basis for the selection of the new ICRRS model that was approved by the Board in 2019. The Bank also continued to perform statistical review of the BCS, and the auto and housing loans scorecards in 2019.

Market and Liquidity Risk

Operating in a market that is dynamic and often unpredictable, China Bank is exposed to market risk—the risk of changes in market factors, such as foreign exchange, interest rates and equity prices negatively impacting earnings. This includes interest rate risk in the banking book which is the risk to interest income from a mismatch between the duration of assets and liabilities. The Bank is also exposed to Liquidity risk, which is the current and future risk arising from a compay's inability to meet its financial obligations when they come due. The objective of our market risk policies is to obtain the best balance of risk and return while meeting our stakeholders' requirements. On the other hand, our liquidity risk policies center on maintaining adequate liquidity at all times to be in a position to meet all obligations as they fall due. Market risk, interest rate risk, and liquidity risk exposures are managed through a risk management framework comprising of limits, triggers, monitoring, and reporting process that are in accordance with the risk appetite of the Board.

Market risk exposures are measured and monitored through reports from our Market Risk Management System. We use Historical Simulation Value-at-Risk (VaR) approach for all treasury traded instruments, including fixed income bonds, foreign exchange swaps and forwards, interest rate swaps, and equity securities. Meanwhile, liquidity and interest rate risk exposures are measured and monitored through the Maximum Cumulative Outflow (MCO) and Earnings-at-Risk (EaR) reports from our Asset and Liability Management (ALM) system. Based on the latest annual validation of Internal Audit, our internal risk measurement models –VaR, EaR, and MCO – remain appropriate and adequate.

Operational Risk

Operational risk could arise in the normal course of business activities. Operational risk is the risk of loss resulting from inadequate or failed processes, people, systems and external events. The Bank complies with the Basel II requirement of holding capital against the risk of losses that could arise from operational risks. Our Operational Risk Management Framework outlines the policies, processes, procedures, and tools —including Risk Control Self-Assessment, Loss Incident Reporting System and Key Risk Indicators—for managing the Group-wide operational risks.

Business Continuity Management (BCM)

China Bank is committed to ensuring the continuity of critical business operations in the event of significant business disruptions, including natural calamities, pandemics, and disasters. Our Business Continuity Management (BCM) program establishes the resiliency strategies, alternate sites, recovery procedures, communication channels and crisis management plans primarily to mitigate the impact of business-disrupting events, maintain operability and secure information. The BCM essentially provides the masterplan for contingency operations with the overall objective of providing our customers uninterrupted banking services to the extent possible while looking after the safety and welfare of our employees. The BCM program includes tests and simulation exercises which are regularly performed in varying degrees.

Information Technology (IT) Risk

For a business that relies on technology, China Bank is diligent in managing Information Technology (IT) risks—the risk associated with the use, ownership, operation, involvement, influence, and adoption of IT within an organization. The Bank's IT risk management practices are aligned with the standards and operating principles of the Guidelines on IT Risk Management (BSP Circular No. 808) and Enhanced Guidelines on Information Security Management (BSP Circular No. 982). Also in place is an IT risk assessment process for identifying vulnerabilities and determining the effectiveness of IT controls. With the evolving cyber-threat landscape, a Cyber Resilience Framework was developed as a supplement to our Information Security Management System and BCM program. The framework provides the details related to the preparations and measures for protecting the Bank's disaster recovery infrastructure against cyber-attacks.

Trust Risk

With the extensive development of the financial market, the Bank continues to place great importance on managing all the risks specific to our Trust business, including legal, strategic, and reputational risks. Trust risk is managed in accordance with the Guidelines in Strengthening Corporate Governance and Risk Management Practices on Trust, Other Fiduciary Business, and Investment Management Activities (BSP Circular 766), as well as the Bank's internal Trust Risk Management Guidelines.

Integrated Stress Test

RMG has an Integrated Stress Testing (IST) framework to evaluate the Bank's overall vulnerabilities on specific events or crisis and gauge the ability to withstand stress events, in addition to the silo stress tests. The IST covers all the major risk areas of the Bank and complements the Pillar I Plus Approach which is the basis for the Internal Capital Adequacy Assessment Process (ICAAP) capital charge under normal condition.

Internal Audit

Internal audit is a cornerstone of good corporate governance at China Bank. It provides risk-based and objective assurance, advice and insight to senior management and the Board, to enhance and protect organizational value. An effective and thorough internal auditing helps protect the Bank's assets, reputation, and sustainability. The Board through the Audit Committee has oversight responsibility for the Bank's internal controls, including oversight of the performance, independence, and objectivity of the auditors and the quality of the audit.

Audit Division

The internal audit function is exercised by our Audit Division, headed by the Chief Audit Executive (CAE) who reports functionally to the Audit Committee and administratively to the President. The Audit Division provides independent, objective assurance and consulting services designed to add value, improve operations, and achieve business objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The Internal Audit Charter, approved by the Board thru the Audit Committee, defines the purpose, authority, and responsibility of the Audit Division. The Charter empowers and provides blueprint on how Internal Audit will operate and perform its mandate to the organization.

Annual Audit Plan

The CAE is responsible for developing a risk-based audit plan, which covers activities to assess the Bank's overall effectiveness of the governance, risk and control processes, including an analysis of trends emerging from internal audit work and their impact on the Bank's risk profile.

A comprehensive report is then presented to the Audit Committee and submitted to the Board with the results and recommendations, as well as the challenges that may require Board intervention. The audit plan also includes the conduct of certain activities on an annual and/or periodic basis as required by law and auditing standards, such as an internal quality assessment, validation of models and surveys, among others.

Developments in 2019

To align with the digital transformation of the Bank and its paperless advocacy, Audit Division in 2019, launched another monumental project - the Audit Management System, a software which simplifies the execution of audit processes, from planning to monitoring of results. It automates existing manual tasks and operates in a paperless environment, thus, improving efficiency and reducing cost. Continuous training for internal auditors on auditing techniques, new regulations and standards, and banking products and services ensures that the Audit Division has the ability to take a proactive, enterprise wide, risk-based view of issues of utmost importance to the Board and the business. Other significant projects in relation to continuous professional development of auditors involve the conduct of in-house training facilitated by an external service provider with subject matter expertise on audit-related topics. In this set-up, a large number of auditors were able to attend the training and acquire the necessary knowledge and techniques in the conduct of their work. In addition, the Sponsorship Program for Professional Certification was approved by the Audit Committee and the Board to provide financial assistance to qualified auditors in securing international certification relevant to their profession, thus, enhancing their competency and credibility.

External Audit

External audit plays an important role in validating China Bank's financial position and results of operation. It lends credibility to financial reports and reduces information risk that these are biased, incomplete, and contain material misstatements. Our external auditor, Sycip Gorres Velayo & Company (SGV&Co.), is responsible for providing reasonable assurance that the Bank's financial statements are presented accurately and in conformity with the Philippine Financial Reporting Standards (PFRS). SGV&Co has been China Bank's independent auditor for over 20 years and is again recommended for appointment at the scheduled annual stockholders' meeting. In compliance with regulations, the signing partners are rotated every five years. None of the Bank's external auditors have resigned during the two most recent fiscal years (2019 and 2018) or any interim period.

Audit Fees

Audit and Audit-Related Fees cover services rendered for the performance of the audit or review of the Bank's financial statements, including the combined financial statements of Trust Group and the issuance of comfort letters relative to the Bank's P30 billion bond issuance in 2019 and Long Term Negotiable Certificates of Deposits offering in 2018. The 2019 and 2018 audit fees were taken up and approved by the Audit Committee at its regular meetings on March 25, 2020 and February 27, 2019, respectively.

Tax fees related to the audit of tax accounting and compliance are already incorporated in the year-end audit fees under Audit and Audit-Related Fees category as this is part of the audit process conducted by the external auditors.

The Board/Audit Committee likewise discussed, approved, and authorized to engage the services of SGV & Co in non-audit work for the independent Third Party Vulnerability Assessment and Penetration Testing in 2019, independent review of PFRS 9 Expected Credit Loss Models in 2018, and independent validation of votes in the annual stockholders' meeting. Payment for these services are included under All Other Fees.

Fiscal Year	Audit and Audit-Related Fees	All Other Fees
2019	**P8,377,600**	**P855,520**
2018	P7,766,528	P6,312,320
2017	P8,192,800	P254,240

Stock Information

China Bank common shares are listed and traded on the Philippine Stock Exchange under the symbol "CHIB". The Bank's common shares were valued at P25.05 per share as of December 27, 2019 (last trading day), and at P20.80 per share as of April 7, 2020 (latest practicable trading date).

The Bank has an authorized capital stock of P33 billion divided into 3.3 billion shares with a par value of P10.00 per share. As of 29 February 2020, there are approximately 1,894 holders of 2,685,899,812 common shares.

Top 20 Holders of China Bank Common Shares

Name of Stockholder	Number of Shares	Percentage
1. PCD Nominee Corporation (Non-Filipino)	716,587,345	**26.680%**
2. PCD Nominee Corporation (Filipino)	565,577,627	**21.057%**
3. SM Investments Corporation	461,975,661	**17.200%**
4. Sysmart Corporation	415,995,323	**15.488%**
5. JJACCIS Development Corporation	56,949,897	**2.120%**
6. CBC Employees Retirement Plan	53,278,951	**1.984%**
7. Joaquin T. Dee &/or Family	45,705,005	**1.702%**
8. GDSK Development Corporation	31,458,583	**1.171%**
9. Syntrix Holdings, Inc.	21,552,649	**0.802%**
10. Suntree Holdings Corporation	20,138,332	**0.750%**
11. Hydee Management & Resource Corporation	14,334,603	**0.534%**
12. The First Resources Mgt. and Sec. Corp.	5,964,229	**0.222%**
13. Kuan Yan Tan's Charity (Phil.), Inc.	5,941,277	**0.221%**
14. Reliance Commodities, Inc.	5,662,648	**0.211%**
15. Robert Y. Dee, Jr.	5,569,499	**0.207%**
16. Ansaldo, Godinez & Co., Inc.	5,037,498	**0.188%**
17. Michael John G. Dee	3,963,468	**0.148%**
18. Cheng Siok Tuan	3,864,332	**0.144%**
19. Rosario Chua Siu Choe	3,631,816	**0.135%**
20. Kristin Dee Belamide	3,520,559	**0.131%**
TOTAL	**2,446,709,302**	**91.095%**

Equity Ownership by Nationality

Nationality	Number of Stockholders	Number of Shares	Percentage
Filipino	1,845	1,957,851,737	72.894%
Non-Filipino (PCD)	1	720,955,761	26.842%
Chinese	48	3,289,744	0.122%
American	19	2,459,997	0.092%
Australian	1	2,114	0.000%
British	2	97,631	0.004%
Canadian	2	450,163	0.017%
Dutch	1	62,198	0.002%
Spanish	1	107	0.000%
Taiwanese	4	730,360	0.027%
TOTAL	1,924	2,685,899,812	100.0%

Record and Beneficial Owners Holding 5% or More Voting Securities

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Title of Class	Name, Address of Record Owner & Relationship with Issuer	Name of Beneficial Owner & Relationship with Record Owner	Citizenship	No. of Shares Held	Percentage
Common	PCD Nominee Corporation * 37th Floor Tower I, The Enterprise Center, 6766 Ayala Ave. corner Paseo de Roxas, Makati City Stockholder	Various stockholders/clients	Non-Filipino	716,587,345	26.68%
Common	PCD Nominee Corporation * 37th Floor Tower I, The Enterprise Center, 6766 Ayala Ave. corner Paseo de Roxas, Makati City Stockholder	Various stockholders/clients	Filipino	565,577,627	21.06%
Common	SM Investments Corporation 10th Floor L.V. Locsin Bldg., 6752 Ayala Avenue, Makati City Stockholder	Sy Family PCD Nominee Corporation Stockholders	Filipino	461,975,661	17.20%
Common	Sysmart Corporation 10th Floor L.V. Locsin Bldg., 6752 Ayala Avenue, Makati City Stockholder	Henry Sy, Sr. and Family Sycamore Pacific Corporation Stockholders	Filipino	415,995,323	15.49%

**Based on the list provided by the Philippine Depository & Trust Corporation to the Bank's transfer agent, Stock Transfer Service, Inc., as of February 29, 2020, The Hong Kong and Shanghai Banking Corporation Limited (396,732,386 shares or 14.770%) holds 5% or more of the Bank's securities. The beneficial owners, such as the clients of PCD Nominee Corporation, have the power to decide how their shares are to be voted.*

Trading in Company Shares By Bank Directors

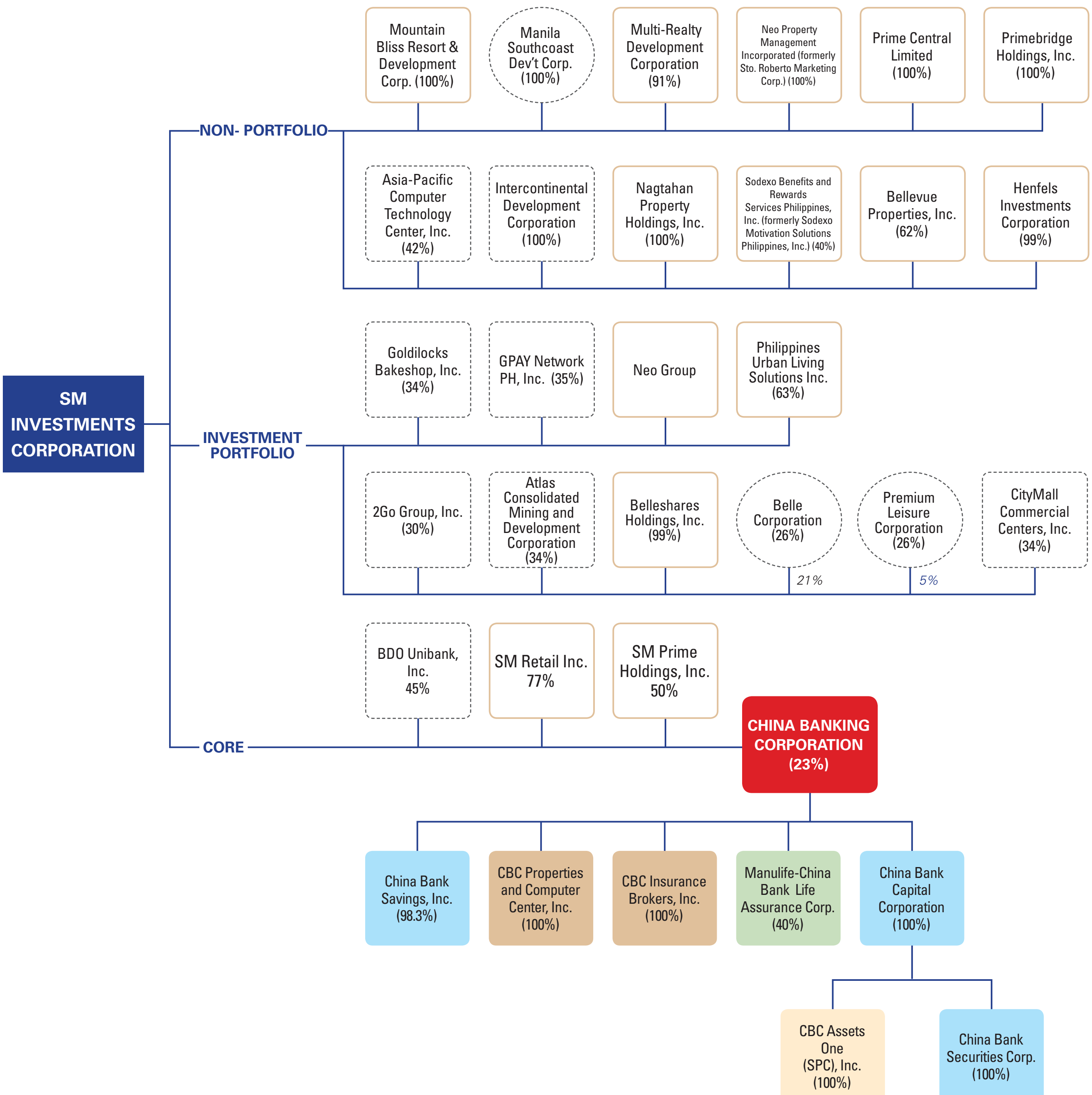
Name	Shareholdings as of January 1, 2019	Number of Shares Disposed	Number of Shares Acquired	Shareholdings as of December 31, 2019
Hans T. Sy	3,741,419	-	485,342	4,226,761
Gilbert U. Dee	12,832,906	-	-	12,832,906
William C. Whang	17,518	-	-	17,518
Peter S. Dee	301,305	-	-	301,305
Joaquin T. Dee	51,686,912	-	-	51,686,912
Herbert T. Sy	510,592	342,670	410,808	578,730
Harley T. Sy	261,211	-	479,342	740,553
Alberto S. Yao	548,876	-	-	548,876
Jose T. Sio	3,517	-	-	3,517
Margarita L. San Juan	95,238	-	-	95,238
Philip S. L. Tsai	2,000	-	-	2,000
Angeline Ann H. Hwang*†	-	-	100	100

**Elected as Independent Director on May 2, 2019*
† Passed away on April 11, 2020

Trading in Company Shares By Principal Officers

Name	Shareholdings as of January 1, 2019	Number of Shares Disposed	Number of Shares Acquired	Shareholdings as of December 31, 2019
Rosemarie C. Gan	130,032	-	-	130,032
Patrick D. Cheng	617,756	-	-	617,756
Alexander C. Escucha	83,886	-	-	83,886
Gerard T. Dee	277,864	-	-	277,864
Angela D. Cruz	1,639,876	-	-	1,639,876
Delia Marquez	23,560	-	-	23,560
Lilibeth R. Cariño	4,167	-	-	4,167
Renato K. De Borja, Jr.	669	-	19,500	20,169
Shirley G.K.T. Tan	12,863	-	-	12,863
Elizabeth C. Say	3,433	-	-	3,433
Benedict L. Chan	15,678	-	-	15,678
Maria Rosanna Catherina L. Testa	6,340	-	-	6,340
Stephen Y. Tan	2,746	-	-	2,746
Marisol M. Teodoro	21,323		-	21,323
Layne Y. Arpon	10,732		-	10,732
Belenette C. Tan	-	-	5,008	5,008
Manuel M. Te	-	-	3,199	3,199
Clara C. Sy	-		1,532,304	1,532,304

Conglomerate Map



Legend:

% Refers to the Effective Ownership Interest, except for the CBC group (subsidiaries and affiliates), where % refers to the direct shareholding of the parent company.

SMIC Subsidiary
Subsidiaries of SMIC Subsidiary
Associates
Associate of SMIC Subsidiary

Financial Allied Subsidiaries
Non- Financial Allied Subsidiary
Financial Allied Affiliate
Special Purpose Corporation

Engaging our people

Our employees are the ones driving China Bank forward and enable us to meet the ever-changing demands and expectations of our customers and other stakeholders. We are continuously building a talented and diverse workforce and creating a collaborative, engaging, and inclusive environment where people can thrive, share ideas, perform at their best, and grow with the Bank.

5 GENDER EQUALITY

Target 5.5
Equal leadership opportunities for women

8 DECENT WORK AND ECONOMIC GROWTH

Target 8.5
Full and protective employment and equal pay for work of equal value

Target 8.8
Labor rights and safe and secure working environments

Our people, our strength

102-7, 102-8, 401-1, 405-1

A diverse workforce with a broad range of skills, experience, and background is vital to ensuring a sustainable business now and in the future. In 2019, the China Bank Group's total manpower reached 9,813 nationwide. All our employees are local hires working on a full-time basis at branches or offices within or close to their hometowns. Female employees comprise 67% of our workforce. The healthy balance of young and mature employees brings generational perspective and supports continuous skills and knowledge transfer. Out of the total headcount, 52% are under the age of 30 and are mostly rank & file and middle management.

Total Manpower			
	2017	2018	2019
China Bank	6,506	6,829	7,141
China Bank Savings	2,324	2,518	2,342
ChinaBank Insurance Brokers	85	88	103
CBC Properties and Computer Center	172	180	189
China Bank Capital	26	22	22
China Bank Securities	11	15	16
TOTAL	**9,124**	**9,652**	**9,813**

Manpower Breakdown			
By Location	**2017**	**2018**	**2019**
NCR	3,870	4,008	4,036
Luzon	3,854	4,140	4,239
Visayas	875	936	968
Mindanao	525	568	570
By Rank and Gender	**2017**	**2018**	**2019**
Senior Management			
Male	143	149	205
Female	164	182	146
Middle Management			
Male	1,034	1,139	1,190
Female	1,801	1,994	2,091
Rank & File			
Male	1,740	1,854	1,827
Female	4,242	4,334	4,354

- *Senior Management- refers to Company executives; employees with a "President" title attached to their rank i.e. Assistant Vice President up to the level of President*
- *Middle Management- all employees with "Manager" attached to their rank i.e. Assistant Manager to Senior Manager level*
- *Rank-and-File- all entry-level employees to Supervisor/Officer level.*

Manpower Breakdown			
By Rank and Age	**2017**	**2018**	**2019**
Senior Management			
Under 30	–	–	–
30-50 years old	140	153	160
Over 50 years old	167	178	191
Middle Management			
Under 30	451	426	449
30-50 years old	2,082	2,388	2,465
Over 50 years old	302	319	367
Rank & File			
Under 30	4,649	4,690	4,692
30-50 years old	1.259	1,421	1,411
Over 50 years old	74	77	78

Recruitment

Organizational strength comes from having the right people. In 2019, we strengthened our ranks with banking professionals and fresh graduates who possess not only the required qualifications, but also the right mindset and attitude to take the China Bank Group forward. We continued to engage potential employees via digital channels, social media, traditional media, and recruitment drives like employee referrals, resume drop box, and campus recruitment. We welcomed a total of 1,602 new employees in 2019, equivalent to a hiring rate of 16%*. Of the new hires, 68% are women, 84% are under the age of 30, and 45% are from Luzon.

Breakdown of Total Hires			
By Gender	**2017**	**2018**	**2019**
Male	715	656	519
Female	1,419	1,287	1,083
TOTAL	**2,134**	**1,943**	**1,602**
By Age	**2017**	**2018**	**2019**
Under 30	1,710	1,578	1,343
30-50 years old	395	341	222
Over 50 years old	29	24	37
By Region	**2017**	**2018**	**2019**
NCR	1,011	815	624
Luzon	830	815	714
Visayas	163	194	156
Mindanao	130	119	108

** Hiring rate = Total new hires / total employee headcount x 100*

Career Mobility

We support employees' career journeys through internal mobility. Whenever possible, vacant positions are filled through internal transfers and promotions to help high-potential employees to move into open roles when feasible, and at the same time, help mitigate succession risk. We conduct periodic reviews of the talent pipeline to identify current gaps and manage our future workforce requirement, guided by our Performance Management System and Succession Management Program. In 2019, there were almost 1,500 internal transfers and nearly 1,600 promotions.

Remuneration

401-2

Our employee remuneration policy is anchored on the principle of fair, transparent, and performance-based reward. Group wide, we provide fair and competitive salary and benefits to employees commensurate with their experience, responsibilities, job grade/corporate rank and position title. For senior positions, we also benchmark against the executive compensation for the same positions in comparable organizations (similar size, organizational structure, business risk, and management complexity).

Collective Bargaining Agreement

102-41

We recognize that labor unions provide a necessary complement to legislated employee benefits and protections. China Bank and CBS each have a union. We entered into collective bargaining agreements ("CBA") with the employees of China Bank in 2017 and CBS in 2019. China Bank's CBA is set to expire on July 31, 2020, while CBS' CBA is set to expire on October 31, 2024. CBA coverage is 53% of our total headcount in 2019. Our Board and Management are committed to maintain a good relationship with employees. As such, neither China Bank nor CBS have been involved in any material disputes or major labor cases that may adversely affect our reputation and operations.

Remuneration Package

Competitive salary

- Basic salary and bonuses
- Overtime pay (for rank & file)
- Profit sharing (for officers)
- Pay raise (based on performance)

Fringe benefits

- HMO and group insurance coverage
- Paid leaves
- Allowances
- Employee loans
- Car plan (officers)
- Retirement benefits

Number of Employees Covered By CBA*

	2017	2018	2019
China Bank	3,994	4,055	4,153
CBS	1,036	1,184	1,093
TOTAL	**5,030**	**5,239**	**5,246**
Total Manpower	9,124	9,652	9,813
% covered over total headcount	55%	54%	53%

Performance Appraisal

Ensuring high performance standards starts with clearly setting and disseminating the business objectives, the key result areas, and the expectations for each employee in the organization. Continuous employment, promotions, and merit increases are determined by annual performance appraisals to motivate our employees group-wide to meet or exceed expectations, or to improve to be up to par. In 2019, 9,282 permanent China Bank Group employees were appraised, 95% of the total number of employees eligible for appraisal.

Training

404-1

We are committed to develop and up-skill our employees to their full potential. In place are role-specific and general training and development programs to continuously enhance our people's hard and soft skills. We also offer various flagship training programs for new hires, rank & file staff transitioning to supervisory roles, junior officers, senior officers, branch heads, and technical personnel. In-house training programs at the China Bank Academy are complemented by online courses via our e-learning platform and external trainings. In 2019, the total amount spent on employee training and development reached P54 million. Average training hours decreased 10% to 59 hours.

Training Hours and Employees Trained

	2017	2018	2019
Total No. of Training Hours Recorded	221,487	636,111	761,644
No. of Employees Trained	9,124	9,652	12,852
AVE. TRAINING HOURS	**24**	**66**	**59**

Breakdown of Training Hours and Employees Trained in 2019

By Gender	Male	Female	Total
Total No. of Training Hours Recorded	231,576	530,088	761,664
No. of Employees Trained	4,179	8,673	12,852
AVE. TRAINING HOURS	**55**	**61**	**59**

By Employee Category/ Rank	Rank-and-File	Middle Mgt.	Senior Mgt.	Total
Total No. of Training Hours Recorded	489,376	257,192	15,096	761,664
No. of Employees Trained	8,572	3,849	431	12,852
AVE. TRAINING HOURS	**57**	**67**	**35**	**59**

Health and Safety

403-2

We are committed to keep our employees healthy and safe. The various health and safety policies, standards, and practices in place—which are reviewed periodically and aligned with industry best practices and occupational safety and health standards and regulations—attest to how we take our employees' well-being seriously. In addition, we have emergency procedures and evacuation plans in case of disasters and calamities; health and wellness programs aimed at preventing accidents, managing stress, and minimizing cases of work-related ill health. In 2019, we recorded over 20 million in safe man-hours. There were no work-related fatalities reported.

Employee Relations

We endeavor to achieve and maintain good employee relations and harmonious working conditions. In line with this, the Bank is committed to promptly address and resolve employee grievances. China Bank's grievance process provides the mechanism for handling employee complaints and arbitration regarding work conditions, interpretation of policies and procedures, disciplinary actions, or any other personnel matter related to their employment.

Engagement and Retention

401-1, 404-2

Across the China Bank Group, all our human resources policies, strategies, and programs are aimed at attracting, motivating, developing, and retaining the best people. We endeavor to keep our valued employees and keep them engaged by making working in our organization a financially rewarding, intellectually challenging, and emotionally satisfying experience. We equip our line supervisors and managers with stronger people management skills to build healthy and collaborative employee-manager relationships. We promote excellence and raise employee morale through our various rewards and recognition programs to make our people proud and happy to be working with us. We encourage open communication and proactively listen to understand what matters to employees. We support work-life integration to help our employees lead happy and productive lives at work and at home.

In 2019, average employee tenure improved to 6 years. Total separations was flat at 1,419, of which 1,352 were voluntary separations. The Bank registered an attrition rate of 15%.

Engagement programs

SharePoint Café
Officers, regardless of their rank and tenure in the Bank, are randomly selected to contribute their thoughts on overall employee experience. Using the World Café method, the participants are encouraged to speak with their mind and heart and to play, draw, and doodle to express their level of satisfaction or dissatisfaction with China Bank.

Voice Avenue
The program is for assessing current employees' disposition and perception about their job and the Bank. It is an avenue for rank and file employees to voice their thoughts and opinions on what would keep them engaged and make them stay.

Third Phase Questionnaire
This is part of the on-boarding program to familiarize new employees and help them adjust to their new working environment. A follow-up mechanism given on the third month from hiring date, the Third Phase Questionnaire provides valuable insights on how well new employees have adjusted with regard to their work, training, relationships with peers and superiors, etc., and to know their level of satisfaction or dissatisfaction with the Bank's on-boarding program.

Exit Interview
All employees who resign are interviewed to get feedback on their overall experience and to gauge the likelihood of them recommending China Bank to their friends and acquaintances as a good place to work.

Work-life Integration programs

We recognize that there are many aspects to our employees' life: work, home/family, personal well-being, and community. We facilitate the melding of professional development and personal growth through our Work-life Integration Programs (WLIP). Conducted year-round, our WLIPs are aimed at helping China Bankers manage their finances, manage stress, learn a new skill, and adopt an active and healthy lifestyle to enhance their personal life.

Basic Painting
A creative workshop at the Sip & Gogh studio. Following a step-by-step guide, participants got to recreate a famous painting to bring home and display in their homes.

Watercolor Painting
Another creative workshop, this time at the China Bank Academy in partnership with Art Nebula PH. The participants learned the basic techniques in creating beautiful artworks using watercolor paint.

Meat Processing
This workshop provided the participants with knowledge in meat processing. They learned how to make *longganisa* and other processed meats for their families to enjoy or as a source of extra income.

Baking Workshop
The most sought-after workshop every year, the Basic Baking Workshop, in partnership with The Maya Kitchen, is a hands-on program that provided participants with knowledge and skills in baking for the holidays.

Ube-Making Workshop
A dessert made of *ube* or purple yam is a Filipino favorite. In this workshop, participants learned how to make two varieties of Ube *Halaya* Jam.

Food Cart Business / Franchising
Food carts could be a good source of additional income. The workshop provided an overview of the food cart business in the Philippines, key information on the requirements and pricing, and tips in managing the business.

Basic Self-Defense
Knowing some simple but effective self-defense moves using ordinary items could be a lifesaver. Participants were taught the importance of being aware of their surroundings and how to defend themselves from would be attackers.

Mindfulness & Meditation
This program, in partnership with Rebel Yoga, provided the participants a relaxing break from the hustle and bustle of daily life, using basic meditative techniques to clear the mind and recharge the body.

Basic Yoga
A Yoga class for beginners at the Rebel Yoga studio that helped melt away stress and improve flexibility.

Basic Flower Arrangement
Making beautiful flower arrangements for any occasion is a skill worth learning and could come in handy. The participants got to learn how to make topiary and centrepiece arrangements for their own personal use or as a side business.

Air plant Aerium
This program equipped the participants with knowledge on air plant selection, aerium construction and design, and proper maintenance of air plants for personal or business purposes.

Urban Gardening
This workshop taught the participants of the concept, uses, and benefits of Urban Gardening. In the concrete jungle of the metro, the answer to adding some green in our environment is potted plants.

Partnering with and for our communities

China Bank is a responsible corporate citizen that stands for values and strives to create value. We conduct our business responsibly and efficiently, working with our employees and partner organizations to generate a positive economic, environmental, and social impact. We recognize our systemic importance as a financial institution to sustainable development; thus, we consider it our obligation to leverage our resources to help shape a sustainable future for all.

1 NO POVERTY

Target 1.4
Equal rights to economic resources

4 QUALITY EDUCATION

Target 4.6
Literacy and numeracy

13 CLIMATE ACTION

Target 13A
Climate change mitigation

Economic Value Created and Distributed

201-1

Creating shared value is an essential part of our business strategy. We aim to enhance business competitiveness while simultaneously advancing economic, environmental, and social outcomes. In 2019, we generated P35 billion in direct economic value, distributing 78% or P27 billion for the benefit of the people and the communities where we operate, and retaining only 22% or P8 billion to fund the Bank's continued operations and growth.

Direct Economic Value Generated
P34.7 billion

Economic Value Distributed
P27.0 billion

P8.9 billion Operating costs

P6.6 billion Employee wages and benefits

P5.2 billion Payments to providers of capital

P6.3 billion Payments to government

Economic Value Retained
P7.7 billion

GRI Economic Table (In Million Pesos)	**2017**	**2018**	**2019**
Direct economic value generated (Interest income + other income)	**25,364.9**	**29,108.7**	**34,714.0**
Direct economic value distributed	**21,819.5**	**23,221.9**	**27,002.6**
Other operating costs	7,835.6	9,242.5	8,967.3
Total wages and benefits (Compensation less training costs)	5,695.6	6,133.8	6,601.9
Total payments to providers of capital (Interest expense + Dividends)	4,368.5	2,894.6	5,165.7
Payment to government (taxes and licences + provision for income tax - deferred income tax)	3,919.4	4,950.9	6,267.5
Community investments	0.4	0.1	0.2
Economic value retained	**3,545.5**	**5,886.8**	**7,711.4**

Environmental Impact

102-11

Climate change is an important environmental issue that has an impact on communities, businesses, and economies all over the world. As such, we are committed to protecting the environment by responsibly managing our environmental footprint. As a financial institution, China Bank generates relatively low greenhouse gas (GHG) emissions. In the last two decades, we have been implementing policies, projects, and practices to progressively lessen our operation's direct impact on the environment. These include switching to energy-efficient technology for lighting, air conditioning, and computer systems; putting in place energy and water conservation measures and monitoring the use of these resources; and embracing modern technology to communicate and collaborate without the need for travel. We also adopted e-statements and enhanced China Bank's electronic banking channels to enjoin customers in our drive to go green, and launched various programs to encourage employees to reduce, reuse and recycle.

Energy consumption

302-1, 302-2, 302-3, 305-2, 305-3

China Bank's electricity usage is well within the energy efficiency index based on occupied air-conditioned areas set by the ASEAN Energy Awards. Currently, the standard is 200 kWh/sqm/year, for offices. The Bank recorded 123.2 kWh/sqm/year in 2019. The Bank's total electricity consumption reached 19,359,750 kWh in 2019, no increase from 2018, equivalent to 13,688 metric tons of CO_2 emissions.

In the previous years, we reported on the fuel consumption of outsourced vehicles. For this report, we focused on Bank-owned vehicles which used a total of 221,497 liters. This is equivalent to 520 metric tons of CO_2 emissions.

Scope 2 GHG emissions

Energy Intensity
kWh/sqm/year

Electricity Consumption
kWh

CO_2 Emissions
metric tons

Scope 1 GHG Emissions**

Fuel Used
liters

CO_2 Emissions
metric tons

**Based on data gathered from 377 branches including the head office, comprising 80% of the China Bank branch network, with an aggregate floor area of 157,176.95 square meters.*
***Based on 2019 data gathered from 98 bank-owned vehicles, which includes service cars, delivery vans, and armoured trucks.*

Water Consumption

303-5

The Bank's water usage is also within the water efficiency index (WEI) for offices set at 1.1 m^3/sqm/year. In 2019, the Bank recorded a WEI of 1.09 m^3/sqm/year. Water consumption increased 3% to 156,636 cubic meters.

Water Intensity*
m^3/sqm/year

Water Consumption*
m^3

**Based on data gathered from 328 branches including the head office, comprising 69% of the China Bank branch network, with an aggregate floor area of 143,282.35 square meters.*

Green Finance

As a lender, China Bank plays an important role in ensuring society's energy needs are met while helping to limit the threat posed by climate change. China Bank has been supportive of environmentally sound initiatives, actively financing projects that facilitate economic growth and provide environmental benefits.

In October 2018, we raised US$150 million from China Bank's maiden green bond offer, with World Bank Group-member IFC as its sole investor. Green bonds are fixed income securities wherein the proceeds are used to finance new or existing eligible green projects. China Bank's Green Bond 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.

Environmental and Social Management System

The assessment of environmental and related social risks and liabilities is critical to identifying eligible loans for the green bond. We are guided by our own Environmental and Social Management System (ESMS) and the IFC Performance Standards in evaluating which projects to support. Reflective of our commitment to a balanced, responsible approach to lending, the ESMS ensures we apply a suitable level of environmental and related social due diligence depending on the level of identified risk. The due diligence process involves performing our analysis using a range of tools, including site visit checklists, client questionnaires, and environmental assessments by third-party environmental specialists. Based on the outcome, clients may be required to manage or mitigate their environmental and social issues before we proceed with financing. The ESMS is reviewed and updated periodically to align with international best practices and to address regulatory changes and emerging issues.

In 2019, proceeds of the US$150 million green bond were allocated to wind farm and green building projects.

Corporate Social Responsibility

413-1

Running a responsible business means being a socially responsible corporate citizen. We support our communities by hiring and buying locally, making ethically and environmentally sustainable business decisions, embracing diversity and inclusion, and encouraging a strong spirit of volunteerism and charitable giving among our employees. In 2019, the focus of China Bank and China Bank Savings' (CBS) Corporate Social Responsibility efforts continued to be education and social development.

2019 Southeast Asian Games

In support of national athletes and the development of sports in the Philippines, China Bank sponsored the 2019 Southeast Asian Games (SEA Games) as the official bank partner. Aside from the sponsorship amount for the successful staging of the SEA Games, China Bank deployed nine ATM units in the various sports venues and a Foreign Exchange service kiosk at the Athletes' Village in New Clark City for the convenience of the thousands of athletes, sports officials, spectators, and volunteers. The 2019 SEA Games was held from November 30 to December 11. The Philippines emerged as the overall champion, amassing an all-time high of 149 gold medals.

Brigada Eskwela

China Bank and CBS are avid supporters of Brigada Eskwela, the annual campaign of the Department of Education (DepEd) to mobilize parents, students, faculty, and the private sector to help clean, refurbish, and rehabilitate pubic elementary and high school campuses and facilities before the start of each school year. In 2019, China Bank donated cleaning materials and distributed school supplies, bags, lunch kits, and meal packs to 100 pre-schoolers of Lagro Elementary School in Quezon City. Meanwhile, CBS mobilized 250 employees to provide volunteer labor, deliver construction materials and cleaning supplies, and distribute snacks and refreshments in 80 campuses across 24 towns and cities, from Tuguegarao to Davao City.

CBS Financial Wellness Road Show

In response to the call by the Bangko Sentral ng Pilipinas (BSP) for private sector stakeholders to promote financial inclusion, raise financial literacy, and increase the number of Filipinos in the formal banking system, CBS launched its Financial Wellness Road Show in March 2019. CBS hosted seminar-workshops in 19 cities, including 10 locations in Visayas and Mindanao, benefitting close to 1,000 public school administrators, faculty and non-teaching staff. The seminar-workshops covered important topics such as financial goal-setting, cash flow analysis, expense and debt management, and retirement planning.

CBS Financial Wellness for Young Filipino

CBS believes that the habit of saving should be cultivated at an early age. In 2018, CBS launched its Financial Wellness for Young Filipino (WYFi) in support of the BSP's Banking on Your Future (BOYF) advocacy. In 2019, WYFi visited 30 elementary schools, high schools and universities in nationwide to spread basic financial literacy and savings consciousness, as well as to promote bank usage among elementary school pupils and teenagers.

World Teachers Day

CBS is grateful to teachers for their tireless work in molding young minds to be upright citizens. As a big thank you to teachers, CBS was the major partner of DepEd in hosting the World Teachers Day celebration in Cagayan de Oro City on October 5, 2019 attended by 5,000 elementary and high school principals and teachers from all over the country. CBS donated a Toyota WIGO, three Honda motor scooters, and several laptops for the raffle draws as well as bags of corporate items for the participants.

Christmas joy for the less fortunate

Spreading good cheer on Christmas has always been a China Bank and CBS tradition. For China Bank's Christmas Outreach Program in 2019, employees visited the White Cross Orphanage in San Juan City to host a Christmas Party and distribute gifts and toys for the orphans. Meanwhile, CBS employees went to Mama's Hope Haven of Norway, a charitable institution which shelters and cares for orphans, street children, distressed girls and women, and abandoned elderly in Gen. Trias City, Cavite. They distributed Christmas packages containing food and drinks, toiletries, educational toys, clothes, and bedding and laundry supplies for the residents of the haven. In a joint effort to bring Christmas joy to the elderly, China Bank and CBS employees visited Kkottongnae Philippines, Inc. (KPI) in Parañaque City, a charitable institution and residential facility for poor elderly established by Korean nationals working in the Philippines. The volunteers distributed gifts and shared a day of fun games and good food with the senior citizens under KPI's care.

Bazaar for a good cause

China Bank's outreach activities are mostly funded by the Personal Social Responsibility Program (PRSP) established by the Human Resources Group (HRG) to provide volunteering opportunities for employees to contribute to the betterment of society. In 2019, HRG organized "Bazket", a 2-day bazaar for a good cause, to help raise funds for PRSP.

Board of Directors

From left: Gilbert U. Dee, Hans T. Sy, and William C. Whang

HANS T. SY
Chairman

Hans T. Sy, 64, Filipino, is the Chairman of the Board since May 5, 2011. He became a member of the China Bank Board on May 21,1986, and was elected Vice Chairman in 1989. Chairman Sy also serves as Director and Chairman of the Executive Committee of SM Prime Holdings, Inc. (SMPH) and Adviser to the Board of SM Investments Corporation (SMIC); SMPH and SMIC are both listed on the Philippine Stock Exchange (PSE). He is also the Chairman of the Board of Trustees of National University. He holds other key positions in several companies within the SM Group. He graduated from De la Salle University with a Bachelor of Science degree in Mechanical Engineering. He attends and participates in various trainings and seminars, the latest of which is on Anti-Money Laundering (AML) and corporate governance conducted by the Institute of Corporate Directors (ICD) in August 2019.

GILBERT U. DEE
Vice Chairman

Gilbert U. Dee, 84, Filipino, is the Vice Chairman of the Board since May 5, 2011. He has been a member of the China Bank Board since March 6, 1969, serving as Board Chairman from 1989 to 2011. He currently sits on the boards of other companies not listed in the PSE, namely, as Chairman of Union Motor Corporation and China Bank subsidiary CBC Properties and Computer Center, Inc. (CBC-PCCI). In the past, he was a director in Philippine Pacific Capital Corporation, Philex Mining Corporation, CBC Finance Corporation, and Super Industrial Corporation. Vice Chairman Dee holds a Bachelor of Science degree in Banking from the De La Salle University and a Master's in Business Administration (MBA) degree in Finance from the University of Southern California. Among the numerous trainings in banking he has attended over the years are ICD's Advanced Corporate Governance Training and AML Modules in 2019.

WILLIAM C. WHANG
President

William C. Whang, 61, Filipino, is Director and President of the Bank since November 1, 2017. Aside from China Bank, he does not hold any directorship position in any other PSE-listed company. He also sits on the boards of Bank subsidiaries China Bank Savings, Inc. (CBS), China Bank Insurance Brokers, Inc. (CBC-IBI), CBC-PCCI, China Bank Capital Corporation (CBCC), and China Bank Securities Corporation (CBSC), and is actively involved in the boards of BancNet, Inc., Bankers Association of the Philippines, Philippine Payments Management Inc., and Manulife China Bank Life Assurance Corporation (MCBLife). He has almost 40 years of banking experience, previously holding key positions in local and international financial institutions, including Metrobank, Republic National Bank of New York, International Exchange Bank, Security Bank, and Sterling Bank of Asia. Director and President Whang earned his Bachelor of Science degree in Commerce, Major in Business Management, from the De La Salle University. He underwent various trainings in banking and other related fields such as corporate governance, AML, branch based marketing, quality service management, sales management, principle centered leadership, and corporate strategy.

Board of Directors

From left: Herbert T. Sy, Jose T. Sio, Joaquin T. Dee, Peter S. Dee, and Harley T. Sy

PETER S. DEE
Director

Peter S. Dee, 78, Filipino, has been on the China Bank Board since April 14, 1977, serving as President and Chief Executive Officer from 1985 to 2014. He is an independent director in PSE-listed companies City & Land Developers, Inc. and Cityland Development Corporation. He is also a member of the boards of other non-listed companies including China Bank subsidiary CBC-PCCI, Hydee Management & Resources Corporation, Commonwealth Foods, Inc., and GDSK Development Corporation. He was previously a director of Sinclair (Phils.) Inc., Can Lacquer, Inc., CBC Forex Corporation, and CBC-IBI. Director Dee obtained a Bachelor of Science degree, Major in Commerce, from the De La Salle University/University of the East, and attended a Special Banking Course at the American Institute of Banking. He attended extensive trainings in AML in December 2017 and August 2019, and corporate governance in November 2018 and August 2019, among others.

JOSE T. SIO
Director

Jose T. Sio, 80, Filipino, was first elected to the China Bank Board on November 7, 2007. He is presently on the boards of the following PSE-listed companies: (1) SM Investments Corporation, as Chairman of the Board; (2) Atlas Consolidated Mining and Development Corporation, as Director; (3) Belle Corporation, as Director; and (4) Far Eastern University, Incorporated, as Independent Director. He also serves in other capacities in the following PSE-listed companies: SM Prime Holdings, Inc., as Adviser of Audit Committee/Risk Oversight Committee; BDO Unibank, Inc., as Adviser to the Board; and Premium Leisure Corporation, as Adviser to the Board. In addition, Mr. Sio is on the boards of non-listed companies, including NLEX Corporation, First Asia Realty Development Corporation, and Ortigas Land Corporation. He is the Chairman and President of SM Foundation, Inc. He previously worked as Senior Partner of SyCip Gorres Velayo & Co. (SGV). He was voted as CFO of the Year in 2009 by the Financial Executives of the Philippines (FINEX); and in various years, he was awarded as Best CFO (Philippines) by Hong Kong-based business publications such as Alpha Southeast Asia, Corporate Governance Asia, Finance Asia and The Asset. Director Sio is a Certified Public Accountant, graduating with a Bachelor of Science degree in Commerce, Major in Accounting, from the University of San Agustin. He obtained his Master's degree in Business Administration from the New York University, U.S.A. He is actively engaged in continuous trainings, having attended seminars/trainings on investments, loans and financial instruments, debt and equity financing during the Euromoney Conference in China in 2005, AML and Advanced Corporate Governance in 2019.

JOAQUIN T. DEE
Director

Joaquin T. Dee, 84, Filipino, is a member of the China Bank Board since May 10, 1984. He does not hold directorship position in any PSE-listed company other than China Bank. He is presently the Director/Chairman of JJACCIS Development Corporation, Director/President of Enterprise Realty Corporation, and Director/Treasurer of Suntree Holdings Corporation. He was Vice President for Sales and Administration of Wellington Flour Mills from 1964 to 1994. Director Dee is a graduate of the Letran College with a Bachelor of Science degree in Commerce. He attended trainings and seminars related to banking, the most recent of which are the Corporate Governance and AML Trainings conducted by the ICD in August 2019.

HERBERT T. SY
Director

Herbert T. Sy (non-executive director), 63, Filipino, is the Chairman of the Trust Investment Committee. He was first elected on January 7, 1993 and has been on the China Bank Board for 26 years. He is currently Chairman of Supervalue, Inc., Super Shopping Market, Inc., Sondrik, Inc., and Sanford Marketing Corp., and director of SM Prime Holdings, Inc.* and National University. He has been involved in companies engaged in food retailing, investment, real estate development and mall operations. He graduated from De La Salle University with a Bachelor's degree in Management.

**Listed on the Philippine Stock Exchange*

HARLEY T. SY
Director

Harley T. Sy, 60, Filipino, has been a member of the China Bank Board since May 24, 2001. He also serves as the Executive Director of SM Investments Corporation, one of the largest publicly listed companies in the Philippines, and holds various positions in other non-listed companies in the SM Group. Director Sy graduated with a Bachelor of Science degree in Commerce, Major in Finance, from the De La Salle University. He participated in extensive trainings on enhancing his banking skills, including programs on enterprise risk management, AML, corporate governance and data privacy.

Board of Directors

From left: Angeline Ann H. Hwang[†], Alberto S. Yao, Philip S.L. Tsai, Margarita L. San Juan, and Ricardo R. Chua

ALBERTO S. YAO
Lead Independent Director

Alberto S. Yao, 73, Filipino, is the Lead Independent Director of the Bank. He was elected to the China Bank Board on July 7, 2004. He does not serve in any listed PSE-listed company other than China Bank. He is the President & CEO of Richwell Philippines, Inc. and Internationale Globale Marques, Inc.; President of Richphil House Incorporated; and a Member of` the Philippine Constitution Association. He is also an Independent Director in the following Bank subsidiaries: CBS, CBCC, and CBSC. He was previously a Director of Planters Development Bank, President and CEO of Richwell Trading Corporation and Europlay Distributor Co., Inc., President of Megarich Property Ventures Corporation, and Vice President for Merchandising of Zenco Sales, Inc. He holds a Bachelor of Science degree in Business Administration, Minor in Accounting, from the Mapua Institute of Technology. Director Yao's seminars include ICD's Corporate Governance and AML Training Programs in 2019.

MARGARITA L. SAN JUAN
Independent Director

Margarita L. San Juan, 66, Filipino, is an Independent Director of the Bank. She was first elected to the China Bank Board on May 4, 2017. She is likewise an Independent Director in Bank subsidiaries CBS, CBCC, and CBC-IBI. She does not hold directorship position in any other PSE-listed company. In the past, she worked with Ayala Investment and Development Corporation, Commercial Bank and Trust Co., and in the Bank's Account Management Group as Senior Vice President and Group Head until her retirement in 2012. Director San Juan earned her Bachelor of Science degree in Business Administration, Major in Financial Management, from the University of the Philippines, and completed the Advance Bank Management Program of the Asian Institute of Management (AIM). She participated in various trainings including development financing, international banking operations, marketing, financial analysis and control, credit and risk management, and the latest on AML and corporate governance in 2019.

PHILIP S.L. TSAI
Independent Director

Philip S.L. Tsai, 69, Filipino, was first elected as Independent Director on November 7, 2018. Aside from the Bank, he does not hold any position in other PSE-listed companies. He also serves as Independent Director in the Bank subsidiaries CBS, CBCC, CBC-IBI. He has had more than 35 years of banking experience, previously holding key positions in First CBC Capital (Asia) Limited, Midwest Medical Management, Fortune Paper Inc., Chemical Bank New York, Consolidated Can Corp., Plastic Container Packaging, and in the Bank's Retail Banking Business until his retirement in 2015. Director Tsai obtained his Bachelor of Science degree in Business Administration from the University of the Philippines, and pursued his Master's degree in Business Administration from the Roosevelt University in Chicago, Illinois. He has had several trainings on corporate governance, bank protection, AML, and branch-based marketing, among others.

ANGELINE ANN H. HWANG†
Independent Director

Angeline Ann H. Hwang†, 69, Filipino, was elected as independent director of the Bank in 2019. She does not hold directorship position in any other PSE-listed company. She is currently the President of Wingsan Properties Corporation and Oxleyrise Properties Inc., which are both private family-owned corporations. She is also independent director of Bank subsidiaries CBSI and CBSC. She has more than 45 years of experience in Philippine banking, ranging from international trade finance to account management/ relationship management for SME and middle market segments as well as branch banking, branch administration and branch expansion. In the past, she held various positions in Philippine Business Bank, Solidbank Corporation, Far East Bank & Trust Company and Bank of the Philippine Islands. Director Hwang earned her Bachelor of Science degree in Business Administration, Major in Banking and Finance, from the University of the Philippines. She has had various trainings on International Financing Reporting Standards (IFRS), financing, related party transactions, data privacy, SME, credit risk management, AML and corporate governance.

+ Passed away on April 11, 2020

RICARDO R. CHUA
Advisor to the Board

Ricardo R. Chua, 68, Filipino, is Advisor to the Board since November 1, 2017. He previously held several key positions in the Bank: as Director from 2008 up to October 2017, President and Chief Executive Officer from September 2014 up to October 2017, and Chief Operating Officer from 2012 to 2014. He is the Advisor of the Bank's Technology Steering Committee, and sits on the boards of the following Bank subsidiaries: Chairman of CBSI and CBCC and Director of CBC-PCCI. A Certified Public Accountant, Mr. Chua graduated with a Bachelor of Science degree in Business Administration, Major in Accounting, cum laude, from the University of the East, and completed his Master's in Business Management (MBM) from the AIM. He has had trainings in banking operations and corporate directorship, and attended AML and corporate governance seminars, among others.

Management Committee

William C. Whang
President

Romeo D. Uyan Jr.
Executive Vice President and Chief Operating Officer

Patrick D. Cheng
Executive Vice President and Chief Finance Officer

Rosemarie C. Gan
Executive Vice President and Head of Retail Banking Business Segment

Lilian Yu
Senior Vice President and Head of Institutional Banking Group

Magnolia Luisa N. Palanca
Senior Vice President and Head of Financial Markets Segment

Manuel C. Tagaza
Senior Vice President and Head of Digital Banking Group

Delia Marquez
First Vice President II and Head of Centralized Operations Group

Ananias S. Cornelio III*
First Vice President II and Chief Risk Officer

**Ex officio member*

China Bank Management Team

As of April 30, 2020

VICE CHAIRMAN

Gilbert U. Dee

PRESIDENT

William C. Whang

EXECUTIVE VICE PRESIDENTS

Patrick D. Cheng
Rosemarie C. Gan
Romeo D. Uyan Jr.

SENIOR VICE PRESIDENTS

Alexander C. Escucha
Magnolia Luisa N. Palanca
Manuel C. Tagaza
Lilian Yu

FIRST VICE PRESIDENTS

Cristina P. Arceo
Layne Y. Arpon
Lilibeth R. Cariño
Amelia Caridad C. Castelo
Benedict L. Chan
Ananias S. Cornelio, III
Melissa F. Corpus
Angela D. Cruz
Renato K. De Borja, Jr.
Gerard Majella T. Dee
Antonio Jose S. Dominguez
Maria Luz B. Favis
Madelyn V. Fontanilla
Jerry Ron T. Hao
Delia Marquez
Jose L. Osmeña, Jr.
Christopher Ma. Carmelo Y. Salazar
Elizabeth C. Say
Clara C. Sy
Belenette C. Tan
Shirley G. K. T. Tan
Stephen Y. Tan
Manuel M. Te
Marisol M. Teodoro
Maria Rosanna Catherina L. Testa
Geoffrey D. Uy
Noemi L. Uy

VICE PRESIDENTS

Luis M. Afable, Jr.
Baldwin A. Aguilar
Ma. Hildelita P. Alano
Juan Emmanuel B. Andaya
Love Virgilynn T. Baking
Yasmin I. Biticon
Betty L. Biunas
Richard S. Borja
Victor Geronimo S. Calo
Jeannette H. Chan
Marie Carolina L. Chua
Domingo P. Dayro, Jr.
Esperose S. De Claro
Aileen Paulette S. De Jesus
James Christian T. Dee
Norman D.C. Del Carmen
Gemma B. Deladia
Rhodin Evan O. Escolar
Therese G. Escolin
Luellia S. Espine
Pablito P. Flores
Francisco Javier C. Galang
Cesaré Edwin M. Garcia
Cristina F. Gotuaco
Ma. Cristina C. Hernandez
Marlon B. Hernandez
Shirley C. Lee
Angelyn Claire C. Liao
Regina Karla F. Libatique
Karyn C. Lim
Mary Ann T. Lim
Jennifer Y. Macariola
Dorothy T. Maceda
Ordon P. Maningding
Ronald R. Marcaida
Mandrake P. Medina
Corazon I. Morando
Enrico J. Ong
Jocelyn T. Pavon
Mani Thess Q. Peña-Lee
Arnulfo H. Roldan
Danilo T. Sarita
Francisco Eduardo A. Sarmiento
Cherie S. Sia
Irene C. Tanlimco
Ma. Edita Lynn Z. Trinidad
Jasmin O. Ty
Virginia Y. Uy
Esmeralda R. Vicente
Clarissa Maria A. Villalon
Charon B. Wambangco
Carina L. Yandoc
George C. Yap
Michelle Y. Yap-Bersales
Hanz Irvin S. Yoro
Mary Joy L. Yu

SENIOR ASSISTANT VICE PRESIDENTS

Emmanuel L. Abesamis
Jay Angelo N. Anastacio
Luis R. Apostol
Ma. Florentina U. Arellano
Marissa A. Auditor
Faye Theresa S. Babasa
Roberto P. Basilio
Ma. Luisa O. Baylosis
Jonathan C. Camarillo
Victoria G. Capacio
Norman Roque V. Causing
Maria Luisa C. Corpus
Patricia J. Custodio
Ma. Jeanette D. Cuyco
Ricardo J. De Guzman, III
Jinky T. Dela Torre
Mary Ann R. Ducanes
Susan U. Ferrer
Hyacinth M. Galang
Marissa G. Garcia
Dennis S. Go, II
Virginia G. Go
Grace Y. Ho
Gladys Antonette Marcel P. Isidro
Josefina Anna T. Justiniano
Vivian T. Kho
Maria Margaret U. Kua
Ma. Arlene Mae G. Lazaro
Eric Y. Lee
Mary Ann L. Llanes
Glenn B. Lotho
Katherine N. Manguiat
Manuel Angelo C. Monzon
Gil P. Navelgas
Remedios Emilia R. Olivar
Ma. Victoria G. Pantaleon
Josephine D. Paredes
Noreen S. Purificacion
Rhoel T. Reyes
Ana Ma. Raquel Y. Samala
Julie Ann P. Santiago
Alejandro F. Santos
Charmaine V. Santos
Edgardo M. Santos
Ma. Graciela C. Santos
Ernanie V. Silvino
Ma. Cecilia D. So
Cynthia U. Surpia
Jeanny C. Tan
Ma. Cecilia V. Tejada
Michael C. Tomon
Harvey L. Ty
Hudson Q. Uy
Lauro C. Valera
Roderick Iluminado U. Vallejo, III
Anthony Ariel C. Vilar
Rosario D. Yabut

ASSISTANT VICE PRESIDENTS

Agnes O. Adviento
Rommel M. Agacita
Paul E. Akasaka
Nellie S. D. Alar
Ramiro A. Amanquiton
Genie N. Ang
Ma. Cristina G. Antonio
Aerol Paul B. Banal
Cherie Germaine T. Bautista
Eric Von D. Baviera
Jesus S.M. Belaniso, III
Robert O. Blanch
Maria Charmina B. Bonifacio
Christine Z. Briones
Alalyn J. Buragay
Agnes C. Calimbahin
Theresa Imelda T. Calpo
Alex M. Campilan
Sherry Ann F. Canillas
Hermenegildo G. Cariño
Ma. Cecilia M. Chiu
Bryan Q. Chua
Ma. Rosalie F. Cipriano
Jose Juan Maria B. Cordero
Amelia Consolacion B. Cruz
Allan Gerard C. Daluz
Aimee-Cel A. De Leon
Reylenita M. Del Rosario
Ma. Lourdes L. Dela Vega
Katherine Jean S. M. Diamante
Dylan Z. Dizon
Leilani B. Elarmo
Eleanor Q. Faigao
Michelle A. Farcon
Eileen M. Felipe
Angelito T. Fernandez
Marlon F. Galang
Ma. Salome D. L. Garcia
Alvin C. Go
Maria Violeta M. Gonzales
Hector B. Holgado
Ruth D. Holmes
Carlo Ramon R. Jayme
Jamille Castor M. Jongko
Primitivo B. Julito, Jr.
Lorelie Y. Lacson
Ma. Teresa O. Lao
Ma. Giselle A. Liceralde
Ma. Gladys C. Liwag
Maria Melinda O. Lo
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Sheila Jane F. Medrero
Susie W. Napili
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Tadeos R. Natividad
Wendy G. Ngo
Eleanor C. Ona
Sonia M. Ong
Lilian B. Orlina
Mary Y. Pe
Christine G. Peñafiel
Hazel Marie A. Puerto
George Michael F. Punzalan
Katherine Joyce C. Quijano
Alvin A. Quintanilla
Evelyn O. Ramos
Niña May Q. Reynoso
Arlene A. Romo
Jouzl Marie C. Roña
Eleanor D. Rosales
Marie Christine S. Sagrado-Cabato
Anita Y. Samala
Roberto J. Sanchez, Jr.
Edellina C. Santiago
Fernando S. Santos, III
Jaydee C. Tan
Susan Y. Tang
Michaela L. Teng
Arnel Ferdinand R.Tiglao
Jacqueline T. Tomacruz
Edna A. Torralba
Karen W. Tua
Cristina C. Ty
Norman P. Ureta
David Andrew P. Valdellon
Jonathan T. Valeros
Catherine D. Yabes
April Marie O. Yago

Awards and Distinctions

- **Best Managed Fund of the Year Award - Dollar Long-Term Bond Category**
  Chartered Financial Analyst Society Philippines (CFA) 2019 Charter Awards

- **Best Corporate Governance Disclosure and Transparency Award**
  BSP Stakeholder Awards - Bangko Sentral ng Pilipinas

- **The Pagtugon Award for Universal and Commercial Banks**
  BSP Stakeholder Awards - Bangko Sentral ng Pilipinas

- **Best Debt Capital Markets (DCM) House - Philippines**
  Finance Asia- Country Awards for Achievement 2019

- **P6 Billion term loan facility for Atlantic Gulf and Pacific Company (AG&P) – Oil and Gas Deal of the Year**
  2019 Triple A Asia Infrastructure Awards - The Asset

- **P9 Billion financing for Apo Agua Infrastructure – Utility Deal of the Year**
  2019 Triple A Asia Infrastructure Awards - The Asset

- **Four Arrow Recognition - Corporate Governance**
  Golden Arrow Recognition Ceremony 2019 - Institute of Corporate Directors (ICD)

- **Among the Top Corporate Securities Market Makers and Top Fixed-income Brokering participants**
  2019 PDS Annual Awards Night - Philippine Dealing System

- **Process Innovation – Easy Tax Management**
  Client Innovation Awards 2019 – Infosys Finacle

- **Best Bond Adviser - Domestic Category**
  The Asset's 2018 Triple A Awards - The Asset

- **Silver Anvil – PR Tool Category (China Bank Annual & Financial Sustainability Report)**
  55th Anvil Awards – Public Relations Society of the Philippines

Financial Statements Contents

Disclosure on Capital Structure and Capital Adequacy

Capital Fundamentals

We believe that China Bank can only achieve sustainable growth by maintaining strong capital fundamentals. Major business initiatives are undertaken with the appropriate capital planning which also takes into consideration constraints and changes in the regulatory environment. This is necessary to ensure that the Bank's commercial objectives are equally aligned with its ability to maintain a capital position at par with the industry. The Board and Senior Management recognizes that a balance should be achieved with respect to China Bank's earnings outlook vis-à-vis capital fundamentals that can take advantage of growth opportunities while maintaining sufficient capacity to absorb shocks.

Risk-based capital components, including deductions, on a parent and consolidated basis:

Qualifying Capital (Basel III)	Consolidated	Parent Company
In PhP Million	2019	
Common Equity Tier 1 Capital		
Paid-up common stock	26,859.00	26,859.00
Additional paid-in capital	17,122.63	17,122.63
Retained Earnings	48,565.57	45,914.53
Other Comprehensive Income	102.88	102.88
Minority Interest	108.27	–
Less: Retained Earnings Appropriated for General Loan Loss Provision	(2,278.60)	(2,278.60)
Less: Unsecured DOSRI	(212.58)	(194.68)
Less: Deferred Tax Assets	(2,766.69)	(2,145.79)
Less: Goodwill	(563.47)	(222.84)
Less: Other Intangible Assets	(3,561.33)	(949.51)
Less: Defined Benefit Pension Fund Assets/Liabilities	(990.57)	(990.57)
Less: Investment in Subsidiary	(351.77)	(11,949.21)
Less: Significant Minority Investment	(704.17)	(704.17)
Less: Other Equity Investment	(62.99)	(60.80)
Total CET 1 Capital	81,266.17	70,502.88
Additional Tier 1 Capital	–	–
Total Tier 1 Capital	81,266.17	70,502.88
Tier 2 Capital		
General Loan Loss Provision	5,799.34	5,117.63
Total Tier 2 Capital	5,799.34	5,117.63
Total Qualifying Capital	87,065.51	75,620.50

Qualifying Capital (Basel III)	Consolidated	Parent Company
In PhP Million	2018	
Common Equity Tier 1 Capital		
Paid-up common stock	26,859.00	26,859.00
Additional paid-in capital	17,122.63	17,122.63
Retained Earnings	40,793.28	38,130.79
Other Comprehensive Income	(154.84)	(154.84)
Minority Interest	106.24	–
Less: Retained Earnings Appropriated for General Loan Loss Provision	(2,971.93)	(2,747.04)
Less: Unsecured DOSRI	(189.78)	(182.21)
Less: Deferred Tax Assets	(1,676.64)	(1,211.81)
Less: Goodwill	(563.47)	(222.84)
Less: Other Intangible Assets	(3,222.15)	(603.77)
Less: Defined Benefit Pension Fund Assets/Liabilities	(1,201.40)	(1,201.40)
Less: Investment in Subsidiary	(387.64)	(10,761.99)
Less: Significant Minority Investment	(234.40)	(234.40)
Less: Other Equity Investment	(44.93)	(42.74)

Forward

Qualifying Capital (Basel III)	Consolidated	Parent Company
In PhP Million	2018	
Total CET 1 Capital	74,233.95	64,749.39
Additional Tier 1 Capital	–	–
Total Tier 1 Capital	74,233.95	64,749.39
Tier 2 Capital		
General Loan Loss Provision	5,658.62	4,982.36
Total Tier 2 Capital	5,658.62	4,982.36
Total Qualifying Capital	79,892.58	69,731.75

Risk-based capital ratios:

Basel III	Consolidated	Parent Company
	2019	
	In PhP Million	
CET 1 capital	92,758.35	89,999.04
Less regulatory adjustments	(11,492.18)	(19,496.17)
Total CET 1 capital	81,266.17	70,502.88
Additional Tier 1 capital	–	–
Total Tier 1 capital	81,266.17	70,502.88
Tier 2 capital	5,799.34	5,117.63
Total qualifying capital	87,065.51	75,620.50
Risk weighted assets	636,709.99	558,834.34
CET 1 capital ratio	12.76%	12.62%
Tier 1 capital ratio	12.76%	12.62%
Total capital ratio	13.67%	13.53%

Basel III	Consolidated	Parent Company
	2018	
	In PhP Million	
CET 1 capital	84,726.30	81,957.58
Less regulatory adjustments	(10,492.35)	(17,208.19)
Total CET 1 capital	74,233.95	64,749.39
Additional Tier 1 capital	–	–
Total Tier 1 capital	74,233.95	64,749.39
Tier 2 capital	5,658.62	4,982.36
Total qualifying capital	79,892.58	69,731.75
Risk weighted assets	610,400.96	535,110.36
CET 1 capital ratio	12.16%	12.10%
Tier 1 capital ratio	12.16%	12.10%
Total capital ratio	13.09%	13.03%

The regulatory Basel III qualifying capital of the Group consists of Common Equity Tier 1 capital (going concern capital), which comprises paid-up common stock, additional paid-in capital, surplus including current year profit, other comprehensive income and minority interest less required deductions such as unsecured credit accommodations to DOSRI, deferred income tax, other intangible assets, goodwill, defined benefit pension fund assets/liabilities, and investment in subsidiaries. The other component of regulatory capital is Tier 2 capital (gone-concern capital), which includes general loan loss provision. A capital conservation buffer of 2.5% comprised of CET 1 capital is likewise imposed in the Basel III capital ratios.

Disclosure on Capital Structure and Capital Adequacy

Full reconciliation of all regulatory capital elements back to the balance sheet in the audited financial statements is presented below:

	Consolidated					
	2019			2018		
	Qualifying Capital	Reconciling Items	Audited Financial Statements	Qualifying Capital	Reconciling Items	Audited Financial Statements
Common stock	26,859	–	26,859	26,859	–	26,859
Additional paid-in capital	17,123	–	17,123	17,123	–	17,123
Retained Earnings	48,566	(3,591)	52,157	40,793	(3,735)	44,528
Net unrealized gains or losses on AFS securities	236	(182)	418	(228)	475	(703)
Cumulative foreign currency translation and others	(133)	260	(393)	73	29	44
Non-controlling interest	108	96	12	106	94	12
Deductions	(11,492)	(11,492)	–	(10,492)	(10,492)	–
Tier 1 (CET1) capital/Total equity	81,267	(14,909)	96,176	74,234	(13,629)	87,857
Tier 2 capital	5,799	5,799	–	5,659	5,659	–
Total qualifying capital/Total equity	87,066	(9,110)	96,176	79,893	(8,060)	87,857

	Parent Company					
	2019			2018		
	Qualifying Capital	Reconciling Items	Audited Financial Statements	Qualifying Capital	Reconciling Items	Audited Financial Statements
Common stock	26,859	–	26,859	26,859	–	26,859
Additional paid-in capital	17,123	–	17,123	17,123	–	17,123
Retained Earnings	45,914	(6,243)	52,157	38,131	(6,397)	44,528
Net unrealized gains or losses on AFS securities	236	182	418	(228)	475	(703)
Cumulative foreign currency translation and others	(133)	260	(393)	73	(28)	45
Deductions	(19,496)	(19,496)	–	(17,208)	(17,208)	–
Tier 1 (CET1) capital/Total equity	70,503	(25,660)	96,163	64,750	(23,158)	87,852
Tier 2 capital	5,118	5,118	–	4,982	4,982	–
Total qualifying capital/Total equity	75,621	(20,542)	96,163	69,732	(18,176)	87,852

The capital requirements for Credit, Market and Operational Risk are listed below, on a parent and consolidated basis:

Capital Requirement in PhP Million	Consolidated		Parent	
	2019	2018	2019	2018
Credit Risk	579,653	565,777	511,015	498,030
Market Risk	11,433	5,154	11,434	5,204
Operational Risk	45,623	39,470	36,385	31,877
Total Capital Requirements	636,709	610,401	558,834	535,111

Credit Risk

On-balance sheet exposures, net of specific provisions and not covered by CRM (in PhP million):

December 2019

On-Balance Sheet Assets	Consolidated		Parent	
	Exposures, net of Specific Provisions	Exposures not Covered by CRM	Exposures, net of Specific Provisions	Exposures not Covered by CRM
Cash on Hand	17,024.41	17,024.41	14,703.32	14,703.32
Checks and Other Cash Items	169.25	169.25	153.52	153.52
Due from BSP	99,630.53	99,630.53	88,109.65	88,109.65
Due from Other Banks	10,226.96	10,226.96	8,645.55	8,645.55
Financial Assets at FVPL	9.89	–	9.89	–
Financial Assets at FVOCI	16,653.16	15,664.31	14,698.42	13,709.57
Investment Securities at Amortized Cost	179,688.25	179,688.25	175,854.50	175,854.50
Loans and Receivables	579,963.10	552,460.47	514,663.87	494,409.87
Loans and Receivables arising from Repurchase Agreements	12,461.68	12,461.68	5,449.71	5,449.71
Sales Contract Receivables	1,038.71	1,038.71	205.81	205.81
Real and Other Properties Acquired	3,258.61	3,258.61	307.77	307.77
Other Assets	17,176.15	17,176.15	11,000.11	11,000.11
Total On-Balance Sheet Assets	**937,300.71**	**908,799.34**	**833,802.11**	**812,549.37**

December 2018

On-Balance Sheet Assets	Consolidated		Parent	
	Exposures, net of Specific Provisions	Exposures not Covered by CRM	Exposures, net of Specific Provisions	Exposures not Covered by CRM
Cash on Hand	15,445.99	15,445.99	13,579.54	13,579.54
Checks and Other Cash Items	130.09	130.09	125.76	125.76
Due from BSP	101,890.53	101,890.53	95,093.70	95,093.70
Due from Other Banks	9,455.45	9,455.45	7,837.89	7,837.89
Financial Assets at FVPL	845.88	835.61	840.73	830.46
Financial Assets at FVOCI	10,065.70	9,038.86	8,307.23	7,280.39
Investment Securities at Amortized Cost	174,576.92	174,576.92	165,788.22	165,788.22
Loans and Receivables	513,035.64	484,762.89	449,324.99	427,314.42
Loans and Receivables arising from Repurchase Agreements	10,004.22	10,004.22	7,002.96	7,002.96
Sales Contract Receivables	1,046.22	1,046.22	194.47	194.47
Real and Other Properties Acquired	3,635.33	3,635.33	179.02	179.02
Other Assets	12,573.56	12,573.56	7,290.20	7,290.20
Total On-Balance Sheet Assets	**852,705.53**	**823,395.69**	**755,564.70**	**732,517.03**

Disclosure on Capital Structure and Capital Adequacy

December 2017

On-Balance Sheet Assets	Consolidated		Parent	
	Exposures, net of Specific Provisions	Exposures not Covered by CRM	Exposures, net of Specific Provisions	Exposures not Covered by CRM
Cash on Hand	11,967.20	11,967.20	10,473.04	10,473.04
Checks and Other Cash Items	105.31	105.31	86.31	86.31
Due from BSP	98,490.46	98,490.46	91,717.49	91,717.49
Due from Other Banks	15,641.48	15,641.48	14,066.62	14,066.62
Financial Assets at FVPL	3,421.44	3,411.69	3,421.44	3,411.69
Available-for-Sale Financial Assets	46,569.31	45,594.23	43,303.71	42,328.63
Held-to-Maturity Financial Assets	66,079.64	66,079.64	62,284.34	62,284.34
Unquoted Debt Securities Classified as Loans	1,126.59	1,126.59	1,021.49	1,021.49
Loans and Receivables	451,658.56	424,289.21	390,162.15	367,704.31
Loans and Receivables arising from Repurchase Agreements	18,755.60	18,755.60	17,350.99	17,350.99
Sales Contract Receivables	922.96	922.96	178.73	178.73
Real and Other Properties Acquired	4,135.94	4,135.94	418.63	418.63
Other Assets	11,577.51	11,577.51	8,274.34	8,274.34
Total On-Balance Sheet Assets	**730,452.01**	**702,097.82**	**642,759.29**	**619,316.62**

Credit equivalent amount for off-balance sheet items, broken down by type of exposures (in PhP million):

Off-balance Sheet Assets	2019				2018				2017			
	Consolidated		Parent		Consolidated		Parent		Consolidated		Parent	
	Notional Principal	Credit Equivalent	Notional Principal	Credit Equivalent	Notional Principal	Credit Equivalent	Notional Principal	Credit Equivalent	Notional Principal	Credit Equivalent	Notional Principal	Credit Equivalent
Direct Credit Substitutes	–	–	–	–	–	–	–	–	–	–	–	–
Transaction-related contingencies	63,504.13	31,752.06	63,386.79	31,693.40	18,899.11	9,449.56	18,750.12	9,375.06	17,856.22	8,928.11	17,643.24	8,821.62
Trade-related contingencies arising from movement of goods	5,286.34	1,057.27	5,273.64	1,054.73	5,671.98	1,134.40	5,645.42	1,129.08	8,244.10	1,648.82	8,079.90	1,615.98
Other commitments (which can be unconditionally cancelled at any time by the bank without prior notice)	208,932.75	–	208,575.86	–	153,999.03	–	153,462.68	–	148,317.90	–	145,897.78	–
Total Notional Principal and Credit Equivalent Amount	277,723.22	32,809.33	277,236.30	32,748.12	178,570.12	10,583.95	177,858.23	10,504.15	174,418.22	10,576.93	171,620.92	10,437.60

Credit equivalent amount for counterparty credit risk in the trading book, broken down by type of exposures (in PhP million):

December 2019

Standardized Approach	Consolidated		Parent	
	Notional Principal	Credit Equivalent	Notional Principal	Credit Equivalent
Interest Rate Contracts	1,864.61	13.22	1,864.61	13.22
Exchange Rate Contracts	36,082.99	472.21	36,082.99	472.21
Equity Contracts	–	–	–	–
Credit Derivatives	–	–	–	–
Total Notional Principal and Credit Equivalent Amount	**37,947.59**	**485.43**	**37,947.59**	**485.43**

December 2018

Standardized Approach	Consolidated		Parent	
	Notional Principal	Credit Equivalent	Notional Principal	Credit Equivalent
Interest Rate Contracts	3,059.34	37.49	3,059.34	37.49
Exchange Rate Contracts	57,082.77	908.62	57,082.77	908.62
Equity Contracts	-	-	-	-
Credit Derivatives	-	-	-	-
Total Notional Principal and **Credit Equivalent Amount**	**60,142.11**	**946.11**	**60,142.11**	**946.11**

December 2017

Standardized Approach	Consolidated		Parent	
	Notional Principal	Credit Equivalent	Notional Principal	Credit Equivalent
Interest Rate Contracts	9,991.39	41.21	9,991.39	41.21
Exchange Rate Contracts	33,068.49	625.66	33,068.49	625.66
Equity Contracts	–	–	–	–
Credit Derivatives	–	–	–	–
Total Notional Principal and **Credit Equivalent Amount**	**43,059.88**	**666.87**	**43,059.88**	**666.87**

Net Exposures after CRM for counterparty credit risk in the banking book, broken down by type of exposures (in PhP million):

December 2019

Standardized Approach	Consolidated		Parent	
	Fair Value/ Carrying Amount	Net Exposures after CRM	Fair Value/ Carrying Amount	Net Exposures after CRM
Derivative Transactions	–	–	–	–
Repo-Style Transactions	19,443.72	2,652.82	19,443.72	2,652.82
Total Fair Value/Carrying Amount and Net Exposures after CRM	19,443.72	2,652.82	19,443.72	2,652.82

December 2018

Standardized Approach	Consolidated		Parent	
	Fair Value/ Carrying Amount	Net Exposures after CRM	Fair Value/ Carrying Amount	Net Exposures after CRM
Derivative Transactions	–	–	–	–
Repo-Style Transactions	35,488.28	8,158.34	35,488.28	8,158.34
Total Fair Value/Carrying Amount and Net Exposures after CRM	35,488.28	8,158.34	35,488.28	8,158.34

December 2017

Standardized Approach	Consolidated		Parent	
	Fair Value/ Carrying Amount	Net Exposures after CRM	Fair Value/ Carrying Amount	Net Exposures after CRM
Derivative Transactions	–	–	–	–
Repo-Style Transactions	17,415.76	3,546.90	17,415.76	3,546.90
Total Fair Value/Carrying Amount and Net Exposures after CRM	17,415.76	3,546.90	17,415.76	3,546.90

Disclosure on Capital Structure and Capital Adequacy

The following credit risk mitigants are used in the December 2019 CAR Report:

- ROP warrants
- ROP guarantee
- HGC guarantee
- Holdout vs. Peso deposit
- Holdout vs. FCDU deposit
- Assignment / Pledge of Government Securities

Total credit exposure after risk mitigation, broken down by type of exposures, risk buckets, as well as those that are deducted from capital (in PhP million):

Weight Band	2019							
	Consolidated				Parent Company			
	On-balance sheet	Off-balance sheet	Counterparty	Total	On-balance sheet	Off-balance sheet	Counterparty	Total
Below 100%	469,596.95	1,555.79	2,971.71	474,124.45	430,163.75	1,555.79	2,971.71	434,691.26
100% and Above	439,202.39	31,253.54	166.53	470,622.47	382,385.62	31,192.33	166.53	413,744.49
Total	908,799.34	32,809.33	3,138.25	944,746.92	812,549.37	32,748.12	3,138.25	848,435.75

Weight Band	2018							
	Consolidated				Parent Company			
	On-balance sheet	Off-balance sheet	Counterparty	Total	On-balance sheet	Off-balance sheet	Counterparty	Total
Below 100%	344,646.31	–	9,032.78	353,679.09	307,944.31	–	9,032.78	316,977.09
100% and Above	478,749.38	10,583.95	71.67	489,405.01	424,572.72	10,504.15	71.67	435,148.54
Total	823,395.69	10,583.95	9,104.45	843,084.09	732,517.03	10,504.15	9,104.45	752,125.63

Weight Band	2017							
	Consolidated				Parent Company			
	On-balance sheet	Off-balance sheet	Counterparty	Total	On-balance sheet	Off-balance sheet	Counterparty	Total
Below 100%	299,057.46	–	4,065.92	303,123.38	268,167.72	–	4,065.92	272,233.64
100% and Above	403,040.36	10,576.93	147.84	413,765.14	351,148.90	10,437.60	147.84	361,734.34
Total	702,097.82	10,576.93	4,213.77	716,888.52	619,316.62	10,437.60	4,213.77	633,967.98

Total credit risk-weighted assets, broken down by type of exposures (in PhP million):

Weight Band	2019							
	Consolidated				Parent Company			
	On-balance sheet	Off-balance sheet	Counterparty	Total	On-balance sheet	Off-balance sheet	Counterparty	Total
Below 100%	104,405.21	311.16	1,218.67	105,935.03	95,647.30	311.16	1,218.67	97,177.13
100% and Above	442,498.63	31,253.54	166.53	473,918.70	383,146.28	31,192.33	166.53	414,505.15
Covered by CRM	80.54	–	–	80.54	80.54	–	–	80.54
Excess GLLP				280.75				747.37
Total	546,984.37	31,564.70	1,385.20	579,653.53	478,874.12	31,503.49	1,385.20	511,015.45

Weight Band	2018							
	Consolidated				Parent Company			
	On-balance sheet	Off-balance sheet	Counterparty	Total	On-balance sheet	Off-balance sheet	Counterparty	Total
Below 100%	69,574.44	–	3,677.48	73,251.92	58,894.98	–	3,677.48	62,572.46
100% and Above	481,834.50	10,583.95	71.67	492,490.13	424,967.08	10,504.15	71.67	435,542.90
Covered by CRM	120.44	–	–	120.44	120.44	–	–	120.44
Excess GLLP				85.85				205.83
Total	551,529.39	10,583.95	3,749.15	565,776.65	483,982.50	10,504.15	3,749.15	498,029.98

Weight Band	2017							
	Consolidated				Parent Company			
	On-balance sheet	Off-balance sheet	Counterparty	Total	On-balance sheet	Off-balance sheet	Counterparty	Total
Below 100%	61,429.58	–	1,990.76	63,420.34	50,785.80	–	1,990.76	52,776.56
100% and Above	406,743.33	10,576.93	147.84	417,468.11	352,027.29	10,437.60	147.84	362,612.73
Covered by CRM	67.74	–	–	67.74	67.74	–	–	67.74
Excess GLLP				–				–
Total	468,240.65	10,576.93	2,138.60	480,956.18	402,880.83	10,437.60	2,138.60	415,457.04

The credit ratings given by the following rating agencies were used to determine the credit risk weight of On-balance sheet, Off-balance sheet, and Counterparty exposures:

For all rated credit exposures regardless of currency
Standard & Poor (S&P) Moody's
Fitch
For PHP-denominated debts of rated domestic entities
Philratings

Disclosure on Capital Structure and Capital Adequacy

Market Risk-Weighted Assets

The Standardized Approach is used in China Bank's market risk-weighted assets. The total market risk-weighted asset of the Bank as of December 2019 is ₱11.43 billion for both parent company and on a consolidated basis. This is composed of Interest Rate exposures amounting to ₱10.35 billion and Foreign Exposures amounting to ₱1.08 billion for both the parent bank and on a consolidated basis.

	Consolidated	Parent Company	Consolidated	Parent Company
Interest Rate Exposures (in PhP Mn)	2019		2018	
Specific Risk	300.11	300.11	87.72	87.72
General Market Risk				
PHP	242.90	242.90	61.52	61.52
FCY	285.02	285.02	130.27	130.27
Total Capital Charge	828.03	828.03	279.51	279.51
Adjusted Capital Charge	1,035.04	1,035.04	349.39	349.39
Subtotal Market Risk-Weighted Assets	10,350.40	10,350.40	3,493.93	3,493.93

	Consolidated	Parent Company	Consolidated	Parent Company
Equity Exposures	2019		2018	
Total Capital Charge	–	–	7.59	–
Adjusted Capital Charge	–	–	9.48	–
Subtotal Market Risk-Weighted Assets	–	–	94.82	–
Total Market Risk-Weighted Assets	–	–	94.82	–

	Consolidated	Parent Company	Consolidated	Parent Company
Foreign Exchange Exposures	2019		2018	
Total Capital Charge	86.65	86.70	125.23	136.78
Adjusted Capital Charge	108.31	108.37	156.53	170.97
Subtotal Market Risk-Weighted Assets	1,083.11	1,083.74	1,563.35	1,709.75
Total Market Risk-Weighted Assets	11,433.51	11,434.14	5,145.10	5,203.68

Operational, Legal, and Other Risks

The Bank has established an Operational Risk Management Framework which forms part of its enterprise-wide risk management system. It outlines the policies, processes and procedures and the tools introduced to implement an effective operational risk management system covering all the business and operating units of the Bank as well as its subsidiaries. Among the tools that are already in place that provides the Bank with the ability to identify and assess material operational risks include the Risk & Control Self-Assessment (RCSA) and the Key Risk Indicators (KRI). Both financial and non-financial impacts of operational risk are captured for this purpose.

The overall operational risk exposure of the Bank is determined using a number of methodologies which include the scenario analysis exercise. As of December 2019, the equivalent capital allocated for Operational Risk amounted to PHP 3.64 billion which is more than adequate to cover the computed overall operational risk exposure. Moreover, the Bank through its Legal & Collection Division identified and assessed potential losses attributed to Legal Risk and the amount is not material to significantly affect the Bank's capital position.

Operational Risk-Weighted Assets

The BIA is used to determine the equivalent operational risk-weighted assets of China Bank. On a parent basis, the Bank's operational risk-weighted asset as of December 2019 is ₱36.38 billion while on a consolidated basis, the Bank's operational risk- weighted assets is ₱45.62 billion. On a parent basis, the Bank's operational risk-weighted asset as of December 2018 is ₱31.88 billion while on a consolidated basis, the Bank's operational risk-weighted assets is ₱39.47 billion.

Interest Rate Risk In The Banking Book

The Bank's interest rate risk in the banking book (IRRBB) originates from its holdings of interest rate sensitive assets and interest rate sensitive liabilities. The repricing mismatch exposes the Bank to movement in market interest rates. To measure its impact to the Bank's net interest income, the Bank performs a sensitivity analysis thru the Earnings-at-Risk (EaR) method. In this method, Loans are assumed affected by interest rate movements on its repricing date for floating rates and on its maturity for fixed rates. Demand and savings deposits, on the other hand, are generally considered not sensitive to interest rate movements. EaR results are discussed in Asset and Liability (ALCO) meetings every week. Adverse changes in interest rates during stress events expose the Bank to higher interest rate risk. Thus, stress testing is performed and results are reported to the Risk Oversight Committee (ROC) every month.

Provided in the table below are the approximate addition and reduction in annualized net interest income of a 100bps change across the yield curve.

Earnings-at-Risk in PhP Million	Consolidated		Parent	
	2019	2018	**2019**	2018
Upward	**979**	988	**1,003**	1,157
Downward	**973**	939	**996**	1,108

Report of the Audit Committee

The Audit Committee (Committee) is a Board-level committee given the role of promoting the quality of audit throughout the organization to add value to the governance, risk management, and internal control processes of the Bank. As a provider of quality and significant assurance and consulting services, the *Bangko Sentral ng Pilipinas* (BSP) tasks the Committee to oversee the financial reporting framework of the Bank, monitor and evaluate the adequacy and effectiveness of internal control system, oversee the internal and external audit function, investigate significant issues and concerns, oversee implementation of corrective actions, and establish a whistleblowing mechanism. The Committee's organization, authority, and duties and responsibilities are defined in a Charter approved by the Board of Directors.

Three (3) non-executive members of the Board of Directors comprise the Committee – Lead Independent Director Alberto S. Yao is the Chairman, and Non-Executive Director Joaquin T. Dee and Independent Director Philip S.L. Tsai are the members. All of them have accounting, auditing, or related financial management expertise or experience commensurate with the size, complexity of operations and risk profile of the Bank.

For the year ended December 31, 2019, the Committee held 12 regular and 3 special meetings. The main activities conducted, discussed and deliberated for the covered period are set out below.

Oversight of Financial Reporting Framework

The Committee reviewed and discussed with management and external auditors, financial reporting processes, practices and controls to ensure that information and reports are accurate, comprehensive and free of material misstatements. Before the financial statements, interim reports, and audit results are submitted to the Board, the Committee deliberated on the impact of the adoption of new or changes in accounting policies and practices, standards and interpretations in the results; reasonableness of estimates and assumptions used in the preparation of financial statements; significant differences and adjustments resulting from the audit if any; and compliance with the Philippine Financial Reporting Standards (PFRS), International Financial Reporting Standards (IFRS), Tax Reform for Acceleration and Inclusion (TRAIN) Act and related tranches of the comprehensive tax reform program of the government, and various relevant Securities and Exchange Commission (SEC) and Bureau of Internal Revenue (BIR) issuances on accounting, auditing and regulatory standards.

Monitoring and Evaluation of Adequacy and Effectiveness of Internal Control

The Committee assessed the implementation, adequacy and effectiveness of the internal control policies of the Bank, covering financial, operational and compliance controls, and risk management. Throughout the year, periodic monitoring was conducted to identify and address weaknesses to ensure that appropriate controls are in place including in areas and activities where the Bank transitioned from manual to automated processes. It looked into the internal control issues noted during regular, special and limited audits of various branches, units, applications, and services of the Bank, including the effectiveness of information technology security and controls. Based on management's responses and timelines and plans presented, the Committee determined that appropriate actions have been taken and deliverables have been accomplished within the set timeline in order to address significant deficiencies and weaknesses, and that controls have been put up to prevent recurrence of similar issues.

Oversight of External Audit Function

For the covered period, the Committee recommended to the Board the engagement of SyCip Gorres Velayo & Co. (SGV) as the external auditors of the Bank based on a careful evaluation of their qualifications, performance, competence, integrity, and independence. The Committee met with the external auditors to discuss the results of audit and confirmation procedures, and ensure that the scope and plan of annual audit cover areas prescribed by the BSP and other regulatory agencies. It discussed with the external auditors key audit matters and audit strategy that addresses the key risks, and made inquiries relating to matters relevant to audit. It ensured that the external auditors remain independent and are given unrestricted access to records, properties and personnel, to enable them to perform their audit functions. The Committee also approved the engagement fees of the external auditors in connection with the audit of the financial statements of the Bank, independent validation of votes for stockholders' meeting, and issuance of comfort letter for the long-term fixed rate bond, among others.

Oversight of Internal Audit Function

The Committee assessed the adequacy and effectiveness of the internal audit function. It reviewed and approved the audit scope and frequency provided in the proposed audit plan, and discussed the accomplishments versus plans of internal audit's Quality Assurance Department, Branch Audit Department, Head Office and Subsidiaries Audit Department, and IT Audit Department, and approved their budget. It also evaluated the updates, deferments and changes in audit engagements and audit plans, and took up the status updates results of monitoring of outstanding audit activities and issues as well as the resolution rate. Among those taken for the year 2019 were the results of audit of risk and operations models, recalibration of audit rating system and overall scoring scale for validation of financial risk management models to align with internal and best practices; audit committee effectiveness; internal audit charter and manual; status of external quality assessment review; sponsorship program for professional certifications of internal auditors; review of pandemic plan and business continuity and disaster recovery plans testing exercises; approval of audit management system, audit policies on independence and objectivity, outsourcing, and handling consulting services.

On the internal auditor, the Committee evaluated performance of the Chief Audit Executive (CAE) and ensured the latter and her performance of internal audit functions are free from interference by outside parties. The Committee continued to maintain an open and timely communication with the CAE and meet without management presence to discuss internal audit plans and activities and updates on any other matters of mutual interest. During the second half of 2019, the Committee internally sourced and selected a Deputy CAE and set out the processes and timeline for him to transition to eventually assume the position of CAE in view of the current CAE's impending retirement.

Lastly, the Committee confirmed the professional opinion of the CAE of adherence to the Institute of Internal Auditors' (IIA) Standard and Implementation Guide 2130 on Control, Standard 1100 on Independence and Objectivity, and Standards and Code of Ethics for the audit year.

Other Audit Matters

The Committee focused on the investigation of significant issues and concerns, and ensured the implementation of corrective actions in a timely manner to address the weaknesses, non-compliance with policies, laws and regulations, and other issues identified by the internal and external auditors and regulators. On the whistleblowing mechanism of the Bank, the Committee received and discussed reports from the Human Resources Group on concerns raised about possible improprieties or malpractices in matters of internal control, code of conduct or other issues and resolution.

Based on the foregoing, the Committee views that the internal control and financial reporting framework of the Bank are in place, adequate, effective and efficient, and that the financial statements present fairly the financial position and performance of the Bank in all material respects in accordance with the relevant auditing and accounting standards.

Makati City, March 18, 2020.

ALBERTO S. YAO
Chairman

JOAQUIN T. DEE
Member

PHILIP S.L. TSAI
Member

Statement of Management's Responsibility for Financial Statements

The management of China Banking Corporation (the Bank) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2019 and 2018, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Bank's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders, has audited the consolidated financial statements of the Bank in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Hans T. Sy	**William C. Whang**	**Patrick D. Cheng**
Chairman of the Board	President	Chief Finance Officer

Independent Auditors' Report

The Board of Directors and Stockholders
China Banking Corporation
8745 Paseo de Roxas cor. Villar St.
Makati City

SGV
Building a better working world

Report on the Consolidated and Parent Company Financial Statements

Opinion

We have audited the consolidated financial statements of China Banking Corporation and its subsidiaries (the Group) and the parent company financial statements of China Banking Corporation, which comprise the consolidated and parent company balance sheets as at December 31, 2019 and 2018, and the consolidated and parent company statements of income, consolidated and parent company statements of comprehensive income, consolidated and parent company statements of changes in equity and consolidated and parent company statements of cash flows for each of the three years in the period ended December 31, 2019, and notes to the consolidated and parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and parent company financial statements present fairly, in all material respects, the financial position of the Group and the Parent Company as at December 31, 2019 and 2018, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2019 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and parent company financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and parent company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated and Parent Company Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and parent company financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and parent company financial statements.

<u>Applicable to the audit of the Consolidated and Parent Company Financial Statements</u>

Recognition of Expected Credit Losses (ECL) on loans and receivables

The Group's and the Parent Company's adoption of the ECL model is significant to our audit as it involves the exercise of significant management judgment. Key areas of judgment include: segmenting the Group's and the Parent Company's credit risk exposures; determining the method to estimate ECL; defining default; identifying exposures with significant deterioration in credit quality; determining assumptions to be used in the ECL model such as the counterparty credit risk rating, the expected life of the financial asset and expected recoveries from defaulted accounts; and incorporating forward-looking information (called overlays) in calculating ECL.

Allowance for credit losses for loans and receivables as of December 31, 2019 for the Group and the Parent Company amounted to ₱8.56 billion and ₱6.94 billion, respectively. Provision for credit losses of the Group and the Parent Company in 2019 amounted to ₱2.57 billion and ₱2.21 billion, respectively.

Refer to Note 16 of the financial statements for the details of the allowance for credit losses using the ECL model.

Audit Response

We obtained an understanding of the board approved methodologies and models used for the Group's and the Parent Company's different credit exposures and assessed whether these considered the requirements of PFRS 9 to reflect an unbiased and probability-weighted outcome, and to consider time value of money and the best available forward-looking information.

We (a) assessed the Group's and the Parent Company's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) verified the definition of default and significant increase in credit risk criteria against historical analysis of accounts and credit risk management policies and practices in place, (c) tested the Group's and the Parent Company's application of internal credit risk rating system by reviewing the ratings of sample credit exposures; (d) assessed whether expected life is different from the contractual life by testing the maturity dates reflected in the system of record and considering management's assumptions regarding future payments, advances, extensions, renewals and modifications; (e) inspected financial information used to derive baseline probability of default; (f) performed simulation of baseline probability of default and tested its conversion to forward-looking probability of default; (g) performed trend analysis of expected default generated by third-party service providers and compared trend with the resulting expected credit loss (h) tested loss given default by inspecting historical recoveries and related costs, write-offs and collateral valuations; (i) verified exposure at default considering outstanding commitments and repayment scheme; and (j) tested the effective interest rate used in discounting the expected loss.

We recalculated impairment provisions on a sample basis. We reviewed the completeness of the disclosures made in the financial statements.

Impairment testing of goodwill

Under PFRS, the Group and the Parent Company are required to annually test the amount of goodwill for impairment. As of December 31, 2019, the goodwill recognized in the consolidated and parent company financial statements amounting to ₱222.84 million is attributed to the Parent Company's Retail Banking Business (RBB) segment, while goodwill of ₱616.91 million in the consolidated financial statements is attributed to the subsidiary bank, China Bank Savings, Inc. (CBSI). The impairment assessment process requires significant judgment and is based on assumptions, specifically loan and deposit growth rates, discount rate and the long-term growth rate.

The Group's disclosures about goodwill are included in Notes 3 and 14 to the financial statements.

Audit Response

We involved our internal specialist in evaluating the methodologies and the assumptions used. These assumptions include loan and deposit growth rates, discount rate and the long-term growth rate. We compared the key assumptions used, such as loan and deposit growth and long-term growth rates against the historical performance of the RBB and CBSI, industry/market outlook and other relevant external data. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically those that have the most significant effect on the determination of the recoverable amount of goodwill.

Accounting for disposals of investment securities under a hold-to-collect business model

In 2019, the Group and the Parent Company disposed investment securities managed under the hold-to-collect (HTC) business model with aggregate carrying amount of ₱18.62 billion and 13.33 billion, respectively. The disposals resulted to a gain of ₱1.38 billion for the Group and ₱1.30 billion for the Parent Company. Investment securities held under a hold-to-collect business model, which are classified as 'Investment securities at amortized cost', are managed to realize cash flows by collecting contractual payments over the life of the instrument.

The accounting for the disposals is significant to our audit because the amounts involved are material (9.97% and 7.50% of the total investment securities at amortized cost of the Group and the Parent Company, respectively and 4.00% and 4.35% of the total operating income of the Group and Parent Company, respectively). Moreover, it involves the exercise of significant judgment by management in assessing that the disposals are consistent with the HTC business model and that it would not impact the measurement of the remaining securities in the affected portfolios.

The disclosures related to the disposals of investment securities are included in Notes 3 and 9 to the financial statements. *Audit response*

We obtained an understanding of the Group's and Parent Company's objectives for disposals of investment securities at amortized cost through inquiries with management and review of approved internal documentations, including governance over the disposals. We evaluated management's assessment of the impact of the disposals in reference to the Group's and the Parent Company's business models and the provisions of the relevant accounting standards and regulatory issuances. We also reviewed the calculation of the gains on the disposals and the measurement of the remaining securities in the affected portfolios.

We reviewed the disclosures related to the disposals based on the requirements of PFRS 7, *Financial Instruments: Disclosures* and Philippine Accounting Standard (PAS 1), *Presentation of Financial Statements*.

Adoption of PFRS 16, Leases

Effective January 1, 2019, the Group adopted PFRS 16, Leases, under the modified retrospective approach which resulted in significant changes in the Group's accounting policy for leases. The Group's adoption of PFRS 16 is significant to our audit because the Group has high volume of lease agreements; the recorded amounts are material to the financial statements; and adoption involves application of significant judgment and estimation in determining the lease term, including evaluating whether the Group is reasonably certain to exercise options to extend or terminate the lease, and in determining the incremental borrowing rate. This resulted in the recognition of right of use assets amounting to ₱3.43 billion and ₱2.73 billion for the Group and the Parent Company, respectively, and lease liability amounting to Php3.67 billion and ₱2.92 billion, for the Group and the Parent Company, respectively, as of January 1, 2019, and the recognition of depreciation expense of ₱670.78 million and ₱505.53 million, for the Group and the Parent Company, respectively, and interest expense of ₱265.54 million and ₱207.74 million, for the Group and the Parent Company, respectively, for the year ended December 31, 2019.

The disclosures related to the adoption of PFRS 16 are included in Note 2 to the financial statements.

Audit response

We obtained an understanding of the Group's process in implementing the new standard on leases, including the determination of the population of the lease contracts covered by PFRS 16, the application of the short-term and low value assets exemption, the selection of the transition approach and any election of available practical expedients.

We tested the completeness of the population of lease agreements by comparing the number of leases per operational report against the database. On a test basis, we inspected lease agreements (i.e., lease agreements existing prior to the adoption of PFRS 16 and new lease agreements), identified their contractual terms and conditions, and traced these contractual terms and conditions to the lease calculation prepared by management, which covers the calculation of financial impact of PFRS 16, including the transition adjustments.

Independent Auditors' Report

For selected lease contracts with renewal and/or termination option, we reviewed the management's assessment of whether it is reasonably certain that the Group will exercise the option to renew or not exercise the option to terminate.

We tested the parameters used in the determination of the incremental borrowing rate by reference to market data. We test computed the lease calculation prepared by management on a sample basis, including the transition adjustments.

We reviewed the disclosures related to the transition adjustments based on the requirements of PFRS 16 and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors.*

Applicable to the audit of the Consolidated Financial Statements

Recoverability of deferred tax assets

The Group has recognized and unrecognized deferred tax assets. The recoverability of deferred tax assets recognized depends on the Group's ability to continuously generate sufficient future taxable income. The analysis of the recoverability of deferred tax assets was significant to our audit because the assessment process is complex and judgmental, and is based on assumptions that are affected by expected future market or economic conditions and the expected performance of the Group.

The disclosures in relation to deferred income taxes are included in Notes 3 and 28 to the financial statements.

Audit Response

We reviewed the management's assessment on the availability of future taxable income in reference to financial forecast and tax strategies. We evaluated management's forecast by comparing the loan portfolio and deposit growth rates with that of the industry and the historical performance of the Group. We also reviewed the timing of the reversal of future taxable and deductible temporary differences.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20IS (Definitive Information Statement), SEC Form 17A and Annual Report for the year ended December 31, 2019, but does not include the consolidated and parent company financial statements and our auditor's report thereon. The SEC Form 20IS (Definitive Information Statement), SEC Form 17A and Annual Report for the year ended December 31, 2019 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and parent company financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated and parent company financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and parent company financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated and Parent Company Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and parent company financial statements, including the disclosures, and whether the consolidated and parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and parent company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Supplementary Information Required Under Bangko Sentral ng Pilipinas (BSP) Circular No. 1074 and Revenue Regulations 152010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under BSP Circular No. 1074 in Note 37 and Revenue Regulations 152010 in Note 38 to the financial statements is presented for purposes of filing with the BSP and Bureau of Internal Revenue, respectively, and is not a required part of the basic financial statements. Such information is the responsibility of the management of China Banking Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Ray Francis C. Balagtas.

SYCIP GORRES VELAYO & CO.

Ray Francis C. Balagtas

Ray Francis C. Balagtas
Partner
CPA Certificate No. 108795
SEC Accreditation No. 1510-AR-1 (Group A),
September 18, 2019, valid until September 17, 2021
Tax Identification No. 216-950-288
BIR Accreditation No. 08-001998-107-2018,
February 14, 2018, valid until February 13, 2021
PTR No. 8125208, January 7, 2020, Makati City

February 26, 2020

Management's Discussion on Result of Operations and Financial Condition

Result of Operations

China Bank achieved new record highs in 2019 as consolidated net income rose 24.1% year-on-year to ₱10.1 billion, driven by the robust growth of its core businesses. This translated to a return on equity of 11.04%, and a return on assets of 1.10%.

Net interest income jumped 13.6% or ₱3.1 billion to ₱26.1 billion resulting in consolidated net interest margin of 3.39%.

Fee-based income surged 49.0% to ₱8.4 billion mainly driven by improvements in service charges, fees, and commissions, as well as trading and securities gain. Service charges, fees, and commissions increased by 18.7% to ₱3.3 billion from the upswing in commissions and transactional fee income. Trading opportunities boosted the Bank's profitability as trading and securities gain and gain on disposal of investment securities at amortized cost amounted to ₱884.5 million and ₱1.4 billion, respectively. The lower sales volume of foreclosed assets resulted in a 14.9% drop in gain on sale of investment properties to ₱864.4 million and 81.2% decrease in gain on asset foreclosure and dacion transactions to ₱47.5 million. Trust fee income increased by ₱51.3 million or 16.8% to reach ₱357.1 million with the steady growth in trust assets under management. Miscellaneous income decreased by 5.4% to ₱1.2 billion with the booking of one-off gains last year.

Meanwhile, the continued investment in human resources and upgrade of systems, processes, and infrastructure resulted in the 12.6% increase in operating expenses (excluding provision for impairment and credit losses) to ₱20.3 billion. Nevertheless, the significant year-on-year increase in operating income improved cost-to-income ratio to 59% from last year's 63%. The material components of operating expenses include compensation and fringe benefits which accounted for 33% of total expenses, taxes & licenses at 19%, miscellaneous expenses at 11%, and depreciation & amortization at 10%. Provision for impairment and credit losses was higher at ₱2.6 billion from the growth in loan portfolio and changes affecting the inputs to the Bank's expected credit loss calculation models.

For 2019, China Bank paid cash dividends of ₱0.88 per share or a total of ₱2.4 billion, which represented a total payout of 29% of prior year's net income.

Financial Condition

The Bank's total assets grew by 11.1% to ₱962.2 billion from ₱866.1 billion mainly from the build-up in loans and liquid assets.

Investment securities amounted to ₱212.8 billion, up 11.9% and comprised 22.1% of total assets. The build-up in securities volume raised the portfolio of financial assets at fair value through profit & loss (FVPL) by ₱10.9 billion to ₱18.5 billion and financial assets at fair value through other comprehensive income (FVOCI) by ₱16.0 billion to ₱26.1 billion. The Bank's liquidity ratio stood at 37%, slightly lower than last year's 38%.

Gross loan portfolio was at ₱577.8 billion, 12.7% higher year-on-year, while net loans stood at ₱568.9 billion, up ₱63.1 billion or 12.5% as the demand across market segments steadily increased. Consumer loans, which accounted for almost a fifth of the Bank's total loan portfolio, grew 22.6% to ₱106.9 billion. Asset quality remained healthy amid the loans year-on-year expansion in loans, with gross NPL ratio at 1.5% and NPL cover at 129%; the Parent Bank was at 190% as of end-2019.

On the liabilities side, total deposits jumped 7.4% to ₱775.4 billion, of which CASA (demand and savings deposits) totaled ₱411.8 billion. The Bank's successful fund raising via the issuance of ₱30 billion Peso retail bonds and US$150 million IFC green bonds also helped improved it's funding flexibility in 2019.

Total capital reached to ₱96.2 billion, 9.5% higher than last year's ₱87.9 billion. The Bank's Common Equity Tier 1 (CET 1) and total CAR were computed at 12.76% and 13.67%, respectively.

Balance Sheets
(Amounts in Thousands)

	Consolidated		Parent Company	
	December 31			
	2019	2018	2019	2018
ASSETS				
Cash and Other Cash Items	₱16,839,755	₱15,639,474	₱14,856,844	₱13,705,304
Due from Bangko Sentral ng Pilipinas (Notes 7 and 17)	100,174,398	101,889,773	88,109,650	95,092,944
Due from Other Banks (Note 7)	9,900,642	9,455,447	8,645,547	7,837,894
Interbank Loans Receivable and Securities Purchased under Resale Agreements (Note 8)	17,036,460	11,998,040	10,027,609	8,998,040
Financial Assets at Fair Value through Profit or Loss (Note 9)	18,500,111	7,596,261	18,444,101	6,689,796
Financial Assets at Fair Value through Other Comprehensive Income (Note 9)	26,133,360	10,101,527	24,170,629	8,213,010
Investment Securities at Amortized Cost (Note 9)	168,202,728	172,537,036	164,231,583	163,824,466
Loans and Receivables (Notes 10 and 29)	568,919,164	505,804,955	502,930,197	441,432,156
Accrued Interest Receivable	7,158,494	5,697,181	6,526,475	5,126,127
Investment in Subsidiaries (Notes 11 and 30)	–	–	15,129,118	14,333,567
Investment in Associates (Note 11)	704,169	335,092	704,169	335,092
Bank Premises, Furniture, Fixtures and Equipment and Right-of-use Assets (Note 12)	9,155,234	6,450,458	7,468,646	5,265,386
Investment Properties (Note 13)	4,337,184	4,789,602	1,496,987	1,188,797
Deferred Tax Assets (Note 28)	3,370,949	2,514,889	2,287,956	1,739,219
Intangible Assets (Note 14)	4,066,078	4,202,599	945,916	915,531
Goodwill (Note 14)	839,748	839,748	222,841	222,841
Other Assets (Note 15)	6,887,505	6,219,558	3,982,129	3,332,763
	₱962,225,979	₱866,071,640	₱870,180,397	₱778,252,933

LIABILITIES AND EQUITY				
Liabilities				
Deposit Liabilities (Notes 17 and 30)				
Demand	₱186,955,056	₱161,239,669	₱170,279,879	₱145,559,564
Savings	224,872,421	239,539,817	210,191,063	226,943,962
Time	363,600,383	321,343,811	307,293,511	265,739,836
	775,427,860	722,123,297	687,764,453	638,243,362
Bills Payable (Note 19)	33,381,406	39,826,532	33,381,406	39,826,532
Manager's Checks	1,998,678	2,577,175	1,535,936	2,069,812
Income Tax Payable	540,662	477,585	479,923	414,233
Accrued Interest and Other Expenses (Note 20)	4,121,302	3,842,525	3,650,339	3,342,152
Bonds Payable (Note 18)	37,394,398	–	37,394,398	–
Derivative Liabilities (Note 26)	1,036,052	455,150	1,036,052	455,150
Derivative Contracts Designated as Hedges (Note 26)	51,949	–	51,949	–
Deferred Tax Liabilities (Note 28)	1,083,378	1,231,145	–	–
Other Liabilities (Notes 21 and 24)	11,014,701	7,681,644	8,722,696	6,049,812
	866,050,386	778,215,053	774,017,153	690,401,053
Equity				
Equity Attributable to Equity Holders of the Parent Company				
Capital stock (Note 24)	26,858,998	26,858,998	26,858,998	26,858,998
Capital paid in excess of par value (Note 24)	17,122,625	17,122,625	17,122,626	17,122,625
Surplus reserves (Notes 24 and 29)	3,598,274	4,031,008	3,598,275	4,031,008
Surplus (Notes 24 and 29)	48,558,760	40,497,256	48,558,760	40,497,256
Net unrealized gain (loss) on financial assets at fair value through other comprehensive income (Note 9)	417,576	(702,509)	417,576	(702,509)
Remeasurement gain (loss) on defined benefit asset (Note 25)	(368,531)	117,047	(368,531)	117,047
Cumulative translation adjustment	6,835	(91,699)	6,835	(91,699)
Remeasurement gain on life insurance reserves	20,655	19,154	20,655	19,154
Cash flow hedge reserve	(51,949)	–	(51,949)	–
	96,163,243	87,851,880	96,163,244	87,851,880
Non-controlling Interest	12,350	4,707		–
	96,175,593	87,856,587	96,163,244	87,851,880
	₱962,225,979	₱866,071,640	₱870,180,397	₱778,252,933

See accompanying Notes to Financial Statements.

Statements of Income

(Amounts in Thousands)

	Consolidated			Parent Company		
	Years Ended December 31					
	2019	2018	2017	**2019**	2018	2017
INTEREST INCOME						
Loans and receivables (Notes 10 and 30)	**₱36,051,051**	₱28,195,915	₱21,751,647	**₱30,824,138**	₱23,488,872	₱17,537,017
Investment securities at amortized costs and at FVOCI (Note 9)	**9,828,076**	5,875,928	3,556,110	**9,362,427**	5,559,557	3,275,025
Financial assets at FVPL	**692,482**	413,323	410,889	**692,482**	413,323	398,777
Due from Bangko Sentral ng Pilipinas and other banks and securities purchased under resale agreements (Notes 7 and 8)	**1,113,206**	727,337	820,699	**702,422**	516,645	634,906
	47,684,814	35,212,503	26,539,345	**41,581,468**	29,978,397	21,845,725
INTEREST EXPENSE						
Deposit liabilities (Notes 17 and 29)	**18,567,168**	11,621,063	6,521,935	**15,915,107**	9,736,014	5,210,803
Bonds payable, bills payable and other borrowings (Note 18 and 19)	**2,802,104**	665,254	391,007	**2,800,843**	665,254	391,007
Lease payable (Note 21)	**264,246**	–	–	**207,744**	–	–
	21,633,519	12,286,317	6,912,942	**18,923,694**	10,401,268	5,601,810
NET INTEREST INCOME	**26,051,295**	22,926,186	19,626,403	**22,657,774**	19,577,428	16,243,915
Service charges, fees and commissions (Note 22)	**3,296,673**	2,777,283	2,441,724	**1,624,703**	1,529,727	1,394,998
Gain on disposal of investment securities at amortized cost (Note 9)	**1,381,871**	–	–	**1,299,360**	–	–
Trading and securities gain (loss) - net (Notes 9 and 22)	**884,482**	(271,552)	479,960	**837,875**	(275,964)	399,760
Gain on sale of investment properties	**864,383**	1,015,622	670,612	**721,893**	925,831	614,587
Trust fee income (Note 29)	**357,080**	305,753	376,312	**357,080**	305,338	371,947
Foreign exchange gain - net (Note 26)	**221,104**	215,963	386,015	**243,764**	187,064	389,692
Share in net income of an associate (Note 11)	**184,661**	101,009	73,133	**184,661**	101,009	73,133
Gain on asset foreclosure and dacion transactions (Note 13)	**47,479**	252,477	157,415	**81,294**	57,676	71,888
Share in net income of subsidiaries (Note 11)	–	–	–	**770,628**	695,356	836,004
Miscellaneous (Notes 22 and 30)	**1,193,056**	1,261,741	1,516,523	**1,062,795**	1,130,134	1,391,657
TOTAL OPERATING INCOME	**34,482,085**	28,584,482	25,728,097	**29,841,828**	24,233,599	21,787,581
Compensation and fringe benefits (Notes 25 and 30)	**6,622,664**	6,139,001	5,708,948	**5,029,191**	4,610,265	4,288,096
Taxes and licenses	**3,884,183**	2,925,870	2,264,025	**3,155,849**	2,307,948	1,819,331
Provision for impairment and credit losses (Note 16)	**2,570,168**	141,076	754,171	**2,205,062**	(1,957)	423,922
Depreciation and amortization (Notes 12, 13 and 14)	**1,942,660**	1,297,685	1,217,489	**1,463,092**	947,908	877,240
Insurance	**1,875,977**	1,669,618	1,440,153	**1,624,065**	1,447,890	1,241,575
Occupancy cost (Notes 27 and 30)	**1,801,154**	2,336,639	2,112,602	**1,308,482**	1,713,888	1,528,876
Transportation and traveling	**566,572**	484,514	378,703	**432,157**	370,980	289,903
Entertainment, amusement and recreation	**477,761**	380,166	287,105	**342,034**	262,489	182,172
Professional fees, marketing and other related services	**412,146**	352,159	312,042	**329,959**	261,931	222,509
Stationery, supplies and postage	**258,425**	284,436	268,901	**194,990**	220,651	197,567
Repairs and maintenance	**159,814**	131,158	104,298	**120,242**	102,834	69,276
Miscellaneous (Notes 22 and 30)	**2,322,938**	2,054,634	1,867,552	**1,890,022**	1,619,159	1,490,658
TOTAL OPERATING EXPENSES	**22,894,462**	18,196,956	16,715,989	**18,095,147**	13,863,986	12,631,125
INCOME BEFORE INCOME TAX	**11,587,621**	10,387,526	9,012,108	**11,746,680**	10,369,613	9,156,456
PROVISION FOR INCOME TAX (Note 28)	**1,512,650**	2,271,422	1,489,177	**1,677,720**	2,259,233	1,642,484
NET INCOME	**₱10,074,972**	₱8,116,104	₱7,522,931	**₱10,068,960**	₱8,110,380	₱7,513,972
Attributable to:						
Equity holders of the Parent Company (Note 33)	**₱10,068,960**	₱8,110,379	₱7,513,972			
Non-controlling interest	**6,012**	5,725	8,959			
	₱10,074,972	₱8,116,104	₱7,522,931			
Basic/Diluted Earnings Per Share (Note 32)	3.75	3.02	2.91			

Statements of Comprehensive Income

(Amounts in Thousands)

	Consolidated			Parent Company		
	Years Ended December 31					
	2019	2018	2017	**2019**	2018	2017
NET INCOME	**₱10,074,972**	₱8,116,104	₱7,522,931	**₱10,068,960**	₱8,110,380	₱7,513,972
OTHER COMPREHENSIVE INCOME (LOSS)						
Items that recycle to profit or loss in subsequent periods:						
Changes in fair value of:						
Financial assets at fair value through other comprehensive income:						
Fair value gain (loss) for the year, net of tax	**1,163,009**	(451,866)	–	**940,851**	(381,791)	–
Loss (gain) taken to profit or loss (Note 22)	**(269,478)**	2,104	–	**(240,310)**	2,451	–
Available-for-sale financial assets:						
Fair value gain for the year, net of tax	–	–	158,946	–	–	113,020
Gains taken to profit or loss (Note 22)	–	–	(365,145)	–	–	(342,146)
Share in changes in other comprehensive income of an associate (Note 11)	**152,452**	(126,713)	(8,049)	**152,452**	(126,713)	(8,049)
Share in changes in other comprehensive income of subsidiaries (Note 11)		–	–	**207,510**	(64,109)	35,552
Cumulative translation adjustment	**98,830**	(52,900)	(15,972)	**81,518**	(58,792)	(29,255)
Loss on cash flow hedges	**(51,949)**	–	–	**(51,949)**	–	–
Items that do not recycle to profit or loss in subsequent periods:						
Share in changes in other comprehensive income of subsidiaries (Note 11)	–	–	–	**(56,353)**	88,642	20,140
Share in changes in other comprehensive income of associate (Note 11)	**4,486**	31,374	(12,221)	**4,486**	31,374	(12,221)
Remeasurement gain (loss) on defined benefit asset, net of tax (Note 25)	**(489,722)**	(165,213)	30,149	**(432,210)**	(255,359)	9,678
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR, NET OF TAX	**607,627**	(763,214)	(212,292)	**605,996**	(764,297)	(213,281)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**₱10,682,599**	₱7,352,890	₱7,310,639	**₱10,674,956**	₱7,346,083	₱7,300,691
Total comprehensive income attributable to:						
Equity holders of the Parent Company	**₱10,674,956**	₱7,346,083	₱7,300,691			
Non-controlling interest	**7,643**	6,807	9,948			
	₱10,682,599	₱7,352,890	₱7,310,639			

See accompanying Notes to Financial Statements.

Statements of Changes in Equity

(Amounts in Thousands)

	Capital Stock (Note 23)	Capital Paid in Excess of Par Value (Note 23)	Surplus Reserves (Notes 23 and 28)	Surplus (Notes 23 and 28)	Net Unrealized (Losses) on Financial Assets at Fair Value through Other Comprehensive Income (Note 9)
Balance at January 1, 2019	₱26,858,998	₱17,122,626	₱4,031,008	₱40,497,256	(₱702,509)
Total comprehensive income (loss) for the year	–	–	–	10,068,960	1,043,488
Transfer from surplus to surplus reserves	–	–	35,708	(35,708)	–
Appropriation of retained earnings (Note 16)	–	–	(468,442)	468,442	–
Realized loss on sale of equity securities at FVOCI	–	–	–	(76,597)	76,597
Cash dividends - ₱0.88 per share	–	–	–	(2,363,592)	–
Balance at December 31, 2019	₱26,858,998	₱17,122,626	₱3,598,275	₱48,558,760	₱417,576
Balance at January 1, 2018	₱26,847,717	₱17,096,228	₱926,689	₱40,360,563	₱–
Effect of initial application of PFRS 9 (Note 2)	–	–	2,732,628	(5,372,699)	(126,556)
Balance at January 1, 2018, as restated	26,847,717	₱17,096,228	3,659,317	34,987,864	(126,556)
Total comprehensive income (loss) for the year	–	–	–	8,110,379	(575,953)
Transfer from surplus to surplus reserves	–	–	371,691	(371,691)	–
Issuance of common shares (₱31.00 per share)	11,281	26,397	–	–	–
Transaction cost on the issuance of common	–	(52,089)	–	–	–
Cash dividends - ₱0.83 per share	–		–	(2,229,297)	–
Balance at December 31, 2018	₱26,858,998	₱17,122,626	₱4,031,008	₱40,497,256	(₱702,509)
Balance at January 1, 2017	₱20,020,278	–	₱861,630	₱36,889,099	–
Transfer from surplus to surplus reserves	–	–	65,059	(65,059)	–
Total comprehensive income (loss) for the year	–	–	–	7,513,972	–
Issuance of common shares (₱31.00 per share)	4,838,710	10,160,753	–	–	–
Transaction cost on the issuance of common shares	–	(52,089)	–	–	–
Stock dividends - 8.00%	1,988,729	–	–	(1,988,729)	–
Cash dividends - ₱0.80 per share	–	–	–	(1,988,720)	–
Balance at December 31, 2017	₱26,847,717	₱17,096,228	₱926,689	₱40,360,563	–

See accompanying Notes to Financial Statements.

Consolidated

Equity Attributable to Equity Holders of the Parent Company

Net Unrealized Gains (Losses) on Available-for-Sale Financial Assets (Note 9)	Remeasurement Gain on Defined Benefit Asset or Liability (Note 24)	Cumulative Translation Adjustment	Remeasurement Loss on Life Insurance Reserve	Cash Flow Hedge Reserve	Total Equity	Non-Controlling Interest (Note 11)	Total Equity
₱–	**₱117,047**	**(₱91,699)**	**₱19,154**	**₱–**	**₱87,851,880**	**₱4,707**	**₱87,856,587**
–	**(485,578)**	**98,534**	**1,501**	**(51,949)**	**10,674,956**	**7,643**	**10,682,599**
–	**–**	**–**	**–**	**–**	**–**	**–**	**–**
–	**–**	**–**	**–**	**–**	**–**	**–**	**–**
–	**–**	**–**	**–**	**–**	**–**	**–**	**–**
–	**–**	**–**	**–**	**–**	**(2,363,592)**	**–**	**(2,363,592)**
₱–	**(₱368,531)**	**₱6,835**	**₱20,655**	**(₱51,949)**	**₱96,163,244**	**₱12,351**	**₱96,175,595**
(₱1,813,280)	₱283,763	(₱38,698)	(₱12,221)	–	₱ 83,650,761	₱4,736	₱83,655,497
1,813,280	–	–	–	–	(953,346)	(6,835)	(960,181)
–	283,763	(38,698)	(12,221)	–	82,697,415	(2,099)	82,695,316
–	(166,716)	(53,001)	31,375	–	7,346,084	6,806	7,352,890
–	–	–	–	–	–	–	–
–	–	–	–	–	37,678	–	37,678
–	–	–	–	–	(52,089)	–	(52,089)
–	–	–	–	–	(2,229,297)	–	(2,229,297)
₱–	₱117,047	(₱91,699)	₱19,154	–	₱87,851,880	₱4,707	₱87,856,587
(₱1,598,600)	₱253,945	(₱22,500)	₱–	–	₱63,391,416	(₱5,212)	₱63,386,204
–	–	–	–	–	–	–	–
(214,680)	29,818	(16,198)	(12,221)	–	7,300,691	9,948	7,310,639
–	–	–	–	–	14,999,463	–	14,999,463
–	–	–	–	–	(52,089)	–	(52,089)
–	–	–	–	–	–	–	–
–	–	–	–	–	(1,988,720)	–	(1,988,720)
(₱1,813,280)	₱283,763	(₱38,698)	(₱12,221)	–	₱83,650,761	₱4,736	₱83,655,497

Statements of Changes in Equity

(Amounts in Thousands)

	Parent Company			
	Capital Stock (Note 23)	Capital Paid in Excess of Par Value (Note 23)	Surplus Reserves (Notes 23 and 28)	Surplus (Notes 23 and 28)
Balance at January 1, 2019	**₱26,858,998**	**₱17,122,626**	**₱4,031,008**	**₱40,497,256**
Total comprehensive income (loss) for the year	**–**	**–**	**–**	**10,068,960**
Transfer from surplus to surplus reserves	**–**	**–**	**35,708**	**(35,708)**
Appropriation of retained earnings (Note 16)	**–**	**–**	**(468,442)**	**468,442**
Realized loss on sale of equity securities at FVOCI	**–**	**–**	**–**	**(76,597)**
Cash dividends - ₱0.88 per share	**–**	**–**	**–**	**(2,363,592)**
Balance at December 31, 2019	**₱26,858,998**	**₱17,122,626**	**₱3,598,275**	**₱48,558,760**
Balance at January 1, 2018	₱26,847,717	₱17,096,228	₱926,689	₱40,360,563
Effect of initial application of PFRS 9 (Note 2)	–	–	2,732,628	(5,372,699)
Balance at January 1, 2019, as restated	₱26,847,717	17,096,228	3,659,317	34,987,864
Total comprehensive income (loss) for the year	–	–	–	8,110,379
Transfer from surplus to surplus reserves	–	–	371,691	(371,691)
Issuance of common shares (₱31.00 per share)	11,281	26,397	–	–
Cash dividends - ₱0.83 per share	–	–	–	(2,229,297)
Balance at December 31, 2018	₱26,858,998	₱17,122,626	₱4,031,008	₱40,497,256
Balance at January 1, 2017	₱20,020,278	6,987,564	₱861,630	₱36,889,099
Transfer from surplus to surplus reserves	–	–	65,059	(65,059)
Total comprehensive income (loss) for the year	–	–	–	7,513,972
Issuance of common shares (₱31.00 per share)	4,838,710	10,160,753	–	–
Transaction cost on the issuance of common shares	–	(52,089)	–	–
Stock dividends - 8.00%	1,988,729	–	–	(1,988,729)
Cash dividends - ₱0.80 per share	–	–	–	(1,988,720)
Balance at December 31, 2017	₱26,847,717	₱17,096,228	₱926,689	₱40,360,563

See accompanying Notes to Financial Statements.

Net Unrealized (Losses) on Financial Assets at Fair Value through Other Comprehensive Income (Note 9)	Net Unrealized Gains (Losses) on Available-for-Sale Financial Assets (Note 9)	Remeasurement Gain on Defined Benefit Asset or Liability (Note 24)	Cumulative Translation Adjustment	Remesasurement Loss on Life Insurance Reserve	Cash Flow Hedge Reserve	Total Equity
(₱702,510)	₱–	₱117,047	(₱91,699)	₱19,153	₱–	₱87,851,880
1,043,488	–	(485,578)	98,534	1,501	(51,949)	10,674,956
–	–	–	–	–	–	–
–	–	–	–	–	–	–
76,597	–	–	–	–	–	–
–	–	–	–	–	–	(2,363,592)
₱417,576	₱–	(₱368,531)	₱6,835	₱20,655	(₱51,949)	₱96,163,244
₱–	(₱1,813,280)	₱283,763	(₱38,698)	(₱12,221)	–	₱83,650,761
(126,556)	1,813,280	–	–		–	(953,346)
(126,556)	–	₱283,763	(₱38,698)	(₱12,221)	–	82,697,417
(575,954)	–	(166,716)	(53,001)	31,374	–	7,346,081
–	–	–	–	–	–	
–	–	–	–	–	–	37,678
–	–	–	–	–	–	(2,229,297)
(₱702,510)	–	₱117,047	(₱91,699)	₱19,153	₱–	₱87,851,880
–	(₱1,598,600)	₱253,945	(₱22,500)	₱–	₱–	₱63,391,416
–	–	–	–	–	–	–
–	(214,680)	29,818	(16,198)	(12,221)	–	7,300,691
–	–	–	–	–	–	14,999,463
–	–	–	–	–	–	(52,089)
–	–	–	–	–	–	–
–	–	–	–	–	–	(1,988,720)
–	(₱1,813,280)	₱283,763	(₱38,698)	(₱12,221)	₱–	₱83,650,761

Statements of Cash Flows

(Amounts in Thousands)

	Consolidated			Parent Company		
	Years Ended December 31					
	2019	2018	2017	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES						
Income before income tax	₱11,587,621	₱10,387,526	₱9,012,108	₱11,746,680	₱10,369,613	₱9,156,456
Adjustments for:						
Depreciation and amortization (Notes 12, 13 and 14)	1,942,661	1,297,685	1,217,489	1,463,092	947,908	877,240
Provision for impairment and credit losses (Note 16)	2,570,168	141,076	754,171	2,205,062	(1,957)	423,922
Amortization of transaction costs on bonds payable	200,852	–	–	200,852	–	–
Securities gain on financial assets at fair value through other comprehensive income and investment securities at amortized cost (Note 21)	(1,651,349)	(9,624)	–	(1,539,670)	(9,277)	–
Trading and securities gain on available-for-sale and held-to-maturity financial assets (Note 21)	–	–	(365,145)	–	–	(342,146)
Gain on sale of investment properties	(864,383)	(1,015,622)	(670,612)	(721,893)	(925,831)	(614,587)
Gain on asset foreclosure and dacion transactions (Note 13)	(47,479)	(252,477)	(157,415)	(81,294)	(57,676)	(71,888)
Share in net losses (income) of an associate (Notes 2 and 11)	(184,661)	(101,009)	(73,133)	(184,661)	(101,009)	(73,133)
Share in net (income) of subsidiaries (Notes 2 and 11)	–	–	–	(770,628)	(695,356)	(836,004)
Changes in operating assets and liabilities:						
Decrease (increase) in the amounts of:						
Financial assets at FVPL	(10,322,948)	8,830,244	(8,510,654)	(14,085,388)	9,554,643	(8,799,606)
Loans and receivables	(64,140,453)	(60,828,559)	(63,393,487)	(64,112,157)	(57,994,624)	(57,873,074)
Other assets	(3,844,834)	(1,263,617)	6,159	(2,708,132)	(2,544,975)	275,322
Increase (decrease) in the amounts of:						
Deposit liabilities	53,304,563	87,029,904	93,510,375	49,521,091	79,007,383	88,273,987
Manager's checks	(578,497)	136,133	411,264	(533,876)	360,564	263,663
Accrued interest and other expenses	278,777	1,214,906	759,429	308,187	1,058,204	722,597
Other liabilities	433,649	1,960,943	177,618	3,262,497	2,393,869	(540,630)
Net cash generated from operations	(11,316,313)	47,527,509	32,678,167	(16,030,238)	41,361,482	30,842,119
Income taxes paid	(2,143,644)	(1,732,819)	(1,554,045)	(1,840,519)	(1,511,638)	(1,274,667)
Net cash provided by operating activities	(13,459,957)	45,794,690	31,124,122	(17,870,757)	39,849,844	29,567,452
CASH FLOWS FROM INVESTING ACTIVITIES						
Acquisitions of/Additions to:						
Bank premises, furniture, fixtures and equipment (Note 12)	(873,688)	(1,058,002)	(1,752,173)	(709,808)	(825,096)	(1,387,684)
Equity investments (Note 11)	(40,000)	–	–	(40,363)	(500,000)	(500,000)
Investment securities at amortized cost	(24,382,774)	(172,348,552)	–	(23,616,210)	(167,337,112)	–
Financial assets at fair value through other comprehensive income	(27,081,539)	(44,399,340)	–	(27,081,539)	(44,477,104)	–
Held-to-maturity financial assets	–	–	(23,618,560)	–	–	(23,599,743)
Available-for-sale financial assets	–	–	(54,304,672)	–	–	(53,171,027)
Proceeds from sale of:						
Investment securities at amortized cost	18,616,553	–	–	13,324,227	–	–
Financial assets at fair value through other comprehensive income	10,972,736	80,729,853	–	12,141,368		–
Available-for-sale financial assets	–	–	41,891,950	–	–	41,500,714
Investment properties	2,074,400	1,810,112	1,335,946	802,118	1,458,379	846,974
Bank premises, furniture, fixtures and equipment	62,943	258,136	275,109	26,990	51,642	242,202
Proceeds from maturity of:						
Investment securities at amortized cost	11,482,400	65,109,637	–	11,184,226	65,060,529	–
Held-to-maturity financial assets	–	–	15,737,093	–	–	16,135,271
Cash dividends from a subsidiary (Note 11)	–	50,000	–	50,000	50,000	–
Net cash used in investing activities	(9,168,969)	(69,898,150)	(20,435,307)	(13,918,991)	(66,023,900)	(19,933,293)

(Forward)

	Consolidated			Parent Company		
	Years Ended December 31					
	2019	2018	2017	2019	2018	2017
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from bills payable	₱180,468,980	₱184,568,424	₱252,268,556	₱180,468,980	₱184,568,424	₱252,268,556
Settlement of bills payable	(186,914,106)	(164,859,923)	(249,105,524)	(186,914,106)	(164,859,923)	(249,105,524)
Proceeds from issuance of bonds payable	37,193,546	–	–	37,193,546	–	–
Payments of cash dividends (Note 23)	(2,363,592)	(2,229,297)	(1,988,720)	(2,363,592)	(2,229,297)	(1,988,720)
Proceeds from issuance of common shares (Note 23)	–	37,678	14,999,463	–	37,678	14,999,463
Transaction cost on the issuance of common shares (Note 23)	–	–	(52,089)	–	–	(52,089)
Payments of principal portion lease liabilities	(787,381)	–	–	(589,613)	–	–
Net cash provided by (used in) financing activities	27,597,447	17,516,882	16,121,687	27,795,215	17,516,882	16,121,687
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,968,521	(6,586,585)	26,810,502	(3,994,533)	(8,657,174)	25,755,846
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR						
Cash and other cash items	15,639,474	12,685,984	12,010,543	13,705,304	11,160,173	10,580,748
Due from Bangko Sentral ng Pilipinas (Note 7)	101,889,773	98,490,014	91,964,495	95,092,944	91,717,037	85,307,128
Due from other banks (Note 7)	9,455,447	15,641,476	11,332,236	7,837,894	14,066,620	9,689,165
Interbank Loans Receivable and SPURA (Note 8)	11,998,040	18,751,845	3,451,543	8,998,040	17,347,522	2,958,465
	138,982,734	145,569,319	118,758,817	125,634,182	134,291,352	108,535,506
CASH AND CASH EQUIVALENTS AT END OF YEAR						
Cash and other cash items	16,839,755	15,639,474	12,685,984	14,856,844	13,705,304	11,160,173
Due from Bangko Sentral ng Pilipinas (Note 7)	100,174,398	101,889,773	98,490,014	88,109,650	95,092,944	91,717,037
Due from other banks (Note 7)	9,900,642	9,455,447	15,641,476	8,645,547	7,837,894	14,066,620
Securities purchased under resale agreements (Note 8)	17,036,460	11,998,040	18,751,845	10,027,609	8,998,040	17,347,522
	₱143,951,255	₱138,982,734	₱145,569,319	₱121,639,650	₱125,634,182	₱134,291,352
OPERATING CASH FLOWS FROM INTEREST						
Interest paid	₱20,557,295	₱11,361,726	₱6,652,755	₱17,928,838	₱9,595,463	₱5,359,209
Interest received	46,223,502	33,233,827	25,835,369	40,181,121	28,041,653	21,322,995

See accompanying Notes to Financial Statements.

2019 Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

China Banking Corporation (the Parent Company) is a publicly listed universal bank incorporated in the Philippines. The Parent Company acquired its universal banking license in 1991. It provides expanded commercial banking products and services such as deposit products, loans and trade finance, domestic and foreign fund transfers, treasury products, trust products, foreign exchange, corporate finance and other investment banking services through a network of 473 and 458 local branches as of December 31, 2019 and 2018, respectively.

The Parent Company acquired its original Certification of Incorporation issued by the Securities and Exchange Commission (SEC) on July 20, 1920. On December 4, 1963, the Board of Directors (BOD) of the Parent Company approved the Amended Articles of Incorporation to extend the corporate term of the Parent Company for another 50 years or until July 20, 2020, which was confirmed by the stockholders on December 23, 1963, and approved by the SEC on October 5, 1964. On March 2, 2016, the BOD approved the amendment of the Third Article of the Parent Company's Articles of Incorporation, to further extend the corporate term for another 50 years from and after July 20, 2020, the expiry date of its extended term. The approval was ratified by the stockholders during their scheduled annual meeting on May 5, 2016. On November 7, 2016, the SEC issued the Certificate of Filing of Amended Articles of Incorporation, amending the Third Article thereof to extend the term of corporate existence of the Parent Company.

The Parent Company has the following subsidiaries:

Subsidiary	Effective Percentages of Ownership 2019	Effective Percentages of Ownership 2018	Country of Incorporation	Principal Activities
Chinabank Insurance Brokers, Inc. (CIBI)	100.00%	100.00%	Philippines	Insurance brokerage
CBC Properties and Computer Center, Inc. (CBC-PCCI)	100.00%	100.00%	Philippines	Computer services
China Bank Savings, Inc. (CBSI)	98.29%	98.29%	Philippines	Retail and consumer banking
China Bank Capital Corporation (CBCC)	100.00%	100.00%	Philippines	Investment house
CBC Assets One (SPC) Inc.	100.00%	100.00%	Philippines	Special purpose corporation
China Bank Securities Corporation (CBCSec)	100.00%	100.00%	Philippines	Stock brokerage

The Parent Company has no ultimate parent company. SM Investments Corporation, its significant investor, has effective ownership in the Parent Company of 22.55%and 20.30% as of December 31, 2019 and 2018, respectively.

The Parent Company's principal place of business is at 8745 Paseo de Roxas cor. Villar St., Makati City.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The accompanying consolidated financial statements include the financial statements of the Parent Company and its subsidiaries (collectively referred to as "the Group").

The accompanying financial statements have been prepared on a historical cost basis except for financial instruments at fair value through profit or loss (FVTPL) and financial assets at fair value through other comprehensive income (FVOCI). The financial statements are presented in Philippine peso, and all values are rounded to the nearest thousand except when otherwise indicated.

The financial statements of the Parent Company reflect the accounts maintained in the Regular Banking Unit (RBU) and Foreign Currency Deposit Unit (FCDU). The financial statements of these units are combined after eliminating inter-unit accounts.

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency of the Parent Company's subsidiaries is the Philippine peso.

Statement of Compliance

The financial statements of the Group and the Parent Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Presentation of Financial Statements

The balance sheets of the Group and of the Parent Company are presented in order of liquidity. An analysis regarding recovery of assets or settlement of liabilities within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 23.

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

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

Basis of Consolidation and Investments in Subsidiaries

The consolidated financial statements of the Group are prepared for the same reporting year as the Parent Company, using consistent accounting policies. All significant intra-group balances, transactions and income and expenses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated from the date on which control is transferred to the Parent Company.
The Group controls an investee if and only if the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee, and
- the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee
- rights arising from other contractual arrangements
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Group and to the non-controlling interests. When necessary, adjustments are made to the financial statements of the subsidiary to bring its accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interest
- Derecognizes the related OCI recorded in equity and recycle the same to profit or loss or surplus
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes the remaining difference in profit or loss
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be recognized if the Group had directly disposed of the related assets or liabilities

Non-Controlling Interest

Non-controlling interest represents the portion of profit or loss and net assets not owned, directly or indirectly, by the Parent Company.

Non-controlling interest is presented separately in the consolidated statement of income, consolidated statement of comprehensive income, and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Any losses applicable to the non-controlling interest are allocated against the interests of the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following new, amendments and improvements to PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretation which became effective as of January 1, 2019. Except as otherwise indicated, these changes in the accounting policies did not have any significant impact on the financial position or performance of the Group:

- *Amendments*
  - PFRS 9 (Amendment), *Prepayment Features with Negative Compensation*
  - PAS 19 (Amendments), *Employee Benefits, Plan Amendment, Curtailment or Settlement*
  - PAS 28 (Amendments), *Long-term Interests in Associates and Joint Ventures*

- *Annual Improvements to PFRS 2015-2018 Cycle*
  - Amendments to PFRS 3, *Business Combinations, and PFRS 11, Joint Arrangements, Previously Held Interest in a Joint Operation*
  - Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments*
  - Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*

- *Interpretation*
  - IFRIC 23, *Uncertainty over Income Tax Treatments*
    The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12, Income Taxes. It does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:
    - Whether an entity considers uncertain tax treatments separately
    - The assumptions an entity makes about the examination of tax treatments by taxation authorities
    - How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
    - How an entity considers changes in facts and circumstances

The entity is required to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and use the approach that better predicts the resolution of the uncertainty. The entity shall assume that the taxation authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If an entity concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, it shall reflect the effect of the uncertainty for each uncertain tax treatment using the method the entity expects to better predict the resolution of the uncertainty.

The Group applies significant judgment in assessing whether it has uncertain tax position over its income tax treatments. Based on the assessment made, the Group determined that it has no uncertain tax position and the Interpretation did not have an impact on the consolidated financial statement.

Standard that has been adopted and that is deemed to have significant impact on the financial statements or performance of the Group is described below:

PFRS 16, *Leases*
PFRS 16 supersedes PAS 17, Leases, Philippine Interpretation IFRIC 4, *Determining whether an Arrangement contains a Lease*, Philippine Interpretation SIC-15, *Operating Leases-Incentives* and Philippine Interpretation SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the balance sheet.

Lessor accounting under PFRS 16 is substantially unchanged from the accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases.

On January 1, 2019, the Group adopted PFRS 16 following the modified retrospective approach. Under the modified retrospective approach, the Group did not restate prior-period comparative financial statements which remain to be reported under PAS 17. Therefore, some accounts in the comparative financial statements are not comparable to the information presented for 2019. The Group elected to use the following transition practical expedients:

- Non-recognition of lease liability and right-of-use asset for low-value leases and leases ending within 12 months of the date of initial application; and
- Exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

As of January 1, 2019, the weighted average incremental borrowing rate applied to lease commitments ranges from 5% to 8.17% for the Group and 7.38% for the Parent Company. The reconciliation of the operating lease commitments to the total gross lease payments used in the measurement of the opening lease liabilities follows:

	Consolidated	Parent Company
Gross lease payments as of December 31, 2018	₱4,724,577	₱3,853,894
Gross lease payments pertaining to short-term or low-value leases	(557,275)	(543,366)
Total gross lease payments as of December 31, 2018	4,167,302	3,310,528
Weighted average incremental borrowing rate	5.00%-8.17%	7.38%
Lease liability as of January 1, 2019	₱3,669,457	₱2,915,844

The right-of-use assets are presented under bank premises, furniture, fixtures and equipment and the lease liabilities under other liabilities.

As a result of the adoption of PFRS 16, as at January 1, 2019:

a) total assets and total liabilities increased resulting from the recognition of right-of use assets and lease liability in the balance sheet amounting to ₱3.67 billion for the Group and ₱2.92 billion for the Parent Company; and
b) accrued rent payable relating to previous operating leases was recorded as an adjustment to right-of-use assets amounting to ₱238.18 million and ₱186.76 million for the Group and the Parent Company, respectively.

The adoption of PFRS 16 did not have an impact on equity on January 1, 2019, since the Group elected to measure the right-of-use assets at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet immediately before the date of initial application

Significant Accounting Policies

Foreign Currency Translation
The consolidated financial statements are presented in Philippine peso, which is the Parent Company's functional currency.

Transactions and balances
The books of accounts of the RBU are maintained in Philippine peso, the RBU's functional currency, while those of the FCDU are maintained in United States (US) dollars (USD), the FCDU's functional currency. For financial reporting purposes, the foreign currency-denominated monetary assets and liabilities in the RBU are translated in Philippine peso based on the Bankers Association of the Philippines (BAP) closing rate (for 2019 and 2018) and the Philippine Dealing System (PDS) closing rate prevailing (for 2017) at end of the year, and foreign currency-denominated income and expenses, at the exchange rates on transaction dates. Foreign exchange differences arising from restatements of foreign currency-denominated assets and liabilities are credited to or charged against operations in the period in which the rates change. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

FCDU
As at the reporting date, the assets and liabilities of the FCDU are translated into the Parent Company's presentation currency (the Philippine Peso) at the BAP closing rate (for 2019 and 2018) and the PDS closing rate prevailing (for 2017) at the reporting date, and its income and expenses are translated at the BAP weighted average rate for 2019 and 2018 while in 2017, the basis was PDSWAR for the year. Exchange differences arising on translation are taken directly to the statement of comprehensive income under 'Cumulative translation adjustment'. Upon actual remittance or transfer of the FCDU income to RBU, the related exchange difference arising from translation lodged under 'Cumulative translation adjustment' is recognized in the statement of income of the RBU books.

Fair Value Measurement
The Group measures financial instruments, such as financial instruments at FVPL and financial assets at FVOCI at fair value at each reporting date. Also, fair values of financial instruments measured at amortized cost are disclosed in Note 5.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

If an asset or a liability measured at fair value has a bid price and an ask price, the price within the bid - ask spread that is most representative of fair value in the circumstances shall be used to measure fair value regardless of where the input is categorized within the fair value hierarchy.

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

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

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

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

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

Cash and Cash Equivalents
For purposes of reporting cash flows, cash and cash equivalents include cash and other cash items, due from BSP and other banks, interbank loans receivables and securities purchased under resale agreement (SPURA) that are convertible to known amounts of cash which have original maturities of three months or less from dates of placements and that are subject to an insignificant risk of changes in value. Due from BSP includes the statutory reserves required by the BSP which the Group considers as cash equivalents wherein withdrawals can be made to meet the Group's cash requirements as allowed by the BSP.

SPURA
Securities purchased under agreements to resell at a specified future date ('reverse repos') are not recognized in the balance sheet. The corresponding cash paid including accrued interest, is recognized in the balance sheet as SPURA. The difference between the purchase price and resale price is treated as interest income and is accrued over the life of the agreement using the EIR method.

Financial Instruments - Initial Recognition
Date of recognition
Purchases or sales of financial assets, except for derivative instruments, that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date. Settlement date accounting refers to (a) the recognition of an asset on the day it is received by the Group, and (b) the derecognition of an asset and recognition of any gain or loss on disposal on the day that such asset is delivered by the Group. Any change in fair value of a financial asset is recognized in the statement of income for assets classified as financial assets at FVPL, and in equity for assets classified as financial assets at FVOCI. Derivatives are recognized on a trade date basis. Deposits, amounts due to banks and customers loans and receivables are recognized when cash is received by the Group or advanced to the borrowers.

Initial recognition of financial instruments
All financial instruments are initially recognized at fair value. Except for financial assets and financial liabilities at FVPL, the initial measurement of financial instruments includes transaction costs.

'Day 1' difference
Where the transaction price in a non-active market is different with the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a 'Day 1' difference) in the statement of income. In cases where the transaction price used is made of data which is not observable, the difference between the transaction price and model value is only recognized in the statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' difference amount.

Classification and measurement
Under PFRS 9, the classification and measurement of financial assets is driven by the contractual cash flow characteristics of the financial assets and the entity's business model for managing the financial assets.

As part of its classification process, the Group assesses the contractual terms of financial assets to identify whether they meet the 'solely payments of principal and interest' (SPPI) test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (e.g., if there are repayments of principal or amortization of the premium or discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set. In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:
- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- the expected frequency, value and timing of sales are also important aspects of the Group's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The Group's measurement categories are described below:

Financial assets at Amortized Cost
Financial assets are measured at amortized cost if both of the following conditions are met:
- the asset is held within the Group's business model whose objective is to hold financial assets in order to collect contractual cash flows; and,
- the contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI on the principal amount outstanding.

Financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method, less any impairment in value. The amortization is included in 'Interest income' in the statement of income. Gains or losses are recognized in statement of income when these investments are derecognized or impaired, as well as through the amortization process. The ECL are recognized in the statement of income under provision for impairment and credit losses: The effects of revaluation or foreign currency-denominated investments are recognized in the statement of income. Gains or losses arising from disposals of these instruments are included in 'Gains (losses) on disposal of investment securities at amortized cost' in the statement of income.

The Group's financial assets at amortized cost are presented in the statement of financial position as Due from BSP, Due from other banks, Interbank loans receivable and SPURA, Investment securities at amortized cost, Loans and receivables, Accrued interest receivables and certain financial assets under Other assets.

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

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

A financial asset is considered as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or,
- it is a derivative that is not designated and effective as a hedging instrument or financial guarantee.

Gains and losses arising from changes (mark-to-market) in the fair value of the financial assets at FVTPL and gains or losses arising from disposals of these instruments are included in 'Gains (losses) on trading and investment securities' account in the statement of income. Interest recognized based on the modified effective interest rate of these investments is reported in statement of income under 'Interest income' account while dividend income is reported in statement of income under 'Miscellaneous income' account when the right of payment has been established.

Derivative instruments
The Parent Company is a party to derivative instruments, particularly, forward exchange contracts, interest rate swaps (IRS) and warrants. These contracts are entered into as a service to customers and as a means of reducing and managing the Parent Company's foreign exchange risk, and interest rate risk as well as for trading purposes, but are not designated as hedges. Such derivative financial instruments are stated at fair value through profit or loss.

Any gains or losses arising from changes in fair value of derivative instruments that do not qualify for hedge accounting are taken directly to the statement of income under 'Foreign exchange gain (loss) - net' for forward exchange contracts and 'Trading and securities gain-net' for IRS and warrants.

Embedded derivatives that are bifurcated from the host financial and non-financial contracts are also accounted for as financial instruments at FVPL.

An embedded derivative is separated from the host contract and accounted for as a derivative if all of the following conditions are met: (a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristic of the host contract; (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and (c) the hybrid or combined instrument is not recognized at fair value through profit or loss.

The Group assesses whether embedded derivatives are required to be separated from the host contracts when the Group first becomes a party to the contract. Reassessment of embedded derivatives is only done when there are changes in the contract that significantly modifies the contractual cash flows that would otherwise be required.

Financial Assets at FVOCI - Equity Investments
At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Group for trading. The Group has designated certain equity instruments as at FVOCI on January 1, 2018.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in Net unrealized fair value gain (loss) on financial assets at FVOCI in the balance sheet. When the asset is disposed of, the cumulative gain or loss previously recognized in the Net unrealized fair value gains (losses) on investment securities account is not reclassified to profit or loss, but is reclassified directly to Surplus account. Any dividends earned on holding these equity instruments are recognized in profit or loss under 'Miscellaneous Income' account.

Financial Assets at FVOCI - Debt Investments
The Group applies the category of debt instruments measured at FVOCI when both of the following conditions are met:

- the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets, and
- the contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value being recognized in OCI. Interest income and foreign exchange gains and losses are recognized in profit or loss. Provision for credit and impairment losses is recognized in profit or loss with the corresponding ECL recognized in OCI.

On derecognition, ECL and cumulative gains or losses previously recognized in OCI are reclassified from OCI to profit or loss.

Reclassification

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

A change in business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. A change in the objective of the Group's business model will be effected only at the beginning of the next reporting period following the change in the business model.

Impairment of financial assets

ECL represent credit losses that reflect an unbiased and probability-weighted measure of expected cash shortfalls, discounted at an approximation to the EIR which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. ECL allowances are measured at amounts equal to either (i) 12-month ECL or (ii) lifetime ECL for those financial instruments which have experienced a significant increase in credit risk (SICR) since initial recognition (General Approach). The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECL are credit losses that results from all possible default events over the expected life of a financial instrument.

For non-credit-impaired financial instruments:

- Stage 1 consists of all non-impaired financial instruments which have not experienced a SICR since initial recognition. The Group and the Parent Company recognizes a 12-month ECL for Stage 1 financial instruments.
- Stage 2 consists of all non-impaired financial instruments which have experienced a SICR since initial recognition. The Group and the Parent Company recognizes a lifetime ECL for Stage 2 financial instruments.

For credit-impaired financial instruments:

- Financial instruments are classified as Stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a loan or a portfolio of loans. The ECL model requires that lifetime ECL be recognized for impaired financial instruments.

The Group uses internal credit assessment and approvals at various levels to determine the credit risk of exposures at initial recognition. Assessment can be quantitative or qualitative and depends on the materiality of the facility or the complexity of the portfolio to be assessed. ECL is a function of the probability of default (PD), exposure at default (EAD), and loss given default (LGD), with the timing of the loss also considered, and is estimated by incorporating forward-looking economic information and through the use of experienced credit judgment.

The PD represents the likelihood that a credit exposure will not be repaid and will go into default in either a 12-month horizon for Stage 1 or lifetime horizon for Stage 2. EAD represents an estimate of the outstanding amount of credit exposure at the time a default may occur. For off-balance sheet and undrawn amounts, EAD includes an estimate of any further amounts to be drawn within the contractual availability period of the irrevocable commitments. LGD is the amount that may not be recovered in the event of default. LGD takes into consideration the amount and quality of any collateral held. Please refer to Note 6 for other information related to the Bank's models for PD, EAD, and LGD.

The calculation of ECLs, including the estimation of PD, EAD, LGD and discount rate, is made on an individual basis for most of the Group's financial assets, and on a collective basis for retail products such as credit card receivables. The collective assessments are made separately for portfolios of facilities with similar credit risk characteristics.

In certain circumstances, the Bank modifies the original terms and conditions of a credit exposure to form a new loan agreement or payment schedule. The modifications can be given depending on the borrower's or counterparty's current or expected financial difficulty. The modifications may include, but are not limited to, change in interest rate and terms, principal amount, maturity date, date and amount of periodic payments and accrual of interest and charges. Distressed restructuring with indications of unlikeliness to pay are categorized as impaired accounts and are moved to Stage 3.

Hedge Accounting

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when the risk being hedged is the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment.
- Cash flow hedges when the risk being hedged is the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Parent Company formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Parent Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the value changes that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Parent Company actually hedges and the quantity of the hedging instrument that the Parent Company actually uses to hedge that quantity of hedged item.

An economic relationship exists when the hedging instrument and the hedged item have values that generally move in opposite directions in response to movements in the same risk (hedged risk). The Parent Company assesses economic relationship by performing prospective qualitative or quantitative hedge effectiveness assessment at each reporting date. In addition, the Parent Company measures ineffectiveness by comparing the cumulative change in the fair value of the hedging instrument with the cumulative change in the fair value of the hedged item.

Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of income. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

As of December 31, 2019, the Parent Company has outstanding interest rate swaps designated as effective hedging instruments in a cash flow hedge (Note 26).

<u>Impairment of Financial Assets *(Policies applicable prior to January 1, 2018)*</u>
The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost
For financial assets carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR, adjusted for the original credit risk premium. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

The carrying amount of the asset is reduced through use of an allowance account and the amount of loss is charged to the statement of income. Interest income continues to be recognized based on the original EIR of the asset. The financial assets, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized.

If the Group determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment for impairment.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as industry, collateral type, past-due status and term. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with changes in related observable data from period to period (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the Group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to 'Miscellaneous income'.

Financial assets carried at cost
If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Available-for-sale financial assets
For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

In the case of equity investments classified as AFS financial assets, this would include a significant or prolonged decline in the fair value of the investments below its cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the statement of income - is removed from OCI and recognized in the statement of income. Impairment losses on equity investments are not reversed through the statement of income. Increases in fair value after impairment are recognized directly in OCI.

In the case of debt instruments classified as AFS financial assets, impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss. Future interest income is based on the reduced carrying amount and is accrued based on the rate of interest used to discount future cash flows for the purpose of measuring impairment loss. Such accrual is recorded as part of 'Interest income' in the statement of income. If, in subsequent years, the fair value of a debt instrument increased and the increase can be objectively related to an event occurring after the impairment loss was recognized in the statement of income, the impairment loss is reversed through the statement of income.

Restructured loans
Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, the loan is no longer considered past due. Management continuously reviews restructured loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original EIR. The difference between the recorded value of the original loan and the present value of the restructured cash flows, discounted at the original EIR, is recognized in 'Provision for impairment and credit losses' in the statement of income.

When the loan has been restructured but not derecognized, the Group also reassesses whether there has been a SICR and considers whether the assets should be classified as Stage 3. If the restructuring terms are substantially different, the loan is derecognized and a new 'asset' is recognized at fair value using the revised EIR.

<u>Financial Liabilities</u>
Financial liabilities which include deposit liabilities, bills payable, notes and bonds payable, and other liabilities (except tax-related payables, pre-need reserves and post-employment defined benefit obligation) are recognized when the Group becomes a party to the contractual terms of the instrument.

Financial liabilities are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method, for those with maturities beyond one year, less settlement payments. All interest-related charges incurred on financial liabilities are recognized as an expense in the statements of income under the caption Interest expense.

Deposit liabilities are stated at amounts in which they are to be paid. Interest is accrued periodically and recognized in a separate liability account before recognizing as part of deposit liabilities.

Bills payable and Notes and bonds payable are recognized initially at fair value, which is the issue proceeds (fair value of consideration received) less any issuance costs. These are subsequently measured at amortized cost; any difference between the proceeds net of transaction costs and the redemption value is recognized in the statements of income over the period of the borrowings using the effective interest method.

Derivative liabilities are recognized initially and subsequently measured at fair value with changes in fair value recognized in the statements of income.

Other liabilities, apart from derivative liabilities, are recognized initially at their fair value and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

Derecognition of Financial Assets and Liabilities

Financial assets

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

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

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

Financial liabilities

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

Financial Guarantees and Undrawn Loan Commitments

The Group issues financial guarantees and loan commitments. Financial guarantees are those issued by the Group to creditors as allowed under existing rules and regulations whereby it guarantees third party obligations by signing as guarantor in the contract/agreement. Undrawn loan commitments and letters of credit are commitments under which over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. The nominal contractual value of financial guarantees and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the statement of financial position. Starting January 1, 2018, these contracts are in the scope of the ECL requirements where the Group estimates the expected portion of the undrawn loan commitments that will be drawn over their expected life. The ECL related to loan commitments is recognized in 'Miscellaneous liabilities'.

Write-offs

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

Investment in Associates

Associates pertain to all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20.00% and 50.00% of the voting rights. In the consolidated and parent company financial statements, investments in associates are accounted for under the equity method of accounting.

Under the equity method, an investment in an associate is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of the net assets of the associates. Goodwill, if any, relating to an associate is included in the carrying value of the investment and is not amortized. The statement of income reflects the share of the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Profits or losses resulting from transactions between the Group and an associate are eliminated to the extent of the interest in the associate.

Dividends earned on this investment are recognized in the Parent Company's statement of income as a reduction from the carrying value of the investment.

The financial statements of the associate are prepared for the same reporting period as the Parent Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Investment in Subsidiaries
In the parent company financial statements, investment in subsidiaries is accounted for under the equity method of accounting similar to the investment in associates.

Business Combinations and Goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree' s identifiable net assets. Acquisition costs incurred are charged to profit or loss.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with PFRS 9, either in profit or loss or as a charge to OCI. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of fair value of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss as gain on bargain purchase under 'Miscellaneous income'.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the date of acquisition, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or group of units. Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than an operating segment identified for segment reporting purposes.

Where goodwill forms part of a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Cash Dividend and Non-cash Distribution to Equity Holders of the Parent Company
The Group recognizes a liability to make cash or non-cash distributions to equity holders of the Parent Company when the distribution is authorized and the distribution is no longer at the discretion of the Group. A corresponding amount is recognized directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value remeasurement recognized directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognized in the statement of income.

Bank Premises, Furniture, Fixtures and Equipment

Land is stated at cost less any impairment in value while depreciable properties such as buildings, leasehold improvements, and furniture, fixtures and equipment are stated at cost less accumulated depreciation and amortization, and any impairment in value. Such cost includes the cost of replacing part of the bank premises, furniture, fixtures and equipment when that cost is incurred and if the recognition criteria are met, but excluding repairs and maintenance costs.

Construction-in-progress is stated at cost less any impairment in value. The initial cost comprises its construction cost and any directly attributable costs of bringing the asset to its working condition and location for its intended use, including borrowing costs. Construction-in-progress is not depreciated until such time that the relevant assets are completed and put into operational use.

Depreciation and amortization is calculated using the straight-line method over the estimated useful life (EUL) of the depreciable assets as follows:

	EUL
Buildings	50 years
Furniture, fixtures and equipment	3 to 5 years
Leasehold improvements	Shorter of 6 years or the related lease terms

The depreciation and amortization method and useful life are reviewed periodically to ensure that the method and period of depreciation and amortization are consistent with the expected pattern of economic benefits from items of bank premises, furniture, fixtures and equipment and leasehold improvements.

An item of bank premises, furniture, fixtures and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income in the year the asset is derecognized.

Investment Properties

Investment properties include real properties acquired in settlement of loans and receivables which are measured initially at cost, including certain transaction costs. Investment properties acquired through a nonmonetary asset exchange is measured initially at fair value unless (a) the exchange lacks commercial substance or (b) the fair value of neither the asset received nor the asset given up is reliably measurable. The difference between the fair value of the investment property upon foreclosure and the carrying value of the loan is recognized under 'Gain on asset foreclosure and dacion transactions' in the statement of income. Subsequent to initial recognition, depreciable investment properties are stated at cost less accumulated depreciation and any accumulated impairment in value except for land which is stated at cost less impairment in value.

Expenditures incurred after the investment properties have been put into operation, such as repairs and maintenance costs, are normally charged to income in the period in which the costs are incurred.

Depreciation is calculated on a straight-line basis using the remaining EUL of the building and improvement components of investment properties which ranged from 10 to 33 years from the time of acquisition of the investment properties.

Investment properties are derecognized when they have either been disposed of or when the investment properties are permanently withdrawn from use and no future benefit is expected from their disposal. Any gains or losses on the derecognition of an investment property are recognized as 'Gain on sale of investment properties' in the statement of income in the year of derecognition.

Transfers are made to investment properties when, and only when, there is a change in use evidenced by ending of owner occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use evidenced by commencement of owner occupation or commencement of development with a view to sale.

Intangible Assets

Intangible assets include software cost and branch licenses resulting from the Parent Company's acquisition of CBSI, Unity Bank and PDB (Notes 11 and 14).

Software costs

Costs related to software purchased by the Group for use in operations are amortized on a straight-line basis over 3 to 10 years. The amortization method and useful life are reviewed periodically to ensure that the method and period of amortization are consistent with the expected pattern of economic benefits embodied in the asset.

Branch licenses

The branch licenses are initially measured at fair value as of the date of acquisition and are deemed to have an indefinite useful life as there is no foreseeable limit to the period over which they are expected to generate net cash inflows for the Group.

Such intangible assets are not amortized, instead they are tested for impairment annually either individually or at the CGU level. Impairment is determined by assessing the recoverable amount of each CGU (or group of CGUs) to which the intangible asset relates. Recoverable amount represents the CGU's value in use. Where the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized.

Gains and losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in earnings when the asset is derecognized.

Impairment of Nonfinancial Assets

At each reporting date, the Group assesses whether there is any indication that its nonfinancial assets (e.g., investment in associates, investment properties, bank premises, furniture, fixtures and equipment, goodwill and intangible assets) may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount.

Recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the CGU to which it belongs. Where the carrying amount of an asset (or CGU) exceeds its recoverable amount, the asset (or CGU) is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or CGU).

An impairment loss is charged to operations in the year in which it arises.

For nonfinancial assets, excluding goodwill and branch licenses, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed, except for goodwill, only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income. After such a reversal, the depreciation expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Accounting policy on Leases effective January 1, 2019

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

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

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

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Impairment of Nonfinancial Assets.

ii) Lease liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of ATM sites (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of ATM sites that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from leased properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

<u>Leases (Prior to January 1, 2019)</u>
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

(a) there is a change in contractual terms, other than a renewal or extension of the arrangement; or
(b) a renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term; or
(c) there is a change in the determination of whether fulfillment is dependent on a specified asset; or
(d) there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c), or (d) above, and at the date of renewal or extension period for scenario (b).

Group as a lessee
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the statement of income on a straight-line basis over the lease term and included in 'Occupancy cost' in the statement of income.

Group as a lessor
Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

<u>Capital Stock</u>
Capital stocks are recorded at par. Proceeds in excess of par value are recognized under equity as 'Capital paid in excess of par value' in the balance sheet. Incremental costs incurred which are directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Revenue Recognition

Revenues within the scope of PFRS 15, Revenue from Contracts with Customers
Revenue from contract with customers is recognized upon transfer of promised goods or services to customers at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Group and the Parent Company exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the five-step model to contracts with customers.

The following specific recognition criteria must be met before revenue is recognized for contracts within the scope of PFRS 15:

Fee and commission income
The Group earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

a. *Fee income earned from services that are provided over a certain period of time*
Fees earned for the provision of services over a period of time are accrued over that period. These fees include investment fund fees, custodian fees, fiduciary fees, commission income, credit related fees, asset management fees, portfolio and other management fees, and advisory fees.

b. *Fee income from providing transactions services*
Fees arising from negotiating or participating in the negotiation of a transaction for a third party - such as underwriting fees, corporate finance fees and brokerage fees for the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses - are recognized on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognized after fulfilling the corresponding criteria.

Loan syndication fees are recognized in the statement of income when the syndication has been completed and the Group retains no part of the loans for itself or retains part at the same EIR as for the other participants.

Service charges and penalties
Service charges and penalties are recognized only upon collection or accrued where there is a reasonable degree of certainty as to their collectability.

Other income
Income from sale of service is recognized upon rendition of the service. Income from sale of properties is recognized when control has been transferred to the customer and when the collectability of the sales price is reasonably assured.

Revenues outside the scope of PFRS 15
Interest income
For all interest-bearing financial assets, interest income is recorded at either EIR, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability, or at rate stated in the contract. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options), includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, as applicable, but not future credit losses. The adjusted carrying amount is calculated based on the original EIR. The change in carrying amount is recorded as 'Interest income'. Loan commitment fees for loans that are likely to be drawn down are deferred (together with any incremental costs) and recognized as an adjustment to the EIR on the loan. If the commitment expires without the Group making the loan, the commitment fees are recognized as other income on expiry.

Once the recorded value of a financial asset or group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognized using the original EIR applied to the new carrying amount.

Dividend income
Dividend income is recognized when the Group's right to receive payment is established.

Trading and securities gain
This represents results arising from trading activities and sale of AFS financial assets or FVOCI debt assets.

Gain on disposal of investment securities at amortized cost
This represents results arising from sale of investment securities measured at amortized cost.

Expense Recognition
Expense is recognized when it is probable that a decrease in future economic benefits related to a decrease in an asset or an increase in liability has occurred and the decrease in economic benefits can be measured reliably. Revenues and expenses that relate to the same transaction or other event are recognized simultaneously.

Interest expense
Interest expense for all interest-bearing financial liabilities are recognized in 'Interest expense' in the statement of income using the EIR of the financial liabilities to which they relate.

Other expenses
Expenses encompass losses as well as those expenses that arise in the ordinary course of business of the Group. Expenses are recognized when incurred.

Retirement Benefits
Defined benefit plan
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets and adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The defined benefit obligation is calculated annually by an independent actuary. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates on government bonds that have terms to maturity approximating the terms of the related retirement liability. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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

Defined benefit costs comprise the following:
(a) service cost;
(b) net interest on the net defined benefit liability or asset; and
(c) remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

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

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

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. The fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain. If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Employee leave entitlement
Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Provisions and Contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of income, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

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

Income Taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as of the reporting date.

Deferred tax

Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

Deferred tax liabilities are not provided on non-taxable temporary differences associated with investments in domestic subsidiaries and associates.

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

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

Current tax and deferred tax relating to items recognized directly in equity is also recognized in equity and not in the statement of income.

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

Earnings per Share

Basic earnings per share (EPS) is computed by dividing net income for the year by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock splits, stock dividends declared and stock rights exercised during the year, if any.

The Parent Company has no outstanding dilutive potential common shares.

Dividends on Common Shares

Dividends on common shares are recognized as a liability and deducted from equity when approved by the respective shareholders of the Parent Company and its subsidiaries. Dividends declared during the year that are approved after the reporting date are dealt with as an event after the reporting date.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 32. The Group's revenue producing assets are located in the Philippines (i.e., one geographical location). Therefore, geographical segment information is no longer presented.

Fiduciary Activities
Assets and income arising from fiduciary activities together with related undertakings to return such assets to customers are excluded from the financial statements where the Parent Company acts in a fiduciary capacity such as nominee, trustee or agent.

Events after the Reporting Period
Any post year-end events that provide additional information about the Group's position at the reporting date (adjusting event) are reflected in the Group's financial statements. Post year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

Standards Issued but Not Yet Effective
There are new PFRSs, amendments, interpretation and annual improvements, to existing standards effective for annual periods subsequent to 2019, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Group's financial statements:

Effective beginning on or after January 1, 2020

- Amendments to PFRS 3, Definition of a Business.
  The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

  An entity applies those amendments prospectively with earlier application permitted.

  These amendments will apply on future business combinations of the Group.

- Amendments to PAS 1, *Presentation of Financial Statements, and PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

  The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

  An entity applies those amendments prospectively with earlier application permitted.

Effective beginning on or after January 1, 2021

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

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

  - A specific adaptation for contracts with direct participation features (the variable fee approach)

  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  Early application is permitted.

Deferred effectivity

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

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the financial statements in accordance with PFRS requires the Group to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities at reporting date. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the financial statements as they become reasonably determinable.

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

<u>Judgments</u>

a. *Financial instruments*

   Where the fair values of financial assets and financial liabilities recorded on the balance sheet or disclosed in the notes cannot be derived from active markets, they are determined using discounted cash flow model, incorporating inputs such as current market rates of comparable instruments. The carrying values and corresponding fair values of financial instruments, as well as the manner in which fair values were determined, are discussed in more detail in Note 5.

b. *Contingencies*

   The Group is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the Group's defense in these matters and is based upon an analysis of potential results. The Group currently does not believe that these proceedings will have a material adverse effect on the financial statements (Note 31). It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.

c. *Evaluation of business model in managing financial assets (PFRS 9)*

   The Group manages its financial assets based on business models that maintain an adequate level of financial assets to match its expected cash outflows, largely arising from customers' withdrawals and continuing loan disbursements to borrowers, while maintaining a strategic portfolio of financial assets for investment and trading activities consistent with its risk appetite.

   The Group developed business models which reflect how it manages its portfolio of financial instruments. The Group's business models need not be assessed at entity level or as a whole but applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by the Group) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument).

   In determining the classification of a financial instrument under PFRS 9, the Group evaluates in which business model a financial asset or a portfolio of financial assets belong to taking into consideration the objectives of each business model established by the Group, various risks and key performance indicators being reviewed and monitored by responsible officers, as well as the manner of compensation for them. The Group also considers the frequency, value, reasons and timing of past sales and expectation of future sales activity in this evaluation.

   In addition, PFRS 9 emphasizes that if more than an infrequent and more than an insignificant sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Group considers certain circumstances to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a held-to-collect business model if the Group can explain the reasons for those sales and why those sales do not reflect a change in the Group's objective for the business model.

The business model assessment is based on reasonably expected scenarios without taking worst case or stress case scenarios into account. If cash flows, after initial recognition are realized in a way that is different from the Group's and the Parent Company's original expectations, the Group and the Parent Company does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

In 2019, the Parent Company sold investment securities at amortized cost whose carrying values prior to the sale amounted ₱13.32 billion. Such disposals were made due to the following conditions and reasons:

- An increase in the financial assets' credit risk due to political uncertainty affecting the sovereign issuer's environment
- A change in the funding profile of the Parent Company;
- A potential breach in the regulatory or internal limits of the Parent Company;
- A highly probable change in regulations with a potentially adverse impact to the financial assets' contractual cash flows

The disposals resulted in gains amounting to ₱1.30 billion for the Parent Company.

Also, CBS sold investment securities at amortized cost amounting to ₱5.29 billion to comply with regulatory limits. The sold investments included securities with carrying amount of ₱1.93 billion that are nearing their maturity dates and where the selling price approximated amortized cost. The disposals resulted in gains amounting to ₱82.51 million for CBS.

These disposals in the investment securities at amortized cost are consistent with the portfolios' business models with respect to the conditions and reasons for which the disposals were made as discussed above. Further, these disposals did not result in a change in business model and the remaining portfolio after the sale remains to be accounted for at amortized cost (see Note 9).

d. *Testing the cash flow characteristics of financial assets (PFRS 9)*
In determining the classification of financial assets under PFRS 9, the Group assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal amount outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk), i.e., cash flows that are non-SPPI, does not meet the amortized cost criteria. In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as modified time value of money, the Group assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the Group considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument.

e. *Incremental borrowing rate used for lease liabilities*
If the Group cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate in measuring its lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value in a similar economic environment. The Group estimates the incremental borrowing rate using observable inputs (prevailing risk-free market rates) adjusted by the credit risk of the Group (i.e., credit spread).

f. *Hedge accounting*
The Bank has designated the hedge relationship between its floating rate bond payable (Note 18) and an interest rate swap as cash flow hedge. The Bank's hedge accounting policies include an element of judgement and estimation, in particular, in respect of the existence of highly probable cash flows for inclusion within the cash flow hedge. Estimates of future interest rates and the general economic environment will influence the availability and timing of suitable hedged items, with an impact on the effectiveness of the hedge relationships. Details of the Bank's hedge accounting policies are described in Note 26.

<u>Estimates</u>

a. *Expected credit losses on financial assets and commitments (PFRS 9)*
The Group reviews its financial assets and commitments at each reporting date to determine the amount of expected credit losses to be recognized in the balance sheet and any changes thereto in the statement of income. In particular, judgments and estimates by management are required in determining the following:

- whether a financial asset has had a significant increase in credit risk since initial recognition;
- whether default has taken place and what comprises a default;
- macro-economic factors that are relevant in measuring a financial asset's probability of default as well as the Group's forecast of these macro-economic factors;

- probability weights applied over a range of possible outcomes;
- sufficiency and appropriateness of data used and relationships assumed in building the components of the Group's expected credit loss models;
- measuring the exposure at default for unused commitments on which an expected credit loss should be recognized and the applicable loss rate

The related allowance for credit losses of financial assets and commitments of the Group and the Parent Company are disclosed in Notes 16 and 21.

b. *Impairment of goodwill*
Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the cash generating unit (CGU) to which the goodwill relates. The recoverable amount of the CGU is determined based on a VIU calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. For VIU, the Group estimates the discount rate used for the computation of the net present value by reference to industry cost of capital. Impairment assessment process requires significant judgement and based on assumptions, specifically loan and deposit growth rates, discount rate and the long-term growth rates.

Where the recoverable amount is less than the carrying amount of the CGU to which goodwill has been allocated, an impairment loss is recognized immediately in the statement of income. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The carrying values of the Group's goodwill are disclosed in Note 14.

c. *Impairment of branch licenses*
The Group conducts an annual review for any impairment in the value of branch licenses. Branch licenses are written down for impairment where the recoverable value is insufficient to support the carrying value. The recoverable amount of branch licenses is determined based on a VIU calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. For VIU, the Group estimates the discount rate used for the computation of the net present value by reference to industry cost of capital. Impairment assessment process requires significant judgement and based on assumptions, specifically loan and deposit growth rates, discount rate and the long-term growth rates.

The carrying values of the Group's branch licenses are disclosed in Note 14.

d. *Net plan assets and retirement expense*
The determination of the Group's net plan assets and annual retirement expense is dependent on the selection of certain assumptions used in calculating such amounts. These assumptions include, among others, discount rates and salary rates.

The assumed discount rates were determined using the market yields on Philippine government bonds with terms consistent with the expected employee benefit payout as of the reporting date.

The present value of the retirement obligation and fair value of plan assets, including the details of the assumptions used in the calculation are disclosed in Note 25.

e. *Recognition of deferred income taxes*
Deferred tax assets are recognized for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Management discretion is required to determine the amount of deferred tax assets that can be recognized, based on the forecasted level of future taxable profits and the related future tax planning strategies. Key assumptions used in forecast of future taxable income include loan portfolio and deposit growth rates.

The Group believes it will be able to generate sufficient taxable income in the future to utilize its recorded deferred tax assets. Taxable income is sourced mainly from interest income from lending activities and earnings from service charge, fees, commissions and trust activities.

The recognized and unrecognized deferred tax assets are disclosed in Note 28.

f. *Impairment on non-financial assets*
The Group assesses impairment on its nonfinancial assets (e.g., investment properties and bank premises, furniture, fixtures and equipment) and considers the following impairment indicators:
- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Except for investment properties where recoverable amount is determined based on fair value less cost to sell, the recoverable amount of all other nonfinancial assets is determined based on the asset's value in use computation which considers the present value of estimated future cash flows expected to be generated from the continued use of the asset. The Group is required to make estimates and assumptions that can materially affect the carrying amount of the asset being assessed.

The carrying values of the Group's nonfinancial assets are disclosed in Notes 12 and 13.

4. FINANCIAL INSTRUMENT CATEGORIES

The following table presents the total carrying amount of the Group's and the Parent Company's financial instruments per category:

	Consolidated		Parent Company	
	2019	2018	2019	2018
Financial assets				
Cash and other cash items	₱16,839,755	₱15,639,474	₱14,856,844	₱13,705,304
Financial assets at FVTPL	18,500,111	7,596,261	18,444,101	6,689,796
Financial assets at FVOCI	26,133,360	10,101,527	24,170,629	8,213,010
Financial assets at amortized cost				
Due from BSP	100,174,398	101,889,773	88,109,650	95,092,944
Due from other banks	9,900,642	9,455,447	8,645,547	7,837,894
Interbank loans receivables and SPURA	17,036,460	11,998,040	10,027,609	8,998,040
Investment securities at amortized cost	168,202,728	172,537,036	164,231,583	163,824,466
Loans and receivables	568,919,164	505,804,955	502,930,197	441,432,156
Accrued interest receivable	7,158,494	5,697,181	6,526,475	5,126,127
Other assets*	4,382,441	3,577,270	2,077,459	1,520,108
	875,774,327	810,959,702	782,548,520	723,831,735
Total financial assets	₱937,247,553	₱844,296,964	₱840,020,094	₱752,439,845

*Other assets include accounts receivables, SCR, RCOCI and miscellaneous financial assets (Note 15).

	Consolidated		Parent Company	
	2019	2018	2019	2018
Financial liabilities				
Other financial liabilities:				
Deposit liabilities	₱775,427,861	₱722,123,297	₱687,764,453	₱638,243,362
Bills payable	33,381,406	39,826,532	33,381,406	39,826,532
Manager's checks	1,998,678	2,577,175	1,535,936	2,069,812
Accrued interest and other expenses *	2,153,496	2,456,064	1,803,090	2,035,662
Bonds payable	37,394,398	–	37,394,398	–
Other liabilities**	10,532,784	7,347,450	8,426,083	5,779,466
	860,888,623	774,330,518	770,305,366	687,954,834
Financial liabilities at FVPL:				
Derivative liabilities	1,036,052	455,150	1,036,052	455,150
Derivative contracts designated as hedges	51,949	–	51,949	–
Total financial liabilities	₱861,976,624	₱774,785,668	₱771,393,367	₱688,409,984

*Accrued interest and other expenses includes accrued interest payable and accrued other expenses payable (Note 20).
**Other liabilities exclude withholding taxes payable and retirement liabilities (Note 21)

5. FAIR VALUE MEASUREMENT

The Group has assets and liabilities in the consolidated and Parent Company balance sheets that are measured at fair value on a recurring and non-recurring basis after initial recognition. Recurring fair value measurements are those that another PFRS requires or permits to be recognized in the balance sheet at the end of each financial reporting period. These include financial assets and liabilities at FVPL and financial assets at FVOCI.

As of December 31, 2019 and 2018, except for the following financial instruments, the carrying values of the Group's and the Parent Company's financial assets and liabilities as reflected in the balance sheets and related notes approximate their respective fair values:

	2019			
	Consolidated		**Parent Company**	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
Financial Assets				
Investment securities at amortized cost				
Investment securities (Note 9)				
Government bonds	₱116,859,352	₱115,600,451	₱114,157,458	₱113,070,656
Private bonds	51,343,376	52,569,793	50,074,125	51,304,523
Loans and receivables (Note 10)				
Corporate and commercial lending	458,007,221	449,343,219	433,716,968	423,191,284
Consumer lending	100,104,341	105,846,151	58,707,050	59,188,709
Trade-related lending	10,766,453	11,267,769	10,472,182	10,819,193
Others	41,148	47,780	33,997	39,177
Sales contracts receivable (Note 15)	1,124,275	1,200,426	210,706	224,080
Investment properties				
Land	2,770,799	5,199,926	615,253.00	2,516,447
Buildings and improvements	1,603,958	2,819,400	881,734.00	1,455,041
Financial Liabilities				
Deposit liabilities (Note 17)	363,600,383	358,540,409	307,293,511	302,112,818
Bonds payable	37,394,398	37,980,269	37,394,398	37,980,269

	2018			
	Consolidated		Parent Company	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
HTM financial assets (Note 9)				
Government bonds	₱117,260,018	₱108,886,906	₱110,220,634	₱102,006,641
Private bonds	55,277,018	54,077,408	53,603,832	52,509,703
Loans and receivables (Note 10)				
Corporate and commercial lending	406,403,070	389,177,803	376,793,349	357,613,633
Consumer lending	85,688,187	85,222,099	51,816,708	46,749,579
Trade-related lending	13,662,914	13,283,538	12,782,734	12,772,774
Others	50,785	56,603	39,365	45,185
Sales contracts receivable (Note 15)	1,040,939	1,101,941	199,692	178,486
Financial Liabilities				
Deposit liabilities (Note 17)	321,343,811	299,666,264	265,739,836	243,898,397

The methods and assumptions used by the Group and Parent Company in estimating the fair values of the financial instruments follow:

Cash and other cash items, due from BSP and other banks, interbank loans receivable and SPURA and accrued interest receivable - The carrying amounts approximate their fair values in view of the relatively short-term maturities of these instruments.

Debt securities - Fair values are generally based on quoted market prices. If the market prices are not readily available, fair values are estimated using either values obtained from independent parties offering pricing services or adjusted quoted market prices of comparable investments or using the discounted cash flow methodology.

Equity securities - For publicly traded equity securities, fair values are based on quoted prices. For unquoted equity securities, remeasurement to their fair values is not material to the financial statements.

Loans and receivables and sales contracts receivable (SCR) included in other assets - Fair values of loans and receivables and SCR are estimated using the discounted cash flow methodology, where future cash flows are discounted using the Group's current incremental lending rates for similar types of loans and receivables.

Accounts receivable, RCOCI and other financial assets included in other assets - Quoted market prices are not readily available for these assets. These are reported at cost and are not significant in relation to the Group's total portfolio of securities.

Derivative instruments (included under FVPL) - Fair values are estimated based on discounted cash flows, using prevailing interest rate differential and spot exchange rates.

Deposit liabilities (time, demand and savings deposits) - Fair values of time deposits are estimated using the discounted cash flow methodology, where future cash flows are discounted using the Group's current incremental borrowing rates for similar borrowings and with maturities consistent with those remaining for the liability being valued. For demand and savings deposits, carrying amounts approximate fair values considering that these are currently due and demandable.

Bonds payable and Bills payable – Unless quoted market prices are not readily available, fair values are estimated using the discounted cash flow methodology, where future cash flows are discounted using the current incremental borrowing rates for similar borrowings and with maturities consistent with those remaining for the liability being valued.

Manager's checks and accrued interest and other expenses - Carrying amounts approximate fair values due to the short-term nature of the accounts.

Other liabilities - Quoted market prices are not readily available for these liabilities. These are reported at cost and are not significant in relation to the Group's total portfolio.

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation technique:

Level 1: quoted prices in active markets for identical assets or liabilities;
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
Level 3: inputs that are not based on observable market data or unobservable inputs.

As of December 31, 2019 and 2018, the fair value hierarchy of the Group's and the Parent Company's assets and liabilities are presented below:

	Consolidated			
	2019			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements[a]				
Financial assets at FVPL				
Held-for-trading				
Government bonds	₱5,087,179	₱3,363,947	₱–	₱8,451,126
Treasury notes	–	2,386,226	–	2,386,226
Treasury bills	–	1,378,137	–	1,378,137
Private bonds	4,372,734	–	–	4,372,734
Quoted equity shares	1,243,938	–	–	1,243,938
Derivative assets	–	667,950	–	667,950
FVOCI financial assets				
Government bonds	3,977,446	18,563,070	–	22,540,516
Quoted private bonds	2,953,271	–	–	2,953,271
Quoted equity shares	621,208	–	–	621,208
	₱18,255,776	₱26,359,330	₱–	₱44,615,106
Financial liabilities at FVPL				
Derivative liabilities	₱–	₱1,036,052	₱–	₱1,036,052
Derivative contracts designated as hedges	–	51,949	–	51,949
	₱–	₱1,088,001	₱–	₱1,088,001
Fair values of assets carried at amortized cost/cost[a]				
Investment securities at amortized cost				
Government bonds	₱115,600,451	₱–	₱–	₱115,600,451
Private bonds	52,569,793	–	–	52,569,793
Loans and receivables				
Corporate and commercial loans	–	–	449,343,219	449,343,219
Consumer loans	–	–	105,846,151	105,846,151
Trade-related loans	–	–	11,267,769	11,267,769
Others	–	–	47,780	47,780
Sales contracts receivable	–	–	1,200,426	1,200,426
Investment properties[b]				
Land	–	–	5,199,926	5,199,926
Buildings and improvements	–	–	2,819,400	2,819,400
	₱168,170,244	₱–	₱575,724,671	₱743,894,915
Fair values of liabilities carried at amortized cost[a]				
Deposit liabilities	₱–	₱–	₱358,540,409	₱358,540,409
Bonds payable	–	–	37,980,269	37,980,269
	–	–	₱396,520,678	₱396,520,678

(b) valued as of December 31, 2019

	Consolidated			
	2018			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements[a]				
Financial assets at FVPL				
Held-for-trading				
Government bonds	₱492,521	₱141,372	₱–	₱633,893
Treasury notes	–	838,662	–	838,662
Treasury bills	–	1,214,170	–	1,214,170
Private bonds	3,189,063	–	–	3,189,063
Quoted equity shares	1,312,625	–	–	1,312,625
Derivative assets	–	407,848	–	407848
Financial assets at FVOCI			–	
Government bonds	4,859,716	5,107,673	–	9,967,389
Quoted private bonds	35,370	–	–	35,370
Quoted equity shares	80,403	–	–	80,403
	₱9,969,698	₱7,709,725	₱–	₱17,679,423
Financial liabilities at FVPL				
Derivative liabilities	₱–	₱455,150	₱–	₱455,150
	₱–	₱455,150	₱–	₱455,150
Fair values of assets carried at amortized cost/cost[a]				
HTM financial assets				
Government bonds	108,886,906	–	–	108,886,906
Private bonds	54,077,408	–	–	54,077,408
Loans and receivables				
Corporate and commercial loans	–	–	389,177,803	389,177,803
Consumer loans	–	–	85,222,099	85,222,099
Trade-related loans	–	–	13,283,538	13,283,538
Others	–	–	56,603	56,603
Sales contracts receivable	–	–	1,101,941	1,101,941
Investment properties[b]		–		
Land	–	–	8,696,956	8,696,956
Buildings and improvements	–	–	1,371,972	1,371,972
	₱162,964,314	₱–	₱498,910,912	₱661,875,226
Fair values of liabilities carried at amortized cost[a]				
Deposit liabilities	₱–	₱–	₱299,666,264	₱ 299,666,264

(b)valued as of December 31,2018

	Parent Company			
	2019			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements[a]				
Financial assets at FVPL				
Held-for-trading				
Government bonds	₱5,087,179	₱3,363,947	₱–	₱8,451,126
Treasury notes	–	2,386,226	–	2,386,226
Treasury bills	–	1,378,137	–	1,378,137
Private bonds	4,372,734	–	–	4,372,734
Quoted equity shares	1,187,928	–	–	1,187,928
Derivative assets	–	667,950	–	667,950
FVOCI financial assets				
Government bonds	2,489,563	18,563,070	–	**21,052,633**
Quoted private bonds	2,512,588	–	–	2,512,588
Quoted equity shares	587,043	–	–	587,043
	₱16,237,035	**₱26,359,330**	₱–	**₱42,596,365**
Financial liabilities at FVPL				
Derivative liabilities	₱–	₱1,036,052	₱–	₱1,036,052
Derivative contracts designated as hedges		51,949		51,949
	₱–	₱1,088,001	₱–	₱1,088,001
Fair values of assets carried atmamortized cost/cost[a]				
Investment securities at amortized cost				
Government bonds	₱113,070,656	₱–	₱–	₱113,070,656
Private bonds	51,304,523	–	–	51,304,523
Loans and receivables				
Corporate and commercial loans	–	–	423,191,284	423,191,284
Consumer loans	–	–	59,188,709	59,188,709
Trade-related loans	–	–	10,819,193	10,819,193
Others	–	–	39,177	39,177
Sales contracts receivable	–	–	224,080	224,080
Investment properties[b]				
Land	–	–	2,516,447	2,516,447
Buildings and improvements	–	–	1,455,041	1,455,041
	₱164,375,179	₱–	₱497,433,931	₱661,809,110
Fair values of liabilities carried at amortized cost[a]				
Deposit liabilities	₱–	₱–	₱302,112,818	₱302,112,818
Bills payable	–	–	35,630,879	35,630,879
Bonds payable	–	–	37,980,269	37,980,269
	–	–	375,723,966	375,723,966
	₱164,375,179	₱–	₱121,709,965	₱286,085,144

(b)valued as of December 31, 2019

	Parent Company			
	2018			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements[(a)]				
Financial assets at FVPL				
Held-for-trading				
Government bonds	₱492,521	₱141,372	₱–	₱633,893
Treasury notes	–	838,662	–	838,662
Treasury bills	–	1,214,170	–	1,214,170
Private bonds	2,282,598	–	–	2,282,598
Quoted equity shares	1,312,625	–	–	1,312,625
Derivative assets	–	407,848	–	407,848
Financial assets at FVOCI				
Government bonds	3,033,686	5,107,673	–	8,141,359
Quoted private bonds	1,676	–	–	1,676
Quoted equity shares	51,610	–	–	51,610
	₱7,174,716	₱7,709,725	₱–	₱14,884,441
Financial liabilities at FVPL				
Derivative liabilities	₱–	₱455,150	₱–	₱455,150
	₱–	₱455,150	₱–	₱455,150
Fair values of assets carried at amortized cost/cost[(a)]				
HTM financial assets				
Government bonds	₱102,006,641	₱–	₱–	₱102,006,641
Private bonds	52,509,703	–	–	52,509,703
Loans and receivables				
Corporate and commercial loans	–	–	357,613,633	357,613,633
Consumer loans	–	–	46,749,579	46,749,579
Trade-related loans	–	–	12,772,774	12,772,774
Others	–	–	45,185	45,185
Sales contracts receivable	–	–	178,486	178,486
Investment properties[(b)]				
Land	–	–	4,225,706	4,225,706
Buildings and improvements	–	–	974,119	974,119
	₱154,516,344	₱–	₱422,559,482	₱577,075,826
Fair values of liabilities carried at amortized cost				
Deposit liabilities	₱–	₱–	₱243,898,397	₱243,898,397

(a) valued as of December 31, 2018

There were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements in 2019 and 2018.

The inputs used in the fair value measurement based on Level 2 are as follows:

Government securities - *interpolated rates based on market rates of benchmark securities as of reporting date.*

Private bonds and commercial papers - quoted market price of comparable investments with credit risk premium that is insignificant to the entire fair value measurement.

Derivative assets and liabilities - fair values are calculated by reference to the prevailing interest differential and spot exchange rate as of the reporting date, taking into account the remaining term to maturity of the derivative assets and liabilities.

Inputs used in estimating fair values of financial instruments carried at cost and categorized under Level 3 include risk-free rates and applicable risk premium.

The fair values of the Group's and Parent Company's investment properties have been determined by the appraisal method by independent external and in-house appraisers based on highest and best use of property being appraised. Valuations were derived on the basis of recent sales of similar properties in the same areas as the investment properties and taking into account the economic conditions prevailing at the time the valuations were made and comparability of similar properties sold with the property being valued.

The table below summarizes the valuation techniques used and the significant unobservable inputs valuation for each type of investment properties held by the Group and the Parent Company:

	Valuation Techniques	**Significant Unobservable Inputs**
Land	Market Data Approach	Price per square meter, size, location, shape, time element and corner influence
Land and Building	Market Data Approach and Cost Approach	Reproduction Cost New

Descriptions of the valuation techniques and significant unobservable inputs used in the valuation of the Group and the Parent Company's investment properties are as follows:

<u>Valuation Techniques</u>

Market Data Approach	A process of comparing the subject property being appraised to similar comparable properties recently sold or being offered for sale.
Cost Approach	It is an estimate of the investment required to duplicate the property in its present condition. It is reached by estimating the value of the building "as if new" and then deducting the depreciated cost. Fundamental to the Cost Approach is the estimate of Reproduction Cost New of the improvements.

<u>Significant Unobservable Inputs</u>

Reproduction Cost New	The cost to create a virtual replica of the existing structure, employing the same design and similar building materials.
Size	Size of lot in terms of area. Evaluate if the lot size of property or comparable conforms to the average cut of the lots in the area and estimate the impact of lot size differences on land value.
Shape	Particular form or configuration of the lot. A highly irregular shape limits the usable area whereas an ideal lot configuration maximizes the usable area of the lot which is associated in designing an improvement which conforms with the highest and best use of the property.
Location	Location of comparative properties whether on a Main Road, or secondary road. Road width could also be a consideration if data is available. As a rule, properties located along a Main Road are superior to properties located along a secondary road.
Time Element	"An adjustment for market conditions is made if general property values have appreciated or depreciated since the transaction dates due to inflation or deflation or a change in investors' perceptions of the market over time". In which case, the current data is superior to historic data.
Discount	Generally, asking prices in ads posted for sale are negotiable. Discount is the amount the seller or developer is willing to deduct from the posted selling price if the transaction will be in cash or equivalent.
Corner influence	Bounded by two (2) roads.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities are principally related to the profitable use of financial instruments. Risks are inherent in these activities but are managed by the Group through a rigorous, comprehensive and continuous process of identification, measurement, monitoring and mitigation of these risks, partly through the effective use of risk and authority limits and thresholds, process controls and monitoring, and independent controls. As reflected in its corporate actions and organizational improvements, the Group has placed due importance on expanding and strengthening its risk management process and considers it as a vital component to the Group's continuing profitability and financial stability. Central to the Group's risk management process is its adoption of a risk management program intended to avoid unnecessary risks, manage and mitigate inherent risks and maximize returns from taking acceptable risks necessary to sustain its business viability and good financial position in the market.

The key financial risks that the Group faces are: credit risk, market risk and liquidity risk. The Group's risk management objective is primarily focused on controlling and mitigating these risks. The Parent Company and its subsidiaries manage their respective financial risks separately. The subsidiaries, particularly CBSI, have their own risk management processes but are structured similar to that of the Parent Company. To a large extent, the respective risk management programs and objectives are the same across the Group. The severity of risk, materiality, and regulations are primary considerations in determining the scope and extent of the risk management processes put in place for the subsidiaries.

Risk Management Structure

The BOD of the Parent Company is ultimately responsible for the oversight of the Parent Company's risk management processes. On the other hand, the risk management processes of the subsidiaries are the separate responsibilities of their respective BODs. The BOD of the Parent Company created a separate board-level independent committee with explicit authority and responsibility for managing and monitoring risks.

The BOD has delegated to the Risk Oversight Committee (ROC) the implementation of the risk management process which includes, among others, determining the appropriate risk mitigating strategies and operating principles, adoption of industry standards, development of risk metrics, monitoring of key risk indicators, and the imposition of risk parameters. The ROC is composed of three members of the BOD, two of whom are independent directors.

The Risk Management Group (RMG) is the operating unit of the ROC primarily responsible for the implementation of the risk management strategies approved by the Board of Directors. The implementation cuts across all departments of the Parent Company and involves all of the Parent Company's financial instruments, whether "on-books" or "off-books." The RMG is likewise responsible for monitoring the implementation of specific risk control procedures and enforcing compliance thereto. The RMG is also directly involved in the day-to-day monitoring of material risks ensuring that the Parent Company, in its transactions and dealings, engages only in risk taking activities duly approved by the ROC. The RMG also ensures that relevant information are accurately and completely captured on a timely basis in the management reporting system of the Parent Company. The RMG regularly reports the results of the risk measurements to the ROC. The RMG is headed by the Chief Risk Officer (CRO).

Apart from RMG, each business unit has created and put in place various process controls which ensure that all the external and internal transactions and dealings of the unit are in compliance with the unit's risk management objectives.

The Internal Audit Division also plays a crucial role in risk management primarily because it is independent of the business units and reports exclusively to the Audit Committee which, in turn, is comprised of independent directors. The Internal Audit Division focuses on ensuring that adequate controls are in place and on monitoring compliance to controls. The regular audit covers all processes and controls, including those under the risk management framework handled by the RMG. The audit of these processes and controls is undertaken at least annually. The audit results and exceptions, including recommendations for their resolution or improvement, are discussed initially with the business units concerned before these are presented to the Audit Committee.

Risk Management Reporting

The CRO reports to the ROC and is a resource to the Management Committee (ManCom) and the Credit Committee (CreCom). The CRO reports on key risk indicators and specific risk management issues that would need resolution from top management. This is undertaken after the risk issues and key risk indicators have been discussed with the business units concerned. The RMG's function, particularly, that of the CRO, as well as the Board's risk oversight responsibilities are articulated under BSP Circular No. 971, Guidelines on Risk Governance.

The key risk indicators were formulated on the basis of the financial risks faced by the Parent Company. These indicators contain information from all business units that provide measurements on the level of the risks taken by the Parent Company in its products, transactions and financial structure. Among others, the report on key risk indicators includes information on the Parent Company's aggregate credit exposure, credit metric forecasts, hold limit exceptions, Value-at-Risk (VaR), Maximum Cumulative Outflow (MCO) and Earnings-at-Risk (EAR) analysis, utilization of market and credit limits and thresholds, liquidity risk limits and ratios, overall loan loss provisioning and risk profile changes.

Loan loss provisioning and credit limit utilization are, however, discussed in more detail in the Credit Committee. On a monthly basis, detailed reporting of industry, customer and geographic risks is included in the discussion with the ROC. A comprehensive risk report is presented to the BOD on a periodic basis for an overall assessment of the level of risks taken by the Bank. On the other hand, the Chief Audit Executive reports to the Audit Committee on a monthly basis on the results of branch or business unit audits and for the resolution of pending but important internal audit issues.

Risk Mitigation
The Parent Company uses derivatives to manage exposures in its financial instruments resulting from changes in interest rates and foreign currencies exposures. However, the nature and extent of use of these financial instruments to mitigate risks are limited to those allowed by the BSP for the Parent Company and its subsidiaries. For interest rate risk from the bonds payable to IFC (Note 18), the Parent Company entered into a pay-fixed, receive-floating interest rate swap (Note 26) with the same principal terms to hedge the exposure to variable cash flow payments. The hedge relationship would eliminate the risk that variability in the floating rates will compress the net interest margin. The IRS designated as hedge shall be reflected in the Earnings-at-Risk report of RMG.

To further mitigate risks throughout its different business units, the Parent Company formulates risk management policies and continues to improve its existing policies. These policies further serve as the framework and set of guidelines in the creation or revisions of operating policies and manuals for each business unit. In the process design and implementation, preventive controls are preferred over detection controls. Clear delineation of responsibilities and separation of incompatible duties among officers and staff, as well as, among business units are reiterated in these policies. To the extent possible, reporting and accounting responsibilities are segregated from units directly involved in operations and front line activities (i.e., players must not be scorers). This is to improve the credibility and accuracy of management information. Any inconsistencies in the operating policies and manuals with the risk framework created by the RMG are taken up and resolved in the ROC and ManCom.

Based on the approved Operational Risk Assessment Program, RMG spearheaded the bankwide (all Head Office units and branches) risk identification and self-assessment process. This would enable determination of priority risk areas, assessment of mitigating controls in place, and institutionalization of additional measures to ensure a controlled operating environment. RMG was also mandated to maintain and update the Parent Company's Centralized Loss Database wherein all reported incidents of losses shall be encoded to enable assessment of weaknesses in the processes and come up with viable improvements to avoid recurrence.

Monitoring and controlling risks are primarily performed based on various limits and thresholds established by the top management covering the Group's transactions and dealings. These limits and thresholds reflect the Group's business strategies and market environment, as well as, the levels of risks that the Group is willing to tolerate, with additional emphasis on selected industries. In addition, the Parent Company monitors and measures the overall risk-bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

Liquidity and interest rate risk exposures are measured and monitored through the Maximum Cumulative Outflow and Earnings-at-Risk reports from the Asset and Liability Management (ALM) system. It was implemented in 2013 and was upgraded in 2018 to a new version which include modules for calculating Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). The system also has a Funds Transfer Pricing module used by the Treasury Group and Corporate Planning Group.

For the measurement of market risk exposures, the Bank uses Historical Simulation VaR approach for all treasury traded instruments, including fixed income bonds, foreign exchange swaps and forwards, interest rate swaps and equity securities. Market risk exposures are measured and monitored through reports from the Market Risk Management System which has been implemented in 2018 to enhance risk measurement and automate daily reporting.

BSP issued Circular No. 639 dated January 15, 2009 which mandated the use of the Internal Capital Adequacy Assessment Process (ICAAP) by all universal and commercials banks to determine their minimum required capital relative to their business risk exposures. In this regard, the Board approved the engagement of the services of a consultant to assist in the bank-wide implementation and embedding of the ICAAP, as provided for under Pillar 2 of Basel II and BSP Circular No. 639.

On April 3, 2019, the BOD approved the changes in the trigger events for the review of Capital Ratios MAT and the methodology for the CET1 ratio limit and the Management Action Trigger (MAT) on capital ratios. There were no changes made in the Priority Risk Areas of the Parent Company and the approved trigger events for the review of Priority Risks.

The Parent Company submitted its annually updated ICAAP document, in compliance with BSP requirements on March 29, 2019. The document disclosed that the Parent Company has an appropriate level of internal capital relative to the Group's risk profile.

For this submission, the Parent Company retained the Pillar 1 Plus approach using the Pillar 1 capital as the baseline. The process of allocating capital for all types of risks above the Pillar 1 capital levels includes quantification of capital buffer for Pillar 2 risks under normal business cycle/condition, in addition to the quantification based on the results of the Integrated Stress Test (IST). The adoption of the IST allows the Parent Company to quantify its overall vulnerability to market shocks and operational losses in a collective manner driven by events rather than in silo. The capital assessment in the document discloses that the Group and the Parent Company has appropriate and sufficient level of internal capital.

Credit Risk

Credit Risk and Concentration of Assets and Liabilities and Off-Balance Sheet Items
Credit risk is the risk of financial loss on account of a counterparty to a financial product failing to honor its obligation. The Group faces potential credit risks every time it extends funds to borrowers, commits funds to counterparties, guarantees the paying performance of its clients, invests funds to issuers (i.e., investment securities issued by either sovereign or corporate entities) or enters into either market-traded or over-the-counter derivatives, through implied or actual contractual agreements (i.e., on or off-balance sheet exposures). The Group manages its credit risk at various levels (i.e., strategic level, portfolio level down to individual credit or transaction).

The Group established risk limits and thresholds for purposes of monitoring and managing credit risk from individual counterparties and/or groups of counterparties, major industries, as well as countries. It also conducts periodical assessment of the creditworthiness of its counterparties. In addition, the Group obtains collateral where appropriate, enters into master netting agreements and collateral arrangements with counterparties, and limits the duration of exposures.

The Parent Company has four credit risk rating models in place: for corporate borrowers, for non-consumer individual borrowers and small & medium enterprises (SMEs), for financial institutions, for sovereign / country exposures. In addition, it also has three scoring models: for auto and housing loan applicants, and for credit card applicants.

In compliance with BSP requirements, the Parent Company established an internal Credit Risk Rating System (ICRRS) for the purpose of measuring credit risk for corporate borrowers in a consistent manner, as accurately as possible, and thereafter uses the risk information for business and financial decision making. The ICRRS covers corporate borrowers with total assets, total facilities, or total credit exposures amounting to ₱15.00 million and above.

Further, the ICRRS was designed within the technical requirements defined under BSP Circular No. 439. It has two components, namely: a) Borrower Risk Rating which provides an assessment of the creditworthiness of the borrower, without considering the proposed facility and security arrangements, and b) Loan Exposure Ratio which provides an assessment of the proposed facilities as mitigated or enhanced by security arrangements.

On February 6, 2019, the Board of Directors approved the recalibrated ICRRS model. Among the changes made was in the rating scale which was expanded from ten to fourteen rating grades, ten of which fall under unclassified accounts, with the remaining four falling under classified accounts in accordance with regulatory provisioning guidelines.

The Parent Company launched in 2011 the Borrower Credit Score (BCS), a credit scoring system designed for retail small and medium entities and individual loan accounts. In 2018, RMG completed the statistical validation of the BCS using the same methodology applied to the validation of the corporate risk rating model. The validation process was conducted with the assistance of Teradata which provided the analytics platform, tools and technical guidance for both credit model performance assessment and recalibration.

The CAMELOT rating system was approved by the BOD in 2006 to specifically assess Philippine universal, commercial and thrift banks. In 2009, the Parent Company implemented the rating system for rural and cooperative banks as well as the rating system for foreign financial institutions.

The Parent Company also developed a Sovereign Risk Rating Model, which provided the tool for the Parent Company to assess the strength of the country rated in reference to its economic fundamentals, fiscal policy, institutional strength, and vulnerability to extreme events. The Model was approved by the Board on September 7, 2018.

The scorecards for auto and housing loans were officially launched in November 2016, adopting the models developed by CBS with a third-party consultant, and utilizing internally developed software interfaces for their implementation.

For the Bank's credit cards, starting September 2017, Transunion score is being used in lieu of an acquisition scorecard to determine application acceptance in conjunction with other credit acceptance criteria.

Excessive Risk Concentration
Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Parent Company's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Parent Company's policies and procedures include specific guidelines focusing on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

The distribution of the Group's and Parent Company's assets and liabilities, and credit commitment items by geographic region as of December 31, 2019 and 2018 (in millions) follows:

	Consolidated					
	2019			2018		
	Assets	**Liabilities**	**Commitment**	Assets	Liabilities	Commitment
Geographic Region						
Philippines	₱871,434	₱839,979	₱139,879	₱741,331	₱743,613	₱87,789
Asia	15,110	6,717	8,658	14,965	1,386	27,313
Europe	39,071	10,116	27,978	18,411	2,859	3,634
United States	10,185	321	7,483	68,277	21,107	2,548
Others	1,447	4,844	87	1,313	5,821	38
	₱937,247	₱861,977	₱184,085	₱844,297	₱774,786	₱121,322

	Parent Company					
	2019			2018		
	Assets	**Liabilities**	**Commitment**	Assets	Liabilities	Commitment
Geographic Region						
Philippines	₱774,207	₱749,395	₱139,392	₱689,382	₱660,706	₱87,077
Asia	15,110	6,717	8,658	14,965	1,386	27,313
Europe	39,071	10,116	27,978	18,411	2,859	3,634
United States	10,185	321	7,483	28,369	17,638	2,548
Others	1,447	4,844	87	1,313	5,821	38
	₱840,020	₱771,393	₱183,598	₱752,440	₱688,410	₱120,610

Information on credit concentration as to industry of loans and receivables is presented in Note 10 to the financial statements.

Maximum exposure to credit risk

The tables below provide the analysis of the maximum exposure to credit risk of the Group and the Parent Company's financial instruments, excluding those where the carrying values as reflected in the balance sheets and related notes already represent the financial instrument's maximum exposure to credit risk, before and after taking into account collateral held or other credit enhancements:

	Consolidated		
	2019		
	Gross maximum exposure	**Net exposure**	**Financial effect of collateral or credit enhancement**
Credit risk exposure relating to on-balance sheet items are as follows			
Loans and receivables	₱568,919,164	₱319,163,000	₱249,756,164
Interbank loans receivable and SPURA	17,036,460	–	17,036,460
Sales contracts receivable	1,162,106	–	1,162,106
	₱587,117,730	₱319,163,000	₱267,954,730

	Consolidated		
	2018		
	Gross maximum exposure	Net exposure	Financial effect of collateral or credit enhancement
Credit risk exposure relating to on-balance sheet items are as follows			
Loans and receivables	₱505,804,955	₱275,165,316	₱230,639,639
Interbank loans receivable and SPURA	10,000,000	–	10,000,000
Sales contracts receivable	1,040,939	–	1,040,939
	₱516,845,894	₱275,165,316	₱241,680,578

	Parent Company		
	2019		
	Gross maximum exposure	**Net exposure**	**Financial effect of collateral or credit enhancement**
Credit risk exposure relating to on-balance sheet items are as follows			
Loans and receivables	₱502,930,197	₱289,396,593	₱213,533,604
Interbank loans receivable and SPURA	10,027,609	–	10,027,609
Sales contracts receivable	235,049	–	235,049
	₱513,192,855	₱289,396,593	₱223,796,262

	Parent Company		
	2018		
	Gross maximum exposure	Net exposure	Financial effect of collateral or credit enhancement
Credit risk exposure relating to on-balance sheet items are as follows			
Loans and receivables	₱441,432,156	₱249,012,090	₱192,420,066
Interbank loans receivable and SPURA	7,000,000	–	7,000,000
Sales contracts receivable	199,692	–	199,692
	₱448,631,848	₱249,012,090	₱199,619,758

For the Group, the fair values of collateral held for loans and receivables and sales contracts receivable amounted to ₱281.92 billion and ₱2.38 billion, respectively, as of December 31, 2019 and ₱330.43 billion and ₱1.60 billion, respectively, as of December 31, 2018.

For the Parent Company, the fair values of collateral held for loans and receivables and sales contracts receivable amounted to ₱245.70 billion and ₱0.91 billion, respectively, as of December 31, 2019 and ₱302.16 billion and ₱1.47 billion, respectively, as of December 31, 2018.

Credit risk, in respect of derivative financial products, is limited to those with positive fair values, which are included under financial assets at FVPL (Note 9). As a result, the maximum credit risk, without taking into account the fair value of any collateral and netting agreements, is limited to the amounts on the balance sheet plus commitments to customers such as unused commercial letters of credit, outstanding guarantees and others as disclosed in Note 31 to the financial statements.

Collateral and other credit enhancements
The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented with regard to the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:
- For securities lending and reverse repurchase transactions - cash or securities
- For consumer lending - real estate and chattel over vehicle
- For corporate lending and commercial lending- real estate, chattel over properties, assignment of deposits, shares of stocks, bonds, and guarantees

Management requests additional collateral in accordance with the underlying agreement and takes into consideration the market value of collateral during its review of the adequacy of allowance for credit losses.

It is the Group's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. In most cases, the Parent Company does not occupy repossessed properties for business use.

Collateral valuation
To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Group's balance sheet. However, the fair value of collateral affects the calculation of loss allowances. It is generally assessed, at a minimum, at inception and re-assessed on an annual basis. To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by internal or external appraisers.

Credit quality per class of financial assets
The credit quality of financial assets is managed by the Group using an internal credit rating system for the purpose of measuring credit risk in a consistent manner as accurately as possible. The model on risk ratings is assessed regularly because the Group uses this information as a tool for business and financial decision making. Aside from the periodic review by the Bank's Internal Audit Group, the Bank likewise engaged the services of third-party consultants in 2014, 2015, and 2017 for purposes of conducting an independent validation of the credit risk rating model.

It is the Parent Company's policy to maintain accurate and consistent risk ratings across the credit portfolio. This facilitates focused management of the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products. The rating system is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Parent Company's rating policy. The attributable risk ratings are assessed and monitored regularly.

The rating categories are further described below.

Neither Past Due nor Impaired

High Grade

This includes all borrowers whose ratings are considered as Low Risk and/or those where the exposures are covered by Government Guarantee. Thus, these borrowers have a very low probability of going into default in the coming year.

In terms of borrower credit ratings, these include the following:

A. ICRRS-Covered
- Borrower Risk Rating (BRR) 1 (Exceptional)
- BRR 2 (Excellent)
- BRR 3 (Strong)
- BRR 4 (Good)

B. BCS-Covered
- Strong

Generally, a Low Risk (High Grade) rating is indicative of a high capacity to fulfill its obligations supported by robust financials (i.e., profitable, with returns considerably higher than the industry, elevated capacities to service its liabilities), gainful positioning in growing industries (i.e., participation in industries where conditions are very favorable and in which they are able to get a good share of the market), and very strong leadership providing clear strategic direction and/or excellent training and development programs.

Standard Grade

This includes all borrowers whose ratings are considered as Moderate Risk and are seen to withstand typical swings in the economic cycle without going into default. However, any prolonged unfavorable economic period would create deterioration that may already be beyond acceptable levels.
In terms of borrower credit ratings, these include the following:

A. ICRRS-Covered
- BRR 5 (Satisfactory)
- BRR 6 (Acceptable)
- BRR 7 (Fair)

B. BCS-Covered
- Satisfactory
- Acceptable

Generally, a Moderate Risk (Standard Grade) rating signifies a borrower whose financial performance is sufficient to service obligations and is at par with competitors in the industry. In terms of management, it is run by executives with adequate personal and professional qualifications and sufficient experience in similar companies. In terms of growth potential, it is engaged in an industry with stable outlook, supportive of continuing operations.

Sub-Standard Grade

This includes all borrowers whose ratings are considered as High Risk and show an elevated risk for default in the next year.

In terms of borrower credit ratings, these includes the following:

Unclassified

A. ICRRS-Covered
- BRR 8 (Watchlist)
- BRR 9 (Speculative)
- BRR 10 (Highly Speculative)

B. BCS-Covered
- Watchlist

Adversely Classified

A. ICRRS and BCS--Covered
- BRR 11 (Especially Mentioned)
- BRR 12 (Substandard)
- BRR 13 (Doubtful)
- BRR 14 (Loss)

For accounts that are Unclassified, a High Risk (Sub-Standard Grade) rating is indicative of borrowers where there are unfavorable industry or company-specific factors. This may be financial in nature (i.e. marginal operating performance, returns that are lower than those of the industry, and/or diminished capacity to pay off obligations that are due), related to management quality (including negative information regarding the company or specific executives) and/or unfavorable industry conditions. The borrower might find it very hard to cope with any significant economic downturn and a default in such a case is more than a possibility. These accounts require a closer monitoring for any signs of further deterioration, warranting adverse classification.

Adversely Classified accounts are automatically considered as high-risk and generally includes past due accounts. However, in some cases, even accounts that are neither past due nor impaired, qualifies for adverse classification. Reasons for this include among others the following: consecutive net losses, emerging weaknesses in terms of cash flow, negative equity, and/or breach in the covenants per term loan agreement.

For consumer loans (i.e., auto, housing, credit card) that are covered by application scorecards which provide either a pass/fail score, the basis for credit quality rating is the BSP classification for those that are booked as Current (i.e. Standard Grade if Unclassified and Sub Standard Grade if Classified and impairment status for those that are booked as Past Due / ITL.

The financial assets are also grouped according to stage whose description is explained as follows:

Stage 1 - those that are considered current and up to 30 days past due, and based on change in rating, delinquencies and payment history, do not demonstrate significant increase in credit risk.

Stage 2 - those that, based on change in rating, delinquencies and payment history, demonstrate significant increase in credit risk, and/or are considered more than 30 days past due but does not demonstrate objective evidence of impairment as of reporting date.

Stage 3 - those that are considered in default or demonstrate objective evidence of impairment as of reporting date.

The following tables illustrate the Group's and the Parent Company's credit exposures.

Consolidated	**2019**			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
Corporate and commercial lending	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Neither past due nor impaired				
High grade	50,587	4,271	-	54,858
Standard grade	295,112	5,899	-	301,011
Sub-Standard	88,999	8,542	-	97,541
Unrated	724	1	-	725
Past due but not impaired	13	725	-	738
Past due and impaired	-	-	4,784	4,784
Gross carrying amount	435,435	19,438	4,784	459,657

Consolidated	**2019**			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
Consumer Lending	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Neither past due nor impaired				
High grade	40,542	-	-	40,542
Standard grade	48,761	744	-	49,505
Sub-Standard	7,433	435	-	7,868
Unrated	2,280	1,862	-	4,142
Past due but not impaired	106	1,562	-	1,668
Past due and impaired	-	-	3,497	3,497
Gross carrying amount	99,122	4,603	3,497	107,222

Consolidated	**2019**			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
Trade-related Lending	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Neither past due nor impaired				
High grade	250	-	-	250
Standard grade	8,142	37	-	8,179
Sub-Standard	2,169	37	-	2,206
Unrated	-	-	-	-
Past due but not impaired	32	-	-	32
Past due and impaired	-	-	236	236
Gross carrying amount	10,593	74	236	10,903

Consolidated	2019			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
Others	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Neither past due nor impaired				
High grade	8	-	-	8
Standard grade	-	-	-	-
Sub-Standard	-	-	-	-
Unrated	34	-	-	34
Past due but not impaired	-	-	-	-
Past due and impaired	-	-	5	5
Gross carrying amount	42	-	5	47

Consolidated	2018			
	ECL Staging			
Corporate and commercial lending	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Neither past due nor impaired				
High grade	₱65,022	₱-	₱-	₱65,022
Standard grade	234,159	2,341	-	236,500
Sub-Standard	90,877	14,428	-	105,305
Unrated	438	8	-	446
Past due but not impaired	44	648	-	692
Past due and impaired	-	-	3,835	3,835
Gross carrying amount	₱390,540	₱17,425	₱3,835	₱411,800

Consolidated	2018			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
Consumer Lending	12-month ECL	Lifetime ECL	Lifetime ECL	
Neither past due nor impaired				
High grade	₱32,661	₱-	₱-	₱32,661
Standard grade	44,389	600	-	44,989
Sub-Standard	1,309	563	-	1,872
Unrated	1,782	1,613	-	3,395
Past due but not impaired	551	435	-	986
Past due and impaired	-	-	3,313	3,313
Gross carrying amount	₱80,692	₱3,211	₱3,313	₱87,216

Consolidated	2018			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
Trade-related Lending	12-month ECL	Lifetime ECL	Lifetime ECL	
Neither past due nor impaired				
High grade	₱1,239	₱-	₱-	₱1,239
Standard grade	9,371	9	-	9,380
Sub-Standard	1,500	1,675	-	3,175
Unrated	-	-	-	-
Past due but not impaired	0	-	-	0
Past due and impaired	-	-	23	23
Gross carrying amount	₱12,110	₱1,684	₱23	₱13,817

Consolidated	2018			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
Others	12-month ECL	Lifetime ECL	Lifetime ECL	
Neither past due nor impaired				
High grade	₱12	₱-	₱-	₱12
Standard grade	0	-	-	0
Sub-Standard	0	-	-	0
Unrated	39	-	-	39
Past due but not impaired	1	5	-	6
Past due and impaired	-	-	-	-
Gross carrying amount	₱52	₱5	₱-	₱57

Parent Company	**2019**			
	ECL Staging			
Corporate and commercial lending	**Stage 1**	**Stage 2**	**Stage 3**	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Neither past due nor impaired				
High grade	29,392	4,271	-	33,663
Standard grade	295,112	5,155	-	300,267
Sub-Standard	88,999	8,528	-	97,527
Unrated	724	1	-	725
Past due but not impaired	12	50	-	62
Past due and impaired	-	-	2,231	2,231
Gross carrying amount	414,239	18,005	2,231	434,475

Parent Company	2019			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
Consumer Lending	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Neither past due nor impaired				
High grade	224	-	-	224
Standard grade	48,761	714	-	49,475
Sub-Standard	7,433	430	-	7,863
Unrated	2,280	1,862	-	4,142
Past due but not impaired	-	624	-	624
Past due and impaired	-	-	2,420	2,420
Gross carrying amount	58,698	3,630	2,420	64,748

Parent Company	2019			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
Trade–related Lending	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Neither past due nor impaired				
High grade	250	-	-	250
Standard grade	8,142	37	-	8,179
Sub-Standard	2,169	37	-	2,206
Unrated	-	-	-	-
Past due but not impaired	32	-	-	32
Past due and impaired	-	-	236	236
Gross carrying amount	10,593	74	236	10,903

Parent Company	2019			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
Others	12-month ECL	Lifetime ECL	Lifetime ECL	
Neither past due nor impaired				
High grade	-	-	-	-
Standard grade	-	-	-	-
Sub-Standard	-	-	-	-
Unrated	34	-	-	34
Past due but not impaired	-	-	-	-
Past due and impaired	-	-	-	-
Gross carrying amount	34	-	-	34

Parent Company	2018			
	ECL Staging			
Corporate and commercial lending	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Neither past due nor impaired				
High grade	₱38,025	₱-	₱-	₱38,025
Standard grade	234,159	2,341	-	236,500
Sub-Standard	90,869	14,428	-	105,297
Unrated	438	8	-	446
Past due but not impaired	44	25	-	69
Past due and impaired	-	-	1,068	1,068
Gross carrying amount	₱363,535	₱16,802	₱1,068	₱381,405

Parent Company	2018			
	ECL Staging			
Consumer Lending	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Neither past due nor impaired				
High grade	₱18	₱-	₱-	₱18
Standard grade	44,287	600	-	44,887
Sub-Standard	1,271	563	-	1,834
Unrated	1,782	1,613	-	3,395
Past due but not impaired	551	49	-	600
Past due and impaired	-	-	1,952	1,952
Gross carrying amount	₱47,909	₱2,825	₱1,952	₱52,686

Parent Company	2018			
	ECL Staging			
Trade–related Lending	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Neither past due nor impaired				
High grade	₱359	₱-	₱-	₱359
Standard grade	9,371	9	-	9,380
Sub-Standard	1,500	1,675	-	3,175
Unrated	-	-	-	-
Past due but not impaired	0	-	-	0
Past due and impaired	-	-	23	23
Gross carrying amount	₱11,230	₱1,684	₱23	₱12,937

Parent Company	2018			
	ECL Staging			
Others	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Neither past due nor impaired				
High grade	₱-	₱-	₱-	₱-
Standard grade	-	-	-	-
Sub-Standard	-	-	-	-
Unrated	39	-	-	39
Past due but not impaired	1	-		1
Past due and impaired			-	-
Gross carrying amount	₱40	₱-	₱-	₱40

Depository accounts with the BSP and counterparty banks, Trading and Investment Securities
For these financial assets, outstanding exposure is rated primarily based on external risk rating (i.e. Standard and Poor's (S&P), otherwise, rating is based on risk grades by a local rating agency or included under "Unrated", when the counterparty has no available risk grade.

The external risk rating of the Group's depository accounts with the BSP and counterparty banks, trading and investment securities, is grouped as follows:

Credit Quality Rating	External Credit Risk Rating	Credit Rating Agency
High grade	AAA, AA+, AA, AA–	S&P
	Aaa, Aa1, Aa2, Aa3	Moody's
	AAA, AA+, AA, AA–	Fitch
Standard grade	A+, A, A–, BBB+, BBB, BBB–	S&P
	A1, A2, A3, Baa1, Baa2, Baa3	Moody's
	A+, A, A–, BBB+, BBB, BBB–	Fitch
Substandard grade	BB+, BB, BB–, B/B+, CCC, R, SD & D	S&P
	Ba1, Ba2, Ba3, B1, B2, R, SD & D	Moody's
	BB+, BB, BB–, B/B+, CCC, R, SD & D	Fitch

Following is the credit rating scale applicable for foreign banks, and government securities (aligned with S&P ratings):
AAA – An obligor has extremely strong capacity to meet its financial commitments.

AA – An obligor has very strong capacity to meet its financial commitments. It differs from the highest–rated obligors at a minimal degree.

A – An obligor has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher–rated categories.

BBB and below:

BBB – An obligor has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.

BB – An obligor is less vulnerable in the near term than other lower–rated obligors. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitments.

B – An obligor is more vulnerable than the obligors rated 'BB', but the obligor currently has the capacity to meet its financial commitments. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitments.

CCC – An obligor is currently vulnerable and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitments.

CC – An obligor is currently vulnerable. The rating is used when a default has not yet occurred, but expects default to be a virtual certainty, regardless of the anticipated time to default.

R – An obligor is under regulatory supervision owing to its financial condition. During the pendency of the regulatory supervision, the regulators may have the power to favor one class of obligations over others or pay some obligations and not others.

SD and D – An obligor is in default on one or more of its financial obligations including rated and unrated financial obligations but excluding hybrid instruments classified as regulatory capital or in non–payment according to terms.

Due from other banks and government securities
The external risk rating of the Group's depository accounts with counterparty banks, trading and investment securities, is grouped as follows (aligned with the Philippine Ratings System):

Credit Quality Rating	External Credit Risk Rating
High grade	PRSAAA, PRSAa+, PRSAa, PRSAa–
Standard grade	PRSA+, PRSA, PRSA–, PRSBaa+, PRSBaa, PRSBaa–
Substandard grade	PRSBa+, PRSBa, PRSBa–, PRSB+, PRSB, PRSB–, PRSCaa+, PRSCaa, PRSCaa–, PRSCa+, PRSCa, PRSCa–, PRSC+, PRSC, PRSC–

PRSAaa – The obligor's capacity to meet its financial commitment on the obligation is extremely strong.

PRSAa – The obligor's capacity to meet its financial commitment on the obligation is very strong.

PRSA – With favorable investment attributes and are considered as upper–medium grade obligations. Although obligations rated 'PRSA' are somewhat more susceptible to the adverse effects of changes in economic conditions, the obligor's capacity to meet its financial commitments on the obligation is still strong.

PRSBaa – An obligation rated 'PRS Baa' exhibits adequate protection parameters. However, adverse economic conditions and changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation. PRSBaa– rated issues may possess certain speculative characteristics.

PRSBa – An obligation rated 'PRSBa' is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties relating to business, financial or economic conditions, which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

PRSB – An obligation rated 'PRSB' is more vulnerable to nonpayment than obligations rated 'PRSBa', but the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse economic conditions will likely impair the obligor's capacity to meet its financial commitment on the obligation. The issue is characterized by high credit risk.

PRSCaa – An obligation rated 'PRSCaa' is presently vulnerable to nonpayment and is dependent upon favorable business, financial and economic conditions for the obligor to meet its financial commitments on the obligation. In the event of adverse economic conditions, the obligor is not likely to have the capacity to meet its financial commitment on the obligation. The issue is considered to be of poor standing and is subject to very high credit risk.

PRSCa – An obligation rated "PRSCa" is presently highly vulnerable to nonpayment. Likely already in or very near default with some prospect for partial recovery of principal or interest.

PRSC – An obligation is already in default with very little prospect for any recovery of principal or interest.

The succeeding tables show the credit exposure of the Group and the Parent Company related to these financial assets.

Consolidated	2019			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
Investment securities at amortized cost	12-month ECL	Lifetime ECL	Lifetime ECL	
Neither past due nor impaired				
High grade	25,859	-	-	25,859
Standard grade	108,989	336	-	109,325
Sub-Standard	1,183	-	-	1,183
Unrated	15,721	8,302	-	24,023
Past due but not impaired	-	-	-	-
Impaired	-	-	-	-
Gross carrying amount	151,752	8,638	-	**160,390**

Consolidated	2019			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
Financial assets at FVOCI	12-month ECL	Lifetime ECL	Lifetime ECL	
Neither past due nor impaired				
High grade	1,205	-	-	1,205
Standard grade	22,822	-	-	22,822
Sub-Standard	107	-	-	107
Unrated	1,980	-	-	1,980
Past due but not impaired	-	-	-	-
Impaired	-	-	19	19
Gross carrying amount	26,114	-	19	**26,133**

Consolidated	2018			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
Investment securities at amortized cost	12-month ECL	Lifetime ECL	Lifetime ECL	
Neither past due nor impaired				
High grade	₱7,913	₱108	₱-	₱8,021
Standard grade	111,072	-	-	111,072
Sub-Standard	1,703	-	-	1,703
Unrated	40,765	1,396	152	42,313
Gross carrying amount	₱161,453	₱1,504	₱152	₱163,109

Consolidated	2018			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
Financial assets at FVOCI	12-month ECL	Lifetime ECL	Lifetime ECL	
Neither past due nor impaired				
High grade	₱674	₱-	₱-	₱674
Standard grade	9,371	-	-	9,371
Sub-Standard	-	-	-	-
Unrated	55	2	-	57
Past due but not impaired	-	-	-	-
Past due and impaired	-	-	-	-
Gross carrying amount	₱10,100	₱2	₱-	₱10,102

Parent Company	2019			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
Investment securities at amortized cost	12-month ECL	Lifetime ECL	Lifetime ECL	
Neither past due nor impaired				
High grade	**24,491**	**-**	**-**	**24,491**
Standard grade	**106,682**	**336**	**-**	**107,018**
Sub-Standard	**1,183**	**-**	**-**	**1,183**
Unrated	**15,721**	**8,302**	**-**	**24,023**
Past due but not impaired	**-**	**-**	**-**	**-**
Impaired	**-**	**-**	**-**	**-**
Gross carrying amount	**148,077**	**8,638**	**-**	**156,715**

Parent Company	2019			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
Financial assets at FVOCI	12-month ECL	Lifetime ECL	Lifetime ECL	
Neither past due nor impaired				
High grade	**555**	**-**	**-**	**555**
Standard grade	**21,528**	**-**	**-**	**21,528**
Sub-Standard	**107**	**-**	**-**	**107**
Unrated	**1,980**	**-**	**-**	**1,980**
Past due but not impaired	**-**	**-**	**-**	**-**
Impaired	**-**	**-**	**-**	**-**
Gross carrying amount	**24,170**	**-**	**-**	**24,170**

Parent Company	2018			
	ECL Staging			
Investment securities at amortized cost	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Neither past due nor impaired				
High grade	₱7,235	₱108	₱-	₱7,343
Standard grade	103,873	-	-	103,873
Sub-Standard	1,303	-	-	1,303
Unrated	40,765	1,396	-	42,161
Gross carrying amount	₱153,176	₱1,504	₱-	₱154,680

Parent Company	2018			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
Financial assets at FVOCI	12-month ECL	Lifetime ECL	Lifetime ECL	
Neither past due nor impaired				
High grade	₱15	₱-	₱-	₱15
Standard grade	8,141	-	-	8,141
Sub-Standard	-	-	-	-
Unrated	55	2	-	57
Past due but not impaired	-	-	-	-
Past due and impaired	-	-	-	-
Gross carrying amount	₱8,211	₱2	₱-	₱8,213

Parent Company	2019				
	High Grade	Standard Grade	Substandard Grade	Unrated	Total
Due from BSP	₱–	₱88,110	₱–	₱–	₱88,110
Due from other banks	374	8,249	3	20	8,646
Interbank loans receivable and SPURA	–	10,028	–	–	10,028
Financial assets at FVPL	3,510	11,580	483	2,871	18,444
	₱3,884	₱117,967	₱486	₱2,891	₱125,228

Parent Company	2018				
	High Grade	Standard Grade	Substandard Grade	Unrated	Total
Due from BSP	₱–	₱95,093	₱–	₱–	₱95,093
Due from other banks	696	7,119	17	7	7,839
Interbank loans receivable and SPURA	–	7,000	–	–	7,000
Financial assets at FVPL	1,447	4,100	–	1,143	6,690
	₱2,143	₱113,312	₱17	₱1,150	₱116,622

The following table presents the carrying amount of financial assets of the Group and Parent Company as of December 31, 2019 and 2018 that would have been considered past due or impaired if not renegotiated:

	Consolidated		Parent Company	
	2019	2018	2019	2018
Loans and advances to customers				
Corporate and commercial lending	₱312,787	₱507,921	₱35,673	₱40,029
Consumer lending	115,370	110,885	114,185	110,885
Total renegotiated financial assets	₱428,157	₱618,806	₱149,858	₱150,914

Impairment assessment

The Group recognizes a credit loss allowance on a financial asset based on whether it has had a significant increase in credit risk since initial recognition. Accordingly, the Group categorizes its financial assets into three categories: stage 1 – financial asset that has not had a significant increase in credit risk; stage 2 – financial asset that has had a significant increase in credit risk; and stage 3 – financial asset in default.

Generally, the Group assesses the presence of a significant increase in credit risk based on the number of notches that a financial asset's credit risk rating has declined. When applicable, the Group also applies a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit impaired, in all cases when the borrower becomes at least 90 days past due on its contractual payments. As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted. An instrument is considered to be no longer in default (i.e., to have cured) when it no longer meets any of the default criteria for a consecutive period of 180 days (i.e. consecutive payments from the borrowers for 180 days).

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in probabilities of default and qualitative factors such as downgrade in the credit rating of the borrowers and a backstop based on delinquency. The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Group's internal credit assessment, the borrower or counterparty is determined to require close monitoring or with well-defined credit weaknesses. For exposures without internal credit grades, if contractual payments are more than a specified days past due threshold (i.e. 30 days), the credit risk is deemed to have increased significantly since initial recognition. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, the Bank shall revert to recognizing a 12-month ECL.

Further, the Group considers a financial asset as in default when (a) as a result of one or more loss events, there is objective evidence that its recoverable value is less than its carrying amount; (b) it is classified as doubtful or loss under prudential reporting; (c) it is in litigation; and/or (d) full repayment of principal and interest is unlikely without foreclosure of collateral, if any. When applicable, the Group also applies a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The Group then measures the credit loss allowance on a financial instrument at an amount equal to 12-month expected credit losses for items categorized as stage 1 and lifetime credit losses to items categorized as stage 2 and stage 3.

The Group modeled the following inputs to the expected credit loss formula separately. The formula is applied to each financial asset, with certain exceptions wherein a collective or other general approach is applied:

Exposure at Default (EAD)

The Group defines EAD as the principal and interests that would not be collected assuming the borrower's defaults during a future point in time. The Bank computes for a financial asset's EAD using the expected contractual cash flows during the contractual life of the financial instrument. A financial asset's EAD is defined as the sum of EAD from principal and EAD from interest.

Probability of default (PD)
The Group uses forward-looking PD estimates that are unbiased and probability-weighted using a range of possible outcomes. The PD for each individual instrument is modelled based on historical data and is estimated based on current market conditions and reasonable and supportable information about future economic conditions. The Bank segmented its credit exposures based on homogenous risk characteristics and developed a corresponding PD methodology for each portfolio. The PD methodology for each relevant portfolio is determined based on the underlying nature or characteristic of the portfolio, behavior of the accounts and materiality of the segment as compared to the total portfolio. The Group's PDs are mainly categorized into three: (a) corporate; (b) sovereign; and (c) retail.

Loss given default (LGD)
The Group's LGD model considers certain factors such as the historical cash flow recovery and reasonable and supportable information about future economic conditions, where appropriate. Generally, the model utilizes the Bank's existing loan exposure rating system which is designed to capture these factors as well as the characteristics of collaterals related to an exposure. In cases wherein this does not apply, the Group looks into the standard characteristics of collaterals (e.g., car and housing loans) in order to estimate an LGD factor. In the case of exposures without collaterals (e.g., securities), the Group uses internationally-accepted standard LGD factors.

Credit Review
In accordance with BSP Circular 855, credit reviews are conducted on loan accounts to evaluate whether loans are granted in accordance with the Bank's policies, to assess loan quality and appropriateness of classification and adequacy of loan loss provisioning. Results of credit reviews are promptly reported to management to apprise them of any significant findings for proper corrective actions.

Market Risk
Market risk is the risk of loss that may result from changes in the value of a financial product. The Parent Company's market risk originates from its holdings of domestic and foreign–denominated debt securities, foreign exchange instruments, equities, foreign exchange derivatives and interest rate derivatives.

The RMG of the Parent Company is responsible for assisting the ROC with its responsibility for identifying, measuring, managing and controlling market risk. Market risk management measures the Parent Company market risk exposures through the use of VaR. VaR is a statistical measure that estimates the maximum potential loss from a portfolio over a holding period, within a given confidence level.

VaR assumptions
The Parent Company calculates the VaR in trading activities. The Parent Company uses the Historical Simulation Full Valuation approach to measure VaR for all treasury traded instruments, using a 99.00% confidence level and a 1–day holding period.

The use of a 99.00% confidence level means that, within a one day horizon, losses exceeding the VaR figure should occur, on average, not more than once every hundred days. The validity of the VaR model is verified through back testing, which examines how frequently actual and hypothetical daily losses exceeds daily VaR. The Parent Company measures and monitors the VaR and profit and loss on a daily basis.

Since VaR is an integral part of the Parent Company's market risk management, VaR limits have been established for all trading positions and exposures are reviewed daily against the limits by management. Further, stress testing is performed for monitoring extreme events.

Limitations of the VaR Methodology
The VaR models are designed to measure market risk in a normal market environment using equally weighted historical data. The use of VaR has limitations because it is based on historical correlations and volatilities in market prices and assumes that future price movements will follow the same distribution. Due to the fact that VaR relies heavily on historical data to provide information and may not clearly predict the future changes and modifications of the risk factors, the probability of large market moves may be underestimated if changes in risk factors fail to align with the assumptions. VaR may also be under– or over–estimated due to the assumptions placed on risk factors and the relationship between such factors for specific instruments. Even though positions may change throughout the day, the VaR only represents the risk of the portfolios at the close of each business day, and it does not account for any losses that may occur beyond the 99.00% confidence level.

In practice, the actual trading results will differ from the VaR calculation and, in particular, the calculation does not provide a meaningful indication of profits and losses in stressed market conditions. To determine the reliability of the VaR models, actual outcomes are monitored regularly to test the validity of the assumptions and the parameters used in the VaR calculation. Market risk positions are also subject to regular stress tests to ensure that the Group would withstand an extreme market event.

A summary of the VaR position of the trading portfolio of the Parent Company is as follows:

	Interest Rate[1]	Foreign Exchange[2]	Price[3]	Interest Rate[4]	Interest Rate[5]
			(In Millions)		
2019					
31 December	₱69.41	₱21.89	₱17.85	₱12.53	₱5.54
Average daily	82.81	25.42	23.89	8.75	7.78
Highest	134.67	73.41	42.90	14.60	16.15
Lowest	44.49	1.84	17.29	3.36	5.22
2018					
31 December	₱43.62	₱4.54	₱21.78	₱13.78	₱10.65
Average daily	52.11	18.69	30.17	6.35	4.40
Highest	121.89	63.74	56.30	13.78	19.03
Lowest	21.47	2.53	18.29	3.18	0.60

[1] Interest rate VaR for debt securities (Interest rate VaR for foreign currency denominated debt securities are translated to PHP using daily closing rate)
[2] FX VaR is the bankwide foreign exchange risk
[3] Price VaR for equity securities and futures
[4] Interest rate VaR for FX swaps and FX forwards
[5] Interest rate VaR for IRS

Interest Rate Risk
The Group's interest rate risk originates from its holdings of interest rate sensitive assets and interest rate sensitive liabilities. The Parent Company follows prudent policies in managing its exposures to interest rate fluctuations, and constantly monitors and discusses its exposure in Asset and Liability Committee (ALCO) meetings held every week.

As of December 31, 2019 and 2018, 72.55% and 64.57% of the Group's total loan portfolio, respectively, comprised of floating rate loans which are repriced periodically by reference to the transfer pool rate which reflects the Group's internal cost of funds. In keeping with banking industry practice, the Group aims to achieve stability and lengthen the term structure of its deposit base, while providing adequate liquidity to cover transactional banking requirements of customers.

Interest is paid on demand accounts, which constituted 24.76% and 22.81% of total deposits of the Parent Company as of December 31, 2019 and 2018, respectively.

Interest is paid on savings accounts and time deposits accounts, which constitute 30.56% and 44.68%, respectively, of total deposits of the Parent Company as of December 31, 2019, and 35.56% and 41.64%, respectively, as of December 31, 2018.

Savings account interest rates are set by reference to prevailing market rates, while interest rates on time deposits and special savings accounts are usually priced by reference to prevailing rates of short-term government bonds and other money market instruments, or, in the case of foreign currency deposits, inter-bank deposit rates and other benchmark deposit rates in international money markets with similar maturities.

The Group is likewise exposed to fair value interest rate risk due to its holdings of fixed rate government bonds as part of its financial assets at FVOCI and FVTPL portfolios. Market values of these investments are sensitive to fluctuations in interest rates. The following table provides for the average effective interest rates of the Group and of the Parent Company as of December 31, 2019 and 2018:

	Consolidated		Parent Company	
	2019	2018	2019	2018
Peso				
Assets				
Due from BSP	0.29%	0.17%	0.07%	0.06%
Due from banks	0.22%	0.26%	0.11%	0.11%
Investment securities*	5.47%	4.52%	5.47%	4.36%
Loans and receivables	7.09%	7.26%	6.89%	6.18%
Liabilities				
Deposit liabilities	2.63%	1.96%	2.54%	1.71%
Bills payable	4.86%	3.59%	4.86%	3.59%
Bonds payable	3.02%	–	3.02%	–
USD				
Assets				
Due from banks	0.99%	0.75%	1.02%	0.61%
Investment securities*	3.58%	4.16%	3.56%	3.88%
Loans and receivables	4.13%	4.07%	4.07%	3.93%
Liabilities				
Deposit liabilities	1.66%	1.48%	1.66%	1.45%
Bills payable	4.99%	2.89%	4.00%	2.86%
Bonds payable	1.71%	–	1.71%	–

* Consisting of financial assets at FVPL, Financial assets at FVOCI and Investment securities at amortized cost.

The repricing gap analysis method is used by the Group to measure the sensitivity of its assets and liabilities to interest rate fluctuations. This analysis measures the Group's susceptibility to changes in interest rates. The repricing gap is calculated by first distributing the assets and liabilities contained in the Group's balance sheet into tenor buckets according to the time remaining to the next repricing date (or the time remaining to maturity if there is no repricing), and then obtaining the difference between the total of the repricing (interest rate sensitive) assets and the total of repricing (interest rate sensitive) liabilities.

A gap is considered negative when the amount of interest rate sensitive liabilities exceeds the amount of interest rate sensitive assets. A gap is considered positive when the amount of interest rate sensitive assets exceeds the amount of interest rate sensitive liabilities.

Accordingly, during a period of rising interest rates, a bank with a positive gap would be in a position to invest in higher yielding assets earlier than it would need to refinance its interest rate sensitive liabilities. During a period of falling interest rates, a bank with a positive gap would tend to see its interest rate sensitive assets repricing earlier than its interest rate sensitive liabilities, restraining the growth of its net income or resulting in a decline in net interest income.

The following tables set forth the repricing gap position of the Group and Parent Company as of December 31, 2019 and 2018 (in millions):

	Consolidated			
	2019			
	Up to 3 Months	>3 to 12 Months	>12 Months	Total
Financial Assets				
Due from BSP	₱96,254	₱–	₱3,921	₱100,175
Due from other banks	9,901	–	–	9,901
Investment securities	3,815	6,637	202,384	212,836
Loans and receivables	257,385	111,758	199,776	568,919
Total financial assets	367,355	118,395	406,081	891,831
Financial Liabilities				
Deposit liabilities	313,164	37,636	424,628	775,428
Bills payable	18,409	14,972	–	33,381
Bonds payable	–	7,394	30,000	37,394
Total financial liabilities	331,573	60,002	454,628	846,203
Repricing gap	₱35,782	₱58,393	**(₱48,547)**	₱45,628

	Consolidated			
	2018			
	Up to 3 Months	>3 to 12 Months	>12 Months	Total
Financial Assets				
Due from BSP	₱101,890	₱–	₱–	₱101,890
Due from other banks	9,455	–	–	9,455
Investment securities	12,301	3,432	174,500	190,233
Loans and receivables	255,491	38,683	211,634	505,808
Total financial assets	379,137	42,115	386,134	807,386
Financial Liabilities				
Deposit liabilities	291,698	17,893	412,532	722,123
Bills payable	34,505	4,507	815	39,827
Total financial liabilities	326,203	22,400	413,347	761,950
Repricing gap	₱52,934	₱19,715	(₱27,213)	₱45,436

	Parent Company			
	2019			
	Up to 3 Months	>3 to 12 Months	>12 Months	Total
Financial Assets				
Due from BSP	₱88,110	₱–	₱–	₱88,110
Due from other banks	8,646	–	–	8,646
Investment securities	3,815	4,671	198,360	206,846
Loans and receivables	248,190	81,756	172,984	502,930
Total financial assets	348,761	86,427	371,344	806,532
Financial Liabilities				
Deposit liabilities	288,787	16,873	382,105	687,765
Bills payable	18,409	14,972	–	33,381
Bonds payable	–	7,394	30,000	37,394
Total financial liabilities	307,196	39,239	412,105	758,540
Repricing gap	₱41,565	₱47,188	**(₱40,761)**	₱47,992

	Parent Company			
	2018			
	Up to 3 Months	>3 to 12 Months	>12 Months	Total
Financial Assets				
Due from BSP	₱95,093	₱–	₱–	₱95,093
Due from other banks	7,838	–	–	7,838
Investment securities	5,782	3,355	169,588	178,725
Loans and receivables	232,067	26,695	182,672	441,434
Total financial assets	340,780	30,050	352,260	723,090
Financial Liabilities				
Deposit liabilities	241,100	14,877	382,266	638,243
Bills payable	34,505	4,507	815	39,827
Total financial liabilities	275,605	19,384	383,081	678,070
Repricing gap	₱65,175	₱10,666	(₱30,821)	₱45,020

The Group monitors its exposure to fluctuations in interest rates by using scenario analysis to estimate the impact of interest rate movements on its interest income. This is done by modeling the impact to the Group's interest income and interest expenses to parallel changes in the interest rate curve in a given 12-month period. Interest rate risk exposure is managed through approved limits.

The following tables set forth the estimated change in the Group's and Parent Company's annualized net interest income due to a parallel change in the interest rate curve as of December 31, 2019 and 2018:

	Consolidated			
	2019			
	Change in interest rates (in basis points)			
	100bp rise	**50bp rise**	**50bp fall**	**100bp fall**
Change in annualized net interest income	**₱796**	**₱398**	**(₱398)**	**(₱796)**
As a percentage of the Group's net interest income for the year ended December 31, 2019	**2.95%**	**1.48%**	**(1.48%)**	**(2.95%)**

	Consolidated			
	2018			
	Change in interest rates (in basis points)			
	100bp rise	50bp rise	50bp fall	100bp fall
Change in annualized net interest income	₱645	₱322	(₱322)	(₱645)
As a percentage of the Group's net interest income for the year ended December 31, 2018	2.80%	1.40%	(1.40%)	(2.80%)

	Parent Company			
	2019			
	Change in interest rates (in basis points)			
	100bp rise	**50bp rise**	**50bp fall**	**100bp fall**
Change in annualized net interest income	**₱770**	**₱385**	**(₱385)**	**(₱770)**
As a percentage of the Parent Company's net interest income for the year ended December 31, 2019	**3.25%**	**1.63%%**	**(1.63%)**	**(3.25%)**

	Parent Company			
	2018			
	Change in interest rates (in basis points)			
	100bp rise	50bp rise	50bp fall	100bp fall
Change in annualized net interest income	₱996	₱498	(₱498)	(₱996)
As a percentage of the Parent Company's net interest income for the year ended December 31, 2018	4.95%	2.48%	(2.48%)	(4.95%)

The following tables set forth the estimated change in the Group's and Parent Company's income before tax and equity due to a reasonably possible change in the market prices of quoted bonds classified under financial assets at FVPL and financial assets at FVOCI, brought about by movement in the interest rate curve as of December 31, 2019 and 2018 (in millions):

	Consolidated			
	2019			
	Change in interest rates (in basis points)			
	25bp rise	**10bp rise**	**10bp fall**	**25bp fall**
Change in income before tax	**(₱183)**	**(₱73)**	**₱73**	**₱183**
Change in equity	**(369)**	**(148)**	**148**	**369**

	Consolidated			
	2018			
	Change in interest rates (in basis points)			
	25bp rise	10bp rise	10bp fall	25bp fall
Change in income before tax	(₱51)	(₱20)	₱20	₱51
Change in equity	(113)	(45)	45	113

	Parent Company			
	2019			
	Change in interest rates (in basis points)			
	25bp rise	**10bp rise**	**10bp fall**	**25bp fall**
Change in income before tax	**(₱183)**	**(₱73)**	**₱73**	**₱183**
Change in equity	**(356)**	**(142)**	**142**	**356**

	Parent Company			
	2018			
	Change in interest rates (in basis points)			
	25bp rise	10bp rise	10bp fall	25bp fall
Change in income before tax	(₱51)	(₱20)	₱20	₱51
Change in equity	(103)	(41)	41	103

Foreign Currency Risk
The Group's foreign exchange risk originates from its holdings of foreign currency-denominated assets (foreign exchange assets) and foreign currency-denominated liabilities (foreign exchange liabilities).

Foreign exchange liabilities generally consist of foreign currency-denominated deposits in the Group's FCDU account made in the Philippines or generated from remittances to the Philippines by persons overseas who retain for their own benefit or for the benefit of a third party, foreign currency deposit accounts with the Group.

Foreign currency liabilities are generally used to fund the Group's foreign exchange assets which generally consist of foreign currency-denominated loans and investments in the FCDU. Banks are required by the BSP to match the foreign currency-denominated assets with liabilities held in the FCDU that are denominated in the same foreign currency. In addition, the BSP requires a 30.00% liquidity reserve on all foreign currency-denominated liabilities held in the FCDU.

The Group's policy is to maintain foreign currency exposure within existing regulations, and within acceptable risk limits. The Group believes in ensuring its foreign currency is at all times within limits prescribed for financial institutions who are engaged in the same types of businesses in which the Group and its subsidiaries are engaged.

The table below summarizes the Group's and Parent Company's exposure to foreign exchange risk. Included in the table are the Group's and Parent Company's assets and liabilities at carrying amounts (stated in US Dollars), categorized by currency with its PHP equivalent:

	Consolidated							
	2019				2018			
	USD	Other Currencies*	Total	PHP	USD	Other Currencies*	Total	PHP
Assets								
Cash and other cash items	$2,258	2,377	4,635	₱234,704	$2,204	2,095	4,299	₱226,044
Due from other banks	118,692	4,983	123,675	6,262,264	42,189	7,705	49,894	2,623,437
Financial assets at FVPL	15,396	34,582	49,978	2,530,668	15,988	–	15,988	840,625
Financial assets at FVOCI	13,543	2,284	15,827	801,358	14,640	–	14,640	769,771
Investment securities at amortized cost	25,838	–	25,838	1,308,285	116,716	–	116,716	6,136,946
Loans and receivables	31,901	39,692	71,593	3,625,127	42,471	12,985	55,456	2,915,835
Accrued interest receivable	654	287	941	47,644	1,038	19	1,057	55,562
Other assets	1,156	2	1,158	58,661	753	18	771	40,523
	$209,438	84,207	293,645	₱14,868,711	$235,999	22,822	258,821	₱13,608,743
Liabilities								
Deposit liabilities	64,221	32,506	96,727	4,897,774	66,162	109,191	175,353	9,220,065
Bills payables	388,225	62,731	450,956	22,834,146	354,416	57,130	411,546	21,639,069
Accrued interest and other expenses	2,227	1	2,228	112,788	1,554	7	1,561	82,090
Other liabilities	7,790	793	8,583	434,593	8,710	1,466	10,176	535,013
	462,463	96,031	558,494	28,279,301	430,842	167,794	598,636	31,476,237
Currency spot	(21,103)	103	(21,000)	(1,063,314)	(6,789)	(316)	(7,105)	(373,621)
Currency forwards	284,866	32,397	317,263	16,064,529	185,313	145,250	330,563	17,380,980
Net Exposure	$10,738	20,676	31,414	₱1,590,625	($16,319)	(38)	(16,357)	(₱860,135)

**Other currencies include EUR, CNY, JPY, GBP, AUD, SGD, CHF, CAD, NZD, AED, HKD.*

	Parent Company							
	2019				2018			
	USD	Other Currencies*	Total	PHP	USD	Other Currencies*	Total	PHP
Assets								
Cash and other cash items	$148	2,377	2,525	₱127,857	$123	2,095	2,218	₱116,611
Due from other banks	98,334	4,983	103,317	5,231,428	38,240	7,705	45,945	2,415,755
Financial assets at FVPL	15,396	34,582	49,978	2,530,668	15,988	–	15,988	840,625
Financial assets at FVOCI	–	2,284	2,284	115,629	–	–	–	–
Investment securities at amortized cost	–	–	–	–	69,961	–	69,961	3,678,571
Loans and receivables	24,445	39,692	64,137	3,247,606	35,151	12,985	48,136	2,530,985
Accrued interest receivable	103	287	390	19,737	75	19	94	4,967
Other assets	1,137	2	1,139	57,691	560	18	578	30,411
	$139,563	84,207	223,770	₱11,330,616	$160,098	22,822	182,920	₱9,617,925
Liabilities								
Deposit liabilities	140	32,506	32,646	1,653,048	402	109,191	109,593	5,762,373
Bills payables	388,225	62,731	450,956	22,834,146	354,416	57,130	411,546	21,639,069
Accrued interest and other expenses	2,126	1	2,127	107,687	1,433	7	1,440	75,729
Other liabilities	7,597	793	8,390	424,785	8,611	1,466	10,077	529,836
	398,088	96,031	494,119	25,019,666	364,862	167,794	532,656	28,007,007
Currency spot	(21,103)	103	(21,000)	(1,063,314)	(6,789)	(316)	(7,105)	(373,621)
Currency forwards	284,866	32,397	317,263	16,064,529	185,313	145,250	330,563	17,380,980
Net Exposure	$5,238	20,676	25,914	₱1,312,165	($26,240)	(38)	(26,278)	(₱1,381,723)

**Other currencies include EUR, CNY, JPY, GBP, AUD, SGD, CHF, CAD, NZD, AED, HKD.*

The following table sets forth, for the period indicated, the impact of the range of reasonably possible changes in the US$ exchange rate and other currencies per Philippine peso on the pre-tax income and equity (in millions).

	Consolidated		
	Change in Foreign Exchange Rate	Sensitivity of Pretax Income	Sensitivity of Equity
2019			
USD	2%	126	238
Other	1%	–	1
USD	**(2%)**	**(126)**	**(238)**
Other	**(1%)**	**–**	**(1)**
2018			
USD	2%	33	110
Other	1%	–	–
USD	(2%)	(33)	(110)
Other	(1%)	–	–

	Parent Company		
	Change in Foreign Exchange Rate	Sensitivity of Pretax Income	Sensitivity of Equity
2019			
USD	2%	126	225
Other	1%	**–**	1
USD	**(2%)**	**(126)**	**(225)**
Other	**(1%)**	**–**	**(1)**
2018			
USD	2%	33	95
Other	1%	–	–
USD	(2%)	(33)	(95)
Other	(1%)	–	–

The impact in pre–tax income and equity is due to the effect of foreign currency behaviour to Philippine peso.

Equity Price Risk
Equity price risk is the risk that the fair values of equities change as a result of movements in both the level of equity indices and the value of individual stocks. The non–trading equity price risk exposure arises from the Group's investment portfolio.

The effect on the Group and Parent Company's equity as a result of a change in the fair value of equity instruments held as FVOCI due to a reasonably possible change in equity indices, with all other variables held constant, is as follows (in millions):

	Consolidated	
	Change in equity index	Effect on Equity
2019	+10%	9.7
	–10%	**(0.3)**
2018	+10%	6.8
	–10%	1.2

	Parent Company	
	Change in equity index	Effect on Equity
2019	+10%	10.0
	–10%	**(2.5)**
2018	+10%	7.7
	–10%	0.2

Liquidity Risk and Funding Management
Liquidity risk is generally defined as the current and prospective risk to earnings or capital arising from the Parent Company's inability to meet its obligations when they become due without incurring unacceptable losses or costs.

The Parent Company's liquidity management involves maintaining funding capacity to accommodate fluctuations in asset and liability levels due to changes in the Parent Company's business operations or unanticipated events created by customer behavior or capital market conditions. The Parent Company seeks to ensure liquidity through a combination of active management of liabilities, a liquid asset portfolio composed of deposits reserves and high quality securities, the securing of money market lines, and the maintenance of repurchase facilities to address any unexpected liquidity situations.

The tables below show the maturity profile of the Parent Company's assets and liabilities, based on contractual undiscounted cash flows (in millions):

	December 31, 2019					
	On demand	Less than 1 year	1 to 2 years	2 to 3 years	3 to 5 years	Total
Financial Assets						
Cash and other cash items	₱14,857	₱–	₱–	₱–	₱–	₱14,857
Due from BSP	88,110	–	–	–	–	88,110
Due from other banks	8,646	–	–	–	–	8,646
SPURA	–	10,028	–	–	–	10,028
Financial assets at FVPL	–	1,971	1,795	3,564	15,642	22,972
Financial assets at FVOCI	–	993	4,517	523	26,443	32,476
Loans and receivables	–	144,745	25,030	45,970	337,036	552,781
	₱111,613	₱157,737	₱31,342	₱50,057	₱379,121	₱729,870
Financial Liabilities						
Deposit liabilities						
Demand	170,280	–	–	–	–	170,280
Savings	210,191	–	–	–	–	210,191
Time	–	308,305	253	6	4	308,568
Bills payable	–	33,381	–	–	–	33,381
Manager's checks	–	1,536	–	–	–	1,536
Accrued interest and other expenses	–	3,600	–	–	–	3,600
Derivative liabilities	–	1,036	–	–	–	1,036
Bonds payable	–	29,828	–	–	7,566	37,394
Other liabilities:						
Lease payable	–	543	–	1,899	714	3,156
Accounts payable	–	2,179	–	–	–	2,179
Acceptances payable	–	413	–	–	–	413
Due to PDIC	–	692	–	–	–	692
Margin deposits	–	6	–	–	–	6
Other credits – dormant	–	447	–	–	–	4477
Due to the Treasurer of the Philippines	–	417	–	–	–	417
Miscellaneous	–	323	–	–	–	323

	December 31, 2019					
	On demand	**Less than 1 year**	**1 to 2 years**	**2 to 3 years**	**3 to 5 years**	**Total**
Total liabilities	₱380,471	₱382,706	₱253	₱1,905	₱8,284	₱773,619
Net Position	**(₱268,858)**	**(₱224,969)**	**₱31,089**	**₱48,152**	**₱370,837**	**(₱43,749)**

	December 31, 2018					
	On demand	Less than 1 year	1 to 2 years	2 to 3 years	3 to 5 years	Total
Financial Assets						
Cash and other cash items	₱13,705	₱–	₱–	₱–	₱–	13,705
Due from BSP	95,093	–	–	–	–	95,093
Due from other banks	7,838	–	–	–	–	7,838
SPURA	–		–	–	–	8,998
Financial assets at FVPL	–	1,700	378	1,079	4,296	7,453
Financial assets at FVOCI	–	1,382	389	3,258	4,502	9,531
Loans and receivables	–	166,040	30,097	45,970	337,036	579,143
	₱116,636	₱178,120	₱30,864	₱50,307	₱345,834	₱721,761
Financial Liabilities						
Deposit liabilities						
Demand	145,560	–	–	–	–	145,560
Savings	226,944	–	–	–	–	226,944
Time	–	235,885	4,764	16,552	16,102	273,303
Bills payable	–	40,108	–	–	–	40,108
Manager's checks	–	2,070	–	–	–	2,070
Accrued interest and other expenses	–	3,279	–	–	–	3,279
Derivative liabilities	–	455	–	–	–	455
Other liabilities:						
Accounts payable	–	2,249	–	–	–	2,249
Acceptances payable	–	358	–	–	–	358
Due to PDIC	–	628	–	–	–	628
Margin deposits	–	3	–	–	–	3
Other credits – dormant	–	242	–	–	–	242
Due to the Treasurer of the Philippines	–	379	–	–	–	379
Miscellaneous	–	1,922	–	–	–	1,922
Total liabilities	₱372,504	₱287,578	₱4,764	₱16,552	₱16,102	₱697,500
Net Position	(255,868)	(109,458)	26,100	33,755	329,732	24,261

Liquidity risk is monitored and controlled primarily by a gap analysis of maturities of relevant assets and liabilities reflected in the MCO report, as well as an analysis of available liquid assets. Instead of relying solely on contractual maturities profile, the Parent Company uses Behavioral MCO to capture a going concern view. Furthermore, internal liquidity ratios and monitoring of large fund providers have been set to determine sufficiency of liquid assets over deposit liabilities. The Bank started monitoring and reporting to the BSP the Liquidity Coverage Ratio in 2017 and the Net Stable Funding Ratio in 2019. Liquidity is managed by the Parent and its subsidiaries on a daily basis, while scenario stress tests and sensitivity analysis are conducted periodically.

7. DUE FROM BSP AND OTHER BANKS

Due from BSP
This account consists of:

	Consolidated		Parent Company	
	2019	2018	2019	2018
Demand deposit account (Note 17)	₱92,674,383	₱99,889,758	₱80,609,635	₱93,092,929
Special deposit account	7,500,000	2,000,000	7,500,000	2,000,000
Others	15	15	15	15
	₱100,174,398	₱101,889,773	₱88,109,650	₱95,092,944

Due from Other Banks
This comprises of deposit accounts with:

	Consolidated		Parent Company	
	2019	2018	2019	2018
Local banks	₱3,067,833	₱5,284,825	₱2,224,644	₱4,140,002
Foreign banks	6,832,809	4,170,622	6,420,903	3,697,892
	₱9,900,642	₱9,455,447	₱8,645,547	₱7,837,894

Interest Income on Due from BSP and Other Banks

This account consists of:

	Consolidated			Parent Company		
	2019	2018	2017	2019	2018	2017
Due from BSP	₱884,009	₱124,557	₱213,879	₱539,713	₱67,039	₱112,851
Due from other banks	229,197	135,818	138,850	162,709	101,994	50,296
	₱1,113,206	₱260,375	₱352,729	₱702,422	₱169,033	₱163,147

8. INTERBANK LOANS RECEIVABLE AND SECURITIES PURCHASED UNDER RESALE AGREEMENT

	Consolidated		Parent Company	
	2019	2018	2019	2018
Interbank loans receivable	₱4,580,316	₱1,998,040	₱4,580,316	₱1,998,040
SPURA	12,456,144	10,000,000	5,447,293	7,000,000
	₱17,036,460	₱11,998,040	₱10,027,609	₱8,998,040

Interbank Loans Receivable
As of December 31, 2019 and 2018, interbank loans receivable consists of short-term foreign currency-denominated loans granted to other banks with annual interest rates ranging from 1.9% to 2.1% and 2.2%, respectively.

Securities Purchased Under Resale Agreement
This account represents overnight placements with the BSP where the underlying securities cannot be sold or repledged to parties other than the BSP.

In 2019, 2018 and 2017, the interest rates of SPURA equals to 4.00%, 4.75%, and 3.50%, respectively, for the Group and Parent Company.

9. TRADING AND INVESTMENT SECURITIES

Financial Assets at FVPL
This account consists of:

	Consolidated		Parent Company	
	2019	2018	2019	2018
Held for trading				
Government bonds (Note 28)	₱8,451,126	₱633,893	₱8,451,126	₱633,893
Treasury notes	2,386,226	838,662	2,386,226	838,662
Treasury bills	1,378,137	1,214,170	1,378,137	1,214,170
Private bonds	4,372,734	3,189,063	4,372,734	2,282,598
Quoted equity shares	1,243,938	1,312,625	1,187,928	1,312,625
	17,832,161	7,188,413	17,776,151	6,281,948
Derivative assets (Note 25)	667,950	407,848	667,950	407,848
Total	₱18,500,111	₱7,596,261	₱18,444,101	₱6,689,796

As of December 31, 2019 and 2018, HFT securities include fair value loss of ₱22.14 million and ₱55.35 million, respectively, for the Group and Parent Company.

Effective interest rates for peso–denominated financial assets at FVPL for both the Group and the Parent Company range from 1.41% to 7.26% in 2019 and from 0.06% to 7.11% in 2018. Effective interest rates for foreign currency–denominated financial assets at FVPL for the Group range from 0.71% to 5.81% in 2019 and from 0.71% to 6.28% in 2018. Effective interest rates for foreign currency–denominated financial assets at FVTPL for the Parent Company range from 0.71% to 5.81% in 2019 and from 0.71% to 6.28% in 2018.

Financial Assets at FVOCI
This account consists of:

	Consolidated		Parent Company	
	2019	2018	2019	2018
Quoted				
Government bonds (Notes 18 and 28)	₱22,540,516	₱9,944,507	₱21,052,633	₱8,141,359
Private bonds	2,953,271	35,370	2,512,588	1,676
Equities	621,208	103,285	587,043	51,610
	26,114,995	10,083,162	24,152,264	8,194,645
Unquoted				
Equities - net *	18,365	18,365	18,365	18,365
	18,365	18,365	18,365	18,365
Total	₱26,133,360	₱10,101,527	₱24,170,629	₱8,213,010

Unquoted equity securities
This account comprises of shares of stocks of various unlisted private corporations. The Group has designated these equity securities as at FVOCI because they will not be sold in the foreseeable future.

Net unrealized gains (losses)
Financial assets at FVOCI include fair value gains of ₱417.58 million for the Group and Parent Company as of December 31, 2019 and fair value losses of ₱702.51 million for the Group and Parent Company as of December 31, 2018. The fair value gains or losses are recognized under OCI. Impairment loss on debt financial assets at FVOCI of the Group and the Parent Company amounted to ₱18.52 million and ₱18.47 million in 2019, respectively and ₱9.82 million for the Parent Company in 2018.

Effective interest rates for peso–denominated financial assets at FVOCI for both the Group and Parent Company range from 3.94% to 6.87% in 2019, from 4.25% to 5.58% in 2018 and 2.95% to 8.92% in 2017.

Effective interest rates for foreign currency–denominated financial assets at FVOCI for both the Group and Parent Company range from 0.83% to 5.65% in 2019, from 2.33% to 8.48% in 2018 and from 0.99% to 5.75% in 2017.

Investment Securities at Amortized Cost
This account consists of:

	Consolidated		Parent Company	
	2019	2018	2019	2018
Government bonds (Note 18)	₱108,061,363	₱107,986,234	₱105,602,176	₱101,388,184
Private bonds	52,381,323	55,122,532	51,112,073	53,291,150
	160,442,686	163,108,766	156,714,249	154,679,334
Unamortized premium – net	8,848,025	9,803,371	8,600,024	9,360,070
Allowance	(1,087,983)	(375,101)	(1,082,690)	(214,938)
	₱168,202,728	₱172,537,036	₱164,231,583	₱163,824,466

Effective interest rates for peso–denominated investment securities at amortized cost for the Group range from 1.06% to 8.92% in 2019, 1.06% to 8.92% in 2018, and from 2.82% to 7.75% in 2017. Effective interest rates for foreign currency–denominated investment securities at amortized cost range from 1.82% to 6.97% in 2019, 0.58% to 7.37% in 2018, and from 8.50% to 8.93% in 2017.

Sale of Investment Securities at Amortized Cost
The Group and the Parent Company sold the following investment securities at amortized cost in 2019 (figures in millions):

	Group		Parent Company	
Reason for selling	**Carrying amount**	**Gain on sale**	**Carrying amount**	**Gain on sale**
An increase in the financial assets' credit risk due to political uncertainty affecting the sovereign issuer's environment	₱1,169	₱43	₱1,169	₱43
A change in the funding profile of the Parent Company	10,445	1,156	10,445	1,156
A potential breach in the regulatory or internal limits of the Group and the Parent Company	6,275	168	982	86
A highly probable change in regulations with a potentially adverse impact to the financial assets' contractual cash flows	729	14	729	14
Total	**₱18,618**	**₱1,381**	**₱13,325**	**₱1,299**

These disposals in the investment securities at amortized cost are consistent with the portfolios' business models with respect to the conditions and reasons for which the disposals were made as discussed above (see Note 3).

Interest Income on Investment Securities
This account consists of:

	Consolidated			Parent Company		
	2019	2018	2017	2019	2018	2017
Financial assets at FVOCI	₱665,379	₱596,864	₱–	₱600,160	₱525,774	₱–
AFS financial assets	–	–	1,309,755	–	–	1,176,831
Investment securities at amortized cost	9,162,697	5,279,064	–	8,762,267	5,034,083	–
HTM financial assets	–	–	2,246,355	–	–	2,098,194
	₱9,828,076	₱5,875,928	₱3,556,110	₱9,362,427	₱5,559,857	₱3,275,025

10. LOANS AND RECEIVABLES

This account consists of:

	Consolidated		Parent Company	
	2019	2018	2019	2018
Loans and discounts				
Corporate and commercial lending	₱459,683,487	₱411,800,451	₱434,474,621	₱381,404,349
Consumer lending	106,901,801	87,214,939	64,748,163	52,684,530
Trade–related lending	11,196,919	13,817,866	10,902,568	12,937,606
Others*	46,830	56,516	34,341	39,761
	577,829,037	512,889,772	510,159,693	447,066,246
Unearned discounts	(349,897)	(255,536)	(290,711)	(208,377)
	577,479,140	512,634,236	509,868,982	446,857,869
Allowance for impairment and credit losses (Note 16)	(8,559,976)	(6,829,280)	(6,938,785)	(5,425,713)
	₱568,919,164	₱505,804,956	₱502,930,197	₱441,432,156

*Others include employee loans and foreign bills purchased.

As of December 31, 2019 and 2018, loans of the Parent Company amounting to ₱3.28 billion and ₱5.17 billion, respectively, are rediscounted with the BSP (Note 19).

Information on the amounts of secured and unsecured loans and receivables (gross of unearned discounts and allowance for impairment and credit losses) of the Group and Parent Company are as follows

	Consolidated				Parent Company			
	2019		2018		2019		2018	
	Amounts	%	Amounts	%	Amounts	%	Amounts	%
Loans secured by								
Real estate	₱100,722,095	17.43	₱92,960,218	18.12	₱75,049,610	14.71	₱66,332,530	14.84
Chattel mortgage	26,294,676	4.55	25,512,590	4.97	10,602,721	2.08	12,063,924	2.70
Guarantee by the Republic of the Philippines	4,574,220	0.79	5,746,500	1.12	4,574,220	0.90	5,746,500	1.29
Deposit hold out	3,166,911	0.55	3,839,704	0.75	2,286,342	0.45	3,027,964	0.68
Shares of stock of other banks	2,345,300	0.41	2,347,650	0.46	2,345,300	0.46	2,347,650	0.53
Others	119,011,685	20.60	105,253,810	20.52	118,675,412	23.26	102,901,498	23.02
	256,114,887	44.33	235,660,472	45.95	213,533,605	41.86	192,420,066	43.04
Unsecured loans	321,714,150	55.67	277,229,304	54.05	296,626,089	58.14	254,646,180	56.96
	₱577,829,037	100.00	₱512,889,776	100.00	₱510,159,694	100.00	₱447,066,246	100.00

Information on the concentration of credit as to industry of the Group and Parent Company follows:

	Consolidated			
	2019		2018	
	Amounts	%	Amounts	%
Real estate, renting and business services	₱131,554,263	22.77	₱114,735,281	22.37
Electricity, gas and water	80,765,270	13.98	72,863,548	14.21
Wholesale and retail trade	59,338,753	10.27	55,339,970	10.79
Transportation, storage and communication	57,770,004	10.00	50,516,030	9.85
Financial intermediaries	63,584,082	11.00	49,687,486	9.69
Manufacturing	32,405,226	5.61	28,277,954	5.51
Arts, entertainment and recreation	17,899,693	3.10	25,456,962	4.96
Accommodation and food service activities	12,818,682	2.22	12,218,029	2.38
Construction	13,131,855	2.27	11,287,124	2.20
Mining and quarrying	9,995,905	1.73	9,839,723	1.92
Agriculture	6,636,029	1.15	7,134,717	1.39
Education	6,321,842	1.09	5,717,621	1.11
Public administration and defense	4,100,000	0.71	5,166,000	1.01
Professional, scientific and technical activities	771,566	0.13	4,319,666	0.84
Others*	80,735,867	13.98	60,329,660	11.26
	₱577,829,037	100.00	₱512,889,771	100.00

*Others consist of administrative and support service, health, household and other activities.

	Parent Company			
	2019		2018	
	Amounts	%	Amounts	%
Real estate, renting and business services	₱108,067,826	21.18	₱90,654,316	20.28
Electricity, gas and water	78,802,898	15.45	70,798,136	11.04
Financial intermediaries	62,178,902	12.19	48,096,511	10.76
Wholesale and retail trade	55,222,983	10.82	49,365,453	11.04
Transportation, storage and communication	55,429,738	10.86	47,756,466	10.68
Manufacturing	29,757,318	5.83	25,115,956	5.62
Arts, entertainment and recreation	17,799,562	3.49	25,318,150	5.66
Accommodation and food service activities	11,591,121	2.27	10,563,067	2.36
Construction	11,985,485	2.35	9,965,323	2.23
Mining and quarrying	9,991,633	1.96	9,835,453	2.20
Agriculture	5,076,970	1.00	5,321,124	1.19
Public administration and defense	4,100,000	0.80	5,166,000	1.16
Education	5,667,447	1.11	4,872,451	1.09
Professional, scientific and technical activities	685,031	0.13	4,221,842	0.94
Others*	53,806,348	10.55	40,015,998	8.95
	₱510,163,262	100.00	₱447,066,246	100.00

*Others consist of administrative and support service, health, household and other activities.

As of December 31, 2019 and 2018, the Parent Company does not have credit concentration in any particular industry.

Interest Income on Loans and Receivables
This account consists of:

	Consolidated			Parent Company		
	2019	2018	2017	2019	2018	2017
Receivables from customers	₱36,051,051	₱28,195,915	21,663,571	₱30,824,138	₱23,488,872	₱17,455,018
Unquoted debt securities	–	–	88,076	–	–	81,999
	₱36,051,051	₱28,195,915	21,751,647	₱30,824,138	₱23,488,872	₱17,537,017

As of December 31, 2019 and 2018, 72.55% and 67.40%, respectively, of the total receivables from customers of the Group were subject to interest repricing. As of December 31, 2019 and 2018, 75.54% and 71.76%, respectively, of the total receivables from customers of the Parent Company were subject to interest repricing. Remaining receivables carry annual fixed interest rates ranging from 1.66% to 10.50% in 2019, from 1.65% to 10.50% in 2018, and from 2.08% to 10.50% in 2017 for foreign currency–denominated receivables and from 0.95% to 30.00% in 2019 and from 0.95% to 30.00% in 2018, and from 0.95% to 30.00% in 2017 for peso–denominated receivables.

11. EQUITY INVESTMENTS

This account consists of investments in:

A. Subsidiaries

	2019	2018
Equity Method:		
Balance at beginning of the year		
CBSI	₱12,117,074	₱11,618,713
CBCC	1,846,455	1,512,899
CBC–PCCI	42,739	27,905
CIBI	327,299	401,215
	14,333,567	13,560,732
Share in net income		
CBSI	345,165	328,663
CBCC	350,421	358,796
CBC–PCCI	18,061	14,834
CIBI	56,981	(6,938)
	770,628	695,355
Share in Other Comprehensive Income		
Items that recycle to profit or loss in subsequent periods:		
Net unrealized gain (loss) on FVOCI		
CBSI	143,236	(25,338)
CBCC	34,527	(27,584)
CIBI	12,732	(16,978)
	190,495	(69,900)
Cumulative translation adjustments		
CBSI	17,015	5,791
	₱17,015	₱5,791

(Forward)

	2019	2018
Items that do not recycle to profit or loss in subsequent periods:		
Remeasurement gain on defined benefit assets		
CBSI	(₱66,609)	₱86,299
CBCC	5,499	2,344
CIBI	4,758	–
	(56,352)	88,643
Realized loss on sale of equity securities at FVOCI	(76,597)	(397,055)
	(76,597)	(397,055)
Additional Investments		
CBSI	363	500,000
	363	500,000
Cash Dividends		
CBSI	–	86,299
CIBI	(50,000)	(50,000)
	(50,000)	36,299
Balance at end of the year		
CBSI	12,479,647	12,117,074
CBCC	2,236,902	1,846,455
CBC–PCCI	60,800	42,739
CIBI	351,769	327,299
	₱15,129,118	₱14,333,567

B. Associates:

	2019	2018
Equity Method:		
Balance at beginning of the year	₱335,092	₱329,422
Share in net income	184,661	101,009
Share in OCI:		
Items that do not recycle to profit or loss in subsequent periods		
Remeasurement gain (loss) on life insurance reserves	(11,021)	31,374
Items that recycle to profit or loss in subsequent periods:		
Net unrealized gain (loss) on FVOCI	152,452	(126,713)
Remeasurement on defined benefit plan	2,985	–
Additional investments	40,000	–
Balance at end of the year	₱704,169	₱335,092

CBSI
Cost of investment includes the original amount incurred by the Parent Company from its acquisition of CBSI in 2007 amounting to ₱1.07 billion. The capital infusion to CBSI in 2018 amounting to ₱500 million was approved by the Parent Company's BOD on June 6, 2018.

Merger of CBSI with PDB
The BOD of both CBSI and PDB, in their meeting held on June 26, 2014, approved the proposed merger of PDB with CBSI, with the latter as the surviving bank. On November 6, 2015, the BSP issued the Certificate of Authority on the Articles of Merger and the Plan of Merger, as amended, of CBSI and PDB. On December 17, 2015, CBSI obtained SEC's approval of its merger with PDB, whereby the entire assets and liabilities of PDB shall be transferred to and absorbed by CBSI.

Acquisition of PDB
In 2014, the Parent Company made tender offers to non-controlling stockholders of PDB. As of December 31, 2014, the Parent Company owns 99.85% and 100.00% of PDB's outstanding common and preferred stocks, respectively.

As of December 31, 2014, the Parent Company's cost of investment in PDB consists of:

Acquisition of majority of PDB's capital stock	₱1,421,346
Additional capital infusion	1,300,000
Tender offers	255,354
	₱2,976,700

On March 31, 2015, the Parent Company made additional capital infusion to PDB amounting to ₱1.70 billion. Of the total cost of investment, the consideration transferred for the acquisition of PDB follows:

Acquisition of majority of PDB's capital stock	₱1,421,346
Tender offers	255,354
	₱1,676,700

In 2015, the MB of the BSP granted to the Group investment and merger incentives in the form of waiver of special licensing fees for 67 additional branch licenses in restricted areas. This is in addition to the initial investment and merger incentives of 30 new branches in restricted areas and 35 branches to be transferred from unrestricted to restricted areas granted to the Parent Company by the MB in 2014. These branch licenses were granted under the Strengthening Program for Rural Bank (SPRB) Plus Framework.

The branch licenses have the following fair values:

114 Commercial Bank branch licenses	₱2,280,000
18 Thrift Bank branch licenses	270,000
	2,550,000
Deferred tax liability	765,000
	₱1,785,000

On April 6, 2016, the Parent Company's BOD has approved the allocation of the 67 additional branch licenses in restricted areas as follows: 49 to the Parent Company and 18 to CBSI. Pursuant to a memorandum dated March 18, 2017, the 67 branch licenses were awarded as incentives by the Monetary Board as a result of the Parent Company's acquisition of PDB. Goodwill from acquisition of PDB is computed as follows:

Consideration transferred		₱1,676,700
Less: Fair value of identifiable assets and liabilities acquired (Note 15)		
Net liabilities of PDB	(₱725,207)	
Branch licenses, net of deferred tax liability (Note 13)	1,785,000	1,059,793
		₱616,907

CIBI
On October 16, 2019, the BOD declared and approved cash dividend of ₱50 million for stockholders on record as of declaration date, payable on December 19, 2019.

On December 7, 2018, the BOD of CIBI approved the declaration of the cash dividends of ₱50 million from the CIBI's unrestricted retained earnings for Stockholders on record as of December 15, 2018 and payable on December 26, 2018.

CBCC
On April 1, 2015, the BOD approved the investment of the Parent Company in an investment house subsidiary, CBCC, up to the amount of ₱500.00 million, subject to the requirements of relevant regulatory agencies. On April 30, 2015, the BSP approved the request of the Parent Company to invest up to 100% or up to ₱500.00 million common shares in CBCC, subject to certain conditions. On November 27, 2015, the SEC approved the Articles of Incorporation and By-Laws of CBCC. It also granted CBCC the license to operate as an investment house. Actual capital infusion to CBCC amounted to ₱200.00 million and ₱300.00 million in 2016 capital stock of CBCC from ₱500.00 million to ₱2.00 billion to enable CBCC to handle bigger and 2015, respectively.

On January 19, 2017, the BOD of CBCC approved the increase in authorized deals. The approval was ratified by the BOD of the Parent Company on February 1, 2017. On April 27, 2017, the Parent Company paid CBCC ₱500.00 million for additional subscription of 50,000,000 shares.

CBCC acquisition of CBCSec (formerly ATC Securities, Inc.)
On May 19, 2016, the BOD of CBCC approved the acquisition of ATC Securities, Inc. (ATC).

On June 29, 2016, CBCC and the shareholders of ATC (the Original Shareholders) entered into an Agreement for the Purchase of Shares (Agreement), whereby CBCC agreed to buy, and the Original Shareholders agreed to sell, 3,800,000 shares representing 100% of the issued and outstanding shares of ATC.

On July 6, 2017, the SEC approved the change of name from ATC Securities, Inc. to China Bank Securities Corporation.

CBC Assets One (SPC) Inc.
CBC Assets One (SPC) Inc. was incorporated on June 15, 2016 as a wholly–owned special purpose company of CBCC for asset–backed securitization. It has not yet commenced commercial operations.

Investment in Associates
Investment in associates in the consolidated and Parent Company's financial statements pertain to investment in MCB Life and CBC–PCCI's investment in Urban Shelters (accounted for by CBC–PCCI in its financial statements as an investment in an associate). Investment in Urban Shelters is carried at nil amount as of December 31, 2019 and 2018.MCB Life

On August 2, 2006, the BOD approved the joint project proposal of the Parent Company with Manufacturers Life Insurance Company (Manulife). Under the proposal, the Parent Company will invest in a life insurance company owned by Manulife, and such company will be offering innovative insurance and financial products for health, wealth and education through the Parent Company's branches nationwide. The life insurance company was incorporated as The Pramerica Life Insurance Company Inc. in 1998. The name was changed to Manulife China Bank Life Assurance Corporation on March 23, 2007. The Parent Company acquired 5.00% interest in MCB Life on August 8, 2007. This investment is accounted for as an investment in an associate by virtue of the Bancassurance Alliance Agreement which provides the Parent Company to be represented in MCB Life's BOD and, thus, exercise significant influence over the latter.

The BSP requires the Parent Company to maintain a minimum of 5.00% ownership over MCB Life in order for MCB Life to be allowed to continue distributing its insurance products through the Parent Company's branches.

On September 12, 2014, the BSP approved the request of the Parent Company to raise its capital investment in MCB Life from 5.00% to 40.00% of its authorized capital through purchase of ₱1.75 million common shares.

On December 5, 2018, the Parent Company's BOD approved the additional capital infusion in the amount of ₱40.00 million in MCB Life. This represents 40% of the ₱100.00 million total capital infusion in MCB Life with the balance of ₱60.00 million to be provided by Manulife Philippines. On top of complying with the higher capital requirements for insurance companies, the additional capital will improve MCB Life's capacity to underwrite more business and enhance its competitive position. On February 22, 2019, the BSP approved the Bank's capital infusion of ₱40.0 million to MCB Life to comply with the capitalization requirement of the Insurance Commission for insurance companies, which was paid on March 21, 2019.

The following tables show the summarized financial information of MCB Life:

	2019	2018
Total assets	₱39,276,563	₱34,832,490
Total liabilities	37,565,561	34,007,106
Equity	1,711,002	825,384

	2019	2018
Revenues	₱8,628,345	₱9,176,931
Benefits, claims and operating expenses	8,104,905	8,898,029
Income before income tax	523,441	278,902
Net income	483,173	252,522

Commission income earned by the Group from its bancassurance agreement amounting to ₱303.45 million, ₱357.79 million, ₱360.01 million in 2019, 2018 and 2017, respectively, is included under 'Miscellaneous income' in the statements of income (Note 22).

12. BANK PREMISES, FURNITURE, FIXTURES AND EQUIPMENT AND RIGHT-OF-USE ASSETS

The composition of and movements in this account follow:

	Consolidated							
	Land (Note 23)	Furniture, Fixtures and Equipment	Buildings	Leasehold Improvements	Construction–in–Progress	Right-of-use Assets Land (Note 2)	Right-of-use Assets Bldg. (Note 2)	2019 Total
Cost								
Balance at beginning of year	₱3,218,263	₱7,909,078	₱1,789,412	₱2,189,884	₱24,727	₱181,451	₱3,260,478	₱18,573,293
Additions	–	388,704	95,138	108,863	82,649	–	247,311	922,665
Disposals/transfers (Note 14)*	18,732	(1,315,540)	77,268	27,824	(47,937)	–	(1,396)	(1,241,049)
Balance at end of year	3,236,995	6,982,242	1,961,818	2,326,571	59,439	181,451	3,506,393	18,254,909
Accumulated Depreciation and Amortization								
Balance at beginning of year	–	6,360,109	1,063,973	1,256,824	–	–	–	8,680,906
Depreciation and amortization	–	581,985	108,578	233,081	–	13,556	657,228	1,594,428
Disposals/transfers (Note 14)*	–	(1,139,495)	(14,911)	(22,304)	–	–	1,052	(1,175,658)
Balance at end of year	–	5,802,599	1,157,640	1,467,601	–	13,556	658,280	9,099,676
Net Book Value at End of Year	₱3,236,995	₱1,179,643	₱804,178	₱858,970	₱59,439	₱167,895	₱2,848,113	₱9,155,233

*Includes transfers from investment properties amounting to ₱28.90 million.

	Consolidated					
	Land (Note 23)	Furniture, Fixtures and Equipment	Buildings	Leasehold Improvements	Construction–in–Progress	2018 Total
Cost						
Balance at beginning of year	₱3,345,404	₱7,893,528	₱1,941,742	₱1,855,565	₱61,489	₱11,752,324
Additions		631,734	23,978	315,486	86,804	1,058,002
Disposals/transfers*	(127,141)	(616,184)	(176,307)	18,832	(123,565)	(1,024,365)
Balance at end of year	3,218,286	7,909,078	1,789,413	2,189,883	24,728	11,785,961
Accumulated Depreciation and Amortization						
Balance at beginning of year	–	6,079,049	1,103,650	1,038,017	–	8,220,716
Depreciation and amortization	–	704,124	94,836	211,907	–	1,010,867
Disposals/transfers*	–	(423,065)	(134,512)	6,901	–	(550,676)
Balance at end of year	–	6,360,108	1,063,974	1,256,825	–	8,680,907
Allowance for Impairment Losses (Note 16)						
Balance at beginning of year	–	–	1,148	–	–	1,148
Reclassification	–	–	(1,148)	–	–	(1,148)
Balance at end of year	–	–	–	–	–	–
Net Book Value at End of Year	₱3,218,286	₱1,548,970	₱725,439	₱933,058	₱24,728	₱6,450,458

*Includes transfers from investment properties amounting to ₱20.13 million.

	Parent Company							
	Land (Note 23)	Furniture, Fixtures and Equipment	Buildings	Leasehold Improvements	Construction–in–Progress	Right-of-use Assets Land (Note 2)	Right-of-use Assets Bldg. (Note 2)	2019 Total
Cost								
Balance at beginning of year	₱2,786,310	₱6,628,787	₱1,104,030	₱1,536,024	₱24,727	₱181,451	₱2,544,985	₱14,806,314
Additions	–	292,340	90,988	80,222	42,494	–	185,549	691,593
Disposals/transfers (Note 14)*	103,395	(1,256,060)	40,672	26,633	(47,851)	–	–	(1,133,211)
Balance at end of year	2,889,705	5,665,067	1,235,690	1,642,879	19,370	181,451	2,730,534	14,364,696
Accumulated Depreciation and Amortization								
Balance at beginning of year	–	5,381,253	580,504	852,735	–	–	–	6,814,492
Depreciation and amortization	–	455,240	61,486	165,524	–	13,556	491,975	1,187,781
Disposals/transfers (Note 14)*	–	(1,087,258)	3,610	(22,573)	–	–	–	(1,106,221)
Balance at end of year	–	4,749,235	645,600	995,686	–	13,556	491,975	6,896,052
Net Book Value at End of Year	₱2,889,705	₱915,832	₱590,090	₱647,193	₱19,370	₱167,895	₱2,238,559	₱7,468,644

*Includes transfers from investment properties amounting to ₱28.90 million

	Parent Company					
	Land (Note 23)	Furniture, Fixtures and Equipment	Buildings	Leasehold Improvements	Construction–in–Progress	2018 Total
Cost						
Balance at beginning of year	₱2,786,310	₱6,668,301	₱1,085,668	₱1,351,869	₱61,486	₱11,953,634
Additions	–	498,101	16,235	223,957	86,804	825,097
Disposals/transfers*	–	(537,615)	2,127	(39,802)	(123,565)	(698,855)
Balance at end of year	2,786,310	6,628,787	1,104,030	1,536,024	24,725	12,079,876
Accumulated Depreciation and Amortization						
Balance at beginning of year	–	5,189,416	543,875	755,761	–	6,489,052
Depreciation and amortization	–	557,586	36,010	148,934	–	742,530
Disposals/transfers*	–	(365,749)	618	(51,961)	–	(417,092)
Balance at end of year	–	5,381,253	580,503	852,734	–	6,814,490
Net Book Value at End of Year	₱2,786,310	₱1,247,534	₱523,527	₱683,290	₱24,725	₱5,265,386

*Includes transfers from investment properties amounting to ₱20.13 million.

The Group adopted the deemed cost model as of January 1, 2004 and considered the carrying value of the land determined under its previous accounting method (revaluation method) as the deemed cost of the asset as of January 1, 2005. Accordingly, revaluation increment amounting to ₱1.28 billion was closed to surplus (Note 24) in 2011.

As of December 31, 2019 and 2018, the gross carrying amount of fully depreciated furniture, fixtures and equipment still in use amounted to ₱2.73 billion and ₱3.47 billion, respectively, for the Group and ₱1.99 billion and ₱2.61 billion, respectively, for the Parent Company.

Gain on sale of furniture, fixtures and equipment amounting to ₱1.44 million, ₱1.81 million and ₱2.11 million in 2019, 2018 and 2017, respectively, for the Group and ₱1.44 million, ₱1.60 million and ₱1.69 million in 2019, 2018 and 2017, respectively, for the Parent Company are included in the statements of income under 'Miscellaneous income' account (Note 22).

In 2017, depreciation and amortization amounting to ₱932.39 million and ₱877.24 million for the Group and Parent Company, respectively, are included in the statements of income under 'Depreciation and amortization' account.

13. INVESTMENT PROPERTIES

The composition of and movements in this account follow:

	Land	Consolidated Buildings and Improvements	2019 Total
Cost			
Balance at beginning of year	₱4,285,852	₱2,659,748	₱6,945,600
Additions	405,996	445,622	851,618
Disposals/write–off/transfers*	**(1,041,905)**	**(374,652)**	**(1,416,557)**
Balance at end of year	3,649,943	2,730,718	6,380,661
Accumulated Depreciation and Amortization			
Balance at beginning of year	–	880,766	880,766
Depreciation and amortization	–	173,378	173,378
Disposals/write–off/transfers*	–	**(139,679)**	**(139,679)**
Balance at end of year	–	914,465	914,465
Allowance for Impairment Losses (Note 16)			
Balance at beginning of year	942,559	332,673	1,275,232
Disposals/write–off/reclassification*	**(68,196)**	**(11,164)**	**(79,360)**
Reclassification		**(66,861)**	**(66,861)**
Balance at end of year	874,363	254,648	1,129,011
Net Book Value at End of Year	₱2,775,580	₱1,561,605	₱4,337,185

*Includes transfers to bank premises amounting to ₱28.90 million (Note 12).

	Consolidated		
	Land	Buildings and Improvements	2018 Total
Cost			
Balance at beginning of year	₱4,605,061	₱2,646,549	₱7,251,610
Additions	135,099	408,334	543,433
Disposals/write–off/transfers*	(454,309)	(395,136)	(849,445)
Balance at end of year	4,285,851	2,659,747	6,945,598
Accumulated Depreciation and Amortization			
Balance at beginning of year	–	742,071	742,071
Depreciation and amortization	–	170,978	170,978
Disposals/write–off/transfers*	–	(32,285)	(32,285)
Balance at end of year	–	880,764	880,764
Allowance for Impairment Losses (Note 16)			
Balance at beginning of year	1,028,013	409,370	1,437,383
Disposals/write–off/reclassification*	(85,454)	(76,697)	(162,151)
Balance at end of year	942,559	332,673	1,275,232
Net Book Value at End of Year	₱3,343,292	₱1,446,310	₱4,789,602

*Includes transfers to bank premises amounting to ₱20.13 million (Note 12).

	Parent Company		
	Land	Buildings and Improvements	2019 Total
Cost			
Balance at beginning of year	**₱1,420,279**	₱1,329,938	₱2,750,217
Additions	174,610	315,738	490,348
Disposals/write–off/transfers*	**(66,810)**	**(106,911)**	**(173,721)**
Balance at end of year	1,528,079	1,538,765	3,066,844
Accumulated Depreciation and Amortization			
Balance at beginning of year	–	440,455	440,455
Depreciation and amortization	–	101,933	101,933
Disposals/write–off/transfers*	–	(87,046)	(87,046)
Balance at end of year	–	455,342	455,342
Allowance for Impairment Losses (Note 16)			
Balance at beginning and end of year	919,276	201,689	1,120,965
Disposals/write–off/reclassification*	(6,450)	–	(6,450)
Balance at end of year	912,826	201,689	1,114,515
Net Book Value at End of Year	₱615,253	₱881,734	₱1,496,987

*Includes transfers to bank premises amounting to ₱28.90 (Note 12).

	Parent Company		
	Land	Buildings and Improvements	2018 Total
Cost			
Balance at beginning of year	₱1,859,355	₱1,397,668	₱3,257,023
Additions	135,099	125,671	260,770
Disposals/write–off/transfers*	(574,177)	(193,400)	(767,577)
Balance at end of year	1,420,277	1,329,939	2,750,216
Accumulated Depreciation and Amortization			
Balance at beginning of year	–	500,102	500,1022
Depreciation and amortization	–	89,928	89,928
Disposals/write–off/transfers*	–	(149,575)	(149,575)
Balance at end of year	–	440,455	440,455
Allowance for Impairment Losses (Note 16)			
Balance at beginning and end of year	1,004,729	201,689	1,206,4188
Disposals/write–off/reclassification*	(85,454)	–	(85,454)
Balance at end of year	919,275	201,689	1,120,964
Net Book Value at End of Year	₱501,002	₱687,795	₱1,188,797

*Includes transfers to bank premises amounting to ₱20.13 million (Note 12).

The Group's investment properties consist entirely of real estate properties acquired in settlement of loans and receivables. The difference between the fair value of the investment property upon foreclosure and the carrying value of the loan is recognized under 'Gain on asset foreclosure and dacion transactions' in the statements of income.

In 2017, depreciation and amortization amounting to ₱191.34 million and ₱104.64 million for the Group and Parent Company, respectively, are included in the statements of income under 'Depreciation and amortization' account.

In 2019, expense relating to short-term leases amounting to ₱523.71 million and ₱388.83 million for the Group and Parent Company, respectively, are included in the 'Occupancy cost' account. Total cash outflows for leases amount to ₱1.51 billion and ₱1.18 billion for the Group and Parent Company, respectively.

Details of rental income earned and direct operating expenses incurred on investment properties follow:

	Consolidated		
	2019	2018	2017
Rent income on investment properties	₱38,288	₱35,323	₱32,499
Direct operating expenses on investment properties generating rent income	12,952	1,451	924
Direct operating expenses on investment properties not generating rent income	55,424	66,011	52,029

	Parent Company		
	2019	2018	2017
Rent income on investment properties	₱8,460	₱10,994	₱8,250
Direct operating expenses on investment properties generating rent income	12,150	649	799
Direct operating expenses on investment properties not generating rent income	20,503	29,584	33,405

Rent income earned from leasing out investment properties is included under 'Miscellaneous income' in the statements of income (Note 22).

On August 26, 2011, the Parent Company was registered as an Economic Zone Information Technology (IT) Facilities Enterprise with the Philippine Economic Zone Authority (PEZA) to operate and maintain a proposed 17–storey building located inside the CBP–IT Park in Barangays Mabolo, Luz, Hipodromo, Carreta, and Kamputhaw, Cebu City, for lease to PEZA–registered IT enterprises, and to be known as Chinabank Corporate Center. This registration is under PEZA Registration Certificate No. 11–03–F.

Under this registration, the Parent Company is entitled to five percent (5.00%) final tax on gross income earned from locator IT enterprises and related operations in accordance with existing PEZA rules. The Parent Company shall also be exempted from the payment of all national and local taxes in relation to this registered activity.

14. GOODWILL AND INTANGIBLE ASSETS

Goodwill

Goodwill represents the excess of the acquisition costs over the fair value of the identifiable assets and liabilities of companies acquired by the Group.

The Group attributed the goodwill arising from its acquisition of CBSI and PDB to factors such as increase in geographical presence and customer base due to the branches acquired. None of the goodwill recognized is expected to be deductible for income tax purposes. CBSI as surviving entity from the merger with PDB, is the identified CGU for this goodwill. The Parent Company's Retail Banking Business (RBB) has been identified as the CGU for impairment testing of the goodwill from its acquisition of CBSI.

As of December 31, 2019 and 2018, amount of goodwill per CGU follows:

	Consolidated	Parent Company
RBB	₱222,841	₱222,841
CBSI	616,907	–
Total	₱839,748	₱222,841

The recoverable amount of the CGUs have been determined based on a value–in–use calculation using cash flow projections from financial budgets approved by senior management covering a five–year period, which do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset base of the CGU being tested. Other than loans and deposits growth rates, the significant assumptions, and the most sensitive, used in computing for the recoverable values of the CGUs follow:

	2019		2018	
	RBB	**CBSI**	RBB	CBSI
Discount rate	6.29%	10.19%	7.12%	9.81%
Long-term growth rate	1.00%	1.00%	1.00%	1.00%

With regard to the assessment of value–in–use of the CGU, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the goodwill to materially exceed its recoverable amount as of December 31, 2019 and 2018.

Branch Licenses

Branch licenses of the Group arose from the acquisitions of CBSI, Unity Bank, and PDB. As of December 31, 2019 and 2018, details of branch licenses (gross of allowance for impairment) in the Group's and Parent Company's financial statements follow:

	Consolidated	Parent Company
Branch license from CBSI acquisition	₱420,600	₱398,000
Branch license from Unity Bank acquisition	347,400	–
Branch license from PDB acquisition*	2,839,500	–
Total	₱3,607,500	₱398,000

**mostly attributable to the Parent Company*

The calculation of the value–in–use of the CGU is most sensitive to the following assumptions:

- Discount rates
- Long-term growth rate used to extrapolate cash flows beyond the budget period

As of December 31, 2019, the Group provided allowance for probable losses amounting to ₱160 million related to certain branch licenses granted by the BSP in restricted areas arising from the acquisition of CBSI.

Capitalized software costs

The movements in the account follow:

	Consolidated		Parent Company	
	2019	2018	2019	2018
Cost				
Balance at beginning of year	₱1,000,739	₱714,230	₱895,105	₱591,256
Additions	96,460	144,123	79,070	154,055
Disposals/Write-off/Reclass (Note 12)	794,174	142,386	811,256	149,794
Balance at end of year	1,891,373	1,000,739	1,785,431	895,105
Accumulated Depreciation and Amortization				
Balance at beginning of year	407,277	217,697	377,574	188,395
Depreciation and amortization	174,855	115,840	173,378	115,450
Disposals/Write-off/Reclass (Note 12)	686,563	73,740	686,563	73,729
Balance at end of year	1,268,695	407,277	1,237,514	377,574
Net Book Value at End of Year	₱622,678	₱593,462	₱547,917	₱517,531

15. OTHER ASSETS

This account consists of:

	Consolidated		Parent Company	
	2019	2018	2019	2018
Financial assets				
Accounts receivable	₱2,394,849	₱2,595,023	₱1,464,942	₱1,480,760
SCR	1,162,106	1,121,035	235,049	224,035
RCOCI	424,364	129,142	342,018	117,227
Others	966,441	491,475	330,363	175,540
	4,947,760	4,336,675	2,372,372	1,997,562
Nonfinancial assets				
Net plan assets (Note 25)	543,471	777,827	499,711	756,160
Prepaid expenses	338,754	246,053	303,794	208,632
Creditable withholding taxes	544,634	338,618	476,107	338,618
Security deposit	268,602	272,541	189,277	193,216
Documentary stamps	198,093	215,696	157,020	149,078
Sundry debits	278,761	358,051	278,761	166,951
Miscellaneous	332,751	433,502	–	–
	2,505,066	2,642,288	1,904,670	1,812,655
	7,452,826	6,978,963	4,277,042	3,810,217
Allowance for impairment and credit losses (Note 16)	(565,319)	(759,404)	(294,913)	(477,454)
	₱6,887,507	₱6,219,559	₱3,982,129	₱3,332,763

Accounts receivable
Accounts receivable also includes non–interest bearing advances to officers and employees, with terms ranging from 1 to 30 days and receivables of the Parent Company from automated teller machine (ATM) transactions of clients of other banks that transacted through any of the Parent Company's ATM terminals.

Sales Contract Receivable
This refers to the amortized cost of assets acquired in settlement of loans through foreclosure or dation in payment and subsequently sold on installment basis whereby the title to the said property is transferred to the buyers only upon full payment of the agreed selling price.

SCR bears fixed interest rate per annum in 2019 and 2018 ranging from 5% to 10.25% and 5.00% to 10.00%, respectively.

Miscellaneous
Miscellaneous consists mainly of unissued stationery and supplies, inter–office float items, and deposits for various services.

16. ALLOWANCE FOR IMPAIRMENT AND CREDIT LOSSES

Changes in the allowance for impairment and credit losses are as follows:

	Consolidated		Parent Company	
	2019	2018	2019	2018
Balances at beginning of year				
Loans and receivables	₱6,829,280	₱8,121,175	₱5,425,713	₱6,500,542
Investment properties	1,275,232	1,437,383	1,120,965	1,206,418
Accrued interest receivable	303,555	201,647	45,247	58,269
Financial Assets at FVOCI	(4,023)	128,171	–	6,323
Investment securities at amortized cost	375,102	–	214,938	83,618
Bank premises, furniture, fixtures and equipment	–	1,148	–	–
Other assets	772,004	781,424	477,454	540,960
	9,551,150	10,670,948	7,284,317	8,396,130
Provisions charged to operations	2,570,168	141,076	2,205,062	(1,957)
Accounts charged off and others	(305,722)	(1,260,874)	(746)	(1,109,856)
	2,264,446	(1,119,798)	2,204,316	(1,111,813)
Balances at end of year				
Loans and receivables (Note 10)	8,559,976	6,829,280	6,938,785	5,425,713
Investment properties (Note 13)	1,129,012	1,275,232	1,114,514	1,120,965
Accrued interest receivable	275,888	303,555	39,261	45,247
Financial Assets at FVPL	6,297	–	–	–
Financial Assets at FVOCI (Note 9)	18,521	(4,023)	18,471	–
Investment securities at amortized cost	1,087,983	375,102	1,082,690	214,938
Intangible assets	172,600	–	–	–
Other assets (Note 15)	565,319	772,004	294,912	477,454
	₱11,815,596	₱9,551,150	₱9,488,633	₱7,284,317

At the current level of allowance for impairment and credit losses, management believes that the Group has sufficient allowance to cover any losses that may be incurred from the non–collection or non–realization of its loans and receivables and other risk assets.

The separate valuation allowance of acquired loans and receivables from PDB amounting to ₱1.59 billion was not recognized by the Group on the effectivity date of acquisition as these receivables were measured at fair value at acquisition date. Any uncertainties about future cash flows of these receivables were included in their fair value measurement (Note 11). Also, the separate valuation allowance of acquired investment properties from PDB amounting to ₱199.15 million was not recognized by the Group on the effectivity date of acquisition as these properties were measured at fair value on acquisition date.

The tables below illustrate the movements of the allowance for impairment and credit losses during the year (effect of movements in ECL due to transfers between stages are shown in the total column):

	Consolidated			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Corporate and commercial lending	12-month ECL	Lifetime ECL	Lifetime ECL	
Loss allowance at January 1, 2019	2,775,127	983,660	1,590,107	5,348,894
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(52,828)	117,697	-	64,869
Transfer from Stage 1 to Stage 3	(1,359)	-	128,216	126,857
Transfer from Stage 2 to Stage 1	161,584	(806,673)	-	(645,089)
Transfer from Stage 2 to Stage 3	-	(35,349)	466,611	431,262
Transfer from Stage 3 to Stage 1	11,821	-	(18,807)	(6,986)
Transfer from Stage 3 to Stage 2	-	207	(207)	-
New financial assets originated *	1,653,940	153,502	654,294	2,461,736
Changes in PDs/LGDs/EADs	(173,129)	119,883	518,155	464,909
Financial assets derecognized during the period	(968,397)	(39,618)	(205,387)	(1,213,402)
Fx and other movements	17,673	20	12,192	29,885
Total net P&L charge during the period	**649,305**	**(490,331)**	**1,555,067**	**1,714,041**
Other movements without P&L impact				
Write-offs, Foreclosures and other movements	(17,716)	(17)	(127,758)	(145,491)
Total movements without P&L impact	(17,716)	(17)	(127,758)	(145,491)
Loss allowance at December 31, 2019	3,406,716	493,312	3,017,416	6,917,444

** Stage classification of new financial assets originated pertains to the stage as of end of year*

	Consolidated			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Consumer lending	12-month ECL	Lifetime ECL	Lifetime ECL	
Loss allowance at January 1, 2019	223,382	16,576	1,141,577	1,381,535
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(5,909)	11,613	-	5,704
Transfer from Stage 1 to Stage 3	(3,345)	-	74,421	71,076
Transfer from Stage 2 to Stage 1	2,134	(2,300)	-	(166)
Transfer from Stage 2 to Stage 3	-	(7,011)	17,168	10,157
Transfer from Stage 3 to Stage 1	12,565	-	(32,749)	(20,184)
Transfer from Stage 3 to Stage 2	-	3,004	(10,610)	(7,606)
New financial assets originated*	80,141	8,549	102,033	190,723

(Forward)

Consumer lending	Consolidated			
	ECL Staging			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Changes in PDs/LGDs/EADs	(59,675)	4,088	(127,824)	(183,411)
Financial assets derecognized during the period	(22,734)	(3,584)	(86,203)	(112,521)
Fx and other movements	(15)	-	2,016	2,001
Total net P&L charge during the period	3,162	14,359	**(61,748)**	**(44,227)**
Other movements without P&L impact				
Write-offs, Foreclosures and other movements	-	-	(31,668)	(31,668)
Total movements without P&L impact	**-**	**-**	**(31,668)**	**(31,668)**
Loss allowance at December 31, 2019	226,544	30,935	1,048,161	1,305,640

** Stage classification of new financial assets originated pertains to the stage as of end of year*

Trade-related lending	Consolidated			
	ECL Staging			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Loss allowance at January 1, 2019	53,678	25,774	19,400	98,852
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(14)	88	-	74
Transfer from Stage 1 to Stage 3	(242)	-	46,387	46,145
Transfer from Stage 2 to Stage 1	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated*	127,018	341	141,229	268,588
Changes in PDs/LGDs/EADs	17	-	(1)	16
Financial assets derecognized during the period	(53,384)	(25,774)	-	(79,158)
Fx and other movements	297	-	-	297
Total net P&L charge during the period	73,692	**(25,345)**	187,615	235,962
Other movements without P&L impact				
Write-offs, foreclosures and other movements	(297)	-	-	(297)
Total movements without P&L impact	**(297)**	**-**	**-**	**(297)**
Loss allowance at December 31, 2019	127,073	429	207,015	334,517

** Stage classification of new financial assets originated pertains to the stage as of end of year*

Investments measured at Amortized Cost	Consolidated ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance at January 1, 2019	208,949	14,317	151,836	375,102
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(12,351)	697,085	-	684,734
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	29	(486)	-	(457)
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated or purchased*	14,762	101,535	-	116,297
Changes in PDs/LGDs/EADs	78,542	4,099	-	82,641
Financial assets derecognized during the period	(18,712)	(4,722)	(151,836)	(175,270)
Fx and other movements	23,248	1,681	-	24,929
Total net P&L charge during the period	85,518	799,192	**(151,836)**	732,874
Other movements without P&L impact				
Write-offs, foreclosures and other movements	(18,379)	(1,681)	-	(20,060)
Total movements without P&L impact	**(18,379)**	**(1,681)**	**-**	**(20,060)**
Loss allowance at December 31, 2019	276,088	811,828	**-**	1,087,916

** Stage classification of new financial assets originated or purchased pertains to the stage as of end of year*

Investments measured at FVOCI (Debt)	Consolidated ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance at January 1, 2019	3,496	2	**-**	3,498
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	19	(2)	-	17
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated or purchased*	9,688	-	-	9,688
Changes in PDs/LGDs/EADs	(96)	-	-	(96)
Financial assets derecognized during the period	(909)	-	-	(909)
Fx and other movements	1,637	-	-	1,637
Total net P&L charge during the period	10,339	**(2)**	**-**	10,337
Other movements without P&L impact				
Write-offs, foreclosures and other movements	(1,637)	-	-	(1,637)
Total movements without P&L impact	**(1,637)**	**-**	**-**	**(1,637)**
Loss allowance at December 31, 2019	12,198	-	**-**	12,198

** Stage classification of new financial assets originated or purchased pertains to the stage as of end of year*

Corporate and commercial lending	Parent			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Loss allowance at January 1, 2019	**2,646,168**	**961,778**	**909,762**	**4,517,708**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(51,341)	116,210	–	64,869
Transfer from Stage 1 to Stage 3	(862)	–	127,719	126,857
Transfer from Stage 2 to Stage 1	161,245	(806,334)	–	(645,089)
Transfer from Stage 2 to Stage 3	–	(33,631)	464,893	431,262
Transfer from Stage 3 to Stage 1	10	–	(6,996)	(6,986)
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated *	1,625,381	153,094	633,358	2,411,833
Changes in PDs/LGDs/EADs	(161,930)	116,189	(9,589)	(55,330)
Financial assets derecognized during the period	(901,968)	(21,640)	(64,352)	(987,960)
Fx and other movements	17,673	17	12,193	29,883
Total net P&L charge during the period	**688,208**	**(476,095)**	1,157,226	1,369,339
Other movements without P&L impact				
Write-offs, foreclosures and other movements	(17,716)	(17)	(127,758)	(145,491)
Total movements without P&L impact	**(17,716)**	**(17)**	**(127,758)**	**(145,491)**
Loss allowance at December 31, 2019	**3,316,660**	485,666	1,939,230	5,741,556

** Stage classification of new financial assets originated pertains to the stage as of end of year*

Consumer lending	Parent			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Loss allowance at January 1, 2019	94,166	5,721	714,022	813,909
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(1,968)	7,672	–	5,704
Transfer from Stage 1 to Stage 3	(2,068)	–	73,144	71,076
Transfer from Stage 2 to Stage 1	599	(765)	–	(166)
Transfer from Stage 2 to Stage 3	–	(621)	10,778	10,157
Transfer from Stage 3 to Stage 1	192	–	(20,376)	(20,184)
Transfer from Stage 3 to Stage 2	–	94	(7,700)	(7,606)
New financial assets originated*	67,474	2,365	83,338	153,177
Changes in PDs/LGDs/EADs	(3,877)	(342)	(32,708)	(36,927)
Financial assets derecognized during the period	(9,452)	(1,701)	(86,110)	(97,263)
Fx and other movements	(15)	–	2,016	2,001
Total net P&L charge during the period	50,885	6,702	22,382	79,969
Other movements without P&L impact				
Write-offs, foreclosures and other movements	–	–	(31,668)	(31,668)
Total movements without P&L impact	–	–	**(31,668)**	**(31,668)**
Loss allowance at December 31, 2019	145,051	12,423	704,736	862,210

** Stage classification of new financial assets originated pertains to the stage as of end of year*

Trade-related lending	Parent			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Loss allowance at January 1, 2019	48,922	25,774	19,400	94,096
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(14)	88	–	74
Transfer from Stage 1 to Stage 3	(242)	–	46,387	46,145
Transfer from Stage 2 to Stage 1	–	–	–	–
Transfer from Stage 2 to Stage 3	–	–	–	–
Transfer from Stage 3 to Stage 1	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated*	127,018	341	141,229	268,588
Changes in PDs/LGDs/EADs	17	–	(1)	16
Financial assets derecognized during the period	(48,628)	(25,774)	–	(74,402)
Fx and other movements	297	–	–	297
Total net P&L charge during the period	78,448	(25,345)	187,615	240,718
Other movements without P&L impact				
Write-offs, foreclosures and other movements	(297)	–	–	(297)
Total movements without P&L impact	(297)	–	–	(297)
Loss allowance at December 31, 2019	127,073	429	207,015	334,517

Investments in debt instruments (AC)	Parent			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Loss allowance at January 1, 2019	200,622	14,317	–	214,939
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(12,351)	697,085	–	684,734
Transfer from Stage 1 to Stage 3	–	–	–	–
Transfer from Stage 2 to Stage 1	29	(486)	–	(457)
Transfer from Stage 2 to Stage 3	–	–	–	–
Transfer from Stage 3 to Stage 1	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated or purchased*	13,489	101,535	–	115,024
Changes in PDs/LGDs/EADs	78,542	4,099	–	82,641
Financial assets derecognized during the period	(9,536)	(4,721)	–	(14,257)
Fx and other movements	18,379	1,681	–	20,060
Total net P&L charge during the period	88,552	799,193	–	887,745
Write-offs, foreclosures and other movements	(18,379)	(1,681)	–	(20,060)
Total movements without P&L impact	(18,379)	(1,681)	–	(20,060)
Loss allowance at December 31, 2019	270,795	811,829	–	1,082,624

** Stage classification of new financial assets originated or purchased pertains to the stage as of end of year*

	Parent			
	ECL Staging			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
<u>Investments in debt instruments (FVOCI)</u>				
Loss allowance at January 1, 2019	3,496	2	–	3,498
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	–	–	–	–
Transfer from Stage 1 to Stage 3	–	–	–	–
Transfer from Stage 2 to Stage 1	19	(2)	–	17
Transfer from Stage 2 to Stage 3				
Transfer from Stage 3 to Stage 1				
Transfer from Stage 3 to Stage 2				
New financial assets originated or purchased*	9,638	–	–	9,638
Changes in PDs/LGDs/EADs	(96)	–	–	(96)
Financial assets derecognized during the period	(909)	–	–	(909)
Fx and other movements	1,637	–	–	1,637
Total net P&L charge during the period	10,289	(2)	–	10,287
Write-offs, foreclosures and other movements	(1,637)	–	–	(1,637)
Total movements without P&L impact	(1,637)	–	–	(1,637)
Loss allowance at December 31, 2019	12,148	–	–	12,148

** Stage classification of new financial assets originated or purchased pertains to the stage as of end of year*

The corresponding movement of the gross carrying amount of the financial asset are shown below:

	Consolidated			
	ECL Staging			Total
	Stage 1	Stage 2	Stage 3	
<u>Corporate and commercial lending</u>	12-month ECL	Lifetime ECL	Lifetime ECL	
Gross carrying amount at January 1, 2019	390,540,527	17,424,690	3,835,233	411,800,450
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(9,834,545)	9,834,545	–	–
Transfer from Stage 1 to Stage 3	(718,875)	–	718,875	–
Transfer from Stage 2 to Stage 1	9,676,644	(9,676,644)	–	–
Transfer from Stage 2 to Stage 3	–	(138,087)	138,087	–
Transfer from Stage 3 to Stage 1	76,817	–	(76,817)	–
Transfer from Stage 3 to Stage 2	–	2,092	(2,092)	–
New financial assets originated*	210,489,202	6,683,212	979,440	218,151,854
(Forward)				

	Consolidated			
	ECL Staging			Total
	Stage 1	**Stage 2**	**Stage 3**	
Corporate and commercial lending	12-month ECL	Lifetime ECL	Lifetime ECL	
Changes in PDs/LGDs/EADs	(18,208,483)	(1,851,903)	(156,935)	(20,217,321)
Financial assets derecognized during the period	(146,536,480)	(2,839,497)	(473,862)	(149,849,839)
Fx and other movements	(49,238)	–	49,238	–
Total movements with P&L impact	**44,895,042**	**2,013,718**	**1,175,934**	**48,084,694**
Other movements without P&L impact				
Write-offs, Foreclosures and other movements	–	–	(226,471)	(226,471)
Total movements without P&L impact	–	–	**(226,471)**	**(226,471)**
Gross carrying amount at December 31, 2019	**435,435,569**	**19,438,408**	**4,784,696**	**459,658,673**

** Stage classification of new financial assets originated pertains to the stage as of end of year*

	Consolidated			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
Consumer lending	12-month ECL	Lifetime ECL	Lifetime ECL	
Gross carrying amount at January 1, 2019	80,691,641	3,210,598	3,312,700	87,214,939
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(2,665,015)	2,665,015	–	–
Transfer from Stage 1 to Stage 3	(1,116,995)	–	1,116,995	–
Transfer from Stage 2 to Stage 1	449,278	(449,278)	–	–
Transfer from Stage 2 to Stage 3	–	(147,540)	147,540	–
Transfer from Stage 3 to Stage 1	197,297	–	(197,297)	–
Transfer from Stage 3 to Stage 2	–	61,078	(61,078)	–
New financial assets originated*	39,667,155	649,833	206,737	40,523,725
Changes in PDs/LGDs/EADs	(6,141,036)	(598,191)	(254,693)	(6,993,920)
Financial assets derecognized during the period	(11,957,718)	(788,449)	(676,052)	(13,422,219)
Fx and other movements	(4,345)	–	4,345	–
Total movements w/ P&L impact during the period	18,428,621	1,392,468	286,497	20,107,586
Other movements without P&L impact				
Write-offs, Foreclosures and other movements	–	–	(101,692)	(101,692)
Total movements without P&L impact	–	–	(101,692)	(101,692)
Gross carrying amount at December 31, 2019	99,120,262	4,603,066	3,497,505	107,220,833

** Stage classification of new financial assets originated pertains to the stage as of end of year*

Trade-related lending	Consolidated			
	ECL Staging			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Gross carrying amount at January 1, 2019	12,110,169	1,684,378	23,319	13,817,866
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(11,355)	11,355	–	–
Transfer from Stage 1 to Stage 3	(57,565)	–	57,565	–
Transfer from Stage 2 to Stage 1	–	–	–	–
Transfer from Stage 2 to Stage 3	–	–	–	–
Transfer from Stage 3 to Stage 1	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated*	10,583,215	64,584	160,927	10,808,726
Changes in PDs/LGDs/EADs	(3,548)	(1,442)	(5,905)	(10,895)
Financial assets derecognized during the period	(12,028,751)	(1,684,378)	–	(13,713,129)
Fx and other movements	–	–	–	–
Total movements w/ P&L impact during the period	(1,518,004)	(1,609,881)	212,587	(2,915,298)
Other movements without P&L impact				
Write-offs, Foreclosures and other movements	–	–	–	–
Total movements without P&L impact	–	–	–	–
Gross carrying amount at December 31, 2019	10,592,165	74,497	235,906	10,902,568

** Stage classification of new financial assets originated pertains to the stage as of end of year*

Investments measured at Amortized Cost	Consolidated			
	ECL Staging			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Gross carrying amount at January 1, 2019	158,916,818	4,040,112	151,836	163,108,766
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(7,275,056)	7,275,056	–	–
Transfer from Stage 1 to Stage 3	–	–	–	–
Transfer from Stage 2 to Stage 1	60,759	(60,759)	–	–
Transfer from Stage 2 to Stage 3	–	–	–	–
Transfer from Stage 3 to Stage 1	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated or purchased*	26,085,288	469,763	–	26,555,051
Changes in PDs/LGDs/EADs	(5,655,491)	(259,085)	–	(5,914,576)
Financial assets derecognized during the period	(20,380,991)	(2,826,926)	(151,836)	(23,359,753)
Fx and other movements	15	–	–	15
Total movements w/ P&L impact during the period	(7,165,476)	4,598,049	(151,836)	(2,719,263)
Other movements without P&L impact				
Write-offs, Foreclosures and other movements	–	–	–	–
Total movements without P&L impact	–	–	–	–
Gross carrying amount at December 31, 2019	151,751,342	8,638,161	–	160,389,503

** Stage classification of new financial assets originated or purchased pertains to the stage as of end of year*

	Consolidated			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
Investments measured at FVOCI (Debt)	12-month ECL	Lifetime ECL	Lifetime ECL	
Gross carrying amount at January 1, 2019	9,978,200	1,676	–	9,979,876
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	–	–	–	–
Transfer from Stage 1 to Stage 3	–	–	–	–
Transfer from Stage 2 to Stage 1	1,676	(1,676)	–	–
Transfer from Stage 2 to Stage 3	–	–	–	–
Transfer from Stage 3 to Stage 1	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated or purchased*	19,413,175	–	–	19,413,175
Changes in PDs/LGDs/EADs	163,055	–	–	163,055
Financial assets derecognized during the period	(4,109,314)	–	–	(4,109,314)
Fx and other movements	27,254	–	–	27,254
Total movements w/ P&L impact during the period	15,495,846	(1,676)	–	15,494,170
Other movements without P&L impact				
Write-offs, Foreclosures and other movements	19,742	–	–	19,742
Total movements without P&L impact	19,742	–	–	19,742
Gross carrying amount at December 31, 2019	**25,493,788**	–	**–**	**25,493,788**

** Stage classification of new financial assets originated pertains to the stage as of end of year*

	Parent			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Corporate and commercial lending	12-month ECL	Lifetime ECL	Lifetime ECL	
Gross carrying amount as at January 1, 2019	363,535,045	16,801,373	1,067,931	381,404,349
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	**(9,329,629)**	**9,329,629**	**–**	**–**
Transfer from Stage 1 to Stage 3	**(211,470)**	**–**	**211,470**	**–**
Transfer from Stage 2 to Stage 1	**9,561,196**	**(9,561,196)**	**–**	**–**
Transfer from Stage 2 to Stage 3	**–**	**(531,115)**	**531,115**	**–**
Transfer from Stage 3 to Stage 1	6,996	**–**	**(6,996)**	**–**
Transfer from Stage 3 to Stage 2	**–**	**–**	**–**	**–**
New financial assets originated*	200,668,864	6,559,799	759,822	207,988,485
Changes in PDs/LGDs/EADs	**(18,203,940)**	**(1,850,720)**	**(36,121)**	**(20,090,783)**
Financial assets derecognized during the period	**(131,739,122)**	**(2,742,800)**	**(120,500)**	**(134,602,422)**
Fx and other movements	**(49,238)**	**–**	49,238	**–**
Total net P&L charge during the period	50,703,657	1,203,597	1,388,028	53,295,282
Other movements without P&L impact				
Write-offs, foreclosures and other movements	**–**	**–**	**(225,010)**	**(225,010)**
Total movements without P&L impact	**–**	**–**	**(225,010)**	**(225,010)**
Gross carrying amount as at December 31, 2019	414,238,702	18,004,970	2,230,949	434,474,621

** Stage classification of new financial assets originated pertains to the stage as of end of year*

	Parent			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
Consumer lending	12-month ECL	Lifetime ECL	Lifetime ECL	
Gross carrying amount as at January 1, 2019	47,908,408	2,823,817	1,952,306	52,684,531
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(1,992,394)	1,992,394	–	–
Transfer from Stage 1 to Stage 3	(930,638)	–	930,638	–
Transfer from Stage 2 to Stage 1	361,429	(361,429)	–	–
Transfer from Stage 2 to Stage 3	–	(90,866)	90,866	–
Transfer from Stage 3 to Stage 1	168,023	–	(168,023)	–
Transfer from Stage 3 to Stage 2	–	48,004	(48,004)	–
New financial assets originated*	23,337,705	421,402	176,486	23,935,593
Changes in PDs/LGDs/EADs	(6,130,304)	(596,418)	(175,417)	(6,902,139)
Financial assets derecognized during the period	(4,019,642)	(606,707)	(240,319)	(4,866,668)
Fx and other movements	(4,345)	–	4,345	–
Total net P&L charge during the period	10,789,834	806,380	570,572	12,166,786
Other movements without P&L impact				
Write-offs, foreclosures and other movements	–	–	(103,154)	(103,154)
Total movements without P&L impact	–	–	(103,154)	(103,154)
Gross carrying amount as at December 31, 2019	58,698,242	3,630,197	2,419,724	64,748,163

** Stage classification of new financial assets originated pertains to the stage as of end of year*

	Parent			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
Trade-related lending	12-month ECL	Lifetime ECL	Lifetime ECL	
Gross carrying amount as at January 1, 2019	11,229,908	1,684,378	23,319	12,937,605
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(11,355)	11,355	–	–
Transfer from Stage 1 to Stage 3	(57,565)	–	57,565	–
Transfer from Stage 2 to Stage 1	–	–	–	–
Transfer from Stage 2 to Stage 3	–	–	–	–
Transfer from Stage 3 to Stage 1	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated*	10,583,215	64,584	160,927	10,808,726
Changes in PDs/LGDs/EADs	(3,548)	(1,442)	(5,905)	(10,895)
Financial assets derecognized during the period	(11,148,490)	(1,684,378)	–	(12,832,868)
Fx and other movements	–	–	–	–
Total net P&L charge during the period	(637,743)	(1,609,881)	212,587	(2,035,037)
Other movements without P&L impact				
Write-offs, foreclosures and other movements	–	–	–	–
Total movements without P&L impact	–	–	–	–
Gross carrying amount as at December 31, 2019	10,592,165	74,497	235,906	10,902,568

** Stage classification of new financial assets originated pertains to the stage as of end of year*

	Parent			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Investments in amortized cost	12-month ECL	Lifetime ECL	Lifetime ECL	
Gross carrying amount as at January 1, 2019	150,639,222	4,040,112	–	154,679,334
Movements with P&L impact				
Transfers:			–	
Transfer from Stage 1 to Stage 2	(7,275,056)	7,275,056	–	–
Transfer from Stage 1 to Stage 3	–	–	–	–
Transfer from Stage 2 to Stage 1	60,759	(60,759)	–	–
Transfer from Stage 2 to Stage 3	–	–	–	–
Transfer from Stage 3 to Stage 1	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated or purchased*	25,123,628	469,763	–	25,593,391
Changes in PDs/LGDs/EADs	(5,655,491)	(259,085)	–	(5,914,576)
Financial assets derecognized during the period	(14,816,974)	(2,826,926)	–	(17,643,900)
Fx and other movements	–	–	–	–
Total net P&L charge during the period	(2,563,134)	4,598,049	–	2,034,915
Other movements without P&L impact				
Write-offs, foreclosures and other movements	–	–	–	–
Total movements without P&L impact	–	–	–	–
Gross carrying amount as at December 31, 2019	148,076,088	8,638,161	–	156,714,249

** Stage classification of new financial assets originated pertains to the stage as of end of year*

	Parent			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Investments at FVOCI (debt)	12-month ECL	Lifetime ECL	Lifetime ECL	
Gross carrying amount as at January 1, 2019	8,141,359	1,676	–	8,143,035
Movements with P&L impact				
Transfers:			–	
Transfer from Stage 1 to Stage 2	–	–	–	–
Transfer from Stage 1 to Stage 3	–	–	–	–
Transfer from Stage 2 to Stage 1	1,676	(1,676)	–	(496)
Transfer from Stage 2 to Stage 3	–	–	–	–
Transfer from Stage 3 to Stage 1	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated or purchased*	18,997,616	–	–	18,997,616
Changes in PDs/LGDs/EADs	136,794	–	–	136,794
Financial assets derecognized during the period	(3,712,224)	–	–	(3,712,224)
Fx and other movements	–	–	–	–
Total net P&L charge during the period	15,423,862	(1,676)	–	15,422,186
Other movements without P&L impact				
Write-offs, foreclosures and other movements	–	–	–	–
Total movements without P&L impact	–	–	–	–
Gross carrying amount as at December 31, 2019	23,565,221	–	–	23,565,221

** Stage classification of new financial assets originated pertains to the stage as of end of year*

While the Group recognizes through the statement of income the movements in the expected credit losses computed using the models, the Group also complies with BSP's regulatory requirement to appropriate a portion of its retained earnings at an amount necessary to bring to at least 1% the allowance for credit losses on loans (Note 24).

	Consolidated			Parent		
	2019	2018	2017	2019	2018	2017
Provision for Impairment and Credit Losses	₱2,570,168	₱141,076	₱754,171	₱2,205,062	(₱1,957)	₱423,922
Retained Earnings, appropriated	468,442	340,409	–	468,442	340,409	–
	₱3,038,610	₱481,485	₱754,171	₱2,673,504	₱338,452	₱423,922

17. DEPOSIT LIABILITIES

As of December 31, 2019 and 2018, 38.34% and 33.64% respectively, of the total deposit liabilities of the Group and 40.85% and 37.56% of the Parent Company are subject to periodic interest repricing. The remaining deposit liabilities bear annual fixed interest rates ranging from 0.13% to 4.55% in 2019, 0.13% to 4.55% in 2018 and 0.13% to 3.65% in 2017.

Interest Expense on Deposit Liabilities
This account consists of:

	Consolidated			Parent Company		
	2019	2018	2017	2019	2018	2017
Demand	₱242,838	₱257,380	₱233,984	₱189,776	₱182,521	₱163,524
Savings	6,356,024	3,490,378	1,120,422	6,247,134	3,429,446	1,072,849
Time	11,968,306	7,873,305	5,167,529	9,478,197	6,124,047	3,974,430
	₱18,567,168	₱11,621,063	₱6,521,935	₱15,915,107	₱9,736,014	₱5,210,803

BSP Circular No. 830 requires reserves against deposit liabilities. As of December 31, 2019 and 2018, Due from BSP amounting to ₱92.67 billion and ₱99.89 billion, respectively, for the Group and ₱80.61 billion and ₱93.09 billion, respectively, for the Parent Company were set aside as reserves for deposit liabilities per latest report submitted BSP. As of December 31, 2019 and 2018, the Group is in compliance with such regulation.

Long Term Negotiable Certificates of Deposits (LTNCD)
On August 3, 2016, the BOD of the Parent Company approved the issuance of Long Term Negotiable Certificates of Deposits (LTNCD) of up to ₱20.00 billion in tranches of ₱5.00 billion to ₱10.00 billion each and with tenors ranging from 5 to 7 years to support the Group's strategic initiatives and business growth. On October 27, 2016, the Monetary Board of the BSP approved the LTNCD issuances. On November 18, 2016, the Parent Company issued the first tranche at par with aggregate principal amount of ₱9.58 billion due May 18, 2022. The LTNCDs bear a fixed coupon rate of 3.65% per annum, payable quarterly in arrears. Subject to BSP rules, the Group has the option to pre–terminate the LTNCDs as a whole but not in part, prior to maturity and on any interest payment date at face value plus accrued interest covering the accrued and unpaid interest.

On June 2, 2017, the Parent Company issued at par LTNCDs with aggregate principal amount of ₱6.35 billion due December 22, 2022, representing the second tranche of the ₱20.00 billion.

On March 7, 2018, the Board of Directors approved the Bank's Peso funding program of up to ₱50 billion via a combination of Long–Term Negotiable Certificate of Time Deposit and/or Retail Bonds and/or Commercial Papers.

On July 12, 2018, the Parent Company issued at par LTNCDs with aggregate principal amount of 10.25 billion due January 12, 2024, representing the first tranche of the 20 billion LTNCD approved by BSP on June 14, 2018. The LTNCDs bear a fixed coupon rate of 4.55% per annum, payable quarterly in arrears. The ₱20.00 billion LTNCD program is part of the Group's funding program amounting to ₱50 billion.

The LTNCDs are included under the 'Time deposit liabilities' account.

18. BONDS PAYABLE

₱30 Billion Peso Fixed Rate Bonds
On July 10, 2019, the Parent Company issued ₱30 billion peso fixed rate bonds, which bears a fixed coupon rate of 5.70% per annum, payable monthly, and is due on January 2021. The Parent Company incurred transaction costs amounting to ₱257.73 million. In 2019, amortization of this transaction costs amounted to ₱81.86 million.

$150 Million Bonds Payable to IFC
On June 18, 2019, the Parent Company issued a $150 million, seven-year bond to International Finance Corporation. The bond carries an interest rate of 120 basis points over 6-month LIBOR.

Shortly thereafter, the Parent Company entered into a seven-year pay-fixed, receive-floating interest rate swap (see Note 26) with the same principal terms to hedge the exposure to variable cash flow payments on the floating-rate bonds payable attributable to interest rate risk (Note 6). The Parent Company incurred transaction costs amounting to 30.62 million. In 2019, amortization of this transaction costs amounted to ₱12.08 million.

The Bond Subscription Agreement contains certain financial covenants that the Parent Company should comply during the term of the Bond, including the following:

- Risk Weighted Capital Adequacy Ratio of not less than ten per cent (10%);
- Equity to Assets Ratio of not less than five per cent (5%);
- Aggregate Large Exposures Ratio of not more than four hundred per cent (400%);
- Open Credit Exposures Ratio of not more than twenty five per cent (25%);
- Fixed Assets Plus Equity Participations Ratio of not more than thirty five per cent (35%);
- Aggregate Foreign Exchange Risk Ratio of not more than twenty five per cent (25%);
- Single Currency Foreign Exchange Risk Ratio of not more than ten per cent (10%);
- Interest Rate Risk Ratio of not less than negative twenty five per cent (-25%) and not more than twenty five per cent (25%);
- Aggregate Interest Rate Risk Ratio of not less than negative fifty per cent (-50%) and not more than twenty per cent (20%);
- Open FX Position of not more than $50,000,000.

In addition, the Parent Company should also comply with the regulatory requirements related to Economic Group Exposure and Related Party Exposure set by the BSP or the Bond Subscription Agreement, whichever is more stringent.

Noncompliance of these obligations may require the Parent Company to pay the bond immediately. As of December 31, 2019, the Parent Company is in compliance with these covenants and regulatory requirements.

Interest expense on bonds payable amounted to ₱1.03 billion in 2019.

19. BILLS PAYABLE

The Group's and the Parent Company's bills payable consist of:

	Consolidated		Parent Company	
	2019	2018	2019	2018
Interbank loans payable	**₱21,867,053**	₱28,426,800	**₱21,867,053**	₱28,426,800
Trade finance	**6,152,153**	5,804,832	**6,152,153**	5,804,832
BSP rediscounting (Note 10)	**3,280,000**	4,132,800	**3,280,000**	4,132,800
Promissory Notes	**2,082,200**	1,462,100	**2,082,200**	1,462,100
	₱33,381,406	₱39,826,532	**₱33,381,406**	₱39,826,532

Interbank loans payable
Interbank loans payable consists of short–term dollar–denominated borrowings of the Parent Company with annual interest ranging from 1.30% to 3.15% and from 3.11% to 4.73% in 2019 and 2018, respectively.

As of December 31, 2019, the carrying amount of foreign currency–denominated investment securities at amortized cost pledged by the Parent Company as collateral for its interbank borrowings amounted to ₱9.00 billion. The carrying amount of peso–denominated investment securities at amortized cost pledged by the Parent Company as collateral for its interbank borrowings amounted to ₱10.39 billion. The fair value of investment securities at amortized cost pledged as collateral amounted to ₱19.71 billion as of December 31, 2019.

As of December 31, 2018, the carrying amount of foreign currency–denominated investment securities at amortized cost and FVOCI pledged by the Parent Company as collateral for its interbank borrowings amounted to ₱13.32 billion and ₱0.73 billion, respectively. The carrying amount of peso–denominated investment securities at amortized cost pledged by the Parent Company as collateral for its interbank borrowings amounted to ₱20.69 billion. The fair value of investment securities at amortized cost pledged as collateral amounted to ₱31.86 billion as of December 31, 2019.

As of December 31, 2019 and 2018, margin deposits amounting to ₱992.56 million and ₱930.82 million, respectively, are deposited with various counterparties to meet the collateral requirements for its interbank loans payable.

Trade finance
As of December 31, 2019 and 2018, trade finance consists of the Parent Company's borrowings from financial institutions using bank trade assets as the basis for borrowing foreign currency. The refinancing amount should not exceed the aggregate amount of trade assets.

20. ACCRUED INTEREST AND OTHER EXPENSES

This account consists of:

	Consolidated		Parent Company	
	2019	2018	2019	2018
Accrued interest payable	₱1,889,291	₱1,737,659	₱1,702,098	₱1,513,147
Accrued payable for employee benefits	1,651,271	958,643	1,651,271	958,643
Accrued taxes and other licenses	316,535	229,059	195,979	149,088
Accrued lease payable	–	198,759	–	198,759
Accrued other expenses payable	264,205	718,405	100,992	522,515
	₱4,121,302	₱3,842,525	₱3,650,340	₱3,342,152

21. OTHER LIABILITIES

This account consists of:

	Consolidated		Parent Company	
	2019	2018	2019	2018
Financial liabilities				
Lease liabilities	₱3,394,925	₱–	₱2,719,524	₱–
Accounts payable	3,221,353	3,426,924	2,178,540	2,248,710
Expected credit losses on off–balance sheet exposures	1,239,967	1,629,150	1,229,949	1,619,131
Due to PDIC	692,262	628,142	692,262	628,142
Other credits–dormant	447,346	241,720	447,346	241,720
Due to the Treasurer of the Philippines	435,287	386,930	416,444	378,871
Acceptances payable	413,149	348,738	413,149	357,832
Margin deposits	5,586	3,359	5,586	3,359
Miscellaneous (Note 23)	807,734	682,487	323,284	301,701
	10,657,609	7,347,450	8,426,084	5,779,4666
Nonfinancial liabilities				
Withholding taxes payable	341,901	325,508	296,613	270,346
Retirement liabilities (Note 25)	15,191	8,686	–	–
	357,092	334,194	296,613	270,346
	₱11,014,701	₱7,681,644	₱8,722,696	₱6,049,812

Movements in the lease liabilities account follows:

	2019	
	Consolidated	Parent Company
As of January 1, 2019	₱3,669,457	₱2,915,844
Additions	247,310	185,549
Interest expenses	265,539	207,744
Payments	(787,381)	(589,613)
Ending Balance	₱3,394,925	₱2,719,524

Accounts payable includes payables to suppliers and service providers, and loan payments and other charges received from customers in advance.

Off-balance sheet exposures (see Note 31) subject to ECL include syndicated and long-term lines. ECL for these exposures that was recognized on January 1, 2018 amounted to ₱1.67 billion for the Group and ₱1.61 billion for the Parent Company.

Miscellaneous mainly includes sundry credits, inter–office float items, and dormant deposit accounts.

22. OTHER OPERATING INCOME AND MISCELLANEOUS EXPENSES

Service Charges, Fees and Commissions
Details of this account are as follows:

	Consolidated			Parent Company		
	2019	2018	2017	2019	2018	2017
Service and collection charges:						
Deposits	₱510,517	₱606,051	540,323	₱510,517	₱606,051	₱539,941
Loans	806,509	303,817	276,054	46,967	47,397	34,758
Remittances	315,050	330,520	311,768	315,050	330,520	311,768
Others	252,254	109,290	112,725	228,734	107,652	99,116
	1,884,320	1,349,677	1,240,870	1,101,268	1,091,620	985,583
Fees and commissions	1,412,344	1,427,607	1,200,854	523,435	438,107	409,415
	₱3,296,674	₱2,777,283	2,441,724	₱1,624,703	₱1,529,727	1,394,998

Trading and Securities Gain – Net
This account consists of:

	Consolidated			Parent Company		
	2019	2018	2017	2019	2018	2017
Financial assets at FVOCI	₱269,478	(₱2,104)	₱–	₱240,310	(₱2,451)	₱–
AFS financial assets	–	–	363,350	–	–	340,351
Financial assets designated at FVPL (Note 9)	–	(36,766)	170,352	–	(40,831)	170,352
Held–for–trading (Note 9)	703,982	(224,583)	(55,257)	712,910	(224,583)	(55,257)
Derivative assets (Note 25)	(88,978)	(19,827)	(3,510)	(115,346)	(19,827)	(3,510)
Investment securities at amortized cost	–	11,728	–	–	11,728	–
HTM financial assets	–		5,025	–	–	5,025
	₱884,482	(₱271,552)	₱479,960	₱837,874	(₱275,964)	₱399,760

Miscellaneous Income
Details of this account are as follows:

	Consolidated			Parent Company		
	2019	2018	2017	2019	2018	2017
Bancassurance (Note 11)	₱303,454	₱357,786	₱360,009	₱300,664	₱ 357,786	₱360,009
Recovery of charged off assets	244,947	144,924	199,014	219,055	100,517	184,272
Rental on bank premises	121,507	111,572	111,651	88,848	80,388	83,911
Dividends (Note 9)	107,969	127,084	91,073	107,050	126,386	91,073
Fund transfer fees	52,976	49,171	59,682	52,976	49,171	59,682
Rental safety deposit boxes	28,987	26,341	24,933	28,987	26,341	24,825
Miscellaneous income (Notes 12, 13 and 15)	333,217	444,863	670,161	265,215	389,545	587,884
	₱1,193,057	₱1,261,741	₱1,516,523	₱1,062,795	₱1,130,134	₱1,391,656

On April 11, 2017, the BTr paid the Group the final tax withheld (FWT) from the proceeds of the Poverty Eradication and Alleviation Certificates (PEACe) bonds last October 18, 2011, plus 4.00% interest per annum from October 19, 2011 to April 10, 2017. Total settlement amount were paid in the form of 3–year Retail Treasury Bonds with interest of 4.25% per annum. The settlement resulted in gain amounting to ₱381.65 million and ₱356.77 million for the Group and Parent Company, respectively, which is presented under 'Miscellaneous income' in 2017.

Miscellaneous Expenses
Details of this account are as follows:

	Consolidated			Parent Company		
	2019	2018	2017	2019	2018	2017
Information technology	₱635,422	₱500,459	₱402,314	₱575,316	₱452,540	₱339,214
Service charges	207,782	231,895	219,430	206,754	231,895	219,430
Litigations	243,124	198,011	176,602	60,811	65,157	22,815
Freight	58,397	37,593	38,909	38,911	24,352	27,953
Broker's fee	27,370	35,843	39,129	27,370	31,891	39,128
Clearing and processing fee	15,331	22,024	21,252	15,331	17,355	16,320
Membership fees and dues	21,525	17,756	18,642	17,369	16,260	17,160
Miscellaneous expense	1,113,988	1,011,053	951,274	948,159	779,702	808,638
	₱2,322,939	₱2,054,634	₱1,867,552	₱1,890,021	₱1,619,152	₱1,490,658

23. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The following tables present both the Group's and Parent Company's assets and liabilities as of December 31, 2019 and 2018 analyzed according to when they are expected to be recovered or settled within one year and beyond one year from the respective reporting date:

	Consolidated					
	2019			2018		
	Within Twelve Months	Over Twelve Months	Total	Within Twelve Months	Over Twelve Months	Total
Financial assets						
Cash and other cash items	₱16,839,755	₱–	₱16,839,755	₱15,639,474	₱–	₱15,639,474
Due from BSP	100,174,398	–	100,174,398	101,889,773	–	101,889,773
Due from other banks	9,900,642	–	9,900,642	9,455,447	–	9,455,447
Interbank loans receivable and SPURA	17,036,460	–	17,036,460	11,998,040	–	11,998,040
Financial assets at FVPL	17,302,294	1,197,817	18,500,111	6,273,368	1,322,894	7,596,262
Financial assets at FVOCI	894,386	25,238,974	26,133,360	1,364,962	8,732,542	10,097,504
Investment securities at amortized cost	5,173,756	164,116,954	169,290,710	9,893,261	163,018,876	172,912,137
Loans and receivables – gross	167,801,401	410,027,636	577,829,037	166,260,382	346,629,390	512,889,772
Accrued interest receivable – gross	7,434,382	–	7,434,382	6,000,736	–	6,000,736
Other assets – gross	3,744,259	1,203,502	4,947,761	3,294,964	1,121,036	4,416,000
	346,301,733	601,784,883	948,086,616	332,070,407	520,824,738	852,895,145
Nonfinancial assets						
Bank premises, furniture, fixtures and equipment – net of accumulated depreciation and amortization	–	9,155,234	9,155,234	–	6,450,458	6,450,458
Investment properties – net of accumulated depreciation	–	5,466,196	5,466,196	–	6,064,835	6,064,835
Deferred tax assets	–	3,370,949	3,370,949	–	2,514,889	2,514,889
Investments in associates	–	704,169	704,169	–	335,092	335,092
Intangible assets	–	4,078,678	4,078,678	–	4,215,199	4,215,199
Goodwill	–	839,748	839,748	–	839,748	839,748
Other assets – gross	1,628,844	876,221	2,505,065	1,351,634	1,211,331	2,562,965
	1,628,844	24,491,195	26,120,039	1,351,634	21,631,552	22,983,186
Allowance for impairment and credit losses (Note 16)			(11,630,778)			(9,551,150)
Unearned discounts (Note 10)			(349,896)			(255,535)
			(11,980,674)			(9,806,685)
			₱962,225,981			₱866,071,646
Financial liabilities						
Deposit liabilities	764,810,192	10,617,669	775,427,861	682,760,286	39,363,010	722,123,296
Bills payable	33,381,406	–	33,381,406	39,826,532	–	39,826,532
Bonds payable	29,828,359	7,566,039	37,394,398			
Manager's checks	1,998,678	–	1,998,678	2,577,175	–	2,577,175
Accrued interest and other expenses*	2,153,496	–	2,153,496	2,098,994	352,335	2,451,329
Derivative liabilities	1,036,052	–	1,036,052	455,150	–	455,150
Derivative Contracts Designated as Hedges	51,949	–	51,949			
Other liabilities	10,657,609	–	10,657,609	6,110,225	1,213,812	7,324,037
	843,917,741	18,183,708	862,101,449	733,828,362	40,929,157	774,757,519
Nonfinancial liabilities						
Accrued interest and other expenses	316,535	1,651,271	1,967,806	161,542	1,229,654	1,391,196
Deferred tax liabilities	–	1,083,378	1,083,378	–	1,231,145	1,231,145
Income tax payable	540,662	–	540,662	477,585	–	477,585
Other liabilities	217,076	140,016	357,092	325,508	32,102	357,610
	₱844,992,014	₱21,058,373	₱866,050,387	₱734,792,997	₱43,422,058	₱778,215,055

*Accrued interest and other expenses include accrued interest payable and accrued other expenses payable (Note 19).

	Parent Company					
	2019			2018		
	Within Twelve Months	Over Twelve Months	Total	Within Twelve Months	Over Twelve Months	Total
Financial assets						
Cash and other cash items	₱14,856,844	₱–	₱14,856,844	₱13,705,304	₱–	₱13,705,304
Due from BSP	88,109,650	–	88,109,650	95,092,944	–	95,092,944
Due from other banks	8,645,547	–	8,645,547	7,837,894	–	7,837,894
SPURA	10,027,609	–	10,027,609	8,998,040	–	8,998,040
Financial assets at FVPL	17,246,285	1,197,817	18,444,102	5,366,903	1,322,894	6,689,797
Financial assets at FVOCI	410,565	23,760,064	24,170,629	1,059,474	7,153,536	8,213,010
Investment securities at amortized cost	4,645,719	160,668,554	165,314,273	6,852,074	157,187,330	164,039,404
Loans and receivables – gross	144,905,958	365,253,735	510,159,693	144,064,744	303,001,501	447,066,245
Accrued interest receivable – gross	6,565,736	–	6,565,736	5,171,374	–	5,171,374
Other assets – gross	2,137,322	235,049	2,372,371	1,773,527	224,035	1,997,562
	297,551,235	551,115,219	848,666,454	289,922,275	468,889,296	758,811,574
Nonfinancial assets						
Bank premises, furniture, fixtures and equipment – net of accumulated depreciation and amortization	–	7,468,646	7,468,646	–	5,265,386	5,265,386
Investment properties – net of accumulated depreciation	–	2,611,501	2,611,501	–	2,309,762	2,309,762
Deferred tax assets	–	2,287,956	2,287,956	–	1,739,219	1,739,219
Investments in subsidiaries	–	15,129,118	15,129,118	–	14,333,567	14,333,567
Investment in associates	–	704,169	704,169	–	335,092	335,092
Intangible assets	–	945,916	945,916	–	915,531	915,531
Goodwill	–	222,841	222,841	–	222,841	222,841
Other assets – gross	1,404,959	499,711	1,904,670	1,056,495	756,160	1,812,655
	1,404,959	29,869,858	31,274,817	1,056,495	25,877,558	26,934,053
Allowances for impairment and credit losses (Note 16)			(9,470,163)			(7,284,317)
Unearned discounts (Note 10)			(290,711)			(208,377)
			(9,760,874)			(7,492,694)
			₱870,180,397			₱778,252,935
Financial liabilities						
Deposit liabilities	687,530,863	233,590	687,764,453	606,235,158	32,008,204	638,243,362
Bills payable	33,381,406	–	33,381,406	39,826,532	–	39,826,532
Bonds payable	29,828,359	7,566,039	37,394,398			
Manager's checks	1,535,936	–	1,535,936	2,069,812	–	2,069,812
Accrued interest and other expenses*	1,803,090	–	1,803,090	2,035,662	–	2,035,662
Derivative liabilities	1,036,052	–	1,036,052	455,150	–	455,150
Derivative Contracts Designated as Hedges	51,949	–	51,949			
Other liabilities	8,426,083	–	8,426,083	5,779,467	–	5,779,467
	763,593,738	7,799,629	771,393,367	656,401,781	32,008,204	688,409,985
Nonfinancial liabilities						
Accrued interest and other expenses	195,979	1,651,271	1,847,250	149,088	1,157,402	1,306,490
Income tax payable	479,923	–	479,923	414,233	–	414,233
Other liabilities	296,613	–	296,613	270,346	–	270,346
	₱764,566,253	₱9,450,900	₱774,017,153	₱657,235,447	₱33,165,606	₱690,401,054

*Accrued interest and other expenses include accrued interest payable and accrued other expenses payable (Note 19).

24. EQUITY

The Parent Company's capital stock consists of (amounts in thousands, except for number of shares):

	2019		2018	
	Shares	**Amount**	**Shares**	**Amount**
Common stock – ₱10.00 par value				
Authorized – shares	3,300,000,000		3,300,000,000	
Issued and outstanding				
Balance at beginning of year	2,685,899,812	₱26,858,998	2,684,771,716	₱26,847,717
Stock rights	–	–	–	–
Additional issuance of shares	–	–	1,128,096	11,281
Stock dividends*	–	–	–	–
	2,685,899,812	₱26,858,998	2,685,899,812	₱26,858,998

*The stock dividends declared include fractional shares equivalent to 1,009 in 2018.

The Parent Company shares are listed in the Philippine Stock Exchange.

On June 7, 2017, the Parent Company and the Trust and Asset Management Group (on behalf of the CBC Employees Retirement Plan) entered into a subscription agreement whereas the latter will subscribe to 1,128,096 new common shares of the Parent Company at a subscription price per share equal to the higher between the closing price of the Parent Company's stock dividend or the par value of 10.00 per share.

On January 24, 2018, the BOD of the Parent Company, during a special board meeting, confirmed the issuance of the shares to CBC Employees Retirement Plan in accordance with the subscription agreement which was paid at a subscription price of ₱33.40 per share (closing price of the Group's shares at the Philippine Stock Exchange on October 20, 2018 which is the record date of the Parent Company's stock dividend).

The summarized information on the Parent Company's registration of securities under the Securities Regulation Code follows:

Date of SEC Approval	Authorized Shares*
April 12, 1991	100,000
October 7, 1993	150,000
August 30, 1994	200,000
July 26, 1995	250,000
September 12, 1997	500,000
September 5, 2005	1,000,000
September 14, 2007	1,600,000
September 5, 2008	2,000,000
August 29, 2014	2,500,000
September 29, 2018	3,300,000

** Restated to show the effects of the ten–for–one stock split in 2012*

As reported by the Parent Company's transfer agent, Stock Transfer Service, Inc., the total number of stockholders is 1,902 and 1,928 as of December 31, 2019 and 2018, respectively.

Dividends
Details of the Parent Company's cash dividend payments follow:

Cash Dividends

Date of Declaration	Date of Record	Date of Payment	Cash Dividend Per Share
May 02, 2019	May 17, 2019	May 31, 2019	0.88
May 03, 2018	May 17, 2018	June 01, 2018	0.83
May 04, 2017	May 18, 2017	June 02, 2017	0.80
May 05, 2016	May 23, 2016	June 03, 2016	1.00
May 07, 2015	August 12, 2015	September 09, 2015	1.00
May 08, 2014	September 19, 2014	October 15, 2014	1.00
May 02, 2013	July 19, 2013	August 14, 2013	1.20

Stock Dividends

Date of Declaration	Date of Record	Date of Payment	Stock Dividend Per Share
March 15, 2017	October 20, 2017	November 03, 2017	8%
May 05, 2016	May 23, 2016	June 03, 2016	8%
May 07, 2015	August 12, 2015	September 09, 2015	8%
May 08, 2014	September 19, 2014	October 15, 2014	8%
May 02, 2013	July 19, 2013	August 14, 2013	10%

Surplus
The computation of surplus available for dividend declaration in accordance with SEC Memorandum Circular No. 11 issued in December 2008 differs to a certain extent from the computation following BSP guidelines.

As of December 31, 2019 and 2018, surplus includes the amount of ₱1.28 billion, net of deferred tax liability of ₱547.40 million, representing transfer of revaluation increment on land which was carried at deemed cost when the Group transitioned to PFRS in 2005 (Note 12). This amount will be available to be declared as dividends upon sale of the underlying land.

In the consolidated financial statements, a portion of the Group's surplus corresponding to the net earnings of the subsidiaries and associates amounting to ₱1.02 billion and ₱1.64 billion as of December 31, 2019 and 2018, respectively, is not available for dividend declaration. The accumulated equity in net earnings becomes available for dividends upon declaration and receipt of cash dividends from the investees.

Reserves
In compliance with BSP regulations, 10.00% of the Parent Company's profit from trust business is appropriated to surplus reserve. This annual appropriation is required until the surplus reserves for trust business equals 20.00% of the Parent Company's authorized capital stock.

Upon adoption of PFRS 9, BSP requires appropriation of a portion of the Group's Retained Earnings at an amount necessary to bring to at least 1% the allowance for credit losses on loans (Note 16).

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes were made in the objectives, policies and processes as of December 31, 2019 and 2018.

Regulatory Qualifying Capital
Under existing BSP regulations, the determination of the Parent Company's compliance with regulatory requirements and ratios is based on the amount of the Parent Company's unimpaired capital (regulatory capital) as reported to the BSP. This is determined on the basis of regulatory accounting policies which differ from PFRS in some respects.

In addition, the risk–based capital ratio of a bank, expressed as a percentage of qualifying capital to risk–weighted assets (RWA), should not be less than 10.00% for both solo basis (head office and branches) and consolidated basis (Parent Company and subsidiaries engaged in financial allied undertakings but excluding insurance companies). Qualifying capital and RWA are computed based on BSP regulations. RWA consists of total assets less cash on hand, due from BSP, loans covered by hold–out on or assignment of deposits, loans or acceptances under letters of credit to the extent covered by margin deposits and other non–risk items determined by the Monetary Board of the BSP.

On August 4, 2006, the BSP, under BSP Circular No. 538, issued the prescribed guidelines implementing the revised risk–based capital adequacy framework for the Philippine banking system to conform to Basel II capital adequacy framework. The BSP guidelines took effect on July 1, 2007. Thereafter, banks were required to compute their CAR using these guidelines.

Standardized credit risk weights were used in the credit assessment of asset exposures. Third party credit assessments were based on ratings by Standard & Poor's, Moody's and Fitch, while PhilRatings were used on peso–denominated exposures to Sovereigns, MDBs, Banks, LGUs, Government Corporations, Corporates.

On January 15, 2013, the BSP issued Circular No. 781, Basel III Implementing Guidelines on Minimum Capital Requirements, which provides the implementing guidelines on the revised risk–based capital adequacy framework particularly on the minimum capital and disclosure requirements for universal banks and commercial banks, as well as their subsidiary banks and quasi–banks, in accordance with the Basel III standards. The circular took effect on January 1, 2014.

The Circular sets out a minimum Common Equity Tier 1 (CET1) ratio of 6.00% and Tier 1 capital ratio of 7.50%. It also introduces a capital conservation buffer of 2.50% comprised of CET1 capital. The BSP's existing requirement for Total CAR remains unchanged at 10.00% and this ratio shall be maintained at all times.

Further, existing capital instruments as of December 31, 2010 which do not meet the eligibility criteria for capital instruments under the revised capital framework shall no longer be recognized as capital upon the effectivity of Basel III. Capital instruments issued under BSP Circular Nos. 709 and 716 (the circulars amending the definition of qualifying capital particularly on Hybrid Tier 1 and Lower Tier 2 capitals), starting January 1, 2011 and before the effectivity of BSP Circular No. 781, shall be recognized as qualifying capital until December 31, 2017. In addition to changes in minimum capital requirements, this Circular also requires various regulatory adjustments in the calculation of qualifying capital.

The CAR of the Group and the Parent Company as of December 31, 2019 as reported to the BSP are shown in the table below.

	Consolidated		Parent Company	
	2019	2018	2019	2018
	(Amounts in Million Pesos)			
CET 1 Capital	₱92,758	₱84,726	₱89,999	₱81,957
Less: Regulatory Adjustments	11,492	10,492	19,496	17,208
	81,266	74,234	70,503	64,749
Additional Tier 1 Capital	–	–	–	–
Less: Regulatory Adjustments	–	–	–	–
	–	–	–	–
Net Tier 1 Capital	81,266	74,234	70,503	64,749
Tier 2 Capital	5,799	5,659	5,118	4,982
Less: Regulatory Adjustments	–	–	–	–
Net Tier 2 Capital	5,799	5,659	5,118	4,982
Total Qualifying Capital	₱87,067	₱79,893	₱75,621	₱69,731

	Consolidated		Parent Company	
	2019	2018	2019	2018
	(Amounts in Million Pesos)			
Credit RWA	**₱579,653**	₱565,777	**₱511,015**	₱498,030
Market RWA	**11,433**	5,154	**11,434**	5,204
Operational RWA	**45,623**	39,470	**36,385**	31,877
Total RWA	**₱636,709**	₱610,401	**₱558,834**	₱535,111
CET 1 capital ratio	**12.76%**	12.16%	**12.62%**	12.10%
Tier 1 capital ratio	**12.76%**	12.16%	**12.62%**	12.10%
Total capital ratio	**13.67%**	13.09%	**13.53%**	13.03%

The Parent Company has complied with all externally imposed capital requirements throughout the period.

The issuance of BSP Circular No. 639 covering the ICAAP in 2009 supplements the BSP's risk–based capital adequacy framework under Circular No. 538. In compliance with this circular, the Parent Company has adopted and developed its ICAAP framework to ensure that appropriate level and quality of capital are maintained by the Group. Under this framework, the assessment of risks extends beyond the Pillar 1 set of credit, market and operational risks and onto other risks deemed material by the Parent Company. The level and structure of capital are assessed and determined in light of the Parent Company's business environment, plans, performance, risks and budget, as well as regulatory edicts. BSP requires submission of an ICAAP document every March 31. The Group has complied with this requirement.

Leverage Ratio
On June 9, 2015, BSP issued circular No. 881, which approved the guidelines for the implementation of the Basel 3 Leverage Ratio in the Philippines. The Basel III Leverage Ratio is designed to act as a supplementary measure to the risk-based capital requirements. The leverage ratio intends to restrict the build-up of leverage in the banking sector to avoid destabilizing deleveraging processes which can damage the broader financial system and the economy. Likewise, it reinforces the risk-based requirements with a simple, non-risk based "backstop" measure. The Basel III leverage ratio is defined as the capital measure (the numerator) divided by the exposure measure (the denominator). The monitoring of the leverage ratio shall be implemented as a Pillar 1 minimum requirement effective on 1 July 2018.

The BLR of the Group and the Parent Company as of December 31, 2019 as reported to the BSP are shown in the table below.

	Consolidated		Parent Company	
	2019	2018	2019	2018
	(Amounts in Million Pesos)			
Tier 1 Capital	**₱81,266**	₱74,234	**₱70,503**	₱64,749
Exposure Measure	**975,329**	842,549	**871,678**	744,599
Leverage Ratio	**8.33%**	8.81%	**8.09%**	8.70%

Liquidity Coverage Ratio
On 18 February 2016, BSP issued circular no. 905 which approved the attached liquidity standards, which include guidelines on liquidity coverage ratio (LCR), and LCR disclosure standards that are consistent with the Basel III framework. Banks are required to adopt Basel III's Liquidity Coverage Ratio (LCR) aimed at strengthening the short-term liquidity position of banks. This requires banks to have available High Quality Liquid Assets (HQLA) to meet anticipated net cash outflow for a 30-day period under stress conditions. The standard prescribes that, under a normal situation, the value of the liquidity ratio be no lower than 100% on a daily basis because the stock of unencumbered HQLA is intended to serve as a defense against potential onset of liquidity stress. As of December 31, 2019 and 2018, the LCR in single currency is 127.65% and 111.73%, respectively, for the Group and 126.29% and 112.79%, respectively, for the Parent Company.

Net Stable Funding Ratio
On 24 May 2018, BSP issued circular no. 1007 which approved the implementing guidelines on the adoption of the Basel III Framework on Liquidity Standards - Net Stable Funding Ratio (NSFR). Banks are required to adopt Basel III's Net Stable Funding Ratio (NSFR) aimed to promote long-term resilience of banks against liquidity risk. Banks shall maintain a stable funding profile in relation to the composition of its assets and off-balance sheet activities. The NSFR complements the Liquidity Coverage Ratio (LCR), which promotes short-term resilience of a Bank's liquidity profile. As of December 31, 2019 and 2018, the NSFR is 121.31% and 117.43%, respectively, for the Group and 120.01% and 116.08%, respectively, for the Parent Company.

25. RETIREMENT PLAN

The Group has separate funded noncontributory defined benefit retirement plans covering substantially all its officers and regular employees. The retirement plans are administered by the Parent Company's Trust Group which acts as the trustee of the plans. Under these retirement plans, all covered officers and employees are entitled to cash benefits after satisfying certain age and service requirements. The latest actuarial valuation studies of the retirement plans were made as of December 31, 2019.

The Group's annual contribution to the retirement plan consists of a payment covering the current service cost, unfunded actuarial accrued liability and interest on such unfunded actuarial liability.

The amounts of net defined benefit asset in the balance sheets follow:

	Consolidated		Parent Company	
	2019	2018	**2019**	2018
Net plan assets (Note 15)	**₱543,471**	₱777,827	**₱499,711**	₱756,159
Retirement liabilities (Note 21)	**(15,191)**	(8,686)	**–**	–
	₱528,280	₱769,141	**₱499,711**	₱756,159

The movements in the defined benefit asset, present value of defined benefit obligation and fair value of plan assets follow:

	Consolidated											
	2019											
						Remeasurements in OCI						
		Net benefit cost										
	January 1, 2019	Current service cost	Net interest	Net pension expense*	Benefits paid	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from experience adjustments	Actuarial changes arising from changes in financial assumptions	Actuarial changes arising from changes in demographic assumptions	Changes in remeasurement gains (losses)	Contribution by employer	December 31, 2019
	(a)	(c)	(d)	(e) = c + d	(f)	(g)	(h)	(i)		(j) = g + h + i	(k)	(l) = a + b + e + f + j + k
Fair value of plan assets	₱4,859,249	₱-	₱347,965	₱347,965	(₱307,702)	(₱188,983)	₱–	₱–	₱–	(₱188,983)	₱629,871	₱5,340,401
Present value of defined benefit obligation	4,090,108	398,065	292,955	691,020	(307,702)	–	(48,548)	830,609	(443,366)	338,695	–	4,812,121
Net defined benefit asset	₱769,141	(₱398,065)	₱55,010	(₱343,055)	₱–	(₱188,983)	₱48,548	(₱830,609)	₱443,366	(₱527,678)	₱629,871	₱₱528,280

**Presented under Compensation and fringe benefits in the statements of income.*

	Parent Company											
	2018											
						Remeasurements in OCI						
		Net benefit cost										
	January 1, 2019	Current service cost	Net interest	Net pension expense*	Benefits paid	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from experience adjustments	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Changes in remeasurement gains (losses)	Contribution by employer	December 31, 2019
	(a)	(c)	(d)	(e) = c + d	(f)	(g)	(h)	(i)		(j) = g + h + i	(k)	(l) = a + b + e + f + j + k
Fair value of plan assets	₱4,868,423	₱–	₱272,914	₱272,914	(₱275,805)	(₱619,071)	₱–	₱–		(₱619,071)	₱612,788	₱4,859,249
Present value of defined benefit obligation	3,992,824	431,972	223,936	655,907	(275,805)	–	38,390	(321,209)		(282,819)		4,090,108
Net defined benefit asset	₱875,599	(₱431,972)	₱382,993	(₱382,994)	₱–	(₱619,071)	(₱38,390)	₱321,209		(₱336,252)	₱612,788	₱769,141

**Presented under Compensation and fringe benefits in the statements of income.*

	Parent Company												
	2019												
							Remeasurements in OCI						
	January 1, 2019	Net benefit cost: Current service cost	Net interest	Net pension expense*	Transfer from Affiliates	Benefits paid	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from experience adjustments	Actuarial changes arising from changes in financial assumptions	Actuarial changes arising from changes in demographic Assumptions	Changes in remeasurement gains (losses)	Contribution by employer	December 31, 2019
	(a)	(c)	(d)	(e) = c + d	(f)	(g)	(h)	(i)	(j)		(k) =f+g+h+i	(l)	(m) = a + b + e + f + j + k
Fair value of plan assets	₱4,467,637	₱–	₱319,436	₱319,436	₱–	(₱286,575)	(₱196,884)	₱–		₱–	(₱196,884)	₱480,000	₱4,783,615
Present value of defined benefit obligation	3,711,477	311,538	265,378	576,916	260	(286,575)	–	(29,515)	650,700	(339,360)	281,826		4,283,904
Net defined benefit asset	₱756,160	(₱311,538)	₱54,058	(₱257,480)	(₱260)	₱–	(₱196,884)	₱29,515	(₱650,700)	₱339,360	(₱478,710)	₱480,000	₱499,711

*Presented under Compensation and fringe benefits in the statements of income.

	Parent Company										
	2018										
						Remeasurements in OCI					
	January 1, 2019	Net benefit cost: Current service cost	Net interest	Net pension expense*	Benefits paid	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from experience adjustments	Actuarial changes arising from changes in financial assumptions	Changes in remeasurement gains (losses)	Contribution by employer	December 31, 2019
	(a)	(c)	(d)	(e) = c + d	(f)	(g)	(h)	(i)	(j) = g + h + i	(k)	(l) = a + b + e + f + j + k
Fair value of plan assets	₱4,558,199	₱–	₱255,259	₱255,259	(₱235,193)	(₱590,629)	₱–	₱–	(₱590,629)	₱480,000	4,467,637
Present value of defined benefit obligation	3,566,814	324,756	199,742	324,956	(235,193)	–	97,785	(245,646)	(147,861)	–	3,711,477
Net defined benefit asset	₱991,386	(₱324,756)	₱55,517	(₱69,697)	₱–	(₱590,629)	₱97,785	₱245,646	(₱442,768)	₱480,000	₱756,160

*Presented under Compensation and fringe benefits in the statements of income.

The Group and the Parent Company is recommended to contribute to its defined benefit pension plan in 2020 amounting to ₱134.13 million and ₱30.15 million, respectively.

In 2019 and 2018, the major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	Consolidated		Parent Company	
	2019	2018	2019	2018
Parent Company shares (Note 30)	25.06%	31.54%	28.58%	33.76%
Equity instruments	3.85%	23.83%	3.21%	21.76%
Cash and cash equivalents	0.99%	10.17%	0.82%	9.07%
Debt instruments	61.76%	19.39%	63.48%	19.39%
Other assets	7.80%	15.08%	3.91%	16.03%
	100.00%	100.00%	100.00%	100.00%

The following table shows the breakdown of fair value of the plan assets:

	Consolidated		Parent Company	
	2019	2018	2019	2018
Deposits in banks	₱52,757	₱560,672	₱39,407	₱399,395
Financial assets at FVPL				
Quoted debt securities	2,981,233	–	2,754,412	–
Quoted equity securities	205,620	868,381	153,330	839,145
Parent Company shares	1,367,210	–	1,367,210	–
Investments in unit investment trust fund	316,929	–	282,059	–
Financial assets at FVOCI				
Quoted debt securities	–	977,735	–	832,834
Quoted equity securities	–	46,101	–	15,023
Parent Company shares	–	1,487,360	–	1,487,360
Investments in unit investment trust fund	–	160,762	–	117,097
Corporate bonds	–	8,750	–	8,750
Loans and receivable	1,921	523,483	1,921	520,663
Investment properties*	162,323	162,323	162,323	162,323
Other assets	252,409	63,144	22,952	23,019
	₱5,340,402	₱4,858,711	₱4,783,614	₱4,405,609

* Investment properties comprise properties located in Manila.

The carrying value of the plan assets of the Group and Parent Company amounted to ₱5.34 billion and ₱4.81 billion, respectively, as of December 31, 2019, and ₱4.78 billion and ₱4.41 billion, respectively, as of December 31, 2019

The principal actuarial assumptions used in 2019 and 2018 in determining the retirement asset (liability) for the Group's and Parent Company's retirement plans are shown below:

		2019				
	Parent	CBSI	CIBI	CBC–PCCI	CBCC	CBSC
Discount rate:						
January 1	7.15%	7.27%	7.33%	7.33%	7.38%	7.40%
December 31	4.36%	4.47%	4.47%	4.76%	4.30%	4.24%
Salary increase rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

		2018				
	Parent	CBSI	CIBI	CBC–PCCI	CBCC	CBSC
Discount rate:						
January 1	5.60%	5.63%	5.82%	5.82%	5.85%	5.85%
December 31	7.15%	7.27%	7.33%	7.33%	7.38%	7.4%
Salary increase rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

The sensitivity analysis below has been determined based on the impact of reasonably possible changes of each significant assumption on the defined benefit liability as of the end of the reporting period, assuming all other assumptions were held constant:

December 31, 2019	Parent	CBSI	CIBI	CBC–PCCI	CBCC	CBSC
Discount rate						
(+1%)	(₱227,157)	(₱45,326)	(₱723)	(₱4,021)	(₱1,330)	(₱234)
(–1%)	325,654	58,726	1,065	9,049	1,628	297
Salary increase rate						
(+1%)	301,453	55,151	992	8,431	1,547	282
(–1%)	(218,813)	(43,755)	(705)	(3,918)	(1,296)	(228)

December 31, 2018	Parent	CBSI	CIBI	CBC–PCCI	CBCC	CBSC
Discount rate						
(+1%)	(₱84,696)	(₱28,746)	(₱469)	(₱1,980)	(₱1,001)	(₱206)
(–1%)	133,008	37,942	608	2,504	1,260	272
Salary increase rate						
(+1%)	126,701	36,802	598	2,443	1,236	268
(–1%)	(83,078)	(28,456)	(470)	(1,969)	(1,002)	(207)

The weighted average duration of the defined benefit obligation are presented below:

	December 31, 2019	December 31, 2018
Parent Company	9	13
CBSI	11	18
CIBI	11	19
CBC–PCCI	16	19
CBCC	8	23
CBSC	7	24

The maturity analyses of the undiscounted benefit payments as of December 31, 2019 and 2018 are as follows:

December 31, 2019	Parent	CBSI	CIBI	CBC–PCCI	CBCC	CBSC
1 year and less	₱1,010,732	₱10,639	₱–	₱3,192	₱–	₱–
More than 1 year to 5 years	1,245,756	70,231	5,084	32,698	–	–
More than 5 years to 10 years	2,559,422	305,122	9,295	20,648	–	1,381
More than 10 years to 15 years	2,557,933	726,316	5,788	107,204	–	–
More than 15 years to 20 years	4,691,189	896,080	7,612	118,326	106,708	3,986
More than 20 years	28,578,876	10,967,703	537,282	1,260,108	360,469	127,967

December 31, 2018	Parent	CBSI	CIBI	CBC–PCCI	CBCC	CBSC
1 year and less	₱1,020,830	₱9,552	₱1,578	₱538	₱–	₱–
More than 1 year to 5 years	1,112,345	81,367	1,306	17,652	–	–
More than 5 years to 10 years	2,349,644	210,666	10,410	36,531	5,015	–
More than 10 years to 15 years	2,537,302	715,066	5,796	54,937	–	–
More than 15 years to 20 years	4,117,126	972,734	–	141,549	103,091	3,741
More than 20 years	27,553,459	11,606,160	455,722	1,097,718	381,490	182,074

26. DERIVATIVE FINANCIAL INSTRUMENTS

Occasionally, the Parent Company enters into forward exchange contracts as an accommodation to its clients. These derivatives are not designated as accounting hedges.

As of December 31, 2019 and 2018, the aggregate notional amount of outstanding forwards and its weighted average rate are as follows:

		2019		2018	
		Notional Amount	Weighted Average Rate	Notional Amount	Weighted Average Rate
US Dollar					
	Buy	$548,790	₱51.52	$515,771	₱53.52
	Sell	$297,009	₱51.10	$313,379	₱51.41
Euro					
	Buy	€29,000	₱56.56	€127,100	₱59.95
	Sell	€17,709	₱55.88	–	–
Japanese Yen					
	Buy	¥2,189,180	₱0.46	–	–
Singapore Dollar					
	Sell	SGD541	₱37.66	–	–

The aggregate notional amounts of the outstanding buy US Dollar NDF as of December 31, 2019 and 2018 amounted to nil and US$40.00 million, respectively. The weighted average buy NDF rate as of December 31, 2018 is 52.93.

The aggregate notional amounts of the outstanding Futures as of December 31, 2019 and December 31, 2018 amounted to US$40 million and US$5 million, respectively.

The aggregate notional amounts of the outstanding IRS as of December 31, 2019 and 2018 amounted to ₱26.524 billion and ₱11.366 billion, respectively.

As of December 31, 2019 and 2018, the fair values of derivatives follow:

	2019		2018	
	Derivative Asset	Derivative Liability	Derivative Asset	Derivative Liability
Currency forwards	₱113,384	₱425,976	₱339,190	₱362,689
IRS	528,238	610,077	58,390	90,530
Futures	16,439	–	–	1,931
Warrants	9,889	–	10,268	–
	₱667,950	₱1,036,053	₱407,848	₱455,150

Fair Value Changes of Derivatives
The net movements in fair value changes of derivative instruments are as follows:

	2019	2018
Balance at beginning of year	**(₱47,303)**	₱66,053
Fair value changes during the year	326,366	(288,211)
Settled transactions	**(647,167)**	174,855
Balance at end of year	**(₱368,104)**	(₱47,303)

The net movements in the value of the derivatives are presented in the statements of income under the following accounts:

	2019	2018	2017
Foreign exchange gain (loss)	**(₱289,093)**	(₱82,585)	₱96,401
Trading and securities gain (loss)* (Note 21)	**(31,708)**	(30,771)	(3,437)
	(₱320,801)	(₱113,356)	₱92,964

*Net movements in the value related to embedded credit derivatives and IRS.

In 2019, the Parent Company established a monitoring process to properly account for the net movements in the value of foreign exchange contracts which pertain to funding and trading activities.

Funding activities pertain to activities undertaken by the Parent Company to obtain funds in one currency in exchange of another currency through the use of foreign exchange derivatives. For the year ended December 31, 2019, the account "Foreign exchange gains (losses)" in the statement of income consisted of the net movements in the value of foreign exchange contracts amounting to ₱402.93 million loss and ₱646.69 million gain for funding and trading activities, respectively.

Derivative contracts designated as hedges
In 2019, the Parent Company designated an interest rate swap contract (IRS) to hedge the cash flow variability of its floating rate bonds payable As of December 31, 2019, the fair value of the IRS designated as a hedging instrument amounted to ₱51.95 million with a notional amount of US$150.00 million.

The IRS designated as cash flow hedges has the same principal terms as the hedged bonds payable (Note 18). Accordingly, as of December 31, 2019, the Parent Company assessed that the hedging relationship is expected to be highly effective and no ineffective portion was recognized in profit or loss.

Net interest income on the derivative liabilities designated as hedges amounted to ₱14.27 million in 2019. Also, in 2019, the amount of gain or loss reclassified from the cash flow hedge reserve to profit or loss under net interest income amounted to ₱0.50 million.

27. LEASE CONTRACTS

The lease contracts are for periods ranging from one to 25 years from the dates of contracts and are renewable under certain terms and conditions. Various lease contracts include escalation clauses, most of which bear an annual rent increase of 5.00% to 10.00%.

Annual rentals on these lease contracts included in 'Occupancy cost' in the statements of income in 2018 and 2017 amounted to ₱844.24 million and ₱782.30 million, respectively, for the Group, and ₱541.24 million and ₱518.47 million, respectively, for the Parent Company.

As of December 31, 2018, future minimum rentals payable of the Group and the Parent Company under non–cancelable operating leases follow:

	Consolidated	Parent Company
Within one year	₱578,761	₱564,852
After one year but not more than five years	2,402,298	1,951,017
After five years	1,743,518	1,338,024
	₱4,724,577	₱3,853,894

The Group and the Parent Company have also entered into commercial property leases on its investment properties (Note 13).

Future minimum rentals receivable under noncancellable operating leases follow:

	Consolidated		Parent Company	
	2019	2018	2019	2018
Within one year	6,146	10,906	6,146	9,068
After one year but not more than five years	12,705	19,688	8,162	13,202
After more than five years	13,518	15,466	–	–
	32,369	46,060	14,308	22,270

28. INCOME AND OTHER TAXES

Income taxes include corporate income tax and FCDU final taxes, as discussed below, and final tax paid at the rate of 20.00% on gross interest income from government securities and other deposit substitutes. These income taxes, as well as the deferred tax benefits and provisions, are presented as ‘Provision for income tax’ in the statements of income.

Republic Act (RA) No. 9337, An Act Amending National Internal Revenue Code, provides that RCIT rate shall be 30.00% while interest expense allowed as a deductible expense is reduced to 33.00% of interest income subject to final tax.

An MCIT of 2.00% on modified gross income is computed and compared with the RCIT. Any excess MCIT over RCIT is deferred and can be used as a tax credit against future income tax liability for the next three years. In addition, the NOLCO is allowed as a deduction from taxable income in the next three years from the year of inception.

Effective in May 2004, RA No. 9294 restored the tax exemption of FCDUs and offshore banking units (OBUs). Under such law, the income derived by the FCDU from foreign currency transactions with nonresidents, OBUs, local commercial banks including branches of foreign banks is tax–exempt while interest income on foreign currency loans from residents other than OBUs or other depository banks under the expanded system is subject to 10.00% gross income tax.

Interest income on deposit placements with other FCDUs and OBUs is taxed at 7.50% (now 15% effective January 1, 2018), while all other income of the FCDU is subject to the 30.00% corporate tax.

Relevant Tax Updates

Republic Act 10963, The Tax Reform for Acceleration and Inclusion (TRAIN), is first package of the comprehensive tax reform program of the government. The bill was signed into law on December 19, 2018 and took effect on January 1, 2018, amending some provisions of the old Philippine tax system.

Except for resident foreign corporations, which is still subject to the existing rate of 7.5%, tax on interest income of foreign currency deposit was increased to 15% under TRAIN. Documentary stamp tax on bank checks, drafts, certificate of deposit not bearing interest, all debt instruments, bills of exchange, letters of credit, mortgages, deeds and others are now subjected to a higher rate.

RR 4-2011

On March 15, 2011, the Bureau of Internal Revenue (BIR) issued Revenue Regulations (RR) No. 4–2011 which prescribed the attribution and allocation of expenses between FCDUs/EFCDUs or OBU and RBU and within RBU.

On April 6, 2015, the Bank and other member banks of the Bankers Association of the Philippines (BAP), filed a Petition for Declaratory Relief with Application for Temporary Restraining Order (TRO) and/or Writ of Preliminary Injunction with the Regional Trial Court of Makati (Makati Trial Court). Further, in Civil Case No. 15-287, the Bank and other BAP member banks assailed the validity of RR 4-2011 on the ground, among others, that (a) the RR violates the petitioner-banks substantive due process rights; (b) it is not only illegal but also unfair; (c) that it serves as a deterrent to banks to invest in capital market transactions to the prejudice of the economy; (d) it sets a dangerous precedent for the disallowance of full deductions due to the prescribes method of allocation; and (e) it violates the equal protection clause of the Constitution.

On April 8, 2015, the Makati Trial Court issued a TRO enjoining the BIR from enforcing RR 4-2011. Also, on April 25, 2015, Makati Trial Court issued a Writ of Preliminary Injunction enjoining the BIR from enforcing, carrying out, or implementing in any way or manner RR 4-2011 against the Bank and other BAP member banks, including issuing Preliminary Assessment Notice or Final Assessment Notice against them during the pendency of the litigation, unless sooner dissolved.

On June 10, 2015, the Makati Trial Court issued a Confirmatory Order stating that the TRO and Writ of Preliminary Injunction also prohibits the BIR from ruling or deciding on any administrative matter pending before it in relation to the subject revenue regulations and insofar as the Bank and other BAP member banks are concerned.

On May 25, 2019, the Makati Trial Court issued a decision annulling RR 4-2011 and making the Writ of Preliminary Injunction permanent.

Current tax regulations also provide for the ceiling on the amount of entertainment, amusement and recreation (EAR) expense that can be claimed as a deduction against taxable income. Under the regulations, EAR expense allowed as a deductible expense is limited to the actual EAR paid or incurred but not to exceed 1.00% of the Parent Company's net revenue.

The provision for income tax consists of:

	Consolidated			Parent Company		
	2019	2018	2017	2019	2018	2017
Current						
Final tax	₱1,420,644	₱908,756	₱677,450	₱1,402,657	₱836,560	₱607,136
RCIT	962,712	1,070,191	977,968	680,187	926,792	829,109
MCIT	–	46,051	–	–	–	–
	2,383,356	2,024,998	1,655,418	2,082,844	1,763,352	1,436,245
Deferred	(870,707)	246,424	(166,241)	(405,124)	495,882	206,239
	₱1,512,649	₱2,271,422	₱1,489,177	₱1,677,720	₱2,259,234	₱1,642,484

The details of net deferred tax assets (liabilities) follow:

	Consolidated		Parent Company	
	2019	2018	2019	2018
Net deferred tax assets on:				
Allowance for impairment and credit losses	₱3,670,628	₱2,806,637	₱2,845,003	₱2,340,436
Revaluation Increment on land (Notes 11 and 22)	(547,405)	(547,405)	(547,405)	(547,405)
Fair value adjustments on asset foreclosure and dacion transactions - net of depreciated portion	271,947	346,238	23,376	25,437
Net defined benefit asset	(166,955)	(243,812)	(151,420)	(228,277)
Others	142,734	151,231	118,402	149,029
	₱3,370,949	₱2,514,889	₱2,287,956	₱1,739,220

Deferred tax liabilities of the Group arose mainly from fair value adjustments related to the acquisition of PDB and Unity Bank.

The Group did not set up deferred tax assets on the following temporary differences as it believes that it is highly probable that these temporary differences will not be realized in the near foreseeable future:

	Consolidated		Parent Company	
	2019	2018	2019	2018
Allowance for impairment and credit losses	₱1,684,183	₱2,809,469	₱–	₱163,062
Accrued compensated absences	57,182	–	–	–
NOLCO	–	329,959	–	–
Excess of MCIT over RCIT	83,204	46,122	–	–
Others	34,065	34,572	–	–
	₱1,858,634	₱3,220,122	₱–	₱163,062

As of December 31, 2019, details of the Subsidiary's NOLCO are as follows:

Inception Year	Original Amount	Used Amount	Expired Amount	Remaining Balance	Expiry Year
2016	₱–	₱–	₱–	₱–	2016
2017	–	–	–	–	2017
2018	288,559	288,559	–	–	2018
2019	–	–	–	–	2019
	₱288,559	₱288,559	₱–	₱–	

As of December 31, 2019, details of the excess of MCIT over RCIT of the Subsidiary follow:

Inception Year	Original Amount	Used Amount	Expired Amount	Remaining Balance	Expiry Year
2016	₱35,414	₱35,313	₱101	₱–	2016
2017	–	–	–	–	2017
2018	46,643	–	–	46,643	2018
2019	36,560	–	–	36,560	2019
	₱118,618	₱35,313	₱101	₱83,203	

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

	Consolidated			Parent Company		
	2019	2018	2017	**2019**	2018	2017
Statutory income tax	**₱3,476,286**	₱3,116,258	₱2,703,632	**₱3,524,004**	₱3,110,883	₱2,746,937
Tax effects of						
FCDU income	**(730,776)**	(250,305)	(498,029)	**(714,703)**	(252,809)	(496,062)
Non–taxable income	**(690,059)**	(984,372)	(939,179)	**(1,458,268)**	(895,392)	(837,850)
Interest income subjected to final tax	**(1,609,292)**	(318,857)	(279,914)	**(622,878)**	(276,675)	(266,103)
Nondeductible expenses	**1,439,020**	827,904	771,915	**1,244,697**	676,253	612,065
Others	**(372,530)**	(119,204)	(269,248)	**(295,132)**	(103,027)	(116,503)
Provision for income tax	**₱1,512,649**	₱2,271,424	₱1,489,177	**₱1,677,720**	₱2,259,233	₱1,642,484

29. TRUST OPERATIONS

Securities and other properties (other than deposits) held by the Parent Company in fiduciary or agency capacities for clients and beneficiaries are not included in the accompanying balance sheets since these are not assets of the Parent Company (Note 31).

In compliance with the requirements of current banking regulations relative to the Parent Company's trust functions : (a) government bonds included under HFT financial assets and financial assets at FVOCI with total face value of ₱1.87 billion and ₱1.78 billion as of December 31, 2019 and 2018, respectively, are deposited with the BSP as security for the Parent Company's faithful compliance with its fiduciary obligations (Note 9); and (b) a certain percentage of the Parent Company's trust fee income is transferred to surplus reserve. This yearly transfer is required until the surplus reserve for trust function equals 20.00% of the Parent Company's authorized capital stock.

30. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Group's related parties include:

- key management personnel, close family members of key management personnel and entities which are controlled, significantly influenced by or for which significant voting power is held by key management personnel or their close family members,
- significant investors
- subsidiaries, joint ventures and associates and their respective subsidiaries, and
- post–employment benefit plans for the benefit of the Group's employees.

The Group has several business relationships with related parties. Transactions with such parties are normally made in the ordinary course of business and based on the terms and conditions discussed below.

Transactions with Retirement Plans

Under PFRS, certain post–employment benefit plans are considered as related parties. The Group has business relationships with a number of its retirement plans pursuant to which it provides trust and management services to these plans. Income earned by the Group and Parent Company from such services amounted to ₱50.78 million and ₱44.70 million, respectively, in 2019, ₱47.60 million and ₱44.38 million, respectively, in 2018, and ₱42.89 million and ₱41.69 million, respectively, in 2017.

The Group's retirement funds may hold or trade the Parent Company's shares or securities. Significant transactions of the retirement fund, particularly with related parties, are approved by the Trust Investment Committee (TIC) of the Parent Company. The members of the TIC are directors and key management personnel of the Parent Company.

A summary of transactions with related party retirement plans follows:

	Consolidated		Parent Company	
	2019	2018	**2019**	2018
Deposits in banks	**₱52,757**	₱560,672	**₱39,407**	₱399,395
Financial assets at FVOCI	**1,367,210**	1,479,097	**1,367,210**	1,479,097
Dividend income	**48,126**	45,301	**48,126**	45,301
Interest income	**21,484**	16,882	**18,975**	13,311
Total market value of shares	**1,367,210**	1,479,097	**1,367,210**	1,479,097
Number of shares held	**₱54,688**	₱54,579	**₱54,688**	₱54,579

In 2017, dividend income and interest income of the retirement plan from investments and placements in the Parent Company amounted to ₱45.75 million and ₱2.07 million, respectively, for the Group, and ₱47.75 million and ₱1.52 million, respectively, for the Parent Company.

Financial assets at FVOCI represent shares of stock of the Parent Company. Voting rights over the Parent Company's shares are exercised by an authorized trust officer.

Remunerations of Directors and other Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The Group considers the members of the ManCom to constitute key management personnel for purposes of PAS 24.

Total remunerations of key management personnel are as follows:

	Consolidated			Parent Company		
	2019	2018	2017	**2019**	2018	2017
Short–term employee benefits	**₱550,767**	₱533,995	₱482,345	**₱468,271**	₱441,361	₱408,311
Post–employment benefits	**5,395**	5,064	2,501	**4,718**	4,418	2,501
	₱556,162	₱539,059	₱484,846	**₱472,989**	₱445,779	₱410,812

Members of the BOD are entitled to a per diem of ₱500.00 for attendance at each meeting of the Board or of any committees and to four percent (4.00%) of the Parent Company's net earnings, with certain deductions in accordance with BSP regulation. Non–executive directors do not receive any performance–related compensation. Directors' remuneration covers all Parent Company's Board activities and membership of committees and subsidiary companies.

The Group also provides banking services to directors and other key management personnel and persons connected to them. These transactions are presented in the tables below.

Other Related Party Transactions
Transactions between the Parent Company and its subsidiaries meet the definition of related party transactions. Transactions between the Group and its associated companies also qualify as related party transactions. Details of the Parent Company's subsidiaries and associate are disclosed in Notes 1 and 10.

Group
Related party transactions of the Group by category of related party are presented below.

	December 31, 2019		
Category	Amount / Volume	Outstanding Balance	Terms and Conditions
Significant Investor			
Loans and receivables	₱–	₱2,345,300	Partially secured Loans with interest rate of 2 – 5.12% and maturity of two to seven years.
Issuances	–	–	
Repayments	(4,421,200)	–	
Deposit liabilities	–	1,496	These are checking accounts with annual average rate of 0.13%.
Deposits	1,123	–	
Withdrawals	–	–	
Associate			
Deposit liabilities	–	300,620	These are savings accounts with annual average interest rates ranging from 0.25% to 1.00%.
Deposits	666,996	–	
Withdrawals	(532,748)	–	
Key Management Personnel			
Loans and receivables	–	427	Unsecured Officer's accounts from Credit card with interest of 3% and currently maturing and Fully secured OEL accounts with interest of 6%;Secured; no impairment; with annual fixed interest rates ranging from 0% to 5.50%
Issuances	–	–	
Repayments	(61)	–	
Deposit liabilities	–	78,763	These are checking, savings and time deposits with annual average interest rates ranging from 0.25% to 1.00%.
Deposits	255,582	–	
Withdrawals	(257,836)	–	
Other Related Parties			
Deposit liabilities	–	389,714	These are checking and savings accounts with annual average interest rates ranging from 0.13% to 1.00%.
Deposits	22,632,109	–	
Withdrawals	(22,523,755)	–	

		December 31, 2018	
Category	Amount / Volume	Outstanding Balance	Terms and Conditions
Significant Investor			
Loans and receivables		₱6,766,500	Partially secured Loans with interest rate of 2 – 5.12% and maturity of two to seven years.
Issuances	₱86,125,000		
Repayments	(2,350,000)		
Deposit liabilities		374	These are checking accounts with annual average rate of 0.13%.
Deposits	2,532,609		
Withdrawals	(2,532,493)		
Associate			
Deposit liabilities		166,372	These are savings accounts with annual average interest rates ranging from 0.25% to 1.00%.
Deposits	487,691		
Withdrawals	(399,123)		
Key Management Personnel			
Loans and receivables		488	Unsecured Officer's accounts from Credit card with interest of 3% and currently maturing and Fully secured OEL accounts with interest of 6%;Secured; no impairment; with annual fixed interest rates ranging from 0% to 5.50%
Issuances	388		
Repayments	(39,213)		
Deposit liabilities		79,241	These are checking, savings and time deposits with annual average interest rates ranging from 0.25% to 1.00%.
Deposits	406,225		
Withdrawals	(350,120)		
Other Related Parties			
Deposit liabilities		238,933	These are checking and savings accounts with annual average interest rates ranging from 0.13% to 1.00%.
Deposits	35,337,503		
Withdrawals	(35,165,054)		

Interest income earned and interest expense incurred from the above loans and deposit liabilities in 2019, 2018, and 2017 follow:

	Significant Investor			Associate		
	2019	2018	2017	2019	2018	2017
Interest income	₱46,906	₱42,601	₱169,706	₱–	₱–	₱–
Interest expense	2	3	61	655	168	1,849

	Key Management Personnel			Other Related Parties		
	2019	2018	2017	2019	2018	2017
Interest income	⁼26	₱7,921	₱17,102	₱–	₱–	₱–
Interest expense	1,952	2,121	47	2,376	2,129	69

Related party transactions of the Group with significant investor, associate and other related parties pertain to transactions of the Parent Company with these related parties.

Parent Company
Related party transactions of the Parent Company by category of related party, except those already presented in the Group disclosures, are presented below.

	December 31, 2019		
Category	Amount / Volume	Outstanding Balance	Nature, Terms and Conditions
Significant Investor			
Loans and receivables		₱2,345,300.00	Partially secured Loans with interest rate of 2 - 5.25% and maturity of two to seven years.
Issuances			
Repayments	(4,421,200.00)		
Deposit liabilities		1.496	These are checking accounts with annual average rate of 0.13%.
Deposits	1,123		
Withdrawals			
Subsidiaries			
Deposit liabilities		481,247	These are checking and savings accounts with annual average interest rates ranging from 0.13% to 1.00%.
Deposits	3,673,806		
Withdrawals	(3,306,898)		
Associate			
Deposit liabilities		300,538	These are savings accounts with annual average interest rates ranging from0.25% to 1.00%.
Deposits	666,995		
Withdrawals	(532,748)		
Key Management Personnel			
Loans and receivables		426.50	Unsecured Officer's accounts from Credit card with interest of 3% and currently maturing and Fully secured OEL accounts with interest of 6%
Issuances			
Repayments	(61.14)		
Deposit liabilities		27,009	These are savings account with annual average interest rates ranging from 0.25% to 1.00%.
Deposits	229,243		
Withdrawals	(216,803)		
Other Related Parties			
Deposit liabilities		168,085	These are checking and savings accounts with annual average interest rates ranging from 0.13% to 1.00%.
Deposits	22,528,359		
Withdrawals	(22,474,211)		

	December 31, 2018		
Category	Amount / Volume	Outstanding Balance	Nature, Terms and Conditions
Significant Investor			
Loans and receivables		₱6,766,500	These are secured loans with interest rate of 5.13% and maturity of four years; collateral includes shares of stocks with fair value of ₱28.44 billion
Issuances	86,125,000		
Repayments	(2,350,000)		
Deposit liabilities		374	These are checking accounts with annual average rate of 0.13%.
Deposits	2,532,609		
Withdrawals	(2,532,493)		

(Forward)

Category	Amount / Volume	Outstanding Balance	Nature, Terms and Conditions
	December 31, 2018		
Subsidiaries			
Deposit liabilities		₱114,339	These are checking and savings accounts with annual average interest rates ranging from 0.13% to 1.00%.
Deposits	3,668,567		
Withdrawals	(3,587,029)		
Associate			
Deposit liabilities		166,291	These are savings accounts with annual average interest rates ranging from0.25% to 1.00%.
Deposits	487,691		
Withdrawals	(399,123)		
Key Management Personnel			
Loans and receivables		488	Unsecured Officer's accounts from Credit card with interest of 3% and currently maturing and Fully secured OEL accounts with interest of 6%
Issuances	388		
Repayments	(39,213)		
Deposit liabilities		14,569	These are savings account with annual average interest rates ranging from 0.25% to 1.00%.
Deposits	365,236		
Withdrawals	(369,439)		
Other Related Parties			
Deposit liabilities			These are checking and savings accounts with annual average interest rates ranging from 0.13% to 1.00%.
Deposits	35,229,849	113,937	
Withdrawals	(35,167,475)		

In 2019 and 2017, the Parent Company sold its investment property to a related party for a total cash selling price of ₱382.33 million and ₱161.58 million, respectively, and recognized gain of ₱377.18 million and ₱142.61 million, respectively.

The related party transactions shall be settled in cash. There are no provisions for credit losses in 2019, 2018 and 2017 in relation to amounts due from related parties.

Interest income earned and interest expense incurred from the above loans and deposit liabilities in 2019, 2018 and 2017 follow:

	Subsidiaries			Associate		
	2019	2018	2017	2019	2018	2017
Interest expense	₱743	₱375	₱46	₱654	₱168	₱1,849

	Key Management Personnel			Other Related Parties		
	2019	2018	2017	2019	2018	2017
Interest income	₱26	₱11,277	₱46	₱–	₱–	₱–
Interest expense	36	19	47	210	131	69

	Significant Investor		
	2019	2018	2017
Interest income	₱46,906	42,601	₱169,706
Interest expense	2	3	61

Outright purchases and outright sale of debt securities of the Parent Company with its subsidiaries in 2019 and 2018 follow:

	Subsidiaries	
	2019	2018
Peso–denominated		
Outright purchase	₱3,390,547	₱817,030
Outright sale	854,135	4,246,628
Dollar – denominated (equity)		
Outright purchase	6,550	5,117
Outright sale	450	41,400

The following table shows the amount and outstanding balance of other related party transactions included in the financial statements:

	Subsidiaries		
	2019	2018	Nature, Terms and Conditions
Balance Sheet			
Accounts receivable	₱1,144	₱1,242	This pertains to various expenses advanced by CBC in behalf of CBSI
Security deposits	2,270	2,270	This pertains to the rental deposits with CBSI for office space leased out to the Parent Company
Accounts payable	12,941	4,858	This pertains to various unpaid rental to CBSI

	Subsidiaries			
	2019	2018	2017	Nature, Terms and Conditions
Income Statement				
Miscellaneous income	1,800	1,800	1,800	Human resources functions provided by the Parent Company to its subsidiaries (except CBC Forex and Unity Bank) such as recruitment and placement, training and development, salary and benefits development, systems and research, and employee benefits. Under the agreementbetween the Parent Company and its subsidiaries, the subsidiaries shall pay the Parent Company an annual fee
Occupancy cost	20,067	19,937	24,532	Certain units of the condominium owned by CBSI are being leased to the Parent Company for a term of five years, with no escalation clause
Miscellaneous expense	222,414	204,749	193,651	This pertains to the computer and general banking services provided by CBC–PCCI to the Parent Company to support its reporting requirements

31. COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

In the normal course of the Group's operations, there are various outstanding commitments and contingent liabilities which are not reflected in the accompanying financial statements. Management does not anticipate any material losses as a result of these transactions.

There are several suits, assessments or notices and claims that remain contested. Management believes, based on the opinion of its legal counsels, that the ultimate outcome of such suits, assessments and claims will not have a material effect on the Group's and the Parent Bank's financial position and results of operations.

32. SEGMENT INFORMATION

The Group's operating businesses are recognized and managed separately according to the nature of services provided and the markets served, with each segment representing a strategic business unit.

The Group's business segments are as follows:

a. Lending Business – principally handles all the lending, trade finance and corollary banking products and services offered to corporate and institutional customers as well as selected middle market clients. It also handles home loans, contract–to–sell receivables, auto loans and credit cards for individual and/or corporate customers. Aside from the lending business, it also provides cash management services and remittance transactions;
b. Retail Banking Business – principally handles retail and commercial loans, individual and corporate deposits, overdrafts and funds transfer facilities, trade facilities and all other services for retail customers;

c. Financial Markets – principally provides money market, trading and treasury services, manages the Group's funding operations by the use of government securities, placements and acceptances with other banks as well as offers advisory and capital–raising services to corporate clients and wealth management services to high–net–worth customers; and

d. Others – handles other services including but not limited to trust and investment management services, asset management, insurance brokerage, credit management, thrift banking business, operations and financial control, and other support services.

The Group's businesses are organized to cater to the banking needs of market segments, facilitate customer engagement, ensure timely delivery of products and services as well as achieve cost efficiency and economies of scale. Accordingly, the corresponding segment information for all periods presented herein are restated to reflect such change.

The Group reports its primary segment information to the Chief Operating Decision Maker (CODM) on the basis of the above–mentioned segments. The CODM of the Group is the President.

Segment assets are those operating assets that are employed by a segment in its operating activities that are either directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Segment liabilities are those operating liabilities that result from the operating activities of a segment and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Interest income is reported net as management primarily relies on the net interest income as performance measure, not the gross income and expense.

The segment results include internal transfer pricing adjustments across business units as deemed appropriate by management. Transactions between segments are conducted at estimated market rates on an arm's length basis. Interest is charged/credited to the business units based on its assets' and liabilities' repricing or maturity date using market-based yield curve approved by the Asset Liability Committee (ALCO).

Other operating income mainly consists of trading and securities gain (loss) – net, service charges, fees and commissions, trust fee income and foreign exchange gain – net. Other operating expense mainly consists of compensation and fringe benefits, provision for impairment and credit losses, taxes and licenses, occupancy, depreciation and amortization, stationery, supplies and postage and insurance. Other operating income and expense are allocated between segments based on equitable sharing arrangements.

The Group has no significant customers which contributes 10.00% or more of the consolidated revenues.

The Group's asset producing revenues are located in the Philippines (i.e., one geographical location); therefore, geographical segment information is no longer presented.

The following tables present relevant financial information regarding business segments measured in accordance with PFRS as of and for the years ended December 31, 2019, 2018 and 2017:

	Lending Business			Retail Banking Business		
	2019	2018	2017	2019	2018	2017
Results of Operations						
Net interest income						
Third party	**₱24,613,498**	₱19,034,015	₱13,876,995	**(₱5,338,849)**	(₱871,505)	₱855,933
Intersegment	**(18,388,536)**	(12,956,205)	(8,438,704)	**18,020,023**	11,763,393	7,915,744
	6,224,962	6,077,810	5,438,291	**12,681,174**	10,891,888	8,771,677
Other operating income	**2,281,689**	1,794,959	1,317,298	**2,209,567**	1,619,591	1,465,962
Total revenue	**8,506,651**	7,872,769	6,755,589	**14,890,741**	12,511,479	10,237,639
Other operating expense	**(5,608,740)**	(1,559,750)	(2,294,490)	**(10,229,225)**	(7,138,661)	(6,536,859)
Income before income tax	**2,897,911**	6,313,019	4,461,099	**4,661,516**	5,372,818	3,700,780
Provision for income tax	**(45,149)**	210,176	236,856	**(419,750)**	–	–
Net income	**₱2,852,762**	₱6,523,195	₱4,697,955	**₱4,241,766**	₱5,372,818	₱3,700,780
Total assets	**₱438,731,372**	₱376,187,705	299,052,197	**₱516,900,229**	₱471,540,704	₱431,622,883
Total liabilities	**5,042,977**	4,819,787	1,171,742	**569,897,912**	499,955,967	444,030,414
Depreciation and amortization	**54,477**	73,475	61,988	**1,185,539**	437,201	378,597
Provision for impairment and credit losses	**₱1,836,780**	(₱328,404)	₱668,360	**₱443,621**	₱103,780	₱238,645
Capital expenditures	**₱29,405**	₱66,105	₱63,136	**₱177,348**	₱148,179	₱118,378

	Financial Markets			Other Business and Support Units		
	2019	2018	2017	2019	2018	2017
Results of Operations						
Net interest income						
Third party	**₱3,462,384**	₱4,028,486	₱1,661,494	**3,314,262**	₱735,190	₱3,231,981
Intersegment	**1,041,115**	(434,176)	1,124,033	**(672,602)**	1,626,988	(601,073)
	4,503,499	3,594,310	2,785,527	**2,641,660**	2,362,178	2,630,908
Other operating income	**1,994,224**	522,523	879,737	**1,945,309**	1,721,223	2,438,697
Total revenue	**6,497,723**	4,116,833	3,665,264	**4,586,969**	4,083,401	5,069,605
Other operating expense	**(1,853,424)**	(916,021)	(1,264,773)	**(5,203,073)**	(8,582,524)	(6,619,867)
Income before income tax	**4,644,299**	3,200,812	2,400,491	**(616,104)**	(4,499,123)	(1,550,262)
Provision for income tax	**(1,240,335)**	(730,643)	(547,624)	**192,584**	(1,750,955)	(1,178,409)
Net income	**₱3,403,964**	₱2,470,169	₱1,852,867	**(₱423,520)**	(₱6,250,078)	(₱2,728,671)
Total assets	**₱230,368,926**	₱170,463,397	₱168,052,729	**(₱223,774,548)**	(₱152,120,166)	(₱147,280,299)
Total liabilities	**₱118,786,174**	₱88,040,610	₱140,321,883	**₱172,323,323**	185,398,689	82,267,974
Depreciation and amortization	**₱52,328**	₱49,433	₱41,852	**₱650,316**	₱737,576	₱735,052
Provision for impairment and credit losses	**₱92,689**	₱51,689	₱–	**₱197,078**	₱314,011	(₱152,834)
Capital expenditures	**₱8,542**	₱60,838	₱63,795	**₱209,829**	₱299,388	₱389,402

	Total		
	2019	2018	2017
Results of Operations			
Net interest income			
Third party	₱26,051,295	₱22,926,186	₱19,626,403
Intersegment	–	–	–
	26,051,295	22,926,186	19,626,403
Other operating income	8,430,789	5,658,296	6,101,694
Total revenue	34,482,084	28,584,482	25,728,097
Other operating expense	(22,894,462)	(18,196,956)	(16,715,989)
Income before income tax	11,587,622	10,387,526	9,012,108
Provision for income tax	(1,512,650)	(2,271,422)	(1,489,177)
Net income	₱10,074,972	₱8,116,104	₱7,522,931
Total assets	₱962,225,979	₱866,071,640	₱751,447,510
Total liabilities	₱866,050,386	₱778,215,053	₱667,792,013
Depreciation and amortization	₱1,942,660	₱1,297,685	₱1,217,489
Provision for impairment and credit losses	₱2,570,168	₱141,076	₱754,171
Capital expenditures	₱425,124	₱574,510	₱634,711

The Group's share in net income of an associate included in other operating income amounting to ₱184.66 million, ₱101.01 million and ₱73.13 million in 2019, 2018 and 2017, respectively are reported under 'Other Business and Support Units'.

33. EARNINGS PER SHARE

Basic EPS amounts are calculated by dividing the net income for the year by the weighted average number of common shares outstanding during the year (adjusted for stock dividends).

The following reflects the income and share data used in the basic earnings per share computations:

	2019	2018	2017
a. Net income attributable to equity holders of the parent	₱10,068,960	₱8,110,379	₱7,513,972
b. Weighted average number of common shares outstanding (Note 23)	2,685,900	2,685,826	2,581,182
c. EPS (a/b)	₱3.75	₱3.02	₱2.91

As of December 31, 2019, 2018 and 2017, there were no outstanding dilutive potential common shares.

34. SUPPLEMENTARY INFORMATION FOR CASH FLOW ANALYSIS

The following is a summary of certain non–cash investing activities that relate to the analysis of the statements of cash flows:

	Consolidated		
	2019	2018	2017
Addition to investment properties from settlement of loans	₱832,290	₱523,343	₱579,089
Fair value gain in AFS financial assets	892,644	(451,786)	158,946
Cumulative translation adjustment	98,830	(52,900)	(15,970)
Addition to chattel mortgage from settlement of loans	618,298	626,182	559,283

	Parent Company		
	2019	2018	2017
Addition to investment properties from settlement of loans	₱471,020	₱240,680	₱126,652
Fair value gain in AFS financial assets	670,487	(381,791)	113,020
Cumulative translation adjustment	81,518	(58,792)	(16,197)
Addition to chattel mortgage from settlement of loans	10,332	20,135	10,824

The following table shows the reconciliation analysis of liabilities arising from financing activities for the period ended December 31, 2019:

	2019	2018
Balance at beginning of year	₱39,826,532	₱20,118,031
Cash flows during the year		
Proceeds	180,468,980	184,568,424
Settlement	**(147,998,921)**	(171,215,735)
Non–cash changes		
Foreign exchange movement	**(1,319,934)**	4,132,800
Amortization of transaction cost	**(200,852)**	2,223,012
Balance at end of year	₱70,775,804	₱39,826,532

35. OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

The amendments to PFRS 7 require the Group to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreements or similar arrangements. The effects of these arrangements are disclosed in the succeeding table.

December 31, 2019						
				Effects of remaining rights of set–off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		
Financial instruments recognized at end of reporting period by type	**Gross carrying amounts (before offsetting)**	**Gross amounts offset in accordance with the offsetting criteria**	**Net amount presented in statements of financial position [a–b]**	**Financial instruments**	**Fair value of financial collateral**	**Net exposure [c–d]**
	[a]	[b]	[c]	[d]		[e]
Financial assets						
SPURA	₱5,447,293	₱–	₱5,447,293	₱5,447,293	₱5,447,293	₱–
Currency forwards	101,067	–	101,067	10,786	–	90,281
IRS	2,082	–	2,082	15	–	2,067
	₱5,550,442	₱–	₱5,550,442	₱5,458,094	5,447,293	₱92,348
Financial liabilities						
Bills payable	₱21,867,053	₱–	₱21,867,053	₱19,385,705	₱19,706,128	₱2,160,925
Currency forwards	278,942	–	278,942	37,058		241,883
IRS	44,355	–	44,355	10,786	–	33,569
	₱22,190,350	₱–	₱22,190,350	₱19,433,549	19,706,128	₱2,436,378

Financial instruments recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a–b]	Effects of remaining rights of set–off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria: Financial instruments	Fair value of financial collateral	Net exposure [c–d]
	December 31, 2018					
	[a]	[b]	[c]	[d]		[e]
Financial assets						
SPURA	₱7,000,000	₱–	₱7,000,000	₱7,000,000	₱7,000,000	₱–
Currency forwards	129,322	–	129,322	33,933		95,389
IRS	28,198	–	28,198	3,481		24,717
	₱7,157,525	₱–	₱7,157,525	₱7,037,414	₱7,000,000	₱120,106
Financial liabilities						
Bills payable	₱27,372,201	₱–	₱27,372,201	₱34,689,129	₱32,547,479	₱–
Currency forwards	52,249	–	52,249	33,933		18,316
IRS	20,963	–	20,963	4,481		16,482
	₱27,445,413	₱–	₱27,445,413	₱34,727,543	₱32,547,479	₱35,798

The amounts disclosed in column (d) include those rights to set–off amounts that are only enforceable and exercisable in the event of default, insolvency or bankruptcy. These include amounts related to financial collateral both received and pledged, whether cash or non–cash collateral, excluding the extent of over–collateralization.

36. APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying consolidated and parent company financial statements were authorized for issue by the Parent Company's BOD on February 26, 2020.

37. SUPPLEMENTARY INFORMATION REQUIRED UNDER BSP CIRCULAR 1074

Presented below is the supplementary information required by BSP under Appendix 55 of BSP Circular 1074 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

Basic quantitative indicators of financial performance
The following basic ratios measure the financial performance of the Group and the Parent Company:

	Consolidated			Parent Company		
	2019	2018	2017	2019	2018	2017
Return on average equity	11.04%	9.54%	10.01%	11.04%	9.54%	10.01%
Return on average assets	1.10%	1.04%	1.12%	1.22%	1.17%	1.27%
Net interest margin	3.39%	3.56%	3.60%	3.26%	3.42%	3.41%

Description of capital instruments issued

None to report.

Significant credit exposures

The BSP considers that loan concentration exists when the total loan exposure to a particular industry or economic sector exceeds 30.00% of total loan portfolio. As of December 31, 2019 and 2018, the Parent Company does not have credit concentration in any particular industry.

Status of loans

Information on the amounts of performing and non-performing loans and receivables (gross of allowance for impairment and credit losses) of the Group and Parent Company are as follows:

	Consolidated					
	2019			2018		
	Performing	Non-Performing	Total	Performing	Non-Performing	Total
Loans and discounts						
Corporate and commercial lending	₱454,852,808	₱4,690,104	₱459,542,912	₱408,396,312	₱3,259,100	₱411,655,412
Consumer lending:						
Housing	69,504,381	2,427,211	71,931,592	57,632,786	1,650,827	59,283,613
Auto	22,155,296	702,476	22,857,772	21,339,654	593,380	21,933,034
Credit Card	1,209,616	304,222	1,513,838	1,178,929	269,362	1,448,291
Others	10,061,522	327,756	10,389,278	4,299,580	139,926	4,439,506
Trade-related lending	10,954,527	242,392	11,196,919	13,794,546	23,319	13,817,865
Others*	42,358	4,471	46,829	51,815	4,701	56,516
	₱568,780,508	₱8,698,632	₱577,479,140	₱506,693,622	₱5,940,615	₱512,634,237

	Parent Company					
	2019			2018		
	Performing	Non-Performing	Total	Performing	Non-Performing	Total
Loans and discounts						
Corporate and commercial lending	₱432,104,596	₱2,229,449	₱434,334,045	₱380,318,161	₱1,086,188	₱381,404,349
Consumer lending:						
Housing	53,033,152	1,908,416	54,941,568	41,893,098	1,147,000	43,040,098
Auto	7,956,005	185,153	8,141,158	8,086,688	107,934	8,194,622
Credit Card	1,209,616	304,222	1,513,838	1,178,928	269,361	1,448,289
Others	1,463	–	1,463	1,521		1,521
Trade-related lending	10,666,662	235,906	10,902,568	12,914,287	23,319	12,937,606
Others*	34,340	1	34,341	39,489	271	39,760
	₱505,005,834	₱4,863,147	₱509,868,981	₱444,432,172	₱2,634,073	₱447,066,245

Loans per security

As of December 31, 2019 and 2018, secured and unsecured non–performing loans (NPLs) of the Group and the Parent Company follow:

	Consolidated		Parent Company	
	2019	2018	2019	2018
Secured	₱3,177,507	₱2,771,745	₱935,742	₱493,929
Unsecured	5,521,125	3,173,971	3,927,405	2,140,143
	₱8,698,632	₱5,945,716	₱4,863,147	₱2,634,072

According to BSP Circular 941, *Amendments to the Regulations on Past Due and Non–Performing Loans* effective January 1, 2018, loans shall be considered non–performing, even without any missed contractual payments, when it is considered impaired under existing accounting standards, classified as doubtful or loss, in litigation, and/or there is evidence that full repayment of principal and interest is unlikely without foreclosure of collateral, if any. All other loans, even if not considered impaired, shall be considered non–performing if any principal and/or interest are unpaid for more than ninety (90) days from contractual due date, or accrued interests for more than ninety (90) days have been capitalized, refinanced, or delayed by agreement.

Secured liability and assets pledged as security

As of December 31, 2019, the carrying amount of foreign currency–denominated investment securities at amortized cost pledged by the Parent Company as collateral for its interbank borrowings amounted to ₱9.00 billion. The carrying amount of peso–denominated investment securities at amortized cost pledged by the Parent Company as collateral for its interbank borrowings amounted to ₱10.39 billion. The fair value of investment securities at amortized cost pledged as collateral amounted to ₱19.71 billion as of December 31, 2019.

As of December 31, 2018, the carrying amount of foreign currency–denominated investment securities at amortized cost and FVOCI pledged by the Parent Company as collateral for its interbank borrowings amounted to ₱13.32 billion and ₱0.73 billion, respectively. The carrying amount of peso–denominated investment securities at amortized cost pledged by the Parent Company as collateral for its interbank borrowings amounted to ₱20.69 billion. The fair value of investment securities at amortized cost pledged as collateral amounted to ₱31.86 billion as of December 31, 2019.

Related party loans

As required by the BSP, the Group discloses loan transactions with its and affiliates and investees and with certain directors, officers, stockholders and related interests (DOSRI). Under existing banking regulations, the limit on the amount of individual loans to DOSRI, of which 70.00% must be secured, should not exceed the regulatory capital or 15.00% of the total loan portfolio, whichever is lower. These limits do not apply to loans secured by assets considered as non–risk as defined in the regulations.

BSP Circular No. 423, dated March 15, 2004, amended the definition of DOSRI accounts. The following table shows information relating to the loans, other credit accommodations and guarantees classified as DOSRI accounts under regulations existing prior to said Circular, and new DOSRI loans, other credit accommodations granted under said Circular:

	Consolidated			
	2019		2018	
	DOSRI Loans	**Related Party Loans (inclusive of DOSRI Loans)**	DOSRI Loans	Related Party Loans (inclusive of DOSRI Loans)
Total outstanding DOSRI loans	₱3,782,090	₱53,032,123	₱10,273,436	₱39,862,519
Percent of DOSRI/Related Party loans to total loan portfolio	0.65%	9.18%	2.00%	7.77%
Percent of unsecured DOSRI/Related Party loans to total loan portfolio	5.16%	75.00%	1.78%	68.57%
Percent past due DOSRI/Related Party loans to total loan portfolio	–	–	–	–
Percent of non–performing DOSRI/Related Party loans to total loan portfolio	–	–	–	–

	Parent			
	2019		2018	
	DOSRI Loans	**Related Party Loans (inclusive of DOSRI Loans)**	DOSRI Loans	Related Party Loans (inclusive of DOSRI Loans)
Outstanding DOSRI loans	₱3,775,723	₱52,200,773	₱10,268,296	₱39,535,110
Percent of DOSRI/Related Party loans to total loan portfolio	0.74%	10.23%	2.30%	8.84%
Percent of unsecured DOSRI/Related Party loans to total loan portfolio	5.16%	76.16%	1.77%	69.12%
Percent past due DOSRI/Related Party loans to total loan portfolio	–	–	–	–
Percent of non–performing DOSRI/Related Party loans to total loan portfolio	–	–	–	–

The amounts of loans disclosed for related parties above differ with the amounts disclosed for key management personnel since the composition of DOSRI is more expansive than that of key management personnel.

BSP Circular No. 560 provides that the total outstanding loans, other credit accommodation and guarantees to each of the bank's/quasi–bank's subsidiaries and affiliates shall not exceed 10.00% of the net worth of the lending bank/quasi–bank, provided that the unsecured portion of which shall not exceed 5.00% of such net worth. Further, the total outstanding loans, credit accommodations and guarantees to all subsidiaries and affiliates shall not exceed 20.00% of the net worth of the lending bank/quasi–bank; and the subsidiaries and affiliates of the lending bank/quasi–bank are not related interest of any director, officer and/or stockholder of the lending institution, except where such director, officer or stockholder sits in the BOD or is appointed officer of such corporation as representative of the bank/quasi–bank.

On May 12, 2009, BSP issued Circular No. 654 allowing a separate individual limit of twenty–five (25.00%) of the net worth of the lending bank/quasi–bank to loans of banks/quasi–banks to their subsidiaries and affiliates engaged in energy and power generation.

Commitments and contingencies

The following is a summary of contingencies and commitments of the Group and the Parent Company with the equivalent peso contractual amounts:

	Consolidated		Parent Company	
	2019	2018	2019	2018
Trust department accounts (Note 28)	₱169,339,175	₱133,806,226	₱169,339,175	₱133,806,226
Committed credit lines	46,506,112	122,804,833	46,506,112	122,280,671
Unused commercial letters of credit (Note 29)	18,227,610	20,978,009	18,110,275	20,829,020
Foreign exchange bought	30,941,342	37,359,690	30,941,342	37,359,690
Foreign exchange sold	18,229,910	24,678,551	18,229,910	24,678,551
Credit card lines	11,048,767	12,568,703	11,048,767	12,568,703
IRS receivable	26,523,850	11,366,980	26,523,850	11,366,980
Outstanding guarantees issued	1,022,261	944,262	688,045	420,100
Inward bills for collection	4,423,799	2,563,604	4,423,799	2,563,604
Standby credit commitment	2,200,316	3,149,787	2,200,316	3,149,787
Spot exchange sold	11,965,938	3,624,709	11,965,938	3,624,709
Spot exchange bought	10,896,547	3,247,995	10,896,547	3,247,995
Deficiency claims receivable	285,745	287,647	285,745	287,647
Late deposits/payments received	525,953	495,347	492,597	458,675
Outward bills for collection	88,197	55,135	86,344	53,211
Others	37,114	1,846	36,951	1,694

38. SUPPLEMENTARY INFORMATION REQUIRED UNDER RR NO. 15–2010

In compliance with the requirements set forth by RR No. 15–2010, hereunder are the details of percentage and other taxes paid or accrued by the Parent Company in 2019.

Gross receipts tax	₱1,722,992
Documentary stamps tax	1,322,819
Local taxes	76,196
Fringe benefit tax	13,669
Others	20,173
Balance at end of year	₱3,155,849

Withholding Taxes
Details of total remittances of withholding taxes in 2019 and amounts outstanding as of December 31, 2019 are as follows:

	Total remittances	Amounts outstanding
Final withholding taxes	₱3,362,053	₱261,612
Withholding taxes on compensation and benefits	555,303	31,699
Expanded withholding taxes	149,719	10,235
	₱4,067,075	₱303,546

China Bank Branches

102-4, 102-6

MAKATI MAIN BRANCH (HO)
CBC Bldg., 8745 Paseo de Roxas
cor. Villar Sts., Makati City
Trunkline: 8885-5555
(Private Exchange Connecting All Departments)
Fax Nos.: 8892-0220; 8817-1325

BINONDO BUSINESS CENTER
CBC Bldg., Dasmariñas
cor. Juan Luna Sts., Binondo, Manila
Trunklines: 8247-5388; 8885-5222
(Private Exchange Connecting All Departments)
Fax Nos.: 8241-7058; 8242-7225

METRO MANILA

A. BONIFACIO-MAUBAN
G/F Urban Oasis Residences,
423-431., A. Bonifacio Ave.,
Brgy. San Jose, Quezon City
Tel. Nos.: 8282-1991; 8282-1994
Fax Nos.: 8282-1994

ALABANG HILLS
G/F RBC-MDC, Corporate Center,
Don Jesus Blvd., Alabang Hills Village,
Muntinlupa City
Tel. Nos.: 8877-8567; 8877-8604
Fax No.: 8877-8604

ALVARADO
Alvarado St., Binondo, Manila
Tel. Nos.: 8562-3863; 8562-3866
Fax No.: 8562-3866

ANONAS
Anonas corner Marang Streets,
Brgy. Quirino, Project 2, Quezon City
Tel. No.: 8277-9397
Fax No.: 8277-9378

ANTIPOLO CITY
G/F Budget Lane Arcade,
No. 6, Provincial Road
Brgy. San Jose, Antipolo City, Rizal
Tel. Nos.: 8650-3277; 8650-2087
8695-1509
Fax No.: 8650-2640

ANTIPOLO CITY-TAKTAK
Sumulong Highway corner Taktak Road,
Brgy. Dela Paz, Antipolo City, Rizal
Tel. Nos.: 8721-6320; 8721-6087
Fax No.: 8721-6316

ANTIPOLO-SUMULONG HIGHWAY
No. 219 Sumulong Highway,
Brgy. Mambugan, Antipolo City, Rizal
Tel. Nos.: 8632-7573; 8655-8087
Fax No.: 8632-7309

ARANETA AVE.
Philippine Whithasco Bldg.
420 Araneta Avenue cor. Bayani St.,
Quezon City
Tel. Nos.: 8731-2252; 8731-2261
8732-4153; 8731-2243
8410-6753
Fax No.: 8410-3026

ARNAIZ AVE.
United Life Assurance Building,
A. Arnaiz Ave. (Pasay Road), Makati City
Tel. Nos.: 8541-1506; 8541-1552
Fax No.: 8541-1506

ARRANQUE
Don Felipe Building
675 Tomas Mapua St., Sta. Cruz, Manila
Tel. Nos.: 8733-3477; 8734-4777
8733-7704; 8733-8335
8733-8336; 8733-8337
8733-8338; 8733-8339
8733-8340; 8734-4497
8734-4501; 8734-4506
Fax No.: 8733-3481

AURORA BLVD.-NEW MANILA
Aurora Blvd., Brgy. Valencia,
Quezon City
Tel. Nos.: 8727-4192; 8727-4171
Fax No.: 8727-4171

ASUNCION
Units G6 & G7 Chinatown Steel Towers,
Asuncion St., San Nicolas, Manila
Tel. Nos.: 8241-2311; 8241-2352
8241-2359; 8241-2361
Fax No.: 8241-2352

AYALA-ALABANG
G/F, CBC Bldg., Acacia Ave.,
Madrigal Business Park,
Ayala Alabang, Muntinlupa City
Tel. Nos.: 8807-0673; 8807-0674
8850-3785; 8850-9640
8850-8888
Fax No.: 8850-8670

AYALA AVE.-AMORSOLO
G/F Teleperformance Bldg.
Ayala Ave., Makati City
Tel. Nos.: 8541-7348; 8541-5958
Fax No.: 8541-5958

AYALA-COLUMNS
G/F The Columns Tower 3,
Ayala Avenue, Makati City
Tel. Nos.: 7915-3672; 7915-3673
7915-3674; 7915-3675
Fax No.: 7915-3672

AYALA MALLS-MANILA BAY
Level 2 Ayala Malls Manila Bay,
D. Macapagal Ave., Parañaque City
Tel. Nos.: 8352-7758; 8292-4576
Fax No.: 8352-7758

BACLARAN-F.B. HARRISON
BAGPI Main Bldg., 2935 F.B. Harrison
cor. Ortigas St., Pasay City
Tel. No.: 8838-5038
Fax No.: 8838-5038

BALINTAWAK-BONIFACIO
657 A. Bonifacio Avenue
Balintawak, Quezon City
Tel. Nos.: 8361-3449; 8361-7825
8362-3660; 8361-0450
Fax No.: 8361-0199

BALUT
North Bay Shopping Center Honorio
Lopez Boulevard, Balut, Tondo, Manila
Tel. Nos.: 8253-9921; 8253-9929
8253-9620; 8251-1182
8251-1186
Fax No.: 8253-9917

BANAWE BRANCH
CBC Bldg., 680 Banawe Avenue,
Sta. Mesa Hts. District I, Quezon City
Tel. Nos.: 8743-7486; 8743-7488
8711-8694; 3416-7028
3416-7030
Fax No.: 8743-7487

BANAWE-CALAMBA
119 Banawe St. corner Calamba St.
Quezon City
Tel. No.: 8732-1060; 8740-4864
Fax No.: 8740-4864

BEL-AIR
2/F Saville Bldg., Gil Puyat Ave.
cor. Paseo de Roxas St., Makati City
Tel. Nos.: 8897-2212; 8899-4186
8899-0685
Fax No.: 8890-4062

BEL-AIR-JUPITER
Buendia Car Exchange, Jupiter Street,
Makati City
Tel. Nos.: 8403-5970; 8403-6062
Fax No.: 8403-6062

BETTER LIVING SUBD.
128 Doña Soledad Ave., Parañaque City
Tel. Nos.: 8556-3467; 8556-3468
8556-3470
Fax No.: 8556-3470

BF HOMES
Aguirre cor. El Grande Aves.,
United BF Homes, Parañaque City
Tel. Nos.: 8825-6138; 8825-6891
8825-6828
Fax No.: 8825-5979

BF HOMES-AGUIRRE
Margarita Centre, Aguirre Ave.
corner Elsie Gaches Street,
BF Homes, Parañaque City
Tel. Nos.: 7799-4707; 7799-4942
8659-3359; 8659-3360
Fax No.: 8659-3359

BF RESORT VILLAGE
BF Resort Drive cor. Gloria Diaz St.,
BF Resort Village, Talon Dos,
Las Piñas City
Tel. Nos.: 8873-4542; 8873-4541
8873-4540
Fax No.: 8873-4543

BGC-ICON PLAZA
G/F Icon Plaza Bldg.,
25th cor 5th Sts. Bonifacio South,
Fort Bonifacio Global City, Taguig City
Tel. Nos.: 8777-1943; 8800-1474
Fax No.: 8777-1943

BGC-ONE WORLD PLACE
G/F One World Place, 32nd Avenue,
Fort Bonifacio Global City, Taguig City
Tel. Nos.: 8869-6309; 8843-2448
Fax No.: 8843-2448

BGC- W TOWER
G/F W Tower 39th St., North Bonifacio
Triangle BGC, Taguig City,1634
Tel. Nos.: 8552-3311; 8551-9072
Fax No.: 8551-9072

BGC- WORLD PLAZA
G/F (Unit 5) World Plaza, L4B5 E-Square
Information Technology Park,
Crescent Park West, 5th Avenue,
Bonifacio Global City, Taguig City
Tel. Nos.: 8541-3447; 8541-4220
Fax No.: 8541-4220

BINANGONAN
National Highway, Bo. Tagpos,
Binangonan, Rizal
Tel. Nos.: 8669-1530; 8669-1659
Fax No.: 8669-1530

BLUMENTRITT
1777-1781 Cavite corner Leonor
Rivera St., Blumentritt, Sta. Cruz, Manila
Tel. Nos.: 8742-0254; 8711-8589
Fax No.: 8711-8541

BO. KAPITOLYO
G/F P&E Building, 12 United corner
First Sts. Bo. Kapitolyo, Pasig City
Tel. Nos.: 8634-8370; 8634-8915
8634-3697
Fax No.: 8634-7504

BONNY SERRANO
G/F Greenhills Garden Square,
297 Col. Bonny Serrano Ave.,
Quezon City
Tel. Nos.: 3410-0677; 8997-8043
8997-8031
Fax No.: 3410-0677

CAINTA
CBC Bldg., (Beside Sta. Lucia East Mall)
Felix Ave. (Imelda Ave.), Cainta, Rizal
Tel. Nos.: 8646-0691; 8646-0693
8645-9974; 8682-1795
Fax No.: 8646-0050

CAINTA-POBLACION
A. Bonifacio Ave., Poblacion,
Cainta, Rizal
Tel. No.: 8637-1935
Fax No.: 8637-6634

CAPITOL HILLS
G/F 88 Design Pro Building
Capitol Hills, Old Balara, Quezon City
Tel. Nos.: 8952-7776; 8952-7805
8952-7804
Fax No.: 8952-7806

CIRCUIT MAKATI
Level 3, Ayala Mall, Circuit Makati,
Hippodromo St., Brgy. Carmona,
Makati City
Tel. Nos.: 8403-8301; 8403-8302
Fax No.: 8403-8302

CENTURY CITY-KNIGHTSBRIDGE
Unit 17 & 18, Knightsbridge Residences
Century City, Kalayaan Ave., Makati City
Tel. Nos.: 8866-3937; 8866-3803
Fax No.: 8866-3937

COMMONWEALTH AVENUE
LGF, Ever Gotesco Mall,
Commonwealth Center
Commonwealth Avenue corner
Don Antonio Road, Quezon City
Tel. Nos.: 8932-0818; 8932-0820
3431-5000; 3431-5001
Fax No.: 8932-0822

COMMONWEALTH AVE. EXT.-CASA MILAN
ALX Center Building, Commonwealth
Ave. Ext., North Fairview, Quezon City
Tel. No.: 8463-5714
Fax No.: 8463-5714

CONGRESSIONAL AVENUE
G/F, Unit C The Arete Square,
Congressional Ave., Project 8,
Quezon City
Tel. Nos.: 8351-8648; 8351-8645
8351-8646
Fax No.: 8454-7383

CONGRESSIONAL AVE. EXTENSION-MIRA NILA
CBC Bldg., Congressional Ave. Ext.,
Quezon City
Tel. Nos.: 8932-2372; 8932-2370
Fax No.: 8932-2370

CONGRESSION AVE.-PROJECT 8
159 Congressional Ave.,
Brgy. Bahay Toro, Project 8, Quezon City
Tel. Nos.: 8365-1737; 8365-1748
Fax No.: 8365-1737

CORINTHIAN HILLS
G/F The Clubhouse, Corinthian Hills,
Temple Drive, Brgy. Ugong Norte,
Quezon City
Tel. Nos.: 8637-3170; 8637-3180
8637-1915
Fax No.: 8637-1905

CUBAO-ARANETA
Level 2, Ali Mall, Araneta City,
Cubao, Quezon City
Tel. Nos.: 8911-2369; 8911-2370
8438-3830; 8438-3832
8911-2397
Fax No.: 8911-8416

CUBAO-AURORA
911 Aurora Boulevard Extension corner
Miami Street, Cubao, Quezon City
Tel. Nos.: 8912-5164; 8912-5157
8913-4675; 8913-4676
8911-3524
Fax No.: 8912-5167

CUBAO-P. TUAZON
No. 287 P. Tuazon Ave. near corner
18th Avenue, Brgy. San Roque,
Cubao, Quezon City
Tel. Nos.: 8911-5896; 8911-8416
Fax No.: 8911-8416

CULIAT- TANDANG SORA
G/F Royal Midway Plaza,
No. 419, Tandang Sora Ave.
Brgy. Culiat, 1128 Quezon City
Tel. Nos.: 8288-2575; 8288-5114
Fax No.: 8288-2575

D. TUAZON
148 D. Tuazon St., Brgy. Lourdes,
Sta. Mesa Heights, Quezon City
Tel. Nos.: 8731-2516; 8731-2508
Fax No.: 8731-0592

DAMAR VILLAGE
Clubhouse, Damar Village, Quezon City
Tel. Nos.: 8442-3581; 8367-5517
Fax No.: 8367-5517

DASMARIÑAS VILLAGE
2283 Pasong Tamo Ext. corner
Lumbang Street, Makati City
Tel. Nos.: 8894-2392; 8894-2393
8813-2958
Fax No.: 8894-2355

DILIMAN-MATALINO
J&L Building, #23 Matalino Street,
Diliman, Quezon City
Tel. Nos.: 8936-8729; 8937-5004
Fax No.: 8937-5004

DIVISORIA-STA. ELENA
New Divisoria Condominium Center
632 Sta. Elena St., Binondo, Manila
Tel. Nos.: 8247-1435; 8247-1436
8247-1437
Fax No.: 8247-1436

DON ANTONIO
G/F Royale Place, Don Antonio Ave.,
Brgy. Old Balara, Quezon City
Tel. Nos.: 8932-9477; 8952-9678
8952-9354
Fax No.: 8952-9344

DEL MONTE AVENUE
No. 497 Del Monte Ave.
Bgry. Manresa, Quezon City
Tel. Nos.: 3413-2826; 3413-2825
8961-8828
Fax No.: 8361-1101

DEL MONTE-MATUTUM
No. 202 Del Monte Avenue near corner
Matutum St., Brgy St. Peter,
Quezon City
Tel. Nos.: 8731-2535; 8731-2571
8413-2118; 8416-7791
Fax No.: 8416-7791

E. RODRIGUEZ-ACROPOLIS
G/F Suncrest Building,
E. Rodriguez Jr. Ave., Quezon City
Tel. Nos.: 8654-3607; 8654-3586
Fax No.: 8654-3586

E. RODRIGUEZ-CORDILLERA
No. 291 (G/F Units 285 & 287)
E. Rodriguez Sr. Blvd.,
Brgy. Doña Josefa, Quezon City
Tel. Nos.: 8257-1512; 8256-5292
Fax No.: 8257-1512

E. RODRIGUEZ-HILLCREST
No. 402 E. Rodriguez Sr. Blvd.
Cubao, Quezon City
Tel. Nos.: 8571-8927; 8571-8928
8571-8929
Fax No.: 8571-8927

E. RODRIGUEZ SR. BLVD.
CBC Bldg., #286 E. Rodriguez Sr. Blvd.,
Brgy. Damayang Lagi, Quezon City
Tel. Nos.: 3416-3166; 8722-5860
8722-5893
Fax No.: 8726-2865

EASTWOOD CITY
Unit D, Techno Plaza One,
Eastwood City Cyberpark, E. Rodriguez
Jr. Ave., (C-5) Bagumbayan, Quezon City
Tel. Nos.: 8706-3491; 8706-3493
8706-1979; 8706-3320
8706-3448
Fax No.: 8706-1979

EASTWOOD CITY FELINA CORPORATE PLAZA
G/F Felina Corporate Plaza,
#5 Eastwood Ave., Eastwood City,
Quezon City
Tel. Nos.: 8275-5541; 8275-5434
Fax No.: 8275-5541

EDSA-KALOOKAN
No. 531 (Lot 5 Block 30) EDSA
near corner Biglang Awa Street,
Kalookan City
Tel. Nos.: 8442-4338; 8442-4339
8442-4340
Fax No.: 8442-4339

EDSA-TIMOG AVE.
G/F Richwell Corporate Center,
102 Timog Ave., Brgy. Sacred Heart,
Quezon City
Tel. Nos.: 8441-5225, 8441-5226,
8441-5227, 3412-9878
Fax No.: 8441-5228

ELCANO
G/F Elcano Tower, Elcano Street,
San Nicolas, Manila
Tel. Nos.: 8244-6760; 8244-6765
8244-6779
Fax No.: 8244-6760

ERMITA
Ground Floor A, Ma. Natividad Bldg.,
#470 T. M. Kalaw cor. Cortada Sts.,
Ermita, Manila
Tel. Nos.: 8525-6477; 8536-7794
8525-6544; 8523-0074
8523-9862
Fax No.: 8525-8137

ESCOLTA
Burke Building, Escolta corner Burke
Streets, Binondo, Manila
Tel. Nos.: 8363-1734; 8365-5408
Fax No.: 8363-1734

ESPAÑA
España cor. Valencia Sts.,
Sampaloc, Manila
Tel. Nos.: 8741-9572; 8741-6209
8741-6208; 8741-9565
Fax No.: 8741-6207

EXAMINER
No. 1525 Quezon Ave.
cor. Examiner St., West Triangle,
Quezon City
Tel. Nos.: 8376-3313; 8376-3314
8376-3317; 8376-3318
Fax No.: 8376-3314

EVANGELISTA
Evangelista corner Gen. Estrella Sts.,
Bangkal, Makati City
Tel. Nos.: 7759-5095; 7759-5096
8856-0434; 8856-0433
Fax No.: 7759-5096

FAIRVIEW
G/F Angelenix House, Fairview Ave.
corner Camaro St., Quezon City
Tel. Nos.: 8937-5597; 8938-9636
8937-8086; 8461-3004
Fax No.: 8937-8086

FAIRVIEW TERRACES
LGF Fairview Terraces, Quirino Highway
corner Maligaya Drive, Brgy. Pasong
Putik, Novaliches, Quezon City
Tel. Nos.: 8285-5956; 8285-6058
Fax No.: 8285-5956

FILINVEST CORPORATE CITY
G/F Wilcon Depot, Alabang-Zapote road
cor. Bridgeway Ave., Filinvest Corporate
City, Alabang, Muntinlupa
Tel. Nos.: 8775-0097; 8775-0126
8842-1993; 8775-2198
Fax No.: 8775-0322

FILINVEST CORP. CITY-COMMERCENTER
G/F Commercenter Alabang,
Commerce Ave. cor. Filinvest Ave.,
Filinvest Corporate City, Alabang,
Muntinlupa City
Tel. Nos.: 8805-0824; 8805-0827
Fax No.: 8805-0146

FILINVEST CORP. CITY-NORTHGATE
G/F Aeon Centre Building, Northgate
Cyberzone, Filinvest Corporate City,
Alabang, Muntinlupa City
Tel. Nos.: 8776-1985; 8551-5569
Fax No.: 8776-1985

FIVE E-COM CENTER
G/F Five E-com Center, Harbor Drive,
MOA Complex, Pasay City
Tel. Nos.: 8815-1883; 8815-1884
8815-1887
Fax No.: 8815-1883

FORT BONIFACIO GLOBAL CITY
G/F Marajo Tower, 26th Street
cor. 4th Avenue, Fort Bonifacio
Global City, Taguig City
Tel. Nos.: 7799-9072; 7799-9074
8856-4416; 8856-4891
8856-5196
Fax No.: 8856-4416

GEN. LUIS-KATIPUNAN
CBC Bldg., Gen. Luis St. corner
Katipunan SB Road, Brgy. Nagkaisang
Nayon, Novaliches, Quezon City
Tel. Nos.: 8285-5664; 8285-5665
Fax No.: 8285-5665

GIL PUYAT AVENUE
Mitsu Bldg., No. 65 Sen. Gil Puyat Ave.,
Brgy. Palanan, Makati City
Tel. Nos.: 8844-0492; 8844-0494
8844-0688; 8844-0690
Fax No.: 8844-0497

GIL PUYAT-ELIZABETH PLACE
G/F Elizabeth Place,
Gil Puyat Ave., Makati City
Tel. Nos.: 8776-0502; 8776-3234
Fax No.: 8766-0502

GIL PUYAT AVE.-REPOSO
No. 331 Gil Puyat Ave., Makati City
Tel. Nos.: 8541-3739; 8541-3735
Fax No.: 8541-3735

GREENBELT 1
G/F Greenbelt 1, Legaspi Street near
corner Paseo de Roxas, Makati City
Tel. Nos.: 8836-1387; 8836-1405
8836-1406
Fax No.: 8836-1406

GREENHILLS
G/F Gift Gate Bldg., Greenhills Shopping
Center, San Juan, Metro Manila
Tel. Nos.: 8727-2798; 8724-5078
Fax No.: 8727-9520

GREENHILLS-ANNAPOLIS
Mercedes 1 Condominium, Annapolis
St., Greenhills, San Juan, Metro Manila
Tel. Nos.: 8470-3385; 8470-3380
Fax No.: 8470-3380

GREENHILLS-CONNECTICUT
G/F Missouri Square Bldg., Missouri cor.
Connecticut St., Northeast Greenhills,
San Juan, Metro Manila
Tel. Nos.: 8997-3452; 8997-3455
Fax No.: 8997-3452

GREENHILLS-ORTIGAS
CBC Bldg., 14 Ortigas Avenue
Greenhills, San Juan, Metro Manila
Tel. Nos.: 8723-0530; 8723-0501
8723-0502; 8723-0504
8726-1492
Fax No.: 8723-0556

HEROES HILLS
Quezon Ave. corner J. Abad Santos
Street, Heroes Hills, Quezon City
Tel. Nos.: 8351-4359; 8351-5121
3411-3375; 3412-5697
Fax No.: 8351-5121

HOLY SPIRIT DRIVE
CBC Bldg., Lot 18 Block 6 Holy Spirit
Drive, Don Antonio Heights,
Brgy. Holy Spirit, Quezon City
Tel. Nos.: 8355-8665; 8277-7257
Fax No.: 8355-8665

ILAYA
#947 APL-YSL Bldg., Ilaya, Tondo, Manila
Tel. Nos.: 8245-2416; 8245-2548
8245-2557
Fax No.: 8245-2545

INTRAMUROS
No. 409 A. Soriano Avenue,
Intramuros, Manila
Tel. Nos.: 8528-4241; 8536-1044
8536-5971
Fax No.: 8536-1044

J. ABAD SANTOS AVENUE
2159 J. Abad Santos Ave.,
cor. Batangas St., Tondo, Manila
Tel. Nos.: 8255-1201; 8255-1202
8255-1204
Fax No.: 8255-1203

J. ABAD SANTOS AVE.-QUIRICADA
J. Abad Santos Ave. near corner
Quiricada Street, Manila
Tel. Nos.: 8253-6803; 8253-6804
Fax No.: 8253-6803

JUAN LUNA
G/F Aclem Building, 501 Juan Luna St.
Binondo, Manila
Tel. Nos.: 8247-3570; 8247-3795
8247-3786; 8480-0211
Fax No.: 8247-3795

KANLAON
Kanlaon near corner N. Roxas Streets,
Quezon City
Tel. Nos.: 8367-0093; 8367-0095
Fax No.: 8367-0093

KALAYAAN AVE.
G/F PPS Building, Kalayaan Avenue,
Quezon City
Tel. Nos.: 9332-3858; 8332-3859
8332-3860
Fax No.: 8332-3859

KALOOKAN
CBC Bldg., 167 Rizal Avenue Extension
Grace Park, Kalookan City
Tel. Nos.: 8364-0515; 8364-0535
8364-0717; 8364-0731
8364-0494; 8364-9948
8366-9457
Fax No.: 8364-9864

China Bank Branches

KALOOKAN-8th AVE.
No. 279 Rizal Avenue corner 8th Ave.,
Grace Park, Kalookan City
Tel. Nos.: 8287-0001; 8287-0262
Fax No.: 8287-0262

KALOOKAN-10th AVE.
No. 275 10th Ave. corner 3rd Street,
Grace Park, Kalookan City
Tel. Nos.: 8287-5484; 8287-5489
Fax No.: 8287-5489

KALOOKAN-CAMARIN
L8B4 La Forteza Subd., Brgy. 175
Camarin, Kalookan City
Tel. Nos.: 8442-6830; 8442-7541
8442-6825
Fax No.: 8442-6825

KALOOKAN-MONUMENTO
779 Mc Arthur Highway, Kalookan City
Tel. Nos.: 8364-2571; 8361-3270
8921-3043
Fax No.: 8361-3270

KAMIAS
G/F CRM Building II, 116 Kamias Road
corner Kasing-Kasing Street,
Quezon City
Tel. Nos.: 8433-6007; 8920-7367
8920-8770
Fax No.: 8920-5723

KAMUNING
#47 SKY47 Bldg., Kamuning Road,
Quezon City
Tel. Nos.: 8287-3369; 8287-3368
Fax No.: 8287-3369

KARUHATAN
No. 253-B McArthur Highway
cor. Bizotte Street, Karuhatan,
Valenzuela City
Tel. Nos.: 8291-0431; 8291-0175
3440-0033
Fax No.: 8291-0175

KATIPUNAN AVE.-ST. IGNATIUS
CBC Bldg., No. 121 Katipunan Ave.,
Brgy. St. Ignatius, Quezon City
Tel. Nos.: 8913-5532; 8912-5003
8913-3226
Fax No.: 8913-5532

KATIPUNAN AVE.-LOYOLA HEIGHTS
Elizabeth Hall, Katipunan Ave.,
Loyola Heights, Quezon City
Tel. Nos.: 8287-9218; 8287-9221
Fax No.: 8851-6143; 8851-6144

LAGRO
CBC Bldg., Lot 32 Blk 125, Quirino
Highway, Greater Lagro, Quezon City
Tel. Nos.: 8372-8226; 8372-8223
Fax No.: 8372-8226

LAS PIÑAS
CBC Bldg., Alabang-Zapote Road
cor. Aries St., Pamplona Park Subd.,
Las Piñas City
Tel. Nos.: 8874-6204; 8874-6210
Fax No.: 8874-6414

LAS PIÑAS-MANUELA
Alabang-Zapote Road cor. Philamlife
Ave., Pamplona Dos, Las Piñas City
Tel. Nos.: 8872-9801; 8872-9572
8872-9533; 8871-0770
Fax No.: 8871-0771

LAS PIÑAS-MARCOS ALVAREZ AVE.
Metro Towne Center, 2020 Marcos
Alvarez Ave., Talon V, Moonwalk,
Las Piñas City
Tel. Nos.: 8838-9865; 838-9724
Fax No.: 838-9786

LAS PIÑAS-NAGA ROAD
Lot 3, Naga Road, Pulanglupa 2,
Las Piñas City
Tel. No.: 8541-1671
Fax No.: 8541-1674

LAVEZARES
No. 412 Lavezares Street,
San Nicolas, Manila
Tel. Nos.: 8521-6978; 521-7132
521-7128
Fax No.: 8521-7128

LEGASPI VILLAGE-AMORSOLO
G/F CAP Bldg., Herrera cor. Amorsolo
Sts. Legaspi Village, Makati City
Tel. Nos.: 8832-6871; 8833-5668
Fax No.: 8833-5668

LEGASPI VILLAGE-AIM
G/F Cacho-Gonzales Building,
101 Aguirre cor. Trasierra Streets,
Legaspi Village, Makati City
Tel. Nos.: 8818-8156; 8818-0734
8818-9649; 8894-5882
8894-5883; 8894-5884
8894-5885
Fax No.: 8818-0240

LEGASPI VILLAGE-C. PALANCA
Suite A, Basic Petroleum Building
104 C. Palanca Jr. Street
Legaspi Village, Makati City
Tel. Nos.: 8894-5915/18; 8810-1464
Fax No.: 8894-5868

LEGASPI VILLAGE-ESTEBAN
G/F PPI Bldg., No. 109 Esteban St.,
Legaspi Village, Makati City
Tel. Nos.: 8800-6147; 8805-4820
Fax No.: 8805-4820

LEGASPI VILLAGE-PEREA
G/F Greenbelt Mansion, 106 Perea St.,
Legaspi Village, Makati City
Tel. Nos.: 8893-2273/2272/2827
Fax No.: 8893-2272

LEGASPI VILLAGE-SALCEDO
G/F Fedman Suites, 199 Salcedo Street
Legaspi Village, Makati City
Tel. Nos.: 8893-7680; 8893-2618
7759-2462; 8893-1503
8816-0905
Fax No.: 8893-3746

M. DELA FUENTE-TRABAJO MARKET
#771 M. dela Fuente St. (Trabajo Market
area), Sampaloc, Manila
Tel. Nos.: 8522-2083; 8522-2028
Fax No.: 8522-2083

MACAPAGAL AVE.-ASEANA SQUARE
Aseana Square (Caltex Area),
D. Macapagal Ave., Aseana City,
Parañaque City
Tel. Nos.: 8296-7246; 8296-7235
Fax No.: 8296-7235

MACAPAGAL AVE.-BIOPOLIS
G/F The Biopolis, Central Business Park
1-A 076/01, Diosdado Macapagal Avenue,
Pasay City
Tel. No.: 8838-9677
Fax No.: 8838-9679

MACAPAGAL AVE.-DOUBLEDRAGON
DD Meridian Park Plaza, Macapagal Ave.
cor. EDSA Ext., Pasay City
Tel. Nos.: 838-3805; 838-3804
Fax No.: 838-3804

MAGALLANES VILLAGE
G/F DHI Bldg., No. 2 Lapu-Lapu Ave.
corner EDSA, Magallanes Village,
Makati City
Tel. Nos.: 7757-0272; 7757-0240
8852-1290; 8852-1245
Fax No.: 8852-1245

MAKATI AVENUE
G/F CBC Bldg., Makati Ave.
cor. Hercules St., Makati City
Tel. Nos.: 8890-6971; 8890-6972
8890-6973; 8890-6974
Fax No.: 8890-6975

MAKATI-COMEMBO
No. 46 JP Rizal Ext., Brgy. Comembo,
Makati City
Tel. Nos.: 8802-2616; 8802-2614
8802-2613
Fax No.: 8802-2613

MAKATI-JP RIZAL
JP Rizal corner Honradez Streets,
Makati City
Tel. Nos.: 8815-6036; 8815-6037
8815-6038
Fax No.: 8815-6038

MAKATI-KALAYAAN AVE.
Kalayaan Avenue, Makati City
Tel. Nos.: 8838-7253; 8838-7252
Fax No.: 8838-7253

MAKATI-YAKAL
173 Yakal St. near corner Ayala Ave. Ext.,
Makati City
Tel. Nos.: 8373-6355; 8367-0086
Fax No.: 8373-6355

MALABON-CONCEPCION
Gen. Luna corner Paez Streets,
Concepcion, Malabon
Tel. Nos.: 8281-0102; 8281-0103
8281-0104; 8281-0105
Fax No.: 8281-0106

MALABON-GOV. PASCUAL
CBC Bldg., Gov. Pascual Avenue,
Malabon City
Tel. Nos.: 8352-1816; 8352-1817
8961-2147
Fax No.: 8352-1822

MALABON-POTRERO
CBC Bldg., McArthur Highway,
Potrero, Malabon
Tel. Nos.: 3448-0524; 3448-0525
8361-8671; 8361-7056
Fax No.: 3448-0525

MALANDAY
CBC Bldg., McArthur Highway,
Malanday, Valenzuela City
Tel. Nos.: 3432-9787; 3445-3201
3432-9785; 8292-6956
8292-6957;
Fax No.: 8851-6143; 8292-6956

MANDALUYONG-BONI AVE.
G/F VOS Bldg., Boni Avenue corner
San Rafael Street, Mandaluyong City
Tel. Nos.: 7746-6283; 7746-6285
8534-2289
Fax No.: 8534-1968

MANDALUYONG-BONI SAN ROQUE
#768 Bonifacio Ave. cor. San Roque St.
Brgy. Barangka Ilaya, Mandaluyong City
Tel. Nos.: 8581-3861; 8581-3867
Fax No.: 8581-3867

MANDALUYONG-D. GUEVARA
G/F 19 Libertad Plaza,
Domingo Guevara St., Mandaluyong City
Tel. Nos.: 8534-5528; 8534-5529
Fax No.: 8534-5529

MANDALUYONG-PIONEER
UG-05 Globe Telecom Plaza Tower I
Pioneer Street, Mandaluyong City
Tel. Nos.: 7746-6949; 7746-6948
8635-4198; 8632-1399
Fax No.: 7746-6948

MANILA-MACEDA
Daguman Bldg., Maceda St.,
Sampaloc, Manila
Tel. Nos.: 8521-6644; 8521-6643
Fax No.: 8521-6644

MARIKINA-STA. ELENA
250 J.P. Rizal Street, Sta. Elena,
Marikina City
Tel. Nos.: 8646-4281; 8646-4277
8646-4279
Fax No.: 8646-1807

MARIKINA-FAIRLANE
G/F E & L Patricio Building,
No. 809 J.P. Rizal Ave.,
Concepcion Uno, Marikina City
Tel. Nos.: 8997-0684; 8997-0897
8998-1817; 7239-2143
Fax No.: 7239-2143

MARIKINA-GIL FERNANDO
Block 9, Lot 14 Gil Fernando Ave.,
Marikina City
Tel. Nos.: 8646-0780; 7358-2138
Fax No.: 8646-8032

MARIKINA-SSS VILLAGE
Lilac St., Rancho Estate IV,
Concepcion Dos, Marikina City
Tel. Nos.: 8948-5135; 8941-7709
8997-3343
Fax No.: 8942-0048

MASANGKAY
959-961 G. Masangkay Street,
Binondo, Manila
Tel. Nos.: 8244-1828; 8244-1835
8244-1848; 8244-1856
8244-1859
Fax No.: 8244-1833

MASANGKAY-MAYHALIGUE
No. 1417-1419 G. Masangkay St.,
Sta. Cruz, Manila
Tel. Nos.: 8255-0739; 8254-9974
8254-9335
Fax No.: 8254-9974

MAYON
480 Mayon St., Maharlika
Sta. Mesa Heights, Quezon City
Tel. Nos.: 8731-9054; 8731-2766
8741-2409
Fax No.: 8731-2766

MAYON-ROTONDA
G/F One Mayon Place, #68 Mayon
Street, Brgy. Sta. Teresita, Quezon City
Tel. Nos.: 8373-5534; 8281-8603
Fax No.: 8373-5534

MINDANAO AVE.
30 Mindanao Avenue,
Brgy. Tandang Sora, Quezon City
Tel. Nos.: 8277-4768; 8277-4782
Fax No.: 8277-4768

MUNTINLUPA-PUTATAN
G/F Teknikos Bldg., National Highway,
Brgy. Putatan, Muntinlupa City
Tel. Nos.: 8511-0980; 8808-1817
Fax No.: 8808-1819

N. DOMINGO
G/F The Main Place, No. 1 Pinaglabanan
cor. N. Domingo Sts., San Juan,
Metro Manila
Tel. Nos.: 8470-2915; 8470-2916
8470-2917
Fax No.: 8551-2267

NAVOTAS
No. 500 M. Naval St. near corner
Lacson St., Brgy. North Bay Boulevard
North (NBBN), Navotas City
Tel. Nos.: 8283-0752; 8283-0753
8283-0754
Fax No.: 8283-0754

NOVALICHES-BAGBAG
No. 658 Quirino Highway,
Bagbag, Novaliches, Quezon City
Tel. Nos.: 8283-3885; 8275-3244
Fax No.: 8283-3885

NOVALICHES-GULOD
formerly Novaliches Branch
858 Krystle Building, Quirino Highway,
Gulod, Novaliches, Quezon City
Tel. Nos.: 8937-1133; 8937-1136
Fax No.: 8936-1037

NOVALICHES-STA. MONICA
G/F E & V Bldg., Quirino Highway corner
Dumalay St., Novaliches, Quezon City
Tel. Nos.: 8288-3683; 8288-2302
Fax No.: 8288-3683

NOVALICHES-SANGANDAAN
CBC Bldg., Quirino Highway corner
Tandang Sora Ave., Brgy. Sangandaan,
Novaliches, Quezon City
Tel. Nos.: 8935-3049; 8935-3491
3455-5661
Fax No.: 8935-2130

NOVALICHES-TALIPAPA
528 Copengco Bldg., Quirino Highway,
Talipapa, Novaliches, Quezon City
Tel. Nos.: 8936-2202; 8936-3311
8936-7765; 8936-5508
Fax No.: 8936-2202

NOVALICHES-ZABARTE
G/F C.I. Bldg., 1151 Quirino Highway
corner Zabarte Road, Brgy. Kaligayahan,
Novaliches, Quezon City
Tel. Nos.: 8461-7691; 8461-7694
8461-7698
Fax No.: 8461-7691

NUEVA
Unit Nos. 557 & 559 G/F Ayson Building
Yuchengco St., Binondo, Manila
Tel. Nos.: 8247-6374; 8247-6396
8247-0493;
Fax No.: 8247-6396

ONGPIN
G/F Se Jo Tong Building,
808 Ongpin Street, Sta. Cruz, Manila
Tel. Nos.: 8733-8962; 8733-8963
8733-8964; 8733-8965
8733-8966; 8735-5362
Fax No.: 8733-8964

OROQUIETA
1225-1227, Oroquieta St.,
Sta. Cruz, Manila
Tel. Nos.: 8521-6648; 8521-6650
Fax No.: 8521-6650

ORTIGAS-ADB AVE.
LGF City & Land Mega Plaza
ADB Ave. cor. Garnet Road
Ortigas Center, Pasig City
Tel. Nos.: 8687-2457; 8687-2458
8687-2226; 8687-3263
Fax No.: 8687-2457

ORTIGAS AVE. EXT.-RIVERSIDE
Unit 2-3 Riverside Arcade
Ortigas Avenue Extension corner
Riverside Drive, Brgy. Sta. Lucia,
Pasig City
Tel. Nos.: 7748-1808; 7748-4426
8655-7403; 8655-8350
Fax No.: 8655-8350

ORTIGAS CENTER
Unit 101 Parc Chateau Condominium
Onyx corner Sapphire Streets,
Ortigas Center, Pasig City
Tel. Nos.: 8633-7960; 8633-7970
8633-7953; 8633-7954
8634-0178
Fax No.: 8633-7971

ORTIGAS COMPLEX
G/F Padilla Building, F. Ortigas Jr. Road
(formerly Emerald Avenue),
Ortigas Center, Pasig City
Tel. Nos.: 8634-3469; 8631-2772
Fax No.: 8633-9039

ORTIGAS-JADE DRIVE
Unit G-03, Antel Global Corporate
Center, Jade Drive, Ortigas Center,
Pasig City
Tel. Nos.: 8638-4489; 8638-4490
8638-4510; 8638-4540
Fax No.: 8638-4540

ORTIGAS-TEKTITE
Unit EC-06B PSE Center (Tektite)
Ortigas Center, Pasig City
Tel. Nos.: 8637-0231; 8637-0238
Fax No.: 8637-0231

PACO
Gen. Luna corner Escoda Street,
Paco, Manila
Tel. Nos.: 8526-6492; 8536-6630
8536-6631; 8536-6672
Fax No.: 8536-6657

PACO-ANGEL LINAO
Unit 1636 & 1638 Angel Linao St.
Paco, Manila
Tel. Nos.: 8242-2849; 8242-3416
Fax No.: 8242-2849

PACO-OTIS
G/F Union Motor Corp Bldg.,
1760 Dra. Paz Guazon St., Paco, Manila
Tel. Nos.: 8561-6902; 8561-6981
8564-2247
Fax No.: 8561-6981

PADRE FAURA
G/F Regal Shopping Center,
A. Mabini cor. P. Faura Sts.,
Ermita, Manila
Tel. Nos.: 8526-0586; 8527-3202
8527-7865
Fax No.: 8527-3202

PADRE RADA
G/F Gosiupo Bldg., Padre Rada
corner Elcano Sts., Tondo, Manila
Tel. Nos.: 8277-1106; 8371-4300
Fax No.: 8277-1106

PARAÑAQUE-BACLARAN
Quirino Avenue cor. Aragon St.,
Baclaran, Parañaque City
Tel. No.: 8581-1057
Fax No.: 8663-0425

PARAÑAQUE-MOONWALK
Milky Way St. cor. Armstrong Avenue,
Moonwalk, Parañaque City
Tel. Nos.: 8846-9729; 8846-9771
Fax No.: 8846-9739; 8846-9740

PARAÑAQUE-NAIA BRANCH
Ninoy Aquino Ave., Brgy. San Dionisio,
Parañaque City
Tel. Nos.: 8541-8857; 8541-8858
Fax No.: 8541-8857

PARAÑAQUE-SAN ANTONIO VALLEY
San Antonio Shopping Center,
San Antonio Road, Brgy. San Antonio
Valley 1, Parañaque City
Tel. Nos.: 8816-2448; 8816-2451
Fax No.: 8816-2451

PARAÑAQUE-SUCAT
No. 8260 (between AMA Computer
School and PLDT), Dr. A. Santos
Avenue, Brgy. San Isidro,
Parañaque City
Tel. Nos.: 8826-4072; 8820-8952
8820-2044; 8825-2501
Fax No.: 8825-9517

PASAY-LIBERTAD
CBC Bldg., 184 Libertad Street, Antonio
Arnaiz Ave., Pasay City
Tel. Nos.: 8551-7159; 8834-8978
8831-0306; 8831-0498
Fax Nos.: 8551-7160; 8551-7161

PASAY-ROXAS BLVD.
GF Unit G-01 Antel Seaview Towers
2626 Roxas Blvd., Pasay City
Tel. Nos.: 8551-9067; 8551-9068
8551-9069
Fax No.: 8551-1768

PASIG-A. MABINI
A. Mabini Street, Brgy. Kapasigan,
Pasig City
Tel. Nos.: 8534-5178; 8634-4028
Fax No.: 8634-4028

PASIG-ESTANCIA
LGF Estancia (Expansion) Capitol
Commons, Meralco Ave., Pasig City
Tel. Nos.: 8373-4169; 8366-9697
Fax No.: 8373-4169

PASIG-C. RAYMUNDO
G/F MicMar Apartments No. 6353
C. Raymundo Avenue, Brgy. Rosario,
Pasig City
Tel. Nos.: 8642-3652; 8628-3912
8628-3922; 7576-4134
Fax No.: 7576- 4134

PASIG-DELA PAZ
Amang Rodriguez Avenue,
Brgy. Dela Paz, Pasig City
Tel. No.: 8637-7876
Fax No.: 8637-7874

PASIG-MERCEDES
Commercial Motors Corp. Compound
Mercedes Ave., Pasig City
Tel. Nos.: 8628-0201; 8628-0209
8628-0197
Fax No.: 8628-0211

PASIG-ROSARIO
1864 Ortigas Ave. Ext.,
Rosario, Pasig City
Tel. Nos.: 8254-4859; 8244-8839
Fax No.: 8254-4859

PASIG-SAN JOAQUIN
No. 43 M. Concepcion Ave.,
San Joaquin, Pasig City
Tel. Nos.: 8997-2815; 8997-2816
8997-2817
Fax No.: 8997-2815

PASIG-SANTOLAN
G/F Felmarc Business Center, Amang
Rodriguez Avenue, Santolan, Pasig City
Tel. Nos.: 8646-0635; 8682-3474
8682-3514; 8681-4575
Fax No.: 8646-0514

PASIG-SM SUPERCENTER
G/F SM Supercenter Pasig, Frontera
Drive, C-5, Ortigas, Pasig City
Tel. Nos.: 8706-3207; 8706-3208
8706-3209
Fax No.: 8706-3209

PASIG-VALLE VERDE
G/F Reliance IT Center,
E. Rodriguez Jr. Ave., Ugong, Pasig City
Tel. Nos.: 8706-9242; 8706-9243
Fax No.: 8706-9243

PASO DE BLAS
G/F CYT Bldg., No. 178 Paso de Blas,
Valenzuela City
Tel. Nos.: 8292-3215/3213/3216
3444-8850
Fax No.: 3444-8850

PASONG TAMO BAGTIKAN
G/F Trans-Phil House 1177 Chino Roces
Ave. cor. Bagtikan St., Makati City
Tel. Nos.: 8403-4820; 8403-4821
8403-4822; 7738-7591
Fax No.: 8403-4821

PASONG TAMO-CITYLAND
Units UG30-UG32 Cityland Pasong
Tamo Tower, 2210 Pasong Tamo St.,
Makati City
Tel. Nos.: 8817-9337; 8817-9347
8817-9351; 8817-9360
8817-9382
Fax No.: 8817-9351

PASONG TAMO-LA FUERZA
La Fuerza Plaza 1, Chino Roces Ave.,
Makati City
Tel. Nos.: 8541-8850; 8541-8851
Fax No.: 8541-8851

PATEROS
G/F Adela Building, M. Almeda St.,
Brgy. San Roque, Pateros
Tel. Nos.: 8531-6929; 8531-6810
8654-3079
Fax No.: 8654-3079

PHILAM
#8 East Lawin Drive,
Philam Homes, Quezon City
Tel. Nos.: 8927-9841; 8924-2872
8929-5734; 8929-3115
Fax No.: 8929-3115

PROJECT 8-SHORTHORN
Shorthorn Street, Project 8,
Quezon City
Tel. Nos.: 8373-3363; 8373-3369
Fax No.: 8373-3363

PUREZA
G/F Solicarel Building
Ramon Magsaysay Blvd. near corner
Pureza St., Sta. Mesa, Manila
Tel. Nos.: 8241-3313; 8241-3314
Fax No.: 8241-3314

QUEZON AVE.
No. 18 G & D Bldg., Quezon Ave.
cor. D. Tuazon St., Quezon City
Tel. Nos.: 8712-3676; 8712-0424
8740-7779; 8740-7780
8712-1105; 3416-8891
Fax No.: 8712-3006

QUEZON AVE.-SCT. CHUATOCO
Estuar Building, No.880 Quezon Ave.,
Brgy. Paligsahan, Quezon City
Tel. Nos.: 8351-0563; 8351-0567
Fax No.: 8351-0563

QUIAPO
216-220 Villalobos St., Quiapo, Manila
Tel. Nos.: 8733-2052; 8733-2059
8733-2061; 8733-6282
8733-6286
Fax Nos.: 8733-6282
8733-2061 (temporary fax)

REGALADO AVE.
CBC Bldg., Regalado Ave.,
North Fairview, Quezon City
Tel. Nos.: 8921-5678; 8921-5359
Fax No.: 8921-5359

REGALADO AVE.-WEST FAIRVIEW
CBC Bldg., Regalado Ave.
corner Bulova St., Quezon City
Tel. Nos.: 8936-2554; 8936-2556
Fax No.: 8936-2554

RIZAL-ANGONO
Lot 3 Blk. 4 M.L Quezon Ave.
Richmond Subd., Angono, Rizal
Tel. Nos.: 8633-5198; 8633-7513
Fax No.: 8633-7513

China Bank Branches

RIZAL-SAN MATEO
#63 Gen. Luna corner Simon St.,
Banaba, San Mateo, Rizal
Tel. No.: 8650-2230
Fax No.: 8650-1837

ROCKWELL-ORTIGAS
G/F Tower 1 Rockwell Business Center,
Ortigas Avenue, Pasig City
Tel. Nos.: 8470-4704; 8470-2984
Fax No.: 8470-2984

ROOSEVELT AVE.
CBC Bldg., #293 Roosevelt Ave.,
San Francisco Del Monte, Quezon City
Tel. Nos.: 8371-5133; 8371-5134
8371-5135; 8371-2766
3410-2160; 3410-1957
Fax No.: 8371-2765

ROOSEVELT AVE.-FRISCO
G/F Norita Bldg., #51 H. Francisco St.
corner Roosevelt Ave. Brgy. Paraiso,
Quezon City
Tel. Nos.: 8709-7552; 8921-0866
Fax No.: 8921-0866

SALCEDO VILLAGE-L.P. LEVISTE
Unit 1-B G/F, The Athenaeum
San Agustin - LP Leviste St.,
Salcedo Village, Makati City
Tel. Nos.: 8869-3128; 8869-3132
8869-3134
Fax No.: 8869-3132

SALCEDO VILLAGE- TORDESILLAS
G/F Prince Tower Condominium
14 Tordesillas St., Salcedo Village,
Makati City
Tel. Nos.: 8813-4901; 8813-4932
8813-4933; 8813-4944
8813-4952
Fax No.: 8813-4933

SALCEDO VILLAGE- VALERO
G/F Valero Tower, 122 Valero Street
Salcedo Village, Makati City
Tel. Nos.: 8892-7768; 8892-7769
8812-9207; 8893-8188
8893-8196
Fax No.: 8892-7769

SALES-RAON
611 Sales St., Quiapo, Manila
Tel. Nos.: 8734-5806; 8734-7427
8734-6959
Fax No.: 8734-5806

SAN ANTONIO VILLAGE-KAMAGONG
Kamagong near corner St. Paul Streets,
San Antonio Village, Makati City
Tel. Nos.: 8777-4950; 8777-4951
Fax No.: 8777-4951

SAN ANTONIO VILLAGE-P. OCAMPO
JM Macalino Auto Center,
P. Ocampo Street cor. Dungon St.,
San Antonio Village, Makati City
Tel. Nos.: 8869-5648; 8869-5649
Fax No.: 8869-5651

SAN JUAN
17 (new) F. Blumentritt St.,
San Juan, Metro Manila
Tel. Nos.: 8724-8263; 8726-4826
8723-7333; 7744-5616
7744-5617; 7744-5618
Fax No.: 8723-4998

SAN JUAN-J. ABAD SANTOS
Unit 3 Citiplace Bldg.,
8001 Jose Abad Santos Street,
Little Baguio, San Juan, Metro Manila
Tel. Nos.: 8470-8292; 8656-8329
Fax No.: 8656-8329

SCT. BORROMEO
G/F The Forum Building,
71- A Sct. Borromeo St., Diliman,
Quezon City
Tel. Nos.: 8426-1431; 8426-1340
Fax No.: 8426-1431

SHAW-GOMEZVILLE
Gomezville Street cor. Shaw Blvd.,
Mandaluyong City
Tel. No.: 8363-3522
Fax No.: 8363-3522

SHAW-HAIG
G/F First of Shaw Bldg.,
Shaw Blvd. corner Haig St.,
Mandaluyong City
Tel. Nos.: 8534-1073; 8534-0744
7621-6459
Fax No.: 7576-3841

SHAW-PASIG
G/F RCC Center,
No. 104 Shaw Boulevard, Pasig City
Tel. Nos.: 8634-5018; 8634-5019
8634-3343; 8634-3344
8634-3340; 7747-7812
Fax No.: 8634-3344

SHAW-SUMMIT ONE
Unit 102 Summit One Office Tower
530 Shaw Boulevard, Mandaluyong City
Tel. Nos.: 8531-3970; 8531-5736
8531-4058; 8531-1304
8533-8723; 8533-4948
Fax No.: 8531-9469

SM AURA PREMIER
L/G SM Aura Premier, McKinley
Parkway, Fort Bonifacio Global City,
Taguig City
Tel. Nos.: 8808-9727; 8808-9701
Fax No.: 8808-9701

SM CITY BICUTAN
LGF, Bldg. B, SM City Bicutan
Doña Soledad Ave.
cor. West Service Rd., Parañaque City
Tel. Nos.: 8821-0600; 8821-0700
8777-9347
Fax No.: 8821-0500

SM CITY BF PARAÑAQUE
G/F SM City BF Parañaque, Dr. A.
Santos Ave. corner President's Avenue,
Parañaque City
Tel. Nos.: 8553-3067; 8825-2990
8825-3095; 8825-3201
Fax No.: 8825-1062

SM CITY MARIKINA
G/F SM City Marikina, Marcos Highway,
Brgy. Calumpang, Marikina City
Tel. Nos.: 8477-1845; 8477-1846
8477-1847; 7799-6105
Fax No.: 8477-1847

SM CITY SAN LAZARO
UGF (Units 164-166) SM City
San Lazaro, Felix Huertas Street
corner A.H. Lacson Extension,
Sta. Cruz, Manila
Tel. Nos.: 8742-1572; 8742-2330
8493-7115
Fax No.: 8732-7935

SM CITY TAYTAY
Unit 147 Bldg. B, SM City Taytay, Manila
East Road, Brgy. Dolores, Taytay, Rizal
Tel. Nos.: 8286-5844; 8286-5979
8661-2276; 8661-2277
Fax No.: 8661-2235

SM CITY FAIRVIEW
LGF, SM City Fairview
Quirino Avenue corner Regalado Avenue
Fairview, Quezon City
Tel. Nos.: 3417-2878; 8939-3105
Fax No.: 3418-8228

SM MALL OF ASIA
G/F Main Mall Arcade, SM Mall of Asia,
Bay Blvd., Pasay City
Tel. Nos.: 8556-0103; 7625-2246
Fax No.: 8556-0099

SM MEGAMALL
LGF Building A, SM Megamall,
E. delos Santos Avenue
corner J. Vargas St., Mandaluyong City
Tel. Nos.: 8633-1611; 8633-1612
8633-1788; 8633-1789
8638-7213; 8638-7214
8638-72115
Fax Nos.: 8633-4971; 8633-1788

SM CITY MASINAG
SM City Masinag, Marcos Highway,
Brgy. Mayamot, Antipolo City
Tel. Nos.: 8655-8764; 8655-8771
Fax No.: 8655-9124

SM CITY NORTH EDSA
Cyberzone Carpark Bldg.,
SM City North Avenue
corner EDSA, Quezon City
Tel. Nos.: 3456-6633; 3454-8108
3454-8121; 8925-4273
Fax No.: 8927-2234

SM NORTH TOWERS
SM City North EDSA North Towers,
SM City North EDSA Complex,
Quezon City
Tel. Nos.: 8241-2172; 8251-5122
Fax No.: 8241-2172

EDSA-PHILAM
917 EDSA, Brgy. Philam, Quezon City
Tel. Nos.: 8374-2345; 8374-2362
8287-3106
Fax No.: 8287-3106

SM SOUTHMALL
UGF SM Southmall Alabang-Zapote
Road, Talon 1, Almanza, Las Piñas City
Tel. Nos.: 8806-6116; 8806-6119
8806-3536; 8806-3547
Fax No.: 8806-3548

SOLEMARE
G-11 Solemare Parksuites, 5A Bradco
Avenue, Aseana Business Park,
Parañaque City
Tel. Nos.: 8366-3237; 8366-3219
8366-3199
Fax No.: 8366-3199

SOLER-168
G/F R & S Bldg, Soler St., Manila
Tel. Nos.: 8242-1041; 8242-1674
8242-1685
Fax No.: 8242-1041

SOLER-ARRANQUE
#715 T. Alonzo St. near corner CM Recto
Avenue, Sta. Cruz, Manila
Tel. Nos.: 8983-9496; 8983-9497
Fax No.: 8983-9497

SOUTH TRIANGLE
G/F Sunshine Blvd. Plaza,
Quezon Ave. cor. Sct. Santiago and
Panay Ave., Bgry. South Triangle,
Quezon City
Tel. Nos.: 8277-7947; 8277-7948
Fax No.: 8277-7948

STA. MESA
1-B G. Araneta Avenue,
Brgy. Doña Imelda, Quezon City
Tel. Nos.: 8516-0764; 8516-0765
8516-0766
Fax No.: 8516-0764

STO. CRISTO
622-39 Sto. Cristo St., Binondo, Manila
Tel. Nos.: 8242-4673; 8242-5361
8241-1243; 8242-5449
8242-3670; 8242-4668
Fax Nos.: 8242-4672; 8242-4761

STO. CRISTO-C.M. RECTO
858 Sto. Cristo Street, Manila
Tel. Nos.: 8562-9651; 8562-9652
8254-7227
Fax No.: 8562-9652

STO. DOMINGO AVE.
Sto. Domingo Ave., Quezon City
Tel. Nos.: 8251-6005; 8251-5852
Fax No.: 8251-5852

T. ALONZO
Abeleda Business Center
908 T. Alonzo corner Espeleta Streets,
Sta. Cruz, Manila
Tel. Nos.: 8733-9581; 8733-9582
8734-3231; 8734-3232
8734-3233
Fax No.: 8733-9582

TAFT AVE.-NAKPIL
G Square Taft Ave. corner Nakpil St.,
Malate, Manila
Tel. Nos.: 8681-2830; 8631-9745
Fax No.: 8681-2830

TAFT AVE.-QUIRINO
2178 Taft Avenue near corner Quirino
Avenue, Malate, Manila
Tel. Nos.: 8521-7825; 8527-3285
8527-6747
Fax No.: 8527-3285

TANDANG SORA-VISAYAS AVE.
#250 Tandang Sora Ave., Quezon City
Tel. Nos.: 8426-3818; 8426-3541
Fax No.: 8426-3541

TAYTAY- SAN JUAN
Velasquez St., Sitio Bangiad,
Brgy. San Juan, Taytay, Rizal
Tel. No.: 8998-6649
Fax No.: 8998-6649

TAYTAY-ORTIGAS EXENSION
Ortigas Ave. Ext., Taytay, Rizal
Tel. No.: 8727-1667
Fax No.: 8727-5873

TIMOG AVE.
G/F Prince Jun Condominium,
42 Timog Ave., Q.C.
Tel. Nos.: 8371-4523; 8371-4524
8371-4522; 8371-4506
Fax No.: 8371-4503

THE MEDICAL CITY
2/F Medical Arts Building,
The Medical City, Ortigas Ave.,
Pasig City
Tel. Nos.: 8372-7701; 8372-7716
Fax No.: 8372-7701

TRINOMA
Unit P002, Level P1, Triangle North of
Manila, North Avenue corner EDSA,
Quezon City
Tel. Nos.: 7901-5570; 7901-5571
7901-5572; 7901-5573
Fax No.: 7901-5573

TOMAS MAPUA-LAGUNA
CBC Bldg., Tomas Mapua St.
Sta. Cruz, Manila
Tel. Nos.: 8289-7923; 8361-3271
Fax No.: 8711-9849

TOMAS MORATO-E. RODRIGUEZ
1427 Tomas Morato Ave., Quezon City
Tel. Nos.: 8470-3037; 8477-1472
Fax No.: 8470-3037

TOMAS MORATO EXTENSION
QY Bldg., Tomas Morato Ave.,
Quezon City
Tel. Nos.: 8373-4960; 8373-4961
Fax No.: 8373-4961

999 MALL
Unit 3D-5; 3D-7 999 Shopping Mall
Bldg. 2 Recto-Soler Sts.
Binondo, Manila
Tel. Nos.: 8523-1216; 8523-1217
8523-1218; 8523-1219
Fax No.: 8523-1215

TUTUBAN PRIME BLOCK
Rivera Shophouse, Podium Area,
Tutuban Center Prime Block,
C.M. Recto Ave. corner Rivera Street,
Manila
Tel. Nos.: 8255-1414; 8255-1415
8255-5441
Fax No.: 8255-5441

UP TECHNO HUB
UP AyalaLand Techno Hub,
Commonwealth Ave., Quezon City
Tel. Nos.: 8441-1331; 8441-1332
8441-1334; 7738-4800
Fax No.: 8441-1332

UP VILLAGE-MAGINHAWA
LTR Bldg., No. 46 Maginhawa St.,
UP Village, Quezon City
Tel. Nos.: 8373-3349; 8373-3354
Fax No.: 8373-3349

V. LUNA
G/F AGGCT Bldg., No. 32 V. Luna
cor. Matapat Sts., Brgy. Pinyahan,
Quezon City
Tel. Nos.: 8772-8992; 8772-8564
Fax No.: 8772-8564

VALENZUELA
CBC Bldg., Mc Arthur Highway
cor. V. Cordero St., Marulas,
Valenzuela City
Tel. Nos.: 8293-8920; 8293-6160
8293-5088; 8293-5089
8293-5090; 3445-0657
Fax No.: 8293-5091

VALENZUELA-GEN. LUIS
AGT Building, 425 Gen. Luis Street
Paso de Blas, Valenzuela City
Tel. Nos.: 3443-6160; 3443-6161
8983-3861; 8983-3862
Fax No.: 3443-6161

VALENZUELA-MALINTA
MacArthur Highway, Brgy. Malinta,
Valenzuela City
Tel. Nos.: 8282-2160; 8282-2013
Fax No.: 8282-2013

VISAYAS AVE.
CBC Bldg., Visayas Avenue corner
Congressional Ave. Ext., Quezon City
Tel. Nos.: 3454-0189; 3455-4334
3455-4335; 8925-2173
Fax No.: 8925-2155

WEST AVE.
82 West Avenue, Quezon City
Tel. Nos.: 8924-3131; 8924-3143
8924-6363; 8920-6258
8928-3270; 3411-6010
3411-6011
Fax No.: 8924-6364

XAVIERVILLE
65 Xavierville Ave., Loyola Heights,
Quezon City
Tel. Nos.: 3433-8696; 8929-1265
8927-9826
Fax No.: 8929-3343

ZOBEL ROXAS
1247 Zobel Roxas Ave.
corner Taal Street, Malate, Manila
Tel. Nos.: 8254-4644; 8252-0831
Fax No.: 8254-4644

LUZON

ALBAY
Rizal St. cor. Gov. Reynold Street,
Old Albay District, Legazpi City
Area Code: 052
Tel. Nos.: 742-0893; 742-0894
Fax No.: 742-0894

ANGELES CITY
CBC Bldg., 949 Henson St.,
Angeles City
Area Code: 045
Tel. Nos.: 887-1549; 323-5343
887-1550; 887-2291
625-8660; 625-8661
Fax No.: 625-8661

ANGELES CITY-BALIBAGO
Diamond Square, Service Road
McArthur Highway cor. Charlotte St.
Balibago, Angeles City, Pampanga
Area Code: (045)
Tel. Nos.: 892-5136; 892-5144
Fax No.: 892-5136

ANGELES CITY-MARQUEE MALL
G/F Marquee Mall, Angeles City,
Pampanga
Area Code: (045)
Tel. Nos.: 436-4013; 304-0850
889-0975
Fax No.: 304-0850

ANGELES-MCARTHUR HIGHWAY
CBC Bldg., San Pablo St. corner
Mc Arthur Highway, Angeles City
Area Code: (045)
Tel. Nos.: 323-5793; 887-6028
625-9362
Fax No.: 887-6029

ANGELES-STO. ROSARIO
Angeles Business Center Bldg.,
Teresa Avenue, Nepo Mart Complex,
Angeles City, Pampanga
Area Code: (045)
Tel. Nos.: 888-5175; 322-9596
Fax No.: 888-5175

APALIT
CBC Bldg., McArthur Highway,
San Vicente, Apalit, Pampanga
Area Code: (045)
Tel. Nos.: 652-1131
Fax No.: 302-9560

BAGUIO CITY
G/F Juniper Bldg., A. Bonifacio Rd.,
Baguio City
Area Code: (074)
Tel. Nos.: 442-9581; 443-5908
443-8659; 443-8660
442-9663
Fax No.: 442-9663

BAGUIO CITY-ABANAO
G/F Paladin Hotel, No. 136 Abanao Ext.
corner Cariño St., Baguio City
Area Code: (074)
Tel. Nos.: 424-4837; 424-4838
Fax No.: 424-4838

BALANGA CITY
G/F Dilig Building, Don Manuel
Banzon Street, Balanga City, Bataan
Area Code: (047)
Tel. Nos.: 237-9388; 237-9389
791-1779
Fax No.: 791-1779

BALER
Provincial Road, Barrio Suklayain,
Baler, Aurora
Area Code: (042)
Tel. Nos.: 724-0026
8703-3331 (manila line)
Fax No.: 724-0026

BALIWAG
Km. 51, Doña Remedios Trinidad (DRT)
Highway, Baliwag, Bulacan
Area Code: (044)
Tel. Nos.: 766-1066; 766-5257
673-5338
Fax No.: 766-5257

BATAAN-DINALUPIHAN
GNI Building, San Ramon Highway
corner Doña Rosa Street and
Mabini Ext., Dinalupihan, Bataan
Area Code: (047)
Tel. Nos.: 636-1451; 636-1452
Fax No.: 636-1451

BATANGAS CITY
P. Burgos Street, Batangas City
Area Code: (043)
Tel. Nos.: 723-0953
8520-6118 (Manila Line)
Fax Nos.: 402-9157
8520-6118 (Manila Line)

BATANGAS-BALAYAN
CBC Building, Barrio Ermita,
Balayan, Batangas
Area Code: (043)
Tel. Nos.: 741-5028; 741-5180
Fax No.: 741-5028

BATANGAS-BAUAN
62 Kapitan Ponso St., Bauan, Batangas
Area Code: (043)
Tel. Nos.: 702-4481; 702-5383
Fax No.: 702-4481

BATANGAS-LEMERY
Miranda Building, Ilustre Avenue,
Lemery, Batangas
Area Code: (043)
Tel. Nos.: 409-3467; 984-0206
Fax No.: 409-3467

BATANGAS CITY-KUMINTANG ILAYA
CBC Bldg., Brgy. Kumintang Ilaya,
Batangas City, Batangas
Area Code: (043)
Tel. Nos.: 702-6823
Fax No.: 702-6826

BATANGAS-ROSARIO
Dr. Gualberto Ave., Brgy. Namunga,
Rosario, Batangas
Area Code: (043)
Tel. Nos.: 312-3748; 312-3776
Fax No.: 312-3748

BATANGAS-SAN JUAN
Rizal St. near corner Gen. Luna St.,
Poblacion, San Juan, Batangas
Area Code: (043)
Tel. Nos.: 740-0280; 740-0282
Fax No.: 740-0280

BATANGAS-TANAUAN
J.P. Laurel Highway, Tanauan City,
Batangas
Area Code: (043)
Tel. Nos.: 702-8956; 702-8957
Fax No.: 702-8956

BULACAN-BALAGTAS
Mac Arthur Highway, Brgy. San Juan,
Balagtas, Bulacan
Area Code: (044)
Tel. Nos.: 769-4376; 769-0359
Fax No.: 769-4376

BULACAN-GUIGUINTO
CBC Bldg., Cagayan Valley Road,
Brgy. Sta. Rita, Guiguinto, Bulacan
Area Code: (044)
Tel. Nos.: 764-0879; 764-0886
Fax No.: 764-0879

BULACAN-PLARIDEL
CBC Bldg., Cagayan Valley Road,
Plaridel, Bulacan
Area Code: (044)
Tel. Nos.: 931-2332; 325-0069
Fax No.: 931-2293

BULACAN-STA. MARIA
J.P Rizal corner C. de Guzman St. ,
Poblacion, Sta. Maria
Area Code: (044)
Tel. Nos.: 288-2006; 815-2951
913-0334
Fax No.: 288-2006

CABANATUAN CITY
Melencio cor. Sanciangco Sts.
Cabanatuan City
Area Code: (044)
Tel. Nos.: 600-4265; 463-0935
463-0936
Fax No.: 463-0936

CABANATUAN-MAHARLIKA
CBC Bldg., Maharlika Highway
Cabanatuan City
Area Code: (044)
Tel. Nos.: 463-8586; 463-8587
463-7964; 600-3590
940-2395
Fax No.: 463-8587

CALAPAN CITY
J.P. Rizal St., San Vicente, Calapan City,
Oriental Mindoro
Area Code: (043)
Tel. Nos.: 288-8978; 288-8508
441-0382
Fax No.: 441-0382

CAMALANIUGAN
CBC Bldg., National Highway,
Camalaniugan, Cagayan
Area Code: (078)
Tel. Nos.: 377-2836; 377-2837
Fax No.: 377-2837

CANDON CITY
CBC Bldg., National Road, Poblacion,
Candon City, Ilocos Sur
Area Code: (077)
Tel. Nos.: 674-0574; 674-0554
Fax No.: 674-0574

CARMONA
CBC Bldg., Paseo de Carmona
Brgy. Maduya, Carmona, Cavite
Area Code: (046)
Tel. Nos.: 430-1969; 430-1277
430-3568
8475-3941 (Manila line)
Fax No.: 430-1277

CAUAYAN CITY
G/F Prince Christopher Bldg.
Maharlika Highway, Cauayan City,
Isabela
Area Code: (078)
Tel. Nos.: 652-1849; 897-1338
652-0061
Fax No.: 652-1849

China Bank Branches

CAVITE-DASMARIÑAS
G/F CBC Bldg., Gen. E. Aguinaldo Highway, Dasmariñas, Cavite
Area Code: (046)
Tel. Nos.: 416-5036; 416-5039
416-5040
8584-40-83 (Manila line)
Fax No.: 416-5036

CAVITE-GEN. TRIAS
Lot 12 Brookeside Lane 5
Arnaldo Highway, Brgy. San Francisco, Gen. Trias City, Cavite
Area Code: (046)
Tel. Nos.: 482-8993; 482-8995
Fax No.: 482-8993

CAVITE-IMUS
G/F CBC Bldg., Nueno Avenue
Tanzang Luma, Imus, Cavite
Area Code: (046)
Tel. Nos.: 970-8726; 970-8764
471-2637; 471-7094
Fax No.: 471-2637

CAVITE- MOLINO
Patio Jacinto, Molino Road, Molino 3, Bacoor, Cavite
Area Code: (046)
Tel. Nos.: 431-0632; 484-6295
Fax No.: 431-0901

CAVITE-ROSARIO
G/F CBC Building, Gen Trias Drive, Rosario, Cavite
Area Code: (046)
Tel. Nos.: 437-0057; 437-0058
437-0059
Fax No.: 437-0058

CAVITE- SILANG
CBC Bldg., J.P Rizal St.
Poblacion, Silang, Cavite
Area Code: (046)
Tel. Nos.: 413-5095; 413-4826
413-5500; 413-5417
Fax No.: 413-5095

CLARK FREEPORT ZONE
Stotsenberg Lifestyle Center, Quirino Sr. cor. N. Aquino Streets, Clark Freeport Zone, Angeles City, Pampanga
Area Code: (045)
Tel. Nos.: 499-8060; 499-8062
499-8063
Fax No.: 499-8063

DAET
Vinzons Avenue, Daet, Camarines Norte
Area Code: (054)
Tel. Nos.: 440-0066; 440-0067
Fax No.: 472-1358

DAGUPAN-PEREZ
Siapno Building, Perez Boulevard, Dagupan City
Area Code: (075)
Tel. Nos.: 522-2562; 522-2563
522-2564;
Fax No.: 522-8308

DAGUPAN-M.H. DEL PILAR
Carried Realty Bldg.,
No. 28 M.H. del Pilar Street
Dagupan City
Area Code: (075)
Tel. Nos.: 523-5606; 522-8929
632-0430; 632-0583
Fax No.: 523-5606

DOLORES
CBC Bldg., McArthur Highway, Dolores, City of San Fernando, Pampanga
Area Code: (045)
Tel. Nos.: 963-3413; 963-3414
963-3415; 860-1780
860-1781
Fax No.: 963-1014

ILOCOS NORTE-SAN NICOLAS
National Highway, Brgy. 2 San Baltazar, San Nicolas, Ilocos Norte
Area Code: (077)
Tel. Nos.: 600-0994; 600-0995
Fax No.: 600-0995

IRIGA CITY
Highway 1, JP Rizal St., San Roque, Iriga City, Camarines Sur
Area Code: (054)
Tel. Nos.: 299-7000; 456-1498
Fax No.: 456-1498

ISABELA-ILAGAN
G/F North Star Mall, Maharlika Highway, Brgy. Alibagu, Ilagan, Isabela
Area Code: (078)
Tel. Nos.: 323-0179; 323-0178
Fax No.: 323-0179

ISABELA-ROXAS
National Road, Brgy. Bantug, Roxas, Isabela
Area Code: (078)
Tel. Nos.: 376-0422; 376-0434
Fax No.: 642-0022

GAPAN
G/F Waltermart Center - Gapan, Maharlika Highway, Brgy. Bayanihan, Gapan, Nueva Ecija
Area Code: (044)
Tel. Nos.: 486-0217; 486-0434
486-0695
Fax No.: 486-0434

GUAGUA
Yabut Building, Plaza Burgos, Guagua, Pampanga
Area Code: (045)
Tel. Nos.: 458-1043; 458-1045
458-1046
Fax No.: 458-1043

LA TRINIDAD
G/F SJV Bulasao Building,
Km. 4, La Trinidad, Benguet
Area Code: (074)
Tel. Nos.: 422-2065; 422-2590
309-1663
Fax No.: 422-2065

LA UNION-AGOO
National Highway, San Jose Norte, Agoo, La Union
Area Code: (072)
Tel. Nos.: 682-0350; 682-0391
Fax No.: 682-0350

LA UNION-SAN FERNANDO
Roger Pua Phee Building,
National Highway, Brgy. 3,
San Fernando, La Union
Area Code: (072)
Tel. Nos.: 607-8931; 607-8932
607-8933; 607-8934
Fax No.: 607-8934

LAGUNA-BIÑAN
G/F Raja Cordelle Bldg.,
National Highway, Brgy. San Vicente, Biñan, Laguna
Area Code: (049)
Tel. Nos.: 511-3196;
8245-0440 (Manila Line)
Fax No.: 511-3196

LAGUNA-CABUYAO
G/F Centro Mall, Cabuyao City, Laguna
Area Code: (049)
Tel. Nos.: 544-2287; 544-2289
Fax No.: 544-2287

LAGUNA-CALAMBA
CBC Bldg., National Highway, Crossing, Calamba, Laguna
Area Code: (049)
Tel. Nos.: 545-7134; 545-7135
545-7136; 545-7137
545-7138
Fax No.: 545-7138

LAGUNA-LOS BAÑOS
National Road, San Antonio, Los Baños, Laguna
Area Code: (049)
Tel. Nos.: 557-3223; 557-3224
Fax No.: 557-3223

LAGUNA-SAN PEDRO
No. 365 Brgy. Nueva, National Highway, San Pedro City, Laguna
Tel. Nos.: 8816-3864; 8816-4862
Fax No.: 8816-4862

LAGUNA-STA. CRUZ
A. Regidor St., Sta. Cruz, Laguna
Area Code: (049)
Tel. Nos.: 501-4977; 501-4107
501-4085
Fax No.: 501-4107

LAOAG CITY
Liberato Abadilla Street, Brgy. 17
San Francisco, Laoag City
Area Code: (077)
Tel. Nos.: 772-1024; 772-1027
771-4688; 771-4417
Fax No.: 772-1035

LEGAZPI CITY
G/F Emma Chan Bldg., F. Imperial St., Legazpi City
Area Code: (052)
Tel. Nos.: 480-6048; 480-6519
214-3077
Fax No.: 8429-1813 (Manila line)

LIPA CITY-TAMBO
Tambo, Lipa City, Batangas
Area Code: (043)
Tel. Nos.: 757-6331; 757-6332
Fax No.: 757-6331

LUCENA CITY
233 Quezon Avenue, Lucena City
Area Code: (042)
Tel. Nos.: 373-2317; 373-3872
373-3880; 373-3887
660-7861
Fax No.: 373-3879

MABALACAT-DAU
R.D. Policarpio Bldg., McArthur Highway, Dau, Mabalacat, Pampanga
Area Code: (045)
Tel. Nos.: 892-4969; 892-6040
Fax No.: 892-6040

MALOLOS CITY
G/F Graceland Mall, BSU Grounds, McArthur Highway, Guinhawa, Malolos City, Bulacan
Area Code: (044)
Tel. Nos.: 794-5840; 662-2013
Fax No.: 794-5840

MARILAO
G/F, SM City Marilao
Km. 21, Brgy. Ibayo, Marilao, Bulacan
Area Code: (044)
Tel. Nos.: 815-8956; 815-8957
Fax No.: 815-8956

MARIVELES-FAB
Tamayo's Building, Avenue of the Philippines Brgy. Malaya, Freeport Area of Bataan (FAB), Mariveles, Bataan
Area Code: (047)
Tel. Nos.: 633-9569; 633-9699
Fax No.: 633-9569

MASBATE
Espinosa Bldg., Zurbito St., Masbate City, Masbate
Area Code: (056)
Tel. Nos.: 333-2363; 333-2365
Fax No.: 333-2365

MEYCAUAYAN
CBC Bldg., Malhacan Road, Meycauayan, Bulacan
Area Code: (044)
Tel. Nos.: 815-6889; 815-6961
815-6958
Fax No.: 815-6961

NAGA CITY
Centro-Peñafrancia Street, Naga City
Area Code: (054)
Tel. Nos.: 472-1359; 472-1358
473-7920
Fax No.: 8250-8169 (Manila line)

NUEVA ECIJA-STA. ROSA
CBC Bldg., Maharlika Highway, Poblacion, Sta. Rosa, Nueva Ecija
Area Code: (044)
Tel. Nos.: 333-6215; 940-1407
Fax No.: 333-6215

OCC. MINDORO-SAN JOSE
Liboro corner Rizal Street, San Jose, Occidental Mindoro
Area Code: (043)
Tel. Nos.: 491-0095; 491-0096
Fax No.: 491-0095

OLONGAPO-DOWNTOWN
No. 2 corner 20th St., East Bajac-Bajac, Olongapo City
Area Code: (047)
Tel. No.: 610-9826
Fax No.: 610-9826

PANGASINAN-ALAMINOS CITY
Marcos Avenue, Brgy. Palamis, Alaminos City, Pangasinan
Area Code: (075)
Tel. Nos.: 551-3859; 654-0286
Fax No.: 654-0296

PANGASINAN-BAYAMBANG
CBC Bldg., No. 91, Poblacion Sur, Bayambang, Pangasinan
Area Code: (075)
Tel. Nos.: 632-5776; 632-5775
Fax No.: 632-5776

PANGASINAN-ROSALES
CBC Bldg., Calle Dewey, Rosales, Pangasinan
Area Code: (075)
Tel. Nos.: 633-3852; 633-3853
Fax No.: 633-3852

PANGASINAN-URDANETA
EF Square Bldg., Mc Arthur Highway, Poblacion Urdaneta City, Pangasinan
Area Code: (075)
Tel. Nos.: 632-2637; 632-0541
656-2022; 656-2618
Fax No.: 656-2618

PASEO DE STA. ROSA
Unit 3, Paseo 5, Paseo de Sta. Rosa, Sta. Rosa City, Laguna
Area Code: (049)
Tel. Nos.: 837-1831; 502-3016
502-2859; 827-8178
8420-8042 (Manila line)
Fax No.: 8420-8042 (Manila line)

QUEZON-CANDELARIA
Pan Philippine Highway cor. Del Valle Street, Poblacion, Candelaria, Quezon
Area Code: (042)
Tel. Nos.: 797-4298; 797-4299
Fax No.: 797-4298

SAN FERNANDO
CBC Bldg., V. Tiomico Street
City of San Fernando, Pampanga
Area Code: (045)
Tel. Nos.: 961-3542; 961-3549
963-5458; 963-5459
963-5460; 961-5651
860-1925; 892-3211
Fax No.: 961-8352

SAN FERNANDO-SINDALAN
Jumbo Jenra Sindalan, Brgy. Sindalan,
San Fernando City, Pampanga
Area Code: (045)
Tel. Nos.: 866-5464; 455-0569
Fax No.: 861-3081

SAN JOSE CITY
Maharlika Highway, Brgy. Malasin,
San Jose City
Area Code: (044)
Tel. Nos.: 958-9094; 958-9096
511-2898
Fax No.: 958-9094

SAN PABLO CITY
M. Paulino Street, San Pablo City
Area Code: (049)
Tel. Nos.: 562-5481; 562-5482
562-5483; 562-5484
Fax No.: 562-5485

SANTIAGO CITY
Navarro Bldg., Maharlika Highway near
corner Bayaua St., Santiago City, Isabela
Area Code: (078)
Tel. Nos.: 682-7024; 682-7025
682-7026
Fax No.: 305-2445

SM CITY BACOOR
LGF SM City Bacoor, Tirona Highway
corner Aguinaldo Highway,
Bacoor, Cavite
Area Code: (046)
Tel. Nos.: 417-0572; 417-0746
417-0623; 417-0645
Fax No.: 417-0583

SM CITY CABANATUAN
UGF SM City Cabanatuan,
Maharlika Highway, Brgy. H. Concepcion
Cabanatuan City, Nueva Ecija
Area Code: (044)
Tel. Nos.: 958-1916; 486-5501
Fax No.: 958-1916

SM CITY CLARK
G/F (Units 172-173) SM City Clark,
M. Roxas St., CSEZ, Angeles City,
Pampanga
Area Code: (045)
Tel. Nos.: 499-0252; 499-0253
499-0254
Fax No.: 499-0254

SM CITY DASMARIÑAS
LGF SM City Dasmariñas, Governor's
Drive, Pala-pala, Dasmariñas, Cavite
Area Code: (046)
Tel. Nos.: 424-1134
Fax No.: 424-1133

SM CITY LIPA
G/F (Units 1111-1113) SM City Lipa,
Ayala Highway, Brgy. Maraouy, Lipa City,
Batangas
Area Code: (043)
Tel. Nos.: 784-0212; 784-0213
Fax No.: 784-0212

SM CITY NAGA
SM City Naga, CBD II, Brgy. Triangulo
Naga City
Area Code: (054)
Tel. Nos.: 472-1366; 472-1367
Fax No.: 8250-8183 (Manila Line)

SM CITY OLONGAPO CENTRAL
formerly SM City Olongapo Branch
G/F SM City Olongapo Central,
East Tapinac, Olongapo City, Zambales
Area Code: (047)
Tel. Nos.: 602-0039; 602-0040
Fax No.: 602-0038

SM CITY PAMPANGA
Unit AX3 102, Building 4, SM City
Pampanga, Mexico, Pampanga
Area Code: (045)
Tel. Nos.: 455-0304; 455-0305
455-0306; 455-0307
Fax No.: 455-0307

SM CITY SAN JOSE DEL MONTE
UGF SM City San Jose Del Monte,
San Jose Del Monte City, Bulacan
Area Code: (044)
Tel. Nos.: 913-1562
8985-3067 (Manila Line)
Fax No.: 913-1562

SM CITY SAN PABLO
G/F SM City San Pablo National
Highway, Brgy. San Rafael,
San Pablo City, Laguna
Area Code: (049)
Tel. Nos.: 521-0071; 521-0072
Fax No.: 521-0072

SM CITY STA. ROSA
G/F SM City Sta. Rosa, Bo. Tagapo,
Sta. Rosa, Laguna
Area Code: (049)
Tel. Nos.: 534-4640; 534-4813
Fax No.: 7901-1632 (Manila Line)

SM CITY TELABASTAGAN
SM City Telabastagan,
San Fernando City, Pampanga
Area Code: (045)
Tel. No.: 403-9482
Fax No.: 403-9482

SOLANO
National Highway, Brgy. Quirino,
Solano, Nueva Vizcaya
Area Code: (078)
Tel. Nos.: 808-0371; 326-6561
Fax No.: 326-6561

SORSOGON
CBC Bldg., Ramon Magsaysay Ave.,
Sorsogon City, Sorsogon
Area Code: (056)
Tel. Nos.: 211-1610; 421-5105
Fax No.: 8429-1124 (Manila Line)

SUBIC BAY FREEPORT ZONE
CBC Bldg., Subic Bay Gateway Park,
Rizal Highway, Subic Bay Freeport Zone
Area Code: (047)
Tel. Nos.: 252-1568; 252-1575
252-1591
Fax No.: 252-1575

TABACO CITY
Ziga Ave. corner Berces Street,
Tabaco City, Albay
Area Code: (052)
Tel. Nos.: 487-7150; 830-4178
Fax No.: 429-1811

TAGAYTAY CITY
Foggy Heights Subdivision,
E. Aguinaldo Highway, Tagaytay City,
Cavite
Area Code: (046)
Tel. Nos.: 483-0609; 483-0608
Fax No.: 483-0609

TALAVERA
CBC Bldg., Marcos District,
Talavera, Nueva Ecija
Area Code: (044)
Tel. Nos.: 940-2620; 940-2621
Fax No.: 940-2620

TARLAC
CBC Bldg., Panganiban near corner
F. Tanedo Street, Tarlac City, Tarlac
Area Code: (045)
Tel. Nos.: 982-7771; 982-7772
982-7773; 982-7774
982-7775
Fax No.: 982-7772

TARLAC-BAMBAN
National Road, Bgry. Anupul,
Bamban, Tarlac
Area Code: (045)
Tel. No.: 925-0402
Fax No.: 925-0402

TARLAC-CAMILING
Savewise Super Market,
Poblacion, Camiling, Tarlac
Area Code: (045)
Tel. Nos.: 491-6445; 934-5085
934-5086
Fax No.: 934-5085

TARLAC-CONCEPCION
G/F Descanzo Bldg., F. Timbol St.
San Nicolas Poblacion,
Concepcion, Tarlac
Area Code: (045)
Tel. Nos.: 491-2987; 491-3028
Fax No.: 491-3113

TARLAC-PANIQUI
Cedasco Building, M. H del Pilar St.,
Poblacion, Paniqui, Tarlac
Area Code: (045)
Tel. Nos.: 491-8465; 491-8464
Fax No.: 491-8465

TARLAC-SAN RAFAEL
CBC Bldg., Brgy. San Rafael,
Tarlac City, Tarlac
Area Code: (045)
Tel. Nos.: 456-0150; 456-0121
Fax No.: 456-0121

THE DISTRICT IMUS
G/F The District Imus, Anabu II,
Imus, Cavite
Area Code: (046)
Tel. Nos.: 416-1417; 416-4294
Fax No.: 416-4212

TRECE MARTIRES
G/F Waltermart, Governor's Drive corner
City Hall Road, Brgy. San Agustin,
Trece Martires City, Cavite
Area Code: (046)
Tel. Nos.: 460-4897; 460-4898
460-4899
Fax No.: 460-4898

TUGUEGARAO CITY
A. Bonifacio Street,
Tuguegarao, Cagayan
Area Code: (078)
Tel. Nos.: 844-0175; 844-0831
846-1709
Fax No.: 844-0836

TUGUEGARAO-BALZAIN
Balzain Highway, Tuguegarao City,
Cagayan
Area Code: (078)
Tel. Nos.: 396-2207; 396-2208
Fax No.: 396-2207

VIGAN CITY
Burgos Street near corner Rizal Street,
Vigan City, Ilocos Sur
Area Code: (077)
Tel. Nos.: 722-6968, 674-2272
Fax No.: 722-6948

VIRAC
Gogon, Virac, Catanduanes
Area Code: (052)
Tel. Nos.: 811-4321; 811-4322
Fax No.: 811-4321

ZAMBALES-BOTOLAN
National Highway, Brgy. Batonlapoc
Botolan, Zambales
Area Code: (047)
Tel. Nos.: 811-1322; 811-1372
Fax No.: 811-1322

VISAYAS

ANTIQUE-SAN JOSE
Felrosa Building, Gen. Fullon St. corner
Cerdena St., San Jose, Antique
Area Code: (036)
Tel. Nos.: 540-7095; 540-7097
Fax No.: 540-7096

BACOLOD-ARANETA
CBC Bldg., Araneta corner
San Sebastian Streets, Bacolod City
Area Code: (034)
Tel. Nos.: 435-0247; 435-0248
433-3818; 433-3819
433-7152; 433-7153
709-1618; 704-2480
Fax No.: 704-1400

BACOLOD-LACSON
Soliman Bldg., Lacson corner Luzurriaga
Sts. Bacolod City, Negros Occidental
Area Code: (034)
Tel. No.: 474-2451
Fax No.: 474-2451

BACOLOD-LIBERTAD
Libertad Street, Bacolod City,
Negros Occidental
Area Code: (034)
Tel. Nos.: 435-1645; 435-1646
Fax No.: 435-1646

BACOLOD-MANDALAGAN
Lacson Street, Mandalagan,
Bacolod City, Negros Occidental
Area Code: (034)
Tel. Nos.: 441-0500; 441-0388
709-0067
Fax No.: 709-0067

BACOLOD-NORTH DRIVE
Anesa Bldg., B.S. Aquino Drive,
Bacolod City
Area Code: (034)
Tel. Nos.: 435-0063 to 65; 709-1658
Fax No.: 435-0064

BAYBAY
Magsaysay Avenue, Baybay, Leyte
Area Code: (053)
Tel. Nos.: 335-2899; 335-2898
563-9228
Fax No.: 563-9228

BORONGAN
Balud II, Poblacion, Borongan,
Eastern Samar
Area Code: (055)
Tel. Nos.: 560-9948; 560-9938
261-5888
Fax No.: 560 9938

CALBAYOG CITY
Cajurao cor. Gomez Sts., Balud,
Calbayog Dist., Calbayog City, Samar
Area Code: (055)
Tel. Nos.: 209-1358; 533-8842
Fax No.: 533-8842

CATARMAN
Cor. Rizal & Quirino Sts., Jose P.
Rizal St., Catarman, Northern, Samar
Area Code: (055)
Tel. Nos.: 251-8802; 251-8821
500-9921
Fax No.: 500-9921

CATBALOGAN
CBC Bldg., Del Rosario St.
cor. Taft Avenue, Catbalogan City, Samar
Area Code: (055)
Tel. Nos.: 251-2897; 251-2898
543-8121; 543-8279
Fax No.: 543-8279

China Bank Branches

CEBU-AYALA
Unit 101 G/F Insular Life Cebu Business Center, Mindanao Ave. cor. Biliran Road, Cebu Business Park, Cebu City
Area Code: (032)
Tel. Nos.: 262-1839; 260-6524
Fax No.: 260-6524

CEBU-BANAWA
G/F The J Block, Duterte St., Banawa, Guadalupe, Cebu City, Cebu
Area Code: (032)
Tel. Nos.: 340-9561; 416-3827
Fax No.: 416-3827

CEBU-BANILAD
CBC Bldg., AS Fortuna St., Banilad, Cebu City
Area Code: (032)
Tel. Nos.: 346-5870; 346-5881
416-1001
Fax No.: 344-0087

CEBU-BASAK-SAN NICOLAS
N. Bacalso Ave., Basak San Nicolas, Cebu City, Cebu
Area Code: (032)
Tel. Nos.: 340-8113; 414-4742
Fax No.: 414-4742

CEBU-BOGO
Sim Building, P. Rodriguez Street, Bogo City, Cebu
Area Code: (032)
Tel. Nos.: 434-7119; 266-3251
Fax No.: 434-7119

CEBU BUSINESS CENTER
CBC Bldg., Samar Loop corner Panay Road, Cebu Business Park, Cebu City
Area Code: (032)
Tel. Nos.: 239-3760; 239-3761
239-3762; 239-3763
239-3764
Fax No.: 238-1438

CEBU-CARCAR
Dr. Jose Rizal St., Poblacion I, Carcar, Cebu
Area Code: (032)
Tel. Nos.: 487-8103; 487-8209
266-7093
Fax No.: 487-8103

CEBU-CONSOLACION
G/F SM City Consolacion, Brgy. Lamac, Consolacion, Cebu
Area Code: (032)
Tel. Nos.: 260-0024; 260-0025
Fax No.: 423-9253

CEBU-ESCARIO
Units 3 & 5 Escario Central, Escario Road, Cebu City
Area Code: (032)
Tel. Nos.: 416-5860; 520-9229
Fax No.: 520-9229

CEBU-F. RAMOS
F. Ramos Street, Cebu City
Area Code: (032)
Tel. Nos.: 253-9463; 254-4867
412-5858
Fax No.: 253-9461

CEBU-GORORDO
No 424. Gorordo Ave., Bo. Camputhaw, Lahug District, Cebu City, Cebu
Area Code: (032)
Tel. Nos.: 414-0509; 239-8654
Fax No.: 239-8654

CEBU-GUADALUPE
CBC Building, M. Velez Street, cor. V. Rama Ave., Guadalupe, Cebu City
Area Code: (032)
Tel. Nos.: 254-7964; 254-8495
254-1916
Fax No.: 416-5988

CEBU-IT PARK
G/F The Link, Cebu IT Park, Apas, Cebu City, Cebu
Area Code: (032)
Tel. Nos.: 266-2559; 262-0982
Fax No.: 266-2559

CEBU-LAHUG
JY Square Mall, No. 1 Salinas Dr., Lahug, Cebu City
Area Code: (032)
Tel. Nos.: 417-2122; 233-0977
234-2062
Fax No.: 234-2062

CEBU-LAPU LAPU PUSOK
G/F Goldberry Suites, President Quezon National Highway, Pusok, Lapu-Lapu City
Area Code: (032)
Tel. Nos.: 340-2098; 494-0631
340-2099
Fax No.: 340-2098; 494-0631

CEBU-LAPU LAPU CENTRO
G.Y dela Serna St., Opon, Poblacion, Lapu Lapu City, Cebu
Area Code: (032)
Tel. Nos.: 231-3247; 493-5078
Fax No.: 231-3247

CEBU-MAGALLANES (MAIN)
CBC Bldg., Magallanes corner Jakosalem Sts., Cebu City
Area Code: (032)
Tel. Nos.: 255-0022; 255-0023
255-0025; 255-0028
253-0348;255-6093
255-0266; 412-1877
Fax No.: 255-0026

CEBU-MANDAUE
SV Cabahug Building, 155-B SB Cabahug Street, Brgy. Centro, Mandaue City, Cebu
Area Code: (032)
Tel. Nos.: 346-5636; 346-5637
346-2083; 344-4335
422-8188
Fax No.: 346-2083

CEBU-MANDAUE-CABANCALAN
M.L. Quezon St., Cabancalan, Mandaue City, Cebu
Area Code: (032)
Tel. Nos.: 421-1364; 505-9908
Fax No.: 421-1364

CEBU-MANDAUE-J CENTRE MALL
LGF J Centre Mall, A.S Fortuna Ave., Mandaue City, Cebu
Area Code: (032)
Tel. Nos.: 520-2898; 421-1567
Fax No.: 520-2898

CEBU-MANDAUE NORTH ROAD
G/F Units G1-G3, Basak Commercial Building (Kel-2) Basak, Mandaue City
Area Code: (032)
Tel. Nos.: 345-8861; 345-8862
420-6767
Fax No.: 420-6767

CEBU-MANDAUE NRA
G/F Bai Hotel Cebu Ouano Ave. cor. Seno Blvd., North Reclamation Area, Mandaue City, Cebu
Area Code: (032)
Tel. No.: 272-6985
Fax No.: 272-6985

CEBU-MINGLANILLA
Unit 9, Plaza Margarita Lipata, Minglanilla, Cebu
Area Code: (032)
Tel. Nos.: 239-7234; 490-6025
Fax No.: 239-7235

CEBU-NAGA
Leah's Square, National South Highway, East Poblacion, Naga City, Cebu
Area Code: (032)
Tel. Nos.: 238-7623; 489-8218
Fax No.: 489-8218

CEBU-SM CITY
Upper G/F, SM City Cebu, Juan Luna cor. A. Soriano Avenue, Cebu City
Area Code: (032)
Tel. Nos.: 232-0754; 232-0755
231-9140; 412-9699
Fax No.: 232-1448

CEBU-SM SEASIDE CITY
LGF SM Seaside City Cebu, South Road Properties, 6000, Cebu City, Cebu
Area Code: (032)
Tel. Nos.: 262-1772
Fax No.: 262-1772

CEBU-SUBANGDAKU
G/F A.D. Gothong I.T. Center, Subangdaku, Mandaue City, Cebu
Area Code: (032)
Tel. Nos.: 344-6561; 422-3664
344-6621
Fax No.: 344-6621

CEBU- TALAMBAN
Unit UG-7 Gaisano Grand Mall, Brgy. Talamban, Cebu City
Area Code: (032)
Tel. Nos.: 236-8944; 418-0796
Fax No.: 236-8944

CEBU-TALISAY
CBC Bldg., 1055 Cebu South National Road, Bulacao, Talisay City, Cebu
Area Code: (032)
Tel. Nos.: 272-3342; 272-3348
491-8200
Fax No.: 272-3346

DUMAGUETE CITY
CBC Bldg., Real Street Dumaguete City, Negros Oriental
Area Code: (035)
Tel. Nos.: 422-8058; 225-5442
225-5441; 225-4284
225-5460
Fax No.: 422-5442

NEGROS OCC.-KABANKALAN
CBC Bldg., National Highway, Brgy. 1, Kabankalan, Negros Occidental
Area Code: (034)
Tel. Nos.: 471-3349; 471-3364
471-3738
Fax No.: 471-3738

ILOILO-IZNART
G/F John A. Tan Bldg., Iznart St., Iloilo City
Area Code: (033)
Tel. Nos.: 337-9477; 509-9868
300-0644
Fax No.: 337-9566

ILOILO-JARO
CBC Bldg., E. Lopez St. Jaro, Iloilo City, Iloilo
Area Code: (033)
Tel. Nos.: 320-3738; 320-3791
Fax No.: 503-2955

ILOILO-MABINI
A. Mabini Street, Iloilo City
Area Code: (033)
Tel. Nos.: 335-0295; 335-0370
509-0599
Fax No.: 335-0370

ILOILO-MANDURRIAO
Benigno Aquino Ave., Brgy. San Rafael, Mandurriao, Iloilo City, Iloilo
Area Code: (033)
Tel. Nos.: 333-3988; 333-4088
Fax No.: 501-6078

ILOILO-RIZAL
CBC Bldg., Rizal cor. Gomez Streets, Brgy. Ortiz, Iloilo City
Area Code: (033)
Tel. Nos.: 336-0947; 338-2136
509-8838
Fax No.: 338-2144

KALIBO
Waldolf Garcia Building, Osmeña Avenue, Kalibo, Aklan
Area Code: (036)
Tel. Nos.: 500-8088; 500-8188
268-2988
Fax No.: 500-8188

MAASIN CITY
G/F SJC Bldg., Tomas Oppus St., Brgy. Tunga-Tunga, Maasin City, Southern Leyte
Area Code: (053)
Tel. Nos.: 381-2287; 381-2288
570-8488
Fax No.: 570-8488

NEGROS OCC.-SAN CARLOS
Rizal corner Carmona Streets, San Carlos, Negros Occidental
Area Code: (034)
Tel. Nos.: 312-5819; 729-3276
Fax No.: 729-3276

ORMOC CITY
CBC Bldg., Real cor. Lopez Jaena Sts., Ormoc City, Leyte
Area Code: (053)
Tel. Nos.: 255-3651; 255-3652
255-3653
Fax No.: 561-8348

PUERTO PRINCESA CITY
Malvar Street near corner Valencia Street Puerto Princesa City, Palawan
Area Code: (048)
Tel. Nos.: 434-9891; 434-9892
434-9893
Fax No.: 434-9892

ROXAS CITY
1063 Roxas Ave. cor. Bayot Drive, Roxas City, Capiz
Area Code (036)
Tel. Nos.: 621-3203; 621-1780
522-5775
Fax No.: 621-3203

SILAY CITY
Rizal St., Silay City, Negros Occidental
Area Code: (034)
Tel. Nos.: 714-6400; 495-5452
495-0480
Fax No.: 495-0480;495-0480

TACLOBAN CITY
Uytingkoc Building, Avenida Veteranos, Tacloban City, Leyte
Area Code: (053)
Tel. Nos.: 325-7706; 325-7707
325-7708; 523-7700
523-7800
Fax No.: 523-7706

TAGBILARAN CITY
G/F Melrose Bldg., Carlos P. Garcia Avenue, Tagbilaran City, Bohol
Area Code: (038)
Tel. Nos.: 501-0688; 501-0677
411-2484
Fax No.: 501-0677

MINDANAO

BUTUAN CITY
CBC Bldg., J.C. Aquino Avenue
Butuan City
Area Code: (085)
Tel. Nos.: 341-5159; 341-7445
815-3454; 815-3455
225-2081
Fax No.: 815-3455

SM CDO DOWNTOWN PREMIER
G/F SM CDO Downtown Premier,
Cagayan de Oro City
Area Code: (088)
Tel. Nos.: 857-2212; 857-3742
859-1063; 859-1054
Fax No.: 857-2212

CAGAYAN DE ORO-CARMEN
G/F GT Realty Building, Max Suniel St.
corner Yakal St., Carmen,
Cagayan de Oro City
Area Code: (088)
Tel. Nos.: 2272-309; 2272-4372
858-3902; 858-3903
Fax No.: 858-3903; 2272-4372

CAGAYAN DE ORO-DIVISORIA
RN Abejuela St., South Divisoria,
Cagayan de Oro City
Area Code: (088)
Tel. Nos.: 2272-2641; 857-5759
Fax 857-4200

CAGAYAN DE ORO-LAPASAN
CBC Bldg., Claro M. Recto Avenue,
Lapasan, Cagayan de Oro City
Area Code: (088)
Tel. Nos.: 2272-2240; 2272-4540
2272-6242; 856-1325
856-1326
Fax Nos.: 856-1325; 856-1326

CAGAYAN DE ORO-PUERTO
Luis A.S. Yap Building, Zone 6,
Brgy. Puerto, Cagayan de Oro City,
Misamis Oriental
Area Code: (088)
Tel. Nos.: 880-7183; 880-7185
Fax No.: 880-7185

CDO-GAISANO CITY MALL
G/F Gaisano City Mall, C. M. Recto
corner Corrales Extension,
Cagayan de Oro City
Area Code: (088)
Tel. Nos.: 2274-5877; 2274-5880
880-1051; 880-1052
Fax No.: 2274-5880

COTABATO CITY
No. 76 S.K. Pendatun Avenue,
Cotabato City, Maguindanao
Area Code: (064)
Tel. Nos.: 421-4685; 421-4653
Fax No.: 421-4686

DAVAO-BAJADA
B.I. Zone Building, J.P. Laurel Ave.,
Bajada, Davao City
Area Code: (082)
Tel. Nos.: 221-0184; 221-0319
Fax No.: 221-0568

DAVAO-BUHANGIN
Buhangin Road, Davao City
Area Code: (082)
Tel. Nos.: 300-8335; 227-9764
221-5970
Fax No.: 221-5970

DAVAO CITY-CALINAN
Davao-Bukidnon National Highway –
Riverside, Calinan Proper, Davao City
Area Code: (082)
Tel. Nos.: 224-9229; 224-9135
Fax No.: 224-9229

DAVAO-INSULAR VILLAGE
Insular Village I, Km. 8, Lanang,
Davao City
Area Code: (082)
Tel. Nos.: 300-1892; 234-7166
234-7165
Fax No.: 300-1892

DAVAO-MA-A BRANCH
G/F Lapeña Building, Mac Arthur
Highway, Matina, Davao City
Area Code: (082)
Tel. Nos.: 295-0472; 295-1072
Fax No.: 295-0472

DAVAO-MATINA
Km. 4 McArthur Highway,
Matina, Davao City
Area Code: (082)
Tel. Nos.: 297-4288; 297-4455
297-5880; 297-5881
Fax No.: 297-5880

DAVAO-MONTEVERDE
Doors 1 & 2, Sunbright Bldg.,
Monteverde Ave., Brgy. 27-C, Poblacion
District, Davao City
Area Code: (082)
Tel. Nos.: 225-3680; 225-3679
Fax No.: 225-3680

DAVAO-PANABO CITY
PJ Realty, Barangay New Pandan,
Panabo City, Davao del Norte
Area Code: (084)
Tel. Nos.: 628-4057; 628-4065
Fax No.: 628-4053

DAVAO-RECTO
CBC Bldg., C.M. Recto Ave.
cor. J. Rizal St., Davao City
Area Code: (082)
Tel. Nos.: 221-4481; 221-7028
221-6021; 221-6921
221-4163; 226-3851
226-2103
Fax No.: 221-8814

DAVAO-STA. ANA
R. Magsaysay Avenue
corner F. Bangoy Street,
Sta. Ana District, Davao City
Area Code: (082)
Tel. Nos.: 227-9501; 227-9551
227-9601; 221-1054
221-1055; 221-6672
Fax No.: 226-4902

DAVAO-SM LANANG
G/F SM Lanang Premier,
J. P. Laurel Avenue, Davao City
Area Code: (082)
Tel. Nos.: 285-1064; 285-1053
Fax No.: 285-1520

DAVAO-TAGUM
153 Pioneer Avenue, Tagum,
Davao del Norte
Area Code: (084)
Tel. Nos.: 655-6307; 655-6308
400-2289; 400-2290
Fax No.: 400-2289

DAVAO-TORIL
McArthur Highway corner St. Peter
Street, Crossing Bayabas, Toril,
Davao City
Area Code: (082)
Tel. Nos.: 303-3068; 295-2334
295-2332
Fax No.: 295-2332

DIPOLOG CITY
CBC Bldg., Gen Luna
corner Gonzales Streets, Dipolog City
Area Code: (065)
Tel. Nos.: 212-6768; 212-6769
908-2008
Fax No.: 212-6769

GEN. SANTOS CITY
CBC Bldg., I. Santiago Blvd.,
Gen. Santos City
Area Code: (083)
Tel. Nos.: 553-1618; 552-8288
Fax No.: 553-2300

GEN. SANTOS CITY-DADIANGAS
M. Roxas Ave. corner Lapu-Lapu Street,
Brgy. Dadiangas East, Gen. Santos City,
South Cotabato
Area Code: (083)
Tel. Nos.: 552-8576
Fax No.: 552-8290

ILIGAN CITY
Lai Building, Quezon Avenue Extension
Pala-o, Iligan City
Area Code: (063)
Tel. Nos.: 221-5477; 221-5479
492-3009; 221-3009
Fax No.: 492-3010

ILIGAN CITY-SOLANA DISTRICT
Andres Bonifacio Highway, Brgy. San
Miguel, Iligan City, Lanao del Norte
Area Code: (063)
Tel. Nos.: 224-7664; 224-7665
Fax No.: 224-7664

KIDAPAWAN CITY
Datu Ingkal St., Brgy. Poblacion,
Kidapawan City
Area Code: (064)
Tel. Nos.: 278-3509; 278-3510
Fax No.: 278-3509

KORONADAL CITY
Gen. Santos Drive corner Aquino St.,
Koronadal City, South Cotabato
Area Code: (083)
Tel. Nos.: 228-7838; 228-7839
520-1788
Fax No.: 228-7839

MALAYBALAY CITY
Bethelda Building, Sayre Highway,
Malaybalay City, Bukidnon
Area Code: (088)
Tel. Nos.: 813-3372
Fax No.: 813-3373

MIDSAYAP
CBC Bldg., Quezon Ave.,
Poblacion 2, Midsayap, Cotabato
Area Code: (064)
Tel. No.: 229-9700
Fax No.: 229-9750

OZAMIZ CITY
Gomez corner Kaamino Streets,
Ozamiz City
Area Code: (088)
Tel. Nos.: 521-2658; 521-2659
521-2660
Fax No.: 521-2659

PAGADIAN CITY
Marasigan Building, F.S. Pajares Avenue,
Pagadian City
Area Code: (062)
Tel. Nos.: 215-2781; 215-2782
925-1116
Fax No.: 214-3877

SURIGAO CITY
CBC Bldg., Amat St., Barrio Washington,
Surigao City, Surigao del Norte
Area Code: (086)
Tel. Nos.: 826-3958; 826-3968
Fax No.: 826-3958

VALENCIA
A. Mabini Street, Valencia, Bukidnon
Area Code: (088)
Tel. Nos.: 828-2048; 828-2049
222-2356; 222-2417
Fax No.: 828-2048

ZAMBOANGA CITY
CBC Bldg., Gov. Lim Avenue
corner Nuñez Street, Zamboanga City
Area Code: (062)
Tel. Nos.: 991-2978; 991-2979
991-1266
Fax No.: 991-1266

ZAMBOANGA-GUIWAN
G/F Yang's Tower, M.C. Lobregat National
Highway, Guiwan, Zamboanga City
Area Code: (062)
Tel. Nos.: 984-1751; 984-1754
Fax No.: 984-1751

ZAMBOANGA-SAN JOSE GUSU
Yubenco Supermarket, San Jose Gusu,
Zamboanga City, Zamboanga del Sur
Area Code: (062)
Tel. Nos.: 995-6154; 955-6155
Fax No.: 955-6154

China Bank Business Offices

CONSUMER BANKING CENTERS

CBG Bacolod Center
China Bank - Bacolod Araneta
2/F CBC Bldg., Araneta St.
Bacolod City
Tel. No.: (034) 435-0647
(034) 435-0250
Fax No.: (034) 435-0647
Email: ihsaplagio@chinabank.ph
Center Head: **Ivy H. Saplagio**

CBG Batangas Center
China Bank - Batangas City
3/F CBC Bldg., P. Burgos St.
Batangas City
Tel. Nos.: (043) 723-7127
723-4294
Fax No.: (02) 8520-6161
Email: egricardo@chinabank.ph
Center Head: **Evelyn G. Ricardo** *(OIC)*

CBG Cabanatuan Center
China Bank - Cabanatuan, Maharlika
2/F CBC Bldg., Brgy. Dicarma,
Maharlika Highway, Cabanatuan City,
Nueva Ecija
Tel. Nos.: (044) 600-1575; 4631063
Fax No.: (044) 464-0099
Email: ergatdula@chinabank.ph
Contact Person: **Emilie R. Gatdula**

CBG Cagayan de Oro Center
China Bank Cagayan de Oro Divisoria
2/F CBC Bldg. R.N. Abejuela St.
Divisoria, Cagayan de Oro City
Tel. Nos.: (088) 859-1232
(088) 856-2409
Fax Nos.: (088) 856-2409
Email: rdmatela@chinabank.ph
Center Head: **Rhea D. Matela** *(OIC)*

CBG Cebu Center
China Bank - Cebu Business Park
2/F CBC Corporate Center,
Samar Loop cor. Panay Road
Cebu Business Park, Cebu City
Tel. Nos.: (032) 416-1606
(032) 346-4448
(032) 416-1915
(032) 239-3733
Fax No.: (032) 346-4450
Email: khltan@chinabank.ph
Center Head:
Kinard Hutchinson L. Tan

CBG Dagupan Center
China Bank - Dagupan-Perez
Siapno Bldg., Perez Boulevard
Dagupan City
Tel. Nos.: (075) 522-8471
(075) 522-8472
Fax No.: (075) 522-8472
Email: mpmacaranas@chinabank.ph
Center Head: **Maricris P. Macaranas**

CBG Davao Center
China Bank - Davao-Recto
2/F CBC Bldg., C.M. Recto
cor. J. Rizal Sts., Davao City
Tel. Nos.: (082) 226-2103
(082) 221-4163
Fax No.: (082) 222-5021
Email: rcsanchez@chinabank.ph
Center Head: **Renato C. Sanchez II**

CBG Iloilo Center
China Bank - Iloilo-Rizal
2/F CBC Bldg., Rizal cor. Gomez Sts.
Brgy. Ortiz, Iloilo City
Tel. Nos.: (033) 336-7918
(033) 503-2845
(033) 336-7909
Fax No.: (033) 336-7918
Email: mdcelajes@chinabank.ph
Center Head: **Marvin D. Celajes**

CBG Pampanga Center
China Bank - San Fernando
2/F CBC Bldg., V. Tiomico St.
Sto. Rosario Poblacion, City of
San Fernando, Pampanga
Tel. Nos.: (045) 961-5344
(045) 961-0467
Fax No.: (045) 961-8351
Email: cjdbautista@chinabank.ph
Center Head:
Carlo Juan D. C. Bautista

WEALTH MANAGEMENT OFFICES

Makati Head Office
15/F China Bank Bldg.
8745 Paseo de Roxas cor. Villar Sts.,
Makati City, Philippines

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adcruz@chinabank.ph

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tgescolin@chinabank.ph

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gcsantos@chinabank.ph

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evdbaviera@chinabank.ph

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kwtua@chinabank.ph

Yvette O. Chua
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yochua@chinabank.ph

Joyce Y. Tan
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Greenhills Office
14 Ortigas Ave., Greenhills
San Juan, Metro Manila

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(02) 8727-7884
mvgpantaleon@chinabank.ph

Desiree Jade T. Go
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Francine Richelle C. Ong
(02) 8724-0413
frcong@chinabank.ph

Binondo Office
6/F China Bank Bldg., Dasmariñas
cor. Juan Luna, Binondo, Manila

Irene C. Tanlimco
(02) 8241-1452
ictanlimco@chinabank.ph

Genelin U. Yu
(02) 8247-8341 / guyu@chinabank.ph

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167 Rizal Ave. Extension
Kalookan City

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Mary Grace C. Tan
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mgctan@chinabank.ph

Quezon City Office
82 West Ave., Quezon City

Jaydee Cheng Tan
(02) 8426-6980 / jctan@chinabank.ph

Ma. Luisa T. Uy
(02) 8441-4685 / mltuy@chinabank.ph

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2/F Unit D CBC Bldg., Acacia Ave.
Madrigal Business Park,
Ayala Alabang, Muntinlupa City

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clramirez@chinabank.ph

Samantha Rose U. Dee
(02) 8659-2464
srudee@chinabank.ph

San Fernando Office
2/F V. Tiomico St., San Fernando City,
Pampanga

Ma. Cristina D. Puno
(045) 961-0486
mcdpuno@chinabank.ph

Bacolod Office
2/F CBC Bldg., Bacolod Araneta
Lacson cor. San Sebastian Sts.
Bacolod City

Julie Rose A. Manuel
(034) 431-5549
jramanuel@chinabank.ph

Cebu Office
CBC Bldg., Samar Loop
cor. Panay Road, Cebu Business
Park, Cebu City

Eleanor D. Rosales
(032) 415-5881
(032) 239-3740 up to 44
edrosales@chinabank.ph

Geraldine U. Go
(032) 239-3741 / gugo@chinabank.ph

Davao Office
Km. 4 MacArthur Highway
Matina, Davao City

Mc Queen Benigno-Jamora
(082) 297-6268
mqbjamora@chinabank.ph
(082) 297-2335

China Bank Savings Branches

METRO MANILA AND RIZAL

BUENDIA
CBS Bldg.
314 Sen. Gil Puyat Ave., Makati City
Tel. Nos.: (02) 8884-7645; 8812-9359
Trunkline: (02) 8884-7600
locals 73901, 73902

ACACIA ESTATES-SAVEMORE
Acacia Taguig Town Center
Acacia Estates, Ususan, Taguig City
Tel. Nos.: (02) 8633-5472; 8633-3245

ADRIATICO-HYPERMARKET
M.H. Del Pilar, Adriatico
Malate, Manila
Tel. No.: (02) 8525-6286

ALABANG HILLS
Alabang Commercial Citi Arcade
Don Jesus Boulevard
Alabang, Muntinlupa City
Tel. Nos.: (02) 8828-4854
8403-2801

AMANG RODRIGUEZ-SAVEMORE
Amang Rodriguez Ave.
cor. Evangelista St.
Santolan, Pasig City
Tel. No.: (02) 8645-4710; 7964-1323
Mobile No.:0917 510-5962

AMORANTO AVE.
Unit 101 R Place Bldg.
255 N.S Amoranto Sr. Ave.
Quezon City
Tel. Nos.: (02) 8251-6592; 8251-6594

ANGONO
Manila East Road cor. Don Benito St.
Brgy. San Roque, Angono Rizal
Tel. No.: (02) 8651-1782
Fax No: (02) 8651-1779

ANONAS-SAVEMORE
Maamo St., Road Lot 30
V. Luna St. and Anonas Extension
Sikatuna, Quezon City
Tel. No.: (02) 8351-4928
Mobile No.:0917 863-6157

ANTIPOLO
EMS Bldg. , M.L. Quezon
cor. F. Dimailig St., Brgy. San Roque
Antipolo City, Rizal
Tel. No.: (02) 8697-1066
Fax No.: (02) 8697-0224

ARANETA CENTER C.O.D.-SAVEMORE
LG Savemore Market
Gen. Romulo St., Araneta Center
Cubao, Quezon City
Tel. No.: (02) 8921-3149; 7502-1437
Mobile No.:0917 809-9670

AYALA AVE.
VGP Center
6772 Ayala Ave., Makati City
Tel. Nos.: (02) 8864-5017; 8864-5011
8988-9555 loc 8100, 8101,
8103, 8104

BACLARAN
3751 Quirino Ave., cor. Sta. Rita St.
Baclaran, Parañaque City
Tel. Nos.: 8816-1956; 7975-2172

BANAWE
247-249 Banawe St.
Sta. Mesa Heights, Brgy. Lourdes
Quezon City
Tel. No.: (02) 8256-4941

BANGKAL
Amara Bldg.
1661 Evangelista St.
Bangkal, Makati City
Tel. Nos.: (02) 8621-3459
8621-3461

BINONDO-JUAN LUNA
694-696 Juan Luna St.
Binondo, Manila
Tel. No.: (02) 8254-7337

BLUMENTRITT
1677 Blumentritt St.
near Oroquieta St., Sta. Cruz, Manila
Tel. Nos.: (02) 7968-4759; 8562-0953

BONI AVE.
Raymond Tower Boni
615 Boni Ave. Plainview
Mandaluyong City
Tel. No.: (02) 8636-5072
Mobile No.:0917 849-7434

COMMONWEALTH AVE.
JocFer Bldg.
Commonwealth Ave.
Brgy. Holy Spirit, Quezon City
Tel. Nos.: (02) 7957-0559; 8282-5946
8282-5975; 8988-9555
loc. 4857
Mobile No.:0917 521-3469

CUBAO
Fernandina 88 Condominium
222 P. Tuazon Boulevard
Araneta Center, Cubao, Quezon City
Tel. Nos.: (02) 8913-5209; 8913-4903

DEL MONTE
392 Del Monte Ave.
Brgy. Sienna, Quezon City
Tel. No.: (02) 8741-2447
Fax No.: 8741-8285

DIVISORIA
Bank Space Unit U01
Dragon 8 Shopping Center
3/Flr., C.M Recto Avenue
cor. Dagupan St., Divisoria, Manila
Tel. Nos.: (02) 7616-1146; 8247-3300

E. RODRIGUEZ SR.-HEMADY
G/F, Hemady Square, E. Rodriguez
Ave. cor. Doña Hemady St.
New Manila, Quezon City
Tel. No.: (02) 8531-9676
Mobile No.:0917 808-5214

ESPAÑA-SUNMALL
G/F, Sun Mall Residences
España Boulevard cor. Mayon St.
Brgy. Sta. Teresita, Quezon City
Tel. No.: (02) 8244-2477

FELIX HUERTAS-JT CENTRALE
#1686 V. Fugoso St.
cor. Felix Huertas Sta. Cruz, Manila
Tel. No.: (02) 8247-3177

FILINVEST CORPORATE CITY
BC Group Bldg., East Asia Drive
near cor. Commerce Ave.
Filinvest Corporate City
Alabang, Muntinlupa City
Tel. No.: (02) 8511-1145
Mobile No.:0917 804-6443

FTI– TAGUIG HYPERMARKET
DBP Ave., Food Terminal Incorporated
Western Bicutan, Taguig City
Tel. Nos.: (02) 8834-0408; 7507-4090

G. ARANETA AVE.
195 G. Araneta Ave.
Quezon City
Tel No.: (02) 8711-7822

GIL PUYAT-BAUTISTA
Lot 25 Blk 74 Bautista St.
cor. Sen. Gil Puyat Ave., Makati
Tel. Nos.: (02) 8838-2312; 7354-5923
Mobile No.:0917 849-6738

GREENHILLS-ORTIGAS AVE.
G/F, VAG Bldg., Ortigas Ave.
Greenhills, San Juan City
Tel. Nos.: (02) 8721-0105; 8724-7528

GREENHILLS-WILSON
219 Wilson St., Greenhills
San Juan City
Tel .Nos.: (02) 7748-7625; 8584-5946

KALOOKAN
Augusto Bldg., Rizal Ave.
Grace Park, Kalookan City
Tel. Nos.: (02) 8365-7593; 8363-2752

KALOOKAN-MABINI
AJ Bldg.
353 A. Mabini St., Kalookan City
Tel.No.: (02) 8961-2628

KATIPUNAN AVE.
One Burgundy Condominium
Katipunan Ave., Loyola Heights
Quezon City
Tel. Nos.: (02) 7211-7882
Fax No.: (02) 8288-4360
Mobile No.:0917 628-3318

LAGRO
G/F, Bonaza Bldg.
Quirino Highway, Greater Lagro
Novaliches, Quezon City
Tel. Nos.: (02) 8936-4988; 8461-7214

LAS PIÑAS-ALMANZA UNO
Alabang - Zapote Road
Almanza Uno, Las Piñas City
Tel. Nos.: (02) 8551-4024; 8551-4724
7966-9001
Mobile No.:0917-817-3526

MAKATI-CHINO ROCES
Graceland Plaza
2176 Chino Roces Ave.
Pio del Pilar, Makati City
Tel. Nos.: 8831-0477; 7964-1322
Mobile No.:0917 510-6078

MAKATI-JP RIZAL
882 J.P. Rizal St.
Poblacion, Makati City
Tel. No.: (02) 8890-1027
Mobile No.:0917 510-5919

MALABON-SAVEMORE
Francis Market, Governor Pascual
cor. M.H. Del Pilar St.,Tinajeros
Malabon City
Tel. No.: (02) 8931-6323

MANDALUYONG
Paterno's Bldg.
572 New Panaderos St.
Brgy.Pag-asa, Mandaluyong City
Tel. Nos.: (02) 7238-3745, 7238-3744

MANDALUYONG-SHAW BOULEVARD
500 Shaw Tower, 500 Shaw Boulevard
Mandaluyong City
Tel. Nos.: (02) 8941-9412; 8941-9231

MANILA-STA.ANA SAVEMORE
Savemore Pedro Gil St.
Sta. Ana, Manila
Tel. Nos.: (02) 8523-8574; 7987-4975
Mobile No.:0917 814-0390

MARIKINA
33 Bayan-Bayanan Ave.
Brgy. Concepcion 1, Marikina City
Tel. Nos.: (02) 8477-2445; 7907-2418

MARIKINA-GIL FERNANDO AVE.
CTP Bldg.
Gil Fernando Ave., Marikina City
Tel. Nos.: (02) 8681-2810; 8645-8169

MUÑOZ JACKMAN
Upper Ground Floor, Jackman Building
Jackman Plaza, EDSA – Muñoz
Quezon City
Tel. No.: (02) 8442-4829
Mobile No.:0917 800-5128

NEPA-Q MART-SAVEMORE
G/F, 770 Saint Rose Bldg.
EDSA and K-G St.
West Kamias, Quezon City
Tel. No.: (02) 8351-4884
Mobile No.:0917 863-6069

NINOY AQUINO AVE.
Skyfreight Bldg.,
G/F Ninoy Aquino Ave.
cor. Pascor Drive, Parañaque City
Tel. Nos.: (02) 8843-2447; 7239-0574

China Bank Savings Branches

ORTIGAS CENTER
Hanston Square , San Miguel Ave.
Ortigas Center, Pasig City
Tel. Nos.: (02) 8637-9778; 8477-3439

PARAÑAQUE-BETTER LIVING
90 Doña Soledad Ave.
Better Living Subdivision
Bicutan, Parañaque City
Tel. Nos.: (02) 8831 -8507

PARAÑAQUE-BF HOMES
284 Aguirre Ave.
B.F. Homes, Parañaque City
Tel. Nos.: (02) 8553-5412; 8553-5414

PARAÑAQUE-JAKA PLAZA
Jaka Plaza Center
Dr. A. Santos Ave. (Sucat Road)
Brgy. San Isidro, Parañaque City
Tel. No.: (02) 8820-6093
Fax No.: (02) 8820-9061

PARAÑAQUE-LA HUERTA
1070 Quirino Ave.
La Huerta, Parañaque City
Tel.Nos.: (02) 8893-1226
Mobile No.:0917 578-5058

PARAÑAQUE-MOONWALK
Kassel Residence
E. Rodriguez Ave.
Moonwalk, Parañaque City
Tel. Nos.: (02) 8664-1923, 7957-2339

PASAY-LIBERTAD
533 Cementina St.
Libertad, Pasay City
Tel. Nos.: 7907-4246; 8541-1697
Mobile No.:0917 808-0695

PASIG-CANIOGAN
KSN Bldg., C. Raymundo Ave.
Caniogan, Pasig City
Tel. No.: (02) 7957-0817
Mobile No.:0917 520-6966

PASIG MUTYA
Richcrest Bldg.,
Caruncho cor. Market Ave.
San Nicolas, Pasig City
Tel. No.: (02) 8642-2870
Fax No.: (02) 8640-7085

PASIG-PADRE BURGOS
114 Padre Burgos St.
Kapasigan, Pasig City
Tel. Nos.: (02) 8650-3361
Mobile No.:0917 574-7874

PASO DE BLAS
Andoks Bldg., 629 Gen. Luis St.
Malinta Interchange – NLEX
Paso de Blas, Valenzuela City
Tel.No.: (02) 8984-8258

PATEROS
500 Elisco Road
Sto. Rosario, Pateros City
Tel. Nos.: (02) 8641-9556; 8655-2349

PATEROS-ALMEDA
120 M. Almeda St.
Pateros City
Tel. Nos.: (02) 8641-6768; 8641-6760

PEDRO GIL
LKE Bldg.
Pedro Gil St. cor.
Pasaje Rosario, Paco, Manila
Tel. No.: (02) 8521-4056

PLAZA STA. CRUZ
MBI Bldg.
Plaza Sta. Cruz, Sta. Cruz, Manila
Tel. No.: (02) 8734-0534

QUEZON AVE.-PALIGSAHAN
1184-A Ben-Lor Bldg.
Brgy. Paligsahan, Quezon City
Tel. Nos.: (02) 8376-4548; 8376-4546

QUEZON AVE.
GJ Bldg., 385 Quezon Ave.
West Triangle, Quezon City
Tel. No.: (02) 8332-2638
Mobile No.:0917 538-2423

QUIAPO-ECHAGUE
Carlos Palanca cor. P. Gomez St.
Echague, Quiapo, Manila
Tel. Nos.: (02) 8714-2396

QUIAPO-QUEZON BOULEVARD
416 Quezon Boulevard
Quiapo, Manila
Tel. No.: (02) 8247-3297

RADA
HRC Center, 104 Rada St.
Legaspi Village, Makati City
Tel. No.: (02) 8810-9369
Fax No.: (02) 8810-9370

ROOSEVELT
342 Roosevelt Ave., Quezon City
Tel Nos.: (02) 7957-0796; 8663-7563

SAN JUAN CITY
Madison Square
264 N. Domingo St.
Brgy. Pasadena, San Juan City
Tel. Nos.: (02) 7507-4147; 8724-7528
Mobile No.:0917 561-5639

SOUTH TRIANGLE
Sunnymede IT Center
Ground Floor, Quezon Avenue
South Triangle, San Juan City
Tel. No.: (02) 7959-4515
Mobile No.:0917 843-1722

STA. MESA
4128 Ramon Magsaysay Boulevard
Sta. Mesa Manila
Tel. No.: (02) 7507-6515
8252-3286

TANDANG SORA
Cecile Ville Bldg. III
670 Tandang Sora Ave.
cor. General Ave., Tandang Sora
Quezon City
Mobile No.:0917 801-7585

TAYTAY
C. Gonzaga Bldg. II
Manila East Road, Taytay, Rizal
Tel. Nos.: (02) 8650-3367; 7623-6113
Mobile No.:0917 578-6978

TAYUMAN
1925-1929 Rizal Ave.
near cor. Tayuman St.
Sta. Cruz, Manila
Tel. Nos.: (02) 8230-3091; 8325-5078

TIMOG
Jenkinsen Tower Condominium
80 Timog Ave., Quezon City
Tel. Nos.: (02) 8371-8303; 8371-8305

TWO E-COM
Two E-Com Center Tower B
Ocean Drive cor. Bayshore Drive
Mall of Asia Complex, Pasay City
Tel. Nos.: (02) 8802-3068; 7587-4753
Mobile No.:0917 506-8303

UN AVE.
552 United Nations Ave.
Ermita, Manila
Tel. Nos.: (02) 8400-5467; 8400-5468

VALENZUELA-MARULAS
92 J Ong Juanco Bldg.
MacArthur Highway, Marulas
Valenzuela City
Tel. Nos.: (02) 8291-6541; 8709-4641

VISAYAS AVE.
Wilcon City Center Mall,
Upper Ground Floor
Visayas Ave. , Quezon City
Tel. No.: (02) 8990-6543

NORTH LUZON

ANGELES-RIZAL
639 Rizal St., Angeles City
Tel. Nos.: (045) 888-4971; 625-9722

ARAYAT
Cacutud, Arayat, Pampanga
Tel. Nos.: (045) 409-9559; 885-2390

BAGUIO-SESSION
B 108 Lopez Bldg., Session Road
cor. Assumption Road, Baguio City
Tel. Nos.: (074) 446-3993; 446-3994
Mobile No.:0917 868-3506

BALAGTAS
Ultra Mega Supermarket
MacArthur Highway
Burol 1st Balagtas, Bulacan
Tel.Nos. (044) 693-1849
(02) 8884-7600 loc. 4316

BALANGA-D.M. BANZON
D.M. Banzon St.
Balanga City, Bataan
Tel. Nos.: (047) 237-3667; 237-3666

BALIBAGO
JEV Bldg., MacArthur Highway
Balibago, Angeles City
Tel. Nos.: (045) 892-3325; 332-1030

BALIUAG
Baliuag No. 58 Plaza Naning Street,
Baliuag, Bulacan
Tel. Nos.: (044) 766-2014; 673-1338
(02) 8884-7600 loc. 4312

CABANATUAN-BAYAN
Duran Bldg.
Burgos Ave., Cabanatuan City
Tel. Nos.: (044) 600-2888; 463-0441
(02) 8884-7600 loc. 432

DAGUPAN
Lyceum-North Western University
Ground Floor, Tapuac District
Dagupan City
Tel. Nos.: (075) 523-3637
(02) 8988-9555 loc. 4802

DAU
MacArthur Highway
Dau, Mabalacat, Pampanga
Tel. Nos.: (045) 892-2216; 892-2215
(02) 8988-9555 loc. 4868

DOLORES
STCI Bldg., MacArthur Highway
Brgy. San Agustin
City of San Fernando, Pampanga
Tel. No.: (045) 649-3150
Fax No.: (045) 649-3724

GUAGUA
Plaza Burgos, Guagua, Pampanga
Tel. Nos.: (045) 901-0641; 901-0640
901-0966

GUIGUINTO-RIS
RIS-5 Industrial Complex
68 Mercado St.
Tabe, Guiguinto, Bulacan
Tel. No.: (044) 235-7630
Mobile No.:0917 848-5249

LA UNION
A.G. Zambrano Bldg.
Quezon Ave.
San Fernando City , La Union
Tel. No.: (072) 700-3800
Fax No.: (072) 242-0414

LAOAG CITY
LC Square Bldg.
J.P. Rizal cor. M.V. Farinas Sts.
Laoag City, Ilocos Norte
Tel. No.: (077) 600-1008
600-1009

LINGAYEN
The Hub - Lingayen Bldg.
Poblacion, Lingayen, Pangasinan
Mobile No.:0917 848-6063

MACABEBE
Poblacion, Macabebe, Pampanga
Tel. No.: (045) 435-5507

MALOLOS
Canlapan St., Sto. Rosario
City of Malolos, Bulacan
Tel. No.: (044) 794-2793
Mobile No.:0917 835-4684

MALOLOS-CATMON
Paseo del Rosario
Catmon, City of Malolos, Bulacan
Tel. No.: (044) 791-2461
Fax No.: (044) 662-7819

MEYCAUAYAN
Mancon Bldg.
MacArthur Highway, Calvario
Meycauayan, Bulacan
Tel. Nos.: (044) 884-0099; 228-2416
(02) 8884-7600 loc. 4326

MOUNT CARMEL
Km. 78 MacArthur Highway
Brgy.Saguin, City of San Fernando
Pampanga
Tel.Nos.: (045) 435-6055
(02) 8884-7600 loc. 4330

PLARIDEL
0226 Cagayan Valley Road
Banga 1st, Plaridel, Bulacan
Tel. Nos.: (044) 795-0105; 670-1067

OLONGAPO
City View Hotel Bldg.
25 Magsaysay Drive
New Asinan, Olongapo City
Tel. No.: (047) 222-1891
Mobile No.:0917 807-8509

ORANI
National Road
Balut, Orani, Bataan
Tel. Nos.: (047) 638-1282
(02) 8988-9555 loc. 4871

PORAC
Cangatba, Porac, Pampanga
Tel. No.: (045) 329-3188
Mobile No.:0917 870-3305

SAN FERNANDO
Khy Trading Bldg.
San Fernando – Gapan Road
City of San Fernando, Pampanga
Tel. Nos.: (045) 961-1415
286-6811
(02) 8988-9555 loc. 4812
Mobile No.:0917 851-5172

SAN FERNANDO-BAYAN
JSL Bldg., Consunji St.
City of San Fernando, Pampanga
Tel.No.: (045) 961-8168; 961-4575
(02) 8884-7600 loc. 4320

SAN ILDEFONSO-SAVEMORE
Savemore Bldg.
Cagayan Valley Road
Poblacion, San Ildefonso, Bulacan
Tel. Nos.: (044) 797-0742; 797-0974
(02) 8988-9555 loc. 4853

SAN JOSE DEL MONTE
Giron Bldg.
Gov. Halili Ave., Tungkong Mangga
City of San Jose del Monte, Bulacan
Tel. Nos.: (044) 233-6501
(02) 8988-9555 loc. 4001
Mobile No.:0917 835-4675

SAN MIGUEL
Norberto St., San Miguel, Bulacan
Tel. Nos.: (044) 764-0162
(02) 8884-7600 loc. 4311
Fax No.: (044) 764-0826

SAN NARCISO
Brgy. Libertad, San Narciso, Zambales
Tel. No.: (047) 913-2245; 913-2288

SAN RAFAEL
Cagayan Valley Road
cor. Cruz na Daan, San Rafael, Bulacan
Tel. Nos.: (044) 815-8915; 913-7629
(02) 8988-9555 loc. 4799

SANTIAGO-VICTORY NORTE
JECO Bldg., Maharlika Highway
cor. Quezon St., Victory Norte
Santiago City, Isabela
Tel Nos.: (078) 305-0260; 305-0252
(02) 8884-7600 loc. 4374

STA. ANA
Poblacion, Sta. Ana, Pampanga
Tel.Nos.: (045) 409-0335; 409-9818
(02) 8988-9555 loc. 4793

STA. MARIA
Gen. Luna cor. De Leon St.
Poblacion, Sta. Maria, Bulacan
Tel. Nos.: (044) 288-2453
(02) 8884-7600 loc. 4319
Fax No.: (044) 641-1150

STA. RITA
San Vicente, Sta. Rita, Pampanga
Tel. Nos.: (045) 900-0658
(02) 8988-9555 loc. 4791

SUBIC
Baraca,Subic, Zambales
Tel. Nos.: (047) 232-6104; 232-6105
(02) 8988-9555 loc. 4852

TARLAC-MACARTHUR
MacArthur Highway
San Nicolas, Tarlac City
Tel.Nos.: (045) 982-9652
(02) 8884-7600 loc. 4337
Fax No.: (045) 982-9653

TUGUEGARAO
Metropolitan Cathedral Parish Rectory
Complex Rizal St., Tuguegarao City
Tel.Nos.: (078) 844-0484
(02) 8884-7600 loc.4338

URDANETA
MacArthur Highway, Nancayasan
Urdaneta City, Pangasinan
Tel. Nos.: (075) 656-2331
(02) 8884-7600 loc. 4372
Fax No.: (075) 522-0498

VIGAN
G/F, Plaza Maestro Convention Center
Florentino St., Barangay I, Vigan City
Ilocos Sur
Tel. Nos.: (077) 674-0300
884-7600 local 4359

SOUTH LUZON

BACOOR-MOLINO
Avon Bldg., 817 Molino Road
Molino III, City of Bacoor, Cavite
Tel. Nos.: (046) 431-9907; 235-7542
(02) 8988-9555 loc. 4878
Mobile No.:0917 561-5883

BACOOR-TALABA
Coastal Road cor. Aguinaldo Highway,
Brgy.Talaba, City of Bacoor, Cavite
Tel. Nos.: (046) 417-5930; 417-5940
(02) 8884-7600 loc. 4369

BATANGAS-P. BURGOS
No. 4 Burgos St., Batangas City
Tel. Nos.: (043) 723-1510; 723-7652
(02) 8884-7600 loc. 4324

BIÑAN
Nepa Highway
San Vicente,Biñan City, Laguna
Tel.Nos.: (049) 511-3638
(02) 8884-7600 loc. 4327
Fax No.: 8429-4878

CALAMBA
HK Bldg. II, National Highway
Brgy. Halang, Calamba City, Laguna
Tel.Nos.: (049) 306-0238; 306-0234
(02) 8988-9555
loc. 4844 and 4845

CAVITE CITY
485 P. Burgos St., Barangay 34
Caridad, Cavite City, Cavite
Tel. Nos.: (046) 417-3102
(02) 8988-9555 loc. 4879
Mobile No: 0917 561-5780

DARAGA-ALBAY
N & H Bldg., Rizal St.
Brgy. San Roque, Daraga, Albay
Tel. Nos.: (052) 483-0706;
(02) 8988-9555 loc. 4822

DASMARIÑAS
Veluz Plaza Bldg.
Zone 1, Aguinaldo Highway
Dasmariñas City, Cavite
Tel. Nos.: (046) 416-0510; 416-0501
(02) 8884-7600 loc. 4368

IMUS-TANZANG LUMA
OLMA Bldg.
Aguinaldo Highway
Tanzang Luma, Imus City, Cavite
Tel. Nos.: (046) 471-4715; 476-0927
(02) 8884- 7600 loc. 4349
Fax No.: (046) 471-9413

LAGUNA-STA. CRUZ
E & E Bldg., Pedro Guevarra Ave.
Sta. Cruz, Laguna
Tel. Nos.: (049) 501-3084
(02) 8988-9555 loc. 4817
Mobile No.:0917 561-5715

LEGAZPI CITY
F. Imperial St., Barangay Bitano
Legazpi City, Albay
Tel. Nos.: (052) 225-5155
Mobile No.:0917-836-0093

LIPA-CM RECTO
China Bank Savings Bldg.
C.M Recto Ave., Lipa City
Tel. Nos.: (043) 75-1414; 756-1022
(02) 8884-7600 loc. 4325

LOS BAÑOS-CROSSING
Lopez Ave., Batong Malake
Los Baños, Laguna
Tel. Nos.: (049) 536-2596; 536-0549
(02) 8884-7600 loc. 4375

LUCENA
Merchan cor. Evangelista St.
Lucena City
Tel. Nos.: (042) 660-6964
(02) 8884-7600 loc. 4347
Fax No.: (042) 710-6964

NAGA
RL Bldg., Panganiban St.
Lerma, Naga City, Camarines Sur
Tel.Nos.: (054) 472- 5424;472-1947
(02) 8884-7600 loc. 4373

SAN PABLO-RIZAL AVE.
China Bank Savings Bldg.
Rizal Ave. cor. A. Fule St. (former
Lopez Jaena) San Pablo City
Tel. No.: (049) 562-0697
(02) 8884-7600 loc. 4322

SAN PEDRO
Gen-Ber Bldg., National Highway
Landayan, San Pedro City, Laguna
Tel. Nos.: (02) 8847-0585; 8869-8821

STA. ROSA
Sta. Rosa-Tagaytay Highway
Sta. Rosa City, Laguna
Tel.Nos.: (049) 502-9134
(02) 8988-9555 loc. 4872

STA. ROSA-BALIBAGO
Old National Highway
cor. Roque Lazaga St.
Sta. Rosa City, Laguna
Tel. Nos.: (049) 534-1167
(02) 8520-8448

STO. TOMAS
The Lifestyle Strip, Maharlika Highway
San Antonio, Sto. Tomas, Batangas
Tel. Nos.: (043) 318-0582; 778-3247
(02) 8884-7600 loc. 4389

China Bank Savings Branches

TAGAYTAY-SAVEMORE
Mendez Crossing West
Tagaytay-Nasugbu Highway
cor. Mendez-Tagaytay Road
Tagaytay City
Tel. Nos.: (046) 413-3871;413-3872
(02) 8988-9555 loc. 4876
Mobile No.:0917 561-5334

TANAUAN CITY
China Bank Savings Bldg.
Jose P. Laurel National Highway
Darasa, Tanauan City, Batangas
Mobile No.:0917 863-6160

VISAYAS – MINDANAO

BACOLOD
SKT Saturn Bldg.
Lacson cor. Rizal St.
Bacolod City, Negros Occidental
Tel.Nos. (034) 435-6983; 435-7143
708-2041; (02) 8988-9555
loc. 4810 and 4811

CAGAYAN DE ORO
GAW Bldg., Sergio Osmeña St.
Cogon District, Cagayan de Oro City
Tel. Nos.: (088) 859-0169; 859-0740
852-2006

CEBU-LAHUG
G/F, Skyrise IT Bldg.
Brgy. Apas, Lahug, Cebu City
Tel. No.: (032) 236-0810

CEBU-MANDAUE
A. Del Rosario Ave.
Mantuyong, Mandaue City, Cebu
Tel. Nos.: (032) 520-2770; 422-8019
(02) 8884-7600 loc 4310

CEBU-MANGO
JSP Mango Realty Bldg.
Gen. Maxilom Ave. cor.
Echavez St., Cebu City
Tel. Nos.: (032) 231-4304; 231-4736
(02) 8884-7600 loc. 4346

CEBU MANDAUE-BASAK
Cebu North Road
Basak, Mandaue City, Cebu
Tel. No.: (032) 346-6959
Fax No.: (032) 346-8814

DAVAO
Brgy. 9-A Poblacion Dist.
E.Quirino Avenue, Davao City
Tel. Nos.: (082) 881-3873
(02) 8884-7600 local 4140

DAVAO-RECTO
C. Villa Abrille Bldg.
C.M. Recto Ave., Davao City
Tel. Nos.: (082) 305-5808
(02) 8884-7600 loc. 4344
(082) 227-1802

GENERAL SANTOS
Go Chay Ching Bldg.
#10 I. Santiago Boulevard
General Santos City
Tel. Nos.: (083) 552-6329; 552-6330
(02) 8884-7600 loc. 4350

KALIBO-CITYMALL
CityMall, F. Quimpo St. connecting
Mabini and Toting Reyes St.
Kalibo, Aklan
Tel. No.: (036) 268-4379
Mobile No.:0917 804-7837

ILOILO-IZNART
G/F Golden Finance Bldg.
Iznart St., Iloilo City
Tel. Nos.: (033) 335-0213; 321-0940
(02) 8988-9555
loc. 4863 and 4864

ILOILO-JARO
Lopez Jaena cor. El 98 St.
Jaro, Iloilo
Tel. Nos.: (033) 320-0370; 320-0426
(02) 8988- 9555
loc 4861 and 4862

ROXAS AVE.-CAPIZ CITYMALL
CityMall-Roxas City
Roxas Ave., Barangay VI
Roxas City, Capiz
Tel. No.: (036) 620-0977

TACLOBAN
YVI Center, Bldg. A Fatima Village,
Tacloban City
Tel. Nos.: (053) 832-2066
(053) 832-1974

TAGUM-CITYMALL
T-01 & T-02 CityMall, Purok Ne Baysa
Visayan Village, Maharlika Highway
Tagum City, Davao del Norte
Tel. Nos.: (084) 216-8116; 216-8117
(02) 8884-7600 loc. 4981

TALISAY NEGROS-SAVEMORE
Savemore Talisay
Mabini St., Zone 12, Paseo Mabini
Talisay City, Negros Occidental
Tel. Nos.: (034) 441-6264; 441-6267

ZAMBOANGA-CITYMALL
CityMall, Don Alfaro St.
Tetuan, Zamboanga City
Tel.No.: (062) 955-8709

China Bank Savings Business Offices

SALES OFFICES & BUSINESS CENTERS

BAGUIO SALES OFFICE
B108 Lopez Bldg., 2nd Floor
Session Road cor. Assumption Road
Baguio City
Tel Nos.: (02) 8884-7600 local 4232

CAGAYAN DE ORO SALES OFFICE
Sergio Osmeña St.
Cogon District, Cagayan De Oro City
Tel. No.: (02) 8884-7600 local 4234

CEBU BUSINESS CENTER
JSP Plaza Bldg., 2nd Floor
General Maxilom cor. Echaves St.
Cebu City
Tel. Nos.: (032) 232-5061; 232- 6263
(02) 8884-7600 locals 4207
4209; 4205; 4206

DAVAO BUSINESS CENTER
8990 Corporate Center,
3rd Floor Quirino Ave., Davao City
Tel. Nos.: (082) 298-4569
(02) 8884-7600 local 4218

GENERAL SANTOS SALES OFFICE
Go Chay Ching Bldg.
10 I. Santiago Boulevard
General Santos City
Tel. Nos.: (083) 301-5042
(02) 8884-7600 local 4271

ILOILO SALES OFFICE
Lopez Jaena cor. El 98 St.
Jaro, Iloilo City
Tel. Nos.: (02) 8884-7600
locals 4219 and 4225

IMUS SALES OFFICE
OLMA Bldg.
Aguinaldo Highway
Tanzang Luma, Imus City, Cavite
Tel. Nos.: (046) 416-4992
(02) 8884-7600 local 4268

LA UNION BUSINESS CENTER
A.G. Zambrano Bldg.
Quezon Ave.
San Fernando City, La Union
Tel. Nos.: (072) 888-7477
(02) 8884-7600 local 4227

LIPA SALES OFFICES
China Bank Savings Bldg.
2nd Floor C.M Recto Ave.
Lipa City
Tel. Nos.: (043) 756-5003
(02) 8884-7600 local 4253

LEGAZPI SALES OFFICE
F. Imperial Street, Brgy. Bitano
Legazpi City, Albay
Tel. Nos.: (02) 8884-7600 locals 4202
4251, 4263, and 4261

MARIKINA SALES OFFICE
CTP Bldg., 3rd Floor
Gil Fernando Ave., Marikina City
Tel. Nos.: (02) 8645-9819
(02) 8884-7600 local 4238

PLARIDEL SALES OFFICE
0226 Cagayan Valley Road, 2nd Floor
Banga 1st, Plaridel, Bulacan
Tel. Nos.: (02) 8884-7600 locals 4202
4251 and 4251

SAN FERNANDO PAMPANGA BUSINESS CENTER
JSL Bldg., 3rd Floor
Consunji St., City of San Fernando,
Pampanga
Tel. Nos.: (045) 961-0005; 961-0008
(02) 8884-7600 locals 4221
4236; and 4237

SAN PABLO SALES OFFICE
China Bank Savings Bldg.
2nd Floor, Rizal Ave. cor. A. Fule St.
San Pablo City
Tel. Nos.: (049) 800-3917

SANTIAGO SALES OFFICE
Jeco Bldg.
Maharlika Highway
Victory Norte, Santiago City
Tel. No.: (02) 8884-7600 local 4374

URDANETA SALES OFFICE
China Bank Savings,
MacArthur Highway
Nancayasan, Urdaneta City
Pangasinan
Tel Nos.: (075) 522-0498
(075) 656-2331
(02) 8884-7600 local 4372

APD SALARY LOAN CENTERS

NCR - QUEZON AVENUE
2nd Floor, G.J. Building
385 Quezon Avenue, Quezon City
Tel No.: (02) 8372-7926
Mobile No.: 0917 816 1341

BACOLOD
SKT Saturn Building
Lacson cor Rizal Street, Bacolod City
Tel No.: (02) 8988-9555 loc 8651

BAGUIO
B108 Lopez Building
Session Road cor Assumption Road,
Baguio City
Tel No.: (02) 8988-9555 loc 8650
Mobile No.: 0917-8619414

CAGAYAN DE ORO
2nd Floor, Sergio Osmeña Street
Cogon District, Cagayan De Oro City
Mobile Nos.: 0917 861-9281
0951 554-4629

CEBU
2F Unit 204 & 205 JSP Mango Realty
Building, Gen. Maxilom Avenue
cor. Echavez Street, Cebu City
Tel No.: (032) 238-7820
Mobile No.: 0917 822-3514

DAVAO
8990 Corporate Center
Quirino Avenue, Davao City
Tel Nos.: (082) 287-6824
(02) 8988-9555 loc 8653
Mobile No.: 0917 861-9403

GEN. SANTOS
Go Chay Ching Building
Santiago Boulevard,
General Santos City
Tel Nos.: (083) 554-0211
(02) 8988-9555 loc 4129
Mobile No.: 0917 816-2621

ILOILO
Golden Commercial Building,
Iznart, Iloilo City
Tel Nos.: (033) 320-5309
(02) 8988-9555
loc 8659 and 4135

LA UNION
A.G. Zambrano Building,
Quezon Avenue
San Fernando City, La Union
Tel Nos.: (072) 687-2218
(02) 8988-9555 loc 8654
Mobile No.: 0917 861-9408

LEGAZPI
2nd floor, Lot 4-6 Blk 20 PCS-1617
Sol's Subdivision, Purok 5, 37
Bitano, Legazpi City
Mobile No.: 0917 805-9102

LINGAYEN
The Hub Building, G/F Unit 5&6,
Solis Street, Brgy. Poblacion,
Lingayen, Pangasinan
Tel No.: (02) 8988-9555 loc 4132

LUCENA
Merchan cor Evangelista Street,
Lucena City
Tel Nos.: (042) 717-9387
(02) 8988-9555 loc 8657
Mobile No.: 0917 861-9387

MALOLOS
Canlapan Street, Sto. Rosario
Malolos City, Bulacan
Tel Nos.: (044) 794-1648
(02) 8988-9555 loc 4152
Mobile No.: 0948 858-2125

PAMPANGA
JSL Building, Consunji Street
San Fernando, Pampanga
Tel Nos.: (045) 403-9771
(045) 403-9770
Mobile No.: 0917 552-3389

NAGA
2nd floor RI Building
Panganiban Street, Lerma, Naga City
Tel Nos.: (054) 881-2557
(02) 8988-9555 loc 8655
Mobile No.: 0917 861-9406

ROXAS
Ground floor, T-114 CityMall Roxas
Roxas Avenue, Brgy. VI,
Roxas City, Capiz
Tel Nos.: (036) 620-0094
(02) 8988-9555 loc 4144
Mobile No.: 0917 806-4432

SAN PABLO
Rizal Avenue cor Lopez Jaena Street,
San Pablo City
Tel Nos.: (049) 521-3991
(02) 8988-9555 loc 8656

SANTIAGO
JECO Building Maharlika Highway
cor Quezon Avenue
Victory Norte Santiago City, Isabela
Tel Nos.: (078) 305-0064
(02) 8988-9555 loc 4824

TACLOBAN
YVI Center, Building A,
Baybay S. Road, Brgy. 77, Fatima
Village, Marasbaras, Tacloban City
Tel No.: (053) 832-1974
Mobile No.: 0917 826-7612

TAGUM
CityMall, Maharlika Highway
cor Lapu-Lapu Extension
Brgy. Magugpo, Tagum City
Tel Nos.: (084) 216-8245
8988-9555 loc 8658

TANAUAN
Jose P. Laurel National Highway
Darasa, Tanauan City, Batangas
Tel Nos.: (02) 8988-9555 loc 4147
917 856-4718

TAYTAY
2nd floor, Gonzaga Building
Manila East Road, Taytay, Rizal
Tel No.: (02) 633-3988
Mobile No.: 0917 815-8627

TUGUEGARAO
Metropolitan Cathedral Parish
Rectory Complex, Rizal Street,
Tuguegarao City
Tel No.: (078) 375-4471
Mobile No.: 0917 816-9491

VIGAN
Maestro Convention Center
Florentino Street, Brgy 1, Vigan City
Tel No.: (077) 674-6062

Subsidiaries and Affiliate

China Bank Savings

CBS Building, 314 Sen. Gil Puyat Avenue, Makati City
Tel. No.: (020) 8988-9555
www.cbs.com.ph

China Bank Savings, Inc. (CBS) began operations on September 8, 2008 following the acquisition of Manila Bank by China Bank in 2007. Subsequent mergers with Unity Bank and Planters Development Bank bolstered CBS as a leading thrift bank in the industry. With a nationwide retail banking network and strong platform for auto, housing, teachers and enterprise finance, CBS is dedicated to servicing the needs of entry-level customers, the broad consumer market and small business owners. CBS is committed to promoting financial inclusiveness and uplifting the quality of life of consumers and entrepreneurs, in line with its *Easy Banking for You* brand of service.

BOARD OF DIRECTORS

Chairman
Ricardo R. Chua

Vice Chairman
Nancy D. Yang

Directors
William C. Whang
Alexander C. Escucha
Rosemarie C. Gan
Patrick D. Cheng

Independent Directors
Alberto S. Yao
Margarita L. San Juan
Philip S.L. Tsai
Angeline Ann H. Hwang†

Acting Corporate Secretary
Atty. Odel S. Janda

Asst. Corporate Secretary
Atty. Arturo Jose M. Constantino

MANAGEMENT COMMITTEE

Executive Vice President and Officer-In-Charge
Joseph C. Justiniano

First Vice Presidents
Atty. Josephine F. Fernandez
Head, Human Resources

Jan Nikolai M. Lim
Head, Consumer Lending

Luis Bernardo A. Puhawan
Controller & Head, Controllership

Jaydee P. Caparas
Head, Branch Banking Group

Vice Presidents
James Christian T. Dee
Treasurer & Head, Treasury

Arthur S. Esquivel
Chief Marketing Officer

Niel C. Jumawan
Head, APD Lending

Sonia B. Ostrea
Head, Centralized Operations

Marjorie T. Esplana
Head, SME Lending

Mary Grace F. Guzman
Head, Asset Recovery

WITH INTERLOCKING POSITION IN CHINA BANK

Ronald R. Marcaida
Chief Audit Executive

Editha N. Young
Chief Technology Officer

Hanz Irvin S. Yoro
Information Security Officer

† Passed away on April 11, 2020

CHINABANK CAPITAL

28F BDO Equitable Tower
8751 Paseo de Roxas, Makati City
Tel. No.: (632) 8885 5798

China Bank Capital Corporation (CBCapital) is China Bank's investment house subsidiary. China Bank Capital provides a wide range of services that include debt and equity capital raising, corporate finance, financial advisory, and securitization to public and private companies. China Bank Capital has acted as issue manager, arranger, and underwriter in various landmark deals.

BOARD OF DIRECTORS

Chairman
Ricardo R. Chua

Vice Chairman
Romeo D. Uyan, Jr.

Directors
William C. Whang
Ryan Martin L. Tapia
Lilian Yu

Independent Directors
Philip S. L. Tsai
Alberto S. Yao
Margarita L. San Juan

Corporate Secretary
Atty. Leah M. Quiambao

Compliance and Risk Officer
Alexis Deo C. Manalo

MANAGEMENT TEAM

President
Ryan Martin L. Tapia

Head of Origination and Client Coverage
Michael L. Chong

Head of Execution and Treasurer
Juan Paolo E. Colet

Head of Distribution
Grace T. Chua

Legal Officer
Leah M. Quiambao

CHINABANK SECURITIES

28F BDO Equitable Tower
8751 Paseo de Roxas, Makati City
Tel. No.: (632) 230-6661 to 6663

China Bank Securities Corporation (CBSecurities) is the stock brokerage arm of China Bank Capital Corporation. China Bank Securities complements China Bank Capital's equity underwriting activities covering initial, follow-on and secondary public offerings in terms of distribution and marketing to retail and institutional clients as well as providing research and equity-related services. Clients of the China Bank Group likewise benefit by way of access to stock brokerage services covering execution of stock transactions at the Philippine Stock Exchange (both peso- and dollar-denominated listed stocks) as well as a suite of research reports on listed companies, industry sectors and markets, in general.

BOARD OF DIRECTORS

Chairman
William C. Whang

Vice Chairman
Romeo D. Uyan, Jr.

Directors
Marisol M. Teodoro
Ryan Martin L. Tapia
Lilian Yu

Independent Director
Alberto S. Yao
Angeline Ann H. Hwang†

MANAGEMENT TEAM

President and Chief Executive Officer
Marisol M. Teodoro

Research Director
Rastine Mackie D. Mercado

Treasurer, Corporate Secretary and Business Operations Director
Mary Antonette E. Quiring

Sales and Trading Director
Julius M. German

Associated Person and Compliance & Risk Director
Kristina S. Wy-Cacayan

† Passed away on April 11, 2020

Subsidiaries and Affiliate

CBC CHINABANK PROPERTIES AND COMPUTER CENTER, INC.

4/F China Bank Building, 8745 Paseo de Roxas
corner Villar Street, Makati City
Tel. Nos.: (632) 8885-5555; 8885-5053; 8885-5060
8885-5051; 8885-5052
Fax No.: (632) 8885-5047; 8885-9458

CBC Properties and Computer Center, Inc. (CBC-PCCI) was created on April 14,1982 to provide computer-related services solely to the China Bank group. It manages the Bank's electronic banking and e-commerce requirements, including sourcing, developing and maintaining software and hardware, financial systems, access devices and networks to foster the safety and soundness of China Bank's technology infrastructure and keep its processing capabilities in top shape.

BOARD OF DIRECTORS

Chairman
Gilbert U. Dee

Directors
Peter S. Dee
Ricardo R. Chua
William C. Whang
Rosemarie C. Gan

Corporate Secretary
Atty. Leilani B. Elarmo

MANAGEMENT TEAM

President
Peter S. Dee

Treasurer
William C. Whang

General Manager
Manuel C. Tagaza

Chief Technology Officer
Editha N. Young

CBC CHINABANK INSURANCE BROKERS, INC.

8/F VGP Center, 6772 Ayala Ave.
Makati City 1226, Philippines
Tel. No.: (632) 8885-5555
VGP Center: (632) 8751-6000

Chinabank Insurance Brokers, Inc. (CIBI) is a whollyowned subsidiary of the Bank established on November 3, 1998 as a full service insurance brokerage. It provides direct insurance brokerage for retail and corporate customers, with a wide and comprehensive range of plans for life and non-life insurance. Under the Non-Life insurance category, CIBI offers Property, Motor, Marine, Accident, Bonds, Construction All Risk and Liability for the bank clients.

DIRECTORS AND OFFICERS

Chairman
Patrick D. Cheng

Director
William C. Whang

Independent Directors
Philip S.L. Tsai
Margarita L. San Juan

Director and President
Rosa Maria L. Musico

Corporate Secretary
Belenette C. Tan

Manulife China Bank LIFE ASSURANCE CORPORATION

a joint venture between Manulife Philippines and China Banking Corporation

10th Floor NEX Tower
6786 Ayala Avenue,
Makati City 1229, Philippines
Customer Care: (632) 8884-7000
Domestic Toll-free: 1-800-1-888-6268
E-mail : phcustomercare@manulife.com
www.manulife-chinabank.com.ph

Manulife China Bank Life Assurance Corporation (MCBLife) is a strategic alliance between Manulife Philippines and China Bank. MCBLife provides a wide range of innovative insurance products and services to China Bank and China Bank Savings customers. MCBLife aims to ensure that every client receives the best possible solution to meet his or her individual financial and insurance needs. In 2014, China Bank raised its equity stake to 40% in MCBLife.

DIRECTORS AND OFFICERS

Chairperson
Vibha Coburn

Director/President & CEO
Sandeep Deobhakta

Directors
Richard Bates
William C. Whang
Patrick D. Cheng
Matthew Lawrence

Independent Directors
Rhoda Regina R. Rara
Janette L. Peña
Conrado Favorito

Chief Financial Officer/ Treasurer
Katerina Suarez

Chief Legal Counsel and Chief Compliance Officer
Fritzie Tangkia-Fabricante

Head of Sales
Mercedes Beltran

Head of Training
Juan Miguel Javellana

Corporate Secretary
Basilio O. Visaya, Jr.

Assistant Corporate Secretary
Frances Ianna S. Canto

* *Vice Joachim Wessling, who passed away on March 21, 2020*

Products and Services

102-2, 102-7

PESO DEPOSITS

Checking

Chinacheck Plus
An affordable interest-bearing checking account that comes with an Automated Teller Machine (ATM) card.

Savings

Passbook Savings
An affordable interest-bearing checking account that comes with an Automated Teller Machine (ATM) card.

ATM Savings
A Peso-denominated savings account with a China Bank ATM card that allows deposits and withdrawals against available funds by the depositor anytime.

SSS Pensioner's Account
A savings account for SSS pensioners for the purpose of crediting pensions and other SSS benefits.

MoneyPlus Savings
An account that gives flexibility and liquidity with bonus earnings as account balance increases

Young Savers
An interest-bearing Peso savings account for children and teens ages 17 years old and below with low initial deposit and maintaining balance requirements.

Time Deposit

Regular Time Deposit
For a low minimum placement, you can earn higher interest than in a regular savings account.

Diamond Savings Account
A high-yield fixed-term deposit account evidenced by a Diamond Savings Account Passbook. The Bank shall shoulder the DST provided the account is not pre-terminated.

Money Lift Plus
A high-yield, floating rate-based, long-term Philippine Peso (PHP) time deposit, maturing in at least five (5) years and one (1) day; with interest being credited to client's Settlement Account every quarter.

FOREIGN CURRENCY DEPOSITS

Savings

Regular Time Deposit
A fixed-term account evidenced by a certificate of time deposit (CTD) and typically earns higher interest the longer the term and the higher the placement amount.

Regular US Dollar Savings
An interest-earning, passbook-based deposit account denominated in US Dollars (USD).

Euro Savings
An interest-earning, passbook-based deposit account denominated in Euros.

Chinese Yuan Savings
An interest-earning, passbook-based deposit account denominated in Chinese Yuan (CNY), also known as Renminbi.

Japanese Yen Savings
A non-interest earning, passbook-based deposit account denominated in Japanese Yen (JPY) for facilitating trade and non-trade settlement activities.

Time Deposit

Regular US Dollar Time Deposit
A high-yield US Dollar-denominated fixed deposit account with a maturity of 30 days to 1 year with interest credited at the end of the term.

Special US Dollar Time Deposit (3-Year)
A high-yield fixed deposit account with a maturity of three, four, and five years with a quarterly interest rate re-priced and credited every quarter to a linked U.S. Dollar Savings Account.

Euro Time Deposit
An interest-earning, Euro-denominated, fixed-term deposit account evidenced by a certificate.

DEPOSIT–RELATED SERVICES

Cash Card
A peso denominated re-loadable prepaid card with no maintaining balance. It is an alternative mode of disbursement for business or personal use. It does not earn interest.

Gift Check
A thoughtful gift that is small in size but big in possibilities. A China Bank Gift Check for weddings, birthdays, graduations, and other special occasions.

Manager's Check
This is another way for clients to make payments where checks are issued by the bank in exchange for their cash or debit from current / savings account – these checks are also considered "good as cash"

Demand Draft
A check issued by the Bank against its own account with our correspondent banks for use of clients to transfer funds.

Products and Services

Safety Deposit Box
The service offered by the Bank to its customers for the safekeeping / storage of valuables / possessions and other important documents under lock and key.

Night Depository Services
A service to secure and conveniently process deposits even after banking hours or during holidays. Cash and checks deposited will be credited to the customer's account on the next business day, subject to verification and the Bank's normal deposit availability guidelines.

Cash Delivery and Deposit Pick-Up Services
A convenient deposit pick-up and cash delivery solution for secure cash handling. Service includes the secured transport of cash via Bank armoured car with client's preference on the frequency of pick-up and/or delivery. All deposits are also processed in a secure bank facility where cash deposits are credited the same day.

OVERSEAS KABABAYAN SERVICES

China Bank Remittance
Safe and affordable remittance service to the Philippines through China Bank's remittance partners abroad. Beneficiaries may receive their remittances through (1) credit to bank accounts, whether China Bank or other bank accounts; (2) cash pick-up anywhere through CBC / CBS branches and other partners; (3) cash delivery.

Overseas Kababayan Savings (OKS) Account (PHP)
A Peso-denominated, no-initial deposit, and no maintaining balance account for OFWs and their beneficiaries that makes saving and sending /receiving remittances more secure and convenient.

Overseas Kababayan Savings (OKS) Account (USD)
A US dollar-denominated, lower initial deposit, and no maintaining balance account for OFWs and their beneficiaries that makes saving and sending/receiving remittances more secure and convenient.

LOANS AND CREDIT FACILITIES

Omnibus Line
A revolving master facility offered to borrowers with sub-facilities including trade and loan lines that may be shared with related or affiliated companies.

Loan Line
A revolving facility under which funds may be drawn, repaid and re-drawn at any point within the loan tenor (usually renewable on a yearly basis).

Term Loan
A non-revolving facility to be repaid within a specified period. A term loan may have single or multiple drawdowns, but once repaid, the amounts cannot be re-drawn.

Trade Finance Products
Include issuance of Trust Receipt and Letter of Credits ("LC") (including Standby LC, Usance LC, Sight LC, or Cash LC, Import LC or Export LC, and which could be revocable or irrevocable); and

Factoring Receivable
A credit facility offered to institutions where the bank purchases trade/account receivables at a discounted rate.

Consumer Loans

HomePlus Real Estate Loan
A loan for the purchase, construction, and renovation of residential units, refinancing of housing loans with on-time payments, and reimbursement within a year of purchase.

AutoPlus Vehicle Loan
A loan for the purchase of brand new, pre-owned vehicles, and fleet requirements of companies and reimbursement of purchase cost of brand new vehicles within 30 days from purchase date.

Contract-to-Sell Facility
A Purchase of Receivables facility that is granted to eligible real estate developers for the purpose of liquefying their receivables arising from their installment sales covered by Contracts to Sell (CTS).

Credit Cards

China Bank World Mastercard
The total luxury card that provides world-class privileges. Cardholders gain access to a wide spectrum of exclusive lifestyle and events, global perks, VIP lounges, and an exclusive personal concierge - The China Bank World Concierge.

China Bank Cash Rewards Mastercard
The card that enables cardholders to "Save as you spend" with 6% Cash Rebate on qualified spending.

China Bank Platinum Mastercard
The ultimate travel companion card that rewards cardholders when they travel, shop, and dine anywhere in the world.

China Bank Freedom Mastercard
The card that offers perpetual waiver on annual membership fees with access to rewards and delightful deals.

China Bank Prime Mastercard
The "Everyday Card" that makes day-to-day spending more rewarding.

INTERNATIONAL BANKING PRODUCTS & SERVICES

Letter of Credit
A written commitment to pay, by an importer or importer's bank (called the issuing bank) to the exporter or exporter's bank (called the accepting bank, negotiating bank, or paying bank). It guarantees payment of a specified sum in a specified currency, provided the exporter meets precisely-defined conditions and submits the prescribed documents within a fixed timeframe.

Standby Letter of Credit
Stand-by letter of credit is issued by a bank serving as a parallel (collateral) payment source in case the primary source fails to meet its obligations in part or in full.

Shipping Guarantee
A document, issued by a bank at the request of its importer/customer, addressed to the shipping line (carrier), requesting said carrier to release stated merchandise to the importer in the temporary absence of the original bill of lading.

Documents against Payment
An arrangement under which an exporter instructs the presenting bank to hand over shipping and title documents to the importer only if the importer fully pays the accompanying bill of exchange or draft.

Documents against Acceptance
An arrangement in which an exporter instructs a bank to hand over shipping and title documents to an importer only if the importer accepts the accompanying bill of exchange or draft by signing it.

Open Account
An arrangement wherein the exporter ships the merchandise to the importer for payment at a later date (i.e. 30 days from shipment date)

Trust Receipt Facility
A document executed by an importer in favour of a bank financing an import transaction, whereby the bank receives a security interest in the goods in exchange for releasing the documents required by the carrier for delivery. The importer is obligated to maintain the goods or to proceeds from their resale at the disposal of the bank.

Negotiation of Export Letters of Credit
Allows the bank to examine export documents under a Sight LC and determine if the credit terms have been met for eventual purchase and payment to the exporter.

Export Bills Discounting
Allows the bank to pay in advance of the maturity of the drafts, at a discounted rate an accepted Usance Bill of Exchange or documents presented under an LC.

Export Collections
Documentary collection arrangement in which an exporter sends the collection documents (accompanied by his/her bank's printed form and a cover letter for collecting instructions) directly to the importer's bank.

Customs and Duties Tax Payments

Collection and remittance of taxes, duties and other levies to the Bureau of Customs imposed on importations and some export shipments.

Advising of Letters of Credit and Standby Letters of Credit
Allows the bank to receive letters of credit (L/C) and standby letters of credit from the issuing bank for authenticating it and informing ('advising') the exporter (the L/C's beneficiary) that a L/C has been opened by the importer in the exporter's favor.

Telegraphic Transfer (Domestic and International)
An electronic wire transfer, usually in connection with payment in advance or payment by open account to a certain beneficiary.

Purchase and Sale of Foreign Exchange
Buying and selling of foreign exchange to service the payment of the invoices.

Inward and Outward Remittance Service -Domestic and International
Send and receive money within the Philippines or to and from other countries.

INVESTMENT BANKING SERVICES

Bonds
Fixed income instruments that represent a loan made by an investor to a borrower (typically corporate or government entities).

Syndicated Loans
Financing offered by a group of lenders – referred to as a syndicate – who work together to provide funds for a single borrower.

Corporate Notes
Typically medium to long-term debt instrument issued by corporations to a limited set or number of investors, such as to primary institutional lenders or qualified buyers.

Products and Services

Structured Loan
Business loan given based on a company's performance. It takes into account cash flow more than asset base, and it can be a creative financing tool to overcome challenges in the business cycle.

Project Finance
Financing arrangements serve to provide financial resources for specific projects, which are operated as individual business entities, and the income and cash flows generated by these projects are used to repay their financial obligations.

Long-Term Negotiable Certificate of Deposit (LTNCD)
Bank product offered to investors which has features of a term or time deposit and can negotiated, transferred or traded by a holder to another individual.

Enrolled Notes (Short Dated Notes/QB Notes)
Short to medium-term debt instruments issued to qualified buyers and are enrolled in Philippine Dealing and Exchange Corporation's Fixed Income Board.

Initial Public Offering
Type of public offering in which shares of a company is issued or sold to the public typically consisting of both institutional and retail investors. IPO's allow companies to raise capital from public investors.

Follow On Offering
Issuance of stock subsequent to the company's initial public offering (IPO).

Preferred Shares
Type of stock which typically give preference to the shareholders in the distribution of assets of the corporation in case of liquidation and/or in the distribution of dividends.

Convertible Shares
Shares of stock that have a feature that allows the holder to convert the share into another security.

Exchangeable Shares
Type of instrument that allows the holder to exchange the instrument to another instrument, typically an instrument other than that of the existing instrument of the issuer, at some future date and under prescribed conditions.

Mergers & Acquisition Advisory
Covers a broad spectrum of services which include advising on mergers and acquisitions, evaluation of strategic alternatives, analysis of business plans, and assessment of potential strategic and financial partners.

Corporate Restructuring
Corporation action undertaken by a company to modify its operating activities or its existing capital structure.

Valuation
Analytical process of determining the current (or projected) worth of an asset or a company.

Securitization
Financial arrangement that involves issuing securities backed by a pool of assets.

TRUST PRODUCTS & SERVICES

China Bank Money Market Fund
A Peso-denominated UITF classified as a money market fund which offers a high level of liquidity and better earnings potential than those offered by regular savings and short-term time deposit accounts by investing in a diversified portfolio of marketable fixed-income securities comprised of deposits, tradable money market instruments, government securities and corporate bonds and notes. The Fund's average duration is not more than one (1) year and caters to investors with moderate risk appetite.

China Bank Cash Fund
A Peso-denominated UITF classified as a money market fund which offers a high level of liquidity and better earnings potential than those offered by regular savings deposit accounts and short-term time deposit accounts by investing primarily in special savings deposits. The Fund's average duration is not more than one (1) year and caters to conservative investors.

China Bank Short-Term Fund
A Peso-denominated UITF classified as a money market fund which offers a high level of liquidity and better earnings potential than those offered by offered by money market placements, regular savings deposit and short-term time deposit accounts by investing primarily in a diversified portfolio of marketable financial instruments including deposits, money market instruments, government securities, and corporate bonds/notes and preferred shares of stock (classified as debt). The Fund's average duration is not more than one (1) year and caters to moderate investors.

China Bank Intermediate Fixed Income Fund
A Peso-denominated UITF classified as an intermediate bond fund which intends to achieve for its participants income in the intermediate term that is potentially higher than its established benchmark by investing primarily in a diversified portfolio of high- grade marketable fixed–income securities comprised of deposits, tradable money market instruments, government securities, corporate bonds and notes and preferred shares of stock (classified as debt). The Fund's average duration is not more than three (3) years and caters to investors with moderate risk appetite.

China Bank Fixed-Income Fund
A Peso-denominated UITF classified as a long-term bond fund which intends to achieve for its participants a steady stream of income by investing primarily in a diversified portfolio of high-grade marketable fixed-income securities such as government securities, tradeable corporate bonds and notes of varying tenors as well as bank deposits and money market placements. The Fund's average duration is not more than ten (10) years and caters to investors with moderate risk appetite.

China Bank Balanced Fund
A Peso-denominated UITF classified as a balanced fund which intends to achieve for its participants capital appreciation as well as a steady stream of income by primarily investing in a diversified portfolio of high-grade tradable fixed-income securities issued by the Philippine government and local corporations and choice equity issues listed in the Philippine Stock Exchange (PSE). The equity component of the Fund shall not exceed 60% of the portfolio at any given time with an average duration of not more than ten (10) years for the fixed-income investments. The Fund caters to aggressive investors.

China Bank Equity Fund
A Peso-denominated UITF classified as an equity fund which offers capital appreciation by primarily investing in a diversified portfolio of choice equity issues listed in the PSE. The Fund caters to aggressive investors with its equity component not exceeding 95% of the portfolio at any given time.

China Bank High Dividend Equity Fund
A Peso-denominated UITF classified as an equity fund which offers long-term capital appreciation by primarily investing in a diversified portfolio of choice common and preferred equity issues listed in the PSE which have regular dividend payment policy and/or dividend payment track record. The Fund caters to aggressive investors with its equity component not exceeding 95% of the portfolio at any given time.

China Bank Dollar Fund
A US Dollar-denominated UITF classified as long-term bond fund which intends to achieve for its participants a steady stream of income by investing primarily in a diversified portfolio of high-grade marketable securities comprised mainly of Philippine sovereign bonds as well as US treasury bonds of varying tenors. The Fund's average duration is not more than ten (10) years and caters to investors with moderate risk appetite.

China Bank Dollar Money Market Fund
A US Dollar-denominated UITF classified as a money market fund which offers liquidity and higher earnings potential than USD time deposits by investing primarily in fixed- income securities mostly time deposits, special savings accounts and government securities. The Fund's average duration is not more than one (1) year and caters to conservative investors.

Investment Management Arrangement
China Banking Corporation - Trust and Asset Management Group (CBC - TAMG) handles the administration and investment of funds and assets of an individual in order to meet his objectives. The arrangement may be discretionary wherein CBC - TAMG has full authority to make investment decisions based on pre-agreed investment guidelines, but may also be directed wherein investment decisions require prior client consent.

Personal Management Trust
A living trust arrangement wherein CBC - TAMG acts as a trustee to manage the client's wealth or estate, generally for the preservation of assets or property for future use of the beneficiaries, which may or may not be a third party, and/or to answer for current needs. CBC - TAMG shall ensure fair and equitable distribution of wealth in accordance with the client's wishes and defined instructions.

Escrow Services Arrangement
An arrangement wherein CBC - TAMG acts as an independent third party or an escrow agent to safeguard the interest of the parties to a transaction on assets, documents or funds while the terms and conditions of the contract are being fulfilled. CBC - TAMG offers the following types of escrow services: CGT, Buy & Sell, POEA, HLURB, and PAGCOR.

Employee Benefit Fund Management
A cost-effective corporate arrangement where CBC - TAMG helps the company set up and manage its retirement fund to benefit its employees as well as the company in terms of avoiding unnecessary cash flow disruptions brought about by payment of retirement benefits and possible tax savings. The arrangement covers assistance in the development of the retirement plan rules and regulations, coordination with the actuary, registration of the retirement plan with the Bureau of Internal Revenue for tax- exemption qualification, and the development and implementation of investment strategies to maximize the fund's earnings.

Corporate Fund Management
CBC - TAMG acts as an Investment Manager authorized to administer the funds of a corporation in accordance with pre-agreed investment guidelines based on the company's objectives, liquidity requirements, yield expectation, and risk tolerance. The arrangement may either be discretionary wherein CBC - TAMG has full authority to make investment decisions or discretionary wherein the company has control on how the funds shall be invested.

Products and Services

Facility Agency Arrangement
CBC - TAMG acts as a liasion between a corporate borrower and a group of lenders to primarily ensure compliance by the parties with all the terms and conditions in syndicated loan facilities. The arrangement may also cover receipt from and disbursement of loan payments to the parties, dissemination of notices and information to all concerned, and coordination of creditors' meetings, among others.

Security Trusteeship Arrangement
CBC - TAMG acts as a trustee over the properties or assets offered as collateral or are the subject of mortgage in favor of a syndicate of creditors. The arrangement may include the monitoring of required collateral value, custodianship of security documents such as agreements, titles to properties, and insurance policies.

Collecting and Paying Agency Arrangement
CBC - TAMG facilitates the collection of payment and prompt disbursement of amounts due to a syndicate of lenders.

TREASURY SERVICES

Investments

Local currency-denominated Government and Corporate Bond Issues and Perpetual Notes
Peso-denominated debt Instruments issued by the National Government or select corporate entities with fixed interest rates paid quarterly or semi-annually, subject to final withholding tax.

Foreign currency denominated Government and Corporate Bond Issues and Perpetual Notes
Foreign currency-denominated (US Dollar, Euro, Japanese Yen, Chinese Renminbi) debt Instruments issued by the Philippine National Government, other sovereign entities, or select local and foreign Corporate entities with fixed interest rates paid semi-annually.

China Bank Bond
Peso-denominated debt instruments issued by China Banking Corporation with fixed interest rate paid monthly, subject to final withholding tax.

Deposits and Deposit Substitutes

LTNCD
Long Term Negotiable Certificate of Deposit issued by the bank with a tenor of at least 5 years with quarterly interest payments; available in Philippine Peso.

Treasury Certificate of Deposit (TCD)
Short term deposits (overnight to 1 year) evidenced by a certificate of deposit; available in Philippine Peso, US Dollar or Euro.

Promissory Note
Short term deposits substitute (overnight to 1 year) evidenced by a PN Certificate; available in Philippine Peso; not covered by PDIC.

Foreign Exchange & Derivatives

Foreign Exchange
Spot, Forward and FX Swaps - an agreement to buy/sell a currency for another currency.

Derivatives
Interest Rate and Cross Currency Swaps - a bilateral agreement to exchange periodic cash flows for a specific period of time, based on an agreed notional amount.

INSURANCE PRODUCTS

Platinum Invest Elite
A single-pay variable life insurance product that allows one to enjoy the rewards from investing in any or a combination of professionally-managed investment funds, while providing lifelong protection.

Enrich Max
A single-pay variable life product that provides life insurance protection and potential optimum investment yields where values are directly linked to the performance of investment funds.

MCBL Affluence Income
A single-pay variable life insurance product designed to provide early access to earnings to meet short-term needs, unlimited earning potential through investment in a professionally managed fund to help achieve medium- to long-term goals, and life protection insurance for peace of mind.

MCBL Affluence Max Elite
A single-pay variable life product that maximizes the potential earnings of the policy through the guaranteed start-up bonus.

MCBL Enrich
A variable life insurance product that allows one to enjoy the rewards from investing in any or a combination of professionally-managed investment accounts, while providing insurance protection.

MCBL Invest
A minimum-pay unit-linked product which is geared towards investment and is intended to improve the build-up of the account value (av) in the long run by minimizing upfront charges and imposing higher surrender charges in early policy years.

Base Protect Plus
A term insurance plan which provides fixed term protection coverage for five (5) years, with an option to to automatically renew coverage up to age 85 or convert to a permanent plan depending on changing protection needs.

LifeBuilder
An insurance-and-investment product that allows you to enjoy the rewards from investing in any or a combination of professionally-managed investment accounts, while providing you with guaranteed insurance protection.

Group Credit Life
Pays the balance of the loan in case of death of the borrower. Bonus benefit for employees of the lending company who meet the minimum loan volume and successful enrollment.
A. Basic life
B. Accidental death disability & dismemberment
C. Total and permanent disability
D. Hospital income benefit

Group personal accident
A yearly renewable and cancellable term plan which provides the following benefits:
A. Accidental death
B. Accidental dismemberment or loss of use
C. Double indemnity
D. Total permanent disability (optional)
E. Temporary total disablement (optional)
F. Hospital indemnity (optional)

Fire and Allied Perils
Insurance coverage for homeowners, building owners, and tenants against loss or damage to Building (structure, building / leasehold improvements) and Contents (furniture, fixtures and fittings, appliances, electronic equipment, etc.)

Basic package covers Fire and Lightning, which can be upgraded to include Extended Coverage (smoke, falling aircraft, vehicle impact, explosion), and natural disasters (Earthquake (Fire & Shock), Typhoon and Floor).

Other insurable perils for residential and commercial clients include: Riot, Strike and Malicious Damage; Bursting and/or Overflowing of Tanks, Apparatus & Pipes; Sprinkler Leakage; and Spontaneous Combustion.

Motor Car
Protection for vehicle owners against loss or damage to their vehicles, medical expenses for them and their passenger including Third Party Liabilities.

Free 24-hour Roadside Emergency Assistance included in select packages.

Extensive repair and dealer network for claims servicing.

Personal Accident- and Travel
Protection for members of your business, organizations, or institution in case of loss of life, dismemberment, or disablement due to accident. In case of death, the benefit is paid to the designated beneficiary of the insured.

Travel Accident Insurance
Covers travel inconveniences such as flight delay, loss of baggage, medical treatment, among others, for air travel to Schengen, ASEAN, worldwide and domestic itineraries.

Medical Insurance / Employee Benefit
Offers health coverage to individuals, employers, and medical providers (hospital and doctors) as protection against financial exposure due to medical costs. Insurance packages include Medical Reimbursement programs and Hospital Income programs.

Comprehensive General Liability Insurance
Covers payment for accidental property damage or bodily injury to a third party including legal fees, if necessary, that happens in the course of business operations.

Electronic Equipment Insurance
Provides accident insurance for electronic equipment such as: electronic data processing (EDP) and office equipment, communication and radio equipment, graphics industry equipment, broadcast and television equipment, and other miscellaneous electronic equipment.

Money, Securities and Payroll Insurance
Protection against loss of money used for business operations, in case of robbery / hold-up, burglary, brigandage, etc.

Fidelity Guarantee Insurance
Protection against financial loss due to dishonest/fraudulent acts of regular employees.

Property Floater
Covers loss or damage to mobile property such as heavy equipment, machines, portable electronic equipment, paintings, among others.

Contractors' Insurance All Risks (CARI)
A comprehensive insurance protection against physical loss or damage and third party liability for construction works, contract works, civil engineering works, construction plant and equipment, and/or construction machinery.

Erections' Insurance All Risks (EARI)
Protection for contract works involving electro-mechanical works, installation of machinery and equipment, and the like. Aside from the contract works, this may also cover testing and commissioning.

Products and Services

Marine Cargo
Covers various hazards related to the movement of goods or cargo via air, land or sea. The insurance can cover all stages of delivery - from the time the goods leave the warehouse, throughout the course of transit, until its delivery to the consignee's final warehouse.

Marine Hull
Provides coverage for marine vessels and their machinery against Loss or Damage. Coverage can range from comprehensive All Risks to limited Total Loss only.

Surety Bonds
Issuance of a surety bond to guarantee the principal's responsibility towards the obligee as required by law or contract.

PAYMENT & SETTLEMENT SERVICES

China Bank Automated Teller Machine (ATM)
Self-service terminal providing 24/7 banking service like cash withdrawal, balance inquiry, bills payment, and other transactions. China Bank ATM accepts China Bank TellerCard and other BancNet, Diner's Club International, Discover, JCB, KFTC, Mastercard, Unionpay and Visa cards. Selected China Bank ATMs are also equipped for BEEP card reloading and balance inquiry.

China Bank Cash Accept Machine (CAM)
Deposit-taking terminal for that facilitates cardless transaction and real-time crediting of deposits to a China Bank account. CAM accepts old and new generation bills (PHP 100, 200, 500, 1,000).

China Bank Tellerphone
A phone banking facility that allows clients to perform transactions anytime, anywhere via landline or cellphone, including deposit account inquiry, fund transfer (to China Bank accounts or to other local banks), bills payment, and more.

China Bank Online
An internet-based banking channel that provides customers direct access to their accounts to do various banking transactions via their personal computer, laptop, tablet, or mobile phone. Transactions include account viewing, funds transfer (to China Bank accounts or to other local banks), bills payment, UITF top-up, and more.

China Bank Mobile Banking App
A free mobile application, available on Apple and Playstore, that can be downloaded and installed in smartphones and tablets that enables customers to access their China Bank accounts and perform basic and advanced banking transactions on the go. Through China Bank Mobile App, customers also have access to unique features like RFID reloading, NOW (No card on withdrawal/emergency cash), and JUMP (Just Use your Mobile Phone) transactions.

Point-Of-Sale (POS)
A local PIN-based payments solution using a POS terminal that allows ATM cardholders to use their cards as payment for goods or services in select stores. It is riding on the BancNet electronic fund transfer–Point-Of-Sale (EFT-POS) system.

CASH MANAGEMENT SERVICES

China Bank Online Corporate
An internet-based banking channel for the business banking needs of corporate customers. China Bank Online Corporate securely facilitates basic banking services, self-service functionalities, and Cash Management Solutions.

Liquidity Management via China Bank Online Corporate
Enables corporate customers have greater visibility and control over their business liquidity to make informed financial decisions.
- Sure Sweep - Experience faster and more efficient consolidation or distribution of funds for easier disbursement and better yields
- Corporate Inter-Bank Fund Transfer - Transfer funds online and real-time from your China Bank account to accounts in other banks
- Multi-Bank SOA Concentration (Available Soon) - Access account balances, transaction reports, and account statements of your china bank accounts and other bank accounts

Receivables Management
An automated collection solution to improve company receivables turnover and cash flow.
- Automatic Debit Arrangement (ADA) - electronically initiate collections from customers' or subscribers' enrolled deposit accounts
- Check Depot - Enjoy the convenience of automatic crediting of post-dated checks as they fall due

- Bills Pay Plus - Provide your customers with convenient payment options through China Bank's vast network of branches nationwide and 24/7 electronic banking channels
- Referenced Deposit Solution - Provide your customers with convenient payment options, while making use of a deposit reference number, through China Bank's vast network of branches nationwide
- Smart Cash Safe Solution (Available Soon) - Deposit cash 24/7 via a cash accepting machine installed in your premises
- Check Pay Solution (Available Soon) - Manage your recurring collections in the form of PDCs issued by individual buyers and automate remittance of tax resulting from sale of property. This solution comes with a special checking account for buyers

Payables Management
A payables solution for optimizing payment timing, strengthening corporate cost management, and enhancing operating margins

- Direct Debit Arrangement - Manage your recurring payments to vendors, suppliers, and utility companies via direct debit from your China Bank account
- Auto Credit Arrangement (ACA) - Electronically remit same day or future dated payment instructions to the china bank accounts of your payees
- Check Writing Services - Free your company of the tedious task of manually preparing a large number of checks o check write plus software - a stand-alone solution that automates the preparation of checks, vouchers, and reports
  - o Check Write Plus Outsourcing - Outsource the printing and releasing of your corporate checks or China Bank manager's checks
  - o Check Write Plus Self-Service - A web-based solution that automates the preparation of checks, vouchers, and reports
- Payroll Services - Reduce administrative and manual processes involved with paying your employee's salaries
  - o Payroll Crediting - A web-based solution for crediting your employees' china bank payroll accounts directly
  - o China Pay Software - A stand-alone payroll & timekeeping program that automates salary computation and pay slip and report generation
  - o Payroll Processing - Outsource your entire payroll activity, from the calculation of gross salary based on attendance report up to generation of net pay, pay slips, internal and statutory reports

POS Solutions
Solutions that make it easier for customers to do business with companies.

- China Debit POS - Equip your business with the flexibility to accept ATM and debit card payments
- POS Cash Out - Provide your customers with the convenience of cash withdrawals via a POS device, and at the same time, have an additional income channel

Trade and Settlement Solutions
Services that streamline and accelerate the trade and settlement life cycle of business.

- SCCP Broker's Solution - Settle stock transactions with the securities clearing corporation of the Philippines via an electronic platform. This solution facilitates net settlement of daily stock trade among stock brokerage firms of the PSE.
- Electronic Invoicing & Payment Solution (Available Soon) - Reduce the time and cost of processing invoices. This solution automates and streamlines the presentation, reconciliation, and settlement of electronic invoices / receivables.

Government Payments and Collections
Online services for convenient government payments and collection directly from China Bank accounts.

- Easy Tax Filing and Payment Solution - Electronically file and pay real property taxes
- BIR eTax Payments - File and pay Bureau of Internal Revenue (BIR) taxes
- eGov Payments - File and pay monthly contributions and loan payments to Social Security System (SSS), Philippine Health Insurance Corporation (PhilHealth), and Pag-IBIG
- SSS Sickness, Maternity, and Employee Compensation (SSS SMEC) - Receive the SSS sickness, maternity and compensation benefit reimbursements of your employees via direct credit to your company's China Bank account

CHINA BANK SECURITIES

Stock Brokerage
Execution of secondary trade transactions covering peso and dollar-denominated stocks listed on the Philippine Stock Exchange; participation in initial/secondary public offerings and follow-on offerings.

Research Services
Research reports covering listed companies, industry sectors, stock market outlook, stock recommendations, daily/weekly updates, among others.

GRI Content Index

102-55

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.

GENERAL DISCLOSURES

GRI STANDARD	DISCLOSURE		PAGE NUMBER AND/OR DIRECT ANSWERS	OMISSION
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General disclosures				
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	102-3	Location of headquarters	2	
	102-4	Location of operations	2, 108-123	
	102-5	Ownership and legal form	2, 55	
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	102-7	Scale of the organization	12, 59, 127-135	
	102-8	Information on employees and other workers	59	
	102-9	Supply chain	47	
	102-10	Significant changes to the organization and its supply chain	No significant changes are made to the organization and its supply chain	
	102-11	Precautionary Principle or approach	44-53, 66	
	102-12	External initiatives	35	
	102-13	Membership of associations	Trust Officers Association of the Philippines; ACI Philippines; Association of Bank Compliance Officers, Inc.; Association of Bank Remittance Officers, Inc.; Association of Philippine Correspondent Banking Officers, Inc.; Bankers' Association of the Philippines; Bankers' Institute of the Philippines, Inc.; Bank Marketing Association of the Philippines; Business Continuity Mangers Association of the Philippines; Chamber of Thrift Banks; Credit Card Association of the Philippines; Credit Management Association of the Philippines; Financial Executives of the Philippines; Fund Managers Association of the Philippines; Good Governance Advocates and Practitioners of the Philippines; Information Security Officers Group; Investment House Association of the Philippines Money Market Association of National Advertisers; Personnel Management Association; Philippine Business for the Environment; Philippine Payments Management, Inc.; Public Relations Society of the Philippines; UNISDR Private Sector Alliance for Disaster Resilient Societies; Various Local Business Clubs	
	Strategy			
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	Ethics and Integrity			
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	102-41	Collective bargaining agreements	60	
	102-42	Identifying and selecting stakeholders	19	
	102-43	Approach to stakeholder engagement	20	
	102-44	Key topics and concerns raised	20	
	Reporting Practice			
	102-45	Entities included in the consolidated financial statements	As listed in Note 1 of Financial Statement: China Bank Insurance Brokers, Inc., CBC Properties and Computer Center, Inc., China Bank Savings, Inc., China Bank Capital Corporation, CBC Assets One, Inc., China Bank Securities Corporation.	
	102-46	Defining report content and topic boundaries	19, 21	
	102-47	List of material topics	21	
	102-48	Restatements of information	There are no restatements of information.	
	102-49	Changes in reporting	There are no changes in reporting.	
	102-50	Reporting period	Inside front cover	
	102-51	Date of most recent report	Inside front cover	
	102-52	Reporting cycle	Inside front cover	
	102-53	Contact point for questions regarding the report	140	
	102-54	Claims of reporting in accordance with the GRI standards	Inside front cover	
	102-55	GRI Content Index	Inside front cover, 136	
	102-56	External assurance	This report is not externally assured.	

GRI Content Index

MATERIAL TOPICS

GRI STANDARD		DISCLOSURE	PAGE NUMBER AND/OR DIRECT ANSWERS	OMISSION
GRI 200 Economic Standard Series				
Economic Performance				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	19	
	103-2	The management approach and its components	65	
	103-3	Evaluation of the management approach	65	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	65	
Indirect Economic Impacts				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	19	
	103-2	The management approach and its components	26-27	
GRI 203: Indirect Economic Impacts 2016	203-2	Significant indirect economic impacts	14, 26-27	
Anti-corruption				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	19	
	103-2	The management approach and its components	46	
	103-3	Evaluation of the management approach	46	
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	46	
	205-3	Confirmed incidents of corruption and actions taken	There are no confirmed incidents of corruption.	
GRI 300 Environmental Standard Series				
Energy				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	19	
	103-2	The management approach and its components	66	
	103-3	Evaluation of the management approach	66	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	66	
	302-2	Energy consumption outside the organization	66	
	302-3	Energy Intensity	66	
Water and Effluents				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	19	
	103-2	The management approach and its components	66-67	
	103-3	Evaluation of the management approach	66-67	
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	China Bank's branches source water from third-party providers. Water conservation measures are also in place.	
	303-2	Management of water discharge-related impacts	Effluents are treated or disposed properly by the building owners as China Bank are tenants.	
	303-5	Water consumption	67	
Emissions				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	19	
	103-2	The management approach and its components	66	
	103-3	Evaluation of the management approach	66	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	No available data yet, but systems are being put in place for data gathering for the next reporting cycle.	
	305-2	Energy indirect (Scope 2) GHG emissions	66	
	305-3	Other indirect (Scope 3) GHG emissions	66	

GRI STANDARD	DISCLOSURE		PAGE NUMBER AND/OR DIRECT ANSWERS	OMISSION
GRI 400 Social Standard Series				
Employment				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	19	
	103-2	The management approach and its components	59-62	
	103-3	Evaluation of the management approach	59-62	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	59, 61-62	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	60	
Occupational Health and Safety				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	19	
	103-2	The management approach and its components	61	
	103-3	Evaluation of the management approach	61	
GRI 403: Occupational Health and Safety 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days, absenteeism, and number of work-related fatalities	61	
Training and Education				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	19	
	103-2	The management approach and its components	61-62	
	103-3	Evaluation of the management approach	61-62	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	61	
	404-2	Programs or upgrading employee skills and transition assistance programs	61	
	China Bank Indicator	Percent of the total number of employees eligible for apraisal	61	
Diversity and Equal Opportunity				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	19	
	103-2	The management approach and its components	59-60	
	103-3	Evaluation of the management approach	59-60	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	59	
Local Communities				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	19	
	103-2	The management approach and its components	68-69	
	103-3	Evaluation of the management approach	68-69	
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	68	
Customer Privacy				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	19	
	103-2	The management approach and its components	31-32	
	103-3	Evaluation of the management approach	The management approach is deemed successful since there are no substantiated complaints on breach of customer privacy.	
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	There were no substantiated complaints on customer privacy breach.	

Investor Information

ANNUAL STOCKHOLDERS' MEETING

June 18, 2020, Thursday, 4:00 p.m.
conducted virtually via
https://www.chinabank.ph/asm2020

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For inquiries or concerns regarding dividend payments, account status, change of address or lost or damaged stock certificates, please get in touch with:

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We welcome letters or all such communications on matters pertaining to the management of the Bank, stockholders' rights, or any other bank-related issues of importance. Stockholders who wish to communicate with any or all of the members of the China Bank Board of Directors may send letters to:

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