CHINABANK

100

1920 - 2020

2020 ANNUAL FINANCIAL AND SUSTAINABILITY REPORT

ABOUT THE REPORT

102-50, 102-51 102-52, 102-54

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, 2020, 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 2020 covering the period January 1 to December 31, 2019. 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 (pages 276-279) 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

Completed in 1924, China Bank's original headquarters in Binondo, Manila represents more than just architectural history; it symbolizes the Bank's culture and heritage, how we have endured the test of time, and how we continue to be strong and resilient for future generations. The restoration of the seven-story Neo-classic Beaux Arts building is the centerpiece of China Bank's centennial celebration in 2020, and more importantly, our contribution to the revival of Binondo, the world's oldest Chinatown. Soon to be recognized by the National Historical Commission of the Philippines with a national historical marker and by the National Museum as an important cultural property, the fully restored China Bank Binondo Business Center stands proud as a shining example of architectural renewal in Manila.

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WHO WE ARE

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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 quality financial products and services to individuals and businesses across our vast network of branches nationwide and robust electronic banking channels. Through our subsidiaries China Bank Savings, China Bank Capital, China Bank Securities, China Bank Insurance Brokers, and affiliate Manulife China Bank Life Assurance, we also serve the retail banking, investment banking, and insurance needs of our diverse customers.

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.

634
BRANCHES

1,022
ATMs

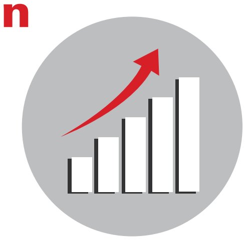
HEADQUARTERS:
China Bank Building, Paseo de Roxas
corner Villar St., Makati City 1226 Philippines

9,825 employees
committed to build
enduring relationships of trust with

2.2 million customers

Strongly positioned for value creation

P12.1 billion
net income



12.1%
return on equity

P1.036 trillion
assets

P105 billion
capital

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. Over the span of a century, China Bank has been operating ethically and responsibly to drive economic growth, to uplift lives and livelihoods, and to help communities progress towards a sustainable future.

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 • High Performance Standards • Commitment to Quality • Concern for People • Efficiency • Resourcefulness/Initiative • Customer Service Focus

JOURNEY TO 100 YEARS

1920
1945


1920
Dee C. Chuan leads a group of top Chinese Filipino businessmen to establish China Bank. The Bank opens for business on August 16, 1920 at No. 90 Rosario St., Binondo, Manila

1924
Transfers its growing operation to its own building on Juan Luna corner Dasmariñas Sts., Binondo, its head office for the next seven decades

1925
Opens branch in Xiamen, China

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

1929
Opens branch in Shanghai, China

1931
The Great Depression adversely affects the Philippine banking sector; hit by runs, a rival bank goes under, but China Bank weathers the crisis unshaken

1942
The Japanese military shuts down China Bank, liquidates its assets, and jails its principal officers Albino SyCi and George Dee Se Kiat

1945
China Bank reopens and while working towards its own recovery, lends to key industries for post-war reconstruction and long-term development

1946
1970

1948
Opens China Bank Cebu, its first local branch

1949
Closes Xiamen and Shanghai branches when the Communists took over China

1954
Albino SyCip initiates the Liberty Wells project to provide potable water for millions of Filipinos

1955
Breaches the P100-million mark in assets, becoming the biggest local private commercial bank

1960
Opens its first branch in Manila, Sto. Cristo Branch

1965
Declares 100% stock dividend and increases its authorized capital stock from P10 million to P40 million

1969
Becomes the first bank in Southeast Asia to process deposits on-line, using the IBM 360

1970
Still the biggest local private commercial bank, with P566 million in resources

1971 1995

1973
Hits the P1-billion mark in assets; meets the Central Bank's requirement of a P100 million minimum paid-up capital for commercial banks

1975
Increases its Filipino ownership up to the 70% level required by the Central Bank, paving the way for China Bank's major branch expansion program

1977
Hikes capitalization to P300 million from P100 million; becomes one of the first banks authorized by the Central Bank to engage in foreign currency-denominated transactions

1982
Establishes CBC Properties and Computer Center, Inc. to provide computer-related services solely to China Bank and to manage its electronic banking and e-commerce requirements

1988
Launches Teller Phone, the first telephone banking service in the Philippines

1990
Joins seven other banks to create BancNet, the country's largest ATM network; transfers its corporate headquarters to its present location along Paseo de Roxas in Makati City

1991
Acquires its universal banking license

1995
Embarks on a five-year P150 million program to upgrade its technology infrastructure, acquiring leading-edge Dimension software from Kirchman Corp. and the latest IBM ES 9000 hardware

1996 2020

1996
Accesses the offshore capital markets for the first time by issuing US$50 million Floating Rate Certificate of Deposit (FRCD)

1997
Issues U$75 million FRCD; becomes the best capitalized bank during the Asian Financial Crisis after a 2 for every 3 shares stock rights offering

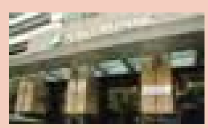
1998
Establishes China Bank Insurance Brokers, Inc. to provide direct insurance broking for retail and corporate customers, with a wide and comprehensive range of plans for life and non-life insurance

2005
Launches its Internet banking facility, China Bank Online

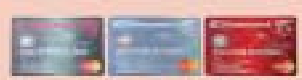
2007
Acquires Manila Bank and operates it as China Bank Savings; enters into a bancassurance joint venture with Manulife to form China Bank Manulife Life Assurance Corp.

2012
Acquires Pampanga-based Unity Bank

2014
Acquires Plantersbank and merges it with China Bank Savings; raises P8 billion from its stock rights offering



2015



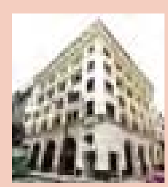
Enters the credit card business and launches China Bank MASTERCARD, migrates to its new core banking system, Finacle Core Banking Solution (FCBS) from Infosys; incorporates its Investment Banking Group into a full-fledged investment house subsidiary, China Bank Capital

2016
Establishes China Bank Securities to provide clients with stock brokerage, securities research, and analysis services

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

2018
Signs US$150 million green bond agreement with International Finance Corporation (IFC)

2019
Raises P30 billion via maiden issue of fixed-rate retail bonds, one of the largest bond offerings for the year; begins restoration of original head office in Binondo



2020
Marks centennial; hits P1 trillion in assets and P100 billion in capital

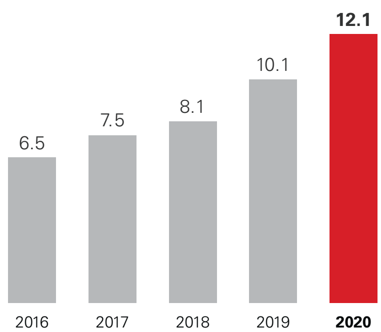
FINANCIAL HIGHLIGHTS

102-7

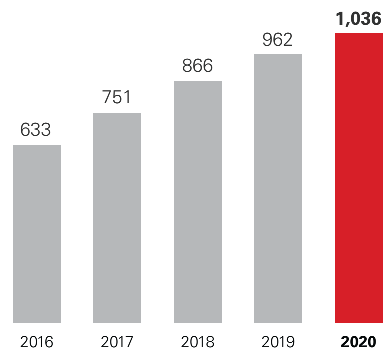
	CONSOLIDATED		PARENT COMPANY	
	2019	**2020**	2019	**2020**
For the Year (In Million Pesos)				
Net Interest Income	26,051	**33,843**	22,658	**29,902**
Non-Interest Income	8,431	**10,011**	7,184	**9,120**
Operating Income	34,482	**43,854**	29,842	**39,022**
Provision for Impairment & Credit Losses	2,570	**8,869**	2,205	**7,983**
Operating Expenses	20,324	**21,522**	15,890	**17,490**
Net Income Attributable to Equity Holders of the Parent Bank	10,069	**12,063**	10,069	**12,063**
Net Income	10,075	**12,071**		
At Year-end (In Million Pesos)				
Total Resources	962,226	**1,036,012**	870,180	**947,128**
Loan Portfolio (Net)	568,919	**557,214**	502,930	**491,994**
Investment Securities	212,836	**235,892**	206,846	**226,782**
Total Deposits	775,428	**835,231**	687,764	**750,973**
Stockholders' Equity	96,176	**104,985**	96,163	**104,962**
Distribution Network and Manpower				
Number of Branches	631	**634**	473	**476**
Number of ATMs	1,002	**1,022**	840	**857**
Number of Employees	9,813	**9,825**	7,141	**7,216**
Key Performance Indicators (In %)				
Profitability				
Return on Average Equity	11.04	**12.09**	11.04	**12.09**
Return on Average Assets	1.10	**1.21**	1.22	**1.32**
Net Interest Margin	3.39	**3.92**	3.26	**3.82**
Cost-to-Income Ratio	59	**49**	53	**45**
Liquidity				
Liquid Assets to Total Assets	37	**43**	38	**44**
Loans (Net) to Deposit Ratio	73	**67**	73	**66**
Asset Quality				
Gross Non-Performing Loans (NPL) Ratio	1.5	**2.3**	1.0	**1.5**
NPL Cover	129	**128**	190	**183**
Capitalization				
Common Equity Tier 1 Ratio (CET 1/Tier 1)	12.76	**13.82**	12.62	**13.68**
Capital Adequacy Ratio (Total CAR)	13.67	**14.73**	13.53	**14.59**

Shareholder Information		
Market Value		
Market Price Per Share (In Pesos)	25.05	**24.95**
Market Capitalization (In Million Pesos)	67,282	**67,013**
Valuation		
Earnings Per Share (In Pesos)	3.75	**4.49**
Book Value Per Share (In Pesos)	35.80	**39.08**
Price to Book Ratio (x)	0.70	**0.64**
Price to Earnings Ratio (x)	6.68	**5.56**
Dividends		
Cash Dividends Paid (In Million Pesos)	2,364	**2,686**
Cash Dividends Per Share (In Pesos)	0.88	**1.00**
Cash Payout Ratio (In %)	29	**27**
Cash Dividend Yield (In %)	3.39	**4.53**

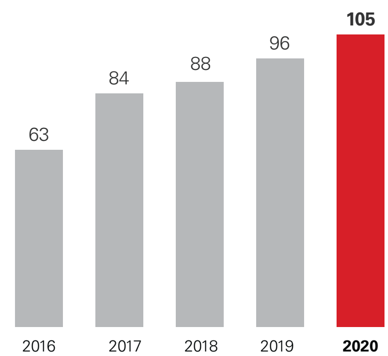
NET INCOME
In Billion Pesos



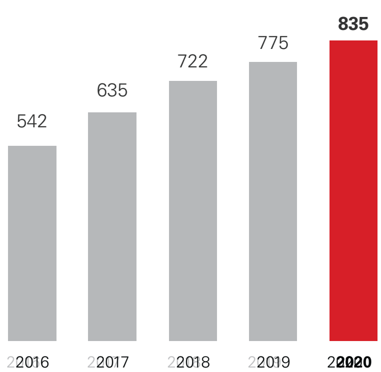
TOTAL RESOURCES
In Billion Pesos



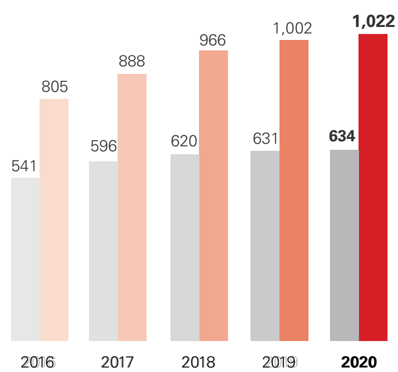
STOCKHOLDERS' EQUITY
In Billion Pesos



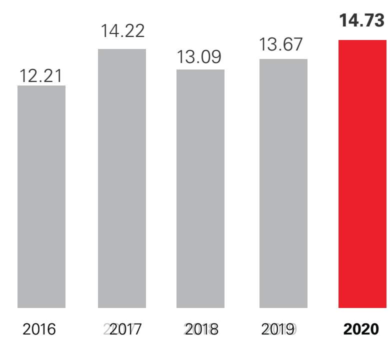
DEPOSITS
In Billion Pesos



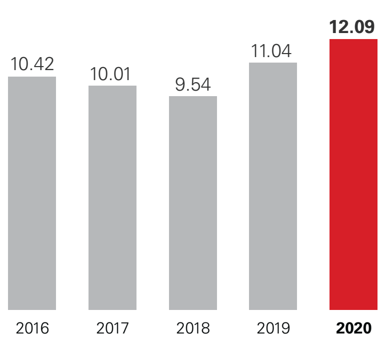
DISTRIBUTION NETWORK
Branches ATM



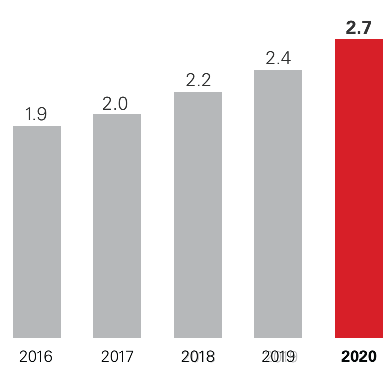
TOTAL CAR
In Percent



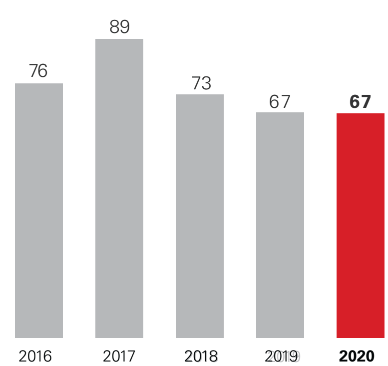
RETURN ON AVERAGE EQUITY
In Percent



CASH DIVIDENDS PAID
In Billion Pesos



MARKET CAPITALIZATION
In Billion Pesos



MESSAGE TO STAKEHOLDERS

102-14, 102-15

From left: Vice Chairman Gilbert U. Dee, Chairman Hans T. Sy, and President William C. Whang in front of the restored China Bank Binondo Business Center.

To our fellow stakeholders,

2020 was an extraordinary year by any measure. It began with relatively optimistic prospects for economies and businesses around the world. The forecast in January 2020 was that the Philippine economy would grow by 6.1% because of government's infrastructure drive and improved exports. Companies' sales projections were up on the likelihood of the continued trend of strong growth in private consumption spending and OFW remittances. China Bank was on a celebratory mood because the year marked our centennial. Then the COVID-19 pandemic plunged the world into an unprecedented health and financial crisis, upending all projections and ushering in the "new normal".

Against a challenging backdrop and the ongoing uncertainties, we hope you and your families are healthy and safe. We are grateful for your unwavering trust in China Bank, which drives our sustained growth and resilience. Rest assured that we are committed to stand by you—our customers, shareholders, employees, and the whole Filipino nation—as we navigate these difficult times towards economic recovery.

Ready, resilient, and responsive

Following the rampant spread of COVID-19 cases in Europe, the United States, and Asia in March 2020, the Philippine government adopted strict measures to stem the spread of the virus in the country. Luzon and other regions were placed under various states of community quarantines, and significant monetary and fiscal policy measures were enacted to mitigate the adverse economic consequences of the world's longest lockdown.

From the onset of the pandemic, China Bank's top priority has been, and continues to be, the safety and well-being of our employees and customers while remaining operational to support individuals, businesses, and the economy. Immediately after the announcement of the enhanced community quarantine (ECQ), we implemented our Business Continuity Plan. The fluidity of the situation created conditions that required readjustment of plans and strategies and continuous vigilance. We ensured that as many branches as practicable continue to operate and enhanced the availability of our electronic banking channels to serve our customers' banking needs; we established safety protocols and policies for team rotations and safe and productive remote working while keeping our systems stable and secure; and we undertook initiatives and measures to ease customers' financial burden and to help businesses survive the drastic drop in economic activity.

With the relaxing of quarantine restrictions in the second half of 2020, we started to shift from crisis mode to recovery mode. We will continue supporting our stakeholders with determination and optimism in a post-coronavirus era.

Growth amid headwinds

The strong foundation we have built over the years—robust liquidity and capital levels, secure and accessible e-banking channels, high governance standards, and highly competent workforce—prepared China Bank for the challenges of 2020. More importantly, it enabled us to maintain financial strength and profitability to continue supporting our customers, employees, and other stakeholders amid precarious conditions.

We are pleased to report that we concluded a challenging year with P12.1 billion net income, 20% higher compared to 2019. The bigger profits translated to an improved return on equity of 12.1% from 11.0%, and a better return on assets of 1.2% from 1.1%.

The strong growth in core businesses and better investment and trading returns offset our pandemic-related loan buffer of P8.9 billion, which was 3.5 times higher than in 2019.

Net interest income surged by 30% to P33.8 billion on the back of the 39% drop in interest expense, resulting in higher net interest margin of 3.92%. Fee-based income grew by 19% to P10.0 billion, as we optimized our securities holdings amid the low-interest environment, which caused trading and securities gains to more than double in 2020.

Sustained efforts in cost management kept the growth of operating expenses controlled at 6% to P21.5 billion. Cost-to-income ratio improved to 49% from 59% as income growth continued to outpace expense growth.

The robust income performance was underscored by a healthy balance sheet. China Bank's total assets stood at P1.04 trillion, up 8%.

MESSAGE TO STAKEHOLDERS

Deposits increased by 8% to P835 billion, driven by 14% growth in checking and savings accounts (CASA). Healthy CASA deposit generation eased the Bank's overall funding cost and led to a better CASA ratio of 56%. The Bank's successful fund raising via the issuance of P15 billion fixed-rate bonds in October 2020 also helped improve funding flexibility. This was followed by another oversubscribed bond offering worth P20 billion, issued and listed on February 18, 2021.

Gross loans ended flat at P572 billion as business customers reduced loan drawdown. Consumer loans grew 7%, accounting for 20% of the total loan portfolio. Non-performing loans ratio rose to 2.3%, in line with our expectations, but NPL cover remained sufficient at 128%.

China Bank's capitalization increased by 9% to P105 billion, with a CET1 ratio of 13.82% and total CAR of 14.73%, both above the minimum regulatory requirement.

While the development of vaccines brings fresh hope, our strong financial performance last year gives us the buffer to absorb further stresses down the road. Meanwhile, our digital transformation project, which we have accelerated in line with the surge in digital banking usage, boosts our ability to meet growing business volumes and greater customer demand for speed, convenience, and security. To enhance customer experience in the new normal, we are rolling out cutting-edge technologies for frictionless digital on-boarding and for better customer engagement.

We also formulated strategies to sustain our growth momentum and to mitigate asset quality issues given the possibility of a protracted pandemic.

Good corporate governance under any circumstances

Good corporate governance is in China Bank's DNA. The principle of doing what's right and doing right by our stakeholders is an intrinsic part of the Bank's corporate culture that it guides our strategies, decisions, and actions during good times, and more so in bad times.

Our adherence to high governance standards was again recognized by the ASEAN Capital Markets Forum (ACMF) and the Institute of Corporate Directors (ICD). At the virtual awarding in 2021 for the ASEAN Corporate Governance Scorecard (ACGS) 2019 assessment year, China Bank was among the top 3 publicly listed companies (PLCs) in the Philippines, top 20 PLCs in ASEAN, and ASEAN Asset Class awardees of ACMF. China Bank was also the only bank among the six companies to win a 4-Golden Arrow Award from ICD.

The governance awards we have received over the years from regulators and local and international award-giving bodies inspire us to continue on this straight and narrow path. But our biggest motivation is earning trust. The sustained high levels of customer trust and investor confidence underpin China Bank's continued profitability, allowing us to consistently deliver shareholder and stakeholder value. As the regulatory landscape becomes more stringent and more complex, we will continue to strengthen and align our governance with global standards and best practices.

A lasting legacy

The year 2020 would have seen us celebrate China Bank's centennial in a big way. With the theme "Celebrating the Past. Embracing the Future", China Bank's 100th anniversary program focused on our history and enduring relationships, and our continuing journey to meet the needs of the next generation. We began with the lighting of the 100th logo LED sign mounted on the façade of our head office building in Makati City, followed by the launch of our "Times Change but Values Remain" commercial on social media and cable TV. But because of the pandemic, we had to forgo some of our plans. Still, our centennial celebration was very meaningful with these gestures of appreciation and goodwill.

For our employees, we are building on the Bank's proud history by strengthening a culture of ownership. At the Special Stockholders' Meeting held virtually on October 1, 2020, the Centennial Stock Grant Plan of 100 China Bank shares for every year of service was ratified. The equity gift involves the issuance of up to 5.6 million primary common shares worth P121.24 million based on the closing price as of ratification date.

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

For today's generation and the next, we have the Binondo Heritage Restoration project, our contribution to the revitalization of Binondo, the world's oldest Chinatown. Restoring China Bank's original head office built in 1924 to its original architecture and making it more resilient aim to preserve not only the Bank's culture and heritage, but more importantly, the bygone character of Binondo for generations to come.

We won a Gold Anvil for our 100th anniversary program at the 56th Anvil Awards of the Public Relations Society of the Philippines held virtually in 2021. The award recognized the success of our centennial events and campaigns despite a scaled-back celebration in light of the pandemic.

Partnerships that endure

We faced a profound crisis in 2020 that dealt a heavy blow to individuals, companies, and governments, but China Bank pulled through, thrived even, like after every sharp downturn in the last 100 years. This is because, more than anything else, we have the best partners—dedicated China Bankers, loyal customers, and supportive shareholders.

While others cut jobs in 2020, we kept our workforce intact and continued to strengthen our leadership bench. We welcomed the new head of our Digital Banking Group, Mr. Manuel C. Tagaza, the new head of our Credit Card Business, Mr. Aloysius C. Alday, and the new president of China Bank Insurance Brokers, Mr. Frankie G. Panis. We are certain that the breadth of their leadership and industry experience will be invaluable to the Bank as we pursue our growth and sustainability goals.

We also welcomed our fourth independent director, Ms. Claire Ann T. Yap, whose extensive background and track record of accomplishments will be an asset to our Board and our business. She was elected during the Special Stockholders Meeting in October 2020 to replace Ms. Angeline Ann H. Hwang who passed away last year.

This 2021, as we say goodbye to our outgoing lead independent director, Mr. Alberto S. Yao, we welcome a new independent director, Mr. Genaro V. Lapez.

We are very grateful to Mr. Yao for his contributions to the Bank and for his wise counsel in the last 17 years that he faithfully served on our board. He also served as independent director on the boards of China Bank Savings, China Bank Capital, and China Bank Securities, all of which benefited from his experience and expertise. We wish him the best in all his other endeavors.

We are excited to have Mr. Lapez on the Board who brings with him fresh perspective and deep experience in fast moving consumer goods, pharmaceuticals, multi-media publishing, and banking and finance.

Meanwhile, our savings bank arm will continue to pursue growth with a second-generation China Banker on the helm. Mr. James Christian T. Dee, who served as China Bank Savings' treasurer for the last eight years, was appointed president effective April 15, 2021.

On behalf of the China Bank board of directors, we sincerely thank all our employees, especially our frontliners, for going above and beyond in 2020 for our customers, for the Bank, for our communities, and for each other. Despite having their own personal crises to deal with, their dedication to service never wavered. Our heartfelt gratitude also goes to our customers who continue to inspire and motivate us with their trust and patronage. And to our shareholders, we truly appreciate your steadfast support.

The past year has demonstrated the crucial role that banks play in society. As we move forward with cautious optimism, we reaffirm our commitment to supporting our stakeholders through periods of progress and volatility, and to being a true partner for economic stability, positive social change, and growth and prosperity now, and in the next 100 years.

Sincerely,

Hans T. Sy
Chairman

Gilbert U. Dee
Vice Chairman

William C. Whang
President

TOGETHER AGAINST COVID-19

The COVID-19 pandemic is a global economic disruption on a scale not seen in over a hundred years. It swept across countries blazingly fast, wreaked havoc on lives and livelihoods, and changed the way we all live, work, and do business.

China Bank took the necessary measures to address the unprecedented challenges brought about by the pandemic, putting the health and well-being of our employees and customers at the forefront of our COVID-19 response. The expertise, financial strength, and resilience we have built over the last 100 years enabled us to cope with the tumultuous changes in 2020. Throughout this turbulence, we adhered to our mission, doing our utmost to serve our stakeholders and to weather this crisis together

Business Continuity

Banks have a key role in the financial system and in economic recovery. We recognize that as a provider of essential services, China Bank's responsibilities to stakeholders must be fulfilled even in the most trying times; that business must go on so we can continue providing the needed services and support to help protect jobs and keep the wheels of economy moving.

Contingency Operations

As early as January 2020, when the outbreak was beginning to unfold in China and cases were being reported in other countries, we formed a Task Force to plan for contingencies in response to the pandemic. The Task Force is comprised of select personnel from critical operating units in the Bank. In the succeeding weeks up to the days leading to the Philippine government's declaration of the enhanced community quarantine, massive efforts were taken to prepare the Bank for a severe business interruption. Contingency measures were developed in anticipation of prolonged work suspension and a total lockdown of the National Capital Region, looking at the case of Wuhan in China as the worst-case scenario. The Business Continuity Plan focused on keeping most of the ATMs up and running, ensuring uninterrupted online banking services, and maintaining the operations of critical units and branches.

Management Crisis Committee

A Management Crisis Committee comprised of the President, the Chief Operating Officer, Chief Finance Officer, Chief Risk Officer, and the heads of Retail Banking and Human Resources was formed to handle policy response and strategic direction of the China Bank Group. Top level decisions and directions were communicated through a series of Management Advisory. Sub-groups were also created to handle and coordinate specific tasks such as medical support, shuttle services, and development of health and safety protocols.

Work Management Plan for the New Normal

We developed "The New Normal Work Force and Work Management Plan for the COVID-19 Pandemic". The plan is designed to provide general direction and guidance in sustaining the operations of the Bank while we manage and exert effort to reduce exposure to COVID-19. Included in the plan are the prescribed team rotation work schedules, work from home arrangements, mandatory health and safety measures, and case management protocols.

Upon the direction of our Chairman, we expanded the split office operations to further decongest the main offices and significantly reduce the possibility of an outbreak occurring from within the organization. The initiative also allowed the Bank to decentralize operations of critical units which enhances the business continuity strategy.

BRANCHES

- Branches open during the Enhanced Community Quarantine and Modified ECQ (March to May):
  - Ave. of 259 China Bank branches or 55% of the parent bank's branch network
  - Ave. of 72 CBS branches or 46% of the savings bank's branch network
- Branches open during the General Community Quarantine (June to December):
  - Ave. of 427 China Bank branches or 90% of parent bank's branch network; 100% operational starting December 1, 2020
  - In June, ave. of 155 CBS branches or 98% of the savings bank's branch network; from July to December 2020, 100% open
- Shortened banking hours and no Saturday banking for China Bank and CBS
- Longer operating hours and all mall-based branches resume Saturday banking starting December 1, 2020

PEOPLE

- Protective gear for all employees (face shield, face mask, anti-microbial tool)
- Continuous payment of full salaries and benefits
- Financial assistance for agency personnel
- Shuttle service for frontliners and head office employees during ECQ and GCQ

TECHNOLOGY

- Availability of electronic banking channels throughout 2020:
  - China Bank: 100%
  - CBS: 95%
- ATMs operational during ECQ:
  - China Bank: 97%
  - CBS: 100%
- Increase in mobile app enrollment:
  - China Bank Mobile App: 97%
  - CBS Mobile App: 50%
- Increase in mobile app transactions:
  - China Bank Mobile App: 201%
  - CBS Mobile App: 25%
- Continuous monitoring and enhancement of cybersecurity
- Open and systematic communication with employees and customers through website, SMS, e-mail, social media, and Customer Contact Center

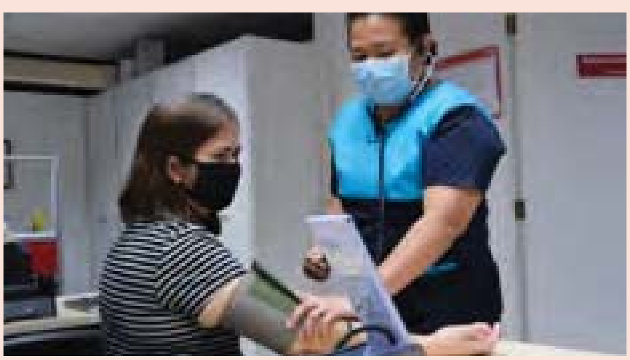
TOGETHER AGAINST COVID-19

Safety First

As we continued to provide the needed banking services and support, we took protective measures to safeguard the health of our employees, customers, and communities.

To mitigate the spread of the virus, any employee or agency personnel with symptom/s and/or with direct contact with anyone who is COVID-19 positive must stay at home and get a swab test. Guidelines and policies are in place to ensure that those affected are quarantined and receive support as per our HMO coverage.

As we encouraged customers to safely bank from home using our electronic banking channels, we likewise leveraged technology for collaboration and e-learning, to ensure that important processes could be carried out remotely, and to transform our workplaces into productive and safe havens for our employees. In 2020, we conducted thousands of virtual meetings and online events, including China Bank and CBS' Annual Stockholders' Meetings. With COVID-19 still looming large, this trend will likely continue in 2021.



Support to Customers

With the quarantine restrictions and economic slowdown, many businesses across industries had to reduce operations or to temporarily close, and many workers were sent home—some forced to take unpaid leave, and others laid-off. China Bank took measures to lighten the financial burden of our customers, in line with our commitment to stand by them through the good times and the bad.

30-day grace period for loan and credit card payments due within the ECQ
(Bayanihan to Heal As One Act)

BENEFITED A TOTAL OF 173,415 CUSTOMERS

- **8,550** China Bank HomePlus and AutoPlus customers
- **3,371** China Bank SME/commercial customers
- **51,399** China Bank Credit Cardholders
- **24,827** CBS Easi-Livin' and Easi-Drivin' customers
- **83,864** CBS personal loan customers
- **1,404** CBS SME customers

60-day grace period for loan and credit card payments due on or before December 31, 2020
(Bayanihan to Recover as One Act)

BENEFITED A TOTAL OF 125,751 CUSTOMERS

- **393** China Bank HomePlus and AutoPlus customers
- **378** China Bank SME/ commercial customers
- **22,387** China Bank Credit Cardholders
- **18,646** CBS Easi-Livin' and Easi-Drivin' customers
- **83,489** CBS personal loan customers
- **458** CBS SME customers

Disbursed around P120 billion in new consumer and business loans in 2020.

Initiated credit forebearance, payment modification, and loan refinancing programs

Waived late payment penalty for loans and credit cards

Waived fund transfer fee via Instapay and PesoNet – extended until June 30, 2021

Increased ATM credit limit to P50,000 per day

Launched new Mobile App features to make it easier and safer to bank from home

Support to our Suppliers, Partners, and Communities

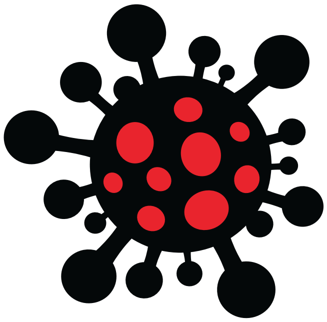
The adverse impacts of the pandemic spared no one. Travel bans, limited workforce, lack of raw materials, and other challenges disrupted the production and movement of goods. China Bank remained fair to and understanding of suppliers, third-party providers, and partners who struggled to meet their contractual obligations. We extended all allowable flexibilities and expedited payment to help them cope with the current crisis and to resume normal service delivery. For our communities, we extended support through the SM Group and through the Personal Social Responsibility Program of the China Bank Human Resources Group. In addition to donations to help purchase PPEs, face shields, face masks, and gloves for health care workers, China Bank also played a role in the efficient distribution of the government's COVID-19 subsidy under the Social Amelioration Program.

Towards Recovery

As the initial crisis measures to respond to the pandemic start to ease and thoughts turn to a post-pandemic world, we redouble our efforts to accelerate digital transformation, to build greater resilience, and to drive economic recovery. The health and well-being of our employees and customers will remain our top priority as we cautiously but purposefully move forward in 2021.

THE YEAR IN REVIEW

102-15



The operating landscape in 2020 can be summed up as extraordinarily challenging as the COVID-19 pandemic and the associated community quarantine measures affected economies and businesses worldwide. In the Philippines, the limited movement of people and goods resulted in the steepest economic contraction on record. Despite the macroeconomic headwinds, we leveraged our strong franchise, maintaining liquidity and capital strength while supporting customers and businesses facing financial difficulties, to achieve another record year for China Bank.

ECONOMY

-9.5%

FY 2020 gross domestic product

- **2.6% full-year inflation rate from 2.5% in 2019**
- **Infrastructure spending down 23%**
- **PSEi recovered to 7,100 level in December, +2,500 pts from March low**

GOVERNMENT RESPONSE

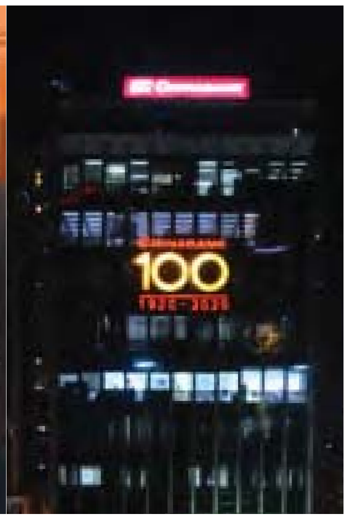
P1.7 trillion

support for vulnerable groups plus Bayanihan 1 & 2

- BSP policy rate: 2.00% effective November 2020
- Reserve requirement ratio: 12% effective April 2020
- Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) to lower corporate income tax to 25% from 30%
- Financial Institutions Strategic Transfer (FIST) Act to allow the purchase of non-performing assets of banks

Key corporate developments

- Stock grant for employees: 100 China Bank shares for every year of service
- Restoration of China Bank's original headquarters in Binondo, built in 1924
- Launch of deposit promo "Get the Miles, Enjoy the SM-iles"
- Roll-out of centennial TV commercial and advertising campaign
- Declaration of P2.69 billion cash dividends or P1.00 per share
- New Collective Bargaining Agreement (CBA) covering 2020-2022



CHINA BANK'S FINANCIAL PERFORMANCE

P12.1 billion

Net income, up 20%

- Robust net interest income improvement from 39% drop in interest expenses
- Provisions up 3.5x year-on-year to P8.9 billion from higher pandemic-related loan buffers
- Trading and securities gains have more than doubled to P5.4 billion
- Operating expenses steady at 6%

P1 trillion

Assets, up P74 billion or 8%

- P572 billion in gross loans, down 1% as business customers reduced loan drawdown
- Investment securities up 11% to P236 billion owing to the growth in fixed income assets
- Deposits at P835 billion, up 8%, underpinned by 14% growth in checking and savings accounts (CASA)

Robust liquidity and capital positions

In Php billions	2019	2020
Assets	962	1,036
Investment securities	213	236
Gross Loans	578	572
Deposits	775	835
Capital	96	105

Improvement in financial indicators

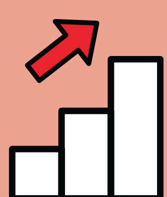
	2019	2020
Return on equity	11.04%	12.09%
Return on assets	1.10%	1.21%
Net interest margin	3.39%	3.92%
Cost-to-income ratio	59%	49%
CASA ratio	53%	56%
Liquidity ratio	37%	43%
Gross NPL ratio	1.5%	2.3%
NPL cover	129%	128%
CET 1/Tier 1 ratio	12.8%	13.8%
Total CAR	13.7%	14.7%

MOVING FORWARD

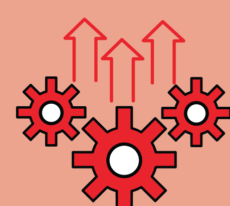
While uncertainties and volatilities caused by the pandemic on domestic and global economies continue in 2021, the easing of quarantine restrictions, supportive monetary and fiscal policies, and the government's vaccination program are generally expected to provide stability for businesses in the Philippines, increase sales and job prospects, and revitalize the economy. We will actively pursue growth opportunities in line with our risk appetite to support economic recovery, focusing on growing our CASA, consumer loans, and fee-based income; improving asset quality and operational efficiency; and enhancing customer experience through digital transformation.

CHINA BANK'S CORPORATE OBJECTIVES

China Bank remains committed to being the top banking partner for its multi-generational clients. Amid the continuing COVID-19 pandemic, the Bank continued to provide a safe and high-quality banking experience. The Bank stands by its goal to be among the best domestic financial institutions in terms of profitability and shareholder value. Over the medium-term, China Bank will focus on core business growth, asset quality improvement, and digital banking transformation.

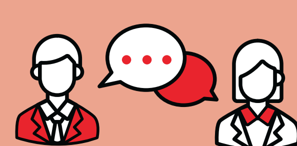


Business Growth



Operational Excellence

Customer Centricity



Employee Engagement

Focus Areas

CASA Growth	Consumer Loans	Asset Quality	Fee-Based Income	Operational Efficiency	Digital Banking
• New deposit promos • Digitized customer onboarding	• Key drivers: real estate and personal loan • Expanding marketing campaigns	• Tighter credit standards • Appropriate provisioning	• Segment cross-sell/up-sell initiatives	• Productivity improvement • Streamline key processes and automate manual procedures	• Superior customer experience

Digital initiatives to enhance customer experience

DIGITAL ONBOARDING

- Straight-through account opening via mobile app
- Digital KYC technology

DIGITAL 2.0

- True Omni Channel platform
- Modern look and feel
- Stronger security

INSTITUTIONAL WEBSITE REVAMP

- Mobile-optimized
- Updated user interface
- Sales-centric

AUTOMATED DIGITAL MARKETING

- Criteria-based marketing campaigns
- Automated tracking and nurturing of leads

SUSTAINABILITY FRAMEWORK

China Bank's sustainability is underpinned by our commitment to creating value and helping achieve the U.N. Sustainable Development Goals by leveraging our resources and expertise to deliver on our role to our stakeholders.

SUSTAINABLE FINANCE

China Bank is committed to sustainability and to creating positive economic, social, and environmental outcomes. We are developing our Sustainable Finance Framework, aligning it with BSP's circular No. 1085, the U.N. Sustainable Development Goals, and global standards and principles to define the strategies in the Bank's continuing journey towards sustainability, to guide our issuance of Sustainable Finance Instruments, and to help our business customers accelerate their sustainability plans.

Eligible Projects

Category	Projects and activities
Renewable Energy	Renewable energy projects that enable generation or productive use of energy, heat, cooling, and any form of energy from renewable resources, including but not limited to solar, wind, hydro, biomass, geothermal, and tidal
Energy Efficiency	Acquisition, replacement, redesign or refurbishment of equipment, systems, and/or contracting services/products to decrease energy consumption or improve the efficiency of energy use
Water Efficiency	Water saving projects, including water recycling and water reuse, by changing processes, equipment, or product design
Water Management	Waste management projects aimed at reducing GHG emissions, including recycling plants and waste water management with methane capture
Agriculture	Financing of agricultural crops and livestock as well as machineries and equipment that will improve efficiency in the agriculture sector; support for aquaculture and processing facilities; sustainable forestry projects
Sustainable Infrastructure	Financing of green buildings that comply with green buildings standards (e.g. LEED, BREEAM, etc.); construction of roads that facilitate economic development and the transportation of agricultural goods
Sustainable Transportation	Financing of government supported transportation vehicles; financing of auto loans with clean technologies using electric engines or hybrid vehicles
Affordable Housing /Basic Infrastructure/ Consumer Loans	Access to affordable housing for the low-income population Financing the needs of the consumers through auto loans and other consumer loan products
Social projects or essential services	Financing of healthcare projects such as hospitals, clinics and pharmaceutical products; educational institutions and other learning facilities

SDG CONTRIBUTIONS

203-2

SDG	Target	How we contribute	Performance	2019	2020
1 NO POVERTY	**Target 1.4** Equal rights to economic resources	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.	Customers nationwide	1.7M	**2.2M**
			Personal loans	P12B	**P16B**
			Direct economic value distributed	P27B	**P29B**
3 GOOD HEALTH AND WELL-BEING	**Target 3.8** Financial risk protection		Number of insured lives	109,891	**145,680**
			Life insurance claims paid	P77M	**P110M**
4 QUALITY EDUCATION	**Target 4.6** Literacy and numeracy	Prudently managing our risks, capital, and balance sheet to remain profitable and capable of supporting the Philippines' economic development.	Beneficiaries of financial literacy programs	21,200	**41,447**
5 GENDER EQUALITY	**Target 5.5** Equal leadership opportunities for women	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.	Percentage of China Bank officers that are Female	67%	**63%**
8 DECENT WORK AND ECONOMIC GROWTH	**Target 8.10** Access to banking, insurance, and financial services for all		Branches	631	**634**
			ATMs	1,002	**1,022**
			Number of no maintaining/ no minimum balance accounts	243,549	**249,117**
	Target 8.5 Full and productive employment and equal pay for work of equal value	Providing equal opportunities for gainful employment and equitable compensation while ensuring employees' overall wellbeing.	Number of full-time employees	9,813	**9,825**
	Target 8.8 Labor rights and safe and secure working environments		Salary and benefits paid to employees	P6.6B	**P7.5B**
			Safe man-hours recorded	20.3M	**8M***

*Reduction was due to the shortened working hours and employees working from home during the community quarantines in 2020

SDG	Target	How we contribute	Performance	2019	2020
7 AFFORDABLE AND CLEAN ENERGY	**Target 7.1** Access to energy	Supporting key business sectors in driving sustainable industrialization.	Loans for energy access	P11.9B	**P14.3B**
			Renewable energy financed	P8.4B	**P10.6B**
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.	Business loans	P471B	**P458B**
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* (*Includes Contract-to-Sell loans)*	P72B	**P77B**
			Auto loans	P23B	**P21B**
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**Target 12.6** Sustainable practices	Investing in and raising finance for climate-smart projects to help accelerate the transition to a lowcarbon economy.	Annual Financial & Sustainability Report	3rd	**4th**
13 CLIMATE ACTION	**Target 13 A** Climate change mitigation		Green Bond	Drawdown of the Green Bond	**N/A**
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	**Target 16.5** Reduction of bribery and corruption **Target 16.5** 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	3,574	**524**
			Governance awards	4-Golden Arrow awardee for corporate governance excellence	**Among Top 3 PLCs in PH, Top 20 PLCs in ASEAN, and ASEAN Asset Class; 4-Golden Arrow Award**

STAKEHOLDER ENGAGEMENT

102-40, 102-43, 102-44

We engage, listen, and respond to our stakeholders to understand their concerns and expectations, to improve our operations, to address our common issues, and to develop solutions. Although in person engagement was a challenge in 2020, we maintained our stakeholder dialogues through regular communications and online events throughout the year.

Our Stakeholders	Key Engagement Channels	Frequency	Their Concerns	Our Response
Customers	• Commercial channels • Customers Satisfaction survey • Economic briefing • Wealth Management forum • Complaints management	• Continuous • Continuous • Annual • Annual • Continuous	• Safety and well-being • Forbearance programs • 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	• Business Continuity Plan • Strict health and safety protocols • Loan payment extension and waiver of certain fees • Continuous service, process, and technology improvements • Digital banking transformation • Hiring people with the right qualifications, competencies, and attitude and further developing their skills
Employees	• Regular Management Advisory • Internal Customer Satisfaction Survey • Work-life Integration Programs • Employee Engagement Programs • Whistleblowing channels	• Annual • Continuous • Continuous • Continuous • Continuous	• Safety and well-being • Support during pandemic • Career development • Equitable compensation • Work-life balance • Understanding of organizational goals	• Business Continuity Plan Team rotation/WFH arrangement • Strict health and safety protocols • Continuous payment of salaries and benefits • 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	• China Bank's resilience amid pandemic • Shareholder returns • Financial performance • Continued growth, managed risks	• Business Continuity Plan • 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	• Accreditation • Procurement process	• Continuous • Continuous	• Production and delivery challenges due to lockdown • Procurement policies	• Extend all allowable flexibilities during the period • Cascade of policies and regular updates

MATERIALITY PROCESS

102-42, 102-46, 103-1

We monitor our material issues to address the most important topics to our business and stakeholders and to align our actions with our stakeholders' expectations.

BENCHMARK

- **Research 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.**

IDENTIFY

- **Consult key stakeholder groups to identify an array of economic, environmental, social, and governance topics.**
- **Review various stakeholder reports, investor briefing materials, results of customer satisfaction surveys, and other sources.**

PRIORITIZE

- **Conduct working sessions, face-to-face interviews, and phone/email consultations with senior management and various business groups and external stakeholders to select issues that present significant risk, leadership opportunities, or long-term effects on our business (No face-to-face interviews were conducted in 2020 due to the pandemic).**

VALIDATE

- **Research 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.**

Materiality Aspects

102-47

Based on the results of materiality assessment in 2020, the following are the material aspects or issues that are important to our stakeholders and strategically important to China Bank's operations and sustainability.

Category	Topic	GRI-related disclosure	Boundary
Economic	Financial performance Economic contribution	GRI 201 Economic Performance GRI 203 Indirect Economic Impacts	Internal and external
Environment	Water, electricity, and fuel consumption	GRI 302 Energy GRI 305 Emissions GRI 303 Water	Internal
Social	Employee safety Customer safety, protection, and support Talent acquisition and development Employee engagement and retention Employee well being Customer protection Customer relationships Customer satisfaction Community investment	GRI 403 Occupational Health and Safety GRI 416 Customer Health and Safety GRI 401 Employment GRI 404 Training and Education GRI 405 Diversity and Equal Opportunity GRI 418 Customer Privacy GRI 413 Local Communities	Internal and external
Governance	Sound business practices Risk management Regulatory compliance	Alignment with BSP, SEC and PSE and international best practices GRI 102-18 to 102-39 General Disclosures on Governance GRI 205 Anti-corruption	Internal

CHINA BANK AS ENABLER

Standing by our customers

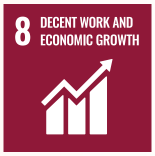
203-2

Over the course of our 100-year history, even through periods of great difficulties, China Bank has remained strong, resilient, and a trusted banking partner to millions of customers who rely on us for their financial needs and to help them achieve their goals. In a year marked by a global health crisis and economic downturn, we continued to serve and support our customers with excellence, efficiency, and compassion, enabling them to weather the economic fallout, to recover, and to thrive amid the lingering challenges.

Target 1.4
Equal rights to economic resources

Target 3.8
Financial risk protection

Target 7.1
Access to energy



Target 8.10
Access to banking, insurance, and financial services for all

Target 9.3
Access to affordable credit

Target 11.1
Affordable housing for all
Target 11.2
Access to sustainable transport

Target 13.A
Climate change mitigation

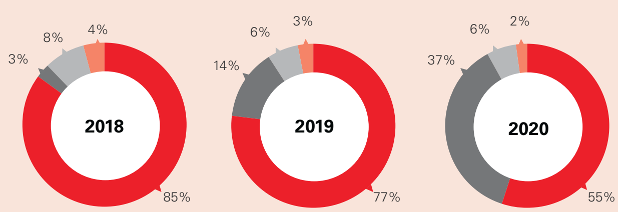
More than ensuring the availability of China Bank's ATMs, mobile app, online banking, phone banking, and other self-service banking facilities, we focused on building our customers' confidence in transacting cashless or online.

China Bank Mobile App:

97% increase in enrollment

201% increase in transactions

China Bank Mobile App transactions accounted for 37% of all e-banking transactions in 2020 from 14% in 2019 and only 3% in 2018



China Bank ATM
China Bank Mobile App
China Bank Online
Others (Telephone, POS, CAM)

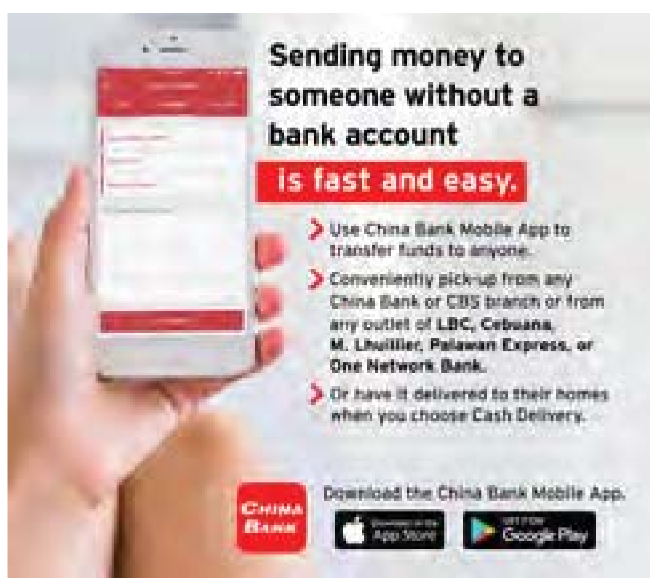
Average system uptime of digital channels in 2020:

99.9%

Enabling safe and secure banking

The COVID-19 pandemic has created unexpected disruption and forced individuals and businesses around the world to come to terms with a new reality. Restricted mobility and social distancing have led to a boom in e-commerce, contactless payments, and digital banking. In 2020, we saw a dramatic rise in China Bank Mobile App adoption and utilization—enrollment increased by 97% and transactions surged by 201%.

Understanding how the difficult situation made everyone feel more vulnerable than ever before, we proactively engaged our customers to enable them to bank remotely and have a sense of normalcy amid the unusual circumstances. More than ensuring the availability of China Bank's ATMs, mobile app, online banking, phone banking, and other self-service banking facilities, we focused on building our customers' confidence in transacting cashless or online. We used social media, website, e-mail, and other communication channels to educate customers on the benefits of digital banking, to provide money management and banking security tips, and to encourage banking safely from home. We provided remote support options like online and call-based tutorials on how to enroll in and use our mobile app, launched new mobile app features, waived fund transfer fees, and strengthened cyber security to enable easier digital adoption, and more importantly, to create positive experiences that could shift behavior for the longer term.



Strategies to drive digital adoption and stickiness

INFORM
customers of the benefits of using digital channels

SIMPLIFY
enrollment in China Bank Mobile App

ASSIST
customers with their digital banking concerns

LAUNCH
new functionalities in the app for added banking convenience

WAIVE
fees for InstaPay and PesoNet

CONTINUOUSLY MONITOR
cyber security and resilience

For our business clients, we focused on enabling them to do business in the new normal—to offer digital services and payment options to their customers, employees, and suppliers. With our robust cash management solutions, we helped businesses, especially SMEs, to quickly deploy contactless POS terminals, make and receive digital payments, and achieve more operating and cost efficiencies.

For overseas Filipinos and their families, we focused on making our remittance services convenient and safe for both the remitter and the beneficiary. Through our vast network of international remittance tie-ups and domestic pay-out partners, and the launch of the Pay-to-Cash feature in China Bank Mobile App which enables customers to send money to anyone with a mobile number, sending and receiving money is guaranteed fast and safe.

Cash Pick-up Anywhere remained the preferred remittance mode, accounting for 82% of transactions in 2020 from 80% in 2019

Reference number sent to the beneficiary's mobile phone + **One Valid ID** = **Claim money from any of the 12,000 branches and outlets of China Bank's pay-out partners**

There are several modes for sending money, including Credit to Account (China Bank account or account in another bank), wherein the remittance is credited to the beneficiary's account real-time and can be withdrawn from any ATM in the country, and Door-to-Door Delivery, wherein the money is delivered to the beneficiary's doorstep. Customers can also easily check the status of their remittance through China Bank's website and mobile app by simply entering the reference number of the remittance transaction.

With our strategic partnership with Filipino financial technology firm StarPay, we also helped facilitate fast and secure cash-out transactions for Social Amelioration Program (SAP) disbursements to the millions of families affected by COVID-19.

The pandemic was the catalyst for the accelerated digital adoption in 2020 and we took the opportunity to use digital as a gateway for deeper customer engagement. As the appetite for and confidence in digital banking increases, we will continue to enhance customer experience by strengthening our digital capabilities in 2021, leveraging robust end-to-end digital processes and digital onboarding, AI, and cloud technologies with a customer-centric vision.

ASIAN BANKING & FINANCE RETAIL BANKING AWARDS 2020

Leading regional publication Asian Banking & Finance Magazine named China Bank Mobile App as the Mobile Banking & Payment Initiative of the Year – Philippines. ABF distinguished China Bank Mobile App's Pay to Mobile or JUMP (Just Use your Mobile Phone) feature, which enables clients to pay or transfer funds to anyone with a mobile phone number. The recipient, who may not have a China Bank account, can withdraw the money through any of the Bank's ATMs by performing a card-less withdrawal, or transfer the fund to his own bank account through JUMP's 'Deposit to An Account' feature.

China Bank is helping in the efficient digital distribution of the second tranche of the government's cash aid for low-income families. As a partner bank of Starpay, one of the financial service providers entrusted by the Department of Social Welfare and Development (DSWD) for the Social Amelioration Program (SAP), China Bank is enabling qualified beneficiaries to conveniently withdraw their stipends from any China Bank ATM by entering the unique reference number sent to their mobile phone—no need for an ATM card.

Creating an enabling environment for financial security

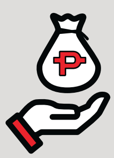
The quarantine measures, although a welcome step to reduce the spread of COVID-19, has left the economy in a bleak state where many businesses had to scale down or cease their operations, workers had to be furloughed or laid off, and families and individuals needed to dive in to their savings or to rely on government subsidy to stay afloat.

In the face of so much uncertainty, our customers had a lot of financial questions, including where to best put their money. The pandemic highlighted the value of saving, investing, and getting insurance, which resulted in increased demand for such products. For us, it meant that China Bank's role as a trusted financial advisor has become all the more important.

Customers already under health and financial stress needed easy access to bank products and services and financial advice. We focused on being there for our customers—on their mobile phone or computer, at a branch or ATM near them, or just a phone/video call or email away, and on supporting them with empathy and compassion. We promoted financial planning and building financial security, offered savings, investment, and insurance options, and helped customers make the right decisions to best suit their current circumstances and future plans.

The pandemic highlighted the value of saving, investing, and getting insurance, which resulted in increased demand for such products. For us, it meant that China Bank's role as a trusted financial advisor has become all the more important.

Savings



+8%
Total Deposits:
P835 Billion

+14%
CASA

+1%
Time deposits

Assets Under Management

+24%
Trust & Asset Management Group:
P211 Billion

-5%
Wealth Management Group:
P121 Billion

+32%
Fixed income trading volume:
P547 Billion

Insurance

Manulife China Bank Life Assurance Corporation (Life)

+10%
Number of policies:
82,000

+33%
Number of customers insured:
146,000

+18%
Gross premiums:
P9.4 Billion

+42%
Claims paid:
P110 Million

China Bank Insurance Brokers (Non-Life)

-13%
Number of policies:
50,000

-5%
Gross premiums:
P864 Million

-42%
Claims paid:
P52.5 Million

While we limited the client flow inside our branches and face-to-face interactions for the safety of our customers and employees, we stayed connected with our customers and the general public through various communication channels, including our Customer Contact Center, to provide financial advice, updates, and tips, to address their banking concerns, or to simply reassure them that China Bank cares. Our relationship managers reached out to clients to be of assistance. Our messaging focused on safety first and business second.

In keeping the needs and well-being of our customers and employees at the forefront, we are re-orienting our branches from transaction fulfilment to relationship management and shifting our operations to a customer-centric multichannel engagement model to redefine what it means to support our customers during the crisis and in the post pandemic era.

As part of China Bank's centennial celebration, a year-long promo dubbed "Get the Miles, Enjoy the SM-iles" was launched to reward customers for saving in China Bank. From January 25 to December 31, 2020, customers get one reward point for every P5,000 average daily balance (ADB) in their existing or new savings and current accounts. The reward points may be exchanged for travel miles—Mabuhay Miles or Get Go points, or SM gift pass.

Manulife China Bank Life Assurance Corporation (MCBLife) made its term insurance products more affordable and flexible amid the pandemic. Manulife has cut the minimum premium payment for its one-year term product, Yearly Renewable Term, from P12,000 to P10,000, or as low as P28 per day, and for its five-year term product, React5, to as low as P23 per day. For MCBLife clients of China Bank and China Bank Savings, the same features have been applied to term products Base Protect and Base Product Plus. The term insurance products are available in Philippine peso and US dollar, with premiums now payable on a quarterly, semi-annual, or annual basis.

For the fifth straight year, 2016 to 2020, the CFA Society Philippines named China Bank Dollar Fund as the Best Managed Fund of the Year in the long-term (Dollar FVPL) category. Suitable for investors with moderate risk appetite, the 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.

Based on data from www.UITF.com.ph, three of China Bank's UITFs ranked among the top performers in the industry in their respective categories in terms of full year returns on investment. Short-term Fund ranked 3rd (of 40), Intermediate Fixed-Income Fund ranked 4th (of 9) and Dollar Fund ranked 5th (of 12) with year on year returns of 3%, 5%, and 6% respectively.

China Bank now offers 11 UITFs matching various risk profiles, including China Bank Philippine Equity Index Tracker Fund launched in 2021.

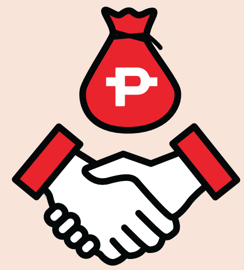
Mobilizing credit to enable economic rebound

In challenging times, people need debt relief and fresh credit to help soften the blow of reduced cash flow. As a financial institution, we recognize our role in keeping businesses afloat, in supporting households struggling with lost income, in enabling continued commerce, and in helping stabilize the economy.

In the COVID-19 environment, lending has become even more complex. While China Bank entered the crisis with ample levels of capital and liquidity to withstand heightened funding stress and future shocks, as a responsible lender, we focused on the difficult balancing act of providing ongoing credit to customers while managing increased credit risks, and on making credit available quickly while still performing all the necessary checks.

To help customers facing financial hardship and to mitigate some of the damage to the Philippines' slowing economy, we provided relief measures such as payment deferrals, mortgage forbearance, loan modifications, and fee waivers. We extended flexible arrangements to enable our customers facing short-term liquidity shortfalls to keep their homes and vehicles, and for businesses to stay solvent. To help restart the economy, we made fresh infusions of credit to both existing and new borrowers and leveraged technology to serve customers. Again, communication was essential, and we ensured to communicate clearly and proactively through various communication channels on the relief measures, how to avail of the payment holiday, what to expect when payments resume, and to promote responsible credit practices. Our account officers were on call for discussions on how China Bank can help.

However, the economic slowdown not only affected customers' ability to repay loans, but also the demand for new credit as businesses' plans for expansion were put on hold. China Bank's gross loans ended flat in 2020, but consumer loans grew, accounting for 20% of total loans in 2020 from 18% in 2019. We released around P120 billion in new loans in 2020.



Loan payment extension for over 173 thousand customers under Bayanihan Act 1 and over 125 thousand customers under Bayanihan Act 2

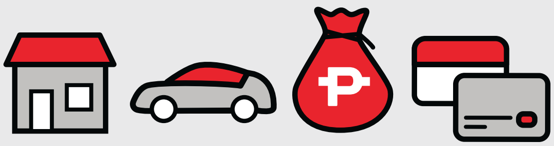
around P120 billion new loans disbursed in 2020

We extended flexible arrangements to enable our customers facing short-term liquidity shortfalls to keep their homes and vehicles, and for businesses to stay solvent.

With the challenges of the quarantine measures, the new normal required certain modifications in the lending process, a combination of automation and human intervention for greater levels of efficiency and engagement, and enhanced due diligence and risk management to manage the expected increase in non-performing loans (NPL) and the long-term effects on asset quality. We used customer analytics and

Gross Loans:

P572 Billion

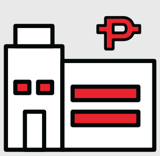


+7%

Consumer Loans:

P114 Billion

Housing Loans:	**+7%**
Auto Loans:	**-8%**
Personal Loans:	**+41%**
Credit Cards:	**-7%**



Business Loans:

P458 Billion

automated eligibility checks to expedite loan origination and processing. We increased our provisions 3.5x to better absorb potential pandemic-related loan losses, for a sufficient NPL cover of 128%.

While we expect consumer and corporate demand to remain subdued, we are committed to continue driving economic recovery through the responsible and sustainable deployment of credit. We are focusing on growing our consumer loans and increasing the consumer loan ratio by making our loan offerings more attractive and giving our existing borrowers more reasons to deepen their relationship with China Bank.

China Bank and China Bank Savings (CBS) offered grace periods on loan and credit card payments as part of efforts to help customers affected by the community quarantines. Loan and credit card accounts with due dates falling within the ECQ were given a 30-day grace period, in line with the Bayanihan We Heal As One Act. This was followed by another payment extension, wherein loan and credit card accounts in current status with amortizations or credit card payments falling due on or before December 31, 2020 were eligible for a 60-day grace period, in accordance with the Bayanihan to Recover as One Act.

Enabling corporate customers raise funds through the capital markets

The COVID-19 pandemic has affected all countries around the globe, hampering both economic and capital market activities. Through China Bank Capital and China Bank Securities, we continued to facilitate the flow of funding and liquidity to support the effective functioning of the Philippines' capital markets and to bridge the gap in bank borrowing.

Despite the headwinds, the country's capital markets remained resilient. Subdued for almost half of 2020, the capital markets came roaring back in the second half amidst the pandemic, with both private and public sectors being opportunistic in raising funds to support initiatives to address the pandemic's impact, sustain nation-building, fuel growth, ensure liquidity, and refinance obligations. Local debt capital market issuances nearly doubled last year, with majority of the issuances from government bonds.

China Bank Capital was again at the forefront of investment banking transactions, maintaining its position as the number one debt capital markets bookrunner in the Philippines, with 29% market share as of end-December 2020, and again topping the league table for debt capital market deals with the most number of local currency and USD fixed income issuances. China Bank Capital arranged a total of 39 deals in 2020, eight of which as sole manager/arranger, and raised over P350 billion for the private sector.

The first corporate issuer to break out during the pandemic was Ayala Land, for whom China Bank Capital has consistently been tapped since 2016, with its P10 billion Fixed Rate Bonds which was launched and issued during the early community quarantine periods. Other corporate issuers followed suit, including Aboitiz Power, Robinsons Land, SM Investment Corp, Ortigas & Co., Del Monte Philippines, Filinvest Land, and San Miguel Corp., Development Bank of the Philippines, and China Bank.

Moving forward, China Bank Capital is determined to help broaden and deepen the domestic capital markets. This entails bringing new names and products to the market by identifying early and working with the next emerging companies, extending services beyond debt products, promoting financial inclusiveness to gain a wider investing public , and working more closely with regulators towards a more transparent and efficient market.

China Bank Capital:

No.1

Debt Capital Markets Bookrunner in PH

raised for the private sector

Over P350 Billion

Key deals in 2020 and China Bank Capital's role

- Bureau of the Treasury's P310 billion Retail Treasury Bond 23 - Joint Issue Manager
- Bureau of the Treasury's P516 billion Retail Treasury Bond 24 (Largest RTB ever) - Joint Issue Manager
- Bureau of the Treasury's P6.5 billion Premyo Bonds (First ever) - Joint Issue Manager
- China Bank's P15 billion Fixed Rate Bonds - Issue Manager
- NLEX Corporation's P20 billion Corporate Notes Facility - Mandated Lead Arranger, Lead Underwriter, and Bookrunner
- Puregold Price Club's P12 Billion Corporate Notes Facility - Mandated Lead Arranger, Lead Underwriter, and Bookrunner
  Development Bank of the Philippines P21 Billion Fixed Rate Sustainability Bonds - Joint Lead Arranger, Bookrunner and Initial Selling Agent

China Bank Securities:

+40%
Trading Accounts

+22%
Value of Trade Transactions

+36%
Commission Income

Meanwhile, the local equity market exhibited pandemic-induced volatility in 2020. Earnings of most listed firms deteriorated throughout the year with the overall economy contracting at an unprecedented rate of 9.5%. The steepest decline of the broad market was recorded in March following the onset of community quarantine, when the Philippine Stock Exchange Index (PSEi) shed over 41% on a year-to-date basis.

In the following months, pandemic containment measures, supportive fiscal and monetary policy, and vaccine developments, eventually led to an improvement in economic and earnings outlook which, in turn, buoyed investor sentiment and lifted markets. The PSEi subsequently managed to recoup much of its losses by year-end.

Despite the challenges, the local market remained flush with activity, including the listing of the country's first real estate investment trust (REIT), AREIT Inc., and the initial public offerings (IPOs) of MerryMart Consumer Corp. and Converge Information and Communications Technology Solutions, Inc., one of the biggest IPOs in terms of size. China Bank Securities obtained accreditation from the Philippine Stock Exchange (PSE) to trade in REITs and was able to participate in the first ever REITs IPO by Ayala Land, Inc. , AREIT, which debuted in the market in August 2020. REITs allow investors to enter the real estate market without buying property. AREIT is the only REIT listed on the PSE in 2020.

ASSET ASIAN AWARDS 2020 ★ COUNTRY AWARDS ★ The Asset

A testament to its status as the country's leading investment house in the debt capital markets space, China Bank Capital was named by FinanceAsia as the Best DCM House in the Philippines for three years straight: 2018 to 2020, and by The Asset as the Best Bond Adviser in the Philippines for five years in a row: 2016 to 2020. The Asset also recognized China Bank Capital for its involvement in the Development Bank of the Philippines' (DBP) P18.25 billion ASEAN Sustainability Bond, awarded as Best Sustainability Bond - Financial Institution, and Jollibee Worldwide Private Limited's US$600 million perpetual capital securities, named as Best New Bond. China Bank Capital also bagged the regional publication's awards for participating in landmark infrastructure projects in the Philippines, distinguished as the Renewable Energy Deal of the Year-Wind, Green Project of the Year, and Transport Deal of the Year in 2020.

The year also saw an increase in retail investors who entered the stock market through brokers like China Bank Securities. As the coronavirus downturn spurred more people to get started with stock investing, China Bank Securities recorded a 40% uptick in the number of trading accounts, a 22% increase in the value of trade transactions, and a 36% jump in commission income.

To cater to the growing retail market for online trading, China Bank Securities is targeting to launch an online trading platform, ChinaBankSec Online, within the first half of 2021. This will enable more people to invest in the stock market and have control over their portfolios using their personal computers, laptops or smartphones. For the more savvy investors, the platform will offer ChinabankSec Alpha which features more advanced and sophisticated trading tools, including conditional trades.

CHINA BANK AS ADVOCATE

Caring for our customers

The COVID-19 pandemic has affected the world on a scale never seen before, changing how we live and work in the present and how we might go on in the future. Normal preferences have shifted as customers exercise caution and focus on more essential concerns—safety, financial security, and everyday conveniences. Against this backdrop, we focused on delivering experiences and service that meet customers' new needs with empathy and care. We leveraged technology to improve customer service, to provide more ways to communicate, and to multiply our reach. We connected with our customers on an emotional level to offer our support and to reassure them we will get through this crisis together.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

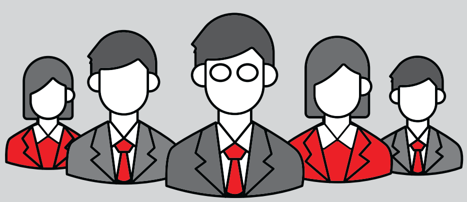
Target 16.6
Effective, accountable, and transparent institutions

Consumer Protection

Consumer protection is a fundamental responsibility for China Bank. We are committed to protecting consumer rights and to ensuring the welfare of consumers during the pandemic and in its aftermath. The Board is responsible for approving and overseeing the implementation of our Consumer Protection and Risk Management System (CPRMS) and Consumer Assistance Mechanism (CAM), while Management is in charge of its proper implementation, 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 measurement of consumer protection related risks, reports from the CAM, and other material consumer related developments that will impact the Bank.

Our 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

Our Customer Contact Center (CCC), headed by the Chief Consumer Assistance Officer (CCAO), has the primary responsibility of ensuring that customer inquiries, requests, and concerns/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
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

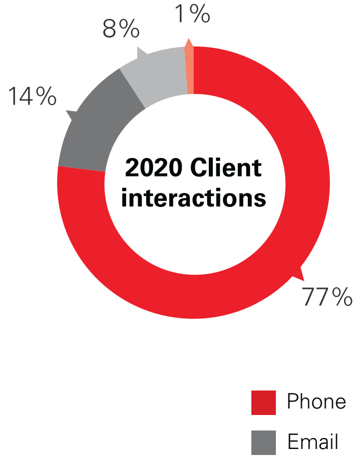
Mail
Customer Contact Center, China Bank Building, 8745 Paseo de Roxas corner Villar St., Makati City 1226 Philippines

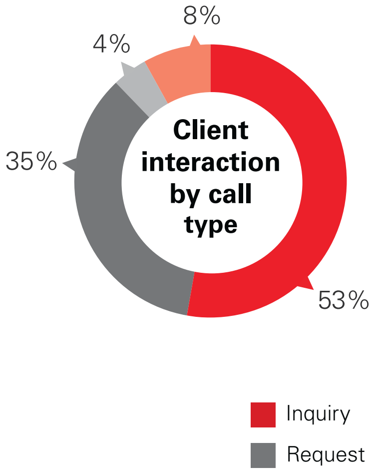
For reports on fraudulent activities or unethical behavior, customers can also use our Whistleblowing channel. See page 59 for details.

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

Customer Interactions

Our CCC has become even more important during the pandemic for building customer connections, addressing concerns, and delivering support and reassurance. Despite the challenges, with some of our phone bankers working from home, and the surge in calls and messages, we remained attentive and responsive to customers' needs. We strived to uphold our pre-coronavirus operating standards, implementing some workarounds as needed, to ensure that inquiries are responded to immediately or on the next banking day, and that requests and complaints are duly acknowledged within the prescribed period and recorded using our centralized complaints management





program for proper monitoring, resolution, and reporting. The CCC consolidates the daily reports of complaints received into a monthly report for the Risk Management Group which takes it up with the Risk Oversight Committee. The CCC also prepares a quarterly report to the Supervisory Data Center of the Bangko Sentral ng Pilipinas (BSP).

In 2020, customer interactions through CCC increased by 46%, mostly phone calls though our hotline. Majority of the interactions were inquiries and requests, particularly on the payment holidays, use of the digital channels, and ATM-related concerns. Complaints accounted for only 4%, which were mostly about ATM withdrawals, captured ATM cards, and fund transfers done through the digital channels. In terms of the number of complaints, it decreased by 33% compared to 2019. For the year, CCC resolved 96% of the complaints within BSP's standard turn-around-time for complaints resolution.

Data Privacy

418-1

Protecting our customers' data and privacy is of utmost importance to us 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. Our 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 2020, no significant data privacy breaches were recorded.

Cybersecurity

We are methodical and diligent in protecting China Bank from cyber threats and in managing our Information Technology (IT) risk. We have security policies, systems, and protocols in place to provide a safe and secure banking environment for our customers, and to ensure compliance with all applicable IT laws and regulations. Our 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 our IT security strategy. As we accelerate China Bank's digital transformation, we continue to strengthen our security foundation with preventive, detective, and responsive layers, while proactively enforcing cyber security governance bank wide. At the onset of the pandemic, we redoubled our cyber security efforts not only internally, but also to create stronger awareness among our customers and the banking public on the increased threat of scams and online threats. We released security tips and reminders on China Bank's website and social media accounts. In 2020, no significant cyber attacks were recorded.

Branch Customer Feedback

Even during the quarantine periods, we operated as many branches as practicable to serve our customers, and continued with our Branch Customers Satisfaction Survey to gauge the level of customer satisfaction at the branch level. The results show that branch customer satisfaction has been increasing for the last four years across all metrics.

Branch Customer Feedback/Survey Report

Attributes	2017	2018	2019	**2020**
Overall Satisfaction	93%	95%	94%	96%
Queue Time	91%	94%	93%	96%
Account Opening	96%	96%	97%	98%
Deposit/Withdrawal	93%	95%	95%	97%
Branch Premises	95%	96%	96%	97%
ATM Services	96%	96%	95%	98%
Security Guards	96%	97%	97%	98%

Customer Information and Financial Education

Financial education is an integral component of our ongoing interaction and relationship with our customers. In our advertisements, marketing materials, and customer communications, we are transparent and truthful about China Bank products and services, fees, and charges. Our branch personnel, relationship managers, account officers, and phone bankers are adequately trained to answer questions about our 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. Details of these programs are on page 75.

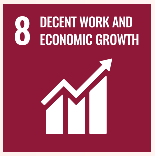
CHINA BANK AS EMPLOYER

Engaging and developing our people

102-7, 102-8, 405-1

People are at the heart of China Bank. The dedication, enthusiasm, and competence of our workforce underpin our success and sustainability. We are proud to be an equal opportunity employer that attracts and retains top talent. We are committed to upholding fair labor practices and human rights laws, to providing competitive benefits and impactful development programs, to creating a safe and inclusive working environment where diversity in its many forms is respected, and to supporting and empowering our employees to build rewarding careers with us.

Target 5.5
Equal leadership opportunities for women



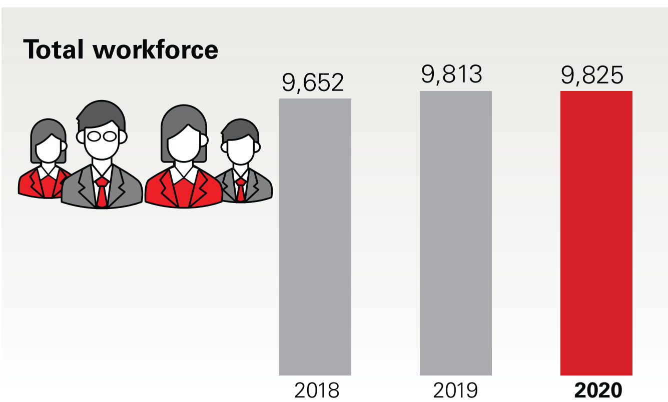
Target 8.5
Full and productive employment and equal pay for work of equal value

Target 8.8
Labor rights and safe and secure working environments

Manpower

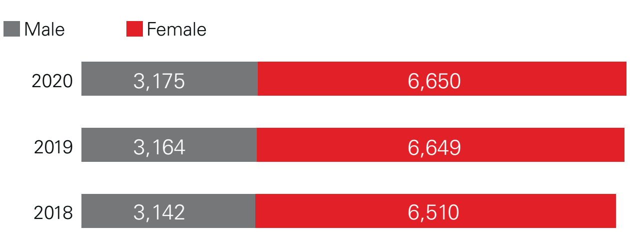
We closed 2020 with a total of 9,825 China Bank Group employees, all of whom are local hires working on a full-time basis at branches or offices within or close to their hometowns.

Out of our total manpower, 3,709 are officers. In 2020, 2,343 women occupied junior to senior leadership positions.

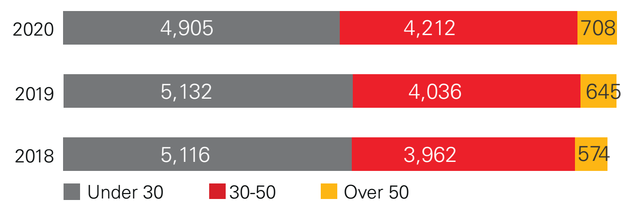


	2018	2019	**2020**
China Bank	6,829	7,141	7,216
China Bank Savings	2,588	2,342	2,268
CB Insurance Brokers	88	103	112
CBC PCCI	180	189	188
China Bank Capital	22	22	22
China Bank Securities	15	16	19
TOTAL	9,652	9,813	**9,825**

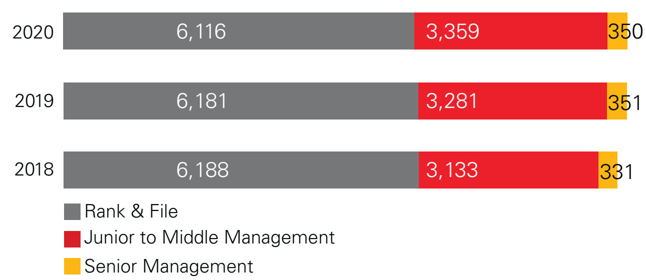
By Gender



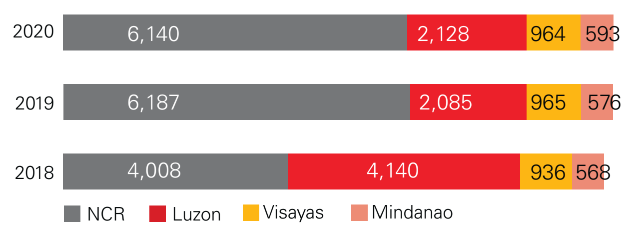
By Age



By Level



By Location

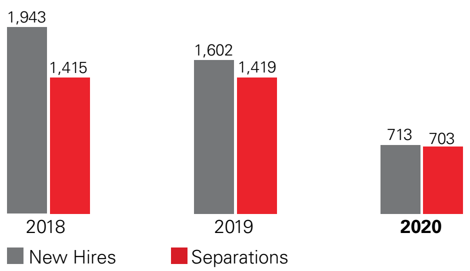


Recruitment and Separation

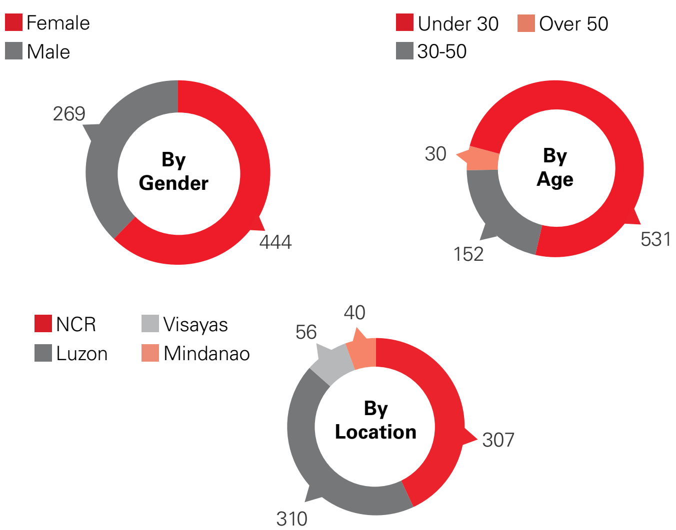
401-1

Hiring suitable candidates is vital to building our current and future talent pipeline. Employment decisions are always based on merit and qualifications. In 2020, we hired 713 new employees. We engaged potential employees for available positions via digital channels, social media, traditional media, and recruitment drives like employee referrals, resume drop box, and campus recruitment. During the year, the number of employees who retired or resigned was 703, equivalent to a hiring rate and turnover rate of 7%.

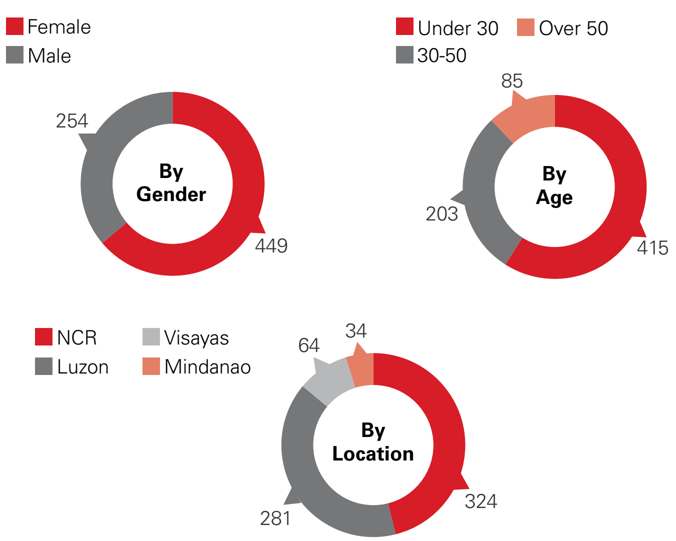
Total new hires and separations



2020 New hires



2020 Separations

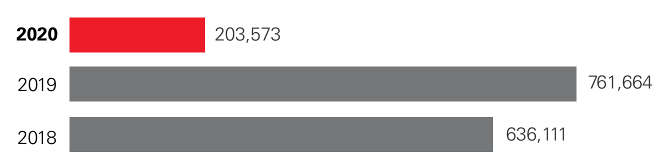


Training and Development

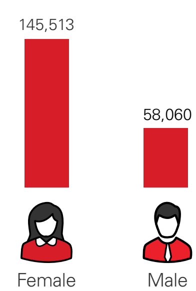
404-1

We recognize the potential each employee brings to China Bank, and we are committed to help them realize this potential to its fullest. We have a multifaceted approach to employee development which includes role-specific and general training and development programs to continuously enhance our people's hard and soft skills. Through the China Bank Academy and our e-learning platform, employees have access to various of leadership, marketing, personal development, technical, and other training programs and courses. As needed, we also sponsor employees' external training. In 2020, we recorded 203,573 training hours and over P14 million on training expenses. For our employees' safety, all training programs beginning March 2020 were conducted online.

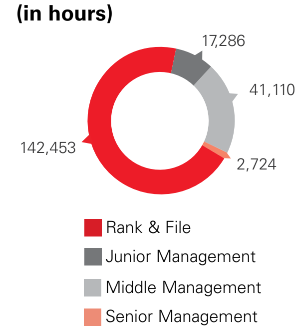
Total training hours



2020 Breakdown by Gender (in hours)



2020 Breakdown by Level (in hours)



Remuneration

401-2

Our employee remuneration policy is anchored on the principle of fair, transparent, and performance-based reward. We provide fair and competitive salary and benefits to China Bank Group 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).

Remuneration Package

Competitive salary

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

Fringe benefits

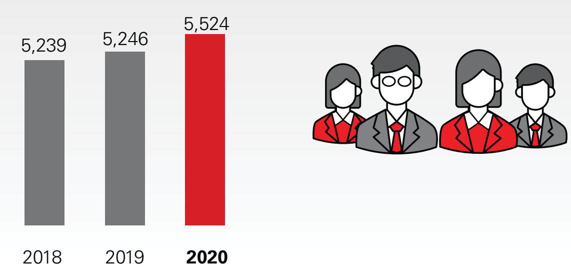
- HMO and group insurance coverage
- Paid leaves
- Allowances
- Employee loans
- Car plan (officers)
- Retirement benefits

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. Last year, we concluded the 2020-2022 collective bargaining agreement (CBA) with the China Banking Corporation Employees' Association. Meanwhile, China Bank Savings' CBA, entered in 2019, is set to expire in 2024. In 2020, 56% of our total workforce is covered by CBA. 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.

Number of employees covered by CBA



Talent Management and Performance Appraisal

404-2

We provide our employees with the tools and means to understand what's expected of them, to map out their personal career paths, and to grow. We support employee development and advancement through continuous conversations and feedback, annual key result area setting and performance appraisal, and promotion. To ensure the strength of our current bench and future talent pipeline, we conduct periodic talent reviews and succession planning, guided by our Performance Management System and Succession Management program, to identify potential successors for our senior leadership positions.

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 2020, 7,983 or 91% of our employees eligible for appraisal were evaluated for their performance in 2019. Meanwhile, 929 employees were promoted in 2020.

Occupational Health and Safety

403-2

We place great importance on the safety and well-being of our employees. To build a safe work environment and promote wellness across the China Bank Group, we established health and safety policies, standards, and practices, which are reviewed periodically and aligned with industry best practices and occupational safety and health standards and regulations. In addition, we have emergency procedures and evacuation plans in case of disasters and calamities, and health and wellness programs aimed at preventing accidents, managing stress, and minimizing cases of work-related ill health. In 2020, we recorded a lost-time injury frequency rate of 0.714 per million hours worked and an occupational illness frequency rate of 0.248 per million hours worked. There were no work-related fatalities reported.

Employee Engagement

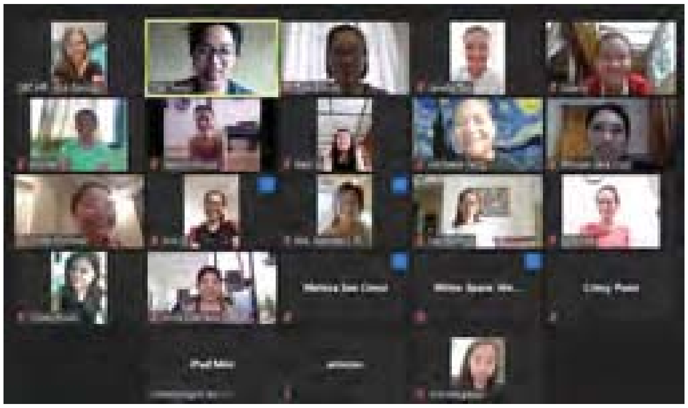
Our employees are our most valuable asset, so we aim to attract, retain, and continuously engage our employees by making working in our organization a financially rewarding, intellectually challenging, and emotionally satisfying experience. We equip our line supervisors and managers with stronger people 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 to understand what matters to employees and to promptly address and resolve grievances.

We support work-life integration to help our employees lead happy and productive lives at work and at home. In 2020, for health and safety reasons, we held webinars on a variety of lifestyle and wellness topics instead of our usual hands-on and live demonstration classes. A total of 8 sessions were held with over 180 participants.

Soap Making Workshop
A live workshop conducted by Negoskwela on how to make handcrafted soap using organic and easy to find ingredients.

Basic Painting Workshop
A step-by-step painting workshop conducted by Sip & Gogh at the Sip & Gogh Studio to teach China Bankers the basic techniques for creating their own watercolour or acrylic artworks.

Yoga Workshop
China Bank's first online workshop to provide an easy-to-follow yoga workout for relaxation or energy boost during the enhanced community quarantine

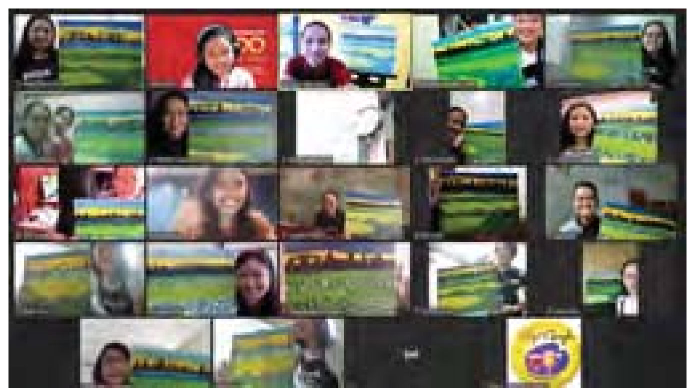


Indoor Plant Care and Propagation Workshop
A webinar conducted by Plant Project PH on how to take care of indoor plants and how to make DIY fertilizers. Houseplants brighten up homes and caring for them makes for a good hobby and stress reliever.

Intro to KonMari Workshop
An online workshop conducted by a certified KonMari consultant to help China Bankers live a life that sparks joy by putting their homes and workspaces in order using the KonMari Method™.

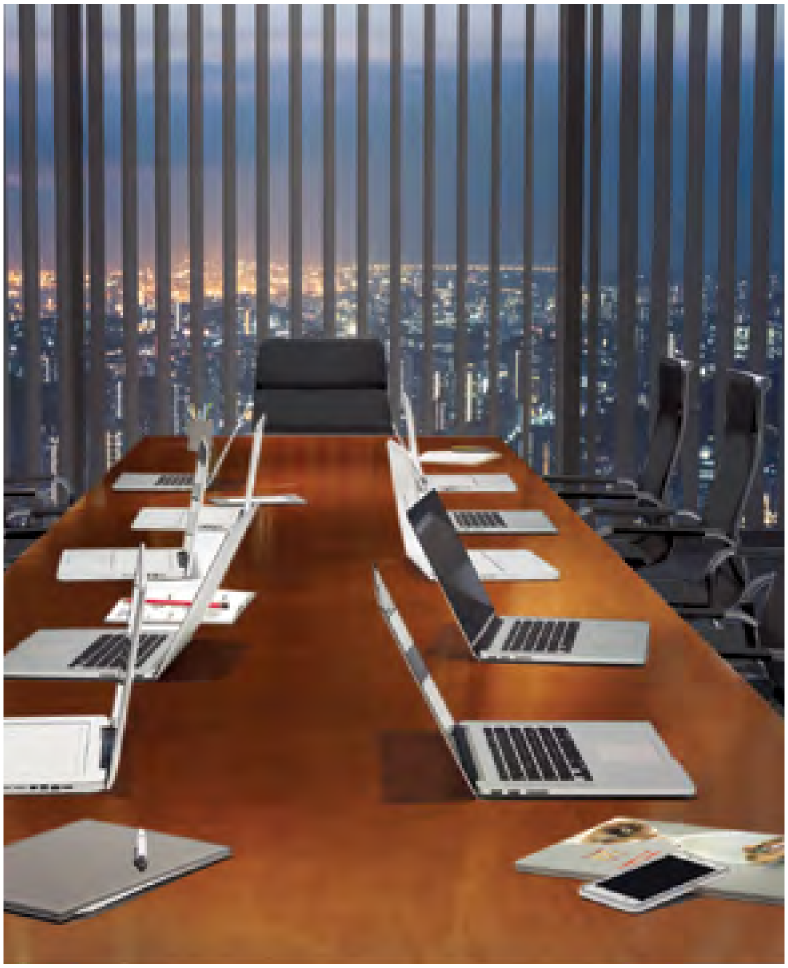
Mindfulness and Meditation Workshop
A virtual class conducted by Rebel Yoga to demonstrate meditative mindfulness techniques for relaxing the body, for creating and maintaining a deeper sense of calm to better handle stress and anxiety, and for increasing awareness and concentration.

Live Painting Workshop
An online painting class wherein the participants painted using the painting kits they received in advance as they watched the live demonstration of a painting instructor from Sip & Gogh.



At Home Workout
An online workout conducted by Extra Rise MNL to demonstrate fitness routines that can be easily done at home and without the need for equipment.

CHINA BANK AS STEWARD



Championing Good Corporate Governance

102-16

Good corporate governance is in China Bank's DNA. A century ago, our founders and leaders set the tone and the values that define China Bank's culture to this day. They also deeply ingrained the principle of doing what's right and doing right by our stakeholders that no matter the circumstances or the decade, it guides all our strategies, decisions, and actions. As the Bank's operations grew more complex and regulations more stringent with each passing year, we placed greater importance on corporate governance. We advocated governance beyond compliance, adopting global best practices to remain strongly positioned for value creation. Amid the unprecedented challenges and changes brought about by the COVID-19 pandemic, we held fast to our high governance standards, with our current board setting the tone at the top to build a sustainable future today.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Target 12.6
Sustainable practices

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Target 16.5
Reduce corruption and bribery

Target 16.6
Effective, accountable, and transparent institutions

Key Initiatives in 2020

102-12, 102-17

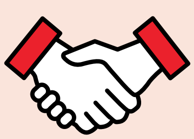
We are committed to good corporate governance and thus endeavour to improve our governance practices to remain as one of the best governed companies in the region. In 2020, as we continue to evolve to meet long-term strategic challenges and opportunities, we implemented the following key governance initiatives:

- Amendment of the Bank's By-Laws to align with the provisions of the Revised Corporation Code of the Philippines.
- Conduct of the first virtual Annual Stockholders' Meeting, allowing stockholders to exercise their voting rights through a secured electronic registration and voting facility.
- Setting up of a 3-year Transition Plan, towards the formulation of the Bank's Sustainable Finance Framework, to comply with BSP Circular No. 1085.
- Implementation of a Stock Grant Plan for eligible employees, in recognition of their contribution to the Bank and to foster a culture of ownership and commitment.
- Enhancement of the Board Committee Charters and Board Self-Assessment Forms.
- Updating of the Related Party Transactions (RPT) policy, guidelines & procedures to comply with the rules of the Bangko Sentral ng Pilipinas (BSP) and the Securities and Exchange Commission (SEC).
- Conduct of annual assessment for the Board, Board-level committees, Independent Directors, Compliance Division, External Auditor, and the President.
- Adoption of the Conflict of Interest and RPT disclosure form by directors.
- Election of the Bank's 4th independent director during the Special Stockholders' Meeting.
- Conduct of an online corporate governance training for the Bank's directors and key officers, facilitated by the Institute of Corporate Directors.

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



Fairness

We treat our shareholders fairly and equitably – whether minority or majority, local or foreign. We balance our profit motive, ensuring that the investment of all shareholders is protected.

Accountability

We are accountable and responsible for our actions and performance and commit to uphold the law, behave ethically, and protect the resources entrusted in our care.

Integrity

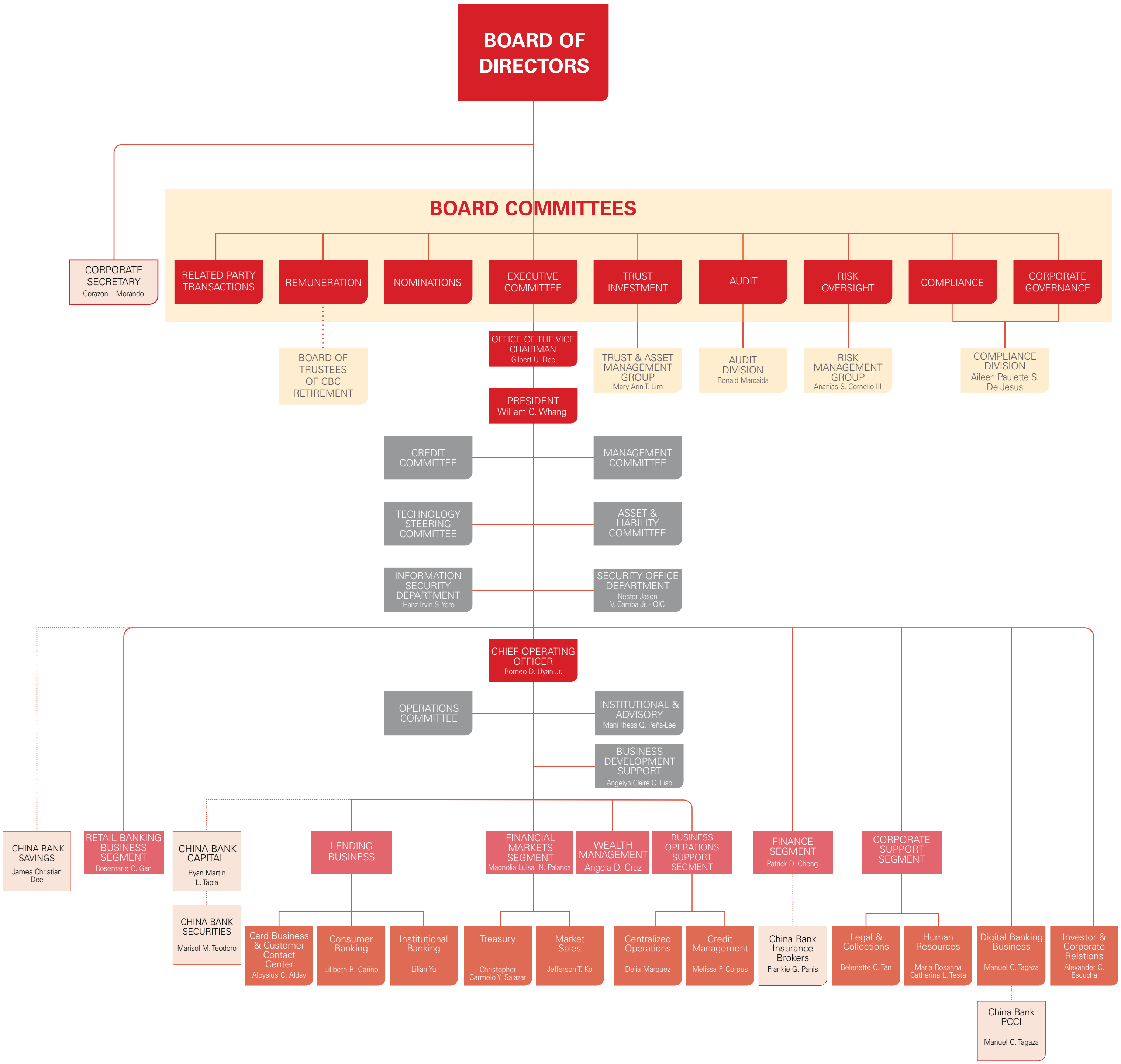
We adhere to a moral code of honesty and professionalism in our thoughts, words, and actions.

Transparency

We are truthful and forthcoming, ensuring the accurate and timely disclosure of and easy access to all material matters, such as the financial situation, performance, ownership, and governance of the corporation.

Organizational Chart

102-18



Board of Directors

405-01

The China Bank Board has the overall responsibility for the 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, sustainability, and consumer protection
- sets and oversees the environmental, social, and governance initiatives

China Bank has twelve directors, composed of two executive and ten non-executive directors, and one advisor. Acknowledging the importance of Board independence, the Bank has four Independent (non-executive) Directors—experienced business leaders who are independent of management and major/substantial shareholders, and free from any business, family or any other relationship with the Bank, which could affect their judgment.

The table below shows the key differences on the type of directorship.

<table>
<tr><th>Lead Independent Director</th><th>Independent Director</th><th>Executive Director</th><th>Non-Executive Director</th></tr>
<tr>
<td>• 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</td>
<td>• 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</td>
<td>• Has executive responsibility of day-to-day operations of a part or the whole of the organization</td>
<td>• 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</td>
</tr>
</table>

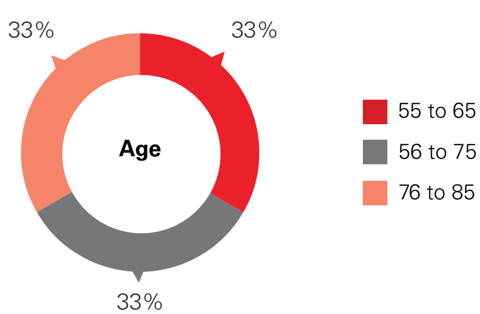
Board Diversity

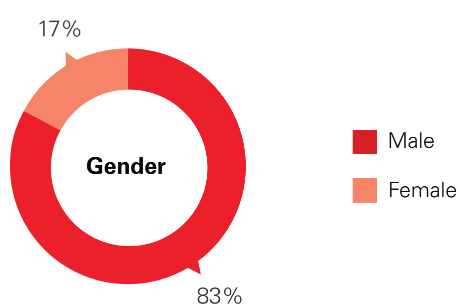
405-1

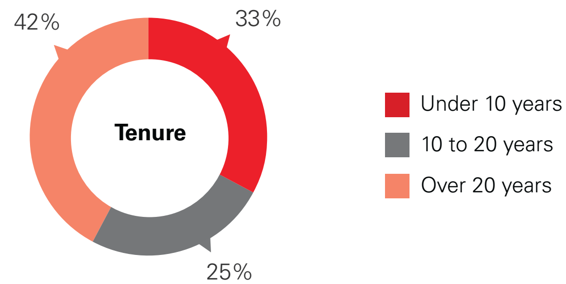
To ensure the effectiveness of our Board, we consider the optimum composition that reflects our Bank's strategic priorities.

China Bank has a Board Diversity Policy which states that the Board should be composed of directors with a collective working knowledge, experience or expertise that is relevant to the Bank's industry/sector. The Board should always ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction. To ensure diversity, the Board shall consider educational background, business experience in banking or related industry, competence, knowledge, skills and to include ethnicity, culture, skills as the case may be.

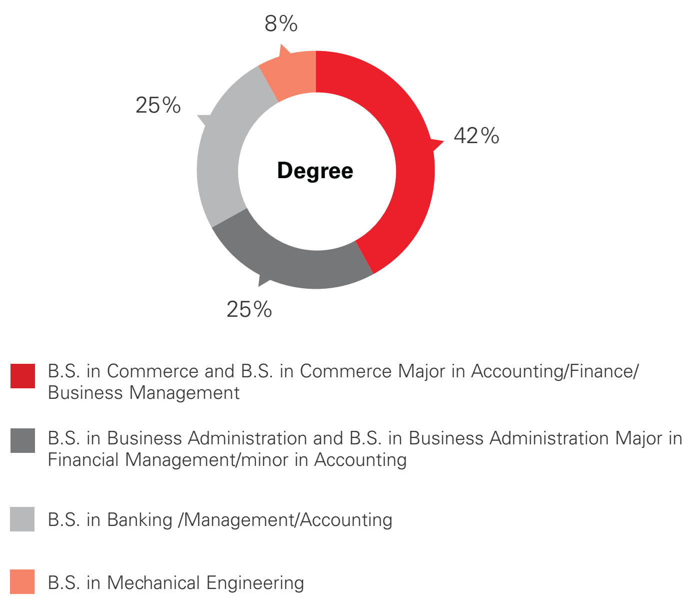
Board Demographics





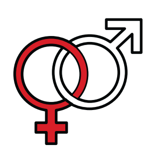


Board Experience/Skills



100%

of the directors are skilled and experienced in banking/operations, management, finance, marketing/ sales, investment, risk management, accounting, credit, anti-money laundering, and internal control



17%

of the directors received training on gender diversity

Separation of Roles

102-23

The Chairman and President of China Bank 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. Chairman Hans T. Sy 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. On the other hand, President William C. Whang leads Management in the day-today operations, and 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. The Nominations Committee pre-screens candidates and prepares a final list of nominees who have qualified under the "fit and proper" test of the Bangko Sentral ng Pilipinas (BSP) and other applicable standards, for election or re-election during the Annual Stockholders' Meeting.

In 2020, to search for a suitable replacement for Director Angeline Hwang who passed away, we again engaged an independent search firm, the Institute of Corporate Directors. For incumbent directors, the Nominations Committee evaluates the results of the Board self-assessment and their attendance and participation in board meetings.

Upon election, the directors are given a copy of the general and specific duties and responsibilities as prescribed by the MORB which they must acknowledge and certify to have read and fully understood the same. Moreover, each director must submit a Sworn Certification that he possesses all the qualifications required in the MORB and none of the disqualifications. 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 the Securities and Exchange Commission (SEC) within the prescribed period.

BOARD OF DIRECTORS					
Name	Designation	Directorship	Age	Year First Elected	No. of Years as Director
Hans T. Sy	Chairman	Non-executive	65	1986	35
Gilbert U. Dee	Vice Chairman	Executive	85	1969	52
William C. Whang	Director & President	Executive	62	2017	4
Peter S. Dee	Director	Non-executive	79	1977	44
Joaquin T. Dee	Director	Non-executive	85	1984	37
Herbert T. Sy	Director	Non-executive	64	1993	28
Harley T. Sy	Director	Non-executive	61	2001	20
Jose T. Sio	Director	Non-executive	81	2007	14
Alberto S. Yao	Lead Independent Director	Non-executive	74	2004	17
Margarita L. San Juan	Independent Director	Non-executive	67	2017	4
Philip S. L. Tsai	Independent Director	Non-executive	70	2018	3
Angeline Ann H. Hwang†	Independent Director	Non-executive	70	2019	1
Claire Ann T. Yap	Independent Director	Non-executive	65	2020	less than a year

Nomination Process

1	2	3	4	5
Shareholders on record nominate candidates by submitting the nomination form to any member of the Nominations Committee, the Corporate Governance Committee, or the Corporate Secretary within the prescribed date	The Nominations Committee reviews and evaluates the qualifications of the candidates in line with the fit and proper standards as prescribed in the Manual of Regulations for Banks (MORB)	The full Board confirms the candidates' nomination	The shareholders elect the directors during the Annual Stockholders' Meeting	The Monetary Board confirms the election of the directors

Induction and Continuing Education

Continuing education is vital to cultivating the directors' knowledge and skills to enhance the overall effectiveness and performance of the board. 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 an 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.

For everyone's safety, the annual Corporate Governance training organized by the Compliance Division was held virtually in 2020. The Bank's directors, members of the Management Committee, and key officers joined the webinar facilitated by the Institute of Corporate Directors on November 4, 2020. The said training focused on Sustainability in the Boardroom; Risk Management in the Age of Covid-19; and Culture of Innovation.

Board Remuneration

The amendment to the Bank's By-Laws , as approved by the stockholders on June 18, 2020, included the increase in the per diem of the directors, which now amounts to ten thousand pesos (P10,000.00) for attendance at each meeting of the Board of Directors or of any Committee, or as may be determined from time to time by stockholders owning or representing a majority of the subscribed capital stock, at any regular or special meeting. In accordance with Article VIII of the Bank's By-Laws, a portion of the net earnings shall be given to the members of the Board. The amended By-Laws is subject to the approval of the BSP and SEC.

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-based compensation. In 2020, the Bank paid a total of P71.9 million to the Board of Directors. Each director received the following amount:

Hans T. Sy	₱7,070,586
Gilbert U. Dee	6,013,325
William C. Whang	6,411,732
Peter S. Dee	6,420,482
Joaquin T. Dee	7,071,036
Herbert T. Sy	6,402,932
Harley T. Sy	6,009,000
Jose T. Sio	402,932
Alberto S. Yao	7,972,811
Margarita L. San Juan	6,932,825
Philip S.L. Tsai	6,933,725
Angeline Ann H. Hwang+	4,276,322

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 through the Corporate Governance Committee. 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 2020 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.

In compliance with the SEC Code of Corporate Governance, the results of China Bank's Board Self-Assessment are evaluated by an external facilitator every three years. For the external validation in 2019 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. GGAPP confirmed that 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: 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. It is also responsible for the appointment/selection or replacement/removal of the Chief Audit Executive (CAE), and for the appointment, fees and replacement of the External Auditor. The committee, composed entirely of non-executive directors, 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.

COMMITTEE MEMBERSHIP									
	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 (up to July 1, 2020); Chairman (from July 2, 2020)
Joaquin T. Dee - Director	Member	_	Member	Member	_	_	_	_	_
Herbert T. Sy - Director	_	_	_	_	_	_	Member	_	Chairman/ Member (up to June 17, 2020)
Harley T. Sy - Director	_	_	_	_	_	_	_	_	Chairman (from June 18-July 1, 2020); Member (from July 2, 2020)
Jose T. Sio - Director	_	_	_	_	_	_	_	_	Member
Alberto S. Yao - Lead Independent Director	_	Member	Chairman	Member	Member	Member	Member	Member	_
Margarita L. San Juan - Independent Director	_	Member up to June 17, 2020; Chairman from June 18, 2020	Member (from June 18, 2020)	_	Chairman/ Member (up to June 17, 2020)	Member (from January 1 - June 17, 2020; October 7, 2020; Chairman from June 18 - October 6, 2020)	Member up to June 17, 2020; Chairman from June 18, 2020	Member up to June 17, 2020; Chairman from June 18, 2020	_
Philip S.L. Tsai - Independent Director	_	Chairman up to June 17, 2020; Member from June 18, 2020	Member (up to June 17, 2020)	_	Chairman (effective June 18, 2020)	Member	Chairman up to June 17, 2020; Member from June 18, 2020	Chairman up to June 17, 2020; Member from June 18, 2020	_
Claire Ann T. Yap - Independent Director	_	Member (from October 7, 2020)	_	_	_	Chairman (effective October 7, 2020)	_	Member (from October 7, 2020)	_
Angeline Ann H. Hwang†		Member (up to her passing on April 11, 2020)				Chairman (up to her passing on April 11, 2020)		Member (up to her passing on April 11, 2020)	

** Trust Officer Mary Ann T. Lim is also a member*

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 Transaction 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.

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, to 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

ATTENDANCE										
Name	Board of Directors	Executive Committee	Corporate Governance	Audit Committee	Compliance Committee	Risk Oversight Committee	Nominations Committee	Remuneration Committee	RPT Committee	Trust Investment Committee
Number of Meetings	18	41 Incl. 2 meetings with Risk Oversight Committee	26 Incl. 7 meetings with Compliance Committee; Incl. 17 meetings with Nominations Committee	11	8 Incl. 7 meetings with Corporate Governance Committee	11 Incl. 2 meetings with Executive Committee	19 Incl. 17 meetings with Corporate Governance Committee	2	12	10[4]
Hans T. Sy	18/18	40/41	–	–	8/8	11/11	–	2/2	–	–
Gilbert U. Dee	11/18	29/41	–	–	–	–	–	–	–	–
William C. Whang	18/18	40/41	–	–	–	–	–	–	–	10/10
Peter S. Dee	18/18	41/41	–	–	–	–	–	–	–	10/10
Joaquin T. Dee	18/18	41/41	–	11/11	8/8	–	–	–	–	–
Herbert T. Sy	18/18	–	–	–	–	–	–	2/2	–	5/5
Harley T. Sy	18/18	–	–	–	–	–	–	–	–	5/5
Jose T. Sio	18/18	–	–	–	–	–	–	–	–	10/10
Alberto S. Yao	18/18	–	26/26	11/11	8/8	11/11	19/19	2/2	12/12	–
Margarita L. San Juan	18/18	–	25/26	6/6	–	3/3	18/19	2/2	12/12	–
Phillip S.L. Tsai	18/18	–	26/26	5/5	–	8/8	19/19	2/2	12/12	–
Claire Ann T. Yap	3/3	–	6/6	–	–	–	3/3	–	2/2	–
Angeline Ann H. Hwang †	5/6	–	4/5	–	–	–	5/6	–	3/4	–

[4] *Attendance of Trust Officer Mary Ann T. Lim: 10/10*
† *Passed away on April 11, 2020*

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 2020, the Board had 18 meetings, including the organizational meeting. After the country was placed under community quarantine, most of the Board meetings were conducted online. The Board Committees also held separate committee meetings or jointly with other committees, also mostly online.

Governance Policies

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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. China Bank's Corporate Governance Manual, Code of Ethics, and other policies are posted on the Bank's intranet facility and corporate website, www.chinabank.ph.

Corporate Governance Manual

Contains the Bank's 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. Compliance with the Manual is monitored by our Chief Compliance and Governance Officer (CCGO), Atty. Aileen Paulette S. De Jesus. In 2020, the Bank has fully complied with all the material provisions of the Corporate Governance Manual.

Code of Ethics

Sets the guidelines for ethical and professional business conduct. 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.

Insider Trading

The policy prohibits China Bank 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, from directly or indirectly engaging in financial transactions. The policy 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

The policy stipulates the avoidance of conflict of interest (COI) between the Bank and employees. However, should a conflict arise, the interest of the Bank must prevail. Employees are not permitted to 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.

We have reinforced our governance practices to prevent COI by requiring our directors to accomplish the COI and RPT disclosure form after their election and after gaining knowledge of any actual or potential COI situation.

Related Party Transactions

The policy requires the thorough review of all transactions with related parties 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. The RPT Framework serves as a guide for the China Bank Group in dealing with related parties. 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. 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 Bank's RPT policy is kept relevant and aligned with recent regulatory issuances. The following summary shows the material related party transactions and outstanding loan balances for the year 2020. 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	P16.8 B $354,832	P55.6 M
SM Group	₱141.3 B $ 212.6 M	₱3.7 B $ 130 M
Other Related Parties	₱50.3 B $2.2 M	₱15.6 B

[1] Covers all transactions
[2] For loan transactions approved in 2020

Anti-Bribery & Anti-Corruption

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The Bank does not tolerate any form of bribery and corruption. 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.

Aside from being included in the Code of Ethics, the Bank's anti-corruption policy is part of the orientation program for new employees. In 2020, 524 new employees received training on anti-corruption. 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 (AML)

The Bank endeavors to comply with the laws and regulations on combating money laundering and terrorist financing, and to cooperate with regulators and law enforcement agencies within the bounds of confidentiality and privacy laws. The Bank has a Money Laundering and Terrorism-financing Prevention Program (MTPP) to keep China Bank from being used as a channel for money laundering and terrorism financial activities. The Compliance Division oversees the Bank's compliance with the MTPP and AML laws and regulations; and manages the Bank's AML System to ensure effective monitoring of transactions, as well as the timely and accurate reporting of covered and suspicious transactions to the AMLC.

The Compliance Division also manages online and classroom training programs to ensure that all Bank personnel are well-informed of the current laws, regulations, and Bank policies pertaining to AML/CFT. In 2020, a total of 5,996 employees completed the mandatory AML e-learning course.

For the same year, China Bank has fully complied with the AMLA provisions, including reporting of suspected money laundering and terrorist financing activities to the AMLC, and the reporting of covered transactions.

Whistleblowing

The policy aims to encourage employees, customers, shareholders, and third party service providers 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 well as to provide avenues to raise those concerns confidentially. The CCGO determines the substance and validity of the whistleblowing report or disclosure, and if deemed sufficient in form and substance, refers it to the Audit Division or the Human Resources Group (HRG) for further investigation. If the report is found baseless, or lacks sufficient information, the whistleblower 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 directly to HRG, Audit Division, Risk Management Division or the Chief Compliance Officer:

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

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

Creditors

The policy focuses on honoring agreements with and respecting the rights of China Bank's creditors—stockholders and bondholders, including complying with post-issuance regulatory requirements like continuing disclosures and tax compliance.

Suppliers and Contractors

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The policy stipulates the Bank's commitment to fair market practices and engaging suppliers and contractors that are reputable, comply with national laws and international standards, and have good track records and sustainable business practices. The policy also sets out the processes for vendor accreditation, selection, and audit to ensure that vendor bids are evaluated based on established criteria and to prevent 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

The policy centers on the Bank's strategic objective of having high-caliber leaders and avoiding leadership gaps, with the Board 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.

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 to rank, function, and performance. Regular salary reviews are conducted to ensure market competitiveness of total remuneration. In 2020, the Bank paid a total of ₱105.7 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
2020	₱56,072,606	₱49,666,180	₱105,738,786
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

The policy sets out the Bank's commitment to providing shareholders with 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

	2016	2017	2018	2019	2020
Stock Dividend	8%	8%	–	–	–
Cash Dividend	10%	8%	8.3%	8.8%	10.0%

Disclosure and Transparency

As a publicly-listed company, China Bank complies with the disclosure and reportorial requirements of regulators—BSP, PSE, and SEC, and maintains an up-to-date corporate website and a Corporate Governance microsite, to provide stakeholders with timely and accurate information to facilitate understanding of the Bank's true financial condition and quality 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 briefings with analysts and members of the media.

Internal Controls

Safe and sound business practices are anchored on effective internal controls. As the COVID-19 outbreak dominated the economic landscape through much of 2020, we continued to strengthen China Bank's internal control system to effectively manage and mitigate risks, to ensure the reliability and integrity of financial information and compliance with laws and regulations, to achieve our strategic objectives and profitability targets, and to maintain operational resilience during a period of increased demand on our teams and systems. 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 control process.

In 2020, based on its continuing review and monitoring of the Bank's internal control system, China Bank's Audit Committee has determined that material controls and risk management systems and framework remain adequate and effective relative to the Bank's size and complexity of transactions.

Compliance

China Bank believes that an effective Board and senior management oversight is the foundation of an effective compliance system that is rooted in doing what is right to maintain the trust and confidence of our stakeholders.

The Bank is committed to comply with existing laws, rules and regulations. The Board is responsible for ensuring that appropriate policies are in place to manage and mitigate compliance risks while Management is responsible to implement these policies, and endeavours to address vital issues to preserve the franchise value of the Bank.

Compliance management starts at the top and embraced at all levels of the organization as an integral part of its business activities. The Bank observes the 3-lines-of-defense governance framework which set-up allows everyone to recognize and give appropriate attention to compliance priorities – enabling the Bank to readily respond to compliance, governance & associated risks.

Compliance System

At the forefront of the Compliance System is the Compliance Division ("Compliance"), embarking a significant and crucial role in driving the effective management of compliance risks and in promoting compliance awareness and understanding of compliance issues. Our Compliance Division also assists the Board in carrying out its governance function to protect the Bank's reputation and its stakeholders' interests.

We have established our compliance system upon a solid foundation of ethical values designed to foster a strong compliance culture across the organization. Taking the helm in the Bank's Compliance Division is the CCGO, Atty. Aileen Paulette S. De Jesus, who also oversees the Groupwide Compliance for the China Bank Group. She functionally reports to the Compliance and the Corporate Governance committees of the Board, and administratively to the Bank's President. Compliance is independent from business operations, and operates as a second line-of-defense in the overall control structure. It is composed of six (6) departments: Regulatory Compliance, Anti-Money Laundering, Corporate Governance, IT Compliance, Subsidiaries Oversight and Associated Person.

With a robust compliance program in place, Compliance continuously endeavors to drive a strong compliance culture within the Group – this includes compliance activities such as the preparation and enhancement of policies and procedures, risk assessment of the institution, conduct of independent testing and promotion of compliance awareness. Its compliance risk management system is designed to identify and mitigate risks, and ensure the Bank's safety and soundness. Part of its function is to ensure that employees at all levels are kept abreast of changes in the laws and regulations through regular trainings and dissemination of vital/latest issuances, advisories, notices, and other regulatory matters. The compliance function and program are subject to independent review by the Audit Division.

Risk Management

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Risks are part of doing business. The pandemic has reaffirmed the importance of effective risk management not only in mitigating emerging risks, but also in responding to the current crisis to ensure employees are protected, the business can operate, and Management can quickly react to the ever-changing environment. We have adopted a risk management program intended to avoid unnecessary risks, manage and mitigate inherent risks, and maximize returns from taking acceptable risks necessary to sustain China Bank's business viability and good financial position in the market.

Risk oversight is a primary Board responsibility, setting the tone for a sound risk culture at China Bank. 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) 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. Headed by the Chief Risk Officer, Ananias S. Cornelio III, 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, non-financial, 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 Bureau 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 and 2020.

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 company'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 which may stem from internal and/or external factors. 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 seeks to provide guidelines and standards in the identification, measurement, control and reporting of risks appropriate to the bank's overall operating environment, while ensuring that operational risk strategies are aligned with the bank's business objectives. Our framework advocates a risk management culture of control and mitigation that is realised based on the clarity of roles of the Three Lines of Defense. It also outlines the policies, processes, procedures, and various tools, which includes the Risk and Control Self-Assessment, Loss Incident Reporting System and Key Risk Indicators in managing 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.

In 2020, we developed and implemented "The New Normal Work Force and Work Management Plan for the COVID-19 Pandemic". The plan is designed to provide general direction and guidance in sustaining the operations of the Group while we manage and exert effort to reduce exposure to COVID-19. In place are team rotation work schedules, work from home arrangements, mandatory health and safety measures, and case management protocols which are all included in the Group's Work Management Plan.

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 performs an important role in China Bank's control and corporate governance environments. It provides independent and objective assurance, advice, and insight to Senior Management and the Board to enhance and protect organizational value. Moreover, it covers evaluation of the Bank's risk management, control, and governance process to determine its effectiveness and offers meaningful recommendations for the improvement of these processes.

Audit Division

The internal audit function is handled by our Audit Division, headed by the Chief Audit Executive, Ronald R. Marcaida, who reports functionally to the Audit Committee and administratively to the President to maintain organizational independence. The Audit Division performs its responsibilities based on the Board-approved Internal Audit Charter. Its authority cuts across all functions, units, processes, records, and personnel in relation to the conduct of its role. The Charter also serves as a guide in the performance of mandated duties and basis in evaluating the effectiveness and efficiency of the Bank's Internal Audit function.

Developments in 2020

2020 was a particularly challenging year for Audit Division due to the COVID-19 pandemic, which significantly affected and changed traditional operating environments. The pandemic brought about a notable increase in dependency on digital platforms and automated systems, a spike on capital expenditures, and limited the capabilities of various organizations. It also gave rise to increased IT and cyber-related threats and data privacy and confidentiality risks.

Audit Division rationalized audit plans, programs, and processes, implemented remote/offsite audits and new work arrangements, and other key initiatives to minimize the adverse impact of the pandemic, to ensure that consequential threats and risks are adequately mitigated, and to adapt to the "new normal" without sacrificing audit effectiveness and efficiency. Audit Division personnel were provided with laptops and online collaboration tools to boost their capabilities to perform audit engagements.

To promote the professional development and well-being of internal auditors during this pandemic, e-learning, coaching and counselling sessions, and virtual recognition of performers and celebration of milestones, were conducted. Reminders on strict observance of prescribed health and safety protocols were constantly issued to instill discipline and maintain a conducive work environment.

Despite of the challenges, Audit Division remains steadfast in its commitment to elevate the level of audit services and continue to add value to the Bank and its stakeholders.

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 2020) 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 bond issuances amounting to P15 billion in 2020 and P30 billion in 2019. The 2020 and 2019 audit fees were taken up and approved by the Audit Committee.

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 review and advisory services (2020 only), independent Third Party Vulnerability Assessment and Penetration Testing (2019 only), and independent validation of votes in the annual stockholders' meeting (2020 and 2019). Payment for these services are included under All Other Fees.

Fiscal Year	Audit and Audit-Related Fees	All Other Fees
2020	₱10,554,544	₱1,900,326
2019	₱8,377,600	₱855,520
2018	₱7,766,528	₱6,312,320

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 ₱24.95 per share as of December 27, 2020 (last trading day), and at ₱23.80 per share as of March 12, 2021 (latest practicable trading date).

The Bank has an authorized capital stock of ₱33 billion divided into 3.3 billion shares with a par value of ₱10.00 per share. As of February 28, 2021, there are approximately 1,891 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)	709,850,891	26.429%
2. PCD Nominee Corporation (Filipino)	570,973,230	21.258%
3. SM Investments Corporation	463,922,761	17.273%
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	**2,447,315,551**	**91.117%**

Equity Ownership by Nationality

Nationality	Number of Stockholders	Number Shares	Percentage
Filipino	1,818	1,968,762,273	73.300%
Non-Filipino (PCD)	1	709,850,891	26.429%
Chinese	49	3,539,378	0.132%
American	12	2,403,317	0.089%
Australian	2	4,513	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	3	729,341	0.027%
TOTAL	**1,891**	**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	709,850,891	26.43%
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	570,973,230	21.26%
Common	SM Investments Corporation 10th Floor L.V. Locsin Bldg., 6752 Ayala Avenue, Makati City Stockholder	Sy Family PCD Nominee Corporation Stockholders	Filipino	463,922,761	17.27%
Common	19 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 28, 2021, The Hong Kong and Shanghai Banking Corporation Limited (396,732,386 shares or 14.77%) and BDO Securities Corporation (188,274,208 shares or 7.01%) hold 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 as of December 31, 2020

Director	Shareholdings as of January 1, 2020	Number of Shares Disposed	Number of Shares Acquired	Shareholdings as of December 31, 2020
Hans T. Sy	4,226,761	-	-	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	578,730	-	-	578,730
Harley T. Sy	740,553	-	-	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
Claire Ann T. Yap*	-	-	100	100

*Elected as Independent Director on October 1, 2020

Trading in Company Shares by Bank Principal Officers as of December 31, 2020

Officer	Shareholdings as of January 1, 2020	Number of Shares Disposed	Number of Shares Acquired	Shareholdings as of December 31, 2020
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
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	-	1,441,000	2,973,304

ONE OF THE BEST-GOVERNED COMPANIES IN ASEAN

China Bank again emerged as one of the top winners in the Philippines at the ASEAN Corporate Governance Scorecard (ACGS) Awards of the ASEAN Capital Markets Forum (ACMF). China Bank was conferred the Top 3 Philippine Publicly Listed Company (PLC) Award, the Top 20 ASEAN PLC Award, and the ASEAN Asset Class Award. The virtual local awarding ceremony was facilitated by the Securities and Exchange Commission (SEC) last January 2021.

The ACMF assessed and ranked all listed companies in the participating ASEAN countries according to their overall ACGS scores in 2019. For the Top 20 ASEAN PLC Award, given to the top 20 companies with the highest ACGS scores in the region, China Bank is one of only four awardees from the Philippines. And out of the top 20 in ASEAN, ACMF ranked the top 3 highest scoring PLCs per country, which includes China Bank for the Philippines. PLCs that obtained a score of 97.5 points and above received an ASEAN Asset Class Award, including the Bank.

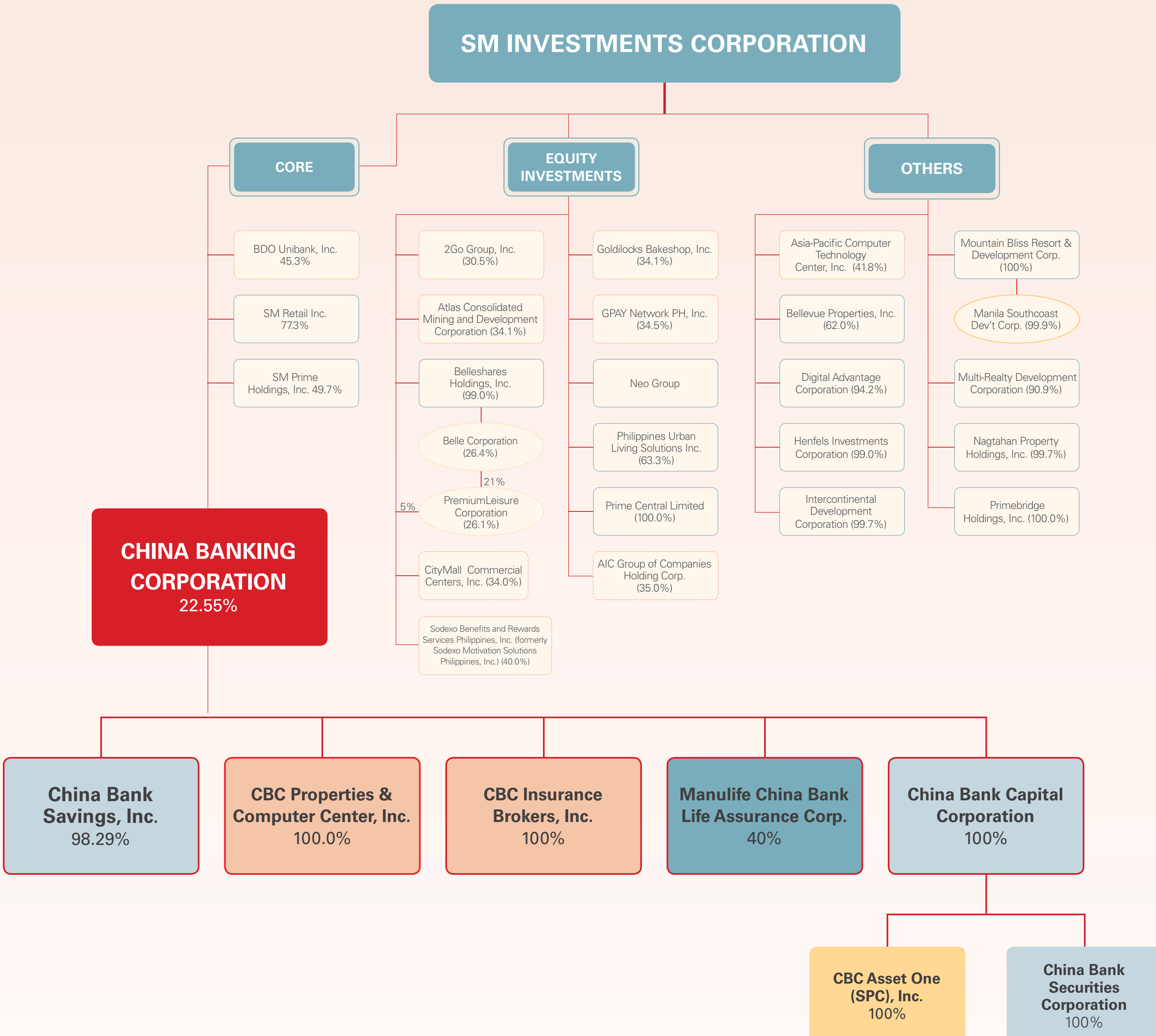
In February 2021, the Institute of Corporate Directors, the domestic ranking body for the ACGS, held its virtual Golden Arrow Awards to recognize the best-governed companies in the country. China Bank is the only bank among the six companies to clinch a 4-Golden Arrow Award, which represents the achievement of scoring 110 to 119 points out of the 130 highest possible points in the 2019 ACGS.

The ACGS is an instrument for assessing the governance practices of listed companies in the participating ASEAN member countries. It encourages PLCs to go above and beyond national legislative requirements and adopt international best practices to boost investor confidence, especially during the trying business climate brought on by the pandemic.

We sustained our track record as a practitioner of the highest governance standards in the last ten years. The Philippine Stock Exchange awarded China Bank a special governance recognition in 2017 for winning the PSE Bell Awards for six straight years— 2012 to 2016. In 2018, China Bank was also ranked by the ACMF as one of the top 3 PLCs in the Philippines and among the top 50 in ASEAN. The Bank was also among the recipients of the 4-Golden Arrow Award in ICD’s 1st Golden Arrow Awards in 2019.

Conglomerate Map

As of December 31, 2020



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 Subsidiaries | Financial Allied Affiliates | Special Purpose Corporation

CHINA BANK AS PARTNER

Partnering with and for our communities

102-12

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 13.A
Climate change mitigation

Economic Value Created and Distributed

201-1

We are driven to deliver on our financial commitments by generating and distributing economic value to our stakeholders—our customers, shareholders, suppliers, the national government, and our communities. In 2020, we distributed P29 billion or 76% of the wealth we created for the benefit of the people and the communities where we operate, and retained P9.4 billion or 24% for China Bank's continued growth to remain well positioned to respond to our stakeholders' evolving needs.

Direct economic value generated
P38.4 billion

Economic value distributed
P29.0 billion

P8.2 billion Operating costs
P7.5 billion Employee wages and benefits
P6.1 billion Payments to providers of capital
P7.2 billion Payments to government
P2 million Community Investments

Economic value retained
P9.4 billion

Direct Economic Value Generated and Distributed

	2018	2019	**2020**
Direct economic value generated	29,108.7	34,714.0	**38,410.0**
Direct economic value distributed	23,221.9	27,002.6	**29,024.4**
Operating costs	9,242.5	8,967.3	**8,162.7**
Total wages and benefits	6,133.8	6,601.9	**7,522.3**
Total payments to providers of capital	2,894.6	5,165.7	**6,111.2**
Payment to government	4,950.9	6,267.5	**7,226.2**
Community investments	0.1	0.2	**2.0**
Economic value retained	5,886.8	7,711.4	**9,385.6**

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. In the last two decades, we have been implementing policies, projects, and practices to progressively lessen our operations' 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
102-48, 302-1, 305-1, 305-2

China Bank's operations are generally not energy intensive as electricity is primarily used to power our lighting, cooling, and computer systems. As expected, China Bank's electricity usage dropped in 2020 due to the closure of some branches and offices and the shortened operations during the various states of community quarantines. The Bank's electricity consumption decreased by 18% to 22,306,267 kwh in 2020 from 27,080,359 kwh* in 2019. In terms of indirect GHG emissions (Scope 2), the electricity consumption in 2020 is equivalent to 13,115 metric tons of CO_2 emissions, 18% less compared to 15,941 metric tons of CO_2 emissions* in 2019.

Meanwhile, fuel usage increased by 24% in 2020 to 276,006 liters from 222,952 liters* in 2019 as the Bank provided for transportation for essential personnel. In terms of direct GHG emissions (Scope 1), the fuel consumption in 2020 is equivalent to 10,095 metric tons of CO_2 emissions, 22% higher compared to 8,262 metric tons of CO_2 emissions* in 2019.

As a financial institution, China Bank generates relatively low greenhouse gas (GHG) emissions. Total GHG emissions in 2020 decreased by 4% to 23,211 metric tons of CO_2 from 8,262 metric tons of CO_2 emissions* in 2019.

*Revised figures from 2019 AFSR. These were restated to reflect the additional data gathered from various branches of the Bank.

Electricity Consumption

-18% | 22,306,267 kwh

Scope 2/Indirect GHG emissions

-18% | 13,115 metric tons CO_2e

Fuel Consumption

+24% | 276,006 liters

Scope 1/Direct GHG emissions

+22% | 10,095 metric tons CO_2e

Total GHG emissions (Scope 1 and Scope 2)

-4% | 23,211 metric tons CO_2e

Electricity Consumption (in kWh)

Year	Luzon	Visayas	Mindanao	Total
2020	18,731,017	2,502,474	1,072,777	22,306,267
2019	21,092,200	4,743,345	1,244,813	27,080,359

Note: Data on electricity consumption came from Corporate Offices (Head Office Building, Binondo Business Center, BDO Equitable-Tower, VGP, TMBC) and Other Bank-owned and leased properties.

Indirect Emissions (in metric tons CO_2e)

Year	Luzon and Visayas	Mindanao	Total
2020	12,808	307	13,115
2019	15,584	357	15,941

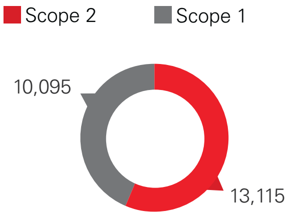
Fuel Consumption (in liters)

Year	Generator Sets Diesel	Company-owned vehicles Diesel	Company-owned vehicles Gasoline	Total
2020	5,390	219,400	51,216	276,006
2019	1,455	180,732	40,765	222,952

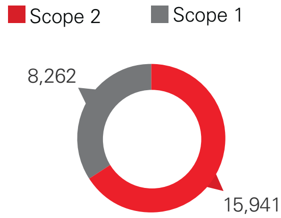
Note: Data on fuel consumption came from Corporate Offices (Head Office Building, Binondo Business Center, BDO Equitable-Tower, VGP, TMBC) and Other Bank-owned and leased properties.

Direct Emissions (in metric tons CO_2e)

Year	Stationary and mobile combustion	Commercial and Transportation	Total
2020	14	10,081	10,095
2019	4	8,258	8,262



Total GHG emissions 2020:
23,211 metric tons CO2



Total GHG emissions 2019:
24,202 metric tons CO2

Water Consumption

102-48, 303-5

Water is essential to life on our planet and we are committed to using this finite resource responsibly and efficiently. China Bank's operations are also not water intensive as water is mainly used for cleaning and flushing. Due to the quarantine measures in 2020, some of our branches were closed or on shortened banking hours which resulted to a 21% lower water consumption of 220,255 cubic meters in 2020 from 277,389 cubic meters* in 2019.

Water Consumption

-21% | **220,225 cubic meters**

*Revised figures from 2019 AFSR. These were restated to reflect the additional data gathered from various branches of the Bank.

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.

Environmental and Social Management System

The assessment of environmental and related social risks and liabilities is critical to identifying eligible loans for the China Bank 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, which may include 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.

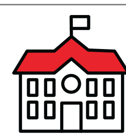
Corporate Social Responsibility

413-1

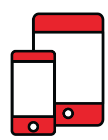
Running a responsible business means being a socially responsible corporate citizen. We support our communities by hiring and buying locally, making ethically and environmentally sustainable business decisions, embracing diversity and inclusion, advocating worthy causes, and encouraging a strong spirit of volunteerism and charitable giving among our employees. In 2020, these are the key CSR projects undertaken by China Bank and China Bank Savings.

China Bank

Conducted 134 on-site and virtual Pre-Departure Orientation Seminars that benefited 4,828 Filipino workers bound for abroad

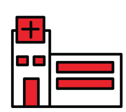


Conducted financial literacy roadshows in 8 schools that benefited approximately 3,200 students



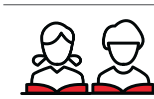
Raised funds for the purchase of Samsung tablets that benefited 36 children of our service personnel—janitors, security guards, messengers—and for the purchase of face masks and face shields for all of our service personnel (CBC-HRG Personal Social Responsibility Program)

China Bank Savings



Made a donation to the UST Hospital Outreach and Indigency Program that benefited marginalized and indigent patients

Conducted financial Wellness seminars that benefited 175 Department of Education (DepEd) teachers in General Santos, Vigan, and La Union



Supported Brigada Eskwela and produced DepEd learning modules that benefited 33,244 students in 21 schools

BOARD OF DIRECTORS

From left: Peter S. Dee,Herbert T. Sy, Gilbert U. Dee, Jose T. Sio, Hans T. Sy, Joaquin T. Dee, and William C. Whang.

From left: Harley T. Sy, Margarita L. San Juan, Alberto S. Yao, Angeline Ann H. Hwang†, Philip S.L. Tsai, Claire Ann T. Yap, and Ricardo R. Chua.

BOARD OF DIRECTORS

HANS T. SY | CHAIRMAN
Hans T. Sy, 65, 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. He 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). Both SMPH and SMIC are 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. Chairman Sy 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 was on Anti-Money Laundering (AML) in 2019 and corporate governance conducted by the Institute of Corporate Directors (ICD) in 2020.

GILBERT U. DEE | VICE CHAIRMAN, EXECUTIVE DIRECTOR
Gilbert U. Dee, 85, 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). He previously served as director of 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 includes ICD's Advanced Corporate Governance Training in 2020.

WILLIAM C. WHANG | PRESIDENT, EXECUTIVE DIRECTOR
William C. Whang, 62, 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. (CBSI), China Bank Insurance Brokers, Inc. (CBC-IBI), CBC-PCCI, China Bank Capital Corporation (CBCC), and China Bank Securities Corporation (CBSC). He also holds other directorship positions, representing China Bank in BancNet, Inc., Banker's Association of the Philippines, Philippine Payments Management Inc., and Manulife China Bank Life Assurance Corporation (MCBLife). He has over 40 years of banking experience, previously holding key positions in local and international financial institutions, including Sterling Bank of Asia, Security Bank Corporation, Union Bank of the Philippines, International Exchange Bank, First Philippine International Bank, Metrobank, Westmont Bank, and Republic Bank of New York. 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.

PETER S. DEE | NON-EXECUTIVE DIRECTOR
Peter S. Dee, 79, 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 2019 and corporate governance in 2020, among others.

JOAQUIN T. DEE | NON-EXECUTIVE DIRECTOR
Joaquin T. Dee, 85, Filipino, is a member of the China Bank Board since May 10, 1984. He also currently serves as director in non-listed companies JJACCIS Development Corporation, Enterprise Realty Corporation, and Suntree Holdings Corporation. He does not hold directorship in any PSE-listed company other than China Bank. He was Vice President for Sales and Administration of Wellington Flour Mills from 1964 to 1995. 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 2020 and 2019.

HERBERT T. SY | NON-EXECUTIVE DIRECTOR
Herbert T. Sy, 64, Filipino, was first elected to the China Bank Board on January 7, 1993. He also serves in PSE-listed SM Prime Holdings, Inc. as Director, and in various non-listed companies including Supervalue, Inc., Super Shopping Market, Inc., Sondrik, Inc., and Sanford Marketing Corp. as Chairman, and in the National University as Director. He has been involved in companies engaged in food retailing, investment, real estate development, and mall operations. Director Sy obtained his Bachelor of Science degree in Management from the De La Salle University. His numerous banking-related trainings include those on AML in 2019 and corporate governance in 2020.

HARLEY T. SY | NON-EXECUTIVE DIRECTOR
Harley T. Sy, 61, Filipino, has been a member of the China Bank Board since May 24, 2001. He also serves as the Executive Director of SMIC, 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.

JOSE T. SIO | NON-EXECUTIVE DIRECTOR
Jose T. Sio, 81, 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: SMIC, as Chairman of the Board; Atlas Consolidated Mining and Development Corporation, as Director; Belle Corporation, as Director; and Far Eastern University, Inc., as Independent Trustee. He also serves as Advisor to the Board of other PSE- listed companies: BDO Unibank, Inc. and Premium Leisure Corporation. In addition, Mr. Sio is on the boards of non-listed companies such as NLEX Corporation, Ortigas Land Corporation, Carmen Copper Corporation and First Asia Realty Development Corporation. He is Chairman, President and Trustee 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. He holds 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 has attended numerous seminars/trainings on investments, loans and financial instruments, debt and equity financing, including the Euromoney Conference in China in 2005, AML in 2019 and Advanced Corporate Governance Training in 2020.

ALBERTO S. YAO | LEAD INDEPENDENT DIRECTOR
Alberto S. Yao, 74, 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 PSE-listed company other than China Bank. He is the President and CEO of Richwell

BOARD OF DIRECTORS

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: CBSI, CBCC, and CBSC. He was previously an Independent 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, 67, Filipino, was first elected to the China Bank Board on May 4, 2017 as independent director. She is likewise an Independent Director in Bank subsidiaries CBSI, 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 seminars and 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 2020.

PHILIP S.L. TSAI | INDEPENDENT DIRECTOR
Philip S.L. Tsai, 70, 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 CBSI, 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. His latest trainings include related-party transactions in 2019, and sustainability in the board room and risk management in the age of COVID-19 in 2020.

CLAIRE ANN T. YAP | INDEPENDENT DIRECTOR
Claire Ann T. Yap, 65, Filipino, has been a member of the Board since October 1, 2020 as Independent Director. She currently does not hold any directorship position in any PSE-listed company but she serves as Independent Director in the Bank subsidiaries CBSI and CBSC. She has over 30 years of experience in banking and finance in local and multinational organizations. She was the Senior Vice President and Head of Global Service Centre of Global Payments Process Centre, Inc., a Fortune 500 company and worldwide leader providing payments and financial technology solutions. She has also previously held executive leadership roles at Australia and New Zealand Banking Group Ltd./Metrobank Card Corporation and Hongkong Shanghai Banking Corporation and served as Chairman of the Credit Card Association of the Philippines from 2009 to 2010 and President from 2007 to 2009. A Certified Public Accountant, Director Yap graduated cum laude from the De La Salle University with a Bachelor of Science degree in Accounting. She has had various trainings on managing customer experience, credit card fraud and security, information security and data privacy, and corporate governance.

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, 69, 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 at AIM. He has had trainings in banking operations and corporate directorship, AML, and corporate governance, 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, 2021

VICE CHAIRMAN

Gilbert U. Dee

PRESIDENT

William C. Whang

EXECUTIVE VICE PRESIDENTS

Romeo D. Uyan Jr., *Chief Operating Officer*
Patrick D. Cheng, *Chief Finance Officer*
Rosemarie C. Gan

SENIOR VICE PRESIDENTS

Aloysius C. Alday, Jr.
Alexander C. Escucha
Jose L. Osmeña, Jr.
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
Gerard Majella T. Dee
Antonio Jose S. Dominguez
Maria Luz B. Favis
Madelyn V. Fontanilla
Jerry Ron T. Hao
Mary Ann T. Lim
Delia Marquez
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
Jay Angelo N. Anastacio
Juan Emmanuel B. Andaya
Faye Theresa S. Babasa
Love Virgilynn T. Baking
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Yasmin I. Biticon
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Richard S. Borja
Victor Geronimo S. Calo
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Gemma B. Deladia
Rhodin Evan O. Escolar
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Jacqueline T. Tomacruz
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Cristina C. Ty
Jeff Michael T. Ty
Norman P. Ureta
Cassadra Ira B. Uy
David Andrew P. Valdellon
Catherine D. Yabes
April Marie O. Yago

2020 AWARDS

4 - Golden Arrow
Golden Arrow Recognition Ceremony - Institute of Corporate Directors

Top 3 Philippine Publicly Listed Company
ASEAN Corporate Governance Scorecard (ACGS) - ASEAN Capital Markets Forum

Top 20 ASEAN Publicly Listed Company
ASEAN Corporate Governance Scorecard (ACGS) Awards - ASEAN Capital Markets Forum

ASEAN Asset Class
ASEAN Corporate Governance Scorecard (ACGS) Awards - ASEAN Capital Markets Forum

Best DCM House Philippines (China Bank Capital)
2020 Country Awards - Finance Asia

Best Bond Adviser - Philippines (China Bank Capital)
Triple A Country Awards 2020 - The Asset

Best Sustainability Bond - Financial Institution
(China Bank as lender and China Bank Capital as lead arranger for Development Bank of the Philippines' P18.25B ASEAN sustainability bond)
2020 Triple A Country Awards - The Asset

Best New Bond
(China Bank Capital as a domestic manager for Jollibee Worlwide Private Ltd.'s US$600M perpetual capital securities)
2020 Triple A Country Awards - The Asset

Renewable Energy Deal of the Year - Wind
(China Bank as co-lender and China Bank Capital as joint transaction manager, joint bookrunner and joint lead arranger for Alternergy Wind One Corp.'s US$105M omnibus loan)
2020 Triple A Infrastructure Awards - The Asset

Green Project of the Year
(China Bank as anchor investor and China Bank Capital as one of the domestic lead managers for AC Energy Finance International's US$410M green bond)
2020 Triple A Infrastructure Awards - The Asset

Transport Deal of the Year
(China Bank as lender and China Bank Capital as one of the co-lead arrangers for Atlantic Aurum Investments Phils. Corp.'s P41.2B corporate notes facility)
2020 Triple A Infrastructure Awards - The Asset

Mobile Banking & Payment Initiative of the Year - Philippines
(China Bank Mobile App)
Retail Banking Awards 2020 - Asian Banking & Finance Magazine

Gold Anvil - PR Tools Category
(China Bank 2018 Annual Financial and Sustainability Report)
55th Anvil Awards - Public Relations Society of the Philippines

Gold Anvil PR Programs Category
(China Bank Centennial Celebration)
56th Anvil Awards - Public Relations Society of the Philippines

FINANCIAL STATEMENTS

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	2020	
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	59,607.70	56,990.58
Other Comprehensive Income	(594.45)	(594.45)
Minority Interest	109.00	–
Less: Retained Earnings Appropriated for General Loan Loss Provision	(1,513.34)	(1,513.34)
Less: Unsecured DOSRI	(5.07)	(3.20)
Less: Deferred Tax Assets	(5,313.53)	(4,692.25)
Less: Goodwill	(563.47)	(222.84)
Less: Other Intangible Assets	(3,437.93)	(837.53)
Less: Defined Benefit Pension Fund Assets/Liabilities	(262.23)	(193.35)
Less: Investment in Subsidiary	(261.01)	(12,828.04)
Less: Significant Minority Investment	(912.65)	(912.65)
Less: Other Equity Investment	(84.77)	(82.58)
Total CET 1 Capital	90,749.88	79,091.99
Additional Tier 1 Capital Total	–	–
Tier 1 Capital	90,749.88	79,091.99
Tier 2 Capital		
General Loan Loss Provision	5,986.11	5,301.73
Total Tier 2 Capital	5,986.11	5,301.73
Total Qualifying Capital	96,735.99	84,393.72

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)
Forward		

Qualifying Capital (Basel III)	Consolidated	Parent Company
In PhP Million	2019	
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

Risk-based capital ratios:

Basel III	Consolidated	Parent Company
	2020	
	In PhP Million	
CET 1 capital	103,103.87	100,377.75
Less regulatory adjustments	(12,353.99)	(21,285.76)
Total CET 1 capital	90,749.88	79,091.99
Additional Tier 1 capital	–	–
Total Tier 1 capital	90,749.88	79,091.99
Tier 2 capital	5,986.11	5,301.73
Total qualifying capital	96,735.99	84,393.72
Risk weighted assets	656,581.68	578,278.25
CET 1 capital ratio	13.82%	13.68%
Tier 1 capital ratio	13.82%	13.68%
Total capital ratio	14.73%	14.59%

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%

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					
	2020			2019		
	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
Other Equity paid-in capital	–	(141)	141	–	–	–
Retained Earnings	59,608	(1,926)	61,534	48,566	(3,591)	52,157
Net unrealized gains or losses on FVOCI securities	274	(20)	294	236	(182)	418
Cumulative foreign currency translation and others	(869)	119	(988)	(133)	260	(393)
Non-controlling interest	109	85	24	108	96	12
Deductions	(12,354)	(12,354)	–	(11,492)	(11,492)	–
Tier 1 (CET1) capital/Total equity	90,750	(14,237)	104,987	81,267	(14,909)	96,176
Tier 2 capital	5,986	5,986	–	5,799	5,799	–
Total qualifying capital/Total equity	96,736	(8,251)	104,987	87,066	(9,110)	96,176

	Parent Company					
	2020			2019		
	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
Other Equity paid-in capital	–	(141)	141	–	–	–
Retained Earnings	56,991	(4,543)	61,534	45,914	(6,243)	52,157
Net unrealized gains or losses on FVOCI securities	274	(20)	294	236	(182)	418
Cumulative foreign currency translation and others	(869)	119	(988)	(133)	260	(393)
Deductions	(21,286)	(21,286)	–	(19,496)	(19,496)	–
Tier 1 (CET1) capital/Total equity	79,092	(25,871)	104,963	70,503	(25,660)	96,164
Tier 2 capital	5,302	5,302	–	5,118	5,118	–
Total qualifying capital/Total equity	84,394	(20,569)	104,963	75,621	(20,543)	96,164

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	
	2020	2019	2020	2019
Credit Risk	59,782.59	57,965.35	52,898.00	51,101.55
Market Risk	683.51	1,143.35	673.96	1,143.41
Operational Risk	5,192.07	4,562.29	4,255.87	3,638.47
Total Capital Requirements	65,658.17	63,671.00	57,827.83	55,883.43

Credit Risk

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

December 2020

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	15,793.10	15,793.10	13,613.29	13,613.29
Checks and Other Cash Items	136.64	136.64	110.97	110.97
Due from BSP	152,028.25	152,028.25	141,821.66	141,821.66
Due from Other Banks	18,555.03	18,555.03	17,197.75	17,197.75
Financial Assets at FVPL	9.38	–	9.38	–
Financial Assets at FVOCI	20,406.45	20,406.45	18,487.50	18,487.50
Investment Securities at Amortized Cost	204,624.35	203,686.51	199,293.08	198,355.24
Loans and Receivables	573,621.01	550,058.40	506,661.77	490,129.07
Loans and Receivables arising from Repurchase Agreements	12,023.84	12,023.84	9,336.79	9,336.79
Sales Contract Receivables	1,020.36	1,020.36	185.82	185.82
Real and Other Properties Acquired	2,700.31	2,700.31	262.20	262.20
Other Assets	17,678.49	17,678.49	12,050.10	12,050.10
Total On-Balance Sheet Assets	**1,018,597.22**	**994,087.39**	**919,030.32**	**901,550.41**

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**

DISCLOSURE ON CAPITAL STRUCTURE AND CAPITAL ADEQUACY

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	3,635.3	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**

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

Off-balance Sheet Assets	2020				2019				2018			
	Consolidated		Parent		Consolidated		Parent		Consolidated		Parent	
	Notional Principal	Credit Equivalent	Notional Principal	Credit Equivalent	Notional Principal	Credit Equivalent	Notional Principal	Notional Principal	Notional Principal	Notional Principal	Notional Principal	Notional Principal
Direct Credit Substitutes	–	–	–	–	–	–	–	–	–	–	–	–
Transaction-related contingencies	21,656.78	10,828.39	21,549.73	10,774.86	63,504.13	31,752.06	63,386.79	31,693.40	18,899.11	9,449.56	18,750.12	9,375.06
Trade-related contingencies arising from movement of goods	5,986.61	1,197.32	5,978.36	1,195.67	5,286.34	1,057.27	5,273.64	1,054.73	5,671.98	1,134.40	5,645.42	1,129.08
Other commitments (which can be unconditionally cancelled at any time by the bank without prior notice)	230,245.63	–	229,941.53	–	208,932.75	–	208,575.86	–	153,999.03	–	153,462.68	–
Total Notional Principal and Credit Equivalent Amount	257,889.02	12,025.71	257,469.62	11,970.53	277,723.22	32,809.33	277,236.30	32,748.12	178,570.12	10,583.95	177,858.23	10,504.15

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

December 2020

Standardized Approach	Consolidated		Parent	
	Notional Principal	Credit Equivalent	Notional Principal	Credit Equivalent
Interest Rate Contracts	2,204.53	31.91	2,204.53	31.91
Exchange Rate Contracts	29,752.85	405.23	29,752.85	405.23
Equity Contracts	–	–	–	–
Credit Derivatives	–	–	–	–
Total Notional Principal and Credit Equivalent Amount	31,957.38	437.14	31,957.38	437.14

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**

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

December 2020

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	20,298.52	2,792.44	20,298.52	2,792.44
Total Fair Value/Carrying Amount and Net Exposures after CRM	**20,298.52**	**2,792.44**	**20,298.52**	**2,792.44**

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**

DISCLOSURE ON CAPITAL STRUCTURE AND CAPITAL ADEQUACY

The following credit risk mitigants are used in the December 2020 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	2020							
	Consolidated				Parent Company			
	On-balance sheet	Off-balance sheet	Counterparty	Total	On-balance sheet	Off-balance sheet	Counterparty	Total
Below 100%	495,905.86	3,190.63	3,111.84	502,208.32	460,877.61	3,190.63	3,111.84	467,180.08
100% and Above	498,181.54	8,835.09	117.74	507,134.36	440,672.79	8,779.91	117.74	449,570.44
Total	994,087.39	12,025.71	3,229.58	1,009,342.68	901,550.41	11,970.54	3,229.58	916,750.52

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

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

Weight Band	2020							
	Consolidated				Parent Company			
	On-balance sheet	Off-balance sheet	Counterparty	Total	On-balance sheet	Off-balance sheet	Counterparty	Total
Below 100%	83,061.73	638.13	1,555.84	85,255.70	75,422.72	638.13	1,555.84	77,616.69
100% and Above	504,352.63	8,835.09	117.74	513,305.45	443,608.38	8,779.91	117.74	452,506.03
Covered by CRM	49.86	–	–	49.86	49.86	–	–	49.86
Excess GLLP				785.08				1,192.55
Total	587,464.22	9,473.21	1,673.58	597,825.93	519,080.97	9,418.04	1,673.58	528,980.04

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

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 2020 is ₱6,835.08 million on a consolidated basis and ₱6,739.55 million for the parent company. This is composed of Interest Rate exposures amounting to ₱6,203.04 million and Foreign Exposures amounting to ₱632.04 million on a consolidated basis, and Interest Rate exposures amounting to ₱6,203.04 million and Foreign Exposures amounting to ₱536.51 million for the parent company.

Interest Rate Exposures (in PhP Mn)	Consolidated	Parent Company	Consolidated	Parent Company
	2020		2019	
Specific Risk General Market Risk	89.24	89.24	300.11	300.11
PHP	162.56	162.56	242.90	242.90
FCY	244.44	244.44	285.02	285.02
Total Capital Charge	496.24	496.24	828.03	828.03
Adjusted Capital Charge	620.30	620.30	1,035.04	1,035.04
Subtotal Market Risk-Weighted Assets	6,203.04	6,203.04	10,350.40	10,350.40

Equity Exposures	Consolidated	Parent Company	Consolidated	Parent Company
	2020		2019	
Total Capital Charge	–	–	–	–
Adjusted Capital Charge	–	–	–	–
Subtotal Market Risk-Weighted Assets	–	–	–	–
Total Market Risk-Weighted Assets	–	–	–	–

Foreign Exchange Exposures	Consolidated	Parent Company	Consolidated	Parent Company
	2020		2019	
Total Capital Charge	50.56	42.92	86.65	86.70
Adjusted Capital Charge	63.20	53.65	108.31	108.37
Subtotal Market Risk-Weighted Assets	632.04	536.51	1,083.11	1,083.74
Total Market Risk-Weighted Assets	6,835.08	6,739.55	11,433.51	11,434.14

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 2020, the equivalent capital allocated for Operational Risk amounted to PHP 4.26 billion which is more than adequate to cover the computed overall operational risk exposure. Moreover, the Bank through its Legal & Collection Group 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 2020 is PHP 42.56 billion while on a consolidated basis, the Bank's operational risk- weighted assets is PHP 51.92 billion. On a parent basis, the Bank's operational risk-weighted asset as of December 2019 is PHP 36.38 billion while on a consolidated basis, the Bank's operational risk-weighted assets is PHP 45.62 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 movements in interest rates. To measure the impact to the Bank's net interest income, a sensitivity analysis thru the Earnings-at-Risk (EaR) method is performed. 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. Aside from measuring exposure to movements in interest rates, the Bank also performs stress testing for adverse changes in interest rates during stress events. 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	
	2020	2019	2020	2019
Upward	1,433	979	1,430	1,003
Downward	1,398	973	1,396	996

REPORT OF THE AUDIT COMMITTEE

The Audit Committee (Committee), a Board-level Committee, remained steadfast amid the pandemic in providing a structured, systematic oversight of the Bank's governance, risk management, and internal control processes for the year 2020. It counseled the Board and Management on the sufficiency of the Bank's initiatives, particularly in the areas of values and ethics, governance structure, risk management, and internal control framework. It exercised its oversight of external auditors and other assurance providers and provided advice on the integrity of the Bank's financial statements and accounting practices.

Lead Independent Director Alberto S. Yao serves as the Committee's Chairman, while Independent Director Margarita L. San Juan and Non-Executive Director Joaquin T. Dee are its members. All of them have the relevant background, knowledge, experience and expertise in the areas of accounting, auditing and financial management commensurate with the Bank's size, complexity of operations and risk profile.

For the year ended 31 December 2020, the Committee held eight regular and three special meetings.

OVERSIGHT OF FINANCIAL REPORTING FRAMEWORK

As part of its primary functions and responsibilities, the Committee looked into the Bank's financial reporting processes, practices and controls to ensure that the reporting framework would generate accurate and comprehensive reports and information. The Committee reviewed and fully deliberated on the audited financial statements, taking into account changes in accounting policies and practices, standards and interpretations, before submission to the Board. Major judgmental areas, including reasonableness of estimates and assumptions used in the preparation of financial statements, and the impact of the new issuances such as the Financial Institutions Strategic Transfer (FIST) Act, as well as of pending legislations such as the Corporate Income Tax Incentives Rationalization Act (CITIRA) and Corporate Recovery and Tax Incentives for Enterprises (CREATE), were also discussed.

EVALUATION OF ADEQUACY AND EFFECTIVENESS OF INTERNAL CONTROL

To ensure the effectiveness of the Bank's internal controls, including financial, operational and compliance controls, the Committee conducted periodic monitoring of the Bank's units to determine and address possible weaknesses and limitations. It spearheaded efforts to ensure that appropriate control measures are set in place, particularly on reporting, monitoring compliance with laws, regulations and internal policies, operational effectivity and efficiency and safeguarding of assets, with due consideration to the Bank's risk profile and strategic direction.

Moreover, the Committee looked into the effectiveness of information technology and controls of various branches, units, applications and services. It reviewed and discussed with Management how issues uncovered during internal audit are timely addressed and prevented from recurring in the future.

OVERSIGHT OF EXTERNAL AUDIT FUNCTION AND OTHER ASSURANCE PROVIDERS

The Committee once again recommended to the Board the engagement of SyCip Gorres Velayo & Co. (SGV) as the Bank's external auditor after considering its performance, competence, and independence. The Committee met and discussed with SGV the results of audit and confirmation procedures as well as ensured that the annual audit cover areas prescribed by the Bangko Sentral ng Pilipinas (BSP) and other regulatory agencies. It discussed with the external auditors key audit matters and audit strategy to address key risks, as well as other Audit considerations including those related to addressing cybersecurity threats, resiliency of the system, enterprise risk management, and COVID-19 impact assessment and response actions of the Bank. The Committee also approved SGV's engagement fees in connection with the audit of the Bank's financial statements, independent validation of votes for the stockholders' meeting, and other non-audit work.

OVERSIGHT OF INTERNAL AUDIT FUNCTION

Endeavoring to uphold its duty and responsibility to assess the adequacy and effectiveness of the Bank's internal audit (IA) function, the Committee reviewed and approved the risk-based IA plan, scope, frequency of work and budget, including the resources necessary to achieve the plan. It evaluated the results of activities versus plans of Audit Division's Quality Assurance Department, Branch Audit Department, Head Office and Subsidiaries Audit Department, and IT Audit Department, including updates, deferments and changes in their respective audit engagements and audit plans. Further, the Committee evaluated the performance of the Chief Audit Executive (CAE), ensured that his performance of IA functions is free from interference by outside parties, and monitored the conformance of the IA function with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing and the Code of Ethics.

In order to align with the Bank's proposed amendments of By-Laws and the requirements under the Revised Corporation Code and the BSP's Manual of Regulations for Banks, the Charter of the Committee was revised twice during the year to include provisions such as those covering the participation of the Committee members through remote communication and modern technologies.

Lastly, it also made sure that arrangements are in place to independently investigate and effectively implement the whistleblowing policy of the Bank.

Overall, the Committee views that the Bank's internal control and financial reporting framework 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, 17 March 2021

ALBERTO S. YAO
Chairman

MARGARITA L. SAN JUAN
Member

JOAQUIN T. DEE
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, 2020 and 2019, 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

Republic of the Philippines }
City of Makati } S.S.

11 MAR 2021

Signed this 24th day of February, 2021, affiants exhibiting to me their Social Security System Nos. as follows:

Name	SSS Nos.
Hans T. Sy	03-4301174-3
William C. Whang	03-5882607-5
Patrick D. Cheng	03-8328014-9

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Page No.: 82
Book No.: 50
Series of: 2021

ALVIN A. QUINTANILLA
Notary Public for Makati City
Appt. No. M-28[illegible] until December 31, 2021
[illegible] Building,
[illegible] Makati City
PTR [illegible]-21, Makati City
IBP No. 137033; 12-29-20; Cavite
Roll of Attorney's No. 40925

INDEPENDENT AUDITORS' REPORT

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

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, 2020 and 2019, 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, 2020, 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, 2020 and 2019, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2020 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>

Adequacy of allowance for credit losses

The Group's and the Parent Company's application of the expected credit loss (ECL) model in calculating the allowance for credit losses on loans and receivables 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, taking into account extension of payment terms and payment holidays provided as a result of the coronavirus pandemic; determining assumptions to be used in the ECL model such as the counterparty credit risk rating, the expected life of the financial asset, expected recoveries from defaulted accounts, and impact of any financial support and credit enhancements extended by any party; and incorporating forward-looking information, including the impact of the coronavirus pandemic, in calculating ECL.

Allowance for credit losses for loans and receivables as of December 31, 2020 for the Group and the Parent Company amounted to ₱14.74 billion and ₱12.53 billion, respectively. Provision for credit losses of the Group and the Parent Company in 2020 amounted to ₱8.87 billion and ₱7.98 billion, respectively.

Refer to Notes 3 and 16 of the financial statements for the disclosure on 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, Financial Instruments 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) tested the definition of default and significant increase in credit risk criteria against historical analysis of accounts, credit risk management policies and practices in place, and management's assessment of the impact of the coronavirus pandemic on the counterparties; (c) tested the Group's and the Parent Company's application of internal credit risk rating system, including the impact of the coronavirus pandemic on the borrowers, 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 Group's and the Parent Company's records and considering management's assumptions regarding future collections, advances, extensions, renewals and modifications; (e) tested loss given default by inspecting historical recoveries and related costs, write-offs and collateral valuations, and the effects of any financial support and credit enhancements provided by any party; (f) tested exposure at default considering outstanding commitments and repayment scheme; (g) checked the forward-looking information used for overlay through corroboration of publicly available information and our understanding of the Group's and the Parent Company's lending portfolios and broader industry knowledge, including the impact of the coronavirus pandemic; and (h) tested the effective interest rate used in discounting the expected loss.

Further, we checked the data used in the ECL models by reconciling data from source system reports to the data warehouse and from the data warehouse to the loss allowance analysis/models and financial reporting systems. To the extent that the loss allowance analysis is based on credit exposures that have been disaggregated into subsets of debt financial assets with similar risk characteristics, we traced or re-performed the disaggregation from source systems to the loss allowance analysis. We also assessed the assumptions used where there are missing or insufficient data.

We involved our internal specialist in the performance of the above procedures. We recalculated impairment provisions on a sample basis.

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

In 2020, the Parent Company disposed investment securities managed under the hold-to-collect (HTC) business model with aggregate carrying amount of ₱30.14 billion. The disposals resulted in a gain of ₱2.19 billion. 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 (12.97% and 13.28% of the total investment securities at amortized cost of the Group and the Parent Company, respectively). Moreover, it involves the exercise of significant judgment by management in assessing whether 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 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 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*, PFRS 9 and Philippine Accounting Standard (PAS 1), *Presentation of Financial Statements*.

Impairment testing of goodwill and branch licenses with indenfinite useful life

Under PFRS, the Group and the Parent Company are required to perform annual impairment test of goodwill and branch licenses with indefinite useful life. As of December 31, 2020, 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). In addition, the respective branches are identified as the cash-generating unit (CGU) for purposes of impairment testing of branch licenses. The Group and the Parent Company performed the impairment testing using the CGUs' value-in-use.

Management's assessment process requires significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty due to the current economic conditions which have been impacted by the coronavirus pandemic, specifically loan and deposit growth rates, discount rate and the long-term growth rate. Hence, the annual impairment test is significant to our audit.

The Group's disclosures about goodwill and branch licenses 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 branches, RBB and CBSI, industry/market outlook and other relevant external data, taking into consideration the impact associated with the coronavirus pandemic. 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 and branch licenses.

INDEPENDENT AUDITORS' REPORT

Applicable to the audit of the Consolidated Financial Statements

Recoverability of deferred tax assets

As of December 31, 2020, the deferred tax assets of the Group amounted to ₱5.17 billion. The recognition of deferred tax assets is significant to our audit because it requires significant judgment and is based on assumptions such as availability of future taxable income and the timing of the reversal of the temporary differences that are affected by expected future market or economic conditions and the expected performance of the Group. The estimation uncertainty on the Group's expected performance has increased as a result of the uncertainties brought about by the coronavirus pandemic.

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

Audit Response

We involved our internal specialist in interpreting the tax regulations, testing the temporary differences identified by the Group and the applicable tax rate. We also re-performed the calculation of the deferred tax assets. 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 to the historical performance of the Group and the industry, including future market circumstances and taking into consideration the impact associated with the coronavirus pandemic. 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, 2020, 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, 2020 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 38 and Revenue Regulations 152010 in Note 39 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 Josephine Adrienne A. Abarca.

SYCIP GORRES VELAYO & CO.

Josephine Adrienne A. Abarca
Partner
CPA Certificate No. 92126
SEC Accreditation No. 0466-AR-4 (Group A),
November 13, 2018, valid until November 12, 2021
Tax Identification No. 163-257-145
BIR Accreditation No. 08-001998-061-2020,
December 3, 2020, valid until December 2, 2023
PTR No. 8534208, January 4, 2021, Makati City

February 24, 2021

MANAGEMENT'S DISCUSSION ON RESULT OF OPERATIONS AND FINANCIAL CONDITION

RESULT OF OPERATIONS

China Bank concluded a challenging year with a ₱12.1 billion net income, 19.8% higher compared to 2019. The bigger profits translated to better return on equity of 12.09% and return on assets of 1.21%.

Net interest income jumped 29.9% to ₱33.8 billion on the back of the 38.5% drop in interest expense. This led to a higher net interest margin of 3.92% from 3.39% last year.

Non-interest income surged 18.7% to ₱10.0 billion, mainly attributable to the 3.7x increase in trading and securities gain to ₱3.2 billion and the 58.3% uptick in gain on disposal of investment securities at amortized cost to ₱2.2 billion. Service charges, fees, and commissions decreased 18.1% to ₱2.7 billion from lower transaction volume and waiver of some fees during the community quarantine. The decline in sales of foreclosed assets resulted in 78.3% drop in gain on sale of investment properties to ₱187.2 million and 147.9% decrease in gain on asset foreclosure and *dacion* transactions to (₱22.8) million. Trust fee income managed to increase by ₱52.8 million or 14.8% with the steady growth in trust assets under management. Miscellaneous income totaled ₱952.2 million, down 20.2% from ₱1.2 billion due to lower bancassurance fees and other transaction-related revenues.

Sustained efforts in cost management kept the growth of operating expenses controlled at 5.9% to ₱21.5 billion. Nevertheless, the significant year-on-year increase in operating income improved cost-to-income ratio to 49% from last year's 59%. The material components of operating expenses include compensation & fringe benefits which accounted for 35% of total expenses, taxes & licenses at 19%, miscellaneous expenses at 12%, and depreciation & amortization at 9%.

Meanwhile, the Bank recognized provisions for impairment and credit losses amounting to ₱8.9 billion which was 3.5x larger from the ₱2.6 billion posted last year due to the impact of COVID-19 pandemic and community quarantine measures on loan portfolio.

In its centennial year, China Bank paid cash dividends of ₱1.00 per share or a total of ₱2.7 billion, which represented a total payout of 27% of prior year's net income.

FINANCIAL CONDITION

The Bank breached the ₱1.0 trillion mark in total assets. This was 7.7% higher compared to the ₱962.2 billion last year.

Investment securities amounted to ₱235.9 billion, up 10.8%. Investment securities at amortized cost increased by 20.2% to ₱202.2 billion with the growth in fixed income assets. Meanwhile, financial assets at fair value through profit or loss (FVPL) and financial assets at fair value through other comprehensive income (FVOCI) posted decreases by ₱5.1 billion or 27.5% and ₱5.9 billion or 22.5%, respectively resulting from the Bank's securities disposal during the year. The Bank's securities portfolio accounted for 23% of consolidated resources. The Bank's liquidity ratio stood at 43%, higher than last year's 37%.

Gross loans ended flat at ₱572.3 billion while net loans stood at ₱557.2 billion, down 2.1%, as business customers reduced loan drawdown. Consumer loans, which accounted for 20% of the Bank's portfolio, grew 6.6% to ₱114.0 billion. With the expected impact of the pandemic and lockdown measures on asset quality, gross non-performing loans (NPL) ratio settled at 2.3% from 1.5% in December 2019 while consolidated NPL cover remained sufficient at 128%, with the Parent Bank's at 183% as of year-end 2020.

On the liabilities side, the Bank recorded a 7.7% growth in deposits to ₱835.2 billion, of which demand and savings deposits totaled ₱468.9 billion, up 13.9%. The successful fund raising via the issuance of ₱15 billion fixed-rate bonds in October 2020 also helped improve funding flexibility and increased bonds payable to ₱52.1 billion

Total capital reached ₱105.0 billion, 9.2% higher than last year's ₱96.2 billion. The Bank's Common Equity Tier 1 (CET 1) ratio and total Capital Adequacy Ratio (CAR) were computed at 13.82% and 14.73%, respectively.

BALANCE SHEETS

(Amounts in Thousands)

	Consolidated		Parent Company	
	December 31			
	2020	2019	2020	2019
ASSETS				
Cash and Other Cash Items	₱15,984,210	₱16,839,755	₱13,724,265	₱14,856,844
Due from Bangko Sentral ng Pilipinas (Notes 7 and 17)	152,156,449	100,174,398	141,811,190	88,109,650
Due from Other Banks (Note 7)	18,228,721	9,900,642	17,197,750	8,645,547
Interbank Loans Receivable and Securities Purchased under Resale Agreements (Note 8)	18,290,851	17,036,460	15,604,167	10,027,609
Financial Assets at Fair Value through Profit or Loss (Note 9)	13,406,863	18,500,111	11,641,778	18,444,101
Financial Assets at Fair Value through Other Comprehensive Income (Note 9)	20,244,403	26,133,360	18,345,520	24,170,629
Investment Securities at Amortized Cost (Note 9)	202,240,631	168,202,728	196,794,826	164,231,583
Loans and Receivables (Notes 10 and 30)	557,214,484	568,919,164	491,994,476	502,930,197
Accrued Interest Receivable (Notes 4 and 16)	8,529,872	7,158,494	6,833,616	6,526,475
Investment in Subsidiaries (Note 11)	–	–	15,754,791	15,129,118
Investment in Associates (Note 11)	912,647	704,169	912,647	704,169
Bank Premises, Furniture, Fixtures and Equipment and Right-of-use Assets (Note 12)	8,422,717	9,155,234	6,876,959	7,468,646
Investment Properties (Note 13)	3,984,939	4,337,184	1,478,933	1,496,987
Deferred Tax Assets (Note 28)	5,172,435	3,370,949	3,732,048	2,287,956
Intangible Assets (Note 14 and 16)	3,881,669	4,066,078	833,936	945,916
Goodwill (Note 14)	839,748	839,748	222,841	222,841
Other Assets (Note 15)	6,501,010	6,887,507	3,367,991	3,982,129
	₱1,036,011,649	₱962,225,981	₱947,127,734	₱870,180,397
LIABILITIES AND EQUITY				
Liabilities				
Deposit Liabilities (Notes 17 and 30)				
Demand	₱212,466,949	₱186,955,056	₱194,231,249	₱170,279,879
Savings	256,406,867	224,872,421	238,601,774	210,191,063
Time	366,357,014	363,600,383	318,139,885	307,293,511
	835,230,830	775,427,860	750,972,908	687,764,453
Bonds Payable (Note 18)	52,065,678	37,394,398	52,065,678	37,394,398
Bills Payable (Note 19)	23,655,851	33,381,406	23,655,851	33,381,406
Manager’s Checks	1,568,232	1,998,678	1,066,098	1,535,936
Income Tax Payable	846,090	540,662	825,270	479,923
Accrued Interest and Other Expenses (Note 20)	3,905,945	4,121,302	3,579,619	3,650,339
Derivative Liabilities (Note 26)	1,216,771	1,036,052	1,216,771	1,036,052
Derivative Contract Designated as Hedge (Note 26)	521,209	51,949	521,209	51,949
Deferred Tax Liabilities (Note 28)	1,116,362	1,083,378	–	–
Other Liabilities (Note 21)	10,899,319	11,014,701	8,262,468	8,722,696
	931,026,287	866,050,386	842,165,872	774,017,152
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)	17,122,626	17,122,626	17,122,626	17,122,626
Other equity – stock grants (Note 24)	140,924	–	140,924	–
Surplus reserves (Notes 24 and 29)	2,874,004	3,598,275	2,874,004	3,598,275
Surplus (Notes 24 and 29)	58,659,768	48,558,760	58,659,768	48,558,760
Net unrealized gain on financial assets at fair value through other comprehensive income (Note 9)	294,115	417,576	294,115	417,576
Remeasurement loss on defined benefit asset (Note 25)	(426,996)	(368,531)	(426,996)	(368,531)
Cumulative translation adjustment	5,535	6,835	5,535	6,835
Remeasurement gain (loss) on life insurance reserves	(45,903)	20,655	(45,903)	20,655
Cash flow hedge reserve	(521,209)	(51,949)	(521,209)	(51,949)
	104,961,862	96,163,245	104,961,862	96,163,245
Non-controlling Interest (Note 11)	23,500	12,350	–	–
	104,985,362	96,175,595	104,961,862	96,163,245
	₱1,036,011,649	₱962,225,981	₱947,127,734	₱870,180,397

See accompanying Notes to Financial Statements.

STATEMENTS OF INCOME

(Amounts in Thousands)

	Consolidated			Parent Company		
	Years Ended December 31					
	2020	2019	2018	2020	2019	2018
INTEREST INCOME						
Loans and receivables (Notes 10 and 30)	**₱35,135,866**	₱36,051,051	₱28,195,915	**₱30,372,019**	₱30,824,138	₱23,488,872
Investment securities at amortized cost and at fair value through other comprehensive income (Note 9)	**10,023,174**	9,828,076	5,875,928	**9,734,684**	9,362,427	5,559,557
Due from Bangko Sentral ng Pilipinas and other banks and securities purchased under resale agreements (Notes 7 and 8)	**1,270,850**	1,113,206	727,337	**889,552**	702,422	516,944
Financial assets at fair value through profit or loss	**707,741**	692,482	413,323	**707,741**	692,482	413,323
	47,137,631	47,684,815	35,212,503	**41,703,996**	41,581,469	29,978,696
INTEREST EXPENSE						
Deposit liabilities (Notes 17 and 30)	**9,637,175**	18,567,168	11,621,063	**8,193,587**	15,915,107	9,736,014
Bonds payable, bills payable and other borrowings (Notes 18 and 19)	**3,425,286**	2,802,104	665,254	**3,425,286**	2,800,843	665,254
Lease payable (Note 27)	**232,584**	264,246	–	**182,821**	207,744	–
	13,295,045	21,633,518	12,286,317	**11,801,694**	18,923,694	10,401,268
NET INTEREST INCOME	**33,842,586**	26,051,297	22,926,186	**29,902,302**	22,657,775	19,577,428
Trading and securities gain (loss) - net (Note 9)	**3,233,872**	884,482	(271,552)	**3,193,171**	837,875	(275,964)
Service charges, fees and commissions (Note 22)	**2,698,726**	3,296,673	2,777,283	**1,217,030**	1,624,703	1,529,727
Gain on disposal of investment securities at amortized cost (Note 9)	**2,187,006**	1,381,871	–	**2,187,006**	1,299,360	–
Trust fee income (Note 29)	**409,916**	357,080	305,753	**409,916**	357,080	305,338
Foreign exchange gain - net (Note 24)	**212,419**	221,104	215,963	**213,464**	243,764	187,064
Gain on sale of investment properties (Note 22)	**187,176**	864,383	1,015,622	**65,913**	721,893	925,831
Share in net income of an associate (Note 11)	**152,441**	184,661	101,009	**152,441**	184,661	101,009
Gain (loss) on asset foreclosure and dacion transactions (Note 12)	**(22,757)**	47,479	252,477	**42,885**	81,294	57,676
Share in net income of subsidiaries (Note 11)	**–**	–	–	**790,482**	770,628	695,356
Miscellaneous (Notes 22 and 28)	**952,250**	1,193,056	1,261,741	**847,735**	1,062,795	1,130,134
TOTAL OPERATING INCOME	**43,853,635**	34,482,086	28,584,482	**39,022,345**	29,841,828	24,233,599
Provision for (reversal from) impairment and credit losses (Note 16)	**8,868,919**	2,570,168	141,076	**7,983,206**	2,205,062	(1,957)
Compensation and fringe benefits (Notes 25 and 30)	**7,527,441**	6,622,664	6,139,001	**5,893,272**	5,029,191	4,610,265
Taxes and licenses	**4,041,457**	3,884,183	2,925,870	**3,498,440**	3,155,849	2,307,948
Insurance	**1,999,111**	1,875,977	1,669,618	**1,727,893**	1,624,065	1,447,890
Depreciation and amortization (Notes 12, 13 and 14)	**1,894,899**	1,942,660	1,297,685	**1,460,780**	1,463,092	947,908
Occupancy cost (Notes 27 and 30)	**1,758,872**	1,801,154	2,336,639	**1,339,284**	1,308,482	1,713,888
Professional fees, marketing and other related services	**538,928**	412,146	352,159	**475,554**	329,959	261,931
Transportation and traveling	**454,355**	566,572	484,514	**345,964**	432,157	370,980
Entertainment, amusement and recreation	**420,641**	477,761	380,166	**317,774**	342,034	262,489
Stationery, supplies and postage	**252,365**	258,425	284,436	**196,668**	194,990	220,651
Repairs and maintenance	**134,158**	159,816	131,158	**93,279**	120,245	102,834
Miscellaneous (Notes 22 and 28)	**2,499,935**	2,322,938	2,054,634	**2,140,996**	1,890,022	1,619,159
TOTAL OPERATING EXPENSES	**30,391,081**	22,894,464	18,196,956	**25,473,110**	18,095,148	13,863,986
INCOME BEFORE INCOME TAX	**13,462,554**	11,587,622	10,387,526	**13,549,235**	11,746,680	10,369,613
PROVISION FOR INCOME TAX (Note 28)	**1,391,104**	1,512,650	2,271,422	**1,486,598**	1,677,720	2,259,233
NET INCOME	**₱12,071,450**	₱10,074,972	₱8,116,104	**₱12,062,637**	₱10,068,960	₱8,110,380
Attributable to:						
Equity holders of the Parent Company (Note 31)	**₱12,062,637**	₱10,068,960	₱8,110,380			
Non-controlling interest	**8,813**	6,012	5,724			
	₱12,071,450	₱10,074,972	₱8,116,104			
Basic/Diluted Earnings Per Share (Note 33)	**₱4.49**	₱3.75	₱3.02			

See accompanying Notes to Financial Statements.

STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

	Consolidated			Parent Company		
	Years Ended December 31					
	2020	2019	2018	2020	2019	2018
NET INCOME	**₱12,071,450**	₱10,074,972	₱8,116,104	**₱12,062,637**	₱10,068,960	₱8,110,380
OTHER COMPREHENSIVE INCOME (LOSS)						
Items that recycle to profit or loss in subsequent periods:						
Changes in fair value of:						
Debt financial assets at fair value through other comprehensive income:						
Fair value gain (loss) for the year, net of tax	**2,929,713**	1,002,634	(414,273)	**2,864,317**	926,208	(369,977)
Loss (gain) taken to profit or loss (Note 22)	**(3,173,881)**	(269,478)	2,104	**(3,145,147)**	(240,310)	2,451
Share in changes in other comprehensive income (loss) of an associate (Note 11)	**119,180**	152,452	(126,713)	**119,180**	152,452	(126,713)
Share in changes in other comprehensive income (loss) of subsidiaries (Note 11)	**–**	–	–	**19,536**	207,510	(64,109)
Cumulative translation adjustment	**(5,165)**	98,830	(52,900)	**7,211**	81,520	(58,791)
Loss on cash flow hedges	**(469,260)**	(51,949)	–	**(469,260)**	(51,949)	–
Items that do not recycle to profit or loss in subsequent periods:						
Changes in fair value of equity financial assets at fair value through other comprehensive income:						
Fair value gain (loss) for the year, net of tax	**3,037**	160,375	(37,593)	**6,488**	14,643	(11,814)
Share in changes in other comprehensive income of subsidiaries (Note 11)	**–**	–	–	**53,626**	(56,353)	88,642
Share in changes in other comprehensive income of an associate (Note 11)	**(63,143)**	4,486	31,374	**(63,143)**	4,486	31,374
Remeasurement loss on defined benefit asset, net of tax (Note 25)	**(57,188)**	(489,722)	(165,213)	**(111,852)**	(432,210)	(255,359)
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR, NET OF TAX	**(716,707)**	607,628	(763,214)	**(719,044)**	605,997	(764,296)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**₱11,354,743**	₱10,682,600	₱7,352,890	**₱11,343,593**	₱10,674,957	₱7,346,084
Total comprehensive income attributable to:						
Equity holders of the Parent Company	**₱11,343,593**	₱10,674,957	₱7,346,084			
Non-controlling interest	**11,150**	7,643	6,806			
	₱11,354,743	₱10,682,600	₱7,352,890			

See accompanying Notes to Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands)

	Capital Stock (Note 24)	Capital Paid in Excess of Par Value (Note 24)	Other Equity - Stock Grants (Note 24)	Surplus Reserves (Notes 24 and 29)	Surplus (Notes 24 and 29)
Balance at January 1, 2020	**₱26,858,998**	**₱17,122,626**	**₱–**	**₱3,598,275**	**₱48,558,760**
Total comprehensive income (loss) for the year	–	–	–	–	**12,062,637**
Stock grants	–	–	**140,924**	–	–
Transfer from surplus to surplus reserves	–	–	–	**40,992**	**(40,992)**
Appropriation of retained earnings (Note 16)	–	–	–	**(765,263)**	**765,263**
Cash dividends - ₱1.00 per share	–	–	–	–	**(2,685,900)**
Balance at December 31, 2020	**₱26,858,998**	**₱17,122,626**	**₱140,924**	**₱2,874,004**	**₱58,659,768**
Balance at January 1, 2019	₱26,858,998	₱17,122,626	₱–	₱4,031,009	₱40,497,255
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	₱17,096,229	₱–	₱3,659,318	₱34,987,863
Total comprehensive income (loss) for the year	–	–	–	–	8,110,380
Transfer from surplus to surplus reserves	–	–	–	31,282	(31,282)
Appropriation of retained earnings (Note 16)	–	–	–	340,409	(340,409)
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	₱–	₱4,031,009	₱40,497,255

See accompanying Notes to Financial Statements.

Consolidated							
Equity Attributable to Equity Holders of the Parent Company							
Net Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income (Note 9)	Remeasurement Gain (Loss) on Defined Benefit Asset or Liability (Note 25)	Cumulative Translation Adjustment	Remeasurement Gain (Loss) on Life Insurance Reserves	Cash Flow Hedge Reserve	Total Equity	Non- Controlling Interest (Note 11)	Total Equity
₱417,576	**(₱368,531)**	**₱6,835**	**₱20,655**	**(₱51,949)**	**₱96,163,245**	**₱12,350**	**₱96,175,595**
(123,461)	**(58,465)**	**(1,300)**	**(66,558)**	**(469,260)**	**11,343,593**	**11,150**	**11,354,743**
–	–	–	–	–	**140,924**	–	**140,924**
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	**(2,685,900)**	–	**(2,685,900)**
₱294,115	**(₱426,996)**	**₱5,535**	**(₱45,903)**	**(₱521,209)**	**₱104,961,862**	**₱23,500**	**₱104,985,362**
(₱702,509)	₱117,047	(₱91,700)	₱19,154	₱–	₱87,851,880	₱4,707	₱87,856,587
1,043,488	(485,578)	98,535	1,501	(51,949)	10,674,957	7,643	10,682,600
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
76,597	–	–	–	–	–	–	–
–	–	–	–	–	(2,363,592)	–	(2,363,592)
₱417,576	(₱368,531)	₱6,835	₱20,655	(₱51,949)	₱96,163,245	₱12,350	₱96,175,595
₱417,576	₱283,763	(₱38,699)	(₱12,220)	₱–	₱82,697,415	(₱2,099)	₱82,695,316
(575,953)	(166,716)	(53,001)	31,374	–	7,346,084	6,806	7,352,890
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	37,678	–	37,678
–	–	–	–	–	(2,229,297)	–	(2,229,297)
(₱702,509)	₱117,047	(₱91,700)	₱19,154	₱–	₱87,851,880	₱4,707	₱87,856,587

STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands)

	Capital Stock (Note 24)	Capital Paid in Excess of Par Value (Note 24)	Other Equity - Stock Grants (Note 24)	Surplus Reserves (Notes 24 and 29)
Balance at January 1, 2020	**₱26,858,998**	**₱17,122,626**	**₱–**	**₱3,598,275**
Total comprehensive income (loss) for the year	–	–	–	–
Stock grants	–	–	140,924	–
Transfer from surplus to surplus reserves	–	–	–	40,992
Appropriation of retained earnings (Note 16)	–	–	–	(765,263)
Cash dividends - ₱1.00 per share	–	–	–	–
Balance at December 31, 2020	**₱26,858,998**	**₱17,122,626**	**₱140,924**	**₱2,874,004**
Balance at January 1, 2019	₱26,858,998	₱17,122,626	₱–	₱4,031,009
Total comprehensive income (loss) for the year	–	–	–	–
Transfer from surplus to surplus reserves	–	–	–	35,708
Appropriation of retained earnings (Note 16)	–	–	–	(468,442)
Realized loss on sale of equity securities at FVOCI	–	–	–	–
Cash dividends - ₱0.88 per share	–	–	–	–
Balance at December 31, 2019	₱26,858,998	₱17,122,626	₱–	₱3,598,275
Balance at January 1, 2018	₱26,847,717	₱17,096,229	₱–	₱3,659,318
Total comprehensive income (loss) for the year	–	–	–	–
Transfer from surplus to surplus reserves	–	–	–	31,282
Appropriation of retained earnings (Note 16)	–	–	–	340,409
Issuance of common shares (₱31.00 per share)	11,281	26,397	–	–
Cash dividends - ₱0.83 per share	–	–	–	–
Balance at December 31, 2018	₱26,858,998	₱17,122,626	₱–	₱4,031,009

See accompanying Notes to Financial Statements.

	Parent Company					
Surplus (Notes 24 and 29)	Net Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income (Note 9)	Remeasurement Gain (Loss) on Defined Benefit Asset or Liability (Note 25)	Cumulative Translation Adjustment	Remeasurement Gain (Loss) on Life Insurance Reserves	Cash Flow Hedge Reserve	Total Equity
₱48,558,760	**₱417,576**	**(₱368,531)**	**₱6,835**	**₱20,655**	**(₱51,949)**	**₱96,163,245**
12,062,637	**(123,461)**	**(58,465)**	**(1,300)**	**(66,558)**	**(469,260)**	**11,343,593**
–	–	–	–	–	–	**140,924**
(40,992)	–	–	–	–	–	–
765,263	–	–	–	–	–	–
(2,685,900)	–	–	–	–	–	**(2,685,900)**
₱58,659,768	**₱294,115**	**(₱469,476)**	**₱5,535**	**(₱45,903)**	**(₱521,209)**	**₱104,961,862**
₱40,497,255	(₱702,509)	₱117,047	(₱91,700)	₱19,154	₱–	₱87,851,880
10,068,960	1,043,488	(485,578)	98,535	1,501	(51,949)	10,674,957
(35,708)	–	–	–	–	–	–
468,442	–	–	–	–	–	–
(76,597)	76,597	–	–	–	–	–
(2,363,592)	–	–	–	–	–	(2,363,592)
₱48,558,760	₱417,576	(₱368,531)	₱6,835	₱20,655	(₱51,949)	₱96,163,245
₱34,987,863	₱417,576	₱283,763	(₱38,699)	(₱12,220)	₱–	₱82,697,415
8,110,380	(575,953)	(166,716)	(53,001)	31,374	–	7,346,084
(31,282)	–	–	–	–	–	–
(340,409)	–	–	–	–	–	–
–	–	–	–	–	–	37,678
(2,229,297)	–	–	–	–	–	(2,229,297)
₱40,497,255	(₱702,509)	₱117,047	(₱91,700)	₱19,154	₱–	₱87,851,880

STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Consolidated			Parent Company		
	Years Ended December 31					
	2020	2019	2018	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES						
Income before income tax	₱13,462,554	₱11,587,622	₱10,387,526	₱13,549,235	₱11,746,680	₱10,369,613
Adjustments for:						
Depreciation and amortization (Notes 12, 13 and 14)	1,894,899	1,942,660	1,297,685	1,460,780	1,463,092	947,908
Provision for impairment and credit losses (Note 16)	8,868,919	2,570,168	141,076	7,983,206	2,205,062	(1,957)
Amortization of transaction costs on bonds payable	196,197	200,852	–	196,197	200,852	–
Securities gain on financial assets at fair value through other comprehensive income and investment securities at amortized cost (Note 22)	(5,360,887)	(1,651,349)	(9,624)	(5,332,153)	(1,539,670)	(9,277)
Gain on sale of investment properties	(187,176)	(864,383)	(1,015,622)	(65,913)	(721,893)	(925,831)
Gain on asset foreclosure and dacion transactions (Note 13)	22,757	(47,479)	(252,477)	(42,885)	(81,294)	(57,676)
Share in net losses (income) of an associate (Notes 2 and 11)	(152,441)	(184,661)	(101,009)	(152,441)	(184,661)	(101,009)
Share in net (income) of subsidiaries (Notes 2 and 11)	–	–	–	(790,482)	(770,628)	(695,356)
Changes in operating assets and liabilities:						
Decrease (increase) in the amounts of:						
Financial assets at fair value through profit or loss	5,743,227	(10,322,948)	8,830,244	6,802,323	(14,085,388)	9,554,643
Loans and receivables	3,896,534	(64,140,453)	(60,828,559)	3,806,847	(64,112,157)	(57,994,624)
Other assets	(1,406,357)	(3,844,834)	(1,263,617)	(980,210)	(2,708,132)	(2,544,975)
Increase (decrease) in the amounts of:						
Deposit liabilities	59,802,970	53,304,563	87,029,904	63,208,455	49,521,091	79,007,383
Manager's checks	(430,446)	(578,497)	136,133	(469,838)	(533,876)	360,564
Accrued interest and other expenses	(215,357)	278,777	1,214,906	(70,720)	308,187	1,058,204
Other liabilities	(768,682)	433,649	1,960,943	723,165	3,262,497	2,393,869
Net cash generated from (used in) operations	85,366,711	(11,316,313)	47,527,509	89,825,566	(16,030,238)	41,361,479
Income taxes paid	(2,879,380)	(2,143,644)	(1,732,819)	(2,537,406)	(1,840,519)	(1,511,638)
Net cash provided by (used in) operating activities	82,487,331	(13,459,957)	45,794,690	87,288,160	(17,870,757)	39,849,841
CASH FLOWS FROM INVESTING ACTIVITIES						
Acquisitions of/Additions to:						
Bank premises, furniture, fixtures and equipment (Note 12)	(541,277)	(873,688)	(1,058,002)	(408,228)	(709,808)	(825,096)
Equity investments (Note 11)	–	(40,000)	–	–	(40,363)	(500,000)
Investment securities at amortized cost	(69,431,704)	(24,382,774)	(172,348,552)	(67,524,359)	(23,616,210)	(167,337,112)
Financial assets at fair value through other comprehensive income	(61,994,676)	(27,081,539)	(44,399,340)	(60,758,310)	(27,081,539)	(44,477,104)
Proceeds from sale of:						
Investment securities at amortized cost	32,330,154	18,616,553	–	32,330,154	13,324,227	–
Financial assets at fair value through other comprehensive income	70,814,873	10,972,736	80,729,853	69,454,223	12,141,368	80,494,863
Investment properties	676,179	2,074,400	1,810,112	105,364	802,118	1,458,379
Bank premises, furniture, fixtures and equipment	730,795	62,943	258,136	139,943	26,990	51,642
Proceeds from maturity of:						
Investment securities at amortized cost	3,948,763	11,482,400	65,109,637	3,948,763	11,184,226	65,060,529
Cash dividends from a subsidiary (Note 11)	–	–	50,000	200,000	50,000	50,000
Net cash used in investing activities	(23,466,893)	(9,168,969)	(69,848,156)	(22,512,450)	(13,918,991)	(66,023,900)

(Forward)

	Consolidated			Parent Company		
	Years Ended December 31					
	2020	2019	2018	2020	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from bills payable	**₱116,188,100**	₱180,468,980	₱184,568,424	**₱116,188,100**	₱180,468,980	₱184,568,424
Settlement of bills payable	**(125,913,656)**	(186,914,106)	(164,859,923)	**(125,913,656)**	(186,914,106)	(164,859,923)
Proceeds from issuance of bonds payable	**14,866,882**	37,193,546	–	**14,866,882**	37,193,546	–
Payments of cash dividends (Note 24)	**(2,685,900)**	(2,363,592)	(2,229,297)	**(2,685,900)**	(2,363,592)	(2,229,297)
Proceeds from issuance of common shares (Note 24)	**–**	–	37,678	**–**	–	37,678
Transaction cost on the issuance of common shares (Note 24)	**–**	–	–	**–**	–	–
Payments of principal portion lease liabilities	**(766,888)**	(787,381)	–	**(533,414)**	(589,613)	–
Net cash provided by financing activities	**1,688,538**	27,597,447	17,516,882	**1,922,012**	27,795,215	17,516,882
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**60,708,976**	4,968,521	(6,536,584)	**66,697,722**	(3,994,533)	(8,657,174)
CASH AND CASH EQUIVALENTS AT BEGINNING 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
Interbank Loans Receivable and SPURA (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
CASH AND CASH EQUIVALENTS AT END OF YEAR						
Cash and other cash items	**15,984,210**	16,839,755	15,639,474	**13,724,265**	14,856,844	13,705,304
Due from Bangko Sentral ng Pilipinas (Note 7)	**152,156,449**	100,174,398	101,889,773	**141,811,190**	88,109,650	95,092,944
Due from other banks (Note 7)	**18,228,721**	9,900,642	9,455,447	**17,197,750**	8,645,547	7,837,894
Securities purchased under resale agreements (Note 8)	**18,290,851**	17,036,460	11,998,040	**15,604,167**	10,027,609	8,998,040
	₱204,660,231	₱143,951,255	₱138,982,734	**₱188,337,372**	₱121,639,650	₱125,634,182

OPERATING CASH FLOWS FROM INTEREST

	Consolidated			Parent Company		
	As of December 31					
	2020	2019	2018	2020	2019	2018
Interest paid	**₱14,297,974**	₱20,557,295	₱11,361,726	**₱12,679,471**	₱17,928,838	₱9,595,463
Interest received	**45,766,253**	46,223,502	33,233,827	**41,396,855**	40,181,121	28,041,653

See accompanying Notes to Financial Statements.

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1920 - 2020

2020 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 476 and 473 local branches as of December 31, 2020 and 2019, 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. By virtue of Section 11 of Republic Act No. 11232 also known as the "Revised Corporation Code of the Philippines," which took effect on February 23, 2019, the Parent Company now has a perpetual existence.

The Parent Company has the following subsidiaries:

Subsidiary	Effective Percentages of Ownership 2020	2019	Country of Incorporation and Place of Business	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% as of December 31, 2020 and 2019.

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

<u>Basis of Preparation</u>
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.

<u>Statement of Compliance</u>
The financial statements of the Group and the Parent Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

<u>Presentation of Financial Statements</u>
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 amendments to PFRS and Philippine Accounting Standards (PAS) which became effective as of January 1, 2020. 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 to PFRS 3, *Business Combinations, Definition of a Business*

  The amendments to PFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments may impact future periods should the Group enter into any business combinations.

- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments*, *Interest Rate Benchmark Reform*

  The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

  The Group has floating rate bonds payable linked to United States (US) London Interbank Offered Rate (LIBOR) which the Group designated as cash flow hedge using an interest rate swap. The amendments permit continuation of hedge accounting even though there is uncertainty about the timing and amount of the hedged cash flows due to the interest rate benchmark reform.

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

  The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

  The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

- Conceptual Framework for Financial Reporting issued on March 29, 2018

  The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the standard-setters in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

  The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

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

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
  - There is no substantive change to other terms and conditions of the lease.

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

The amendments are effective for annual reporting periods beginning on or after June 1, 2020. Early adoption is permitted.

The Group adopted the relief granted by the amendments applying early adoption beginning January 1, 2020. The adoption of the amendments resulted in an increase in Miscellaneous income amounting to ₱32.38 million for the Group and the Parent Company for the year ended December 31, 2020 (see Note 27).

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 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 at the reporting date, and its income and expenses are translated at the BAP weighted average rate 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 FVTPL 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 FVTPL, 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 FVTPL, 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 Group applies judgment 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 Group'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 of 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 are included in 'Trading and securities gain (loss) - net' account in the statement of income.

Interest recognized based on the contractual 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, as a means of reducing and managing the Parent Company's foreign exchange risk and interest rate risk, as well as for trading purposes. Such derivative financial instruments, which are not designated as accounting hedges, are carried at fair value through profit or loss.

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

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract. A derivative that is attached to a financial instrument, but is contractually transferable independently of that instrument, or has a different counterparty from that instrument, is not an embedded derivative, but a separate financial instrument.

Derivatives embedded in financial liability or a non-financial host are separated from the host and accounted for as separate derivatives if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

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.

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.

<u>Impairment of Financial assets</u>
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 Group 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.

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>Hedge Accounting</u>

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, 2020 and 2019, the Parent Company has an interest rate swap that has been designated as a hedging instrument in a cash flow hedge (Note 26).

<u>Financial Liabilities</u>
Financial liabilities which include deposit liabilities, bills payable, 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 '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 statement of income unless designated as an accounting hedge.

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.

<u>Derecognition of Financial Assets and Liabilities</u>

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.

Modification of financial assets
The Group derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in profit or loss, to the extent that an impairment loss has not already been recorded.

The Group considers both qualitative and quantitative factors in assessing whether a modification of financial asset is substantial or not. When assessing whether a modification is substantial, the Group considers the following factors, among others:
- Change in currency
- Introduction of an equity feature
- Change in counterparty
- If the modification results in the asset no longer considered SPPI

The Group also performs a quantitative assessment similar to that being performed for modification of financial liabilities. In performing the quantitative assessment, the Group considers the new terms of a financial asset to be substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial asset.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the statement of income.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of a new financial asset, the modified asset is considered a 'new' financial asset. Accordingly, the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. The newly recognized financial asset is classified as Stage 1 for ECL measurement purposes, unless the new financial asset is deemed to be originated as credit impaired (POCI).

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.

Exchange or modification of financial liabilities
The Group considers both qualitative and quantitative factors in assessing whether a modification of financial liabilities is substantial or not. The terms are considered substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial liability. However, under certain circumstances, modification or exchange of a financial liability may still be considered substantial, even where the present value of the cash flows under the new terms is less than 10% different from the present value of the remaining cash flows of the original financial liability. There may be situations where the modification of the financial liability is so fundamental that immediate derecognition of the original financial liability is appropriate (e.g., restructuring a financial liability to include an embedded equity component).

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the fair value of the new liability is recognized in profit or loss.

When the exchange or modification of the existing financial liability is not considered as substantial, the Group recalculates the gross carrying amount of the financial liability as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR and recognizes a modification gain or loss in profit or loss.

If modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the financial instrument and are amortized over the remaining term of the modified financial instrument.

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. 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 'Provision for impairment and credit losses' account.

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 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.

<u>Cash Dividend and Non-cash Distribution to Equity Holders of the Parent Company</u>
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.

<u>Bank Premises, Furniture, Fixtures and Equipment</u>
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 cost as of the date of acquisition (at fair value if part of assets acquired in a business combination) 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.

Exchange Trading Right
Exchange trading right is a result of the Philippine Stock Exchange (PSE) conversion plan, as discussed in Note 14, to preserve access of CBCSec to the trading facilities and continue transacting business in the PSE. Exchange trading right is carried at original cost less any allowance for impairment loss. CBCSec does not intend to sell the exchange trading right in the near future.

The exchange trading right is an intangible asset that is regarded as having an indefinite useful life as there is no foreseeable limit to the period over which this asset is expected to generate net cash inflows for the Group but is tested annually for any impairment in realizable value.

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 on 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.

Capital Stock
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.

<u>Revenue Recognition</u>

<u>*Revenues within the scope of PFRS 15, Revenue from Contracts with Customers*</u>
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 judgment, 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, 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 commission income, 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 counterparty 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 (loss) - net
This represents results arising from trading activities and sale of FVOCI debt financial 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.

Share-based Payments (Stock Grants)
Employees (including senior executives) of the Group receive remuneration in the form of share-based payments (stock grants), whereby employees render services as consideration for equity instruments (equity-settled transactions).

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

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions. No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. When the terms of an equity-settled award are modified, the minimum expense recognized is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the Group or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

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

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. Effective January 1, 2019, management periodically evaluates positions taken in the tax return with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

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 computes diluted EPS when there are outstanding dilutive potential common shares. Diluted EPS is computed by adjusting both the net income for the year and the weighted average number of common shares outstanding during the year with the impact of the dilutive potential common stock issuance transaction.

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 which are effective for annual periods subsequent to 2020. 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, 2021

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

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):
  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

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

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

Effective beginning on or after January 1, 2022

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

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

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

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

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

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

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

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

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

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

- *Annual Improvements to PFRSs* 2018-2020 Cycle

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

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

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

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

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

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

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

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

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

Effective beginning on or after January 1, 2023

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

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively.

- PFRS 17, *Insurance Contracts*

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

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:
  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted.

Deferred effectivity

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

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

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

3. SIGNIFICANT ACCOUNTING 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*
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 the 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 2020, the Parent Company sold investment securities at amortized cost whose carrying values prior to the sale amounted ₱30.14 billion at a net gain of ₱2.19 billion. The reasons for the disposals are disclosed in Note 9.

In 2019, the Group and Parent Company sold investment securities at amortized cost whose carrying values prior to the sale amounted to ₱18.62 billion at a net gain of ₱1.38 billion and ₱13.33 billion at a net gain of ₱1.30 billion, respectively. The reasons for the disposals are disclosed in Note 9.

The above disposals in 2020 and 2019 were assessed by the Group as not inconsistent with the portfolios' business models considering the conditions and reasons for which the disposals were made. Further, these disposals did not result in a change in business model and the remaining securities in the affected portfolios continue to be accounted for at amortized cost (see Note 9).

d. *Testing the cash flow characteristics of financial assets*
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. *Hedge accounting*
The Parent Company has designated the hedge relationship between its floating rate bond payable (Note 18) and an interest rate swap as cash flow hedge. The Parent Company's hedge accounting policies include an element of judgment 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 Parent Company's hedging transaction are described in Note 26.

Estimates

a. *Expected credit losses on financial assets and commitments*
The Group reviews its debt financial assets and commitments at each reporting date to determine the amount of expected credit losses (ECL) to be recognized in the balance sheet and any changes thereto in the statement of income. Additional considerations were made in estimating the ECL in response to the changing credit environment brought about by the coronavirus (COVID-19) pandemic. In particular, judgments and estimates by management are required in determining:
   - whether a financial asset has had a significant increase in credit risk since initial recognition. Note 6 discusses how the Group considered the impact of COVID-19 pandemic in its credit risk management and allowance provisioning;
   - whether a 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 such as slow or early recovery from the impact of COVID-19 pandemic;
   - sufficiency and appropriateness of data used and relationships assumed in building the components of the Group's expected credit loss models;
   - the measurement of 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 the weighted cost of capital of comparable banks. 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 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 weighted cost of capital of comparable banks. 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 rates.

   The carrying values of the Group's branch licenses are disclosed in Note 14.

e. *Net plan assets and retirement expense*
The determination of the Group's net plan assets and annual retirement expense is determined using actuarial valuations. An actuarial valuation involves making assumptions that may differ from actual developments in the future. 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 salary increase rates were based on the Group's expectations of future salary increases.

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	
	2020	2019	2020	2019
Financial assets				
Cash and other cash items	**₱15,984,210**	₱16,839,755	**₱13,724,265**	₱14,856,844
Financial assets at FVTPL	**13,406,863**	18,500,111	**11,641,778**	18,444,101
Financial assets at FVOCI	**20,244,403**	26,133,360	**18,345,520**	24,170,629
Financial assets at amortized cost				
Due from BSP	**152,156,449**	100,174,398	**141,811,190**	88,109,650
Due from other banks	**18,228,721**	9,900,642	**17,197,750**	8,645,547
Interbank loans receivables and SPURA	**18,290,851**	17,036,460	**15,604,167**	10,027,609
Investment securities at amortized cost	**202,240,631**	168,202,728	**196,794,826**	164,231,583
Loans and receivables	**557,214,484**	568,919,164	**491,994,476**	502,930,197
Accrued interest receivable	**8,529,872**	7,158,494	**6,833,616**	6,526,475
Other assets*	**3,940,164**	4,382,441	**1,594,781**	2,077,459
	960,601,172	875,774,327	**871,830,806**	782,548,520
Total financial assets	**₱1,010,236,648**	₱937,247,553	**₱915,542,369**	₱840,020,094

*Other assets include accounts receivables, SCR, net of allowance for impairment losses, returned checks and other cash items (RCOCI) and miscellaneous financial assets (Note 15).

	Consolidated		Parent Company	
	2020	2019	**2020**	2019
Financial liabilities				
Other financial liabilities:				
Deposit liabilities	**₱835,230,830**	₱775,427,860	**₱750,972,908**	₱687,764,453
Bonds payable	**52,065,678**	37,394,398	**52,065,678**	37,394,398
Bills payable	**23,655,851**	33,381,406	**23,655,851**	33,381,406
Accrued interest and other expenses*	**2,324,974**	2,762,016	**2,064,691**	2,411,610
Manager's check	**1,568,232**	1,998,678	**1,066,098**	1,535,936
Other liabilities**	**10,658,982**	10,657,609	**8,058,582**	8,426,083
	925,504,547	861,621,967	**837,883,808**	770,913,886
Financial liabilities at FVTPL:				
Derivative liabilities	**1,216,771**	1,036,052	**1,216,771**	1,036,052
Derivative contract designated as hedge	**521,209**	51,949	**521,209**	51,949
Total financial liabilities	**₱927,242,527**	₱862,709,968	**₱839,621,788**	₱772,001,887

*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 FVTPL and financial assets at FVOCI.

As of December 31, 2020 and 2019, 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:

	2020			
	Consolidated		Parent Company	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Investment securities at amortized cost (Note 9)				
Government bonds	₱100,606,146	₱110,454,734	₱96,001,691	₱105,648,060
Private bonds	101,634,485	109,589,297	100,793,135	108,753,082
	202,240,631	220,044,031	196,794,826	214,401,142
Loans and receivables (Note 10)				
Corporate and commercial lending	453,649,372	455,890,979	434,414,419	434,973,729
Consumer lending	96,488,966	112,946,316	50,805,392	61,290,159
Trade-related lending	6,937,033	8,538,979	6,746,530	8,330,874
Others	139,113	150,900	28,135	32,449
	557,214,484	577,527,174	491,994,476	504,627,211
Sales contracts receivable (Note 15)	1,173,038	1,242,609	185,350	197,878
	558,387,522	578,769,783	492,179,826	504,825,089
	₱760,628,153	₱798,813,814	₱688,974,652	₱719,226,231

(Forward)

	2020			
	Consolidated		Parent Company	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Non-financial Assets				
Investment properties				
Land	₱2,517,017	₱4,834,488	₱666,409	₱2,469,314
Buildings and improvements	1,467,922	2,331,151	812,524	976,934
	₱3,984,939	₱7,165,639	₱1,478,933	₱3,446,248
Financial Liabilities				
Deposit liabilities (Note 17)	₱366,357,014	₱362,712,054	₱318,139,885	₱314,485,438
Bonds Payable (Note 18)	52,065,678	52,101,935	52,065,678	52,101,935
	₱418,422,692	₱414,813,989	₱370,205,563	₱366,587,373

	2019			
	Consolidated		Parent Company	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Investment securities at amortized cost (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
	168,202,728	168,170,244	164,231,583	164,375,179
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	41,149	47,780	33,997	39,177
	568,919,164	566,504,919	502,930,197	493,238,363
Sales contracts receivable (Note 15)	1,132,439	1,200,426	210,706	224,080
	570,051,603	567,705,345	503,140,903	493,462,443
	₱738,254,331	₱735,875,589	₱667,372,486	₱657,837,622
Non-financial Assets				
Investment properties				
Land	₱2,775,580	₱5,199,926	₱615,253	₱2,516,447
Buildings and improvements	1,561,604	2,819,400	881,734	1,455,041
	₱4,337,184	₱8,019,326	₱1,496,987	₱3,971,488
Financial Liabilities				
Deposit liabilities (Note 17)	₱363,600,383	₱358,540,409	₱307,293,511	₱302,112,818
Bonds Payable (Note 18)	37,394,398	37,980,269	37,394,398	37,980,269
	₱400,994,781	₱396,520,678	₱344,687,909	₱340,093,087

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 financial assets.

Derivative instruments (included under FVTPL) - 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 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, 2020 and 2019, the fair value hierarchy of the Group's and the Parent Company's assets and liabilities are presented below:

	Consolidated			
	2020			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial assets at FVTPL				
Held-for-trading				
Government bonds	₱1,970,624	₱1,560,897	₱–	₱3,531,521
Treasury notes	–	2,126,819	–	2,126,819
Treasury bills	–	1,892,770	–	1,892,770
Private bonds	3,358,210	–	–	3,358,210
Quoted equity shares	1,210,665	–	–	1,210,665
Financial Assets designated at FVTPL	150,000	–	–	150,000
Derivative assets	–	1,136,878	–	1,136,878
FVOCI financial assets				
Government bonds	2,654,823	10,349,673	–	13,004,496
Quoted private bonds	6,596,820	–	–	6,596,820
Quoted equity shares	624,722	–	–	624,722
	₱16,565,864	₱17,067,037	₱–	₱33,632,901
Financial liabilities at FVTPL				
Derivative liabilities	₱–	₱1,216,771	₱–	₱1,216,771
Derivative contract designated as hedge	–	521,209	–	521,209
	₱–	₱1,737,980	₱–	₱1,737,980
Fair values of assets carried at amortized cost/cost				
Investment securities at amortized cost				
Government bonds	₱110,454,734	₱–	₱–	₱110,454,734
Private bonds	53,290,698	–	56,298,599	109,589,297
Loans and receivables				
Corporate and commercial loans	–	–	455,890,979	455,890,979
Consumer loans	–	–	112,946,316	112,946,316
Trade-related loans	–	–	8,538,979	8,538,979
Others	–	–	150,900	150,900
Sales contracts receivable	–	–	1,242,609	1,242,609
Investment properties				
Land	–	–	4,834,488	4,834,488
Buildings and improvements	–	–	2,331,151	2,331,151
	₱163,745,432	₱–	₱642,234,021	₱805,979,453
Fair values of liabilities carried at amortized cost				
Deposit liabilities	₱–	₱–	₱362,712,054	₱362,712,054
Bonds payable	–	–	52,101,935	52,101,935
	₱–	₱–	₱414,813,989	₱414,813,989

	Consolidated			
	2019			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial assets at FVTPL				
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 FVTPL				
Derivative liabilities	₱–	₱1,036,052	₱–	₱1,036,052
Derivative contract designated as hedge	–	51,949	–	51,949
	₱–	₱1,088,001	₱–	₱1,088,001
Fair values of assets carried at amortized cost/cost				
Investment securities at amortized cost				
Government bonds	₱115,600,451	₱–	₱–	₱115,600,451
Private bonds	31,666,529	–	20,903,264	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				
Land	–	–	5,199,926	5,199,926
Buildings and improvements	–	–	2,819,400	2,819,400
	₱147,266,980	₱–	₱596,627,935	₱743,894,915
Fair values of liabilities carried at amortized cost				
Deposit liabilities	₱–	₱–	₱358,540,409	₱358,540,409
Bonds payable	–	–	37,980,269	37,980,269
	₱–	₱–	₱396,520,678	₱396,520,678

	Parent Company			
	2020			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial assets at FVTPL				
Held-for-trading				
Government bonds	₱1,970,624	₱1,560,897	₱–	₱3,531,521
Treasury notes	–	2,126,819	–	2,126,819
Treasury bills	–	1,892,770	–	1,892,770
Private bonds	1,812,303	–	–	1,812,303
Quoted equity shares	1,141,487	–	–	1,141,487
Derivative assets	–	1,136,878	–	1,136,878
FVOCI financial assets				
Government bonds	1,053,928	10,349,673	–	11,403,601
Quoted private bonds	6,329,550	–	–	6,329,550
Quoted equity shares	594,004	–	–	594,004
	₱12,901,896	₱17,067,037	₱–	₱29,968,933
Financial liabilities at FVTPL				
Derivative liabilities	₱–	₱1,216,771	₱–	₱1,216,771
Derivative contract designated as hedge	–	521,209	–	521,209
	₱–	₱1,737,980	₱–	₱1,737,980
Fair values of assets carried at amortized cost/cost				
Investment securities at amortized cost				
Government bonds	₱105,648,060	₱–	₱–	₱105,648,060
Private bonds	52,454,483	–	56,298,599	108,753,082
Loans and receivables				
Corporate and commercial loans	–	–	434,973,729	434,973,729
Consumer loans	–	–	61,290,159	61,290,159
Trade-related loans	–	–	8,330,874	8,330,874
Others	–	–	32,449	32,449
Sales contracts receivable	–	–	197,878	197,878
Investment properties				
Land	–	–	2,469,314	2,469,314
Buildings and improvements	–	–	976,934	976,934
	₱158,102,543	₱–	₱564,569,936	₱722,672,479
Fair values of liabilities carried at amortized cost				
Deposit liabilities	₱–	₱–	₱314,485,438	₱314,485,438
Bonds payable	–	–	52,101,935	52,101,935
	₱–	₱–	₱366,587,373	₱366,587,373

	Parent Company			
	2019			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial assets at FVTPL				
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 FVTPL				
Derivative liabilities	₱–	₱1,036,052	₱–	₱1,036,052
Derivative contract designated as hedge	–	51,949	–	51,949
	₱–	₱1,088,001	₱–	₱1,088,001
Fair values of assets carried at amortized cost/cost				
Investment securities at amortized cost				
Government bonds	₱113,070,656	₱–	₱–	₱113,070,656
Private bonds	30,401,259	–	20,903,264	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				
Land	–	–	2,516,447	2,516,447
Buildings and improvements	–	–	1,455,041	1,455,041
	₱143,471,915	₱–	₱518,337,195	₱661,809,110
Fair values of liabilities carried at amortized cost				
Deposit liabilities	₱–	₱–	₱302,112,818	₱302,112,818
Bonds payable	–	–	37,980,269	37,980,269
	₱–	₱–	₱340,093,087	₱340,093,087

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 2020 and 2019.

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.

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 the 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 used in the 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 Parent Company. 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 is 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 Parent Company 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 November 4, 2020, the BOD approved the changes in the methodology for 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 Capital Ratios MAT and Priority Risks.

The Parent Company submitted its annually updated ICAAP document, in compliance with BSP requirements on October 30, 2020. 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.

Group's Response to the COVID-19 Pandemic

The COVID-19 pandemic has impacted all types of businesses and the banking sector is among the severely hit, at least operationally. As the National Government imposed stringent quarantine measures and mobility becomes limited, being part of the sector essential to the economy, the need for the Group to quickly adapt to the rapidly changing business climate becomes apparent. In spite of the exceedingly challenging situation, the Group continued to open its doors to serve the public while looking after the health, safety and well-being of the workers including service personnel and customers.

The Group developed "The New Normal Work Force and Work Management Plan for the COVID-19 Pandemic". The plan is designed to provide general direction and guidance in sustaining the operations of the Group while we manage and exert effort to reduce exposure to COVID-19. In place are team rotation work schedules, work from home arrangements, mandatory health and safety measures, and case management protocols which are all included in the Group's Work Management Plan.

The Group continued to implement all its market limits and triggers without changes even with the reduced trading hours in the market and shorter working hours of the Group during the Enhanced Community Quarantine. The Financial Markets Segment also issued guidance on work-from-home setup during this period for its trading personnel. Under this setup, for control purposes, Deal limits of Sales Traders were reduced to zero in the Treasury system to automatically require supervisor authorization of any transaction facilitated offsite.

In view of the heightened credit risk arising from the COVID 19- pandemic, the Group responded by issuing several credit bulletins on the changes in credit granting and lending policies. This includes, among others, the implementation of guidelines to comply with the provisions of the Bayanihan to Heal as One Act and the tightening of credit approval requirements for new loans and credit facilities both to new and existing clients. Special Approving Authority was also granted to the President with regards to further extension of credit line expiry. In addition, there were also guidelines on post-ECQ collection, policies for managing loans affected by the Covid-19 crisis, and procedures for the availment of the regulatory relief measure stated in BSP memoranda No. M-2020-008 (Regulatory Relief for BSFIs Affected by the Corona Virus Disease 2019) and M-2020-032 (Amendments to M-2020-008).

Credit Risk

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.

Credit Risk Rating and Scoring Models

The Parent Company has four credit risk rating models in place: for corporate borrowers, for retail small and medium entities and individual accounts (non-consumer), for financial institutions, for sovereign / country exposures. In addition, it also has two scoring models for auto and housing loan 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 Parent Company'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.

Concentration of Assets and Liabilities and Off-Balance Sheet Items

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, 2020 and 2019 (in millions) follows:

	Consolidated					
	2020			2019		
	Assets	**Liabilities**	**Commitment***	Assets	Liabilities	Commitment*
Geographic Region						
Philippines	**₱943,498**	**₱906,192**	**₱31,030**	₱871,435	₱840,712	₱70,016
Asia	**19,628**	**9,495**	**6,486**	15,110	6,717	7,638
Europe	**35,592**	**2,750**	**1,172**	39,071	10,116	1,065
United States	**11,390**	**8,785**	**458**	10,185	321	199
Others	**129**	**21**	**184**	1,447	4,844	87
	₱1,010,237	**₱927,243**	**₱39,330**	₱937,248	₱862,710	₱79,005

**Consists of Committed credit lines, Unused commercial letters of credit, Credit card lines, Outstanding guarantees issued and Standy credit commitments*

	Parent Company					
	2020			2019		
	Assets	**Liabilities**	**Commitment***	Assets	Liabilities	Commitment*
Geographic Region						
Philippines	**₱848,803**	**₱818,571**	**₱30,635**	₱774,207	₱750,004	₱69,564
Asia	**19,628**	**9,495**	**6,486**	15,110	6,717	7,638
Europe	**35,592**	**2,750**	**1,172**	39,071	10,116	1,065
United States	**11,390**	**8,785**	**458**	10,185	321	200
Others	**129**	**21**	**184**	1,447	4,844	87
	₱915,542	**₱839,622**	**₱38,935**	₱840,020	₱772,002	₱78,554

**Consists of Committed credit lines, Unused commercial letters of credit, Credit card lines, Outstanding guarantees issued and Standby credit commitments*

Information on credit concentration as to industry of financial assets is presented below:

	Consolidated				
	2020				
	Loans and Receivables	**Financial Investments**	**Loans and Advances to Banks**	Others	Total
Real estate, renting and business services	**₱145,914,294**	**₱104,182,177**	**₱–**	₱721,351	₱250,817,823
Electricity, gas and water	**77,295,952**	**1,057,897**	**–**	5,903,340	84,257,189
Wholesale and retail trade	**48,797,393**	**10,789**	**–**	6,087,617	54,895,800
Transportation, storage and communication	**54,792,752**	**31,918**	**–**	1,089,860	55,914,530
Financial intermediaries	**67,320,876**	**126,232,618**	**188,161,354**	10,048,951	391,763,800
Manufacturing	**33,567,819**	**4,851**	**–**	3,850,988	37,423,658
Arts, entertainment and recreation	**23,687,515**	**123,599**	**–**	74,557	23,885,670
Accommodation and food service activities	**12,904,107**	**215,084**	**–**	807,123	13,926,314
Construction	**13,955,942**	**13,394**	**–**	4,659,875	18,629,211
Mining and quarrying	**8,000,701**	**–**	**–**	998,853	8,999,555
Agriculture	**7,929,762**	**–**	**–**	321,822	8,251,584
Education	**5,290,900**	**793,673**	**–**	281,370	6,365,942
Public administration and defense	**2,055,542**	**–**	**–**	448,303	2,503,845
Professional, scientific and technical activities	**860,778**	**26,731**	**–**	1,494,877	2,382,387
Others*	**69,970,620**	**2,062,288**	**2,573,272**	2,540,929	77,147,109
	₱572,344,954	**₱234,755,020**	**₱190,734,625**	₱39,329,818	₱1,037,164,417

*Others consist of administrative and support service, health, household and other activities.

	Consolidated				
	2019				
	Loans and Receivables	Financial Investments	Loans and Advances to Banks	Others	Total
Real estate, renting and business services	₱131,554,416	₱54,807,417	₱–	₱7,279,938	₱193,641,771
Electricity, gas and water	80,765,283	1,636,634	–	16,899,703	99,301,620
Wholesale and retail trade	59,338,780	4,770	–	15,309,344	74,652,894
Transportation, storage and communication	57,770,020	33,403	–	8,426,228	66,229,651
Financial intermediaries	63,584,092	154,096,601	128,674,636	3,789,184	350,144,513
Manufacturing	32,405,243	–	–	5,049,128	37,454,371
Arts, entertainment and recreation	17,899,693	69,499	–	4,073,295	22,042,487
Accommodation and food service activities	12,818,690	2,088	–	3,509,765	16,330,543
Construction	13,131,862	–	–	4,141,360	17,273,223
Mining and quarrying	9,995,905	–	–	421,633	10,417,539
Agriculture	6,636,039	–	–	195,184	6,831,223
Education	6,321,846	758,537	–	247,077	7,327,460
Public administration and defense	8,475,590	–	–	369,423	8,845,013
Professional, scientific and technical activities	2,425,097	–	–	7,167,361	9,592,458
Others*	74,747,762	759,299	565,412	2,126,442	78,198,914
	₱577,870,318	₱212,168,249	₱129,240,048	₱79,005,066	₱998,283,681

*Others consist of administrative and support service, health, household and other activities.

	Parent Company				
	2020				
	Loans and Receivables	**Financial Investments**	**Loans and Advances to Banks**	**Others**	**Total**
Real estate, renting and business services	**₱123,150,868**	**₱103,771,477**	**₱–**	**₱721,351**	**₱227,643,696**
Electricity, gas and water	**75,367,275**	**1,035,733**	**–**	**5,903,340**	**82,306,348**
Financial intermediaries	**45,324,442**	**–**	**–**	**5,914,716**	**51,239,158**
Wholesale and retail trade	**52,346,480**	**26,299**	**–**	**1,089,860**	**53,462,639**
Transportation, storage and communication	**66,402,640**	**119,603,856**	**174,613,107**	**10,048,951**	**370,668,555**
Manufacturing	**31,988,437**	**4,851**	**–**	**3,835,488**	**35,828,776**
Arts, entertainment and recreation	**23,630,122**	**123,599**	**–**	**74,557**	**23,828,278**
Accommodation and food service activities	**11,892,441**	**211,150**	**–**	**787,123**	**12,890,714**
Construction	**12,886,246**	**–**	**–**	**4,657,525**	**17,543,771**
Mining and quarrying	**7,998,397**	**–**	**–**	**998,853**	**8,997,251**
Agriculture	**6,372,652**	**–**	**–**	**321,557**	**6,694,210**
Public administration and defense	**4,735,250**	**679,254**	**–**	**281,370**	**5,695,875**
Education	**2,055,542**	**–**	**–**	**448,303**	**2,503,845**
Professional, scientific and technical activities	**788,324**	**26,731**	**–**	**1,494,877**	**2,309,932**
Others*	**39,791,654**	**162,296**	**514,667**	**2,356,729**	**42,825,345**
	₱504,730,771	**₱225,645,246**	**₱175,127,774**	**₱38,934,602**	**₱944,438,392**

*Others consist of administrative and support service, health, household and other activities.

	Parent Company				
	2019				
	Loans and Receivables	Financial Investments	Loans and Advances to Banks	Others	Total
Real estate, renting and business services	₱108,067,826	₱53,845,497	₱–	₱7,279,938	₱169,193,261
Electricity, gas and water	78,802,898	1,636,634	–	16,899,703	97,339,235
Financial intermediaries	55,222,983	–	–	14,861,742	70,084,725
Wholesale and retail trade	55,429,738	33,403	–	8,426,228	63,889,369
Transportation, storage and communication	62,178,902	149,875,310	106,782,806	3,789,184	322,626,201
Manufacturing	29,753,750	–	–	5,049,128	34,802,878
Arts, entertainment and recreation	17,799,562	69,499	–	4,073,295	21,942,356
Accommodation and food service activities	11,591,121	–	–	3,509,765	15,100,886
Construction	11,985,485	–	–	4,141,360	16,126,846
Mining and quarrying	9,991,633	–	–	421,633	10,413,266
Agriculture	5,076,970	–	–	191,234	5,268,204
Public administration and defense	5,667,447	638,679	–	247,077	6,553,203
Education	8,475,590	–	–	369,423	8,845,013
Professional, scientific and technical activities	2,338,562	–	–	7,167,361	9,505,923
Others*	47,777,227	79,342	565,412	2,126,442	50,548,422
	₱510,159,693	₱206,178,364	₱107,348,218	₱78,553,514	₱902,239,789

*Others consist of administrative and support service, health, household and other activities.

Maximum exposure to credit risk

The tables below provide the analysis of the maximum exposure to credit risk of the Group's 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		
	2020		
	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	**₱557,214,484**	**₱358,707,660**	**₱198,506,824**
Interbank loans receivable and SPURA	**18,290,851**	**–**	**18,290,851**
Sales contracts receivable	**1,173,038**	**–**	**1,173,038**
	₱576,678,373	**₱358,707,660**	**₱217,970,713**

	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	1,132,439	–	1,132,439
	₱587,088,063	₱319,163,000	₱267,925,063

	Parent		
	2020		
	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	**₱491,994,476**	**₱334,229,018**	**₱157,765,458**
Interbank loans receivable and SPURA	**15,604,167**	**–**	**15,604,167**
Sales contracts receivable	**185,350**	**–**	**185,350**
	₱507,783,993	**₱334,229,018**	**₱173,554,975**

	Parent		
	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	210,706	–	210,706
	₱513,168,512	₱289,396,593	₱223,771,919

For the Group, the fair values of collateral held for loans and receivables and sales contracts receivable amounted to ₱314.67 billion and ₱2.59 billion, respectively, as of December 31, 2020 and ₱281.92 billion and ₱2.38 billion, respectively, as of December 31, 2019.

For the Parent Company, the fair values of collateral held for loans and receivables and sales contracts receivable amounted to ₱273,93 billion and ₱0.86 billion, respectively, as of December 31, 2020 and ₱245.70 billion and ₱0.91 billion, respectively, as of December 31, 2019.

Credit risk, in respect of derivative financial products, is limited to those with positive fair values, which are included under financial assets at FVTPL (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 regards 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

<u>Loans and Receivables</u>
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 Parent Company's Internal Audit Group, the Parent Company 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.

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

In terms of borrower credit ratings, this 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 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 / Items in Litigation.

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 (amounts in millions).

Consolidated	2020			
	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	₱29,684	₱3,310	₱–	₱32,994
Standard grade	275,345	23,591	–	298,936
Sub-Standard	92,097	9,290	–	101,387
Unrated	866	120	–	986
Past due but not impaired	–	3,406	–	3,406
Past due and impaired	–	–	11,956	11,956
Gross carrying amount	₱397,992	₱39,717	₱11,956	₱449,665

Consolidated	2020			
	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	₱41,506	₱70	₱–	₱41,576
Standard grade	44,176	5,349	–	49,525
Sub-Standard	2,167	6,254	–	8,421
Unrated	1,130	2,331	–	3,461
Past due but not impaired	422	2,793	–	3,215
Past due and impaired	–	–	7,805	7,805
Gross carrying amount	₱89,401	₱16,797	₱7,805	₱114,003

Consolidated	2020			
	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	₱460	₱33	₱–	₱493
Standard grade	4,809	846	–	5,655
Sub-Standard	1,947	131	–	2,078
Unrated	–	–	–	–
Past due but not impaired	–	3	–	3
Past due and impaired	–	–	305	305
Gross carrying amount	₱7,216	₱1,013	₱305	₱8,534

Consolidated	2020			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
Others	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Neither past due nor impaired				
High grade	₱103	₱–	₱–	₱103
Standard grade	–	3	–	3
Sub-Standard	–	–	–	–
Unrated	29	–	–	29
Past due but not impaired	–	–	–	–
Past due and impaired	–	–	7	7
Gross carrying amount	₱132	₱3	₱7	₱142

Consolidated	2019			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
Corporate and commercial lending	12-month ECL	Lifetime ECL	Lifetime ECL	
Neither past due nor impaired				
High grade	₱50,613	₱4,271	₱–	₱54,884
Standard grade	295,112	5,899	–	301,011
Sub-Standard	88,999	8,542	–	97,541
Unrated	723	1	–	724
Past due but not impaired	13	725	–	738
Past due and impaired	–	–	4,785	4,785
Gross carrying amount	₱435,460	₱19,438	₱4,785	₱459,683

Consolidated	2019			
	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	₱40,222	₱–	₱–	₱40,222
Standard grade	48,761	744	–	49,505
Sub-Standard	7,433	435	–	7,868
Unrated	2,281	1,862	–	4,143
Past due but not impaired	106	1,562	–	1,668
Past due and impaired	–	–	3,496	3,496
Gross carrying amount	₱98,803	₱4,603	₱3,496	₱106,902

Consolidated	2019			
	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	₱250	₱–	₱–	₱250
Standard grade	8,436	37	–	8,473
Sub-Standard	2,169	37	–	2,206
Unrated	–	–	–	–
Past due but not impaired	32	–	–	32
Past due and impaired	–	–	236	236
Gross carrying amount	₱10,887	₱74	₱236	₱11,197

Consolidated	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	₱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

Parent Company	2020			
	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	₱19,691	₱3,310	₱–	₱23,001
Standard grade	275,292	17,275	–	292,567
Sub-Standard	92,097	9,194	–	101,291
Unrated	867	119	–	986
Past due but not impaired	–	3,096	–	3,096
Past due and impaired	–	–	8,240	8,240
Gross carrying amount	₱387,947	₱32,994	₱8,240	₱429,181

Parent Company	2020			
	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	₱238	₱70	₱–	₱308
Standard grade	44,175	5,349	–	49,524
Sub-Standard	2,167	6,254	–	8,421
Unrated	1,130	2,331	–	3,461
Past due but not impaired	–	310	–	310
Past due and impaired	–	–	5,169	5,169
Gross carrying amount	₱47,710	₱14,314	₱5,169	₱67,193

Parent Company	2020			
	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	₱283	₱33	₱–	₱316
Standard grade	4,809	846	–	5,655
Sub-Standard	1,947	131	–	2,078
Unrated	–	–	–	–
Past due but not impaired	1	3	–	4
Past due and impaired	–	–	275	275
Gross carrying amount	₱7,040	₱1,013	₱275	₱8,328

Parent Company	2020			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
Others	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Neither past due nor impaired				
High grade	₱–	₱–	₱–	₱–
Standard grade	–	–	–	–
Sub-Standard	–	–	–	–
Unrated	28	–	–	28
Past due but not impaired	–	–	–	–
Past due and impaired	–	–	–	–
Gross carrying amount	₱28	₱–	₱–	₱28

Parent Company	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	₱29,392	₱4,271	₱–	₱33,663
Standard grade	295,114	5,155	–	300,269
Sub-Standard	88,999	8,528	–	97,527
Unrated	724	1	–	725
Past due but not impaired	12	50	–	62
Past due and impaired	–	–	2,229	2,229
Gross carrying amount	₱414,241	₱18,005	₱2,229	₱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	48,760	714	–	49,474
Sub-Standard	7,433	430	–	7,863
Unrated	2,281	1,862	–	4,143
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	Total
Trade–related Lending	12-month ECL	Lifetime ECL	Lifetime ECL	
Neither past due nor impaired				
High grade	₱250	₱–	₱–	₱250
Standard grade	8,141	38	–	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	₱10,592	₱75	₱236	₱10,903

Parent Company	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	₱–	₱–	₱–	₱–
Standard grade	–	–	–	–
Sub-Standard	–	–	–	–
Unrated	34	–	–	34
Past due but not impaired	–	–	–	–
Past due and impaired	–	–	–	–
Gross carrying amount	₱34	₱–	₱–	₱34

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 of S&P, Moody's, and/or Fitch when available; otherwise, rating is based on risk grades by Philratings or mapped internal credit risk ratings (ICRRS). When the counterparty has no available external or internal ratings, it is included under "Unrated".

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	Mapped ICRRS BRR
High grade	AAA, AA+, AA, AA–	S&P	
	Aaa, Aa1, Aa2, Aa3	Moody's	1 to 3
	AAA, AA+, AA, AA–	Fitch	
Standard grade	A+, A, A–, BBB+, BBB, BBB–	S&P	
	A1, A2, A3, Baa1, Baa2, Baa3	Moody's	4 to 7
	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	8 to 14
	BB+, BB, BB–, B/B+, CCC, R, SD & D	Fitch	

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.

In the case of PHP-denominated securities which are not rated by either S&P, Moody's, or Fitch, but have an external rating by Philratings, the following grouping was applied.

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	2020				2019			
	ECL Staging				ECL Staging			
Investment securities at amortized cost	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Neither past due nor impaired								
High grade	**₱38,401**	**₱–**	**₱–**	**₱38,401**	₱25,859	₱–	₱–	₱25,859
Standard grade	**148,468**	**–**	**–**	**148,468**	109,042	336	–	109,378
Sub-Standard	**8,482**	**–**	**–**	**8,482**	1,183	–	–	1,183
Unrated	**69**	**–**	**–**	**69**	15,721	8,302	–	24,023
Past due but not impaired	**–**	**–**	**–**	**–**	–	–	–	–
Impaired	**–**	**–**	**3,632**	**3,632**	–	–	–	–
Gross carrying amount	**₱195,420**	**₱–**	**₱3,632**	**₱199,052**	₱151,805	₱8,638	–	₱160,443

Consolidated	2020				2019			
	ECL Staging or Formatting				ECL Staging			
Financial assets at FVOCI	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Neither past due nor impaired								
High grade	**₱1,141**	**₱–**	**₱–**	**₱1,141**	₱1,205	₱–	₱–	₱1,205
Standard grade	**18,034**	**–**	**–**	**18,034**	22,822	–	–	22,822
Sub-Standard	**1,032**	**–**	**–**	**1,032**	107	–	–	107
Unrated	**20**	**–**	**–**	**20**	1,980	–	–	1,980
Past due but not impaired	**–**	**–**	**–**	**–**	–	–	–	–
Impaired	**–**	**–**	**17**	**17**	–	–	19	19
Gross carrying amount	**₱20,227**	**₱–**	**₱17**	**₱20,244**	₱26,114	₱–	₱19	₱26,133

Parent Company	**2020**				2019			
	ECL Staging				ECL Staging			
Investment securities at amortized cost	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Neither past due nor impaired								
High grade	**₱37,683**	**₱–**	**₱–**	**₱37,683**	₱24,491	₱–	₱–	₱24,491
Standard grade	**144,105**	**–**	**–**	**144,105**	106,682	336	–	107,018
Sub-Standard	**8,482**	**–**	**–**	**8,482**	1,183	–	–	1,183
Unrated	**–**	**–**	**–**	**–**	15,720	8,302	–	24,022
Past due but not impaired	**–**	**–**	**–**	**–**	–	–	–	–
Impaired	**–**	**–**	**3,632**	**3,632**	–	–	–	–
Gross carrying amount	**₱190,270**	**₱–**	**₱3,632**	**₱193,902**	₱148,076	₱8,638	₱–	₱156,714

Parent Company	**2020**				2019			
	ECL Staging				ECL Staging			
Financial assets at FVOCI	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Neither past due nor impaired								
High grade	**₱951**	**₱–**	**₱–**	**₱951**	₱555	₱–	₱–	₱555
Standard grade	**16,344**	**–**	**–**	**16,344**	21,528	–	–	21,528
Sub-Standard	**1,032**	**–**	**–**	**1,032**	107	–	–	107
Unrated	**19**	**–**	**–**	**19**	1,981	–	–	1,981
Past due but not impaired	**–**	**–**	**–**	**–**	–	–	–	–
Impaired	**–**	**–**	**–**	**–**	–	–	–	–
Gross carrying amount	**₱18,346**	**₱–**	**₱–**	**₱18,346**	₱24,171	₱–	₱–	₱24,171

Parent Company	**2020**				
	High Grade	**Standard Grade**	**Substandard Grade**	**Unrated**	**Total**
Due from BSP	**₱–**	**₱141,811**	**₱–**	**₱–**	**₱141,811**
Due from other banks	**1,451**	**15,727**	**–**	**20**	**17,198**
Interbank loans receivable and SPURA	**1,311**	**14,293**	**–**	**–**	**15,604**
Financial assets at FVTPL	**1,694**	**7,682**	**–**	**2,266**	**11,642**
	₱4,456	**₱179,513**	**₱–**	**₱2,286**	**₱186,255**

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 FVTPL	3,510	11,580	483	2,871	18,444
	₱3,884	₱117,967	₱486	₱2,891	₱125,228

Renegotiated Loans

The following table presents the carrying amount of financial assets of the Group and Parent Company as of December 31, 2020 and 2019 that would have been considered past due or impaired if not renegotiated:

	Consolidated		Parent Company	
	2020	2019	**2020**	2019
Loans and advances to customers				
Corporate and commercial lending	**₱2,345,933**	₱312,787	**₱2,091,813**	₱35,673
Consumer lending	**43,577**	115,370	**42,521**	114,185
Total renegotiated financial assets	**₱2,389,510**	₱428,157	**₱2,134,334**	₱149,858

Impairment Assessment (Including the Impact of the COVID-19 Pandemic)
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 Group 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.

In view of the government moratorium on loan payments (see Note 10), the Group considered how the availment of the borrowers and counterparties will affect the stage classification of the financial assets. In particular, the Group assessed how the availment of the mandatory grace period, together with other relevant information about the borrower (e.g., impact of the pandemic to its industry and operations, potential cash flow pressures affecting the borrower's capacity to pay amounts becoming due), will affect SICR and default assessments. Based on these assessments, in the absence of indicators of impairment or SICR since initial recognition, exposures to borrowers and counterparties who availed of the mandatory grace period as provided for by law are classified as stage 1.

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 defaults during a future point in time. The Group 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.

In relation to the modification of loans and receivables (see Note 10), the Group utilized the revised or modified cash flows of financial assets as EAD in calculating allowance for credit losses.

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 Group 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.

The PDs used in calculating allowance for credit losses have been updated with information after considering the impact of the pandemic to current market conditions as well as expectations about future economic conditions (i.e., forward-looking information).

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 Group'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. As of December 31, 2020, the Group has updated all available collateral information in order to incorporate the impact of the pandemic, to the extent possible, in measuring LGD.

The Group will continue to assess the current market conditions and forecasts of future economic conditions, and its impact to the aforementioned items, in order to update the ECL on a timely basis in the upcoming reporting periods, as the country continues to deal with this public health crisis.

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 Parent Company's policies, to assess loan quality and appropriateness of classification.

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)		
2020					
31 December	**139.14**	**11.86**	**13.90**	**4.51**	**2.52**
Average daily	**98.93**	**29.67**	**14.39**	**7.98**	**3.08**
Highest	**202.55**	**108.73**	**18.00**	**18.35**	**5.35**
Lowest	**11.69**	**2.16**	**12.23**	**2.22**	**1.79**
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

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, 2020 and 2019, 65.48% and 72.55% 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 not paid on demand accounts, which constituted 25.86% and 24.76% of total deposits of the Parent Company as of December 31, 2020 and 2019, respectively.

Interest is paid on savings accounts and time deposits accounts, which constitute 31.76% and 42.35%, respectively, of total deposits of the Parent Company as of December 31, 2020, and 30.56% and 44.68%, respectively, as of December 31, 2019

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, 2020 and 2019:

	Consolidated		Parent Company	
	2020	2019	**2020**	2019
Peso				
Assets				
Due from BSP	**0.67%**	0.29%	**0.53%**	0.07%
Due from banks	**0.23%**	0.22%	**0.08%**	0.11%
Interbank Loans Receivable and SPURA	**3.65%**	6.12%	**3.65%**	6.12%
Investment securities*	**5.24%**	5.47%	**5.27%**	5.47%
Loans and receivables	**6.34%**	7.09%	**6.19%**	6.89%
Liabilities				
Deposit liabilities	**1.29%**	2.63%	**1.22%**	2.54%
Bills payable	**5.80%**	4.86%	**5.80%**	4.86%
Bonds payable	**5.84%**	3.02%	**5.84%**	3.02%
USD				
Assets				
Due from banks	**0.11%**	0.99%	**0.11%**	1.02%
Interbank Loans Receivable and SPURA	**0.74%**	6.12%	**0.74%**	6.12%
Investment securities*	**3.63%**	3.58%	**3.65%**	3.56%
Loans and receivables	**3.74%**	4.13%	**3.73%**	4.07%
Liabilities				
Deposit liabilities	**0.80%**	1.66%	**0.81%**	1.66%
Bills payable	**2.62%**	4.99%	**2.62%**	4.00%
Bonds payable	**2.45%**	1.71%	**2.45%**	1.71%

* Consisting of financial assets at FVTPL, 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, 2020 and 2019 (in millions):

	Consolidated							
	2020				2019			
	Up to 3 Months	>3 to 12 Months	>12 Months	Total	Up to 3 Months	>3 to 12 Months	>12 Months	Total
Financial Assets								
Due from BSP	₱149,620	₱–	₱2,536	₱152,156	₱96,254	₱–	₱3,920	₱100,174
Due from other banks	18,229	–	–	18,229	9,901	–	–	9,901
Interbank Loans Receivable and SPURA	18,291	–	–	18,291	17,036	–	–	17,036
Investment securities	21,759	4,555	209,578	235,892	3,815	6,637	202,384	212,836
Loans and receivables	237,391	126,106	193,717	557,214	257,385	111,758	199,776	568,919
Total financial assets	445,290	130,661	405,831	981,782	384,391	118,395	406,080	908,866
Financial Liabilities								
Deposit liabilities	292,534	34,663	508,034	835,231	313,164	37,636	424,628	775,428
Bills payable	12,466	4,490	6,700	23,656	18,409	14,972	–	33,381
Bonds payable	29,470	7,596	15,000	52,066	–	7,394	30,000	37,394
Total financial liabilities	334,470	46,749	529,734	910,953	331,573	60,002	454,628	846,203
Repricing gap	₱110,820	₱83,912	(₱123,903)	₱70,829	₱52,818	₱58,393	(₱48,548)	₱62,663

	Parent Company							
	2020				2019			
	Up to 3 Months	>3 to 12 Months	>12 Months	Total	Up to 3 Months	>3 to 12 Months	>12 Months	Total
Financial Assets								
Due from BSP	₱141,811	₱–	₱–	₱141,811	₱88,110	₱–	₱–	₱88,110
Due from other banks	17,198	–	–	17,198	8,646	–	–	8,646
Interbank Loans Receivable and SPURA	15,604	–	–	15,604	10,028	–	–	10,028
Investment securities	19,658	4,407	202,717	226,782	3,815	4,671	198,360	206,846
Loans and receivables	228,754	96,248	166,992	491,994	248,190	81,756	172,984	502,930
Total financial assets	423,025	100,655	369,709	893,389	358,789	86,427	371,344	816,560
Financial Liabilities								
Deposit liabilities	267,674	22,937	460,362	750,973	288,786	16,873	382,105	687,764
Bills payable	12,466	4,490	6,700	23,656	18,409	14,972	–	33,381
Bonds payable	29,470	7,595	15,000	52,065	–	7,394	30,000	37,394
Total financial liabilities	309,610	35,022	482,062	826,694	307,195	39,239	412,105	758,539
Repricing gap	₱113,415	₱65,633	(₱112,353)	₱66,695	₱51,594	₱47,188	(₱40,761)	₱58,021

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, 2020 and 2019:

	Consolidated			
	2020			
	Change in interest rates (in basis points)			
	100bp rise	**50bp rise**	**50bp fall**	**100bp fall**
Change in annualized net interest income	**₱1,738**	**₱869**	**(₱869)**	**(₱1,738)**
As a percentage of the Group's net interest income for the year ended December 31, 2020	**5.13%**	**2.57%**	**(2.57%)**	**(5.13%)**

	Consolidated			
	2019			
	Change in interest rates (in basis points)			
	100bp rise	50bp rise	50bp fall	100bp fall
Change in annualized net interest income	₱966	₱483	(₱483)	(₱966)
As a percentage of the Group's net interest income for the year ended December 31, 2019	3.58%	1.79%	(1.79%)	(3.58%)

	Parent Company			
	2020			
	Change in interest rates (in basis points)			
	100bp rise	**50bp rise**	**50bp fall**	**100bp fall**
Change in annualized net interest income	**₱1,626**	**₱813**	**(₱813)**	**(₱1,626)**
As a percentage of the Parent Company's net interest income for the year ended December 31, 2020	**4.81%**	**2.40%**	**(2.40%)**	**(4.81%)**

	Parent Company			
	2019			
	Change in interest rates (in basis points)			
	100bp rise	50bp rise	50bp fall	100bp fall
Change in annualized net interest income	₱870	₱435	(₱435)	(₱870)
As a percentage of the Parent Company's net interest income for the year ended December 31, 2019	3.67%	1.84%%	(1.84%)	(3.67%)

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 FVTPL and financial assets at FVOCI, brought about by movement in the interest rate curve as of December 31, 2020 and 2019 (in millions):

	Consolidated			
	2020			
	Change in interest rates (in basis points)			
	25bp rise	**10bp rise**	**10bp fall**	**25bp fall**
Change in income before tax	**(₱99)**	**(₱40)**	**₱40**	**₱99**
Change in equity	**(281)**	**(112)**	**112**	**281**

	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

	Parent Company 2020			
	Change in interest rates (in basis points)			
	25bp rise	**10bp rise**	**10bp fall**	**25bp fall**
Change in income before tax	**(₱99)**	**(₱40)**	**₱40**	**₱99**
Change in equity	**(253)**	**(101)**	**101**	**253**

	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

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							
	2020				2019			
	USD	**Other Currencies***	**Total in USD**	**PHP**	USD	Other Currencies*	Total in USD	PHP
Assets								
Cash and other cash items	**$4,005**	**$3,402**	**$7,408**	**₱355,735**	$2,258	$2,377	$4,635	₱234,704
Due from other banks	**77,760**	**6,758**	**84,518**	**4,058,824**	118,692	4,983	123,675	6,262,264
Financial assets at FVTPL	**15,363**	**–**	**15,363**	**737,772**	15,396	34,582	49,978	2,530,668
Financial assets at FVOCI	**16,638**	**2,488**	**19,126**	**918,512**	13,543	2,284	15,827	801,358
Investment securities at amortized cost	**28,868**	**31,460**	**60,328**	**2,897,396**	25,838	–	25,838	1,308,285
Loans and receivables	**18,954**	**38,232**	**57,186**	**2,746,248**	31,901	39,692	71,593	3,625,127
Accrued interest receivable	**761**	**286**	**1,047**	**50,279**	654	287	941	47,644
Other assets	**17,652**	**24**	**17,676**	**848,835**	1,156	2	1,158	58,661
	180,001	**82,650**	**262,652**	**12,613,601**	209,438	84,207	293,645	14,868,711
Liabilities								
Deposit liabilities	**69,549**	**20,081**	**89,630**	**4,304,282**	64,221	32,506	96,727	4,897,774
Bills payables	**131,776**	**–**	**131,776**	**6,328,295**	388,225	62,731	450,956	22,834,146
Accrued interest and other expenses	**215**	**1**	**216**	**10,371**	2,227	1	2,228	112,788
Other liabilities	**20,292**	**1,979**	**22,271**	**1,069,520**	7,790	793	8,583	434,593
	221,832	**22,061**	**243,893**	**11,712,468**	462,463	96,031	558,494	28,279,301
Currency spot	**(4,000)**	**–**	**(4,000)**	**(192,092)**	(21,103)	103	(21,000)	(1,063,314)
Currency forwards	**49,804**	**(59,397)**	**(9,593)**	**(460,666)**	284,866	32,397	317,263	16,064,529
Net Exposure	**$3,973**	**$1,192**	**$5,166**	**₱248,375**	$10,738	$20,676	$31,414	₱1,590,625

**Other currencies include EUR, CNY, JPY, GBP, AUD, SGD, CHF, CAD, NZD, AED, HKD.*

	Parent Company							
	2020				2019			
	USD	Other Currencies*	Total in USD	PHP	USD	Other Currencies*	Total in USD	PHP
Assets								
Cash and other cash items	**$163**	**$3,402**	**$3,566**	**₱171,234**	$148	$2,377	$2,525	₱127,857
Due from other banks	**58,309**	**6,758**	**65,067**	**3,124,739**	98,334	4,983	103,317	5,231,428
Financial assets at FVTPL	**15,363**	**–**	**15,363**	**737,772**	15,396	34,582	49,978	2,530,668
Financial assets at FVOCI	**–**	**2,488**	**2,488**	**119,487**	–	2,284	2,284	115,629
Investment securities at amortized cost	**–**	**31,460**	**31,460**	**1,511,082**	–	–	–	–
Loans and receivables	**15,980**	**38,232**	**54,212**	**2,603,419**	24,445	39,692	64,137	3,247,606
Accrued interest receivable	**65**	**286**	**351**	**16,848**	103	287	390	19,737
Other assets	**17,632**	**24**	**17,656**	**847,915**	1,137	2	1,139	57,691
	107,512	**82,650**	**190,163**	**9,132,496**	139,563	84,207	223,770	11,330,616
Liabilities								
Deposit liabilities	**189**	**20,081**	**20,270**	**973,406**	140	32,506	32,646	1,653,048
Bills payables	**131,776**	**–**	**131,776**	**6,328,295**	388,225	62,731	450,956	22,834,146
Accrued interest and other expenses	**187**	**1**	**187**	**9,004**	2,126	1	2,127	107,687
Other liabilities	**19,182**	**1,979**	**21,160**	**1,016,183**	7,597	793	8,390	424,785
	151,334	**22,061**	**173,393**	**8,326,888**	398,088	96,031	494,119	25,019,666
Currency spot	**(4,000)**	**–**	**(4,000)**	**(192,092)**	(21,103)	103	(21,000)	(1,063,314)
Currency forwards	**49,804**	**(59,397)**	**(9,593)**	**(460,666)**	284,866	32,397	317,263	16,064,529
Net Exposure	**$1,982**	**$1,192**	**$3,177**	**₱152,850**	$5,238	$20,676	$25,914	₱1,312,165

**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			
		2020		2019	
	Change in Foreign Exchange Rate	Sensitivity of Pretax Income	Sensitivity of Equity	Sensitivity of Pretax Income	Sensitivity of Equity
USD	**2%**	**₱20**	**₱98**	₱126	₱238
Other	**1%**	**–**	**1**	–	1
USD	**(2%)**	**(20)**	**(98)**	(126)	(238)
Other	**(1%)**	**–**	**(1)**	–	(1)

		Parent Company			
		2020		2019	
	Change in Foreign Exchange Rate	Sensitivity of Pretax Income	Sensitivity of Equity	Sensitivity of Pretax Income	Sensitivity of Equity
USD	**2%**	**₱20**	**₱90**	₱126	₱225
Other	**1%**	**–**	**1**	–	1
USD	**(2%)**	**(20)**	**(90)**	(126)	(225)
Other	**(1%)**	**–**	**(1)**	–	(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 at FVOCI due to a reasonably possible change in equity indices, with all other variables held constant, is as follows (in millions):

	Consolidated		Parent Company	
	Change in equity index	Effect on Equity	Change in equity index	Effect on Equity
2020	**+10%**	**(0.9)**	**+10%**	**(3.9)**
	–10%	**(7.4)**	**–10%**	**(5.1)**
2019	+10%	9.7	+10%	10.0
	–10%	(0.3)	–10%	(2.5)

Liquidity Risk and Funding Management
Liquidity risk is generally defined as the current and prospective risk to earnings or capital arising from the Group's inability to meet its obligations when they become due without incurring unacceptable losses or costs.

The Group's liquidity management involves maintaining funding capacity to accommodate fluctuations in asset and liability levels due to changes in the Group's business operations or unanticipated events created by customer behavior or capital market conditions. The Group 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 Group's and the Parent Company's assets and liabilities, based on contractual undiscounted cash flows (in millions):

	Consolidated					
	December 31, 2020					
	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	₱15,984	₱–	₱–	₱–	₱–	₱15,984
Due from BSP	152,156	–	–	–	–	152,156
Due from other banks	18,189	40	–	–	–	18,229
SPURA	2,687	15,604	–	–	–	18,291
Financial assets at FVTPL	150	4,190	617	1,502	6,109	12,568
Financial assets at FVOCI	–	2,745	1,553	1,266	34,280	39,844
Loans and receivables	–	163,452	30,855	43,019	332,626	569,952
	189,166	186,031	33,025	45,787	373,015	827,022
Financial Liabilities						
Deposit liabilities						
Demand	₱212,467	₱–	₱–	₱–	₱–	₱212,467
Savings	256,407	–	–	–	–	256,407
Time	5	354,378	1,729	3,345	6,900	366,357
Bills payable	–	23,656	–	–	–	23,656
Manager's checks	–	1,568	–	–	–	1,568
Accrued interest and other expenses	5	3,899	2	–	–	3,906
Derivative liabilities	–	1,217	–	–	–	1,217
Bonds payable	–	30,000	–	14,882	7,184	52,066

(Forward)

	Consolidated					
	December 31, 2020					
	On demand	**Less than 1 year**	**1 to 2 years**	**2 to 3 years**	**3 to 5 years**	**Total**
Other liabilities:						
Lease payable	**₱–**	**₱734**	**₱712**	**₱368**	**₱1,529**	**₱3,343**
Accounts payable	**–**	**4,322**	**–**	**–**	**–**	**4,322**
Acceptances payable	**–**	**478**	**–**	**–**	**–**	**478**
Due to PDIC	**–**	**756**	**–**	**–**	**–**	**756**
Margin deposits	**–**	**–**	**–**	**–**	**–**	**–**
Other credits – dormant	**–**	**357**	**–**	**–**	**–**	**357**
Due to the Treasurer of the Philippines	**–**	**390**	**–**	**–**	**–**	**390**
Miscellaneous	**–**	**947**	**–**	**–**	**–**	**947**
Total liabilities	**468,884**	**422,702**	**2,443**	**18,595**	**15,612**	**928,236**
Net Position	**(₱279,718)**	**(₱236,671)**	**₱30,582**	**₱27,192**	**₱357,402**	**(₱101,214)**

	Consolidated					
	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	₱16,840	₱–	₱–	₱–	₱–	₱16,840
Due from BSP	100,174	–	–	–	–	100,174
Due from other banks	9,901	–	–	–	–	9,901
SPURA	7,009	10,028	–	–	–	17,037
Financial assets at FVTPL	–	2,027	1,795	3,564	15,642	23,028
Financial assets at FVOCI	–	1,691	4,908	739	35,287	42,625
Loans and receivables	–	167,173	37,239	27,712	343,835	575,959
	133,924	180,919	43,942	32,015	394,764	785,564
Financial Liabilities						
Deposit liabilities						
Demand	₱186,955	₱–	₱–	₱–	₱–	₱186,955
Savings	224,872	–	–	–	–	224,872
Time	–	308,305	253	6	4	308,568
Bills payable	–	33,381	–	–	–	33,381
Manager's checks	–	1,999	–	–	–	1,999
Accrued interest and other expenses	–	4,121	–	–	–	4,121
Derivative liabilities	–	1,036	–	–	–	1,036
Bonds payable		–	29,828	–	7,566	37,394
Other liabilities:						
Lease payable	–	568	538	476	2,382	3,964
Accounts payable	–	3,221	–	–	–	3,221
Acceptances payable	–	413	–	–	–	413
Due to PDIC	–	692	–	–	–	692
Margin deposits	–	6	–	–	–	6
Other credits – dormant	–	447	–	–	–	447
Due to the Treasurer of the Philippines	–	416	–	–	–	416
Miscellaneous	–	683	–	–	–	683
Total liabilities	411,827	355,307	30,619	482	9,951	808,188
Net Position	(₱277,904)	(₱174,387)	₱13,322	₱31,533	₱384,813	(₱22,624)

	Parent Company December 31, 2020					
	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	₱13,724	₱–	₱–	₱–	₱–	₱13,724
Due from BSP	141,811	–	–	–	–	141,811
Due from other banks	17,198	–	–	–	–	17,198
SPURA	–	15,604	–	–	–	15,604
Financial assets at FVTPL	–	2,575	617	1,502	6,109	10,802
Financial assets at FVOCI	–	2,581	1,317	995	33,242	38,135
Loans and receivables	–	140,997	17,617	33,955	312,161	504,731
	172,733	161,757	19,551	36,452	351,512	742,005
Financial Liabilities						
Deposit liabilities						
Demand	₱194,231	₱–	₱–	₱–	₱–	₱194,231
Savings	238,602	–	–	–	–	238,602
Time	–	316,635	471	909	125	318,140
Bills payable	–	23,656	–	–	–	23,656
Manager's checks	–	1,066	–	–	–	1,066
Accrued interest and other expenses	–	3,589	–	–	–	3,589
Derivative liabilities	–	1,217	–	–	–	1,217
Bonds payable		30,000		14,882	7,184	52,066
Other liabilities:						
Lease payable	–	538	476	368	1,338	2,721
Accounts payable		2,810	–	–	–	2,810
Acceptances payable	–	478	–	–	–	478
Due to PDIC	–	756	–	–	–	756
Margin deposits	–	–	–	–	–	–
Other credits – dormant	–	303	–	–	–	303
Due to the Treasurer of the Philippines	–	371	–	–	–	371
Miscellaneous	–	491	–	–	–	491
Total liabilities	432,833	381,910	947	16,159	8,647	840,497
Net Position	(₱260,100)	(₱220,153)	₱18,604	₱20,293	₱342,865	(₱98,492)

	Parent Company 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 FVTPL	–	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	19,176	320,917	509,869
	111,613	157,737	31,342	23,263	363,002	686,958

(Forward)

	Parent Company					
	December 31, 2019					
	On demand	Less than 1 year	1 to 2 years	2 to 3 years	3 to 5 years	Total
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	–	3,650	–	–	–	3,650
Derivative liabilities	–	1,036	–	–	–	1,036
Bonds payable	–	–	29,828	–	7,566	37,394
Other liabilities:						
Lease payable	–	568	538	476	1,706	3,288
Accounts payable	–	2,179	–	–	–	2,179
Acceptances payable	–	413	–	–	–	413
Due to PDIC	–	692	–	–	–	692
Margin deposits	–	6	–	–	–	6
Other credits – dormant	–	447	–	–	–	447
Due to the Treasurer of the Philippines	–	416	–	–	–	416
Miscellaneous	–	323	–	–	–	323
Total liabilities	380,471	352,952	30,619	482	9,276	773,800
Net Position	(₱268,858)	(₱195,215)	₱723	₱22,781	₱353,726	(₱86,842)

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. Liquidity is managed by the Parent Company 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**	
	2020	2019	**2020**	2019
Demand deposit account (Note 17)	**₱77,986,434**	₱92,674,383	**₱75,311,175**	₱80,609,635
Special deposit account	**74,170,000**	7,500,000	**66,500,000**	7,500,000
Others	**15**	15	**15**	15
	₱152,156,449	₱100,174,398	**₱141,811,190**	₱88,109,650

Due from Other Banks
This comprises of deposit accounts with:

	Consolidated		**Parent Company**	
	2020	2019	**2020**	2019
Local banks	**₱14,032,433**	₱3,067,833	**₱14,032,433**	₱2,224,644
Foreign banks	**4,196,288**	6,832,809	**3,165,317**	6,420,903
	₱18,228,721	₱9,900,642	**₱17,197,750**	₱8,645,547

Interest Income on Due from BSP and Other Banks

This account consists of:

	Consolidated			Parent Company		
	2020	2019	2018	**2020**	2019	2018
Due from BSP	**₱180,394**	₱232,148	₱124,557	**₱49,762**	₱83,124	₱67,039
Due from other banks	**783,050**	229,197	135,818	**605,858**	162,709	101,994
	₱963,444	₱461,345	₱260,375	**₱655,620**	₱245,833	₱169,033

8. INTERBANK LOANS RECEIVABLE AND SECURITIES PURCHASED UNDER RESALE AGREEMENTS

	Consolidated		Parent Company	
	2020	2019	**2020**	2019
Interbank loans receivable	**₱6,268,203**	₱4,580,316	**₱6,268,203**	₱4,580,316
SPURA	**12,022,648**	12,456,144	**9,335,964**	5,447,293
	₱18,290,851	₱17,036,460	**₱15,604,167**	₱10,027,609

Interbank Loans Receivable
As of December 31, 2020 and 2019, interbank loans receivable includes short-term foreign currency-denominated loans granted to other banks with annual interest rates ranging from 0.07% to 0.30% and 1.90% to 2.10%, respectively.

As of December 31, 2020, interbank loans receivable also includes short-term peso-denominated loans granted to other banks with annual interest rates ranging from 1.00% to 1.13%.

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 2020, 2019 and 2018, the interest rate of SPURA is 2.00%, 4.00%, and 4.75%, respectively, for the Group and Parent Company.

9. TRADING AND INVESTMENT SECURITIES

Financial Assets at FVTPL
This account consists of:

	Consolidated		Parent Company	
	2020	2019	**2020**	2019
Held for trading				
Government bonds (Note 28)	**₱3,531,521**	₱8,451,126	**₱3,531,521**	₱8,451,126
Treasury notes	**2,126,819**	2,386,226	**2,126,819**	2,386,226
Treasury bills	**1,892,770**	1,378,137	**1,892,770**	1,378,137
Private bonds	**3,358,210**	4,372,734	**1,812,303**	4,372,734
Quoted equity shares	**1,210,665**	1,243,938	**1,141,487**	1,187,928
	12,119,985	17,832,161	**10,504,900**	17,776,151
Financial Assets designated at FVTPL	**150,000**	–	**–**	–
Derivative assets (Note 26)	**1,136,878**	667,950	**1,136,878**	667,950
Total	**₱13,406,863**	₱18,500,111	**₱11,641,778**	₱18,444,101

As of December 31, 2020 and 2019, HFT securities include fair value loss of ₱26.75 million and ₱14.33 million respectively, for the Group. As of December 31, 2020 and 2019, HFT securities include fair value loss of ₱27.48 million and ₱22.14 million respectively, for the Parent Company.

Effective interest rates for peso-denominated financial assets at FVTPL for both the Group and the Parent Company range from 0.32% to 8.04% in 2020, 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 FVTPL for the Group range from 0.32% to 8.04% in 2020, 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 0.53% to 7.17% in 2020, 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	
	2020	2019	**2020**	2019
Debt Securities				
Government bonds (Notes 18 and 28)	**₱13,004,496**	₱22,540,516	**₱11,403,601**	₱21,052,633
Private bonds	**6,596,820**	2,953,271	**6,329,550**	2,512,588
	19,601,316	25,493,787	**17,733,151**	23,565,221
Equity Securities				
Quoted Equity Shares	**624,722**	621,208	**594,004**	587,043
Unquoted Equity Shares	**18,365**	18,365	**18,365**	18,365
	643,087	639,573	**612,369**	605,408
Total	**₱20,244,403**	₱26,133,360	**₱18,345,520**	₱24,170,629

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 as these will not be sold in the foreseeable future.

Net unrealized gains (losses)
Financial assets at FVOCI include fair value gains of ₱263.74 million for the Group and the Parent Company as of December 31, 2020 and fair value losses of ₱399.06 million for the Group and the Parent Company as of December 31, 2019. The fair value gains are recognized under OCI. Allowance for credit losses on debt financial assets at FVOCI of the Group and the Parent Company amounted to ₱30.38 million and ₱30.06 million as of December 31, 2020, respectively. Allowance for credit losses on debt financial assets at FVOCI of the Group and the Parent Company amounted to ₱18.52 million and ₱18.47 million as of December 31, 2019, respectively.

Effective interest rates for peso–denominated financial assets at FVOCI for both the Group and Parent Company range from 1.74% to 5.06% in 2020, from 3.94% to 6.87% in 2019 and from 4.25% to 5.58% in 2018.

Effective interest rates for foreign currency–denominated financial assets at FVOCI for both the Group and Parent Company range from 0.83% to 7.00% in 2020, from 0.83% to 5.65% in 2019 and from 2.33% to 8.48% in 2018.

Investment Securities at Amortized Cost
This account consists of:

	Consolidated		Parent Company	
	2020	2019	**2020**	2019
Government bonds (Note 18)	**₱95,852,375**	₱108,061,363	**₱91,543,048**	₱105,602,176
Private bonds	**103,200,111**	52,381,323	**102,358,761**	51,112,073
	199,052,486	160,442,686	**193,901,809**	156,714,249
Unamortized premium – net	**5,577,990**	8,848,025	**5,276,817**	8,600,024
Allowance for credit losses	**(2,389,845)**	(1,087,983)	**(2,383,800)**	(1,082,690)
	₱202,240,631	₱168,202,728	**₱196,794,826**	₱164,231,583

Effective interest rates for peso–denominated investment securities at amortized cost for the Group range from 1.06% to 8.92% in 2020, 2019, and 2018. Effective interest rates for foreign currency–denominated investment securities at amortized cost range from 0.57% to 10.35% in 2020, 1.82% to 6.97% in 2019 and 0.58% to 7.37% in 2018.

Sale of Investment Securities at Amortized Cost
The Parent Company sold the following investment securities at amortized cost in 2020 (amounts in millions):

	Parent Company	
Reason for selling	**Carrying amount**	**Gain on sale**
Additional liquidity to take advantage of a change in a regulatory loan limit	₱25,761	₱1,782
Redemption by issuer to effect its debt refinancing	2,641	145
A change in the funding profile of the Parent Company*	698	243
To address requirements on regulatory and internal limit of the Parent Company	536	5
A highly probable change in regulations with a potentially adverse impact to the financial assets' contractual cash flows*	507	12
Total	₱30,143	₱2,187

** The sales are based on the assessments made in 2019.*

The Group and the Parent Company sold the following investment securities at amortized cost in 2019 (amounts in millions):

	Group		Parent Company	
Reason for selling	Carrying amount	Gain on sale	Carrying amount	Gain on sale
A change in funding profile of the Parent Company	₱10,445	₱1,156	₱10,445	₱1,156
To address requirements on regulatory and internal limit of the Group and Parent Company	6,275	168	982	86
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 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 of investment securities at amortized cost were assessed by the Group as not inconsistent with the portfolios' business models considering the conditions and reasons for which the disposals were made (see Note 3).

Interest Income on Investment Securities
This account consists of:

	Consolidated			Parent Company		
	2020	2019	2018	**2020**	2019	2018
Financial assets at FVOCI	**₱3,595,277**	₱665,379	₱596,864	**₱3,531,285**	₱600,160	₱525,774
Investment securities at amortized cost	**6,427,897**	9,162,697	5,279,064	**6,203,399**	8,762,267	5,033,783
	₱10,023,174	₱9,828,076	₱5,875,928	**₱9,734,684**	₱9,362,427	₱5,559,557

10. LOANS AND RECEIVABLES

This account consists of:

	Consolidated		Parent Company	
	2020	2019	**2020**	2019
Loans and discounts				
Corporate and commercial lending	**₱449,665,226**	₱459,683,487	**₱429,181,294**	₱434,474,621
Consumer lending	**114,003,342**	106,901,801	**67,192,608**	64,748,163
Trade–related lending	**8,534,049**	11,196,919	**8,328,448**	10,902,568
Others*	**142,337**	46,830	**28,421**	34,341
	572,344,954	577,829,037	**504,730,771**	510,159,693
Unearned discounts	**(390,552)**	(349,897)	**(208,638)**	(290,711)
	571,954,402	577,479,140	**504,522,133**	509,868,982
Allowance for impairment and credit losses (Note 16)	**(14,739,918)**	(8,559,976)	**(12,527,657)**	(6,938,785)
	₱557,214,484	₱568,919,164	**₱491,994,476**	₱502,930,197

*Others include employee loans and foreign bills purchased.

As of December 31, 2020 and 2019, loans of the Parent Company amounting to ₱5.75 billion and ₱3.28 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			
	2020		2019		**2020**		2019	
	Amounts	%	Amounts	%	**Amounts**	%	Amounts	%
Loans secured by								
Real estate	**₱77,049,605**	13.46	₱100,722,095	17.43	**₱51,972,071**	10.30	₱75,049,610	14.71
Chattel mortgage	**23,902,079**	4.18	26,294,676	4.55	**8,334,760**	1.65	10,602,721	2.08
Guarantee by the Republic of the Philippines	**2,274,070**	0.40	4,574,220	0.79	**2,274,070**	0.45	4,574,220	0.90
Deposit hold out	**3,018,427**	0.53	3,166,911	0.55	**2,539,755**	0.50	2,286,341	0.45
Shares of stock of other banks	**2,354,950**	0.41	2,345,300	0.41	**2,354,950**	0.47	2,345,300	0.46
Others	**90,569,698**	15.82	119,011,685	20.60	**90,289,852**	17.89	118,675,412	23.26
	199,168,829	34.80	256,114,887	44.33	**157,765,458**	31.26	213,533,604	41.86
Unsecured loans	**373,176,125**	65.20	321,714,150	55.67	**346,965,313**	68.74	296,626,089	58.14
	₱572,344,954	100.00	₱577,829,037	100.00	**₱504,730,771**	100.00	₱510,159,693	100.00

As of December 31, 2020 and 2019, the Parent Company does not have credit concentration in any particular industry.

Modification of Loans and Receivables

On March 25, 2020, Republic Act No. 11469, otherwise known as the Bayanihan to Heal as One Act ("Bayanihan 1 Act") was enacted. Bayanihan 1 Act provides that all covered institutions shall implement a 30-day grace period for all loans with principal and/or interest and lease amortization falling due within the enhanced community quarantine (ECQ) period without incurring interest on interest, penalties, fees and other charges. Subsequently, on September 11, 2020, Republic Act No. 11494, otherwise known as the Bayanihan to Recover as One Act ("Bayanihan 2 Act"), was enacted. Under Bayanihan 2 Act, a one-time 60-day grace period is granted for the payment of all existing, current and outstanding loans falling due, or any part thereof, on or before December 31, 2020, without incurring interest on interests, penalties, fees, or other charges and thereby extending the maturity of the said loans. Furthermore, a minimum 30-day grace period shall also be granted by covered institutions to all payments due within the period of community quarantine on rent and utility-related expenditures without incurring penalties, interest and other

In 2020, the Group and the Parent Company, in addition to the reliefs provided under Bayanihan 1 Act and Bayanihan 2 Act, have offered financial reliefs to their borrowers or counterparties as a response to the effect of the COVID-19 pandemic, particularly the modification of existing loans and receivables which includes extension of payment terms.

Based on the Group's and the Parent Company's assessments, the modifications in the contractual cash flows as a result of the above reliefs are not substantial and, therefore, do not result in the derecognition of the affected financial assets but would require the recognition of modification losses. The total modification losses resulting from Bayanihan 1 Act and Bayanihan 2 Act amounted to ₱605.15 million for the Group and ₱401.40 million for the Parent Company. For the Group, the net impact of the loan modification after subsequent accretion of the modified loans amounted to ₱141.79 million. For the Parent Company, the net impact of the loan modification after subsequent accretion of the modified loans is not material to the Parent Company's financial statements.

The Group's loans and receivables that had loss allowances measured at an amount equal to lifetime ECL and whose cash flows were modified in 2020 but have not resulted in derecognition had an amortized cost before modification amounting to ₱6.79 billion and ₱5.28 billion for the Group and the Parent Company, respectively. Modification loss recognized for these loans and receivables amounted to ₱27.51 million and ₱21.61 million for the Group and the Parent Company, respectively.

The Group's loans and receivables having loss allowance measured at an amount equal to lifetime ECL at the time of modification but were not derecognized in 2020 and for which credit risk has significantly improved as at the end of reporting period, resulting in a change in loss allowance to 12-month ECL, had an amortized cost before modification amounting to ₱1.28 billion and ₱1.13 billion for the Group and the Parent Company, respectively. As of December 31, 2020, these loans and receivables had a gross carrying amount of ₱1.25 billion and ₱1.10 billion for the Group and the Parent Company, respectively.

Interest Income on Loans and Receivables
As of December 31, 2020 and 2019, 65.48% and 72.55%, respectively, of the total receivables from customers of the Group were subject to interest repricing. As of December 31, 2020 and 2019, 68.02% and 75.54%, 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 1.02% to 16.25% in 2020, from 1.66% to 10.50% in 2019, and from 1.65% to 10.50% in 2018 for foreign currency–denominated receivables and from 0.95% to 30.00% in 2020, 2019 and 2018 for peso–denominated receivables.

11. EQUITY INVESTMENTS

This account consists of investments in:

A. Subsidiaries

	2020	2019
Balance at beginning 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
Share in net income		
CBSI	**506,068**	345,165
CBCC	**215,971**	350,421
CBC–PCCI	**7,704**	18,061
CIBI	**60,739**	56,981
	790,482	770,628
Share in Other Comprehensive Income		
Items that recycle to profit or loss in subsequent periods:		
Net unrealized gain (loss) on FVOCI		
CBSI	**15,054**	143,236
CBCC	**4,048**	34,527
CBC–PCCI	**11,017**	–
CIBI	**1,584**	12,732
	31,703	190,495
Cumulative translation adjustments		
CBSI	**(12,166)**	17,015
	(12,166)	17,015
Other Equity-stock grants		
CBSI	**18,286**	–
CBCC	**211**	–
CBC–PCCI	**2,776**	–
CIBI	**657**	–
	21,930	–

(Forward)

	2020	2019
Items that do not recycle to profit or loss in subsequent periods:		
Remeasurement gain on defined benefit assets		
CBSI	**₱59,569**	(₱66,609)
CBCC	**(625)**	5,499
CBC–PCCI	**(4,930)**	–
CIBI	**(388)**	4,757
	53,626	(56,353)
Realized loss on sale of equity securities at FVOCI	**–**	(76,597)
	–	(76,597)
Additional Investments		
CBSI	**–**	363
	–	363
Impairment		
CBSI	**(59,902)**	–
	(59,902)	–
Cash Dividends		
CBCC	**(50,000)**	–
CIBI	**(150,000)**	(50,000)
	(200,000)	(50,000)
Balance at end of the year		
CBSI	**13,006,556**	12,479,647
CBCC	**2,406,507**	2,236,902
CBC–PCCI	**77,367**	60,800
CIBI	**264,361**	351,769
	₱15,754,791	₱15,129,118

B. Associates:

	2020	2019
Balance at beginning of the year	**₱704,169**	₱335,092
Share in net income	**152,441**	184,661
Share in OCI:		
Items that do not recycle to profit or loss in subsequent periods		
Remeasurement loss on life insurance reserves	**(66,558)**	(11,021)
Remeasurement on defined benefit plan	**3,415**	2,985
Item that recycle to profit or loss in subsequent periods:		
Net unrealized gain on FVOCI	**119,180**	152,452
Additional investments	**–**	40,000
Balance at end of the year	**₱912,647**	₱704,169

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.

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 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		
Net liabilities of PDB*	(₱725,207)	
Branch licenses, net of deferred tax liability (Note 14)	1,785,000	1,059,793
		₱616,907

inclusive of the existing branch licenses of PDB with an aggregate fair value of ₱289.50 million (Note 14)

CIBI
On January 16, 2020, the BOD declared and approved cash dividends amounting to ₱100 million for stockholders on record as of declaration date, payable on February 21, 2020. On December 10, 2020, the BOD declared and approved another cash dividends amounting to ₱50 million for stockholders on record as of declaration date, payable on December 21, 2020.

On October 16, 2019, the BOD declared and approved cash dividends of ₱50 million for stockholders on record as of declaration date, payable on December 19, 2019.

CBCC
On June 11, 2020, the BOD declared and approved cash dividends of ₱50 million for stockholders on record as of declaration date, payable on June 30, 2020.

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.

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 the parent company 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, 2020 and 2019.

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 the right 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:

	2020	2019
Total assets	**₱43,089,159**	₱39,276,563
Total liabilities	**40,856,962**	37,565,561
Equity	**2,232,197**	1,711,002

	2020	2019
Revenues	**₱9,402,315**	₱8,628,345
Benefits, claims and operating expenses	**8,932,982**	8,104,905
Income before income tax	**469,333**	523,440
Net income	**381,102**	461,652

Commission income earned by the Group from its bancassurance agreement amounting to ₱282.00 million, ₱303.45 million, ₱357.79 million in 2020, 2019 and 2018, 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							
	2020							
	Land (Note 23)	Furniture, Fixtures and Equipment	Buildings	Leasehold Improvements	Construction–in–Progress	Right-of-use Assets Land	Right-of-use Assets Building	Total
Cost								
Balance at beginning of year	₱3,236,995	₱6,982,242	₱1,961,818	₱2,326,571	₱59,439	₱181,451	₱3,506,393	₱18,254,909
Additions	51,635	273,890	105,272	65,800	44,680	–	167,762	709,039
Disposals/transfers (Note 14)*	–	(53,548)	7,015	(33,731)	(22,658)	(8,079)	(34,655)	(145,656)
Balance at end of year	3,288,630	7,202,584	2,074,105	2,358,640	81,461	173,372	3,639,500	18,818,292
Accumulated Depreciation and Amortization								
Balance at beginning of year	–	5,802,599	1,157,640	1,467,601	–	13,556	658,280	9,099,676
Depreciation and amortization	–	564,984	69,561	238,980	–	56,787	642,024	1,572,336
Disposals/transfers (Note 14)*	–	(165,930)	(4,153)	(75,569)	–	–	(30,785)	(276,437)
Balance at end of year	–	6,201,653	1,223,048	1,631,012	–	70,343	1,269,519	10,395,575
Net Book Value at End of Year	₱3,288,630	₱1,000,931	₱851,057	₱727,628	₱81,461	₱103,029	₱2,369,981	₱8,422,717

*Includes transfers from investment properties amounting to ₱14.46 million.

	Consolidated							
	2019							
	Land (Note 23)	Furniture, Fixtures and Equipment	Buildings	Leasehold Improvements	Construction–in–Progress	Right-of-use Assets Land	Right-of-use Assets Building	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	–	247,310	922,664
Disposals/transfers (Note 14)*	18,732	(1,315,540)	77,268	27,824	(47,937)	–	(1,397)	(1,241,050)
Balance at end of year	3,236,995	6,982,242	1,961,818	2,326,571	59,439	181,451	3,506,391	18,254,907
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)	–	–	1,049	(1,175,661)
Balance at end of year	–	5,802,599	1,157,640	1,467,601	–	13,556	658,277	9,099,673
Net Book Value at End of Year	₱3,236,995	₱1,179,643	₱804,178	₱858,970	₱59,439	₱167,895	₱2,848,114	₱9,155,234

*Includes transfers from investment properties amounting to ₱28.90 million.

	Parent Company							
	2020							
	Land (Note 23)	Furniture, Fixtures and Equipment	Buildings	Leasehold Improvements	Construction–in–Progress	Right-of-use Assets Land	Right-of-use Assets Building	Total
Cost								
Balance at beginning of year	₱2,889,705	₱5,665,067	₱1,235,690	₱1,642,879	₱19,370	₱181,451	₱2,730,534	₱14,364,696
Additions	956	223,555	104,259	61,672	17,786	–	56,340	464,568
Disposals/transfers (Note 14)*	–	1,679	10,957	(33,806)	(22,658)	–	–	(43,828)
Balance at end of year	2,890,661	5,890,301	1,350,906	1,670,745	14,498	181,451	2,786,874	14,785,436
Accumulated Depreciation and Amortization								
Balance at beginning of year	–	4,749,235	645,600	995,684	–	13,556	491,975	6,896,050
Depreciation and amortization	–	453,352	56,352	175,989	–	56,787	458,816	1,201,296
Disposals/transfers (Note 14)*	–	(113,320)	87	(75,636)	–	–	–	(188,869)
Balance at end of year	–	5,089,267	702,039	1,096,037	–	70,343	950,791	7,908,477
Net Book Value at End of Year	₱2,890,661	₱801,034	₱648,867	₱574,708	₱14,498	₱111,108	₱1,836,083	₱6,876,959

*Includes transfers from investment properties amounting to ₱14.46 million.

	Parent Company							
	Land (Note 23)	Furniture, Fixtures and Equipment	Buildings	Leasehold Improvements	Construction–in–Progress	Right-of-use Assets Land	Right-of-use Assets Building	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	(22,575)	–	–	–	(1,106,223)
Balance at end of year	–	4,749,235	645,600	995,684	–	13,556	491,975	6,896,050
Net Book Value at End of Year	₱2,889,705	₱915,832	₱590,090	₱647,195	₱19,370	₱167,895	₱2,238,559	₱7,468,646

*Includes transfers from investment properties amounting to ₱28.90 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, 2020 and 2019, the gross carrying amount of fully depreciated furniture, fixtures and equipment still in use amounted to ₱2.90 billion and ₱2.73 billion, respectively, for the Group and ₱2.09 billion and ₱1.99 billion, respectively, for the Parent Company.

Gain on sale of furniture, fixtures and equipment amounting to ₱1.25 million, ₱1.44 million and ₱1.81 million in 2020, 2019 and 2018, respectively, for the Group and ₱0.02 million, ₱1.44 million and ₱1.60 million in 2020, 2019 and 2018, respectively, for the Parent Company are included in the statements of income under 'Miscellaneous income' account (Note 22).

In 2018, depreciation and amortization amounting to ₱1.01 billion and ₱742.53 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:

	Consolidated		
	Land	Buildings and Improvements	2020 Total
Cost			
Balance at beginning of year	₱3,649,943	₱2,730,718	₱6,380,661
Additions	129,272	165,054	294,326
Disposals/write–off/transfers*	(649,210)	(134,786)	(783,996)
Balance at end of year	3,130,005	2,760,986	5,890,991
Accumulated Depreciation and Amortization			
Balance at beginning of year	–	914,465	914,465
Depreciation and amortization	–	157,568	157,568
Disposals/write–off/transfers*	–	(82,200)	(82,200)
Balance at end of year	–	989,833	989,833
Allowance for Impairment Losse (Note 16)			
Balance at beginning of year	874,363	254,649	1,129,012
Provisions during the year	–	29,986	29,986
Disposals/write–off/reclassification*	(261,375)	18,596	(242,779)
Balance at end of year	612,988	303,231	916,219
Net Book Value at End of Year	₱2,517,017	₱1,467,922	₱3,984,939

*Includes transfers to bank premises amounting to ₱14.46 million (Note 12).

	Consolidated		
	Land	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)	(78,024)	(146,220)
Balance at end of year	874,363	254,649	1,129,012
Net Book Value at End of Year	₱2,775,580	₱1,561,604	₱4,337,184

*Includes transfers to bank premises amounting to ₱28.90 million (Note 12).

	Parent Company		
	Land	**Buildings and Improvements**	**2020 Total**
Cost			
Balance at beginning of year	**₱1,528,079**	**₱1,538,765**	**₱3,066,844**
Additions	**46,693**	**70,967**	**117,660**
Disposals/write–off/transfers*	**(232,265)**	**(75,822)**	**(308,087)**
Balance at end of year	**1,342,507**	**1,533,910**	**2,876,417**
Accumulated Depreciation and Amortization			
Balance at beginning of year	**–**	**455,342**	**455,342**
Depreciation and amortization	**–**	**96,263**	**96,263**
Disposals/write–off/transfers*	**–**	**(31,908)**	**(31,908)**
Balance at end of year	**–**	**519,697**	**519,697**
Allowance for Impairment Losses (Note 16)			
Balance at beginning of year	**912,826**	**201,689**	**1,114,515**
Provisions during the year	**(236,728)**	**–**	**(236,728)**
Disposals/write–off/reclassification*	**–**	**–**	**–**
Balance at end of year	**676,098**	**201,689**	**877,787**
Net Book Value at End of Year	**₱666,409**	**₱812,524**	**₱1,478,933**

*Includes transfers to bank premises amounting to ₱14.46 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 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 2018, depreciation and amortization amounting to ₱170.98 million and ₱89.93 million for the Group and Parent Company, respectively, are included in the statements of income under 'Depreciation and amortization' account.

Details of rental income earned and direct operating expenses incurred on investment properties follow:

	Consolidated		
	2020	2019	2018
Rent income on investment properties	**₱28,127**	₱38,288	₱35,323
Direct operating expenses on investment properties generating rent income	**1,537**	12,952	1,451
Direct operating expenses on investment properties not generating rent income	**69,651**	55,424	66,011

	Parent Company		
	2020	2019	2018
Rent income on investment properties	**₱8,843**	₱8,460	₱10,994
Direct operating expenses on investment properties generating rent income	**815**	12,150	649
Direct operating expenses on investment properties not generating rent income	**22,753**	20,503	29,584

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, 2020 and 2019, 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:

	2020		2019	
	RBB	**CBSI**	RBB	CBSI
Discount rate	**6.12%**	**7.25%**	6.29%	10.19%
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, 2020 and 2019.

Branch Licenses

Branch licenses of the Group arose from the acquisitions of CBSI, Unity Bank, and PDB. As of December 31, 2020 and 2019, details of branch licenses in the Group's and the Parent Company's financial statements follow:

	Consolidated		**Parent Company**	
	2020	2019	**2020**	2019
Branch license from CBSI acquisition	**₱477,600**	₱477,600	**₱455,000**	₱455,000
Branch license from Unity Bank acquisition	**360,000**	360,000	**–**	–
Branch license from PDB acquisition*	**2,839,500**	2,839,500	**–**	–
	3,677,100	3,677,100	**455,000**	455,000
Allowance for probable losses	**(289,502)**	(229,600)	**(57,000)**	(57,000)
	₱3,387,598	₱3,447,500	**₱398,000**	₱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

Capitalized software costs

The movements in the account follow:

	Consolidated		Parent Company	
	2020	2019	**2020**	2019
Cost				
Balance at beginning of year	**₱1,878,745**	₱1,000,739	**₱1,785,403**	₱895,105
Additions	**68,133**	95,620	**52,371**	79,070
Disposals/Write-off/Reclassifications (Note 12)	**(27,691)**	782,386	**(1,153)**	811,228
Balance at end of year	**1,919,187**	1,878,745	**1,836,621**	1,785,403
Accumulated Depreciation and Amortization				
Balance at beginning of year	**1,268,667**	407,277	**1,237,487**	377,574
Depreciation and amortization	**164,995**	174,854	**163,221**	173,378
Disposals/Write-off/Reclassifications (Note 12)	**(46)**	686,536	**(23)**	686,535
Balance at end of year	**1,433,616**	1,268,667	**1,400,685**	1,237,487
Net Book Value at End of Year	**₱485,571**	₱610,078	**₱435,936**	₱547,916

Exchange Trading Right

As of December 31, 2020 and 2019, the Group has an exchange trading right with the following carrying value:

Cost	₱12,000
Less: allowance for impairment losses	3,500
	₱8,500

The trading right has an indefinite useful life and, thus, is not amortized but is subject for impairment at every reporting date. The last transacted price of the trading right is ₱8.50 million as approved by the BOD of PSE. The exchange trading right, as of December 31, 2020 and 2019, remains to be unimpaired.

Under the PSE rules, all exchange membership seats are pledged at its full value to the PSE to secure the payment of all debts to other members of the exchange arising out of or in connection with the present or future members' contracts.

Republic Act (RA) No. 8799, entitled SRC, prescribed the conversion of the PSE into a stock corporation effective on August 8, 2001, pursuant to a conversion plan approved by the SEC. In August 2001, the SEC approved the conversion plan with the following salient features, among others:

a. the existing 184 member-brokers as of August 8, 2001 are eligible to subscribe to the shares and to retain access to the trading facilities of the PSE;
b. each member shall subscribe to 50,000 shares at a par value of ₱1.00;
c. the balance of the members' contribution amounting to ₱277.40 million shall be treated as additional paid-in capital;
d. the separation of ownership of the PSE from access to trading;
e. issuance of certificate of trading right;
f. policy of imposing a moratorium on the issuance of new trading right; and
g. transferability of trading right.

15. OTHER ASSETS

This account consists of:

	Consolidated		Parent Company	
	2020	2019	**2020**	2019
Financial assets				
Accounts receivable	**₱2,279,947**	₱2,394,849	**₱1,223,657**	₱1,464,942
SCR	**1,203,482**	1,162,106	**209,692**	235,049
RCOCI	**124,705**	424,364	**90,566**	342,018
Others	**855,122**	966,441	**304,975**	330,363
	4,463,256	4,947,760	**1,828,890**	2,372,372
Nonfinancial assets				
Net plan assets (Note 25)	**127,937**	543,471	**32,609**	499,711
Prepaid expenses	**336,626**	338,754	**309,436**	303,794
Creditable withholding taxes	**598,278**	544,634	**489,157**	476,107
Security deposit	**256,804**	268,602	**177,479**	189,277
Documentary stamps	**209,699**	198,093	**137,302**	157,020
Sundry debits	**609,383**	278,761	**627,227**	278,761
Miscellaneous	**422,119**	332,751	**–**	–
	2,560,846	2,505,066	**1,773,210**	1,904,670
	7,024,102	7,452,826	**3,602,100**	4,277,042
Allowance for impairment losses (Note 16)	**(523,092)**	(565,319)	**(234,109)**	(294,913)
	₱6,501,010	₱6,887,507	**₱3,367,991**	₱3,982,129

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 rates per annum in 2020 and 2019 ranging from 5.00% to 10.00% and 5.00% to 10.25%, 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	
	2020	2019	**2020**	2019
Balances at beginning of year				
Loans and receivables	**₱8,559,976**	₱6,829,280	**₱6,938,785**	₱5,425,713
Investment securities at amortized cost	**1,087,983**	375,102	**1,082,690**	214,938
Financial Assets at FVOCI	**18,521**	(4,023)	**18,471**	–
Investment properties	**1,129,012**	1,275,232	**1,114,515**	1,120,965
Accrued interest receivable	**275,888**	303,555	**39,261**	45,247
Intangible assets	**233,100**	73,100	**57,000**	57,000
Other assets	**565,319**	772,004	**294,913**	477,454
	11,869,799	9,624,250	**9,545,635**	7,341,317

(Forward)

	Consolidated		Parent Company	
	2020	2019	2020	2019
Provisions charged to operations	**₱8,868,919**	₱2,570,168	**₱7,983,206**	₱2,205,062
Accounts charged off and others	**(1,508,473)**	(324,619)	**(1,321,921)**	(744)
	7,360,446	2,245,549	**6,661,285**	2,204,318
Balances at end of year				
Loans and receivables (Note 10)	**14,739,918**	8,559,976	**12,527,657**	6,938,785
Investment securities at amortized cost	**2,389,845**	1,087,983	**2,383,800**	1,082,690
Financial Assets at FVOCI (Note 9)	**30,384**	18,521	**30,056**	18,471
Investment properties (Note 13)	**916,219**	1,129,012	**877,787**	1,114,515
Accrued interest receivable	**337,785**	275,888	**36,609**	39,261
Intangible assets	**293,002**	233,100	**57,000**	57,000
Investment in subsidiaries	**–**	–	**59,902**	–
Other assets (Note 15)	**523,092**	565,319	**234,109**	294,913
	₱19,230,245	₱11,869,799	**₱16,206,920**	₱9,545,635

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 2020 (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, 2020	**₱3,406,716**	**₱493,312**	**₱3,017,416**	**₱6,917,444**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(110,125)	1,795,484	–	1,685,359
Transfer from Stage 1 to Stage 3	(333,940)	–	2,259,231	1,925,291
Transfer from Stage 2 to Stage 1	111,168	(243,190)	–	(132,022)
Transfer from Stage 2 to Stage 3	–	(57,867)	815,965	758,098
Transfer from Stage 3 to Stage 1	32	–	(4,661)	(4,629)
Transfer from Stage 3 to Stage 2	–	179	(22,117)	(21,938)
New financial assets originated *	1,893,028	1,171,035	451,313	3,515,376
Changes in PDs/LGDs/EADs	614,376	168,604	(263,803)	519,177
Financial assets derecognized during the period	(1,044,910)	(114,476)	(614,627)	(1,774,013)
Fx and other movements	15,527	788	133,157	149,472
Total net P&L charge during the period	**1,145,156**	**2,720,557**	**2,754,458**	**6,620,171**
Other movements without P&L impact				
Write-offs, foreclosures and other movements	(15,583)	(788)	(1,143,748)	(1,160,119)
Total movements without P&L impact	**(15,583)**	**(788)**	**(1,143,748)**	**(1,160,119)**
Loss allowance at December 31, 2020	**₱4,536,289**	**₱3,213,081**	**₱4,628,126**	**₱12,377,496**

** 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, 2020	**₱226,544**	**₱30,935**	**₱1,048,161**	**₱1,305,640**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(36,480)	129,412	–	92,932
Transfer from Stage 1 to Stage 3	(11,450)	–	1,004,196	992,746
Transfer from Stage 2 to Stage 1	1,638	(5,843)	–	(4,205)
Transfer from Stage 2 to Stage 3	–	(9,289)	160,169	150,880
Transfer from Stage 3 to Stage 1	107	–	(13,073)	(12,966)
Transfer from Stage 3 to Stage 2	–	881	(20,232)	(19,351)
New financial assets originated *	95,436	20,068	55,052	170,556
Changes in PDs/LGDs/EADs	97,587	(4,418)	40,010	133,179
Financial assets derecognized during the period	(41,288)	(5,997)	(117,332)	(164,617)
Fx and other movements	–	–	287,434	287,434
Total net P&L charge during the period	**105,550**	**124,814**	**1,396,224**	**1,626,588**
Other movements without P&L impact				
Write-offs, foreclosures and other movements	–	–	(851,299)	(851,299)
Total movements without P&L impact	**–**	**–**	**(851,299)**	**(851,299)**
Loss allowance at December 31, 2020	**₱332,094**	**₱155,749**	**₱1,593,086**	**₱2,080,929**

** 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
Trade-related lending	12-month ECL	Lifetime ECL	Lifetime ECL	
Loss allowance at January 1, 2020	**₱127,073**	**₱429**	**₱207,015**	**₱334,517**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(900)	882	–	(18)
Transfer from Stage 1 to Stage 3	(253)	–	22,748	22,495
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	–	204	(11,808)	(11,604)
New financial assets originated *	130,287	22,522	26,235	179,044
Changes in PDs/LGDs/EADs	648	96	(106,093)	(105,349)
Financial assets derecognized during the period	(123,188)	(319)	–	(123,507)
Fx and other movements	275	–	3,920	4,195
Total net P&L charge during the period	**6,869**	**23,385**	**(64,998)**	**(34,744)**
Other movements without P&L impact				
Write-offs, foreclosures and other movements	(275)	–	(20,894)	(21,169)
Total movements without P&L impact	**(275)**	**–**	**(20,894)**	**(21,169)**
Loss allowance at December 31, 2020	**₱133,667**	**₱23,814**	**₱121,123**	**₱278,604**

** Stage classification of new financial assets originated pertains to the stage as of end of year*

Others	Consolidated ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance at January 1, 2020	**₱–**	**₱–**	**₱–**	**₱–**
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	–	–	–	–
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 *	1	8	–	9
Changes in PDs/LGDs/EADs	–	40	2,840	2,880
Financial assets derecognized during the period	–	–	–	–
Fx and other movements	–	–	–	–
Total net P&L charge during the period	**1**	**48**	**2,840**	**2,889**
Other movements without P&L impact				
Write-offs, foreclosures and other movements	–	–	–	–
Total movements without P&L impact	–	–	–	–
Loss allowance at December 31, 2020	**₱1**	**₱48**	**₱2,840**	**₱2,889**

** 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, 2020	**₱276,088**	**₱811,828**	**₱–**	**₱1,087,916**
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	13,447	(21,613)	–	(8,166)
Transfer from Stage 2 to Stage 3	–	(784,940)	2,002,270	1,217,330
Transfer from Stage 3 to Stage 1	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated *	159,142	–	–	159,142
Changes in PDs/LGDs/EADs	(35,080)	–	–	(35,080)
Financial assets derecognized during the period	(24,960)	(5,275)	–	(30,235)
Fx and other movements	34,709	–	–	34,709
Total net P&L charge during the period	**147,258**	**(811,828)**	**2,002,270**	**1,337,700**
Other movements without P&L impact				
Write-offs, foreclosures and other movements	(35,771)	–	–	(35,771)
Total movements without P&L impact	**(35,771)**	**–**	**–**	**(35,771)**
Loss allowance at December 31, 2020	**₱387,575**	**₱–**	**₱2,002,270**	**₱2,389,845**

** 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
Investments measured at FVOCI (Debt)	12-month ECL	Lifetime ECL	Lifetime ECL	
Loss allowance at January 1, 2020	**₱18,521**	**₱–**	**₱–**	**₱18,521**
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	–	–	–	–
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 *	13,467	–	–	13,467
Changes in PDs/LGDs/EADs	2,946	–	–	2,946
Financial assets derecognized during the period	(4,550)	–	–	(4,550)
Fx and other movements	9,345	–	–	9,345
Total net P&L charge during the period	**21,208**	**–**	**–**	**21,208**
Other movements without P&L impact				
Write-offs, foreclosures and other movements	(9,345)	–	–	(9,345)
Total movements without P&L impact	**(9,345)**	**–**	**–**	**(9,345)**
Loss allowance at December 31, 2020	**₱30,384**	**₱–**	**₱–**	**₱30,384**

** 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	
Loss allowance at January 1, 2020	**₱3,316,660**	**₱485,666**	**₱1,939,230**	**₱5,741,556**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(88,400)	1,768,208	–	1,679,808
Transfer from Stage 1 to Stage 3	(331,620)	–	2,028,750	1,697,130
Transfer from Stage 2 to Stage 1	110,960	(242,929)	–	(131,969)
Transfer from Stage 2 to Stage 3	–	(53,579)	476,664	423,085
Transfer from Stage 3 to Stage 1	3	–	(1,750)	(1,747)
Transfer from Stage 3 to Stage 2	–	38	(11,004)	(10,966)
New financial assets originated *	1,860,151	1,161,153	427,996	3,449,300
Changes in PDs/LGDs/EADs	591,037	154,171	(63,162)	682,046
Financial assets derecognized during the period	(1,017,672)	(113,814)	(504,576)	(1,636,062)
Fx and other movements	15,527	788	133,157	149,472
Total net P&L charge during the period	**1,139,986**	**2,674,036**	**2,486,075**	**6,300,097**
Other movements without P&L impact				
Write-offs, foreclosures and other movements	(15,583)	(788)	(1,143,748)	(1,160,119)
Total movements without P&L impact	**(15,583)**	**(788)**	**(1,143,748)**	**(1,160,119)**
Loss allowance at December 31, 2020	**₱4,441,063**	**₱3,158,914**	**₱3,281,557**	**₱10,881,534**

** Stage classification of new financial assets originated or purchased pertains to the stage as of end of year*

Consumer lending	Parent ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance at January 1, 2020	**₱145,051**	**₱12,423**	**₱704,737**	**₱862,211**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(32,668)	93,437	–	60,769
Transfer from Stage 1 to Stage 3	(8,925)	–	604,704	595,779
Transfer from Stage 2 to Stage 1	1,198	(1,698)	–	(500)
Transfer from Stage 2 to Stage 3	–	(1,826)	35,021	33,195
Transfer from Stage 3 to Stage 1	74	–	(7,851)	(7,777)
Transfer from Stage 3 to Stage 2	–	714	(17,434)	(16,720)
New financial assets originated *	52,797	13,663	29,628	96,088
Changes in PDs/LGDs/EADs	87,549	(3,400)	2,702	86,851
Financial assets derecognized during the period	(30,881)	(2,832)	(24,961)	(58,674)
Fx and other movements	–	–	287,434	287,434
Total net P&L charge during the period	**69,144**	**98,058**	**909,243**	**1,076,445**
Other movements without P&L impact				
Write-offs, foreclosures and other movements	–	–	(562,525)	(562,525)
Total movements without P&L impact	**–**	**–**	**(562,525)**	**(562,525)**
Loss allowance at December 31, 2020	**₱214,195**	**₱110,481**	**₱1,051,455**	**₱1,376,131**

** Stage classification of new financial assets originated or purchased pertains to the stage as of end of year*

Trade-related lending	Parent Company ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance at January 1, 2020	**₱127,073**	**₱429**	**₱207,015**	**₱334,517**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(900)	882	–	(18)
Transfer from Stage 1 to Stage 3	(253)	–	22,748	22,495
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	–	204	(11,808)	(11,604)
New financial assets originated *	129,366	22,522	26,235	178,123
Changes in PDs/LGDs/EADs	656	96	(113,791)	(113,039)
Financial assets derecognized during the period	(123,189)	(319)	–	(123,508)
Fx and other movements	276	–	3,920	4,196
Total net P&L charge during the period	**5,956**	**23,385**	**(72,696)**	**(43,355)**
Other movements without P&L impact				
Write-offs, foreclosures and other movements	(276)	–	(20,894)	(21,170)
Total movements without P&L impact	**(276)**	**–**	**(20,894)**	**(21,170)**
Loss allowance at December 31, 2020	**₱132,753**	**₱23,814**	**₱113,425**	**₱269,992**

** Stage classification of new financial assets originated or purchased pertains to the stage as of end of year*

	Parent			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
Investments in debt instruments (AC)	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Loss allowance at January 1, 2020	**₱270,795**	**₱811,829**	**₱–**	**₱1,082,624**
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	13,447	(21,614)	–	(8,167)
Transfer from Stage 2 to Stage 3	–	(784,940)	2,002,270	1,217,330
Transfer from Stage 3 to Stage 1	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated *	156,697	–	–	156,697
Changes in PDs/LGDs/EADs	(35,080)	–	–	(35,080)
Financial assets derecognized during the period	(24,329)	(5,275)	–	(29,604)
Fx and other movements	35,771	–	–	35,771
Total net P&L charge during the period	**146,506**	**(811,829)**	**2,002,270**	**1,336,947**
Other movements without P&L impact				
Write-offs, foreclosures and other movements	(35,771)	–	–	(35,771)
Total movements without P&L impact	**(35,771)**	**–**	**–**	**(35,771)**
Loss allowance at December 31, 2020	**₱381,530**	**₱–**	**₱2,002,270**	**₱2,383,800**

** Stage classification of new financial assets originated or purchased pertains to the stage as of end of year*

	Parent			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
Investments in debt instruments (FVOCI)	12-month ECL	Lifetime ECL	Lifetime ECL	
Loss allowance at January 1, 2020	**₱18,471**	**₱–**	**₱–**	**₱18,471**
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	–	–	–	–
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 *	13,217	–	–	13,217
Changes in PDs/LGDs/EADs	2,918	–	–	2,918
Financial assets derecognized during the period	(4,550)	–	–	(4,550)
Fx and other movements	9,345	–	–	9,345
Total net P&L charge during the period	**20,930**	**–**	**–**	**20,930**
Other movements without P&L impact				
Write-offs, foreclosures and other movements	(9,345)	–	–	(9,345)
Total movements without P&L impact	**(9,345)**	**–**	**–**	**(9,345)**
Loss allowance at December 31, 2020	**₱30,056**	**₱–**	**₱–**	**₱30,056**

** Stage classification of new financial assets originated or purchased pertains to the stage as of end of year*

Comparative figures for the movement of allowance for credit and impairment losses for 2019 are shown below:

	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
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 Stage 1 12–month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
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	6,227	–	–	6,227
Financial assets derecognized during the period	(909)	–	–	(909)
Fx and other movements	1,637	–	–	1,637
Total net P&L charge during the period	16,662	(2)	–	16,660
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	₱18,471	₱–	₱–	₱18,471

** Stage classification of new financial assets originated or purchased pertains to the stage as of end of year*

Corporate and commercial lending	Parent Company ECL Staging Stage 1 12–month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
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*

	Parent Company			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
Corporate and commercial lending	12–month ECL	Lifetime ECL	Lifetime ECL	Total
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*

	Parent Company			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
Trade-related lending	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

	Parent Company			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
	12–month ECL	Lifetime ECL	Lifetime ECL	
Investments in debt instruments (AC)				
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
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	₱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 Company			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
	12–month ECL	Lifetime ECL	Lifetime ECL	
Investments in debt instruments (FVOCI)				
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
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	₱12,148	₱–	₱–	₱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 assets during 2020 are shown below:

	Consolidated			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
Corporate and commercial lending	**12–month ECL**	**Lifetime ECL**	**Lifetime ECL**	**Total**
Gross carrying amount at January 1, 2020	**₱435,460,383**	**₱19,438,408**	**₱4,784,696**	**₱459,683,487**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(18,887,144)	18,887,144	–	–
Transfer from Stage 1 to Stage 3	(7,901,000)	–	7,901,000	–
Transfer from Stage 2 to Stage 1	4,181,487	(4,181,487)	–	–
Transfer from Stage 2 to Stage 3	–	(1,625,803)	1,625,803	–
Transfer from Stage 3 to Stage 1	8,649	–	(8,649)	–
Transfer from Stage 3 to Stage 2	–	69,542	(69,542)	–
New financial assets originated*	155,334,831	17,883,810	661,047	173,879,688
Changes in /EADs	(22,204,610)	(3,662,390)	(1,017,595)	(26,884,595)
Financial assets derecognized during the period	(147,958,908)	(7,091,733)	(821,116)	(155,871,757)
Write–offs, Foreclosures and other movements	(41,646)	–	(1,099,951)	(1,141,597)
Total movements of carrying amount	**(37,468,341)**	**20,279,083**	**7,170,997**	**(10,018,261)**
Gross carrying amount at December 31, 2020	**₱397,992,042**	**₱39,717,491**	**₱11,955,693**	**₱449,665,226**

** 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	
Consumer lending	**12–month ECL**	**Lifetime ECL**	**Lifetime ECL**	**Total**
Gross carrying amount at January 1, 2020	**₱98,802,692**	**₱4,603,066**	**₱3,496,043**	**₱106,901,801**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(13,429,858)	13,429,858	–	–
Transfer from Stage 1 to Stage 3	(4,447,940)	–	4,447,940	–
Transfer from Stage 2 to Stage 1	650,492	(650,492)	–	–
Transfer from Stage 2 to Stage 3	–	(931,969)	931,969	–
Transfer from Stage 3 to Stage 1	50,795	–	(50,795)	–
Transfer from Stage 3 to Stage 2	–	156,508	(156,508)	–
New financial assets originated*	30,288,112	1,980,655	249,762	32,518,529
Changes in /EADs	(11,163,581)	(993,341)	230,266	(11,926,656)
Financial assets derecognized during the period	(11,349,917)	(797,195)	(448,534)	(12,595,646)
Write–offs, Foreclosures and other movements	–	–	(894,686)	(894,686)
Total movements of carrying amount	**(9,401,897)**	**12,194,024**	**4,309,414**	**7,101,541**
Gross carrying amount at December 31, 2020	**₱89,400,795**	**₱16,797,090**	**₱7,805,457**	**₱114,003,342**

** 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
Trade-related lending	**12–month ECL**	**Lifetime ECL**	**Lifetime ECL**	
Gross carrying amount at January 1, 2020	**₱10,886,516**	**₱74,497**	**₱235,906**	**₱11,196,919**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(45,350)	45,350	–	–
Transfer from Stage 1 to Stage 3	(70,425)	–	70,425	–
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	–	12,258	(12,258)	–
New financial assets originated*	6,977,551	954,429	38,718	7,970,698
Changes in EADs	36,827	(11,883)	(6,936)	18,008
Financial assets derecognized during the period	(10,568,628)	(62,054)	–	(10,630,682)
Write–offs, Foreclosures and other movements	–	–	(20,894)	(20,894)
Total movements of carrying amount	**(3,670,025)**	**938,100**	**69,055**	**(2,662,870)**
Gross carrying amount at December 31, 2020	**₱7,216,491**	**₱1,012,597**	**₱304,961**	**₱8,534,049**

** 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
Others	**12–month ECL**	**Lifetime ECL**	**Lifetime ECL**	
Gross carrying amount at January 1, 2020	**₱41,987**	**₱–**	**₱4,843**	**₱46,830**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(2,887)	2,887	–	–
Transfer from Stage 1 to Stage 3	(2,224)	–	2,224	–
Transfer from Stage 2 to Stage 1	–	–	–	–
Transfer from Stage 2 to Stage 3	–	(6)	6	–
Transfer from Stage 3 to Stage 1	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated*	81,129	610	–	81,739
Changes in EADs	651,455	6	(141)	651,320
Financial assets derecognized during the period	(637,509)	–	(44)	(637,553)
Write–offs, Foreclosures and other movements	–	–	–	–
Total movements of carrying amount	**89,964**	**3,497**	**2,045**	**95,506**
Gross carrying amount at December 31, 2020	**₱131,951**	**₱3,497**	**₱6,888**	**₱142,336**

** 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
Investments measured at Amortized Cost	**12–month ECL**	**Lifetime ECL**	**Lifetime ECL**	
Gross carrying amount at January 1, 2020	**₱151,804,525**	**₱8,638,161**	**₱–**	**₱160,442,686**
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	4,566,011	(4,566,011)	–	–
Transfer from Stage 2 to Stage 3	–	(3,631,625)	3,631,625	–
Transfer from Stage 3 to Stage 1	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated or purchased*	76,662,322	–	–	76,662,322
Changes in /EADs	(3,158,904)	–	–	(3,158,904)
Financial assets derecognized during the period	(34,393,876)	(440,525)	–	(34,834,401)
Write–offs, Foreclosures and other movements	(59,217)	–	–	(59,217)
Total movements of carrying amount	**43,616,336**	**(8,638,161)**	**3,631,625**	**38,609,800**
Gross carrying amount at December 31, 2020	**₱195,420,861**	**₱–**	**₱3,631,625**	**₱199,052,486**

** 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	
Investments measured at FVOCI (Debt)	**12–month ECL**	**Lifetime ECL**	**Lifetime ECL**	**Total**
Gross carrying amount at January 1, 2020	**₱25,493,787**	**₱–**	**₱–**	**₱25,493,787**
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	–	–	–	–
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*	15,042,008	–	–	15,042,008
Changes in EADs	(54,738)	–	–	(54,738)
Financial assets derecognized during the period	(20,880,289)	–	–	(20,880,289)
Write–offs, Foreclosures and other movements	548	–	–	548
Total movements of carrying amount	**(5,892,471)**	**–**	**–**	**(5,892,471)**
Gross carrying amount at December 31, 2020	**₱19,601,316**	**₱–**	**₱–**	**₱19,601,316**

** Stage classification of new financial assets originated pertains to the stage as of end of year*

Corporate and commercial lending	Parent Company ECL Staging Stage 1 12–month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount as at January 1, 2020	**₱414,240,164**	**₱18,004,969**	**₱2,229,488**	**₱434,474,621**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(13,773,628)	13,773,628	–	–
Transfer from Stage 1 to Stage 3	(7,354,780)	–	7,354,780	–
Transfer from Stage 2 to Stage 1	4,132,553	(4,132,553)	–	–
Transfer from Stage 2 to Stage 3	–	(821,691)	821,691	–
Transfer from Stage 3 to Stage 1	1,750	–	(1,750)	–
Transfer from Stage 3 to Stage 2	–	43,206	(43,206)	–
New financial assets originated*	151,866,536	16,657,311	596,710	169,120,557
Changes in EADs	(19,576,589)	(3,562,665)	(1,057,326)	(24,196,580)
Financial assets derecognized during the period	(141,547,766)	(6,967,636)	(560,305)	(149,075,707)
Write–offs, foreclosures and other movements	(41,646)	–	(1,099,951)	(1,141,597)
Total movements of carrying amount	**(26,293,570)**	**14,989,600**	**6,010,643**	**(5,293,327)**
Gross carrying amount as at December 31, 2020	**₱387,946,594**	**₱32,994,569**	**₱8,240,131**	**₱429,181,294**

** Stage classification of new financial assets originated pertains to the stage as of end of year*

Consumer lending	Parent Company ECL Staging Stage 1 12–month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount as at January 1, 2020	**₱58,698,242**	**₱3,630,197**	**₱2,419,724**	**₱64,748,163**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(11,539,252)	11,539,252	–	–
Transfer from Stage 1 to Stage 3	(3,195,903)	–	3,195,903	–
Transfer from Stage 2 to Stage 1	432,662	(432,662)	–	–
Transfer from Stage 2 to Stage 3	–	(539,745)	539,745	–
Transfer from Stage 3 to Stage 1	34,429	–	(34,429)	–
Transfer from Stage 3 to Stage 2	–	147,738	(147,738)	–
New financial assets originated*	15,210,115	1,629,310	126,005	16,965,430
Changes in EADs	(5,743,177)	(1,029,086)	(165,331)	(6,937,594)
Financial assets derecognized during the period	(6,187,599)	(630,842)	(159,038)	(6,977,479)
Write–offs, foreclosures and other movements	–	–	(605,912)	(605,912)
Total movements of carrying amount	**(10,988,725)**	**10,683,965**	**2,749,205**	**2,444,445**
Gross carrying amount as at December 31, 2020	**₱47,709,517**	**₱14,314,162**	**₱5,168,929**	**₱67,192,608**

** Stage classification of new financial assets originated pertains to the stage as of end of year*

	Parent Company			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
Trade-related lending	**12–month ECL**	**Lifetime ECL**	**Lifetime ECL**	**Total**
Gross carrying amount as at January 1, 2020	**₱10,592,165**	**₱74,497**	**₱235,906**	**₱10,902,568**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(45,350)	45,350	–	–
Transfer from Stage 1 to Stage 3	(40,509)	–	40,509	–
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	–	12,258	(12,258)	–
New financial assets originated*	6,800,313	954,429	38,718	7,793,460
Changes EADs	(99,057)	(11,882)	(6,936)	(117,875)
Financial assets derecognized during the period	(10,166,757)	(62,054)	–	(10,228,811)
Write–offs, foreclosures and other movements	–	–	(20,894)	(20,894)
Total movements of carrying amount	**(3,551,360)**	**938,101**	**39,139**	**(2,574,120)**
Gross carrying amount as at December 31, 2020	**₱7,040,805**	**₱1,012,598**	**₱275,045**	**₱8,328,448**

** Stage classification of new financial assets originated pertains to the stage as of end of year*

	Parent Company			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
Others	**12–month ECL**	**Lifetime ECL**	**Lifetime ECL**	**Total**
Gross carrying amount as at January 1, 2020	**₱34,041**	**₱–**	**₱299**	**₱34,340**
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	–	–	–	–
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*	–	–	–	–
Changes in EADs	(5,649)	–	(270)	(5,919)
Financial assets derecognized during the period	–	–	–	–
Write–offs, foreclosures and other movements	–	–	–	–
Total movements of carrying amount	**(5,649)**	**–**	**(270)**	**(5,919)**
Gross carrying amount as at December 31, 2020	**₱28,392**	**₱–**	**₱29**	**₱28,421**

** Stage classification of new financial assets originated pertains to the stage as of end of year*

Investments in amortized cost	Parent Company ECL Staging Stage 1 12–month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount as at January 1, 2020	**₱148,076,088**	**₱8,638,161**	**₱–**	**₱156,714,249**
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	4,566,011	(4,566,011)	–	–
Transfer from Stage 2 to Stage 3	–	(3,631,625)	3,631,625	–
Transfer from Stage 3 to Stage 1	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated or purchased*	74,557,360	–	–	74,557,360
Changes in EADs	(3,105,720)	–	–	(3,105,720)
Financial assets derecognized during the period	(33,865,976)	(440,525)	–	(34,306,501)
Write–offs, foreclosures and other movements	42,421	–	–	42,421
Total movements of carrying amount	**42,194,096**	**(8,638,161)**	**3,631,625**	**37,187,560**
Gross carrying amount as at December 31, 2020	**₱190,270,184**	**₱–**	**₱3,631,625**	**₱193,901,809**

** Stage classification of new financial assets originated pertains to the stage as of end of year*

Investments at FVOCI (debt)	Parent Company ECL Staging Stage 1 12–month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount as at January 1, 2020	**₱23,565,221**	**₱–**	**₱–**	**₱23,565,221**
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	–	–	–	–
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*	13,615,307	–	–	13,615,307
Changes in EADs	(60,033)	–	–	(60,033)
Financial assets derecognized during the period	(19,387,343)	–	–	(19,387,343)
Write–offs, foreclosures and other movements	–	–	–	–
Total movements of carrying amount	**(5,832,069)**	**–**	**–**	**(5,832,069)**
Gross carrying amount as at December 31, 2020	**₱17,733,152**	**₱–**	**₱–**	**₱17,733,152**

** Stage classification of new financial assets originated pertains to the stage as of end of year*

Comparative figures for the movement of gross carrying amount for 2019 are shown below:

	Consolidated			
	ECL Staging			
Corporate and commercial lending	12–month ECL	Lifetime ECL	Lifetime ECL	Total
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*	210,489,203	6,683,212	979,440	218,151,855
Changes in /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)
Write–offs, Foreclosures and other movements	(24,425)	–	(177,233)	(201,658)
Total movements of carrying amount	44,919,856	2,013,718	949,463	47,883,037
Gross carrying amount at December 31, 2019	₱435,460,383	₱19,438,408	₱4,784,696	₱459,683,487

** 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	
Consumer lending	12–month ECL	Lifetime ECL	Lifetime ECL	Total
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	–	(147,539)	147,539	–
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 /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)
Write–offs, Foreclosures and other movements	(321,915)	(1)	(98,808)	(420,724)
Total movements of carrying amount	18,111,051	1,392,468	183,343	19,686,862
Gross carrying amount at December 31, 2019	₱98,802,692	₱4,603,066	₱3,496,043	₱106,901,801

** 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	
Trade-related lending	12–month ECL	Lifetime ECL	Lifetime ECL	Total
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)
Write–offs, Foreclosures and other movements	294,351	–	–	294,351
Total movements of carrying amount	(1,223,653)	(1,609,881)	212,587	(2,620,947)
Gross carrying amount at December 31, 2019	₱10,886,516	₱74,497	₱235,906	₱11,196,919

** 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	
Investments measured at Amortized Cost	12–month ECL	Lifetime ECL	Lifetime ECL	Total
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 /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)
Write–offs, Foreclosures and other movements	15	–	–	15
Total movements of carrying amount	(7,165,476)	4,598,049	(151,836)	(2,719,263)
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	
Investments measured at FVOCI (Debt)	12–month ECL	Lifetime ECL	Lifetime ECL	Total
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)
Write–offs, Foreclosures and other movements	46,995	–	–	46,995
Total movements of carrying amount	15,515,587	(1,676)	–	15,513,911
Gross carrying amount at December 31, 2019	₱25,493,787	₱–	₱–	₱25,493,787

** Stage classification of new financial assets originated pertains to the stage as of end of year*

	Parent Company			
	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	(18,203,942)	(1,850,721)	(36,121)	(20,090,784)
Financial assets derecognized during the period	(131,739,122)	(2,742,800)	(120,500)	(134,602,422)
Write–offs, Foreclosures and other movements	(47,774)	–	(177,233)	(225,007)
Total movements of carrying amount	50,705,119	1,203,596	1,161,557	53,070,272
Gross carrying amount as at December 31, 2019	₱414,240,164	₱18,004,969	₱2,229,488	₱434,474,621

** Stage classification of new financial assets originated pertains to the stage as of end of year*

Consumer lending	Parent Company ECL Staging Stage 1 12–month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
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)	(240,318)	(4,866,667)
Write–offs, foreclosures and other movements	(4,345)	–	(98,810)	(103,155)
Total movements of carrying amount	10,789,834	806,380	467,418	12,063,632
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*

Trade-related lending	Parent Company ECL Staging Stage 1 12–month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
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)
Write–offs, foreclosures and other movements	–	–	–	–
Total movements of carrying amount	(637,743)	(1,609,881)	212,587	(2,035,037)
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*

Investments in amortized cost	Parent Company ECL Staging Stage 1 12–month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
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)
Write–offs, foreclosures and other movements	–	–	–	–
Total movements of carrying amount	(2,563,134)	4,598,049	–	2,034,915
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*

Investments at FVOCI (debt)	Parent Company ECL Staging 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)	–	–
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)
Write–offs, foreclosures and other movements	–	–	–	–
Total movements of carrying amount	15,423,862	(1,676)	–	15,422,186
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		
	2020	2019	2018	**2020**	2019	2018
Provision for Impairment and Credit Losses	**₱8,809,017**	₱2,570,168	₱141,076	**₱7,923,304**	₱2,205,062	(₱1,957)
Retained Earnings, appropriated	**(765,263)**	(468,442)	340,409	**(765,263)**	(468,442)	340,409
	₱8,043,754	₱2,101,726	₱481,485	**₱7,158,041**	₱1,736,620	₱338,452

17. DEPOSIT LIABILITIES

As of December 31, 2020 and 2019, 35.70% and 38.34%, respectively, of the total deposit liabilities of the Group, and 38.87% and 40.85%, respectively, 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 2020, 2019 and 2018.

Interest Expense on Deposit Liabilities
This account consists of:

	Consolidated			Parent Company		
	2020	2019	2018	**2020**	2019	2018
Demand	**₱284,620**	₱242,838	₱257,380	**₱243,035**	₱189,776	₱182,521
Savings	**2,215,388**	6,356,024	3,490,378	**2,122,076**	6,247,134	3,429,446
Time	**7,137,167**	11,968,306	7,873,305	**5,828,476**	9,478,197	6,124,047
	₱9,637,175	₱18,567,168	₱11,621,063	**₱8,193,587**	₱15,915,107	₱9,736,014

BSP Circular No. 830 requires reserves against deposit liabilities. As of December 31, 2020 and 2019, Due from BSP amounting to ₱77.99 billion and ₱92.67 billion, respectively, for the Group and ₱75.31 billion and ₱80.61 billion, respectively, for the Parent Company were set aside as reserves for deposit liabilities per latest report submitted to the BSP.

On May 27, 2020, the BSP issued BSP Circular No. 1087 *Alternative Compliance with the Reserve Requirements of Banks and Non-Bank Financial Institutions with Quasi-Banking Functions (NBQBs),* which provides the following alternative modes of compliance with the required reserves against deposit and deposit liabilities, provided that the following loans were granted, renewed or restructured after March 15, 2020:

a. Peso-denominated loans that are granted to micro-, small- and medium enterprises (MSMEs)
b. Peso-denominated loans that are granted to large enterprises, excluding banks and NBQBs

The use of MSME loans as allowable alternative compliance with the reserve requirement shall be available to banks from April 24, 2020 to December 29, 2022 while the use of loans to a large enterprise as allowable alternative compliance with the reserve requirements shall be available to banks from May 29, 2020 to December 29, 2022.

As of December 31, 2020 and 2019, the Group is in compliance with the reserve requirement.

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

The Parent Company's bonds payable consists of:

<u>₱15.00 Billion Peso Fixed Rate Bonds due in 2022</u>
On October 22, 2020, the Parent Company issued ₱15.00 billion peso fixed rate bonds, which bears a fixed coupon rate of 2.75% per annum, payable quarterly, and is due on October 22, 2022.

<u>₱30.00 Billion Peso Fixed Rate Bonds due in 2021</u>
On July 10, 2019, the Parent Company issued ₱30.00 billion peso fixed rate bonds, which bears a fixed coupon rate of 5.70% per annum, payable monthly, and is due on January 10, 2021. This was settled in 2021 as scheduled.

BSP Circular No. 830 requires reserves against peso-denominated bonds. As of December 31, 2020 and 2019, the Group is in compliance with such regulation.

<u>₱20.00 Billion Peso Fixed Rate Bonds due in 2024</u>
On February 18, 2021, the Parent Company issued ₱20.00 billion peso fixed rate bonds, which bears a fixed coupon rate of 2.50% per annum, payable monthly, and is due on February 18, 2024. This issuance is the second drawdown under the ₱45 billion bond and commercial paper program established in September 2020.

<u>$150.00 Million Bonds Payable to IFC</u>
On June 18, 2019, the Parent Company issued a $150 million, seven-year bond to International Finance Corporation. The bond reprices semi-annually and carries an interest margin 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 Bond Subscription Agreement contains certain financial covenants with which 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, 2020 and 2019, the Parent Company is in compliance with these covenants and regulatory requirements.

The movements in the Parent Company's total unamortized discount and debt issue cost of the above bonds payable follows:

	2020	2019
Beginning balance	₱200,852	₱–
Additions	133,117	270,633
Amortization	(196,197)	(69,781)
Ending balance	₱137,772	₱200,852

19. BILLS PAYABLE

The Parent Company's bills payable consist of:

	2020	2019
Interbank loans payable	₱17,518,091	₱21,867,053
BSP rediscounting (Note 10)	5,747,160	3,280,000
Promissory Notes	390,600	2,082,200
Trade finance	–	6,152,153
	₱23,655,851	₱33,381,406

Interbank loans payable
Interbank loans payable consists of short–term dollar–denominated borrowings of the Parent Company with annual interest ranging from 0.79% to 1.60% and from 1.30% to 3.15% in 2020 and 2019, respectively.

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 ₱13.09 billion and ₱9.00 billion as of December 31, 2020 and 2019, respectively. The carrying amount of the peso-denominated investment securities at amortized cost pledged by the Parent Company as collateral for its interbank borrowings amounted to ₱7.21 billion and ₱10.39 billion as of December 31, 2020 and 2019, respectively. The fair value of investment securities at amortized cost pledged as collateral amounted to ₱21.66 billion and ₱19.71 billion as of December 31, 2020 and 2019, respectively.

As of December 31, 2020 and 2019, margin deposits amounting to ₱2.35 billion and ₱992.56 million, respectively, are deposited with various counterparties to meet the collateral requirements for its interbank loans payable.

Trade finance
As of December 31, 2020 and 2019, 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	
	2020	2019	2020	2019
Accrued payable for employee benefits	₱1,347,783	₱1,042,750	₱1,347,783	₱1,042,750
Accrued interest payable	886,362	1,889,291	824,321	1,702,098
Accrued taxes and other licenses	233,188	316,536	167,145	195,979
Accrued other expenses payable	1,438,612	872,725	1,240,370	709,512
	₱3,905,945	₱4,121,302	₱3,579,619	₱3,650,339

21. OTHER LIABILITIES

This account consists of:

	Consolidated		Parent Company	
	2020	2019	**2020**	2019
Financial liabilities				
Accounts payable	**₱4,321,936**	₱3,221,353	**₱2,809,866**	₱2,178,540
Lease liabilities (Note 27)	**2,996,003**	3,394,925	**2,392,891**	2,719,524
Due to PDIC	**755,977**	692,262	**755,977**	692,262
Acceptances payable	**477,662**	413,149	**477,662**	413,149
Expected credit losses on off-balance sheet exposures	**467,117**	1,239,967	**457,099**	1,229,949
Due to the Treasurer of the Philippines	**389,621**	435,287	**370,778**	416,444
Other credits–dormant	**303,056**	447,346	**303,056**	447,346
Margin deposits	**291**	5,586	**291**	5,586
Miscellaneous (Note 23)	**947,319**	807,734	**490,962**	323,283
	10,658,982	10,657,609	**8,058,582**	8,426,083
Nonfinancial liabilities				
Withholding taxes payable	**227,909**	341,901	**203,886**	296,613
Retirement liabilities (Note 25)	**12,428**	15,191	**–**	–
	240,337	357,092	**203,886**	296,613
	₱10,899,319	₱11,014,701	**₱8,262,468**	₱8,722,696

Accounts payable includes payables to suppliers and service providers, and loan payments and other charges received from customers in advance.

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		
	2020	2019	2018	**2020**	2019	2018
Service and collection charges:						
Deposits	**₱419,564**	₱510,517	₱606,051	**₱419,565**	₱510,517	₱606,051
Loans	**726,819**	806,509	303,817	**20,363**	46,967	47,397
Remittances	**223,756**	315,050	330,520	**223,756**	315,050	330,520
Others	**204,742**	252,254	109,290	**202,241**	228,734	107,652
	1,574,881	1,884,330	1,349,678	**865,925**	1,101,268	1,091,620
Fees and commissions	**1,123,845**	1,412,343	1,427,605	**351,105**	523,435	438,107
	₱2,698,726	₱3,296,673	₱2,777,283	**₱1,217,030**	₱1,624,703	₱1,529,727

Trading and Securities Gain – Net
This account consists of:

	Consolidated			Parent Company		
	2020	2019	2018	**2020**	2019	2018
Financial assets at FVOCI	**₱3,173,881**	₱269,478	(₱2,104)	**₱3,145,147**	₱240,310	(₱2,451)
Financial assets designated at FVTPL (Note 9)	**–**	(8,928)	(36,766)	**–**	–	(40,831)
Held–for–trading (Note 9)	**257,480**	712,910	(212,855)	**245,513**	712,910	(212,855)
Derivatives (Note 26)	**(197,489)**	(88,978)	(19,827)	**(197,489)**	(115,345)	(19,827)
	₱3,233,872	₱884,482	(₱271,552)	**₱3,193,171**	₱837,875	(₱275,964)

Miscellaneous Income
Details of this account are as follows:

	Consolidated			Parent Company		
	2020	2019	2018	**2020**	2019	2018
Bancassurance (Note 10)	**₱282,000**	₱303,454	₱357,786	**₱282,000**	₱300,664	₱357,786
Dividends (Note 8)	**136,957**	107,969	127,084	**123,494**	107,050	126,386
Rental on bank premises	**91,719**	121,507	111,572	**72,435**	88,848	80,388
Recovery of charged off assets	**39,059**	244,947	144,924	**27,494**	219,055	100,517
Rental safety deposit boxes	**27,645**	28,987	26,341	**27,645**	28,987	26,341
Fund transfer fees	**15,140**	52,976	49,171	**15,140**	52,976	49,171
Miscellaneous income (Notes 12, 13, 21 and 15)	**359,730**	333,216	444,863	**299,527**	265,215	389,545
	₱952,250	₱1,193,056	₱1,261,741	**₱847,735**	1,062,795	₱1,130,134

Miscellaneous Expenses
Details of this account are as follows:

	Consolidated			Parent Company		
	2020	2019	2018	**2020**	2019	2018
Information technology	**₱984,849**	₱635,422	₱500,459	**₱925,366**	₱575,316	₱452,540
Service charges	**146,769**	207,782	231,895	**146,769**	206,754	231,895
Litigations	**121,720**	243,124	198,011	**23,141**	60,811	65,157
Freight	**58,184**	58,397	37,593	**43,818**	38,911	24,352
Broker's fee	**26,991**	27,370	35,843	**25,834**	27,370	31,891
Membership fees and dues	**15,662**	21,525	17,756	**14,433**	17,369	16,260
Clearing and processing fee	**14,801**	15,331	22,024	**14,801**	15,331	17,355
Miscellaneous expense	**1,130,959**	1,113,987	1,011,053	**946,834**	948,159	779,702
	₱2,499,935	₱2,322,938	₱2,054,634	**₱2,140,996**	1,890,021	₱1,619,152

23. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The following tables present both the Group's and the Parent Company's assets and liabilities as of December 31, 2020 and 2019 analyzed according to whether they are expected to be recovered or settled within one year and beyond one year from the respective reporting date:

	Consolidated					
	2020			2019		
	Within Twelve Months	Over Twelve Months	Total	Within Twelve Months	Over Twelve Months	Total
Financial assets						
Cash and other cash items	₱15,984,210	₱–	₱15,984,210	₱16,839,755	₱–	₱16,839,755
Due from BSP	152,156,449	–	152,156,449	100,174,398	–	100,174,398
Due from other banks	18,228,721	–	18,228,721	9,900,642	–	9,900,642
Interbank loans receivable and SPURA	18,290,851	–	18,290,851	17,036,460	–	17,036,460
Financial assets at FVTPL	12,255,997	1,150,866	13,406,863	17,302,294	1,197,817	18,500,111
Financial assets at FVOCI	2,163,764	18,080,639	20,244,403	894,386	25,238,974	26,133,360
Investment securities at amortized cost	6,482,819	198,147,657	204,630,476	5,173,757	164,116,954	169,290,711
Loans and receivables – gross	163,451,586	408,893,368	572,344,954	167,801,401	410,027,636	577,829,037
Accrued interest receivable – gross	8,867,657	–	8,867,657	7,434,382	–	7,434,382
Other assets – gross	3,259,774	1,203,482	4,463,256	3,785,654	1,162,106	4,947,760
	401,141,828	627,476,012	1,028,617,840	346,343,129	601,743,487	948,086,616
Nonfinancial assets						
Bank premises, furniture, fixtures and equipment – net of accumulated depreciation and amortization	–	8,422,717	8,422,717	–	9,155,234	9,155,234
Investment properties – net of accumulated depreciation	–	4,901,158	4,901,158	–	5,466,196	5,466,196
Deferred tax assets	–	5,172,435	5,172,435	–	3,370,949	3,370,949
Investments in associates	–	912,647	912,647	–	704,169	704,169
Intangible assets	–	4,174,671	4,174,671	–	4,299,178	4,299,178
Goodwill	–	839,748	839,748	–	839,748	839,748
Other assets – gross	2,010,790	550,056	2,560,846	1,628,845	876,221	2,505,066
	2,010,790	24,973,432	26,984,222	1,628,845	24,711,695	26,340,540
Allowance for impairment and credit losses (Note 16)			(19,199,861)			(11,851,278)
Unearned discounts (Note 10)			(390,552)			(349,897)
			(19,590,413			(12,201,175)
			₱1,036,011,649			₱962,225,981
Financial liabilities						
Deposit liabilities	₱823,257,082	₱11,973,748	₱835,230,830	₱764,810,192	₱10,617,668	₱775,427,860
Bills payable	23,655,851	–	23,655,851	33,381,406	–	33,381,406
Bonds payable	37,183,590	14,882,088	52,065,678	29,828,359	7,566,039	37,394,398
Manager's checks	1,568,232	–	1,568,232	1,998,678	–	1,998,678
Accrued interest and other expenses*	2,324,974	–	2,324,974	2,762,016	–	2,762,016
Derivative liabilities	1,216,771	–	1,216,771	1,036,052	–	1,036,052
Derivative Contract Designated as Hedge	521,209	–	521,209	51,949	–	51,949
Other liabilities	10,658,982	–	10,658,982	10,657,609	–	10,657,609
	900,386,691	26,855,836	927,242,527	844,526,261	18,183,707	862,709,968
Nonfinancial liabilities						
Accrued interest and other expenses	233,188	1,347,783	1,580,971	316,536	1,042,750	1,359,286
Deferred tax liabilities	–	1,116,362	1,116,362	–	1,083,378	1,083,378
Income tax payable	846,090	–	846,090	540,662	–	540,662
Other liabilities	227,909	12,428	240,337	217,076	140,016	357,092
	1,307,187	2,476,573	3,783,760	1,074,274	2,266,144	3,340,418
	₱901,643,748	₱29,332,409	₱931,026,287	₱845,600,535	₱20,449,851	₱866,050,386

*Accrued interest and other expenses include accrued interest payable and accrued other expenses payable (Note 19).

	Parent Company					
	2020			2019		
	Within Twelve Months	Over Twelve Months	Total	Within Twelve Months	Over Twelve Months	Total
Financial assets						
Cash and other cash items	₱13,724,265	₱–	₱13,724,265	₱14,856,844	₱–	₱14,856,844
Due from BSP	141,811,190	–	141,811,190	88,109,650	–	88,109,650
Due from other banks	17,197,750	–	17,197,750	8,645,547	–	8,645,547
Interbank loans receivable and SPURA	15,604,167	–	15,604,167	10,027,609	–	10,027,609
Financial assets at FVTPL	10,490,912	1,150,866	11,641,778	17,246,285	1,197,816	18,444,101
Financial assets at FVOCI	1,999,447	16,346,073	18,345,520	410,565	23,760,064	24,170,629
Investment securities at amortized cost	6,289,102	192,889,524	199,178,626	4,645,719	160,668,554	165,314,273
Loans and receivables – gross	140,997,182	363,733,589	504,730,771	144,905,958	365,253,735	510,159,693
Accrued interest receivable – gross	6,870,225	–	6,870,225	6,565,736	–	6,565,736
Other assets – gross	1,619,198	209,692	1,828,890	2,137,323	235,049	2,372,372
	356,603,438	574,329,744	930,933,182	297,551,236	551,115,218	848,666,454
Nonfinancial assets						
Bank premises, furniture, fixtures and equipment – net of accumulated depreciation and amortization	–	6,876,959	6,876,959	–	7,468,646	7,468,646
Investment properties – net of accumulated depreciation	–	2,356,720	2,356,720	–	2,611,502	2,611,502
Deferred tax assets	–	3,732,048	3,732,048	–	2,287,956	2,287,956
Investments in subsidiaries	–	15,814,693	15,814,693	–	15,129,118	15,129,118
Investment in associates	–	912,647	912,647	–	704,169	704,169
Intangible assets	–	890,936	890,936	–	1,002,916	1,002,916
Goodwill	–	222,841	222,841	–	222,841	222,841
Other assets – gross	1,740,601	32,609	1,773,210	1,404,959	499,711	1,904,670
	1,740,601	30,839,453	32,580,054	1,404,959	29,926,859	31,331,818
Allowances for impairment and credit losses (Note 16)			(16,176,864)			(9,527,164)
Unearned discounts (Note 10)			(208,638)			(290,711)
			(16,385,502)			(9,817,875)
			₱947,127,734			₱870,180,397
Financial liabilities						
Deposit liabilities	749,468,113	1,504,795	750,972,908	687,530,863	233,590	687,764,453
Bills payable	23,655,851	–	23,655,851	33,381,406	–	33,381,406
Bonds payable	37,183,590	14,882,088	52,065,678	29,828,359	7,566,039	37,394,398
Manager's checks	1,066,098	–	1,066,098	1,535,936	–	1,535,936
Accrued interest and other expenses*	2,064,691	–	2,064,691	2,411,610	–	2,411,610
Derivative liabilities	1,216,771	–	1,216,771	1,036,052	–	1,036,052
Derivative Contract Designated as Hedge	521,209	–	521,209	51,949	–	51,949
Other liabilities	8,058,582	–	8,058,582	8,426,083	–	8,426,083
	823,234,905	16,386,883	839,621,788	764,202,258	7,799,629	772,001,887
Nonfinancial liabilities						
Accrued interest and other expenses	167,145	1,347,783	1,514,928	195,979	1,042,750	1,238,729
Income tax payable	825,270	–	825,270	479,923	–	479,923
Other liabilities	203,886	–	203,886	296,613	–	296,613
	1,196,301	1,347,783	2,544,084	972,515	1,042,750	2,015,265
	₱824,431,206	₱17,734,666	₱842,165,872	₱765,174,773	₱8,842,379	₱774,017,152

*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):

	2020		2019	
	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 and end of year	**2,685,899,812**	**₱26,858,998**	2,685,899,812	₱26,858,998

The Parent Company shares are listed in the Philippine Stock Exchange.

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 1,890 and 1,902 as of December 31, 2020 and 2019, respectively.

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

The Centennial Stock Grant Plan was approved and ratified by the stockholders on October 1, 2020, subject to the approval of the relevant regulatory agencies. New shares will be issued from the Parent Company's authorized but unissued shares in favor of the Group's regular employees and certain other officers and contractual employees as of August 16, 2020, numbering around 8,400. The stock grant will involve the issuance of around 5 million shares.

The Group is still awaiting approval of the relevant regulatory agencies as of December 31, 2020. Accordingly, the increase in equity related to the stock grant amounting to ₱140.92 million as of December 31, 2020 is recognized under 'Other equity - stock grants' in the Group's balance sheet.

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
June 18, 2020	July 03, 2020	July 17, 2020	₱1.00
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, 2020 and 2019, 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 ₱3.68 billion and ₱2.74 billion as of December 31, 2020 and 2019, 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 surplus 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, 2020 and 2019.

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 international credit assessment agencies Standard & Poor's, Moody's and Fitch, and BSP-recognized domestic credit assessment agencies such as PhilRatings. Per BSP guidelines, domestic debt issuances may be rated by Bangko Sentral-recognized domestic credit assessment agencies or by international credit assessment agencies which have developed a national rating system acceptable to the Bangko Sentral. Internationally-issued debt obligations shall be rated by Bangko Sentral-recognized international credit assessment agencies only.

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.

On April 28, 2020, the BSP issued BSP Memorandum No. M-2020-34 *Relaxation in the Credit Risk Weight for Loans to MSMEs under the BSP's Risk –Based Capital Adequacy Framework*, which provides temporary relaxation in the assigned credit risk weight for loans to micro-, small- and medium enterprises (MSMEs) for purposes of computing compliance with the BSP's Risk-Based Capital Adequacy Frameworks.

The following exposures to MSMEs, as defined under Basel III shall be assigned a credit risk weight of 50 percent:

a. MSME exposures that meet the criteria of qualified MSME portfolio, and
b. Current MSME exposures that do not qualify as a highly diversified MSME portfolio

The foregoing provision under BSP Memorandum No. M-2020-34 shall apply until December 31, 2021.

The CAR of the Group and the Parent Company as of December 31, 2020 and 2019 as reported to the BSP are shown in the table below.

	Consolidated		Parent Company	
	2020	2019	2020	2019
	(Amounts in Million Pesos)			
CET 1 Capital	**₱103,104**	₱92,758	**₱100,378**	₱89,999
Less: Regulatory Adjustments	**12,354**	11,492	**21,286**	19,496
	90,750	81,266	**79,092**	70,503
Additional Tier 1 Capital	**–**	–	–	–
Less: Regulatory Adjustments	**–**	–	–	–
	–	–	–	–
Net Tier 1 Capital	**90,750**	81,266	**79,092**	70,503
Tier 2 Capital	**5,986**	5,799	**5,302**	5,118
Less: Regulatory Adjustments	**–**	–	–	–
Net Tier 2 Capital	**5,986**	5,799	**5,302**	5,118
Total Qualifying Capital	**₱96,736**	₱87,065	**₱84,394**	₱75,621

	Consolidated		Parent Company	
	2020	2019	**2020**	2019
	(Amounts in Million Pesos)			
Credit RWA	**₱597,826**	₱579,653	**₱528,980**	₱511,015
Market RWA	**6,835**	11,433	**6,739**	11,434
Operational RWA	**51,921**	45,623	**42,559**	36,385
Total RWA	**₱656,582**	₱636,709	**₱578,278**	₱558,834
CET 1 capital ratio	**13.82%**	12.76%	**13.68%**	12.62%
Tier 1 capital ratio	**13.82%**	12.76%	**13.68%**	12.62%
Total capital ratio	**14.73%**	13.67%	**14.59%**	13.53%

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 normally requires submission of the ICAAP document every March 31. However, for 2020, in view of the current pandemic, the BSP changed the reference date from December 31, 2019 to June 30, 2020, and correspondingly adjusted the deadline for submission from March 31, 2020 to October 31, 2020. 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 III 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 was 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, 2020 and 2019 as reported to the BSP are shown in the table below.

	Consolidated		Parent Company	
	2020	2019	**2020**	2019
	(Amounts in Million Pesos)			
Tier 1 Capital	**₱90,750**	₱81,266	**₱79,092**	₱70,503
Exposure Measure	**1,027,936**	975,329	**926,668**	871,678
Leverage Ratio	**8.83%**	8.33%	**8.54%**	8.09%

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, 2020 and 2019, the LCR in single currency is 117.14% and 127.65%, respectively, for the Group and 115.84% and 126.29%, 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. The Bank started monitoring and reporting NSFR to the BSP in 2019. As of December 31, 2020 and 2019, the NSFR is 119.48% and 121.31%, respectively, for the Group and 118.85% and 120.01%, 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, 2020.

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	
	2020	2019	**2020**	2019
Net plan assets (Note 15)	**₱127,937**	₱543,471	**₱32,609**	₱499,711
Retirement liabilities (Note 21)	**(12,428)**	(15,191)	**–**	–
	₱115,509	₱528,280	**₱32,609**	₱499,711

The movements in the defined benefit asset, present value of defined benefit obligation and fair value of plan assets follow:

	Consolidated											
		Net benefit cost				Remeasurements in OCI						
	January 1, 2020	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, 2020
	(a)	(b)	(c)	(d) = b + c	(e)	(f)	(g)	(h)	(i)	(j) = f + g + h + i	(k)	(l) = a + d + e + j + k
Fair value of plan assets	₱5,340,401	₱–	₱227,744	₱227,744	(₱277,475)	(₱410,930)	₱–	₱–	₱–	(₱410,930)	₱324,526	₱5,204,266
Present value of defined benefit obligation	4,812,121	518,068	210,658	728,726	(275,756)	–	(56,521)	758,972	(878,786)	(176,335)	–	5,088,757
Net defined benefit asset	₱528,280	(₱518,068)	₱17,086	(₱500,982)	(₱1,719)	(₱410,930)	₱56,521	(₱758,972)	₱878,786	(₱234,595)	₱324,526	₱115,509

**Presented under Compensation and fringe benefits in the statements of income.*

	Consolidated											
						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)	(b)	(c)	(d) = b + c	(e)	(f)	(g)	(h)	(i)	(j) = f + g + h + i	(k)	(l) = a + d + e + 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												
							Remeasurements in OCI						
		Net benefit cost											
	January 1, 2020	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, 2020
	(a)	(b)	(c)	(d) = b + c	(e)	(e)	(f)	(g)	(h)	(i)	(j) = f + g + h + i	(k)	(l) = a + d + e + j + k
Fair value of plan assets	₱4,783,615	₱–	₱208,566	₱208,566	₱–	(₱267,313)	(₱242,580)	₱–	₱–	₱–	(₱242,580)	₱80,000	₱4,562,287
Present value of defined benefit obligation	4,283,904	408,223	186,783	595,007	873	(265,594)	–	(34,618)	570,519	(620,412)	(84,511)	–	4,529,678
Net defined benefit asset	₱499,711	(₱408,223)	₱21,783	(₱386,441)	(₱873)	(₱1,719)	(₱242,580)	₱34,618	(₱570,519)	₱620,412	(₱158,069)	₱80,000	₱32,609

Presented under Compensation and fringe benefits in the statements of income.

	Parent Company												
							Remeasurements in OCI						
		Net benefit cost											
	January 1, 2019	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)	(b)	(c)	(d) = b + c	(e)	(e)	(f)	(g)	(h)	(i)	(j) = f + g + h + i	(k)	(l) = a + d + e + 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

The Group and the Parent Company is recommended to contribute to its defined benefit pension plan in 2021 amounting to ₱275.32 million and ₱255.53 million, respectively.

In 2020 and 2019, the major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	Consolidated		Parent Company	
	2020	2019	**2020**	2019
Parent Company shares (Note 30)	**26.17%**	25.60 %	**29.85%**	28.58%
Equity instruments	**4.70%**	3.85%	**3.39%**	3.21%
Cash and cash equivalents	**0.15%**	0.99%	**0.04%**	0.82%
Debt instruments	**66.81%**	61.76%	**66.72%**	63.48%
Other assets	**2.17%**	7.80%	**0.00%**	3.91%
	100.00%	100.00%	**100.00%**	100.00%

The following table shows the breakdown of fair value of the plan assets:

	Consolidated		Parent Company	
	2020	2019	**2020**	2019
Deposits in banks	**₱7,878**	₱52,757	**₱1,849**	₱39,407
Financial assets at FVTPL				
Quoted debt securities	**2,915,597**	2,981,233	**2,587,492**	2,754,412
Quoted equity securities	**244,627**	205,620	**154,610**	153,330
Parent Company shares	**1,361,752**	1,367,210	**1,361,752**	1,367,210
Investments in unit investment trust fund	**561,329**	316,929	**456,584**	282,059
Loans and receivable	**–**	1,921	**–**	1,921
Investment properties*	**–**	162,323	**–**	162,323
Other assets	**113,084**	252,409	**–**	22,952
	₱5,204,267	₱5,340,402	**₱4,562,287**	₱4,783,614

* Investment properties comprise properties located in Manila.

The principal actuarial assumptions used in 2020 and 2019 in determining the retirement asset (liability) for the Group's and Parent Company's retirement plans are shown below:

		2020				
	Parent	**CBSI**	**CIBI**	**CBC–PCCI**	**CBCC**	**CBSC**
Discount rate:						
January 1	**4.36%**	**4.47%**	**4.47%**	**4.76%**	**4.30%**	**4.24%**
December 31	**2.83%**	**2.54%**	**2.36%**	**3.02%**	**2.54%**	**2.54%**
Salary increase rate	**6.00%**	**6.00%**	**6.00%**	**6.00%**	**6.00%**	**6.00%**

		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%

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, 2020	**Parent**	**CBSI**	**CIBI**	**CBC–PCCI**	**CBCC**	**CBSC**
Discount rate						
(+1%)	**(₱209,890)**	**(₱36,453)**	**(₱937)**	**(₱6,779)**	**(₱1,858)**	**(₱32)**
(–1%)	**302,556**	**44,539**	**1,108**	**10,729**	**2,231**	**406**
Salary increase rate						
(+1%)	**273,413**	**40,633**	**1,004**	**9,716**	**2,071**	**378**
(–1%)	**(198,188)**	**(34,277)**	**(872)**	**(6,461)**	**(1,776)**	**(312)**

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)

The weighted average duration (in years) of the defined benefit obligation are presented below:

	December 31, 2020	December 31, 2019
Parent Company	**8**	9
CBSI	**5**	11
CIBI	**4**	11
CBC–PCCI	**11**	16
CBCC	**5**	8
CBSC	**5**	7

The maturity analyses of the undiscounted benefit payments as of December 31, 2020 and 2019 are as follows:

December 31, 2020	**Parent**	**CBSI**	**CIBI**	**CBC–PCCI**	**CBCC**	**CBSC**
1 year and less	**₱1,143,078**	**₱14,526**	**₱–**	**₱–**	**₱–**	**₱–**
More than 1 year to 5 years	**1,382,813**	**84,373**	**1,182**	**34,908**	**–**	**–**
More than 5 years to 10 years	**2,498,436**	**346,179**	**16,990**	**23,094**	**–**	**1,303**
More than 10 years to 15 years	**2,706,056**	**795,042**	**6,293**	**130,483**	**16,071**	**4,243**
More than 15 years to 20 years	**5,260,877**	**844,853**	**18,074**	**180,316**	**78,979**	**15,106**
More than 20 years	**28,539,408**	**10,154,177**	**605,215**	**1,245,968**	**416,103**	**166,606**

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

The defined benefit plan exposes the Group and the Parent Company to actuarial risks such as longevity risk, investment risk, market risk and salary risk.

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, 2020 and 2019, the aggregate notional amount of outstanding forwards and its weighted average rate are as follows:

		2020		2019	
		Notional Amount	**Weighted Average Rate**	Notional Amount	Weighted Average Rate
US Dollar					
	Buy	**$358,209**	**₱48.40**	$548,790	₱51.52
	Sell	**$253,506**	**₱48.49**	$297,009	₱51.10
Euro					
	Buy	**–**	**–**	€29,000	₱56.56
	Sell	**€44,900**	**₱58.72**	€17,709	₱55.88
Japanese Yen					
	Buy	**–**	**–**	¥2,189,180	₱0.46
Singapore Dollar					
	Sell	**SGD1,007**	**₱36.14**	SGD541	₱37.66

The aggregate notional amounts of the outstanding futures as of December 31, 2019 amounted to US$40 million.

The aggregate notional amounts of the outstanding IRS as of December 31, 2020 and 2019 amounted to ₱18.53 billion and ₱26.52 billion, respectively.

As of December 31, 2020 and 2019, the fair values of derivatives follow:

	2020		2019	
	Derivative Asset	**Derivative Liability**	Derivative Asset	Derivative Liability
Currency forwards	**₱107,900**	**₱124,137**	₱113,384	₱425,976
IRS	**1,019,600**	**1,092,634**	528,238	610,077
Futures	**–**	**–**	16,439	–
Warrants	**9,378**	**–**	9,889	–
	₱1,136,878	**₱1,216,771**	₱667,950	₱1,036,053

Fair Value Changes of Derivatives
The net movements in fair value changes of derivative instruments are as follows:

	2020	2019
Balance at beginning of year	**(₱368,103)**	(₱47,303)
Fair value changes during the year	**486,337**	330,793
Settled transactions	**(198,127)**	(651,593)
Balance at end of year	**(₱79,893)**	(₱368,103)

The net movements in the value of the derivatives are presented in the statements of income under the following accounts:

	2020	2019	2018
Foreign exchange gain (loss)	**₱683,826**	₱446,139	(₱269,191)
Trading and securities gain (loss)* (Note 22)	**(197,489)**	(115,346)	(19,827)
	₱486,337	₱330,793	(₱289,018)

*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. Foreign exchange gains (losses) in the statements of income consisted of the net movements in the value of foreign exchange contracts amounting to ₱102.63 million loss and ₱316.09 million gain for funding and trading activities, respectively, in 2020 and ₱402.93 million loss and ₱646.69 million gain for funding and trading activities, respectively, in 2019.

Interest income on Interest Rate Swap (IRS) in 2020 and 2019 amounted to ₱264.09 million and ₱223.63 million, respectively, while the interest expense amounted to ₱288.73 million in 2020 and ₱228.06 million in 2019.

Derivative contract designated as hedge
In 2019, the Parent Company designated an interest rate swap contract (IRS) with a corresponding notional amount of US$150 million to hedge the cash flow variability of its floating rate bonds payable. The fair value of the IRS designated as a hedging instrument amounted to ₱521.21 million and ₱51.95 million as of December 31, 2020 and 2019, respectively.

The IRS designated as cash flow hedge has the same principal terms as the hedged bonds payable (Note 18). Accordingly, as of December 31, 2020, 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 expense on the IRS desigated as hedge amounted to ₱61.20 million in 2020 and net interest income amounted to ₱14.27 million in 2019.

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%.

Movements in the lease liabilities account follows:

	Consolidated		Parent Company	
	2020	2019	**2020**	2019
Beginning Balance	**₱3,394,925**	₱3,669,457	**₱2,719,524**	₱2,915,844
Additions	**167,762**	247,310	**56,340**	185,549
Interest expenses	**232,584**	264,246	**182,821**	207,744
Lease concessions	**(32,380)**	–	**(32,380)**	–
Payments	**(766,888)**	(786,088)	**(533,414)**	(589,613)
Ending Balance	**₱2,996,003**	₱3,394,925	**₱2,392,891**	₱2,719,524

As a result of the pandemic, the Parent Company was given lease concessions by its lessors. The lease concessions resulted to a decrease in lease payable and an increase in miscellaneous income amounting to ₱32.38 million.

Expenses related to short-term leases amounting to ₱403.71 million and ₱398.57 million for the Group and Parent Company in 2020, respectively, and ₱523.71 million and ₱388.83 million for the Group and Parent Company in 2019, respectively, are included in the 'Occupancy cost' account.

Total cash outflows for leases amounted to ₱1.19 billion and ₱1.00 billion for the Group and Parent Company in 2020, respectively, and ₱1.51 billion and ₱1.18 billion for the Group and Parent Company in 2019, respectively.

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	
	2020	2019	**2020**	2019
Within one year	**₱4,664**	₱6,146	**₱4,664**	₱6,146
After one year but not more than five years	**5,228**	12,705	**3,498**	8,162
After more than five years	**–**	13,518	**–**	–
	₱9,892	₱32,369	**₱8,162**	₱14,308

Future minimum rentals payable under noncancellable leases follow:

	Consolidated		Parent Company	
	2020	2019	**2020**	2019
Within one year	**₱1,301,541**	₱1,129,705	**₱568,029**	₱564,852
After one year but not more than five years	**2,094,499**	1,106,402	**1,016,816**	1,106,402
After more than five years	**2,074,369**	2,182,639	**1,706,197**	2,182,639
	₱5,470,409	₱4,418,746	**₱3,289,042**	₱3,853,893

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 15% while all other income of the FCDU is subject to the 30.00% corporate tax.

Relevant Tax Updates

TRAIN Law
RA No. 10963, the Tax Reform for Acceleration and Inclusion (TRAIN), is the first package of the comprehensive tax reform program of the government. The bill was signed into law on December 19, 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.

CREATE Bill
The Corporate Recovery and Tax Incentives for Enterprise (CREATE) bill aims to reduce the corporate income tax rate from 30% to 25% starting July 2020 and to rationalize the current fiscal incentives.

On February 1, 2021, the Bicameral Conference Committee approved the reconciled version of the CREATE Bill of the House of Representatives and the Senate. The Bill is pending the signature of the President for it to become a law.

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, the 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		
	2020	2019	2018	**2020**	2019	2018
Current						
Final tax	**₱1,425,341**	₱1,420,644	₱908,756	**₱1,415,116**	₱1,402,657	₱836,560
RCIT	**1,759,466**	962,712	1,070,191	**1,467,636**	680,187	926,792
MCIT	**–**	–	46,051	**–**	–	–
	3,184,807	2,383,356	2,024,998	**2,882,752**	2,082,844	1,763,352
Deferred	**(1,793,703)**	(870,706)	246,424	**(1,396,154)**	(405,124)	495,881
	₱1,391,104	₱1,512,650	₱2,271,422	**₱1,486,598**	₱1,677,720	₱2,259,233

The details of net deferred tax assets follow:

	Consolidated		Parent Company	
	2020	2019	**2020**	2019
Net deferred tax assets on:				
Allowance for impairment and credit losses	**₱5,407,554**	₱3,670,628	**₱4,183,930**	₱2,845,003
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	**272,994**	271,947	**34,054**	23,376
Net defined benefit asset	**(27,086)**	(166,955)	**(11,551)**	(151,420)
Others	**66,377**	142,734	**73,020**	118,402
	₱5,172,434	₱3,370,949	**₱3,732,048**	₱2,287,956

The details of net deferred tax liabilities follow:

	Consolidated		Parent Company	
	2020	2019	**2020**	2019
Net deferred tax liabilities on:				
Fair value adjustments on asset foreclosure and dacion transactions – net of depreciated portion	**₱145,781**	₱143,487	**₱–**	₱–
Fair value adjustments on net assets (liabilities) of PDB and Unity Bank	**128,846**	128,846	**–**	–
Others	**841,735**	811,045	**–**	–
	₱1,116,362	₱1,083,378	**₱–**	₱–

In 2020 and 2019, deferred tax credited to OCI amounted to ₱29.76 million and ₱143.61 million respectively, for the Group and ₱47.94 million and ₱143.61 million, respectively, for the Parent Company.

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	
	2020	2019	**2020**	2019
Allowance for impairment and credit losses	**₱937,610**	₱1,684,183	**₱–**	₱–
Accrued compensated absences	**–**	57,182	**–**	–
Excess of MCIT over RCIT	**–**	83,204	**–**	–
Others	**25,580**	34,065	**–**	–
	₱963,190	₱1,858,634	**₱–**	₱–

As of December 31, 2020, details of the excess of MCIT over RCIT of a Subsidiary follow:

Inception Year	Original Amount	Used Amount	Expired Amount	Remaining Balance	Expiry Year
2017	₱–	₱–	₱–	₱–	2020
2018	46,643	–	–	46,643	2021
2019	36,560	–	–	36,560	2022
	₱83,203	₱–	₱–	₱83,203	

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

	Consolidated			Parent Company		
	2020	2019	2018	**2020**	2019	2018
Statutory income tax	**₱4,038,766**	₱3,476,287	₱3,116,258	**₱4,064,771**	₱3,524,004	₱3,110,884
Tax effects of						
FCDU income	**(558,048)**	(730,776)	(250,305)	**(553,550)**	(714,703)	(252,809)
Non–taxable income	**(445,898)**	(690,059)	(984,372)	**(2,227,782)**	(1,458,268)	(895,392)
Interest income subjected to final tax	**(2,375,355)**	(1,609,292)	(318,857)	**(642,318)**	(622,878)	(276,675)
Nondeductible expenses	**1,476,130**	1,439,020	827,904	**1,062,266**	1,244,697	676,253
Others	**(744,491)**	(372,530)	(119,206)	**(216,789)**	(295,132)	(103,028)
Provision for income tax	**₱1,391,104**	₱1,512,650	₱2,271,422	**₱1,486,598**	₱1,677,720	₱2,259,233

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 financial assets at FVOCI with total face value of ₱2.32 billion and ₱1.87 billion as of December 31, 2020 and 2019, 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 ₱48.31 million and ₱42.52 million, respectively, in 2020, ₱50.78 million and ₱44.70 million, respectively, in 2019, and ₱47.60 million and ₱44.38 million, respectively, in 2018.

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	
	2020	2019	**2020**	2019
Deposits in banks	**₱7,879**	₱52,757	**₱1,849**	₱39,407
Financial assets at FVTPL	**1,361,752**	1,367,210	**1,361,752**	1,367,210
Dividend income	**54,579**	48,126	**54,579**	48,126
Interest income	**245**	21,484	**133**	18,975
Total market value of shares	**1,361,752**	1,367,210	**1,361,752**	1,367,210
Number of shares held	**54,579**	54,688	**54,579**	54,688

In 2018, dividend income and interest income of the retirement plan from investments and placements in the Parent Company amounted to ₱45.30 million and ₱16.88 million, respectively, for the Group, and ₱45.30 million and ₱13.31 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		
	2020	2019	2018	**2020**	2019	2018
Short–term employee benefits	**₱557,390**	₱550,767	₱533,995	**₱468,427**	₱468,271	₱441,361
Post–employment benefits	**2,683**	5,395	5,064	**1,661**	4,718	4,418
	₱560,073	₱556,162	₱539,059	**₱470,087**	₱472,989	₱445,779

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, 2020		
Category	**Amount / Volume**	**Outstanding Balance**	**Terms and Conditions**
Significant Investor			
Loans and receivables			Partially secured Loans with interest rate
Issuances	**₱–**	**₱2,345,300**	of 2.00%-5.12% and maturity of two to
Repayments	**–**		seven years.
Deposit liabilities		**1,982**	These are checking accounts with annual
Deposits	**487**		average rate of 0.13%.
Withdrawals	**–**		
Associate			
Deposit liabilities		**39,394**	These are savings accounts with annual
Deposits	**181,158**		average interest rates ranging from
Withdrawals	**(442,383)**		0.25% to 1.00%.
Key Management Personnel			
Loans and receivables		**2,179**	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	**(433)**		
Deposit liabilities		**94,315**	These are checking, savings and time
Deposits	**282,538**		deposits with annual average interest
Withdrawals	**(266,986)**		rates ranging from 0.25% to 1.00%.
Other Related Parties			
Deposit liabilities		**1,686,887**	These are checking and savings accounts
Deposits	**19,107,945**		with annual average interest rates
Withdrawals	**(17,824,347)**		ranging from 0.13% to 1.00%.

	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
Issuances	–	–	2 – 5.12% and maturity of two to seven
Repayments	(4,421,200)	–	years.
Deposit liabilities	–	1,496	These are checking accounts with annual
Deposits	1,123	–	average rate of 0.13%.
Withdrawals	–	–	
Associate			
Deposit liabilities	–	300,620	These are savings accounts with annual
Deposits	666,996	–	average interest rates ranging from
Withdrawals	(532,748)	–	0.25% to 1.00%.
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	255,582	–	deposits with annual average interest
Withdrawals	(257,836)	–	rates ranging from 0.25% to 1.00%.
Other Related Parties			
Deposit liabilities	–	389,714	These are checking and savings accounts
Deposits	22,632,109	–	with annual average interest rates
Withdrawals	(22,523,755)	–	ranging from 0.13% to 1.00%.

Interest income earned and interest expense incurred from the above loans and deposit liabilities in 2020, 2019, and 2018 follow:

	Significant Investor			Associate		
	2020	2019	2018	**2020**	2019	2018
Interest income	**₱92,254**	₱46,906	₱42,601	**₱–**	₱–	₱–
Interest expense	**2**	2	3	**500**	655	168

	Key Management Personnel			Other Related Parties		
	2020	2019	2018	**2020**	2019	2018
Interest income	**₱82**	₱26	₱7,921	**₱–**	₱–	₱–
Interest expense	**1,459**	1,952	2,121	**1,467**	2,376	2,129

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, 2020		
Category	Amount / Volume	Outstanding Balance	Nature, Terms and Conditions
Significant Investor			
Loans and receivables		**₱2,345,300**	Secured with Shares of Stocks of Other Banks/NBFI-PSE listed, interest rate of 5.25% and will mature on September 5, 2024
Issuances			
Repayments			
Deposit liabilities		**1,982**	These are checking accounts with annual average rate of 0.13%.
Deposits	**₱487**		
Withdrawals			
Subsidiaries			
Deposit liabilities		**504,336**	These are checking and savings accounts with annual average interest rates ranging from 0.13% to 1.00%.
Deposits	**5,949,780**		
Withdrawals	**(5,926,690)**		
Associate			
Deposit liabilities		**39,394**	These are savings accounts with annual average interest rates ranging from 0.25% to 1.00%.
Deposits	**181,158**		
Withdrawals	**(442,383)**		
Key Management Personnel			
Deposit liabilities		**94,315**	These are checking, savings and time deposit account with annual average interest rates ranging from 0.25% to 1.00%.
Deposits	**282,538**		
Withdrawals	**(266,986)**		
Other Related Parties			
Deposit liabilities		**1,686,887**	These are checking and savings accounts with annual average interest rates ranging from 0.13% to 1.00%.
Deposits	**19,107,945**		
Withdrawals	**(17,824,347)**		

			December 31, 2019
Category	Amount / Volume	Outstanding Balance	Nature, Terms and Conditions
Significant Investor			
Loans and receivables		₱2,345,300	Partially secured Loans with interest rate of 2.00-5.25% 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			
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 from 0.25% 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)		

In 2019, the Parent Company sold its investment property to a related party for a total cash selling price of ₱382.33 million and recognized gain of ₱377.18 million.

The related party transactions shall be settled in cash. There are no provisions for credit losses in 2020, 2019 and, 2018 in relation to amounts due from related parties.

Interest income earned and interest expense incurred from the above loans and deposit liabilities in 2020, 2019 and, 2018 follow:

	Subsidiaries			Associate		
	2020	2019	2018	**2020**	2019	2018
Interest Income	**₱2,020**	₱–	₱–	**₱2,020**	₱–	₱–
Interest expense	**850**	743	375	**500**	654	168

	Key Management Personnel			Other Related Parties		
	2020	2019	2018	**2020**	2019	2018
Interest income	**₱2,020**	₱26	₱11,277	**₱2,020**	₱–	₱–
Interest expense	**1,459**	36	19	**1,467**	210	131

	Significant Investor		
	2020	2019	2018
Interest income	**₱2,020**	₱46,906	₱42,601
Interest expense	**2**	2	3

Outright purchases and outright sale of debt securities of the Parent Company with its subsidiaries in 2020 and 2019 follow:

	Subsidiaries	
	2020	2019
Peso-denominated		
Outright purchase	**₱248,570**	₱3,390,547
Outright sale	**2,715,570**	854,135
Dollar-denominated (equity)		
Outright purchase	**5,000**	6,550
Outright sale	**6,000**	450

The following table shows the amount and outstanding balance of other related party transactions included in the financial statements:

	Subsidiaries		
	2020	2019	**Nature, Terms and Conditions**
Balance Sheet			
Accounts receivable	**₱1,322**	₱1,144	This pertains to various expenses advanced by CBC in behalf of CBSI
Security deposits	**1,878**	2,270	This pertains to the rental deposits with CBSI for office space leased out to the Parent Company
Accounts payable	**11**	12,941	This pertains to various unpaid rental to CBSI

	Subsidiaries			
	2020	2019	2018	**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 agreement between the Parent Company and its subsidiaries, the subsidiaries shall pay the Parent Company an annual fee
Occupancy cost	**11,808**	20,067	19,937	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	**225,428**	222,414	204,749	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.

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	
	2020	2019	**2020**	2019
Trust department accounts (Note 29)	**₱210,776,272**	₱169,339,175	**₱210,776,272**	₱169,339,175
Committed credit lines	**9,551,472**	46,506,112	**9,551,472**	46,506,112
Unused commercial letters of credit (Note 30)	**14,445,630**	18,227,610	**14,338,580**	18,110,275
Foreign exchange bought	**17,338,436**	30,941,342	**17,338,436**	30,941,342
Foreign exchange sold	**15,385,289**	18,229,910	**15,385,289**	18,229,910
Credit card lines	**12,492,933**	11,048,767	**12,492,933**	11,048,767
IRS receivable	**25,351,615**	26,523,850	**25,351,615**	26,523,850
Outstanding guarantees issued	**1,187,256**	1,022,261	**899,090**	688,045
Inward bills for collection	**1,862,824**	4,423,799	**1,862,824**	4,423,799
Standby credit commitment	**1,652,526**	2,200,316	**1,652,526**	2,200,316
Spot exchange sold	**2,113,123**	11,965,938	**2,113,123**	11,965,938
Spot exchange bought	**1,920,935**	10,896,547	**1,920,935**	10,896,547
Deficiency claims receivable	**283,842**	285,745	**283,842**	285,745
Late deposits/payments received	**342,103**	525,953	**319,833**	492,597
Outward bills for collection	**150,073**	88,197	**148,316**	86,344
Others	**1,110,325**	37,114	**1,110,163**	36,951

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, 2020, 2019 and 2018:

	Lending Business			Retail Banking Business		
	2020	2019	2018	**2020**	2019	2018
Results of Operations						
Net interest income						
Third party	**₱26,243,948**	₱24,613,498	₱19,034,015	**(₱537,797)**	(₱5,338,849)	(₱871,505)
Intersegment	**(17,367,936)**	(18,388,536)	(12,956,205)	**18,378,843**	18,020,023	11,763,393
	8,876,012	6,224,962	6,077,810	**17,841,046**	12,681,174	10,891,888
Other operating income	**1,014,330**	2,281,689	1,794,959	**1,924,001**	2,209,567	1,619,591
Total revenue	**9,890,342**	8,506,651	7,872,769	**19,765,047**	14,890,741	12,511,479
Other operating expense	**(3,603,526)**	(3,771,960)	(1,888,154)	**(11,276,218)**	(9,785,604)	(7,034,881)
Income before provisions and taxes	**6,286,816**	4,734,691	5,984,615	**8,488,829**	5,105,137	5,476,598
Provision for impairment and credit losses	**(6,987,211)**	(1,836,780)	328,404	**(888,952)**	(443,621)	(103,780)
Income before income tax	**(700,395)**	2,897,911	6,313,019	**7,599,877**	4,661,516	5,372,818
Provision for income tax	**271,102**	(45,149)	210,176	**(244,334)**	(419,750)	–
Net income	**(₱429,293)**	₱2,852,762	₱6,523,195	**₱7,355,543**	₱4,241,766	₱5,372,818
Total assets	**₱447,944,431**	₱438,731,372	₱376,187,705	**₱587,770,303**	₱516,900,229	₱471,540,704
Total liabilities	**₱8,177,263**	₱5,042,977	₱4,819,787	**₱631,763,776**	₱569,897,912	₱499,955,967
Depreciation and amortization	**₱126,699**	₱54,477	₱73,475	**₱1,004,571**	₱1,185,539	₱437,201
Capital expenditures	**₱21,087**	₱29,405	₱66,105	**₱55,564**	₱177,348	₱148,179

	Financial Markets			Other Business and Support Units		
	2020	2019	2018	**2020**	2019	2018
Results of Operations						
Net interest income						
Third party	**₱4,200,824**	₱3,462,384	₱4,028,486	**₱3,935,611**	₱3,314,264	₱735,190
Intersegment	**(817,457)**	1,041,115	(434,176)	**(193,450)**	(672,602)	1,626,988
	3,383,367	4,503,499	3,594,310	**3,742,161**	2,641,662	2,362,178
Other operating income	**5,564,672**	1,994,224	522,523	**1,508,046**	1,945,309	1,721,223
Total revenue	**8,948,039**	6,497,723	4,116,833	**5,250,207**	4,586,971	4,083,401
Other operating expense	**(2,040,542)**	(1,760,735)	(864,332)	**(4,601,876)**	(5,005,997)	(8,268,513)
Income before provisions and taxes	**6,907,497**	4,736,988	3,252,501	**648,331**	(419,026)	(4,185,112)
Provision for impairment and credit losses	**(103,465)**	(92,689)	(51,689)	**(889,291)**	(197,078)	(314,011)
Income before income tax	**6,804,032**	4,644,299	3,200,812	**(240,960)**	(616,104)	(4,499,123)
Provision for income tax	**(1,514,395)**	(1,240,335)	(730,643)	**96,523**	192,584	(1,750,955)
Net income	**₱5,289,637**	₱3,403,964	₱2,470,169	**(₱144,437)**	(₱423,520)	(₱6,250,078)
Total assets	**₱291,325,133**	₱230,368,926	₱170,463,397	**(₱291,028,218)**	(₱223,774,546)	(₱152,120,166)
Total liabilities	**₱141,939,942**	₱118,786,174	₱88,040,610	**₱149,145,306**	₱172,323,323	₱185,398,689
Depreciation and amortization	**₱329,510**	₱52,328	₱49,433	**₱434,119**	₱650,316	₱737,576
Capital expenditures	**₱4,837**	₱8,542	₱60,838	**₱195,393**	₱209,829	₱299,388

	Total		
	2020	2019	2018
Results of Operations			
Net interest income			
Third party	**₱33,842,586**	₱26,051,297	₱22,926,186
Intersegment	**–**	–	–
	33,842,586	26,051,297	22,926,186
Other operating income	**10,011,049**	8,430,789	5,658,296
Total revenue	**43,853,635**	34,482,086	28,584,482
Other operating expense	**(21,522,162)**	(20,324,296)	(18,055,880)
Income before provisions and taxes	**22,331,473**	14,157,790	10,528,602
Provision for impairment and credit losses	**(8,868,919)**	(2,570,168)	(141,076)
Income before income tax	**13,462,554**	11,587,622	10,387,526
Provision for income tax	**(1,391,104)**	(1,512,650)	(2,271,422)
Net income	**₱12,071,450**	₱10,074,972	₱8,116,104
Total assets	**₱1,036,011,649**	₱962,225,981	₱866,071,640
Total liabilities	**₱931,026,287**	₱866,050,386	₱778,215,053
Depreciation and amortization	**₱1,894,899**	₱1,942,660	₱1,297,685
Capital expenditures	**₱276,881**	₱425,124	₱574,510

The Group's share in net income of an associate included in other operating income amounting to ₱152.44 million, ₱184.66 million and ₱101.01 million in 2020, 2019 and 2018, 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:

	2020	2019	2018
a. Net income attributable to equity holders of the parent	**₱12,062,636**	₱10,068,960	₱8,110,379
b. Weighted average number of common shares outstanding (Note 23)	**2,685,900**	2,685,900	2,685,826
c. EPS (a/b)	**₱4.49**	₱3.75	₱3.02

As of December 31, 2020, the centennial stock grant has a dilutive effect to the EPS. Accordingly, for 2020, the diluted EPS amounts to ₱4.49 after adjusting the weighted average number of common shares outstanding during the year with the impact of stock grant. As of December 31, 2019 and 2018, 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		
	2020	2019	2018
Addition to investment properties from settlement of loans	**₱385,519**	₱832,290	₱523,343
Fair value gain on FVOCI financial assets	**2,932,752**	892,644	(451,786)
Cumulative translation adjustment	**(17,496)**	98,830	(52,900)
Addition to chattel mortgage from settlement of loans	**32,568**	618,298	626,182

	Parent Company		
	2020	2019	2018
Addition to investment properties from settlement of loans	**₱117,661**	₱471,020	₱240,680
Fair value gain in FVOCI financial assets	**2,870,805**	670,487	(381,791)
Cumulative translation adjustment	**(5,118)**	81,518	(58,792)
Addition to chattel mortgage from settlement of loans	**2,006**	10,332	20,135

The following table shows the reconciliation analysis of bonds and bills payable under financing activities for the years ended December 31, 2020 and 2019:

	2020	2019
Balance at beginning of year	**₱70,775,805**	₱39,826,532
Cash flows during the year		
Proceeds	**131,188,100**	180,468,980
Settlement	**(124,743,600)**	(147,998,921)
Non–cash changes		
Foreign exchange movement	**(1,560,349)**	(1,319,934)
Amortization of transaction cost	**61,572**	(200,852)
Balance at end of year	**₱75,721,528**	₱70,775,805

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 enforceable master netting agreements or similar arrangements. The effects of these arrangements are disclosed in the succeeding tables.

December 31, 2020

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]
	[a]	[b]	[c]	[d]		[e]
Financial assets						
SPURA	**₱12,022,648**	**₱–**	**₱12,022,648**	**₱12,022,648**	**₱12,022,648**	**₱–**
Currency forwards	**106,327**	**–**	**106,327**	**30,790**	**–**	**75,537**
IRS	**37,171**	**–**	**37,171**	**32,616**	**–**	**4,555**
	₱ 12,166,146	**₱–**	**₱12,166,146**	**₱12,086,054**	**₱12,022,648**	**₱80,092**
Financial liabilities						
Bills payable	**23,655,851**	**–**	**23,655,851**	**20,298,521**	**21,664,145**	**1,991,706**
Currency forwards	**41,935**	**–**	**41,935**	**30,790**	**–**	**11,145**
IRS	**97,055**	**–**	**97,055**	**32,616**	**–**	**64,439**
	₱23,794,841	**₱–**	**₱23,794,841**	**₱20,361,927**	**₱21,664,145**	**₱2,067,290**

December 31, 2019

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]
	[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	₱2,436,377

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. COVID-19 PANDEMIC

On March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine (ECQ) throughout the island of Luzon. The ECQ was originally set to last until April 12, 2020 but, upon the recommendation of the Inter-Agency Task Force on Emerging Infectious Disease (IATF-EID), President Duterte extended it until April 30, 2020. On May 1, 2020, it was further extended until May 15 but only on selected places considered high-risk. On May 12, 2020, a modified ECQ (MECQ) was imposed on Metro Manila and selected provinces effective May 16 until May 31. Meanwhile, other areas transitioned to general community quarantine (GCQ) starting May 16. On June 1, Metro Manila and selected provinces were downgraded to GCQ, while the rest of the country was placed under modified GCQ. On August 4, Metro Manila, and the provinces of Laguna, Cavite, Rizal, and Bulacan reverted back to modified ECQ amid the rising number of COVID-19 positive cases. The MECQ lasted until August 18. On August 17, on the recommendation of IATF-EID, the President announced that Metro Manila and its neighboring provinces of Bulacan, Cavite and Laguna will be downgraded to GCQ starting August 19. These measures have caused disruptions to businesses and economic activities, and its impact on businesses continues to evolve.

Bayanihan to Heal as One Act
On March 25, 2020, President Duterte signed into law the Bayanihan to Heal as One Act (RA 11469). The law provides the President, among others, the power to direct all private and public banks, quasi-banks, financing companies, lending companies and other financial institutions, including the Government Service Insurance System, Social Security System and Pag-ibig Fund to implement a grace period of 30 days minimum, for the payment of all loans falling due within the enhanced community quarantine (ECQ) without interests, penalties, fees or other charges. In a separate Frequently Asked Questions (FAQ) released by BSP on May 18, 2020, it clarified that the modified enhance community quarantine (MECQ) shall have the same effect as the ECQ with respect to the application of the mandatory grace period for the payment of all loans falling due within the period of MECQ.

The Implementing Rules and Regulations (IRR) of the said law provides that borrowers have the option to pay the interest accrued during the mandatory grace period either in lumpsum on the new due date or on staggered basis over the life of the loan. Nonetheless, covered financial institutions are not precluded from offering less onerous payment schemes with the consent of the borrower, such as allowing lump sum payment of accrued interest on the last payment date of the loan, provided that the accrued interest during the mandatory grace period will not be charged with interest on interest, fees and other charges.

On March 14, 2020, the BSP issued BSP Memorandum No. M-2020-008 *Regulatory Relief for BSFIs Affected by the Corona Virus Disease 2019 (COVID-19)*. The said memorandum provides for certain temporary regulatory and rediscounting relief measures for financial institutions supervised by the BSP. Accordingly, the Parent Company informed the BSP of its intention to avail the following:

- Provide financial assistance to officers affected by the present health emergency subject to submission by the Parent Company of a request for BSP approval within 30 calendar days from the approval thereof of the Parent Company's Board of Directors;

- Exclude from the computation of past due ratio, loans by borrowers in affected areas, subject to the following: (i) such loans shall be reported to the BSP; (ii) extension shall be for a period of one year from 08 March 2020; and (iii) BSP documentary requirements for restructuring of loans may be waived provided that the Bank will adopt appropriate and prudent operational control measures;

- Non-imposition of monetary penalties for delays incurred in the submission of all supervisory reports to BSP due to be submitted from 08 March 2020 up to six months thereafter;

- Allow staggered booking of allowance for credit losses computed under Section 143 of the Manual of Regulation for Banks (MORB) over a maximum period of five years for all types of credits extended to individuals and businesses directly affected by COVID-19 as of 08 March 2020, subject to prior approval of the BSP;

- Non-imposition of penalties on legal reserve deficiencies computed under Section 255 of the MORB starting from reserve week following 08 March 2020 up to six months thereafter, subject to prior approval of the BSP;

- Rediscounting relief as follows:
  a. Grant of a 60-day grace period, upon application with BSP, to settle outstanding rediscounting obligations as of 08 March 2020, provided that interest shall be charged but no penalty shall be imposed;
  b. Allowing the Parent Company to restructure with BSP, the outstanding rediscounted loans as of 08 March 2020 of its end-user borrowers affected by the COVID-19, subject to the terms and conditions stated in Appendix 133 of the MORB; and
  c. relaxation of eligibility requirements by excluding the criteria on reserve requirement for the renewal of rediscounting line and for the availment of rediscounting loans from 08 March 2020 up to six months thereafter.

As of December 31, 2020, there was no actual availment of the foregoing regulatory reliefs.

37. 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 24, 2021.

38. 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		
	2020	2019	2018	**2020**	2019	2018
Return on average equity	**12.09%**	11.04%	9.54%	**12.09%**	11.04%	9.54%
Return on average assets	**1.21%**	1.10%	1.04%	**1.32%**	1.22%	1.17%
Net interest margin	**3.92%**	3.39%	3.56%	**3.82%**	3.26%	3.42%

Description of capital instruments issued

The Group and the Parent Company considers its common stock as capital instruments eligible as Tier 1 capital.

Significant credit exposures

	Consolidated			
	2020		2019	
	Amounts	**%**	Amounts	%
Real estate, renting and business services	**₱145,914,295**	**25.49**	₱131,554,263	22.77
Electricity, gas and water	**77,295,952**	**13.51**	80,765,270	13.98
Wholesale and retail trade	**48,797,394**	**8.53**	59,338,753	10.27
Transportation, storage and communication	**54,792,752**	**9.57**	57,770,004	10
Financial intermediaries	**67,320,876**	**11.76**	63,584,082	11
Manufacturing	**33,567,819**	**5.86**	32,405,226	5.61
Arts, entertainment and recreation	**23,687,514**	**4.14**	17,899,693	3.1
Accommodation and food service activities	**12,904,107**	**2.25**	12,818,682	2.22
Construction	**13,955,942**	**2.44**	13,131,855	2.27
Mining and quarrying	**8,000,701**	**1.40**	9,995,905	1.73
Agriculture	**7,929,762**	**1.39**	6,636,029	1.15
Education	**5,290,900**	**0.92**	6,321,842	1.09
Public administration and defense	**2,055,542**	**0.36**	4,100,000	0.71
Professional, scientific and technical activities	**860,778**	**0.15**	771,566	0.13
Others*	**69,970,620**	**12.23**	80,735,867	13.98
	₱572,344,954	**100.00**	₱577,829,037	100.00

*Others consist of administrative and support service, health, household and other activities.

	Parent Company			
	2020		2019	
	Amounts	%	Amounts	%
Real estate, renting and business services	₱123,150,868	24.40	₱108,067,826	21.18
Electricity, gas and water	75,367,275	14.93	78,802,898	15.45
Financial intermediaries	66,402,640	13.16	62,178,902	12.19
Wholesale and retail trade	45,324,442	8.98	55,222,983	10.82
Transportation, storage and communication	52,346,480	10.37	55,429,738	10.86
Manufacturing	31,988,437	6.34	29,757,318	5.83
Arts, entertainment and recreation	23,630,122	4.68	17,799,562	3.49
Accommodation and food service activities	11,892,441	2.36	11,591,121	2.27
Construction	12,886,246	2.55	11,985,485	2.35
Mining and quarrying	7,998,397	1.58	9,991,633	1.96
Agriculture	6,372,652	1.26	5,076,970	1.00
Public administration and defense	2,055,542	0.94	4,100,000	0.80
Education	4,735,251	0.41	5,667,447	1.11
Professional, scientific and technical activities	788,324	0.16	685,031	0.13
Others*	39,791,654	7.88	53,802,779	10.55
	₱504,730,771	100.00	₱510,159,693	100.00

*Others consist of administrative and support service, health, household and other activities.

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, 2020 and 2019, 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					
	2020			2019		
	Performing	Non-Performing	Total	Performing	Non-Performing	Total
Loans and discounts						
Corporate and commercial lending	₱444,111,245	₱5,391,246	₱449,502,491	₱454,852,808	₱4,690,104	₱459,542,912
Consumer lending:						
Housing	71,659,301	5,136,896	76,796,197	69,504,381	2,427,211	71,931,592
Auto	19,748,879	1,209,090	20,957,969	22,155,296	702,476	22,857,772
Credit Card	1,014,155	392,156	1,406,311	1,209,616	304,222	1,513,838
Others	14,070,206	544,918	14,615,124	10,061,522	327,756	10,389,278
Trade-related lending	8,230,427	303,622	8,534,049	10,954,527	242,392	11,196,919
Others*	137,620	4,641	142,261	42,358	4,471	46,829
	₱558,971,833	₱12,982,569	₱571,954,402	₱568,780,508	₱8,698,632	₱577,479,140

	Parent Company					
	2020			2019		
	Performing	Non-Performing	Total	Performing	Non-Performing	Total
Loans and discounts						
Corporate and commercial lending	₱426,469,140	₱2,587,729	₱429,056,869	₱432,104,596	₱2,229,449	₱434,334,045
Consumer lending:						
Housing	54,940,444	4,140,628	59,081,072	53,033,152	1,908,416	54,941,568
Auto	6,349,025	271,150	6,620,175	7,956,005	185,153	8,141,158
Credit Card	1,014,155	392,156	1,406,311	1,209,616	304,222	1,513,838
Others	838	–	838	1,463	–	1,463
Trade-related lending	8,053,403	275,045	8,328,448	10,666,662	235,906	10,902,568
Others*	28,392	28	28,420	34,340	1	34,341
	₱496,855,397	₱7,666,736	₱504,522,133	₱505,005,834	₱4,863,147	₱509,868,981

Loans per security

As of December 31, 2020 and 2019, secured and unsecured non-performing loans (NPLs) of the Group and the Parent Company follow:

	Consolidated		Parent Company	
	2020	2019	**2020**	2019
Secured	**₱3,966,218**	₱3,177,507	**₱775,355**	₱935,742
Unsecured	**9,016,351**	5,521,125	**6,891,381**	3,927,405
	₱12,982,569	₱8,698,632	**₱7,666,736**	₱4,863,147

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

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 ₱13.09 billion and ₱9.00 billion for 2020 and 2019, respectively. The carrying amount of the pero-denominated investment securities at amortized cost pledged by the Parent Company as collateral for its interbank borrowings amounted to ₱7.21 billion and ₱10.39 billion for 2020 and 2019, respectively. The fair value of investment securities at amortized cost pledged as collateral amounted to ₱21.66 billion and ₱19.71 billion for 2020 and 2019, respectively.

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			
	2020		2019	
	DOSRI Loans	**Related Party Loans (inclusive of DOSRI Loans)**	DOSRI Loans	Related Party Loans (inclusive of DOSRI Loans)
Total outstanding DOSRI loans	**₱3,224,094**	**₱55,523,024**	₱3,782,090	₱53,032,123
Percent of DOSRI/Related Party loans to total loan portfolio	**0.56%**	**9.70%**	0.65%	9.18%
Percent of unsecured DOSRI/Related Party loans to total loan portfolio	**0.14%**	**78.14%**	5.16%	75.00%
Percent past due DOSRI/Related Party loans to total loan portfolio	**–**	**–**	–	–
Percent of non-performing DOSRI/Related Party loans to total loan portfolio	**–**	**–**	–	–

	Parent			
	2020		2019	
	DOSRI Loans	Related Party Loans (inclusive of DOSRI Loans)	DOSRI Loans	Related Party Loans (inclusive of DOSRI Loans)
Outstanding DOSRI loans	**₱3,217,097**	**₱54,839,195**	₱3,775,723	₱52,200,773
Percent of DOSRI/Related Party loans to total loan portfolio	**0.64%**	**10.87%**	0.74%	10.23%
Percent of unsecured DOSRI/Related Party loans to total loan portfolio	**0.10%**	**94.25%**	5.16%	76.16%
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	
	2020	2019	2020	2019
Trust department accounts	**₱210,776,272**	₱169,339,175	**₱210,776,272**	₱169,339,175
Committed credit lines	**9,551,472**	46,506,112	**9,551,472**	46,506,112
Unused commercial letters of credit	**14,445,630**	18,227,610	**14,338,580**	18,110,275
Foreign exchange bought	**17,338,436**	30,941,342	**17,338,436**	30,941,342
Foreign exchange sold	**15,385,289**	18,229,910	**15,385,289**	18,229,910
Credit card lines	**12,492,933**	11,048,767	**12,492,933**	11,048,767
IRS receivable	**25,351,615**	26,523,850	**25,351,615**	26,523,850
Outstanding guarantees issued	**1,187,256**	1,022,261	**899,090**	688,045
Inward bills for collection	**1,862,824**	4,423,799	**1,862,824**	4,423,799
Standby credit commitment	**1,652,526**	2,200,316	**1,652,526**	2,200,316
Spot exchange sold	**2,113,123**	11,965,938	**2,113,123**	11,965,938
Spot exchange bought	**1,920,935**	10,896,547	**1,920,935**	10,896,547
Deficiency claims receivable	**283,842**	285,745	**283,842**	285,745
Late deposits/payments received	**342,103**	525,953	**319,833**	492,597
Outward bills for collection	**150,073**	88,197	**148,316**	86,344
Others	**1,110,325**	37,114	**1,110,163**	36,951

39. 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 2020.

Gross receipts tax	₱1,848,753
Documentary stamps tax	1,544,089
Local taxes	81,506
Fringe benefit tax	14,126
Others	10,013
Total for the year	₱3,498,487

Withholding Taxes

Details of total remittances of withholding taxes in 2020 and amounts outstanding as of December 31, 2020 are as follows:

	Total remittances	Amounts outstanding
Final withholding taxes	₱2,069,386	₱117,052
Withholding taxes on compensation and benefits	599,004	65,192
Expanded withholding taxes	125,323	11,597
	₱2,793,713	₱193,841


CHINA BANKING CORPORATION

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 No.: 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 BudgetLane 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 Bldg., 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-Building 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
CBC Building, 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. Nos.: 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 cor. 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
cor. 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 Building 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 Center,
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
cor. 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.
cor. 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
G/F HGL Building, 554 EDSA,
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
cor. 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
cor. 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 Building, Gen. Luis St.
cor. 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-Building, 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. cor. 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 Building, Lot 18 Block 6 Holy Spirit
Drive, Don Antonio Heights,
Brgy. Holy Spirit, Quezon City
Tel. Nos.: 8355-8665; 8277-7257
8287-5387
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 cor. 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 cor. 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 Building, 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 Nos.: 8851-6143; 8851-6144

LAGRO
CBC Building, 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
G/F, JCS Building, 119 Dela Rosa
cor. C. Palanca Sts., Legaspi Village,
Makati City
Tel. Nos.: 8894-5915/18
8810-1464/8536-4684
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 Building, 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 Building, 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 Nos.: 8851-6143; 8292-6956

MANDALUYONG – BONI AVE.
G/F VOS Bldg., Boni Avenue
cor. 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

MANDALUYONG – THE PODIUM
3/F The Podium, ADB Avenue,
Ortigas Center, Mandaluyong City
Tel. Nos.: 8291-1253; 8280-0220

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,
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
formerly Masangkay – Luzon Branch
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

MEDICAL CENTER PARAÑAQUE
G/F Medical Center Parañaque,
Dr. Arcadio Santos Ave., San Antonio,
Parañaque City
Tel. Nos.: 8554-6603; 8242-1164

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 cor. 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 Building, Quirino Highway cor. 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 Rd. Ortigas Ctr. 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 cor. 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 Nos.: 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
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 Ave., Brgy. San Isidro, Parañaque City
Tel. Nos.: 8826-4072; 8820-8952
8820-2044; 8825-2501
Fax No.: 8825-9517

PASAY – LIBERTAD
CBC-Building, 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 – CARUNCHO
No. 7 Caruncho Ave., Pasig City
Tel. Nos.: 8639-5482; 8559-6183
Fax No.:

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
GMP Building, #63 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 cor. 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 No.: 8733-6282

CHINA BANK BRANCHES

REGALADO AVE.
CBC Building, Regalado Ave.,
North Fairview, Quezon City
Tel. Nos.: 8921-5678; 8921-5359
Fax No.: 8921-5359

REGALADO AVE. – WEST FAIRVIEW
CBC Building, 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

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. cor. 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 cor. 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. No.: 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 Ave. cor. 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
cor. 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 cor. 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 Building, 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 Building, 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.
cor. 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-Building, 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.
cor. 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 Building, McArthur Highway,
San Vicente, Apalit, Pampanga
Area Code: (045)
Tel. No.: 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. No.: 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 Building, Brgy. Kumintang Ilaya,
Batangas City, Batangas
Area Code: (043)
Tel. No.: 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 Building, Cagayan Valley Road,
Brgy. Sta. Rita, Guiguinto, Bulacan
Area Code: (044)
Tel. Nos.: 764-0879; 764-0886
Fax No.: 764-0879

BULACAN – PLARIDEL
CBC Building, 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-Building, 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 Building, National Highway,
Camalaniugan, Cagayan
Area Code: (078)
Tel. Nos.: 377-2836; 377-2837
Fax No.: 377-2837

CHINA BANK BRANCHES

CANDON CITY
CBC Building, National Road,
Poblacion, Candon City, Ilocos Sur
Area Code: (077)
Tel. Nos.: 674-0574; 674-0554
Fax No.: 674-0574

CARMONA
CBC Building, 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

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. No.: 437-0057; 437-0058
437-0059
Fax No.: 437-0058

CAVITE- SILANG
CBC Building, 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-Building, 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
One North Mall, #1 McArthur Highway,
Dau, Mabalacat City, 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 Building, 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 Building, 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 Building, No. 91, Poblacion Sur,
Bayambang, Pangasinan
Area Code: (075)
Tel. Nos.: 632-5776; 632-5775
Fax No.: 632-5776

PANGASINAN – ROSALES
CBC Building, 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. No.: 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. No.: 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 Building., 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 Building, Marcos District,
Talavera, Nueva Ecija
Area Code: (044)
Tel. Nos.: 940-2620; 940-2621
Fax No.: 940-2620

TARLAC
CBC Building, 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 Building, 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
cor. 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-Building, 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 cor. 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
COFA Bldg., 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

CHINA BANK BRANCHES

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

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 Nos.: 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
cor. 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. No.: 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 Building, National Highway,
Brgy. 1, Kabankalan, Negros Occidental
Area Code: (034)
Tel. Nos.: 471-3349; 471-3364
471-3738
Fax No.: 471-3738

ILOILO – IZNART
De Leon corner Iznart St., Iloilo City
Area Code: (033)
Tel. Nos.: 337-9477; 509-9868
300-0644
Fax No.: 337-9566

ILOILO – JARO
CBC Building, 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
G/F The Grid, Donato Pison
cor. Pacencia Pison Avenues,
Atria Park District, San Rafael,
Mandurriao, Iloilo City
Area Code: (033)
Tel. Nos.: 333-3988; 333-4088
Fax No.: 501-6078

ILOILO – RIZAL
CBC Building, 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 Building, 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 Nos.: 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 Building 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.: 2272-3091; 2272-4372
858-3902; 858-3903
Fax Nos.: 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 Building, 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
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
Grajeda Bldg (Major Building),
Quezon St., Brgy New Pandan,
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 Building, 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. No.: 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 Hi-way, 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. No.: 813-3372
Fax No.: 813-3373

MIDSAYAP
CBC Building, 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 Building, 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. No.: 828-2048; 828-2049
222-2356; 222-2417
Fax No.: 828-2048

ZAMBOANGA CITY
CBC-Building, 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.
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(034) 435-0250
Fax No.: (034) 435-0647
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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
Center Head: **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
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Email: mdcarpio@chinabank.ph
Center Head: **Ma. Melody D. Carpio**

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
Email: khltan@chinabank.ph
Center Head:
Kinard Hutchinson L. Tan

CBG Dagupan Center
China Bank - Dagupan-Perez
Siapno Bldg., Perez Boulevard
Dagupan City
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(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
(082) 222-5761
Fax No.: (082) 222-5021
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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
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CBG Pampanga Center
China Bank - San Fernando
2/F CBC Bldg., V. Tiomico St.
Sto. Rosario Poblacion, City of
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Center Head:
Carlo Juan D. C. Bautista

WEALTH MANAGEMENT OFFICES

Makati Head Office
15F, China Bank Bldg.,
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2/F V. Tiomico., San Fernando City
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2F Bacolod Lacson Branch
Soliman Bldg., Lacson
cor. Luzurriaga Sts., Bacolod City
Tel. No.: (034) 431-5549
Email: jrmanuel@chinabank.ph

Contact Person:
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Cebu Office
CBC Bldg.,
Samar Loop cor. Panay Road,
Cebu Business Park, Cebu City
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(032) 239-3741
Email: edrosales@chinabank.ph

Contact Person:
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CHINA BANK SAVINGS BRANCHES

METRO MANILA AND RIZAL

ACACIA ESTATES – SAVEMORE
Acacia Taguig Town Center
Acacia Estates, Ususan, Taguig City
Tel. Nos.: (632) 8633-5472
8633-3245

ADRIATICO – HYPERMARKET
M.H. Del Pilar, Adriatico
Malate, Manila
Tel. No.: (632) 8525-6286
7219-4390
Mobile No.: 0917-5807061

ALABANG HILLS
Alabang Commercial Citi Arcade
Don Jesus Boulevard, Alabang,
Muntinlupa City
Tel. Nos.: (632) 8828-4854
8403-2801

AMANG RODRIGUEZ – SAVEMORE
Amang Rodriguez Avenue
cor. Evangelista St., Santolan,
Pasig City
Tel. No.: (632) 7964-1323
8645-4710

AMORANTO AVENUE
Unit 101 R Place Building
255 N.S. Amoranto Sr. Avenue,
Quezon City
Tel. Nos.: (632) 8251-6592
8251 6594 / 7966-9075
Mobile. No.: 0917-8056964

ANGONO
Manila East, Road cor. Don Benito St.,
Brgy. San Roque, Angono, Rizal
Tel. No.: (632) 8651-1779
8651-1782

ANONAS – SAVEMORE
Maamo St., Road Lot 30
V. Luna St. and Anonas Extension,
Sikatuna, Quezon City
Tel. No.: (632) 8351-4928
Mobile No.: 0917-8636157

ANTIPOLO
EMS Building, M.L. Quezon
cor. F. Dimailig St., Brgy. San Roque,
Antipolo City, Rizal
Tel. Nos.: (632) 8869-70224
8869-71066

ARANETA CENTER C.O.D. – SAVEMORE
Gen. Romulo St., Araneta Center
Cubao, Quezon City
Tel. Nos.: (632) 8921-3149
7502-1437
Mobile No.: 0917-8099670

AYALA AVENUE
VGP Center, 6772 Ayala Avenue,
Makati City
Tel. Nos.: (632) 8988-9555
Local 8100, 8101, 8103,
8104 / (632) 250-6985
Mobile No.: 0927-9071716

BACLARAN
3751 Quirino Avenue cor. Sta. Rita St.,
Baclaran, Parañaque City
Tel Nos.: (632) 8816-1956
7975-2172
Mobile No.: 0917-7032503

BANAWE
247-249 Banawe St., Sta. Mesa
Heights, Brgy. Lourdes, Quezon City
Tel. Nos.: (632) 8412-6249
8256-4941

BANGKAL
Amara Building, 1661 Evangelista St.
Bangkal, Makati City
Tel. Nos.: (632) 7621-3459
7621-3461

BINONDO – JUAN LUNA
694-696 Juan Luna St.,
Binondo, Manila
Tel Nos.: (632) 7964-1327
8254-7337

BLUMENTRITT
Blumentritt St., near Oroquieta St.
Sta. Cruz Manila
Tel Nos.: (632) 7968-4759
8562-0953 / 8256-3840
Mobile No.: 0917-8273205

BONI AVENUE
Raymond Tower Boni,
615 Boni Avenue, Plainview,
Mandaluyong City
Tel. Nos.: (632) 8636-5072
7316-5983

BUENDIA
CBS Building
314 Sen. Gil Puyat Avenue,
Makati City
Tel.No.: (632) 8884-7645
Trunkline: (632) 8988-9555
locals 73901 and 73902
Mobile No.: 0917-8099638

COMMONWEALTH AVENUE
JocFer Building,
Commonwealth Avenue
Brgy. Holy Spirit, Quezon City
Tel. Nos.: (632) 8282-5946
7957-0559

CUBAO
Fernandina 88 Condominium
222 P. Tuazon Boulevard
Araneta Center, Cubao, Quezon City
Tel. Nos.: (632) 8913-4903
8913-5209

DEL MONTE
392 Del Monte Avenue, Brgy. Sienna,
Quezon City
Tel. No.: (632) 8741-8285
8741-2447

DIVISORIA
Dragon 8 Shopping Center,
C.M Recto Avenue
cor. Dagupan St., Divisoria, Manila
Tel. Nos.: (632) 8247-3299
7616-1146
Mobile No.: 0917-3175106

E. RODRIGUEZ SR. – HEMADY
Hemady Square, E. Rodriguez Avenue
cor. Doña Hemady St., New Manila,
Quezon City
Tel. Nos.: (632) 8531-9676
8531-9680 / 7987-4966
Mobile No.: 0917-8085214

ESPAÑA – SUNMALL
Sun Mall, España Boulevard
cor. Mayon St., Brgy. Sta. Teresita,
Quezon City
Tel. Nos.: (632) 8244-2477
7987-4962
Mobile No: 0917-8103097

FELIX HUERTAS – JT CENTRALE
Unit 103 JT Centrale Mall
Fugoso cor. Felix Huertas St.,
Sta. Cruz, Manila
Tel. No.: (632) 8247-3177
Mobile No: 0917-5538446

FILINVEST CORPORATE CITY
BC Group Building, East Asia Drive
near cor. Commerce Avenue
Filinvest Corporate City, Alabang,
Muntinlupa City
Tel. No.: (632) 8511-1145
7217-3069
Mobile No.: 0917-8046443

FTI – TAGUIG HYPERMARKET
DBP Avenue, Food Terminal
Incorporated, Western Bicutan,
Taguig City
Tel. Nos.: (632) 8834-0408
7507-4090
Mobile No.: 0917-5615131

G. ARANETA AVENUE
195 G. Araneta Avenue, Quezon City
Tel Nos.: (632) 978-6448
8711-7822
Mobile No.: 0917-8287829

GIL PUYAT – BAUTISTA
Lot 25 Blk 74 Bautista St.
cor. Sen. Gil Puyat Avenue, Makati
Tel. No.: (632) 8838-2312
8541-3514 / 8354-5923

GREENHILLS – ORTIGAS AVENUE
VAG Building, Ortigas Avenue
Greenhills, San Juan City
Tel. Nos.: (632) 8721-0105
8724-7528 / 8353-4656

GREENHILLS – WILSON
219 Wilson St., Greenhills,
San Juan City
Tel. Nos.: (632) 8584-5946
7748-7625

KALOOKAN
Augusto Building, Rizal Avenue
Grace Park, Kalookan City
Tel. Nos.: (632) 8363-2752
8365-7593

KALOOKAN – MABINI
AJ Building, 353 A. Mabini St.,
Kalookan City
Tel. No.: (632) 8961-2628

KATIPUNAN AVENUE
One Burgundy Condominium
Katipunan Avenue, Loyola Heights,
Quezon City
Tel. Nos.: (632) 7211-7882
8988-9555 local 74782
Mobile No.: 0917-6283318

LAGRO
Bonaza Building, Quirino Highway
Greater Lagro, Novaliches,
Quezon City
Tel. Nos.: (632) 8936-4988
8461-7214

LAS PIÑAS – ALMANZA UNO
Alabang - Zapote Road, Almanza Uno,
Las Piñas City
Tel. Nos.: (632) 8551-4724
8551-4051/ 7966-9001
Mobile No.: 0917-8173526

MAKATI – CHINO ROCES
Graceland Plaza, 2176 Chino Roces
Avenue, Pio del Pilar, Makati City
Tel. Nos.: (632) 7964-1322
8831-0477
Mobile No.: 0917-5106078

MAKATI – JP RIZAL
882 J.P. Rizal St., Poblacion,
Makati City
Tel. No.: (632) 8890-1027
Mobile No.: 0917-5105919

MALABON – SAVEMORE
Francis Market, Governor Pascual
cor. M.H. Del Pilar St., Malabon City
Tel. Nos.: (632) 8931-6323
7507-4053
Mobile No.: 0917-5614811

MANDALUYONG
Paterno's Building
572 New Panaderos St.
Brgy. Pag-asa, Mandaluyong City
Tel. Nos.: (632) 7238-3745 / 7238-3744

MANDALUYONG – SHAW BOULEVARD
500 Shaw Tower, 500 Shaw Boulevard
Mandaluyong City
Tel. Nos.: (632) 8941-9231
8941-9412
Mobile No.: 0917-5806593

MANILA – STA. ANA SAVEMORE
Savemore Pedro Gil St.,
Sta. Ana, Manila
Tel. Nos.: (632) 8523-8574
7987-4975
Mobile No.: 0917-8140390

MARIKINA
33 Bayan-Bayanan Avenue
Brgy. Concepcion 1, Marikina City
Tel. Nos.: (632) 8477-2445
7907-2418
Mobile No.: 0917-8108618

MARIKINA – GIL FERNANDO AVE.
CTP Building, Gil Fernando Avenue,
Marikina City
Tel. Nos.: (632) 8681-2810 / 8645-8169

CHINA BANK SAVINGS BRANCHES

MUÑOZ JACKMAN
Jackman Plaza, Lower Ground Floor
EDSA – Muñoz, Quezon City
Tel. Nos.: (632) 8442-4829
7968-4697
Mobile No.: 0917-8005128

NEPA-Q MART – SAVEMORE
770 Saint Rose Building, EDSA and
K-G St., West Kamias,
Quezon City
Tel. No.: (632) 88351-4884
Mobile No.: 0917-8636069

NINOY AQUINO AVE
G/F Skyfreight Building,
Ninoy Aquino Avenue
cor. Pascor Drive, Parañaque City
Tel. Nos.: (632) 8843-2447
7239-0574

ORTIGAS CENTER
Hanston Square, San Miguel Avenue
Ortigas Center, Pasig City
Tel. Nos.: (632) 8477-3439
8637-9778
Mobile No.: 0917-8078394

PARAÑAQUE – BETTER LIVING
90 Doña Soledad Avenue,
Better Living Subdivision, Bicutan,
Parañaque City
Tel. Nos.: (632) 8551-3600
8831-8507
Mobile No.: 0917-5615576

PARAÑAQUE – BF HOMES
284 Aguirre Avenue, B.F. Homes,
Parañaque City
Tel. Nos.: (632) 8553-5412
8553-5414 / 7964-1292
8988-9555 local 74873
Mobile No.: 0917-5105911

PARAÑAQUE –JAKA PLAZA
Jaka Plaza Center,
Dr. A. Santos Avenue (Sucat Road)
Brgy. San Isidro, Parañaque City
Tel. Nos.: (632) 8820-6093
8820-6091

PARAÑAQUE – LA HUERTA
1070 Quirino Avenue, La Huerta,
Parañaque City
Tel. Nos.: (632) 8893-1226
7587-6205
Mobile No.: 0917-5788058

PARAÑAQUE – MOONWALK
Kassel Residence, E. Rodriguez
Avenue, Moonwalk, Parañaque City
Tel. Nos.: (632) 7957-2339
8664-1923
Mobile No.: 0917-6218321

PASAY – LIBERTAD
533 Cementina St.,
Libertad, Pasay City
Tel. Nos.: (632) 7907-4246
8541-1698
Mobile No.: 0917-8080695

PASIG – CANIOGAN
KSN Building, C. Raymundo Avenue
Caniogan, Pasig City
Tel. Nos.: (632) 7957-0817
8988-9555 local 74786
Mobile No.: 0917-5206966

PASIG MUTYA
Richcrest Building, Caruncho
cor. Market Avenue
San Nicolas, Pasig City
Tel. Nos.: (632) 8640-7085
8642-2870 / 7906-3129
Mobile No.: 0917-8173133

PASIG – PADRE BURGOS
114 Padre Burgos St.,
Kapasigan, Pasig City
Tel. No.: (632) 8650-336
Mobile No.: 0917-5747874

PASO DE BLAS
Andoks Building, 629 Gen. Luis St.
Malinta Interchange – NLEX
Paso de Blas, Valenzuela City
Tel.Nos.: (632) 3443-5069
8984-8258

PATEROS
Unit CC1, East Mansion Townhomes
Elisco Road, Sto. Rosario, Pateros City
Tel. Nos.: (632) 8641-9556
8655-2349
Mobile No.: 0917-8130535

PATEROS – ALMEDA
120 M. Almeda St., Pateros City
Tel. Nos.: (632) 8641-6760
8641-6768

PEDRO GIL
LKE Building, Pedro Gil St.
cor. Pasaje Rosario, Paco, Manila
Tel. Nos.: (632) 8521-4056
7502-7101
Mobile No.: 0917-8636307

PLAZA STA. CRUZ
MBI Building, Plaza Sta. Cruz,
Sta. Cruz, Manila
Tel. Nos.: (632) 8734-0534
7618-2241
Mobile No.: 0917-5965826

QUEZON AVENUE
GJ Building, 385 Quezon Avenue
West Triangle, Quezon City
Tel. No.: (632) 8332-2638
Mobile Nos.: 0917-5382423

QUEZON AVENUE – PALIGSAHAN
1184-A Ben-Lor Building
Brgy. Paligsahan, Quezon City
Tel. Nos.: (632) 8376-4546
8376-4548

QUIAPO – ECHAGUE
Carlos Palanca cor. P. Gomez St.
Echague, Quiapo, Manila
Tel. No.: (632) 8959-4450

QUIAPO – QUEZON BOULEVARD
416 Quezon Boulevard,
Quiapo, Manila
Tel. Nos.: (632) 8247-3297
7907-4643
Mobile No.: 0917-8148156

RADA
HRC Center, 104 Rada St.
Legaspi Village, Makati City
Tel. Nos.: (632) 8810-9369
8810-9370

ROOSEVELT
342 Roosevelt Avenue, Quezon City
Tel Nos.: (632) 7957-0796
8663-7563 / 8688-9146

SAN JUAN CITY
Madison Square, 264 N. Domingo St.
Brgy. Pasadena, San Juan City
Tel. No.: (632) 8637-4759
Mobile No.: 0917-5615639

SOUTH TRIANGLE
Sunnymede IT Center,
Quezon Avenue, South Triangle,
Quezon City
Tel. Nos.: (632) 7959-4515
8256-3881 / 8256-4841
Mobile No.: 0917-8431722

STA. MESA
4128 Ramon Magsaysay Boulevard
Sta. Mesa, Manila
Tel Nos.: (632) 8252-3286
7507-6515
Mobile No.: 0917-8353352

TANDANG SORA
Cecile Ville Building III,
670 Tandang Sora Avenue cor. General
Avenue, Tandang Sora, Quezon City
Tel. No.: (632) 7968-4719
Mobile No.: 0917-8017585

TAYTAY
C. Gonzaga Building II
Manila East Road, Taytay, Rizal
Tel. Nos.: (632) 8650-3367
8623-6113
Mobile No.: 0917-5786978

TAYUMAN
1925-1929 Rizal Avenue
near cor. Tayuman St., Sta. Cruz,
Manila
Tel. Nos.: (632) 7586-1618
8230-3091
Mobile No.: 0917-8325078

TIMOG
Jenkinsen Towers Condominium
80 Timog Avenue, Quezon City
Tel. Nos.: (632) 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.: (6322) 8802-3068
7587-4753

UN AVENUE
552 United Nations Avenue,
Ermita, Manila
Tel. Nos.: (632) 8400-5467
8400-5468
Mobile No.: 0917-5382421

VALENZUELA – MARULAS
92 J Ong Juanco Building
MacArthur Highway, Marulas,
Valenzuela City
Tel. Nos.: (632) 8291-6541
8709-4641

VISAYAS AVENUE
Wilcon City Center Mall,
Upper Ground Floor, Visayas Avenue,
Quezon City
Tel. No.: (632) 8990-6543

NORTH LUZON

ANGELES – RIZAL
639 Rizal St., Angeles City
Tel. Nos.: (045) 323-4303
(045) 888-4971

ARAYAT
Cacutud, Arayat, Pampanga
Tel. Nos.: (045) 885-2390
(045) 409-9559

BAGUIO – SESSION
B 108 Lopez Building, Session Road
cor. Assumption Road, Baguio City
Tel. No.: (074) 446-3993
Mobile No.: 0917-8493218

BALAGTAS
Ultra Mega Supermarket,
MacArthur Highway, Burol 1st,
Balagtas, Bulacan
Tel.No.: (044) 693-1849

BALANGA – D.M. BANZON
D.M. Banzon St., Balanga City, Bataan
Tel. Nos.: (047) 237-3666
(047) 237-3667

BALIBAGO
JEV Building, MacArthur Highway
Balibago, Angeles City
Tel. No.: (045) 892-3325

BALIUAG
713 Naning St., Poblacion
Baliuag, Bulacan
Tel. Nos.: (044) 673-1338
(044) 766-2014

CABANATUAN – BAYAN
Duran Building, Burgos Avenue,
Cabanatuan City
Tel. Nos.: (044) 463-0441
(044) 600-2888

DAGUPAN
Lyceum-North Western University,
Ground Floor, Tapuac District,
Dagupan City
Tel. No.: (075) 522-9586

DAU
MacArthur Highway, Dau,
Mabalacat, Pampanga
Tel. No.: (045) 892-2216

DOLORES
STCI Building, MacArthur Highway
Brgy. San Agustin, City of San
Fernando, Pampanga
Tel. No.: (045) 649-3724
(045) 649-3150

GUAGUA
Plaza Burgos, Guagua, Pampanga
Tel. Nos.: (045) 9010-966
(045) 9010-640

GUIGUINTO – RIS
RIS-5 Industrial Complex
68 Mercado St., Tabe, Guiguinto,
Bulacan
Tel. No.: (044) 235-79630
Mobile No.: 0917-8485249

LA UNION
A.G. Zambrano Building,
Quezon Avenue
San Fernando City, La Union
Tel. No.: (072) 242-0414

LAOAG CITY
LC Square Building, J.P. Rizal
cor. M.V. Farinas Sts., Laoag City,
Ilocos Norte
Tel. No.: (077) 600-1008
(077) 600-1009

LINGAYEN
The Hub - Lingayen Building
Poblacion, Lingayen, Pangasinan
Tel. Nos.: (075) 523-4955
(075) 523-4953
Mobile No.: 0917-8486063

MACABEBE
Poblacion, Macabebe, Pampanga
Tel. No.: (045) 435-5507
Mobile No.: 0917-8218102

MALOLOS
Canlapan St., Sto. Rosario
City of Malolos, Bulacan
Tel. No.: (044) 794-2793
Mobile No.: 0917-8354684

MALOLOS – CATMON
Paseo Del Rosario, Catmon,
City of Malolos, Bulacan
Tel. Nos.: (044) 791-2461
(044) 662-7819

MEYCAUAYAN
Mancon Building, MacArthur Highway
Calvario, Meycauayan, Bulacan
Tel. Nos.: (044) 228-2416

MOUNT CARMEL
Km. 78 MacArthur Highway,
Brgy. Saguin City of San Fernando,
Pampanga
Tel. No.: (045) 435-6055

OLONGAPO
City View Hotel Building
25 Magsaysay Drive
New Asinan, Olongapo City
Tel. No.: (047) 222-1891
Mobile No.: 0917-8078509

ORANI
National Road, Balut, Orani, Bataan
Tel. No.: (047) 638-1282

PLARIDEL
0226 Cagayan Valley Road
Banga 1st, Plaridel, Bulacan
Tel. No.: (044) 795-0105

PORAC
Cangatba, Porac, Pampanga
Tel. No.: (045) 329-3188
Mobile No.: 0917-8703305

SAN FERNANDO
Khy Trading Building
San Fernando - Gapan Road
City of San Fernando, Pampanga
Tel. Nos.: (045) 961-1415
(045) 961-1416

SAN FERNANDO – BAYAN
JSL Building, Consunji St.
City of San Fernando, Pampanga
Tel. Nos.: (045) 961-8168
(045) 961-4575

SAN ILDEFONSO – SAVEMORE
Savemore Building,
Cagayan Valley Road
Poblacion, San Ildefonso, Bulacan
Tel. Nos.: (044) 797-0742
(044) 797-0974

SAN JOSE DEL MONTE
Giron Building
Gov. Halili Avenue, Tungkong Mangga
City of San Jose del Monte, Bulacan
Tel. Nos.: (044) 815-6616
(044) 233-6501
Mobile No.: 0917-8354675

SAN MIGUEL
Norberto St., San Miguel, Bulacan
Tel. Nos.: (044) 764-0826
(044) 764-0162

SAN NARCISO
Brgy. Libertad, San Narciso, Zambales
Tel. No.: (047) 913-2245
(047) 913-2288

SAN RAFAEL
Cagayan Valley Road cor. Cruz na Daan
San Rafael, Bulacan
Tel. Nos.: (044) 815-8915
(044) 913-7629

SANTIAGO – VICTORY NORTE
JECO Building, Maharlika Highway
cor. Quezon St., Victory Norte
Santiago City, Isabela
Tel Nos.: (078) 305-0260
(078) 305-0252

STA. ANA
Poblacion, Sta. Ana,Pampanga
Tel. Nos.: (045) 409-9818
(045) 409-0335

STA. MARIA
Gen. Luna cor. De Leon St.
Poblacion, Sta. Maria, Bulacan
Tel. Nos.: (045) 409-9818
(045) 409-0335

STA. RITA
San Vicente, Sta. Rita, Pampanga
Tel. No.: (045) 900-0658

SUBIC
Baraca, Subic, Zambales
Tel. Nos.: (047) 232-6105
(047) 232-6104

TARLAC – MacARTHUR
MacArthur Highway, San Nicolas,
Tarlac City
Tel. No.: (045) 982-9652
Mobile No.: 0905-6793720

TUGUEGARAO
Metropolitan Cathedral Parish Rectory
Complex Rizal St., Tuguegarao City
Tel. No.: (078) 844-0484

URDANETA
MacArthur Highway, Nancayasan
Urdaneta City, Pangasinan
Tel No.: (075) 656-2331

VIGAN
Agdamag Building, Quezon Avenue
cor. Calle Mabini, Vigan City,
Ilocos Sur
Tel No.: (077) 674-0300

SOUTH LUZON

BACOOR – MOLINO
Avon Building, 817 Molino Road
Molino III, City of Bacoor, Cavite
Tel Nos.: (046) 431-9907
(046) 235-7542
(632) 8988-9555
loc. 74878
Mobile No.: 0917-5615883

BACOOR – TALABA
Coastal Road cor. Aguinaldo Highway
Brgy. Talaba, City of Bacoor, Cavite
Tel. Nos.: (046) 4175-930
(046) 512-6315
Mobile No.: 0917-8354691

BATANGAS – P. BURGOS
No. 4 Burgos St., Batangas City
Tel. No.: (043) 8723-7652
Mobile No.: 0917-8173606

BIÑAN
Nepa Highway, San Vicente,
Biñan City, Laguna
Tel.Nos.: (049) 511-3638
(632) 8429-4878

CALAMBA
HK Building II, National Highway
Brgy. Halang, Calamba City, Laguna
Mobile No.: 0917-8173609

CAVITE CITY
485 P. Burgos St., Barangay 34,
Caridad, Cavite City, Cavite
Tel. Nos.: (046) 417-3102
(046) 235-7537
Mobile No: 0917-5615780

DARAGA – ALBAY
N & H Building, Rizal St.
Brgy. San Roque, Daraga, Albay
Tel. Nos.: (052) 483-0706
(052) 204-0024
(052) 204-0025

DASMARIÑAS
Veluz Plaza Building, Zone 1,
Aguinaldo Highway
Dasmariñas City, Cavite
Tel. Nos.: (046) 416-0510
(046) 416-0501

IMUS – TANZANG LUMA
OLMA Building, Aguinaldo Highway
Tanzang Luma, Imus City, Cavite
Tel. Nos.: (046) 471-4715
(046) 476-0927

LAGUNA – STA. CRUZ
E & E Building, Pedro Guevarra Ave.
Sta. Cruz, Laguna
Tel. No.: (049) 501-3084
Mobile No.: 0917-5615715

LEGAZPI CITY
F. Imperial St., Barangay Bitano
Legazpi City, Albay
Tel. Nos.: (052) 225-5155
(052) 431-0820
Mobile No.: 0917-836-0093

LIPA – CM RECTO
China Bank Savings Building
C.M Recto Avenue, Lipa City
Tel. Nos.: (043) 756-1022
(043) 756-1414

LOS BAÑOS – CROSSING
Lopez Avenue, Batong Malake,
Los Baños, Laguna
Tel. Nos.: (049) 536-2596
(049) 536-0549

LUCENA
Merchan cor. Evangelista St.,
Lucena City
Tel. Nos.: (042) 710-6964
(042) 660-6964

NAGA
RL Building, Panganiban St.
Lerma, Naga City, Camarines Sur
Tel.No.: (054) 472-1947

CHINA BANK SAVINGS BRANCHES

SAN PABLO – RIZAL AVENUE
China Bank Savings Building
Rizal Avenue cor. A. Fule St.,
San Pablo City
Tel. Nos.: (049) 503-2890
(049) 562-0697

SAN PEDRO
Gen-Ber Building, National Highway
Landayan, San Pedro City, Laguna
Tel. Nos.: (632) 8847-0585
8869-8221

STA. ROSA
Sta. Rosa-Tagaytay Highway,
Sta. Rosa City, Laguna
Tel. No.: (049) 502-9134
Mobile No.: 0917-5105951

STA. ROSA – BALIBAGO
Old National Highway
cor. Roque Lazaga St.
Sta. Rosa City, Laguna
Tel. Nos.: (049) 534-1167
(632) 520-8448

STO. TOMAS
The Lifestyle Strip, Maharlika Highway
San Antonio, Sto. Tomas, Batangas
Tel. Nos.: (043) 778-3247
Mobile No.: 0917-8164577

SORSOGON
JL Pena Commerical Building,
Rizal St., Purok 5, Piot, West District,
Sorsogon City, Sorsogon
Soon to Open

TAGAYTAY – SAVEMORE
Mendez Crossing West, Tagaytay-
Nasugbu Highway
cor. Mendez-Tagaytay Road,
Tagaytay City
Tel. No.: (046) 413-387
Mobile No.: 0917-5615334

TANAUAN CITY
China Bank Savings Building
Jose P. Laurel National Highway
Darasa, Tanauan City, Batangas
Tel. No.: (043) 726 2758
Mobile No.: 0917-8636160

VISAYAS – MINDANAO

BACOLOD
SKT Saturn Building,
Lacson cor. Rizal St.
Bacolod City, Negros Occidental
Tel. No.: (034) 435-7143

BUTUAN
JMC Building, J.C. Aquino Avenue
Brgy. Lapu Lapu, Butuan City
Agusan Del Norte
Soon to open

CAGAYAN DE ORO
Sergio Osmeña St.
Cogon District, Cagayan de Oro City
Tel. Nos.: (088) 859-0740
(088) 852-2066

CEBU – LAHUG
Skyrise IT Building, Brgy. Apas,
Lahug, Cebu City
Tel. No.: (032) 236-0810

CEBU – MANDAUE
A. Del Rosario Avenue
Mantuyong, Mandaue City, Cebu
Tel. No.: (032) 520-2770

CEBU – MANGO
JSP Mango Realty Building,
Gen. Maxilom Avenue
cor. Echavez St., Cebu City
Tel. Nos.: (032) 231-4736
(032) 231-4304

CEBU MANDAUE – BASAK
Cebu North Road, Basak,
Mandaue City, Cebu
Tel. No.: (032) 346-8814

DAVAO
8990 Corporate Center,
Quirino Avenue, Davao City
Tel. No.: (082) 221-3873

DAVAO – RECTO
C. Villa Abrille Building
C.M. Recto Avenue, Davao City
Tel. Nos.: (082) 324-5724
(082) 305-5808
Mobile No.: 0917-8095808

GENERAL SANTOS
Go Chay Ching Building
I. Santiago Boulevard,
General Santos City
Tel. No.: (083) 552-6330

ILOILO – IZNART
Golden Finance Building,
Iznart St., Iloilo City
Tel. No.: (033) 335-0213
Mobile No.: 0917-8078378

ILOILO – JARO
Lopez Jaena cor. El 98 St.,
Jaro, Iloilo
Tel. No.: (033) 320-0370

KALIBO – CITYMALL
CityMall, F. Quimpo St. connecting
Mabini and Toting Reyes St.,
Kalibo, Aklan
Tel. No.: (036) 268-4379
Mobile No.: 0917-8047837

ROXAS AVENUE – CAPIZ CITYMALL
CityMall-Roxas City, Roxas Avenue
Barangay VI, Roxas City, Capiz
Tel. No.: (036) 620-1177

TACLOBAN
YVI Center Building A,
Fatima Village, Tacloban City
Tel. Nos.: (053) 832-2066
(053) 832-9174

TAGUM – CITYMALL
CityMall, Maharlika Highway
cor. Lapu- Lapu Extension,
Brgy. Magugpo, Tagum City
Tel. No.: (08) 216-8117
Mobile No.: 0917-8497228

TALISAY NEGROS – SAVEMORE
Savemore Talisay, Mabini St.
Zone 12, Paseo Mabini, Talisay City,
Negros Occidental
Tel. Nos.: (034) 441-6267
(034) 441-6264

ZAMBOANGA – CITYMALL
CityMall, Don Alfaro St.,
Tetuan, Zamboanga City
Tel. No.: (062) 955-8709

CBS OFF-BRANCH ATMs

CALAMBA DOCTORS HOSPITAL
HK Building II
National Highway, Brgy. Halang
Calamba City, Laguna

RIS COMPOUND
RIS Development Corporation
168 Mercado St.
Tabe, Guiguinto, Bulacan

ZAMECO COMPOUND
ZAMECO II Head Office
National Road, Brgy. Magsaysay
Castillejos, Zambales

CHINA BANK SAVINGS BUSINESS OFFICES

SME LENDING OFFICES

MAIN OFFICE
SME Lending Group
CBS Building, 314 Sen. Gil J. Puyat Avenue, Makati City
Tel. Nos.: (632) 8988-9555
locals 75065, 75066, 75068, 75109, 75110, 75142, 75150, 75156, 73044 and 73045

NORTH LUZON

BAGUIO
Room D-303, Lopez Building
Session Road cor. Assumption Road, Baguio City
Tel. No.: (632) 8884-7600
local 74231

LA UNION
2nd Floor AG Zambrano Building
Catbangen, San Fernando City, La Union
Tel. Nos.: (632) 8884-7600
locals 74227 and 74106

PLARIDEL
2nd Floor, CBS Building
Banga 1st, Plaridel, Bulacan
Tel. Nos.: (632) 8884-7600
locals 74251, 74261 and 74130

PAMPANGA BUSINESS CENTER
2nd Floor, JSL Building, Consuji St.
Sto Rosario, City of San Fernando, Pampanga
Tel. Nos.: (632) 8884-7600
locals 74103 and 74104

URDANETA
Brgy Nancayasan, MacArthur Highway
Urdaneta City, Pangasinan
Tel. No.: (632) 8884-7600
local 74372

SOUTH LUZON

IMUS
CBS Imus - Tanzang Luma Branch, OLMA Building, Aguinaldo Highway, Tanzang Luma II, Imus, Cavite
Tel. Nos.: (046) 416-4992
(046) 471-4715
(632) 8884-7600
locals 74868, 77848 and 73038

LIPA
2nd Floor, China Bank Savings Building, CM Recto Avenue, Lipa City
Tel. Nos.: (043) 756-5003
(632) 8988-9555
locals 74253 and 74130

LEGAZPI
F. Imperial St., Barangay Bitano
Legazpi City, Albay
Tel. Nos.: (632) 8884-7600
local 74273

MARIKINA
3rd Floor, CTP Building
5A Gil Fernando Avenue
Brgy. San Roque, Marikina City
Tel. Nos.: (02) 8465 9819
(632) 8884-7600
local 74238

SAN PABLO
2nd Floor, China Bank Savings Building, Rizal Avenue
cor. A. Fule St., San Pablo City
Tel. Nos.: (049) 800-3917
(632) 8988 9555
local 74127

VISAYAS – MINDANAO

CEBU BUSINESS CENTER
2nd Floor, JSP Building
General Maxilom Avenue, Cebu City
Tel. Nos.: (032) 232 6263
(032) 232-2435
(632) 8988-9555
locals 74206 and 73014

DAVAO BUSINESS CENTER
8990 Corporate Center
Quirino Avenue, Davao City
Tel. Nos.: (082) 298-4569
(082) 227-6013 /
(632) 8988-9555
locals 74217 and 74214

GEN. SANTOS
Go Ching Chay Building
Santiago Boulevard, Gen. Santos City
Tel. Nos.: (632) 8988-9555
local 75110

ILOILO
2nd Floor, CBS Iloilo Branch
Lopez Jaena cor. El 98 St.
Jaro, Iloilo City
Tel. Nos.: (033) 514 4463
(632) 8884-7600
local 74225

APD LENDING CENTERS

NCR - QUEZON AVENUE
2nd floor, GJ Building, 385 Quezon Avenue, West Triangle, Quezon City
Tel. No.: (632) 7372-7926
Mobile No.: 0917-8161341

BACOLOD
SKT Saturn Building, Lacson cor. Rizal St., Bacolod City
Tel. No.: (034) 474-2261
Mobile No.: 0917-8619362

BAGUIO
B 108 Lopez Building, Session Road cor. Assumption Road, Baguio City
Tel. No.: (074) 619-2097
Mobile No.: 0917-8619414

BATANGAS
2nd Floor, No. 4 P. Burgos St.
Batangas City
Mobile No.: 0917-8769938

CAGAYAN DE ORO
2nd Floor, Sergio Osmeña St.
Cogon District, Cagayan De Oro City
Mobile Nos.: 0917-8619281
0951-5544629

CEBU
2F Unit 204 & 205 JSP Mango Realty Building, Gen. Maxilom Avenue cor. Echavez St., Cebu City
Tel. No.: (032) 238-7820
Mobile No.: 0917-8223514

DAVAO
8990 Corporate Center
Quirino Avenue, Davao City
Tel. No.: (082) 287-6824
Mobile No.: 0917-8619403

GEN. SANTOS
Go Chay Ching Building, Santiago Boulevard, General Santos City
Tel. No.: (083) 554-0211
Mobile No.: 0917-8162621

ILOILO
Golden Commercial Building
Iznart St., Iloilo City
Tel. No.: (033) 320-5309

IMUS
G/F OLMA Building
Gen. Emilio Aguinaldo Highway
Tanzang Luma II, Imus, Cavite City
Tel. No.: (046) 416-1405
Mobile No.: 0917-8038045

LA UNION
A.G. Zambrano Building
Quezon Avenue
San Fernando City, La Union
Tel. No.: (072) 687-2218
Mobile No.: 0917-8619408

LEGAZPI
2nd floor, Lot 4-6 Blk 20 PCS-1617
Sol's Subdivision, Purok 5,
37 Bitano, Legazpi City
Mobile No.: 0917-8059102

LINGAYEN
The Hub Building, G/F Unit 5&6
Solis St., Brgy. Poblacion
Lingayen, Pangasinan
Tel. No.: (632) 8988-9555
local 4132

LUCENA
Merchan cor. Evangelista St.
Lucena City
Tel. No.: (042) 717-9387

MALOLOS
Canlapan St., Sto. Rosario
Malolos City, Bulacan
Tel. No.: (044) 794-1648

PAMPANGA
JSL Building, Consunji St.
San Fernando, Pampanga
Tel. Nos.: (045) 403-9771
(045) 403-9770
Mobile Nos.: 0917-8163825
0917-5523389

NAGA
2nd floor RI Building
Panganiban St., Lerma, Naga City
Tel. No.: (054) 881-2557
Mobile No.: 0917-8619406

ROXAS
Ground floor, T-114 CityMall Roxas
Roxas Avenue, Brgy. VI,
Roxas City, Capiz
Tel. No.: (036) 620-0094
Mobile No.: 0917-8064432

SAN PABLO
China Bank Savings Building
Rizal Avenue cor. Lopez Jaena St.,
San Pablo City
Mobile No.: (049) 521-3991

SANTIAGO
JECO Building Maharlika Highway
cor. Quezon Avenue, Victory Norte
Santiago City, Isabela
Tel. No.: (078) 305-0064

TACLOBAN
YVI Center, Building A, Baybay S. Road
Brgy. 77, Fatima Village, Marasbaras,
Tacloban City
Tel. No.: (053) 832-1974
Mobile No.: 0917-8267612

TAGUM
CityMall, Maharlika Highway
cor. Lapu-Lapu Extension
Brgy. Magugpo, Tagum City
Tel. No.: (084) 216-8245

TANAUAN
China Bank Savings Building
Jose P. Laurel National Highway
Darasa, Tanauan City, Batangas
Mobile No.: 0917-8564718

TAYTAY
2nd floor, Gonzaga Building
Manila East Road, Taytay, Rizal
Tel. No.: (632) 8633-3988
Mobile No.: 0917-8158627

TUGUEGARAO
Metropolitan Cathedral Parish
Rectory Complex
Rizal St., Tuguegarao City
Tel. No.: (078) 375-4471
Mobile No.: 0917-8169491

VIGAN
Maestro Convention Center
Florentino St., Brgy. 1, Vigan City
Tel. No.: (077) 674-6062

SUBSIDIARIES AND AFFILIATE

CBS Building, 314 Sen. Gil Puyat Avenue, Makati City
Tel. No.: (632) 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
Patrick D. Cheng
James Christian T. Dee
Rosemarie C. Gan

Independent Directors
Philip S.L. Tsai
Margarita L. San Juan
Alberto S. Yao
Claire Ann T. Yap

Corporate Secretary
Atty. Arturo Jose M. Constantino III

Asst. Corporate Secretary
Atty. Anna Mariela O. Marifosque-Jandayan

MANAGEMENT COMMITTEE

President
James Christian T. Dee

Executive Vice President
Joseph C. Justiniano
Head, Asset Recovery Group and Credit and Collections Management Group

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

Adonis C. Yap
Chief Marketing Officer

Vice Presidents
Charmaine S. Hao
Treasurer & Head, Treasury

Niel C. Jumawan
Head, APD Lending

Sonia B. Ostrea
Head, Centralized Operations

Marjorie T. Esplana
Head, SME Lending

Atty. Roberto M. Buenaventura
Head, Legal Services

Mary Grace F. Guzman
Head, Asset Recovery

WITH INTERLOCKING POSITION IN CHINA BANK

Editha N. Young
Chief Technology Officer

Hanz Irvin S. Yoro
Information Security Officer

Baldwin A. Aguilar
Administrative Services Head

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
Magnolia Luisa N. Palanca

Independent Directors
Philip S. L. Tsai
Alberto S. Yao
Margarita L. San Juan

Corporate Secretary
Atty. Leah M. Quiambao

Compliance and Risk Officer
Mary Grace M Velasco
*(*Effective April 23, 2021)*

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

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 underwriting activities covering distribution of issues under initial/follow-on public offerings (IPOs/FOOs) and providing research and related equity services. Clients of the China Bank Group likewise benefit by way of access to IPOs/FOOs, stock brokerage services such as execution of secondary market transactions as well as a suite of research reports on listed companies, industry sectors and market outlook, 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 Directors
Alberto S. Yao
Claire Ann T. Yap

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

SUBSIDIARIES AND AFFILIATE

CBC CHINABANK PROPERTIES AND COMPUTER CENTER, INC.

4/F China Bank Building, 8745 Paseo de Roxas
cor. Villar St., 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
Frankie G. Panis

Corporate Secretary
Belenette C. Tan

Manulife China Bank LIFE ASSURANCE 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
Sachin Shah

Director/President & CEO Manulife
Richard Bates

Director/President & CEO MCBL
Sandeep Deobhakta

Directors
Matthew Lawrence
William C. Whang
Patrick D. Cheng

Independent Directors
Janette L. Peña
Rhoda Regina R. Rara
Conrado Favorito

Corporate Secretary
Atty. Abegail D. Sac

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

PRODUCTS AND SERVICES

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PESO DEPOSITS

Checking Account
Monitoring your financial milestones has never been this easy. Issue checks at your own convenience with our ChinaCheck Plus account.

ChinaCheck Plus
Enjoy value and convenience in one with this affordable interest-bearing checking account that comes with an ATM card.

Savings Account
Select from a variety of Savings Accounts to help you start achieving your financial needs.

- Passbook Savings
  Save for the rainy days in a simple and easy to monitor interest-earning passbook savings account.
- ATM Savings
  Enjoy 24/7 banking convenience with an account that is as mobile as your lifestyle.
  An interest-earning Peso-denominated savings account that comes with an ATM card.
- MoneyPlus Savings
  An account that gives you flexibility and liquidity. Build your account balance and be rewarded.
- Young Savers
  Build your child's financial future in this interest-earning savings account. It has a low initial deposit and maintaining balance requirement solely for children 17 years old and below.

Time Deposit
Enjoy higher returns thru our risk-free term deposit accounts.

- 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 passbook.
- Money Lift Plus
  Enjoy market flexibility with this 5-year term deposit that offers floating interest rate.

FOREIGN CURRENCY DEPOSITS

Savings
Diversify your deposit options.

- Foreign Currency Savings Account
  A Passbook-based savings deposit account offered in US Dollar, Euro, Chinese Yuan, and Japanese Yen. It has a low initial deposit and maintaining balance with convenient access to the account via branches and China Bank Online.
- Premium Savings Account
  A Passbook-based savings account offered in US Dollar. It optimizes your funds for better earnings and with monthly crediting of interest.

Time Deposit
Enjoy higher returns thru our risk-free term deposit accounts.

- Foreign Currency Time Deposit Account
  A time deposit account that earns higher interest over a savings account and is credited upon maturity. It is offered in US Dollar, and Euro which comes with a certificate of deposit, and renewal options.

DEPOSIT–RELATED SERVICES

Cash Card
A peso denominated re-loadable prepaid card with no maintaining balance. Allows you to access funds securely. Functions similar to an ATM card without the need to open a deposit account. Manage, monitor and store only the amount you require for your day-to-day expenses.

SSS Pensioner's Account
A savings account for SSS pensioners for the purpose of crediting pensions and other SSS benefits.

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.

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.

PRODUCTS AND SERVICES

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 payout partners; (3) cash delivery.

Overseas Kababayan Savings (OKS) Account (PHP)
A Peso-denominated, no-initial deposit, and no maintaining balance account for Overseas Filipino 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 Overseas Filipino and their beneficiaries that makes saving and sending/receiving remittances more secure and convenient.

Pay to Cash
Remittance services available through the China Bank mobile app:
(1) Real-Time Cash Pick-Up Anywhere service
(2) Same Day Cash Delivery (within NCR only)

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).

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 Wealth Mastercard
The premier card designed exclusively for Wealth Management clients offering luxurious experiences, exceptional privileges, and personalized premium service befitting an elite lifestyle.

China Bank World Mastercard
The total luxury card that provides world-class privileges such as access to a wide spectrum of lifestyle events, global perks, VIP lounges, and personal concierge.

China Bank Platinum Mastercard
The ultimate travel companion card that rewards cardholders when they travel, shop, and dine anywhere in the world.

China Bank Prime Mastercard
The everyday card that elevates convenient cashless spending through exciting perks, installment offers, and rewards.

China Bank Cash Rewards Mastercard
The must-have card that allows cardholders to save as they spend with up to 6% cash rebates.

China Bank Freedom Mastercard
The card that offers perpetual waiver on annual membership fees with access to rewards and delightful deals.

INTERNATIONAL BANKING PRODUCTS & SERVICES

Letter of Credit
An irrevocable written undertaking by the Issuing Bank on behalf of the Applicant to pay the Beneficiary against presentation of complying documents as stipulated in the credit.

Standby Letter of Credit
An irrevocable written undertaking by the Issuing Bank on behalf of the Applicant to pay the Beneficiary in case the Applicant defaults on performance of the agreement.

Shipping Guarantee
A document issued by a bank at the request of Applicant, addressed to the shipping line, requesting to release stated merchandise to the importer in the in lieu of submission of the original bill of lading upon arrival of goods.

Documents against Payment
A bank to bank transaction in which the exporter sends documents to the Exporter's bank with accompanying instruction to release documents to the importer once payment was received by the Importer's Bank.

Documents against Acceptance
A bank to bank transaction in which the exporter sends documents to the Exporter's bank with accompanying instruction to release documents to the importer only upon submission of signed bill of exchange payable at a future date.

Advance Payment
Payments made in advance by the importer/ buyer to the exporter/supplier prior to receiving the goods or services.

Open Account
An arrangement wherein the exporter directly sends the documents to the importer and ships the merchandise for payment at a future date (minimum of 30 days from shipment date).

Trust Receipt Loans
A document executed by an importer in favor of a bank to finance an import transaction.

Export Bills Purchase
The Bank advances the receivables to the exporter at a discount.

Export Collections
An arrangement wherein the Presenting Bank sends the documents to the Collecting Bank on collection basis. Payment to the Exporter is made upon receipt of proceeds from the Importer.

Customs and Duties Tax Payments
Collection and remittance of taxes, duties and other levies to the Bureau of Customs.

Advising of Letters of Credit and Standby Letters of Credit
Letters of Credit and/or Standby Letters of Credit received from the Issuing Bank which are checked by the Advising Bank for its authenticity and workability for further advise to the Beneficiary.

Purchase and Sale of Foreign Exchange
Buy and/or sell of foreign exchange to service Trade and Non Trade requirements.

Inward and Outward Remittance Service -Domestic and International
Send and receive money within the Philippines or to and from other countries.

Foreign Currency Loans
Working capital loans to help strengthen cash flow or help fund day to day operations.

INVESTMENT BANKING SERVICES

Bonds
Fixed income instruments that represent an obligation to an investor made by 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.

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 be 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.

PRODUCTS AND SERVICES

Follow On Offering
Issuance of stock subsequent to the company's initial public offering (IPO).

Preferred Shares
Type of shares 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
Corporate 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 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 money market placements, regular savings 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 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, tradable 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 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 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, DHSUD, 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, avoid unnecessary cash flow disruptions brought about by payment of retirement benefits and avail of 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.

Facility Agency Arrangement
CBC - TAMG acts as a liaison 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.

PRODUCTS AND SERVICES

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 automatically renew coverage up to age 85 or convert to a permanent plan depending on changing protection needs.

LifeBuilder (pulled out as of June 2020)
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.

Assure Max
A participating endowment plan that allows you to enjoy Protection with guaranteed cash payouts within 20 years or until you reach age 65.

HealthFlex
A whole life health insurance plan that allows you to customize your critical illness coverage according to your health needs and your budget. It also offers extensive health coverage with protection from up to 112 critical illnesses and add-on benefits.

Group Yearly Renewable Term (GYRT)
A customizable group life insurance plan for employers and organizations designed to provide protection to employees and their families when misfortune happens.

Group Credit Life (GCL)
A group insurance plan that helps creditors to worry less because their business is secure. This plan reduces the risk of having unpaid loans and ensures that loans are settled, whatever happens.

Group Personal Accident (GPA)
A group insurance plan designed to provide assistance to employees in case of accidents. The employee will receive financial support during these unforeseen events. It comes with the following benefits:
A. Accidental death
B. Accidental dismemberment or loss of use
C. Double indemnity
D. Total permanent disability (optional)
E. Temporary disablement (optional)
F. Hospital indemnity (optional)

Group Riders (applicable to Group Life and Group Credit Life only)

a. Accidental Death, Dismemberment and Disablement
b. Accidental Medical Reimbursement
c. Critical Illness (CI60)
d. Hospital Income
e. Terminal Illness
f. Total and Permanent Disability
g. Family Assistance

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.

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 that provides 24/7 banking services like cash withdrawal (including cardless – fulfilment of transactions staged in the CBC Mobile App), balance inquiry, bills payment, funds transfer, prepaid card reload, and checkbook request. CBC ATMs also accept China Bank TellerCard, 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 load balance inquiry.

China Bank Cash Accept Machine (CAM)
Deposit-taking terminal that facilitates cardless transaction and real-time crediting of deposits to a China Bank account. CBC CAMs accept old and new generation bills of the following denominations: PHP 100, 200, 500, and 1,000.

China Bank TellerPhone
A phone banking facility that allows customers to perform transactions such as deposit account inquiry, last 3 transactions inquiry, last debit/credit, fund transfer (to China Bank accounts or to other local banks), bills payment, prepaid card reload, SOA and checkbook requests, via landline or mobile phone.

China Bank Online
An internet-based banking channel that provides customers direct access to their accounts via their personal computer, laptop, tablet, or mobile phone to do various banking transactions. These transactions include account viewing, funds transfer (to China Bank accounts, other local banks, or e-wallets), bills payment, UITF top-up, checkbook request, and stop payment order. Self-service password reset and payee enrollment are also enabled for users whose mode of authenticating transactions is through One-Time Password (OTP).

China Bank Mobile Banking App
A free mobile application that can be downloaded from App Store or Google Play Store and can be installed in any mobile device (i.e., smartphones and tablets). It enables customers to access their China Bank accounts and perform banking transactions while 'on the go'. Transactions such as account viewing, Peek Balance or account balance viewing without the need to login, bills payment, funds transfer (via InstaPay or PESONet), prepaid reload, loan payment, and checkbook request can be performed with just a swipe or a few taps.

Customers can also do transactions pioneered by China Bank such as RFID reloading, *Emergency Cash/ No card On Withdrawal (NOW)* – a transaction that allows a customer to make a cardless withdrawal thru China Bank ATMs, *Pay To Mobile/ Just Use your Mobile Phone (JUMP)* – a transaction that allows a customer to pay or transfer funds to anyone using only recipient's mobile number, Pay to Cash – a service which allows the beneficiary to claim their remittance through pick up at any CBC branch or partner financial institutions nationwide or via door to door delivery within Metro Manila, *Shake to Scan* – initiates scanning a QR code for fund transfer with just a light shake of the device, and e-Gift – enables sending of monetary gifts electronically with an image and a personalized message. The mobile app can also show ATMs closest to a customer via the Locate Us feature, and their statuses, whether online or offline.

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.

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 - 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 select 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.
- Tax Payment Solution - 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

Materiality Disclosures Service
Organizational Mark

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	OMISSION
GRI 101: Foundation 2016				
General Disclosures				
GRI 102: General Disclosures 2016	**Organizational Profile**			
	102-1	Name of the organization	2	
	102-2	Activities, brands, products, and services	2, 267	
	102-3	Location of headquarters	2	
	102-4	Location of operations	248	
	102-5	Ownership and legal form	67	
	102-6	Markets served	248	
	102-7	Scale of the organization	2, 6, 40	
	102-8	Information on employees and other workers	2, 40	
	102-9	Supply chain	59	
	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	57, 61, 72	
	102-12	External initiatives	47, 70	
	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			
	102-14	Statement from senior decision-maker	8	
	102-15	Key impacts, risks, and opportunities	8, 16	
	Ethics and integrity			
	102-16	Values, principles, standards, and norms of behavior	3, 46	
	102-17	Mechanisms for advice and concerns about ethics	47, 57	

GRI STANDARD	DISCLOSURE		PAGE NUMBER	OMISSION
	Governance			
	102-18	Governance structure	48	
	102-19	Delegating authority	54	
	102-23	Chair of the highest governance body	51	
	102-24	Nominating and selecting the highest governance body	51	
	102-28	Evaluating the highest governance body's performance	52	
	Stakeholder engagement			
	102-40	List of stakeholder groups	24	
	102-41	Collective bargaining agreements	43	
	102-42	Identifying and selecting stakeholders	25	
	102-43	Approach to stakeholder engagement	24	
	102-44	Key topics and concerns raised	24	
	Reporting practice			
	102-45	Entities included in the consolidated financial statements	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	25	
	102-47	List of material topics	25	
	102-48	Restatements of information	72-73	
	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	280	
	102-54	Claims of reporting in accordance with the GRI Standards	Inside front cover	
	102-55	GRI Content Index	276	
	102-56	External assurance	This report is not externally assured.	

GRI CONTENT INDEX

MATERIAL TOPICS

GRI STANDARD	DISCLOSURE		PAGE NUMBER	OMISSION
GRI 200 Economic Standard Series				
Economic performance				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	25	
	103-2	The management approach and its components	71	
	103-3	Evaluation of the management approach	71	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	71	
Indirect Economic Impacts				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	25	
	103-2	The management approach and its components	22, 26	
	103-3	Evaluation of the management approach	22, 26	
GRI 203: Indirect Economic Impacts 2016	203-2	Significant indirect economic impacts	22, 26	
Anti-corruption				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	25	
	103-2	The management approach and its components	58	
	103-3	Evaluation of the management approach	58	
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	58	
GRI 300 Environmental Standard Series				
Energy				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	25	
	103-2	The management approach and its components	72	
	103-3	Evaluation of the management approach	72	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	72	
	302-2	Energy consumption outside the organization	Not measured.	An identified topic immaterial to the company's strategy and performance this reporting period.
	302-3	Energy Intensity	Not measured	An identified topic immaterial to the company's strategy and performance this reporting period.
Water and Effluents				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	25	
	103-2	The management approach and its components	73	
	103-3	Evaluation of the management approach	73	
GRI 303: Water and Effluents 2018	303-5	Water consumption	73	
Emissions				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	25	
	103-2	The management approach and its components	72	
	103-3	Evaluation of the management approach	72	
Gri 103: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	72	
	305-2	Energy indirect (Scope 2) GHG emissions	72	
	305-3	Other indirect (Scope 3) GHG emissions	Not measured.	An identified topic immaterial to the company's strategy and performance this reporting period.

GRI STANDARD		DISCLOSURE	PAGE NUMBER	OMISSION
GRI 400 Social Standard Series				
Employment				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	25	
	103-2	The management approach and its components	41-42	
	103-3	Evaluation of the management approach	41-42	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	41	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	42	
Occupational Health and Safety				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	25	
	103-2	The management approach and its components	44	
	103-3	Evaluation of the management approach	44	
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	44	
Training and Education				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	25	
	103-2	The management approach and its components	42-43	
	103-3	Evaluation of the management approach	42-43	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	42	
	404-2	Programs or upgrading employee skills and transition assistance programs	43	
	China Bank Indicator	Percent of the total number of employees eligible for appraisal	43	
Diversity and Equal Opportunity				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	25	
	103-2	The management approach and its components	50	
	103-3	Evaluation of the management approach	50	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	40, 50	
Local Communities				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	25	
	103-2	The management approach and its components	73	
	103-3	Evaluation of the management approach	73	
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	73	
Customer Privacy				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	25	
	103-2	The management approach and its components	38	
	103-3	Evaluation of the management approach	38	
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	38	

INVESTOR INFORMATION

ANNUAL STOCKHOLDERS' MEETING

May 6, 2021, Thursday, 4:00 p.m.
conducted virtually via
https://www.chinabank.ph/asm2021

SHAREHOLDER SERVICES

For inquiries or concerns regarding dividend payments, account status, change of address or lost or damaged stock certificates, please get in touch with:

Stocks and External Relations
Office of the Corporate Secretary
China Banking Corporation
11/F China Bank Building
8745 Paseo de Roxas cor. Villar St.
Makati City 1226, Philippines

Contact persons:
Atty. Wilfred Francis B. Martinez / Mr. Jaime G. Dela Cruz

Tel. No.: (+632) 8885-5132; 8230-6987
Fax No.: (+632) 8885-5135
Email: wfbmartinez@chinabank.ph
ocsstocks@chinabank.ph

Stock Transfer Service, Inc.
Unit 34-D Rufino Pacific Tower
6784 Ayala Ave.
Makati City 1226, Philippines

Contact persons:
Antonio M. Laviña
Ricardo D. Regala, Jr.

Tel. Nos.: (+632) 8403-2410; 8403-2412; 8403-9853
Fax No.: (+632) 8403-2414

INVESTOR INQUIRIES

102-53

We welcome inquiries from investors, analysts, and the financial community. For information about the developments at China Bank, please contact:

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Senior Vice President and Head
Investor & Corporate Relations Group
China Banking Corporation
28/F BDO Equitable Tower
8751 Paseo de Roxas
Makati City 1226, Philippines
Tel. No.: (+632) 8885-5609
Email: investor-relations@chinabank.ph
Website: www.chinabank.ph

CUSTOMER INFORMATION

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:

Atty. Corazon I. Morando
Vice President and Corporate Secretary

China Banking Corporation
11/F China Bank Building
8745 Paseo de Roxas cor. Villar St.
Makati City 1226, Philippines

Email: ocsstocks@chinabank.ph
wfbmartinez@chinabank.ph

CHINABANK

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Makati City 1226 Philippines