16 August 2021

PHILIPPINE STOCK EXCHANGE, INC.
Disclosure Department
6F PSE Tower One Bonifacio High Street
28th Street corner 5th Avenue Bonifacio Global City
Taguig City

Attention: **MS. JANET A. ENCARNACION**
Head - Disclosure Department

PHILIPPINE DEALING & EXCHANGE CORP.
Philippine Dealing System Holdings Corp. &
Subsidiaries 29th Floor, BDO Equitable Tower
8751 Paseo de Roxas, Makati City, 1227
Telephone No: 884-4446

Attention: **ATTY. MARIE ROSE M. MAGALLEN-LIRIO**
Head- Issuer Compliance and Disclosure Department

Mesdames,

We are pleased to furnish your good office with a copy of our SEC Form 17-Q as of June 30, 2021 filed with the Securities and Exchange Commission (SEC).

For your information and guidance.

Very truly yours,

CA Escucha

ALEXANDER C. ESCUCHA
Senior Vice President & Head
Investor & Corporate Relations Group

COVER SHEET

4 4 3

SEC Registration Number

C H I N A B A N K I N G C O R P O R A T I O N A N D S U B S I D I A R I E S

(Company's Full Name)

8 7 4 5 P a s e o d e R o x a s c o r n e r V i l l a r S t r e e t s , M a k a t i C i t y

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

Patrick D. Cheng

(Contact Person)

8885-5555

(Company Telephone Number)

0 6 3 0

Month *Day*

(Fiscal Year)

1 7 - Q

(Form Type)

Month *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

Corporate Governance and Finance Dept.

(Department Requiring this document)

(Amended Articles Number/Section)

Total Amount of Borrowings

1,881

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarter period ended **June 30, 2021**

2. Commission identification number **443**

3. BIR Tax Identification No. **000-444-210-000**

4. **CHINA BANKING CORPORATION**
   Exact name of issuer as specified in its charter

5. **PHILIPPINES**
   Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: (SEC Use Only)

7. **CHINA BANK BUILDING 8745 PASEO DE ROXAS COR. VILLAR STS., MAKATI CITY** **1226**
   Address of registrant's principal office Postal Code

8. Issuer's telephone number, including area code **(02) 8885-5555**

9. Former name, former address and former fiscal year, if changed since last report **N/A**

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock Outstanding	Amount of debt outstanding
COMMON	**2,685,899,812**	

11. Are any or all of the securities listed on the Stock Exchange?

    Yes [**X**] No [ ]
    If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
    PHILIPPINE STOCK EXCHANGE **COMMON**

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period the registrant was required to file such reports)

Yes [**X**] No [ ]

(b) has been subject to such filing requirements for the past 90 days

Yes [**X**] No [ ]

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

Attached are the following:

Annex I:	Interim Consolidated Statements of Financial Position
Annex II:	Interim Consolidated Statements of Income
Annex III:	Interim Consolidated Statements of Comprehensive Income
Annex IV:	Interim Consolidated Statements of Changes in Equity
Annex V:	Interim Consolidated Statements of Cash Flows
Annex VI:	Aging of Loans and Receivables
Annex VII:	Profitability Report by Business Segment
Annex VIII:	Financial Soundness Indicators

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Annex IX:	Management's Discussion

PART II. OTHER INFORMATION

There are no material disclosures that were not reported under SEC Form 17-C during the period covered by this report.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer …………………………………………………..............	**CHINA BANKING CORPORATION**
Principal Financial/Accounting Officer/Controller ……………..	**PATRICK D. CHENG**
Signature and Title ……………………………………………….	Chief Finance Officer
Date………………………………………………………………..	August 16, 2021

Part I – Financial Information

Item 1. Financial Statements

a. **Accounting Policies and Methods of Computation**. The accompanying interim condensed consolidated financial statements of China Banking Corporation (the Parent Company) and Subsidiaries (collectively referred to as the Group) as of June 30, 2021 and for the six-month periods ended June 30, 2021 and 2020 have been prepared in accordance with the Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*.

   The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's financial statements as of December 31, 2020. The accounting policies adopted are consistent with those of the previous financial year.

b. **Seasonality or Cyclicality of Interim Operations.** Changes in the Group's financial condition or operation were due more to external factors such as interest movements and cost of borrowings rather than seasonality or cyclical aspects.

c. **Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents.** Changes in nature and amounts in the financial statements were due more to market-related factors inherent in the nature of the issuer's business operations and are not considered unusual. Below are some significant changes as explained in the Management's Discussions of Financial Condition and Results of Operation:

	June 30, 2021	December 31, 2020	Increase (Decrease)
Assets			
Cash and Other Cash Items	11,948,287	15,984,210	(4,035,923)
Due from Bangko Sentral ng Pilipinas	126,766,994	152,156,449	(25,389,455)
Due from Other banks	11,857,472	18,228,721	(6,371,249)
Interbank Loans Receivable and Securities Purchased under Resale Agreements	26,083,950	18,290,851	7,793,100
Financial Assets at Fair Value through Profit or Loss	18,608,824	13,406,863	5,201,960
Accrued Interest Receivable	7,007,834	8,529,872	(1,522,038)
Investments in Associates	753,248	912,647	(159,399)
Liabilities			
Bills Payable	27,401,607	23,655,851	3,745,756
Bonds Payable	42,056,618	52,065,678	(10,009,060)
Manager's Checks	2,240,287	1,568,232	672,055
Income Tax Payable	1,176,068	846,089	329,979
Accrued Interest and Other Expenses	4,913,218	3,905,945	1,007,274
Derivative Liabilities	950,245	1,216,771	(266,526)
Derivative Contracts Designated as Hedges	315,138	521,209	(206,071)
Deferred Tax Liabilities	947,357	1,116,362	(169,005)

	June 30, 2021	June 30, 2020	Increase (Decrease)
Income			
Interest on Loans and Receivables	16,394,161	18,294,693	(1,900,532)
Interest on Due from BSP and other banks and SPURA	1,038,818	522,073	516,744
Trading and securities gain	940,614	2,749,363	(1,808,748)
Gain on disposal of investment securities at amortized cost	2,499,264	12,284	2,486,980
Service charges, fees and commissions	1,590,830	1,259,902	330,928
Foreign exchange gain- net	261,196	3,773	257,423
Income from asset acquired	187,331	98,643	88,687
Miscellaneous	801,187	624,748	176,439
Expense			
Interest expense on Deposit Liabilities	2,725,278	6,082,522	(3,357,244)

Interest expense on Bills payable and other borrowings	982,748	1,772,127	(789,379)
Interest expense on Lease Payable	101,909	120,762	(18,853)
Compensation and fringe benefits	3,804,040	3,294,955	509,085
Taxes and licenses	1,862,017	2,103,910	(241,893)
Provision for impairment and credit losses	5,365,670	4,757,602	608,068
Repairs and maintenance	66,092	59,191	6,900
Entertainment, amusement and recreation	198,683	179,454	19,229
Miscellaneous	2,368,709	1,976,840	391,868
Provision for income tax	1,072,791	598,306	474,485

d. **Changes in Estimates of Amounts Reported.** There were no changes in estimates of amounts reported in prior interim periods of current financial year or in estimates of amounts reported in prior financial years.

e. **Issuances, Repurchases, and Repayments of Debt and Equity Securities.** *Issuance of the P20 Billion Peso Fixed Rate Bonds.* On February 18, 2021, the Parent Company issued P20 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.

   Maturity of the P30 Billion Peso Fixed Rate Bonds. On January 11, 2021, previously issued P30 billion peso fixed rate bonds matured. This bond bears a fixed coupon rate of 5.70% per annum, payable monthly.

f. **Segment Information.** Operating businesses are recognized and managed separately according to the nature of business served, with each segment representing a strategic business unit. The Bank's comparative revenues and expenses by business segments are shown in Annex VII.

g. **Dividends.** At the annual stockholders meeting held on May 6, 2021, the stockholders approved the declaration of ₱1.00 per share cash dividends. Cash dividend was paid on June 4, 2021.

h. **Effect of Changes in the Composition of the Enterprise during the Interim Period.** There were no changes in the composition of the issuer including business combinations, acquisitions, or disposal of subsidiaries and long-term investments, restructuring, and discontinuing operations during the period.

i. **Changes in Contingent Liabilities or Contingent Assets.** There are various outstanding commitments and contingent liabilities but management does not anticipate any material losses as a result of these transactions.

j. **Material Contingencies and Any Other Events.**
   Cash Dividends from Manulife China Bank Life Assurance Corporation (MCBL). On January 11, 2021, the Bank received P40 million cash dividends from Manulife China Bank Life Assurance Corporation (MCBL).

   Sale of Investment Securities at Amortized Cost
   The Parent Company sold the following investment securities at amortized cost in 2021 and 2020 (figures in ₱millions):

During the six months ended	Reason for selling	Carrying amount	Gain on sale
June 30, 2021	Additional liquidity to support planned loan growth	**₱26,721**	**₱2,449**
	Additional liquidity to take advantage of a change in a regulatory loan limit *	**589**	**27**
	A change in the funding profile of the Parent company **	**134**	**24**

		₱27,444	**₱2,500**
June 30, 2020	A highly probable change in regulations with a potentially adverse impact to the financial assets' contractual cash flows	₱507	₱12
		₱507	₱12

**The sales are based on the assessments made in 2020.*
***The sales are based on the assessments made in 2019.*

These disposals in the investment securities at amortized cost are consistent with the portfolios' business models with respect to the conditions and reasons for which the disposals were made.

k. **Financial Risk Disclosure**. 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 formulation and supervision 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, all 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 is accurately and completely captured on a timely basis in the management reporting system of the Parent Company. The RMG is headed by the Chief Risk Officer (CRO) who reports the results of risk measurements to the ROC.

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 of the Management Committee (ManCom), Credit Committee (CreCom), Asset-Liability Committee (ALCO), Operations Committee (OpsCom) and Technology Steering Committee (TSC). 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 to 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.

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 frontline 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.

The Operational Risk Assessment Program and IT Risk Frameworks require the bank to undergo periodic operational risk assessment and for all business units & allied businesses to conduct risk and control self-assessments. These enable determination of priority risk areas, assessment of mitigating controls in place, and institutionalization of additional measures to ensure both a controlled operating environment and proper handling of IT risk exposures. RMG maintains and updates 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 June 2, 2021, the BOD approved the 2021 ICAAP document for submission to the BSP. 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. Pertinent activities emphasizing the Bank's response to the COVID19 pandemic, however, were included in this submission.

The Parent Company submitted its annually updated ICAAP document, in compliance with BSP requirements on June 28, 2021. 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.

l. **Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the period**. There were no material events subsequent to the end of the interim period that have been reflected in the financial statements for the period.

m. **Fair Value Measurement**. The Group has assets and liabilities in the consolidated 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 consolidated balance sheet at the end of each financial reporting period. These include financial assets and liabilities at FVPL and financial assets at FVOCI.

   The methods and assumptions used by the Group in estimating the fair values of the financial instruments follow:

   Cash and other cash items, due from BSP and other banks, interbank loans receivables 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, returned checks and other cash items (RCOCI) and other financial assets included in other assets - Quoted market prices are not readily available for these assets. These are reported at cost and are not significant in relation to the Group's total portfolio of securities.

   Derivative instruments (included under FVPL) - Fair values are estimated based on discounted cash flows, using prevailing interest rate differential and spot exchange rates.

   Deposit liabilities (time, demand and savings deposits) - Fair values of time deposits are estimated using the discounted cash flow methodology, where future cash flows are discounted using the Group's current incremental borrowing rates for similar borrowings and with maturities consistent with those remaining for the liability being valued. For demand and savings deposits, carrying amounts approximate fair values considering that these are currently due and demandable.

   Bonds payable and Bills payable - Unless quoted market prices are not readily available, fair values are estimated using the discounted cash flow methodology, where future cash flows are discounted using the current incremental borrowing rates for similar borrowings and with maturities consistent with those remaining for the liability being valued.

Manager's checks and accrued interest and other expenses - Carrying amounts approximate fair values due to the short-term nature of the accounts.

Other liabilities - Quoted market prices are not readily available for these liabilities. These are reported at cost and are not significant in relation to the Group's total portfolio.

As of June 30, 2021 and December 31, 2020, except for the following financial instruments, the carrying values of the Group's financial assets and liabilities as reflected in the balance sheets and related notes approximate their respective fair values:

	June 30, 2021		**December 31, 2020 (Audited)**	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Financial Assets at Amortized Cost				
Government bonds	**₱58,329,866**	**₱58,503,064**	₱100,606,146	₱110,454,734
Private bonds	**143,096,861**	**146,987,111**	101,634,485	109,589,297
Loans and receivables				
Corporate and commercial loans	**466,924,516**	**467,067,228**	453,649,372	455,890,979
Consumer loans	**100,077,715**	**116,650,927**	96,488,966	112,946,316
Trade-related loans	**9,324,871**	**10,068,460**	6,937,033	8,538,979
Others	**124,906**	**134,528**	139,113	150,900
Sales contracts receivable	**1,054,508**	**1,183,194**	1,173,038	1,242,609
Time Deposit Liabilities	**309,628,659**	**306,601,639**	366,357,014	362,712,054
Bonds Payable	**42,056,618**	**42,043,094**	52,065,678	52,101,935

As of June 30, 2021 and December 31, 2020, the fair value hierarchy of the Group's assets and liabilities are presented below:

	June 30, 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements				
Financial assets at FVPL				
Held-for-trading				
Government bonds	**₱748,312**	**₱335,735**	**₱–**	**₱1,084,047**
Treasury notes	**–**	**3,585,520**	**–**	**3,585,520**
Treasury bills	**–**	**9,449,548**	**–**	**9,449,548**
Private bonds	**2,095,644**	**420**	**–**	**2,096,064**
Quoted equity shares	**1,078,533**	**–**	**–**	**1,078,533**
Financial Assets designated at FVTPL	**150,634**	**–**	**–**	**150,634**
Derivative assets	**–**	**1,164,478**	**–**	**1,164,478**
Financial Assets at FVOCI				
Government bonds	**2,090,611**	**6,091,035**	**–**	**8,181,646**
Quoted private bonds	**9,425,397**	**–**	**–**	**9,425,397**
Quoted equity shares	**673,675**	**–**	**–**	**673,675**
	₱16,262,806	**₱20,626,736**	**₱–**	**₱36,889,542**
Financial liabilities at FVPL				
Derivative liabilities	**₱–**	**₱950,245**	**₱–**	**₱950,245**
Derivative contracts designated as hedges	**–**	**315,138**	**–**	**315,138**
	₱–	**₱1,265,383**	**₱–**	**₱1,265,383**
Fair values of assets carried at amortized cost/cost				
Investment securities at amortized cost				
Government bonds	**₱58,503,064**	**₱–**	**₱–**	**₱58,503,064**
Private bonds	**146,987,111**	**–**	**–**	**146,987,111**
Loans and receivables				
Corporate and commercial loans	**–**	**–**	**467,067,228**	**467,067,228**
Consumer loans	**–**	**–**	**116,650,927**	**116,650,927**
Trade-related loans	**–**	**–**	**10,068,460**	**10,068,460**
Others	**–**	**–**	**134,528**	**134,528**
Sales contracts receivable	**–**	**–**	**1,183,194**	**1,183,194**
Investment properties				
Land	**–**	**–**	**5,940,038**	**5,940,038**
Buildings and improvements	**–**	**–**	**2,895,245**	**2,895,245**

	June 30, 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
	₱205,490,175	**₱–**	**₱603,939,620**	**₱809,429,795**
Fair values of liabilities carried at amortized cost				
Time Deposit Liabilities	**₱–**	**₱–**	**₱306,601,639**	**₱306,601,639**
Bonds Payable	**–**	**–**	**42,043,094**	**42,043,094**
	₱–	**₱–**	**₱348,644,733**	**₱348,644,733**

	December 31, 2020 (Audited)			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial assets at FVPL				
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 FVPL				
Derivative liabilities	₱–	₱1,216,771		₱1,216,771
Derivative contracts designated as hedges		521,209		521,209
	₱–	₱1,737,980		₱1,737,980
Fair values of assets carried at amortized 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				
Time Deposit Liabilities	₱–	₱–	₱362,712,054	₱362,712,054
Bonds Payable	–	–	52,101,935	52,101,935
	₱–	₱–	₱414,813,989	₱414,813,989

n. **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.

Transactions with Retirement Plans

Income earned by the Group from managing the retirement plans amounted to ₱23.77 million and ₱24.20 million for the six-month periods ended June 30, 2021 and 2020, respectively. 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.

Transactions with related party retirement plan follow:

	June 30, 2021	December 31, 2020 (Audited)
Balance Sheet		
Deposit in banks	**₱42,807**	₱7,879
Financial assets at FVTPL	**1,391,770**	1,361,752
Total market value	**1,391,770**	1,361,752
Number of shares held	**54,579**	54,579

	Six Months Ended June 30	
	2021	2020
Income Statement		
Dividend income	**₱54,579**	₱54,579
Interest income	**23**	210

<u>Other Related Party Transactions</u>

Related party transactions of the Group by category of related party are presented below:

	June 30, 2021		
Category	**Amount / Volume**	**Outstanding Balance**	**Terms and Conditions**
Significant Investor			
Loans and receivables		**4,342,950**	These are secured loans with interest rate of 4% and maturity of 4 years; collateral includes shares of stocks with fair value of ₱5.1 billion.
Issuances	**2,000,000**		
Repayments	**(2,350)**		
Deposit liabilities		**2,260**	These are checking accounts with annual average rate of 0.13%.
Deposits	**279**		
Withdrawals	**–**		
Subsidiaries			These are checking accounts with annual average rate ranging from 0.13% to 1.00%.
Deposit Liabilities		**393,984**	
Deposit	**1,377,809**		
Withdrawals	**(1,488,162)**		
Associates			
Deposit Liabilities		**543,197**	These are checking accounts with annual average rate ranging from 0.13% to 1.00%.
Deposit	**540,194**		
Withdrawals	**(36,391)**		
Key Management Personnel			
Loans		**4,990**	Unsecured Officer's accounts from Credit card with interest of 2% maturing within 1 year and OEL accounts with interest of 4%; Secured and maturing within 1 year.
Issuance	**3,618**		
Repayments	**(360)**		
Deposit Liabilities		**85,155**	These are checking, savings and time deposit account with annual average interest rates ranging from 0.13% to 1.00%
Deposits	**83,843**		
Withdrawals	**(93,003)**		
Other Related Parties			
Loans		**57,264,904**	Secured and Unsecured Loans with interest rate ranging from 2.25% to 10%. These are accounts that have remaining maturity from less than 1 year up to 9 years.
Issuances	**15,867,981**		
Repayments	**(2,515,682)**		
Deposit Liabilities		**669,378**	These are checking accounts with annual average rate ranging from 0.13% to 1.00%.
Deposit	**9,433,753**		
Withdrawals	**(10,624,733)**		

	December 31, 2020 (Audited)		
Category	Amount / Volume	Outstanding Balance	Terms and Conditions
Significant Investor			
Loans		₱2,345,300	Partially secured Loans with interest rate of 2 - 5.12% and maturity of two to seven years.
Issuances	₱–		
Repayments	–		
Deposit Liabilities		1,982	These are checking accounts with annual

Category	December 31, 2020 (Audited) Amount / Volume	Outstanding Balance	Terms and Conditions
Deposit	487		average rate of 0.13%.
Withdrawals	–		
Associates			
Deposit Liabilities		39,394	These are savings accounts with annual average interest rates ranging from 0.25% to 1.00%.
Deposit	181,158		
Withdrawals	(442,383)		
Key Management Personnel			
Loans		1,732	Unsecured Officer's accounts from Credit card with interest of 2% maturing within 1 year and OEL accounts with interest of 4%; Secured and maturing within 1 year.
Issuances	216		
Repayments	–		
Deposit Liabilities		94,315	These are checking, savings and time deposits with annual average interest rates ranging from 0.25% to 1.00%.
Deposit	282,538		
Withdrawals	(266,986)		
Other Related Parties			
Loans		43,912,605	Secured and Unsecured Loans with interest rate ranging from 2% to 10%, accounts that are currently maturing and others one to twelve years.
Issuances	10,049,254		
Repayments	15,572,694		
Deposit Liabilities		1,686,887	These are checking and savings accounts with annual average interest rates ranging from 0.13% to 1.00%.
Deposit	19,107,945		
Withdrawals	(17,824,347)		

Other related parties pertain to subsidiaries of the significant investor.

Interest income earned and interest expense incurred from the above loans and deposit liabilities, respectively, for the six-month periods ended June 30, 2021 and June 30, 2020 are presented below:

	Significant Investor		**Associate**	
	June 30			
	2021	2020	**2021**	2020
Interest income	**₱46,859**	₱61,564	**₱–**	₱–
Interest expense	**1**	1	**1,619**	337

	Key Management Personnel		**Other Related Parties**	
	June 30			
	2021	2020	**2021**	2020
Interest income	**₱27**	₱50	**₱1,333,657**	₱1,308,256
Interest expense	**15**	30	**118**	143

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.

The following table shows the amount and outstanding balance of other related party transactions included in the financial statements:

	Subsidiaries		
	June 30, 2021	December 31, 2020	**Nature, Terms and Conditions**
Balance Sheet			
Accounts receivable	**₱12,107**	₱1,322	This pertains to various expenses advanced by CBC in behalf of CBSI
Security deposits	**8,916**	1,878	This pertains to the rental deposits with CBSI and CBCC for office space leased out to the Parent Company
Accounts payable	**104**	11	This pertains to various unpaid rental to CBSI

	Subsidiaries		
	June 30, 2021	June 30, 2020	**Nature, Terms and Conditions**
Income Statement			
Miscellaneous income	**₱1,430**	₱1,430	Certain functions provided by the Parent Company to its subsidiaries such as accounting, human resources, audit, treasury operations, administrative, corporate marketing, and financial control services. Under the agreement between the Parent Company and its subsidiaries, the subsidiaries shall pay the

	Subsidiaries		
	June 30, 2021	June 30, 2020	**Nature, Terms and Conditions**
			Parent Company an annual fee.
Occupancy cost	**24,144**	5,498	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	**110,120**	105,762	This pertains to the computer and general banking services provided by CBC-PCCI to the Parent Company to support its reporting requirements.

o. **Impact of COVID-19 Pandemic.** Since March 2020, measures imposed by the government in response to the pandemic, such as the implementation of stringent social distancing and community quarantines, have caused disruptions to businesses and economic activities, and its impact on businesses continues to evolve. As of this reporting period, the implementation of these public health protocols and its impact to businesses and industries vary across regions throughout the country. The Bank continues to assess financial reporting considerations related to these circumstances.

*Going Concern Assumptio*n
The accompanying interim condensed consolidated financial statements have been prepared under the going-concern assumption. In arriving at this assumption, the Bank currently believes that it has adequate liquidity and capital buffers, and business plans to continue to operate the business and mitigate the risks associated with COVID-19 pandemic for the next 12 months from the date of this report.
Since this pandemic can continue to have a significant impact on the Bank's business, results of operations, financial condition and cash flows, the Bank will monitor new developments of this pandemic and determine whether these will have an impact on the assumption of the Bank to operate as a going-concern entity.

Impairment of Non-financial Assets
With the outbreak of COVID-19 pandemic, the Bank assesses whether its nonfinancial assets are affected and may be impaired. In the case of the impairment assessment of goodwill and branch licenses, the Bank believes that the extent of the long-term impact of the pandemic cannot be reasonably ascertained as of the reporting period. The Bank will continue to monitor the situation until such time that the Bank can reasonably estimate the impact of this pandemic in the cash flow projections and other inputs used in estimating the recoverable amount of the cash-generating unit (CGU) to which the goodwill and branch licenses relate. Where the recoverable amount is less than carrying amount of the CGU, an impairment loss will be recognized by the Bank.

Fair Value Measurement
In measuring the fair value of financial instruments, the Bank considers prices and inputs which incorporate the recent volatility in the market caused by the COVID-19 pandemic.

Expected Credit Losses
Provision for impairment and credit losses totaled P5.4 billion. In estimating the amount of expected credit losses (ECL) for financial assets at each reporting date, judgment and estimates by management are required in determining the following:

- whether a financial asset has had a significant increase in credit risk since initial recognition;
- whether default has taken place and what comprises a default;
- macro-economic factors that are relevant in measuring a financial asset's probability of default as well as the Bank's forecast of these macro-economic factors;
- probability weights applied over a range of possible outcomes; and
- sufficiency and appropriateness of data used and relationships assumed in building the components of the Bank's expected credit loss models.

The Bank assessed that the level of ECL derived using the judgment and estimates in the aforementioned areas is reasonable based on the circumstances as of June 30, 2021 and on the nature of the Bank's loan portfolio whose majority pertains to commercial and corporate loans with retail and consumer loans comprising only a small portion of the total loan portfolio.

Impact of the COVID-19 Pandemic to ECL
The Bank has reasonably estimated the level of ECL as of this reporting period and will ensure that the varying extent of the pandemic's impact to credit risk and ECL will remain to be incorporated in the upcoming reporting periods, as the country continues to deal with this public health crisis. The Bank captured all relevant and supportable information (which includes incorporating management overlays and adjustments such as credit reviews of specific borrowers) in estimating its ECL and provisions as of and for this reporting period, respectively.

In view of the government moratorium on loan payments, the Bank considered how the availment of the borrowers and counterparties will affect the stage classification of the financial assets. In particular, the Bank 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.

Also, the Bank utilized the revised or modified cash flows (after considering the government moratorium on loan payments and renegotiation of financial assets) as exposure at default (EAD) in calculating allowance for credit losses.

For probabilities of default (PD), these 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).

Lastly, the Bank has updated all available collateral information in order to incorporate the impact of the pandemic, to the extent possible, in calculating loss given default (LGD) as of the reporting period. The Bank will continue to assess the current market conditions and forecasts of future economic conditions, and its impact to the aforementioned ECL components (i.e., EAD, PD, LGD), in order to update the ECL on a timely basis in the upcoming reporting periods.

CHINA BANKING CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION **ANNEX I**
(Amounts in thousands)

		June 2021	December 2020
		Unaudited	Audited
ASSETS			
Cash and Other Cash Items	P	11,948,287	15,984,210
Due from Bangko Sentral ng Pilipinas		126,766,994	152,156,449
Due from Other banks		11,857,472	18,228,721
Interbank Loans Receivable and Securities Purchased under Resale Agreements		26,083,950	18,290,851
Financial Assets at Fair Value through Profit or Loss		18,608,824	13,406,863
Financial Assets at Fair Value through Other Comprehensive Income		18,299,083	20,244,403
Investment Securities at Amortized Cost		201,426,726	202,240,631
Loans and Receivables - net		576,452,008	557,214,484
Accrued Interest Receivable		7,007,834	8,529,872
Investments in Associates		753,248	912,647
Bank Premises, Furniture, Fixtures and Equipment - net		7,990,848	8,422,717
Investment Properties		3,886,625	3,984,939
Deferred Tax Assets		5,545,572	5,172,434
Intangible Assets		3,850,811	3,881,669
Goodwill		839,748	839,748
Other Assets		5,986,812	6,501,010
	P	1,027,304,843	1,036,011,650
LIABILITIES AND EQUITY			
Liabilities			
Deposit Liabilities			
Demand		229,771,155	212,466,949
Savings		287,544,045	256,406,867
Time		309,628,659	366,357,014
		826,943,858	835,230,830
Bills Payable		27,401,607	23,655,851
Bonds Payable		42,056,618	52,065,678
Manager's Checks		2,240,287	1,568,232
Income Tax Payable		1,176,068	846,089
Accrued Interest and Other Expenses		4,913,218	3,905,945
Derivative Liabilities		950,245	1,216,771
Derivative Liabilities Designated as Hedges		315,138	521,209
Deferred Tax Liabilities		947,357	1,116,362
Other Liabilities		10,401,212	10,899,319
		917,345,608	931,026,285
Equity			
Equity Attributable to Equity Holders of the Parent Company			
Capital Stock			
Common Stock - P10 par value			
Authorized - 3,300,000,000 shares			
Issued - 2,685,899,812 shares		26,858,998	26,858,998
Capital paid in excess of par value		17,122,626	17,122,626
Other equity - stock grants		140,924	140,924
Surplus Reserves		2,936,113	2,874,004
Surplus		63,161,056	58,659,768
Net Unrealized Gains (Losses) on Financial Assets at FVOCI		336,104	294,115
Remeasurement Gain on Defined Benefit Asset		(447,940)	(426,996)
Remeasurement on Life Insurance Reserve of Associate		(58,079)	(45,903)
Cumulative translation adjustment		19,762	5,536
Cash Flow Hedge Reserve		(140,727)	(521,209)
		109,928,835	104,961,861
Non-controlling Interest		30,400	23,502
		109,959,235	104,985,364
	P	1,027,304,843	1,036,011,649

CHINA BANKING CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in thousands)

	June 2021 Unaudited	December 2020 Audited
CONTINGENT ACCOUNTS		
Unused commercial letters of credit	13,261,314	14,445,630
Committed Credit Lines	7,469,187	9,551,472
Outstanding guarantees Issued	1,676,152	1,187,256
Inward bills for collection	3,112,913	1,862,824
Outward bills for collection	40,566	150,073
IRS receivable	49,363,200	25,351,615
Spot exchange bought	14,213,218	1,920,935
Spot exchange sold	12,959,336	2,113,123
Forward exchange bought	28,552,872	17,338,436
Forward exchange sold	27,121,802	15,385,289
Trust department accounts	214,426,474	210,776,272
Credit card Lines	13,280,384	12,492,933
Late deposits/payments received	60,069	342,103
Deficiency claims receivable	282,732	283,842
Standby credit commitment	3,616,917	1,652,526
Others	181,285	1,110,325
	389,618,421	315,964,655

CHINA BANKING CORPORATION AND SUBSIDIARIES **ANNEX II**

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in thousands)

		For the Semester Ended June 30		For the Quarter Ended June 30	
		2021	**2020**	**2021**	**2020**
INTEREST INCOME					
Loans and receivables	P	16,394,161	18,294,693	8,275,679	9,123,039
Investment securities at amortized cost and at FVOCI		4,549,924	5,025,929	2,179,144	2,586,345
Financial Assets at FVPL		384,150	364,145	167,096	138,971
Due from BSP and other banks and SPURA		1,038,818	522,073	541,534	219,826
		22,367,053	24,206,841	11,163,452	12,068,180
INTEREST EXPENSES					
Deposit liabilities		2,725,278	6,082,522	1,272,858	2,774,637
Bills payable and other borrowings		982,748	1,772,127	460,859	929,857
Lease Payable		101,909	120,762	49,856	59,114
		3,809,935	7,975,411	1,783,574	3,763,609
NET INTEREST INCOME		**18,557,118**	**16,231,430**	**9,379,879**	**8,304,572**
Trading and securities gain/(loss)		940,614	2,749,363	24,456	2,927,814
Gain on disposal of investment securities at amortized cost		2,499,264	12,284	1,228,433	0
Service charges, fees and commissions		1,590,830	1,259,902	849,738	506,707
Foreign exchange gain- net		261,196	3,773	62,632	-123,295
Income from asset acquired		187,331	98,643	130,180	22,546
Miscellaneous		801,187	624,748	422,855	264,833
TOTAL OPERATING INCOME		**24,837,541**	**20,980,144**	**12,098,174**	**11,903,177**
Compensation and fringe benefits		3,804,040	3,294,955	1,872,618	1,648,542
Taxes and licenses		1,862,017	2,103,910	810,813	1,097,903
Occupancy costs		903,945	844,723	414,362	429,796
Depreciation and amortization		907,074	953,432	452,420	474,742
Provision for impairment and credit losses		5,365,670	4,757,602	3,147,914	4,345,152
Insurance		1,031,657	990,664	511,351	501,353
Repairs and maintenance		66,092	59,191	31,761	21,593
Entertainment, amusement and recreation		198,683	179,454	120,009	104,231
Miscellaneous		2,368,709	1,976,840	735,035	284,251
TOTAL OPERATING EXPENSES		**16,507,887**	**15,160,772**	**8,096,282**	**8,907,562**
INCOME BEFORE INCOME TAX		**8,329,653**	**5,819,373**	**4,001,891**	**2,995,615**
PROVISION FOR INCOME TAX		1,072,791	598,306	323,949	-5,494
NET INCOME	**P**	**7,256,863**	**5,221,067**	**3,677,941**	**3,001,108**
Attributable to:					
Equity holders of the parent		7,249,297	5,217,614	3,675,555	3,000,212
Non-controlling Interest		7,566	3,452	2,387	897
	P	**7,256,863**	**5,221,067**	**3,677,941**	**3,001,108**
Earnings Per Share					
a. Basic		2.70	1.94	1.37	1.12
b. Diluted *		2.70	1.94	1.37	1.12
Net Income		7,249,297	5,217,614	3,675,555	3,000,212
Weighted Ave. Number of Common Shares Outstanding		2,685,900	2,685,900	2,685,900	2,685,900
* Same as basic earnings per share. No preferred shares, convertible bonds and stock warrants issued.		2,685,900			

CHINA BANKING CORPORATION **ANNEX III**

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in thousands)

	For the Semester Ended June 30		For the Quarter Ended June 30	
	2021	2020	2021	2020
Net Income	7,256,863	5,221,067	3,677,941	3,001,108
Other Comprehensive Income (Loss):				
Items that recycle to profit or loss in subsequent periods:				
Net unrealized gain (loss) on financial assets at FVOCI				
Fair value gain(loss) for the year, net of tax	1,064,824	2,391,210	318,946	3,449,788
Gains taken to profit or loss	(983,557)	(2,836,455)	(7,041)	(2,788,962)
Share in Other Comprehensive Income of Associate:				
Net Unrealized Gain on financial assets at FVOCI	(89,713)	103,017	(89,713)	101,973
Gain (loss) on Cash Flow Hedge	380,481	(577,516)	137,615	(525,567)
Cumulative translation adjustment	14,230	(22,226)	7,193	(23,940)
Items that do not recycle to profit or loss in subsequent periods:				
Net unrealized gain (loss) on financial assets at FVOCI				
Fair value gain(loss) for the year, net of tax	50,004	8,018	11,171	(33,505)
Remeasurement gain on defined benefit asset or liability	(21,185)	6,891	(21,104)	10,222
Remeasurement loss on life insurance reserves	(12,177)	(26,258)	(12,177)	(25,370)
Other Comprehensive Income for the year	402,907	(953,319)	344,889	164,638
Total Comprehensive Income for the year	7,659,770	4,267,748	4,022,831	3,165,746
Total comprehensive income attributable to:				
Equity holders of the Parent Company	7,652,872	4,262,688	4,020,446	3,164,329
Non-controlling Interest	6,898	5,060	2,386	1,418
	7,659,770	4,267,748	4,022,831	3,165,746

CHINA BANKING CORPORATION **ANNEX IV**
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in thousands)

	Capital Stock	Capital Paid in Excess of Par Value	Other equity - Stock grant	Stock dividend Distributable	Surplus Reserves	Surplus Free	Net unrealized gains (losses) on FVOCI	Remeasurement gain on defined benefit asset or liability	Remeasurement on life insurance reserve of an associate	Cash Flow Hedge Reserve	Cumulative Translation Adjustment	Total	Minority Interest	Total Equity
Balance at December 31, 2020	**26,858,998**	**17,122,626**	**140,924**	**-**	**2,874,004**	**58,659,768**	**294,115**	**(426,996)**	**(45,903)**	**(521,209)**	**5,536**	**104,961,862**	**23,502**	**104,985,365**
Total comprehensive income for the year					**-**	**7,249,297**	**41,989**	**(20,944)**	**(12,177)**	**380,481**	**14,226**	**7,652,872**	**6,898**	**7,659,770**
Retained Earnings, appropriated					**62,109**	**(62,109)**	**-**	**-**	**-**		**-**	**-**	**-**	**-**
Cash Dividends - P1.00 per share						**(2,685,900)**						**(2,685,900)**	**-**	**(2,685,900)**
Balance at June 30, 2021	**26,858,998**	**17,122,626**	**140,924**	**-**	**2,936,113**	**63,161,056**	**336,104**	**(447,940)**	**(58,079)**	**(140,727)**	**19,762**	**109,928,835**	**30,400**	**109,959,235**
Balance at December 31, 2019	26,858,998	17,122,626	-	-	3,598,275	48,558,760	417,576	(368,531)	20,655	(51,949)	6,835	96,163,244	12,351	96,175,595
Total comprehensive income for the year						5,217,614	(335,859)	6,891	(26,258)	(577,516)	(22,184)	4,262,688	5,060	4,267,748
Retained Earnings, appropriated					(413,088)	413,088						-		-
Cash Dividends - P1.00 per share						(2,685,900)						(2,685,900)		(2,685,900)
Balance at June 30, 2020	**26,858,998**	**17,122,626**	**-**	**-**	**3,185,186**	**51,503,563**	**81,717**	**(361,640)**	**(5,603)**	**(629,465)**	**(15,349)**	**97,740,032**	**17,411**	**97,757,443**

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CHINA BANKING CORPORATION **ANNEX V**
STATEMENTS OF CASH FLOWS
For the periods ended

		JUNE 2021		JUNE 2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	P	8,329,653	P	5,819,373
Adjustment to reconcile income before income tax to net cash provided operations:				
Provision for impairment and credit losses		5,365,670		4,757,602
Depreciation and amortization		907,074		953,432
Amortization of transaction costs on bonds payable		285,426		(36,364)
Realized gain on financial assets at FVOCI and investment securities at amortized cost		(3,482,821)		(2,848,739)
Share in net losses of an associate		14,264		(75,047)
Gain on sale of investment properties		(144,501)		(88,821)
Gain on asset foreclosures and dacion transactions		(42,830)		(9,822)
Operating income before changes in operating assets and liabilities		**11,231,936**		**8,471,614**
Changes in operating assets and liabilities:				
Decrease (increase) in the amounts of:				
Financial assets at FVPL		(5,674,558)		9,235,950
Loans and receivables		(25,054,869)		(16,207,742)
Other assets		2,842,589		(2,103,739)
Increase (decrease) in the amounts of:				
Deposit liabilities		(8,286,972)		(2,754,170)
Manager's checks		672,055		279,352
Accrued interest and other expenses		1,007,274		493,396
Other liabilities		(937,704)		2,324,624
Net cash provided by operations		**(24,200,249)**		**(260,714)**
Income taxes paid		(1,292,611)		(1,516,270)
Net cash provided by operating activities		**(25,492,860)**		**(1,776,984)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of/Additions to:				
Net additions to bank premises, furniture, fixtures and equipment		(181,497)		(460,980)
Investment securities at amortized cost		(27,601,169)		(22,693,183)
Financial assets at fair value through other comprehensive income		(44,573,440)		(30,256,027)
Proceeds from sale of:				
Investment securities at amortized cost		29,943,578		529,034
Financial assets at fair value through other comprehensive income		47,311,203		42,953,580
Investment properties		228,464		86,354
Proceeds from maturity of:				
Investment securities at amortized cost		1,421,513		2,764,545
Net cash provided by (used in) investing activities		**6,548,652**		**(7,076,678)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Availments of bills payable		100,242,831		94,047,067
Payments of bills payable		(96,497,075)		(78,619,110)
Proceeds from issuance of bonds payable		20,200,422		-
Maturity of bonds payable		(30,000,000)		-
Payments of cash dividends		(2,685,900)		-
Dividends from equity investments		40,000		-
Payments of principal portion lease liabilities		(359,598)		(287,720)
Net cash provided by financing activities		**(9,059,319)**		**15,140,236**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**-28,003,527**		**6,286,575**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
Cash and other cash items		15,984,210		16,839,755
Due from Bangko Sentral ng Pilipinas		152,156,449		100,174,398
Due from Other banks		18,228,721		9,900,642
Interbank loans receivable and securities purchased under resale agreements		18,290,851		17,036,460
		204,660,231		**143,951,255**
CASH AND CASH EQUIVALENTS AT END OF YEAR				
Cash and other cash items		11,948,287		13,403,364
Due from Bangko Sentral ng Pilipinas		126,766,994		104,071,991
Due from Other banks		11,857,472		22,444,321
Interbank loans receivable and securities purchased under resale agreements		26,083,950		10,318,153
	P	**176,656,704**	P	**150,237,830**

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Balance at beginning of year		75,721,529		70,775,804
Cash flows during the year				
Proceeds	119,959,393		94,487,502	
Settlement	(126,497,075)	(6,537,682)	(78,619,110)	15,868,392
Non−cash changes				
Foreign exchange movement	(85,004)		(560,721)	
Amortization of transaction cost	359,383	274,378	83,922	(476,800)
Balance as of June 30		**69,458,225**		**86,167,397**

China Banking Corporation
Aging of Loans and Receivables
June 30, 2021

ANNEX VI

	Total	**Current**	**90 days or less**	**91 to 180 days**	**181 days to 1 year**	**More than 1 year**	**Total Past Due**	**Items in Litigation**
Loans and Receivables	**595,143,740**	569,642,131	8,995,836	2,577,032	5,912,672	7,211,937	**24,697,478**	804,131
Less: Allow for Probable Losses & Unamotized Discount	18,691,287							
Net Loans and Receivables	**576,452,453**							
Accounts Receivables	**2,743,491**	**2,194,319**	21,556	19,436	61,316	446,865	**549,173**	-
Less:Allowance for Probable Losses	89,687							
Net Accounts Receivables	**2,653,804**							
Accrued Interest Receivables	**7,384,903**	7,384,903						
Less:Allowance for Probable Losses	377,070							
Net Accrued Interest Receivables	**7,007,834**							

CHINA BANKING CORPORATION ANNEX VII
PROFITABILITY REPORT BY BUSINESS SEGMENT

Segment Report

China Bank'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 Bank'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 Bank's funding operations through 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 Bank reports its primary segment information on the basis of the above-mentioned segments.

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 a measure of performance, instead of 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 a pool of funds rate which approximates the marginal cost of funds.

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 Bank has no significant customers which contribute 10% or more of the consolidated revenues.

The Bank's asset-producing revenues are located in the Philippines (i.e., one geographical location); therefore, geographical segment information is not presented.

The following tables present relevant information regarding business segments as of June 30, 2021:

CHINABANK

PROFITABILITY REPORT BY BUSINESS SEGMENT
FOR THE PERIOD ENDING JUNE 30, 2021
CONSOLIDATED
(Amounts in thousands of Pesos)

	LENDING BUSINESS	RETAIL BANKING BUSINESS	FINANCIAL MARKETS	OTHER BUSINESS & SUPPORT UNITS AND SUBSIDIARIES	BANKWIDE
Net interest income	13,276,039	996,631	2,097,900	2,186,548	18,557,118
Third Party Intersegment	(7,696,241)	8,355,766	(548,909)	(110,617)	-
Net Interest Income after Intersegment Transactions	5,579,798	9,352,397	1,548,991	2,075,931	18,557,118
Other Operating Income	560,336	1,206,923	3,819,892	693,272	6,280,423
Total Revenue	6,140,134	10,559,320	5,368,883	2,769,203	24,837,541
Other Operating expense	(1,717,546)	(5,720,265)	(1,009,284)	(2,695,122)	(11,142,217)
Income before Provisions and Taxes	4,422,588	4,839,055	4,359,599	74,082	13,695,324
Provision for Impairment and Credit Losses	(4,216,413)	(299,532)	(243,698)	(606,026)	(5,365,670)
Income before Income Tax	206,175	4,539,523	4,115,901	(531,944)	8,329,654
Provision for Income Tax	67,545	(393,436)	(773,700)	26,800	(1,072,791)
Net Income	**273,719**	**4,146,087**	**3,342,201**	**(505,145)**	**7,256,863**
Total Assets	**476,785,227**	**575,534,503**	**281,421,580**	**(306,436,467)**	**1,027,304,843**
Total Liabilities	**1,875,569**	**636,367,423**	**141,285,100**	**137,817,516**	**917,345,608**
Depreciation & Amortization	**29,140**	**704,948**	**19,159**	**153,826**	**907,074**
Capital Expenditures	**11,659**	**70,188**	**6,520**	**146,853**	**235,220**

ANNEX VIII

Financial Soundness Indicators

PROFITABILITY (%)	***Jan – June 2021***	*Jan – June 2020*
Return on Average Equity	**13.43**	10.64
Return on Average Assets	**1.42**	1.07
Net Interest Margin	**4.18**	3.84
Cost to Income Ratio	**45**	50
LIQUIDITY (%)	***June 2021***	*Dec 2020*
Liquid Assets to Total Assets	**40**	43
Loans to Deposit Ratio	**70**	67
ASSET QUALITY (%)	***June 2021***	*Dec 2020*
Gross Non-Performing Loans (NPL) Ratio	**3.5**	2.3
NPL Cover	**99**	128
SOLVENCY (x)	***June 2021***	*Dec 2020*
Debt to Equity Ratio	**8.3**	8.9
Asset to Equity Ratio	**9.3**	9.9
Interest Coverage Ratio	**3.2**	1.7*
CAPITAL ADEQUACY (%)	***June 2021***	*Dec 2020*
CET 1 / Tier 1 Ratio	**14.17**	13.82
Total Capital Adequacy Ratio (CAR)	**15.06**	14.73

**for Jan-June 2020*

Definition of Ratios

Profitability Ratios:

Return on Average Equity	-	Net Income after Income Tax / Average Total Equity
Return on Average Assets	-	Net Income after Income Tax / Average Total Assets
Net Interest Margin	-	Net Interest Income / Average Interest Earning Assets
Cost-to-Income Ratio	-	Operating Expenses excl Provision for Impairment & Credit Losses / Total Operating Income

Liquidity Ratios:

Liquid Assets to Total Assets	-	Total Liquid Assets / Total Assets
Loans to Deposit Ratio	-	Loans (Net) / Deposit Liabilities

Asset Quality Ratios:

Gross NPL Ratio	-	Gross Non-Performing Loans / Gross Loans
NPL Cover	-	Total Allowance for Impairment & Credit Losses on Receivables from Customers plus Retained Earnings Appropriated for Gen. Loan Loss Provision / Gross Non-Performing Loans

Solvency Ratios:

Debt to Equity Ratio	-	Total Liabilities / Total Equity
Asset to Equity Ratio	-	Total Assets / Total Equity
Interest Coverage Ratio	-	Net Income Before Tax and Interest Expense / Interest Expense

Capital Adequacy Ratio:

Capital to Risk Assets Ratio	-	BSP prescribed formula:
CET 1 CAR	-	CET 1 Capital / Total Risk Weighted Assets
Tier 1 CAR	-	Tier 1 Capital / Total Risk Weighted Assets
Total CAR	-	Total Qualifying Capital / Total Risk Weighted Assets

ANNEX IX

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation (Including Subsidiaries)

Financial Highlights (Consolidated)

In Million Pesos	***Jan – June 2021***	*Jan – June 2020*
Gross Revenues	**28,647**	28,956
Gross Expenses	**21,391**	23,734
Net Income	**7,257**	5,221

In Million Pesos	***June 2021***	*Dec 2020*
Total Resources	**1,027,305**	1,036,012
Loan Portfolio (Net)	**576,452**	557,214
Total Deposits	**826,944**	835,231
Equity	**109,959**	104,985

**Due to rounding, numbers presented in the tables may not add up precisely to the totals provided*

Key Performance Indicators

PROFITABILITY (%)	***Jan – June 2021***	*Jan – June 2020*
Return on Average Equity	**13.43**	10.64
Return on Average Assets	**1.42**	1.07
Net Interest Margin	**4.18**	3.84
Cost to Income Ratio	**45**	50
LIQUIDITY (%)	***June 2021***	*Dec 2020*
Liquid Assets to Total Assets	**40**	43
Loans to Deposit Ratio	**70**	67
ASSET QUALITY (%)	***June 2021***	*Dec 2020*
Gross NPL Ratio	**3.5**	2.3
NPL Cover	**99**	128
SOLVENCY (x)	***June 2021***	*Dec 2020*
Debt to Equity Ratio	**8.3**	8.9
Asset to Equity Ratio	**9.3**	9.9
Interest Coverage Ratio	**3.2**	1.7*
CAPITAL ADEQUACY (%)	***June 2021***	*Dec 2020*
CET 1 / Tier 1 Ratio	**14.17**	13.82
Total CAR	**15.06**	14.73

**for Jan-June 2020*

Economic Environment

US GDP grew 6.5% in the second quarter on the back of the COVID vaccine rollout and strong policy support. Personal consumption increased by 11.8% which offset the impact of lower private investments & government spending and higher imports. US Fed kept policy rates at 0% to 0.25%. Meanwhile, China's economy grew 7.9%, significantly lower than the 18.3% recorded in the first quarter. In July, People's Bank of China cut the reserve requirement ratio by 50 bps to 8.9%.The spread of the COVID-19 Delta variant continues to be a downside risk to global recovery.

Despite the re-imposition of stricter lockdown measures, Philippine GDP grew by 11.8% in the second quarter mainly due to low base effects. The largest contributor to growth was capital formation spending which expanded by 75.5% on the back of higher durable equipment and construction expenditures. Meanwhile, consumption grew 7.2% after four consecutive quarters of decline. Inflation rate ended at 4.1% in June, bringing year-to-date average inflation to 4.4%, above the government's 2%-4% target range.

The Monetary Board maintained the policy rate at 2.00%, as well as the reserve requirement at 12%. As of June 2021, the combined assets of the UK/B & TB industries expanded 6.3% year-on-year to P19.5 trillion. Deposits grew 7.5% to P15.1 trillion, while loans contracted 2.0%, settling at P9.9 trillion. Gross NPL ratio went up to 4.6% from 3.7% in December 2020, while NPL cover dropped to 84% from 95%.

Results of Operation

Analysis of Consolidated Statements of Income (unaudited)
For the period ended June 30, 2021 and June 30, 2020

China Bank reported a 39.0% growth in net income to P7.3 billion in the first semester of 2021 from P5.2 billion in the same period last year. The strong performance translated to an improved return on equity of 13.43% and better return on assets of 1.42%.

Total interest income decreased 7.6% to P22.4 billion from P24.2 billion as the impact of subdued loan demand and yield pressure reduced i**nterest income from loans and receivables and interest income from investment securities at amortized cost and at FVOCI** by 10.4% and 9.5%, respectively. **Interest income from financial assets at FVPL** recorded a 5.5% increase to P384.2 million from the higher volume of securities holdings. Likewise, **interest income from due from BSP and other banks and SPURA** increased 99.0% to P1.0 billion because of the growth in placements with the BSP and correspondent banks.

Total interest expense amounted to P3.8 billion, P4.2 billion or 52.2% lower than last year as **interest expense on deposit liabilities** dropped by P3.4 billion or 55.2% to P2.7 billion arising from the decline in funding cost. **Interest expense on bills payable and other borrowings** decreased by P789.4 million to P982.7 million due to volume-related decline year-on-year. **Interest expense on lease payable** was also down 15.6% because of lower balance of outstanding lease liability.

With the significant reduction in interest expense, the Bank's **net interest income** rose 14.3% to P18.6 billion and led to an improved net interest margin of 4.18% from 3.84% last year.

The Bank continued to build up **provisions for impairment and credit losses**, recognizing P5.4 billion in pandemic-related credit buffers in the first semester, up 12.8% year-on-year.

Total **non-interest income** jumped by 32.3% to P6.3 billion, supported by the P3.4 billion net gain on trading and disposal of investment securities. **Service charges, fees, and commissions** were up 26.3% to P1.6 billion due to higher investment banking and loan-related fees. Also, **foreign exchange gain** significantly increased to P261.2 million from P3.8 million because of favorable FX trading activities and month-to-month movement in the Peso-Dollar exchange rate. **Income from assets acquired** was 89.9%

higher at P187.3 million because of the improvement in sales volume of foreclosed properties. **Miscellaneous income** totaled P801.2 million up 28.2% year-on-year primarily due to higher trust and bancassurance income.

Operating expenses were kept under control, modestly increasing by 7.1% to P11.1 billion. **Compensation and fringe benefits** stood at P3.8 billion, up 15.5% year-on-year mainly from payroll adjustments, including the 2020 – 2022 collective bargaining agreement between management and the CBC Employees' Association. **Taxes and licenses** were down 11.5% to P1.9 billion mainly from lower volume-related taxes. **Occupancy** was up 7.0% to P903.9 million due to the increase in regular rent expenses. **Repairs and maintenance** increased by 11.7% to P66.1 million from higher repairs undertaken during the period. Meanwhile, **entertainment, amusement and recreation** and **miscellaneous expenses** recorded increases by 10.7% and 19.8%, respectively, from marketing- and selling-related expenses, information technology, and other operating costs.

Consolidated **cost-to-income ratio** improved at 45% from 50% in the same period last year.

Financial Condition

Analysis of Consolidated Statement of Financial Condition
As of June 30, 2021 (unaudited) and December 31, 2020 (audited)

Assets remained steady at P1.0 trillion level.

Cash and other cash items fell 25.2% to P11.9 billion due to the leveling-off of cash-in-vault from its usual year-end build-up. **Due from BSP** fell by P25.4 billion or 16.7% and **due from other banks** by P6.4 billion or 35.0% with the drop in placements with the BSP and correspondent banks, respectively. Meanwhile, **interbank loans receivable and securities purchased under resale agreements** increased by 42.6% to P26.1 billion from higher volume of overnight placements with the BSP.

Financial assets at fair value through profit or loss (FVPL) climbed P5.2 billion or 38.8% to P18.6 billion with the growth in fixed income asset. Meanwhile, **financial assets at fair value through other comprehensive income (FVOCI)** decreased P1.9 billion or 9.6% to P18.3 billion due to lower securities volume. The Bank's securities portfolio accounted for 23% of consolidated resources.

Gross loans were flat at P596 billion, as the commercial segment put its expansion plans on hold amid uncertain business climate. **Net Loans** stood at P576.5 billion.

Accrued interest receivable decreased by 17.8% to P7.0 billion because of lower yields and the timing difference in the receipt of interest earned. **Investments in associates** dropped 17.5% to P753.2 million mainly due to lower net income contribution and cash dividends received from the Bank's affiliate, MCBLife. **Bank premises, furniture, fixture, and equipment** decreased by 5.1% to P8.0 billion due to depreciation. **Deferred tax asset** increased by P373.1 million to P5.5 billion with the booking of additional provision for impairment and credit losses. **Other assets** decreased by 7.9% to P6.0 billion from lower balance of accounts receivables among others.

On the liabilities side, **total deposits** was recorded at P826.9 billion. The combined low-cost demand and savings deposits increased by P48.4 billion or 10.3% to P517.3 billion, accounting for 63% of total deposits. **Bills payable** increased by 15.8% to P27.4 billion from higher interbank borrowings. Meanwhile, **bonds payable** decreased by P10.0 billion or 19.2% year-to-date. The net decrease reflects the settlement of the Bank's P30-billion fixed rate bonds in January, as well as the issuance of another P20 billion Peso fixed-rate bonds in February. **Manager's checks** increased by 42.9% to P2.2 billion as the volume of outstanding checks for negotiation grew year-to-date. **Income tax payable** was at P1.2 billion, P330.0 million higher year-to-date due to additional regular corporate income tax payable for the year. **Accrued interest and other expenses** were 25.8% larger at P4.9 billion because of interest payable accruals. Change in the mark-to-market rates resulted in decreased in **derivative liabilities and derivative contracts designated as hedges** by 21.9% and 39.5%, respectively. The 15.1% drop in **deferred tax liabilities** can be attributed to the savings bank subsidiary.

Total equity reached to P110.0 billion, slightly higher than December's P105.0 billion mainly from the P4.5 billion or 7.7% increase in **surplus**. **Net unrealized gains on financial assets at FVOCI** improved by 14.3% to P336.1 million arising from the mark-to-market revaluation of the Bank's FVOCI securities. **Remeasurement on life insurance reserve of an associate** saw a P12.2 million drop from lower volume of the Bank's affiliate. Meanwhile, **cumulative translation adjustment and cash flow hedge reserve** increased by P14.2 million and P380.5 million, respectively, due to exchange rate difference arising from the conversion of income and expenses related to foreign currency-denominated positions to base currency.

The Bank's Common Equity Tier 1 (CET 1/ Tier 1) ratio and total CAR were computed at 14.17% and 15.06%, respectively.

Total Comprehensive Income
For the period ended June 30, 2021 and June 30, 2020

The Bank recorded **total comprehensive income** of P7.7 billion during the first semester of the year, a 79.5 % or P3.4 billion increase from the P4.3 billion recorded last year mainly from net income uptick and the booking of net unrealized gain on financial assets at FVOCI and gains on cash flow hedge.

Key Performance Indicators

Profitability
CHIB posted a 39.0% increase in net income to P7.3 billion for the first half of 2021 on the back of the strong performance from its core businesses. Profit growth resulted in an improved ROE of 13.43% and ROA of 1.42%. Cost-to-income ratio significantly improved to 45% from 50%, while net interest margin was higher at 4.18% from 3.84% last year.

Liquidity
The Bank's liquidity ratio remained steady at 40%.

Asset Quality
NPL ratio settled at 3.5% with the expected deterioration in asset quality amid the pandemic. Consolidated NPL cover ratio, however, improved to 99% from 86% in the first quarter. The Parent Bank had ample allowance given a 114% NPL cover.

Solvency Ratios
Debt-to-equity and asset-to-equity ratios for the first half was recorded at 8.3 and 9.3, respectively. Interest coverage ratio for the period was at 3.2.

Capitalization
China Bank's capital base stood at P110.0 billion. CET 1 / Tier 1 CAR and Total CAR ratios were registered at 14.17% and 15.06%, respectively, both well above the minimum regulatory requirements. The Bank's capital is largely comprised of CET 1/ Tier 1 (core) capital.

Corporate Developments

On August 4, the Board of Directors confirmed and approved the interlocking directorship of Mr. Genaro V. Lapez, independent director, in subsidiaries China Bank Savings, Inc. and China Bank Securities Corporation, effective June 17, 2021.

On July 30, via a virtual ceremony, the BSP named China Bank as an outstanding stakeholder in recognition of the Bank's strong support for the BSP's programs and initiatives to build an inclusive and increasingly digital Philippine economy.

China Bank is one with the BSP in empowering Filipinos though financial literacy and technology. The Bank was a pilot participant in InstaPay, launched in 2018, and was one of the initial six participants in the pilot launch in 2019 of the National QR Code Standard, QR Ph for person-to-person payments or "QR Ph P2P". When the COVID-19 pandemic struck in early 2020, digitalization took on greater urgency and more people embraced digital banking and contactless payment. The BSP launched QR Ph for person-to-merchant payments or "QR Ph P2M" in April 2021 to boost the digitalization of small businesses, and China Bank was again one of the seven participating institutions in the pilot run.

On June 16, at the second quarterly draw of the Bureau of the Treasury's Premyo Bonds 2, the Bank formalized its donation of an SMDC condominium unit as grand prize for the third quarterly draw on September 16.

In order to help curb the spread of the Corona virus and ensure the return to normalcy. The Bank, in partnership with the SM Group, has launched a COVID-19 vaccination program to inoculate all China Bank Group employees. Vaccinations are ongoing. Based on the Bank's total workforce of about 9,800, 73% have been given the first dose, while 35% have been fully vaccinated (two doses) as of July 27, 2021.

Subsidiaries

The Bank's subsidiaries include China Bank Insurance Brokers, Inc., CBC Properties and Computer Center, Inc., China Bank Savings, Inc., and China Bank Capital Corporation. These subsidiaries comprised about 10% of the total consolidated resources.

- **China Bank Insurance Brokers, Inc.**

(In Mn Pesos)	**Jan-June '21**	Jan-Dec '20	Jan-June '20
Net Income	45	61	27
Total Assets	562	526	485

- **CBC Properties & Computer Center, Inc.**

(In Mn Pesos)	**Jan-June '21**	Jan-Dec '20	Jan-June '20
Net Income	26	8	23
Total Assets	123	105	112

- **China Bank Savings, Inc. (CBS)**

(In Mn Pesos)	**Jan-June '21**	Jan-Dec '20	Jan-June '20
Net Income	335	506	207
Total Assets	98,865	98,858	97,117

- **China Bank Capital Corporation**

(In Mn Pesos)	**Jan-June '21**	Jan-Dec '20	Jan-June '20
Net Income	140	216	30
Total Assets	2,737	2,579	2,452