China Bank Savings
A subsidiary of China Banking Corporation

314 Sen. Gil Puyat Avenue, Makati City 1200
(02) 8884-7600 • www.cbs.com.ph

25 November 2020

Corporate Governance and Finance Department
Securities and Exchange Commission
Ground Floor, North Wing Hall, Secretariat Building
PICC Complex, Vicente Sotto Street
1307 Pasay City

For: Atty. Rachel Esther J. Gumtang-Remalante
Director

Subject: CBS Special Stockholders' Meeting

Dear Atty. Remalante,

We respectfully submit the Bank's Preliminary Information Statement relative to our scheduled special stockholders' meeting to be held on 17 December 2020. The special meeting is being called for to elect the Bank's 4th Independent Director in the person of Ms. Claire Ann T. Yap. This is in compliance to the Bangko Sentral ng Pilipinas' regulation to have four (4) independent directors in observance of strict and enhanced corporate governance among corporations.

Ms. Claire Ann T. Yap is already a member of the Board of China Banking Corporation, parent bank of China Bank Savings, Inc. She was screened and nominated to the position and has been certified to have passed the fit and proper test conducted by the Bank's Corporate Governance and Nomination Committees.

Further, may we request that considering the urgency of this matter, we will send the notices to our stockholders with information that the filed PIS and DIS with SEC, together with this letter, can be accessed through our official website www.cbs.com.ph.

Very truly yours,

Atty. Odel S. Janda
Acting Corporate Secretary

CBS China Bank Savings is regulated by the Bangko Sentral ng Pilipinas. For inquiries or concerns, you may contact us at (02) 8884-7600 or BSP Financial Consumer Protection Department at Tel. No. (02) 8708-7087.

COVER SHEET

SEC Registration Number

0 0 0 0 0 0 1 6 9 6 2

COMPANY NAME

CHINA BANK SAVINGS, INC.

PRINCIPAL OFFICE*(No. / Street / Barangay / City / Town / Province)*

CBS Building, 314 Sen. Gil J. Puyat Avenue, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
IS-20	SEC	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
cbs@chinabank.ph	8-988-95-55	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,545	3rd Thursday of June	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Atty. Odel S. Janda	osjanda.cbs@chinabank.ph	8-812-7588	N/A

CONTACT PERSON's ADDRESS

CBS Building, 314 Sen. Gil J. Puyat, Makati City

CERTIFICATION

I, **Atty. Odel S. Janda** is a duly authorized representative of **China Bank Savings, Inc.**with **SEC registration number 16962** with principal office at **CBS Building, 314 Sen. Gil J. Puyat Avenue, Makati City**, do hereby certify and state that:

1) The **China Bank Savings, Inc.** will comply with the guidelines for the alternative filing of reports and/or documents through electronic mail with the Securities and Exchange Commission through Corporate Governance and Finance Department (CGFD) issued on March 30, 2020 in light of the imposition of an Enhanced Community Quarantine and Stringent Social Distancing Measures over Luzon to prevent the spread of the 2019 Coronavirus Disease (COVID-2019).

2) The information contained in the **Preliminary Information Statement of China Bank Savings, Inc. filed on November 25, 2020** are true and correct to the best of my knowledge.

3) On behalf of China Bank Savings, Inc., I hereby undertake to a) submit hard or physical copies of Board approved matters with certification, b) pay the filing fees (where applicable) c) pay the penalties due (where applicable) d) other impositions (where applicable), within ten (10) calendar days from the date of the lifting of the Enhanced Community Quarantine period and resumption of SEC's normal working hours.

4) I am fully aware that non-submission of hard/physical copies of reports as well as certification that they refer to one and the same document submitted online, within ten (10) calendar days from the lifting of the Enhanced Community Quarantine period and resumption of SEC's normal working hours, shall invalidate the reports, applications, compliance, requests and other documents submitted via email. Hence, the corresponding penalties under existing rules and regulations of the Commission shall apply without prejudice to the imposition of penalties under Section 54 of the Securities Regulation Code and other applicable existing rules and regulations for failure to comply with the orders of the Commission.

5) I am executing this certification on **November 25, 2020** to attest to the truthfulness of the foregoing facts and for whatever legal purpose it may serve.

Atty. ODEL S. JANDA
Acting Corporate Secretary
SSS ID No. 03-5319983-3

China Bank Savings
A subsidiary of China Banking Corporation

314 Sen. Gil Puyat Avenue, Makati City 1200
(02) 8884-7600 • www.cbs.com.ph

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

Please be notified that China Bank Savings, Inc. will have a special meeting on December 17, 2020, Thursday at 10:00 AM purposely to elect its 4th independent director. Due to the current pandemic the whole nation is encountering, the special meeting of the stockholders of China Bank Savings, Inc. will be conducted virtually via **Zoom**.

Agenda:

1. Call to Order
2. Proof of Notice of Meeting
3. Certification of Quorum
4. Election of 4th Independent Director
5. Other Matters
6. Adjournment

Stockholders of record as of **December 10, 2020** shall be entitled to notice of and vote at the meeting. The stock and transfer books of CBS will be closed from December 10 to 17, 2020.

Because of the present situation, stockholders may only attend the meeting by remote communication through an online live broadcast and exercise their right to vote *in absentia* by appointing a proxy. There will be audio and video recordings of the meeting.

Stockholders intending to participate by remote communication and exercise the right to vote in absentia should notify the Bank by sending an e-mail to ocs.cbs@chinabank.phby appointing a proxy on or before December 14, 2020. All information submitted shall be subject to verification and validation of the Corporate Secretary. After verification and validation, an e-mail containing their log-in-details for the online participation/attendance shall be sent to the stockholders.

Stockholders who have successfully registered and been duly verified can access the online livestreaming of the special stockholders' meeting and vote *in absentia by appointing a proxy*.

Stockholders intending to participate by appointing a proxy should submit their proxy forms to the Office of the Corporate Secretary at the 26th Floor Salcedo Towers, 169 H. V. Dela Costa St., Makati City, by email (ocs.cbs@chinabank.ph) not later than December 14, 2020, 4:00 P.M.

Makati City, 20 November 2020

Note: CBS' Definitive Information Statement can be accessed through CBS' website, www.cbs.com.ph.

Atty. ODEL S. JANDA
First Vice President & Acting Corporate Secretary

CBS China Bank Savings is regulated by the Bangko Sentral ng Pilipinas. For inquiries or concerns, you may contact us at (02) 8884-7600 or BSP Financial Consumer Protection Department at Tel. No. (02) 8708-7087.

EXPLANATION OF AGENDA ITEMS

1. Call to Order Chairman Ricardo R. Chua will welcome the stockholders and guests and formally begin the 2020 special meeting of stockholders of China Bank Savings, Inc.

2. Proof of Notice of Meeting Atty. Odel S. Janda, Acting Corporate Secretary, will certify the date the notice of meeting with the information statement was posted in the Bank's website, in accordance with the China Bank Savings, Inc.'s By-laws, and the date such notice was published in two newspapers of general circulation.

3. Certification of Quorum Atty. Janda will certify the existence of quorum. A meeting where the stockholders holding a majority of the outstanding capital stock of China Bank Savings, Inc. are present either by proxy, through remote communication or in absentia shall constitute a quorum and be competent to transact business. Stockholders intending to participate by remote communication and exercise the right to vote in absentia should notify the Bank by sending an e-mail to ocs.cbs@chinabank.ph and register through the Bank's online registration system on or before December 14, 2020. All information submitted shall be subject to verification and validation of the Corporate Secretary. After verification and validation, an email containing their log-in details for the online voting system shall be sent to the stockholders. The procedures for online registration and verification, online voting in absentia, and participation in the meeting through remote communication are set forth in the Information Statement which can be accessed through China Bank Savings, Inc.'s website, www.cbs.com.ph.

4. Election of Independent Director. The Chairman of the Nomination and Corporate Governance Committees will present the nominee for election as independent director and as a member of the Board of Directors. The name of the nominee and her profile are provided in the Information Statement posted in the Bank's website.

5. Other Matters All matters that arise after the notice, agenda, and information statement have been published may be presented for the consideration of the stockholders. Other businesses as may properly come before the stockholders may also be raised.

6. Adjournment. The Chairman will adjourn the meeting when the scheduled order of business is completed and no further business or matter is considered or raised.

P R O X Y

That I/We, the undersigned stockholder/s of China Bank Savings, Inc. ("CBS"), do hereby appoint _____ or in his absence, the Chairman of the meeting, as my/our proxy, to represent me/us and vote all shares of stocks registered in my/our name, at the Annual Meeting of Stockholders of China Bank on **December 17, 2020**, and at any of the adjournments and postponements thereof, for the purpose of acting on the following matters:

1. Election of Directors

   ___ Vote for nominee, **Ms. Claire Ann T. Yap** as Independent Director

   ___ Withhold authority for the above-named nominee

2. Such other matters as may properly come before the meeting

   ____Yes ____No ____Abstain

This proxy should be received by the Corporate Secretary on or before **December14, 2020**, the deadline for submission of proxies.

This proxy shall continue until such time as the same is withdrawn by me/us through notice in writing, or superseded by subsequent proxy, delivered to the Secretary at least three (3) business days before any scheduled meeting, but shall not apply in instances where I/we personally attend the meeting, or be effective beyond five (5) years from date hereof.

This proxy is not required to be notarized, and when properly executed, will be voted in the manner as directed herein. If no direction is made, this proxy will be voted "for" the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting in the manner described in the information statement and/or recommended by Management or the Board of Directors.

IN WITNESS WHEREOF, I/we have hereunto signed these presents in _____ this ____ day of _____ 2020.

SIGNED IN THE PRESENCE OF:

_____ _____
Signature of Stockholders

_____ _____
Name/s in Print

CHINABANK SAVINGS, INC.

SEC FORM 20 – IS
Amended
INFORMATION STATEMENT
Pursuant to Section 20 of the Securities Regulation Code

1. Check the appropriate box:

   [√] **Preliminary Information Statement**

   [ ] **Definitive Information Statement**

2. Name of Registrant as specified in its charter: **CHINA BANK SAVINGS, INC.**

3. Country or other jurisdiction of Incorporation or organization : **Philippines**

4. SEC Identification Number : **000016962**

5. BIR Tax Identification Code : **000-504-532**

6. Address of principal office : **CBS Building, 314 Sen Gil Puyat, Makati City**

7. Postal Code : **1209**

8. Registrant's telephone number : **(632) 812-7588**

9. Date, time, and place of the meeting of security holders : **December 17, 2020 10:00 A.M.**
   6th Floor CBS Building
   314 Sen. Gil Puyat, Makati City

10. Approximate date on which the Information Statement is first to be sent or given to security holders: **December 1, 2020**

11. Securities registered pursuant to Section 8 and 12 of the Code and Section 4 and 8 of the RSA (information on the number of shares and amount of debt is applicable only to corporate registrants): **Not applicable**

12. Are any or all of the registrant's securities listed on a stock exchange?

    Yes ( ) No (√)

A. GENERAL INFORMATION

1. Special Meeting of Security Holders

Date of Meeting	:	**December 17, 2020**
Time of Meeting	:	**10:00 A.M.**
Place of Meeting	:	**3rd Floor, CBS Building, 314 Sen. Gil Puyat Makati City**

Mailing address of principal office: **3rd Floor, CBS Building, 314 Sen. Gil Puyat, Makati City**

This Information Statement shall first to be sent or given to the security holders on **December 1, 2020.**

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY

2. Dissenter's Right of Appraisal

A stockholder has a right to dissent and demand payment of the fair value of his shares in any of the following instances under Section 80 of the Revised Corporation Code of the Philippines (Republic Act No. 11232): (a) in case an amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; (b) in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets; (c) in case of merger or consolidation; and (d) in case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

There are no matters or proposed corporate actions included in the agenda of the meeting which may give rise to the exercise by a security holder of the right of appraisal.

Should any proposed corporate action be passed upon at the meeting which may give rise to the right of appraisal, any stockholder who votes against the proposed corporate action may avail himself of the right of appraisal by making a written demand on the Bank for the payment of the fair value of shares held within thirty (30) days from the date on which the vote was taken. In order to perfect such right, the stockholder shall follow the procedures as described under Sections 81 to 85 of the Revised Corporation Code.

3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

No director, officer, nominee for election as director, or any associate of the foregoing persons, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon as contained in the agenda of the meeting other than election to office.

No director has informed the Bank in writing that he intends to oppose any action to be taken as contained in the agenda of the meeting.

B. CONTROL AND COMPENSATION INFORMATION

4. Voting Securities and Principal Holders

(a) **Class of Voting Shares**: **105,414,149** common shares entitled to vote as of **December 10, 2020.**

(b) **Record Date**: Stockholders of record as **December 10, 2020** are entitled to notice of and vote at the meeting

(c) **Nomination and Election of Directors and Independent Directors and Manner of Voting:**
In accordance with Sections 22 and 26 of the Revised Corporation Code, Section 15 of The General Banking Law (R.A. No. 8791), Section 38 of The Securities Regulation Code, Rule 38 of the Implementing Rules and Regulations of the Securities Regulation Code, and Section X141 of the Manual of Regulations for Banks, and relevant circulars or memoranda, the Bank's Nominations and Corporate Governance Committees adopted rules governing the nomination and election of directors. The rules pertinently state that the nomination forms shall be submitted to any of the members of the Committees or to the Corporate Secretary on or before June 30, 2020. The rules likewise state that the Committees shall pre-screen the qualifications of the nominees and prepare a final list of candidates, indicating the nominees for independent directors.

As to the manner of voting, Article III, Section 1 (e) of the Bank's By-Laws specifies that any stockholder who is not delinquent in his subscription shall be allowed to vote either in person or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact in accordance with the requirements of existing rules and regulations. Following Section 23 of the Revised Corporation Code, a stockholder may vote such number of shares for as many persons as there are directors to be elected, or cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of the shares owned, or distribute them on the same principle among as many candidates as may be seen fit, provided that the total number of votes cast shall not exceed the number of shares owned by the stockholder as shown in the books of the Bank multiplied by the whole number of directors to be elected. Item D.19 of the Information Statement further discusses the voting and tabulation procedures of the Bank.

The elected Independent Directors, Messrs. Alberto S. Yao and Philip S. L. Tsai and Ms. Margarita L. San Juan, and Ms. Claire Ann T. Yap, who will be elected during the special stockholders' meeting on December 17, 2020, are not officers or employees of China Bank Savings, Inc. or any of its subsidiaries, which could reasonably be perceived to materially interfere with the exercise of their independent judgment in carrying out their responsibilities as directors. The Bank will be electing its 4th Independent Director during the special stockholders' meeting to be held on December 17, 2020.

The qualifications of the directors have been pre-screened by the Nomination Committee. Ms. Claire Ann T. Yap, who will be elected at the special meeting of the stockholders, is a first timer for election. The directors have been found to possess all of the qualifications and have none of the disqualifications for directorship set out in Section 38.1 of the Securities Regulation Code (SRC) and Section 132 of the Manual of Regulations for Banks (MORB). For the purpose of screening the independent directors, the Nominations Committee adopted the independence criteria set out in the above-cited provisions of the SRC Rule 38.1 and MORB.

The Nominations Committee, presently chaired by Mr. Philip S. L. Tsai, succeeding the late, Ms. Angeline Ann H. Hwang who passed away on 11 April 2020 as report received by the office, and Mr. Alexander C. Escucha, Mrs. Margarita L. San Juan, and Mr. Alberto S. Yao as regular members, Ms. Maria Rosanna L. Testa and Atty. Josephine F. Fernandez, as *Ex-Officio* members, conducted the nomination for re-election of independent directors.

After assessing the qualifications of the nominees and ensuring that the three (3) elected and Ms. Claire Ann T. Yap are all qualified to be independent directors in accordance with the screening policies and parameters of the cited provisions of the SRC and MORB Section 132, the Committee then prepared the final list of candidates containing the names, ages, positions and offices such nominees held or will hold, term of office and brief description of the business experience of the nominees. With the election of Ms. Yap to fill up the 4th seat as independent director, the Bank is now compliant of the Bangko Sentral ng Pilipinas' regulation.

The required annual Certification of Compliance on good corporate governance was submitted to the SEC on **January 22, 2020**.

(d) **Security Ownership of Certain Record and Beneficial Owners and Management**

1. **Security ownership of certain record and beneficial owners.**

The following stockholders own more than 5% of any class securities as of **November 15, 2020**.

Title of Class	Name, Address of record owner & relationship w/ Issuer	Beneficial owner & relationship w/ record owner	Citizenship	No. of shares held	Percentage
Common Stock	China Banking Corporation		Filipino	104,995,882	99.60%

The Chairman, Mr. Ricardo R. Chua, is the duly authorized representative of the China Banking Corporation, and shall exercise the right to vote all the above-enumerated shares by appropriate proxy.

The Corporation has no knowledge of any person holding more than 5% of the Bank's outstanding shares under a voting trust or similar agreement. The Corporation is likewise not aware of any arrangement which may result in a change in control of the Corporation or any additional shares which

the above listed beneficial or record owners have the right to acquire within thirty days, from options, warrant, rights, conversion privilege or similar obligation, or otherwise.

(i) **Security ownership of directors and top management as of November 15, 2020:**

Title of Class	Name of record owner	Amount (Php)	Citizenship	Percentage
Directors				
Common Stock	Ricardo R. Chua	100	Filipino	0.00010%
	Nancy D. Yang	100	Filipino	0.00010%
	William C. Whang	100	Filipino	0.00010%
	Rosemarie C. Gan	100	Filipino	0.00010%
	Alexander C. Escucha	100	Filipino	0.00010%
	Philip S. L. Tsai	100	Filipino	0.00010%
	Alberto S. Yao	100	Filipino	0.00010%
	Margarita L. San Juan	100	Filipino	0.00010%
	Patrick D. Cheng	100	Filipino	0.00010%
	Total as a Group	900		0.00090%

Notes:

1. Mr. Alberto Emilio V. Ramos, retired from employment effective 30 November 2019 and was replaced by Mr. Joseph C. Justiniano, Executive Vice President and Officer-In-Charge, Office of the President.
2. Mrs. Angeline Ann H. Hwang, Independent Director passed away on April 11, 2020 (report received by the Office of the Corporate Secretary). The same information was filed with the Securities and Exchange Commission on 6 May 2020.
3. They had completed the eleven (11) members of the Board of China Bank Savings, Inc., replacements may not be seen immediately because of the current pandemic the world is experiencing. Men and women of expertise and qualified for the positions are already senior citizens and no longer holding regular offices and/or at the moment prohibited to go outside their houses.
4. The position of the President is still vacant.

Directors and Executive Officers as of November 15, 2020.

(a) **The Members of the Board of Directors**

The members of the Board, all of whom are Philippine citizens, hold the office for the remainder of the term of their successors and, with prior approval of the Monetary Board, concurrently with their position/s in CBC are as follows:

Ricardo R. Chua, 69, Filipino, is Advisor to the Board of China Banking Corporation 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 in the boards of the following Bank subsidiaries: Chairman of CBSI and CBCC and Director of CBC-PCCI. A Certified Public Accountant, Mr. Chua graduated with a Bachelor of Science degree in Business Administration, Major in Accounting, cum laude, from the University of the East, and completed his Master" s in Business Management (MBM) from the AIM. He has had trainings in banking operations and corporate directorship, and attended AML and corporate governance seminars, among others. Note: Messrs. Gilbert U. Dee and Peter S. Dee are related within the fifth civil degree of

consanguinity. Messrs. Hans T. Sy, Herbert T. Sy, and Harley T. Sy are related within the second civil degree of consanguinity.

Nancy D. Yang, 79, Filipino, was former Senior Vice President and Head of China Banking Corporation's Retail Banking Business. She also serves in the boards of CBSI as Vice Chairman and CBC-IBI as director. Mrs. Yang had attended several training programs here and abroad, including the Allen Management Program, BAI Retail Delivery Conference in Arizona and Florida, USA, Environmental Risk Management for Bankers conducted by the Bank of America, Branch Based Marketing, Internal Credit Risk Rating, and Corporate Governance seminars conducted by Bangko Sentral ng Pilipinas (BSP) and The Institute of Corporate Directors (ICD). She holds a Bachelor of Arts degree from the Philippine Women's University and a post graduate scholarship grant in Human Development & Child Psychology from the Merrill Palmer Institute in Detroit, Michigan, USA. She is related within the second civil degree of consanguinity to Director Peter S. Dee.

William C. Whang, 62, Filipino, is Director and President of the China Banking Corporation since November 1, 2017. Aside from China Bank, he does not hold any directorship position in any other PSE-listed company. He also sits in 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), and is actively involved in the boards of BancNet, Inc., Banker" s Association of the Philippines, Philippine Payments Management Inc., and Manulife China Bank Life Assurance Corporation (MCBLife). He has almost 40 years of banking experience, previously holding key positions in local and international financial institutions, including Metrobank, Republic National Bank of New York, International Exchange Bank, Security Bank, and Sterling Bank of Asia. Director and President Whang earned his Bachelor of Science degree in Commerce, Major in Business Management, from the De La Salle University. He underwent various trainings in banking and other related fields such as corporate governance, AML, branch based marketing, quality service management, sales management, principle centered leadership, and corporate strategy.

Alexander C. Escucha, 63, Filipino, Senior Vice President, is the Head of the Investor and Corporate Relations Group of China Banking Corporation. He also serves as a Director in Bank subsidiary CBSI and Chairman of the UP Visayas Foundation, Inc. Board of Trustees. He is a fellow of the Foundation for Economic Freedom (FEF) and a member of the Shareholders Association of the Philippines (SharePhil). In the past, he was the president of the Philippine Economic Society (PES) and concurrent Chairman of the Federation of ASEAN Economic Associations (FAEA), and president of the Corporate Planning Society of the Philippines (CPSP) and Bank Marketing Association of the Philippines (BMAP). As an international resource person, he chaired the Technology Conferences at the Asian Banker Summit from 2006 to 2016 and chaired its Technology awards from 2007 to 2011. He was Vice President of International Corporate Bank (InterBank) before joining the Bank. Mr. Escucha earned his Bachelor of Arts degree in Economics, cum laude, from the University of the Philippines and was the G.P. Sicat awardee for Most Outstanding Undergraduate Thesis. Over the years, he attended seminars such as the BSP/IFC Sustainable Finance Forum, Moody's ASEAN Briefing, the CFA Society Training on ETHICS, the SEC-PSE Corporate Governance Summit, Microsoft CEO Forum, Investment Conferences of CFA Society Philippines and The Asset, GRI Sustainability Summit, the Annual conventions of the PES and FAEA, BSP Financial Education Forum and Expo and the UN ARISE Disaster Resilience Summit.

Rosemarie C. Gan, 62, Filipino, Executive Vice President, is the Segment Head of Retail Banking Business (RBB) of China Banking Corporation. She also serves as Director in the Bank subsidiaries China Bank Savings, Inc. (CBSI) and CBC Properties and Computer Center, Inc. (CBC-PCCI). With more than 40 years of experience with the Bank, her exposure and training in banking include marketing, financial analysis, credit portfolio management, strategic planning and corporate governance. Ms. Gan obtained her Bachelor of Science degree in Business Administration, Major in Management, from the University of Santo Tomas, where she graduated magna cum laude and received the distinguished Rector's Award. She attended the Asian Institute of Management's (AIM) Advanced Bank Management Program in 2013. She also attended the BAI Retail Delivery Conference conducted by the Bank Administration Institute in 2012, and 14 Corporate Governance workshops/seminars conducted by the Institute of Corporate Directors (ICD) from 2014 to 2019, and AMLA seminar conducted by ICD in 2019, among others.

Patrick D. Cheng, 57, Filipino, Executive Vice President, is the Chief Finance Officer of China Banking Corporation. He also sits in the boards of Bank subsidiaries - in China Bank Insurance Brokers, Inc. (CBC-IBI) as Chairman, and in CBSI as Director, and in Manulife Chinabank Life Assurance Corporation (a bank affiliate) as Director. He is also Director of Manila Overseas Commercial Inc. and SR Holdings Corporation. Before joining the Bank, he held various key positions at the Philippine Bank of Communications, HSBC Savings Bank (Philippines), HSBC (Philippine Branch), Citibank N.A. (Philippine Branch), and Citicenter Condominium Corp. From 2008 to 2013, he was the President and Chief Executive Officer of HSBC Savings Bank (Philippines), and from 2011 to 2012, he was a two-term President of the Chamber of Thrift Banks. A Certified Public Accountant placing 7th in the National Exams, Mr. Cheng graduated magna cum laude from the University of the Philippines with a Bachelor of Science degree in Business Administration and Accountancy. He pursued his Master's in Management degree, with Distinction, from the Hult International Business School in Cambridge, Massachusetts, and completed the Trust Operations and Investment Management course, also with Distinction, from the Trust Institute of the Philippines. In 2010, he received the Distinguished Alumnus Award from the Virata School of Business of the University of the Philippines – Diliman. His extensive trainings include corporate governance, AML, asset liability management, operational risk, and information security.

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 listed PSE-listed company other than China Bank. He is the President & CEO of Richwell Philippines, Inc. and Internationale Globale Marques, Inc.; President of Richphil House Incorporated; and a Member of` the Philippine Constitution Association. He is also an Independent Director in the following Bank subsidiaries: CBSI, CBCC, and CBSC. He was previously a Director of Planters Development Bank, President and CEO of Richwell Trading Corporation and Europlay Distributor Co., Inc., President of Megarich Property Ventures Corporation, and Vice President for Merchandising of Zenco Sales, Inc. He holds a Bachelor of Science degree in Business Administration, Minor in Accounting, from the Mapua Institute of Technology. Director Yao's seminars include ICD" s Corporate Governance and AML Training Programs in 2019.

Margarita L. San Juan, 66, Filipino, is an Independent Director of the Bank. She was first elected to the China Bank Board on May 4, 2017. She is likewise an Independent Director in Bank subsidiaries 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 trainings including development financing, international banking operations, marketing, financial analysis and control, credit and risk management, and the latest on AML and corporate governance in 2019.

Philip S.L. Tsai, 69, Filipino, was first elected as Independent Director on November 7, 2018. Aside from the Bank, he does not hold any position in other PSE-listed companies. He also serves as Independent Director in the Bank subsidiaries 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 12 branch-based marketing, among others.

TO BE ELECTED DURING THE SPECIAL STOCKHOLDERS' MEETING ON DECEMBER 17, 2020:

CLAIRE ANN T. YAP, 65, Filipino, is a nominee for independent director. She currently does not hold any directorship position in any PSE-listed company. She is presently 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 more than 30 years of experience in banking and finance in the Philippines. She has extensive leadership experience in operations beginning with local financial institutions and expanding to global organizations, with considerable exposure from credit card and payments to financial technology solutions in a shared services environment. She has exposures in cross-geographical and cultural team integration, strategic business unit development, revenue generation and cost control, client relationship management, financial and credit analytics, merchant life cycle management, industry standard audits and compliance, and process improvement. In the past, she held executive leadership roles at Australia and New Zealand Banking Group Ltd./Metrobank Card Corporation and Hongkong Shanghai Banking Corporation. She was also Chairman of the Credit Card Association of the Philippines from 2009 to 2010 and President from 2007 to 2009. A Certified Public Accountant, Ms. Yap is a graduate of Bachelor of Science in Accounting, cum laude, from the De La Salle University. She has had various trainings on Managing Customer Experience, Credit Card Fraud and Security, Information Security and Data Privacy.

Upon initial determination, based on the Nomination Form and attachments submitted to the Nomination and Corporate Governance Committees and on the Rules Governing the Nomination and Election of a New Independent Director, the nominee for independent director was found to be fit and

proper for the position she was nominated to and was found to possess all the qualifications and none of the disqualifications of an independent director, and her qualities are aligned with the Bank's strategic directions.

(b) **Incumbent Executive Officers** (November 15, 2020)

Joseph C. Justiniano, 63, Filipino, Executive Vice President, is appointed as the Officer-in-Charge of CBS replacing Mr. Alberto Emilio V. Ramos who retired on November 30, 2019. Mr. Justiniano brings with him more than 37 years of banking experience that started with Manila Bank, the precursor of CBS. His years of experience and exposure in audit paved the way for his successful career in credit and collections in Insular Savings Bank, International Exchange Bank, and Union Bank of the Philippines. In 2007, he joined United Coconut Planters Bank (UCPB) as First Vice President and was subsequently designated as the President and Chief Executive Officer of the United Coconut Planters Savings Bank for 8 years. Healso served as the Consumer Group Head of Bank of Commerce from November 2014 to April 2017.

Luis Bernardo A. Puhawan, 43, Filipino, First Vice President II, is the Controller of the Bank. Prior to CBS, he was the Controller of the former Plantersbank. In 2006, he joined Plantersbank as Assistant Vice President and Head of the Financial Reporting and Control Department. Before joining Plantersbank, he worked for Philippine Veterans Bank from 2002 to 2005, Deutsche Knowledge Services - Manila as Senior Associate from 2005 to 2006 and a Senior Associate of SGV & Co. from 1997 to 2002. A Certified Public Accountant, Mr. Puhawan is a degree holder of Bachelor of Science in Accountancy from the University of Santo Tomas.

Jan Nikolai M. Lim, 42, Filipino, First Vice President II, is the Head of Consumer Lending Group. Prior to joining the Bank, he served as the Vice President of East West Banking Corporation, Vice President of Philippine Savings Bank, Assistant Vice President of Standard Chartered Bank and started his banking career in Citibank, N.A. as a Manager in 2001. Mr. Lim is a degree holder of Bachelor of Science in Manufacturing Engineering and Management from De La Salle University.

Atty. Odel S. Janda, 62, Filipino, First Vice President, is the Head of Legal Division and Acting Corporate Secretary. Prior to CBS, he was also the Head of Legal Support Services Department and Corporate Secretary of the former Plantersbank. Before joining Plantersbank, he was Active Bank's Head of Legal, Personnel and Security. Atty. Janda is a holder of degree of Bachelor of Laws from the University of the East.

Atty. Josephine F. Fernandez, 57, Filipino, First Vice President, is the Head of Human Resources Division. She was a former Senior Vice President and Head of Human Resources of East West Banking Corporation, Vice President and Deputy Head of Human Resources of Bank of the Philippine Islands, and First Vice President and Deputy Head of Human Resources of Metropolitan Bank & Trust Co. She also held various positions at Equitable Banking Corporation and Bank of Tokyo-Mitsubishi. She started her career as College Instructor at University of Luzon with the Commerce Department. Atty. Fernandez is a degree holder of Bachelor of Science degree in Business Administration from University of the

Philippines - Diliman in 1983 and completed Bachelor of Laws in San Beda College and San Sebastian College, Manila in 1993.

Jaydee P. Caparas, 46, Filipino, First Vice President, is the National Sales Director of the Branch Banking Group. He has more than 24 years of banking experience, having handled various positions at Bank of the Philippine Islands and Philippine Savings Bank. He was also a former Management Trainee of Bank of the Philippine Islands. A Certified Public Accountant, accredited by Board of Accountancy and Securities and Exchange Commission as a practicing CPA and External Auditor, Mr. Caparas is a degree holder of Bachelor of Science Major in Accountancy, *magna cum laude*, from San Sebastian College - Cavite where he also earned his Master's in Business Administration.

Edith N. Young*, 61, Filipino, Vice President II, is the Head of Information Technology.BSP approved her interlocking functions on April 27, 2016.She is concurrently the Chief Technology Officer of China Bank subsidiary, CBC Properties and Computer Center, Inc. (CBC-PCCI). Prior to joining the China Bank group, she held various IT-related positions in PCIBank, IBAA, Bank of the Philippine Islands, Family Bank/FMLSC, Cybernetics and Pascual Laboraties. Ms. Young is a degree holder of Bachelor in General Science from the University of the East.

Arthur S. Esquivel, 59, Filipino, Vice President II, is the Chief Marketing Officer of the Bank. He was formerly a Senior Vice President of Philippine Resources Savings Bank, Vice President of Sales, Marketing and Distribution of Opportunity Kauswagan Bank, Inc., a Microfinance Thrift Bank, and Vice President and Profit Center Head of Philamlife Group. He has a wide exposure and training in marketing and held various positions at Nextel Communications Inc. and Express Telecommunications, General Foods Philippines, Del Monte Philippines, Savola Edible Oil Company, CitiTrust and Citibank NA.

Sonia B. Ostrea, 56, Filipino, Vice President II, is the Head of Centralized Operations Group.
Prior to CBS, she was the Clearing Operations Head of the former Plantersbank. Before joining Plantersbank, she served as the Central Operations Department Head of PCIBank and Dao Heng Bank, Phils. A Certified Public Accountant, Ms. Ostrea is a degree holder of Bachelor of Science in Commerce, major in Accounting, from Saint Louis University.

Niel C. Jumawan, 50, Filipino, Vice President II, is the Head of APDS Lending Group. Before joining CBS, he held various key positions at City Savings Bank, Inc. He also worked as Front Desk Officer of Staff Experts, Inc. (assigned at Pag-Ibig Fund), Loan Programmer of WVSU Multi-Purpose Cooperative, Sales and Training Supervisor of Forest Lake Development, Inc., Sales Manager, Branch Head and Business Development Officer of Visayas for Sky Internet, Inc. Mr. Jumawan is a degree holder of Computer Science Major in Computer Technology and Bachelor of Science in Commerce Major in Management.

Marjorie T. Esplana, 49, Filipino, Vice President, is the Head of SME Lending Group. Before joining CBS, she was Trade Finance Marketing Assistant of Citytrust Banking, Account Officer of BAP Credit Guaranty Corp., Credit Head and Account Officer of GMA Rural Bank of Cavite, Head of CTS Indirect of Maybank Philippines, Relationship Manager of Security Bank and Head of Housing Finance Division

of Planters Development Bank. She is a degree holder of Bachelor of Science in Commerce major in Economics from the University of Sto. Tomas.

Mary Grace F. Guzman, 54, Filipino, Vice President, is the Head of Asset Recovery Group (ARG). Before joining CBS, she was Account Officer in United Overseas Bank Phil., and consultant, Project Manager for ECSLR Project of the World Bank – LGU Guarantee Corp. She is a degree holder of Bachelor of Science in Business Administration from the University of the Philippines.

James Christian T. Dee*, 46, Filipino, Vice President II, is the Treasurer of the Bank. . BSP approved his secondment appointment on November 19, 2012.He is concurrently the Asset-Liability Management Head of the Treasury Group of China Bank since 2009. In the past, he held several key positions at the Trust Group of China Bank and Citibank N.A. Philippines. Mr. Dee is a degree holder of Bachelor of Science in Mechanical Engineering from the University of the Philippines and Master's degree in Business Management from Asian Institute of Management. He trained with the Regional Treasury Certifications from Citigroup, N.A., Treasury Certification Program from Ateneo-BAP, and ICAAP Risk Models Validation from SGV. He likewise graduated with distinction on the 1 year course on Trust Operation from Trust Institute Foundation of the Philippines.

Raymond C. Apo, 52, Filipino, Vice President, is the Risk Management Division Head. He has more than 20 years of banking experience. Prior to joining the Bank, he held various key positions at Solidbank Corporation, First Metro Investment Corporation, Rizal Commercial Banking Corporation, Asiatrust Development Bank, and Export and Industry Bank. A Certified Public Accountant, Mr. Apo is a degree holder of Bachelor of Science in Commerce Major in Accountancy from Far Eastern University.

Frederick M. Pineda, 52, Filipino, Vice President is CBS Internal Audit Head. He held various positions at Far East Bank & Trust Company before joining China Banking Corporation. He was assigned at the Internal Audit Division of ChinaBank. Mr. Pineda is a degree holder of Bachelor of Science in Commerce major in Accounting from the University of St. La Salle – Bacolod.

Hanz Irvin S. Yoro*, 37, Filipino, Senior Assistant Vice President, is the Information Security Officer of the Bank. BSP approved his interlocking functions on April 27, 2016. He is concurrently the Information Security Officer of China Bank. Prior to joining China Bank, he was the Information Security Officer of Megalink and EPacific Global. Mr. Yoro is a degree holder of Bachelor of Science in Computer Science Information Technology from Asia Pacific College.

Note 1: All the foregoing officers have been involved in the banking industry for more than five (5) years.
Note 2: None of the above-mentioned directors and officers works with the government.
Note 3: With interlocking functions in China Bank duly approved by the BSP*.

(c) Nominees for re-election/election as Directors and Independent Directors for the ensuing term:

Nominees for Re-election as Directors	Person who nominated
Mr. Ricardo R. Chua	Mr. Alexander C. Escucha, China Banking Corp.
Mrs. Nancy D. Yang	Mr. Ricardo R. Chua, China Banking Corp.
Mr. Alexander C. Escucha	Mr. Ricardo R. Chua, China Banking Corp.

Mrs. Rosemarie C. Gan	Mr. Ricardo R. Chua, China Banking Corp.
Mr. William C. Whang	Mr. Ricardo R. Chua, China Banking Corp.
Mr. Patrick D. Cheng	Mr. Ricardo R. Chua, China Banking Corp.

Nominees for Re-election as Independent Director	Person who nominated
Mr. Alberto S. Yao	Lucky Securities, Inc. – no relation
Mr. Philip S. L. Tsai	Regina Capital Development Corp. – no relation
Mrs. Margarita L. San Juan	Ms. Zenaida C. Milan – no relation
Mrs. Claire Ann T. Yap	Ms. Zenaida C. Milan – no relation

(d) Involvement in Legal Proceedings

There are pending cases for and against the Bank arising from normal business activities. In the opinion of the Management and the Legal Counsel, the Bank has no material pending legal proceedings to which the Bank is a party or which any of its property is the subject.

(e) Significant Employee

The registrant is not highly dependent on the services of certain key personnel.

(f) Relationship and Related Transactions

Through its Related Party Transactions Committee (RPT Committee), the Bank ensures that all transactions between the Bank and related parties are evaluated "fairly and at arm's length" and that the primordial consideration is the best interest of the Bank and all its stakeholders. In the ordinary course of business, the Bank has loans and other transactions with its directors, officers, stockholders and related interest (DOSRI), which were made substantially on terms not less favorable to the Bank than those offered by others. Related party transactions other than DOSRI are regularly reported to the RPT Committee, which vets whether a related party transaction is/has been in accordance with the principles of transparency and fairness taking into account the requirements under BSP Circular No. 749, BSP Circular No. 895 and BSP Circular 969 and its Board-approved Policy on Related Party Transactions.

None of the directors or officers is related to each other within the fourth civil degrees either by consanguinity or affinity.

6. Compensation of Directors and Key Executive Officers:

Comparative amount of salaries paid for the Directors and Key Executives of the Corporation (with cut off of December 31, 2019), and, any amount of per diem including bonus of the directors for the last three years.

	YEAR	SALARY	BONUS, PER DIEM & OTHER COMPENSATION	TOTAL (in Php)
Total for the 5 most highly compensated	2019 (estimate)	₱24,563,105	₱5,090,208	₱29,653,313
	2018 (actual)	21,921,984	4,453,225	26,375,209

	YEAR	SALARY	BONUS, PER DIEM & OTHER COMPENSATION	TOTAL (in Php)
executive officers*	2017 (actual)	19,564,847	3,895,953	23,460,800
Total for all key executive officers	2019 (estimate)	33,978,806	7,931,911	41,910,717
	2018 (actual)	31,862,967	6,942,052	37,305,018
	2017 (actual)	29,878,880	6,075,722	35,954,602
Total for all Directors	2019 (estimate)	–	1,593,678	1,593,678
	2018 (actual)	–	1,503,470	1,503,470
	2017 (actual)	–	582,000	582,000

- The Key Executive Officers who were appointed by China Bank to CBS on a concurrent/seconded basis do not receive salaries and other bank benefits, bonuses and per diem from the registrant.
- The Directors, who hold their offices concurrently with their positions in China Bank, likewise receive no fees, per diem and bonuses from the registrant. Only the Independent Directors received per diems from the registrant.
- The only contract existing between the executive officers and the registrant is that of an employee–employer relationship.
- There are no other compensation arrangements for their services.
- There are no outstanding warrants or stock options held by the registrant's officers and directors.

7. Independent Public Accountants

External Audit Fees and Services

Pursuant to SEC Memorandum Circular No. 8 (Rotation of External Auditor) China Bank Savings, Inc. (CBS) will retain *Sycip Gorres Velayo & Co. (SGV)* as independent auditor of the Bank. This is also in accordance with Section X165 and Appendix 43 of the Manual of Regulations for Banks (MORB), as amended by BSP Circular No. 660 dated August 25, 2009, which mandates, among others, that the External Auditor hired by the registrant's parent corporation, China Banking Corporation (CBC), shall also be in-charge of the audit of its subsidiary that is engaged in allied activities such as CBS. Mr. Ray Francis C. Balagtas is now on his 5th year engagement as partner-in-charge assigned for the audit of the Financial Statements of CBS as of and for the period ended December 31, 2019.

Mr. Ray Francis C. Balagtas and other representatives of SGV are expected to be present at the stockholders' meeting and will have the opportunity to make statement if they desire to do so and will be available to answer appropriate questions.

The amount of professional fees paid to SGV for the years 2018 and 2019 are ₱2,200,000.00 and ₱2,100,000.00, respectively. The audit fees in 2018 was higher owing to the additional necessary audit work in relation to the implementation of the new accounting standards – PFRS 9, Financial Instruments and PFRS 15, Revenue from Contracts with Customers.

The above audit fees are inclusive of the other assurance and related services by the External Auditor that are reasonably related to the performance of the audit of the Bank's financial statements.

The Bank's Audit Committee is chaired by Mr. Alberto S. Yao. Mrs. Margarita L. San Juan and Mr. Philip S. L. Tsai comprise the two (2) remaining members. Said Committee approves, among others, the audit fees and fees for non-audit services, if any, of the external auditors as stated in Article IV, paragraph 8 of the Committee's Charter.

8. **Compensation Plans:**

The Bank's compensation plan for its officers is contained in its Remuneration and Compensation Policies. It covers annual salary increases, performance bonus, and increases due to promotion. For each item, the policies specify coverage, the amount or basis of the increase or bonus, the effective date of increase or bonus, and other relevant details. Annual salary increases and performance bonuses are performance-based. Performance of officers, in turn, is rated under separate policies and specific guidelines.

C. ISSUANCE AND EXCHANGE OF SECURITIES

9. **Authorization or Issuance of Securities Other than for Exchange:** Not applicable

10. **Modification or Exchange of Securities :** Not applicable

11. **Financial and Other Information**
    - **(i)** Brief description of the general nature and scope of the business – same as filed;
    - **(ii)** Market information, Dividends, and Top 20 Stockholders – same as filed;
    - **(iii)** Management Discussion and Analysis or Plan of Operation – same as filed;
    - **(iv)** Statement of Management Responsibility for Financial Statements – same as filed;
    - **(v)** Audited Financial Statements for the period ended December 31, 2019 – same as filed;
    - **(vi)** Interim Unaudited Financial Statements for the period ended March 31, 2020, (with discussion on KPI) – same as filed;
    - **(vii)** Publication of the Notice of Postponement and Setting of Date of the 2020 CBS Annual Stockholders' Meeting in two (2) newspaper of wide circulation (snippets of Philstar and Manila Bulletin) – same as filed;
    - **(viii)** Interim Unaudited Financial Statements for the period ended September 30, 2020, (with discussion on KPI) – **attached as Annexes "A and A-1".**

12. **Mergers, Consolidations, Acquisitions and Similar Matters :**
    (Not applicable).

13. **Acquisition or Disposition of Property :**

CBS whose principal office is located at CBS Building, 314 Sen. Gil Puyat Avenue, Makati City, owns several properties situated in various locations in Metro Manila and provinces.

The Bank owns various properties which are used in its banking business and acquires, by way of foreclosure, dacion en pago and other lawful means, various properties to satisfy unpaid obligations due to it and disposes of these properties on a regular basis. Moreover, it leases several properties principally for the use of its expanded branch network.

CHINA BANK SAVINGS, INC. BRANCHES

NUMBER OF BRANCHES: ONE HUNDRED FIFTY EIGHT (158) as of NOVEMBER 15, 2020

	BRANCH	ADDRESS	TELEPHONE NUMBER/S
1	ACACIA ESTATES - SAVEMORE	Acacia Taguig Town Center, Acacia Estates, Ususan, Taguig City	633-5472 / 633-3245
2	ADRIATICO - HYPERMARKET	M.H. Del Pilar, Adriatico, Malate, Manila	525-6282 / 525-6286 / 0917-5807061
3	ALABANG HILLS	G/F Alabang Comm'l Citi Arcade, Don Jesus Blvd.,Alabang, Muntinlupa City	828-4854
4	AMANG RODRIGUEZ - SAVEMORE	Savemore Market G/F GBU Bldg. Amang Rodriguez Avenue corner Evangelista St., Santolan, Pasig City	654-0564 / 645-4710 / 0917-5105962
5	AMORANTO AVENUE	Unit 101 R Place Building, 255 N.S. Amoranto Sr. Avenue, Quezon City	(02) 966-9075 / 0917-8056964 / 251-6592 & 251-6594
6	ANGELES - RIZAL	639 RIZAL STREET, ANGELES CITY	(045) 458 0297 to 98 / (02) 884-7600 loc. 4833
7	ANGONO	Manila East Road cor Don Benito St., Brgy. San Roque, Angono, Rizal	651-1782
8	ANONAS - SAVEMORE	Maamo St., Road Lot 30, V. Luna and Anonas Extension, Sikatuna, Quezon City	351-4928 / 351-4929 / 0917-8636157
9	ANTIPOLO	E.M.S. BLDG., GROUND FLOOR L1 M.L. QUEZON, CORNER F. DIMANLIG ST. ANTIPOLO CITY	(02) 697-1066 / (02) 697-0224
10	ARANETA CENTER COD - SAVEMORE	Gen. Romulo St., Araneta Center, Cubao, Quezon City	921-3147 / 921-3149
11	ARAYAT	Cacutud,Arayat,Pampanga	(045) 409-9559 / (045)

	BRANCH	ADDRESS	TELEPHONE NUMBER/S
			885-2390
12	AYALA AVENUE	6772 Ayala Avenue, Makati City	(02) 988-9555 loc. 8101-8104
13	BACLARAN	3751 Quirino Avenue Corner Sta. Rita St., Baclaran, Parañaque City	975-2172 / 0917-7032503 / 028162463 / 028161956
14	BACOLOD	SKT Saturn Bldg., Lacson cor. Rizal Sts., Bacolod City	(034) 435-7143 / (034) 435-6983 / (034) 708-2041/ (02) 988-9555 loc. 4810/4811
15	BACOOR - MOLINO	Avon Building, 817 Molino Road, Molino III, Bacoor, Cavite	(046) 431-9906 / (046) 431-9907 / (046) 235-7542 / 0917-561-5883
16	BACOOR - TALABA	UNIT 103 BACOOR TOWN CENTER - E. AGUINALDO Hi-WAY TALABA VII, BACOOR CITY, CAVITE	(046) 417-5930 / 02-8847600 loc 4369
17	BAGUIO - SESSION	B 108 LOPEZ BLDG., SESSION ROAD CORNER ASSUMPTION ROAD, BAGUIO CITY	(074) 446-3993 / (074) 4463994 / 0917-8683506
18	BALAGTAS	ULTRA MEGA SUPERMARKET, McARTHUR HIGHWAY, BUROL 1st, BALAGTAS, BULACAN	(044) 693-1849 / (02) 884-7600 loc. 4316
19	BALANGA - DM BANZON	D.M. BANZON AVE. COR STO. DOMINGO STREET,BALANGA BATAAN	(047) 237-3666/ (047) 237-3667 / 4352
20	BALIBAGO	MAC ARTHUR HIGHWAY,BALIBAGO, ANGELES CITY	(045) 892-3325 / (045) 3321030
21	BALIUAG	LOT 58, PLAZA NANING STREET, POBLACION, BALIUAG, BULACAN	(044) 673-1338 / (044) 766-2014 / (02) 884-7600 loc. 4312
22	BANAWE	NO. 247-249 BANAWE STREET, STA. MESA HEIGHTS,BARANGAY LOURDES, QUEZON CITY	412-6249 / 256-4941
23	BANGKAL	1661 EVANGELISTA ST. BANGKAL, MAKATI CITY	621-3459 / 621-3461
24	BATANGAS - P. BURGOS	4 BURGOS STREET BATANGAS CITY	(043) 723-1510 / (043) 723-7652 / (043) 980-0544 / (02) 884-7600 loc. 4324

	BRANCH	ADDRESS	TELEPHONE NUMBER/S
25	BIÑAN	SAN VICENTE BINAN LAGUNA	(02) 429-4878 / (049) 511-3638 / (02) 884-7600 local 4327
26	BINONDO - JUAN LUNA	694-696 Juan Luna St., Binondo, Manila	254-0371 / 254-7337 / 964-1327 / 0917-5106072
27	BLUMENTRITT	Blumentritt St, near Oroquieta St. , Sta. Cruz Manila	0917-8273205/(02) 968-4759
28	BONI AVENUE	Raymond Tower Boni, 615 Boni Avenue, Plainview, Mandaluyong City	636-3826 / 636-5072
29	BUENDIA MAIN	314 BUENDIA AVENUE MAKATI CITY	884-7645 / 8129359 / 884-7600 local 3901, 3902
30	CABANATUAN - BAYAN	BURGOS AVENUE CABANATUAN CITY	(044) 600-2888 / (044) 463-0441/ (02) 884-7600 loc. 4321
31	CAGAYAN DE ORO	Sergio Osmeña St., Cogon District, Cagayan de Oro City	(088) 859-0169 / (088) 852-2006 / (088) 859-0740
32	CALAMBA	HK Bldg II, National Highway, Brgy. Halang, Calamba, Laguna	(049) 3060238 / (049) 3060234 / (02) 988 - 9555 local 4844 / 4845
33	CAVITE CITY	485 P. Burgos St., Barangay 34, Caridad, Cavite City	(02) 988-9555 local 4879 / (046) 417-3102
34	CEBU - LAHUG	G/F Skyrise IT Bldg., Bgy. Apas, Lahug, Cebu City	(032) 236-0869 / (032) 236-0809
35	CEBU - MANDAUE	A. Del Rosario Ave., Mantuyong, Mandaue City, Cebu	(032) 520-2770 / (032) 422-8019 / (02) 884-7600 loc. 4310
36	CEBU - MANGO	JSP MANGO REALTY BUILDING CORNER GENERAL MAXILOM AVENUE AND ECHAVEZ STS. CEBU CITY	(032) 231-4304 / (032) 231-4736 / (02) 884-7600 loc 4346
37	CEBU MANDAUE - BASAK	CEBU NORTH ROAD BASAK MANDAUE CITY	(032) 346-6959 / (032) 346-8814
38	COMMONWEALTH AVENUE	Unit 101, JOCFER Building, Commonwealth Avenue, Brgy. Holy Spirit, Quezon City	957-0559 / 282-5946 / 282-5975/ 988-9555 loc 4857
39	CUBAO	FERNANDINA 88 CONDOMINIUM 222 P. TUAZON AVE, ARANETA CENTER, CUBAO, QUEZON CITY	913-5209 / 913-4903

	BRANCH	ADDRESS	TELEPHONE NUMBER/S
40	DAGUPAN	G/F Lyceum-Northwestern University, Tapuac District, Dagupan City	(075) 523-3637 / (02) 988-9555 loc. 4802 / 03
41	DARAGA	Rizal St., Brgy. San Roque, Daraga, Albay, Bicol	(052) 483-0706 / (02) 988-9555 loc. 4822
42	DASMARIÑAS	VELUZ PLAZA BUILDING, ZONE 1 AGUINALDO HI-WAY, DASMARINAS CAVITE	(046) 416-0510/ (046) 416-0501
43	DAU	MacArthur Highway, Dau, Mabalacat, Pampanga	(045) 892-2216 / (02) 988-9555 loc. 4868 / (045) 892-2215
44	DAVAO	G/F 8990 Corporate Center, Quirino Ave., Davao City	(082) 221-3873 / (082) 321-0273 to 74
45	DAVAO - RECTO	C.VILLA ABRILLE BUILDING, C.M. RECTO AVENUE, DAVAO	(082) 305-5808 / (02) 884-7600 loc. 4344
46	DEL MONTE	392 DEL MONTE AVENUE, BARANGAY SIENNA, QUEZON CITY	(02) 741-8285 / (02) 741-2447
47	DIVISORIA	3/F Dragon 8 Shopping Center, C.M. Recto Avenue Corner Dagupan St., Divisoria, Manila	(02) 244-5960 / (02) 244-1068 / (02) 616-1146 / 0917-3175106
48	DOLORES	STCI BLDG. MAC ARTHUR HIWAY BGY SAN AGUSTIN,CITY OF SAN FERNANDO PAMPANGA	(045) 649-3724 / (045) 649-3150
49	E. RODRIGUEZ SR. - HEMADY	Hemady Square, E. Rodriguez Avenue corner Dona Hemady St., Quezon City	987-4966 / 0917-8085214 / 531-9676 / 531-9680
50	ESPANA-SUN MALL	Ground Floor Sun Mall, Espana Boulevard corner Mayon St., Brgy. Sta. Teresita, Quezon City	244-2477
51	FELIX HUERTAS - JT CENTRALE	Unit 103, Ground Floor, JT Centrale Mall, No. 1686 V. Fugoso St. corner Felix Huertas St., Sta. Cruz, Manila	(02) 247-3177
52	FILINVEST CORPORATE CITY	BC Group Bldg., East Asia Drive, near corner Commerce	511-1145 / 511-1152

	BRANCH	ADDRESS	TELEPHONE NUMBER/S
		Ave., Filinvest Corporate City, Alabang, Muntinlupa City	
53	FTI - TAGUIG - HYPERMARKET	DBP Avenue, Food Terminal Inc., Western Bicutan, Taguig	(02) 834-0408 / 507-4090
54	G. ARANETA AVENUE	195 G. Araneta Avenue, Quezon City	(02) 978-6448 / (0917) 828-7829
55	GENERAL SANTOS	SANTIAGO BOULEVARD GENERAL SANTOS CITY	(083) 552-6329 / (083) 552-6330 / (02) 884-7600 local 4350
56	GIL PUYAT-BAUTISTA	Lot 25 Blk 74 Bautista Street corner Buendia Avenue, Makati City	(02) 838-2312; 541-3514
57	GREENHILLS - ORTIGAS AVE.	GROUND FLOOR VAG BUILDING ORTIGAS AVENUE,GREENHILLS SAN JUAN, METRO MANILA	721-0105 / 724-7523 / 724-7528 / (02) 884-7600 loc. 3013
58	GREENHILLS - WILSON	219 Wilson St., Greenhills, San Juan City	748-7625 / 584-5946
59	GUAGUA	Plaza Burgos, Guagua, Pampanga	(045) 901-0640 / (045) 901-0641 / (045) 901-0966
60	GUIGUINTO-RIS	RIS-5 Industrial Complex, 68 Mercado St., Tabe, Guiguinto, Bulacan	0917-8485249 / (044) 235-7630
61	ILOILO - JARO	Lopez Jaena corner EL 98 Streets, Jaro, Iloilo	(033) 320-0370 / (033) 320-0426 / (02) 988-9555 loc.l 4861/ 4862
62	ILOILO - IZNART	Golden Commercial Center Bldg, Iznart St. Iloilo City	(033) 335-0213 / (033) 321-0940 / (02) 988-9555 loc. 4863 / 4864
63	IMUS - TANZANG LUMA	TANZANG LUMA, GEN. EMILIO AGUINALDO HIGHWAY, IMUS CAVITE	(046) 471-4715 / (046) 476-0927 / (046) 471-9413 / (02) 884-7600 loc. 4349
64	KALIBO - CITYMALL	F. Quimpo Street connecting Mabini and Toting Reyes Streets, Kalibo, Aklan	(0917) 804-7837
65	KALOOKAN	Augusto Bldg., Rizal Ave., Gracepark, Kalookan City	365-7593 / 363-2752 / 0917-5729118
66	KALOOKAN - MABINI	AJ BUILDING,#353 A. MABINI ST, KALOOKAN CITY	709-3435 / 961-2628
67	KATIPUNAN AVENUE	One Burgundy Condominium, Katipunan Avenue, Quezon City	(02) 211-7882 / (0917) 628-3318 / 931-1123 / 288-4360

	BRANCH	ADDRESS	TELEPHONE NUMBER/S
68	LA UNION	A.G. ZAMBRANO BUILDING QUEZON AVENUE SAN FERNANDO CITY, LA UNION	(072) 700-3800 / (072) 242-0414
69	LAGRO	G/FLR. BONANZA BUILDING QUIRINO HI-WAY,GREATER LAGRO NOVALICHES QUEZON CITY	(02) 461-7214 / (02) 936-4988
70	LAGUNA - STA. CRUZ	E & E Building, Pedro Guevarra Avenue, Sta. Cruz, Laguna	(049)501-4327 / 0917-5615715 / (049)501-3084
71	LAOAG CITY	G/F LC Square Building, J.P. Rizal corner M.V. Farinas Sts., Laoag City, Ilocos Norte	(077) 600-1008 / (077) 600-1009
72	LAS PINAS - ALMANZA UNO	Alabang Zapote Road, Almanza Uno, Las Piñas City	551-4724 / 551-4051 / 966-9001 / 0917-8173526 /548-0368 548-0367
73	LEGAZPI CITY	F. Imperial Street, Barangay Bitano, Legazpi City	0917-8360093 / (052) 225-5155
74	LIPA - CM RECTO	C.M. RECTO AVENUE, LIPA CITY	(043) 7575107
75	LINGAYEN	Unit 5-6, The Hub - Lingayen Building , National Road, Poblacion, Lingayen, Pangasinan	0917-8486063 / 988-9555 local 4131
76	LOS BAÑOS - CROSSING	BATONG MALAKE, LOS BANOS LAGUNA	(049) 536-0549 / (02) 884-7600 loc. 4375
77	LUCENA	COR. MERCHAN & EVANGELISTA STS., LUCENA CITY	(042) 710-6964 / (042) 660-6964
78	MACABEBE	Poblacion, Macabebe, Pampanga	(045) 435-5507
79	MAKATI - CHINO ROCES	2176 Chino Roces Avenue, Makati City	831-0486 / 831-0477 / 964-1322
80	MAKATI - J.P. RIZAL	882 J.P. Rizal St., Makati City	(02) 890-1026 / (02) 890-1027 / 0917-5105919
81	MALABON - FRANCIS MARKET - SAVEMORE	Francis Market, Governor Pascual corner M.H. Del Pilar Sts., Malabon	931-6323 / 931-6326 / 0917-5614811
82	MALOLOS	Canlapan Street, Sto. Rosario, Malolos City, Bulacan	0917-8354684 / (044) 794-2793
83	MALOLOS - CATMON	PASEO DEL CONGRESO, CATMON MALOLOS CITY, BULACAN	(044) 791-2461/ (044) 662-7819

	BRANCH	ADDRESS	TELEPHONE NUMBER/S
84	MANDALUYONG	NEW PANADEROS EXT., MANDALUYONG CITY	238-3745 / 238-3744
85	MANDALUYONG - SHAW BLVD.	Ground Floor, 500 Shaw Tower, 500 Shaw Boulevard, Mandaluyong City	941-9231 / 941-9412
86	MANILA - STA. ANA - SAVEMORE	Savemore, Pedro Gil St., Sta. Ana, Manila	(02)523-8606 / (02) 987-4975 / (02) 523-8574
87	MARIKINA	33 Bayan-Bayanan Ave., Bgy. Concepcion 1 Marikina City	(02) 477-2445 / (02) 477-2443
88	MARIKINA - GIL FERNANDO AVE.	CTP BUILDING GIL FERNANDO AVE.,MARIKINA CITY	(02) 6458169 / (02) 6812810
89	MEYCAUAYAN	MANCON BUILDING, CALVARIO MEYCAUAYAN, BULACAN	(044) 840-0099 / (044) 228-2416 / (02) 884-7600 local 4326
90	MOUNT CARMEL	KM 78 MAC ARTHUR HIWAY BRGY. SAGUIN,SAN FERNANDO CITY PAMPANGA	(045) 435-6055 / (02) 884-7600 local 4330
91	MUÑOZ - JACKMAN	Jackman Plaza, GF, UG 14 TO UG 18 EDSA-Munoz, BRGY. R. MAGSAYSAY Quezon City	(02) 442-6282 / (02) 442-4829 / 0917-8636069
92	NAGA	RL Building, Panganiban St., Lerma, Naga City	(054) 478-5424 / (02) 988-9555 loc. 4830
93	NEPA - Q. MART - SAVEMORE	Rose Building, 770 St. EDSA and K-G St., West Kamias, Quezon City	(02) 351-4883 / (02) 351-4884
94	NINOY AQUINO AVE.	GF SKYFREIGHT BUILDING NINOY AQUINO AVE., COR. PASCOR DRIVE PARANAQUE CITY	(02) 239-0574 / (02) 843-2447
95	OLONGAPO	Ground Floor, City View Hotel, 25 Magsaysay Drive, New Asinan, Olongapo City	(047) 222-1891 / 0917-8078509
96	ORANI	Brgy. Balut,Orani,Bataan	(047) 638-1282 / (047) 638-1281
97	ORTIGAS CENTER	Ground Floor, Hanston Square, San Miguel Avenue, Ortigas Center, Pasig City	477-3439 / 654-1912/ 0917-8078394
98	PARAÑAQUE - BETTER LIVING	90 Dona Soledad Avenue, Better Living Subd, Bicutan, Paranaque	(02) 831-8507
99	PARAÑAQUE - BF	284 Aguirre Avenue, B.F.	(02) 553-5412 / (02) 553-

	BRANCH	ADDRESS	TELEPHONE NUMBER/S
	HOMES	Homes, Paranaque	5414 / 0917-510-5911
100	PARANAQUE - JAKA PLAZA	JAKA PLAZA CENTER, DR. A. SANTOS, AVE., SUCAT PQUE CITY	(02) 820-6091
101	PARAÑAQUE - LA HUERTA	Quirino Avenue, La Huerta, Parañaque City	893-1226 / 893-1227
102	PARAÑAQUE - MOONWALK	Kassel Residence Building, E. Rodriguez Avenue, Moonwalk, Parañaque City	(02) 664-1923, 957-2339 / 0917-6218321
103	PASAY - LIBERTAD	533 Cementina St. Libertad, Pasay City	(0922) 883-8739 (personal number of SH)
104	PASIG - CANIOGAN	Unit A, KSN Building, C. Raymundo Avenue, Caniogan, Pasig City	(02) 957-0817 / 0917-5206966
105	PASIG - MUTYA	Richcrest Building, Caruncho Corner Market Avenue, San Nicolas, Pasig City	(02) 642-2870 / (02) 640-7085
106	PASIG - PADRE BURGOS	114 Padre Burgos St., Kapasigan, Pasig City	650-3356 / 650-3354 / 0917-5747874
107	PASO DE BLAS	ANDOKS BLDG.629 GEN. LUIS ST.,PASO DE BLAS VALENZUELA CITY	984-8258 / 443-5069
108	PATEROS	500 Elisco Rd., Sto. Rosario, Pateros City	641-9556
109	PATEROS - ALMEDA	120 M. ALMEDA STREET, PATEROS, METRO MANILA	641-6768 / 641-6760
110	PEDRO GIL	LKE Bldg. Pedro Gil corner Pasaje, Rosario st. Paco, Manila	(02) 354-3117 / (02) 521-4056
111	PLARIDEL	BANGA, PLARIDEL, BULACAN	(044) 795-0105 / 670-1067
112	PLAZA - STA. CRUZ	MBI Building, Unit 103, Plaza Sta. Cruz, Sta. Cruz, Manila	(0917) 596-5826 / 618-2241
113	PORAC	Cangatba, Porac, Pampanga	(045) 329-3188
114	QUEZON AVENUE	G/F GJ Bldg., 385 Quezon Ave., Quezon City	(02) 332-2638/39 / 0917-5382423
115	QUEZON AVENUE - PALIGSAHAN	1184-A BEN-LOR BLDG. BRGY. PALIGSAHAN,QUEZON CITY	(02) 376-4548
116	QUIAPO - ECHAGUE	Palanca corner P. Gomez streets, Echague, Quiapo, City of Manila	959-4450

	BRANCH	ADDRESS	TELEPHONE NUMBER/S
117	QUIAPO - QUEZON BOULEVARD	416 Quezon Boulevard, Quiapo, Manila	(02) 247-3297 / (02) 247-329
118	RADA	104 RADA ST. LEGASPI VILLAGE, MAKATI CITY	818-2368 / 812-2577 / 810-9370 /810-9369
119	ROOSEVELT	342 Roosevelt Avenue, Quezon City	(02) 957-0796 / 688-9146/0917-5204972
120	ROXAS AVE.-CAPIZ CITYMALL	Roxas Ave, brgy VI, Roxas City, Capiz	(036) 620-1177
121	SAN FERNANDO	KHY Trading Bldg., San Fernando-Gapan Rd., San Fernando City, Pampanga	(045) 961-1415 to 16 / (02) 988-9555 local 4812 / 0917-8515172 or (045) 286 - 6811
122	SAN FERNANDO - BAYAN	JSL Building, Consunji Street, City of San Fernando, Pampanga	(045) 961-8168 / (0917) 584-4429
123	SAN ILDEFONSO - SAVEMORE	Savemore Bldg. San Ildefonso, Poblacion, Bulacan	(044) 797-0974 / (044) 797-0742
124	SAN JOSE DEL MONTE	Ground Floor, Giron Building, Gov. Halili Avenue, Tungkong Mangga, City of San Jose Del Monte, Bulacan	(044) 2336501/ 0917-8354675
125	SAN JUAN	Madison Square, 264 N. Domingo St., Barangay Pasadena, San Juan	(02) 507-4147 / 0917-5615639
126	SAN MIGUEL	NORBERTO STREET, SAN MIGUEL, BULACAN	(044) 764-0162 / (044) 764-0826
127	SAN NARCISO	Brgy. Libertad,San Narciso, Zambales	(047) 913-2245
128	SAN PABLO - RIZAL AVE.	RIZAL AVENUE COR LOPEZ JAENA ST. SAN PABLO CITY, LAGUNA	(049) 562-0697
129	SAN PEDRO	Gen - Ber Bldg. National Highway Landayan, San Pedro Laguna	(02) 869-8221 / (02) 847-0585 / (02) 869-8220
130	SAN RAFAEL	Cagayan Valley cor. Cruz na Daan Roads,San Rafael,Bulacan	(044) 815-8915 / (044) 9137629
131	SANTIAGO - VICTORY NORTE	MAHARLIKA HIGHWAY CORNER QUEZON ST. VICTORY NORTE, SANTIAGO CITY	(078) 305-0260 / (078) 305-0252 / (02) 998 - 9555 loc. 4825
132	SOUTH TRIANGLE	Ground Floor, SUNNYMEDE IT CENTER, Brgy. South Triangle,	(02) 959-4515

	BRANCH	ADDRESS	TELEPHONE NUMBER/S
		Quezon Ave., QC	
133	STA. ANA	Poblacion,Sta. Ana,Pampanga	(045) 409-0335 / (045) 409-9818
134	STA. MARIA	GEN. LUNA COR DE LEON STREET, STA. MARIA, BULACAN	(044) 288-2453 / (044) 641-1150
135	STA. MESA	4128 Ramon Magsaysay Blvd., Sta. Mesa, Manila	(02) 507-6515 / (0917) 835-3352 / 252 - 3289 / 252 - 3286
136	STA. RITA	San Vicente, Sta. Rita, Pampanga	(045) 9000658 / (02) 988-9555 loc. 4791
137	STA. ROSA	Sta. Rosa-Tagaytay Highway, Sta. Rosa, Laguna	(049) 5029134 / (02) 988-9555 loc. 4872
138	STA. ROSA - BALIBAGO	OLD NATIONAL HI-WAY COR ROQUE LAZAGA ST. STA. ROSA LAGUNA	(049) 534-1167/ (02) 520-8448
139	STO. TOMAS	AGOJO CORP. BUILDING, MAHARLIKA HI-WAY, STO. TOMAS BATANGAS	(043) 778-3247 / (043) 318-0582 / 554-7600 local 4389
140	SUBIC	Baraca,Subic, Zambales	(047) 232-6104 / (047) 232-6105 / (02) 988-9555 Loc. 4852
141	TACLOBAN CITY	YVI Center Building A, Fatima Village, Brgy 77, Marasbaras, Tacloban City Leyte	053 832 2066/ 053 832 9174
142	TAGAYTAY- MENDEZ - SAVEMORE	Mendez Crossing West, Tagaytay-Nasugbu Highway corner Mendez-Tagaytay Road, Tagaytay City	(02) 988-9555 loc. 4876 / (046) 413-3871 / (046) 413 3872 / 0917-5615334
143	TAGUM - CITYMALL	Maharlika Highway cor. Lapu-Lapu Extension, Brgy. Magugpo Tagum City	(084)216-8116 to 17 / 225-3568/ 09178497228
144	TALISAY - NEGROS - SAVEMORE	Mabini St., Zone 12, Paseo Mabini, Talisay City, Negros Occidental	(034) 441-6267 / (034) 441-6264 / (034) 441-6264
145	TANAUAN CITY	Jose P. Laurel National Highway, Darasa, Tanauan City, Batangas	0917-8636160
146	TANDANG SORA	Cecileville Bldg. III, 670 Tandang Sora Ave.corner General Ave, Tandang Sora, Quezon City	0917-8017585/968-4719
147	TARLAC - MAC ARTHUR	MAC ARTHUR HIGHWAY	(045) 982-9652 to 53 / (02)

	BRANCH	ADDRESS	TELEPHONE NUMBER/S
		SAN NICOLAS, TARLAC CITY	884-7600 loc. 4337
148	TAYTAY	C. Gonzaga Building II, Manila East Road, Taytay, Rizal	0917-5786978 / 623-6113
149	TAYUMAN	1925-1929 Rizal Avenue near corner Tayuman St., Sta. Cruz, Manila	230-3091 / 247-0683 / 586-1618
150	TIMOG	JENKINSEN TOWERS 80 TIMOG AVENUE, QUEZON CITY	(02) 371-8303-05
151	TUGUEGARAO	METROPOLITAN CATHEDRAL PARISH RECTORY COMPLEX RIZAL ST., TUGUEGARAO CITY	(078) 844-0484 / (02) 884-7600 loc. 4338
152	TWO E-COM	Two E-Com Center Tower B, Ocean Drive near corner Bayshore Drive, Mall of Asia Complex, Pasay City	802-5583 / 802-3068 / 587-4753 / 0917-5068303
153	UN AVENUE	552 UNITED NATIONS AVENUE,ERMITA, MANILA	400-5468 / 400-5467
154	URDANETA	BRGY. NANCAYASAN, MC ARTHUR HI-WAY, URDANETA CITY, PANGASINAN	(075) 656-2331 / (02) 884-7600 loc. 4372
155	VALENZUELA - MARULAS	92 J MAC ARTHUR HIWAY, MARULAS, VALENZUELA CITY	291-6541 / 291-6542 / 709-4641
156	VIGAN	Plaza Maestro Convention Center, Florentino St. and Burgos St. Vigan City, Ilocos Sur	(077) 674-0300 / (02) 884-7600 loc. 4359
157	VISAYAS AVE.	UPPER GROUND FLOOR, WILCON CITY CENTER MALL, VISAYAS AVENUE, QUEZON CITY	(02)990-7717 / (02)990-6544
158	ZAMBOANGA - CITYMALL	City Mall, Don Alfaro St., Tetuan, Zamboanga	(062) 955-8709 / (062) 955-0563

Notes:

1.) Out of 158 branches, 9 are owned premises and 149 on leased terms.
2.) All bank-owned properties are free from any and all liens and encumbrances. There are no restrictions on titles and the Bank does not have any contractual commitments for acquisition of properties.

3.) The lease contracts are renewable under certain terms and conditions and include pre-termination clause.

a. Description of Properties The Bank Intends To Acquire/Lease In The Next 12 Months

The Bank has future plans to acquire/lease properties but no description/location of properties yet at this time.

14. **Restatement of Accounts :** Not applicable

D. OTHER MATTERS

15. Action with Respect to Reports

Submitted for consideration and approval during the stockholders' meeting are the following:

(a) Minutes of the Annual Stockholders' meeting held on June 20, 2019, which reported, among others, the following: (i) annual report to stockholders and financial statements as of 2018 ; (ii) approval, confirmation and ratification of all acts of the Board of Directors, Officers, Executive Committee, Board Oversight Committees and other Management Committees during the year 2018, (iii) election of the Board of Directors; and, (v) appointment of external and internal auditors.

(b) 2019 Annual Report to Stockholders;

(c) Financial Statements for the year ended December 31, 2019;

(d) Ratification of all acts of the Board of Directors, Officers, Executive Committee, Board Oversight Committees, and other Management Committees during the year 2019, as follows:

January 17, 2019

1. Approval of Minutes of the Regular Meeting of the Board Held on December 13, 2018.
2. Approval of Minutes of Previous Regular Meeting of the Executive Committee Held on December 13, 2018.
3. Approval of Minutes and Confirmation and Ratification of all the Resolutions passed and approved during the Regular Meeting of the Executive Committee Held on December 20, 2018.
4. Approval of Minutes and Confirmation and Ratification of the Resolution passed and approved during the Special Meeting of the Executive Committee Held on December 21, 2018.
5. Confirmation and Ratification of all resolutions passed and approved by the Executive Committee during meeting held in the morning - January 10, 2019.
6. Confirmation/Ratification of all Resolutions passed and approved by the Corporate Governance Committee during meeting Held on December 13, 2018.

7. Confirmation/Ratification of CBS RPT Policy
8. Approval of the transactions approved and endorsed for Board approval by the Executive Committee during its meetings held on December 20, 2018 and January 10, 2019, in compliance with the BSP regulations.
9. Review of Operations as of December 31, 2018
10. Approval to launch the Revised MCBL Affluence Max Elite and Revised MCBL Platinum Invest Elite
11.
    a. Appointment
    b. Approval of Medicine Allowance Policies and Procedures
    c. Financing Plan
    d. Car Lease Program/Entitlement
    e. Retirement
    f. Resignations
12. Atty. Josephine F. Fernandez, Human Resources Division Head as additional Ex-Officio Member of the Retirement Committee effective immediately.

February 21, 2019

1. Approval of Minutes of the Regular Meeting of the Board Held on January 17, 2019.
2. Approval of Minutes of Previous Regular Meeting of the Executive Committee Held on January 10, 2019.
3. Approval of Minutes and Confirmation and Ratification of all the Resolutions passed and approved during the Regular Meeting of the Executive Committee Held on January 24, 2019.
4. Confirmation and Ratification of all resolutions passed and approved by the Executive Committee during meeting held in the morning – February 14, 2019.
5. Confirmation/Ratification of all Resolutions passed and approved by the Risk Management Committee during meeting Held on January 17, 2019.
6 Confirmation/Ratification of the Corporate Governance Committee passed and approved resolution by referendum concerning Responses to the Results of BSP's Evaluation of CBS' Replies to 2017 ROE.
7. Approval of the transactions approved and endorsed for Board approval by the Executive Committee during its meeting held on and February 14, 2019, in compliance with the BSP regulations.
    a. DOSRI Sale
    b. Reclassification of Two (2) Motor Vehicles to PFEE
8. MCBL
    - MCBL USD Asia Pacific Property Income Fund (APPI) - (Approval to launch)
9.
    9. Extension of Employment of Officer Beyond 60 Years Old
    10. Probationary appointment
11. Review of Operations as of January 31, 2019
12. ROPA Status as of December 31, 2018

March 21, 2019

1. Approval of Minutes of the Regular Meeting of the Board Held on February 21, 2019.

2. Approval of Minutes of Previous Regular Meeting of the Executive Committee Held on February 14, 2019.
3. Approval of Minutes and Confirmation and Ratification of all the Resolutions passed and approved during the Regular Meeting of the Executive Committee Held on February 28, 2019.
4. Confirmation and Ratification of all resolutions passed and approved by the Executive Committee during meeting held in the morning – March 14, 2019.
5. Confirmation/Ratification of the Corporate Governance Committee passed and approved resolution by referendum concerning Revised Enhanced Customer Risk Assessment Form (ECRAF) Version 2019
6. Approval of the transactions approved and endorsed for Board approval by the Executive Committee during its meeting held on February 28 and March 14, 2019, in compliance with the BSP regulations.
   a. DOSRI Transactions
      - ❖ Sale of ROPA
      - ❖ Handy Salary New Company Accreditation
        Manulife Group:
      1) The Manufacturers Life Insurance Company (Phils.), Inc.
      2) Manulife Chinabank Life Assurance Corp.
      3) Manulife Asset Management and Trust Corp.
   b. Reclassification of One (1) Motor Vehicle to PFEE
7. Appointment of Atty. Arturo Jose M. Constantino, as Assistant Corporate Secretary
8. 2018 CBS Audited Financial Statements
9. Review of Operations as of February 28, 2019
10. Renewal of Back to Back Loan Availment - DOSRI

April 25, 2019

1. Approval of Minutes of the Regular Meeting of the Board Held on March 21, 2019.
2. Approval of Minutes of Previous Regular Meeting of the Executive Committee Held on March 14, 2019.
3. Approval of Minutes and Confirmation and Ratification of all the Resolutions passed and approved during the Regular Meeting of the Executive Committee Held on March 28, 2019.
4. Confirmation and Ratification of all resolutions passed and approved by the Executive Committee during meeting held in the morning - April 25, 2019.
5. Approval of Minutes of Meetings of the following Board Level Committees:

Committee	Date of Committee Meeting	Date Board Approved, Confirmed and Ratified the Resolutions of the Respective Committees
Corporate Governance	19 April 2018	17 May 2018
	21 June 2018	19 July 2018
	13 September 2018	20 September 2018
	13 December 2018	17 January 2019

Risk Management	17 May 2018	21 June 2018
	19 July 2018	16 August 2018
	20 September 2018	18 October 2018
	15 November 2018	13 December 2018
	17 January 2019	21 February 2019
Audit	17 May 2018	21 June 2018
	26 October 2018	15 November 2018

6. Approval of the transactions approved and endorsed for Board approval by the Executive Committee during its meeting held on March 28, 2019, in compliance with the BSP regulations.
   a. Reclassification of ROPA - Motor Vehicles to PFFE
7. Setting of the 2019 Annual Stockholders' Meeting to June 20, 2019
8. Office of the President Review of Operations as of March 31, 2019

May 16, 2019

1. Approval of Minutes of the Regular Meeting of the Board Held on April 25, 2019.
2. Approval of Minutes of Previous Regular Meeting of the Executive Committee Held on April 25, 2019
3. Confirmation and Ratification of all resolutions passed and approved by the Executive Committee during meeting held on May 9, 2019
4. Confirmation and Ratification of all resolutions passed and approved by the Risk Management Committee during meeting held on March 21, 2019
5. Confirmation and Ratification of all resolutions passed and approved by the Audit Committee during meetings held on February 21 and March 21, 2019
6. Approval of Minutes of Meeting, Confirmation and Ratification of all resolutions passed and approved by the Corporate Governance Committee during meeting held on February 21, 2019
7. Confirmation and Ratification of all resolutions passed and approved by the Corporate Governance Committee during meeting held on April 25, 2019
8. Financing Plan
9. Review of Operations as of April 30, 2019
10. Resignation of Mr. Jose L. Osmeña, Jr. as member of the CBS Board of Directors and re-appointment as member of the Executive Committee and Retirement Committee effective May 16, 2019
11. Nomination, Election and Interlocking Directorship of Mrs. Angeline Ann H. Hwang as Independent Director for CBS

June 20, 2019

Board and Board Committee Matters – Mr. Ricardo R. Chua and Atty. Odel S. Janda

1. Organizational Matters
   1. Election of Key Officers of the Bank
   2. Appointment/Re-appointment of Committee members

a. Board Oversight
b. Management Committees
c. Approval of the Various Board Level Committee Charters

3. Reappointment of Officers – AM and Up

2. Approval of Minutes of Previous Meeting of the Board Held on May 16, 2019
3. Approval of Minutes of Previous Meeting of the Executive Committee Held on May 9, 2019.
4. Approval of Minutes and Confirmation and Ratification of all Resolutions passed and approved by the Executive Committee Held on May 23, 2019.
5. Approval of Minutes and Confirmation and Ratification of all Resolutions passed and approved by the Executive Committee Held on May 30, 2019.
6. Confirmation and Ratification of all resolutions passed and approved by the Executive Committee Held on June 07, 2019.
7. Approval of Minutes of the Audit Committee Meetings Held on February 21 and March 21, 2019.
8. Confirmation and Ratification of all Resolutions passed and approved by the Audit Committee during meeting held on May 16, 2019
9. Approval of Minutes of the Risk Management Committee Meeting Held on March 21, 2019.
10. Confirmation and Ratification of all resolutions passed and approved by the Risk Management Committee during meeting held on May 16, 2019.
11. Review of Operations as of May 31, 2019
12. Request for Approval to launch the new MCBL PHP Asia Pacific Property Income (APPI) Fund

Human Resources Division - Atty. Josephine F. Fernandez, Human Resources Division Head

13. Promotion of MTP Graduates, effective June 16, 2019
14. Car Lease
15. Financing Plan

July 18, 2019

1. Approval of Minutes of Previous Meeting of the Board Held on June 20, 2019
2. Approval of Minutes of Previous Meeting of the Executive Committee Held on June 7, 2019.
3. Approval of Minutes and Confirmation and Ratification of all Resolutions passed and approved by the Executive Committee Held on June 27, 2019.
4. Confirmation and Ratification of all resolutions passed and approved by the Executive Committee Held on July 11, 2019.
5. Review of Operations as of June 30, 2019
6. Car Lease

August 15, 2019

Board and Board Committee Matters

1. Approval of Minutes of Previous Meeting of the Board Held on July 18, 2019

2. Approval of Minutes of Previous Meeting of the Executive Committee Held on July 11, 2019.
3. Approval of Minutes and Ratification of all Resolutions passed and approved by the Executive Committee Held on July 25, 2019.
4. Ratification of all resolutions passed and approved by the Executive Committee Held on August 8, 2019.
5. Approval of Minutes of Previous Meeting of the Risk Oversight Committee Held on May 16, 2019.
6. Ratification of all resolutions passed and approved by the Risk Oversight Committee during its meeting held on July 18, 2019.
7. Approval of Minutes of Previous Meeting of the Corporate Governance Committee Held on April 25, 2019.
8. Ratification of all resolutions passed and approved by the Corporate Governance Committee during its meeting held on July 18, 2019.
9. Review of Operations as of July 31, 2019
10. Financing Plan

September 19, 2019

1. Approval of Minutes of Previous Meeting of the Board Held on August 15, 2019.
2. Approval of Minutes of Previous Meeting of the Executive Committee Held on August 8, 2019.
3. Approval of Minutes and Ratification of all Resolutions passed and approved by the Executive Committee Held on August 22, 2019.
4. Ratification of all resolutions passed and approved by the Executive Committee Held on September 12, 2019.
5. Approval of Minutes of Previous Meeting of the Audit Committee Held on May 16, 2019.
6. Ratification of all resolutions passed and approved by the Audit Committee Held on August 15, 2019.
7. Review of Operations as of August 31, 2019
8. CBS Capitalization Action Plans

October 17, 2019

1. Approval of Minutes of Previous Meeting of the Board Held on September 19, 2019.
2. Approval of Minutes of Previous Meeting of the Executive Committee Held on September 12, 2019.
3. Approval of Minutes and Ratification of all Resolutions passed and approved by the Executive Committee Held on September 26, 2019.
4. Ratification of all resolutions passed and approved by the Executive Committee Held on October 10, 2019.
5. Approval of Minutes of Previous Meeting of the Risk Oversight Committee Held on July 18, 2019.
6. Ratification of all resolutions passed and approved by the Risk Oversight Committee Held on September 19, 2019.
7. Review of Operations as of September 30, 2019

October 24, 2019

1. Resignation of Mr. Alberto Emilio V. Ramos as President

2.a Approval of the Revised Table of Organization for the creation of the position, Executive Vice President

2.b Appointment of Mr. Joseph C. Justiniano as Executive Vice President

November 21, 2019

1. Approval of Minutes of Regular Meeting of the Board Held on 17 October 2019
2. Approval of Minutes of the Special Meeting of the Board Held on 24 October 2019
3. Approval of Minutes of Previous Meeting of the Executive Committee Held on 10 October 2019
4. Approval of Minutes and Ratification of all Resolutions passed and approved by the Executive Committee Held on 24 October 2019
5. Ratification of all resolutions passed and approved by the Executive Committee Held on 07 November 2019
6. Approval of Minutes of Previous Meeting of the Corporate Governance Committee Held on 18 July 2019
7. Ratification of all resolutions passed and approved by the Corporate Governance Committee Held on 17 October 2019
8. Approval of the following Related Party Transaction – Material Transaction
   - Renewal of warehouse for repossessed vehicles at Carmona, Cavite owned by China Banking Corporation
9. Review of Operations as of October 31, 2019
10. MCBL Life Builder (Guaranteed – Pay Insurance Product)
11. BSP Report on Examination
12. Appointment of Mr. Joseph C. Justiniano as Officer-In-Charge effective December 1, 2019

December 12, 2019

1. Approval of Minutes of Regular Meeting of the Board Held on 21 November 2019
2. Approval of Minutes of Previous Meeting of the Executive Committee Held on 7 November 2019
3. Approval of Minutes and Ratification of all Resolutions passed and approved by the Executive Committee Held on 28 November 2019
4. Ratification of all resolutions passed and approved by the Executive Committee Held on 05 December 2019
5. Approval of Minutes of Previous Meeting of the Risk Oversight Committee Held on 19 September 2019
6. Ratification of all resolutions passed and approved by the Risk Oversight Committee Held on 21 November 2019
7. Approval of Minutes of Previous Meeting of the Audit Committee Held on 15 August 2019

8. Ratification of all resolutions passed and approved by the Audit Committee Held on 21 November 2019
9. Approval of the following Related Party Transaction – Material Transaction
   - ❖ Sale of Six (6) CBS Properties to China Banking Corporation
10. Review of Operations as of November 30, 2019

(e) Election of the Board of Directors for the ensuing term;

(f) Appointment of external and internal auditors – for the stockholders to ratify the Audit Committee's and Board's selection of auditors;

(g) Related Party Transactions report.

- **October 24, 2019** - Related Party Transaction – Leasing Arrangement - with China Banking Corporation over a portion of an industrial property located at Lot 1259-D-3, Governor's Drive, Barangay Bancal, Carmona, Cavite, (more particularly 1,463 square meters out of the total 8,050 square meters) as per CarCom endorsed/approved CM No. 19-382 dated 16 September 2019, subject to the agreed terms and conditions.

The Committee certifies that the transactions were conducted at arm's length or not undertaken on more favorable economic terms for the related party, it has considered the pricing, and economic benefit, among others, the following:

a. The related party's relationship to the Bank and Interest in the transaction -being the parent-bank;
b. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
c. The benefits to the bank of the proposed RPT – the Company need not release cash as payment for the rent/lease since the parent company is the owner of the property;
d. The availability of other sources of comparable Products of services - None; and
e. An assessment of whether the proposed RPT is on Terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances – being the parent bank.

- **November 26, 2019** - Sale of Bank Assets - with China Banking Corporation of the following six (6) CBS properties, namely:

1.	Ground Floor, Padilla Building, Emerald Avenue corner Ruby Road, Ortigas Center, Pasig City	₱20,087,000.00
2.	No. 8 East Lawin Drive, Philam Homes, Quezon City	24,932,000.00
3.	Alabang Zapote Road corner Philam Life Avenue, Pamplona Dos, Las Piñas City	47,347,000.00
4.	BF Resort Drive corner G. Diaz Street, BF Resort Village, Talon Dos, Las Piñas City	17,271,000.00
5.	R. N. Abejuela St., South Divisoria, Cagayan De Oro City	13,769,000.00

6. M. Roxas Ave., corner Lapu-Lapu, General Santos City 15,260,000.00

The Committee certifies that the transaction was conducted at arm's length or not undertaken on more favorable economic terms for the related party, it has considered the pricing, and economic benefit, among others, the following:

General Terms and Conditions of the RPT – Approved selling price is based on appraised value which was based on sales and listings of comparable properties within the vicinity. The following are the properties for sale and its selling price:

1.	Ground Floor, Padilla Building, Emerald Avenue corner Ruby Road, Ortigas Center, Pasig City	₱20,087,000.00
2.	No. 8 East Lawin Drive, Philam Homes, Quezon City	24,932,000.00
3.	Alabang Zapote Road corner Philam Life Avenue, Pamplona Dos, Las Piñas City	47,347,000.00
4.	BF Resort Drive corner G. Diaz Street, BF Resort Village, Talon Dos, Las Piñas City	17,271,000.00
5.	R. N. Abejuela St., South Divisoria, Cagayan De Oro City	13,769,000.00
6.	M. Roxas Ave., corner Lapu-Lapu, General Santos City	15,260,000.00

a. Price Discovery Mechanism

- The Selling price was based on the appraisal conducted by external appraiser, Value Metrics Inc. The value was derived using the Market Data Approach.

Following is example as basis for indication of value:

Comparable listings within the area:

Date	Location	Area (sq.m.)	Asking Price (Php/sq.m.)
Current	Commercial lot within Barangay Talon Dos, Las Piñas City, Metropolitan Manila	204	37,000
Current	Commercial lot within Barangay Talon Dos, Las Piñas City, Metropolitan Manila	450	31,500

b. Benefits to the Bank

- The sale of properties to CBC will result to an estimated gain on sale of P81,387,330, net of tax

c. Availability of other sources of products/services

- N/A

d. Assessment of terms as comparable to other non-related clients similarly-situated

- ❖ The selling price was based on sales and listings of comparable properties within the vicinity.

(h) Amendment of the By-Laws and Delegation to the Board of Directors, the authority to amend or repeal the By-Laws of the Bank, or adopt new By-Laws;

To be submitted for consideration and approval during the special stockholders' meeting on December 17, 2020, is the election of the Bank's 4th Independent Director, Ms. Claire Ann T. Yap.

16. Matters Not Required to be Submitted : Not applicable

17. Amendment of Charter, By-Laws or Other Documents : Not applicable.

18. Other Proposed Action : Not applicable

19. Voting Procedures and Methods by which Votes will be counted.

1. Any stockholder shall be allowed to vote either in person or by proxy duly executed in writing signed by the person represented **and exercise the right to vote in absentia by sending an e-mail to ocs.cbs@chinabank.ph as allowed for now due to the current pandemic the world is encountering**.

2. The election of Board of Directors is majority voting. The stockholder may vote such number of shares for as many persons as there are directors or he may cumulate said share and give one candidate as many votes as the number of directors elected multiplied by the number of his shares shall equal or he may distribute them on the same principle among as many candidates as he shall see fit.

3. Every stockholder entitled to vote on the particular question or matter involved shall be entitled to one (1) vote for each share of stock in his name.

4. The Committee of Election Inspectors, headed by the Corporate Secretary, shall adopt the rules of procedures for balloting, act as election inspectors and ensure the proper and orderly conduct of elections. The Committee of Election Inspectors, with the assistance of the External Auditor's partner-in-charge, Mr. Rey Francis C. Balagtas, shall have the power to rule on all issues pertaining to the election of directors, validity of proxies voting of shares, including counting of votes cast.

5. A majority voting is required for the ratification of the acts of the Board of Directors and management and for the appointment of External Auditor.

Provide Annual Report

The Corporation will provide copies of the 2019 Annual Report (SEC Form 17-A) free of charge to stockholder/s upon written request directed to:

ATTY. ODEL S. JANDA/ATTY. ARTURO JOSE M. CONSTANTINO
Acting Corporate Secretary/Assistant Corporate Secretary

26th Floor, Salcedo Towers
169 H. V. Dela Costa Street
1223 Makati City, Philippines

After reasonable inquiry and to the best of my knowledge and belief, I certify that all information given in this Information Statement are true, complete and correct. This Statement is signed on this 25th day of November 2020 at Makati City, Metro Manila Philippines.

CHINA BANK SAVINGS, INC.
By:

Atty. ARTURO JOSE M. CONSTANTINO III
Assistant Corporate Secretary

Atty. ODEL S. JANDA
Acting Corporate Secretary

COVER SHEET

SEC Registration Number

0 0 0 0 0 0 1 6 9 6 2

COMPANY NAME

CHINA BANK SAVINGS, INC.

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

CBS BUILDING 314 SEN. GIL J. PUYA

T AVE., MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q	SEC	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
cbs@chinabank.ph	8-988-95-55	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,545	3rd Thursday of June	12/31

CONTACT PERSON INFORMATION

The design

ated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Luis Bernardo A. Puhawan	lbapuhawan.cbs@chinabank.ph	8-988-95-55	N/A

CONTACT PERSON's ADDRESS

CBS Building, 314 Sen. Gil J. Puyat, Makati City

SECURITIES AND EXCHANGE COMMISSION
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	:	**September 30, 2020**
2.	SEC Identification Number	:	**16962**
3.	BIR Tax Identification Code	:	**000-504-532**
4.	Exact name of registrant as specified in its charter	:	**China Bank Savings, Inc.**
5.	Province, country or other jurisdiction or organization	:	**Makati City, Philippines**
6.	Industry Classification Code	:	[ ] **(SEC Use only)**
7.	Address of principal office	:	**CBS Building, 314 Sen. Gil J. Puyat Avenue, Makati City**
8.	Registrant's telephone number, including area code	:	**(632) 8-988-95-55**
9.	Former name, former address and former fiscal year, if changed since last report	:	**N/A**

10. Securities registered pursuant to Section 8 and 12 of the SRC and Section 4 and 8 of the RSA

Title of Each Class	**Number of Shares Outstanding and Amount of Debt Outstanding**
Common stock - ₱100 par value	105,414,149
Preferred stock - ₱100 par value	21,642

11. Are any or all of the registrant's securities listed on a Stock Exchange?

Yes [ ] No [X]

12. Check whether the issuer:

(a) has filed all the reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 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 twelve (12) months (or for such shorter period that the registrant was required to file such reports)

Yes [X] No [ ]

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

Yes [X] No [ ]

PART I – FINANCIAL INFORMATION

Item 1. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Item 2. Financial Statements.

Attached are the following:

Annex 1	Interim Statements of Financial Position
Annex 2	Interim Statements of Income
Annex 3	Interim Statements of Comprehensive Income
Annex 4	Interim Statements of Changes in Equity
Annex 5	Interim Statements of Cash Flows
Annex 6	Schedule of Financial Performance Indicators

PART II – OTHER INFORMATION

There are no other 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 registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Registrant.....**CHINA BANK SAVINGS, INC.**

By:

LUIS BERNARDO A. PUHAWAN
First Vice President II and
Controller

JOSEPH C. JUSTINIANO
Executive Vice President and
Officer-in-Charge

November 10, 2020

Item 1. Management's Discussion and Analysis of Financial Condition and Results of Operations.

A. Analysis of Statements of Financial Position

As of September 30, 2020 (Unaudited) and December 31, 2019 (Audited)

The Bank's total assets as of September 30, 2020 stood at ₱95.54 billion, ₱6.45 billion lower than the December 2019 level of ₱101.98 billion.

Cash and other cash items which include due from other banks, interbank loans receivable and securities purchased under resale agreements went down by 34.36% to ₱14.88 billion from ₱22.67 billion due to the reduction of placements with the BSP and other banks during the first three quarters of 2020. Due to the reduction of high-cost deposits in view of the Bank's preference for cheaper sources of funds, this resulted to a decline in short-term bank placements.

Total investment securities amounted to ₱6.52 billion, 40.48% higher than December 2019 balance, due to various purchases during the period. The Bank's securities portfolio accounted for 6.82% and 4.55% of total assets as of September 30, 2020 and December 31, 2019, respectively.

Loans and receivables, net of allowance and unearned interest and discounts, representing 68.43% of total assets, were posted at ₱65.37 billion, lower by ₱1.56 billion from December 2019 level of ₱66.94 billion. Gross loan portfolio was at ₱66.89 billion. On a per product basis, consumer and teachers' loans reported a consistent increase in its share of the total loan portfolio on a year-on-year basis. This is a result of the Bank's resolve to shift to higher-yielding loans.

Investment properties went down to ₱2.42 billion as of September 30, 2020 from ₱2.60 billion in December 2019 due to the sale of real estate properties pursuant to the Bank's drive of reducing its non-performing assets. Non-current assets held for sale increased by 39.81% to ₱0.48 billion as of September 30, 2020. Meanwhile, property and equipment decreased by 9.73% or ₱0.17 billion mainly due to depreciation.

Total deposits ended at ₱82.09 billion, of which low-cost funds, also known as CASA (demand and savings deposits) totaled ₱35.61 billion. In line with the Bank's direction to significantly grow its low-cost funding mix, CASA's share of the total deposits is a remarkable 43.38%, which definitely exceeded the end-2019 ratio of 36.70%. As part of the Bank's management of cost of funds and in view of low demand for liquidity because of the rebalancing of the loan portfolio, high-cost funds were deliberately reduced, resulting to 17.69% or ₱9.99 billion decline in time deposits.

Manager's checks decreased by 31.34% to ₱0.32 billion while accrued interest and other liabilities were 16.60% higher at ₱0.46 billion because of the booking of interest accruals and other operating expenses.

Total capital stood at ₱10.08 billion, a 3.60% increase from the ₱9.73 billion posted as of December 31, 2019 as a result of the improved operations of the Bank for the three quarters of 2020.

B. Discussion of Results of Operations

For the period ended September 30, 2020 and September 30, 2019 (Unaudited)

For the quarter ended September 30, 2020, the Bank recorded a net income after tax of ₱337.11 million or 1.07% lower versus the ₱340.74 million recorded for the same period last year.

Total interest income slightly declined by 8.64% to ₱4.17 billion on account of declining market rates. Interest income from loans and receivables was down by 7.14% to ₱3.78 billion. Interest income from other investments was also 20.80% lower than than same period last year at ₱0.40 billion.

Total interest expense amounted to ₱1.23 billion, ₱0.95 billion or 43.60% lower than last year due to the continued shifting of deposit mix to lower cost of funds and declining interest rate environment.

For the quarter ended September 30, 2020, net interest income increased to ₱2.94 billion versus ₱2.39 billion recorded during the same period last year.

Meanwhile, other operating income declined by ₱209.23 million or 23.18% due to weaker market conditions amid the global pandemic along with the smaller sales volume of foreclosed properties and related foreclosure activities. Total operating expenses were kept at a manageable single-digit growth of 4.74% largely due to scaled down operation during community quarantines notwithstanding the higher booking for loan provisions and continued investment in distribution network expansion, technology, system upgrades, and customer acquisition initiatives. This is also partly attributed to the Bank's ongoing effort to improve existing business processes. Compensation and fringe benefits increased by 5.82% to ₱1.01 billion. Depreciation and amortization of Bank's properties and leasehold improvements decreased from ₱378.82 million to ₱324.88 million. Taxes and licenses decreased by 14.57% to ₱208.70 million from ₱244.28 million. Documentary stamp taxes decreased by 19.79% due to the decline in time deposits while insurance was at ₱193.58 million. Acquired asset and other litigation expense decreased by 29.64% translated to ₱83.75 million from ₱119.03 million a year ago despite the Bank's aggressive stance in reducing non-performing assets. Miscellaneous expenses was lower by 41.59% to ₱160.27 million.

For the first three quarters of 2020, the Bank set aside ₱456.82 million in provision for impairment and credit losses, 215.87% more than a year ago as the Bank reassessed its provisioning in view of the possible impact of the COVID-19 pandemic and the Luzon-wide ECQ.

C. Analysis of Key Performance Indicators

Capitalization

The Bank's total capital adequacy ratio (CAR) ratio was registered at 12.40%. The Bank's capital is largely comprised of CET 1 / Tier 1 (core) capital.

Asset Quality

Gross non-performing loans (NPL) ratio increased to 8.10% and non-performing loan coverage decreased to 43.10%.

Liquidity

Liquid assets to total assets ratio is at 22.40% and ratio of loans to deposits slightly increased to 79.64% as loans grew at a more rapid pace than deposits.

Profitability
The Bank's net income of ₱337.11 million resulted to a return on equity (ROE) of 4.59% and return on assets (ROA) of 0.47%. Cost-to-income ratio improved to 74.62%.

Key Variables and Other Qualitative and Quantitative Factors

a) Liquidity

The Bank manages its liquidity position to ensure that it has more than adequate funds to meet its obligations at any given time. The Bank monitors its daily liquidity and reserve position by determining inflows and outflows, short-term and long-term obligations, holdings and repayments. Short-term liquidity management identifies obligations and repayments in the next 12-months, aids in the determination of the securities trading strategy, and influences the Bank's pricing mechanism. On the other hand, long-term liquidity management covers maturing obligations and repayments of loans and investments beyond the next 12-months.

The level of liquid assets remained strong, exhibiting healthy growth in both placements with BSP/other banks and investments.

With the Bank's current capitalization, current liquidity position, strong deposit growth trend, continuing development of retail and corporate accounts, and prudent liquidity management, CBS does not anticipate encountering any cash flow or liquidity problems in the next 12 months. It remains confident of its ability to meet its obligations and is committed to providing the necessary funding to support the projected loan growth, investment activities and expenditures for 2020.

b) Events that will Trigger Direct or Contingent Financial Obligation

In the normal course of the Bank's operations, there are various outstanding commitments and contingent liabilities such as guarantees and commitments to extend credit, which are part of its lending and related businesses but due to their nature, may not be reflected in the accompanying financial statements. The Bank, however, does not anticipate significant losses as a result of these transactions.

Also, several suit and claims, in behalf or against the Bank in relation to its operations, are pending before the courts and quasi-judicial bodies. In the opinion of management, these suits and claims, if decided adversely, will not involve an amount having a material effect on the financial statements.

c) Material Off-Balance Sheet Transactions, Arrangements and Obligations

The following is a summary of the Bank's commitments and contingent liabilities at their equivalent peso contractual amounts:

	September 30, 2020	December 31, 2019
Credit lines	**₱418,234,440**	₱334,215,969
Standby domestic letters of credit	**120,863,806**	117,335,956
Late deposits/payments received	**15,844,108**	33,355,747
Outward bills for collection	**1,774,666**	1,852,979
Others	**151,059**	162,462
	₱556,868,079	₱486,923,113

None of these off-balance sheet transactions, arising in the ordinary course, either individually or in the aggregate, are expected to have a material adverse effect on the Bank's financial condition.

d) Material Commitments for Capital Expenditures

The Bank expects to incur capital expenditures related to the ongoing distribution network expansion plan and technology-related investments.

e) Causes for Any Material Changes from Period to Period of Financial Statements

See previous discussion on Analysis of Statements of Financial Position and Discussion of Results of Operations.

f) Known Trends, Events or Uncertainties or Seasonal Aspects

Changes in the Bank'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.

g) Impact of 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, President Duterte extended it until April 30, 2020. On May 1, 2020, the ECQ was further extended until May 15 but only on selected places considered high-risk. On May 12, 2020 a modified ECQ was imposed on Metro Manila and selected provinces effective May 16 until May 31. Meanwhile, other areas will transition to being under a general community quarantine starting May 16. These measures have caused disruptions to businesses and economic activities, and its impact on businesses continues to evolve. From August 4 to 18, 2020 with the request of health front liners the government again declared a Modified Enhanced Community Quarantine (MECQ) in the areas of NCR, CALABARZON, Central Luzon and MIMIROPA region.

In response, the Bank implemented its business continuity plan (BCP). The BCP ensures that the Bank will be able to deliver its product and services in the event of extreme duress including health crisis and/or government control measures. Amid the outbreak of the pandemic and the implementation of ECQ throughout Luzon, the Bank has braved the frontlines to continue providing customers and other stakeholders with vital financial and banking services, while ensuring a safe working environment for its employees.

The Bank in anticipation of and compliance with the BSP Memorandum No. 2020-017, Implementing Rules and Regulations (IRR) of Section 4(aa) of Republic Act (R.A.) No. 11469, Otherwise known as the "Bayanihan to Heal As One Act", which was issued on April 1, 2020, implemented a 30-day grace period to all loans with principal and/or interest falling due within the ECQ period, without incurring interest on interest, penalties, fees and other charges. The 30-day grace period shall apply to each loan of individuals and entities with multiple loans. The accrued interest for the 30-day grace period may be paid by the borrower on staggered basis over the remaining life of the loan. Nonetheless, this shall not preclude the borrower from paying the accrued interest in full on the new due date.

Aside from adopting the Bayanihan Act, the Bank also implemented measures to protect the interests of its stakeholders, including paying employees' salaries in full during the ECQ, establishing work-from-home setups, providing employees with temporary accommodation and transportation arrangements, giving financial assistance to agency personnel, waiving certain fees including interbank fund transfers via InstaPay and PesoNet, ensuring the availability of digital banking channels, and increasing ATM withdrawal limits.

On September 11, 2020 Philippine President Rodrigo Roa Duterte signed into law RA 11494 or Bayanihan to Recover as One Act 2. The law become effective starting September 15, 2020. The law mandates and direct all banks, financing companies, lending companies, real estate developers, insurance companies, pre-need companies and other private and private financial institutions to grant such grace period of 60 days for the period of payments of loans falling due on or before December 31, 2020 without interest on interest, penalties and other charges. On September 28, 2020 BSP governor Benjamin Diokno signed BSP Memorandum Order No. M-2020-074 Guidelines and Clarification on the recently approved RA 11494 on all supervised financial and non-financial institution. The bank will adhere and follow such guidelines and will formulate internal guidelines to effect such mandatory grace period to all borrowers.

Going Concern Assumption

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.

Also, the Bank anticipates that this pandemic will have a significant impact on the Bank's business, results of operations, financial condition and cash flows. The Bank will continue to 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.

Expected Credit Losses

Provision for impairment and credit losses totaled ₱456.82 million, 215.88% higher on the back of sustained loan build-up and impact of the COVID-19 outbreak and Luzon-wide Enhanced Community Quarantine (ECQ).

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 September 30, 2020 and the nature of the Bank's loan portfolio.

Impact of the COVID-19 Pandemic to ECL

While the Bank has reasonably estimated the level of ECL as of this reporting period, the Bank expects that the actual impact to credit risk and ECL of the pandemic and of the government support measures will only be fully incorporated in the upcoming reporting periods, as the country continue to deal with this public health crisis and assess the impact to the economy as a whole. With the surge of confirmed COVID-19 cases and with the implementation of the community quarantine happening only in early March 2020, the Bank nonetheless 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.

The nature and extent of the actual impact of COVID-19 to the Bank's allowance for credit losses will be determined once reasonable and supportable information about current market conditions and forecasts of future economic conditions become fully available. In particular, the Bank will take the following into consideration in assessing the level of allowance for probable losses:

a) the impact of the disruptions caused by the pandemic and of the government support measures (e.g., grace period for payments) in assessing significant increase in credit risk and defaults;
b) the potential increase in the probabilities of default (PDs) of borrowers, particularly those in vulnerable industries which include transportation and consumer products; and
c) the effect of the existing market conditions to the value of collaterals and potential recoveries.

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. The Bank will continue to monitor the situation until such time that the Bank can reasonably estimate the impact of this pandemic in the inputs used in estimating the recoverable amount. Where the recoverable amount is less than carrying amount, 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. The overall decline in market values has an impact on the Bank's financial assets.

Item 2. Financial Statements.

Basis of Preparation

The accompanying interim financial statements of the Bank have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). All values are rounded to the nearest thousand peso unless otherwise stated.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Bank's financial statements as of December 31, 2019.

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the unaudited interim financial statemens are consistent with those followed in the preparation of the audited financial statements as of and for the year ended December 31, 2019, except for the following amendments and improvements to PFRSs and Philippine Accounting Standards (PAS) which became effective as of January 1, 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 Bank's financial statements.

- *New and Amended Standards*
  - Amendment to PFRS 3, *Definition of a Business*
  - Amendments to PAS 1, *Presentation of Financial Statements,* and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

Summary of Significant Accounting Policies

<u>Fair Value Measurement</u>
The Bank measures financial instruments, such as financial assets at fair value through profit or loss (FVPL) and fair value through other comprehensive income (FVOCI), at fair value at each reporting date.

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

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

The principal or the most advantageous market must be accessible to by the Bank. 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 a financial instrument measured at fair value has a bid price and an ask price, the price within 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 Bank 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 Bank 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.

For purposes of fair value disclosures, the Bank has determined classes of assets and liabilities on the basis of the nature, characteristics and fair value hierarchy as explained above.

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, and securities purchased under resale agreements (SPURA) that are convertible to known amounts of cash and 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 Bank considers as cash equivalents wherein withdrawals can be made to meet the Bank's cash requirements as allowed by the BSP.

SPURA

The Bank enters into short-term purchases of securities under resale agreements of identical securities with the BSP. Resale agreements are contracts under which a party purchases securities and resells such securities to the same selling party at a specified future date at a fixed price. The amount of advances made under resale agreements are carried as SPURA in the statement of financial position. SPURA are carried at cost. Interest earned on resale agreements is reported as 'Interest income' in the statement of income.

Financial Instruments - Initial Recognition and Subsequent Measurement

Date of recognition

Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on settlement date. Settlement date accounting refers to (a) the recognition of an asset on the day it is received by the Bank, 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 Bank. Any change in fair value of unrecognized financial asset is recognized in the statement of income for assets classified as financial assets at FVPL, and in equity for assets classified as financial assets at FVOCI. Deposits, amounts due from banks and customers and loans and receivables are recognized when cash is received by the Bank or advanced to the borrowers.

Initial recognition of financial instruments

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

'Day 1' difference

Where the transaction price in a non-active market is different from 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 Bank recognizes the difference between the transaction price and the fair value (a 'Day 1' difference) in the statement of income unless it qualifies for recognition as some other type of asset. 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 Bank determines the appropriate method of recognizing the 'Day 1' difference amount.

Classification, Reclassification and Impairment of Financial Assets

Classification and measurement

The classification and measurement of financial assets is driven by the entity's contractual cash flow characteristics of the financial assets and business model for managing the financial assets.

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

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies 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 FVPL.

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

The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and
- the expected frequency, value and timing of sales are also important aspects of the Bank'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 Bank's original expectations, the Bank 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 Bank's measurement categories are described below:

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

- the asset is held within the Bank'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. Gains or losses arising from disposals of these instruments are also included in 'Gains (losses) on disposal of investment securities at amortized cost' in the statement of income. The ECL is recognized in the statement of income under provision for impairment and credit losses. The effects of revaluation or foreign currency-denominated investments are recognized in the statement of income.

The Bank's investment securities at amortized cost are presented in the statement of financial position as cash and cash equivalents, investment securities at amortized cost, loans and receivables and certain accounts under other assets.

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

Financial assets at FVPL
Debt instruments that neither meet the amortized cost nor the FVOCI criteria, or that meet the criteria but the Bank has chosen to designate as at FVPL at initial recognition, are classified as financial assets at FVPL. Equity investments are classified as financial assets at FVPL, unless the Bank designates an equity investment that is not held for trading as at FVOCI at initial recognition. As of September 30, 2020 and December 31, 2019, the Bank does not have financial assets at FVPL.

Financial assets at FVOCI - equity investments
At initial recognition, the Bank 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 Bank for trading. The Bank has designated its unquoted equity instruments as at FVOCI on initial application of PFRS 9 as these are not held for trading purposes.

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 losses on investment securities in the statements of financial position.

When the asset is disposed of, the cumulative gain or loss previously recognized in the net losses on investment securities account is not reclassified to profit or loss, but is reclassified directly to 'Surplus-free' 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 Bank applies the new category under PFRS 9 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 in the same manner as for financial assets measured at amortized cost. The ECL calculation for financial assets at FVOCI is explained in the 'Impairment of Financial Assets' section.

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

Reclassification
The Bank can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Bank is required to reclassify financial assets: (i) from amortized cost to FVPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVPL 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 Bank either begins or ceases to perform an activity that is significant to its operations. A change in the objective of the Bank's business model will be effected only at the beginning of the next reporting period following the change in the business model.

Impairment of financial assets
Expected credit losses (ECL) represent credit losses that reflect an unbiased and probability-weighted amount 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. 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 is comprised of all non-impaired financial instruments which have not experienced an SICR since initial recognition. The Bank recognizes a 12-month ECL for Stage 1 financial instruments.
- Stage 2 is comprised of all non-impaired financial instruments which have experienced an SICR since initial recognition. The Bank 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.

Refer to Financial Risk Management Objectives and Policies for the Bank's ECL methodology.

<u>Derecognition of Financial Assets and Financial 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 Bank 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 Bank 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 over the asset.

Where the Bank 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 over the asset, the asset is recognized to the extent of the Bank's continuing involvement in the asset. In that case, the Bank also recognizes an associated liability. The transferred asset and associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained. 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 Bank could be required to repay.

The transfer of risks and rewards is evaluated by comparing the Bank's exposure, before and after the transfer, with the variability in the amounts and timing of the net cash flows of the transferred asset. The Bank has retained substantially all the risks and rewards of ownership of a financial asset if its exposure to the variability in the present value of the future net cash flows from the financial asset does

not change significantly as a result of the transfer (e.g., because the entity has sold a financial asset subject to an agreement to buy it back at a fixed price or the sole price plus a lender's return).

The Bank has transferred substantially all the risks and rewards of ownership of a financial asset if its exposure to such variability is no longer significant in relation to the total variability in the present value of the future net cash flows associated with the financial asset (e.g., because the entity has sold a financial asset subject only to an option to buy it back at its fair value at the time of repurchase or has transferred fully proportionate share of the cash flows from a larger financial asset in an agreement).

Whether the Bank has retained control of the transferred asset depends on the transferee's ability to sell the asset. If the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer, the entity has not retained control.

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

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 existing liability are substantially modified, such an exchange or modification is treated as 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.

NCAHS
NCAHS include repossessed vehicles acquired in settlement of loans and receivable. The Bank classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

NCAHS are measured at the lower of their carrying amount and fair value less costs to sell and are no longer depreciated or amortized. The criteria for NCAHS classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition.

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

If the Bank decides to use an asset as property and equipment, the related asset ceases to qualify as NCAHS and is reclassified to property and equipment.

Upon reclassification, the Bank measures a non-current asset that ceases to be classified as held for sale at the lower of:

- its carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortization or revaluation that would have been recognized had the asset not been classified as held for sale, and

- its recoverable amount at the date of the subsequent reclassification.

Property and Equipment

Land is stated at cost less any impairment in value while depreciable properties including buildings and furniture, fixture 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 property and equipment when that cost is incurred and if the recognition criteria are met, but excluding repairs and maintenance costs. Leasehold rights and improvements are stated at its net carrying amount after directly deducting amortization.

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

Condominium properties, buildings and improvements	20 to 40 years
Furniture, fixtures and equipment	2 to 10 years
Leasehold improvements	5 to 10 years or the related lease terms, whichever is shorter

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 property and equipment.

An item of property 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 and investments in real estate.

Real properties acquired in settlement of loans and receivables

Real properties acquired in settlement of loans and receivables are booked under ROPA account as follows:

- upon the date of entry of judgment in case of judicial foreclosure; or
- upon the date of Sheriff's Certificate of Sale in case of extrajudicial foreclosure; or
- upon the date of notarization of the Deed of Dacion in case of dation in payment.

These properties are carried at cost, which is the fair value at acquisition date including certain transaction costs, less accumulated depreciation and impairment in value. Transaction costs, which include nonrefundable capital gains tax and documentary stamp tax, incurred in connection with foreclosure are capitalized as part of the carrying values of the cost of the real properties acquired. 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, where the net carrying value of the related loans and receivables is used. The difference between the fair value of the foreclosed properties and the carrying value of the related receivables given up is recognized in 'Gain (loss) on asset exchange' account in the statement of comprehensive income. Subsequent to initial recognition, real properties acquired in settlement of loans and receivables are stated at cost less accumulated depreciation and

any accumulated impairment in value. Depreciation is computed on a straight-line basis over the EUL from the time of acquisition of the investment properties but not to exceed 10 years.

Investments in real estate
Investments in real estate consist of investments in land and building. The Bank applies the cost model in accounting for investments in real estate. Investment in land is carried at cost less impairment in value. Building is carried at cost less accumulated depreciation and impairment in value. All costs that are directly attributable to the acquisition and development of property are capitalized, including borrowing costs incurred to finance the property development. Depreciation is computed on a straight-line basis between 20 to 40 years.
Subsequent measurement of investment properties
The EUL of investment properties and the depreciation method are reviewed periodically to ensure that the period and the method of depreciation are consistent with the expected pattern of economic benefits from items of investment properties.

The carrying values of the investment properties are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any of such indication exists and where the carrying values exceed the estimated recoverable amount, the investment property or CGUs it is related to are written down to their recoverable amounts.

Investment properties are derecognized when they have either been disposed of or when they are permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in the statement of income in the year of retirement or disposal under 'Gain (loss) on asset exchange'.

Transfers are made to investment property 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 property 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 consist of software costs and branch licenses.

Software costs
Costs related to software purchased by the Bank for use in operations are recognized as 'Software costs' in the statement of financial position. Capitalized computer software costs are amortized on a straight-line basis over 3 to 7 years.

Branch licenses
These intangible assets were determined to have indefinite useful lives and are therefore not amortized. The useful life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis. Branch licenses are tested for impairment annually either individually or at the CGU level.

Impairment is determined by assessing the recoverable amount of the individual asset or CGU (or group of CGUs) to which the intangible asset relates. Recoverable amount is the higher of the individual asset's or CGU's fair value less cost to sell and its value in use. Where the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortization period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is presented as a separate line item in the statement of income.

Investment in a Subsidiary and an Associate

Investment in a subsidiary

A subsidiary pertains to an entity over which the Bank has control. Control is achieved when the Bank is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Investment in a subsidiary is carried at acquisition cost, less any impairment in value.

This policy relates to the Bank's investment in a 100% owned subsidiary recorded in 'Other equity investments' under 'Other assets'.

Investment in an associate

An associate pertains to an entity over which the Bank has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investment in an associate is accounted for under the equity method of accounting.

Under the equity method, an investment in an associate is carried in the statement of financial position at cost plus post-acquisition changes in the Bank'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. When the Bank increases its ownership interest in an associate that continues to be accounted for under the equity method, the cost for the additional interest is added to the existing carrying amount of the associate and the existing interest in the associate is not remeasured.

The Bank's share of its associate's post-acquisition profits or losses is recognized in the statement of income, and its share of post-acquisition movements in the associates' equity reserves is recognized directly in equity. When the Bank's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Bank does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Profits and losses resulting from transactions between the Bank and an associate are eliminated to the extent of the interest in the associate. Dividends received, if any, are treated as a reduction in the carrying value of the investment.

In cases where an associate is in a net liability position, the equity method requires the Bank to discontinue recognizing its share of further losses when its cumulative share in the losses of the associate equals or exceeds its interest in the associate, unless the Bank has incurred legal or constructive obligations or made payments on behalf of the associate, in which case a liability is recognized.

This policy relates to the Bank's investment in a 49%-owned investee company recorded in 'Other equity investments' under 'Other assets'.

As of September 30, 2020 and December 31, 2019, the investment in an associate, which was acquired as a result of merger with PDB, is fully impaired.

Impairment of Nonfinancial Assets

At each reporting date, the Bank assesses whether there is any indication that its nonfinancial assets (i.e., property and equipment, investment properties, investment in a subsidiary and an associate, software cost) may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Bank 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 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 recognized only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged against the statement of income in the period in which it arises.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is credited to current operations.

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.

Leases

The Bank 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.

Bank as a lessee

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

a. Right-of-use assets

The Bank 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 Bank at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Impairment of Nonfinancial Assets. Right-of-use assets are presented under Property and Equipment in the statement of financial position.

b. *Lease liabilities*

At the commencement date of the lease, the Bank 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 Bank and payments of penalties for terminating the lease, if the lease term reflects the Bank 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 Bank 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.

c. *Short-term leases and leases of low-value assets*

The Bank applies the short-term lease recognition exemption to its short-term leases of branch 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 branch 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.

Bank as a lessor

Leases in which the Bank 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.

Equity

Capital stock is measured at par value for all shares issued and outstanding. When the shares are sold at a premium, the difference between the proceeds and the par value is credited to 'Additional paid-in capital' account. Direct costs incurred related to equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are chargeable to 'Additional paid-in capital' account. If the

‘Additional paid-in capital’ is not sufficient, the excess is charged against the ‘Surplus (deficit)’. The effect of positive (negative) equity adjustments arising from business combination under common control is included under ‘Additional paid-in capital’ (‘Other equity reserves’).

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

Surplus

Surplus represents cumulative balance of periodic net income or loss, dividend declarations, prior period adjustments, effect of changes in accounting policy and other capital adjustments, if any.

Revenue Recognition

Revenues within the scope of PFRS 15, Revenue from Contracts with Customers

Revenue from contract with customers is recognized upon transfer of promised goods or services to customers at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Bank exercises 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:

Service fees and commission income

Using an output method, revenue is recognized if the Bank has a right to invoice the customer for services directly corresponding to performance completed to date. These include charges from usage of ATM, charges for returned checks, charges for below minimum maintaining balance and commission income.

Other income

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

Revenues outside the scope of PFRS 15

The following specific recognition criteria must be met before revenue is recognized for contracts 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 Bank making the loan, the commitment fees are recognized as other income on expiry.

When a financial asset becomes credit-impaired and is, therefore, regarded as Stage 3 (as discussed in “Impairment of Financial Assets” above), the Bank calculates interest income by applying the EIR to the net amortized cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Bank reverts to calculating interest income on a gross basis.

Gain (loss) on asset exchange
Gain (loss) on asset exchange transaction is recognized upon foreclosure of loan collaterals (see accounting policy on investment properties and NCAHS) or sale of such foreclosed properties. The gain or loss on foreclosure represents the difference between the fair value of the asset received and book value of the asset given up. Income (loss) from sale of foreclosed properties is recognized upon completion of the earnings process, the transfer of risk and rewards over the property to the buyer, and the collectability on the sales price is reasonably assured.

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

Rental income
Rental income arising from leased properties is accounted from on a straight-line basis over the lease terms on ongoing leases and is recorded in the statement of comprehensive income under ‘Income from property rentals’

Trading and securities gains (losses) - net
This represents results arising from trading activities and sale of FVOCI debt assets.

Dividend income
Dividend income is recognized when the Bank’s right to receive payment is established.

Expense Recognition
Expenses are recognized when it is probable that a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has occurred and the decrease in economic benefits can be measured reliably. Expenses are recognized when incurred.

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.

Operating expenses
Operating expenses constitute costs which arise in the normal business operation and are recognized when incurred.

Taxes and licenses
These include all other taxes, local and national, including gross receipts tax (GRT), real estate taxes and licenses and permit fees which are recognized when incurred.

Retirement Benefits
The net defined benefit asset or liability is the aggregate of the present value of the defined benefit obligation at the reporting date reduced by the fair value of plan assets, 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 asset or 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 plan 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 Bank, nor can they be paid directly to the Bank. 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 Bank'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.

Provisions and Contingencies

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

Deferred tax

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

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

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

Events after the Reporting Date

Post year-end events that provide additional information about the Bank's position at the reporting date (adjusting events) is reflected in the financial statements. Any post-year-end event that is not an adjusting event is disclosed in the notes to the financial statements when material.

Financial Risk Management Objectives and Policies

The Bank's activities are principally related to the profitable use of financial instruments. Risks are inherent in these activities but are managed by the Bank 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, process controls and monitoring, and independent controls. As reflected in its corporate actions and organizational improvements, the Bank has placed due importance to expanding and strengthening its risk management process and considers it as a vital component to the Bank's continuing profitability and financial stability.

Central to the Bank's risk management process is its adoption of a risk management program intended to avoid unnecessary risks, manage and mitigate unavoidable 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 Bank faces are: credit risk, market risk (i.e., interest rate risk), and liquidity risk. The Bank's risk management objective is primarily focused on controlling and mitigating these risks. The gravity of the risks, the magnitude of the financial instruments involved, and the regulatory requirements are the primary considerations to the scope and extent of the risk management processes put in place for the Bank.

Risk Management Structure

The BOD of the Bank has the primary responsibility for the establishment of a risk management system and is ultimately accountable for all risks taken within the Bank. The BOD has established, among others, the following committees to directly handle the Bank's risk management framework, policies and implementation in their respective risk management areas: the Executive Committee (ExeCom), Audit Committee (AudCom), Credit Committee (CreCom), Corporate Governance Committee (CGC) and the Risk Management Committee (RMC).

All Board committees report regularly to the BOD on their activities as follows:

The Bank's risk management policies are established to identify and analyze the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Bank's RMC shall be responsible for the oversight and development of all risk management functions within the Bank. The RMC develops appropriate strategies through a written practical risk management plan for managing the major categories of risk events and minimizing the magnitude of expected losses, giving priority to the risk events with the largest expected losses. The Risk Management Unit assists the RMC with all of its responsibilities.

The Bank's AudCom, on the other hand, focuses on checking whether adequate process and operational controls are in place and functioning as designed, as well as monitoring compliance thereto

by the business and support units. The role of the AudCom is very critical in the proper corporate governance and effective risk management because of its independence from the Bank's top and middle level management. The AudCom is comprised of independent directors who neither participate in the Bank's daily activities nor take decision-making responsibilities. The AudCom delegates its daily control and monitoring functions to the Internal Audit Department (IAD).

The IAD is likewise independent from the business and support units and reports exclusively to the AudCom. The IAD undertakes its control function through regular process, operational and financial audits which it conducts all throughout the year. The audit covers all processes and controls in the Head Office and the branches. 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 AudCom on a quarterly basis.

Risk Management Reporting

The RMC discusses risk management issues on a quarterly basis. The RMC discusses key risk indicators and specific risk management issues that would need resolution from top management. The key risk indicators were formulated on the basis of the financial risks faced by the Bank. The key risk indicators contain information from all business units that provide measurements on the level of the risks taken by the Bank with its transactions, products and financial structure. Among others, the report on key risk indicators includes information on the Bank's aggregate credit exposure, credit metric forecasts, market risk analysis, utilization of market and credit limits, liquidity ratios, overall loan loss provisioning and risk profile changes.

The CreCom reviews and resolves credit-related issues such as credit facility approval, credit and collection strategies on a particular account, and credit monitoring. Loan loss provisioning and credit limit utilization are also discussed in more detail in the CreCom. On a weekly basis, the CreCom discusses detailed reporting of industry, customer and geographic risks arising from the Bank's existing loan portfolio. A comprehensive risk report is submitted to the BOD every quarter for an overall assessment of the level of risks taken by the Bank.

Risk Mitigation

The Bank uses financial instruments to manage exposures resulting from changes in interest rates, foreign currencies, credit risks and exposures arising from forecast transactions. However, the nature and extent of use of these financial instruments to mitigate risks are limited to those allowed by the BSP for a thrift bank.

To further mitigate risk throughout its different business and supporting units, the Bank is in the continuous process of improving its existing risk management policies. These policies further serve as the framework and set the guidelines in the creation or revisions of operating policies and manuals for each business unit. In the process design and implementation, process 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 established by risk management policies are taken up and resolved in the RMC and ExeCom.

Monitoring and controlling risks are primarily performed based on various limits established by the top management covering the Bank's transactions and dealings. These limits reflect the Bank's business strategies and market environment as well as the levels of risks that the Bank is willing to tolerate, with additional emphasis on selected industries. In addition, the Bank monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

Excessive Risk Concentration
Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Bank's policies and procedures include specific guidelines focusing on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

The Bank's AudCom is responsible for monitoring compliance with the risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank. The Bank's AudCom is assisted in these functions by IAD. The IAD undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the AudCom.

Credit Risk

Credit Risk and Concentration of Assets and Liabilities and Off-Balance Sheet Items
Credit risk is the risk of financial loss due to one party to a financial product failing to discharge an obligation. The Bank 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) and through implied or actual contractual agreements (i.e., on or off-balance sheet exposures). The Bank manages its credit risk at various levels (i.e., strategic level, portfolio level down to individual credit or transaction).

Collateral and other credit enhancements
The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented with regard to the acceptability of types of collateral and valuation parameters.

The Bank has risk limits setting for purposes of monitoring and managing credit risk from individual counterparties and groups of counterparties. It also conducts periodic assessment of the creditworthiness of its counterparties. In addition, the Bank obtains collateral where appropriate, enters into master netting agreements and collateral arrangements with counterparties, and limits the duration of exposures. The Bank adopted an internal credit scoring system for the purpose of measuring credit risk for retail borrowers in a consistent manner, as accurately as possible, and thereafter uses the risk information for business and financial decision making.

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 and commercial lending - real estate, chattel over properties, assignment of deposits, shares of stocks, bonds, and guarantees

Foreclosed collateral
The Bank's policy is to determine whether a foreclosed collateral is best used for its internal operations or should be sold. Foreclosed collateral determined to be useful for the internal operations are transferred to their relevant asset category at lower of their repossessed value or the carrying value of the original secured asset. Foreclosed collaterals that are determined better to be sold are immediately transferred to assets held for sale at fair value or fair value less cost to sell for non-financial assets at the repossession date in line with the Bank's policy. Foreclosed collaterals that pertain to real estate properties are accounted for as investment properties.

Collateral valuation
The Bank seeks to use collateral, where possible, to mitigate its risks on financial assets. The Bank collateral comes in various forms such as cash, securities, letter of credits/guarantees, real estate, receivables and other non-financial assets and credit enhancements. The fair value of collateral is generally assessed, at a minimum, at inception. To the extent possible, the Bank use active market data for valuing financial assets held as collateral. Other financial assets which do not have a readily determinable market value are valued using models. Non-financial collateral, such as real estate and chattel, is valued based on data provided by third parties such as independent appraisers.

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment and credit losses.

It is the Bank'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 Bank does not occupy repossessed properties for business use.

Credit quality per class of financial assets
The credit quality of financial assets is managed by the Bank using the BSP guidelines in identifying and monitoring problematic loans and other risk assets particularly Appendix 15 of the Manual of Regulations for Banks.

It is the Bank'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 Bank's rating policy. The attributable risk ratings are assessed and updated regularly. The standard credit rating equivalent grades are relevant only for certain of the exposures in each risk rating class.

The rating categories are further described below.

<u>Loans and receivable</u>

High Grade
This includes unclassified loans which may include technical past-due accounts, which under BSP regulations are not considered as outright past-due.

Standard Grade
This is comprised of loans that have loan classification of miscellaneous exception and loans especially mentioned. Standard grade may also include matured loans subject to renewal.

Substandard Grade
These are accounts that are watch listed based on internal credit assessment and accounts that have the tendency to turn past due or non-performing.

Loans with classification of doubtful and loss are included under past-due or individually impaired.

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.

Depository accounts with the BSP and counterparty banks and investment securities
For these financial assets, outstanding exposure is rated primarily based on external risk rating (i.e., Standard and Poor's (S&P), otherwise, rating is based on risk grades by a local rating agency or included under "Unrated", when the counterparty has no available risk grade.

The external risk rating of the Bank's depository accounts with the BSP and counterparty banks and investment securities, is grouped as follows:

Credit Quality Rating	External Credit Risk Rating	Credit Rating Agency
High grade	AAA, AA+, AA, AA−	S&P
	Aaa, Aa1, Aa2, Aa3	Moody's
	AAA, AA+, AA, AA−	Fitch
Standard grade	A+, A, A−, BBB+, BBB, BBB−	S&P
	A1, A2, A3, Baa1, Baa2, Baa3	Moody's
	A+, A, A−, BBB+, BBB, BBB−	Fitch
Substandard grade	BB+, BB, BB−, B/B+, CCC, R, SD & D	S&P
	Ba1, Ba2, Ba3, B1, B2, R, SD & D	Moody's
	BB+, BB, BB−, B/B+, CCC, R, SD & D	Fitch

Following is the credit rating scale applicable for foreign banks, and government securities (aligned with S&P ratings):

AAA - An obligor has extremely strong capacity to meet its financial commitments.

AA - An obligor has very strong capacity to meet its financial commitments. It differs from the highest-rated obligors at a minimal degree.

A - An obligor has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories.

BBB and below:

BBB - An obligor has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.

BB - An obligor is less vulnerable in the near term than other lower-rated obligors. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitments.

B - An obligor is more vulnerable than the obligors rated 'BB', but the obligor currently has the capacity to meet its financial commitments. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitments.

CCC - An obligor is currently vulnerable and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitments.

CC - An obligor is currently vulnerable. The rating is used when a default has not yet occurred, but expects default to be a virtual certainty, regardless of the anticipated time to default.
R - An obligor is under regulatory supervision owing to its financial condition. During the pendency of the regulatory supervision, the regulators may have the power to favor one class of obligations over others or pay some obligations and not others.

SD and D - An obligor is in default on one or more of its financial obligations including rated and unrated financial obligations but excluding hybrid instruments classified as regulatory capital or in non-payment according to terms.

Due from other banks and government securities
The external risk rating of the Bank's depository accounts with counterparty banks, trading and investment securities, is grouped as follows (aligned with the Philippine Ratings System):

Credit Quality Rating	External Credit Risk Rating
High grade	PRSAAA, PRSAa+, PRSAa, PRSAa−
Standard grade	PRSA+, PRSA, PRSA−, PRSBaa+, PRSBaa, PRSBaa−
Substandard grade	PRSBa+, PRSBa, PRSBa−, PRSB+, PRSB, PRSB−, PRSCaa+, PRSCaa, PRSCaa−, PRSCa+, PRSCa, PRSCa−, PRSC+, PRSC, PRSC−

PRSAaa - The obligor's capacity to meet its financial commitment on the obligation is extremely strong.

PRSAa - The obligor's capacity to meet its financial commitment on the obligation is very strong.

PRSA - With favorable investment attributes and are considered as upper-medium grade obligations. Although obligations rated 'PRSA' are somewhat more susceptible to the adverse effects of changes in economic conditions, the obligor's capacity to meet its financial commitments on the obligation is still strong.

PRSBaa - An obligation rated 'PRS Baa' exhibits adequate protection parameters. However, adverse economic conditions and changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation. PRSBaa-rated issues may possess certain speculative characteristics.

PRSBa - An obligation rated 'PRSBa' is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties relating to business, financial or economic conditions, which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

PRSB - An obligation rated 'PRSB' is more vulnerable to nonpayment than obligations rated 'PRSBa', but the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse economic conditions will likely impair the obligor's capacity to meet its financial commitment on the obligation. The issue is characterized by high credit risk.

PRSCaa - An obligation rated 'PRSCaa' is presently vulnerable to nonpayment and is dependent upon favorable business, financial and economic conditions for the obligor to meet its financial commitments on the obligation. In the event of adverse economic conditions, the obligor is not likely to have the capacity to meet its financial commitment on the obligation. The issue is considered to be of poor standing and is subject to very high credit risk.

PRSCa - An obligation rated "PRSCa" is presently highly vulnerable to nonpayment. Likely already in or very near default with some prospect for partial recovery of principal or interest.
PRSC - An obligation is already in default with very little prospect for any recovery of principal or interest.

Impairment assessment

The Bank measures 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 Bank 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.

The Bank 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.

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 Bank's internal credit assessment, the borrower or counterparty is determined to require close monitoring or with well-defined credit weaknesses. For exposures without internal credit grades, if contractual payments are more than a specified days past due threshold (i.e., 30 days), the credit risk is deemed to have increased significantly since initial recognition. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, the Bank shall revert to recognizing a 12-month ECL.

Default and Cure
As a part of a qualitative assessment of whether a customer is in default, the Bank considers a variety of instances that may indicate unlikeliness to pay. The Bank's definition of default is aligned with the non-performing loan criteria as prescribed in BSP Circular No. 941. Defaults refer to loans, investments, receivables, or any financial asset, even without missed contractual payments, that satisfy any of the following conditions (1) impaired under existing accounting standards, (2) classified as doubtful or loss, (3) in litigation, (4) 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 (5) 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. (6) Microfinance and other small loans with similar credit characteristics shall be considered non-performing after contractual due date or after it has become past due. (7) Restructured loans shall be considered nonperforming. However, if prior to restructuring, the loans were categorized as performing, such classification shall be retained. Defaults are characterized by financial assets that have objective evidence of impairment at the reporting date and as such classified under Stage 3 ECL treatment.

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 above and there is sufficient evidence to support full collection through payments received for at least 6 months. Cured accounts are classified under Stage 1 ECL treatment.

Restructuring
In certain circumstances, the Bank modifies the original terms and conditions of a credit exposure to form a new loan agreement or payment schedule. The modifications can be given depending on the borrower's or counterparty's current or expected financial difficulty. The modifications may include, but are not limited to, changes in maturity date, principal amount from capitalization of accrued interest, terms and conditions from conversion/consolidation or interest rates/repricing cycle that results in an extension in the loan maturity. Distressed restructuring with indications of unlikeliness to pay are categorized as impaired accounts and are initially moved to Stage 3.

The Bank implements a curing policy for restructured accounts compliant with the BSP Circular No. 1011. Restructured accounts that have exhibited improvements in creditworthiness may be moved from Stage 3 after a total of one-year probation period. These accounts are transferred to Stage 2 after six months of full payments and consequently transferred to Stage 1 after making the next six months full payments.

The Bank 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 Bank defines EAD as the principal and interests that would not be collected assuming the borrower's defaults during a future point in time. The Bank computes for a financial asset's EAD using the expected contractual cash flows during the contractual life of the financial instrument. A financial asset's EAD is defined as the sum of EAD from principal and EAD from interest.

Probability of default (PD)
The Bank uses forward-looking PD estimates that are unbiased and probability-weighted using a range

of possible outcomes. The PD for each individual instrument is modelled based on historical data and is estimated based on current market conditions and reasonable and supportable information about future economic conditions. The Bank segmented its credit exposures based on homogenous risk characteristics and developed a corresponding PD methodology for each portfolio. The PD methodology for each relevant portfolio is determined based on the underlying nature or characteristic of the portfolio, behavior of the accounts and materiality of the segment as compared to the total portfolio. The Bank's PDs are mainly categorized into the following: (a) corporate and commercial loans; (b) small and medium-size enterprise financing; (c) auto and housing loans; and (d) personal and consumption loans.

Loss given default (LGD)
The Bank's LGD model considers certain factors such as the historical cash flow recovery and reasonable and supportable information about future economic conditions, where appropriate. Generally, the model utilizes the Bank's existing loan exposure rating system which is designed to capture these factors as well as the characteristics of collaterals related to an exposure. In cases wherein this does not apply, the Bank looks into the standard characteristics of collaterals (e.g., auto and housing loans) in order to estimate an LGD factor.

Economic Overlays
The Bank's incorporates economic overlays into the measurement of ECL to add a forward-looking risk measure parallel to the expected future macroeconomic atmosphere. A broad range of economic indicators were considered for the economic inputs. The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements.

To address this, quantitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. The Bank's loans and receivables consist of different portfolios, such as corporate and commercial loans and consumer loans, as well as other receivables (e.g., sales contract receivables). In compliance with PFRS 9, the Bank developed ECL parameters and methodologies for each portfolio, using historical data as well as forward-looking inputs and assumptions.

Credit Review

In accordance with BSP Circular No. 855, credit reviews are conducted on loan accounts to evaluate whether loans are granted in accordance with the Bank's policies, to assess loan quality and appropriateness of classification and adequacy of loan loss provisioning. Results of credit reviews are promptly reported to management to apprise them of any significant findings for proper corrective actions.

Market Risk

Market risk is the risk of loss that may result from changes in the price of a financial product. The value of a financial product may change as a result of changes in interest rates, foreign exchange rates, equity prices and other market changes. The Bank's market risk originates from its holdings of foreign exchange instruments, debt securities, and loans and receivables.

a. *Interest rate risk*
   The Bank's interest rate risk originates from its holdings of interest rate sensitive assets and interest rate sensitive liabilities. The Bank follows prudent policies in managing its exposures to interest rate fluctuations, and constantly monitors its assets and liabilities.

Interest rates on savings accounts 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 Bank 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 FVPL portfolio. Market values of these investments are sensitive to fluctuations in interest rates.

The asset-liability gap analysis method is used by the Bank to measure the sensitivity of its assets and liabilities to interest rate fluctuations. This analysis measures the Bank's susceptibility to changes in interest rates. The repricing gap is calculated by first distributing the assets and liabilities contained in the Bank's statement of financial position 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 Bank also 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 Bank's interest income and interest expenses of different parallel changes in the interest rate curve, assuming the parallel change only occurs once and the interest rate curve after the parallel change does not change again for the next twelve months.

b. Foreign currency risk

The Bank's foreign exchange risk originates from its holdings of foreign currency-denominated assets and liabilities (foreign exchange assets and liabilities). Foreign currency risk is the risk to earnings or capital arising from changes in the foreign exchange rates.

The Bank's policy is to maintain foreign currency exposure within existing regulations, and within acceptable risk limits. The Bank 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 Bank is engaged.

The monetary assets and liabilities carried in the RBU and FCDU books are all denominated in their respective functional currencies, except for small non-recurring other monetary items. Thus, risk is minimal.

Liquidity Risk and Funding Management

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

The Bank's liquidity management involves maintaining funding capacity to accommodate fluctuations in asset and liability levels due to changes in the Bank's business operations or unanticipated events created by customer behavior or capital market conditions. The Bank seeks to ensure liquidity through a combination of active management of liabilities, a liquid asset portfolio composed substantially of deposits in primary and secondary reserves, and the securing of money market lines and the maintenance of repurchase facilities to address any unexpected liquidity situations.

Liquidity risk is monitored and controlled primarily by a gap analysis of maturities of relevant assets and liabilities reflected in the maximum cumulative outflow report, as well as an analysis of available liquid assets. Furthermore, monthly internal liquidity ratio equivalent to the ratio of volatile deposits has been set to determine sufficiency of liquid assets over deposit liabilities.

The Bank started monitoring and reporting to the BSP the Liquidity Coverage Ratio and the Net Stable Funding Ratio in 2018. Liquidity is managed by the Bank on a daily basis, while scenario stress tests and sensitivity analysis are conducted periodically.

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 Bank'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;
- associates; and
- post-employment benefit plans for the benefit of the Bank's employees

Generally, the related party transactions are settled in cash. There are no provisions for credit losses for the first six months of 2020 and 2019 in relation to amounts due from related parties.

Transactions with Retirement Plans

The Bank has a business relationship with its retirement plan pursuant to which it provides trust and management services. As of September 30, 2020 and December 31, 2019, plan assets of the retirement funds are managed by CBC's Trust Department.

Significant transactions of the retirement fund, particularly with related parties, are approved by the Retirement Committee (RC) of the Bank. The members of the RC are directors and key management personnel of the Bank.

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 Bank, directly or indirectly. The Bank considers the members of the Management Committee as key management personnel for purposes of PAS 24.

The Bank also provides banking services to key management personnel and persons connected to them.

As of September 30, 2020 and December 31, 2019, all loans to related parties are secured and no provision for credit losses was recorded.

As of September 30, 2020 and December 31, 2019, the number of common shares held by the Parent Bank is 105.00 million. The Parent Bank does not hold preferred shares of the Bank in September 2020 and 2019.

Regulatory Reporting

As required by the BSP, the Bank discloses loan transactions with its and affiliates and investees and with certain 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:

	September 30, 2020		December 31, 2019	
	DOSRI Loans	**Related Party Loans (inclusive of DOSRI Loans)**	DOSRI Loans	Related Party Loans (inclusive of DOSRI Loans)
Total outstanding DOSRI loans*	**₱1,071,966,916**	**₱1,092,342,393**	₱818,046,448	₱831,349,891
Percent of DOSRI/Related Party loans to total loan portfolio**	**1.58%**	**1.61%**	1.11%	1.11%
Percent of unsecured DOSRI/Related Party loans to total loan portfolio	**2.15%**	**2.11%**	2.19%	2.15%
Percent past due DOSRI/Related Party loans to total loan portfolio	**–**	**–**	–	–
Percent of non−performing DOSRI/Related Party loans to total loan portfolio	**–**	**–**	–	–

** Includes deposits with CBC*

*** Total loan portfolio includes due from Parent Bank*

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.

Other Disclosures

(a) There are no unusual items of asset, liability, equity, net income or cash flow.

(b) There are no changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in the prior financial year.

(c) There are no issuances, repurchases and repayments of debt and equity securities during the period.

(d) No dividends were paid for ordinary and other shares during the period.

(e) The Bank does not prepare segment revenue and segment result reports, nor are they required by the BSP.

(f) There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements.

China Bank Savings, Inc.

(A Majority Owned Subsidiary of China Banking Corporation)

Unaudited Interim Condensed Financial Statements
As of September 30, 2020
(With Comparative Audited Figures as of December 31, 2019)

and for the periods ended September 30, 2020 and 2019 (Unaudited)

CHINA BANK SAVINGS, INC. Annex 1

INTERIM STATEMENTS OF FINANCIAL POSITION

	September 30, 2020 (Unaudited)	December 31,2019 (Audited)
ASSETS		
Cash and Cash Equivalents	**₱14,881,801,351**	₱22,672,899,338
Financial Assets at Fair Value through Other Comprehensive Income	**804,273,083**	948,332,885
Investment Securities at Amortized Cost	**5,711,359,279**	3,689,760,324
Loans and Receivables	**65,374,717,900**	66,936,376,157
Non-current Assets Held for Sale	**479,238,940**	342,781,398
Property and Equipment	**1,591,951,746**	1,763,533,531
Investment Properties	**2,424,479,424**	2,603,799,735
Branch Licenses	**74,480,000**	74,480,000
Software Costs	**49,320,511**	55,859,984
Deferred Tax Assets	**863,876,485**	863,876,485
Other Assets	**3,283,405,276**	2,032,975,131
	₱95,538,903,995	₱101,984,674,968
LIABILITIES AND EQUITY		
Liabilities		
Deposit Liabilities		
Demand	**₱18,216,008,404**	₱17,477,968,724
Savings	**17,395,293,968**	15,254,976,507
Time	**46,480,018,442**	56,467,993,102
	82,091,320,814	89,200,938,333
Manager's Checks	**317,712,085**	462,742,405
Accrued Interest and Other Expenses	**459,655,541**	394,224,470
Income Tax Payable	**22,525,674**	24,306,931
Other Liabilities	**2,568,050,655**	2,172,759,565
	85,459,264,769	92,254,971,704
Equity		
Capital stock	**10,543,579,100**	10,543,579,100
Additional paid-in capital	**485,049,814**	485,049,814
Other equity reserves	**(2,248,520,637)**	(2,248,520,637)
Surplus	**1,303,090,528**	965,983,538
Remeasurement losses on retirement liability	**(46,931,831)**	(46,931,831)
Net unrealized gains (losses) on financial assets at fair value through other comprehensive income	**10,645,359**	(12,564,323)
Cumulative translation adjustment	**32,726,893**	43,107,603
	10,079,639,226	9,729,703,264
	₱95,538,903,995	₱101,984,674,968

CHINA BANK SAVINGS, INC. Annex 2

INTERIM STATEMENTS OF INCOME

	January to September		July to September	
	2020 (Unaudited)	2019 (Unaudited)	**2020 (Unaudited)**	2019 (Unaudited)
INTEREST INCOME				
Loans and receivables	**₱3,776,375,495**	₱4,066,883,670	**₱1,212,940,448**	₱1,412,426,548
Investment securities	**191,329,868**	339,352,160	**65,791,184**	112,964,967
Due from BSP and other banks	**206,654,772**	163,135,290	**46,442,703**	57,164,553
	4,174,360,135	4,569,371,120	**1,325,174,335**	1,582,556,068
INTEREST EXPENSE				
Deposit liabilities	**1,193,147,266**	2,133,781,300	**306,123,346**	629,350,005
Others	**37,398,814**	47,954,520	**11,861,523**	18,226,000
	1,230,546,080	2,181,735,820	**317,984,869**	647,576,005
NET INTEREST INCOME	**2,943,814,055**	2,387,635,300	**1,007,189,466**	934,980,063
Service charges, fees and commissions	**600,164,410**	640,331,070	**198,632,515**	214,248,748
Gain (loss) on asset exchange	**24,971,391**	172,911,959	**(1,399,192)**	31,394,728
Trading and securities gains (losses) - net	**15,995,643**	–	**15,810,217**	–
Income from property rentals	**14,279,640**	22,175,310	**3,856,465**	7,271,906
Foreign exchange gain (loss)	**854,578**	(429,340)	**398,702**	82,487
Miscellaneous	**37,186,990**	67,694,860	**11,400,907**	33,737,390
TOTAL OPERATING INCOME	**3,637,266,707**	3,290,319,159	**1,235,889,080**	1,221,715,322
Compensation and fringe benefits	**1,010,702,929**	955,085,420	**332,305,524**	335,429,352
Provision for impairment and credit losses	**456,817,929**	144,620,300	**201,079,300**	64,165,000
Depreciation and amortization	**324,884,116**	378,820,678	**104,753,248**	141,639,608
Documentary stamp taxes	**210,108,225**	261,962,570	**66,699,326**	94,316,741
Taxes and licenses	**208,696,230**	244,278,120	**53,524,989**	69,123,195
Insurance	**193,575,022**	177,774,960	**60,025,979**	63,370,050
Security, messengerial and janitorial	**171,267,798**	203,652,880	**49,572,120**	73,799,999
Acquired asset and other litigation expense	**83,748,903**	119,027,146	**19,301,027**	45,635,883
Transportation and travel	**74,221,623**	92,567,524	**25,738,346**	31,435,833
Occupancy costs	**90,537,898**	85,460,172	**31,678,152**	28,762,611
Entertainment, amusement and recreation	**66,230,407**	84,916,220	**22,731,728**	28,471,762
Data processing and information technology	**40,440,302**	43,536,040	**14,902,549**	12,784,010
Utilities	**40,397,865**	79,298,600	**14,874,914**	41,840,101
Stationery, supplies and postage	**35,413,444**	39,023,177	**13,442,262**	12,755,538
Management and other professional fees	**3,465,107**	4,074,560	**1,583,842**	1,813,215
Miscellaneous	**160,266,832**	113,194,349	**53,928,723**	10,293,297
TOTAL OPERATING EXPENSES	**3,170,774,630**	3,027,292,716	**1,066,142,029**	1,055,636,195
INCOME BEFORE INCOME TAX	**466,492,077**	263,026,443	**169,747,051**	166,079,127
Provision for (benefit from) income tax	**129,385,087**	(77,716,090)	**39,531,584**	8,396,861
NET INCOME	**₱337,106,990**	₱340,742,533	**₱130,215,467**	₱157,682,266

CHINA BANK SAVINGS, INC. Annex 3

INTERIM STATEMENTS OF COMPREHENSIVE INCOME

	January to September		July to September	
	2020 (Unaudited)	2019 (Unaudited)	**2020 (Unaudited)**	2019 (Unaudited)
NET INCOME	**₱337,106,990**	₱340,742,533	**₱130,215,467**	₱157,682,266
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that recycle to profit or loss in subsequent periods:				
Changes in net unrealized losses on financial assets at fair value through other comprehensive income	**23,209,682**	74,986,273	**(157,558)**	17,725,903
Cumulative translation adjustment	**(10,380,710)**	(9,952,794)	**(5,872,864)**	567,620
	12,828,972	65,033,479	**(6,030,422)**	18,293,523
TOTAL COMPREHENSIVE INCOME	**₱349,935,962**	₱405,776,012	**₱124,185,045**	₱175,975,789

CHINA BANK SAVINGS, INC.

Annex 4

INTERIM STATEMENTS OF CHANGES IN EQUITY

	Capital Stock	Additional Paid-in Capital	Other Equity Reserves	Surplus	Remeasurement Gains (Losses) on Retirement Liability	Net Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income	Cumulative Translation Adjustment	Total Equity
Balance at January 1, 2020 (Audited)	**₱10,543,579,100**	**₱485,049,814**	**(₱2,248,520,637)**	**₱965,983,538**	**(₱46,931,831)**	**(₱12,564,323)**	**₱43,107,603**	**₱9,729,703,264**
Total comprehensive income (loss) for the period	**–**	**–**	**–**	**337,106,990**	**–**	**23,209,682**	**(10,380,710)**	**349,935,962**
Balance at September 30, 2020 (Unaudited)	**₱10,543,579,100**	**₱485,049,814**	**(₱2,248,520,637)**	**₱1,303,090,528**	**(₱46,931,831)**	**₱10,645,359**	**₱32,726,893**	**₱10,079,639,226**
Balance at January 1, 2019 (Audited)	₱10,543,579,100	₱485,049,814	(₱2,248,520,637)	₱347,992,619	₱747,845	(₱85,306,273)	₱45,679,794	₱9,089,222,262
Total comprehensive income for the period	–	–	–	340,742,533	–	74,986,273	(9,952,794)	405,776,012
Balance at September 30, 2019 (Unaudited)	₱10,543,579,100	₱485,049,814	(₱2,248,520,637)	₱688,735,152	₱747,845	(₱10,320,000)	₱35,727,000	₱9,494,998,274

CHINA BANK SAVINGS, INC. Annex 5

INTERIM STATEMENTS OF CASH FLOWS

	Periods Ended September 30	
	2020 (Unaudited)	2019 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱466,492,077**	₱263,025,533
Adjustments for:		
Provision for impairment and credit losses	**456,817,929**	144,620,300
Depreciation and amortization	**324,884,116**	378,820,678
Amortization of premium on investment securities	**(63,387,041)**	(42,411,311)
Gain on asset exchange	**(24,971,391)**	(172,911,959)
Interest on lease liabilities	**37,398,814**	47,954,520
Changes in operating assets and liabilities:		
Decrease (increase) in the amounts of:		
Loans and receivables	**813,541,864**	(3,504,808,436)
Other assets	**(1,250,430,146)**	(35,745,630)
Increase (decrease) in the amounts of:		
Deposit liabilities	**(7,109,617,519)**	132,151,925
Manager's checks	**(145,030,320)**	(150,017,796)
Accrued interest and other expenses	**65,431,071**	6,457,973
Other liabilities	**395,291,090**	859,246,102
Net cash used in operations	**(6,033,579,456)**	(2,073,617,192)
Income tax paid	**(131,166,344)**	(84,519,156)
Net cash used in operating activities	**(6,164,745,800)**	(2,158,136,348)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Investment securities	**(2,465,993,536)**	–
Software Cost	**(13,090,623)**	(13,100,270)
Property and equipment	**(44,809,943)**	(129,268,612)
Proceeds from sale/maturity of:		
Investment securities	**509,778,470**	287,190,981
Property and equipment	**5,102,386**	7,787,697
Investment properties	**245,536,326**	546,852,779
Non-current assets held for sale	**228,383,914**	354,606,726
Net cash provided by (used in) investing activities	**(1,535,093,006)**	1,054,069,300
CASH FLOWS FROM FINANCING ACTIVITY		
Payments of principal portion of lease liabilities	**(91,410,067)**	(144,279,076)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENT	**150,886**	(9,952,106)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(7,791,097,987)**	(1,258,298,229)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**22,672,899,338**	13,551,253,323
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱14,881,801,351**	₱12,292,955,094

CHINA BANK SAVINGS, INC. Annex 6

FINANCIAL PERFORMANCE INDICATORS

	Periods Ended September 30	
	2020 (Unaudited)	2019 (Unaudited)
Capitalization		
Capital Adequacy Ratio (CAR)	**12.40%**	11.13%
Common Equity Tier (CET) 1 Ratio	**11.64%**	10.23%
Asset Quality		
Gross Non-Performing Loans (NPL) Ratio	**8.02%**	5.09%
Non-Performing Loan (NPL) Cover	**43.10%**	57.20%
Liquidity		
Liquid Assets to Total Assets	**22.40%**	25.87%
Loans (net) to Deposit Ratio	**79.64%**	77.39%
Profitability		
Return on Equity	**4.59%**	4.89%
Return on Assets	**0.47%**	0.47%
Cost Efficiency		
Cost-to-Income Ratio	**74.62%**	80.19%

Definition of Ratios

Capitalization

CAR	-	$\frac{\text{Total Qualifying Capital}}{\text{Total Risk Weighted Assets}}$
CET 1 Ratio	-	$\frac{\text{CET 1 / Tier 1 Capital}}{\text{Total Risk Weighted Assets}}$

Asset Quality

Gross NPL Ratio	-	$\frac{\text{Gross NPL}}{\text{Gross Loans and Receivables}}$
NPL Cover	-	$\frac{\text{Total Allowance for Credit Losses on Loans and Receivables}}{\text{Gross NPL}}$

Liquidity

Liquid Assets to Total Assets	-	$\frac{\text{Total Liquid Assets}}{\text{Total Assets}}$
Loans (net) to Deposit Ratio	-	$\frac{\text{Loans and Receivables, net of Allowance}}{\text{Deposit Liabilities}}$

Profitability

Return on Equity	-	$\frac{\text{Net Income after Tax}}{\text{Average Total Equity}}$
Return on Assets	-	$\frac{\text{Net Income after Tax}}{\text{Average Total Assets}}$

Cost Efficiency

Cost-to-Income Ratio	-	$\frac{\text{Total Operating Expenses excluding Provision for Impairment and Credit Losses}}{\text{Total Operating Income}}$

CERTIFICATION

I, **LUIS BERNARDO A. PUHAWAN** is a duly authorized representative of **China Bank Savings, Inc.** with **SEC registration number 16962** with principal office at **CBS Building, 314 Sen. Gil J. Puyat Avenue, Makati City**, on oath state:

1) That on behalf of China Bank Savings, Inc., I have caused this SEC Form 17-Q (for the period ended September 30, 2020) to be prepared;

2) That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;

3) That the company China Bank Savings, Inc., will comply with the requirements set forth in SEC Notice dated June 24, 2020 for a complete and official submission of reports and/or documents through electronic mail; and

4) That I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

IN WITNESS WHEREOF, I have hereunto set my hand this NOV 1 1 2020 day of _____, 20_____.

LUIS BERNARDO A. PUHAWAN

SUBSCRIBED AND SWORN to before me this NOV 1 1 2020 day of _____, 20____.

NOTARY PUBLIC

Doc. No. 344;
Page No. 70;
Book No. VII;
Series of 2020.

ATTY. ANNA MARIELA O. NARIFOSQUE
Notary Public until Dec. 31, 2021
Appointment No. M-181 (2019-2021)
Roll No. 71147 IBP No. 064245
PTR No. 8116168 01/02/2020 Makati
MCLE Compliance No. VI-0018080 02.11.19
169 H V Dela Costa St., Salcedo Village, Makati City