SEC NO. 16962
FILE NO.

CHINA BANK SAVINGS, INC.
(COMPANY'S NAME)

CBS BUILDING
314 Sen. Gil J. Puyat Avenue, Makati City
(COMPANY'S ADDRESS)

8-988-95-55
(TELEPHONE NUMBER)

DECEMBER 31
(FISCAL YEAR ENDING MONTH AND DAY)

SEC FORM 17 – A
(FORM TYPE)

December 31, 2023
(PERIOD ENDED DATE)

N/A
(SECONDARY LICENSE TYPE AND FILE NUMBER)

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
17-A	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)
1,550	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
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-A, *AS AMENDED*

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1.	For the fiscal year ended	:	**December 31, 2023**
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	115,414,149
Preferred stock - ₱100 par value	21,642

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

    Yes [ ]   No [✓]

12. Check whether the issuer:

    (a) has filed all the reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 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 [✓]   No [ ]

    (b) has been subject to such filing requirements for the past ninety (90) days.
    Yes [✓]   No [ ]

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PART I. BUSINESS AND GENERAL INFORMATION

Item 1. DESCRIPTION OF BUSINESS

1. Business Development

Corporate Policy

China Bank Savings ("CBS" or the "Bank") is the retail lending arm of China Banking Corporation ("China Bank" or the "Parent Bank") and one of the largest thrift banks in the country today. CBS is a member of the SM Group or SM Investments Corporation, one of the country's largest conglomerates.

In 2007, CBS was acquired by China Bank. Following the change in its majority owners, the Bank continues to operate as a thrift bank. Subsequent mergers with Unity Bank, a Pampanga-based rural bank, and Planters Development Bank (Plantersbank) have bolstered CBS' position as a leading thrift bank in the industry. With more than 160 branches nationwide and a strong platform for retail banking, auto, housing, teachers, and enterprise finance, CBS is dedicated to servicing the needs of entry-level customers, the broad consumer market, and the strategic Small and Medium Enterprise (SME) sector. CBS is committed to promoting financial inclusiveness, and uplifting the quality of consumers and entrepreneurs in line with its *Easy Banking for You* brand of service.

The Bank's ***Easy Banking for You*** corporate tagline, promises fast, efficient and friendly service for customers. It means that the whole CBS team is putting in more effort and going the extra mile to make banking easy for customers. The Bank is complementing its organizational capacity with the infrastructure to deliver on the promise of *Easy Banking for You* through an up-to-date technology, robust employee training and development programs, wide distribution network, fast and efficient processes and competitive products and services.

The Bank's customer acquisition strategy involves sourcing new customers from the general public through its sales channels and brick-and-mortar branch network. China Bank and CBS ensure wider market coverage through their internal referral and customer acquisition process. CBS focuses on the "emerging mass-market" sector of the consumer banking market. On the funding side, the Bank's principal source is the deposits from the general public.

The Bank's website www.cbs.com.ph/ has been enhanced to support the corporate branding campaign. The secure site was provided with a fresh look that reflects the Bank's vibrant image and authentic commitment to entry-level customers, families, young professionals, and entrepreneurs.

Vision
To be the leading savings bank preferred by the markets we serve.

Mission
As the leading savings bank, we deliver the best in banking, thus:

We provide wealth-building and practical products and services that fulfill the dreams and uplift the markets we serve.

We value our employees by nurturing, developing and rewarding them, as they are vital to our success.

We maintain the highest ethical standards through good corporate governance; deliver maximum and sustainable returns for our shareholders; and serve our communities to help promote better lives.

Core Values
In doing business, CBS is guided by these values:

- ***Integrity.*** We conduct ourselves with honest intentions and accountability.
- ***Teamwork.*** We work together in harmony and we respect each other to achieve our shared goals.
- ***Pursuit of Excellence.*** We have high performance standards that exceed expectations of our customers and shareholders.
- ***Customer Focus.*** We build and maintain solid and lasting relationships that result in customer loyalty.
- ***Concern for People.*** We provide an equitable, respectful, and safe working environment for all our employees.
- ***Fairness and Firmness.*** We make decisions free from discrimination and we are resolute in our decisions.
- ***Sustainability.*** We consider environmental, social, and governance risks and impacts in our decisions.

Form and Year of Organization

The Bank's original Certificate of Incorporation was issued by the Philippine Securities and Exchange Commission (SEC) on May 23, 1960. The Bank reopened to the public on June 26, 1999 as a thrift bank in accordance with the Monetary Board (MB) Resolution No. 512 dated April 21, 1999. Under MB Resolution No. 512. On August 20, 2009, the Board of Directors (BOD) approved the amendment of the Bank's Articles of Incorporation to extend its corporate term for another fifty (50) years, from and after May 23, 2010, the end of the original term of the Bank's corporate existence. The amendment to the Articles of Incorporation to extend the Bank's corporate term was subsequently approved by the stockholders of the Bank, who own/represent at least two thirds (2/3) of the outstanding capital stock, at the Annual Stockholders' Meeting held in October 2009. The Amended Articles of Incorporation was approved by the SEC on March 25, 2010. By virtue of Section 11 of Republic Act No. 11232 also known as the "Revised Corporation Code of the Philippines, which took effect on February 23, 2019, the Bank now has perpetual existence.

As of December 31, 2023 and 2022, CBC, the Parent Bank, has ownership interest in the Bank of 99.64% and 99.60%, respectively.

The registered office address of the Bank is at CBS Building, 314 Sen. Gil Puyat Avenue, Makati City.

Bankruptcy, Receivership or Similar Proceedings

The Bank is not subject to any bankruptcy, receivership or similar proceedings.

Material Reclassification Merger, Consolidation or Purchase or Sale of Assets

Merger between the Bank and Unity Bank, A Rural Bank

The Board of Directors of the Bank and Unity Bank, in their meetings held on June 6, 2013 and June 11, 2013, respectively, approved the proposed merger with Unity Bank, with the Bank as the surviving entity. The Plan of Merger was approved by the stockholders of both banks in their meetings held on July 18, 2013 and July 19, 2013, respectively. Unity Bank is 99.95% owned by China Bank, having acquired the former on November 20, 2012 under the Strengthening Program for Rural Banks (SPRB) Plus of the Bangko Sentral ng Pilipinas (BSP).

On December 10, 2013, the BSP approved the issuance of Certificate of Authority to register the approved Plan of Merger and Articles of Merger of the Bank and Unity Bank, with the Bank as the surviving entity. Thereafter, on January 20, 2014, the SEC formally issued the Certificate of the Filing of Articles and Plan of Merger by and between the Bank (surviving corporation) and Unity Bank (absorbed corporation). The merger was effected via a share-for-share exchange.

Merger between the Bank and Planters Development Bank

On June 26, 2014, the Board of Directors of both the Bank and Plantersbank approved the Plan and Articles of Merger of the Bank and Plantersbank, with the former as the surviving corporation. Plantersbank is a 99.85% owned subsidiary of China Bank. The stockholders of both Plantersbank and the Bank approved, ratified and confirmed the Plan and Articles of Merger on August 14, 2014. An amended Plan of Merger was approved by the Board of Directors of both Banks on January 29, 2015.

On August 19, 2015 and December 17, 2015, the MB of the BSP and the SEC approved the merger, respectively. The salient provisions of the Articles of the Merger are as follows:

a. Upon the effective date of the merger, Plantersbank shall be merged with and into the Bank. The separate and distinct existence of Plantersbank shall cease and terminate upon the effective date of merger.

b. The Bank shall be the surviving corporation.

c. As of the effective date, all common and preferred shares of Plantersbank shall be converted into fully paid China Bank Savings common shares totaling to 16.5 million shares.

Financial Highlights

	2023	2022
PROFITABILITY		
Total net interest income	**₱7,109,071,751**	₱6,581,408,070
Total non-interest income	**1,101,931,975**	969,452,353
Total non-interest expenses	**5,060,614,987**	4,320,329,546
Pre-provision profit	**3,150,388,739**	3,230,530,877
Provision for credit losses	**1,015,498,571**	1,507,585,488
Net income	**1,827,825,406**	1,576,953,263
SELECTED BALANCE SHEET DATA		
Liquid assets	**32,463,928,778**	22,573,522,183
Gross loans	**113,630,552,414**	90,918,573,413
Total assets	**157,437,893,260**	123,987,423,343
Deposits	**137,655,230,954**	108,196,889,850
Total equity	**15,649,082,024**	12,814,431,652
SELECTED RATIOS		
Return on equity	**12.84%**	13.06%
Return on assets	**1.30%**	1.44%
Capital adequacy ratio	**12.59%**	12.68%
OTHERS		
Headcount		
Officers	**1,296**	1,182
Staff	**1,389**	1,235

2. Business of Registrant

a. Products and Services

CBS offers a suite of products and services that cater to the different needs of its clientele, whether for business or personal finance. CBS' customer-centric and inclusive-finance approach ensures convenience, affordability, and ease-of-access in the way it delivers its products and services.

DEPOSITS

- Savings
  - **Easi-Save Basic** is an ideal starter, interest-earning savings account.
  - **Easi-Save ATM** is an interest-earning account with the convenience of a PIN-based automated teller machine (ATM) card.
  - **Easi-Save for Kids** is an interest-earning savings account designed for children aged at least 7 until 12 years old.
  - **US Dollar Savings Account** is a US Dollar-denominated savings account that comes with a passbook.
  - **CBS My First Million Savings Account** is an interest-earning savings account that comes with a passbook and 24/7 access via ATM, CBS Online Banking and CBS Mobile App.

- Checking

  - **Easi-Checking Basic** is an entry-level checking account with low initial deposit requirement.
  - **Easi-Checking** is an interest-bearing checking account that comes with an Easi-Save ATM card.
  - **CheckMate All-in-One Check Account** is an interest-bearing checking account for the professional or entrepreneur who is always on the go. Transactions can be monitored via passbook, checkbook, ATM and via CBS Mobile App or CBS Online 24/7.

- Time Deposit

  - **Easi-Earn Time Deposit** is a peso-denominated, short-term deposit account with terms of less than one year. Interest is credited upon maturity.
  - **Easi-Earn High Five** is a peso-denominated, five-year term deposit account. It has a fixed interest rate and is tax-free .
  - **US Dollar Time Deposit Account** is a US Dollar-denominated short-term deposit account with terms of less than one year. Interest is credited upon maturity.

LOANS AND CREDIT FACILITIES

- **SME Biz Loan**

  - **Term Loan** is a multipurpose credit source with a tenor of more than one year extended to business entities.
  - **Revolving Promissory Note Line** provides ready cash for purchasing, building up inventory, or as a bridge between receivables.
  - **Check Discounting Line** allows to get credit immediately every time it is needed. No more waiting time for customer's post-dated checks to clear.
  - **Invoice Financing** is a supervised and directed loan offered to business entities for the purpose of financing the purchase of their inventory goods from manufacturers, suppliers, or distributors.
  - **Floor Stock Financing** keeps inventory fully stocked while CBS handles the payments, oversees everything and making sure everything is paid on time.
  - **Domestic Standby Letter of Credit** is a standby credit line extended to businesses to guarantee financing for a project or particular business transaction with a specific or certified beneficiary.
  - **Project Financing / Development Loan** is a credit facility intended to finance the development of residential housing projects.
  - **CTS Receivables Financing with Recourse** is a credit facility that provides liquidity to real estate developers through purchase of receivables from individual home buyers covered with contract-to-sell (CTS) on accredited residential housing projects.

- **Small Biz Loan**

  - **Small Biz Term Loan** is a multipurpose credit source with a tenor of more than one year extended to business entities.

- **Small Biz Revolving Promissory Note** is a loan facility for loans worth ₱10.0 million and below. Interest is computed only for the amount used. A real estate mortgage (REM) or a combination of REM and deposit assignment are required.
- **Small Biz Revolving Credit Line (Check Driven)** is a standby credit line guarantees simple financing for product or specific recipient over time.

▪ **Consumer Loan**

- **Easi-Drivin' Auto Loan** makes owning a first car a breeze. Whether buying a brand-new car or a pre-owned vehicle, CBS has affordable amortization schemes and flexible terms.
- **Easi-Livin' Home Loan** makes moving in to one's dream house a reality. It can be used for lot or home purchase, home construction, home improvement or to refinance an existing home loan.
- **Easi-Funds Personal Loan** is a cash loan with no collateral. It gives one an access to cash quickly.
- **Easi-Funds Salary Loan** is a multi-purpose loan facility offered to salaried individuals employed by CBS accredited companies.

▪ **Easi-APDS Loan**

- Easi-APDS is an Automatic Payroll Deduction (APD) Salary Loan. It is a multi-purpose and non-collateral program offered to the teaching and non-teaching personnel of the Department of Education (DepEd), Autonomous Schools, State Universities and Colleges (SUCs), and Local Universities and Colleges (LUCs) under the Commission on Higher Education (CHED), Technical Education and Skills Development Authority (TESDA), Department of Science and Technology – Philippine Science High School (DOST-PSHS) and other APD market segments covered by an APD Memorandum of Agreement with the Bank. CBS is a duly accredited APD Private Lending Institution with Deduction Code 1151.

CASH MANAGEMENT SERVICES

- **Bills Payment System** is a tie-up arrangement with major and local utility providers, schools, insurance companies, credit card companies or charitable institutions.

- **Deposit Pick-Up Arrangement** is a special type of accommodation given to valued clients where the Bank sends a representative on an agreed schedule at the client's designated office or establishment to collect deposits.

- **Online Payroll Upload** credits employee's payroll accounts via uploading in CBS Online Corp or through the branch. Funds will be available on the same day.

- **Check Write Software** is a checking account which includes software for printing checks and monitoring disbursement electronically.

- **End to End Payroll Software** computes salary in an instant, including regular pay, overtime pay, salary adjustments, taxes, SSS, Pag-Ibig and PhilHealth contributions.

- **Direct Buyers Checking Account** is a special checking account designed to support the operation and collection efforts of the business.

- o **Post Dated Check Warehousing** is a service for controlling and managing a client company's inventory of post-dated checks, using a stand-alone system to credit these checks to the client's account when the value date falls due.

- o **SME Proposition** where clients are provided with equipment, gadget, business machine, or cash management services that will help them manage and grow their business through technology.

- o **Easi-Padala** is a remittance service that will assist CBS account and non-account holders with their money transfer to/from their relatives: secured and fast.

Business Contribution

	December 31, 2023		December 31, 2022	
	%	**Amount**	%	Amount
INTEREST INCOME				
Loans and receivables		**₱10,302,663,084**		₱7,494,313,474
Due from BSP and other banks		**807,401,467**		266,726,823
Investment securities		**472,994,630**		273,068,574
Interbank loans receivable and SPURA		**169,178,245**		70,835,452
		11,752,237,426		8,104,944,323
INTEREST EXPENSE				
Deposit liabilities		**4,590,953,033**		1,484,426,834
Others		**52,212,642**		39,109,419
		4,643,165,675		1,523,536,253
NET INTEREST INCOME	**86.58%**	**7,109,071,751**	87.16%	6,581,408,070
Service charges, fees and commissions	**5.58%**	**458,307,082**	5.69%	429,240,918
Gain on asset exchange	**4.63%**	**379,935,234**	4.98%	376,181,268
Income from property rentals	**0.61%**	**49,862,036**	0.65%	49,157,087
Trading and securities gains	**0.01%**	**365,441**	–	–
Miscellaneous	**2.59%**	**213,462,182**	1.52%	114,873,080
TOTAL OPERATING INCOME	**100.00%**	**₱8,211,003,726**	100.00%	₱7,550,860,423

Distribution Methods of Products and Services

CBS products and services are made available across multiple distribution and delivery channels: 168 branch network; 201 ATM network (194 in-branch and 7 off-site ATMs nationwide); 10 in-branch cash accept machine; 3 business centers and 19 sales offices mainly supporting the Bank's SME and consumer lending business and 33 APD lending centers and 60 APD branch-lite units (BLUs) primarily supporting the Bank's APD lending business.

The rapidly growing distribution network is enabled by a highly robust and integrated core banking platform FCBS by Infosys. The core banking system allows real-time access to deposit and loan balances 24/7, general ledger and management of credit facilities.

The information on the Bank's distribution and delivery channels are shown in the following tables:

NO	BRANCH	LOCATION/ADDRESS
1	ACACIA ESTATES	Units 8,9,10 Town Center Acacia Estates, Acacia Estates, Bambang, Taguig City**

NO	BRANCH	LOCATION/ADDRESS
2	ALABANG HILLS	GF / Common Goal Bldg., Finance cor. Industry Sts., Madrigal Business Park, Ayala Alabang, Muntinlupa City*
3	AMANG RODRIGUEZ	G/F GBU Bldg. Amang Rodriguez Ave cor. Evangelista St. Santolan, Pasig City*
4	AMORANTO AVE.	Unit 101 R Place Building, 255 N.S. Amoranto Sr. Avenue, Quezon City*
5	ANGELES-RIZAL AVENUE	639 Rizal St., Angeles City*
6	ANGONO	Manila East Road cor. Don Benito St., Brgy. San Roque, Angono, Rizal*
7	ANONAS - SAVEMORE	V. Luna St. corner Anonas Extension, Sikatuna Village, Quezon City*
8	ANTIPOLO	EMS Bldg., M.L. Quezon St. cor. F. Dimanlig St., Antipolo City, Rizal*
9	ARANETA CENTER COD-SAVEMORE	Gen. Romulo St., Araneta Center, Cubao, Quezon City*
10	ARAYAT	Cacutud, Arayat, Pampanga**
11	AYALA	6772 Ayala Ave., Makati City*
12	BACLARAN	3751 Quirino Avenue cor. Sta. Rita St., Baclaran, Parañaque City*
13	BACOLOD	Fordland Building, I Annex, 12th Lacson Street, Bacolod City*
14	BACOOR-TALABA	Coastal Road cor. Aguinaldo Highway, Brgy. Talaba VII, Bacoor City, Cavite*
15	BAGUIO	UGF KDC Building 91 Marcos Hway Benguet Baguio City*
16	BALAGTAS	McArthur Highway, Wawa, Balagtas, Bulacan*
17	BALANGA	D.M. Banzon St., Balanga City*
18	BALIBAGO	JEV Bldg., McArthur Highway, Balibago, Angeles City*
19	BALIUAG	Plaza Naning, Poblacion, Baliuag, Bulacan*
20	BANAWE	Nos. 247-249 Banawe St., Sta. Mesa Heights, Brgy. Lourdes, Quezon City*
21	BANGKAL	GF / Amara Bldg., 1661 Evangelista St., Bangkal, Makati City*
22	BATANGAS P. BURGOS	No. 3 P. Burgos St., Batangas City*
23	BF HOMES	284 Aguirre Ave., B.F. Homes, Paranaque City*
24	BIÑAN	Nepa Highway, San Vicente, Biñan, Laguna*
25	BINONDO-JUAN LUNA	694-696 Juan Luna St., Binondo, Manila*
26	BLUMENTRITT	Blumentritt St. near Oroquieta St. Sta. Cruz, Manila*
27	BONI AVENUE	Raymond Tower Boni, 615 Boni Avenue, Plainview, Mandaluyong City*
28	BUENDIA-MAIN	314 Sen. Gil J. Puyat Ave., Makati City**
29	BUTUAN	JMC Building, J.C. Aquino Avenue, Brgy. Lapu Lapu, Butuan City, Agusan del Norte*
30	CABANATUAN-BAYAN	Burgos Ave., Cabanatuan City, Nueva Ecija*
31	CABUYAO	G/F Unit 101 C-257 Centrale, National Highway, Brgy. Sala , 4th District, Cabuyao City , Laguna*
32	CAGAYAN DE ORO	Sergio Osmeña St., Cogon District, Cagayan de Oro City*
33	CAINTA	Lower Ground Floor 04 & 05, CK Square Mall, Ortigas Ave. Ext., Brgy. San Juan, Cainta, Rizal*
34	CALAMBA	HK Bldg II, National Highway, Brgy. Halang, Calamba, Laguna*
35	CARMONA	Loyola Street , Brgy. Mabuhay, 5th District, Carmona, Cavite*
36	CAUAYAN	G/F A.V. Building, FNDY St. along Cabatuan Road, Brgy. San Fermin, 6th District, Cauayan City, Isabela*
37	CAVITE CITY	485 P. Burgos St., Brgy. 34, Caridad, Cavite City*
38	CEBU	MANGO AVENUE, JSP Mango Plaza, Gen. Maxilom Ave. cor. Echavez St., Cebu City*
39	CEBU CITY	G/F Skyrise IT Bldg., Brgy. Apas, Lahug, Cebu City*
40	CEBU MANDAUE BASAK	Co Tiao King Bldg., Cebu North Road Basak, Mandaue City*
41	COMMONWEALTH AVE.	JocFer Building, Commonwealth Avenue, Brgy. Holy Spirit, Quezon City *
42	CUBAO	Fernandina 88 Suites, 222 P. Tuazon Boulevard, Cubao, Quezon City*
43	DAGUPAN	G/F Lyceum-Northwestern University, Tapuac District, Dagupan City*
44	DARAGA	Rizal St., Brgy. San Roque, Daraga, Albay, Bicol*
45	DASMARIÑAS	Veluz Plaza Bldg., Zone I, Aguinaldo Highway, Dasmariñas City, Cavite*
46	DAU	MacArthur Highway, Dau, Mabalacat, Pampanga*
47	DAVAO	G/F 8990 Corporate Center, Quirino Ave., Davao City*
48	DAVAO RECTO	C. M Ville Abrille Bldg., C. M. Recto St. Davao City*
49	DEL MONTE	392 Del Monte Ave., Brgy. Sienna, Quezon City*
50	DOLORES	STCI Bldg., McArthur Highway, San Agustin, City of San Fernando, Pampanga*

NO	BRANCH	LOCATION/ADDRESS
51	DUMAGUETE	Ground Floor, Chateau Francisca Building, 200 North Road National Highway, Brgy. Bantayan, 2nd District, Dumaguete City, Negros Oriental*
52	E. RODRIGUEZ SR. AVENUE	E. Rodriguez, Sr. cor Hemady St., Quezon City *
53	ESPAÑA-SUNMALL	Espana Boulevard corner Mayon St., Manila *
54	FELIX HUERTAS-JT CENTRALE	Unit 103, Ground Floor, JT Centrale Mall, No. 1686 V. Fugoso St. corner Felix Huertas St., Sta. Cruz, Manila *
55	FILINVEST CORPORATE CITY	BC Group Bldg., East Asia Drive near cor. Comm. Ave., Filinvest Corp City, Alabang, Muntinlupa City*
56	FTI HYPERMARKET TAGUIG	DBP Avenue, Food Terminal Inc., Western Bicutan, Taguig*
57	G. ARANETA	195 G. Araneta Avenue, Quezon City*
58	GENERAL SANTOS	I. Santiago Boulevard General, Santos City*
59	GENERAL TRIAS	G/F VCentral Gentri, Governor's Drive, New Brgy. Manggahan, General Trias, Cavite*
60	GIL PUYAT BAUTISTA	Lot 25 Blk 74 Bautista St. cor. Buendia Avenue, Makati City*
61	GREENHILLS-ORTIGAS AVENUE	VAG Bldg., Ortigas Ave., Greenhills, San Juan, Metro Manila*
62	GUAGUA	Plaza Burgos, Guagua, Pampanga*
63	GUIGUINTO-RIS	RIS-5 Industrial Complex, 68 Mercado St., Tabe, Guiguinto, Bulacan*
64	ILOILO-IZNART	Golden Commercial Center Bldg, Iznart St. Iloilo City*
65	ILOILO-JARO	Lopez Jaena cor. EL 98 Sts., Jaro, Iloilo*
66	IMUS	Tanzang Luma, Aguinaldo Highway, Imus City, Cavite*
67	KALIBO	Lot 3459-E-1, Toting Reyes St., Brgy. Andagao, Kalibo, Aklan*
68	KALOOKAN	Augusto Bldg., Rizal Ave., Grace Park, Kalookan City*
69	KALOOKAN-MABINI	AJ Bldg., 353 A. Mabini St., Kalookan City*
70	KATIPUNAN AVE.	One Burgundy Condominium, Katipunan Avenue, Quezon City*
71	KAWIT	Unit 105 Ground Floor, Lokal Mall Kawit, Centennial Road, Brgy. Magdalo, Kawit, Cavite*
72	LA UNION	AG Zambrano Bldg., Quezon Ave., San Fernando City, La Union*
73	LAGRO	Bonanza Bldg., Quirino Highway, Greater Lagro, Novaliches, Quezon City*
74	LAGUNA-STA. CRUZ	E & E Building, Pedro Guevarra St., Sta. Cruz, Laguna *
75	LAOAG	J.P Rizal St. corner Balintawak St. Laoag City, Ilocos Norte*
76	LAS PIÑAS-ALMANZA UNO	Alabang Zapote Road, Almanza Uno, Las Piñas City*
77	LEGAZPI CITY	F. Imperial Street, Barangay Bitano, Legazpi City*
78	LINGAYEN	Unit 5-6, The Hub - Lingayen Building, National Road, Poblacion, Lingayen, Pangasinan*
79	LIPA	C.M. Recto Ave., Lipa City*
80	LOS BAÑOS CROSSING	Lopez Ave., Batong Malaki, Los Baños, Laguna*
81	LUCENA	Merchan cor., Evangelista St., Lucena City*
82	MACABEBE	Poblacion, Macabebe, Pampanga*
83	MAKATI-CHINO ROCES	2176 Chino Roces Ave., Makati City*
84	MAKATI-J.P. RIZAL	882 J.P. Rizal St., Makati City*
85	MALABON-FRANCIS MARKET-SAEMORE	Francis Market, Governor Pascual corner M.H. Del Pilar Sts., Malabon*
86	MALOLOS	Canlapan St., Sto. Rosario, Malolos City, Bulacan*
87	MALOLOS-CATMON	Paseo del Congreso, Catmon, City of Malolos, Bulacan*
88	MANDALUYONG	Paterno's Bldg., 572 New Panaderos St., Brgy. Pag-asa, Mandaluyong City*
89	MANDALUYONG-SHAW BLVD	500 Shaw Tower, 500 Shaw Boulevard, Mandaluyong City*
90	MANDAUE	A. Del Rosario Ave., Mantuyong, Mandaue City, Cebu*
91	MARIKINA	33 Bayan-Bayanan Ave., Brgy. Concepcion 1, Marikina City*
92	MARIKINA-GIL FERNANDO AVENUE	CTP Bldg., Gil Fernando Ave., Brgy. San Roque, Marikina City*
93	MEYCAUAYAN	Mancon Bldg., McArthur Highway, Calvario, Meycauayan, Bulacan*
94	MOLINO	817 Molino Road Molino III, Bacoor, Cavite*
95	MOUNT CARMEL	AMB Bldg., Km. 78 McArthur Highway, Brgy. Saguin, City of San Fernando, Pampanga*
96	NAGA	RL Bldg., Panganiban St., Lerma, Naga City*
97	NAVOTAS	FP BUILDING No. 855 M. Naval St., Brgy. Sipac-Almacen, Navotas City*
98	NEPA-QMART-SAVEMORE	Rose Bldg., 770 St. EDSA and K-G St., West Kamias, Quezon City*

NO	BRANCH	LOCATION/ADDRESS
99	NINOY AQUINO AVENUE	Ground Floor Skyfreight Bldg., Ninoy Aquino Ave. cor. Pascor Drive, Parañaque City*
100	NOVALICHES	Ground Floor, Unit 11, Nova Plaza Mall, Quirino Avenue corner N. Ramirez St., Brgy. Novaliches Proper, District 5, Novaliches, Quezon City*
101	OLONGAPO	Ground Floor, City View Hotel, 25 Magsaysay Drive, New Asinan, Olongapo City*
102	ONGPIN	Unit 576-578, Ground Floor Ramada Manila Central Hotel, Quintin Paredes Road corner Onpin Street, BRGY. 289, Binondo, Manila*
103	ORANI	Brgy. Balut, Orani, Bataan*
104	ORTIGAS CENTER	Ground Floor, Hanston Square, San Miguel Ave., Ortigas Center, Pasig City*
105	PARAÑAQUE-BETTER LIVING	90 Dona Soledad Avenue, Better Living Subdivision, Parañaque City*
106	PARAÑAQUE-JAKA PLAZA	Jaka Plaza Center, Dr. A. Santos Ave. (Sucat Road), Brgy. San Isidro, Parañaque City*
107	PARAÑAQUE-LA HUERTA	1070 Quirino Ave., La Huerta, Paranaque City*
108	PARAÑAQUE-MOONWALK	Kassel Residence Building, E. Rodriguez Avenue, Moonwalk Parañaque City*
109	PASAY-LIBERTAD	533 Cementina St. Libertad, Pasay City*
110	PASIG MUTYA	Richcrest Building, Caruncho corner Market Avenue, San Nicolas, Pasig City*
111	PASIG-CANIOGAN	KSN Building, C. Raymundo Avenue, Caniogan, Pasig City *
112	PASIG-PADRE BURGOS	114 Padre Burgos St., Kapasigan, Pasig City*
113	PASO DE BLAS	Andok's Bldg., 629 General Luis St., Malinta Interchange-NLEX, Paso de Blas, Valenzuela City*
114	PATEROS	Unit CC1, GF East Mansion Townhomes, Sto. Rosario, Pateros*
115	PATEROS-ALMEDA	120 Almeda St., Pateros, Metro Manila*
116	PEDRO GIL	LKE Bldg. Pedro Gil corner Pasaje, Rosario St. Paco, Manila*
117	PLARIDEL	0226 Cagayan Valley Road, Banga 1st, Plaridel, Bulacan*
118	PLAZA STA. CRUZ	MBI Building, Unit 103, Plaza Sta. Cruz, Sta. Cruz, Manila*
119	PORAC	Cangatba, Porac, Pampanga**
120	QUEZON AVENUE	G/F GJ Bldg., 385 Quezon Ave., Quezon City*
121	QUEZON AVENUE-PALIGSAHAN	1184-A Ben-Lor Bldg., Quezon Ave., Brgy. Paligsahan, Quezon City*
122	QUIAPO-ECHAGUE	Palanca corner P. Gomez streets, Echague, Quiapo, City of Manila*
123	RADA	HRC Center, 104 Rada St., Legaspi Village, Makati City*
124	ROOSEVELT	342 Roosevelt Avenue, Quezon City*
125	ROXAS AVE. CAPIZ-CITYMALL	Roxas Ave, Brgy VI, Roxas City, Capiz*
126	SAN FERNANDO	KHY Trading Bldg., San Fernando-Gapan Rd., San Fernando City, Pampanga*
127	SAN FERNANDO-BAYAN	JSL Building, Consunji St., San Fernando, Pampanga*
128	SAN ILDEFONSO	Savemore San Ildefonso, Poblacion, San Ildefonso, Bulacan*
129	SAN JOSE DEL MONTE	Ground Floor, Giron Bldg., Gov. Halili Ave., Tungkong Mangga, City of San Jose Del Monte, Bulacan*
130	SAN JUAN	Madison Square, 264 N. Domingo St., Barangay Pasadena, San Juan*
131	SAN MIGUEL	Norberto St., San Jose, San Miguel, Bulacan*
132	SAN NARCISO	Brgy. Libertad, San Narciso, Zambales*
133	SAN PABLO	Rizal Avenue cor. Lopez Jaena St. San Pablo City, Laguna*
134	SAN PEDRO	Gen- Ber Bldg. National Highway Landayan, San Pedro Laguna*
135	SAN RAFAEL	Cagayan Valley cor. Cruz na Daan Roads, San Rafael, Bulacan*
136	SANTIAGO-VICTORY NORTE	JECO Bldg., Maharlika Highway cor. Quezon St., Victory Norte, Santiago City*
137	SAVEMORE TAGAYTAY-MENDEZ	TSL Center Tagaytay No.9089 Gen. Emilio Aguinaldo Highway, Mendez Crossing East, Tagaytay City.*
138	SAVEMORE TALISAY NEGROS OCCIDENTAL	Talisay, Mabini St., Zone 12 Paseo Mabini Talisay City Negros Occidental**
139	SORSOGON	God is Good Commercial Bldg, Rizal St., Purok 5, Piot, West District, Sorsogon City, Sorsogon*
140	SOUTH TRIANGLE	Ground Floor, SUNNYMEDE IT CENTER, Brgy. South Triangle, Quezon Ave., QC*
141	STA. ANA	Poblacion, Sta. Ana, Pampanga*
142	STA. ANA MANILA	Savemore, Pedro Gil St., Sta. Ana, Manila *

NO	BRANCH	LOCATION/ADDRESS
143	STA. MARIA	JC De Jesus cor. M. De Leon, Poblacion, Sta. Maria, Bulacan*
144	STA. MESA	4128 Ramon Magsaysay Blvd., Sta. Mesa Manila*
145	STA. RITA	San Vicente, Sta. Rita, Pampanga*
146	STA. ROSA	Sta. Rosa-Tagaytay Highway, Sta. Rosa, Laguna*
147	STA. ROSA-BALIBAGO	National Highway cor. Lazaga St. Balibago, Sta. Rosa, Laguna*
148	STO. TOMAS	Agojo Bldg., Maharlika Highway, Sto. Tomas, Batangas*
149	SUBIC	Baraca, Subic, Zambales*
150	TACLOBAN CITY	GF, YVI Center, Bldg A, Fatima Village, Tacloban City, Leyte*
151	TAFT-QUIRINO AVE.	1945 Esther Building, Taft Avenue, Malate , Manila*
152	TAGBILARAN	Upper Ground Floor 3-4, Alta Citta Mall, Honorio Grupo St. and C.P. Garcia Ave., Brgy. Poblacion II, 1st District, Tagbilaran City, Bohol*
153	TAGUM	Maharlika Highway cor. Lapu-Lapu Extension, Brgy. Magugpo Tagum City*
154	TANAUAN CITY	Jose P. Laurel National Highway, Darasa, Tanauan City, Batangas*
155	TANDANG SORA	Cecileville Bldg. III, 670 Tandang Sora Ave. corner General Ave., Tandang Sora, Quezon City*
156	TARLAC	McArthur Highway, San Nicolas, Tarlac City*
157	TAYTAY	C. Gonzaga Bldg. II, Manila East Road, Taytay, Rizal*
158	TAYUMAN	1925-1929 Rizal Avenue near corner Tayuman St., Sta. Cruz, Manila*
159	TIMOG	Jenkinsen Towers, 80 Timog Ave., Brgy. Sacred Heart, Quezon City*
160	TUGUEGARAO	Metropolitan Cathedral Parish, Rectory Complex, Rizal St., Tuguegarao City*
161	TWO ECOM	Two E-Com Center Tower B, Ocean Drive near cor. Bayshore Ave., Mall of Asia Complex, Pasay City*
162	UN AVENUE	552 U.N. Ave., Ermita, Manila*
163	URDANETA	MacArthur Highway, Nancayasan, Urdaneta City, Pangasinan*
164	VALENZUELA-MARULAS	Ong-Juanco Bldg., 92- J McArthur Highway, Marulas, Valenzuela City*
165	VIGAN	Plaza Maestro Convention Center, Florentino St., and Burgos St. Vigan City, Ilocos Sur*
166	VISAYAS AVENUE	Wilcon City Center Mall, Visayas Ave., Quezon City*
167	WILSON	219 Wilson St., Greenhills, San Juan*
168	ZAMBOANGA	CityMall, Don Alfaro St., Tetuan, Zamboanga*

**with One (1) ATM*
***with Two (2) ATMs*

NO	ATM OFF-SITE	LOCATION/ADDRESS
1	CALAMBA DOCTORS HOSPITAL	KM. 49 National Highway, Parian, Calamba City, Laguna
2	RIS DEVELOPMENT CORPORATION	168 Mercado Street, Tabe, Guiguinto, Bulacan 03015
3	ZAMECO	ZAMECO II Head Office Compound, National Road, Barangay Magsaysay, Castillejos, Zambales
4	SAINT LOUIS COLLEGE	Saint Louis College, Carlatan, San Fernando, La Union
5	RACAL BUILDERS BULACAN	200 Quirino Highway, San Jose, Del Monte City, Bulacan
6	MANILA TURF CLUB	San Pioquinto, Malvar, Batangas City
7	C.P. REYES HOSPITAL	C.P. Reyes Hospital, Mabini Avenue, Tanauan, Batangas

NO	BUSINESS CENTER	LOCATION/ADDRESS
1	Cebu Business Center	2F JSP Mango Plaza Building cor General Maxilom Ave. and Echavez Streets, Cebu City
2	Davao Business Center	8990 Corporate Center, Quirino Ave., Davao City
3	San Fernando Business Center	JSL Building, Consunji Street, San Fernando City, Pampanga

NO	SALES OFFICE	LOCATION/ADDRESS
1	BAGUIO - SESSION	D303 Lopez Building, Session Road, Assumption Road, Baguio City
2	BACOLOD	Fordland Bldg. | Annex, 12th Lacson Street, Bacolod City
3	BOHOL	Alta Citta Mall, Upper Ground Floor, Honorio Group St., Tagbilaran City
4	BUTUAN	CBS JMC Bldg., Brgy. Lapu, J.C. Aquino Ave., Butuan City, Agusan Del Norte
5	CABANATUAN-BAYAN	2/F CBS Cabanatuan, Burgos Avenue, Cabanatuan City, Nueva Ecija
6	CAGAYAN DE ORO	2/F CBS Cagayan de Oro Branch, Osmena Street, Cogon District, Cagayan De Oro City

NO	SALES OFFICE	LOCATION/ADDRESS
7	DAGUPAN	Ground Floor Lyceum-Northwestern University, Tapuac District, Dagupan City
8	GENSAN	2/F CBS General Santos Branch, Santiago Blvd., General Santos City
9	ILOILO - JARO	Lopez Jaena Street, corner EL 98 Jaro, Iloilo City
10	IMUS	OLMA Building, Aguinaldo Highway, Tanzang Luma 2, Imus City, Cavite
11	LA UNION	A.G. Zambrano Building Quezon Ave., San Fernando City, La Union
12	LEGAZPI	F. Imperial St. Brgy. Bitano, Legazpi City, Albay
13	LIPA – CM RECTO	C.M. Recto Ave., Lipa City
14	MARIKINA	CTP Building, 3F, Gil Fernando Ave., Marikina City
15	NAGA	RL Building, Panganiban St., Lerma, Naga City
16	PLARIDEL	2/F CBS Building, Cagayan Valley Road, Banga 1st, Plaridel, Bulacan
17	SAN PABLO	2/F, Rizal Ave. cor. A. Fule, San Pablo City
18	TACLOBAN	YVI Center, Bldg. A, Fatima Village, Brgy. 77, Tacloban City, Leyte
19	URDANETA	Brgy. Nancayasan, Mc Arthur Hi-Way, Urdaneta City, Pangasinan

NO	APD LENDING CENTER	LOCATION/ADDRESS
1	BACOLOD	Fordland 1 annex Bldg., 12th St. corner Lacson St. Bacolod City
2	BAGUIO	B 108 Lopez Bldg., Session Road Corner Assumption Road, Baguio City
3	BATANGAS P. BURGOS	2/Floor 3 P. Burgos Street, Barangay, Batangas City
4	BLUMENTRITT	1677 Blumentritt St., Brgy. 363, Sta. Cruz, Manila
5	BUTUAN	JMC Building, JC Aquino Ave. Brgy. Lapu, Butuan City, Agusan Del Norte
6	CABANATUAN - BAYAN	2/F Dumar Building Padre Burgos Ave. Cabanatuan City, Nueva Ecija
7	CAGAYAN DE ORO	2/F Sergio Osmeña St., Cogon District, Cagayan De Oro City
8	CEBU	Unit 204 JSP Mango Plaza bldg Gen Maxilom Ave cor. Echavez, Cebu city
9	DAVAO	8990 Corporate Center, Quirino Ave., Davao City
10	GENERAL SANTOS	G/F, Chinabank Savings, Inc., Santiago Boulevard, General Santos City
11	ILOILO - IZNART	Golden Commercial Bldg., Iznart, Iloilo City
12	IMUS CAVITE	Gen. Emilio Aguinaldo Highway, Anabu II Imus cavite
13	KALIBO	G/F Maypa Bldg., Toting Reyes Street, Agdagao, Kalibo Aklan
14	KALOOKAN	2/F AJ Building, #353 A. Mabini St, Kalookan City
15	LA HUERTA	Quirino Avenue, La Huerta, Paranaque City
16	LA UNION	A.G. Zambrano Building Quezon Avenue San Fernando City, La Union
17	LEGAZPI	2/F Lot 4-6 Blk 20 PCS-1617, Sol's Subdivision, Purok 5, 37 Bitano, Legazpi City
18	LINGAYEN	The Hub Bldg., G/F Unit 5&6, Solis St., Brgy. Poblacion, Lingayen, Pangasinan
19	LIPA – CM RECTO	C.M. Recto Avenue, Lipa City
20	LUCENA	Cor. Merchan & Evangelista Sts., Lucena City
21	MALOLOS	2/F Canlapan St., Sto. Rosario, Malolos Bulacan
22	PAMPANGA	JSL Bldg. Consunji St., San Fernando, Pampanga
23	PASIG	2/F Richcrest Building, Caruncho Corner Market Avenue, San Nicolas, Pasig City
24	QUEZON AVENUE	2/F, G.J. Building, 385 Quezon Avenue, Quezon City
25	SAN PABLO	Rizal Avenue Cor Lopez Jaena St. San Pablo City, Laguna
26	SANTIAGO	JECO Building Maharlika Hi-way, Corner Quezon Ave. Victory Norte Santiago City
27	SORSOGON	JL Pena Comml Bldg, Rizal St., Purok 5, Piot, West District, Sorsogon City, Sorsogon
28	TACLOBAN	YVI Center Building, Fatima Village, Brgy. 77, Marasbaras, Tacloban City
29	TAGUM	City Mall Maharlika Highway cor Lapu-lapu ext. Brgy. Magugpo, Tagum City
30	TANAUAN	Jose P. Laurel National Highway, Darasa, Tanauan City, Batangas
31	TAYTAY	2/F, C Gonzaga Building 2, Manila East Road, Taytay, Rizal
32	TUGUEGARAO	G/F, Metropolitan Cathedral Parish Rectory Complex Rizal St., Tuguegarao City
33	VIGAN	G/F Maestro Convention Complex Florentino St., Brgy. 1, Vigan City

NO	APD BLU	LOCATION/ADDRESS
1	ALAMINOS, PANGASINAN	Unit 101 S & L Bldg. Brgy. Palamis, Alaminos City
2	BALAMBAN, CEBU	DC Sanchez St., Sta. Cruz, Balamban, Cebu
3	BALER, AURORA PROVINCE	Stall #3, Bonifacio Street, Brgy. Suklayin, Baler, Aurora
4	BALIBAGO, STA. ROSA LAGUNA	7LL Pearl Rd. Balibago Complex, Brgy. Balibago, Sta. Rosa, Laguna
5	BANGUED, ABRA	OVAL ERA Mall, Taft St., Zone 4, Bangued, Abra
6	BILIRAN	Corvera St. Barangay Santissimo Rosario, Naval, Biliran
7	BISLIG CITY, SURIGAO DEL SUR	R.B. Castillo St.,Brgy. Mangagoy, Bislig City, Surigao del Sur
8	BOAC, MARINDUQUE	Deogracias St. cor San Miguel St., Malusak, Boac, Marinduque
9	BOGO CITY, CEBU	Sim Building, Sim Bogo Business Park, P. Rodriguez St., Bogo City, Cebu
10	BONTOC, MT PROVINCE	Aguana Building, Poblacion, Bontoc, Mountain Province
11	BOTOLAN, ZAMBALES	Casa Bien Bldg., Barangay Batonlapoc, Botolan, Zambales
12	CABARROGUIS, QUIRINO PROVINCE	P1 Gundaway, Cabarroguis, Quirino
13	CALAPAN CITY, ORIENTAL MINDORO	R.King Commercial Bldg. Roxas Drive, Brgy. Nacoco, Calapan City, Oriental Mindoro
14	CALBAYOG CITY, SAMAR	Rosales Corner Rueda Sts., Calbayog City, Samar
15	CAMALANIUGAN, CAGAYAN	Tuzon Building, Bulala, Camalaniugan, Cagayan
16	CARCAR	Door 2 J.P. Rizal St. Poblacion Carcar City, Cebu
17	DAET	Alegre Building, J. Lukban St. Daet Camarines Norte
18	DIGOS CITY, DAVAO DEL SUR	CPP Building II, Rizal Avenue, Zone 1, Digos City, Davao Del Sur
19	DIPOLOG CITY, ZAMBOANGA DEL NORTE	SD Arcade, Rizal Ave, Dipolog City, 7100 Zamboanga del Norte
20	DUMAGUETE	A-3, Ground floor, Central Arcade Building, Cervantes Street, Dumaguete City
21	ESTANCIA, ILOILO	Old Sacramento Building, Sitio Poblacion Highway Cano-An, Estancia, Iloilo
22	GERONA, TARLAC	Morayta Street Poblacion 3, Gerona, Tarlac
23	GLAN, SARANGANI PROVINCE	Jose Hombrebueno St., Plaza Rizal, Barangay Poblacion, Glan, Sarangani Province
24	GUMACA, QUEZON PROVINCE	Rm Building, Maharlika Highway, A. Bonifacio, Barangay Tabing Dagat, Gumaca, Quezon
25	ILIGAN CITY	Quezon Ave. Ext. Barangay Villaverde, Pob. Iligan City
26	INFANTA	Plaridel St., Poblacion 38 , Infanta, Quezon Province
27	IRIGA CITY	Everest Plaza Building, Zone 5, Highway 1, San Miguel, Iriga City
28	ISULAN, SULTAN KUDARAT	JCB Building, Magbanua St., Corner National Highway, Kalawag I, Isulan, Sultan Kudarat
29	JORDAN, GUIMARAS	Piazza Zemarkato Building, New Site, Barangay San Miguel, Jordan, Guimaras
30	KABANKALAN CITY, NEGROS OCCIDENTAL	Dinsay Building, National Highway Mabinay, Kabankalan City, Negros Occidental
31	KIDAPAWAN	Brookside Building, Datu Ingkal St., Poblacion, Kidapawan City
32	KORONADAL CITY, SOUTH COTABATO	Mcm Villamor Building, Gen. San Drive, Zone 2, Koronadal City
33	LAGAWE, IFUGAO	07 Rizal Avenue, Poblacion East, Lagawe, Ifugao
34	LUNA, APAYAO	Stall # 3, Cristobal Building, San Isidro Sur, Luna, Apayao
35	MALAYBALAY CITY, BUKIDNON	Fortich Street, Barangay 9, Malaybalay City, Bukidnon
36	MASBATE	Ross Hotel, Quezon St., Masbate City
37	MATI CITY, DAVAO ORIENTAL	Madayaway Distributor Inc., Rizal Extension, Mati, Davao Oriental
38	NABUNTURAN, DAVAO DE ORO	National Highway, Poblacion, Nabunturan, Davao De Oro
39	NAGA	ELS Building. Panganiban Drive, Concepcion Pequeña, Naga City
40	ODIONGAN, ROMBLON	JBM Building, Regional Highway, Torrel, Dapawan, Odiongan, Romblon
41	ORMOC CITY, LEYTE	Real Street District 22, Ormoc City, Leyte
42	OZAMIS	JME Building, Rizal Avenue corner Capistrano St., Ozamis City, Misamis Occidental
43	PAGADIAN	Broca St. corner B. Aquino St., Pagadian, Zamboanga

NO	APD BLU	LOCATION/ADDRESS
44	PASSI CITY, ILOILO	LA Building, M. Palmares Street, Barangay Poblacion Ilawod, Passi City, Iloilo
45	PUERTO PRINCESA, PALAWAN	Rizal Avenue, corner Roxas St. Brgy. Tagumpay, Puerto Princesa City, Palawan
46	ROXAS	1McKinley Building, McKinley corner San Roque Sts., Roxas City
47	SAN CARLOS, NEGROS OCCIDENTAL	V. Gustilo St., San Carlos City, Negros Occidental
48	SAN JOSE DE BUENAVISTA	Aml Building 1, Cor. Dalipeatabay, San Jose De Buenavista, Antique
49	SAN JOSE, NUEVA ECIJA	Maharlika Highway, Barangay Malasin, San Jose City
50	SAN NICOLAS	G/F Unit 6, Vyv Building, Valdez Center, Barangay 1, San Nicolas, Ilocos Norte
51	SOGOD, SOUTHERN LEYTE	Zone IV, Osmena St. Sogod Southern Leyte
52	SOLANO	2627 ZURMAN, PLAZA, 225 J.P. Rizal Avenue, Poblacion South, Solano, Nueva Vizcaya
53	SURIGAO	Gaisano Capital Mall Building, Luna St., Surigao City
54	TABUK, KALINGA	Sebastian Building, Purok 3, Bakras, Bulanao, Tabuk City, Kalinga
55	TAGBILARAN	Old Holy Spirit School Building A, Jacinto Borja corner Remolador Street, Tagbilaran City, 6300 Bohol
56	TANAY	2/F Manila East Road Cor E. Rodriguez Ave., Tanay, Rizal
57	TETUAN, ZAMBOANGA	Unit 05-06 Ground floor, JSB Bldg., Don Alfaro st. Tetuan Zamboanga city
58	URDANETA, PANGASINAN	Alexander St. Cor. Belmonte St., Barangay Poblacion, Urdaneta City, Pangasinan
59	VALENCIA, BUKIDNON	Tamay Lang Business Triangle Building, Hagkol, Sayre Highway, Valencia City
60	VIRAC	2/F Imperial Building, Gogon Centro, Virac, Catanduanes

Status of Publicly Announced New Products and Services

PRODUCTS AND SERVICES	DATE LAUNCHED
APD Savings Account	2023

CBS launched the APD Savings Account for the DepEd employees. Since its launching in August 2023, more than 47,000 public school teachers and other personnel have benefitted from this ATM account, which allows a higher withdrawal limit and can be linked to the CBS Easi-APD salary loan.

As of December 31, 2023, CBS was also able to on board about 32,500 DepEd employees to the free Basic Deposit Account via the CBS GO digital app.

CBS aims to aggressively increase the number of teachers enrolled via CBS GO, at the same time motivating them to build up savings and improve financial wellness.

Competition

The Philippine financial system maintained strong performance in 2023. This was on the back of improving macroeconomic conditions as well as prudent regulatory and supervisory reforms. The banking sector, including the thrift banks, remained a key provider of credit to the economy. It exhibited satisfactory performance and sustained resilience, supported by a strong balance sheet, profitable operations, sufficient capital and liquidity buffers, and ample loan loss reserves. Amid inflationary pressures and a high-interest rate environment, key indicators of capital, asset quality, profitability, and liquidity still point to the stability and soundness of the thrift banking sector.

Thrift banks' assets increased by 7% year-on-year to ₱1.0 trillion as of December 31, 2023. Assets were largely channeled into loans, at 67%, and mainly financed by deposits. The full reopening of the domestic economy improved the credit climate. Banks' loans rose by 20% percent, reaching ₱698.1 billion. Lending remained broad-based and supportive of key productive sectors, including households.

Alongside improved economic indicators and sustained growth in credit activity, loan quality remained satisfactory, supported by ample loan-loss reserves. As of December 31, 2023, the non-performing loan (NPL) ratio of the thrift bank industry declined to 6.46%, while the NPL coverage ratio was 66.95%. The BSP is confident that the NPLs of the thrift banking system will stay manageable, owing to thrift banks' prudent credit standards and robust risk governance framework.

Deposits aggregated ₱789.3 billion as of December 31, 2023. This marked a 7% increase, indicating the continued trust of the public in the thrift banking sector. Resident transactions helped keep deposits stable. Other sources of funding, such as bills payable, remained minimal. Conversely, the capital position held firm and provided thrift banks with a reliable buffer in times of crisis. Total capital increased by 10%, reaching ₱157.0 billion.

Thrift banks continued to be well capitalized as capital ratios were well above the minimum thresholds set by the BSP and the Bank for International Settlements. As of December 31, 2023, the capital adequacy ratio (CAR) of the thrift banking system was at 18.14%.

The operations of the thrift banking system remained profitable, driven by revenues from lending and investing activities. For the year ended December 2023, net profit increased by 13% to reach ₱18.5 billion. Amid challenging economic conditions, thrift banks were able to manage their portfolios and temper the impact of high borrowing costs. These were likewise observed in other earning indicators, particularly return on equity and return on assets, which improved from 10.59% and 1.46% percent in 2022 to 12.33% and 1.84% in 2023, respectively.

The thrift banks operated amid a leaner, stronger, and more inclusive and technology-enabled banking landscape. Banks also bolstered their competitiveness by investing in technological advancements. As of December 31, 2023, the total number of thrift banks declined to 42.

Based on the published statement of condition (SOC) submitted with the BSP which differs from Philippine Financial Reporting Standards (PFRS) in some respects as of December 31, 2023, CBS was the second largest thrift bank in terms of resources and deposits and third in ranking based on loan size.

CBS believes that local players would maintain a solid foothold in the domestic market despite the tougher competition.

Sources and Availability of Raw Materials and the Names of Principal Suppliers

Not applicable

Customer/Clients

There is no single customer that accounts for 20% or more of the Bank's deposits and loans.

Transaction With and/or Dependence on Related Parties

In the ordinary course of business, the Bank has loans and other transactions with its subsidiaries and affiliates, and with certain directors, officers, stockholders and their related interest (DOSRI). These loans and other transactions are in accordance with the Bank's policy and are regularly reviewed by the Related Party Transaction Committee to ensure that they are conducted at arm's length basis, at fair market prices and upon terms not less favorable to Bank than those offered to others and in compliance with all regulatory requirements. Related party transactions are presented to the stockholders during the annual stockholders' meeting for ratification.

Transactions with related parties and with certain DOSRI are discussed in the Audited Financial Statements (**Exhibit 2**).

Trademarks, Licenses, Franchises, etc.

CBS is operating under a thrift banking license obtained in 1999. Over the years, CBS has registered its corporate brand, slogan and product trademarks with the Intellectual Property Office (IPO) of the Philippines – Bureau of Trademarks, as follows:

- The Bank is operating under a thrift banking license per MB Resolution No. 512 dated April 21, 1999.
- The Bank is the registered owner of the logo of CBS and the trademarks: *Easi-Save, Easi-Checking, Easi-Earn, Easi-Funds, Easi-Drivin', Easi-Livin', Easi-Financin' and CBS Easi-Padala*.
- In 2015, the Bank obtained a bancassurance license from BSP.
- The Bank launched its new tagline, "Easy Banking For You" in 2017 and submitted with the IPO the trademark application for "Easy Banking For You" and Easi-APDS Loan.
- The Bank also filed applications for trade names *'Plantersbank'* and *'Planters Development Bank'.*

Need for Any Government Approval of Principal Products or Services

The Bank's business activities are regulated by the government agencies such as BSP, Philippine Deposit Insurance Corporation (PDIC) and SEC. Existing products and services are within the scope allowed under the Bank's regulatory licenses.

Effects of Existing or Probable Governmental Regulations

The Bank strictly complied with the BSP requirements in terms of reserves, liquidity position, capital adequacy, limits on loan exposure, cap on foreign exchange holdings, provision for losses, anti- money laundering provisions and other reportorial requirements**.**

Amount spent on research and development activities

There are no major expenses on research and development activities. Expenses incurred related to these activities are included in the regular business expense of the Bank.

Costs and effects of compliance with environmental laws

Not applicable

Total Number of Employees

The Bank highly values its human resources. It expects each employee to do his share in achieving the Bank's set goals; in return, the Bank has in place policies and programs for the protection and growth of employees.

Below is the breakdown of the manpower complement in 2023 as well as the projected headcount for 2024:

	2023 Actual			2024 Projected		
	Officers	**Staff**	**Total**	**Officers**	**Staff**	**Total**
Marketing	518	308	826	556	380	936
Operations	515	863	1,378	550	936	1,485
Support	146	68	214	162	59	221
Technical	117	150	267	108	147	255
Grand Total	**1,296**	**1,389**	**2,685**	**1,376**	**1,522**	**2,898**

CBS ended the year 2023 with a total manpower of 2,685 employees. The number increased by 11% from the previous year (2022 manpower: 2,417). Of the total headcount, 48% are officers and 52% are staff. The expansion of ADPS' business largely contributed to the increase.

As part of the Bank's institutional-building program, the Bank has an Employee Recognition Program to motivate, recognize, and reward the movers and performers among its junior officers and staff, especially those who provide valuable back-office support to the marketing frontline.

The China Bank Savings Employees Union has an existing Collective Bargaining Agreement for the period November 1, 2019 to October 31, 2024.

Risk Management Framework

The Bank is exposed to all business risks that confront all banks in general, such as credit, market, interest rate, liquidity, legal, regulatory and operational risk. The Bank's risk management structure and process that serve as mechanism to identify, assess and manage these risks are further discussed in the Audited Financial Statements (**Exhibit 2**).

Disclosure on Capital Structure and Capital Adequacy

Regulatory Qualifying Capital
Under existing BSP regulations, the determination of the Bank's compliance with regulatory requirements and ratios is based on the amount of the Bank's unimpaired capital (regulatory capital) as reported to the BSP. This is determined on the basis of regulatory accounting policies which differ from PFRS in some respects.

Capital Fundamentals
The Bank can only achieve sustainable growth by maintaining strong capital fundamentals. Major business initiatives with the appropriate capital planning were undertaken in coordination with the Parent Bank which also took into consideration constraints and changes in the regulatory environment. This was necessary to ensure that the Bank's commercial objectives are equally aligned with its ability to maintain an adequate capital position. The Board of Directors and management recognize that a balance should be achieved with respect to the Bank's earnings outlook vis-à-vis capital fundamentals that can take advantage of growth opportunities while increasing the Bank's ability to absorb shocks.

Risk-based capital components, including deductions for 2023 and 2022 are shown below:

	2023	2022
Common Equity Tier (CET) 1 Capital:		
Paid-up common stock	**₱11,541,414,900**	₱10,541,414,900
Additional paid-in capital	**475,349,012**	485,349,012
Retained earnings	**1,913,788,606**	638,281,212
Undivided profits	**1,919,377,186**	1,867,054,672
Other comprehensive income	**(43,358,364)**	(82,144,316)
Unsecured DOSRI	**(1,705,056)**	(2,193,545)
Deferred tax assets	**(1,443,430,712)**	(1,319,430,712)
Goodwill	**(119,621,347)**	(119,621,347)
Other intangible assets	**(810,990,405)**	(820,030,170)
Other equity investment	**(2,192,208)**	(2,192,208)
Other capital adjustments	**–**	(493,509,489)
Defined benefit pension fund (assets) liabilities	**(15,395,660)**	(5,703,593)
Total CET 1 Capital	**13,413,235,952**	10,687,274,416
Additional Tier 1 Capital	**2,164,200**	2,164,200
Total Tier 1 Capital	**13,415,400,152**	10,689,438,616
Tier 2 Capital:		
Appraisal increment reserve	**66,095,270**	66,095,270
General loan Loss provision	**1,020,266,509**	785,367,497
Total Tier 2 Capital	**1,086,361,779**	851,462,767
Total Qualifying Capital	**₱14,501,761,931**	₱11,540,901,383

Risk-based capital ratios:

	2023	2022
CET 1 Capital	**₱15,806,571,341**	₱13,449,955,480
Less regulatory adjustments	**(2,393,335,389)**	(2,762,681,064)
Total CET 1 Capital	**13,413,235,952**	10,687,274,416
Additional Tier 1 Capital	**2,164,200**	2,164,200
Total Tier 1 Capital	**13,415,400,152**	10,689,438,616
Tier 2 Capital	**1,086,361,779**	851,462,767
Total Qualifying Capital	**14,501,761,931**	11,540,901,383
Risk Weighted Assets	**₱115,170,904,217**	₱91,012,765,690
CET 1 Capital Ratio	**11.65%**	11.74%
Capital Conservation Buffer	**5.65%**	5.74%
Tier 1 Capital Ratio	**11.65%**	11.74%
Total Capital Adequacy Ratio	**12.59%**	12.68%

The regulatory Basel III qualifying capital of the Bank consists of Common Equity Tier 1 capital (going concern capital), which comprises paid-up common stock, additional paid-in capital, deposit for common stock subscription, retained earnings, undivided profits and other comprehensive income less required deductions such as unsecured credit accommodations to DOSRI, deferred tax assets, goodwill, other intangible assets, and other equity investment. The other component of regulatory capital is Tier 2 capital (gone-concern capital), which includes general loan loss provision and appraisal increment reserve. A capital conservation buffer of 2.50% comprised of CET 1 capital is likewise imposed in the Basel III capital ratios.

The capital requirements for Credit, Market and Operational Risk are listed below:

	2023	2022
Credit Risk	**₱103,528,046,475**	₱81,600,250,664
Market Risk	**464,926,621**	49,526,196
Operational Risk	**11,177,931,121**	9,362,988,830
Total Capital Requirements	**₱115,170,904,217**	₱91,012,765,690

Credit Risk-Weighted Assets

On-balance sheet exposures, net of specific provisions and not covered by CRM:

	As of December 31, 2023		As of December 31, 2022	
	Exposures, net of Specific Provisions	**Exposures not Covered by CRM**	Exposures, net of Specific Provisions	Exposures not Covered by CRM
Cash on Hand	**₱2,851,768,141**	**₱2,851,768,141**	₱2,369,380,657	₱2,369,380,657
Checks and Other Cash Items	**2,780,802**	**2,780,802**	4,875,191	4,875,191
Due from BSP	**11,300,316,184**	**11,300,316,184**	14,041,089,169	14,041,089,169
Due from Other Banks	**2,201,708,374**	**2,201,708,374**	2,233,452,981	2,233,452,981
Available-for-Sale Financial Assets	**12,472,507,787**	**12,472,507,787**	1,974,905,319	1,974,905,319
Held-to-Maturity Financial Assets	**6,322,204,505**	**6,322,204,505**	5,958,606,158	5,958,606,158
Loans and Receivables	**111,372,124,533**	**101,357,419,370**	88,683,937,232	77,774,496,032
Loans and Receivables arising from Repurchase Agreements	**3,646,147,859**	**3,646,147,859**	1,967,743,130	1,967,743,130
Sales Contract Receivables	**1,081,461,198**	**1,081,461,198**	1,006,571,964	1,006,571,964
Real and Other Properties Acquired	**1,766,183,683**	**1,766,183,683**	1,864,866,272	1,864,866,272
Other Assets	**3,418,970,430**	**3,418,970,430**	2,835,761,409	2,835,761,409
Total On-Balance Sheet Assets	**₱156,436,173,496**	**₱146,421,468,333**	₱122,941,189,482	₱112,031,748,282

Credit equivalent amount for off-balance sheet items, broken down by type of exposures, are as follows:

	As of December 31, 2023		As of December 31, 2022	
	Notional Principal	**Credit Equivalent**	Notional Principal	Credit Equivalent
Direct credit substitutes	**₱–**	**₱–**	₱–	₱–
Transaction-related contingencies	**82,681,021**	**41,340,510**	84,280,000	42,140,000
Trade-related contingencies arising from movement of goods	**8,672,979**	**1,734,596**	7,000,000	1,400,000
Other commitments (which can be unconditionally cancelled at any time by the bank without prior notice)	**1,619,136,235**	**–**	1,454,441,562	–
Total Notional Principal and Credit Equivalent Amount	**₱1,710,490,235**	**₱43,075,106**	₱1,545,721,562	₱43,540,000

There is no credit equivalent amount for counterparty credit risk in the trading books as the Bank has no derivative exposures.

The following credit risk mitigants are used in the December 2023 capital adequacy ratio (CAR) report:

- guarantees by government-owned and controlled corporation (GOCC), which guarantees are counter-guaranteed by the Philippine National Government;
- holdout vs. peso deposit or deposit substitute;
- holdout vs. foreign currency-denominated unit (FCDU) deposit; and
- assignment or pledge of government securities.

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

	As of December 31, 2023		
	On-balance sheet	**Off-balance sheet**	**Total**
Below 100 %	**₱12,546,850,634**	**₱–**	**₱12,546,850,634**
100% and above	**90,938,120,735**	**43,075,106**	**90,981,195,841**
Total	**₱103,484,971,369**	**₱43,075,106**	**₱103,528,046,475**

	As of December 31, 2022		
	On-balance sheet	Off-balance sheet	Total
Below 100 %	₱9,080,216,599	₱–	₱9,080,216,599
100% and above	72,476,494,065	43,540,000	72,520,034,065
Total	₱81,556,710,664	₱43,540,000	₱81,600,250,664

Total credit risk-weighted assets, broken down by type of exposures, are as follows:

	As of December 31, 2023		
	On-balance sheet	**Off-balance sheet**	**Total**
Below 100 %	**₱12,546,850,634**	**₱–**	**₱12,546,850,634**
100% and above	**90,938,120,735**	**43,075,106**	**90,981,195,841**
Covered by CRM	**–**	**–**	**–**
Excess GLLP	**–**	**–**	**–**
Total	**₱103,484,971,369**	**₱43,075,106**	**₱103,528,046,475**

	As of December 31, 2022		
	On-balance sheet	Off-balance sheet	Total
Below 100 %	₱9,080,216,599	₱–	₱9,080,216,599
100% and above	72,476,494,065	43,540,000	72,520,034,065
Covered by CRM	–	–	–
Excess GLLP	–	–	–
Total	₱81,556,710,664	₱43,540,000	₱81,600,250,664

Standardized credit risk weights were used in the credit assessment of asset exposures. Third party credit assessments were based on ratings by Standard & Poor's, Moody's and Fitch, while PhilRatings were used on peso-denominated exposures to Corporates.

Market Risk-Weighted Assets
The Standardized Approach is used in the Bank's market risk-weighted assets.

	2023	2022
Interest Rate Exposures		
Specific Risk	**₱–**	₱–
General Market Risk		
PhP	**–**	–
USD	**–**	–
Total Capital Charge	**–**	–
Adjusted Capital Charge	**–**	–
Risk-Weighted Interest Rate Exposures	**–**	–
Risk-Weighted Equity Exposures	**–**	–
Foreign Exchange Exposures		
Total Capital Charge	**35,539,877**	3,962,096
Adjusted Capital Charge	**44,424,847**	4,952,620
Risk-Weighted Foreign Exchange Exposures	**464,926,621**	49,526,196
Risk-Weighted Options	**–**	–
Total Market Risk-Weighted Assets	**₱464,926,621**	₱49,526,196

Operational, Legal, and Other Risks
For operational risk, the exposure of the Bank is profiled using a number of methodologies which also include the analysis of reported losses arising from operations, compliance risk, environment and social risk, and legal risk as part of the internal capital adequacy assessment process (ICAAP) to validate if the computed capital requirement using the Basic Indicator Approach (BIA) is enough to cover the assessed exposure under plausible scenario and worst-case scenario. As of December 31, 2023, the capital allocation for operational risk amounted to ₱1,117.8 million. The analysis on past 3 years reported incidents and losses arising from above mentioned categories disclosed that the highest actual losses per category under plausible scenario is estimated at ₱132.7 million while highest reported losses on worst-case is estimated at ₱196.3 million.

Tools such as the risks and controls self-assessment (RCSA), the analysis of historical loss reports and the monitoring of key risk indicators (KRI) and key performance indicators (KPI) further allow risk management to identify high risk areas, loss drivers, and trends which can be acted upon by management to prevent material failures in its processes, people, systems, and resiliency measures against external events. These results are periodically reported to management and cover all aspects of the business from core operating capabilities of the units, all products and services, outstanding legal cases, and even its sales and marketing practices.

For legal risk, the Bank assessed the status of pending legal cases with the objective of identifying those subject to final resolution in the next twelve months and with high probability for the Bank to lose the legal proceedings.

Operational Risk-Weighted Assets
The Bank's Operational Risk Weighted Assets under the BIA is ₱11.2 billion and ₱9.4 billion as of December 31, 2023 and 2022, respectively.

Internal measurement of interest rate risk in the banking book
The Bank's interest rate risk (IRR) originates from its holdings of interest rate sensitive assets and interest rate sensitive liabilities. Internally, the Earnings-at-Risk (EaR) method is used to determine the effects of adverse interest rate change on the Bank's interest earnings. The Bank's interest sensitive assets and liabilities are assumed affected by interest rate movements on its repricing date for floating rates and on its maturity for fixed rates.

Demand and savings deposits, on the other hand, are generally not interest rate sensitive. Provided in the table below are the approximate reduction in annualized interest income of a 100bps adverse change across the PhP and USD yield curves. The loan portfolio growth that was mainly funded by short term time deposits are with yields at around 12% as compared to funding cost of around 3.74%.

Earnings-at-Risk In ₱ millions	**2023**	2022
PhP IRR Exposures	**(₱241)**	(₱80)
USD IRR Exposures	**(4)**	(8)

Item 2. PROPERTIES

CBS whose principal office is located at CBS Building, 314 Sen. Gil J. 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 distribution network.

a. Bank-Owned Properties

NO	DESCRIPTION	LOCATION
1	Angeles City Branch Land and Building - CBS Branch	Rizal Street, Barangay Lourdes Sur, Angeles City, Pampanga
2	Angeles City Property Land and Building - Warehouse	Asuncion Street cor. Miranda Street Extension Barangay San Nicholas, Angeles City, Pampanga
3	Balibago Sta. Rosa Land and Building - CBS Branch and Cash Center	National Highway cor. R. Lazaga Street, Barangay Balibago, Sta. Rosa City, Laguna
4	Batangas Branch Land and Building - CBS Branch	P. Burgos Street, Poblacion, Batangas City

NO	DESCRIPTION	LOCATION
5	Biñan Branch Land and Building - CBS Branch and Warehouse	National Road, Barangay San Vincente, Biñan City, Laguna
6	Calamba Property - Vacant	No. 5-A-1, Barangay I Poblacion Crossing, Calamba City, Laguna
7	Caloocan Property - Leased to China Bank Branch	Mac Arthur Highway, Barangay 78, Kalookan City
8	CBS Buendia Land and Building - Head Office	314 Sen. Gil Puyat Ave., Barangay Bel Air, Makati City
9	Dau Branch Land and Building - CBS Branch and On Lease	Mac Arthur Highway, Barangay Dau, Mabalacat City, Pampanga
10	España Property - Leased to China Bank Branch	España Boulevard cor. Valencia Street, Sampaloc District, Manila
11	Masantol Branch Land and Building - Vacant	Apalit-Macabebe-Masantol Road, Barangay Poblacion, Pampanga
12	Orani Branch Land and Building - CBS Branch and On Lease	National Highway cor. Torres Bugallon Street, Barangay Balut, Orani, Bataan
13	Orani Branch Land and Building - Vacant	National Road, Barangay Tenejero, Poblacion, Orani, Bataan
14	Urdaneta Property - On Lease	Alexander Street cor. Belmonte Street, Barangay Poblacion, Urdaneta City, Pangasinan
15	VGP Building (Ground, Mezzanine, 2nd, 3rd, 7th and 8th Floor) - CBS Office and Leased to China Bank Office	VGP Center, No. 6772 Ayala Ave., Makati City
16	General Trias – Warehouse	Block 11 Gateway Business Park Brgy. Javalera General Trias Cavite

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.

b. Leased Properties

NO	BRANCH	CONTRACT PERIOD		RENTAL RATE PER MONTH (₱)
		FROM	TO	
1	ACACIA ESTATES	September 15,2023	September 14,2028	67,410.00
2	ALABANG HILLS	August 16, 2022	August 15, 2027	129,952.94
3	AMANG RODRIGUEZ - SAVEMORE	April 1, 2022	March 31, 2024	76,580.00
4	AMORANTO AVENUE	October 15, 2021	October 14, 2026	75,000.00
5	ANGONO	June 1, 2023	May 31, 2030	67,138.79
6	ANONAS - SAVEMORE	December 1, 2023	November 30, 2025	68,415.00
7	ANTIPOLO	May 1, 2015	April 30, 2025	119,998.79
8	ARANETA CENTER COD - SAVEMORE	December 1, 2023	November 30, 2024	48,869.00
9	ARAYAT	November 16, 2023	November 15, 2028	49,350.00
10	BACLARAN	April 5, 2023	April 4, 2025	109,887.84
11	BACOLOD with APD Lending Center	October 16, 2021	October 15, 2031	253,023.00
12	BACOOR - MOLINO	October 1, 2021	September 30, 2026	110,000.00
13	BACOOR - TALABA	February 1, 2017	January 31, 2027	121,550.62
14	BAGUIO - SESSION with APD Lending Center and Sales Office	June 17, 2021	June 16, 2026	165,844.93
15	BALAGTAS	March 6, 2022	March 5, 2027	36,465.18
16	BALANGA - DM BANZON	October 15, 2022	October 14, 2027	125,209.52
17	BALIBAGO	January 1, 2023	December 31, 2027	134,000.00
18	BALIUAG	September 11, 2019	September 10, 2026	165,375.00
19	BANAWE	October 22, 2023	October 21, 2028	160,000.00
20	BANGKAL	June 21, 2022	June 20, 2027	163,977.05
21	BINONDO - JUAN LUNA	September 16, 2023	September 15, 2033	276,760.00
22	BLUMENTRITT	March 28, 2017	March 27, 2027	133,705.69

NO	BRANCH	CONTRACT PERIOD		RENTAL RATE PER MONTH (₱)
		FROM	TO	
23	BONI AVENUE	September 1, 2017	August 31, 2027	80,223.41
24	BUTUAN	May 1, 2021	April 30, 2028	138,494.75
25	CABANATUAN - BAYAN with Sales Office	March 1, 2022	February 28, 2029	117,346.62
26	CABUYAO	October 1, 2023	October 1, 2030	68,000.00
27	CAGAYAN DE ORO with APD Lending Center	November 1, 2022	October 31, 2032	128,275.45
28	CALAMBA	November 1, 2022	October 31, 2027	126,639.04
29	CARMONA	September 1, 2023	August 31, 2033	75,000.00
30	CAUAYAN	October 1, 2023	September 30, 2030	85,000.00
31	CAVITE CITY	October 31, 2021	October 30, 2026	55,000.00
32	CEBU - LAHUG	June 1, 2017	May 31, 2025	253,401.40
33	CEBU - MANDAUE	August 1, 2023	July 31, 2024	110,000.00
34	CEBU - MANGO with APD Lending Center and Business Center	January 1, 2023	December 31, 2027	418,620.73
35	CEBU MANDAUE - BASAK	August 1, 2023	July 31, 2028	58,635.73
36	COMMONWEALTH AVENUE	April 16, 2023	April 15, 2028	72,366.30
37	CUBAO	July 1, 2022	June 30, 2029	93,079.71
38	DAGUPAN	November 2, 2020	November 1, 2030	146,600.52
39	DARAGA	June 15, 2021	June 14, 2026	84,000.00
40	DASMARIÑAS	April 1, 2016	March 31, 2026	86,821.88
41	DAVAO with APD Lending Center and Business Center	October 8, 2023	October 7, 2028	224,418.16
42	DAVAO - RECTO	August 1, 2023	July 31, 2028	92,610.00
43	DEL MONTE	April 1, 2018	March 31, 2028	203,411.25
44	DOLORES	July 1, 2015	June 30, 2025	78,820.14
45	E. RODRIGUEZ SR. - HEMADY	September 1, 2021	August 31, 2028	155,911.52
46	ESPAÑA - SUN MALL	November 1, 2022	October 31, 2027	133,251.75
47	FELIX HUERTAS - JT CENTRALE	December 16, 2016	December 15, 2023	104,979.48
48	FILINVEST CORPORATE CITY	August 1, 2022	July 31, 2027	186,159.38
49	FTI - TAGUIG - HYPERMARKET	May 2, 2019	June 30, 2024	78,825.20
50	G.ARANETA AVENUE	March 15, 2017	March 14, 2024	75,452.55
51	GENERAL TRIAS	April 15, 2022	April 14, 2029	90,960.00
52	GENERAL SANTOS with APD Lending Center and Sales Office	April 1, 2020	March 31, 2027	87,106.23
53	GIL PUYAT-BAUTISTA	July 1, 2017	June 30, 2024	166,281.26
54	GREENHILLS - ORTIGAS AVE.	December 1, 2020	November 30, 2025	111,633.74
55	GREENHILLS - WILSON	October 16, 2022	October 15, 2027	192,536.19
56	GUAGUA	January 1, 2013	December 31, 2023	112,936.69
57	GUIGUINTO-RIS	September 25, 2017	September 24, 2027	36,465.19
58	ILOILO - JARO	June 16, 2023	June 15, 2028	105,490.32
59	ILOILO - IZNART with APD Lending Center	February 1, 2018	January 31, 2028	182,650.00
60	IMUS - TANZANG LUMA with APD Lending Center and Sales Office	November 26, 2020	November 25, 2027	105,000.00
61	KALIBO - CITYMALL with APD Lending Center	May 1, 2021	April 30, 2031	100,000.00
62	KALOOKAN	August 16, 2017	August 15, 2025	177,345.31
63	KALOOKAN - MABINI	January 1, 2017	December 31, 2023	141,019.18
64	KATIPUNAN AVENUE	March 1, 2023	February 28, 2028	170,000.00
65	KAWIT	October 15, 2023	October 14, 2030	141,676.80
66	LAGRO	September 9, 2023	September 8, 2030	146,200.00
67	LAGUNA - STA. CRUZ	November 8, 2021	November 7, 2026	58,000.00
68	LAOAG CITY	July 1, 2022	June 30, 2029	114,287.58
69	LAS PINAS - ALMANZA UNO	September 1, 2022	August 31, 2027	125,766.42
70	LEGAZPI BRANCH with APD Lending Center and Sales Office	March 1, 2018	February 28,2027	203,280.00
71	LINGAYEN with APD Lending Center	July 1, 2018	June 30, 2028	150,491.25
72	LIPA - CM RECTO with Business Center	March 1, 2022	February 28, 2027	187,792.35

NO	BRANCH	CONTRACT PERIOD		RENTAL RATE PER MONTH (₱)
		FROM	TO	
73	LOS BAÑOS - CROSSING	January 1, 2021	December 31, 2023	97,072.50
74	LUCENA with APD Lending Center	September 16, 2023	September 15, 2028	89,342.86
75	MACABEBE	June 16, 2017	June 15, 2027	60,144.77
76	MAKATI - CHINO ROCES	October 1, 2023	September 30, 2028	157,084.00
77	MAKATI - J.P. RIZAL	September 1, 2023	August 31, 2028	163,364.04
78	MALABON - FRANCIS MARKET - SAVEMORE	August 1, 2023	July 31, 2024	44,390.88
79	MALOLOS with APD Lending Center	July 1, 2022	June 30, 2027	84,425.59
80	MALOLOS - CATMON	April 6, 2020	April 5, 2030	85,600.00
81	MANDALUYONG	June 1, 2022	May 31, 2027	161,832.50
82	MANDALUYONG - SHAW BLVD.	December 1, 2023	November 30, 2026	171,627.57
83	MANILA - STA. ANA - SAVEMORE	April 1, 2023	March 31, 2024	56,346.78
84	MARIKINA	May 26, 2020	May 25, 2027	231,525.00
85	MARIKINA - GIL FERNANDO AVENUE with Sales Office	January 1, 2023	December 31, 2027	130,000.00
86	MEYCAUAYAN	November 1, 2023	October 31, 2030	75,190.99
87	MOUNT CARMEL	July 20, 2015	July 19, 2025	134,009.56
88	NOVALICHES	July 3, 2023	July 2, 2030	120,000.00
89	NAGA with APD BLU	July 16, 2022	July 15, 2027	104,672.90
90	NAVOTAS	December 10, 2022	February 9, 2030	90,000.00
91	NEPA - Q. MART - SAVEMORE	December 1, 2023	November 30, 2024	48,869.00
92	NINOY AQUINO AVE.	June 1, 2022	May 31, 2027	174,212.43
93	OLONGAPO	October 25, 2022	April 24, 2024	124,417.63
94	ONGPIN	July 1, 2022	June 30, 2027	167,922.00
95	ORTIGAS CENTER	March 1, 2021	February 28, 2026	142,387.86
96	PARAÑAQUE - BETTER LIVING	October 1, 2023	September 30, 2028	113,299.73
97	PARAÑAQUE - BF HOMES	July 1, 2023	June 30, 2028	88,647.33
98	PARANAQUE - JAKA PLAZA	April 19, 2023	April 18, 2030	109,724.28
99	PARAÑAQUE - LA HUERTA with APD Lending Center	October 1, 2013	September 30, 2028	132,970.99
100	PARAÑAQUE - MOONWALK	April 17, 2023	April 18, 2024	105,398.52
101	PASAY - LIBERTAD	February 20, 2017	February 19, 2024	105,293.23
102	PASIG - CANIOGAN	June 15, 2023	June 14, 2028	89,339.71
103	PASIG - MUTYA	July 16, 2017	July 15, 2027	119,790.00
104	PASIG - PADRE BURGOS	July 1, 2023	June 30, 2028	123,725.00
105	PASO DE BLAS	February 1, 2021	January 31, 2026	72,277.62
106	PATEROS	December 1, 2020	November 30, 2025	72,450.00
107	PATEROS - ALMEDA	September 1, 2022	August 31, 2027	103,425.50
108	PEDRO GIL	September 1, 2018	August 31, 2025	133,498.31
109	PLARIDEL	September 1, 2022	August 31, 2033	177,294.65
110	PLAZA - STA. CRUZ	April 1, 2016	March 31, 2026	133,100.00
111	PORAC	December 14, 2020	December 13, 2025	65,584.02
112	QUEZON AVENUE with APD Lending Center and Sales Office	November 1, 2018	October 31, 2028	166,288.91
113	QUEZON AVENUE - PALIGSAHAN	April 16, 2021	April 15, 2026	132,915.61
114	QUIAPO – ECHAGUE	August 1, 2018	July 31, 2028	173,643.75
115	RADA	June 16, 2023	June 15, 2028	158,627.00
116	ROOSEVELT	June 15, 2017	May 31, 2024	85,085.44
117	ROXAS AVE. CAPIZ -CITYMALL with APD BLU	November 14, 2018	November 13, 2023	77,210.69
118	SAN FERNANDO	July 16, 2020	July 15, 2027	179,178.41
119	SAN FERNANDO - BAYAN with Business Center	June 1, 2018	May 31, 2025	129,599.98
120	SAN ILDEFONSO - SAVEMORE	June 22, 2020	July 31, 2025	111,932.47
121	SAN JOSE DEL MONTE	August 1, 2022	July 31, 2027	107,854.25
122	SAN JUAN	September 1, 2021	August 31, 2026	85,000.00
123	SAN MIGUEL	December 1, 2018	November 30, 2023	97,240.50
124	SAN NARCISO	December 8, 2016	December 7, 2024	47,402.81
125	SAN PABLO - RIZAL AVE. with APD Lending Center	April 1, 2022	March 31, 2027	127,948.02
126	SAN PEDRO	February 28, 2022	February 27, 2027	55,000.00

NO	BRANCH	CONTRACT PERIOD		RENTAL RATE PER MONTH (₱)
		FROM	TO	
127	SAN RAFAEL	December 13, 2022	December 12, 2027	98,258.12
128	SANTIAGO - VICTORY NORTE with APD Lending Center	October 15, 2022	October 14, 2027	140,710.05
129	SORSOGON with APD Lending Center	May 1, 2021	April 30, 2028	145,000.00
130	SOUTH TRIANGLE	September 1, 2018	August 31, 2025	194,536.83
131	STA. ANA	December 1, 2018	November 30, 2023	64,828.46
132	STA. MARIA	December 8, 2022	December 7, 2025	129,360.00
133	STA. MESA	March 16, 2017	March 15, 2024	77,300.12
134	STA. RITA	October 8, 2022	October 7, 2027	52,473.88
135	STA. ROSA	June 17, 2022	June 16, 2027	160,000.00
136	STO. TOMAS	October 26, 2020	October 25, 2025	145,378.86
137	SUBIC	March 1, 2019	February 28,2029	85,201.20
138	TACLOBAN with APD Lending Center	September 16, 2019	September 15, 2024	128,801.25
139	TAFT - QUIRINO AVE.	February 1, 2022	January 31, 2029	70,400.00
140	TAGAYTAY - MENDEZ - SAVEMORE	February 1, 2024	January 31, 2029	72,000.00
141	TAGUM - CITYMALL with APD Lending Center	June 1, 2017	May 31, 2022	64,178.73
142	TALISAY - NEGROS - SAVEMORE	May 23, 2019	November 30, 2024	119,674.91
143	TANAUAN CITY with APD Lending Center	December 1, 2018	November 30, 2028	83,536.54
144	TANDANG SORA	May 16, 2017	May 15, 2024	92,986.23
145	TARLAC - MAC ARTHUR	September 15, 2016	September 14, 2023	102,176.55
146	TAYTAY with Sales Office	October 15, 2023	October 14, 2028	137,806.90
147	TAYUMAN	October 1, 2023	September 30, 2028	127,628.16
148	TIMOG	May 1, 2017	April 30, 2024	146,009.53
149	TUGUEGARAO with APD Lending Center	August 16, 2022	August 15, 2027	117,387.99
150	TWO E-COM	November 1, 2022	October 31, 2027	178,497.30
151	UN AVENUE	February 1, 2019	January 31, 2024	196,249.53
152	URDANETA	August 24, 2023	August 23, 2028	91,162.97
153	VALENZUELA - MARULAS	October 20, 2020	October 19, 2025	76,576.89
154	VIGAN with APD Lending Center	June 5, 2017	June 4, 2027	268,674.91
155	VISAYAS AVE.	March 2, 2022	March 1, 2027	133,486.37
156	ZAMBOANGA - CITYMALL	September 30, 2015	September 29, 2020	107,936.96

Note: These lease contracts are renewable under certain terms and conditions and include pre-termination clause.

c. 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.

Item 3. LEGAL PROCEEDINGS

There are pending cases filed for and against the Bank arising from incidental, ordinary and routine conduct of the banking business. It is the opinion of the management and legal counsel that there are no material pending legal proceedings to which the Bank is a party or of which any of their property is the subject.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Except for the matters taken up during the annual stockholders‘ meeting on June 15, 2023, there was no other matter submitted to a vote of security holders during the fiscal year covered by this report.

PART II. OPERATIONAL AND FINANCIAL INFORMATION

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

1. Market Information

The registrant's equity is not listed in any exchange. There was one (1) share transferred in 2023.

PERIOD	NO. OF SHARES TRANSFERRED	PRICE PER SHARE	
		High	Low
January 1, 2022 to December 31, 2023	1*		

Note: a. **one (1) Shareholding of Dir. William C. Whang was transferred to newly appointed Dir. Romeo D. Uyan, Jr.*

2. Holders

The Bank's authorized common shares (₱100 par value) amounted to 134.0 million in 2023 and 2022 and authorized preferred shares (₱100 par value) amounted to 6.0 million in 2023 and 2022. There are approximately 1,428 stockholders of the 115,414,149 subscribed common shares as of December 31, 2023. The top 20 common shareholders as of December 31, 2023 are as follows:

NO	NAME OF STOCKHOLDER	NUMBER OF SHARES	% OF HOLDINGS
1	China Banking Corporation	114,995,882	99.64%
2	Marinduque Mining and Industrial Corp.	46,002	0.04%
3	Bogo Medellin Milling Co., Inc.	33,521	0.03%
4	Reyes, Rodrigo C.	31,205	0.03%
5	Estate of Gil J. Puyat	13,729	0.01%
6	Development Bank of the Philippines	8,418	0.01%
7	Jipson, Espinela A.	8,248	0.01%
8	Cruz, Manuel C.	6,313	0.01%
9	Puyat, Patria Gil VDA. DE	5,350	0.00%
10	Newsal Enterprise	5,036	0.00%
11	Pryce Plans, Inc.	4,984	0.00%
12	Del Rosario, Pedro R.	4,938	0.00%
13	Gocolay, Antonio K.	4,587	0.00%
14	Magsaysay, Cecilia Hernaez	4,284	0.00%
15	Hernaez, Celina R.	4,283	0.00%
16	Ponce, Teofilo L.	3,852	0.00%
17	Estate of Bienvenido P. Buan	3,789	0.00%
18	Heirs of Florencio and Rizalina Buan	3,789	0.00%
19	Reyes, Edmundo A.	3,789	0.00%
20	Reyes, Felipe Delos, and OR Reyes, Rose M. R. De Los Reyes	3,670	0.00%

3. Dividends

There were no dividends declared in 2023 and 2022. The payment of the dividends in the future will depend upon the earnings and financial condition of the Bank and other factors.

4. Recent Sales of Unregistered Securities or Exempt Securities

There were no unregistered securities sold by the Bank for the past three (3) years. The Bank issued new shares from its authorized but unissued shares. These securities distributions were exempt from registration requirement under Section 10.2 of the Securities Regulation Code.

Item 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

1. Plan of Operation

Guided by the Parent Bank's bold vision to preserve its legacy as the bank of choice for its customers, CBS aims to further strengthen its profitability and sustain market share in core business lines, intensify product innovation and cross-selling by way of optimizing resources from its distribution network, and reach untapped efficiencies as it continues to enable seamless and safer banking experiences through its digital banking platform. Over the next years, CBS remains committed to become a top-of-mind financial services provider for both the SME and retail markets. The Bank will sustain the existing segmented strategy to maximize gains, diversify revenues, and meet customer demands with its distinct brand of quality service.

Cognizant of a challenging environment operating under elevated interest rates and inflationary headwinds, CBS will continue to support the growth of SME customers in target industries. On the retail front, CBS will further broaden access to APD, housing, auto, and personal loans across multiple touchpoints—branches, sales offices, kiosks, and digital platforms—with the goal of increasing the share of consumer loans to total credit portfolio. Maintaining a sound asset quality will remain a top priority for management as well, even as the Bank continues to balance the returns and risks from a bigger loan portfolio.

CBS will continue to leverage on its extensive distribution network, robust digital and human capabilities, and strong balance sheet to pursue growth opportunities, increase operating efficiencies, and ultimately, meet its stakeholders' expectations and deliver sustainable outcomes.

To achieve the net income target over the next twelve months, the Bank's efforts and action plan shall cover the following priority areas: (a) shift to high-yielding loan portfolio that will generate sustainable earnings stream; (b) build-up current accounts/savings accounts (CASA) deposits on the back of CBS' wide market coverage and strong client acquisition and service culture build; (c) reduce non-performing assets (NPAs) composed of real and other properties acquired (ROPA) and non-performing loans (NPLs) as the Bank prudently manages its balance sheet and utilizes its capital efficiently; (d) increase non-interest income mainly coming from fee-based loans and deposit generation, Digital Banking Business, cash management services (CMS) products/services, Bancassurance, and NPA recovery efforts that will provide recovery income and gains from ROPA disposal; and (e) improve operational efficiency that involves refining the organizational structure, driving innovation across products and channels, and pursuing cost-efficient automation and process improvements.

The top priority is to continuously expand the higher-yielding loan products. The APD (teachers') loans and consumer loan products, composed of retail housing, auto, personal, handy salary and handy credit loans, will continue to be the major component of CBS' loan portfolio for 2024. This strategy will enable the Bank to realize a more stable loan portfolio and generate sustainable earnings stream.

The Bank would further build up its APD loan portfolio by widening the geographical footprint of sales offices. The Bank's strategy is to bridge the market gap by expanding its distribution channels and market reach through its multi-channel customer touchpoints. In addition to the lending centers and utilization of the Bank's brick-and-mortar branch network, the Bank will establish new BLUs in strategic rural areas and in areas with a high concentration of APD market. These physical offices will be complemented by digital touchpoints for faster client onboarding and loan booking. The launching of the APD ATM savings account product in 2023 served as the Bank's unique distinction from its competitors' offerings.

The Bank's consumer business is also set to steadily expand and grow its share of the total loan portfolio while the SME/corporate segment will concentrate on growing the smaller ticket business loans, prioritizing loan growth on essential and bounce-back industries. The retail housing and auto loans segments will continue to bring in the volume in 2024.

The Bank will also continue to deepen market penetration through active leads generation, widening the branch network coverage, solidifying relationships through top-notch customer experience, and offering a broader menu of thrift banking products and services. Critical marketing and operational support shall be provided to achieve the goals. The Bank will boost its social media, online presence, and marketing campaigns, ramp up publicity, and other promotional activities. The Bank's strengthened community involvement and visibility through tie-ups and partnerships (i.e., the DepEd) will develop and result to better business relationships, well-established CBS presence and further create more lending opportunities.

The Bank will also continue its initiatives toward automating and streamlining the loan origination process to be more competitive, provide better client service and achieve a faster turn-around time to an expanding customer base. This will include the continuous improvement of the existing loans origination workflow by significantly cutting manual processes from application to approval. These improvements on credit approval will boost the Bank's ability to further compete with the big players and meet the growing business volume and greater customer demand for speed and convenience.

The Bank's lending business will continue to be funded by deposits. The existing distribution network, complemented by digital channels, will continue to serve as the primary platform for distributing the deposit products and growing the client base. Enhancing customer profitability will be a must as the Bank sheds higher cost of deposits.

To sustain CASA growth, CBS will intensify new-to-bank CASA acquisition with focus on retail and business accounts and implement enhanced CASA expansion promos. The renewed focus on CMS will aim to increase deposit stickiness amid tight competition.

The Bank's distribution network remains at the heart of its strategies to acquire customers, generate low-cost funds, and deepen customer relationships. To further improve the market coverage, additional branches will be opened and some branches will be relocated in growth areas outside of Metro Manila. The Bank believes that client proximity and a deeper understanding of its depositors' banking requirements are still the key growth factors in the banking business. The one-look program across all of the branch network that aims to improve the facilities and improve the appearance of branches will also be continued. This initiative is expected to attract more depositors to the branches. Additional ATM network will be deployed and additional armored cars will be utilized for complementary deposit generation.

The branch network will continue to utilize a sales strategy that allows for tailor-fit and tactical outreach initiatives within each locality. The branches' focus revolves around building personal and professional ties in the community and fostering business partnerships and relationships with the Bank's clients. CBS will continue building strong customer relationships by delivering the exceptional service and solutions—both digital and in-person—as the clients expect and deserve. To support branch-based CASA build up efforts, the Bank will aggressively use social media to target the prospects in the areas where it operates. Marketing initiatives will be launched to boost consumer confidence in CBS brand, encourage foot traffic to brick-and-mortar branches and drum up interest in deposit and consumer offers like retail housing, auto, and APD loan.

As the banking industry is in a digital arms race, CBS will continue to closely work with its Parent Bank to continuously enhance its digital banking capabilities. For retail banks, online and mobile channels have become as important, if not more important, than branches and ATMs. The Bank will also capitalize on existing alternative and electronic banking channels and launch programs to drive up enrollment and utilization rates for ATMs, Cash Acceptance Machines, and the internet and mobile banking platform to facilitate efficient and secure banking transactions. The enhancement of the mobile banking application provides clients with an on-the-go and secure way of managing accounts and has marked CBS' gradual transformation from being a traditional banking partner into one of the leading financial service providers.

For asset quality, the Bank will continue to pursue a more proactive and aggressive reduction of NPAs through its active remediation and NPL Recovery Program, ROPA Reduction through sale and disposal and enhanced Customer Engagement Initiatives.

Growth in the core business will also result to the increase in non-interest income on the back of higher fee-based income from Loans and Deposits. Fee-based income is projected to improve as segment cross-selling and up-selling initiatives continue. Additional income would also come from Digital Banking Business and CMS products/services, and Bancassurance. Central to the Bank's strategy is Digital Banking Transformation, wherein more of its services will cater to digital mediums to provide a vastly improved customer experience. Together with China Bank, CBS will develop a "true" omnichannel platform that allows clients to access financial services faster and easier online or through mobile. In line with this, the Bank's digital presence, primarily through its website, will be mobile-optimized and sales-centric. Digital marketing for clients will also be developed, including criteria-based marketing campaigns and automatic lead tracking and nurturing.

The aforementioned strategies will also be strongly supported by improved operational efficiency. The Bank will focus on addressing productivity through manpower optimization and workforce planning, process improvements and automation on the backroom support.

With the growth in loan portfolio, improvement in asset quality, increase in CASA, higher fee-based income and effective cost management, net income will significantly increase over the next 5 years.

2. Management's Discussion and Analysis

a. Analysis of Statements of Condition

As of December 31, 2023 and 2022

CBS' total assets was recorded at ₱157.4 billion in 2023, 27% higher year-on-year, supported by the expansion in investment securities and net loans.

Cash and cash equivalents composed mainly of due from Bangko Sentral ng Pilipinas and due from other banks posted decreases by 20% to ₱11.3 billion and 1% to ₱2.2 billion, respectively, from the drop in year-end placements with the BSP and deposits with correspondent banks. Meanwhile, securities purchased under resale agreements rose by ₱1.7 billion to ₱3.6 billion from higher overnight placements with the BSP.

Total investment securities amounted to ₱18.7 billion, up by more than 1.4x. Financial assets at fair value through profit or loss were newly acquired during the year. Meanwhile, financial assets at fair value through other comprehensive income (FVOCI) and investment securities at amortized cost posted increases by more than 5x and 6%, respectively, with the build-up in such investments.

Gross loans grew by 25% to ₱113.6 billion. Repositioned to focus on the retail market segment, the APD loan portfolio expanded by 52% on a year-on-year basis, followed by the 18% sustained annual growth in retail housing loans and 16% annual increase in auto loans. Net loans reached ₱110.3 billion.

Non-current assets held for sale increased to ₱213.4 million due to various foreclosures and repossession activities during the year. Property and equipment increased by 18% to ₱2.0 billion driven by the business expansion activities during the year. Meanwhile, investment properties decreased by 10% to ₱1.9 billion mainly attributed to the significant sales during the year, despite continued foreclosure and repossession activities. Deferred tax assets was up 11% to ₱1.5 billion.

On the liabilities side, deposits increased by 27% to ₱137.7 billion, driven by the 47% build-up of time deposits to ₱90.5 billion which mainly supported the consistent growing demand and volume of both the APD and consumer loans. Low-cost funds accounted for 34% of total deposits. The Bank continued to focus on sourcing retail and cheaper funds. However, the high interest rate environment intensified the competition and liquidity pressure for banks, including CBS. Manager's checks increased to ₱689.7 million because of higher outstanding checks for negotiation. Accrued interest and other expenses increased 59% to ₱1.0 billion, with the setup of expense accruals. Income tax payable was at ₱2.6 million.

Total equity reached ₱15.6 billion, 22% higher than last year's ₱12.8 billion, mainly from the ₱1.0 billion capital infusion of the Parent Bank in 2023 and 45% increase in surplus attributed to the improved operations of the Bank for the year. Net unrealized losses on financial assets at FVOCI amounted to ₱70.8 million, better than last year's ₱160.4 million because of mark-to-market revaluation of the Bank's FVOCI securities. Remeasurement gains on defined benefit asset was lower at ₱20.9 million due to changes in actuarial assumptions.

The Bank's total Capital Adequacy Ratio (CAR) was computed at 12.59%, which is above the regulatory minimum requirement.

As of December 31, 2022 and 2021

CBS' total assets breached the ₱100-billion mark and was recorded at ₱124.0 billion in 2022, 29% higher year-on-year, supported by the expansion in investment securities and net loans.

Cash and cash equivalents composed mainly of due from Bangko Sentral ng Pilipinas and due from other banks posted increases by 46% to ₱14.0 billion and 27% to ₱2.2 billion, respectively, from the increase in year-end placements with the BSP and deposits with correspondent banks. Securities purchased under resale agreements also rose by 29% to ₱2.0 billion from higher overnight placements with the BSP.

Total investment securities amounted to ₱7.9 billion, up by 9%. Financial assets at fair value through other comprehensive income (FVOCI) and investment securities at amortized cost posted increases by 3% and 11%, respectively, with the build-up in such investments.

Gross loans grew by 32% to ₱90.9 billion. Repositioned to focus on the retail market segment, the APD loan portfolio expanded by 104% on a year-on-year basis, followed by the 16% sustained annual growth in retail housing loans and 10% annual increase in auto loans. Net loans reached ₱87.7 billion.

Non-current assets held for sale was down to ₱166.8 million mainly attributed to the significant sales during the year, despite continued foreclosure and repossession activities. Property and equipment was at ₱1.6 billion. Meanwhile, investment properties decreased by 7% to ₱2.2 billion mainly attributed to the significant sales during the year, despite continued foreclosure and repossession activities. Deferred tax assets was up 15% to ₱1.3 billion.

On the liabilities side, deposits increased by 32% to ₱108.2 billion, driven by the 5% build-up of low-cost funds to ₱46.8 billion. The Bank continued to focus on sourcing retail and cheaper funds. However, the high interest rate environment intensified the competition and liquidity pressure for banks, including CBS. During the year, the high-cost funds increased by 64% or equivalent to ₱24.0 billion which mainly supported the consistent growing demand and volume of both the APD and consumer loans. Accordingly, the significant growth in short-term high-cost deposits faster than the CASA growth resulted to a CASA ratio of 43% as of December 31, 2022. Manager's checks decreased to ₱254.6 million because of lower outstanding checks for negotiation. Accrued interest and other expenses increased 87% to ₱642.7 million, with the setup of expense accruals.

Total equity reached ₱12.8 billion, 13% higher than last year's ₱11.3 billion, mainly from the 64% increase in surplus attributed to the improved operations of the Bank for the year. Net unrealized losses on financial assets at FVOCI amounted to ₱160.4 million, worse than last year's ₱31.8 million because of mark-to-market revaluation of the Bank's FVOCI securities. Remeasurement gains on defined benefit asset was lower at ₱62.6 million due to changes in actuarial assumptions.

The Bank's total Capital Adequacy Ratio (CAR) was computed at 12.68%, which is above the regulatory minimum requirement.

b. Discussion of Results of Operations

For the years ended December 31, 2023 and 2022

CBS posted a 16% increase in net income to ₱1.8 billion in 2023 on the back of robust operating income and effective cost management. The ₱1.0 billion capital infusion despite the higher net profit, translated to a slightly lower return on equity of 12.84% and a return on assets of 1.30%.

Total interest income grew by 45% to ₱11.8 billion due to the continuous build-up in earning assets. Interest income from loans and receivables was up 37% to ₱10.3 billion from ₱7.5 billion on the back of robust year-on-year loan portfolio expansion. Interest income from trading and investment securities recorded a 73% growth from the build-up in securities holdings. Interest income from due from BSP and other banks, interbank loans receivable, and securities purchased under resale agreements increased by more than 1.9x to ₱976.6 million with the higher volume of placements with the BSP and other banks.

Total interest expense amounted to ₱4.6 billion, ₱3.1 billion larger than last year as interest expense on deposit liabilities increased by more than 2x arising from the deposit expansion and higher funding cost. Interest expense on lease payable was up 34% due to higher interest charged on outstanding lease liability.

Total non-interest income was higher by 14% to ₱1.1 billion from notable improvements in core fee income. Service charges, fees, and commissions rose 7% to ₱458.3 million. The upturn in sales of foreclosed assets and swing in gain on asset foreclosure and dacion transactions resulted in the increase of gain on asset exchange by 1% to ₱379.9 million.

In line with the Bank's thrust to further strengthen its balance sheet, the Bank set aside a total of ₱1.0 billion provision for impairment and credit losses.

Operating expenses (excluding provision for impairment and credit losses) increased by 17% to ₱5.1 billion mainly from higher revenue-related costs due to business growth and higher core operating expenses due to inflationary pressures. Compensation and fringe benefits were up 14% to ₱1.5 billion primarily due to the expansion of the Bank's APD lending business offset by the efforts to reduce manpower cost through its rationalization and redeployment programs. Depreciation and amortization up by 14% to ₱489.3 million. Taxes and licenses were up 52% to ₱636.0 million mainly from higher revenue- and volume-related taxes arising from business growth. Security, clerical, messengerial and janitorial went up by 4% to ₱329.4 million. Documentary stamp taxes rose by 75% to ₱ 537.8 million with the ramp-up in lending and deposit-taking activities. Insurance, which includes PDIC premium payments, grew 32% to ₱344.7 million with the annual expansion in deposits. Other cost items were kept at a manageable single-digit growth, notwithstanding the continued investment in branch network expansion, technology, system upgrades, and customer acquisition initiatives.

For the years ended December 31, 2022 and 2021

CBS posted a 60% increase in net income to ₱1.6 billion in 2022 on the back of robust operating income and effective cost management. The higher net profit translated to an improved return on equity of 13.06% and a return on assets of 1.44%.

Total interest income grew by 28% to ₱8.1 billion due to the continuous build-up in earning assets. Interest income from loans and receivables was up 26% to ₱7.5 billion from ₱6.0 billion on the back of robust year-on-year loan portfolio expansion. Interest income from investment securities at amortized cost and at fair value through other comprehensive income recorded a 12% growth from the build-up in securities holdings. Interest income from due from BSP and other banks, interbank loans receivable, and securities purchased under resale agreements increased by more than 1.2x to ₱337.6 million with the higher volume of placements with the BSP and other banks and increase in market and policy rates.

Total interest expense amounted to ₱1.5 billion, ₱639.5 million or 72% larger than last year as interest expense on deposit liabilities increased by 76% arising from the deposit expansion and higher funding cost. Interest expense on lease payable was down 9% due to lower interest charged on outstanding lease liability.

Total non-interest income was higher by 16% to ₱969.5 million from notable improvements in core fee income. Service charges, fees, and commissions declined 9% to ₱429.2 million. The upturn in sales of foreclosed assets and swing in gain on asset foreclosure and dacion transactions resulted in the increase of gain on asset exchange by 85% to ₱376.2 million.

In line with the Bank's thrust to further strengthen its balance sheet, the Bank set aside a total of ₱1.5 billion provision for impairment and credit losses.

Operating expenses (excluding provision for impairment and credit losses) increased by 17% to ₱4.3 billion mainly from higher revenue-related costs due to business growth and higher core operating expenses due to inflationary pressures. Compensation and fringe benefits were up 4% to ₱1.3 billion primarily due to the expansion of the Bank's APD lending business offset by the efforts to reduce manpower cost through its rationalization and redeployment programs. Depreciation and amortization declined by 1% to ₱429.7 million. Taxes and licenses were up 17% to ₱417.7 million mainly from higher revenue- and volume-related taxes arising from business growth. Security, clerical, messengerial and janitorial went up by 25% to ₱315.7 million. Documentary stamp taxes rose by 47% to ₱306.7 million with the ramp-up in lending and deposit-taking activities. Insurance, which includes PDIC premium payments, grew 6% to ₱261.6 million with the annual expansion in deposits. Other cost items were kept at a manageable single-digit growth, notwithstanding the continued investment in branch network expansion, technology, system upgrades, and customer acquisition initiatives.

c. Key Performance Indicators

Definition of Ratios

Capitalization – BSP prescribed formula

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

Asset Quality

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

Liquidity

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

Solvency

Debt to Equity Ratio	-	$\frac{\text{Total Liabilities}}{\text{Total Equity}}$
Asset to Equity Ratio	-	$\frac{\text{Total Assets}}{\text{Total Equity}}$

Profitability

Return on Equity (ROE)	-	$\frac{\text{Net Income after Tax}}{\text{Average Total Equity}}$
Return on Assets (ROA)	-	$\frac{\text{Net Income after Tax}}{\text{Average Total Assets}}$
Cost-to-Income Ratio	-	$\frac{\text{Total Operating Expenses excluding Provision for Impairment and Credit Losses}}{\text{Total Operating Income}}$

	2023	2022	2021
Capitalization Ratio			
Total CAR	**12.59%**	12.68%	14.09%
CET 1/ Tier 1 Ratio	**11.65%**	11.74%	13.18%
Asset Quality			
Gross NPL Ratio	**3.30%**	4.50%	6.89%
NPL Cover	**88.49%**	78.44%	68.79%
Liquidity			
Liquid Assets to Total Assets	**20.62%**	18.21%	17.66%
Loans (net) to Deposit Ratio	**80.14%**	81.07%	79.93%
Solvency			
Debt to Equity Ratio	**906.05%**	867.56%	745.19%
Asset to Equity Ratio	**1,006.05%**	967.56%	845.19%
Profitability			
ROE	**12.84%**	13.06%	9.12%
ROA	**1.30%**	1.44%	1.02%
Cost-to-Income Ratio	**61.63%**	57.22%	58.81%

Capital Adequacy

As of December 31, 2023 and December 31, 2022

CBS' CET 1 / Tier 1 Ratio and total CAR ratios were computed at 11.65% and 12.59%, respectively. The Bank's capital is largely comprised of CET 1 / Tier 1 (core) capital.

As of December 31, 2022 and December 31, 2021

CBS' CET 1 / Tier 1 CAR and total CAR ratios ended at 11.74% and 12.68%, respectively, as of December 31, 2022 and 13.18% and 14.09%, respectively, as of December 31, 2021; all well above the minimum regulatory requirements.

Asset Quality

As of December 31, 2023 and December 31, 2022

CBS recorded a non-performing loan (NPL) ratio of 3.30%, lower from previous year's 4.50% due to gross loans expansion and decrease in NPLs. NPL cover remained sufficient at 88.49%.

As of December 31, 2022 and December 31, 2021

Asset quality remained healthy amid the loans' year-on-year expansion. Gross NPL ratio further improved to 4.50% as of end-2022 from 6.89% as of end-2021. NPL cover was registered at 78.44% as of December 2022 and 68.79% as of December 2021.

Liquidity

As of December 31, 2023 and December 31, 2022

The Bank's liquidity position was recorded at 20.62%, higher than 18.21% as of end-2022 due to the build-up in liquid assets.

As of December 31, 2022 and December 31, 2021

The Bank's liquidity ratio was steady at 18.21% as of end-2022 compared to 17.66% as of end-2021.

Solvency Ratios

As of December 31, 2023 and December 31, 2022
Debt-to-equity and asset-to-equity ratios for the year were recorded at 9x and 10x, respectively.

As of December 31, 2022 and December 31, 2021

Debt-to-equity and asset-to-equity ratios as of end-2022 were recorded at 8.7x and 9.7x, respectively, slightly higher versus 7.5x and 8.5x, respectively, as of end-2021.

Profitability

For the year ended December 31, 2023 and December 31, 2022

CBS posted a net income of ₱1.8 billion, up 16% year-on-year, resulting in an improved ROE of 12.84% and ROA of 1.30%. Cost-to-income ratio increased to 61.63% from 57.22% as the Bank continued to invest heavily in the needed improvements to provide the best service to customers.

For the year ended December 31, 2022 and December 31, 2021

Full-year 2022 net income of P1.6 billion translated to an ROE of 13.06% and a ROA of 1.44%. Cost-to-income ratio improved to 57.22% in 2022 from 58.81% in 2021.

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 2024.

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:

	2023	2022
Committed credit lines	**₱1,606,914,018**	₱1,431,696,797
Standby domestic letters of credit	**82,681,021**	84,280,000
Late deposits/payments received	**18,430,808**	22,965,523
Outward bills for collection	**2,026,255**	2,040,344
Others	**438,133**	4,738,897
	₱1,710,490,235	₱1,545,721,561

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.

c. Material Commitments for Capital Expenditures

The Bank's capital expenditures in 2023 included expenses for renovation and relocation of existing branches and lending centers, establishment of additional branches, ATMs and cash acceptance machine, new sales offices, APD lending centers and APD BLUs, and upgrade of bank premises including infrastructure, furniture, fixtures and equipment, IT-related activities on systems and licenses. For 2024, the Bank plans to continue opening a number of brick-and-mortar branches and ATMs, APD lending centers, APD BLUs and relocate some branches, among others. Capital expenditures will be sourced from the Bank's capital and operations.

d. Causes for Any Material Changes from Period to Period of Financial Statements

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

e. Known Trends, Events or Uncertainties or Seasonal Aspects

The financial statements of the Bank have been prepared in compliance with PFRS.

Item 7. FINANCIAL STATEMENTS

Please refer to the attached **Exhibit 2** for the Audited Financial Statements as of and for the years ended December 31, 2023 and 2022.

Independent Public Accountant

SyCip, Gorres, Velayo, & Co. (SGV & Co.), independent certified public accountants, audited the Bank's financial statements without qualification and in accordance with Philippine Standards on Auditing and has expressed its opinion on the fairness of presentation upon completion of its examination, in its report to the stockholders and Board of Directors.

The following table sets out the aggregate fees billed for each of the years ended December 31, 2023 and 2022 for professional services rendered by SGV & Co. for the audit of the Bank's annual financial statements.

	2023	2022
Audit and Audit-Related Fees:		
▪ Fees for services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements	₱3,062,180	₱2,836,000

The Bank did not engage the services of SGV & Co. for a non-audit related work in 2023 and 2022.

SGV & Co. also confirmed that they did not have any disagreement with management that could be significant to the Bank's financial statements or their auditor's report. Further, there are no matters that in their professional judgment may reasonably be thought to bear on their independence or that they gave significant consideration to in reaching the conclusion that independence has not been impaired.

Audit Committee's Approval Policies and Procedures for Above Services

As China Bank's subsidiary, the Bank adopted the Parent Bank's policies and procedures on audit engagement contract for external auditors. The same was discussed and approved by the Audit Committee. Included in the duties and responsibilities of the Audit Committee as provided for in the Audit Committee Charter are to recommend to the Board of Directors the appointment, re-appointment and dismissal of external auditors; to review and evaluate the external auditors' qualifications, performance, independence, and objectivity; and to review the external auditors' audit plan and scope among others.

The following are the members of Bank's Audit Committee:

Chairman	Claire Ann T. Yap, *Independent Director*
Vice-Chairman	Genaro V. Lapez, *Independent Director*
Member	Antonio S. Espedido Jr., *Independent Director*

Item 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

The financial statements of the Bank for the years ended December 31, 2023 and 2022 have been audited by SGV & Co. in accordance with Philippine Financial Reporting Standards. There were no changes in and disagreements with accountants on accounting and financial disclosures.

PART III. CONTROL AND COMPENSATION INFORMATION

Item 9. DIRECTORS AND EXECUTIVE OFFICERS

1. The Members of the Board of Directors *(as of December 31, 2023)*

The Board of Directors is composed of distinguished members with extensive background in banking and business. The members of the Board hold the office for the remainder of the term of their successors and, with prior approval of the MB, concurrently with their position/s in the Parent Bank are as follows:

Ricardo R. Chua, 72, Filipino, is the Chairman of the Board of CBS since 2007. He is the advisor to the Board of CBC since November 1, 2017. He held several key positions with CBC, including 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 currently sits in the boards of other CBC subsidiaries: Chairman of China Bank Capital Corporation (CBCC) and Director of CBC Properties and Computer Center, Inc. (CBC-PCCI) and also in other companies not listed in the PSE - CAVACON Corporation, and Sun & Earth Corporation, among others. A Certified Public Accountant, Mr. Chua earned his Bachelor of Science degree in Business Administration, Major in Accounting, *cum laude*, from the University of the East, and finished his Master's in Business Management (MBM) degree from the Asian Institute of Management. He has had extensive training in banking operations and corporate directorship, and attended Anti-Money Laundering (AML) and corporate governance seminars, among others.

Nancy D. Yang, 84, Filipino, is the Vice Chairman of the Board and is the Vice Chairman of the Executive Committee. She held the position of Senior Vice President and the Head of CBC Retail Banking Business from 1995 to 2016. She also holds various positions in the following institutions: Val Gardena Development Corporation, Hamersley Development Corporation, GDSK Development Corporation, Pacifica Royale Properties, Makati Curb Holdings Corporation, Great Expectation Holdings, Inc., The Big D Holdings Corporation, Richesse Development Corporation, and Azureblue Properties, Inc. Mrs. Yang is a degree holder of Bachelor of Liberal Arts Major in Home Economics from the Philippine Women's University and Human Development & Child Psychology from Merrill Palmer Institute in Detroit, Michigan, USA. She has attended the Allen Management Program in 1990, BAI Retail Delivery Conference in Phoenix, Arizona, USA in 1994, Environmental Risk Management Program for Bankers conducted by the Bank of America in 1997, BAI Retail Delivery Conference in Miami Beach, Florida in 1999, and BAI Retail Delivery Conference in Orlando, Florida in 2008.

James Christian T. Dee, 50, Filipino, is the President of the Bank. The BSP approved his secondment appointment on November 19, 2012. Prior to his election as Director/President of CBSI, he was the Asset-Liability Management Head of the Treasury Group of China Bank Corporation since 2009 and Treasurer and Head of Treasury Group of CBSI since 2012. He is also a member of CBSI Board-level committees: Vice Chairman of the Retirement Committee and Remuneration Committee, and a member of the Executive Committee. He was appointed on November 16, 2023 as Director of Manulife China Bank Life Assurance Corporation. 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 the AIM. 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 one (1) year course on Trust Operation from Trust Institute Foundation of the Philippines.
Note: Seconded to CBSI and duly approved by the BSP.

Romeo D. Uyan, Jr., 61, Filipino, is a member of the Board of CBSI, and a Director and the President of CBC since April 1, 2023. He does not hold any directorship position in any other Philippine Stock Exchange (PSE)-listed company apart from CBC. He also serves in the boards of CBC subsidiaries: China Bank Capital Corporation (CBCC); China Bank Securities Corporation (CBSC); Resurgent Capital Inc., (FISTC-AMC) He is the Chairman of Executive Committee of CBSI. He is actively involved in the boards of Banker's Association of the Philippines and Philippine Payments Management Inc. An investment banker with over two decades of trading, financing, and structuring experience in the Asia Pacific region, Mr. Uyan was previously the President of China Bank Capital and the Managing Director of UBS AG-Singapore Branch and Barclays Capital. He graduated *cum laude* from the Ateneo de Manila University with a Bachelor of Science degree in Management Engineering, and with Distinction from the Johnson Graduate School of Management in Cornell University, New York, with a Master's degree in Business Administration (MBA). He has had extensive training in banking, securities and futures products, fraud awareness, Foreign Account Tax Compliance Act, environmental and social risk, AML, and corporate governance.
Note: Appointed as CBSI Director effective March 16, 2023.

Herbert T. Sy, Jr., 38, Filipino, was elected as a Regular Director on June 17, 2021. Mr. Sy presently works for SM Retail, Inc., under the SM Group of Companies. For the SM Markets Merchandising Group, he has been serving as Executive Director since 2015. He handles product selection for the SM Markets stores, which include SM Supermarkets, Hypermart and Savemore. Mr. Sy manages international house brand procurement, store orders, and negotiates with suppliers. For SM Markets Marketing Group, he oversees in-store promotions and marketing. For SM Markets Operations Group, he manages overall store operations and expenses, and contributes to store efficiencies with inventory, while for the SM Markets Online Group, he handles online retail operations, development and expansion, as well as negotiations with third party online retailers. He graduated with a degree in Bachelor of Science in Marketing Management from De La Salle University in Manila in 2009.

Patrick D. Cheng, 61, Filipino, is a CBSI Director. He is also an Executive Vice President and the Chief Finance Officer of CBC. He is also in the board of another China Bank subsidiary – China Bank Insurance Brokers, Inc. (CIBI) as Chairman, and in the Bank's affiliate - Manulife China Bank Life Assurance Corporation (MCBL) as Director. He also serves on the boards of Manila Overseas Commercial Inc., and SR Holdings Corporation. In the past, he held several key positions at the Philippine Bank of Communications, HSBC Savings Bank (Philippines), HSBC (Philippine Branch), Citicenter Condominium Corp., and Citibank N.A. (Philippine Branch). He was the President and Chief Executive Officer of HSBC Savings Bank (Philippines) from 2008 to 2013 and was also a two-term President of the Chamber of Thrift Banks from 2011 to 2012. 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 earned his Master's degree in Management, with Distinction, from the Hult International Business School in Cambridge, Massachusetts, and finished 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. He has had extensive training in corporate governance, AML, asset liability management, operational risk, and information security.

Jose L. Osmeña, Jr., 64, Filipino is a CBSI Director and a member of the CBSI Executive Committee. He is an Executive Vice President and the Group Head of Retail Branch Banking of CBC. He has been with CBC for more than 30 years. He previously worked at Insular Bank of Asia and America and Producers Bank of the Philippines. Mr. Osmeña holds a Bachelor of Science degree in Commerce, Major in Accounting, from the University of San Carlos, and he earned his Master of Science degree in Business Administration from the same university. He also completed the AIM's Advance Bank Management Program. He participated in several trainings on export financing, loan documentation, money market, service quality management, channels marketing, corporate governance, and AML.

Philip S.L. Tsai, 73, Filipino, was elected as Independent Director of CBSI and CBC on November 2018. He likewise serves as an Independent Director of China Bank subsidiaries China Bank Capital Corporation (CBCC) and China Bank Insurance Brokers, Inc. (CBC-IBI). Mr. Tsai is a member of the following CBSI Board-level committees: Chairman of the Risk Oversight Committee, Vice Chairman of the Related Party Transaction Committee and member of the Corporate Governance Committee, Nomination Committee, Remuneration Committee. Aside from the China Bank Group, he does not hold any position in other PSE-listed companies. He has had more than 36 years of banking experience. He previously held 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 CBC's Retail Banking Business until his retirement in 2015. Director Tsai earned his Bachelor of Science degree in Business Administration from the University of the Philippines, and received his Master's degree in Business Administration from the Roosevelt University in Chicago, Illinois. He had attended various banking, marketing, and governance trainings, including the training on AML updates, cybersecurity governance, and managing finances in the digital age in August 2022, and the forum on sustainability organized by SMIC and WWF Philippines in November 2022.

Claire Ann T. Yap, 68, Filipino, is an Independent Director. She serves as Independent Director in CBC subsidiaries CBCC, CBSC, and in CBCC's subsidiary RCI, and as Board Trustee and Vice Chairperson in Vedruna Foundation, Inc. Mrs. Yap is a member of the following CBSI Board-level committees: Chairman of the Audit Committee, Vice Chairman of the Corporate Governance Committee, Vice Chairman of the Nomination Committee, and member of the Risk Oversight Committee. She held the position of 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 in Managing Customer Experience, Credit Card Fraud and Security, Information Security and Data Privacy.

Genaro V. Lapez, 66, Filipino, was elected as an Independent Director of CBSI on June 17, 2021. He is a member of CBSI Board-level committees, namely: Chairman of the Related Party Transaction Committee, Chairman of the Retirement Committee, Chairman of the Remuneration Committee, and Vice Chairman of the Audit Committee. He has more than 10 years of experience in banking and finance in the Philippines, having handled key executive positions at Union Bank, including Head of Center for Strategic Partnerships and Head of Consumer Finance. He also serves as Independent Director in the China Banking Corporation subsidiary CBSC. He has considerable exposure across various local and global industries spanning fast-moving consumer goods (FMCG), pharmaceuticals, multi-media publishing, banking and financial services. He had been posted in Hong Kong, Singapore and Indonesia, and he is conversant in Chinese and Bahasa. Mr. Lapez is a seasoned StracTical (Strategic and Tactical) and GloCal (combining Global Best Practices with Local Realities) thinker. In the past, he held various senior leadership positions in Royal Numico, Coca-Cola Bottlers Phils. Inc., San Miguel Corporation, Nabisco, and Time Life Books, Inc./Time-Warner Inc. Mr. Lapez earned his Bachelor of Science degree in Management Engineering from the Ateneo de Manila University. He has had various trainings on Strategic Marketing (Certificate Program) from the University of Michigan; Retail Banking Future from the John Clements and Harvard Business School; Global Consumer Banking from the likes of The Asian Banker, Technology Governance for Directors in 2021 and on Advanced Corporate Governance in 2022 from the Institute of Corporate Directors and others.

Mr. Antonio S. Espedido, Jr, 68, Filipino and an Independent Director of CBSI. He has more than 20 years of experience in banking and finance in the Philippines. He is a member of CBSI Board-level committees, namely: Chairman of the Nomination Committee, Chairman of the Corporate Governance Committee, Vice-Chairman of the Risk Oversight Committee, and a member of the Audit Committee, Retirement Committee and Related Party Transaction Committee. Mr. Espedido was a consultant for Intellect Design Arena, a company that provides banking system/solutions. He has extensive leadership experience in treasury and marketing operations. He was a Consultant in the implementation of the Treasury system in China Banking Corporation from June 2016 to September 2016. Prior to this, he was CBC's Executive Vice President, Treasurer and Financial Market Business Segment, responsible in managing the investment portfolio of the bank in fixed income and exposure in foreign exchange. He was likewise responsible in managing the bank's liquidity and funding requirements. He also provided direction in identifying market coverage for expanding client base product offerings and helped identify and structure financial funding options based on client's requirements, on the Investment Banking side. He joined CBC as early as 1990 as its Treasurer, responsible in managing fixed income portfolio and foreign exchange exposure. He was a Director of CBSI and CBC Forex from June 2004 to June 2016. While holding such positions with CBC, he was also a member of the Capital Market Committee of the Bankers Association of the Philippines (BAP) from April 2011 to April 2015 and Director of the Association of Foreign Exchange Dealers of the Philippines from January 1997 to January 1998. Mr. Espedido held the positions in the Bank of the Philippine Islands (BPI) and Citytrust Banking Corporation handling proprietary exposures in fixed income and foreign exchange. His most recent trainings were hosted by the Asian Development Bank (ADB) on Financial Situation Caused by Covid-19 pandemic, Digital Transformation in Banking, and on Corporate Governance in 2022. He earned his Bachelor's Degree in Business Administration from the University of San Francisco, California, U.S.A. in 1979.

The Directors' number of years including number of shares held are as follows:

NAME OF MEMBERS	PRINCIPAL STOCKHOLDER REPRESENTED	NUMBER OF YEARS SERVED AS DIRECTOR	NUMBER OF DIRECT AND INDIRECT SHARES HELD	PERCENTAGE OF SHARES HELD TO TOTAL OUTSTANDING SHARES OF THE BANK
1. Ricardo R. Chua	None	16 years and 3 months	1	0.00000000948%
2. Nancy D. Yang	None	16 years and 3 months	1	0.00000000948%
3. James Christian T. Dee	None	2 years and 8 months	1	0.00000000948%
4. Romeo D. Uyan, Jr.	None	more than 9 months	1	0.00000000948%
5. Jose L. Osmena, Jr,	None	almost 1 year	1	0.00000000948%
6. Patrick D. Cheng	None	almost 6 years	1	0.00000000948%
7. Herbert T. Sy, Jr.	None	2 years and 6 months	1	0.00000000948%
8. Philip S. L. Tsai*	None	5 years and 1 month	1	0.00000000948%
9. Claire Ann T. Yap*	None	more than 3 years	1	0.00000000948%
10. Genaro V. Lapez*	None	2 years and 6 months	1	0.00000000948%
11. Antonio S. Espedido, Jr.*	None	1 year and 6 months	1	0.00000000948%

** Independent Director*

2. Executive Officers *(as of December 31, 2023)*

a. Non-Director Member of Executive Committee

Aloysius C. Alday, Jr., 54, Filipino, is non-director member of the Executive Committee. He is the Executive Vice President and Head of the Consumer Banking Segment for China Banking Corporation, and interlocked with CBSI as of the date of his appointment. Prior to his current appointment, he was the Group Head of the Bank's Cards Business and Customer Contact Center, which was reorganized into the Consumer Banking Segment to oversee Consumer Banking, Factoring Multi-Purpose Loans, Cash Management and Remittance Business in addition to the Cards Business and Customer Contact Center. He has over 25 years of experience in the banking industry in the Philippines and abroad, having worked at HSBC, Metrobank Card Corporation, and Metrobank in the fields of cards and payments, retail banking, consumer and corporate credit risk, and bancassurance. Mr. Alday holds a Bachelor of Science degree in Business Administration from the University of the Philippines, and has had extensive training on AML, data privacy, and corporate governance.

b. Incumbent Executive Officers *(as of December 31, 2023)*

Jan Nikolai M. Lim, 47, Filipino, Senior Vice President, is the Head of Consumer Lending Group. He joined China Bank Savings, Inc. on December 1, 2011 as Head of Housing and Personal Loans with the rank of First Vice President I and was promoted to FVPII in January 2017. With his success in housing loans and personal loans, he was appointed as the Head of Consumer Lending Group in 2015. He has been with CBSI for 11 years now. 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.

Luis Bernardo A. Puhawan, 48, Filipino, First Vice President II, is the Controller of the Bank. Prior to CBSI, he was the Controller of the former Planters Development Bank. In 2006, he joined Planters Development Bank as Assistant Vice President and Head of the Financial Reporting and Control Department. Before joining Planters Development Bank, he worked for Philippine Veterans Bank from 2002 to 2005, Deutsche Knowledge Services - Manila from 2005 to 2006 and 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.

Adonis C. Yap, 54, Filipino, First Vice President I, is the head of the Digital Banking Group. Mr. Yap was formerly the head of the Marketing Group and was an *Ex-Officio* member of the Information Technology (IT) Steering Committee. He was hired by Planters Development Bank (PDB) in June 1999. He was also the Cash Management Services Department Head from June 1999 to September 2002 and head of Product Management and Marketing Department from 2003 to 2007. In 2015, and during the integration of CBSI and PDB until 2017, he handled the Alternative Channels and Business Process Management Group. He also took over the Marketing Division when its Head resigned in early 2018.

Atty. Josephine F. Fernandez, 61, 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.

Niel C. Jumawan, 54, Filipino, First Vice President II, is the Head of APDS Lending Group. Before joining CBSI, 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.

Francis Andre Z. De Los Santos, 51, Filipino, First Vice President I, is a Director, and the General Manager and Chief Information Officer of Bank subsidiary CBC-PCCI. He was the Head of Business Solutions Division of the Bank prior to his secondment and the integration of Business Solutions into CBC-PCCI. He previously worked in SM Retail, Inc. and Metropolitan Bank and Trust Company, gaining significant experience in the retail and banking business. Mr. Delos Santos graduated with a Bachelor of Science degree in Business Administration – Major in Computer Applications from De La Salle University. He has had trainings in information systems, business information security, cybersecurity governance, and financial technology, among others.
Note: Interlocked with CBSI April 27, 2023, duly approved by the BSP

Atty. Roberto M. Buenaventura, 51, Vice President I, is the head of the Legal Services Division. Prior to CBSI, he was with united Coconut Planters Bank (UCPB) since 2010 as Legal Officer and Legal Services Head. He engaged in private legal practice under his own law firm from 1998 to 2010. He has served in the government as Provincial Legal Officer of the Province of Basilan from 1998 to 2007. He has also served as Associate Professor in Western Mindanao State University College of Law from 1998 to 2007 and Basilan State College Law Department from 1998 to 2000. Atty. Buenaventura took his pre-law degree in Bachelor of Arts in Public Administration from the University of the Philippines in 1993 and Bachelor of Laws Degree from San Beda College of Law in 1997.

Charmaine S. Hao, 46, Filipino, Vice President I, is the Treasurer of the Bank. Before CBSI, Ms. Hao joined Planters Development Bank in 2001 and was assigned as a Senior Dealer from September 3, 2001 to August 15, 2010. On August 16, 2010, she was appointed as Deputy Treasury Head until August 15, 2015. Consequently, she also became the Secretary of Assets and Liability Committee (ALCO). On December 18, 2015, after Planters Development Bank was merged with CBSI, Ms. Hao was assigned as Head of Funds Management Department. As the Funds Management Department Head, she assists the Treasury Group Head in managing and supervising the Bank's liquidity and trading activities. For the past years, she has been ensuring that all funding requirements of the Bank are efficiently serviced. Moreover, she has been managing the cost of short-term placements to minimize the funding cost and thereby improve the carry income of the Bank. Ms. Hao is a degree holder of Bachelor of Science in Legal Management from the Ateneo De Manila University.

Mary Grace F. Guzman, 58, Filipino, Vice President II, is the Head of Asset Recovery Group (ARG). Before joining CBSI, she was an 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.

Raymond C. Apo, 56, Filipino, Vice President I, 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.

Atty. Corazon T. Llagas, 58, Vice President I, is the Chief Compliance Officer of the Bank. Prior to CBS, she was with Bank of Commerce from 2016 to 2021 as Chief Compliance Officer, and head of Remedial and Litigation Department from 2011 to 2016. She was also with Metro Bank as Compliance Specialist from 2003 to 2011 and as Legal Officer from 2003 to 2008. Atty. Llagas took her higher education from the University of the Philippines where she obtained a degree in Bachelor of Arts in Sociology in 1987, Master of Arts in Sociology in 1991, and Bachelor of Laws Degree in 1998.

Hanz Irvin S. Yoro, 41, Filipino, Senior Assistant Vice President, is the Information Security Officer of the China Banking Corporation (CBC). BSP approved his interlocking functions on April 27, 2016. He is concurrently the Information Security Officer of CBC. Prior to joining CBC, 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: Interlocked with CBSI April 27, 2016, duly approved by the BSP

Brenda S. Santiago, 54, Filipino, Senior Assistant Vice President, is the Head of SME Lending Group. Before joining CBSI, she was hired as the Small Biz Division Head in April 2018 and was promoted as SLG Luzon Lending Division Head effective July 15, 2021. Her previous bank stints were as an account officer starting 2002 in United Coconut Planters Bank, then to LBC Development Bank from 2007 to 2011, and then Metropolitan Bank & Trust & Co., from 2011 to 2013. Her role grew from an Account Officer to a Relationship Manager in PBCom from 2013 to 2015 and also in Maybank from 2015 to 2018 prior to joining CBS in 2018. She is a degree holder of Bachelor of Science in Information and Computer Science in 1990 and Bachelor of Science in Nursing in 2004.

Warren Augustus D. de Guzman, 42, Filipino, Assistant Vice President, is the Head of Customer Experience Management, Marketing Services and Sustainability Division. His previous bank stint was with Planters Development Bank, where he completed his management training program as an Account Relationship Officer from 2003-2006. He moved to broadcast media in 2006, served as a News Anchor, Reporter, Executive Producer for ABS-CBN News Channel until 2015, and Senior Business Journalist at ABS-CBN from 2015 to 2023. He was a pioneering member of the multi award winning ABS-CBN Data Analytics Team from 2017 to 2023. Throughout his career, Mr. de Guzman built key relationships with public institutions, such as the BSP, the SEC, Philippine Stock Exchange (PSE), and major listed corporations such as Ayala Corporation and Metro Pacific Investments. He has certifications in Finance Planning and Content Marketing, and has received training in ESG (Environmental, Social and Governance) from CBC, SMIC, GIZ and PWC. Mr. de Guzman took up his Bachelor of Arts Major in Social Science degree at the Ateneo De Manila University.

Atty. Arturo Jose M. Constantino, III, 40, Filipino, Assistant Vice President, is the Corporate Secretary of the Bank. Prior to joining the Bank, he served as Corporate Legal Counsel for both multinational and local companies, including Music Group of Companies and Filinvest Land, Inc. He was also an Associate Lawyer for Paras and Manlapaz Lawyers, and Valerio and Associates Law Offices, where he acted as Corporate Secretary for various clients. He holds a Juris Doctor Degree from the Ateneo De Manila Law School.

Note 1: All the foregoing officers have been involved in the banking industry for more than five (5) years, except for Mr. Herbert T. Sy., Jr., who is with the SM Group of Companies since January 2009.

Note 2: None of the above-mentioned directors and officers works in the government.

3. Term

The Directors are elected to hold office for one (1) year until the next succeeding annual stockholders' meeting or until the respective successors have been elected and qualified.

4. Significant Employees

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

5. Family Relationship

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

6. Involvement in Certain Legal Proceedings

The Bank has no knowledge of any involvement of any of the directors or executive officers in any material legal proceedings affecting their ability or integrity before any court of law or administrative body in the Philippines or elsewhere for the last five (5) years.

Item 10. EXECUTIVE COMPENSATION

Comparative amount of salaries paid for the Directors and Key Executives of the Corporation (with cut off of December 31, 2023), and, any amount of per diem including bonus of the directors.

	YEAR	SALARY	BONUS, PER DIEM and OTHER COMPENSATION	TOTAL
Total for the 5 most highly compensated executive officers	2024 (estimate)	₱23,022,144	₱12,489,866	₱35,512,010
	2023 (actual)	23,559,804	12,547,092	36,106,896
	2022 (actual)	21,976,344	7,668,662	29,645,006
Total for all key executive officers	2024 (estimate)	25,570,380	13,789,145	39,359,525
	2023 (actual)	25,963,800	13,772,827	39,736,627
	2022 (actual)	26,513,612	9,278,235	35,791,847
Total for all Directors	2024 (estimate)	–	2,386,000	2,386,000
	2023 (actual)	–	2,516,000	2,516,000
	2022 (actual)	–	2,646,000	2,646,000

* For Years 2022-2023: Messrs. Jan Nikolai M. Lim, Niel C. Jumawan, Luis Bernardo A. Puhawan, Josephine F. Fernandez, Jaydee P. Caparas

* For 2024: Messrs. Jan Nikolai M. Lim, Niel C. Jumawan, Luis Bernardo A. Puhawan, Josephine F. Fernandez, Mary Grace F. Guzman

- 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.

Item 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

1. Security Ownership of Certain Record and Beneficial Owners

The following own more than 5% of any class securities as of December 31, 2023.

TITLE OF CLASS	NAME, ADDRESS OF RECORD OWNER AND RELATIONSHIP W/ ISSUER	BENEFICIAL OWNER AND RELATIONSHIP W/ RECORD OWNER	CITIZENSHIP	NO. OF SHARES HELD	%
Common Stock	China Banking Corporation		Filipino	114,995,882	99.64%

The Chairman, Mr. Ricardo R. Chua, is the duly authorized representative of 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.

2. Security Ownership of Directors and Top Management

TITLE OF CLASS	NAME OF RECORD OWNER	AMOUNT (₱)	CITIZENSHIP	PERCENTAGE
Directors				
Common Stock	Ricardo R. Chua	100	Filipino	0.00010%
Common Stock	Nancy D. Yang	100	Filipino	0.00010%
Common Stock	James Christian T. Dee	100	Filipino	0.00010%
Common Stock	Romeo D. Uyan, Jr.	100	Filipino	0.00010%
Common Stock	Patrick D. Cheng	100	Filipino	0.00010%
Common Stock	Herbert T. Sy, Jr.	100	Filipino	0.00010%
Common Stock	Jose L. Osmeña, Jr.	100	Filipino	0.00010%
Common Stock	Philip S. L. Tsai	100	Filipino	0.00010%
Common Stock	Claire Ann T. Yap	100	Filipino	0.00010%
Common Stock	Genaro V. Lapez	100	Filipino	0.00010%
Common Stock	Antonio S. Espedido, Jr.	100	Filipino	0.00010%
	Total as a Group	**1,100**		**0.0011%**

3. Voting Trust Holders of 5% or More

No other person holds more than 5% of a class under voting trust or similar agreement.

Item 12. CERTAIN RELATIONSHIP AND RELATED TRANSACTIONS

In the ordinary course of business, the Bank has loans and other transactions with its directors, officers, stockholders, and related interests (DOSRI), which were made substantially on fair terms or at an arm's length basis, that is, terms not less favorable to the Bank than those offered to others. Material related party transactions are passed upon by the Related Party Transaction Committee of the Bank, and endorsed to the Board of Directors and then to the stockholders for approval/confirmation/ratification. The Related Party Transaction Committee evaluates the terms and conditions of the facilities/transactions to ensure that they are fair, negotiated on an arm's length basis, or upon terms not less favorable to the Bank than those offered to others, that no business resources of the Bank are misappropriated or misapplied, no potential reputational risk issues may arise as a result of or in connection with the transactions, and that the same are in compliance with the existing rules. Appropriate disclosures and reports for these transactions are also made through reports with the appropriate regulatory agency.

Related party transactions are also discussed in the Audited Financial Statements **(Exhibit 2)**.

PART IV. CORPORATE GOVERNANCE

Item 13. CORPORATE GOVERNANCE

GOVERNANCE MECHANISMS AND POLICIES

The corporate governance structure of the Bank is supported by the policies and mechanisms adopted to foster a culture of good governance. These are enshrined in the Bank's Corporate Governance Manual, Code of Ethics, Compliance Manual and various internal circulars. The Bank has also adopted leading practices in corporate governance for the continuous promotion and protection of its stakeholders.

The Bank is continuously updating its Board-approved Manual on Corporate Governance. The Manual embodies the principles of good corporate governance and best practices. To comply with the new regulations issued by the BSP, the Manual was recently revised and approved by the Board. The amendment solidifies the Bank's commitment to formalize and institutionalize the principles of good corporate governance in the entire organization and strengthened the oversight function of the Board of Directors.

The Board of Directors, management, employees and shareholders believe that good corporate governance is a necessary component of what constitutes sound strategic business management. Thus, it has, within the bounds of its resources, implemented all planned action to create a heightened and continuing awareness on good corporate governance within the organization.

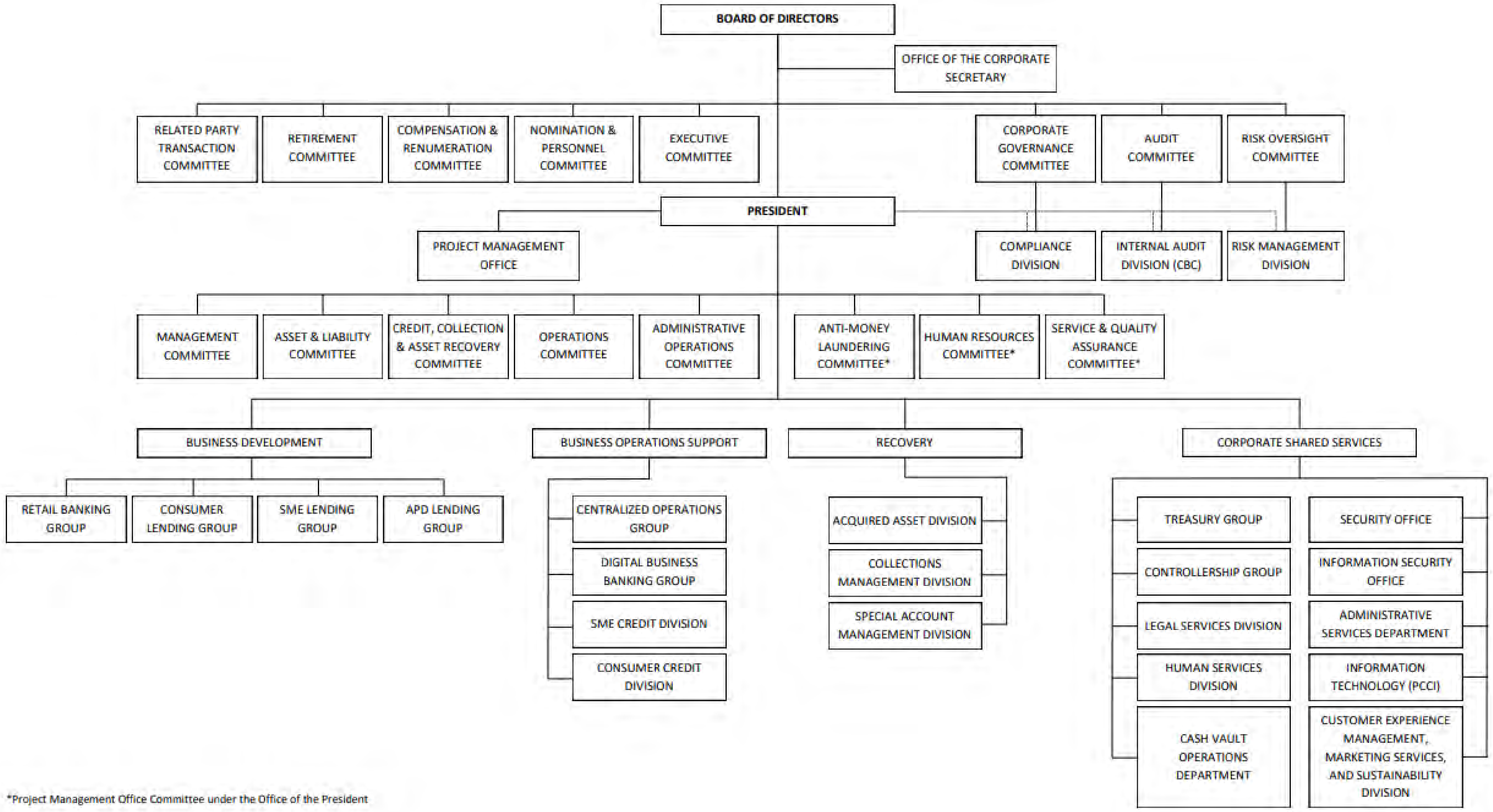
To ensure good governance, there is an evaluation system for the Board, individual Directors and various Board Committees such as Executive Committee, Risk Oversight Committee, Audit Committee and Corporate Governance Committee.

The Annual Corporate Governance Report (ACGR) was submitted by the Bank to the SEC for 2023 and uploaded on the Bank's website under Corporate Governance. Therefore, it is no longer necessary to submit a certification of compliance.

Organizational structure

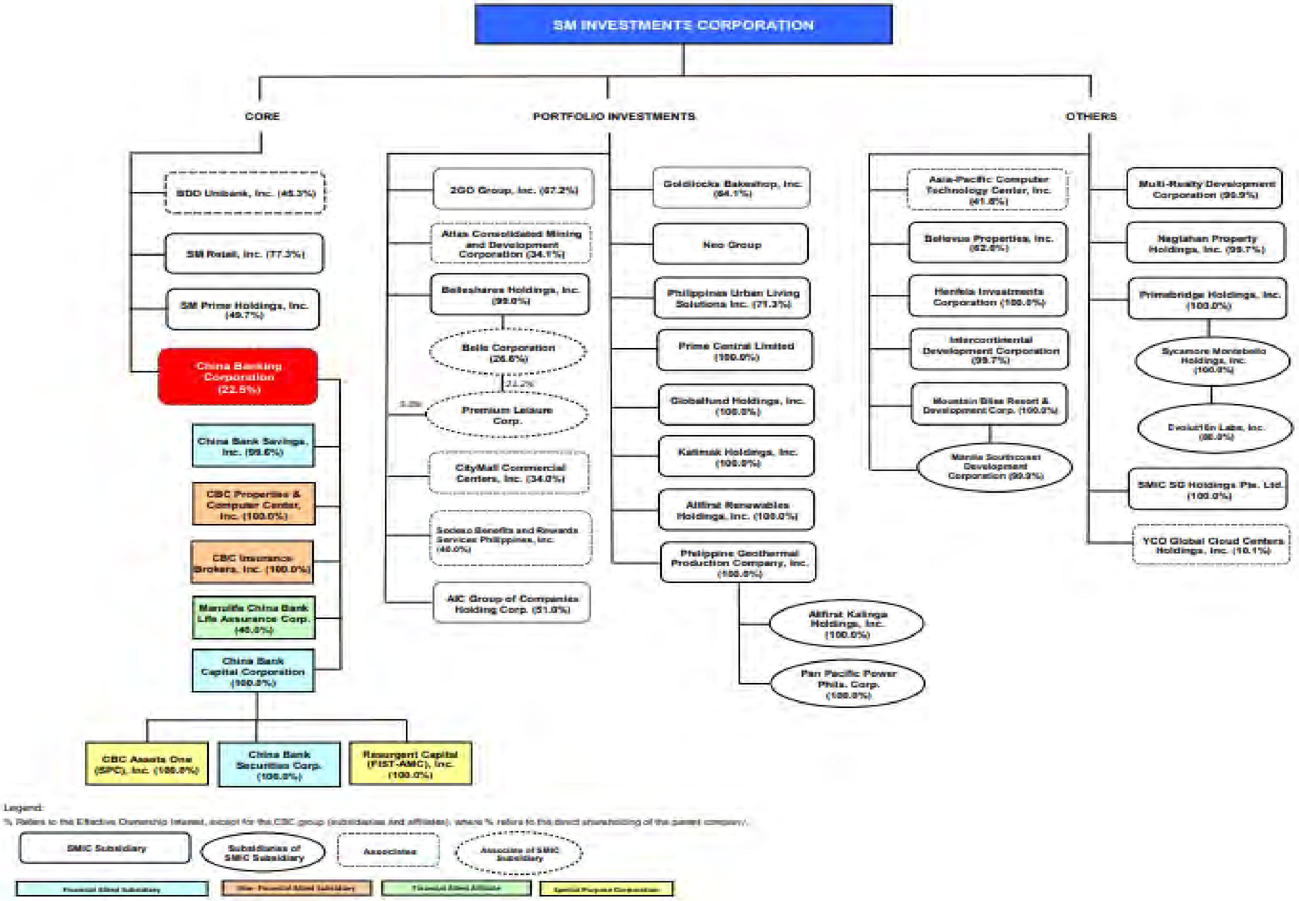
The Board of Directors being at the core of the Bank's corporate governance structure continues to foster a culture of a proactive Board that is accountable and responsible for the affairs and performance of the Bank supported by dynamic officers and staff in achieving its goal of governance of going beyond best practice compliance.

The Board approved the new table of organization for the year 2023, to wit:



*Project Management Office Committee under the Office of the President

Conglomerate Structure



Board of Directors

The Bank has eleven (11) directors out of eleven (11) seats as stated in its By-Laws. In accordance with the Bank's Manual on Corporate Governance aligned with laws, rules and regulations, the members of the Board are selected from a broad pool of qualified candidates after considering, among other things, their integrity, competence, independence, leadership, ability to exercise sound judgment, and experience at policy-making levels involving issues affecting business, government, as well as other areas relevant to the Bank's operations.

Acknowledging the significant and crucial roles of Independent Directors, the Bank has four (4) independent directors in the Board to promote independent oversight of management by the Board of Directors. The Bank's Independent Directors are independent of management and major/substantial shareholders, and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with exercise of independent judgment in carrying out their responsibilities as directors of the Bank.

The members of the Board are given a copy of their general and specific duties and responsibilities as prescribed by the Manual of Regulations for Banks (MORB); the directors acknowledge that they have received and certify that they read and fully understood the same. Copies of the acknowledgement receipt and certification are submitted to the BSP within the prescribed period. Moreover, the Directors individually submit a Sworn Certification that they possess all the qualifications as enumerated in the MORB. These certifications are submitted to the BSP after their election. Additional certifications are executed by Independent Directors to comply with Securities Regulation Code and BSP rules which are then submitted to the SEC.

Board Meetings and Supply of Information

The meetings of the Board are scheduled in advance in accordance with the Bank's By-Laws every third Thursday of each month. Special meetings are held when necessary.

The Directors are expected to prepare for, attend and participate in these meetings, and to act judiciously, in good faith and in the interest of the Bank and its shareholders, thus, they are provided Board materials related to the agenda days in advance of meetings by the Corporate Secretary.

A director may participate via telephone-conferencing when exigencies prevent him from attending a Board meeting in person.

The Board is provided with the information and resources needed to effectively discharge its fiduciary duty. The Board is informed on an ongoing basis of the Bank's performance, major business issues, new developments, and the impact of recent developments in the economic and regulatory environment.

Members of Senior Management are invited to attend Board meetings to provide the Board with detailed explanations and clarifications on proposals tabled to enable the Board to make an informed decision. The meetings of the Board and its committees are recorded in minutes, and all resolutions are documented.

For the period January to December 2023, the Board of Directors had 15 Board meetings and 82 committee meetings. The incumbent directors attended/participated in more than 50% of all the meetings, as follows:

Body	ASM	Board Members	ExCom Members	CGCom Members	AuditCom Members	ROC Members	RPTCom Members	NomCom Members	RemCom Members	RetCom Members
Total Number of Meetings	1 (June 15, 2023)	15 (12 Reg. Mtgs. & 3 Spl. Mtgs.)	26 (24 Reg. Mtgs. & 2 Spl. Mtgs.)	11 (6 Reg. Mtgs. & 5 Spl. Mtgs.)	6 (All Regular Mtgs.)	6 (All Regular Mtgs.)	14 (11 Reg. Mtgs. & 3 Spl. Mtgs.)	17 (12 Reg. Mtgs. & 5 Spl. Mtgs.)	1	1
No. of Attendance										
Ricardo R. Chua	1	14	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Nancy D. Yang	1	15	26	N/A	N/A	N/A	N/A	N/A	N/A	N/A
William C. Whang[1]	0	3/3	5/5	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Romeo D. Uyan, Jr.[2]	1	10/12	17/21	N/A	N/A	N/A	N/A	N/A	N/A	N/A
James Christian T. Dee[3]	1	14/14	26	N/A	N/A	N/A	N/A	N/A	1	1
Jose L. Osmeña, Jr.	1	15	22	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Patrick D. Cheng	1	12	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Herbert T. Sy, Jr.	1	15	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Philip S. L. Tsai[4]	1	15	N/A	7/7	3/3	6	14	8/8	1	N/A
Claire Ann T. Yap	1	15	N/A	11	6	6	N/A	16	N/A	N/A
Genaro V. Lapez[5]	1	14	N/A	4/4	3/3	N/A	14	9/9	1	1
Antonio S. Espedido, Jr.	1	15	N/A	11	6	6	14	17	N/A	1

Legend:
1. Mr. William C. Whang was a Regular Director until March 16, 2023.
2. Mr. Romeo D. Uyan Jr., was appointed as a Regular Director on March 16, 2023.
3. Mr. James Christian T. Dee was exempted from attending the Special Board Meeting without the President on December 21, 2023.
4. Mr. Philip S.L. Tsai was a Member of AuditCom from June 16, 2022 until June 15, 2023. He was appointed as a Member of CGCom and NomCom on June 15, 2023.
5. Mr. Genaro V. Lapez was a Member of CGCom and NomCom from June 16, 2022 until June 15, 2023. He was appointed as a member of the AuditCom on June 15, 2023.

Board Committees *(Board Approved on June 15, 2023)*

In order to effectively carry out its mandate of good corporate governance through compliance with laws, rules, regulations and best practices, the Board of the Bank is supported by various committees, as follows:

a. **Executive Committee** when the Board is not in session has the powers of the Board in the management of the business and affairs of the Bank, to the fullest extent permitted under Philippine law.

Executive Committee (ExCom)	
Chairman	Romeo D. Uyan, Jr.
Vice-Chairman	Nancy D. Yang
Member /President	James Christian T. Dee
Member	Jose L. Osmeña, Jr.
Member	Aloysius C. Alday, Jr.

Note: Mr. Romeo D. Uyan, Jr., was appointed as member of the CBSI Board of Directors effective March 16, 2023.

b. **Corporate Governance Committee** is responsible for ensuring the Board's effectiveness and due observance of Corporate Governance principles and guidelines, and oversees the periodic evaluation of the Board and its Committees, as well as of the Executive Management.

Corporate Governance Committee (CGCom)	
Chairman	Antonio S. Espedido Jr., *Independent Director*
Vice-Chairman	Claire Ann T. Yap, *Independent Director*
Member	Philip S.L. Tsai, *Independent Director*

c. **Audit Committee** primarily oversees all matters pertaining to audit, including the evaluation of the adequacy and effectiveness of the Bank's internal control system. It likewise provides oversight on the activities of management and the internal and external auditors. The Committee is also empowered to oversee the Bank's external audit functions, financial reporting and policies, by selecting the auditors and approving their fees, reviewing and discussing the scope and plan of annual audit, and reviewing and discussing with management and auditors the annual audited financial statements of the Bank. It also provides oversight over management's activities in managing credit, market, liquidity, operational, legal and other risks of the Bank, including regular receipts from management of information on risk exposures and risk management activities.

Audit Committee (AuditCom)	
Chairman	Claire Ann T. Yap, *Independent Director*
Vice-Chairman	Genaro V. Lapez, *Independent Director*
Member	Antonio S. Espedido Jr., *Independent Director*

d. **Risk Oversight Committee** is responsible for the oversight and development of all the Bank's risk management functions, including the evaluation of the risk management plan to ensure its continued relevance, comprehensiveness, and effectiveness.

Risk Oversight Committee (ROC)	
Chairman	Philip S.L. Tsai, *Independent Director*
Vice-Chairman	Antonio S. Espedido, Jr. *Independent Director*
Member	Claire Ann T. Yap, *Independent Director*

e. **Nomination Committee** is responsible for reviewing and evaluating the qualifications of all persons nominated to the Board and other appointments that require Board approval, including promotions favorably endorsed by the Promotions Review Committee. It also has the task of identifying the qualities of the nominees/appointees to the Board aligned with the Bank's strategic directions.

Nomination Committee (NomCom)	
Chairman	Antonio S. Espedido Jr., *Independent Director*
Vice Chairman	Claire Ann T. Yap, *Independent Director*
Member	Philip S.L. Tsai, *Independent Director*
Ex-Officio Member	Atty. Josephine F. Fernandez, HRD Head

f. **Remuneration Committee** provides oversight on the remuneration of Senior Management and other key personnel, ensuring that compensation is consistent with the Bank's culture, strategy and control environment.

Remuneration Committee (RemCom)	
Chairman	Genaro V. Lapez, *Independent Director*
Vice Chairman/President	James Christian T. Dee
Member	Philip S.L. Tsai, *Independent Director*
Ex-Officio Member	Atty. Josephine F. Fernandez, HRD Head

g. **Retirement Committee** shall discharge the Board of Directors' responsibilities relating to oversight of the investment of the funds of the Company's retirement benefit plans and the performance of plan trustee and investment fiduciaries.

Retirement Committee (RetCom)	
Chairman	Genaro V. Lapez, *Independent Director*
Vice Chairman/President	James Christian T. Dee
Member	Antonio S. Espedido, Jr., *Independent Director*
Ex-Officio Member	Atty. Josephine F. Fernandez, HRD Head

h. **Related Party Transaction Committee** is responsible for reviewing all material related party transactions to ensure that they are conducted in accordance with the arm's length principles.

Related Party Transaction Committee (RPTCom)	
Chairman	Genaro V. Lapez, *Independent Director*
Vice Chairman/	Philip S. L. Tsai, *Independent Director*
Member	Antonio S. Espedido Jr., *Independent Director*

For the period January to December 2023, the incumbent directors and executive officer attended/participated in more than 50% of all the committee meetings, as follows:

NAME OF MEMBERS	EXCOM	CG COM	AUDIT COM	ROC	NOM COM	RET COM	RPT COM	REM COM
No. of Meetings	26	11	6	6	14	17	1	1
1. Ricardo R. Chua	-	-	-	-	-	-	-	-
2. Nancy D. Yang	100%	-	-	-	-	-	-	-
3. William C. Whang[1]	100%	-	-	-	-	-	-	-
4. Romeo D. Uyan, Jr.[2]	80.95%	-	-	-	-	-	-	-
5. James Christian T. Dee[3]	100%	-	-	-	-	-	100%	100%
6. Jose L. Osmeña, Jr.	84.62%	-	-	-	-	-	-	-
7. Patrick D. Cheng	-	-	-	-	-	-	-	-
8. Herbert T. Sy, Jr.	-	-	-	-	-	-	-	-
9. Philip S. L. Tsai[4]	-	100%	100%	100%	100%	100%	-	100%
10. Claire Ann T. Yap	-	100%	100%	100%	-	94.12%	-	-
11. Genaro V. Lapez[5]	-	100%	100%	-	100%	100%	100%	100%
12. Antonio S. Espedido, Jr.	-	100%	100%	100%	100%	100%	100%	100%
13. Aloysius C. Alday, Jr.	88.46%	-	-	-	-	-	-	-

Legend:
1. Mr. William C. Whang was a Regular Director until March 16, 2023.
2. Mr. Romeo D. Uyan Jr., was appointed as a Regular Director on March 16, 2023.
3. Mr. James Christian T. Dee was exempted from attending the Special Board Meeting without the President on December 21, 2023.
4. Mr. Philip S.L. Tsai was a Member of AuditCom from June 16, 2022 until June 15, 2023. He was appointed as a Member of CGCom and NomCom on June 15, 2023.
5. Mr. Genaro V. Lapez was a Member of CGCom and NomCom from June 16, 2022 until June 15, 2023. He was appointed as a member of the AuditCom on June 15, 2023.

OTHER MANAGEMENT COMMITTEES *(Board Approved on December 21, 2023)*

MANAGEMENT COMMITTEE

Chairman	President James Christian T. Dee
Vice Chairman	SVP Jan Nikolai M. Lim - Consumer Lending Group Head
Members	FVP II Luis Bernardo A. Puhawan - Controller
	VP II Mary Grace F. Guzman – Asset Recovery Group Head
	FVP II Niel C. Jumawan - APD Lending Group Head
	SAVP Brenda S. Santiago – SME Lending Group Head
	FVP I Atty. Josephine F. Fernandez - Human Resources Division Head
Resource Person	VP I Raymond C. Apo - Risk Management Division Head

ASSET AND LIABILITY COMMITTEE (ALCO)

Chairman	President James Christian T. Dee
Vice Chairman	VP I Charmaine S. Hao - Treasurer
Members	SVP Jan Nikolai M. Lim - Consumer Lending Group Head
	FVP II Luis Bernardo A. Puhawan - Controller
	VP I Raymond C. Apo - Risk Management Division Head
	SAVP Brenda S. Santiago – SME Lending Group Head
	FVP II Niel C. Jumawan - APD Lending Group Head

CREDIT, COLLECTIONS, AND ASSET RECOVERY COMMITTEE (CRECOM)

Chairman	President James Christian T. Dee
Vice Chairman	SVP Jan Nikolai M. Lim - Consumer Lending Group Head
Members	FVP II Luis Bernardo A. Puhawan - Controller
	SAVP Julius Joseph L. Romabiles - SME Credit Division Head
	VP II Mary Grace F. Guzman - Asset Recovery Group Head
Ex-Officio	SAVP Ma. Jerreza D. Cabusao - Collections Services Division Head
	VP I Atty. Roberto M. Buenaventura - Legal Services Division Head
	VP I Raymond C. Apo - Risk Management Division Head
	FVP I Jaydee P. Caparas, Branch Banking Group Head
	SAVP Brenda S. Santiago – SME Lending Group Head

OPERATIONS COMMITTEE (OPCOM)

Chairman	VP II Frederick M. Pineda – Centralized Operations Group Head
Vice Chairman	FVP I Adonis C. Yap - Digital Banking Group Head
Members	SAVP Grace Z. Floresca – Consumer Credit Division Head
	Mngr. Rachelle A. Acosta - Branch Operation Support Head
	VP I Atty. Corazon T. Llagas - Chief Compliance Officer
Ex-Officio	VP I Raymond C. Apo - Risk Management Division Head
	AVP Richard V. Manzano - Administrative Services Department Head

ADMINISTRATIVE INVESTIGATION COMMITTEE (AIC)

Chairman	FVP I Atty. Josephine F. Fernandez - Human Resources Division Head
Vice Chairman	FVP I Atty. Roberto M. Buenaventura - Legal Services Division Head
Members	FVP II Luis Bernardo A. Puhawan – Controller
	VP I Atty. Corazon T. Llagas – Chief Compliance Officer
	VP I Raymond C. Apo - Risk Management Division Head

OTHER COMMITTEES *(Under the Office of the President as Project Management Office Committees)*

ANTI MONEY LAUNDERING COMMITTEE (AMLACOM)

Chairman	VP I Atty. Corazon T. Llagas – Chief Compliance Officer
Vice Chairman	VP I Raymond C. Apo - Risk Management Division Head
Members	VP I Atty. Roberto M. Buenaventura - Legal Services Division Head
	VP II Frederick M. Pineda – Centralized Operations Group Head
	VPII Kristine Michele C. Broadhurst - Housing Loans Division Head

HUMAN RESOURCES COMMITTEE (HRCOM)

Chairman	FVP I Atty. Josephine F. Fernandez - Human Resources Division Head
Vice Chairman	FVP II Luis Bernardo A. Puhawan – Controller
Members	SVP Jan Nikolai M. Lim - Consumer Lending Group Head
	VP II Frederick M. Pineda – Centralized Operations Group Head
	FVP II Niel C. Jumawan - APD Lending Group Head

SERVICE AND QUALITY ASSURANCE COMMITTEE (SQACOM)

Chairman	President James Christian T. Dee
Vice Chairman	VP II Frederick M. Pineda – Centralized Operations Group Head
Members	FVP I Atty. Josephine F. Fernandez - Human Resources Division Head
	FVP I Adonis C. Yap- Digital Banking Group Head
	VP I Atty. Corazon T. Llagas – Chief Compliance Officer

Selection Process for the Board and Senior Management

The nomination committee and/or corporate governance committee shall assist the Board of Directors in fulfilling its corporate governance responsibilities. It shall review and evaluate the qualifications of all persons nominated to the board as well as those nominated to other positions requiring appointment by the Board of Directors.

The corporate governance committee shall be responsible for ensuring the board's effectiveness and due observance of corporate governance principles and guidelines. It shall oversee the periodic performance evaluation of the board and its committees and executive management; and shall also conduct an annual self-evaluation of its performance. The committee chairman shall certify that it conducts a "proper and fit test" on the Bank's directors and Senior Management.

Powers/Responsibilities and Duties of Directors

The duties of care and loyalty are the two key elements of the fiduciary duty of the Board. The duty of care requires the members of the Board to act on a fully informed basis, in good faith, with due diligence and care, while, the duty of loyalty is where the board members should act in the best interest of the Bank and all its stakeholder, such as the depositors, creditors, employees and regulators.

a. Powers of the Board of Directors. The corporate powers of the bank shall be exercised, its business conducted, and all its property shall be controlled and held by the Board of Directors. The powers of the Board of Directors as conferred by law are original and cannot be revoked by the stockholders. The directors hold their office charged with the duty to exercise sound and objective judgment for the best interest of the Bank.

b. General responsibility of the Board of Directors. The position of a bank director is a position of trust. A director assumes certain responsibilities to different constituencies or stakeholders, i.e., the Bank itself, its stockholders, its depositors and other creditors, its management and employees, the regulators, deposit insurer and the public at large. These constituencies or stakeholders have the right to expect that the institution is being run in a prudent and sound manner. The Board of Directors is primarily responsible for approving and overseeing the implementation of the Bank's strategic objectives, risk strategy, corporate governance and corporate values. Further, the Board of Directors is also responsible for monitoring and overseeing the performance of Senior Management as the latter manages the day-to-day affairs of the institution.

c. Specific duties and responsibilities of the Board of Directors

- To define the Bank's corporate culture and values.
- To approve Bank's objectives and strategies and oversee management's implementation thereof.
- To appoint/select key members of Senior Management and heads of control functions and for the approval of a sound remuneration and other incentive policies for personnel.
- To approve and oversee implementation of the Bank's corporate governance framework.
- To approve the Bank's risk governance framework and oversee management's implementation thereof.
- To approve and oversee the implementation of policies governing major areas of banking operations.
- To consistently conduct the affairs of the institution with a high degree of integrity.
- To constitute committees to increase efficiency and allow deeper focus in specific areas.

Duties and Responsibilities of the Chairperson of the Board of Directors

The duties and responsibilities of the Chairperson include, among others, the following:

a. To provide leadership in the Board of Directors. The chairperson of the board shall ensure effective functioning of the board, including maintaining a relationship of trust with board members.

b. To ensure that the board takes an informed decision. The chairperson of the board shall ensure a sound decision making process and he should encourage and promote critical discussion and ensure that dissenting views can be expressed and discussed within the decision-making process. In relation to this, the chairperson shall guarantee that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions.

Specific Duties and Responsibilities of a Director

a. To remain fit and proper for the position for the duration of his term. A director is expected to remain fit and proper for the position for the duration of his term. He should possess unquestionable credibility to make decisions objectively and resist undue influence. He shall treat Board of Directorship as a profession and shall have a clear understanding of his duties and responsibilities as well as his role in promoting good governance. Hence, he shall maintain his professional integrity and continuously seek to enhance his skills, knowledge and understanding of the activities that the Bank is engaged in or intends to pursue as well as the developments in the banking industry including regulatory changes through continuing education or training.

b. To conduct fair business transactions with the Bank and to ensure that personal interest does not bias board decisions. Directors should avoid situations that would give rise to a conflict of interest. If transactions with the institutions cannot be avoided, it should be done in the regular course of business and upon terms not less favorable to the institution than those offered to others. The basic principle to be observed is that a director should not use his position to make profit or to acquire benefit or advantage for himself and/or his related interests. He should avoid situations that would compromise his impartiality.

c. To act honestly and in good faith, with loyalty and in the best interest of the institution, its stockholders, regardless of the amount of their stockholdings, and other stakeholders such as its depositors, investors, borrowers, other clients and the general public. A director must always act in good faith, with the care which an ordinarily prudent man would exercise under similar circumstances. While a director should always strive to promote the interest of all stockholders, he should also give due regard to the rights and interest of other stakeholders.

d. To devote time and attention necessary to properly discharge their duties and responsibilities. Directors should devote sufficient time to familiarize themselves with the institution's business. They must be constantly aware of the institution's condition and be knowledgeable enough to contribute meaningfully to the board's work. They must attend and actively participate in board and committee meetings, request and review meeting materials, ask questions, and request explanations. If a person cannot give sufficient time and attention to the affairs of the institution, he should neither accept his nomination nor run for election as member of the board.

e. To act judiciously. Before deciding on any matter brought before the Board of Directors, every director should thoroughly evaluate the issues, ask questions and seek clarifications when necessary.

f. To contribute significantly to the decision-making process of the board. Directors should actively participate and exercise objective independent judgment on corporate affairs requiring the decision or approval of such board.

g. To exercise independent judgment. A director should view each problem/situation objectively. When a disagreement with others occurs, he should carefully evaluate the situation and state his position. He should not be afraid to take a position even though it might be unpopular. Corollary, he should support plans and ideas that he thinks will be beneficial to the institution.

h. To have a working knowledge of the statutory and regulatory requirements affecting the institution, including the content of its articles of incorporation and by-laws, the requirements of the BSP and where applicable, the requirements of other regulatory agencies. A director should also keep himself informed of the industry developments and business trends in order to safeguard the institution's competitiveness.

i. To observe confidentiality. Directors must observe the confidentiality of non-public information acquired by reason of their position as directors.

Board and Committee Performance Evaluation

The Board conducts an annual assessment of its performance and effectiveness as a body, as well as its various committees, and the individual directors through self-assessment. The results thereof are reported to the Board through the Corporate Governance Committee. This exercise covers the assessment of the ongoing suitability of each board member taking into account his or her performance in the Board and board-level committees.

In 2023, there are no significant deviations noted and, in general, the Bank has complied with the provisions and requirements of the MORB and the Bank's Corporate Governance Manual.

Corporate Governance Manual

The Corporate Governance Manual contains the governance principles and policies that serves as a guide/reference in complying with regulations. The manual formalizes and institutionalizes the principles of good corporate governance in the Bank.

In furtherance of its responsibilities under the Manual and Corporate Governance Charter, the Corporate Governance Committee reviewed and approved the following:

a. Revised Corporate Governance Manual;
b. Amended Corporate Governance Charter; and
c. Updated Board and board-level committees' Self-Assessment Questionnaires.

Compliance Risk Management System

The compliance risk management system is designed to specifically identify and mitigate risks that may erode the franchise value of the Bank such as risks of legal or regulatory sanctions, material financial loss, or loss to reputation, the Bank may suffer as a result of its failure to comply with laws, rules, related self-regulatory organization standards, and codes of conduct applicable to its activities.

It is the method by which the Bank manages the compliance process. It consists of rules, policies and procedures which provide assurance for an effective compliance culture in the Bank. The Bank's compliance system includes compliance policies and procedures which provide the framework for the bank's compliance processes as source of reference of all stakeholders, the Board of Directors, officers and employees.

Compliance risk management is an integral part of the culture and risk governance framework of the Bank. Compliance is a responsibility and shared accountability of all personnel, officers, and the Board of Directors.

The Compliance System of the Bank was established pursuant to the regulatory mandate of the BSP and SEC. It is carried out through a Board-approved Compliance Program by the Compliance Office, which reports directly to the Corporate Governance Committee. Compliance Office oversees the implementation of the Compliance Program, and is responsible for, among others, (i) identification of all relevant laws and regulations applicable to the activities and business of the Bank, and monitoring and controlling of attendant compliance risks, (ii) creating awareness on all banking laws and regulations among Bank employees with dissemination of all regulatory issuances and regular trainings; (iii) regular compliance testing of all Bank activities and products; and (iv) liaise and dialogue with BSP and other government regulatory agencies.

Bank Compliance Framework

The Bank's Compliance Framework was established to implement a strong compliance system. The Bank employs a triple level approach for observing laws and regulation.

- 1st level - Employee participation (compliance with the relevant regulations)
- 2nd level - Compliance Office (implementation of the compliance program)
- 3rd level - Internal Audit Department (post audit)

The Compliance Office, in particular, has an approved manpower count of 16 members including the CCO, Department Heads for AML Compliance Department, Compliance Testing Department, and Regulatory and Corporate Governance Department including a total of 12 Compliance Officers. Unit Compliance Coordinators are assigned on each unit of the Bank to help the compliance office perform the monitoring and testing functions.

Compliance Program

The compliance program includes an annual plan that should ensure that the bank's compliance system is effectively running and in place, rules and regulations are adhered to, taking into account the risks involved for the protection of its clients, bank's reputation, its employees, business efforts and strategies.

Components of the Compliance Program

1. Review and implementation of specific policies and procedures
2. Compliance risk assessment
3. Compliance testing
4. Educating personnel on compliance matters
5. Monitoring compliance risk exposures
6. Regular reporting to the board and board-level committees

Testing and Reporting

Compliance Office conducts its regular compliance testing in accordance with the approved Compliance Testing Plan. The basis of the Compliance Testing Plan is the result of the latest risk assessment of business units. The risk profile is used as guide of Compliance Office in the prioritization of a unit/branch to be included in the annual Compliance Testing Plan.

All bank compliance issues and concerns, including results of compliance testing and internal audit, BSP examinations results, implementation of internal control policies, and all other issues monitored by the BSP are reported to the CGCOM every other month. The Members of the CGCOM, on the other hand, provide guidance on the effectiveness of all actions taken/to be taken.

Anti-Money Laundering Prevention

The Bank adheres to the Anti-Money Laundering Act and all related and applicable rules, regulations and issuances of the BSP. The Bank commits to protect and preserve the integrity and confidentiality of its customers' accounts and shall not allow them to be used as money laundering site for the proceeds of unlawful activity.

The Bank has in place a board-approved Money Laundering and Terrorist Prevention Program (MTPP) which contains and consolidates all laws and regulations on anti-money laundering, such as, know-your-client (KYC) requirements, monitoring of accounts and transactions, training of all officers and employees on AML laws and regulations and other relevant information. The MTPP manual is updated on an annual basis using the most recent updates on the applicable rules, regulations and issuances of the BSP.

Dissemination of laws and regulations is regularly made to all officers and employees of the Bank to equip them with necessary knowledge and information to combat money laundering activities. AML trainings are regularly given during orientation sessions of new employees and refresher courses are regularly conducted.

Conflict of Interest

Conflict between the interest of the Bank, of the employees and related parties should be avoided at all times. In cases of conflict, the interest of the Bank should prevail. Our Directors, Officers, Stockholders and related parties are not allowed to have direct or indirect financial interests that conflict or appear to conflict with their duties and responsibilities as employees of the Bank.

In this regard, the Directors and/or Officers concerned shall disclose any direct, indirect or on behalf of third parties, a financial interest in the transaction or matter affecting the Bank.

Directors and/or officers with personal interest, related or any form of connection which may potentially result to a conflict of interest in the transaction shall abstain from the discussion, deliberation, approval and management of such transaction or matter affecting the Bank.

Code of Ethics

CBS is committed to carry out its business operations in accordance with the highest standards of ethics. The Bank, as a whole, together with the members of the Board of Directors, stakeholders, and all employees are dedicated in ensuring that they abide by the acceptable rules and regulations which dictate its operations.

The Code of Ethics is founded on basic standards and ethical business and personal conduct, including honesty and candor in all activities, avoidance of activities and transactions that could result or potentially result in conflicts between personal and the Bank's interest, maintenance of the Bank's reputation, avoidance of personal gain at the expense of the institution, and conduct contrary to ethical business practices. The Code also embodies policies that will prevent fraud, or the use of the facilities of the Bank in the furtherance of any unlawful or immoral pursuit. In all activities and decisions, one must consider the ethics or propriety of every situation, full transparency and be beyond reproach.

Related Party Transactions

The Bank recognizes that transactions between and among related parties may create financial, commercial and economic benefits to individuals, institutions and to the entire group where the Bank belongs.

In this regard, as required by existing regulations for related party transaction (RPT), the Bank, its Board, management, all officers and staff ensure that RPTs are done on an arm's length basis and that the appropriate oversight and implementation of an effective control system for the management of exposures are in place.

Therefore, the Bank's Board of Directors, management, officers and staff are mandated to comply with the board-approved policies in the RPT Framework (RPT Framework or Framework) and shall not allow RPTs that may lead to abuses or may cause disadvantages to the Bank, its depositors, creditors, fiduciary clients, and other stakeholders.

The RPT Framework was approved by the Board on July 21, 2016 and revised on October 2, 2019. The Framework is supported by an implementing policy guideline which was approved by the Board on January 17, 2019. The RPT policy guidelines was revised to incorporate latest regulatory updates which was approved by the Corporate Governance Committee on October 20, 2022 and ratified by the Board on November 17, 2022.

Overarching Policies and Procedures for Managing Related Party Transactions

The Bank's Policy on Related Party Transactions applies to all covered RPT of the Bank, regardless of the amount, and the Bank has set specific procedures and guidelines in managing the Bank's RPTs.

Related Party Transactions are transactions or dealings with related parties of the Bank, regardless of whether or not a price is charged. These include, but not limited to the following:

a. On-and-off balance sheet credit exposures and claims and write-offs;
b. Investment and/ or subscription for debt/ equity issuances;
c. Consulting, professional, agency and other service arrangements/ contracts;
d. Purchase and sales of assets, including transfer of technology an intangible items;
e. Construction arrangements/ contracts;
f. Lease arrangements/ contracts;
g. Trading and derivative transactions;
h. Borrowings, commitments, fund transfer and guarantees;
i. Sale, purchase or supply of any goods or materials; and
j. Establishment of joint venture entities

RPTs shall be conducted at an arm's length terms to ensure that the transaction is conducted in the regular course of business; and not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement, etc.) to such related parties covering similar transactions with non-related parties under similar circumstances.

The concept of arm's length terms is to ensure that both parties in the transaction are acting in their own self-interest and are not subject to any pressure from the other. It ensures that parties to transaction are on equal footing. It is used specifically in the contract law to make an equitable agreement which stands up to legal scrutiny, even though parties may be closely related or may have shared interest.

In this regard, to ensure that transactions are engaged into at terms that promote the best interest of the Bank and its stakeholders, an effective Price Discovery Mechanism should be implemented.

Related Party Transaction Committee

The committee is responsible for the following, among others:

1. Evaluating on an ongoing basis existing relation between and among businesses and counterparties to ensure that all related parties are continuously identified.
2. Evaluating all material RPTs
3. Ensuring that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the bank's RPT exposure, and policies on conflicts of interest or potential conflicts of interest.
4. Reporting to the Board of Directors on a regular basis, the status and aggregate exposures to each related party as well as the total amount of exposures to all related parties.
5. Ensuring that transactions with Related Parties, including write-off of exposures, are subject to periodic independent review or audit process; and
6. Overseeing the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including the periodic review of RPT policies and procedures.

Materiality Threshold

The business units (BUs) shall identify if transactions are classified as material RPTs based on the following criteria:

- If the parties and relationship of parties involved in the transaction are classified as RPs, as defined in the policy; and
- If the amount of transaction is equal or higher than the materiality threshold set by the Bank.

The materiality threshold shall be retained unless the responsible units send a change request. An email shall be sent by the BU Head to Compliance Office on the change of materiality threshold stating the proposed/recommended threshold and justification for changing the same.

A. Approval Requirements of Material RPTs

   All material RPTs shall be endorsed to the RPT Committee using the prescribed forms and approved by the Board of Directors.

   All board-approved material RPT shall be ratified by the Stockholders (by majority vote) during the Annual Stockholders' Meeting.

B. Approval Requirements of Non-material RPTs

All non-material RPTs shall follow the existing approval requirements of the respective business unit transactions.

C. For credit transactions to DOSRI, approval by the Board of Directors shall be required.

Health and Safety: Prioritizing Employee Wellbeing

At CBS, the Bank remains steadfast in its commitment to providing a safe and healthy work environment for its employees and officers. The Corporate Safety and Health Committee (CSHC) spearheads initiatives to foster a culture of safety and well-being within the organization.

The CSHC's objectives are clear:

1. Plan, develop, and implement policies and programs on employee safety and health;
2. Monitor and look into all aspects of work pertaining to general safety and health programs of all employees following the environmental, safety, and health rules and practices; and
3. Ensure that employees are protected against injuries, illnesses, and hazards.

Every employee and officer play a vital role in maintaining a safe and healthy workplace by adhering to safety protocols, reporting accidents, injuries, and unsafe conditions, and promoting a violence-free environment.

Navigating the Pandemic: Proactive Response and Support

During the COVID-19 pandemic, CBS swiftly formed the CBS Medical Team to establish and implement health and safety protocols, monitor infected employees, conduct contact tracing, and facilitate testing, vaccination, and preventive measures. The Bank also provided COVID Care Kits containing essential supplies, financial assistance to those infected, and shuttle services to ensure employee safety during lockdowns and transportation limitations.

Embracing the New Normal: Lifting of Health Protocols

As the State of Public Health Emergency throughout the Philippines due to COVID-19 was lifted on July 21, 2023, CBS adapted its safety and health protocols accordingly. While encouraging continued vigilance and voluntary precautionary measures, such as wearing face masks, practicing good hand hygiene, and maintaining physical distancing as needed, the Bank remains committed to fostering a workplace that promotes productivity, community, and care for one another.

Proactive Health Initiatives

CBS recognizes the importance of preventive measures in maintaining a healthy workforce. In July 2023, the Bank offered employees at the Buendia Head Office, Salcedo Towers, and VGP Center the opportunity to receive the trusted Vaxigrip flu vaccine by Sanofi at a discounted rate, administered conveniently on-site by the company nurse.

Staying Vigilant: Respiratory Illness Precautions

As respiratory illnesses continue to circulate, CBS encourages voluntary face mask use in the office or crowded areas, especially for those experiencing symptoms or with underlying health conditions. The Bank also emphasizes good hygiene practices, proper cough etiquette, adequate ventilation, and staying home when ill to prevent the spread of illnesses in the workplace.

The CSHC remains dedicated to monitoring health-related matters and implementing appropriate measures to safeguard the well-being of CBS employees. By fostering a culture of safety and prioritizing employee health, CBS aims to create a productive and caring work environment for its valued workforce.

Performance Assessment Program

The Bank has a Performance Management System (PMS), a vital tool for aligning individual performance with the Bank's strategic direction and operational business plans. It is an integrated process by which the organization involves its employees in improving organizational effectiveness towards the accomplishment of its mission and strategic goals.

Orientation and Education Program

The Bank has a CBS Academy that serves as the central facility for training and development of the Bank's professionals in line with the Easy Banking for You service promise of the Bank. CBS Academy boasts a full-scale mock-up CBS branch, a lecture hall and several conference rooms.

The opening of the CBS Academy boosted the efforts of the Bank's Human Resources Division in delivering a high level of professional training and banking skills to help each one of them optimize his/ her full potential. It is imperative that such a dedicated facility is available to bring everyone under one roof to deliver greater efficiency and to meet the competency, training and developmental needs of the Bank's employees at all levels that will help them grow and contribute within the Bank's overall framework.

With the continuing and growing footprint of CBS in the banking industry, the CBS Academy plays a very central and crucial role. In today's dynamic environment, it is essential that the Bank continues to keep abreast of the latest trends and developments in the financial services world. CBS owes it to its customers, who put their trust in the Bank. Knowledge, skills and attitude assimilation is a very important aspect of ensuring the continuing competitiveness of any financial institution. The Bank looks upon its people as one of its key stakeholders, and investing in their personal development is integral to the Bank's corporate responsibility.

CBS Academy is committed to systematically improve the competency and quality of our workforce by providing a meaningful and value-added certification program – whether for personal or professional development. These certification programs include Certification on Banking Fundamentals, Certification on Revenue Generation, Certification on Branch Banking, Certification on Support and Operations, and Certification on Credit and Collections. This strength should be then be translated into results which will lead to improved employee productivity and increased revenues. In addition to expanding their knowledge base and skills, these certification programs enable its workforce to enhance their career development prospects. It is of great importance though that the Bank ensures that the Training Academy remains current and relevant. The Bank will ensure that they are perfectly aligned to the Bank's strategy and business needs, as well as in synch with emerging regulatory requirements.

Retirement and Succession Policy

The Bank believes that excellent leadership talent positively contributes to the overall organizational performance. The Bank implements and maintains a Succession Planning and Management Program that ensures the availability of qualified officers for key positions for the entire life of the organization.

a. Board of Directors – any vacancy, expect those caused by removal by the stockholders or by expiration of term, may be filled by election or appointment by the remaining Directors, if still constituting a quorum. If there is no quorum, the vacancy must be filled by the stockholders owning and/or representing majority of the subscribed capital stock at a special meeting duly called for the purpose.

b. Chairman of the Board – vacancy will be temporarily filled up by the Vice Chairman, until such time the Board of Directors elects a successor who will hold office for the unexpired term. In the absence or inability of both the Chairman and the Vice Chairman, the President shall preside the meeting of the Board in order not to hold up important matters requiring the action of the Board, and in which case the decision on all matters to be considered must be unanimous.

c. Vice Chairman – it will be filled by a successor in the same manner the position of Chairman is filled. The successor will serve and hold office for the unexpired term.

d. President/Chief Executive Officer – will be temporarily filled by the next most ranking officer, who will act as Officer-in-Charge until such time that the Board of Directors, by majority vote, elects a successor who will hold office for the unexpired term.

e. Corporate Secretary – the Assistant Corporate Secretary, if any, or if none, the Chief Legal Counsel, will temporarily assume the position until such time the Board of Directors appoints a successor.

f. Treasurer – will be temporarily filled by the next ranking officer, who will act as Officer-in-Charge, until such time the Board of Directors appoints a successor.

g. Internal Auditor – will be temporarily filled by the Assistant Auditor or the next most senior ranking officer in the Internal Audit Department, who will act as Officer-in-Charge, until such time the Board of Directors appoints a successor.

h. Operations Group Head – will be temporarily filled by the next most senior ranking officer in the Group, who will act as Officer-in-Charge, until such time the Board of Directors appoints a successor.

i. Risk Officer - will be temporarily filled by the next most senior ranking officer in the Risk Management Division, who will act as Officer-in-Charge, until such time the Board of Directors appoints a successor.

j. Compliance Officer - will be temporarily filled by the Assistant Compliance Officer or the next most senior ranking officer, who will act as Officer-in-Charge, until such time the Board of Directors appoints a successor.

k. Chief Legal Counsel - will be temporarily filled by the next most senior ranking Legal Officer, who will act as Officer-in-Charge, until such time the Board of Directors appoints a successor.

l. Other Group/Division Heads - will be temporarily filled by the next most senior ranking officer, who will act as Officer-in-Charge, until such time the Board of Directors appoints a successor.

Remuneration Policy

The Bank grants annual salary increases to its officers in accordance with its Pay for Performance policy. The increases are given in the form of merit increases which vary depending on the officers' performance rating and corporate rank for the given year. On top of the regular bonuses, CBS officers are entitled to a performance bonus based on their previous year's performance rating. On a continuing and regular basis, the Bank, through its Senior Management evaluates recommendations of various Division/Department Heads for the promotion of their subordinate officers to the following corporate rank. Those whose promotions are approved are given promotion increase in addition to the change in their fringe benefits package.

Dividend Policy

In accordance with the Amended By-Laws of the Bank, dividends shall be declared and paid out of surplus and/or net profits of the Bank, after allocating the percentage of the net profits, as often and such time as the Board of Directors may determine and in accordance with the provisions of law and the regulations of the BSP. There were no dividends declared in 2023 and 2022.

Consumer Welfare Protection

The Board of Directors is ultimately responsible in ensuring that consumer protection practices are embedded in the Bank's operations. The Bank adheres to the highest standards and embraces a culture of fair and responsible dealings in the conduct of its business.

The Board and Senior Management are responsible for the Bank's protection strategy and establishing an effective oversight function over the Bank's consumer protection programs. The Board is primarily responsible for approving and overseeing the implementation of the consumer protection policies of the Bank.

The Bank subscribes to the perspective that creating a positive customer experience and performing excellent customer service means managing customer expectations and delivering what is promised, in a manner that manifests its mission that is: "We understand the needs of our customers, thus, we provide value-enhancing, customer-driven solutions through their preferred channels" and one of its core values on Customer Service Focus: "We value our relationships with all our stakeholders."

The Bank undertakes to manage customer expectations and resolve complaints within the bounds of pertinent policies and guidelines. It endeavors to institute appropriate actions to continuously improve or minimize, if not, prevent the recurrence of complaints.

The Consumer Protection Risk Management System (CPRMS) is a means by which the Bank identifies, measures, monitors and controls consumer protection risks inherent in its operations. These include both risks to the financial consumers and the Bank.

Independent of the compliance function, the Audit Division reviews the Bank's consumer protection practices, adherence to internal policies and procedures, and compliance with existing laws, rules and regulations. The Bank's internal audit of the different business units/functions includes the Consumer Protection Audit Program.

The Human Resources Division and respective business units ensure that all relevant personnel specifically those whose roles and responsibilities have customer interface, receive specific and comprehensive training that reinforces and helps implement written policies and procedures on consumer protection. The training program should be able to address changes in consumer protection laws, rules and regulations and policies and procedures should be provided in a timely manner.

The Bank increased its awareness and adherence to the Consumer Act of the Philippines and such other regulations promoting consumer protection. As part of its intensified drive for a positive customer experience and excellent customer service, the Service Quality and Assurance Committee (ServCom) meets on a quarterly basis not only to address complaints but to dynamically reposition the Bank to meet customer expectation.

Conformably with BSP Circular No. 1160, in relation to consumer protection, the Bank continues to track the significant statistics on customer concerns.

Corporate Social Responsibility Initiatives

Being a socially responsible corporate citizen is a requisite for operating a sustainable corporation. The focus of CBS' CSR efforts continues to be in community investment and engagement in programs in public education and social development. The Bank supports a wide range of noteworthy projects for the underserved sector, provide educational assistance to promising children, undertake charitable fundraising, and encourage employee volunteerism in its efforts to give back to society.

CBS was bestowed the Kapit-Bisig Partner in Empowerment, Advocacy and Commitment to Excellent (Peace) award by the Metrobank Foundation, Inc. for its continuing engagement. The MBFI bestows the Peace award to institutions from the academe, business, non-government and socio-civic organizations, national government agencies, media, and diplomatic missions. The award is done every five years to recognize partners that have collaborated impactfully with MBFI in the mission of enriching the lives of the most vulnerable and underserved sectors in Philippine society.

BrigadaEskwela- CBS supports clean, safe, learner-friendly school facilities and improving the quality of public education in the country.

The Bank has been a regular participant of Brigada Eskwela since 2016, the annual campaign of the DepEd to mobilize parents, students, faculty and private sector stakeholders to clean, refurbish and rehabilitate pubic elementary and high school campuses and facilities before the start of each school year.

In 2023, CBS distributed construction materials, housekeeping supplies, office equipment, electronic devices, sanitation kits and school and office supplies and mobilized employees to provide volunteer labor in 737 campuses nationwide.

	2023	**2022**
No. of Beneficiary Schools	737	416
Donations include assorted construction materials, housekeeping supplies, office equipment, electronic devices, sanitation kits, school and office supplies	₱6,858,000	₱4,889,335

This is the Bank's largest and most extensive participation under Brigada Eskwela, for which CBS was recognized by the DepEd for "unwavering commitment, exceptional collaboration and invaluable contribution in support of the MATATAG Agenda for the DepEd Basic Education Plan to provide quality basic education to all learners."

National Teachers' Day – CBS is the major sponsor of **National Teachers' Day**, an annual celebration organized by the national government to honor educators. In 2023, the event was held in Butuan City, during which CBS was the major sponsor providing publicity and donating prizes and giveaways worth ₱8,500,000:

	2023 Butuan City	**2022 Bangued - Abra**
Total Donation	₱8,500,000	₱5,860,000
Prizes and Giveaways	One brand new multi-purpose vehicle; one brand new car; 20 motorcycles, 35 laptops, 10 smart TVs, 500 shirts and 3,000 freebies	one brand new multi-purpose vehicle; 30 motorcycles, 26 laptops, and 3,700 gift bags

CBS is committed to closer private sector-DepEd cooperation, in line with our nationwide CBS Build & Rise Initiative that envisions and aspires to help Build and Raise a nation that enjoys common prosperity; a country where Filipinos can all pursue lives that are strongly-rooted, comfortable, and secure. Among the anchors of the CBS Build & Rise Initiative is financial inclusion. During the year, CBS expanded its network of BLUs and opened ATM and deposit services in these units to meet the growing demand for banking services of teachers and employees of the DepEd, especially in the countryside.

Heritage Conservation – CBS undertook a key heritage conservation project as part of the Bank's support for the country's annual celebration of National Arts Month in February 2023. On Valentine's Day, the Bank relocated and rededicated the brass sculpture of Filipino Entrepreneurs, one of the last monumental works by Abdulmari Imao, the first National Artist of Tausug heritage. The sculpture can be found into the front of the CBS head office in Makati.

The event was graced by the Mayor and officials of Makati City, leading members of the Muslim Moro community, heritage conservation advocates, the National Commission for Culture and the Arts, officials of the DepEd, and the media.

By refurbishing and making the sculpture accessible to the public, CBS aims to raise public awareness and appreciation for the arts and to spark continuous efforts for the preservation of Filipino cultural heritage.

	2023
Platform and Landscaping	₱167,000
Sculpture Refurbishment and Installation	75,000
Program and Publicity	19,000
Steel Commemorative Plaque	10,000
TOTAL DONATION	₱271,000

Additionally, this project generated work for 22 persons, including 12 art studio workers, six builders/landscapers, and four engravers.

Nature Conservation – CBS China Bank Savings officers and staff mobilized as eco-warriors on July 23, to plant 750 tree saplings and seedlings in the La Mesa Watershed in Novaliches, Quezon City. The reforestation project is part of the Bank's commitment to help mitigate the impact of climate change and to be a proactive participant in the Philippine sustainability agenda.

CBS employees returned to La Mesa Watershed on August 17 to turn over forestry management equipment, including two machine grass-cutters, purchased with proceeds from the CBS Project heART Exhibit and Auction.

Project heART featured art work by employees and friends of CBS. A highlight of this exhibit were photographs from marine conservationist and National Geographic Explorer, Noel Guevara. Pieces from his latest wildlife fine art collection entitled "Sanctuary" included features underwater photos of endangered sea turtles—the Hawksbill and Green sea turtles—from Tubbataha Reefs Natural Park.

Part of the proceeds from the sale of the art works and photos were donated to sustain reforestation in La Mesa Watershed and marine conservation initiatives in Tubbataha Reefs Natural Park, the UNESCO World Heritage site in Cagayancillo, Palawan.

CBS Conservation Projects

	2023
LA MESA REFORESTATION. 750 seedlings, cost of site preparation, donation of tools, supplies and forestry management equipment including two grass cutters to the La Mesa Watershed.	₱25,788
MARINE CONSERVATION. Financial donation to Tubbataha Reef conservation project through National Geographic explorer and conservationist Noel Guevarra.	20,000
TOTAL DONATION	₱45,788

Financial Inclusion – With the easing of public health restrictions on in-person gatherings, the Bank reintroduced the CBS speaker series. For health and safety of employees and guests, the gatherings were we kept the gatherings to a limited number of participants and were by-invitation only.

Our SME Lending Group reeled off the “SME Kapihan” speaker series to introduce CBS and our SME’s finance facilities to owners of select small and medium-scale businesses. The Kapihans were held in Angeles City, Baliwag (Bulacan), Cagayan de Oro, Iloilo City, Pasig City, Roxas City, San Pablo City, and Zamboanga City. The “SME Kapihan Roadshow” provided 114 entrepreneurs with the opportunity to consult CBS on financial, marketing, and management-related matters.

Also in 2023, CBS piloted the Financial Wellness and Literacy Trainings with clients and partners including Path Foundation Philippines, and the International Justice Mission, and the Quezon City LGU. From July to December 2023, the Bank trained 240 individuals on financial wellness and proper financial planning.

CBS will continue both the “SME Kapihan” speaker series and the Financial Wellness and Literacy Training program in 2024.

Furthermore, CBS affirmed its support to the BSP and its drive to shift to a cash-lite economy, by joining the Calabarzon leg of the Paleng-QR PH roadshow in Bacoor City, Cavite on December 11 to 12.

Paleng-QR PH, in cooperation with local government units and financial institutions, aims to build the digital payments ecosystem in the country by promoting cashless payments in shops, markets and public transportation. A combined team from CBS Retail Banking Group, Cash Management Services, and Digital Business Banking Group was present at the two-day activity to respond to inquiries about digital banking offerings from market vendors, shopkeepers, and transport associations present at the Paleng-QR PH orientation and financial literacy seminar.

CBS sees its active engagement with Paleng-QR PH consistent with its Build and Rise Initiative.

JOURNEY TOWARDS SUSTAINABILITY

CBS provides financial products and services to entry-level customers, the broad consumer market, and the strategic Small and Medium Enterprise (SME) sector. In line with its mission to promote financial inclusion and uplift the quality of life of the communities it serves, CBS is in the process of adopting sustainability principles and policies to guide its business operations, risk management, and decision-making process.

CBS is committed to sustainability and to creating positive economic, social, and environmental outcomes. Sustainability is an institutional commitment at CBS, regarded as fundamental to sound business practices and good corporate citizenship. CBS recognizes that the continued growth of business is interconnected with the fulfillment of broader development goals, including environmental and social sustainability. And as investors and customers become more aware of the world’s environmental and social challenges, the Bank sharpens its focus not only on delivering strong financial performance, but also in making a positive social and environmental impact.

The Bank is currently developing its Sustainable Finance Framework, aligning it with BSP’s Circular No. 1085, and the Parent Bank’s standards and principles to define the strategies in the Bank’s continuing journey towards sustainability.

CBS is also moving forward in a sustainable manner. To improve its resilience and sustainability in the face of accelerating climate change, CBS engaged the services of international consultant, Deloitte. The engagement is already underway, and capacity building activities with senior CBS officials and board members alongside the CBS and China Bank sustainability departments have already taken place. The engagement is expected to push CBS to the forefront of sustainable finance in the Thrift Bank category.

In compliance with BSP Circular No. 1085, the Bank documented its transition plan which was subsequently approved by the Board of Directors on October 21, 2021. The sustainability principles were embedded in the Corporate Governance Manual; and the sustainable finance roles were incorporated in the respective charters of the Corporate Governance Committee, Audit Committee, Risk Oversight Committee, and Credit Committee. Additionally, CBS is already taking steps to further analyze its client portfolio and financed projects and activities in compliance with BSP Circular 1187 or the Philippine Sustainable Finance Taxonomy Guidelines released in February 2024.

Board Statement

The Board and Management of CBS including its Parent Bank, are committed to fully comply with all the material requirements of the Sustainable Finance Framework (BSP Circular No. 1085) of the BSP. The Board recognizes its obligation to perform well in order to fulfill broader development goals. The practice of good corporate citizenship means social responsibility and environmental sustainability will be woven into the pursuit of growth and profitability in CBS.

Sustainability Framework

To contribute to a more inclusive banking landscape for customers, generate shareholder value, and protect stakeholders, CBS adopted the Global Reporting Initiative (GRI) Framework of its Parent Bank.

GRI is an appropriate, sustainable and comprehensive reporting model, which embraces the economic, environmental, social and governance (EESG) concerns of CBS. Sustainability reporting allows the Bank to identify, better understand, and effectively manage and assess sustainability risks and opportunities for the future.

CBS is also preparing for any possible shift away from GRI standards alongside its Parent Bank, cognizant of the ever changing global standards regarding sustainability reporting.

Sustainability Strategy

The Bank's Sustainability Strategy is to support its vision and mission through responsible Value Creation activities that Contribute to the environment and society, while being Resilient.

In doing so, the Bank operates under conditions that are Viable to the company and the community. The Bank will ensure that its contributions are Equitable to the environment and society, and that risks are Manageable. It shall be governed by its Corporate Governance and Risk Management framework.

The Approach

Recognizing CBS' vital role in advancing sustainable development—not just by being responsible in managing the impact of its operations, but also in making responsible decisions in lending, investing, and the services it offers—the Bank has been progressively integrating sustainability principles on three fronts: through value creation, through its contribution, and by being resilient.

PART V. EXHIBITS AND SCHEDULES

Item 14. EXHIBITS AND REPORTS

(a) Exhibits

Exhibit 1 Statement of Management's Responsibility for Financial Statements
Exhibit 2 Audited Financial Statements as of December 31, 2023 and 2022
Exhibit 3 Supplementary Schedules
a Independent Auditors' Report on Supplementary Schedules
b Schedules Required under Securities Regulation Code Rule 68

(b) Reports on SEC Form 17-C

	REPORT	DATE REPORTED
1	**Board Meeting – January 19, 2023** I. Ratification of ExCom Resolution No. 01-01.12.2023-10 approving the appointment of Ms. Ma. Jerreza D. Cabusao as Head of Collections Services Division. II. Approval of Interlocking Position of Mr. Jose L. Osmeña, Jr. in CBSI. III. Approval of Interlocking Position of Mr. Aloysius C. Alday, Jr. in CBSI. IV. Approval of Recall of Interlocking Appointment of Ms. Maria Rosanna Catherine L. Testa with CBSI as Head of Human Resources Division & Approval of the Interlocking Appointment of Ms. Tani Michelle M. Cruz with CBSI as Advisor to Human Resources Division.	January 24, 2023
2	**Board Meeting – February 16, 2023** I. Ratification of ExCom Resolution No. 03-02.09.2023-11 Approving the APD – BBG – COG Initiatives. II. Ratification of ExCom Resolution No. 03-02.09.2023-17 Approving the Appointment of SAVP Herman C. Salazar as Head of General Accounting Division under Controllership Group, effective upon Board approval with a Class I signing authority. III. Ratification of ExCom Resolution No. 03-02.09.2023-18 Approving the Appointment of AVP Grace Z. Floresca as Head of Consumer Credit Division (CCD) under Credit and Collections Management Group, effective 1 November 2021, with a Class I signing authority. IV. Ratification of ExCom Resolution No. 03-02.09.2023-19 Approving the Appointment of SM Ruby Rowena D. Aveño as Head of Credit Policy and Quality Assurance Division (CPQAD) under Credit and Collections Management Group. V. Ratification of ExCom Resolution No. 03-02.09.2023-21 Approving the Appointment of VPI Frederick M. Pineda as Centralized	February 17, 2023

	REPORT	DATE REPORTED
	Operations Group Head, effective 1 March 2023 with retention of Class I signing authority. VI. Ratification of Resolution No. 03-02.02.2023-12 Approving the Application for Two (2) New Branch Licenses: a) Kawit, Cavite b) Carmona, Cavite	
3	**Board Meeting – March 16, 2023** I. Ratification of the following ExCom Resolutions: a. EC No. 05-03.09.2023-05.a, approving the request for the opening of APD Pasig Lending Center, as contained in the Memorandum dated 6 March 2023 of the APD Lending Group. b. EC No. 05-03.09.2023-05.b, approving the request for the opening of APD Caloocan Lending Center, as contained in the Memorandum dated 6 March 2023 of the APD Lending Group c. EC No. 05-03.09.2023-05.c, approving the request for conversion of APD Blumentritt Kiosk to Lending Center, as contained in the Memorandum dated 6 March 2023 of the APD Lending Group. II. Notation and approval of the retirement of Officers for the period covering 16 February 2023 to 16 March 2023 which include Ms. Sonia B. Ostrea, VPII, Centralized Operations Group Head, effective 1 March 2023. III. Notation of the retirement of Mr. William C. Whang as Director of China Bank Savings, Inc. (CBSI). IV. Approving the Election and Appointment of Mr. Romeo D. Uyan, Jr. as Regular Director of China Bank Savings, Inc., effective 16 March 2023, to fill in the vacancy left by, and serve the unexpired term of Mr. William C. Whang. V. Approval of the modification of the Board-level Committee Compositions relative to the retirement of Mr. William C. Whang as Director of the Bank, and election of Mr. Romeo D. Uyan, Jr., as member of Board of Directors, effective 16 March 2023,as follows: **EXECUTIVE COMMITTEE** 1. Mr. Romeo D. Uyan, Jr. — Chairman 2. Mrs. Nancy D. Yang — Vice Chairman 3. Mr. James Christian T. Dee — President/ Member 4. Mr. Jose L. Osmeña, Jr. — Member 5. Mr. Aloysius C. Alday, Jr. — Member **RISK OVERSIGHT COMMITTEE** 1. Mr. Philip S. L. Tsai — Chairman/ Independent Director 2. Mr. Antonio S. Espedido, Jr. — Vice Chair/Independent Director 3. Ms. Claire Ann T. Yap — Member/Independent Director **CORPORATE GOVERNANCE COMMITTEE**	March 20, 2023

	REPORT	DATE REPORTED
	1. Mr. Antonio S. Espedido, Jr. — Chairman/Independent Director 2. Mrs. Claire Ann T. Yap — Member/ Independent Director 3. Mr. Genaro V. Lapez — Member/Independent Director **RETIREMENT COMMITTEE** 1. Mr. Genaro V. Lapez — Chairman/Independent Director 2. Mr. James Christian T. Dee — Vice Chairman/President & Director **3.** Mr. Antonio S. Espedido, Jr. — Member/Independent Director ***Ex-Officio*** 1. Atty. Josephine F. Fernandez — Human Resources Division Head **NOMINATION COMMITTEE** 1. Mr. Antonio S. Espedido, Jr. — Chairman/Independent Director 2. Ms. Claire Ann T. Yap — Member/Independent Director 3. Mr. Genaro V. Lapez — Member/Independent Director ***Ex-Officio*** 1. Atty. Josephine F. Fernandez — Human Resources Division Head **AUDIT COMMITTEE** 1. Ms. Claire Ann T. Yap — Chairman/Independent Director 2. Mr. Philip S.L. Tsai — Vice Chair/Independent Director 3. Mr. Antonio S. Espedido, Jr. — Member/Independent Director **REMUNERATION COMMITTEE** 1. Mr. Genaro V. Lapez — Chairman/Independent Director 2. Mr. James Christian T. Dee — Vice Chair/President & Director 3. Mr. Philip S.L. Tsai — Member/Independent Director ***Ex-Officio*** 1. Atty. Josephine F. Fernandez — Human Resources Division head **RELATED PARTY TRANSACTION COMMITTEE** 1. Mr. Genaro V. Lapez — Chairman/Independent Director 2. Mr. Philip S.L. Tsai — Vice Chair/Independent Director 3. Mr. Antonio S. Espedido, Jr. — Member/Independent Director xxx The above resolution modified and revoked ***BR No. 07-06.16.2022-01.a.***	
4	**Board Meeting – April 27, 2023** I. Ratification of the following ExCom Resolutions: a. EC No. 06-03.24.2023-06 approving the request for Additional APD Kiosk at Ilagan, Isabela. b. EC No. 06-03.24.2023-04 approving the request for Application of New Branch Licenses at Cabuyao, Laguna and Cauayan, Isabela II. Approval of the Interlocking of Mr. Romeo D. Uyan, Jr., with CBSI. III. Approval of the following Schedules relating to the Setting of Annual Stockholder's Meeting: 1. June 15, 2023 at 9:00 A.M. – as the Corporation's Annual Stockholders' meeting. 2. May 16, 2023 – as record date on and for the determination of those entitled to notice of and vote at the Annual Stockholders'	May 3, 2023

<table>
<tr><th></th><th>REPORT</th><th>DATE REPORTED</th></tr>
<tr><td></td><td>Meeting; and
3. May 26, 2023 – as the closing of the Corporation's Stock and Transfer books
IV. Approval of the request for the Recall of Interlocking of Ms. Editha N. Young as Chief Technology Officer and Request for Approval of Interlocking Appointment of Mr. Francis Andre Z. De Los Santos</td><td></td></tr>
<tr><td>5</td><td>Stockholders' and Board Meetings – June 15, 2023

Annual Stockholder's Meeting Resolutions:
I. Resolution No. 06.15.2023.01 Approving the Minutes of the Regular Annual Stockholders' Meeting held on June 16, 2022
II. Resolution No. 06.15.2023.02 Approving the 2022 Annual Report
III. Resolution No. 06.15.2023.03 Approving the Annual Audited Financial Statements for the year ended December 31, 2022
IV. Resolution No. 06.15.2023.04 Ratifying all acts and proceedings of the Board of Directors, Executive Committee, and other Board and Management levels committees for the year 2022, including Related Party Transactions (RPTs) Reports.
V. Resolution No. 06.15.2023.05 on the Re-election of the following to the Board of Directors:
<table>
<tr><th>No.</th><th>Name of Director</th><th>Position</th></tr>
<tr><td>1</td><td>MR. RICARDO R. CHUA</td><td>Director, Chairman</td></tr>
<tr><td>2.</td><td>MRS. NANCY D. YANG</td><td>Director, Vice-Chairman</td></tr>
<tr><td>3.</td><td>MR. JAMES CHRISTIAN T. DEE</td><td>President/ Director</td></tr>
<tr><td>4.</td><td>MR. ROMEO D. UYAN, JR.</td><td>Director</td></tr>
<tr><td>5.</td><td>MR. PATRICK D. CHENG</td><td>Director</td></tr>
<tr><td>6.</td><td>MR. JOSE L. OSMEÑA, JR.</td><td>Director</td></tr>
<tr><td>7.</td><td>MR. HERBERT T. SY, JR.</td><td>Director</td></tr>
<tr><td>8.</td><td>MR. PHILIP S. L. TSAI</td><td>Independent Director</td></tr>
<tr><td>9.</td><td>MRS. CLAIRE ANN T. YAP</td><td>Independent Director</td></tr>
<tr><td>10.</td><td>MR. GENARO V. LAPEZ</td><td>Independent Director</td></tr>
<tr><td>11.</td><td>MR. ANTONIO S. ESPEDIDO, JR.</td><td>Independent Director</td></tr>
</table>
VI. Resolution No. 06.15.2023.06 Approving the Re-appointment of SyCip Gorres Velayo & Co. (SGV) as External Auditor

The Board of Directors during its organizational meeting (1st Regular Board Meeting) held on June 15, 2023 issued the following Resolutions:

I. BR No. 06-06.15.2023-01.a, for the Appointment/Re-appointment of the Members of the Board inthe Board-level Committees for the ensuing year 2023-2024 as follows:

EXECUTIVE COMMITTEE
1. Mr. Romeo D. Uyan, Jr. Chairman
2. Mrs. Nancy D. Yang Vice Chairman
3. Mr. James Christian T. Dee President/ Member
4. Mr. Jose L. Osmeña, Jr. Member
5. Mr. Aloysius C. Alday, Jr. Member</td><td>June 19, 2023</td></tr>
</table>

	REPORT	DATE REPORTED
	RISK OVERSIGHT COMMITTEE 1. Mr. Philip S. L. Tsai — Chairman/ Independent Director 2. Mr. Antonio S. Espedido, Jr. — Vice Chair/Independent Director 3. Ms. Claire Ann T. Yap — Member/Independent Director **AUDIT COMMITTEE** 1. Ms. Claire Ann T. Yap — Chairman/Independent Director 2. Mr. Genaro V. Lapez — Vice Chair/Independent Director 3. Mr. Antonio S. Espedido, Jr. — Member/Independent Director **CORPORATE GOVERNANCE COMMITTEE** 1. Mr. Antonio S. Espedido, Jr. — Chairman/Independent Director 2. Mrs. Claire Ann T. Yap — Member/ Independent Director 3. Mr. Philip S. L. Tsai — Member/Independent Director **NOMINATION COMMITTEE** 1. Mr. Antonio S. Espedido, Jr. — Chairman/Independent Director 2. Ms. Claire Ann T. Yap — Member/Independent Director 3. Mr. Philip S. L. Tsai — Member/Independent Director ***Ex-Officio*** 1. Atty. Josephine F. Fernandez — Human Resources Division Head **RELATED PARTY TRANSACTION COMMITTEE** 1. Mr. Genaro V. Lapez — Chairman/Independent Director 2. Mr. Philip S.L. Tsai — Vice Chair/Independent Director 3. Mr. Antonio S. Espedido, Jr. — Member/Independent Director **RETIREMENT COMMITTEE** 1. Mr. Genaro V. Lapez — Chairman/Independent Director 2. Mr. James Christian T. Dee — Vice Chairman/President & Director **3.** Mr. Antonio S. Espedido, Jr. — Member/Independent Director ***Ex-Officio*** 1. Atty. Josephine F. Fernandez — Human Resources Division Head **REMUNERATION COMMITTEE** 1. Mr. Genaro V. Lapez — Chairman/Independent Director 2. Mr. James Christian T. Dee — Vice Chair/President & Director 3. Mr. Philip S.L. Tsai — Member/Independent Director ***Ex-Officio*** 1. Atty. Josephine F. Fernandez — Human Resources Division head xxx II. BR No. 06-06.15.2023-01.b, for the Appointment of Mr. Philip S. L. Tsai as Lead Independent Director. III. BR No. 06-06.15.2023-01.c, for the Election/Appointment of the Management-Level Committees and Compositions effective June 15, 2023 IV. BR No. 06-06.15.2023-01.d, for the Election/Appointment of the Key Officers of the Bank effective June 15, 2023 V. BR No. 06-06.15.2023-01.e, for the Re-appointment of all officers	

	REPORT	DATE REPORTED
	with ranks of Assistant Manager (AM) and up, including interlocked and seconded Officers of China Banking Corporation (CBC), effective as of June 15, 2023 until the next organizational meeting in 2024. VI. BR No. 06-06.15.2023-11 Ratifying ExCom Resolution No. 11-06.08.2023-09 approving the appointment of Mr. Warren Augustus D. De Guzman as Division Head with the rank of Assistant Vice President under the Customer Experience Management, Marketing Services & Sustainability Division.	
6	**Board Meeting – July 20, 2023** I. Approval of Request for P2 Billion Capital to China Bank Savings, Inc., in accordance with the conditions stated in the Memorandum presented for the matter.	July 25, 2023
7	**Board Meeting – November 16, 2023** I. Approval of Interlocking Directorship and Officership of Mr. James Christian T. Dee, President and Director of China Bank Savings, Inc. (CBSI), with Manulife China Bank Life (MCBL) II. Ratification of Corporate Governance Committee Resolution No. CGC 08-10.19.2023-II.1 approving the Proposed Revision of the Corporate Governance Committee Charter III. Ratification of Corporate Governance Committee Resolution No. CGC 08-10.19.2023-III.1 approving the Proposed Revision of Compliance Manual (Proposed Amendments to Manual on Corporate Governance) IV. Ratification of Audit Committee Resolution No. AC 06-11.07.2023-05.01 approving the Revision of CBS Audit Committee Charter	November 21, 2023
8	**Board Meeting – December 21, 2023** I. Approval of Subscription of China Bank Savings, Inc., Shares by China Banking Corporation	December 21, 2023

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned in the City of Makati on this APR 11 2024 day of ~~2024~~ 2024.

CHINA BANK SAVINGS, INC.

By:

JAMES CHRISTIAN T. DEE
President

CHARMAINE S. HAO
Vice President I and
Treasurer

LUIS BERNARDO A. PUHAWAN
First Vice President II and
Controller

Atty. ARTURO JOSE M. CONSTATINO III
Assistant Vice President and
Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 11 2024 day of ______ 2024 at Makati City, affiants exhibited to me their government issued identification cards, as follows:

NAME	NUMBER
James Christian T. Dee	SSS No. 33-49988673
Charmaine S. Hao	Passport ID No. P6588111A
Luis Bernardo A. Puhawan	Unified Multi-Purpose ID No. CRN-0033-4600510-6
Arturo Jose M. Constantino III	Passport ID No. P1283873B

Doc. No. 389;
Page No. 79;
Book No. 4;
Series of 2024.

ATTY. EUGENIO GAMAL FERRER
Notary Public for and in Makati city
Until Dec. 31, 2024 (2023-2024), Appt. No. M-522
Roll,No. 85695, TIN 208286514
Rm. 412,4th Flr. VGP Center, Ayala, Makati City
PTR N. 10075927, 01/03/2024, Makati City
IBP No. 338328, 05/05/2023, Makati City

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **CHINA BANK SAVINGS, INC.** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the year ended December 31, 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

SyCip Gorres Velayo & Co. (SGV & Co.), the independent auditor appointed by the stockholders has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

RICARDO R. CHUA
Chairman of the Board

JAMES CHRISTIAN T. DEE
President

CHARMAINE S. HAO
Vice President I and Treasurer

LUIS BERNARDO A. PUHAWAN
First Vice President II and Controller

MAKATI CITY

SUBSCRIBED AND SWORN to before me this __ day of APR 1 1 2024 2024 affiant(s) exhibiting to me their government-issued identification cards, as follows:

NAME	NUMBER
Ricardo R. Chua	SSS No. 03-2416389-8
James Christian T. Dee	SSS No. 33-49988673
Charmaine S. Hao	P6588111A
Luis Bernardo A. Puhawan	Unified Multi-Purpose ID No. CRN-0033-4600510-6

Doc. No. 388;
Page No. 79;
Book No. 41;
Series of 2024.

ATTY. EUGENIO GAMAL FERRER
Notary Public for and in Makati city
Until Dec. 31, 2024 (2023-2024), Appt. No. M-522
Roll No. 85695, TIN 208286514
Rm. 412,4th Flr. VGP Center, Ayala, Makati City
PTR N. 10075927, 01/03/2024, Makati City
IBP No. 338328, 05/05/2023, Makati City

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0 0 0 0 0 0 1 6 9 6 2

COMPANY NAME

C H I N A B A N K S A V I N G S , I N C .

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

C B S B U I L D I N G , 3 1 4 S E N . G I L P U Y A T
A V E N U E , M A K A T I C I T Y

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S	S E C	N / A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
cbs@chinabank.ph	8367-8341	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,550	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
Luis Bernardo A. Puhawan	lbapuhawan.cbs@chinabank.ph	8988-9555	N/A

CONTACT PERSON's ADDRESS

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

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies*

SGV
Building a better
working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
China Bank Savings, Inc.
CBS Building, 314 Sen. Gil Puyat Avenue
Makati City

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
RECEIVED
APR 08 2024
BY: ROSE MARCIANO
LT DOCUMENT PROCESSING AND QUALITY ASSURANCE DIVISION

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of China Bank Savings, Inc. (the Bank), a subsidiary of China Banking Corporation, which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 2023 and 2022, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022, but does not include the financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
RECEIVED
APR 08 2024
BY: ROSE MARCIANO
LT DOCUMENT PROCESSING AND QUALITY ASSURANCE DIVISION

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on the Supplementary Information Required Under Section 174 of Manual of Regulations for Banks and Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Section 174 of Manual of Regulations for Banks and Revenue Regulations 15-2010 in Note 30 to the financial statements is presented for purposes of filing with the BSP and Bureau of Internal Revenue, respectively, and is not a required part of the basic financial statements. Such information is the responsibility of the management of China Bank Savings, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Redgienald G. Radam

Redgienald G. Radam
Partner
CPA Certificate No. 118866
Tax Identification No. 249-000-259
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-141-2021, April 27, 2021, valid until April 26, 2024
PTR No. 10079995, January 6, 2024, Makati City

March 21, 2024

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
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BY: ROSE MARCIANO
LT DOCUMENT PROCESSING AND QUALITY ASSURANCE DIVISION

CHINA BANK SAVINGS, INC.
(A Subsidiary of China Banking Corporation)
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2023	2022
ASSETS		
Cash and Cash Equivalents (Notes 6 and 23)	**₱20,001,169,247**	₱20,615,819,887
Financial Assets at Fair Value through Profit or Loss (Note 7)	**50,900,076**	–
Financial Assets at Fair Value through Other Comprehensive Income (Note 7)	**12,411,859,455**	1,957,702,296
Investment Securities at Amortized Cost (Note 7)	**6,258,780,708**	5,897,415,630
Loans and Receivables (Note 8)	**110,315,101,840**	87,710,830,245
Non-current Assets Held for Sale (Note 9)	**213,368,762**	166,771,807
Property and Equipment (Note 10)	**1,965,413,487**	1,660,962,436
Investment Properties (Note 11)	**1,950,006,358**	2,164,036,936
Branch Licenses (Note 12)	**74,480,000**	74,480,000
Software Costs (Note 12)	**49,440,405**	58,480,170
Deferred Tax Asset (Note 22)	**1,495,380,660**	1,341,911,234
Other Assets (Notes 13 and 23)	**2,651,992,262**	2,339,012,702
	₱157,437,893,260	₱123,987,423,343
LIABILITIES AND EQUITY		
Liabilities		
Deposit Liabilities (Notes 15 and 23)		
Demand	**₱25,981,327,810**	₱24,253,375,850
Savings	**21,138,613,497**	22,524,549,072
Time	**90,535,289,647**	61,418,964,928
	137,655,230,954	108,196,889,850
Manager's Checks	**689,698,725**	254,559,553
Accrued Interest and Other Expenses (Note 16)	**1,021,694,150**	642,707,097
Income Tax Payable	**2,591,417**	11,344
Other Liabilities (Notes 16 and 24)	**2,419,595,990**	2,078,823,847
	141,788,811,236	111,172,991,691
Equity		
Capital stock (Note 18)	**11,543,579,100**	10,543,579,100
Additional paid-in capital (Note 18)	**475,049,814**	485,049,814
Other equity - stock grants (Note 18)	**17,299,450**	17,277,400
Other equity reserves (Note 27)	**(2,248,520,637)**	(2,248,520,637)
Surplus (Note 18)	**5,863,598,152**	4,035,772,746
Remeasurement gains on retirement benefit (Note 20)	**20,858,617**	62,564,193
Net unrealized losses on financial assets at fair value through other comprehensive income (Note 7)	**(70,830,608)**	(160,439,115)
Cumulative translation adjustment	**48,048,136**	79,148,151
	15,649,082,024	12,814,431,652
	₱157,437,893,260	₱123,987,423,343

See accompanying Notes to Financial Statements.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
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LT DOCUMENT PROCESSING AND QUALITY ASSURANCE DIVISION

CHINA BANK SAVINGS, INC.
(A Subsidiary of China Banking Corporation)

STATEMENTS OF INCOME

	Years Ended December 31		
	2023	2022	2021
INTEREST INCOME			
Loans and receivables (Notes 8 and 23)	**₱10,302,663,084**	₱7,494,313,474	₱5,955,951,115
Due from Bangko Sentral ng Pilipinas and other banks (Notes 6 and 23)	**807,401,467**	266,726,823	126,186,058
Trading and investment securities (Note 7)	**472,994,630**	273,068,574	242,801,087
Securities purchased under resale agreements (Note 6)	**169,178,245**	70,835,452	29,351,355
	11,752,237,426	8,104,944,323	6,354,289,615
INTEREST EXPENSE			
Deposit liabilities (Notes 15 and 23)	**4,590,953,033**	1,484,426,834	841,037,755
Lease liabilities (Note 21)	**52,212,642**	39,109,419	43,017,890
	4,643,165,675	1,523,536,253	884,055,645
NET INTEREST INCOME	**7,109,071,751**	6,581,408,070	5,470,233,970
Service charges, fees and commissions	**458,307,082**	429,240,918	471,562,919
Gain on asset exchange - net (Notes 9 and 11)	**379,935,234**	376,181,268	202,952,436
Income from property rentals (Notes 11, 21 and 23)	**49,862,036**	49,157,087	58,804,838
Trading and securities gains - net (Note 7)	**365,441**	–	15,123,373
Miscellaneous (Note 19)	**213,462,182**	114,873,080	85,568,387
TOTAL OPERATING INCOME	**8,211,003,726**	7,550,860,423	6,304,245,923
Compensation and fringe benefits (Notes 20 and 23)	**1,519,425,423**	1,331,232,664	1,275,225,169
Provision for impairment and credit losses (Note 14)	**1,015,498,571**	1,507,585,488	1,246,979,955
Taxes and licenses	**636,025,917**	417,738,766	357,274,981
Documentary stamp taxes	**537,823,446**	306,664,676	208,543,219
Depreciation and amortization (Notes 10, 11 and 12)	**489,267,845**	429,654,413	435,646,811
Insurance	**344,671,610**	261,649,400	246,850,371
Security, clerical, messengerial and janitorial	**329,390,588**	315,748,912	252,474,530
Acquired asset and other litigation expenses	**192,032,629**	288,336,187	200,911,325
Transportation and travel	**162,311,953**	135,525,399	102,765,466
Occupancy costs (Note 21)	**152,224,055**	145,333,551	105,445,275
Utilities	**113,630,855**	108,849,238	88,991,334
Entertainment, amusement and recreation (Note 22)	**90,455,583**	88,557,677	89,924,769
Data processing and information technology (Note 23)	**76,215,660**	64,450,418	47,259,282
Stationery, supplies and postage	**33,677,936**	30,188,618	32,556,116
Management and other professional fees	**7,399,915**	5,063,951	6,554,546
Miscellaneous (Notes 19)	**376,061,572**	391,335,676	256,863,413
TOTAL OPERATING EXPENSES	**6,076,113,558**	5,827,915,034	4,954,266,562
INCOME BEFORE INCOME TAX	**2,134,890,168**	1,722,945,389	1,349,979,361
PROVISION FOR INCOME TAX (Note 22)	**307,064,762**	145,992,126	363,523,499
NET INCOME	**₱1,827,825,406**	₱1,576,953,263	₱986,455,862

See accompanying Notes to Financial Statements.

BUREAU OF INTERNAL REVENUE
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LT DOCUMENT PROCESSING AND QUALITY ASSURANCE DIVISION

CHINA BANK SAVINGS, INC.
(A Subsidiary of China Banking Corporation)
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2023	2022	2021
NET INCOME	**₱1,827,825,406**	₱1,576,953,263	₱986,455,862
OTHER COMPREHENSIVE INCOME			
Items that recycle to profit or loss in subsequent periods:			
Changes in fair value of debt financial assets at fair value through other comprehensive income (Note 7)	**81,149,047**	(133,339,660)	(38,318,200)
Cumulative translation adjustment	**(31,100,015)**	40,535,812	9,577,830
Items that do not recycle to profit or loss in subsequent periods:			
Changes in fair value of equity financial assets at fair value through other comprehensive income, net of tax (Note 7)	**8,459,460**	4,683,628	2,236,096
Remeasurement gains (losses) on retirement asset (liability), net of tax (Note 20)	**(41,705,576)**	(3,549,431)	66,518,179
	16,802,916	(91,669,651)	40,013,905
TOTAL COMPREHENSIVE INCOME	**₱1,844,628,322**	₱1,485,283,612	₱1,026,469,767

See accompanying Notes to Financial Statements.

CHINA BANK SAVINGS, INC.
(A Subsidiary of China Banking Corporation)

STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 18)	Additional Paid-in Capital (Note 18)	Other Equity - Stock Grants (Note 18)	Other Equity Reserves (Note 27)	Surplus (Note 18)	Remeasurement Gains on Retirement Benefit (Note 20)	Net Unrealized Losses on Financial Assets at Fair Value through Other Comprehensive Income (Note 7)	Cumulative Translation Adjustment	Total Equity
Balances at January 1, 2023	**₱10,543,579,100**	**₱485,049,814**	**₱17,277,400**	**(₱2,248,520,637)**	**₱4,035,772,746**	**₱62,564,193**	**(₱160,439,115)**	**₱79,148,151**	**₱12,814,431,652**
Issuance of capital stock	**1,000,000,000**	**(10,000,000)**	–	–	–	–	–	–	**990,000,000**
Total comprehensive income (loss) for the year	–	–	–	–	**1,827,825,406**	**(41,705,576)**	**89,608,507**	**(31,100,015)**	**1,844,628,322**
Stock grants (Note 18)	–	–	**22,050**	–	–	–	–	–	**22,050**
Balances at December 31, 2023	**₱11,543,579,100**	**₱475,049,814**	**₱17,299,450**	**(₱2,248,520,637)**	**₱5,863,598,152**	**₱20,858,617**	**(₱70,830,608)**	**₱48,048,136**	**₱15,649,082,024**
Balances at January 1, 2022	₱10,543,579,100	₱485,049,814	₱17,277,400	(₱2,248,520,637)	₱2,458,819,483	₱66,113,624	(₱31,783,083)	₱38,612,339	₱11,329,148,040
Total comprehensive income (loss) for the year	–	–	–	–	1,576,953,263	(3,549,431)	(128,656,032)	40,535,812	1,485,283,612
Balances at December 31, 2022	₱10,543,579,100	₱485,049,814	₱17,277,400	(₱2,248,520,637)	₱4,035,772,746	₱62,564,193	(₱160,439,115)	₱79,148,151	₱12,814,431,652
Balances at January 1, 2021	₱10,543,579,100	₱485,049,814	₱18,286,290	(₱2,248,520,637)	₱1,472,363,621	(₱404,555)	₱4,299,021	₱29,034,509	₱10,303,687,163
Total comprehensive income (loss) for the year	–	–	–	–	986,455,862	66,518,179	(36,082,104)	9,577,830	1,026,469,767
Stock grants (Note 18)	–	–	(1,008,890)	–	–	–	–	–	(1,008,890)
Balances at December 31, 2021	₱10,543,579,100	₱485,049,814	₱17,277,400	(₱2,248,520,637)	₱2,458,819,483	₱66,113,624	(₱31,783,083)	₱38,612,339	₱11,329,148,040

See accompanying Notes to Financial Statements.

CHINA BANK SAVINGS, INC.
(A Subsidiary of China Banking Corporation)
STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱2,134,890,168**	₱1,722,945,389	₱1,349,979,361
Adjustments for:			
Provision for impairment and credit losses (Note 14)	**1,015,498,571**	1,507,585,488	1,246,979,955
Depreciation and amortization (Notes 10, 11 and 12)	**489,267,845**	429,654,413	435,646,811
Gain on asset exchange (Notes 9, 11 and 23)	**(379,935,234)**	(376,181,268)	(202,952,436)
Interest on lease liabilities (Note 21)	**52,212,642**	39,109,419	43,017,890
Amortization of premium on investment securities	**12,995,821**	36,511,967	47,999,579
Realized trading gains on financial assets at fair value through other comprehensive income (Note 7)	**(365,441)**	–	(15,123,373)
Stock grants (Note 18)	**22,050**	–	(1,008,890)
Changes in operating assets and liabilities:			
Decrease (increase) in the amounts of:			
Financial assets at fair value through profit or loss	**(50,900,076)**	–	–
Loans and receivables	**(24,568,905,021)**	(24,448,446,068)	(2,150,499,948)
Other assets (Note 13)	**(457,531,493)**	80,588,617	743,557,820
Increase (decrease) in the amounts of:			
Deposit liabilities	**29,458,341,104**	26,401,723,835	(3,663,576,643)
Manager's checks	**435,139,172**	(133,686,911)	(113,887,391)
Accrued interest and other expenses	**378,987,053**	299,676,353	142,960,867
Other liabilities (Note 16)	**82,748,602**	182,081,322	(282,654,556)
Net cash generated from (used in) operations	**8,602,465,763**	5,741,562,556	(2,419,560,954)
Income tax paid (Note 22)	**(446,056,218)**	(323,634,787)	(323,273,569)
Net cash provided by (used in) operating activities	**8,156,409,545**	5,417,927,769	(2,742,834,523)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Financial assets at fair value through other comprehensive income	**(10,822,787,584)**	(149,720,981)	(1,234,574,317)
Investment securities at amortized cost	**(934,384,243)**	(2,674,609,330)	(67,900,069)
Property and equipment (Note 10)	**(402,502,281)**	(388,711,433)	(194,970,740)
Software costs (Note 12)	**(7,053,232)**	(35,863,358)	(6,507,841)
Proceeds from sale/maturity of:			
Investment properties (Note 11)	**1,094,062,530**	897,932,696	707,861,301
Investment securities at amortized cost	**558,658,064**	2,067,000,000	199,548,000
Financial assets at fair value through other comprehensive income	**465,089,387**	–	768,751,800
Non-current assets held for sale (Note 9)	**404,923,249**	504,667,774	712,456,137
Property and equipment (Note 10)	**93,151,093**	137,893,929	14,315,678
Net cash provided by (used in) investing activities	**(9,550,843,017)**	358,589,297	898,979,949
CASH FLOWS FROM FINANCING ACTIVITY			
Net proceeds from capital infusion (Notes 18 and 23)	**990,000,000**	–	–
Payments of principal portion of lease liabilities (Note 21)	**(262,454,969)**	(233,139,024)	(235,555,861)
Net cash provided by (used in) investing activities	**727,545,031**	(233,139,024)	(235,555,861)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**52,237,801**	60,668,343	32,671,151
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(614,650,640)**	5,604,046,385	(2,046,739,284)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**20,615,819,887**	15,011,773,502	17,058,512,786
CASH AND CASH EQUIVALENTS AT END OF YEAR	**₱20,001,169,247**	₱20,615,819,887	₱15,011,773,502
OPERATIONAL CASH FLOWS FROM INTEREST			
Interest received	**₱11,725,492,904**	₱8,198,291,816	₱6,874,027,454
Interest paid	**4,290,525,512**	1,325,671,162	905,850,428

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

In 2007, China Bank Savings, Inc. (CBS or the Bank) was acquired by China Banking Corporation (CBC or the Parent Bank). Following the change in its majority owners, the Bank continues to operate as a thrift bank. As of December 31, 2023 and 2022, the Bank has 168 and 161 branches, respectively.

The Bank's original Certificate of Incorporation was issued by the Philippine Securities and Exchange Commission (SEC) on May 23, 1960. The Bank reopened to the public on June 26, 1999 as a thrift bank in accordance with the Monetary Board (MB) Resolution No. 512 dated April 21, 1999. On August 20, 2009, the Board of Directors (BOD) approved the amendment of the Bank's Articles of Incorporation to extend its corporate term for another fifty (50) years, from and after May 23, 2010, the end of the original term of the Bank's corporate existence. The amendment to the Articles of Incorporation to extend the Bank's corporate term was subsequently approved by the stockholders of the Bank, who own/represent at least two thirds (2/3) of the outstanding capital stock, at the Annual Stockholders' Meeting held in October 2009. The Amended Articles of Incorporation was approved by the SEC on March 25, 2010. By virtue of Section 11 of Republic Act No. 11232 also known as the "Revised Corporation Code of the Philippines, which took effect on February 23, 2019, the Bank now has perpetual existence.

As of December 31, 2023 and 2022, CBC, the ultimate parent bank, has ownership interest in the Bank of 99.64% and 99.60%.

The registered office address of the Bank is at CBS Building, 314 Sen. Gil Puyat Avenue, Makati City.

2. Accounting Policies

Basis of Preparation
The accompanying financial statements have been prepared on a historical cost basis except for financial assets at fair value through profit or loss (FVPL) and financial assets at fair value through other comprehensive income (FVOCI) that have been measured at fair value, and non-current assets held for sale (NCAHS) that have been measured at the lower of their carrying amount and fair value less cost to sell. All values are rounded to the nearest peso unless otherwise stated.

The accompanying financial statements of the Bank include the accounts maintained in the Regular Banking Unit (RBU) and Foreign Currency Deposit Unit (FCDU). The functional currency of the RBU and the FCDU is the Philippine peso and the United States dollar (USD), respectively. For financial reporting purposes, FCDU accounts and foreign currency-denominated accounts in the RBU are translated into their equivalents in Philippine peso (see accounting policy on foreign currency translation). The financial statements of these units are combined after eliminating inter-unit accounts and transactions.

Statement of Compliance
The financial statements of the Bank have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

Presentation of Financial Statements
The Bank presents its statement of financial position in order of liquidity. An analysis regarding recovery of assets or settlement of liabilities within twelve (12) months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 17.

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. The Bank assesses that it has a currently enforceable right of offset if the right is not contingent on a future event and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Bank and all of the counterparties.

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

Consolidation
Consolidated financial statements are prepared for the same reporting year as the parent company's using consistent accounting policies. All significant intra-group balances, transactions and income and expenses resulting from intra-group transactions are eliminated in full. Subsidiaries are consolidated from the date on which control is transferred to the parent company.

Principles of control are discussed under the accounting policy on investment in subsidiary. The subsidiaries are immaterial to the financial statements; hence the Bank did not prepare the consolidated financial statements.

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year except for the following new accounting pronouncements which became effective in 2023. These changes in the accounting policies did not have any significant impact on the financial position or performance of the Bank.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

Significant Accounting Policies

Common Control Business Combinations
Where there are business combinations involving entities that are ultimately controlled by the same ultimate parent before and after the business combination and that the control is not transitory ("business combinations under common control"), the Bank accounts for such business combinations using pooling of interests method.

In applying the pooling of interests method, the Bank follows Philippine Interpretations Committee (PIC) Q&A No. 2012-01, *PFRS 3.2 Application of the Pooling of Interests Method for Business Combinations of Entities under Common Control in Consolidated Financial Statements*, which provides the following guidance:

- The assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination. The only adjustments that are made are those adjustments to harmonize accounting policies.
- No new goodwill is recognized as a result of the combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid or transferred and the equity acquired is reflected within equity as additional paid-in capital, i.e., either as contribution or distribution of equity.
- An entity has an option for restatement or non-restatement of financial information in the consolidated financial statements for the periods prior to the date of business combination.

In applying the above guidance, the Bank has made the accounting policy choice of:

- Recognizing the assets acquired and liabilities assumed from the absorbed entity based on their respective carrying values as reported in the financial statements of the absorbed entity as of merger date and adjusted to harmonize with the accounting recognition and measurement policies of the Bank.
- Not restating the consolidated financial statements of the Bank for presentation of the merged balances for periods prior to the merger date.
- Recognizing equity reserves of the absorbed entity such as those arising from the remeasurement of financial assets at FVOCI, retirement plan and cumulative translation adjustment, based on amounts reflected in the financial statements of the absorbed entity on merger date.

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

Transactions and balances
The books of accounts of the RBU are maintained in Philippine peso, the RBU's functional currency, while those of the FCDU are maintained in United States (US) dollars (USD), the FCDU's functional currency. For financial reporting purposes, the foreign currency-denominated monetary assets and liabilities in the RBU are translated in Philippine peso based on the Bankers Association of the Philippines (BAP) closing rate at the reporting date, and foreign currency-denominated income and expenses, at the exchange rates on transaction dates.

Foreign exchange differences arising from restatements of foreign currency-denominated assets and liabilities are credited to or charged against operations in the period in which the rates change. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

FCDU
As at the reporting date, the assets and liabilities of the FCDU are translated into the Bank's presentation currency (the Philippine Peso) at the BAP closing rate at the reporting date, and its income and expenses are translated at the BAP weighted average rate for the year.

Exchange differences arising on translation are taken directly to the statement of comprehensive income under 'Cumulative translation adjustment'. Upon actual remittance or transfer of the FCDU income to RBU, the related exchange difference arising from translation lodged under 'Cumulative translation adjustment' is recognized in the statement of income of the RBU books.

Fair Value Measurement
The Bank measures financial instruments, such as financial assets at FVOCI, at fair value at each reporting date. The fair values of financial instruments measured at amortized cost (or cost) and nonfinancial assets are disclosed in Note 4.

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 as allowed by the BSP to meet the Bank's cash requirements.

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 fair value through profit or loss (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 determined based on the 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 aggregation 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 considers such information when assessing newly originated or newly purchased financial assets going forward.

The Bank’s measurement categories are described below:

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

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 the statement of income when these financial assets 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 financial assets at amortized cost’ in the statement of income. The impairment based on expected credit loss is recognized in the statement of income under provision for impairment and credit losses. The effects of revaluation of foreign currency-denominated investments are recognized in the statement of income.

The Bank’s financial assets 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 to eliminate or significantly reduce an accounting mismatch, 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.

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 purposes. The Bank has designated its unquoted equity investments as at FVOCI as these are not held for trading purposes and are not intended to be sold in the foreseeable future.

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 gains (losses) on financial assets at fair value through other comprehensive income in the statement of financial position.

When the asset is disposed of, the cumulative gain or loss previously recognized in the net unrealized gains (losses) on financial assets at fair value through other comprehensive income is not reclassified to profit or loss, but is reclassified directly to ‘Surplus’ account. Any dividends earned on holding these equity instruments are recognized in profit or loss under ‘Miscellaneous income’ account.

Financial assets at FVOCI - debt investments
The Bank applies the category of debt instruments measured at FVOCI when both of the following conditions are met:

- the contractual terms of the instrument give rise, or specified dates, to cash flows that are SPPI on the principal amount outstanding; and
- the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets.

Debt instruments at FVOCI 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 or FVOCI, 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 or FVOCI, if the objective of the business model changes so that the amortized cost or FVOCI criteria start to be met and the characteristic of the instrument's contractual cash flows are SPPI; and,
(iii) from amortized cost to FVOCI if the business model changes so that the objective becomes both to collect contractual cash flows and sell or from FVOCI to amortized cost if the business model becomes solely for the collection of contractual cash flows.

Reclassification of financial assets designated as at FVPL or equity financial assets at FVOCI is not permitted.

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
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 result 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 credit-impaired financial instruments.

Refer to Note 5 for the Bank's ECL methodology.

Derecognition of Financial Assets and Financial Liabilities

Financial assets

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

- the rights to receive cash flows from the asset have expired; or
- the 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.

Modification of financial assets

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

The Bank considers both qualitative and quantitative factors in assessing whether a modification of financial asset is substantial or not. When assessing whether a modification is substantial, the Bank considers the following factors, among others:

- introduction of an equity feature;
- change in counterparty; and
- if the modification results in the asset no longer considered SPPI.

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

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

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

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 profit or loss.

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.

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

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

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

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

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 are 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 cost less accumulated amortization, and any impairment in value.

Depreciation and amortization are 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 30 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 Cash Generating Unit (CGU) 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 under 'Depreciation and amortization' account.

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. 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 December 31, 2023 and 2022, the investment in an associate, which was acquired as a result of merger with PDB, is fully impaired (Note 13).

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. (i.e., those with value of less than ₱250,000). 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
Fees earned for the provision of services are recognized once services are rendered. Service fees and commission income are measured at the amount of consideration which the Bank expects to be entitled in exchange for transferring promised services to the customers. These fees include charges from usage of ATM, charges for returned checks, charges for below minimum maintaining balance, bancassurance and commission income.

Income (loss) from sale or disposal of nonfinancial assets
Gain (loss) from sale or disposal of nonfinancial assets which pertains to the difference between the consideration from the sale or disposal and the carrying amount of the asset is recognized completion of the earnings process, the transfer of control over the property to the buyer, and the collectability on the sales price is reasonably assured. This is presented as part of "Gain (loss) on asset exchange" in the statement of income.

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

Revenues outside the scope of PFRS 15

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

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

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). 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.

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

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

Trading and securities gains - 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.

<u>Expense Recognition</u>
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 is 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.

Share-based Payments (Stock Grants)

Employees (including senior executives) of the Bank received remuneration in the form of share-based payments (stock grants), whereby employees rendered services as consideration for equity instruments (equity-settled transactions) of the Parent Bank. The Parent Bank has the obligation to settle the transaction with the Bank's employees by providing its own equity instruments.

Equity-settled transactions

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

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Bank's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. When the terms of an equity-settled award are modified, the minimum expense recognized is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met.

An additional expense, measured as at the date of modification, is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the Bank or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

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

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.

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

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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, 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.

Standards Issued but Not Yet Effective
These are new PFRSs and amendments, interpretation and annual improvements to existing standards that are effective for annual periods subsequent to 2023. 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:

Effective beginning on or after January 1, 2024
- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

Effective beginning on or after January 1, 2025
- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

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

3. Significant Accounting Judgments and Estimates

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

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

Judgments
In the process of applying the Bank's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

a. *Fair value of financial instruments*
   Where the fair values of financial assets and financial liabilities recorded on the statement of financial position or disclosed in the notes cannot be derived from active markets, they are determined using discounted cash flow model, incorporating inputs such as current market rates of comparable instruments. The carrying values and corresponding fair values of financial instruments, as well as the manner in which fair values were determined, are discussed in more detail in Note 4.

b. *Classification of NCAHS*
The Bank classifies assets as NCAHS if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

The criteria for NCAHS classification are 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.

c. *Contingencies*
The Bank is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the Bank's defense in these matters and is based upon an analysis of potential results. The Bank currently does not believe that these proceedings will have a material adverse effect on the financial statements. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings (Note 24).

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

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

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

e. *Testing the cash flow characteristics of financial assets*
In determining the classification of financial assets, the Bank assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated.

Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk), i.e., cash flows that are non-SPPI, does not meet the amortized cost criteria.

In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as modified time value of money, the Bank assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the Bank considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument.

Estimates
The key assumptions concerning the future and other sources of estimation uncertainty at the reporting date that have a significant risk of causing material adjustment to the carrying amounts in the statement of financial position within the next financial year are described below:

a. Expected credit losses on financial assets
The Bank reviews its financial assets and commitments at each reporting date to determine the amount of expected credit losses to be recognized in the statement of financial position and any changes thereto in the statement of income. In particular, judgments and estimates by management are required in determining:

- whether a financial asset has a significant increase in credit risk since initial recognition.
- whether a default has taken place and what comprises a default;
- macro-economic factors that are relevant in measuring a financial asset's probability of default as well as the Bank's forecast of these macro-economic factors;
- probability weights applied over a range of possible outcomes;
- sufficiency and appropriateness of data used and relationships assumed in building the components of the Bank's expected credit loss models;
- the measurement of the exposure at default for unused commitments on which an expected credit loss should be recognized and the applicable loss rate.

The gross carrying amounts and the related allowance for credit losses of financial assets are disclosed in Note 14.

b. Impairment of non-financial assets
Investment properties
The Bank assesses impairment on investment properties whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Bank considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

The Bank recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is computed using the fair value less cost to sell for real properties. Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs.

The carrying values of the Bank's investment properties are disclosed in Note 11.

Branch licenses
The Bank conducts an annual review for any impairment in the value of branch licenses. Branch licenses are written down for impairment where the recoverable value is insufficient to support their carrying value (see Note 12).

c. *Recognition of deferred income taxes*
Deferred tax assets are recognized for all unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and deductible differences can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The estimates of future taxable income indicate that certain temporary differences will be realized in the future. The recognized net deferred tax assets and unrecognized deferred tax assets are disclosed in Note 22.

d. *Net retirement asset (liability) and retirement expense*
The determination of the Bank's net retirement asset (liability) and annual retirement expense is dependent on the selection of certain assumptions used in calculating such amounts. These assumptions include, among others, discount rates and salary increase rates.

The assumed discount rates were determined using the market yields on Philippine government bonds with terms consistent with the expected employee benefit payout as of the reporting date. The salary projection rate was based on the historical trend of salary increase rate of the Company. Refer to Note 20 for the details on the assumptions used in calculating the defined benefit asset (liability).

4. Fair Value Measurement

The methods and assumptions used by the Bank in estimating the fair values of its assets and liabilities are:

Cash and cash equivalents and financial assets recorded under 'Other assets' - The carrying amounts approximate their fair values in view of the relatively short-term maturities of these instruments.

Debt securities - Fair values are generally based on quoted market prices. If the market prices are not readily available, fair values are estimated using adjusted quoted market prices of comparable investments or using the discounted cash flow methodology.

Equity securities – for quoted equity instruments, fair value is based on published quotation rates. For unquoted equity securities, remeasurement to their fair values is determined to be not material to the financial statements.

Loans and receivables and unquoted debt securities - Fair values are estimated using the discounted cash flow methodology, applying the Bank's current incremental lending rates for similar types of receivables or securities. The discount rates used in estimating the fair value of loans and receivables are the incremental lending rates ranging from 2.13% to 35.70% in 2023 and from 2.00% to 35.70% in 2022.

Deposit liabilities - Fair values of time deposits are estimated using the discounted cash flow methodology, using the Bank's current incremental borrowing rates for similar borrowings with maturities consistent with those remaining for the liability being valued. For demand and savings deposits, carrying amounts approximate fair values considering that these are currently due and demandable. The discount rates used in estimating the fair value of time deposits as of December 31, 2023 and 2022 range from 0.13% to 7.00% and from 0.13% to 6.75%, respectively.

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

Investment properties - The fair values of the Bank's investment properties have been determined based on valuations made by accredited independent or in-house appraisers on the basis of recent sales of similar properties in the same areas and taking into account the economic conditions prevailing at the time the valuations were made.

As of December 31, 2023 and 2022, the classification under the fair value hierarchy of the Bank's assets and liabilities measured at fair value or with disclosure of fair values, except for those financial assets and liabilities at amortized cost with carrying values that approximates fair values, are presented below:

	December 31, 2023				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements					
Financial assets at FVPL					
Government debt securities	**₱50,900,076**	**₱50,900,076**	**₱–**	**₱–**	**₱50,900,076**
Financial assets at FVOCI					
Government debt securities	**12,379,155,364**	**10,734,962,556**	**1,644,192,807**	**–**	**12,379,155,364**
Quoted equity securities	**24,515,275**	**–**	**24,515,275**	**–**	**24,515,275**
	₱12,454,570,715	**₱10,785,862,632**	**₱1,668,708,082**	**₱–**	**₱12,454,570,715**
Fair values of assets carried at amortized cost					
Investment securities at amortized cost					
Government debt securities	**₱5,765,823,673**	**₱3,321,362,877**	**₱2,273,358,100**	**₱–**	**₱5,594,720,977**
Private debt securities	**492,957,035**	**482,398,604**	**–**	**–**	**482,398,604**
Loans and receivables					
Loans and discounts					
Consumer lending	**95,802,837,535**	**–**	**–**	**81,831,925,298**	**81,831,925,298**
Corporate and commercial lending	**13,091,859,797**	**–**	**–**	**12,510,268,325**	**12,510,268,325**
Others	**9,132,162**	**–**	**–**	**15,139,611**	**15,139,611**
Sales contracts receivable	**1,411,272,346**	**–**	**–**	**1,367,542,747**	**1,367,542,747**
	₱116,573,882,548	**₱3,803,761,481**	**₱2,273,358,100**	**₱95,724,875,981**	**₱101,801,995,562**
Fair values of assets carried at cost					
Investment properties					
Land	**₱1,343,213,587**	**₱–**	**₱–**	**₱2,326,286,576**	**₱2,326,286,576**
Condominium properties, buildings and improvements	**606,792,771**	**–**	**–**	**1,612,794,890**	**1,612,794,890**
	₱1,950,006,358	**₱–**	**₱–**	**₱3,939,081,466**	**₱3,939,081,466**
Fair values of liabilities carried at amortized cost					
Deposit liabilities - Time	**₱90,535,289,647**	**₱–**	**₱–**	**₱91,000,561,995**	**₱91,000,561,995**

	December 31, 2022				
	Carrying Value	Level 1	Level 2	Level 3	Total
Recurring fair value measurements					
Financial assets at FVOCI					
Government debt securities	₱1,933,457,664	₱1,933,457,664	₱–	₱–	₱1,933,457,664
Quoted equity securities	16,055,816	–	16,055,816	–	16,055,816
	₱1,949,513,480	₱1,933,457,664	₱16,055,816	₱–	₱1,949,513,480

(Forward)

	December 31, 2022				
	Carrying Value	Level 1	Level 2	Level 3	Total
Fair values of assets carried at amortized cost					
Investment securities at amortized cost					
Government debt securities	₱5,206,292,029	₱4,948,756,371	₱–	₱–	₱4,948,756,371
Private debt securities	691,123,601	648,991,727	–	–	648,991,727
Loans and receivables					
Loans and discounts					
Consumer lending	71,343,683,999	–	–	80,563,703,701	80,563,703,701
Corporate and commercial lending	15,139,991,621	–	–	17,285,290,530	17,285,290,530
Others	8,533,315	–	–	13,364,708	13,364,708
Sales contracts receivable	1,218,621,310	–	–	1,338,516,270	1,338,516,270
	₱93,608,245,875	₱5,597,748,098	₱–	₱99,200,875,209	₱104,798,623,307
Fair values of assets carried at cost					
Investment properties					
Land	₱1,523,862,865	₱–	₱–	₱2,412,470,353	₱2,412,470,353
Condominium properties, buildings and improvements	640,174,071	–	–	1,529,538,265	1,529,538,265
	₱2,164,036,936	₱–	₱–	₱3,942,008,618	₱3,942,008,618
Fair values of liabilities carried at amortized cost					
Deposit liabilities - Time	₱61,418,964,928	₱–	₱–	₱61,847,625,080	₱61,847,625,080

As of December 31, 2023 and 2022, there were no transfers into and out of Level 3 fair value measurement.

Inputs used in estimating fair values of financial instruments carried at amortized cost and categorized under Level 3 include risk-free rates and applicable risk premium.

Description of the valuation techniques used in the valuation of the Bank's investment properties are as follows:

Valuation Techniques	
Market Data Approach	A process of comparing the subject property being appraised to similar comparable properties recently sold or being offered for sale.
Replacement Cost Approach	It is an estimate of the investment required to duplicate the property in its present condition. It is reached by estimating the value of the land and adding the depreciated cost of the improvement.

Significant unobservable inputs used in the valuation of the Bank's investment properties are as follows:

	Valuation Techniques	**Significant Unobservable Inputs**
Land	Market Data Approach	Price per square meter, size, location, shape, time, element and corner influence
Land and Building	Market Data Approach and Cost Approach	Reproduction cost new - the cost to create a virtual replica of the existing structure, employing the same design and similar building materials

5. **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.

Business Continuity Management
In the aftermath of the pandemic in the past three years, the China Bank Group has built its business resilience around policies that would ensure that the Group is able to service and respond to the requirements of its clients and to continue to fulfill the transaction cycle in its operations.

The Group implemented "The New Normal Work Force and Work Management Plan for the COVID-19 Pandemic" to provide general direction and guidance in sustaining the operations of the Group through the pandemic. The plan put in place health and safety protocols which along with the implementation of the buddy branch system ensured the uninterrupted delivery of services. Changes in the processes of business units arising from the implementation of the plan and the establishment of the extension office are continuously updated and incorporated in the risk and control self-assessment and business impact analysis tools to reflect the changes in the risk profile. Appropriate measures are also updated and implemented in light of these changes.

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 details of the composition of the loans and receivable and trading and investment securities portfolios (net of allowance for impairment and credit losses) and the corresponding information on credit concentration as to industry are disclosed below (in thousands):

	2023						
	Loans and receivables	**%**	**Other financial assets***	**%**	**Off-balance sheet exposures**	**%**	**Total**
Consumer	**₱70,166,344**	**61.75**	**₱886,920**	**2.28**	**₱–**	**–**	**₱ 71,053,264**
Government	**–**	**–**	**33,644,577**	**86.37**	**–**	**–**	**33,644,577**
Real estate, renting and business services	**31,051,589**	**27.33**	**392,500**	**1.01**	**–**	**–**	**31,444,089**
Wholesale and retail trade	**2,172,497**	**1.91**	**27,461**	**0.07**	**1,710,052**	**99.97**	**3,910,010**
Agriculture	**2,548,760**	**2.24**	**32,217**	**0.08**	**–**	**–**	**2,580,977**
Financial intermediaries	**202,856**	**0.18**	**2,204,272**	**5.66**	**–**	**–**	**2,407,128**
Manufacturing	**1,758,285**	**1.55**	**22,225**	**0.06**	**–**	**–**	**1,780,510**
Electricity, gas, steam and air-conditioning supply	**1,550,635**	**1.36**	**19,600**	**0.05**	**–**	**–**	**1,570,235**
Transportation, storage and communication	**1,293,598**	**1.14**	**16,351**	**0.04**	**–**	**–**	**1,309,949**
Construction	**746,080**	**0.66**	**9,431**	**0.02**	**–**	**–**	**755,511**
Hotels and restaurant	**567,718**	**0.50**	**7,176**	**0.02**	**–**	**–**	**574,894**
Health and social work	**549,828**	**0.48**	**6,950**	**0.02**	**–**	**–**	**556,778**
Education	**349,380**	**0.31**	**4,416**	**0.01**	**–**	**–**	**353,796**
Other community, social and personal services	**314,367**	**0.28**	**3,974**	**0.01**	**–**	**–**	**318,341**
Others	**358,615**	**0.31**	**1,675,889**	**4.30**	**438**	**0.03**	**2,034,942**
Total	**113,630,552**	**100.00**	**38,953,959**	**100.00**	**1,710,490**	**100.00**	**154,295,001**
Allowance for impairment and credit losses	**(3,315,450)**		**(862,335)**		**–**		**(4,177,785)**
Net	**₱110,315,102**		**₱38,091,624**		**₱1,710,490**		**₱150,117,216**

* *Other financial assets include the following: due from BSP, due from other banks, SPURA, financial assets at FVPL, financial assets at FVOCI, investments securities at amortized cost and other financial assets.*

	2022						
	Loans and receivables	%	Other financial assets*	%	Off-balance sheet exposures	%	Total
Consumer	₱50,405,827	55.44	₱674,509	2.34	₱–	–	₱51,080,336
Government	–	–	23,850,699	82.79	–	–	23,850,699
Real estate, renting and business services	27,300,322	30.03	365,321	1.27	–	–	27,665,643
Wholesale and retail trade	2,472,410	2.72	33,085	0.11	1,540,983	99.69	4,046,478
Agriculture	1,958,625	2.15	26,209	0.09	–	–	1,984,834
Financial intermediaries	685,466	0.75	2,242,626	7.78	–	–	2,928,092
Manufacturing	1,764,437	1.94	23,611	0.08	–	–	1,788,048
Electricity, gas, steam and air-conditioning supply	1,643,305	1.81	21,990	0.08	–	–	1,665,295
(Forward)							
Transportation, storage and communication	1,414,343	1.56	18,926	0.07	–	–	1,433,269
Construction	1,052,964	1.16	14,090	0.05	–	–	1,067,054
Hotels and restaurant	568,947	0.63	7,613	0.03	–	–	576,560
Health and social work	610,115	0.67	8,164	0.03	–	–	618,279
Education	393,729	0.43	5,269	0.02	–	–	398,998
Other community, social and personal services	272,094	0.30	3,641	0.01	–	–	275,735
Others	375,989	0.41	1,512,919	5.25	4,739	0.31	1,893,647
Total	90,918,573	100.00	28,808,672	100.00	1,545,722	100.00	121,272,967
Allowance for impairment and credit losses	(3,207,743)		(794,701)		–		(4,002,444)
Net	₱87,710,830		₱28,013,971		₱1,545,722		₱117,270,523

* *Other financial assets include the following: due from BSP, due from other banks, SPURA, financial assets at FVOCI, investments securities at amortized cost and other financial assets.*

Real estate, renting and business services include exposure to consumer housing loans, which are mostly covered with loan guaranty from Home Guaranty Corporation (HGC) amounting to ₱9.78 billion and ₱10.72 billion as of December 31, 2023 and 2022, respectively. HGC guaranteed loans are considered as non-risk item for regulatory reporting purposes.

Maximum exposure to credit risk
The tables below provide the analysis of the maximum exposure to credit risk of the Bank's financial instruments.

	December 31, 2023		
	Gross maximum exposure	**Net exposure**	**Financial effect of collateral or credit enhancement**
Credit risk exposure relating to on-balance sheet items are as follows:			
SPURA	**₱3,644,595,747**	**₱–**	**₱3,644,595,747**
Loans and receivables			
Loans and discounts			
Consumer lending	**95,802,837,535**	**55,188,251,596**	**40,614,585,939**
Corporate and commercial lending	**13,091,859,797**	**5,095,839,859**	**7,996,019,938**
Others	**9,132,162**	**3,292,791**	**5,839,371**
Sales contract receivable	**1,411,272,346**	**–**	**1,411,272,346**
	₱113,959,697,587	**₱60,287,384,246**	**₱53,672,313,341**

	December 31, 2022		
	Gross maximum exposure	Net exposure	Financial effect of collateral or credit enhancement
Credit risk exposure relating to on-balance sheet items are as follows:			
SPURA	₱1,967,021,889	₱–	₱1,967,021,889
Loans and receivables			
Loans and discounts			
Consumer lending	71,343,683,999	36,584,762,182	34,758,921,817
Corporate and commercial lending	15,139,991,621	3,881,887,195	11,258,104,426
Others	8,533,315	–	8,533,315
Sales contract receivable	1,218,621,310	–	1,218,621,310
	₱89,677,852,134	₱40,466,649,377	₱49,211,202,757

The maximum exposure to credit risks for the other financial assets is limited to the carrying value as of December 31, 2023 and 2022. The fair values of financial assets at FVOCI represent the credit risk exposure as of the reporting date but not the maximum risk exposure that could arise in the future as a result of changes in fair value of the said instruments.

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 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 internal appraiser and 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. Collaterals (i.e., NCAHS and ROPA) foreclosed in 2023 and 2022 that are still held by the Bank as of December 31, 2023 and 2022 amounted to ₱757.13 million and ₱703.75 million, respectively. These collaterals consist of real properties and vehicles.

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.

For corporate and commercial loans, including SME loans with approved credits of ₱10.00 million and above, the Bank adopts an internal credit risk rating system (ICRRS) for the purpose of measuring credit risk in a consistent manner as accurately as possible. For corporate and commercial, SME loans with approved credits below ₱10.00 million, including SmallBiz accounts, these are covered by borrower credit scoring (BCS). For consumer/retail auto and housing loans, these are covered by application scorecards which provide either a pass/fail score based on cut-off score rank.

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 all borrowers whose ratings are considered as Low Risk and/or those where the exposures are fully covered by Government Guarantee or cash collateral/deposit hold-out. Thus, these borrowers have a very low probability of going into default in the coming year.

In terms of borrower credit ratings, these include the following:

Unclassified

A. ICRRS - Covered
   - Excellent (BRR AAA-equivalent grade)
   - Strong (BRR AA-equivalent grade)
   - Good (BRR A-equivalent grade)
   - Satisfactory (BRR BBB-equivalent grade)

   'BBB' or higher grades are considered as Low Risk similar to risk profile of investment-grades rated by international credit rating agencies (Standard and Poor's, Moody's or Fitch)

B. Application Scorecard-Covered (for consumer/retail loans)
   - Score ranks 1-4 (pass/within cut-off score of "7" qualified for system approval) for retail auto and housing loans provided current/unclassified status as of reporting date.

Generally, a Low Risk (High Grade) rating is indicative of a high capacity to fulfill its obligations supported by robust financials (i.e., profitable, with returns considerably higher than the industry, elevated capacities to service its liabilities), gainful positioning in growing industries (i.e., participation in industries where conditions are very favorable and in which they are able to get a good share of the market), and very strong leadership providing clear strategic direction and/or excellent training and development programs.

Standard Grade

This includes all borrowers whose ratings are considered as Moderate Risk and are seen to withstand typical swings in the economic cycle without going into default. However, any prolonged unfavorable economic period would create deterioration that may already be beyond acceptable levels. Standard grade may also include matured loans subject to renewal.

In terms of borrower credit ratings, these include the following:

Unclassified

A. ICRRS - Covered
   - Acceptable (BRR BB-equivalent grade)
   - Watchlist (BRR B-equivalent grade)- these accounts remain unclassified but require closer monitoring for any signs of further deterioration, warranting adverse classification

B. Application Scorecard-Covered (for consumer/retail loans)
   - Score ranks 5-7 (pass/within cut-off score of "7") for retail auto and housing loans provided current/unclassified status as of reporting date.

For unsecured consumer/retail loan products, i.e., Automatic Payroll Deduction (APD) loans, personal and salary loans, and other employee loans as well as corporate and commercial, SME loans with approved credits below ₱10.00 million, including SmallBiz accounts that are covered by BCS, the basis for credit quality rating is the BSP classification for those that are booked as Current (i.e., Standard Grade if Unclassified and Sub-Standard Grade if Classified as either Especially Mentioned or Substandard) and impairment status for those that are booked as Past Due / Items in Litigation.

Generally, a Moderate Risk (Standard Grade) rating signifies a borrower whose financial performance is sufficient to service obligations and is at par with competitors in the industry. In terms of management, it is run by executives with adequate personal and professional qualifications and sufficient experience in similar companies. In terms of growth potential, it is engaged in an industry with stable outlook, supportive of continuing operations.

Substandard Grade
Adversely Classified accounts are automatically considered as high-risk and generally includes past due accounts. However, in some cases, even accounts that are neither past due nor impaired, qualifies for adverse classification as either Especially Mentioned or Substandard. Those accounts have the tendency to turn past due or non-performing. Reasons for this include among others the following: consecutive net losses, emerging weaknesses in terms of cash flow, negative equity, and/or breach in the covenants per term loan agreement.

In terms of borrower credit ratings, these include the following:

Adversely Classified
A. ICRRS – Covered
- Especially Mentioned (or BRR CCC-equivalent grade)
- Substandard (or BRR CC-equivalent grade)

B. BCS-Covered
- Corporate and commercial, SME loans with approved credits below Php 10 million, including SmallBiz accounts that are covered by BCS, which are neither past due nor impaired but classified as either Especially Mentioned or Substandard as of reporting date.

Past due but not impaired
Loans that are more than 30 days past due but do not demonstrate objective evidence of impairment as of reporting date.

In terms of borrower credit ratings, these include the following:

Adversely Classified
A. ICRRS-Covered
- Especially Mentioned (or BRR CCC-equivalent grade)
- Substandard (or BRR CC-equivalent grade)

B. BCS-Covered and Consumer/retail Loans
- Especially Mentioned
- Substandard

Impaired
Loans considered in default (more than 90 days past due) or demonstrate objective evidence of impairment as of reporting date. Loans with classification of doubtful and loss are included under past-due or individually impaired. Impaired accounts also include those booked as Items in Litigation.

In terms of borrower credit ratings, these include the following:

Adversely Classified
A. ICRRS-Covered
- Substandard (or BRR CC equivalent-grade)
- Doubtful (or BRR C equivalent-grade)
- Loss (or BBR D equivalent-grade)

B. BCS-Covered and Consumer/retail Loans
- Substandard
- Doubtful
- Loss

The financial assets are also grouped according to stage whose description is explained as follows:

Stage 1 – those that are considered current and up to 30 days past due, and based on change in rating, delinquencies and payment history, do not demonstrate significant increase in credit risk.

Stage 2 – those that, based on change in rating, delinquencies and payment history, demonstrate significant increase in credit risk, and/or are considered more than 30 days past due but does not demonstrate objective evidence of impairment as of reporting date.

Stage 3 – those that are considered in default or demonstrate objective evidence of impairment as of reporting date.

The following tables illustrate the Bank's credit exposures.

Loans and receivables

	2023			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
Consumer lending	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
High grade	**₱18,278,043,049**	**₱–**	**₱–**	**₱18,278,043,049**
Standard grade	**74,502,266,956**	–	–	**74,502,266,956**
Substandard grade	–	–	–	–
Past due but not impaired	–	**2,545,404,831**	–	**2,545,404,831**
Past due and impaired	–	–	**2,083,400,734**	**2,083,400,734**
Gross carrying amount	**₱92,780,310,005**	**₱2,545,404,831**	**₱2,083,400,734**	**₱97,409,115,570**

	2023			
	ECL Staging			
Corporate and commercial	**Stage 1**	**Stage 2**	**Stage 3**	
lending	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
High grade	**₱1,394,366,710**	**₱–**	**₱–**	**₱1,394,366,710**
Standard grade	**7,116,735,446**	–	–	**7,116,735,446**
Substandard grade	–	**2,819,223,583**	–	**2,819,223,583**
Past due but not impaired	–	**585,053,853**	–	**585,053,853**
Past due and impaired	–	–	**2,683,638,183**	**2,683,638,183**
Gross carrying amount	**₱8,511,102,156**	**₱3,404,277,436**	**₱2,683,638,183**	**₱14,599,017,775**

	2023			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
Others	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
High grade	**₱–**	**₱–**	**₱–**	**₱–**
Standard grade	**7,277,079**	–	–	**7,277,079**
Substandard grade	–	–	–	–
Past due but not impaired	–	–	–	–
Past due and impaired	–	–	**3,111,889**	**3,111,889**
Gross carrying amount	**₱7,277,079**	**₱–**	**₱3,111,889**	**₱10,388,968**

Unquoted debt securities	2023 ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
High grade	**₱–**	**₱–**	**₱–**	**₱–**
Standard grade	–	–	–	–
Substandard grade	–	–	–	–
Past due but not impaired	–	–	–	–
Past due and impaired	–	–	**151,836,309**	**151,836,309**
Gross carrying amount	**₱–**	**₱–**	**₱151,836,309**	**₱151,836,309**

Sales contract receivable	2023 ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
High grade	**₱–**	**₱–**	**₱–**	**₱–**
Standard grade	**1,269,601,658**	–	–	**1,269,601,658**
Substandard grade	–	–	–	–
Past due but not impaired	–	–	–	–
Past due and impaired	–	–	**190,592,134**	**190,592,134**
Gross carrying amount	**₱1,269,601,658**	**₱–**	**₱190,592,134**	**₱1,460,193,792**

Other financial assets

Accounts receivable and accrued interest receivable	2023 ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
High grade	**₱136,360,941**	**₱–**	**₱–**	**₱136,360,941**
Standard grade	**1,527,365,218**	**126,758,000**	–	**1,654,123,218**
Substandard grade	–	**73,972,298**	–	**73,972,298**
Past due but not impaired	–	**82,138,652**	–	**82,138,652**
Past due and impaired	–	–	**878,889,314**	**878,889,314**
Gross carrying amount	**₱1,663,726,159**	**₱282,868,950**	**₱878,889,314**	**₱2,825,484,423**

Loans and receivables

Consumer lending	2022 ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
High grade	₱18,553,157,846	₱–	₱–	₱18,553,157,846
Standard grade	50,442,357,924	–	–	50,442,357,924
Substandard grade	–	–	–	–
Past due but not impaired	–	1,978,339,758	–	1,978,339,758
Past due and impaired	–	–	1,794,581,346	1,794,581,346
Gross carrying amount	₱68,995,515,770	₱1,978,339,758	₱1,794,581,346	₱72,768,436,874

Corporate and commercial lending	2022 ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
High grade	₱1,064,665,319	₱–	₱–	₱1,064,665,319
Standard grade	6,648,231,967	3,958,668,192	–	10,606,900,159
Substandard grade	–	1,988,272,467	–	1,988,272,467
Past due but not impaired	–	187,711,852	–	187,711,852
Past due and impaired	–	–	2,866,014,125	2,866,014,125
Gross carrying amount	₱7,712,897,286	₱6,134,652,511	₱2,866,014,125	₱16,713,563,922

Others	2022 ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
High grade	₱–	₱–	₱–	₱–
Standard grade	6,666,768	–	–	6,666,768
Substandard grade	–	–	–	–
Past due but not impaired	–	87,883	–	87,883
Past due and impaired	–	–	3,142,775	3,142,775
Gross carrying amount	₱6,666,768	₱87,883	₱3,142,775	₱9,897,426

Unquoted debt securities	2022 ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
High grade	₱–	₱–	₱–	₱–
Standard grade	–	–	–	–
Substandard grade	–	–	–	–
Past due but not impaired	–	–	–	–
Past due and impaired	–	–	151,836,309	151,836,309
Gross carrying amount	₱–	₱–	₱151,836,309	₱151,836,309

Sales contract receivable	2022 ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
High grade	₱–	₱–	₱–	₱–
Standard grade	1,160,814,380	–	–	1,160,814,380
Substandard grade	–	–	–	–
Past due but not impaired	–	–	–	–
Past due and impaired	–	–	114,024,502	114,024,502
Gross carrying amount	₱1,160,814,380	₱–	₱114,024,502	₱1,274,838,882

Other financial assets

Accounts receivable and accrued interest receivable	2022 ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
High grade	₱178,421,249	₱–	₱–	₱178,421,249
Standard grade	1,216,835,761	223,558,942	–	1,440,394,703
Substandard grade	–	36,858,156	–	36,858,156
Past due but not impaired	–	40,155,416	–	40,155,416
Past due and impaired	–	–	905,640,605	905,640,605
Gross carrying amount	₱1,395,257,010	₱300,572,514	₱905,640,605	₱2,601,470,129

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

Credit Quality Rating	External Credit Risk Rating	Credit Rating Agency
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.

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

BBB and below:

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

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

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

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

CC - An obligor is currently vulnerable. The rating is used when a default has not yet occurred, but expects default to be a virtual certainty, regardless of the anticipated time to default.

R - An obligor is under regulatory supervision owing to its financial condition. During the pendency of the regulatory supervision, the regulators may have the power to favor one class of obligations over others or pay some obligations and not others.

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

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

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

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

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

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

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

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

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

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

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

PRSC - An obligation is already in default with very little prospect for any recovery of principal or interest.

The succeeding tables show the credit exposure of the Bank related to these financial assets.

	2023			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
Financial assets at FVOCI - debt	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
High grade	**₱12,379,155,364**	**₱–**	**₱–**	**₱12,379,155,364**

	2023			
	ECL Staging			
Investment securities at	**Stage 1**	**Stage 2**	**Stage 3**	
amortized cost	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
High grade	**₱6,269,609,894**	**₱–**	**₱–**	**₱6,269,609,894**

	2022			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
Financial assets at FVOCI - debt	12-month ECL	Lifetime ECL	Lifetime ECL	Total
High grade	₱1,933,457,664	₱–	₱–	₱1,933,457,664

	2022			
	ECL Staging			
Investment securities at	Stage 1	Stage 2	Stage 3	
amortized cost	12-month ECL	Lifetime ECL	Lifetime ECL	Total
High grade	₱5,909,130,216	₱–	₱–	₱5,909,130,216

	2023				
	High Grade	**Standard Grade**	**Substandard Grade**	**Unrated**	**Total**
Due from BSP	**₱11,300,316,184**	**₱–**	**₱–**	**₱–**	**₱11,300,316,184**
Due from other banks	**2,201,708,374**	**–**	**–**	**–**	**2,201,708,374**
SPURA	**3,644,595,747**	**–**	**–**	**–**	**3,644,595,747**
	₱17,146,620,305	**₱–**	**₱–**	**₱–**	**₱17,146,620,305**

	2022				
	High Grade	Standard Grade	Substandard Grade	Unrated	Total
Due from BSP	₱14,041,089,169	₱–	₱–	₱–	₱14,041,089,169
Due from other banks	2,233,452,981	–	–	–	2,233,452,981
SPURA	1,967,021,889	–	–	–	1,967,021,889
	₱18,241,564,039	₱–	₱–	₱–	₱18,241,564,039

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.

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

The Bank then measures the credit loss allowance on a financial instrument at an amount equal to 12-month expected credit losses for items categorized as stage 1 and lifetime credit losses to items categorized as stage 2 and stage 3.

The 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.

In relation to the modification of loans and receivables (see Note 8), the Bank utilized the revised or modified cash flows of financial assets as EAD in calculating allowance for credit losses.

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.

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

Loss given default (LGD)
The 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.

Starting 2020, the Bank has considered current and forward-looking information related to the COVID-19 pandemic in assessing the aforementioned factors – i.e., significant increase in credit risk, default, EAD, PD, and LGD. The Group will continue to assess the impact of the pandemic and the ongoing economic recovery in measuring ECL in the upcoming reporting periods.

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.

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

Credit Review
In accordance with BSP Circular 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.

The table below presents the interest rate sensitive loans’ composition as to maturity as of December 31, 2023 and 2022:

	2023	2022
Long-term retail loans with monthly amortization	**88.19%**	83.27%
Commercial loans with monthly or quarterly amortization	**5.88%**	9.78%
Commercial loans payable at maturity (mostly maturing for less than 6 months)	**5.93%**	6.95%
	100.00%	100.00%

The table below represents the percentage of interest-bearing demand, savings and time deposit accounts over total deposit liabilities as of December 31, 2023 and 2022:

	2023	2022
Demand	**18.87%**	22.42%
Savings	**15.36%**	20.82%
Time	**65.77%**	56.76%
	100.00%	100.00%

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 FVPL and at FVOCI portfolios. 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 following table sets forth the repricing gap position of the Bank as of December 31, 2023 and 2022, (in millions):

	December 31, 2023					
	Up to 1 Month	**>1 to 3 Months**	**>3 to 6 Months**	**>6 to 12 Months**	**>12 Months**	**Total**
Financial Assets						
Loans and receivables	**₱4,765**	**₱9,166**	**₱11,664**	**₱22,257**	**₱60,920**	**₱108,772**
Investment securities	**6,253**	**2,934**	**–**	**188**	**9,200**	**18,575**
Total financial assets	**11,018**	**12,100**	**11,664**	**22,445**	**70,120**	**127,347**
Financial Liabilities						
Deposit liabilities	**47,083**	**24,084**	**6,391**	**4,503**	**55,594**	**137,655**
Repricing gap	**(₱36,065)**	**(₱11,984)**	**₱5,273**	**₱17,942**	**₱14,526**	**(₱10,308)**

	December 31, 2022					
	Up to 1 Month	>1 to 3 Months	>3 to 6 Months	>6 to 12 Months	>12 Months	Total
Financial Assets						
Loans and receivables	₱4,109	₱7,943	₱10,380	₱17,532	₱46,038	₱86,002
Investment securities	–	350	310	348	6,858	7,866
Total financial assets	4,109	8,293	10,690	17,880	52,896	93,868
Financial Liabilities						
Deposit liabilities	30,189	16,600	1,959	2,923	56,526	108,197
Repricing gap	(₱26,080)	(₱8,307)	₱8,731	₱14,957	(₱3,630)	(₱14,329)

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 net 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.

The following table sets forth the estimated change in the Bank's annualized net interest income due to a parallel change in the interest rate curve as of December 31,2023 and 2022 (amounts in thousands):

	December 31, 2023			
	Change in interest rates (in basis points)			
	100bp rise	**50bp rise**	**50bp fall**	**100bp fall**
Change in annualized net interest income	**(₱244,717)**	**(₱122,358)**	**₱122,358**	**₱244,717**
As a percentage of the Bank's net interest income	**(3.45%)**	**(1.72%)**	**1.72%**	**3.45%**

	December 31, 2022			
	Change in interest rates (in basis points)			
	100bp rise	50bp rise	50bp fall	100bp fall
Change in annualized net interest income	(₱88,237)	(₱44,119)	₱44,119	₱88,237
As a percentage of the Bank's net interest income	(1.34%)	(0.67%)	0.67%	1.34%

The following tables set forth the estimated change in the Bank's income before tax and equity due to a reasonably possible change in the market prices of fixed-rate investment securities classified under financial assets at FVPL and financial assets at FVOCI, respectively, brought about by movement in the interest rate curve as of December 31, 2023 and 2022 (amounts in thousands):

	December 31, 2023			
	Change in interest rates (in basis points)			
	25bp rise	**10bp rise**	**10bp fall**	**25bp fall**
Change in income before tax	**(₱742)**	**(₱391)**	**₱82**	**₱440**
Change in equity	**(₱36,223)**	**(₱13,876)**	**₱16,174**	**₱38,903**
Total impact on net assets	**(₱36,965)**	**(₱14,267)**	**₱16,256**	**₱39,343**

	December 31, 2022			
	Change in interest rates (in basis points)			
	25bp rise	10bp rise	10bp fall	25bp fall
Change in equity	(₱18,654)	(₱11,667)	(₱2,272)	₱4,834

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, foreign currency 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 s 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.

Liquidity is managed by the Bank on a daily basis, while scenario stress tests are conducted monthly. The tables below show the maturity profile of the Bank's financial assets and financial liabilities, based on contractual undiscounted cash flows:

	December 31, 2023			
	On demand	**Within 1 year**	**Over 1 year**	**Total**
Financial Assets				
Cash and cash equivalents				
Cash and other cash items	**₱2,854,548,942**	**₱–**	**₱–**	**₱2,854,548,942**
Due from BSP	**11,300,316,184**	**–**	**–**	**11,300,316,184**
Due from other banks	**2,201,708,374**	**–**	**–**	**2,201,708,374**
SPURA	**–**	**3,644,595,747**	**–**	**3,644,595,747**
Financial assets at FVPL based on expected disposal dates	**–**	**64,911,187**	**–**	**64,911,187**
Financial assets at FVOCI based on expected disposal dates	**–**	**9,022,196,293**	**4,255,678,960**	**13,277,875,253**
Investment securities at amortized cost	**–**	**803,751,811**	**6,254,480,210**	**7,058,232,021**
Loans and receivables	**–**	**18,501,588,630**	**114,796,957,442**	**133,298,546,072**

(Forward)

	December 31, 2023			
	On demand	**Within 1 year**	**Over 1 year**	**Total**
Other assets				
Accounts receivable	**₱–**	**₱1,413,902,802**	**₱–**	**₱1,413,902,802**
Accrued interest receivable	**–**	**1,411,581,621**	**–**	**1,411,581,621**
Advance rental deposits	**–**	**89,142,725**	**–**	**89,142,725**
Returned checks and other cash items	**215,462,400**	**–**	**–**	**215,462,400**
Other equity investments	**–**	**21,792,208**	**–**	**21,792,208**
Total financial assets	**₱16,572,035,900**	**₱34,973,463,024**	**₱125,307,116,612**	**₱176,852,615,536**
Financial Liabilities				
Deposit liabilities				
Demand	**₱25,981,327,810**	**₱–**	**₱–**	**₱25,981,327,810**
Savings	**21,138,613,497**	**–**	**–**	**21,138,613,497**
Time	**–**	**86,310,565,374**	**9,378,388,834**	**95,688,954,208**
Manager's checks	**689,698,725**	**–**	**–**	**689,698,725**
Accrued interest and other expenses	**–**	**1,021,694,150**	**–**	**1,021,694,150**
Other liabilities				
Accounts payable	**–**	**1,393,565,188**	**–**	**1,393,565,188**
Lease liabilities	**–**	**66,172,460**	**699,082,177**	**765,254,637**
Other credits - dormant	**–**	**–**	**39,894,632**	**39,894,632**
Security deposit	**–**	**–**	**12,177,616**	**12,177,616**
Bills purchased	**–**	**51,866**	**–**	**51,866**
Total financial liabilities	**₱47,809,640,032**	**₱88,792,049,038**	**₱10,129,543,259**	**₱146,731,232,329**

	December 31, 2022			
	On demand	Within 1 year	Over 1 year	Total
Financial Assets				
Cash and cash equivalents				
Cash and other cash items	₱2,374,255,848	₱–	₱–	₱2,374,255,848
Due from BSP	14,041,089,169	–	–	14,041,089,169
Due from other banks	2,233,452,981	–	–	2,233,452,981
SPURA	–	1,968,223,958	–	1,968,223,958
Financial assets at FVOCI based on expected disposal dates	–	503,443,711	2,312,637,958	2,816,081,669
Investment securities at amortized cost	–	794,242,048	5,907,511,465	6,701,753,513
Loans and receivables	–	17,701,687,107	88,672,980,580	106,374,667,687
Other assets				
Accounts receivable	–	1,216,633,030	–	1,216,633,030
Accrued interest receivable	–	1,384,837,099	–	1,384,837,099
Advance rental deposits	–	71,053,380	–	71,053,380
Returned checks and other cash items	51,996,348	–	–	51,996,348
Other equity investments	–	21,792,208	–	21,792,208
Total financial assets	₱18,700,794,346	₱23,661,912,541	₱96,893,130,003	₱139,255,836,890
Financial Liabilities				
Deposit liabilities				
Demand	₱24,253,375,850	₱–	₱–	₱24,253,375,850
Savings	22,524,549,072	–	–	22,524,549,072
Time	–	52,744,980,626	10,229,330,919	62,974,311,545
Manager's checks	254,559,553	–	–	254,559,553
Accrued interest and other expenses	–	642,707,097	–	642,707,097
Other liabilities				
Accounts payable	–	1,301,389,057	–	1,301,389,057
Lease liabilities	–	176,241,668	470,676,424	646,918,092
Other credits - dormant	–	–	46,871,546	46,871,546
Security deposit	–	–	11,577,699	11,577,699
Bills purchased	–	216,909	–	216,909
Total financial liabilities	₱47,032,484,475	₱54,865,535,357	₱10,758,456,588	₱112,656,476,420

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.

6. Cash and Cash Equivalents

	2023	2022
Cash and other cash items	**₱2,854,548,942**	₱2,374,255,848
Due from BSP (Note 15)	**11,300,316,184**	14,041,089,169
Due from other banks (Notes 23)	**2,201,708,374**	2,233,452,981
SPURA (Note 26)	**3,644,595,747**	1,967,021,889
	₱20,001,169,247	₱20,615,819,887

Due from BSP
Due from BSP represents the Bank's placements in the term deposit facilities (TDF) of the BSP that have original maturity of seven (7) to twenty-eight (28) days and the demand deposits maintained by the Bank in compliance with the BSP's reserve requirement (Note 15).

As of December 31, 2023 and 2022, the Bank's demand deposits with the BSP amounted to ₱2.23 billion and ₱3.09 billion, respectively. TDF deposit accounts earn annual interest rates ranging from 6.24% to 6.68% in 2023, from 6.24% to 6.34% in 2022 and from 1.68% to 1.88% in 2021.

Due from other banks
Due from other banks represent savings and demand deposits. USD-denominated deposits amounted to USD13.72 million (₱759.42 million) and USD12.12 million (₱675.82 million) as of December 31, 2023 and 2022, respectively.

Peso denominated deposits earn interest at annual rates ranging from 0.05% to 0.40% in 2023, from 0.05% to 0.13% in 2022 and from 0.50% to 1.00% in 2021. USD-denominated deposits earn interest at annual rates ranging from 0.05% to 5.23% in 2023, from 0.05% to 4.00% in 2022 and 0.10% in 2021.

SPURA
Deposits in reverse repurchase facility, classified as SPURA, earn interest at annual rates ranging from 5.50% to 6.39% in 2023, from 2.00% to 5.50% in 2022 and 2.00% in 2021 with tenor ranging from one (1) to six (6) days.

7. Trading and Investment Securities

Financial Assets at FVPL
As of December 31, 2023, financial assets at FVPL pertain to the peso-denominated government securities of the Bank and include fair value gain of ₱0.37 million. Effective interest rate of financial assets at FVPL is 5.20% in 2023.

Financial Assets at FVOCI
This account consists of:

	2023	2022
Quoted government debt securities	**₱12,379,155,364**	₱1,933,457,664
Equity securities		
Quoted equity securities	**24,515,275**	16,055,816
Unquoted equity securities	**8,188,816**	8,188,816
	32,704,091	24,244,632
Total	**₱12,411,859,455**	₱1,957,702,296

Unquoted equity securities
This account comprises of shares of stocks of various unlisted private corporations. The Bank has designated these equity securities as at FVOCI because they are not intended to be sold in the foreseeable future. As of December 31, 2023 and 2022, change in fair values of these securities were assessed to be not significant.

Net unrealized losses
The movements in net unrealized losses on FVOCI of the Bank follows:

	2023	2022
Balance at the beginning of the year	**(₱160,439,115)**	(₱31,783,083)
Movements in fair value during the year	**71,053,463**	(128,766,030)
Expected credit losses (Note 14)	**18,555,044**	109,998
Balance at the end of the year	**(₱70,830,608)**	(₱160,439,115)

Effective interest rates for peso-denominated financial assets at FVOCI range from 1.90% to 5.50% in 2023, from 1.90% to 4.40% in 2022 and from 1.80% to 2.66% in 2021. Effective interest rates for foreign currency-denominated financial assets at FVOCI range from 1.38% to 9.50% in 2023 and 2022 and from 1.38% to 7.02% in 2021.

Trading and securities gains - net
Trading and securities gains - net of the Bank amounted to ₱0.37 million, nil and ₱15.12 million in 2023, 2022 and 2021, respectively.

Investment Securities at Amortized Cost
This account consists of:

	2023	2022
Quoted		
Government debt securities (Note 23)	**₱5,775,809,894**	₱5,215,330,216
Private debt securities	**493,800,000**	693,800,000
	6,269,609,894	5,909,130,216
Allowance for credit losses (Note 14)	**(10,829,186)**	(11,714,586)
	₱6,258,780,708	₱5,897,415,630

Peso-denominated government securities and private bonds carry a yield-to-maturity ranging from 2.10% to 6.90% in 2023 and 2022 and from 3.25% to 5.97% in 2021, with maturities ranging from 1 to 8 years in 2023, from 1 to 9 years in 2022 and from 1 to 10 years in 2021.

USD-denominated government securities and private bonds carry a yield-to-maturity ranging from 3.00% to 10.63% in 2023 and 2022 and from 1.36% to 3.01% in 2021, with maturities ranging from 1 to 11 years in 2023, from 1 to 12 years in 2022 and from 2 to 13 years in 2021.

Interest Income on Trading and Investment Securities
Interest income on trading and investment securities follows:

	2023	2022	2021
Investment securities at amortized cost	**₱281,589,118**	₱224,325,861	₱202,595,273
Financial assets at FVOCI	**190,042,318**	48,742,713	40,205,814
Financial assets at FVPL	**1,363,194**	–	–
	₱472,994,630	₱273,068,574	₱242,801,087

8. Loans and Receivables

This account consists of:

	2023	2022
Loans and discounts		
Consumer lending	**₱97,409,115,570**	₱72,768,436,874
Corporate and commercial lending	**14,599,017,775**	16,713,563,922
Others	**10,388,968**	9,897,426
	112,018,522,313	89,491,898,222
Unquoted debt securities	**151,836,309**	151,836,309
Sales contracts receivable	**1,460,193,792**	1,274,838,882
	113,630,552,414	90,918,573,413
Allowance for credit losses (Note 14)	**(3,315,450,574)**	(3,207,743,168)
	₱110,315,101,840	₱87,710,830,245

As of December 31, 2023 and 2022, 32.25% and 37.95% of the total loans and receivables, respectively, are subject to periodic interest repricing. The loans and receivables bear annual fixed interest rates ranging from 2.13% to 39.42% in 2023 and from 2.00% to 39.42% in 2022 and 2021, respectively.

Unquoted debt securities
Included in unquoted debt securities are notes issued by First Sovereign Asset Management Inc. (FSAMI) as part of the payment it made to the Bank in exchange for selected investment properties, non-performing loans, investment securities and other assets as identified in the Omnibus Agreement. As of December 31, 2023 and 2022, these securities amounting to ₱151.84 million are fully provided with allowance for credit losses.

Modification of Loans and Receivables
On March 25, 2020, Republic Act No. 11469, otherwise known as the Bayanihan to Heal as One Act ("Bayanihan 1 Act") was enacted. Bayanihan 1 Act provides that all covered institutions shall implement a 30-day grace period for all loans with principal and/or interest and lease amortization falling due within the enhanced community quarantine (ECQ) period without incurring interest on interest, penalties, fees and other charges. Subsequently, on September 11, 2020, Republic Act No. 11494, otherwise known as the Bayanihan to Recover as One Act ("Bayanihan 2 Act"), was enacted.

Under Bayanihan 2 Act, a one-time 60-day grace period is granted for the payment of all existing, current and outstanding loans falling due, or any part thereof, on or before December 31, 2020, without incurring interest on interests, penalties, fees, or other charges and thereby extending the maturity of the said loans. Furthermore, a minimum 30-day grace period shall also be granted by covered institutions to all payments due within the period of community quarantine on rent and utility-related expenditures without incurring penalties, interest and other charges.

The total modification losses resulting from Bayanihan 1 Act and Bayanihan 2 Act amounted to ₱203.75 million. The net impact of the loan modification after subsequent accretion in 2020 of the modified loans amounted to ₱141.79 million as of December 31, 2020. In 2021, 2022 and 2023, the accretion on the modified loans recorded as interest income amounted to ₱69.57 million, ₱44.09 million and ₱9.95 million, respectively.

The Bank's loans and receivables that had loss allowances measured at an amount equal to lifetime ECL and whose cash flows were modified in 2020 but have not resulted in derecognition had an amortized cost before modification amounting to ₱1.51 billion. Modification loss recognized for these loans and receivables amounted to ₱5.9 million.

Interest Income on Loans and Receivables

Interest income on loans and receivables consist of interest income on:

	2023	2022	2021
Loans and discounts			
Consumer lending	**₱9,074,380,009**	₱6,300,788,241	₱4,677,316,834
Corporate and commercial lending	**1,127,137,448**	1,108,669,232	1,204,641,401
Others	**376,234**	402,320	528,059
Sales contract receivable	**100,769,393**	84,453,681	73,464,821
	₱10,302,663,084	₱7,494,313,474	₱5,955,951,115

9. Non-Current Assets Held for Sale

Non-current assets held for sale consist of vehicles foreclosed in settlement of loans receivable which are expected to be sold within one year from the reporting date.

	2023	2022
Balance at beginning of year	**₱166,771,807**	₱252,798,022
Additions	**437,485,346**	378,017,211
Disposals	**(390,888,391)**	(464,043,426)
Balance at end of year	**₱213,368,762**	₱166,771,807

Gain (Loss) on Asset Exchange

Loss on foreclosure of NCAHS amounted to ₱120.41 million, ₱123.88 million and ₱222.86 million in 2023, 2022 and 2021, respectively.

The Bank realized ₱14.03 million gain in 2023, ₱40.62 million gain in 2022 and ₱41.50 million loss in 2021 on sale of NCAHS.

10. Property and Equipment

The composition of and movements in this account follow:

	December 31, 2023					
	Land	**Condominium Properties, Buildings and Improvements**	**Furniture, Fixtures and Equipment**	**Leasehold Improvements**	**Right-of-use Assets – Buildings**	**Total**
Cost						
Balances at beginning of year	**₱443,395,334**	**₱1,035,109,180**	**₱1,342,444,742**	**₱624,326,047**	**₱972,423,516**	**₱4,417,698,819**
Additions	**–**	**102,685,321**	**202,607,912**	**97,209,048**	**413,520,745**	**816,023,026**
Disposals/expirations	**–**	**(81,454,004)**	**(166,706,752)**	**–**	**(197,918,145)**	**(446,078,901)**
Balances at end of year	**443,395,334**	**1,056,340,497**	**1,378,345,902**	**721,535,095**	**1,188,026,116**	**4,787,642,944**
Accumulated Depreciation						
Balances at beginning of year	**–**	**681,396,487**	**1,132,275,172**	**460,425,583**	**482,639,141**	**2,756,736,383**
Depreciation and amortization	**–**	**23,438,886**	**105,713,707**	**76,294,267**	**212,974,022**	**418,420,882**
Disposals/expiration	**–**	**(237,476)**	**(160,150,684)**	**–**	**(192,539,648)**	**(352,927,808)**
Balances at end of year	**–**	**704,597,897**	**1,077,838,195**	**536,719,850**	**503,073,515**	**2,822,229,457**
Net Book Values at End of Year	**₱443,395,334**	**₱351,742,600**	**₱300,507,707**	**₱184,815,245**	**₱ 684,952,601**	**₱1,965,413,487**

	December 31, 2022					
	Land	Condominium Properties, Buildings and Improvements	Furniture, Fixtures and Equipment	Leasehold Improvements	Right-of-use Assets – Buildings	Total
Cost						
Balances at beginning of year	₱443,395,334	₱1,033,513,095	₱1,277,066,970	₱504,297,084	₱997,077,103	₱4,255,349,586
Additions	–	128,560,077	140,122,393	120,028,963	122,355,434	511,066,867
Disposals/expirations	–	(126,963,992)	(74,744,621)	–	(147,009,021)	(348,717,634)
Balances at end of year	443,395,334	1,035,109,180	1,342,444,742	624,326,047	972,423,516	4,417,698,819
Accumulated Depreciation						
Balances at beginning of year	–	659,665,036	1,102,570,715	405,777,957	440,132,384	2,608,146,092
Depreciation and amortization	–	22,603,708	93,556,006	54,647,626	188,606,656	359,413,996
Disposals/expiration	–	(872,257)	(63,851,549)	–	(146,099,899)	(210,823,705)
Balances at end of year	–	681,396,487	1,132,275,172	460,425,583	482,639,141	2,756,736,383
Net Book Values at End of Year	₱443,395,334	₱353,712,693	₱210,169,570	₱163,900,464	₱489,784,375	₱1,660,962,436

The details of depreciation and amortization presented in the statements of income follow:

	2023	2022	2021
Property and equipment	**₱418,420,882**	₱359,413,996	₱361,812,394
Investment properties (Note 11)	**54,753,966**	57,766,813	57,674,374
Software costs (Note 12)	**16,092,997**	12,473,604	16,160,043
	₱489,267,845	₱429,654,413	₱435,646,811

As of December 31, 2023 and 2022, the gross carrying amount of fully depreciated building and furniture, fixtures and equipment still in use amounted to ₱856.01 million and ₱915.87 million, respectively.

There are no restrictions on titles on property and equipment and the Bank does not have any contractual commitments for acquisition of property and equipment as of December 31, 2023 and 2022.

11. Investment Properties

The composition of and movements in this account follow:

	December 31, 2023		
	Land	**Condominium Properties, Buildings and Improvements**	**Total**
Cost			
Balances at beginning of year	**₱1,629,125,326**	**₱1,456,640,410**	**₱3,085,765,736**
Additions	**405,153,496**	**182,337,652**	**587,491,148**
Disposals	**(585,802,774)**	**(235,111,962)**	**(820,914,736)**
Balances at end of year	**1,448,476,048**	**1,403,866,100**	**2,852,342,148**
Accumulated Depreciation			
Balances at beginning of year	–	**457,605,969**	**457,605,969**
Depreciation (Note 10)	–	**54,753,966**	**54,753,966**
Disposals	–	**(46,940,887)**	**(46,940,887)**
Balances at end of year	–	**465,419,048**	**465,419,048**
Accumulated Impairment Losses (Note 14)			
Balances at beginning of year	**105,262,461**	**358,860,370**	**464,122,831**
Reversal of provisions	–	**(27,206,089)**	**(27,206,089)**
Balances at end of year	**₱105,262,461**	**₱331,654,281**	**₱436,916,742**
Net Book Values at End of Year	**₱1,343,213,587**	**₱606,792,771**	**₱1,950,006,358**

	December 31, 2022		
	Land	Condominium Properties, Buildings and Improvements	Total
Cost			
Balances at beginning of year	₱1,726,958,577	₱1,439,246,020	₱3,166,204,597
Additions	265,463,533	250,222,971	515,686,504
Disposals	(363,296,784)	(232,828,581)	(596,125,365)
Balances at end of year	1,629,125,326	1,456,640,410	3,085,765,736
Accumulated Depreciation			
Balances at beginning of year	–	469,479,362	469,479,362
Depreciation (Note 10)	–	57,766,813	57,766,813
Disposals	–	(69,640,206)	(69,640,206)
Balances at end of year	–	457,605,969	457,605,969
Accumulated Impairment Losses (Note 14)			
Balances at beginning of year	105,262,461	253,071,926	358,334,387
Provisions charged to operations	–	105,788,444	105,788,444
Balances at end of year	105,262,461	358,860,370	464,122,831
Net Book Values at End of Year	₱1,523,862,865	₱640,174,071	₱2,164,036,936

Gain on Asset Exchange

Gain on foreclosure of investment properties amounted to ₱166.22 million, ₱87.99 million and ₱265.22 million in 2023, 2022 and 2021, respectively.

The Bank realized gain on sale of investment properties amounting to ₱320.09 million, ₱371.45 million and ₱202.10 million in 2023, 2022 and 2021, respectively.

Details of rent income earned and direct operating expense incurred on investment properties of the Bank follow:

	2023	2022	2021
Rent income on investment properties (included under income from property rentals)	**₱47,563,155**	₱49,157,087	₱58,804,838
Direct operating expenses on investment properties not generating rent income (included under miscellaneous expenses)	**63,947,420**	69,571,257	41,528,268

Expenses on investment properties generating rent income are shouldered by the lessee.

12. Intangible Assets

Branch Licenses

This pertains to branch licenses recognized by the Bank in connection with its merger with PDB (Note 27). The recoverable amounts of these branch licenses have been determined using value in use in 2023 and 2022. As of December 31, 2023 and 2022, the carrying amount of branch license amounted to ₱74.48 million. The branch licenses are not impaired.

Software Costs
Movements in software costs are as follows:

	2023	2022
Cost		
Balance at beginning of year	**₱229,343,700**	₱193,480,342
Additions	**7,053,232**	35,863,358
Balance at end of year	**236,396,932**	229,343,700
Accumulated amortization		
Balance at beginning of year	**170,863,530**	158,389,926
Amortization (Note 10)	**16,092,997**	12,473,604
Balance at end of year	**186,956,527**	170,863,530
Net Book Value at End of Year	**₱49,440,405**	₱58,480,170

13. **Other Assets**

This account consists of:

	2023	2022
Financial		
Accounts receivable (Note 23)	**₱1,413,902,802**	₱1,216,633,030
Accrued interest receivable	**1,411,581,621**	1,384,837,099
Returned checks and other cash items (RCOCI)	**215,462,400**	51,996,348
Advance rental deposits	**89,142,725**	71,053,380
Other equity investments	**21,792,208**	21,792,208
	3,151,881,756	2,746,312,065
Nonfinancial		
Non-performing Asset Pool (NPAP)	**1,198,123,367**	1,228,844,018
Documentary stamp tax	**121,088,149**	74,944,411
Retirement asset (Note 20)	**69,384,834**	113,296,239
Stationery and supplies	**36,867,292**	32,057,524
Prepaid expenses	**35,709,823**	28,123,391
Creditable withholding taxes (CWT)	**–**	45,575,184
Miscellaneous	**154,466,959**	140,187,150
	1,615,640,424	1,663,027,917
	4,767,522,180	4,409,339,982
Allowance for impairment and credit losses (Note 14)	**(2,115,529,918)**	(2,070,327,280)
	₱2,651,992,262	₱2,339,012,702

Accounts receivable
Accounts receivable includes non-interest bearing advances to officers and employees, with terms ranging from 1 to 30 days and receivables of the Bank from automated teller machine (ATM) transactions of clients of other banks that transacted through any of the Bank’s ATM terminals.

Non-Performing Asset Pool (NPAP)
As of December 31, 2023 and 2022, other assets include NPAP which was acquired as a result of the merger with PDB. The NPAP represents the non-performing assets of PDB which were purchased from PDIC under a buy-back arrangement following the terms and conditions of the Financial Assistance Agreement dated June 28, 2002 between PDIC and PDB. This consists of the following (in thousands):

	2023	2022
Loans and receivables	**₱978,940**	₱979,005
Investment properties	**145,107**	175,763
Other assets*	**74,076**	74,076
	₱1,198,123	₱1,228,844

* *Other assets include various property and equipment, various rental deposits of PDB's branches and other miscellaneous assets.*

As of December 31, 2023 and 2022, the above NPAP are fully provided with allowance for impairment losses.

Other Equity Investments
This account comprises of investments acquired by the Bank from its merger with PDB. The investments include the 100% owned subsidiary, Filrice Inc. (Filrice), with investment cost of ₱2.19 million, and 49% owned investee, PDB SME Solutions, Inc. (PDB SME), with investment cost of ₱19.60 million. Filrice was established for the business of rice milling and warehousing but ceased operations in 2011 and has not begun formal winding up process. Its principal place of business is in Bulacan, Philippines. Investment in Filrice is classified under prudential regulations as a nonfinancial allied undertaking. Accordingly, for prudential reporting purposes, such investments are accounted for under the equity method of accounting instead of consolidated on a line-by-line basis.

PDB SME (SME.com.ph) provides web-based solutions to help SME-entrepreneurs to manage businesses better and to expand to new markets. Its principal place of business is in Makati City, Philippines. In 2013, PDB SME was dissolved and is currently under liquidation.

Filrice and PDB SME are non-operating private companies and as such, have no available quoted market prices. As of December 31, 2023 and 2022, investment in PDB SME is fully provided with ₱19.60 million allowance for impairment losses while investment in Filrice is carried at original acquisition cost of ₱2.19 million where majority of its assets represent cash that is deposited with the Bank.

Miscellaneous Assets
As of December 31, 2023 and 2022, miscellaneous assets include prepayments to contractors for construction of leasehold improvements, security deposits and postage stamps.

Allowance for Impairment and Credit Losses
Allowance for impairment and credit losses includes provision against impaired accrued interest receivable (AIR) and long-outstanding advances amounting to ₱851.51 million and ₱782.99 million as of December 31, 2023 and 2022, respectively (Note 14).

14. **Allowance for Impairment and Credit Losses**

Changes in the allowance for impairment and credit losses are as follows:

	2023	2022
Balance at beginning of year		
Loans and receivables (Note 8)	**₱3,207,743,168**	₱3,254,990,690
Investment properties (Note 11)	**464,122,831**	358,334,387
Investment securities at amortized cost (Note 7)	**11,714,586**	207,474,987
Financial assets at FVOCI (Note 7)	**3,346,800**	3,236,802
Other assets (Note 13)	**2,070,327,280**	1,892,851,865
	5,757,254,665	5,716,888,731
Provisions charged to operations	**1,015,498,571**	1,507,585,488
Accounts charged off and others	**(890,680,016)**	(1,467,219,554)
	124,818,555	40,365,934
Balance at end of year		
Loans and receivables (Note 8)	**3,315,450,574**	3,207,743,168
Investment properties (Note 11)	**436,916,742**	464,122,831
Investment securities at amortized cost (Note 7)	**10,829,186**	11,714,586
Financial assets at FVOCI (Note 7)	**21,901,844**	3,346,800
Other assets (Note 13)	**2,115,529,918**	2,070,327,280
	₱5,900,628,264	₱5,757,254,665

At the current level of allowance for impairment and credit losses, management believes that the Bank has sufficient allowance to cover any losses that may be incurred from the non-collection or non-realization of its loans and receivables and other risk assets.

Below is the breakdown of provision for (reversal of) impairment and credit losses:

	2023	2022	2021
Loans and receivables	**₱949,572,926**	₱1,041,595,669	₱1,045,819,302
Investment properties	**(27,206,089)**	105,788,444	156,767,242
Financial assets at FVOCI (Note 7)	**18,555,044**	109,998	1,077,331
Investment securities at amortized cost	**(885,400)**	119,614,709	20,681,049
Other assets	**75,462,090**	240,476,668	22,635,031
	₱1,015,498,571	₱1,507,585,488	₱1,246,979,955

The tables below illustrate the movements of the allowance for impairment and credit losses of the financial assets for the years ended December 31, 2023 and 2022 (effect of movements in ECL due to transfers between stages are shown in the total column):

Loans and receivables

	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
Consumer lending	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Loss allowance at January 1, 2023	**₱355,069,619**	**₱82,848,338**	**₱986,834,919**	**₱1,424,752,876**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	**(5,259,638)**	**42,800,235**	**–**	**37,540,597**
Transfer from Stage 1 to Stage 3	**(2,808,594)**	**–**	**300,108,070**	**297,299,476**

(Forward)

Consumer lending	ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Transfer from Stage 2 to Stage 1	**₱2,053,303**	**(₱16,708,723)**	**₱–**	**(₱14,655,420)**
Transfer from Stage 2 to Stage 3	**–**	**(13,598,535)**	**178,562,629**	**164,964,094**
Transfer from Stage 3 to Stage 1	**179,698**	**–**	**(19,201,410)**	**(19,021,712)**
Transfer from Stage 3 to Stage 2	**–**	**2,564,406**	**(33,673,268)**	**(31,108,862)**
New financial assets originated or purchased	**233,712,547**	**47,551,462**	**218,036,708**	**499,300,717**
Changes in PDs/LGDs/EADs	**(75,164,618)**	**3,540,070**	**489,817,166**	**418,192,618**
Financial assets derecognized during the period	**(99,320,054)**	**(29,599,038)**	**(455,255,065)**	**(584,174,157)**
Total net P&L charge during the period	**53,392,644**	**36,549,877**	**678,394,830**	**768,337,351**
Other movements without P&L impact				
Write-offs, foreclosures and other movements	**–**	**(10,947,164)**	**(575,865,027)**	**(586,812,191)**
Loss allowance at December 31, 2023	**₱408,462,263**	**₱108,451,051**	**₱1,089,364,722**	**₱1,606,278,036**

Corporate and commercial lending	ECL Staging **Stage 1** 12-month ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	**Total**
Loss allowance at January 1, 2023	**₱49,686,916**	**₱63,157,286**	**₱1,460,728,100**	**₱1,573,572,302**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	**(828,984)**	**1,324,815**	**–**	**495,831**
Transfer from Stage 1 to Stage 3	**(168,220)**	**–**	**13,308,960**	**13,140,740**
Transfer from Stage 2 to Stage 1	**5,023,240**	**(8,027,734)**	**–**	**(3,004,494)**
Transfer from Stage 2 to Stage 3	**–**	**(2,577,091)**	**127,581,391**	**125,004,300**
Transfer from Stage 3 to Stage 1	**–**	**81,132**	**(4,016,540)**	**(3,935,408)**
Transfer from Stage 3 to Stage 2	**138,234**	**–**	**(10,936,605)**	**(10,798,371)**
New financial assets originated or purchased	**30,794,556**	**15,281,158**	**168,887,326**	**214,963,040**
Changes in PDs/LGDs/EADs	**3,559,383**	**(1,302,406)**	**227,394,938**	**229,651,915**
Financial assets derecognized during the period	**(20,930,724)**	**(27,879,327)**	**(328,068,497)**	**(376,878,548)**
Total net P&L charge during the period	**17,587,485**	**(23,099,453)**	**194,150,973**	**188,639,005**
Other movements without P&L impact				
Write-offs, foreclosures and other movements	**–**	**(3,641,040)**	**(251,412,289)**	**(255,053,329)**
Loss allowance at December 31, 2023	**₱67,274,401**	**₱36,416,793**	**₱1,403,466,784**	**₱1,507,157,978**

Others	ECL Staging **Stage 1** 12-month ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	**Total**
Loss allowance at January 1, 2023	**₱356**	**₱105**	**₱1,363,648**	**₱1,364,109**
Movements with P&L impact				
Transfers:				
Transfer from Stage 2 to Stage 3	**–**	**(50)**	**18,001**	**17,951**
New financial assets originated or purchased	**17**	**–**	**–**	**17**
Changes in PDs/LGDs/EADs	**(300)**	**50**	**(113,751)**	**(114,001)**
Financial assets derecognized during the period	**(6)**	**(105)**	**(11,159)**	**(11,270)**
Total net P&L charge during the period	**(289)**	**(105)**	**(106,909)**	**(107,303)**
Loss allowance at December 31, 2023	**₱67**	**₱–**	**₱1,256,739**	**₱1,256,806**

Unquoted debt securities	ECL Staging **Stage 1** 12-month ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	**Total**
Loss allowance at January 1, 2023	**₱–**	**₱–**	**₱151,836,309**	**₱151,836,309**
Total net P&L charge during the period	**–**	**–**	**–**	**–**
Loss allowance at December 31, 2023	**₱–**	**₱–**	**₱151,836,309**	**₱151,836,309**

Sales contracts receivable	ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance at January 1, 2023	**₱11,608,144**	**₱–**	**₱44,609,428**	**₱56,217,572**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 3	**(1,027,444)**	**–**	**40,196,361**	**39,168,917**
Transfer from Stage 3 to Stage 1	**63,826**	**–**	**(2,497,050)**	**(2,433,224)**
New financial assets originated or purchased	**5,091,830**	**–**	**4,630,889**	**9,722,719**
Changes in PDs/LGDs/EADs	**(2,120,039)**	**–**	**(44,876,066)**	**(46,996,105.0)**
Financial assets derecognized during the period	**(920,300)**	**–**	**(5,838,134)**	**(6,758,434)**
Total net P&L charge during the period	**1,087,873**	**–**	**(8,384,000)**	**(7,296,127)**
Loss allowance at December 31, 2023	**₱12,696,017**	**₱–**	**₱36,225,428**	**₱48,921,445**

Financial assets at FVOCI

Debt securities	ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance at January 1, 2023	**₱3,346,800**	**₱–**	**₱–**	**₱3,346,800**
Movements with P&L impact				
New financial assets originated or purchased	**19,148,237**	**–**	**–**	**19,148,237**
Changes in PDs/LGDs/EADs	**211,873**	**–**	**–**	**211,873**
Financial assets derecognized during the period	**(805,066)**	**–**	**–**	**(805,066)**
Total net P&L charge during the period	**18,555,044**	**–**	**–**	**18,555,044**
Loss allowance at December 31, 2023	**₱21,901,844**	**₱–**	**₱–**	**₱21,901,844**

Investment securities at amortized cost

Debt securities	ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance at January 1, 2023	**₱11,714,586**	**₱–**	**₱–**	**₱11,714,586**
Movements with P&L impact				
New financial assets originated or purchased	**1,613,916**	**–**	**–**	**1,613,916**
Changes in PDs/LGDs/EADs	**(1,391,801)**	**–**	**–**	**(1,391,801)**
Financial assets derecognized during the period	**(1,107,515)**	**–**	**–**	**(1,107,515)**
Total net P&L charge during the period	**(885,400)**	**–**	**–**	**(885,400)**
Other movements without P&L impact				
Write-offs, foreclosures and other movements	–	–	–	–
Loss allowance at December 31, 2023	**₱10,829,186**	**₱–**	**₱–**	**₱10,829,186**

Other financial assets

Accounts receivable and accrued interest receivable	ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance at January 1, 2023	**₱8,242,547**	**₱32,967,597**	**₱741,775,962**	**₱782,986,106**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	**(55,231)**	**1,025,442**	**–**	**970,211**
Transfer from Stage 1 to Stage 3	**(24,282)**	**–**	**3,366,581**	**3,342,299**
Transfer from Stage 2 to Stage 1	**110,792**	**(2,057,022)**	**–**	**(1,946,230)**
Transfer from Stage 2 to Stage 3	**–**	**(801,420)**	**5,984,651**	**5,183,231**
Transfer from Stage 3 to Stage 1	**1,349**	**17,896**	**(320,710)**	**(301,465)**
Transfer from Stage 3 to Stage 2	**2,625**	**43,931**	**(691,951)**	**(645,395)**

(Forward)

Accounts receivable and accrued interest receivable	**ECL Staging** **Stage 1** 12-month ECL	 **Stage 2** Lifetime ECL	 **Stage 3** Lifetime ECL	**Total**
New financial assets originated or purchased	**₱2,241,933**	**₱9,889,720**	**₱8,214,543**	**₱20,346,196**
Changes in PDs/LGDs/EADs	**(659,500)**	**42,389,250**	**57,193,149**	**98,922,899**
Financial assets derecognized during the period	**(1,143,131)**	**(6,656,778)**	**(15,351,120)**	**(23,151,029)**
Total net P&L charge during the period	**474,555**	**43,851,019**	**58,395,143**	**102,720,717**
Other movements without P&L impact				
Write-offs, foreclosures and other movements	**–**	**(957,284)**	**(33,243,771)**	**(34,201,055)**
Reclassification to other nonfinancial assets				
Loss allowance at December 31, 2023	**₱8,717,102**	**₱75,861,332**	**₱766,927,334**	**₱851,505,768**

Loans and receivables

Consumer lending	ECL Staging Stage 1 12-month ECL	 Stage 2 Lifetime ECL	 Stage 3 Lifetime ECL	Total
Loss allowance at January 1, 2022	₱92,236,640	₱20,726,260	₱970,451,178	₱1,083,414,078
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(1,113,561)	6,030,216	–	4,916,655
Transfer from Stage 1 to Stage 3	(534,842)	–	121,911,326	121,376,484
Transfer from Stage 2 to Stage 1	1,362,189	(7,376,601)	–	(6,014,412)
Transfer from Stage 2 to Stage 3	–	(2,637,834)	111,031,658	108,393,824
Transfer from Stage 3 to Stage 1	239,536	–	(54,599,565)	(54,360,029)
Transfer from Stage 3 to Stage 2	–	461,362	(19,419,638)	(18,958,276)
New financial assets originated or purchased	212,002,870	46,127,011	234,892,887	493,022,768
Changes in PDs/LGDs/EADs	72,966,955	31,438,147	735,011,686	839,416,788
Financial assets derecognized during the period	(22,090,168)	(5,109,097)	(475,915,188)	(503,114,453)
Total net P&L charge during the period	262,832,979	68,933,204	652,913,166	984,679,349
(Forward)				
Other movements without P&L impact				
Write-offs, foreclosures and other movements	–	(6,811,126)	(636,529,425)	(643,340,551)
Loss allowance at December 31, 2022	₱355,069,619	₱82,848,338	₱986,834,919	₱1,424,752,876

Corporate and commercial lending	ECL Staging Stage 1 12-month ECL	 Stage 2 Lifetime ECL	 Stage 3 Lifetime ECL	Total
Loss allowance at January 1, 2022	₱60,331,339	₱52,646,261	₱1,849,885,824	₱1,962,863,424
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(6,275,423)	6,072,950	–	(202,473)
Transfer from Stage 1 to Stage 3	(273,168)	–	19,154,121	18,880,953
Transfer from Stage 2 to Stage 1	1,115,674	(1,079,677)	–	35,997
Transfer from Stage 2 to Stage 3	–	(5,268,569)	381,740,967	376,472,398
Transfer from Stage 3 to Stage 1	118,521	–	(8,310,546)	(8,192,025)
Transfer from Stage 3 to Stage 2	–	112,851	(8,176,783)	(8,063,932)
New financial assets originated or purchased	26,274,989	25,944,011	25,855,916	78,074,916
Changes in PDs/LGDs/EADs	(10,223,619)	5,651,761	255,653,480	251,081,622
Financial assets derecognized during the period	(21,381,397)	(17,929,978)	(612,564,563)	(651,875,938)
Total net P&L charge during the period	(10,644,423)	13,503,349	53,352,592	56,211,518
Other movements without P&L impact				
Write-offs, foreclosures and other movements	–	(2,992,324)	(442,510,316)	(445,502,640)
Loss allowance at December 31, 2022	₱49,686,916	₱63,157,286	₱1,460,728,100	₱1,573,572,302

Others	ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance at January 1, 2022	₱3,030	₱92	₱1,632,381	₱1,635,503
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(34)	190	–	156
Transfer from Stage 1 to Stage 3	(83)	–	108,127	108,044
Transfer from Stage 2 to Stage 3	–	(64)	14,747	14,683
New financial assets originated or purchased	35	–	–	35
Changes in PDs/LGDs/EADs	(2,442)	(113)	(210,618)	(213,173)
Financial assets derecognized during the period	(150)	–	(180,989)	(181,139)
Total net P&L charge during the period	(2,674)	13	(268,733)	(271,394)
Loss allowance at December 31, 2022	₱356	₱105	₱1,363,648	₱1,364,109

Unquoted debt securities	ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance at January 1, 2022	₱–	₱–	₱151,836,309	₱151,836,309
Total net P&L charge during the period	–	–	–	–
Loss allowance at December 31, 2022	₱–	₱–	₱151,836,309	₱151,836,309

Sales contracts receivable	ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance at January 1, 2022	₱8,709,333	₱1,140	₱46,530,903	₱55,241,376
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 3	(661,071)	–	42,266,270	41,605,199
Transfer from Stage 3 to Stage 1	182,626	–	(11,676,377)	(11,493,751)
New financial assets originated or purchased	5,300,467	–	5,142,213	10,442,680
Changes in PDs/LGDs/EADs	(1,002,911)	–	(28,112,631)	(29,115,542)
Financial assets derecognized during the period	(920,300)	(1,140)	(9,540,950)	(10,462,390)
Total net P&L charge during the period	2,898,811	(1,140)	(1,921,475)	976,196
Loss allowance at December 31, 2022	₱11,608,144	₱–	₱44,609,428	₱56,217,572

Financial assets at FVOCI

Debt securities	ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance at January 1, 2022	₱3,236,802	₱–	₱–	₱3,236,802
Movements with P&L impact				
New financial assets originated or purchased	259,166	–	–	259,166
Changes in PDs/LGDs/EADs	(149,168)	–	–	(149,168)
Financial assets derecognized during the period	–	–	–	–
Total net P&L charge during the period	109,998	–	–	109,998
Loss allowance at December 31, 2022	₱3,346,800	₱–	₱–	₱3,346,800

Investment securities at amortized cost

Debt securities	ECL Staging Stage 1 12-month ECL	 Stage 2 Lifetime ECL	 Stage 3 Lifetime ECL	Total
Loss allowance at January 1, 2022	₱11,048,719	₱–	₱196,426,268	₱207,474,987
Movements with P&L impact				
New financial assets originated or purchased	5,302,293	–	–	5,302,293
Changes in PDs/LGDs/EADs	(236,136)	–	118,948,842	118,712,706
Financial assets derecognized during the period	(4,400,290)	–	–	(4,400,290)
Total net P&L charge during the period	665,867	–	118,948,842	119,614,709
Other movements without P&L impact				
Write-offs, foreclosures and other movements	–	–	(315,375,110)	(315,375,110)
Loss allowance at December 31, 2022	₱11,714,586	₱–	₱–	₱11,714,586

Other financial assets

Accounts receivable and accrued interest receivable	ECL Staging Stage 1 12-month ECL	 Stage 2 Lifetime ECL	 Stage 3 Lifetime ECL	Total
Loss allowance at January 1, 2022	₱12,634,535	₱82,398,344	₱508,172,181	₱603,205,060
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(203,839)	3,174,937	–	2,971,098
Transfer from Stage 1 to Stage 3	(40,930)	–	3,206,320	3,165,390
Transfer from Stage 2 to Stage 1	112,974	(1,759,654)	–	(1,646,680)
Transfer from Stage 2 to Stage 3	–	(2,262,706)	11,380,011	9,117,305
Transfer from Stage 3 to Stage 1	18,252	–	(1,429,771)	(1,411,519)
Transfer from Stage 3 to Stage 2	–	125,219	(629,775)	(504,556)
New financial assets originated or purchased	3,747,321	6,681,528	6,730,284	17,159,133
Changes in PDs/LGDs/EADs	(6,125,336)	(47,309,709)	307,863,761	254,428,716
Financial assets derecognized during the period	(1,900,430)	(6,967,151)	(25,005,572)	(33,873,153)
Total net P&L charge during the period	(4,391,988)	(48,317,536)	302,115,258	249,405,734
Other movements without P&L impact				
Write-offs, foreclosures and other movements	–	(1,113,211)	(61,888,042)	(63,001,253)
Reclassification to other nonfinancial assets	–	–	(6,623,435)	(6,623,435)
Loss allowance at December 31, 2022	₱8,242,547	₱32,967,597	₱741,775,962	₱782,986,106

The corresponding movement of the gross carrying amount of the financial asset are shown below:

Loans and receivables

Consumer lending	**ECL Staging** **Stage 1** 12-month ECL	 **Stage 2** Lifetime ECL	 **Stage 3** Lifetime ECL	**Total**
Gross carrying amount as at January 1, 2023	**₱68,995,515,770**	**₱1,978,339,758**	**₱1,794,581,346**	**₱72,768,436,874**
Transfers:				
Transfer from Stage 1 to Stage 2	**(1,022,029,036)**	**1,022,029,036**	**–**	**–**
Transfer from Stage 1 to Stage 3	**(545,753,230)**	**–**	**545,753,230**	**–**
Transfer from Stage 2 to Stage 1	**398,988,455**	**(398,988,455)**	**–**	**–**
Transfer from Stage 2 to Stage 3	**–**	**(324,720,130)**	**324,720,130**	**–**
Transfer from Stage 3 to Stage 1	**34,918,193**	**–**	**(34,918,193)**	**–**
Transfer from Stage 3 to Stage 2	**–**	**61,235,590**	**(61,235,590)**	**–**
New financial assets purchased or originated	**53,086,721,842**	**1,116,058,527**	**416,993,344**	**54,619,773,713**
Movements in outstanding balance	**(8,868,630,119)**	**55,183,346**	**226,354,307**	**(8,587,092,466)**
Financial assets derecognized during the period	**(19,299,421,870)**	**(706,796,970)**	**(827,891,506)**	**(20,834,110,346)**
Foreclosures	**–**	**(256,935,871)**	**(300,956,334)**	**(557,892,205)**
Gross carrying amount as at December 31, 2023	**₱92,780,310,005**	**₱2,545,404,831**	**₱2,083,400,734**	**₱97,409,115,570**

Corporate and commercial lending	ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount as at January 1, 2023	**₱7,712,897,286**	**₱6,134,652,511**	**₱2,866,014,125**	**₱16,713,563,922**
Transfers:				
Transfer from Stage 1 to Stage 2	**(128,683,176)**	**128,683,176**	**–**	**–**
Transfer from Stage 1 to Stage 3	**(26,112,777)**	**–**	**26,112,777**	**–**
Transfer from Stage 2 to Stage 1	**779,757,315**	**(779,757,315)**	**–**	**–**
Transfer from Stage 2 to Stage 3	**–**	**(250,320,418)**	**250,320,418**	**–**
Transfer from Stage 3 to Stage 1	**21,458,110**	**–**	**(21,458,110)**	**–**
Transfer from Stage 3 to Stage 2	**–**	**7,880,631**	**(7,880,631)**	**–**
New financial assets purchased or originated	**3,895,918,959**	**1,428,497,608**	**322,937,801**	**5,647,354,368**
Movements in outstanding balance	**(495,058,403)**	**(216,989,931)**	**(27,818,448)**	**(739,866,782)**
Financial assets derecognized during the period	**(3,249,075,158)**	**(2,708,000,858)**	**(643,685,123)**	**(6,600,761,139)**
Foreclosures	**–**	**(340,367,968)**	**(80,904,626)**	**(421,272,594)**
Gross carrying amount as at December 31, 2023	**₱8,511,102,156**	**₱3,404,277,436**	**₱2,683,638,183**	**₱14,599,017,775**

Others	ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount as at January 1, 2023	**₱6,666,768**	**₱87,883**	**₱3,142,775**	**₱9,897,426**
Transfers:				
Transfer from Stage 2 to Stage 3	**–**	**(41,487)**	**41,487**	**–**
New financial assets purchased or originated	**1,867,801**	**–**	**–**	**1,867,801**
Movements in outstanding balance	**(1,142,067)**	**41,487**	**(46,655)**	**(1,147,235)**
Financial assets derecognized during the period	**(115,423)**	**(87,883)**	**(25,718)**	**(229,024)**
Gross carrying amount as at December 31, 2023	**₱7,277,079**	**₱–**	**₱3,111,889**	**₱10,388,968**

Unquoted debt securities	ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount as at January 1, 2023	**₱–**	**₱–**	**₱151,836,309**	**₱151,836,309**
Financial assets derecognized during the period	**–**	**–**	**–**	**–**
Gross carrying amount as at December 31, 2023	**₱–**	**₱–**	**₱151,836,309**	**₱151,836,309**

Sales contract receivable	ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount as at January 1, 2023	**₱1,160,814,380**	**₱–**	**₱114,024,502**	**₱1,274,838,882**
Transfers:				
Transfer from Stage 1 to Stage 3	**(102,744,425)**	**–**	**102,744,425**	**–**
Transfer from Stage 3 to Stage 1	**6,382,617**	**–**	**(6,382,617)**	**–**
New financial assets purchased or originated	**509,183,026**	**–**	**24,364,407**	**533,547,433**
Movements in outstanding balance	**(212,003,967)**	**–**	**(29,235,945)**	**(241,239,912)**
Financial assets derecognized during the period	**(92,029,973)**	**–**	**(14,922,638)**	**(106,952,611)**
Gross carrying amount as at December 31, 2023	**₱1,269,601,658**	**₱–**	**₱190,592,134**	**₱1,460,193,792**

Financial assets at FVOCI

Debt securities	ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount as at January 1, 2023	**₱1,933,457,664**	**₱–**	**₱–**	**₱1,933,457,664**
New financial assets purchased or originated	**10,822,787,584**	**–**	**–**	**10,822,787,584**
Movements in outstanding balance	**87,999,503**	**–**	**–**	**87,999,503**
Financial assets derecognized during the period	**(465,089,387)**	**–**	**–**	**(465,089,387)**
Gross carrying amount as at December 31, 2023	**₱12,379,155,364**	**₱–**	**₱–**	**₱12,379,155,364**

Investment securities at amortized cost

Debt securities	ECL Staging Stage 1 12-month ECL	 Stage 2 Lifetime ECL	 Stage 3 Lifetime ECL	Total
Gross carrying amount as at January 1, 2023	**₱5,909,130,216**	**₱–**	**₱–**	**₱5,909,130,216**
New financial assets purchased or originated	**934,384,243**	**–**	**–**	**934,384,243**
Movements in outstanding balance	**(15,246,501)**	**–**	**–**	**(15,246,501)**
Financial assets derecognized during the period	**(558,658,064)**	**–**	**–**	**(558,658,064)**
Gross carrying amount as at December 31, 2023	**₱6,269,609,894**	**₱–**	**₱–**	**₱6,269,609,894**

Other financial assets

Accounts receivable and accrued interest receivable	ECL Staging Stage 1 12-month ECL	 Stage 2 Lifetime ECL	 Stage 3 Lifetime ECL	Total
Gross carrying amount as at January 1, 2023	**₱1,395,257,010**	**₱300,572,514**	**₱905,640,605**	**₱2,601,470,129**
Transfers:				
Transfer from Stage 1 to Stage 2	**(9,349,169)**	**9,349,169**	**–**	**–**
Transfer from Stage 1 to Stage 3	**(4,110,287)**	**–**	**4,110,287**	**–**
Transfer from Stage 2 to Stage 1	**18,754,300**	**(18,754,300)**	**–**	**–**
Transfer from Stage 2 to Stage 3	**–**	**(7,306,712)**	**7,306,712**	**–**
Transfer from Stage 3 to Stage 1	**228,391**	**163,166**	**(391,557)**	**–**
Transfer from Stage 3 to Stage 2	**444,283**	**400,526**	**(844,809)**	**–**
New financial assets purchased or originated	**427,890,186**	**36,876,424**	**9,413,766**	**474,180,376**
Movements in outstanding balance	**28,114,988**	**30,987,167**	**(23,959,796)**	**35,142,359**
Financial assets derecognized during the period	**(193,503,543)**	**(60,691,246)**	**(18,742,313)**	**(272,937,102)**
Foreclosures	**–**	**(8,727,758)**	**(3,643,581)**	**(12,371,339)**
Gross carrying amount as at December 31, 2023	**₱1,663,726,159**	**₱282,868,950**	**₱878,889,314**	**₱2,825,484,423**

Loans and receivables

Consumer lending	ECL Staging Stage 1 12-month ECL	 Stage 2 Lifetime ECL	 Stage 3 Lifetime ECL	Total
Gross carrying amount as at January 1, 2022	₱46,995,482,359	₱1,950,090,219	₱2,169,242,768	₱51,114,815,346
Transfers:				
Transfer from Stage 1 to Stage 2	(567,370,355)	567,370,355	–	–
Transfer from Stage 1 to Stage 3	(272,507,538)	–	272,507,538	–
Transfer from Stage 2 to Stage 1	694,048,849	(694,048,849)	–	–
Transfer from Stage 2 to Stage 3	–	(248,188,292)	248,188,292	–
Transfer from Stage 3 to Stage 1	122,046,027	–	(122,046,027)	–
Transfer from Stage 3 to Stage 2	–	43,408,581	(43,408,581)	–
New financial assets purchased or originated	41,195,434,814	1,101,469,298	427,157,963	42,724,062,075
Movements in outstanding balance	(7,916,458,822)	(98,414,108)	266,682,645	(7,748,190,285)
Financial assets derecognized during the period	(11,255,159,564)	(480,704,219)	(1,063,809,909)	(12,799,673,692)
Foreclosures	–	(162,643,227)	(359,933,343)	(522,576,570)
Gross carrying amount as at December 31, 2022	₱68,995,515,770	₱1,978,339,758	₱1,794,581,346	₱72,768,436,874

Corporate and commercial lending	ECL Staging Stage 1 12-month ECL	 Stage 2 Lifetime ECL	 Stage 3 Lifetime ECL	Total
Gross carrying amount as at January 1, 2022	₱7,227,649,061	₱6,517,257,487	₱3,160,575,618	₱16,905,482,166
Transfers:				
Transfer from Stage 1 to Stage 2	(751,790,924)	751,790,924	–	–
Transfer from Stage 1 to Stage 3	(32,725,288)	–	32,725,288	–
Transfer from Stage 2 to Stage 1	133,656,878	(133,656,878)	–	–
Transfer from Stage 2 to Stage 3	–	(652,213,871)	652,213,871	–
Transfer from Stage 3 to Stage 1	14,198,773	–	(14,198,773)	–
Transfer from Stage 3 to Stage 2	–	13,970,236	(13,970,236)	–
New financial assets purchased or originated	4,078,665,065	2,520,017,923	132,225,190	6,730,908,178
Movements in outstanding balance	(395,280,963)	(372,247,870)	100,072,378	(667,456,455)
Financial assets derecognized during the period	(2,561,475,316)	(2,219,612,197)	(1,046,581,685)	(5,827,669,198)
Foreclosures	–	(290,653,243)	(137,047,526)	(427,700,769)
Gross carrying amount as at December 31, 2022	₱7,712,897,286	₱6,134,652,511	₱2,866,014,125	₱16,713,563,922

Others	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	ECL Staging			
Gross carrying amount as at January 1, 2022	₱7,899,374	₱42,508	₱3,260,224	₱11,202,106
Transfers:				
Transfer from Stage 1 to Stage 2	(87,883)	87,883	–	–
Transfer from Stage 1 to Stage 3	(215,953)	–	215,953	–
Transfer from Stage 2 to Stage 3	–	(29,453)	29,453	–
New financial assets purchased or originated	647,311	–	–	647,311
Movements in outstanding balance	(1,184,820)	(13,055)	(1,380)	(1,199,255)
Financial assets derecognized during the period	(391,261)	–	(361,475)	(752,736)
Gross carrying amount as at December 31, 2022	₱6,666,768	₱87,883	₱3,142,775	₱9,897,426

Unquoted debt securities	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	ECL Staging			
Gross carrying amount as at January 1, 2022	₱–	₱–	₱151,836,309	₱151,836,309
Financial assets derecognized during the period	–	–	–	–
Gross carrying amount as at December 31, 2022	₱–	₱–	₱151,836,309	₱151,836,309

Sales contract receivable	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	ECL Staging			
Gross carrying amount as at January 1, 2022	₱870,933,271	₱22,795	₱72,777,218	₱943,733,284
Transfers:				
Transfer from Stage 1 to Stage 3	(66,107,067)	–	66,107,067	–
Transfer from Stage 3 to Stage 1	18,262,577	–	(18,262,577)	–
New financial assets purchased or originated	530,046,737	–	13,143,819	543,190,556
Movements in outstanding balance	(100,291,165)	–	(4,818,387)	(105,109,552)
Financial assets derecognized during the period	(92,029,973)	(22,795)	(14,922,638)	(106,975,406)
Gross carrying amount as at December 31, 2022	₱1,160,814,380	₱–	₱114,024,502	₱1,274,838,882

Financial assets at FVOCI

Debt securities	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	ECL Staging			
Gross carrying amount as at January 1, 2022	₱1,874,074,072	₱–	₱–	₱1,874,074,072
New financial assets purchased or originated	149,720,981	–	–	149,720,981
Movements in outstanding balance	(90,337,389)	–	–	(90,337,389)
Financial assets derecognized during the period	–	–	–	–
Gross carrying amount as at December 31, 2022	₱1,933,457,664	₱–	₱–	₱1,933,457,664

Investment securities at amortized cost

Debt securities	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	ECL Staging			
Gross carrying amount as at January 1, 2022	₱5,190,044,597	₱–	₱315,375,110	₱5,505,419,707
New financial assets purchased or originated	2,674,609,330	–	–	2,674,609,330
Movements in outstanding balance	111,476,289	–	–	111,476,289
Financial assets derecognized during the period	(2,067,000,000)	–	(315,375,110)	(2,382,375,110)
Gross carrying amount as at December 31, 2022	₱5,909,130,216	₱–	₱–	₱5,909,130,216

Other financial assets

	ECL Staging			
	Stage 1	Stage 2	Stage 3	
Accounts receivable and accrued interest receivable	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Gross carrying amount as at January 1, 2022	₱1,327,599,503	₱555,876,917	₱681,642,146	₱2,565,118,566
Transfers:				
Transfer from Stage 1 to Stage 2	(21,418,809)	21,418,809	–	–
Transfer from Stage 1 to Stage 3	(4,300,831)	–	4,300,831	–
Transfer from Stage 2 to Stage 1	11,871,005	(11,871,005)	–	–
Transfer from Stage 2 to Stage 3	–	(15,264,699)	15,264,699	–
Transfer from Stage 3 to Stage 1	1,917,839	–	(1,917,839)	–
Transfer from Stage 3 to Stage 2	–	844,756	(844,756)	–
New financial assets purchased or originated	634,330,245	60,916,897	8,217,061	703,464,203
Movements in outstanding balance	(355,050,337)	(256,837,308)	239,911,150	(371,976,495)
Financial assets derecognized during the period	(199,691,605)	(47,001,894)	(33,541,489)	(280,234,988)
Foreclosures	–	(7,509,959)	(7,391,198)	(14,901,157)
Gross carrying amount as at December 31, 2022	₱1,395,257,010	₱300,572,514	₱905,640,605	₱2,601,470,129

15. **Deposit Liabilities**

BSP Circular No. 832 provides for an 8.00% reserve requirement for deposit liabilities of thrift banks. On June 23, 2023, the BSP issued Circular No. 1175 reducing the reserve requirement for deposit liabilities of thrift banks to 2.00%. As of December 31, 2023 and 2022, due from BSP amounting to ₱11.30 billion and ₱14.04 billion, respectively, was set aside as reserves for deposit liabilities to comply with the reserve requirement (Note 6).

Foreign currency-denominated deposit liabilities bear annual fixed interest rates ranging from 0.05% to 4.75% in 2023, from 0.05% to 4.25% in 2022 and from 0.05% to 1.38% in 2021, while peso-denominated deposit liabilities bear interest rates ranging from 0.01% to 7.25% in 2023, from 0.13% to 6.75% in 2022 and from 0.13% to 6.50% in 2021.

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

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

On September 21, 2022, BSP issued BSP Circular No. 1155 *Amendments to the Alternative Compliance with the Reserve Requirements of Banks and Non-Bank Financial Institutions with Quasi-Banking Functions (NBQBS).* The use of MSME loans as allowable alternative compliance with the reserve requirement shall be available to banks from April 24, 2020 to June 30, 2023 while the use of loans to a large enterprise as allowable alternative compliance with the reserve requirements shall be available to banks from May 29, 2020 to June 30, 2023.

16. Accruals and Other Liabilities

Accrued Interest and Other Expenses
This account consists of:

	2023	2022
Accrued interest payable	**₱590,751,472**	₱238,111,309
Accrued other expenses	**430,942,678**	404,595,788
	₱1,021,694,150	₱642,707,097

Accrued other expenses include accruals for employee benefits, utilities, janitorial and security services.

Other Liabilities
This account consists of:

	2023	2022
Financial		
Accounts payable (Note 23)	**₱1,393,565,188**	₱1,301,389,057
Lease liabilities (Note 21)	**765,254,637**	561,976,219
Due to the Treasurer of the Philippines	**43,630,247**	32,343,042
Other credits - dormant	**39,894,632**	46,871,546
Security deposit (Note 23)	**12,177,616**	11,577,699
Bills purchased	**51,866**	216,909
	2,254,574,186	1,954,374,472
Nonfinancial		
Taxes payable	**82,440,880**	48,023,646
Miscellaneous	**82,580,924**	76,425,729
	165,021,804	124,449,375
	₱2,419,595,990	₱2,078,823,847

Accounts payable consists mainly of mortgage and vehicle registration fees held for the account of loan borrowers which will be remitted to various government agencies, liability to automated teller machine interbank network service provider, registration fees, insurance premium, documentary stamps and notarial fee.

Bills purchased pertains to credit accommodation where check payments in the form of manager's check, demand draft and cashier's check are purchased by the Bank and will be paid after the credit period. Other payable consists of SSS, medicare and employee compensation premium.

Miscellaneous includes sundry credits, inter-office float items, dormant deposit accounts and deposit for keys on safety deposit boxes.

17. Maturity Analysis of Assets and Liabilities

The table below presents the Bank's assets and liabilities as of December 31, 2023 and 2022 analyzed according to when they are expected to be recovered or settled within one year and beyond one year from the respective reporting dates (in thousands):

	December 31, 2023			December 31, 2022		
	Within twelve months	**Over twelve months**	**Total**	Within twelve months	Over twelve months	Total
Financial assets						
Cash and cash equivalents	**₱ 20,001,169**	**₱–**	**₱ 20,001,169**	₱20,615,820	₱–	₱20,615,820
Financial assets at FVPL	**50,900**	**–**	**50,900**	–	–	–
Financial assets at FVOCI	**8,786,049**	**3,625,810**	**12,411,859**	448,600	1,509,102	1,957,702
Investment securities at amortized cost	**539,997**	**5,729,613**	**6,269,610**	559,879	5,349,251	5,909,130
Loans and receivables	**8,658,249**	**104,972,303**	**113,630,552**	10,070,525	80,848,048	90,918,573
Other assets						
Accounts receivable	**1,413,903**	**–**	**1,413,903**	1,216,633	–	1,216,633
AIR	**1,411,582**	**–**	**1,411,582**	1,384,837	–	1,384,837
RCOCI	**215,462**	**–**	**215,462**	51,996	–	51,996
Advance rental deposits	**89,143**	**–**	**89,143**	–	71,053	71,053
Other equity investments	**21,793**	**–**	**21,793**	21,792	–	21,792
	41,188,247	**114,327,726**	**155,515,973**	34,370,082	87,777,454	122,147,536
Nonfinancial assets						
NCAHS	**₱213,369**	**₱–**	**₱213,369**	₱166,772	₱–	₱166,772
Property and equipment	**–**	**4,787,643**	**4,787,643**	–	4,417,699	4,417,699
Investment properties	**–**	**2,852,342**	**2,852,342**	–	3,085,766	3,085,766
Branch licenses	**–**	**74,480**	**74,480**	–	74,480	74,480
Software costs	**–**	**236,397**	**236,397**	–	229,344	229,344
Deferred tax asset	**–**	**1,495,381**	**1,495,381**	–	1,341,911	1,341,911
Other assets						
NPAP	**–**	**1,198,123**	**1,198,123**	–	1,228,844	1,228,844
Documentary stamp tax	**121,088**	**–**	**121,088**	74,944	–	74,944
Retirement asset	**69,385**	**–**	**69,385**	–	113,296	113,296
Stationery and supplies	**–**	**36,867**	**36,867**	–	32,058	32,058
Prepaid expenses	**35,710**	**–**	**35,710**	28,123	–	28,123
CWT	**–**	**–**	**–**	45,575	–	45,575
Miscellaneous	**154,466**	**–**	**154,466**	140,187	–	140,187
	594,018	**10,681,233**	**11,275,251**	455,601	10,523,398	10,978,999
	41,782,265	**125,059,859**	**166,791,224**	34,825,683	98,300,852	133,126,535
Allowances for impairment and credit losses (Note 14)			**(5,878,726)**			(5,753,907)
Accumulated depreciation and amortization (Notes 10, 11 and 12)			**(3,474,605)**			(3,385,205)
			(9,353,331)			(9,139,112)
			₱157,437,893			₱123,987,423
Financial liabilities						
Deposit liabilities	**₱129,178,665**	**₱8,476,566**	**₱137,655,231**	₱98,446,034	₱9,750,856	₱108,196,890
Manager's checks	**689,699**	**–**	**689,699**	254,560	–	254,560
Accrued interest and other expenses	**1,021,694**	**–**	**1,021,694**	642,707	–	642,707
Other liabilities						
Accounts payable	**1,393,565**	**–**	**1,393,565**	1,301,389	–	1,301,389
Lease liabilities	**66,172**	**699,082**	**765,254**	146,241	415,735	561,976
(Forward)						
Due to the Treasurer of the Philippines	**43,630**	**–**	**43,630**	32,343	–	32,343
Other credits - dormant	**–**	**39,895**	**39,895**	–	46,872	46,872
Security deposits	**–**	**12,178**	**12,178**	–	11,577	11,577
Bills purchased	**52**	**–**	**52**	217	–	217
	132,393,477	**9,227,721**	**141,621,198**	100,823,491	10,225,040	111,048,531
Nonfinancial liabilities						
Taxes payable	**82,441**	**–**	**82,441**	48,024	–	48,024
Income tax payable	**2,591**	**–**	**2,591**	11	–	11
Other liabilities	**82,581**	**–**	**82,581**	76,426	–	76,426
	167,613	**–**	**167,613**	124,461	–	124,461
	₱132,561,090	**₱9,227,721**	**₱141,788,811**	₱100,947,952	₱10,225,040	₱111,172,992

18. Equity

As of December 31, 2023 and 2022, the Bank has 134 million authorized common shares and 6 million authorized preferred shares.

As of December 31, 2023 the Bank's capital stock consists of:

	Shares	Amount
Preferred stock – ₱100 par value		
Balance at beginning and end of year	21,642	₱2,164,200
Common stock – ₱100 par value		
Balance at beginning of year	105,414,149	10,541,414,900
Issuance of stock during the year	10,000,000	1,000,000,000
Balance at end of year	115,414,149	11,541,414,900
	115,435,791	₱11,543,579,100

As of December 31, 2022 and 2021, the Bank's capital stock consists of:

	Shares	Amount
Preferred stock – ₱100 par value		
Balance at beginning and end of year	21,642	₱2,164,200
Common stock – ₱100 par value		
Balance at beginning and end of year	105,414,149	10,541,414,900
	105,435,791	₱10,543,579,100

The Bank's Amended Articles of Incorporation disclosed the following features of its preferred stock:

a. Non-voting and non-participating;
b. Preference at liquidation, including declared dividends which have not been distributed;
c. Non-cumulative dividend rate as determined by the BOD, provided not to exceed twice the current ninety-day Treasury bill rate at date of approval by the BOD;
d. Convertible to common shares, at the option of the stockholder, if no dividends are declared for three consecutive years, at book value of common shares at the time of the conversion; and
e. Re-issuable.

The summarized information on the Bank's registration of securities under the Securities Regulation Code follows:

Date of SEC Approval	Type/Class	Authorized Shares	Par Value
December 7, 2017	Common	134,000,000	₱100
	Preferred	6,000,000	100
December 17, 2015	Common	74,000,000	100
	Preferred	6,000,000	100
March 1, 1973	Common	24,000,000	100
	Preferred	6,000,000	100

As of December 31, 2023 and 2022, the total number of stockholders is 1,550 and 1,545, respectively.

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

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

The stock grant awarded by the Parent Bank to the Bank's employees amounting to ₱18.29 million as of December 31, 2020 is recognized under 'Other equity - stock grants' in the Bank's statement of financial position.

On August 9, 2021, the Philippine Stock Exchange (PSE) approved the Parent Bank's application to list the 5 million shares with a par value of ₱10.00 per share, to cover the Centennial Stock Grant Plan. The Parent Bank issued the corresponding shares on September 1, 2021. The difference in the fair value of the stock grants upon issuance of shares is recognized in profit or loss.

On September 22, 2023, another tranche of stock grants were issued resulting in adjustment in equity amounting to ₱22,050.

Capital Infusions
Details of the Parent Bank's capital infusions to the Bank in support of the Bank's planned business growth and expansion follow:

Date	Amount
December 22, 2023	₱1,000,000,000
June 6, 2018	500,000,000
December 31, 2016	1,500,000,000
September 29, 2016	1,000,000,000
December 16, 2015	2,000,000,000

On July 20, 2023, the BOD approved the Bank's request for an additional capital of ₱2.00 billion from the Parent Bank. The infusion will allow the Bank to support its sustained loan expansion and enhance its ability to cover and serve more segments of the banking and unbanked population. On August 2, 2023, the BOD of the Parent Company took up and approved, confirmed, and ratified the capital infusion amounting to ₱2.00 billion. The additional capital is to be infused in tranches and is based on certain conditions.

Surplus and Surplus Reserves
Surplus
In compliance with BSP Circular 1011 under Section 11 I, in cases when the computed allowance for credit losses on Stage 1 accounts is less than the required one percent (1%) general provision, the deficiency shall be recognized by appropriating the surplus reserves. As of December 31, 2023 and 2022 the Bank appropriated ₱576.81 million and ₱493.51 million, respectively, from its free surplus to comply with the general loan loss provision required by BSP.

Capital Management
The primary objectives of the Bank's capital management are to ensure that it complies with externally imposed capital requirements and that it maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholders' value.

The Bank manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Bank may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes were made to the Bank's capital management objectives, policies and processes as of December 31, 2023 and 2022.

Capital Allocation
The allocation of capital between specific operations and activities is, to a large extent, driven by optimization of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risks associated with different activities. In such cases, the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes. The process of allocating capital to specific operations and activities is undertaken by the ExeCom.

Although maximization of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Bank to particular operations or activities, it is not the sole basis used for decision-making. Also, taken into account are synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Bank's longer term strategic objectives. The Bank's policies in respect of capital management and allocation are reviewed regularly by the BOD.

The issuance of BSP Circular No. 639 covering the ICAAP in 2009 supplements the BSP's risk-based capital adequacy framework under Circular No. 538. In compliance with this Circular, the Parent Bank has adopted and developed its ICAAP framework to ensure that appropriate level and quality of capital are maintained by the Group. Under this framework, the assessment of risks extends beyond the Pillar 1 set of credit, market and operational risks and onto other risks deemed material by the Parent Bank. The level and structure of capital are assessed and determined in light of the Parent Bank's business environment, plans, performance, risks and budget, as well as regulatory edicts.

The Parent Bank submitted its annually updated ICAAP document, in compliance with BSP requirements on March 31, 2023. The document disclosed that the Parent Bank has an appropriate level of internal capital relative to the Group's risk profile.

Regulatory Qualifying Capital
Under existing BSP regulations, the determination of the Bank's compliance with regulatory requirements and ratios is based on the amount of the Bank's unimpaired capital (regulatory capital) as reported to the BSP. This is determined on the basis of regulatory accounting policies which differ from PFRS in some respects.

In addition, the risk-based capital ratio of a bank, expressed as a percentage of qualifying capital to risk-weighted assets, should not be less than 10.00%. Qualifying capital and risk-weighted assets are computed based on BSP regulations. Risk-weighted assets consist of total assets less cash on hand, due from BSP, loans covered by deposit hold-out on or assignment of deposits, loans or acceptances under letters of credit to the extent covered by margin deposits and other non-risk items determined by the MB of the BSP.

Appendix 59 to Sec. 125 of the Manual of Regulations for Banks outlines the prescribed guidelines implementing the revised risk-based capital adequacy framework for the Philippine banking system to conform to Basel II capital adequacy framework. The new BSP guidelines took effect on January 1, 2014. Thereafter, banks were required to compute their capital adequacy ratio (CAR) using these guidelines.

Standardized credit risk weights were used in the credit assessment of asset exposures. Third party credit assessments were based on ratings by Standard & Poor's, Moody's, and Fitch Ratings, while PhilRatings were used on peso-denominated exposures to Sovereigns, MDBs, Banks, Local Government Units, Government Corporations and Corporates.

Appendix 59 also provides the implementing guidelines on the revised risk-based capital adequacy framework particularly on the minimum capital and disclosure requirements for universal banks and commercial banks, as well as their subsidiary banks and quasi-banks, in accordance with the Basel III standards. It sets out a minimum Common Equity Tier 1 (CET1) ratio of 6.00% and Tier 1 capital ratio of 7.50%. It also introduces a capital conservation buffer of 2.50% comprised of CET1 capital. The BSP's existing requirement for Total CAR remains unchanged at 10.00% and this ratio shall be maintained at all times.

Further, existing capital instruments as of December 31, 2010 which do not meet the eligibility criteria for capital instruments under the revised capital framework shall no longer be recognized as capital upon the effectivity of Basel III. Capital instruments issued under BSP Circular Nos. 709 and 716 (the Circulars amending the definition of qualifying capital particularly on Hybrid Tier 1 and Lower Tier 2 capitals), starting January 1, 2011 and before the effectivity of BSP Circular No. 781, shall be recognized as qualifying capital until December 31, 2015. In addition to changes in minimum capital requirements, this Circular also requires various regulatory adjustments in the calculation of qualifying capital.

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

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

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

The foregoing provision under BSP Memorandum No. M-2020-34 shall apply until December 31, 2021. However, it was extended until December 31, 2022 by the subsequent issuance of BSP Memorandum No. M-2022-004 *Extension of BSP Prudential Relief Measures* and further extended until June 30, 2023 by the subsequent issuance of BSP Memorandum No. M-2022-041 *Extension of BSP Prudential Relief Measure on the Relaxation in the Credit Risk Weight for Loans to MSMEs under the BSP's Risk-Based Capital Adequacy Frameworks*.

The Bank has taken into consideration the impact of the foregoing requirements to ensure that the appropriate level and quality of capital are maintained on an ongoing basis.

The CAR of the Bank as reported to the BSP December 31, 2023 and 2022 are shown in the tables below (amounts in thousands).

	2023	2022
CET 1 capital	**₱13,413,236**	₱10,687,274
Additional Tier 1 capital	**2,164**	2,164
Tier 1 capital	**13,415,400**	10,689,438
Tier 2 capital	**1,086,362**	851,463
Total qualifying capital	**14,501,762**	11,540,901
Risk weighted assets	**₱115,170,904**	₱91,012,766
CET 1 capital ratio	**11.65%**	11.74%
Tier 1 capital ratio	**11.65%**	11.74%
Capital adequacy ratio	**12.59%**	12.68%

The regulatory qualifying capital of the Bank consists of Tier 1 (core) capital, which comprises of paid-up common stock, DFFS, surplus including results of current year operations, surplus reserves and non-controlling interest less required deductions such as unsecured credit accommodations to directors, officers, stockholders and related interests (DOSRI), and deferred income tax. Certain adjustments are made to PFRS-based results and reserves, as prescribed by the BSP. The other component of regulatory capital is Tier 2 (supplementary) capital, which includes general loan loss provision and appraisal increment authorized by the MB.

On October 9, 2014, the BSP issued BSP Circular No. 854 which amends the provisions of the Manual of Regulations for Banks on the minimum capitalization of banks and on the prerequisites for the grant of authority to establish a branch. Based on this Circular, the Bank is required to maintain a minimum capitalization of ₱2.00 billion.

Leverage Ratio
On June 9, 2015, BSP issued circular No. 881, which approved the guidelines for the implementation of the Basel 3 Leverage Ratio (BLR) in the Philippines. The Basel III Leverage Ratio is designed to act as a supplementary measure to the risk-based capital requirements and shall not be less than 5.00%. The leverage ratio intends to restrict the build-up of leverage in the banking sector to avoid destabilizing deleveraging processes which can damage the broader financial system and the economy. Likewise, it reinforces the risk-based requirements with a simple, non-risk based "backstop" measure. The Basel III leverage ratio is defined as the capital measure (the numerator) divided by the exposure measure (the denominator). The monitoring of the leverage ratio shall be implemented as a Pillar 1 minimum requirement effective on July 1, 2018.

The BLR of the Bank as of December 31, 2023 and 2022 as reported to the BSP are shown in the table below (amounts in thousands).

	2023	2022
Tier 1 Capital	**₱13,415,400**	₱10,689,439
Exposure Measure	**156,692,322**	122,636,190
Leverage Ratio	**8.56%**	8.72%

Liquidity Coverage Ratio
On February 18, 2016, the BSP issued Circular No. 905 approving the liquidity standards, which include guidelines on liquidity coverage ratio (LCR), and LCR disclosure standards that are consistent with the Basel III framework. Banks are required to adopt Basel ’II's Liquidity Coverage Ratio (LCR) aimed at strengthening the short-term liquidity position of banks. This requires banks to have available High Quality Liquid Assets (HQLA) to meet anticipated net cash outflow for a 30-day period under stress conditions. The standard prescribes that, under a normal situation, the value of the liquidity ratio be no lower than 100% on a daily basis because the stock of unencumbered HQLA is intended to serve as a defense against potential onset of liquidity stress. As of December 31, 2023 and 2022, the LCR of the Bank as reported to the BSP, in single currency is 132.20% and 123.80%, respectively.

Net Stable Funding Ratio
On May 24, 2018, the BSP issued Circular No. 1007 which approved the implementing guidelines on the adoption of the Basel III Framework on Liquidity Standards - Net Stable Funding Ratio (NSFR). Banks are required to adopt Basel ’II's NSFR aimed to promote long-term resilience of banks against liquidity risk. Banks shall maintain a stable funding profile in relation to the composition of its assets and off-balance sheet activities. The NSFR complements the LCR, which promotes short-term resilience of a Bank’s liquidity profile. As of December 31, 2023 and 2022, the NSFR of the Bank as reported to the BSP is 123.00% and 124.00%, respectively.

19. Miscellaneous Income and Expenses

Miscellaneous income comprises the following:

	2023	2022	2021
Recovery on charged off assets	**₱145,026,793**	₱48,569,818	₱15,552,421
Bancassurance activities (Note 23)	**42,539,804**	48,543,831	58,222,444
Net foreign exchange gain	**2,487,346**	2,241,834	2,737,327
Dividends	**919,149**	−	2,269,715
Others (Note 23)	**22,489,090**	15,517,597	6,786,480
	₱213,462,182	₱114,873,080	₱85,568,387

Others include income from the issuance of letters of credits and various non-recurring income transactions.

Miscellaneous expenses consist of:

	2023	2022	2021
Supervision and administrative expenses	**₱60,997,447**	₱51,764,839	₱46,541,710
Repairs and maintenance fees	**44,235,428**	28,550,148	31,796,706
Fines, penalties, and other charges	**35,001,307**	87,021,886	36,040,700
Advertising expenses	**21,369,444**	27,866,395	1,271,301
Clearing and processing fees	**3,477,824**	3,432,902	3,430,604
Athletic or cultural expenses	**2,113,738**	2,537,899	1,035,136
Membership fees and dues	**688,105**	532,465	749,540
Others	**208,178,279**	189,629,142	135,997,716
	₱376,061,572	₱391,335,676	₱256,863,413

Supervision and administrative fees include BSP supervision and PDIC fees, and support operation service expenses.

Others pertain mainly to membership fees and dues, internal meeting expenses, printing and various non-recurring expenses.

20. Retirement Plan

The Bank has two separate funded noncontributory defined benefit retirement plans, which are being managed by the trust department of CBC (Note 23). These retirement plans cover all the Bank's officers and regular employees who are entitled to cash benefits after satisfying certain age and service requirements.

The Bank's annual contribution to the retirement plan consists of a payment covering the current service cost, unfunded actuarial accrued liability and interest on such unfunded actuarial liability.

The latest actuarial valuation study of the retirement plans was made as of December 31, 2023. The principal actuarial assumptions as of December 31, 2023 and 2022 used in determining the retirement obligation for the Bank's retirement plans are shown below:

	2023	2022
Discount rate	**5.96%**	6.52%
Salary increase rate	**6.00%**	6.00%

As of December 31, 2023 and 2022, retirement asset is comprised of the following:

	2023	2022
Fair value of plan assets	**₱618,989,924**	₱564,907,419
Present value of defined benefit obligation	**549,605,090**	451,611,180
Net defined benefit asset (Note 13)	**₱69,384,834**	₱113,296,239

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

	2023												
		Net benefit cost					**Remeasurements in other comprehensive income**						
	January 1, 2023	**Current service cost**	**Net interest**	**Gain/Loss due to settlement**	**Net pension expense***	**Benefits paid**	**Return on plan assets (excluding amount included in net interest)**	**Actuarial changes arising from experience adjustments**	**Actuarial changes arising from changes in financial assumptions**	**Actuarial changes arising from changes in demographic assumptions**	**Changes in remeasurement gains**	**Contribution by employer**	**December 31, 2023**
	(a)	**(b)**	**(c)**	**(d)**	**(e) = b + c + d**	**(f)**	**(g)**	**(h)**	**(i)**	**(j)**	**(k) = g + h + i + j**	**(l)**	**(m) = a + e + f + k + l**
Fair value of plan assets	**₱564,907,419**	**₱–**	**₱36,831,964**	**₱–**	**₱36,831,964**	**(₱31,985,147)**	**(₱23,921,043)**	**₱–**	**₱–**	**₱–**	**(₱23,921,043)**	**₱73,156,731**	**₱618,989,924**
Present value of defined benefit obligation	**451,611,180**	**68,847,617**	**29,445,049**	**–**	**98,292,666**	**(31,985,147)**	**–**	**18,498,931**	**12,929,584**	**257,876**	**31,686,391**	**–**	**549,605,090**
Net defined benefit asset	**₱113,296,239**	**(₱68,847,617)**	**₱7,386,915**	**₱–**	**(₱61,460,702)**	**₱–**	**(₱23,921,043)**	**(₱18,498,931)**	**(₱12,929,584)**	**(₱257,876)**	**(₱55,607,434)**	**₱73,156,731**	**₱69,384,834**

	2022												
		Net benefit cost					Remeasurements in other comprehensive income						
	January 1, 2022	Current service cost	Net interest	Gain/Loss due to settlement	Net pension expense*	Benefits paid	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from experience adjustments	Actuarial changes arising from changes in financial assumptions	Actuarial changes arising from changes in demographic assumptions	Changes in remeasurement gains	Contribution by employer	December 31, 2022
	(a)	(b)	(c)	(d)	(e) = b + c + d	(f)	(g)	(h)	(i)	(j)	(k) = g + h + i + j	(l)	(m) = a + e + f + k + l
Fair value of plan assets	₱596,144,664	₱–	₱24,680,390	₱–	₱24,680,390	(₱22,773,573)	(₱33,492,088)	₱–	₱–	₱–	(₱33,492,088)	₱348,026	₱564,907,419
Present value of defined benefit obligation	416,415,364	70,431,766	17,202,129	–	87,633,895	(23,678,565)	–	11,458,786	(54,808,000)	14,589,700	(28,759,514)	–	451,611,180
Net defined benefit asset	₱179,729,300	(₱70,431,766)	₱7,478,261	₱–	(₱62,953,505)	(₱904,992)	(₱33,492,088)	(₱11,458,786)	₱54,808,000	(₱14,589,700)	(₱4,732,574)	₱348,026	₱113,296,239

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

The maximum economic benefit available is a combination of expected refunds from the plan and reductions in future contributions.

The Bank expects to contribute ₱45.24 million to its defined retirement plan in 2024.

The carrying values of total plan assets which approximate their fair values as of the end of the reporting periods are as follows (in thousands):

	2023	2022
Cash and cash equivalents (Note 23)	**₱268**	₱37
Government and corporate debt instruments	**387,297**	345,280
Equity securities	**174,537**	133,217
Investment in Unit Investment Trust Fund (UITF)	**53,668**	84,621
Accrued interest receivable	**5,287**	3,383
Other accountabilities	**(2,067)**	(1,631)
	₱618,990	₱564,907

The sensitivity analysis below has been determined based on the impact of reasonably possible changes of each significant assumption on the defined benefit obligation as of December 31, 2023 and 2022, assuming all other assumptions were held constant (in thousands):

	2023	2022
Discount rate		
1.00%	**(₱22,213)**	(₱19,719)
(1.00%)	**27,113**	23,555
Salary increase rate		
1.00%	**26,015**	22,861
(1.00%)	**(21,863)**	(19,627)

Shown below is the maturity analysis of the undiscounted benefit payments (in thousands):

	2023	2022
Less than five years	**₱149,478**	₱127,952
More than five years to ten years	**645,020**	538,013
More than ten years to fifteen years	**661,767**	751,224
More than fifteen years to twenty years	**1,282,602**	935,257
More than twenty years	**11,310,935**	9,734,299

The average duration of the defined benefit obligation as at December 31, 2023 and 2022 is 6 years considering other contingencies to retirement at age 60 and weighted by the benefit due.

21. Lease Contracts

Bank as lessee

The Bank leases the premises occupied by its branches. The lease contracts are for periods ranging from one (1) to forty (40) years from the dates of contracts and are renewable under certain terms and conditions. Various lease contracts include escalation clauses, which generally bear an annual rent increase ranging from 5.00% to 15.00%.

The rollforward analysis of lease liabilities follows:

	2023	2022
Balance at beginning of year	**₱561,976,219**	₱633,650,390
Additions	**413,520,745**	122,355,434
Interest expense	**52,212,642**	39,109,419
Payments	**(262,454,969)**	(233,139,024)
Balance at end of year	**₱765,254,637**	₱561,976,219

Expenses related to short-term leases amounting to ₱152.22 million in 2023, ₱145.33 million in 2022 and ₱105.45 million in 2021, respectively, are included in the 'Occupancy costs'.

Shown below is the maturity analysis of the undiscounted lease payments:

	2023	2022
Within one year	**₱16,455,235**	₱176,241,668
After one year but not more than five years	**575,269,561**	414,173,357
After more than five years	**193,332,286**	56,503,067
	₱785,057,082	₱646,918,092

Bank as lessor
The Bank has also entered into commercial property leases on its investment properties, most of which are with related parties (Note 23). These non-cancelable leases have remaining lease terms of between one to ten years.

Future minimum rentals receivable under non-cancelable operating leases follows:

	2023	2022
Within one year	**₱8,222,601**	₱12,719,513
After one year but not more than five years	**28,212,389**	62,795,700
	₱36,434,990	₱75,515,213

22. Income and Other Taxes

Income taxes include corporate income tax and FCDU final taxes, as discussed below, and final tax paid at the rate of 20.00% on gross interest income from government securities and other deposit substitutes. These income taxes, as well as the deferred tax benefits and provisions, are presented as 'Provision for (benefit from) income tax' in the statements of income.

Republic Act (RA) No. 9337, *An Act Amending National Internal Revenue Code*, as amended by RA 10963 otherwise known as the Tax Reform For Accelaration and Inclusion (TRAIN) and RA 11534 otherwise known as the Corporate Recovery and Tax Incentives for Enterprises (CREATE), provides that regular corporate income tax (RCIT) shall be 25.00% while interest expense allowed as a deductible expense is reduced by 20.00% of interest income subject to final tax.

A minimum corporate income tax (MCIT) of 1.00% until June 30, 2023, under CREATE on modified gross income is computed and compared with the RCIT. Any excess MCIT over RCIT is deferred and can be used as a tax credit against future income tax liability for the next three years. In addition, the NOLCO is allowed as a deduction from taxable income in the next three years from the year of inception. In addition, under RA 11494, also known as the Bayanihan to Recover as One Act, the net operating loss of the business or enterprise for taxable years 2020 and 2021 shall be carried over as deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

Effective in May 2004, RA No. 9294 restored the tax exemption of FCDUs and offshore banking units (OBUs). Under such law, the income derived by the FCDU from foreign currency transactions with nonresidents, OBUs, local commercial banks including branches of foreign banks is tax−exempt while interest income on foreign currency loans from residents other than OBUs or other depository banks under the expanded system is subject to 10.00% gross income tax.

Interest income on deposit placements with other FCDUs and OBUs is taxed at 15.00% effective January 1, 2018, while all other income of the FCDU is subject to the 30.00% corporate tax.

TRAIN Law
RA No. 10963, the Tax Reform for Acceleration and Inclusion (TRAIN), is the first package of the comprehensive tax reform program of the government. The bill was signed into law on December 19, 2017 and took effect on January 1, 2018, amending some provisions of the old Philippine tax system.

Except for resident foreign corporations, which is still subject to the existing rate of 7.5%, tax on interest income of foreign currency deposit was increased to 15% under TRAIN. Documentary stamp tax on bank checks, drafts, certificate of deposit not bearing interest, all debt instruments, bills of exchange, letters of credit, mortgages, deeds and others are now subjected to a higher rate.

CREATE Law
RA 11534 otherwise known as Corporate Recovery and Tax Incentives for Enterprises (CREATE) was signed into law last March 26, 2021. The law became effective on April 11, 2021, fifteen (15) days after its publication in a newspaper of general circulation on March 27, 2021.

The key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Bank are the following:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations.
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023. From July 1, 2023, RMC No. 69-2023 reverts the rate of MCIT to 2.00% based on the gross income of domestic and resident foreign corporations, including Offshore Banking Units and Regional Operating Headquarters; and
- Interest income from foreign currency deposit received by resident foreign corporations are now subject to 15% final tax.

The Bank applied the provisions of the CREATE Act on its income tax payable, deferred tax assets and deferred tax liabilities as of December 31, 2023 and 2022.

Applying the provisions of the CREATE Act, the Bank is subjected to lower regular corporate income tax rate of 25% effective July 1, 2020. The following are the impact of CREATE in the 2021 financial statements of the Bank:

- Based on the provisions of Revenue Regulations (RR) No. 5-2021 dated April 8, 2021 issued by the BIR, the transitory RCIT and MCIT rates applicable to the Bank for the taxable year 2020 is 27.5% and 1.50%, respectively. This resulted in reduction in the current income tax due for the taxable year 2020 amounting to ₱17.28 million. The reduced amounts were reflected in the 2020 Annual Income Tax Returns filed in 2021. For financial reporting purposes, such reductions in the 2020 current income taxes were recognized in the 2021 financial statements as reduction to 2021 income tax expense.
- The deferred tax assets as of December 31, 2021 were also remeasured using the lower RCIT rate of 25.00%. The net decrease in the deferred tax balances amounted to ₱204.48 million.

There were no tax-related contingent liabilities and contingent assets arising from the changes in the tax rates due to CREATE Act.

RR 4-2011
On March 15, 2011, the Bureau of Internal Revenue (BIR) issued Revenue Regulations (RR) No. 4–2011 which prescribed the attribution and allocation of expenses between FCDUs/EFCDUs or OBU and RBU and within RBU.

On April 6, 2015, the Bank and other member banks of the Bankers Association of the Philippines (BAP), filed a Petition for Declaratory Relief with Application for Temporary Restraining Order (TRO) and/or Writ of Preliminary Injunction with the Regional Trial Court of Makati (Makati Trial Court). Further, in Civil Case No. 15-287, the Bank and other BAP member banks assailed the validity of RR 4-2011 on the ground, among others, that (a) the RR violates the petitioner-banks substantive due process rights; (b) it is not only illegal but also unfair; (c) that it serves as a deterrent to banks to invest in capital market transactions to the prejudice of the economy; (d) it sets a dangerous precedent for the disallowance of full deductions due to the prescribes method of allocation and (e) it violates the equal protection clause of the Constitution.

On April 8, 2015, the Makati Trial Court issued a TRO enjoining the BIR from enforcing RR 4-2011. Also, on April 25, 2015, the Makati Trial Court issued a Writ of Preliminary Injunction enjoining the BIR from enforcing, carrying out, or implementing in any way or manner RR 4-2011 against the Bank and other BAP member banks, including issuing Preliminary Assessment Notice or Final Assessment Notice against them during the pendency of the litigation, unless sooner dissolved.

On June 10, 2015, the Makati Trial Court issued a Confirmatory Order stating that the TRO and Writ of Preliminary Injunction also prohibits the BIR from ruling or deciding on any administrative matter pending before it in relation to the subject revenue regulations and insofar as the Bank and other BAP member banks are concerned.

On May 25, 2019, the Makati Trial Court issued a decision annulling RR 4-2011 and making the Writ of Preliminary Injunction permanent.

On May 10, 2022, the Supreme Court Decision promulgated on December 1, 2021 ruled that RR No. 4-2011 is invalid and void.

Current tax regulations also provide for the ceiling on the amount of entertainment, amusement and recreation (EAR) expense that can be claimed as a deduction against taxable income. Under the regulations, EAR expense allowed as a deductible expense is limited to the actual EAR paid or incurred but not to exceed 1.00% of the Bank's net revenue.

Provision for income tax consists of:

	2023	2022	2021
Current			
RCIT	**₱172,796,391**	₱210,882,263	₱248,561,274
Final tax	**275,839,900**	112,617,769	74,727,638
	448,636,291	323,500,032	323,288,912
Deferred	**(141,571,529)**	(177,507,906)	40,234,587
	₱307,064,762	₱145,992,126	₱363,523,499

Components of net deferred tax asset are as follows:

	2023	2022
Deferred tax asset on		
Allowance for impairment and credit losses of financial and other assets	**₱1,390,804,200**	₱1,090,918,534
Accumulated depreciation and allowance for impairment of investment properties	**188,262,861**	183,900,520
Unamortized service fee income	**39,631,408**	241,412,087
Lease liabilities net of right-of-use assets	**21,532,672**	–
	1,640,231,141	1,516,231,141
Deferred tax liability on		
Fair value adjustment on investment property	**(126,144,567)**	(144,274,758)
Retirement asset	**(17,346,209)**	(28,324,060)
Accrued lease receivable	**(1,359,705)**	(1,721,089)
	(144,850,481)	(174,319,907)
	₱1,495,380,660	₱1,341,911,234

Provision for deferred tax charged directly to OCI amounted to ₱11.90 million and ₱0.07 million in 2023 and 2022, respectively.

The Bank did not set up deferred tax assets on the following temporary differences as it believes that it is highly probable that these temporary differences will not be realized in the near foreseeable future:

	2023	2022
Unamortized service fee income	**₱1,003,852,414**	₱–
Allowance for impairment and credit losses	–	1,046,632,622
Lease liabilities net of right of use assets	–	72,191,844
Unamortized past service cost	–	774,620
	₱1,003,852,414	₱1,119,599,086

The reconciliation between the statutory income tax and effective income tax follows:

	2023	2022	2021
Statutory income tax	**₱533,722,542**	₱430,736,347	₱337,590,275
Tax effects of			
Movement in unrecognized deferred tax assets	**(38,367,357)**	(44,359,508)	(61,687,272)
Nontaxable and tax-paid income	**(281,142,753)**	(294,723,686)	(152,778,809)
Nondeductible expenses	**96,554,369**	59,057,536	59,538,041
CREATE adjustment	**–**	–	187,195,214
FCDU income	**(3,702,039)**	(4,718,563)	(6,333,950)
Effective income tax	**₱307,064,762**	₱145,992,126	₱363,523,499

23. **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 in 2023 and 2022 in relation to amounts due from related parties.

Transactions with Retirement Plans
The Trust Department of the Parent Bank manages the retirement plans of the Bank. The total fair value of the retirement fund as of December 31, 2023 and 2022 amounted to ₱618.99 million and ₱564.91 million, respectively. The details of the assets of the fund as of December 31, 2023 and 2022 are disclosed in Note 20.

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.

As of December 31, 2023, cash and cash equivalents of the retirement plan amounting to ₱0.27 million are held by the Bank and earn an annual interest rate of 0.13%. As of December 31, 2022, cash and cash equivalents of the retirement plan amounting to ₱0.04 million are held by the Bank and earn an annual interest rate of 0.13%.

Interest income on the retirement plan's cash and cash equivalents amounted to ₱0.20 million and ₱0.01 million in 2023 and 2022, respectively.

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 – Related Party Disclosure.

The compensation of key management personnel included under 'Compensation and benefits' in the statement of income are as follows (in thousands):

	2023	2022	2021
Short-term employee benefits	**₱40,162**	₱46,702	₱46,313
Post-employment benefits	**1,647**	1,537	1,524
	₱41,809	₱48,239	₱47,837

In 2023, 2022 and 2021, no remunerations were given to the directors of the Bank who are also occupying key management positions with the ultimate parent bank.

The Bank also provides banking services to key management personnel and persons connected to them. These transactions are presented in the tables below.

December 31, 2023			
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Key Management Personnel			
Loans and receivables		**₱2,660,933**	These are loans with an average interest rate of 5.00% and unimpaired.
Issuances	**₱–**		
Repayments	**(404,220)**		
Deposit liabilities		**92,381,530**	These are savings and time deposit accounts with average annual interest rates of 0.14% and 5.32%, respectively.
Deposits	**36,415,283**		
Withdrawals	**(37,985,407)**		
Other Related Party			
Deposit liabilities		**274,346,003**	These are savings and time deposit accounts with average annual interest rate of 0.14% and 5.32%, respectively.
Deposits	**22,751,964**		
Withdrawals	**(17,612,867)**		

December 31, 2022			
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Key Management Personnel			
Loans and receivables		₱3,065,153	These are loans with an average interest rate of 5.00% and unimpaired.
Issuances	₱–		
Repayments	(368,535)		
Deposit liabilities		93,951,654	These are savings and time deposit accounts with average annual interest rates of 0.19% and 4.32%, respectively.
Deposits	45,331,262		
Withdrawals	(19,298,615)		
Other Related Party			
Deposit liabilities		269,206,906	These are savings and time deposit accounts with average annual interest rate of 0.12% and 3.00%, respectively.
Deposits	855,233		
Withdrawals	(67,132,363)		

As of December 31, 2023 and 2022, all loans to related parties are secured and no provision for credit losses was recorded.

Interest income earned and interest expense incurred from the above loans and deposit liabilities, respectively, for the years ended December 31, 2023, 2022 and 2021 are as follows:

	2023	2022	2021
Interest income	**₱143,152**	₱162,471	₱88,865
Interest expense	**4,535,775**	4,810,311	1,819,800

Related party transactions of the Bank with the Parent Bank and affiliates are as follows:

	Parent Bank		
	2023	2022	**Nature, Terms and Conditions**
Statements of Financial Position			
Due from other banks	**₱983,522,118**	₱707,205,724	This pertains to cash in bank deposited with CBC that bears annual interest rates ranging from 0.10% to 0.25%.
Net movements	**276,316,394**	93,257,217	
Accounts receivable	**1,148,687**	2,083,957	This pertains to receivable from CBC for unpaid rental.
Security deposit	**7,941,563**	8,232,767	This pertains to the rental deposits for office space leased out to CBC.

	Parent Bank			
	2023	2022	2021	**Nature, Terms and Conditions**
Statements of Income				
Interest income	**₱949,017**	₱621,038	₱616,477	This pertains to interest income earned from cash in bank deposited with CBC and loans and receivable
Income from property rentals	**39,168,377**	37,267,241	41,481,216	Certain units of the condominium owned by the Bank are being leased to CBC for a term ranging from 5 to 10 years, with an annual escalation rate of 5%.
Occupancy costs	**–**	–	1,414,098	Certain properties owned by CBC are being leased by the Bank.

	Other Related Party		
	2023	2022	**Nature, Terms and Conditions**
Statements of Financial Position			
Accounts payable	**₱49,170,434**	₱53,349,147	These are non-interest-bearing insurance premiums held on behalf of loan borrowers to be subsequently remitted to CIBI.
Security deposit	**2,159,801**	2,159,801	These pertain to rental deposits for office space leased out to CIBI.

	Other Related Parties			
	2023	2022	2021	**Nature, Terms and Conditions**
Statements of Income				
Income from property rentals	**₱8,394,778**	₱7,995,026	₱8,208,960	Certain units of the condominium owned by the Bank are being leased to CIBI for a term of 5 years, with 10.00% annual escalation clause.
Miscellaneous income	**42,539,804**	48,543,831	58,222,444	Bancassurance fees earned based on successful referrals.
Data processing and information technology	**14,037,336**	17,847,329	10,228,605	This pertains to the computer and general banking services provided by CBC−PCCI to the Bank to support its reporting requirements.

Outright purchases and outright sale of debt securities of the Bank with CBC are as follows:

	2023	2022	2021
Outright purchase	**₱21,267,253,155**	₱2,839,425,949	₱1,517,202,796
Outright sale	**–**	–	671,808,009

As of December 31, 2023, government securities measured at FVOCI with par value of ₱260.00 million and carrying value of ₱259.04 million are pledged to CBC in compliance with DOSRI rules.

As of December 31, 2022, government securities measured at FVOCI with par value of ₱260.00 million and carrying value of ₱255.89 million are pledged to CBC in compliance with DOSRI rules.

As of December 31, 2023 and 2022, the number of common shares held by the Parent Bank is 115.00 million and 105.00 million, respectively. The Parent Bank does not hold preferred shares of the Bank in 2023 and 2022.

24. Commitments and Contingencies

In the normal course of the Bank's operations, there are various outstanding commitments and contingent liabilities which are not reflected in the accompanying financial statements. Management does not anticipate any material losses as a result of these transactions.

The Bank has several suits and claims that remain unsettled. It is not practicable to estimate the potential financial statement impact of these contingencies. However, in the opinion of management, the suits, and claims, if decided adversely, will not involve sums having a material effect on the financial statements.

The following is a summary of contingencies and commitments of the Bank with the equivalent peso contractual amounts:

	2023	2022
Credit lines	**₱1,606,914,018**	₱1,431,696,797
Standby domestic letters of credit	**82,681,021**	84,280,000
Late deposits/payments received	**18,430,808**	22,965,523
Outward bills for collection	**2,026,255**	2,040,344
Others	**438,133**	4,738,897
	₱1,710,490,235	₱1,545,721,561

25. Notes to Statements of Cash Flows

The following is a summary of non-cash activities:

	2023	2022	2021
Non-cash operating activities			
Recognition of investment properties from foreclosure of real estate mortgage on loans and receivables (Note 11)	**₱587,491,148**	₱515,686,504	₱669,641,104
Recognition of NCAHS arising from foreclosure of chattel mortgage on loans and receivables (Note 9)	**437,485,346**	378,017,211	578,460,178
Remeasurement losses (gains) on retirement plan (Note 20)	**(55,607,434)**	(4,732,574)	88,690,905
Non-cash investing activities			
Fair value gains (losses) on financial assets at FVOCI	**71,053,463**	(128,766,030)	(22,036,062)
Non-cash financing activities			
Additions of right-of-use assets and lease liabilities	**(413,520,745)**	(122,355,434)	(242,046,775)

26. Offsetting of Financial Assets and Liabilities

The Bank is required to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreements or similar arrangements. The effects of these arrangements are disclosed in the succeeding table (amounts in thousands).

	December 31, 2023				
Financial assets recognized at end of reporting period by type	**Gross carrying amounts (before offsetting)**	**Gross amounts offset in accordance with the offsetting criteria**	**Net amount presented in statements of financial position [a-b]**	**Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria**	**Net exposure [c-d]**
	[a]	**[b]**	**[c]**	**[d]**	**[e]**
Financial assets					
SPURA (Note 6)	**₱3,644,596**	**₱–**	**₱–**	**₱3,644,596**	**₱–**

	December 31, 2022				
Financial assets recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria	Net exposure [c-d]
	[a]	[b]	[c]	[d]	[e]
Financial assets					
SPURA (Note 6)	₱1,967,022	₱–	₱–	₱1,967,022	₱–

The amounts disclosed in column (d) include those rights to set-off amounts that are only enforceable and exercisable in the event of default, insolvency, or bankruptcy. This includes amounts related to financial collateral both received and pledged, whether cash or non-cash collateral, excluding the extent of over-collateralization.

27. Business Combination

In accordance with PIC Q&A 2012-01, the Bank elected to use the 'pooling of interests' method in accounting for its merger with PDB and Unity Bank in 2015 and 2014, respectively.

Merger with PDB
On June 26, 2014, the BOD approved the merger of the Bank with PDB. The terms of the Plan and Articles of Merger were approved by the Bank's stockholders in their meeting held on August 14, 2014, with the Bank as the surviving entity.

On June 25, 2015, the MB, in its Resolution Nos. 789 and 1559, approved the Plan and Articles of Merger of the Bank and PDB subject to certain conditions. On December 17, 2015, the Bank obtained approval from the SEC for the merger to be effective. The actual merger took place on December 31, 2015. As of the effective date of merger, all common and preferred shares of PDB have been converted into fully paid China Bank Savings common shares totaling to 16,501,093 shares. The Bank recognized 'Other equity reserves' amounting to ₱1.94 billion as a result of the merger with PDB.

Merger with Unity Bank
On June 6, 2013, the BOD approved the merger of the Bank with Unity Bank. The terms of the Plan of Merger were approved by the Bank's stockholders in their meeting held on July 18, 2013 with the Bank as the surviving entity. On November 22, 2013, the MB, in its Resolution No. 1949, approved the Plan of Merger and Articles of Merger of the Bank and Unity Bank subject to certain conditions. On January 20, 2014, the Bank obtained approval from the SEC for the merger to be effective. Under the approved plan of merger, all the issued and outstanding common stocks of Unity Bank ("Unity shares"), as well as shares that have been subscribed but have not been issued or covered by Stock Purchase Agreement, shall be convertible into fully paid and non-assessable common stock of CBS at the approximate ratio of 1.144 Unity Bank common shares for every CBS common share (the "Exchange Ratio"). The actual merger took place on January 31, 2014. The Bank issued 5,173,881 common shares and recognized 'Other equity reserves' amounting to ₱303.96 million as a result of the merger with Unity Bank.

28. Approval of the Release of Financial Statements

The accompanying financial statements were authorized for issue by the Bank's BOD on March 21, 2024.

29. Supplementary Information Required Under BSP Circular No. 1074

Presented below is the supplementary information required by BSP under Appendix 55 of BSP Circular No. 1074 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

Basic quantitative indicators of financial performance

The following basic ratios measure the financial performance of the Bank:

	2023	2022	2021
Return on average equity (ROE)	**12.84%**	13.06%	9.12%
Return on average asset (ROA)	**1.30%**	1.44%	1.02%
Net interest margin over average earning assets (NIM)*	**5.47%**	6.61%	6.33%

**Had the Bank excluded the interest expense on lease liabilities, NIM is 5.51%, 6.65% and 6.38% for the years ended December 31, 2023, 2022 and 2021, respectively.*

Description of capital instruments issued

As of December 31, 2023 and 2022, the Bank has two classes of capital stock, 6 million authorized preferred shares and 134 million authorized common shares.

As of December 31, 2023, the Bank's capital stock consists of:

	Shares	Amount
Preferred stock – ₱100 par value		
Balance at beginning and end of year	21,642	₱2,164,200
Common stock – ₱100 par value		
Balance at beginning of year	105,414,149	10,541,414,900
Issuance of stock during the year	10,000,000	1,000,000,000
Balance at end of year	115,414,149	11,541,414,900
	115,435,791	₱11,543,579,100

Significant credit exposures

The BSP considers that loan concentration exists when total loan exposure to a particular industry or economic sector exceeds 30.00% of total loan portfolio. Identified concentration of credit risks are managed and controlled.

	2023						
	Loans and receivables	**%**	**Other financial assets***	**%**	**Off-balance sheet exposures**	**%**	**Total**
Consumer	**₱70,166,344**	**61.75**	**₱886,920**	**2.28**	**₱–**	**–**	**₱ 71,053,264**
Government	**–**	**–**	**33,644,577**	**86.37**	**–**	**–**	**33,644,577**
Real estate, renting and business services	**31,051,589**	**27.33**	**392,500**	**1.01**	**–**	**–**	**31,444,089**
Wholesale and retail trade	**2,172,497**	**1.91**	**27,461**	**0.07**	**1,710,052**	**99.97**	**3,910,010**
Agriculture	**2,548,760**	**2.24**	**32,217**	**0.08**	**–**	**–**	**2,580,977**
Financial intermediaries	**202,856**	**0.18**	**2,204,272**	**5.66**	**–**	**–**	**2,407,128**
Manufacturing	**1,758,285**	**1.55**	**22,225**	**0.06**	**–**	**–**	**1,780,510**
Electricity, gas, steam and air-conditioning supply	**1,550,635**	**1.36**	**19,600**	**0.05**	**–**	**–**	**1,570,235**
Transportation, storage and communication	**1,293,598**	**1.14**	**16,351**	**0.04**	**–**	**–**	**1,309,949**
Construction	**746,080**	**0.66**	**9,431**	**0.02**	**–**	**–**	**755,511**
Hotels and restaurant	**567,718**	**0.50**	**7,176**	**0.02**	**–**	**–**	**574,894**
Health and social work	**549,828**	**0.48**	**6,950**	**0.02**	**–**	**–**	**556,778**
Education	**349,380**	**0.31**	**4,416**	**0.01**	**–**	**–**	**353,796**
Other community, social and personal services	**314,367**	**0.28**	**3,974**	**0.01**	**–**	**–**	**318,341**
Others	**358,615**	**0.31**	**1,675,889**	**4.30**	**438**	**0.03**	**2,034,942**
Total	**113,630,552**	**100.00**	**38,953,959**	**100.00**	**1,710,490**	**100.00**	**154,295,001**
Allowance for impairment and credit losses	**(3,315,450)**		**(862,335)**		**–**		**(4,177,785)**
Net	**₱110,315,102**		**₱38,091,624**		**₱1,710,490**		**₱150,117,216**

* *Other financial assets include the following: due from BSP, due from other banks, SPURA, financial assets at FVPL, financial assets at FVOCI, investments securities at amortized cost and other financial assets.*

	2022						
	Loans and receivables	%	Other financial assets*	%	Off-balance sheet exposures	%	Total
Consumer	₱50,405,827	55.44	₱674,509	2.34	₱–	–	₱51,080,336
Government	–	–	23,850,699	82.79	–	–	23,850,699
Real estate, renting and business services	27,300,322	30.03	365,321	1.27	–	–	27,665,643
Wholesale and retail trade	2,472,410	2.72	33,085	0.11	1,540,983	99.69	4,046,478
Agriculture	1,958,625	2.15	26,209	0.09	–	–	1,984,834
Financial intermediaries	685,466	0.75	2,242,626	7.78	–	–	2,928,092
Manufacturing	1,764,437	1.94	23,611	0.08	–	–	1,788,048
Electricity, gas, steam and air-conditioning supply	1,643,305	1.81	21,990	0.08	–	–	1,665,295
Transportation, storage and communication	1,414,343	1.56	18,926	0.07	–	–	1,433,269
Construction	1,052,964	1.16	14,090	0.05	–	–	1,067,054
Hotels and restaurant	568,947	0.63	7,613	0.03	–	–	576,560
Health and social work	610,115	0.67	8,164	0.03	–	–	618,279
Education	393,729	0.43	5,269	0.02	–	–	398,998
Other community, social and personal services	272,094	0.30	3,641	0.01	–	–	275,735
Others	375,989	0.41	1,512,919	5.25	4,739	0.31	1,893,647
Total	90,918,573	100.00	28,808,672	100.00	1,545,722	100.00	121,272,967
Allowance for impairment and credit losses	(3,207,743)		(794,701)		–		(4,002,444)
Net	₱87,710,830		₱28,013,971		₱1,545,722		₱117,270,523

* *Other financial assets include the following: due from BSP, due from other banks, SPURA, financial assets at FVOCI, investments securities at amortized cost and other financial assets.*

Status of loans

Information on the amounts of performing and non-performing loans (NPLs) and receivables (gross of allowance for impairment and credit losses) of the Bank are as follows:

	2023			2022		
	Performing	**Non-Performing**	**Total**	Performing	Non-Performing	Total
Loans and discounts						
Consumer lending	**₱95,362,065,245**	**₱2,047,050,325**	**₱97,409,115,570**	₱71,047,826,568	₱1,720,610,306	₱72,768,436,874
Corporate and commercial lending	**12,902,529,108**	**1,696,488,667**	**14,599,017,775**	14,347,647,483	2,365,916,439	16,713,563,922
Others	**7,277,079**	**3,111,889**	**10,388,968**	6,770,613	3,126,813	9,897,426
	₱108,271,871,432	**₱3,746,650,881**	**₱112,018,522,313**	₱85,402,244,664	₱4,089,653,558	₱89,491,898,222

Loans per security

Information on the amounts of secured and unsecured loans and receivables (gross of allowance for credit losses) follows:

	2023		2022	
	Amounts	**%**	Amounts	%
Loans secured by				
Real estate	**₱34,465,872,317**	**30.33**	₱30,638,669,795	33.70
Chattel mortgage	**16,935,964,022**	**14.90**	14,947,797,429	16.44
Deposit hold out and others	**329,301,727**	**0.29**	269,809,367	0.30
	51,731,138,066	**45.53**	45,856,276,591	50.44
Unsecured loans	**61,899,414,348**	**54.47**	45,062,296,822	49.56
	₱113,630,552,414	**100.00**	₱90,918,573,413	100.00

As of December 31, 2023 and 2022, secured and unsecured NPLs of the Bank follow:

	2023	2022
Secured	**₱1,806,514,733**	₱2,332,152,429
Unsecured	**1,940,136,148**	1,757,501,129
	₱3,746,650,881	₱4,089,653,558

Restructured loans as of December 31, 2023 and 2022 amounted to ₱593.41 million and ₱572.03 million, respectively. The Bank's loan portfolio includes non-risk loans as defined under BSP regulations totaling ₱9.99 billion and ₱10.96 billion as of December 31, 2023 and 2022, respectively.

According to BSP Circular 941 *Amendments to the Regulations on Past Due and Non-Performing Loans* effective January 1, 2018, loans shall be considered non−performing, even without any missed contractual payments, when it is considered impaired under existing accounting standards, classified as doubtful or loss, in litigation, and/or there is evidence that full repayment of principal and interest is unlikely without foreclosure of collateral, if any.

All other loans, even if not considered impaired, shall be considered non−performing if any principal and/or interest are unpaid for more than ninety (90) days from contractual due date, or accrued interests for more than ninety (90) days have been capitalized, refinanced, or delayed by agreement.

Secured liability and assets pledged as security
As of December 31, 2023 and 2022, the Bank has no liability that is secured by pledged assets.

Related party loans
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:

	2023		2022	
	DOSRI Loans	**Related Party Loans (inclusive of DOSRI Loans)**	DOSRI Loans	Related Party Loans (inclusive of DOSRI Loans)
Total outstanding DOSRI loans*	**₱991,373,501**	**₱1,007,524,559**	₱715,511,672	₱733,472,013
Percent of DOSRI/Related Party loans to total loan portfolio**	**0.86%**	**0.87%**	0.78%	0.80%
Percent of unsecured DOSRI/Related Party loans to total loan portfolio	**0.17%**	**0.17%**	0.21%	0.20%
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 deposits with 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.

Commitments and contingencies
The following is a summary of contingencies and commitments of the Bank with the equivalent peso contractual amounts:

	2023	2022
Credit lines	**₱1,606,914,018**	₱1,431,696,797
Standby domestic letters of credit	**82,681,021**	84,280,000
Late deposits/payments received	**18,430,808**	22,965,523
Outward bills for collection	**2,026,255**	2,040,344
Others	**438,133**	4,738,897
	₱1,710,490,235	₱1,545,721,561

30. Supplementary Information Required Under Revenue Regulations 15-2010

In compliance with the requirements set forth by Revenue Regulations 15-2010, hereunder are the details of percentage and other taxes paid or accrued by the Bank in 2023.

<u>Taxes and Licenses</u>

Gross receipts tax	₱573,830,000
Local taxes	36,355,418
Others	25,840,499
	₱636,025,917

Withholding Taxes

Details of total remittances of withholding taxes in 2023 and amounts outstanding as of December 31, 2023 are as follows:

	Total Remittances	Amounts Outstanding
Final withholding taxes	₱695,469,728	₱70,669,705
Withholding taxes on compensation and benefits	121,054,026	5,883,233
Expanded withholding taxes	74,983,352	5,148,415
	₱891,507,106	₱81,701,353

Tax assessments

The Bank has no pending tax case as of December 31, 2023.

SGV
Building a better working world

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INDEPENDENT AUDITOR'S REPORT

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CBS Building, 314 Sen. Gil Puyat Avenue
Makati City

We have audited the accompanying financial statements of China Bank Savings, Inc. (the Bank), a subsidiary of China Banking Corporation, as at and for the year ended December 31, 2023, on which we have rendered the attached report dated March 21, 2024.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Bank has a total of four hundred seventeen (417) stockholders owning one hundred (100) or more shares each.

SYCIP GORRES VELAYO & CO.

Redgienald G. Radam

Redgienald G. Radam
Partner
CPA Certificate No. 118866
Tax Identification No. 249-000-259
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-141-2021, April 27, 2021, valid until April 26, 2024
PTR No. 10079995, January 6, 2024, Makati City

March 21, 2024

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
China Bank Savings, Inc.
CBS Building, 314 Sen. Gil Puyat Avenue
Makati City

We have audited in accordance with Philippine Standards on Auditing the financial statements of China Bank Savings, Inc. (the Bank), a subsidiary of China Banking Corporation as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated March 21, 2024. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Financial Statements and Supplementary Schedules are the responsibility of the Bank's management. These schedules are presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly stated, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

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SGV
Building a better working world

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INDEPENDENT AUDITOR'S REPORT
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
China Bank Savings, Inc.
CBS Building, 314 Sen. Gil Puyat Avenue
Makati City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of China Bank Savings, Inc. (the Bank), a subsidiary of China Banking Corporation, as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated March 21, 2024. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Bank's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Bank's financial statements as at and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

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March 21, 2024

CHINA BANK SAVINGS, INC.
INDEX TO THE FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2023

Schedules Required under Securities Regulation Code Rule 68

CHINA BANK SAVINGS, INC.
Schedule A – Financial Assets
December 31, 2023

Name of issuing entity and association of each issue (i)	Number of shares or principal amount of bonds or notes	Amount shown in the Balance Sheet (ii)	Valued based on market quotation at end of reporting period (iii)	Income received and accrued
Financial assets at fair value through profit or loss				
Government bonds	₱50,000,000	₱50,900,076	₱50,900,076	₱1,728,635
Financial assets at fair value through other comprehensive income				
Government bonds	₱12,337,619,790	₱12,379,155,364	₱12,379,155,364	
Quoted equity securities	28 shares	24,515,275	24,515,275	
Unquoted equity securities	32,102,725 shares	8,188,816	8,188,816	
		₱12,411,859,455	₱12,411,859,455	₱190,042,318
Investment securities at amortized cost				
Government bonds	₱5,624,933,960	₱5,765,823,673	₱5,594,720,977	
Private debt securities	493,800,000	492,957,035	482,398,604	
	₱6,118,733,960	₱6,258,780,708	₱6,077,119,581	₱281,589,118

CHINA BANK SAVINGS, INC.
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2023

Name of Debtor	Balance at beginning of period	Additions	Amounts Collected	Amounts Written-off	Current	Non- Current	Balance at end of period

None to report.

Receivables from Directors, Officers, Employees, Related Parties and Principal Stockholders are subject to usual terms in the normal course of business.

CHINA BANK SAVINGS, INC.
Schedule C – Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements
December 31, 2023

Name of Debtor	Balance at beginning of period	Additions	Amounts Collected (i)	Amounts Written-off (ii)	Current	Non-Current	Balance at end of period

None to Report.

(i) If collected was other than in cash, explain.
(ii) Give reasons to write-off.

CHINA BANK SAVINGS, INC.
Schedule D – Intangible Assets – Other Assets
December 31, 2023

Description [i]	Beginning Balance	Additions at Cost [ii]	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions) [iii]	Ending Balance
Branch Licenses	₱74,480,000	₱–	₱–	₱–	₱–	₱74,480,000
Software	58,480,170	7,053,232	16,092,997	–	–	49,440,405

(i) The information required shall be grouped into (a) intangibles shown under the caption intangible assets and (b) deferrals shown under the caption Other Assets in the related balance sheet. Show by major classifications.
(ii) For each change representing other than an acquisition, clearly state the nature of the change and the other accounts affected. Describe cost of additions representing other than cash expenditures.
(iii) If provision for amortization of intangible assets is credited in the books directly to the intangible asset account, the amounts shall be stated with explanations, including the accounts charged. Clearly state the nature of deductions if these represent anything other than regular amortization.

CHINA BANK SAVINGS, INC.
Schedule E - Long-Term Debt
December 31, 2023

Title of issue and type of obligation [(i)]	Amount authorized by indenture	Amount shown under caption “Current portion of long-term debt’ in related balance sheet [(ii)]	Amount shown under caption “Long-Term Debt” in related balance sheet [(iii)]	Interest Rate %	Maturity Date

None to Report.

(i) Include in this column each type of obligation authorized.
(ii) This column is to be totaled to correspond to the related balance sheet caption.
(iii) Include in this column details as to interest rates, amounts or numbers of periodic instalments, and maturity dates.

CHINA BANK SAVINGS, INC.
Schedule F - Indebtedness to Related Parties
(Long Term Loans from Related Companies)
December 31, 2023

Name of Related Parties [(i)]	Balance at beginning of period	Balance at end of period [(ii)]

None to Report.

(i) The related parties named shall be grouped as in Schedule C. The information called for shall be stated for any persons whose investments shown separately in such related schedule.
(ii) For each affiliate named in the first column, explain in a note hereto the nature and purpose of any material increase during the period that is in excess of 10 percent of the related balance at either the beginning or end of the period.

CHINA BANK SAVINGS, INC.
Schedule G - Guarantees of Securities of Other Issuers
December 31, 2023

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount of guaranteed and outstanding [i]	Amount owned by person of which statement is filed	Nature of guarantee [ii]

None to Report.

(i) Indicate in a note any significant changes since the date of the last balance sheet file. If this schedule is filed in support of consolidated financial statements, there shall be set forth guarantees by any person included in the consolidation except such guarantees of securities which are included in the consolidated balance sheet.
(ii) There must be a brief statement of the nature of the guarantee, such as “Guarantee of principal and interest”, “Guarantee of Interest”, or “Guarantee of Dividends”. If the guarantee is of interest, dividends, or both, state the annual aggregate amount of interest or dividends so guaranteed.

CHINA BANK SAVINGS, INC.
Schedule H - Capital Stock
December 31, 2023

Title of Issue [i]	Number of shares authorized	Number of shares issued and outstanding as shown under the related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties [ii]	Directors, officers and employees	Others [iii]
Common stock - ₱100 par value	134,000,000 shares	115,414,149	–	114,995,882	16	418,267
Preferred stock - ₱100 par value	6,000,000 shares	21,642	–	–	–	21,642

(i) Include in this column each type of issue authorized
(ii) Related parties referred to include persons for which separate financial statements are filed and those included in the consolidated financial statements, other than the issuer of the particular security.
Indicate in a note any significant changes since the date of the last balance sheet filed

CHINA BANK SAVINGS, INC.
Financial Indicators
December 31, 2023

	2023	2022
Profitability ratios		
Net income	**₱1,827,825,406**	₱1,576,953,263
Total average assets*	**140,712,658,302**	109,869,951,615
Return on average asset	**1.30%**	1.44%

** Average of beginning and ending total assets*

Net income	**₱1,827,825,406**	₱1,576,953,263
Total average equity*	**14,231,756,838**	12,071,789,846
Return on average equity	**12.84%**	13.06%

** Average of beginning and ending total equity*

Net interest income	**₱7,109,071,751**	₱6,581,408,070
Interest earning-assets**	**129,966,912,936**	99,616,567,209
Net interest margin*	**5.47%**	6.61%

** Had the Bank excluded the interest expense on lease liabilities, NIM is 5.51% and 6.65% for the years ended December 31, 2023 and 2022, respectively.*

*** Includes due from BSP, due from other banks, SPURA, financial assets at FVPL, debt securities under financial assets at FVOCI and investments at amortized costs and loans receivable*

Operating expense less provision for impairment and credit losses	**₱5,060,614,987**	₱4,320,329,546
Operating income	**8,211,003,726**	7,550,860,423
Cost to income ratio	**61.63%**	57.22%

Liquidity ratios		
Total liquid assets*	**₱32,463,928,778**	₱22,573,522,183
Total assets	**157,437,893,260**	123,987,423,343
Liquid assets to total assets	**20.62%**	18.21%

** Includes cash and cash equivalents, financial assets at FVPL and financial assets at FVOCI*

Total loans and receivables	**₱110,315,101,840**	₱87,710,830,245
Total deposit liabilities	**137,655,230,954**	108,196,889,850
Loans (net) to deposit ratio	**80.14%**	81.07%

Asset quality ratios		
Total non-performing loans (NPL)	**₱3,746,650,881**	₱4,089,653,557
Total loans and receivables, gross of allowance	**113,630,552,414**	90,918,573,413
Gross non-performing loans ratio	**3.30%**	4.50%

Total allowance for credit losses on loans and receivables	**₱3,315,450,574**	₱3,207,743,168
Total non-performing loans (NPL)	**3,746,650,881**	4,089,653,557
Non-performing loans (NPL) cover	**88.49%**	78.44%

CHINA BANK SAVINGS, INC.
Financial Indicators
December 31, 2023

	2023	2022
Solvency ratios		
Total liability	**₱141,788,811,236**	₱111,172,991,691
Total equity	**15,649,082,024**	12,814,431,652
Debt to equity ratio	**906.05%**	867.56%
Total assets	**₱157,437,893,260**	₱123,987,423,343
Total equity	**15,649,082,024**	12,814,431,652
Asset to equity ratio	**1,006.05%**	967.56%
Net income before tax and interest expense	**₱6,778,055,843**	₱3,246,481,642
Interest expense	**4,643,165,675**	1,523,536,253
Interest rate coverage ratio	**145.98%**	213.09%
Capitalization ratios		
CET 1 / Tier 1	**11.65%**	11.74%
Total capital adequacy ratio	**12.59%**	12.68%