Schedule "B"

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, 2024
(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, 2024**
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 [ ]

TABLE OF CONTENTS

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, China Bank acquired the Manila Banking Corporation and subsequently renamed it to China Bank Savings, Inc. 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 170 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, 2024, and 2023, CBC, the Parent Bank, has an ownership interest in the Bank of 99.64%.

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

	2024	2023
PROFITABILITY		
Total net interest income	**₱8,133,932,504**	₱7,109,071,751
Total non-interest income	**1,065,342,330**	1,101,931,975
Total non-interest expenses	**5,994,917,704**	5,060,614,987
Pre-provision profit	**3,204,357,130**	3,150,388,739
Provision for credit losses	**773,248,903**	1,015,498,571
Net income	**2,170,517,292**	1,827,825,406
SELECTED BALANCE SHEET DATA		
Liquid assets	**39,258,716,033**	32,463,928,778
Gross loans	**137,063,034,570**	113,630,552,414
Total assets	**189,123,182,174**	157,437,893,260
Deposits	**166,792,872,536**	137,655,230,954
Total equity	**17,837,460,671**	15,649,098,359
SELECTED RATIOS		
Return on equity	**12.96%**	12.84%
Return on assets	**1.25%**	1.30%
Capital adequacy ratio	**12.03%**	12.59%
OTHERS		
Headcount		
Officers	**1,463**	1,296
Staff	**1,632**	1,389

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
  - **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.
  - **Basic Deposit Account** is a non-interest earning savings account that is opened online using the CBS Go App.
  - **Easi-Save Basic** is an ideal starter, interest-earning ATM savings account with no opening balance minimum requirement. The opening fee is only one hundred pesos (PHP100).
  - **Easi-Save ATM** is an interest-earning account with the convenience of a PIN-based automated teller machine (ATM) card with a PHP500 minimum balance requirement.
  - **Easi-Save for Kids** is an interest-earning passbook savings account designed for children aged 7 to12 years old.

US Dollar Savings Account is an interest-earning US Dollar-denominated passbook savings account.

- Checking

  - **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.
  - **Easi-Checking Basic** is an entry-level non-interest checking account with low initial deposit requirement of PHP3,000.
  - **Easi-Checking** is an interest-bearing checking account that comes with an ATM card.

- Time Deposit

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

- **Small Business Financing**

  - **SmallBiz Revolving Credit Line** a convenient one-year credit line intended for working capital requirements from PHP500,000 to PHP10 million of business with assets not more than PHP100 million. The credit facility comes with its own checking account, allowing the client issue checks anytime, anywhere, up to the approved line amount.
  - **SmallBiz Credit Line via PN** a one-year credit facility for business needs from PHP500,000 to PHP10 million available to enterprises with assets not more than PHP100 million, allowing access to funds anytime by signing a Promissory Note up to the approved limit.
  - **SmallBiz Term Loan** a loan intended for permanent working capital, property acquisition, machinery and equipment acquisition available to businesses with assets not more than PHP100 million. The maximum term is for 10 years, and up to 15 years for construction projects. Loan amount starts at PHP500,000 up to PHP10 million.

- **SME Financing**

  - **SME Revolving Promissory Note Line** a one-year credit facility for Small and Medium Enterprises with assets beyond PHP100 million which allows the borrower to draw funds anytime by signing a Promissory Note up to the approved limit.
  - **SME Term Loan** a loan intended for inventory purchases, permanent working capital, property acquisition, machinery and equipment acquisition available to Small and Medium Enterprises with assets beyond PHP100 million. The tenor can be from 12 months up to 10 years, depending on business requirement.

- **Auto Fleet Financing Loan**

    - A special financing facility to enable companies to acquire multiple vehicles essential to business operations, such as logistics and public transportation, as well as for corporations providing car plans for their employees. The tenor can be from 12 months up to 5 years, depending on business requirement.

- **Development Financing**

    - **Development Revolving Promissory Note Line** a flexible financing facility for real estate companies to fund their requirements above PHP 10 million, for operating expenses, house construction and overall development. This facility, with a tenor up to 8 years, allows the borrower to draw funds in alignment with project phases by signing a Promissory Note up to the approved limit.
    - **Developer Term Loan** a loan intended for substantial funding of large-scale real estate development, with a maximum term of 8 years. This facility allows real estate developers to finance their project requirements of more than PHP 10 million, for the purposes of land acquisition, housing construction and overall development.

- **Consumer Loan**

    - **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.

    - **Home Loan** makes moving 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.
    - **Personal Loan** is a non-collateral cash loan that allows a borrower quick access to funds as much as PHP1 million.
      Easi-Funds Salary Loan is a multi-purpose loan facility with affordable repayment schemes and flexible terms offered to salaried employees of CBS-accredited companies.

- **Easi-APDS**

    - **Easi-APDS Loan** is a multi-purpose, non-collateral Automatic Payroll Deduction (APD) Salary Loan 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.
    - **APD Savings Account** is an interest-bearing ATM savings account designed for Department of Education (DepEd) faculty and non-faculty personnel.

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.

- **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.

- **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, 2024		December 31, 2023	
	%	**Amount**	%	Amount
INTEREST INCOME				
Loans and receivables		**₱12,532,350,164**		₱10,302,663,084
Investment securities		**1,289,302,593**		472,994,630
Due from BSP and other banks		**484,857,926**		807,401,467
Interbank loans receivable and SPURA		**166,663,846**		169,178,245
		14,473,174,529		11,752,237,426
INTEREST EXPENSE				
Deposit liabilities		**6,277,871,818**		4,590,953,033
Others		**61,370,207**		52,212,642
		6,339,242,025		4,643,165,675
NET INTEREST INCOME	**88.42%**	**8,133,932,504**	86.58%	7,109,071,751
Service charges, fees and commissions	**4.71%**	**433,707,136**	5.58%	458,307,082
Gain on asset exchange	**3.18%**	**292,609,625**	4.63%	379,935,234
Income from property rentals	**0.62%**	**56,705,284**	0.61%	49,862,036
Trading and securities gains	**0.22%**	**20,356,048**	0.00%	365,441
Miscellaneous	**2.85%**	**261,964,237**	2.60%	213,462,182
TOTAL OPERATING INCOME	**100.00%**	**₱9,199,274,834**	100.00%	₱8,211,003,726

Distribution Methods of Products and Services

CBS products and services are made available across multiple distribution and delivery channels: 170 branch network; 221 ATM network (207 in-branch and 14 off-site ATMs nationwide); 10 in-branch cash accept machine; 3 business centers and 20 sales offices mainly supporting the Bank's SME and consumer lending business and 34 APD lending centers and 73 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 Avenue, Brgy. Bambang, Taguig City
2	ALABANG HILLS	L116 B2-C Alabang Commercial Citi Arcade Don Jesus Boulevard, Cupang, Muntinlupa City
3	AMANG RODRIGUEZ - SAVEMORE	NF2 G/F Amang Rodriguez Avenue corner Evangelista St., Santolan, Pasig City
4	AMORANTO AVENUE	Unit 101 R Place Building, 255 N.S. Amoranto Sr. Ave., Quezon City
5	ANGELES - RIZAL	639 Rizal Street, Lourdes Sur, Angeles City
6	ANGONO	Manila East Road cor Don Benito St., San Roque, Angono, Rizal
7	ANONAS - SAVEMORE	Maamo St., Road Lot 30, V. Luna and Anonas Extension, Sikatuna, Quezon City
8	ANTIPOLO	E.M.S. Bldg., Ground Floor L1 M.L. Quezon, Corner F. Dimanlig St. Antipolo City
9	ARAYAT	Mangga-Cacutud, Arayat, Pampanga
10	AYALA AVENUE	6772 VGP Center Ayala Avenue, Makati City
11	BACLARAN	3751 Quirino Avenue Corner Sta. Rita St., Baclaran, Parañaque City
12	BACOLOD	Fordland Bldg. | Annex, 12th Lacson Street, Bacolod City
13	BACOOR - MOLINO	Avon Building, 817 Molino Road, Molino III, Bacoor, Cavite
14	BACOOR - TALABA	U103 Bacoor Town Center, Emilio Aguinaldo Highway, Talaba VII, Bacoor, Cavite
15	BAGUIO - SESSION	B 108 Lopez Bldg., Session Road Corner Assumption Road, Baguio City
16	BALAGTAS	Ultra Mega Supermarket, Mcarthur Highway, Burol 1st, Balagtas, Bulacan
17	BALANGA - DM BANZON	D.M. Banzon Ave. Cor Sto. Domingo Street, Balanga Bataan
18	BALIBAGO	JEV Bldg., Mac Arthur Highway, Balibago, Angeles City
19	BALIUAG	No. 58 Plaza Naning St., Baliuag, Bulacan
20	BANAWE	No. 247-249 Banawe Street, Sta. Mesa Heights, Barangay Lourdes, Quezon City
21	BANGKAL	Ground Floor Amara Bldg., 1661 Evangelista St. Bangkal, Makati City
22	BATANGAS - P. BURGOS	3 P. Burgos Street Batangas City
23	BIÑAN	National Road, San Vicente Binan Laguna
24	BINONDO - JUAN LUNA	694-696 Juan Luna St., Binondo, Manila
25	BLUMENTRITT	1667 Blumentritt St., Brgy. 363, Sta. Cruz Manila
26	BONI AVENUE	Raymond Tower Boni, 615 Boni Avenue, Plainview, Mandaluyong City
27	BUENDIA MAIN	314 Buendia Avenue, Makati City
28	BUTUAN CITY	JMC Building, J.C. Aquino Avenue, Brgy. Lapu, Butuan City, Agusan Del Norte
29	CABANATUAN - BAYAN	Burgos Avenue Cabanatuan City, Nueva Ecija
30	CABUYAO	C-257 Centrale Commercial Building, National Highway, Brgy. Sala, Cabuyao City, Laguna

NO	BRANCH	LOCATION/ADDRESS
31	CAGAYAN DE ORO	Sergio Osmeña St., Cogon District, Cagayan de Oro City
32	CAINTA	Lower Ground Floor 04 & 05, CK Square Mall, Ortigas Ave. Ext., Cainta, Rizal
33	CALAMBA	HK Bldg II, National Highway, Brgy. Halang, Calamba, Laguna
34	CARMONA	Loyola St., Brgy. Mabuhay, Carmona, Cavite
35	CAUAYAN	AV Bldg, Gov. FNDY St., Brgy. San Fermin, Cauayan City, Isabela
36	CAVITE CITY	485 LT Building P. Burgos St., Barangay 34, Caridad, Cavite City
37	CEBU – LAHUG	Ground Floor Skyrise IT Bldg., Bgy. Apas, Lahug, Cebu City
38	CEBU – MANDAUE	A. Del Rosario Ave., Mantuyong, Mandaue City, Cebu
39	CEBU – MANGO AVENUE	JSP Mango Realty Building Corner General Maxilom Avenue and Echavez Sts. Cebu City
40	CEBU MANDAUE - BASAK	Co Tiao King Building, Cebu North Road, Tabok, Mandaue City, Cebu
41	COMMONWEALTH AVENUE	Unit 101, JOCFER Building, Commonwealth Avenue, Brgy. Holy Spirit, Quezon City
42	CONGRESSIONAL AVENUE	G/F 2A Congressional Ave., Brgy. Bahay Toro, Project 8, Quezon City 1106
43	CUBAO	Fernandina 88 Condominium 222 P. Tuazon Ave, Araneta Center, Cubao, Quezon City
44	DAGUPAN	Ground Floor Lyceum-Northwestern University, Tapuac District, Dagupan City
45	DARAGA	Rizal St., Brgy. San Roque, Daraga, Albay, Bicol
46	DASMARIÑAS	Veluz Plaza Building, Zone 1 Aguinaldo Hi-Way, Dasmarinas Cavite
47	DAU	MacArthur Highway, Dau, Mabalacat, Pampanga
48	DAVAO	Ground Floor 8990 Corporate Center, Quirino Ave., Davao City
49	DAVAO – RECTO	C. M Ville Abrille Bldg., C. M. Recto St. Davao City
50	DAVAO – TORII	Upper G/FUnit 1, G Mall of Toril, corner Lim St., Mc Arthur Highway, Toril, Davao-City 8000
51	DEL MONTE	392 Del Monte Avenue, Barangay Sienna, Quezon City
52	DOLORES	STCI Bldg. Mac Arthur Hiway Bgy San Agustin, City of San Fernando Pampanga
53	DUMAGUETE	Chateau Francisca Building, 200 North Road National Highway, Bantayan, Dumaguete City
54	E. RODRIGUEZ SR. AVENUE	E. Rodriguez Avenue Street corner Dona Hemady St., Quezon City
55	ESPAÑA - SUN MALL	Ground Floor Sun Mall, Espana Boulevard corner Mayon St., Brgy. Sta. Teresita, Quezon City
56	FELIX HUERTAS - JT CENTRALE	Unit 103, Ground Floor, JT Centrale Mall, No. 1686 V. Fugoso St. corner Felix Huertas St., Sta. Cruz, Manila
57	FILINVEST CORPORATE CITY	Ground Floor Unit 2 Zarcon Building East Asia Drive Commerce Avenue, Alabang, Muntinlupa City
58	FTI – HYPERMRKET TAGUIG	DBP Avenue, Food Terminal Inc., Western Bicutan, Taguig
59	G. ARANETA AVENUE	195 G. Araneta Avenue, Quezon City
60	GENERAL SANTOS	Santiago Boulevard General Santos City
61	GENERAL TRIAS	Ground Floor VCentral Gentri, New Brgy. Manggahan, General Trias, Cavite
62	GIL PUYAT - BAUTISTA	Lot 25 Blk 74 Bautista Street corner Buendia Avenue, Makati
63	GREENHILLS - ORTIGAS AVE.	Ground Floor VAG Building Ortigas Avenue, Greenhills San Juan, Metro Manila
64	GREENHILLS – WILSON	219 Wilson St., Greenhills, San Juan City
65	GUAGUA	Plaza Burgos, Guagua, Pampanga
66	GUIGUINTO – RIS	RIS-5 Industrial Complex, No. 68 Mercado Street, Tabe, Guiguinto Bulacan, 3015
67	ILOILO – IZNART	Golden Commercial Bldg., Iznart, Iloilo City
68	ILOILO – JARO	Lopez Jaena corner EL 98 Streets, Jaro, Iloilo
69	IMUS - TANZANG LUMA	Olma Bldg, Gen. Emilio Aguinaldo Highway, Tanzang Luma, Imus Cavite
70	KALIBO – CITYMALL	Lot 3459-E-1, Toting Reyes St., Barangay Andagao, Kalibo, Aklan
71	KALOOKAN	Augusto Bldg., Rizal Ave., Gracepark, Kalookan City
72	KALOOKAN – MABINI	AJ Building, #353 A. Mabini St, Kalookan City
73	KATIPUNAN AVENUE	One Burgundy Condominium, Katipunan Avenue, Quezon City
74	KAWIT	Lokal Mall Kawit, Centennial Road, Brgy. Magdalo, Kawit, Cavite
75	LA UNION	A.G. Zambrano Building Quezon Avenue San Fernando City, La Union

NO	BRANCH	LOCATION/ADDRESS
76	LAGRO	Ground Floor Bonanza Building Quirino Hi-Way, Greater Lagro Novaliches Quezon City
77	LAGUNA - STA. CRUZ	E & E Building, Pedro Guevarra Avenue, Sta. Cruz, Laguna
78	LAOAG CITY	Ground Floor LC Square Building, J.P. Rizal corner M.V. Farinas Sts., Laoag City, Ilocos Norte
79	LAS PINAS - ALMANZA UNO	Ground Floor Aurora Archade Bldg. Alabang Zapote Road, Almanza Uno, Las Piñas City
80	LEGAZPI CITY	F.Imperial St., Brgy. Bitano, Legazpi City, Albay
81	LINGAYEN	Unit 5-6, The Hub - Lingayen Bldg., National Road, Poblacion, Lingayen, Pangasinan
82	LIPA - CM RECTO	C.M. Recto Avenue, Lipa City
83	LOS BAÑOS - CROSSING	Batong Malake, Los Banos Laguna
84	LUCENA	Cor. Merchan & Evangelista Sts., Lucena City
85	MACABEBE	Poblacion San Gabriel, Macabebe, Pampanga
86	MAKATI - CHINO ROCES	2176 Chino Roces Avenue, Makati City
87	MAKATI - J.P. RIZAL	882 J.P. Rizal St., Makati City
88	MALABON - FRANCIS MARKET - SAVEMORE	Francis Market, Governor Pascual corner M.H. Del Pilar Sts., Malabon
89	MALOLOS	Canlapan Street, Sto. Rosario, Malolos City, Bulacan
90	MALOLOS - CATMON	Paseo Del Congreso, Catmon Malolos City, Bulacan
91	MANDALUYONG	New Panaderos Ext., Mandaluyong City
92	MARIKINA	33 Bayan-Bayanan Ave., Bgy. Concepcion 1 Marikina City
93	MARIKINA - GIL FERNANDO AVE.	CTP Building Gil Fernando Ave., Marikina City
94	MEYCAUAYAN	Mancon Building, Calvario Meycauayan, Bulacan
95	MOUNT CARMEL	Km 78 Mac Arthur Hiway Brgy. Saguin, San Fernando City Pampanga
96	NAGA	RL Building, Panganiban St., Lerma, Naga City
97	NAVOTAS	FP Commercial Building, No. 855 M. Naval St., Brgy. Sipac-Almacen, Navotas City
98	NEPA - Q. MART - SAVEMORE	Rose Building, 770 St. EDSA and K-G St., West Kamias, Quezon City
99	NINOY AQUINO AVE.	Ground Floor Skyfreight Building Ninoy Aquino Ave., Cor. Pascor Drive Paranaque City
100	NOVALICHES	Ground Floor, Anchor 11, Nova Plaza Mall, Quirino Avenue corner N. Ramirez Street, 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, Binondo, Manila
103	ORANI	Brgy. Balut, Orani, Bataan
104	ORTIGAS CENTER	Ground Floor, Hanston Square, San Miguel Avenue, Ortigas Center, Pasig City
105	PANABO CITY	Purok Alaska, Quezon St., New Pandan, Panabo City, Davao del Norte 8105
106	PARAÑAQUE - BETTER LIVING	90 Dona Soledad Avenue, Better Living Subd, Bicutan, Paranaque
107	PARAÑAQUE - BF HOMES	284 Aguirre Avenue, B.F. Homes, Paranaque
108	PARANAQUE - JAKA PLAZA	Jaka Plaza Center, Dr. A. Santos, Ave., Sucat Pque City
109	PARAÑAQUE - LA HUERTA	1070 Quirino Avenue, La Huerta, Parañaque City
110	PARAÑAQUE - MOONWALK	Kassel Residence Building, E. Rodriguez Avenue, Moonwalk, Parañaque City
111	PASAY - LIBERTAD	533 Cementina St. Libertad, Pasay City
112	PASIG - CANIOGAN	Unit A, KSN Building, C. Raymundo Avenue, Caniogan, Pasig City
113	PASIG - MUTYA	Richcrest Building, Caruncho Corner Market Avenue, San Nicolas, Pasig City
114	PASIG - PADRE BURGOS	114 Padre Burgos St., Kapasigan, Pasig City
115	PASO DE BLAS	Andoks Bldg.629 Gen. Luis St., Paso De Blas Valenzuela City
116	PATEROS	Unit CC1, G/F East Mansion Townhomes along Elisco Road, Sto. Rosario, Pateros, Metro Manila
117	PATEROS - ALMEDA	120 M. Almeda Street, Pateros, Metro Manila
118	PEDRO GIL	LKE Bldg. Pedro Gil corner Pasaje, Rosario St. Paco, Manila
119	PLARIDEL	Banga, Plaridel, Bulacan

NO	BRANCH	LOCATION/ADDRESS
120	PLAZA - STA. CRUZ	MBI Building, Unit 103, Plaza Sta. Cruz, Sta. Cruz, Manila
121	PORAC	Cangatba, Porac, Pampanga
122	QUEZON AVENUE	Ground Floor GJ Bldg., 385 Quezon Ave., Quezon City
123	QUEZON AVENUE - PALIGSAHAN	1184-A Ben-Lor Bldg. Brgy. Paligsahan, Quezon City
124	QUIAPO - ECHAGUE	Palanca cor P. Gomez St., Echague, Quiapo, Manila
125	RADA	104 Rada Street. Legaspi Village, Makati City
126	ROXAS AVE. - CAPIZ CITYMALL	Roxas Ave, brgy VI, Roxas City, Capiz
127	SAN FERNANDO	KHY Trading Bldg., San Fernando-Gapan Rd., San Fernando City, Pampanga
128	SAN FERNANDO - BAYAN	JSL Building, Consunji Street, City of San Fernando, Pampanga
129	SAN ILDEFONSO - SAVEMORE	Savemore Bldg. San Ildefonso, Poblacion, Bulacan
130	SAN JOSE DEL MONTE	Ground Floor, Giron Building, Gov. Halili Avenue, Tungkong Mangga, City of San Jose Del Monte, Bulacan
131	SAN JUAN	Madison Square, 264 N. Domingo St., Barangay Pasadena, San Juan
132	SAN MIGUEL	Norberto Street, San Miguel, Bulacan
133	SAN NARCISO	National Road, Brgy. Libertad, San Narciso, Zambales
134	SAN PABLO - RIZAL AVE.	Rizal Avenue Cor Lopez Jaena St. San Pablo City, Laguna
135	SAN PEDRO	Gen - Ber Bldg. National Highway Landayan, San Pedro Laguna
136	SAN RAFAEL	Cagayan Valley cor. Cruz na Daan Roads, San Rafael, Bulacan
137	SANTIAGO - VICTORY NORTE	Maharlika Highway Corner Quezon St. Victory Norte, Santiago City
138	SHAW BOULEVARD	Ground Floor, 500 Shaw Tower, 500 Shaw Boulevard, Mandaluyong City
139	SORSOGON CITY	God is Good Bldg, Purok 5 Rizal St., Piot, West District, Sorsogon City
140	SOUTH TRIANGLE	Ground Floor, Sunnymede IT Center, Bgy. South Triangle, Quezon Ave., Quezon City
141	STA. ANA	Poblacion, Sta. Ana, Pampanga
142	STA. ANA - MANILA	Savemore, Pedro Gil St., Sta. Ana, Manila
143	STA. MARIA	JC De Jesus corner 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	Old National Hi-Way Cor Roque Lazaga St. Sta. Rosa Laguna
148	STO. TOMAS	Agojo Corp. Building, Maharlika Hi-Way, Sto. Tomas Batangas
149	SUBIC	Baraca, Subic, Zambales
150	TACLOBAN CITY	YVI Center, BLDG A, Fatima Village, Tacloban City, Leyte
151	TAFT – QUIRINO AVENUE	1945 Esther Building, Taft Avenue, Manila
152	TAGAYTAY	TSL Center Tagaytay, No. 9089 Gen. Emilio Aguinaldo Highway, Mendez Crossing East, Tagaytay City, Cavite
153	TAGBILARAN	Upper Ground Floor, Alta Citta Mall, Honorio Grupo St. and CP Garcia Ave., Tagbilaran City, Bohol
154	TAGUM - CITYMALL	T1 & T2 CItyMall Purok N.E. Baysa, Barangay Visayan Village, Tagum City
155	TALISAY CITY	Units B112,B113,B114 G/F Bldg. B, South Coast Center, Brgy. Linao, Talisay City, Cebu 6045
156	TALISAY - NEGROS - SAVEMORE	Mabini St., Zone 12, Paseo Mabini, Talisay City, Negros Occidental
157	TANAUAN	Jose P. Laurel National Highway, Darasa, Tanauan City, Batangas
158	TANDANG SORA	Cecileville Bldg. III, 670 Tandang Sora Ave. corner General Ave, Tandang Sora, Quezon City
159	TARLAC - MAC ARTHUR	Mac Arthur Highway San Nicolas, Tarlac City
160	TAYTAY	C. Gonzaga Building II, Manila East Road, Taytay, Rizal
161	TAYUMAN	1925-1929 Rizal Avenue near corner Tayuman St., Sta. Cruz, Manila
162	TIMOG	Jenkinsen Towers 80 Timog Avenue, Quezon City
163	TUGUEGARAO	Metropolitan Cathedral Parish Rectory Complex Rizal St., Tuguegarao City
164	TWO E-COM	Two E-Com Center Tower B, Ocean Drive near corner Bayshore Drive, Mall of Asia Complex, Pasay City
165	UN AVENUE	552 United Nations Avenue, Ermita, Manila
166	URDANETA	Brgy. Nancayasan, Mc Arthur Hi-Way, Urdaneta City, Pangasinan

NO	BRANCH	LOCATION/ADDRESS
167	VALENZUELA - MARULAS	Ong-Juanco Bldg., 92 J Mac Arthur Hiway, Marulas, Valenzuela City
168	VIGAN	Plaza Maestro Convention Center, Florentino St., Vigan City, Ilocos Sur
169	VISAYAS AVE.	Upper Ground Floor, Wilcon City Center Mall, Visayas Avenue, Quezon City
170	ZAMBOANGA - CITYMALL	City Mall, Don Alfaro St., Tetuan, Zamboanga

NO	ATM OFF-SITE	LOCATION/ADDRESS
1	AMSI DOCTOR'S MEDICAL CENTER INC.	National Highway, Brgy. Halang, Calamba City
2	CALAMBA DOCTORS HOSPITAL	KM. 49 National Highway, Parian, Calamba City, Laguna
3	CARDINAL SANTOS MEDICAL CENTER	10 Wilson, Greenhills West, San Juan, 1502 Metro Manila
4	C.P. REYES HOSPITAL	C.P. Reyes Hospital, Mabini Avenue, Tanauan, 4232 Batangas
5	MANATAL	No.263 Bunsuran 2nd, Pandi, Bulacan
6	MANILA TURF CLUB	San Pioquinto, Malvar, Batangas City
7	PHIRST PARK	Phirst Centrale Hermosa, along B.P. Roman Highway, Hermosa, Bataan
8	PRESCO	Sunros Subdivision Bgy Anao Pampanga Mexico
9	PROVIDENCE	1515 Quezon Ave, Diliman, Quezon City, 198702 Metro Manila
10	RACAL BUILDERS BULACAN	200 Quirino Highway, San Jose, Del Monte City, Bulacan
11	RIS DEVELOPMENT CORPORATION	168 Mercado Street, Tabe, Guiguinto, Bulacan 03015
12	ST.LOUIS COLLEGE LA UNION	St.Louis College Carlatan San Fernando City La Union
13	ZAMECO	ZAMECO II Head Office Compound, National Road, Bgy. Magsaysay, Castillejos, Zambales.
14	ZAMECO 2	ZAMECO II Head Office Compound, National Road, Bgy. Magsaysay, Castillejos, Zambales.

NO	BUSINESS CENTER	LOCATION/ADDRESS
1	Cebu Business Center	2/F JSP Mango Plaza Building cor General Maxilom Ave. and Echavez Streets, Cebu City
2	Davao Business Center	3/F 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	BACOLOD	Fordland Bldg. | Annex, 12th Lacson Street, Bacolod City
2	BAGUIO - SESSION	D303 Lopez Building, Session Road, Assumption Road, Baguio 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
7	DAGUPAN	Ground Floor Lyceum-Northwestern University, Tapuac District, Dagupan City
8	DUMAGUETE	Chateau Francisca Building, 200 North Road National Highway, Bantayan, Dumaguete City
9	GENSAN	2/F CBS General Santos Branch, Santiago Blvd., General Santos City
10	ILOILO - JARO	Lopez Jaena Street, corner EL 98 Jaro, Iloilo City
11	IMUS	OLMA Building, Aguinaldo Highway, Tanzang Luma 2, Imus City, Cavite
12	LA UNION	A.G. Zambrano Building Quezon Ave., San Fernando City, La Union
13	LEGAZPI	F. Imperial St. Brgy. Bitano, Legazpi City, Albay
14	LIPA – CM RECTO	C.M. Recto Ave., Lipa City
15	MARIKINA	CTP Building, 3F, Gil Fernando Ave., Marikina City
16	NAGA	RL Building, Panganiban St., Lerma, Naga City
17	PLARIDEL	2/F CBS Building, Cagayan Valley Road, Banga 1st, Plaridel, Bulacan
18	SAN PABLO	2/F, Rizal Ave. cor. A. Fule, San Pablo City
19	TACLOBAN	YVI Center, Bldg. A, Fatima Village, Brgy. 77, Tacloban City, Leyte
20	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, Batangas City, Batangas
4	BLUMENTRITT	1677 Blumentritt St., Brgy. 363, Sta. Cruz, Manila
5	BUTUAN	JMC Building, JC Aquino Ave. Brgy. Lapu Lapu, Butuan City, Agusan Del Norte
6	CABANATUAN - BAYAN	2/Floor 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/Floor 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/Floor 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	2/Floor CBS Building C.M. Recto Avenue Brgy. 4, Lipa City
20	LUCENA	Cor. Merchan & Evangelista Sts., Lucena City
21	MALOLOS	2/Floor Canlapan St., Sto. Rosario, Malolos Bulacan
22	ORANI	2/Floor, Cbs Commercial Arcade, Along Provincial Road, Balut, Orani, Bataan
23	PAMPANGA	JSL Bldg. Consunji St., San Fernando, Pampanga
24	PASIG	2/Floor Richcrest Building, Caruncho Corner Market Avenue, San Nicolas, Pasig City
25	QUEZON AVENUE	2/Floor, G.J. Building, 385 Quezon Avenue, Quezon City
26	SAN PABLO	Rizal Avenue Cor Lopez Jaena St. San Pablo City, Laguna
27	SANTIAGO	JECO Building Maharlika Hi-way, Corner Quezon Ave. Victory Norte Santiago City
28	SORSOGON	JL Pena Comml Bldg, Rizal St., Purok 5, Piot, West District, Sorsogon City, Sorsogon
29	TACLOBAN	YVI Center Building, Fatima Village, Brgy. 77, Marasbaras, Tacloban City
30	TAGAYTAY	TSL Center Tagaytay, No. 9089 Gen. Emilio Aguinaldo Hiway, Mendez Crossing East, Tagaytay City, Cavite
31	TAGUM	City Mall Maharlika Highway cor Lapu-lapu ext. Brgy. Magugpo, Tagum City
32	TANAUAN	Jose P. Laurel National Highway, Darasa, Tanauan City, Batangas
33	TAYTAY	2/Floor, C Gonzaga Building 2, Manila East Road, Taytay, Rizal
34	VIGAN	MCC Bldg. Gov. A Reyes St. Brgy. 1, Vigan City, Ilocos Sur

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

NO	APD BLU	LOCATION/ADDRESS
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	CADIZ, NEGROS OCCIDENTAL	Unit 3, 4&5, RJPS III Building, No. 29 Magsaysay St, Cadiz City, Negros Occidental
14	CALAPAN CITY, ORIENTAL MINDORO	R.King Commercial Bldg. Roxas Drive, Brgy. Nacoco, Calapan City, Oriental Mindoro
15	CALBAYOG CITY, SAMAR	Rosales Corner Rueda Sts., Calbayog City, Samar
16	CAMALANIUGAN, CAGAYAN	Tuzon Building, Bulala, Camalaniugan, Cagayan
17	CARCAR	Door 2 J.P. Rizal St. Poblacion Carcar City, Cebu
18	DAET	Alegre Building, J. Lukban St. Daet Camarines Norte
19	DIGOS CITY, DAVAO DEL SUR	CPP Building II, Rizal Avenue, Zone 1, Digos City, Davao Del Sur
20	DIPOLOG CITY, ZAMBOANGA DEL NORTE	SD Arcade, Rizal Ave, Dipolog City, 7100 Zamboanga del Norte
21	DUMAGUETE	A-3, Ground floor, Central Arcade Building, Cervantes Street, Dumaguete City
22	ESTANCIA, ILOILO	Old Sacramento Building, Sitio Poblacion Highway Cano-An, Estancia, Iloilo
23	GERONA, TARLAC	Morayta Street Poblacion 3, Gerona, Tarlac
24	GINGOOG CITY, MISAMIS ORIENTAL	MRJ Building, Purok 3, Brgy 24 A, Gingoog City, Misamis Oriental
25	GLAN, SARANGANI PROVINCE	Jose Hombrebueno St., Plaza Rizal, Barangay Poblacion, Glan, Sarangani Province
26	GUIHULNGAN, NEGROS ORIENTAL	S. Villegas Street, National Highway corner Sikatuna, Guihulngan, Negros Oriental
27	GUMACA, QUEZON PROVINCE	Rm Building, Maharlika Highway, A. Bonifacio, Barangay Tabing Dagat, Gumaca, Quezon
28	ILAGAN, ISABELA	Precious Building, Barangay Calamagui 2nd, Ilagan City, Isabela
29	ILIGAN CITY	Quezon Ave. Ext. Barangay Villaverde, Pob. Iligan City
30	INFANTA	Plaridel St., Poblacion 38, Infanta, Quezon Province
31	IRIGA CITY, CAMARINES SUR	Everest Plaza Building, Zone 5, Highway 1, San Miguel, Iriga City
32	ISULAN, SULTAN KUDARAT	JCB Building, Magbanua St., Corner National Highway, Kalawag I, Isulan, Sultan Kudarat
33	JORDAN, GUIMARAS	Piazza Zemarkato Building, New Site, Barangay San Miguel, Jordan, Guimaras
34	KABANKALAN CITY, NEGROS OCCIDENTAL	Dinsay Building, National Highway Mabinay, Kabankalan City, Negros Occidental
35	KIDAPAWAN	Brookside Building, Datu Ingkal St., Poblacion, Kidapawan City
36	KORONADAL CITY, SOUTH COTABATO	Mcm Villamor Building, Gen. San Drive, Zone 2, Koronadal City
37	LA CARLOTA, NEGROS OCCIDENTAL	Unit A - D, Gurrea corner Burgos St., La Carlota City, Negros Occidental
38	LAGAWE, IFUGAO	07 Rizal Avenue, Poblacion East, Lagawe, Ifugao
39	LUNA, APAYAO	Stall # 3, Cristobal Building, San Isidro Sur, Luna, Apayao
40	MALAYBALAY CITY, BUKIDNON	Fortich Street, Barangay 9, Malaybalay City, Bukidnon
41	MASBATE	Ross Hotel, Quezon St., Masbate City
42	MATI CITY, DAVAO ORIENTAL	Madayaway Distributor Inc., Rizal Extension, Mati, Davao Oriental
43	MIDSAYAP, NORTH COTABATO	LMJ’s Commercial Building, Quezon Avenue St., Poblacion 8, Midsayap, Province of Cotabato
44	NABUNTURAN, DAVAO DE ORO	National Highway, Poblacion, Nabunturan, Davao De Oro
45	NAGA	ELS Building. Panganiban Drive, Concepcion Pequeña, Naga City
46	ODIONGAN, ROMBLON	JBM Building, Regional Highway, Torrel, Dapawan, Odiongan, Romblon
47	ORMOC CITY, LEYTE	Real Street District 22, Ormoc City, Leyte
48	OZAMIS	JME Building, Rizal Avenue corner Capistrano St., Ozamis City, Misamis Occidental
49	PAGADIAN	Broca St. corner B. Aquino St., Pagadian, Zamboanga

NO	APD BLU	LOCATION/ADDRESS
50	PASSI CITY, ILOILO	LA Building, M. Palmares Street, Barangay Poblacion Ilawod, Passi City, Iloilo
51	PUERTO PRINCESA, PALAWAN	Rizal Avenue, corner Roxas St. Brgy. Tagumpay, Puerto Princesa City, Palawan
52	ROXAS	1McKinley Building, McKinley corner San Roque Sts., Roxas City
53	SAN CARLOS, NEGROS OCCIDENTAL	V. Gustilo St., San Carlos City, Negros Occidental
54	SAN FRANCISCO, AGUSAN DEL SUR	Roxas St., Purok 2, Barangay 4, San Francisco, Agusan del Sur
55	SAN JOSE DE BUENAVISTA	AML Building 1, Cor. Dalipe Atabay, San Jose De Buenavista, Antique
56	SAN JOSE, NUEVA ECIJA	Maharlika Highway, Barangay Malasin, San Jose City
57	SAN JOSE, OCCIDENTAL MINDORO	Labangan Poblacion, San Jose, Occidental Mindoro
58	SAN NICOLAS, ILOCO NORTE	G/F Unit 6, Vyv Building, Valdez Center, Barangay 1, San Nicolas, Ilocos Norte
59	SOGOD, SOUTHERN LEYTE	Zone IV, Osmena St. Sogod Southern Leyte
60	SOLANO, NUEVA VIZCAYA	2627 ZURMAN, PLAZA, 225 J.P. Rizal Avenue, Poblacion South, Solano, Nueva Vizcaya
61	SURIGAO	Gaisano Capital Mall Building, Luna St., Surigao City
62	TABUK, KALINGA	Sebastian Building, Purok 3, Bakras, Bulanao, Tabuk City, Kalinga
63	TAGBILARAN	Old Holy Spirit School Building A, Jacinto Borja corner Remolador Street, Tagbilaran City, 6300 Bohol
64	TANAY, RIZAL	2/F Manila East Road Cor E. Rodriguez Ave., Tanay, Rizal
65	TANDAG CITY, SURIGAO DEL SUR	Donasco St., Tandag City, Surigao del Sur
66	TANZA, CAVITE	5 Antero Soriano Highway, Daang Amaya 1, Tanza, Cavite
67	TETUAN, ZAMBOANGA	Unit 05-06 Ground floor, JSB Bldg., Don Alfaro st. Tetuan Zamboanga city
68	TUBOD, LANAO DEL NORTE	Unit 4 & 5, Crossing, Tubod, Lanao Del Norte
69	TUGUEGARAO	Luna St., Centro, Tuguegarao, Cagayan
70	URDANETA, PANGASINAN	Alexander St. Cor. Belmonte St., Barangay Poblacion, Urdaneta City, Pangasinan
71	VALENCIA CITY, BUKIDNON	Tamay Lang Business Triangle Building, Hagkol, Sayre Highway, Valencia City
72	VIRAC, CATANDUANES	2/F Imperial Building, Gogon Centro, Virac, Catanduanes
73	ZAMBOANGA SIBUGAY	GFS 9, Gaisano Grand Mall Ipil, Purok Banab, Brgy. Veterans Village, Ipil, Zamboanga Sibugay

Status of Publicly Announced New Products and Services

PRODUCTS AND SERVICES	DATE LAUNCHED
CBS Advantage	Q1 2025

Approved by the CBS management committee in 2024, CBS Advantage will be officially launched in the first quarter of 2025.

Competition

With the Philippine banking system’s (PBS) continued strong performance in 2024, anchored on sustained expansion in assets, loans, investments, deposits, and earnings, the outlook for the PBS remains optimistic. Based on a two-year horizon (2024-2025), banks project double-digit growth in assets, loans, deposits and net income. According to the Bangko Sentral ng Pilipinas (BSP), said growth momentum was accompanied by robust capital and liquidity buffers that exceed both domestic and international prudential limits.

Based on central bank data, the system's total assets grew to P27.4 trillion in December 2024, or a 9% year-on-year increase. This shows that the growth of the system is already inching closer to the pre-pandemic level of 11% compounded annual growth rate (2015-2019) and comparable to the 9.1% growth in 2023. The aforementioned growth is close to the 2023 banking sector's outlook wherein banks expect to see their assets, deposits, loans, and earnings grow between 10 to 20% within 2 years. Thrift banks hold 4% of the system's total assets at P1.10 trillion. This is a year-on-year growth of 6.2% from the previous year's P1.04 trillion.

The lending and investment activities of the banks continue to be mainly funded by deposits, which expanded by 7% to P20.4 trillion. This growth, which is identical to the previous year's, is testament to the sustained confidence on the banks by the depositors. The deposit base, which is predominantly peso-denominated (83.1%, or P16.9 trillion) and mainly sourced from resident depositors (99.1%, or P20.2 trillion) shields the banking system from significant funding withdrawals arising from global financial market fluctuations and reduces banks' exchange rate risk and vulnerability. Thrift banks hold 4.1% of the system's total deposits at P826.2 billion. This is a decent YoY growth of 4.7% from the previous year's P789.3 billion.

The gross total loan portfolio increased by 10.6% to P15.3 trillion. This double-digit growth surpassed the 9.8% increase of the previous year and continues to catch up to the 13.8% pre-pandemic growth rate. On the other hand, the thrift banking sector posted a YoY growth rate of 8.4%. Total loan portfolio rose to P790.8 billion from last year's P729.6 billion. Alongside improved economic indicators and sustained growth in credit activity, loan quality remained satisfactory, supported by ample loan-loss reserves. As of December 31, 2024, the non-performing loan (NPL) ratio of the thrift bank industry declined to 6.65%, while the NPL coverage ratio was brought down to 59.54%.

Profitability continues to be mainly driven by the interest income from lending to private corporations and households and by investments in securities. The profit of the banks operating in the Philippines rose by 9.8% to P391.3 billion in 2024 vs the previous year's P356.5 billion. Profitability of the Thrift Banking sector performed a little better than the system. The sector posted P20.3 billion net profits, 9.9% higher the previous year's P18.5 billion.

As of December 2024, the banking system's solo and consolidated capital adequacy ratios were 16.2% and 12.3% respectively. These are higher than the regulatory thresholds of the BSP by 10% and 8%, respectively. Thrift banks, on the other hand, report better capital adequacy ratios at 17.8% solo and 15.8% consolidated.

Based on the latest published statement of condition (SOC), submitted with the BSP which differs from Philippine Financial Reporting Standards (PFRS) in some respects, as of December 31, 2024, CBS was the second largest thrift bank in terms of resources, loans and ranks first in deposits.

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 Parent Bank 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 2024 as well as the projected headcount for 2025:

	2024 Actual			2025 Projected		
	Officers	**Staff**	**Total**	**Officers**	**Staff**	**Total**
Marketing	635	399	1,034	658	450	1,107
Operations	545	994	1,539	585	1,057	1,642
Support	249	223	472	264	214	478
Technical	34	16	50	33	15	48
Grand Total	**1,463**	**1,632**	**3,095**	**1,540**	**1,736**	**3,275**

CBS ended the year 2024 with a total manpower of 3,095 employees. The number increased by 15% from the previous year (2023 manpower: 2,685). Of the total headcount, 47% are officers and 53% are staff. The expansion of APD lending business and branch network 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, 2024 to October 31, 2029.

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 2024 and 2023 are shown below:

	2024	2023
Common Equity Tier (CET) 1 Capital:		
Paid-up common stock	**₱11,541,414,900**	₱11,541,414,900
Additional paid-in capital	**475,349,012**	475,349,012
Retained earnings	**3,705,189,170**	1,913,788,606
Undivided profits	**2,099,311,207**	1,919,377,186
Other comprehensive income	**(14,611,628)**	(43,358,364)
Unsecured DOSRI	**(3,344,464)**	(1,705,056)
Deferred tax assets	**(1,630,029,559)**	(1,443,430,712)
Goodwill	**(119,621,347)**	(119,621,347)
Other intangible assets	**(814,947,982)**	(810,990,405)
Other equity investment	**(2,192,208)**	(2,192,208)
Other capital adjustments	**–**	–
Defined benefit pension fund (assets) liabilities	**(36,027,045)**	(15,395,660)
Total CET 1 Capital	**15,200,490,056**	13,413,235,952
Additional Tier 1 Capital	**2,164,200**	2,164,200
Total Tier 1 Capital	**15,202,654,256**	13,415,400,152
Tier 2 Capital:		
Appraisal increment reserve	**66,095,270**	66,095,270
General loan Loss provision	**1,231,309,297**	1,020,266,509
Total Tier 2 Capital	**1,297,404,567**	1,086,361,779
Total Qualifying Capital	**₱16,500,058,823**	₱14,501,761,931

Risk-based capital ratios:

	2024	2023
CET 1 Capital	**₱17,806,652,661**	₱15,806,571,341
Less regulatory adjustments	**(2,606,162,605)**	(2,393,335,389)
Total CET 1 Capital	**15,200,490,056**	13,413,235,952
Additional Tier 1 Capital	**2,164,200**	2,164,200
Total Tier 1 Capital	**15,202,654,256**	13,415,400,152
Tier 2 Capital	**1,297,404,567**	1,086,361,779
Total Qualifying Capital	**16,500,058,823**	14,501,761,931
Risk Weighted Assets	**₱137,133,333,594**	₱115,170,904,217
CET 1 Capital Ratio	**11.08%**	11.65%
Capital Conservation Buffer	**5.08%**	5.65%
Tier 1 Capital Ratio	**11.09%**	11.65%
Total Capital Adequacy Ratio	**12.03%**	12.59%

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, defined benefit pension fund assets/liabilities, 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:

	2024	2023
Credit Risk	**₱123,678,005,244**	₱103,528,046,475
Market Risk	**456,854,621**	464,926,621
Operational Risk	**12,998,473,729**	11,177,931,121
Total Capital Requirements	**₱137,133,333,594**	₱115,170,904,217

Credit Risk-Weighted Assets

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

	As of December 31, 2024		As of December 31, 2023	
	Exposures, net of Specific Provisions	**Exposures not Covered by CRM**	Exposures, net of Specific Provisions	Exposures not Covered by CRM
Cash on Hand	**₱3,098,728,743**	**₱3,098,728,743**	₱2,851,768,141	₱2,851,768,141
Checks and Other Cash Items	**4,665,181**	**4,665,181**	2,780,802	2,780,802
Due from BSP	**21,391,651,836**	**21,391,651,836**	11,300,316,184	11,300,316,184
Due from Other Banks	**2,276,596,991**	**2,276,596,991**	2,201,708,374	2,201,708,374
Available-for-Sale Financial Assets	**12,143,762,148**	**12,143,762,148**	12,472,507,787	12,472,507,787
Held-to-Maturity Financial Assets	**6,903,919,397**	**6,903,919,397**	6,322,204,505	6,322,204,505
Loans and Receivables	**134,907,153,026**	**120,946,299,333**	111,372,124,533	101,357,419,370
Loans and Receivables arising from Repurchase Agreements	**–**	**–**	3,646,147,859	3,646,147,859
Sales Contract Receivables	**1,027,666,428**	**1,027,666,428**	1,081,461,198	1,081,461,198
Real and Other Properties Acquired	**2,050,605,546**	**2,050,605,546**	1,766,183,683	1,766,183,683
Other Assets	**3,775,482,991**	**3,775,482,991**	3,418,970,430	3,418,970,430
Total On-Balance Sheet Assets	**₱187,580,232,287**	**₱173,619,378,594**	₱156,436,173,496	₱146,421,468,333

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

	As of December 31, 2024		As of December 31, 2023	
	Notional Principal	**Credit Equivalent**	Notional Principal	Credit Equivalent
Direct credit substitutes	**₱–**	**₱–**	₱–	₱–
Transaction-related contingencies	**53,675,556**	**26,837,778**	82,681,021	41,340,510
Trade-related contingencies arising from movement of goods	**7,850,444**	**1,570,089**	8,672,979	1,734,596
Other commitments (which can be unconditionally cancelled at any time by the bank without prior notice)	**2,276,972,859**	**–**	1,619,136,235	–
Total Notional Principal and Credit Equivalent Amount	**₱2,338,498,859**	**₱28,407,867**	₱1,710,490,235	₱43,075,106

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 2024 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, 2024		
	On-balance sheet	**Off-balance sheet**	Total
Below 100 %	**₱12,674,922,298**	**₱–**	**₱12,674,922,298**
100% and above	**110,974,675,079**	**28,407,867**	**111,003,082,946**
Total	**₱123,649,597,377**	**₱28,407,867**	**₱123,678,005,244**

	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

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

	As of December 31, 2024		
	On-balance sheet	**Off-balance sheet**	**Total**
Below 100 %	**₱12,674,922,298**	**₱–**	**₱12,674,922,298**
100% and above	**110,974,675,079**	**28,407,867**	**111,003,082,946**
Covered by CRM	**–**	**–**	**–**
Excess GLLP	**–**	**–**	**–**
Total	**₱123,649,597,377**	**₱28,407,867**	**₱123,678,005,244**

	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

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.

	2024	2023
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	**33,284,238**	35,539,877
Adjusted Capital Charge	**41,605,298**	44,424,847
Risk-Weighted Foreign Exchange Exposures	**456,854,621**	464,926,621
Risk-Weighted Options	**–**	–
Total Market Risk-Weighted Assets	**₱456,854,621**	₱464,926,621

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, 2024, the capital allocation for operational risk amounted to ₱1.3 billion which is higher compared to the reported and actual losses in the past 3 years. For the year 2024, the plausible scenario derived from actual reported loss amounted to ₱142.03 million. Meanwhile, stressed or worst-case scenario derived from reported risk events amounted to ₱148.12 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 subjects 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 ₱13.0 billion and ₱11.2 billion as of December 31, 2024 and 2023, 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 ranging 7 to 12% as compared to funding cost of around 4.2%.

Earnings-at-Risk In ₱ millions	**2024**	2023
PhP IRR Exposures	**(₱249)**	(₱241)
USD IRR Exposures	**(8)**	(4)

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

NO	DESCRIPTION	LOCATION
4	Batangas Branch Land and Building - CBS Branch	P. Burgos Street, Poblacion, Batangas City
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, 2024	March 31, 2025	87,500.00
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	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	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

NO	BRANCH	CONTRACT PERIOD		RENTAL RATE PER MONTH (₱)
		FROM	TO	
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
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	March 1, 2022	February 28, 2029	117,346.62
26	CABUYAO	October 1, 2023	October 1, 2030	68,000.00
27	CAGAYAN DE ORO	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 - MANGO	January 1, 2023	December 31, 2027	418,620.73
34	CEBU MANDAUE	December 1, 2024	November 30, 2029	102,090.00
35	CEBU MANDAUE - BASAK	August 1, 2023	July 31, 2028	58,635.73
36	COMMONWEALTH AVE.	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 - RECTO	August 1, 2023	July 31, 2028	92,610.00
42	DAVAO	November 1, 2023	October 31, 2028	98,694.02
43	DAVAO TORIL	December 1, 2024	October 31, 2029	70,450.00
44	DEL MONTE	April 1, 2018	March 31, 2028	203,411.25
45	DOLORES	July 1, 2015	June 30, 2025	78,820.14
46	E. RODRIGUEZ SR. HEMADY	September 1, 2021	August 31, 2028	155,911.52
47	ESPAÑA - SUN MALL	November 1, 2022	October 31, 2027	133,251.75
48	FELIX HUERTAS - JT CENTRALE	January 1, 2024	December 31, 2026	91,589.12
49	FILINVEST CORPORATE CITY	August 1, 2022	July 31, 2027	186,159.38
50	FTI HYPERMARKET TAGUIG	July 1, 2024	June 30, 2025	86,904.78
51	G.ARANETA AVENUE	April 1, 2024	March 31, 2029	79,265.00
52	GENERAL TRIAS	April 15, 2022	April 14, 2029	90,960.00
53	GENERAL SANTOS	April 1, 2020	March 31, 2027	87,106.23
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, 2024	December 31, 2028	118,583.39
57	GUIGUINTO-RIS	September 25, 2017	September 24, 2027	36,465.19
58	ILOILO - IZNART	February 1, 2018	January 31, 2028	182,650.00
59	ILOILO - JARO	June 16, 2023	June 15, 2028	105,490.32
60	IMUS	November 26, 2020	November 25, 2027	105,000.00
61	KALIBO – CITYMALL	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, 2024	December 31, 2030	150,000.00
64	KATIPUNAN AVE.	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	March 1, 2018	February 28, 2028	203,280.00
71	LINGAYEN	July 1, 2018	June 30, 2028	150,491.25
72	LIPA – CM RECTO	March 1, 2022	February 28, 2027	187,792.35
73	LOS BAÑOS - CROSSING	January 1, 2021	December 31, 2023	97,072.50
74	LUCENA	September 16, 2023	September 15, 2028	89,342.86
75	MACABEBE	June 16, 2017	June 15, 2027	60,144.77
76	MAKATI-BAUTISTA	July 1, 2024	June 30, 2027	166,281.26
77	MAKATI - CHINO ROCES	October 1, 2023	September 30, 2028	157,084.00
78	MAKATI - J.P. RIZAL	September 1, 2023	August 31, 2028	163,364.04
79	MALABON-FRANCIS MARKET-SAVEMORE	August 1, 2024	July 31, 2025	46,623.18

NO	BRANCH	CONTRACT PERIOD		RENTAL RATE PER MONTH (₱)
		FROM	TO	
80	MALOLOS	July 1, 2022	June 30, 2027	84,425.59
81	MALOLOS - CATMON	April 6, 2020	April 5, 2030	85,600.00
82	MANDALUYONG	June 1, 2022	May 31, 2027	161,832.50
83	MANDALUYONG - SHAW	December 1, 2023	November 30, 2026	171,627.57
84	MANILA – STA. ANA	April 1, 2024	March 31, 2025	62,158.88
85	MARIKINA	May 26, 2020	May 25, 2027	231,525.00
86	MARIKINA - GIL FERNANDO AVENUE	January 1, 2023	December 31, 2027	130,000.00
87	MEYCAUAYAN	November 1, 2023	October 31, 2030	75,190.99
88	MOUNT CARMEL	July 20, 2015	July 19, 2025	134,009.56
89	NAGA	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, 2024	December 31, 2024	51,313.00
92	NINOY AQUINO AVE.	June 1, 2022	May 31, 2027	174,212.43
93	NOVALICHES	July 3, 2023	July 2, 2030	120,000.00
94	OLONGAPO	October 1, 2024	September 30, 2029	142,200.00
95	ONGPIN	July 1, 2022	June 30, 2027	167,922.00
96	ORTIGAS CENTER	March 1, 2021	February 28, 2026	142,387.86
97	PANABO CITY	September 23, 2024	September 22, 2029	102,660.00
98	PARAÑAQUE - BETTER LIVING	October 1, 2023	September 30, 2028	113,299.73
99	PARANAQUE – BF HOMES	July 1, 2023	June 30, 2028	88,647.33
100	PARANAQUE - JAKA PLAZA	April 19, 2023	April 18, 2030	109,724.28
101	PARAÑAQUE - LA HUERTA	October 1, 2013	September 30, 2028	132,970.99
102	PARAÑAQUE - MOONWALK	April 17, 2024	April 16, 2025	105,398.52
103	PASAY - LIBERTAD	April 1, 2024	March 31, 2026	118,296.94
104	PASIG - CANIOGAN	June 15, 2023	June 14, 2028	89,339.71
105	PASIG - MUTYA	July 16, 2017	July 15, 2027	119,790.00
106	PASIG - PADRE BURGOS	July 1, 2023	June 30, 2028	123,725.00
107	PASO DE BLAS	February 1, 2021	January 31, 2026	72,277.62
108	PATEROS	December 1, 2020	November 30, 2025	72,450.00
109	PATEROS - ALMEDA	September 1, 2022	August 31, 2027	103,425.50
110	PEDRO GIL	September 1, 2018	August 31, 2025	133,498.31
111	PLARIDEL	September 1, 2022	August 31, 2033	177,294.65
112	PLAZA STA. CRUZ	April 1, 2016	March 31, 2026	133,100.00
113	PORAC	December 14, 2020	December 13, 2025	65,584.02
114	QUEZON AVENUE - PALIGSAHAN	April 16, 2021	April 15, 2026	132,915.61
115	QUEZON AVENUE	November 1, 2018	October 31, 2028	166,288.91
116	QUIAPO - ECHAGUE	August 1, 2018	July 31, 2028	173,643.75
117	RADA	June 16, 2023	June 15, 2028	158,627.00
118	ROOSEVELT	September 1, 2024	August 31, 2029	85,085.44
119	ROXAS AVE. CAPIZ - CITYMALL BRANCH	November 14, 2018	November 13, 2023	77,210.69
120	SAN FERNANDO	July 16, 2020	July 15, 2027	179,178.41
121	SAN FERNANDO - BAYAN	June 1, 2018	May 31, 2025	129,599.98
122	SAN ILDEFONSO - SAVEMORE	June 22, 2020	July 31, 2025	111,932.47
123	SAN JOSE DEL MONTE	August 1, 2022	July 31, 2027	107,854.25
124	SAN JUAN	September 1, 2021	August 31, 2026	85,000.00
125	SAN MIGUEL	February 15, 2024	February 14, 2031	84,210.53
126	SAN NARCISO	December 8, 2016	December 7, 2024	47,402.81
127	SAN PABLO – RIZAL AVE.	April 1, 2022	March 31, 2027	127,948.02
128	SAN PEDRO	February 28, 2022	February 27, 2027	55,000.00
129	SAN RAFAEL	December 13, 2022	December 12, 2027	98,258.12
130	SANTIAGO - VICTORY NORTE	October 15, 2022	October 14, 2027	140,710.05
131	SORSOGON	May 1, 2021	April 30, 2028	145,000.00
132	SOUTH TRIANGLE	September 1, 2018	August 31, 2025	194,536.83
133	STA. ANA	December 1, 2018	November 30, 2023	64,828.46
134	STA. MARIA	December 8, 2022	December 7, 2025	129,360.00
135	STA. MESA	March 16, 2017	March 15, 2024	77,300.12
136	STA. RITA	October 8, 2022	October 7, 2027	52,473.88
137	STA. ROSA	June 17, 2022	June 16, 2027	160,000.00
138	STO. TOMAS	October 26, 2020	October 25, 2025	145,378.86

NO	BRANCH	CONTRACT PERIOD		RENTAL RATE PER MONTH (₱)
		FROM	TO	
139	SUBIC	March 1, 2019	February 28, 2029	85,201.20
140	TACLOBAN CITY	September 16, 2019	September 15, 2024	128,801.25
141	TAFT – QUIRINO AVE.	February 1, 2022	January 31, 2029	70,400.00
142	TAGAYTAY - MENDEZ - SAVEMORE	February 1, 2024	January 31, 2029	72,000.00
143	TAGUM	May 01, 2024	April 30, 2025	76,800.00
144	TALISAY - NEGROS – SAVEMORE	December 1, 2024	November 30, 2029	132,030.00
145	TALISAY CITY – CEBU	October 1, 2024	September 30, 2029	92,625.00
146	TANAUAN CITY	December 1, 2018	November 30, 2028	83,536.54
147	TANDANG SORA	May 16, 2024	May 15, 2029	97,635.54
148	TARLAC – MAC ARTHUR	September 15, 2023	September 14, 2030	102,176.55
149	TAYTAY	October 15, 2023	October 14, 2028	137,806.90
150	TAYUMAN	October 1, 2023	September 30, 2028	127,628.16
151	TIMOG	May 1, 2024	April 30, 2029	153,310.00
152	TUGUEGARAO	August 16, 2022	August 15, 2027	117,387.99
153	TWO E-COM	November 1, 2022	October 31, 2027	178,497.30
154	UN AVENUE	February 1, 2024	January 31, 2027	178,250.00
155	URDANETA	August 24, 2023	August 23, 2028	91,162.97
156	VALENZUELA - MARULAS	October 20, 2020	October 19, 2025	76,576.89
157	VIGAN	June 5, 2017	June 4, 2027	268,674.91
158	VISAYAS AVE.	March 2, 2022	March 1, 2027	133,486.37
159	ZAMBOANGA – CITYMALL	May 01, 2024	April 30, 2026	130,240.00

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 20, 2024, 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 while there were nine hundred two (992) shares transferred in 2024.

PERIOD	NO. OF SHARES TRANSFERRED	PRICE PER SHARE	
		High	Low
January 1, 2023 to December 31, 2024	**993***		

Note: a. One (1) Shareholding of Dir. William C. Whang was transferred to the appointed Director, Mr. Romeo D. Uyan, Jr. on March 16, 2023.
b. Nine hundred ninety-one (991) shares of Maggamby Shares, Inc. were transferred to Maggamby Holdings, Inc. on December 12, 2024.
c. One (1) Shareholding of Dir. Jose L. Osmeña, Jr. was transferred to the newly appointed Director, Mr. Aloysius C. Alday, Jr. on December 19, 2024.

2. Holders

The Bank's authorized common shares are 134 million (with ₱100.00 par value), while its authorized preferred shares are 6 million (with ₱100.00 par value) in 2024 and 2023. There are approximately 1,428 stockholders of the 115,414,149 subscribed common shares as of December 31, 2024. The top 20 common shareholders as of December 31, 2024 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.	Jison, Espinela A.	8,248	0.01%
8.	Cruz, Manuel C.	6,313	0.01%
9.	Puyat, Patria Gil VDA. DE	5,350	0.01%
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%

NO	NAME OF STOCKHOLDER	NUMBER OF SHARES	% OF HOLDINGS
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 2024 and 2023.

4. Recent Sales of Unregistered Securities or Exempt Securities

There have been 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) grow the 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 2025. 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 2025.

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 2024 launch of the AI empowered chatbot, 'Casey', marks the Bank's first official foray into artificial intelligence technology. Casey's main goal is to ensure 24/7 communications with all CBS clients via the CBS website and CBS Facebook page. Aside from answering simple queries, 'Casey' serves as a catch basin for leads generated by social media advertising campaigns. Overall, 'Casey' will allow CBS to capitalize on social media and the internet in a new and more efficient manner. 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. We will also aggressively sell our cash management services (CMS) such as the deposit pick up, motorized messenger and payroll facility which will increase deposit stickiness amid tight competition. For the year 2025, we will introduce the new products such as Self-pay kiosks, E-Gov and QRph to boost our volume.

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 ATMs 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 the 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 loans.

As the banking industry is in a digital arms race, CBS will continue to closely work with its Parent Bank to launch key initiatives to create a VISA-branded Debit Card that will be introduced to its clients. 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 platforms to facilitate efficient and secure banking transactions. In response to the growing demand of digital accessibility, CBS intends to continue enhancing its mobile banking application to Digital 3.0 and implementation of Fraud Management System which will provide the clients with an on-the-go and secure way of managing accounts or online transactions and has marked CBS’ gradual transformation from being a traditional banking partner into one of the leading financial service providers and a notch above its competitors.

For asset quality, the Bank will continue to pursue a more proactive and aggressive reduction strategy for 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.

We are determined to expand the business through loans and CASA growth, and to future proof our organization by focusing on asset quality, digital banking transformation, and the expansion of our distribution network that will put the Bank in a better position to capture growth opportunities for the succeeding years despite the increasingly competitive and volatile environment.

2. Management's Discussion and Analysis

a. Analysis of Statements of Condition

As of December 31, 2024 and 2023

CBS' total assets was recorded at ₱189 billion in 2024, 20% higher year-on-year as net loans surged during the year, bannered by the double-digit growth in APD loan and Consumer loan portfolios.

Cash and cash equivalents rose by 36% in 2024 driven mainly by the 89% increase in due from Bangko Sentral ng Pilipinas to ₱21.39 billion and the 6% rise in due from other banks to ₱2.34 billion. This is largely due to the volume increase in the term deposit facility placement with BSP.

Total investment securities amounted to ₱18.96 billion. Financial assets at fair value through profit or loss increased by 97% to ₱100.4 million. Meanwhile, financial assets at fair value through other comprehensive income (FVOCI) decreased by 3% to ₱12.03 billion and investment securities at amortized cost posted an increase of 9% to ₱6.83 billion.

Gross loans grew by 21% to ₱137 billion. With the Bank's recalibrated focus on the retail market segment, the APD loan portfolio expanded by 29% on a year-on-year basis, followed by the 22% annual increase in auto loans and 15% sustained annual growth in retail housing loans. All these drove up the net loans by 21% to ₱133.7 billion from the previous year's ₱110.3 billion.

Non-current assets held for sale increased to ₱567.4 million due to the repossessions during the year. Property and equipment increased by 6.6% to ₱2.1 billion driven by the business expansion activities. Meanwhile, investment properties decreased by 4% to ₱ 1.88 billion due to significant ROPA sales made during the year. Deferred tax assets went up by 16% to ₱1.7 billion.

On the liabilities side, deposits increased by 21% to ₱166.8 billion, driven by the 29% build-up of time deposits to ₱117.1 billion which mainly supported the consistently growing demand for and volume of both the APD and consumer loans. Low-cost funds accounted for 30% of total deposits. The Bank continued to focus on sourcing retail and cheaper funds. However, the high interest rate environment and tough competition adversely affected the ability of most thrift banks to generate low cost funds. Manager's checks decreased to ₱203.7 million because of settled outstanding checks. Accrued interest and other expenses increased 21% to ₱1.2 billion, with the setup of expense accruals.

Total equity reached ₱17.8 billion, 14% higher than last year's ₱15.6 billion. Surplus grew by 37% largely attributed to the improved operations of the Bank. Net unrealized losses on financial assets at FVOCI amounted to ₱93.5 million in view of mark-to-market revaluation of the Bank's FVOCI securities. Remeasurement gains on defined benefit asset was higher at ₱31.2 million due to changes in actuarial assumptions.

The Bank's total Capital Adequacy Ratio (CAR) was computed at 12.03%, which is above the regulatory minimum requirement.

As of December 31, 2023 and 2022

CBS' total assets was recorded at ₱157.5 billion in 2023, 27% higher year-on-year, due to the expansion in investment securities and net loans.

Cash and cash equivalents, mainly composed 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, driven by 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, as the Bank beefed-up on its investments.

Gross loans grew by 25% to ₱113.6 billion. As the Bank repositioned its 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 repossession activities during the year. Property and equipment increased by 18% to ₱2.0 billion driven by the business expansion activities. Meanwhile, investment properties decreased by 10% to ₱1.9 billion mainly attributed to the significant sales made during the year. 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 demand for and growth in 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.

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.

b. Discussion of Results of Operations

For the years ended December 31, 2024 and 2023

CBS achieved a record net income of ₱2.17 billion in 2024. This represents a 19% increase on a year-on-year basis. This translated a return on equity of 12.96% due to the Bank's robust operating income, effective cost management, and improved asset quality.

Total interest income grew by 23% to ₱14.5 billion due to the continuous build-up in earning assets. Interest income from loans and receivables was up 22% to ₱12.5 billion from ₱10.3 billion on the back of the significant year-on-year loan portfolio expansion. Interest income from trading and investment securities recorded a 1.7x growth from the build-up in securities holdings. Meanwhile, interest income from due from BSP and other banks, interbank loans receivable, and securities purchased under resale agreements decreased by 33% to ₱651.5 million due to the deployment of funds to loans and investment securities.

Total interest expense amounted to ₱6.3 billion, up by ₱1.7 billion or a 37% increase from last year, as the increased pressure to fund its rapidly growing loan portfolio inevitably led the Bank to take on more time deposits. Interest expense on lease liabilities was up 18%.

Total non-interest income declined by 3% to ₱1.07 billion as service charges, fees, and commissions decreased by 5% to ₱433.7 million and gain on asset exchange decreased by 23% to ₱292.6 million.

In line with the Bank's thrust to further strengthen its balance sheet, the Bank sets aside a provision for impairment and credit losses. In 2024, total provision was ₱773.2 million, lower by about ₱242 million against the previous year. This is due to the Bank's improved NPL ratio of 2.87% versus the 3.35% of the prior year.

Operating expenses (excluding provision for impairment and credit losses) increased by 18% to ₱6 billion mainly from higher revenue-related costs due to business growth and higher core operating expenses due to the continuous expansion efforts by the Bank. Compensation and fringe benefits went up by 16% to ₱1.8 billion primarily due to the expansion of the Bank's APD lending business and branch network. Depreciation and amortization increased by 12% to ₱548.8 million. Taxes and licenses increased by 12% to ₱713.2 million mainly from higher revenue- and volume-related taxes arising from business growth. Security, clerical, messengerial, and janitorial expenses went up by 14% to ₱374.7 million. Documentary stamp taxes rose by 36% to ₱730.7 million with the ramp-up in lending and deposit-taking activities. Insurance, which includes PDIC premium payments, grew by 29% or ₱100.4 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, 2023 and 2022

CBS posted a 16% increase in net income to ₱1.8 billion in 2023 driven by 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 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 rise 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, up by ₱3.1 billion or more than 2x larger than last year as interest expense on deposit liabilities increased by more than 2x to ₱4.6 billion, pushed up by deposit expansion and higher funding cost. Interest expense on lease liabilities was up 34%.

Total non-interest income increased 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 on 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 expenses 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.

c. Key Performance Indicators

Definition of Ratios

Capitalization – BSP prescribed formula

Total CAR	-	Total Qualifying Capital / Total Risk Weighted Assets
CET 1/Tier 1 Ratio	-	CET 1 / Tier 1 Capital / Total Risk Weighted Assets

Asset Quality

Gross Non-Performing Loans (NPL) Ratio	-	Gross Non-Performing Loans / Gross Loans and Receivables
NPL Cover	-	Total Allowance for Credit Losses on Loans and Receivables / Gross Non-Performing Loans

Liquidity

Liquid Assets to Total Assets	-	Total Liquid Assets / Total Assets
Loans (net) to Deposit Ratio	-	Loans and Receivables, net of Allowance / Deposit Liabilities

Solvency

Debt to Equity Ratio	-	Total Liabilities / Total Equity
Asset to Equity Ratio	-	Total Assets / Total Equity

Profitability

Return on Equity (ROE)	-	Net Income after Tax / Average Total Equity
Return on Assets (ROA)	-	Net Income after Tax / Average Total Assets
Cost-to-Income Ratio	-	Total Operating Expenses excluding Provision for Impairment and Credit Losses / Total Operating Income

	2024	2023	2022
Capitalization Ratio			
Total CAR	**12.03%**	12.59%	12.68%
CET 1/ Tier 1 Ratio	**11.09%**	11.65%	11.74%
Asset Quality			
Gross NPL Ratio	**2.87%**	3.35%	4.50%
NPL Cover	**81.84%**	82.95%	78.44%
Liquidity			
Liquid Assets to Total Assets	**20.76%**	20.62%	18.21%
Loans (net) to Deposit Ratio	**80.15%**	80.14%	81.07%
Solvency			
Debt to Equity Ratio	**960.26%**	906.05%	867.56%
Asset to Equity Ratio	**1,060.26%**	1,006.05%	967.56%
Profitability			
ROE	**12.96%**	12.84%	13.06%
ROA	**1.25%**	1.30%	1.44%
Cost-to-Income Ratio	**65.17%**	61.63%	57.22%

Capital Adequacy

As of December 31, 2024 and December 31, 2023

CBS' CET 1 / Tier 1 Ratio and total CAR ratios were computed at 11.09% and 12.03%, respectively. The Bank's capital is largely comprised of CET 1 / Tier 1 (core) capital.

As of December 31, 2023 and December 31, 2022

CBS' CET 1 / Tier 1 CAR and total CAR ratios ended at 11.65% and 12.59%, respectively, as of December 31, 2023 and 11.74% and 12.68% respectively, as of December 31, 2022; all well above the minimum regulatory requirements.

Asset Quality

As of December 31, 2024 and December 31, 2023

CBS recorded a non-performing loan (NPL) ratio of 2.87%, lower from previous year's 3.35% due to gross loans expansion and decrease in NPLs. NPL cover remained sufficient at 81.84%.

As of December 31, 2023 and December 31, 2022

Asset quality remained healthy amid the loans' year-on-year expansion. Gross NPL ratio further improved to 3.35% as of end-2023 from 4.50% as of end-2022. NPL cover was registered at 82.95% as of December 2023 and 78.44% as of December 2022.

Liquidity

As of December 31, 2024 and December 31, 2023

The Bank's liquidity position was recorded at 20.76%, higher than 20.62% as of end-2023 due to the build-up in liquid assets.

As of December 31, 2023 and December 31, 2022

The Bank's liquidity ratio was steady at 20.62% as of end-2023 compared to 18.21% as of end-2022.

Solvency Ratios

As of December 31, 2024 and December 31, 2023
Debt-to-equity and asset-to-equity ratios as of end-2024 were recorded 9.6x and 10.6x respectively, slightly higher versus 9.1x and 10.1x, respectively, as of end-2023.

As of December 31, 2023 and December 31, 2022

Debt-to-equity and asset-to-equity ratios as of end-2023 were recorded at 9.1x and 10.1x, respectively, slightly higher versus 8.7x and 9.7x, respectively, as of end-2022.

Profitability

For the year ended December 31, 2024 and December 31, 2023

CBS posted a net income of ₱2.17 billion, up 19% year-on-year, resulting in an improved ROE of 12.96% and ROA of 1.25%. Cost-to-income ratio increased to 65.17% from 61.63% due to the Bank's expansion and funds generation efforts.

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

Full-year 2023 net income of P1.8 billion translated to an ROE of 12.84% and a ROA of 1.30%. Cost-to-income ratio improved to 61.63% in 2023 from 57.22% in 2022 as the Bank continued to invest heavily in the needed improvements to provide the best service to customers.

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 2025.

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 suits 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:

	2024	2023
Committed credit lines	**₱2,278,812,983**	₱1,606,914,018
Standby domestic letters of credit	**53,675,556**	82,681,021
Late deposits/payments received	**3,661,569**	18,430,808
Outward bills for collection	**2,116,827**	2,026,255
Others	**231,924**	438,133
	₱2,338,498,859	₱1,710,490,235

None of these off-balance sheet transactions, arising in the ordinary course of business, 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 2024 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 2025, the Bank plans to continue opening a number of brick-and-mortar branches and ATMs and relocate some branches, existing lending centers and kiosk 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, 2024 and 2023.

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, 2024 and 2023 for professional services rendered by SGV & Co. for the audit of the Bank's annual financial statements.

	2024	2023
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	**₱3,245,880**	₱3,062,180

The Bank did not engage the services of SGV & Co. for a non-audit related work in 2024 and 2023.

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, 2024 and 2023 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, 2024)*

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*, 73, Filipino, has been the Chairman of the Board of CBSI since 2007. He has been 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 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 degree in Business Management (MBM) from the Asian Institute of Management. He has had extensive training in banking operations and corporate directorship, and has attended Anti-Money Laundering (AML), and corporate governance seminars, among others.

Nancy D. Yang, 85, Filipino, is the Vice Chairperson of the Board and is the Vice Chairperson 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 and Child Psychology from Merrill Palmer Institute in Detroit, Michigan, USA. She 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, BAI Retail Delivery Conference in Orlando, Florida in 2008, and seminars on AML and corporate governance.

James Christian T. Dee[1], 51, Filipino, is the President of the Bank. The Bangko Sentral ng Pilipinas (BSP) approved his secondment to CBSI on November 19, 2012. Prior to his election as Director and President of CBSI, he was the Asset-Liability Management Head of the Treasury Group of China Bank Corporation since 2009. He was also the Treasurer and Head of Treasury Group of CBSI from 2012 to April 2021. He is a member of CBSI Board-level committees, namely: Vice Chairman of the Retirement Committee and Remuneration Committee, and member of the Executive Committee. Mr. Dee was elected as Director of Manulife China Bank Life Assurance Corporation in 2023. In 2024, he was inducted as a Board Trustee of the Chamber of Thrift Banks. In the past, Mr. Dee 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 has a Master's degree in Business Management from the AIM. He trained under the Regional Treasury Certifications at Citigroup, N.A., Treasury Certification Program at Ateneo-BAP, and ICAAP Risk Models Validation at SGV. He likewise graduated with distinction on the one (1) year course on Trust Operation from Trust Institute Foundation of the Philippines. He has also attended seminars on AML and corporate governance.

Romeo D. Uyan, Jr.*, 62, Filipino, is a member of the Board of CBSI and a Director and the President of CBC. He is the Chairman of the Executive Committee of CBSI. 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) and China Bank Securities Corporation (CBSC). He also served as Chairman of the Board at Resurgent Capital Inc. (FISTC-AMC). 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 Aisa 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. He also graduated with Distinction from the Johnson Graduate School of Management in Cornell University, New York, with a Master's degree in Business Administration (MBA). Mr. Uyan has had extensive training in banking, securities and future products, fraud awareness, Foreign Account Tax Compliance Act, environmental and social risk, AML, and corporate governance.

Patrick D. Cheng*, 62, Filipino, is an Executive Vice President and Chief Finance Officer of CBC. He is likewise the Chairman of the Board of China Bank Insurance Brokers, Inc. (CIBI), and Director of Manulife China Bank Life Assurance Corporation (MCBL). He likewise 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.

Herbert T. Sy, Jr., 38, Filipino, was elected as a Director on June 17, 2021, and is a member of the Bank's Executive Committee. 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 Hypermarket 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. 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. He has had training in AML and corporate governance.

Jose L. Osmeña, Jr.*, 65, Filipino served as CBSI Director for various period, until his retirement in December 19, 2024. He also served as member of the CBSI Executive Committee. He was an Executive Vice President and the Co-Segment Head of Retail Banking Business Segment 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 training courses on export financing, loan documentation, money market, service quality management, channels marketing, AML, and corporate governance.

Aloysius C. Alday, Jr.*[2], 55, Filipino. He is the Executive Vice President and Head of the Consumer Banking Segment of CBC. Mr. Alday is a member of the Executive Committee. Prior to his current position at the parent bank, he was the Group Head of 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.

Philip S.L. Tsai*, 74, Filipino, was elected as Independent Director of CBSI and CBC in November 2018. He likewise serves as an Independent Director of China Bank subsidiaries China Bank Capital Corporation (CBCC) and China Bank Insurance Brokers, Inc. (CIBI). 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, and Remuneration Committee. He does not hold any position in other PSE-listed companies aside from the China Bank Group. He has more than 30 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 attended various banking, marketing, and governance trainings, including the training on AML updates, cybersecurity governance, and managing finances in the digital age, the forum on sustainability organized by SMIC and WWF Philippines, AML, and corporate governance.

Claire Ann T. Yap*, 69, Filipino, was elected as an Independent Director of CBSI on December 17, 2020. She also serves as Independent Director in CBC subsidiaries, namely, CBCC, CBSC, and Resurgent Capital Inc. She also served 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 Chairperson of the Corporate Governance Committee, Vice Chairperson 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. Mrs. Yap 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, Mrs. Yap 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, Mrs. Yap is a graduate of Bachelor of Science in Accounting, *cum laude*, from the De La Salle University. She has had various training courses in Managing Customer Experience, Credit Card Fraud and Security, Information Security and Data Privacy, AML and corporate governance.

Genaro V. Lapez*, 67, Filipino, was elected as an Independent Director of CBSI on June 17, 2021. He is a member of the following 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 and on corporate governance.

Antonio S. Espedido, Jr., 69, 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 for 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 for 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. He has had training on Financial Situation Caused by Covid-19 pandemic, Digital Transformation in Banking, AML, and corporate governance. He earned his Bachelor's Degree in Business Administration from the University of San Francisco, California, U.S.A. in 1979.

* *Note: With duly Board approved interlocking functions with China Bank Savings, Inc.*
[1]*Note: Mr. James Christian T. Dee was seconded to CBSI and duly approved by the BSP.*
*[2]*Note: Mr. Aloysius C. Alday, Jr. was appointed as Regular Director of CBSI on December 19, 2024, after the retirement of Mr. Jose L. Osmeña, Jr., and with duly Board approved interlocking functions with China Bank Savings Inc.*

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	More than 17 years	1	0.00000000948%
2. Nancy D. Yang	None	More than 17 years	1	0.00000000948%
3. James Christian T. Dee	None	More than 3 years	1	0.00000000948%
4. Romeo D. Uyan, Jr.	None	Almost two years	1	0.00000000948%
5. Patrick D. Cheng	None	Almost 7 years	1	0.00000000948%
6. Herbert T. Sy, Jr.	None	More than 3 years	1	0.00000000948%
7. Philip S. L. Tsai*	None	More than 6 years	1	0.00000000948%
8. Claire Ann T. Yap*	None	Almost 4 years	1	0.00000000948%
9. Genaro V. Lapez*	None	More than 3 years	1	0.00000000948%
10. Antonio S. Espedido, Jr.*	None	More than 2 years	1	0.00000000948%
11. Jose L. Osmena, Jr.**	None	2 years	1	0.00000000948%
12. Aloysius C. Alday, Jr.	None	Less than a year	1	0.00000000948%

** Independent Director*
*** Transferred his nominal one (1) share to the newly elected/appointed Director, Mr. Aloysius C. Alday, Jr. on December 19, 2024*

2. Executive Officers *(as of December 31, 2024)*

Jan Nikolai M. Lim, 48, Filipino, Senior Vice President, is the Head of Consumer Lending Group and concurrent Retail Banking Group Head. He joined CBSI in 2011 as Head of Housing and Personal Loans which became successful products and led the Bank to appoint him as the Head of Consumer Lending Group in 2015, He has been with CBSI for more than 12 years. Prior to joining the Bank, he served as the Vice President of East West Banking Corporation, Vice President of Philippine Savings Bank and Assistant Vice President of Standard Chartered Bank. He started his banking career in Citibank, N.A. as a Manager in 2001. He has expertise in both consumer lending and retail banking. Mr. Lim holds a Bachelor of Science degree in Manufacturing Engineering and Management from De La Salle University. He has more than 23 years of experience in the banking industry.

Luis Bernardo A. Puhawan, 49, Filipino, First Vice President II, is the Controller of the Bank. He joined CBSI in 2015. In 2011, he was appointed as the Controller of the former Planters Development Bank (Plantersbank) which he joined in 2006 as Assistant Vice President and Head of the Financial Reporting and Control Department. He was involved in the NPA reduction program and capital raising activities of the former Plantersbank. Prior engagements were in Philippine Veterans Bank from 2002 to 2005, Deutsche Knowledge Services - Manila from 2005 to 2006 and SGV & Co. from 1997 to 2002. In SGV, he audited various companies in major industries in the country and abroad. He has extensive exposure in audit, accounting, financial reporting, and corporate planning. Mr. Puhawan earned his Bachelor of Science in Accountancy degree from the University of Santo Tomas and is a Certified Public Accountant. He has more than 22 years of experience in the banking industry.

Niel C. Jumawan, 55, Filipino, First Vice President II is the Head of the Automatic Payroll Deduction (APD) Lending Group. He joined the Bank in 2015 and played a pivotal role in establishing and expanding the Bank's APD lending business from the ground up. His extensive expertise in APD loans is key to the Bank's portfolio growth and strong position in the industry. Under his leadership, the Bank has significantly expanded its footprint in the APD market, solidifying its standing as one of the leading APD private lending institutions. He is a recognized resource person in the APD industry, actively engaging in policy development and advocating for regulatory improvements. His contributions to the crafting of policy proposals and liaising with regulatory bodies continue to enhance industry standards and reinforce the Bank's commitment to sustainable growth and financial inclusion. Prior to joining CBSI, he held various positions in City State Savings Bank, Inc. He also has solid exposure in marketing and business development in the government, as well as telecommunications and real estate industry. He earned his Bachelor of Science in Commerce major in Management from the University of Iloilo. He has more than 20 years of experience in the banking industry.

Adonis C. Yap, 56, Filipino, is a seasoned banking professional with over 33 years of experience. As First Vice President I, he leads the Digital Business Banking Group at CBSI, where he spearheads innovation in cash and card management, business process optimization, alternative channels, business analytics, and digital transformation. Since joining CBSI in 2015, he has played a key role in shaping the Bank's digital strategy and represents the institution in the China Bank Group Information Technology Steering Committee. His expertise in transaction banking and digital channel management is backed by extensive local and international training. Before CBSI, he built a strong foundation at Dao Heng Bank of Hong Kong and Planters Development Bank (PDB), where he served as Head of Cash Management Services and later led the Product Management and Marketing Department. A graduate of

Colegio de San Juan de Letran with a Bachelor of Science in Commerce, Major in Management, Mr. Ado is passionate about driving digital evolution in the banking sector, ensuring businesses stay ahead in an increasingly digital world.

Atty. Josephine F. Fernandez, 62, Filipino, First Vice President I, is the Head of Human Resources Division. She joined CBSI in 2018. Given her extensive experience, she spearheaded the Bank's organizational transformation. She is a past President of the Bankers Council for People Management (BCPM). Prior to CBSI, 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 the Bank of the Philippine Islands, First Vice President and Deputy Head of Human Resources of Metropolitan Bank & Trust Co. and Vice President and Head of HR and Administration at the Bank Of Tokyo-Mitsubishi UFJ - Manila (MUFG). She also held various positions at the erstwhile Equitable Banking Corporation. She was a lecturer in the Commerce Department of the University of Luzon for 3 years after graduation in 1983. She obtained her Bachelor of Science degree in Business Administration from the University of the Philippines-Diliman and her Bachelor of Laws in San Beda College and San Sebastian College. She is a member of the Philippines Bar. She is a certified Job and Career Transition Coach. She has over 38 years of experience in the banking industry.

Francis Andre Z. De Los Santos*, 53, Filipino, First Vice President II, is the Chief Information Officer of CBSI, He is also a Director, the General Manager and Chief Information Officer of Bank subsidiary, CBC-PCCI. He was the Head of Business Solutions Division of CBC prior to his secondment and the integration of Business Solutions into CBC-PCCI. He previously worked for 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. His training and exposure make him an authority in information systems, business information security, cybersecurity governance, and financial technology, among others. He has more than 10 years of experience in the banking industry.

Hanz Irvin S. Yoro*, 43, Filipino, First Vice President I, is the Chief Information Security Officer and Head of Information Security and Data Privacy Division of China Banking Corporation (CBC). Prior to joining CBC, he was the Technology Operations Head of Sterling Bank of Asia, Information Security Officer of Megalink and EPacific Global. He has extensive exposure in the information security space, including the mitigation of risks and managing threats. Mr. Yoro is a degree holder of Bachelor of Science in Computer Science and Information Technology from the Asia Pacific College. He has 21 years of experience in the banking industry.

Mary Grace F. Guzman, 59, Filipino, Vice President II, is the Head of Asset Recovery Group (ARG). She joined CBSI in 2015. Before joining CBSI, she was the Division Head for Special Accounts Management in Planters Development Bank with expertise in remedial and project management and guarantee operations. She has experience as Account Officer, Branch Manager and Branch Operations Officer in United Overseas Bank (UOB) Phil., and a Project Manager for Electric Cooperative System Loss Reduction (ECSLR) Project of the World Bank – LGU Guarantee Corporation in her capacity as consultant. She has significant exposure and training in account management, asset management and remedial management. She is a degree holder of Bachelor of Science in Business Administration from the University of the Philippines - Visayas. She has 30 years of experience in the banking industry.

Frederick M. Pineda, 56 years old, Filipino, Vice President II, is the Head of the Centralized Operations Group (COG) taking the lead in the transformation of the Group to be a flexible and agile member of the Team. He joined CBSI in October 2020 as its Internal Audit Division Head. Prior to joining CBSI, he was Branch Audit Department Head at China Banking Corporation (CBC) where he stayed for 30 years until his early retirement in 2019. He held various positions at Far East Bank & Trust Company before joining CBC. He has extensive training, exposure and experience in bank operations, auditing, accounting and process review & improvement. Mr. Pineda is a graduate of Bachelor of Science in Commerce major in Accounting from the University of St. La Salle – Bacolod. He is a Certified Public Accountant, a former member of the Institute of Internal Auditors, Association of Certified Fraud Examiners and Banker's Institute of the Philippines. He has more than 35 years of experience in the banking industry.

Atty. Roberto M. Buenaventura, 52, Vice President II, is the head of the Legal Services Division. He joined CBSI in 2021. Prior to joining CBSI, he was with the United Coconut Planters Bank (UCPB) for 11 years occupying the position of Legal Officer until his appointment as Legal Services Head. He worked closely with UCPB Savings, the subsidiary of UCPB. Between the years 1998-2010, Atty. Buenaventura was based in his province of Basilan and engaged in private legal practice under his own law firm, was Assistant Professor at the Western Mindanao State University College of Law and Basilan State College Law Department and served as Provincial Legal Officer of the Province of Basilan. He has extensive experience and exposure in litigation and corporate legal practice. He finished his Bachelor of Arts in Public Administration degree from the University of the Philippines -Diliman and his Bachelor of Laws Degree from San Beda College of Law. He is a member of the Philippine Bar. He has over 14 years of experience in the banking industry.

Atty. Corazon T. Llagas, 59, Vice President II, is the Chief Compliance Officer of the Bank. She joined CBSI in 2022. Prior to joining CBSI, she was with the Bank of Commerce from 2016 to 2021 as Chief Compliance Officer, and previously as Head of Remedial and Litigation Department. She was also with Metropolitan Bank and Trust Company assigned to the Compliance Unit and the Legal Department. She also worked for the government as a Legal Officer of the Department of Agrarian Reform (DAR) and the Department of Environment and Natural Resources (DENR). She has extensive experience in handling remedial and foreclosure cases. She has solid experience in compliance work, being a BSP-confirmed Chief Compliance Officer in the last 8 years and a director of the Association of Bank Compliance Officers (ABCOM) in the last 7 years. She earned her Bachelor of Arts in Sociology, Master of Arts in Sociology and Bachelor of Laws, all from the University of the Philippines-Diliman. Atty. Llagas is a member of the Philippine Bar. She has more than 20 years of experience in the banking industry.

Charmaine S. Hao, 47, Filipino, Vice President I, serves as Treasurer of the Bank. She joined CBSI in 2015 as Head of the Fund Management Department, where she supported the Treasury Head in overseeing the Bank's liquidity management and trading operations. In 2021, she was appointed Treasurer, responsible for ensuring the efficient servicing of the Bank's funding requirements, optimizing short-term placement costs, and enhancing the Bank's carry income. Prior to joining CBSI, Ms. Hao held key roles at Planters Development Bank, starting as a Dealer and advancing to Deputy Treasury Head by 2015. She holds a Bachelor of Science degree in Legal Management from Ateneo de Manila University. She ranked 4th in the April 2014 Civil Service Examination. A certified treasury professional and licensed fixed income securities dealer, Ms. Hao brings 26 years of extensive experience in the banking industry.

Raymond C. Apo, 57, Filipino, Vice President I, is the Risk Management Division Head. He joined CBSI on October 1, 2010, as Risk Officer. He has extensive experience in risk management. Prior to joining the Bank, Mr. Apo held various key positions at Solidbank Corporation, First Metro Investment Corporation, Rizal Commercial Banking Corporation, Asiatrust Development Bank, and Export and Industry Bank. Mr. Apo finished his Bachelor of Science in Commerce Major in Accountancy degree from the Far Eastern University. He is a Certified Public Accountant. He has more than 20 years of banking experience.

Brenda S. Santiago, 55, Filipino, Senior Assistant Vice President, is the Head of SME Lending Group. She joined CBSI in 2018 as Head of Small Biz Lending Division of the SME Lending Group (SLG). Given her success in developing the small business loan portfolio of the Bank, her role was expanded and appointed as the SLG Luzon Lending Division Head in 2021. She was appointed as Head of the SME Lending Group effective October 2022. She has good exposure in managing business loans which CBS wishes to develop. Prior to joining CBSI, from 1995 to 2018, she was extensively involved in SME and Corporate lending as an account manager and team head in United Coconut Planters Bank (UCPB), LBC Development Bank, Metropolitan Bank & Trust & Co., PBCom and Maybank. She has attended various training courses in account management, financial analysis and loan packaging. She earned her Bachelor of Science in Information and Computer Science from The Philippine Women's University and her Bachelor of Science in Nursing from JP Sioson General Hospital and Colleges obtaining her Nursing License in 2004. She has over 30 years of experience in the banking industry.

Atty. Arturo Jose M. Constantino III, 41, Filipino, Senior Assistant Vice President, is the Corporate Secretary of the Bank. He joined CBSI in 2019 as Assistant Corporate Secretary and Legal Officer for Litigation until his full-fledged appointment to his current post as Corporate Secretary in 2020. Prior to joining CBSI, he had substantial experience in law practice. 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 was appointed as Corporate Secretary for various clients. He holds a Juris Doctor Degree from the Ateneo De Manila Law School. He has more than 5 years of experience in the banking industry.

Warren Augustus D. de Guzman, 42, Filipino, Senior Assistant Vice President, is the Head of Customer Experience Management, Marketing Services and Sustainability Division. He joined CBSI in 2023, helping to set up the CBS Environment and Social Risk Management System, the CBS Social Media and Press Release Policy, and the CBS 'Casey' Chatbot powered by Microsoft Copilot. Prior experience in banking is about 3 years with Planters Development Bank (PDB), where he completed his Management Training Program and was designated as an Account Relationship Officer. He moved to broadcast media in 2006 where he spent 17 years gaining extensive experience as News Anchor, Reporter, Executive Producer, and Senior Business Journalist at ABS-CBN. 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. He has certifications in Financial Planning and Content Marketing, and has received training in Environmental, Social and Governance (ESG) matters from CBC, SMIC, GIZ and PWC. Mr. de Guzman earned his Bachelor of Arts Major in Social Science degree from the Ateneo De Manila University. He has over 5 years of experience in the banking industry.

Note With duly Board approved interlocking functions with China Bank Savings, Inc.*
Note 1: All the foregoing directors and officers have been involved in the banking industry for more than five (5) years, except for Mr. Herbert T. Sy., Jr. who has been 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, 2024), and, any amount of per diem including bonus of the directors for the last two years.

	YEAR	SALARY	BONUS, PER DIEM and OTHER COMPENSATION	TOTAL
Total for the 5 most highly compensated executive officers	2025 (estimate)	₱25,654,370	₱13,594,640	₱39,249,010
	2024 (actual)	24,202,236	12,825,132	37,027,368
	2023 (actual)	23,559,804	12,547,092	36,106,896
Total for all key executive officers	2025 (estimate)	28,312,214	14,699,425	43,011,639
	2024 (actual)	26,709,636	13,867,382	40,577,018
	2023 (actual)	25,963,800	13,772,827	39,736,627
Total for all Directors	2025 (estimate)	–	2,418,000	2,418,000
	2024 (actual)	–	2,467,000	2,467,000
	2023 (actual)	–	2,516,000	2,516,000

* For Year 2024-2025: Messrs. Jan Nikolai M. Lim, Niel C. Jumawan, Luis Bernardo A. Puhawan, Josephine F. Fernandez, Mary Grace F. Guzman
* For 2022-2023: Messrs. Jan Nikolai M. Lim, Niel C. Jumawan, Luis Bernardo A. Puhawan, Josephine F. Fernandez, Jaydee P. Caparas

- 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 board members

who are not officers of China Bank and Independent Directors receive 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, 2024.

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	Aloysius C. Alday, 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 Board of Directors continues to ensure that loans and other transactions with its DOSRI are made substantially on terms not less favorable to the Bank than those offered by others. Full disclosures for these transactions were made through timely reports with the BSP.

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

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.

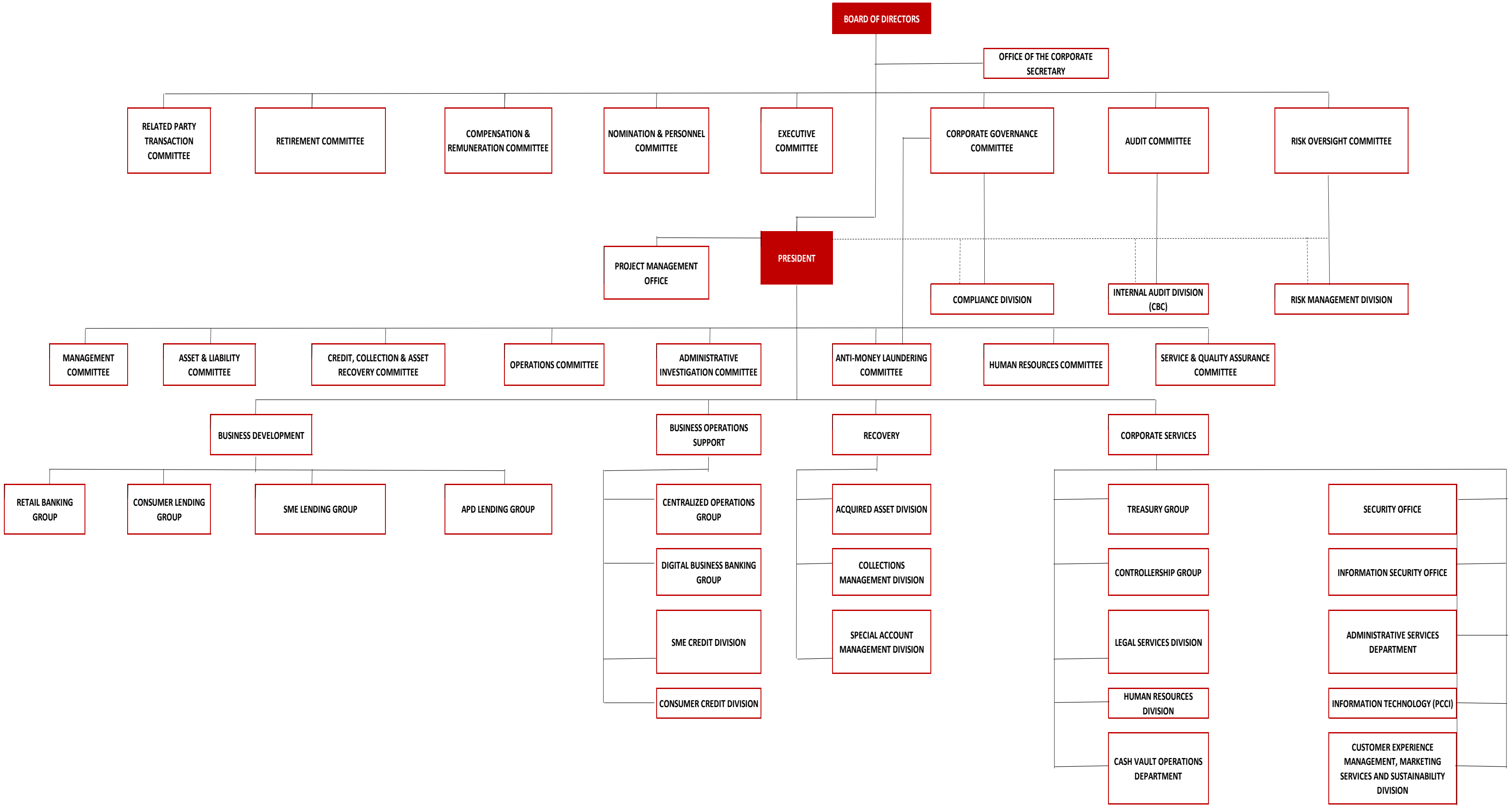
To ensure good governance, there is an evaluation system for the Board, individual Directors and various Board Committees such as Executive Committee, Risk Oversight Committee, Audit Committee and Corporate Governance Committee.

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

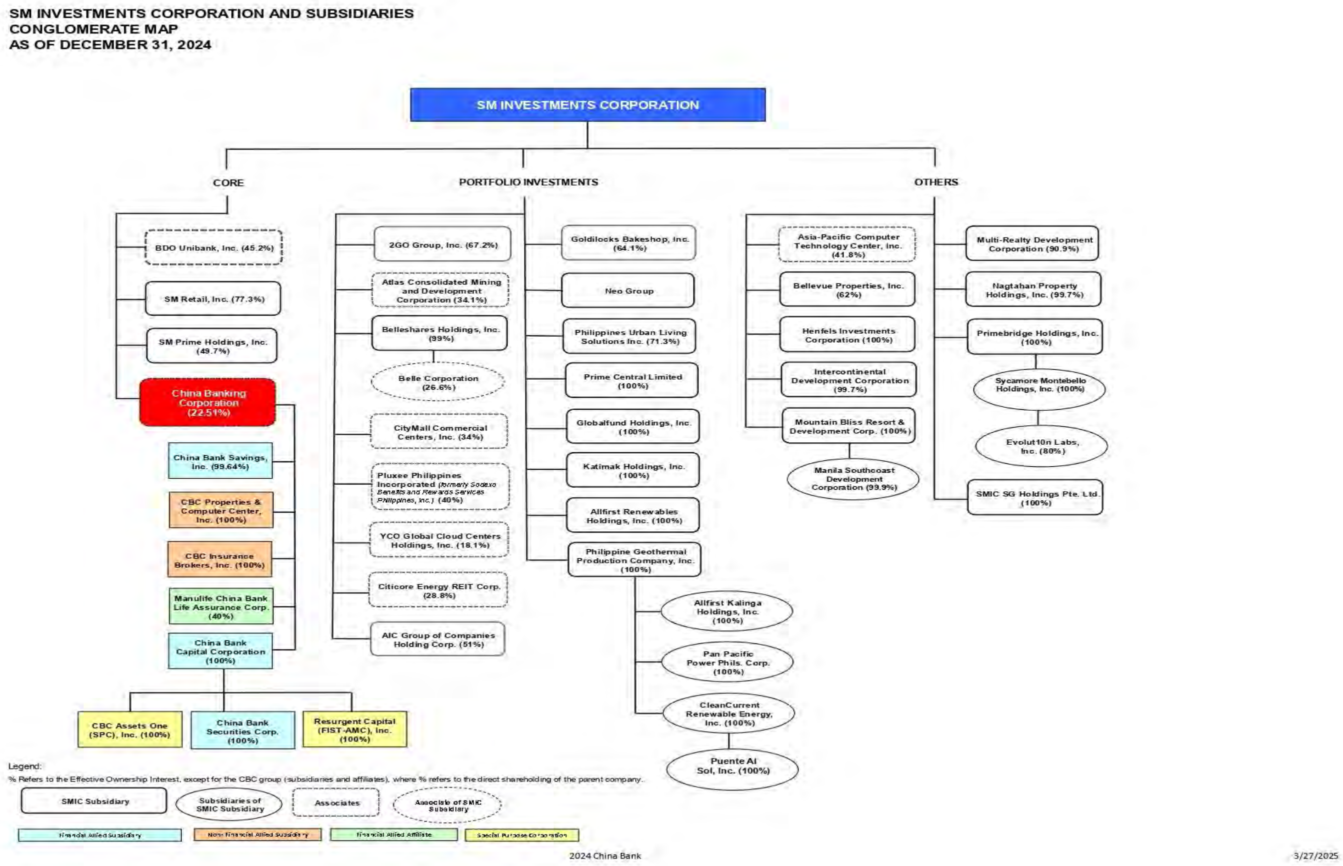
Organizational structure

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 2024, to wit:



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 2024 to December 2024, the Board of Directors had 15 Board meetings and 73 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 (20, June 2024)	15 (12 Reg. Mtgs. & 3 Spl. Mtgs.)	25 (24 Reg. Mtgs. & 1 Spl. Mtg.)	10 (6 Reg. Mtgs. & 4 Spl. Mtgs.)	6 (All Regular Mtgs.)	7 (6 Regular Mtgs. & 1 Special Mtg.)	9 (All Regular Mtgs.)	14 (10 Reg. Mtgs. & 4 Spl. Mtgs.)	1 Spl. Mtg.	1 Reg. Mtg.
No. of Attendance										
Ricardo R. Chua	1	15	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Nancy D. Yang	1	15	25	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Romeo D. Uyan, Jr.	0	9	21	N/A	N/A	N/A	N/A	N/A	N/A	N/A
James Christian T. Dee [1]	1	14/14	25	N/A	N/A	N/A	N/A	N/A	1	1
Patrick D. Cheng	1	14	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Herbert T. Sy, Jr. [2]	1	13	10/14	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Jose L. Osmeña, Jr. [3]	1	12/14	22/24	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Aloysius C. Alday Jr. [4]	1	2/2	22	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Philip S. L. Tsai	1	15	N/A	10	N/A	7	9	14	1	N/A
Claire Ann T. Yap	1	15	N/A	10	6	7	N/A	14	N/A	N/A
Genaro V. Lapez	1	10	N/A	N/A	5	N/A	9	N/A	1	1
Antonio S. Espedido, Jr.	1	15	N/A	10	6	7	9	14	N/A	1

Legend:

1.Mr. James Christian T. Dee was exempted from attending the Board Special Meeting (Meeting without the President) on 19 December 2024.

2.Mr. Herbert T. Sy, Jr. was appointed member of the ExCom effective 20 June 2024.

3.Mr. Jose L. Osmeña, Jr. was a Regular Director until the Board Regular Meeting on 19 December 2024.

4.Mr. Aloysius C. Alday, Jr. was appointed Non-Director ExCom Member from 15 December 2022 until 20 June 2024. He attended the ASM as Non-Director Member of the ExCom. Thereafter, he was appointed as ExCom Resource Person from 20 June 2024 until 19 December 2024, and recently on 19 December 2024, he was appointed as Regular Director of the Bank and member of the ExCom.

Board Committees *(Board Approved on 20 June 2024 and 19 December 2024)*

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	Herbert T. Sy, Jr.
Member	Aloysius C. Alday, Jr.

Note:

1. *Mr. Herbert T. Sy, Jr. was appointed member of the ExCom effective 20 June 2024.*
2. *Mr. Jose L. Osmeña, Jr. was a Regular Director and member of the ExCom until the Regular Board Meeting on 19 December 2024.*
3. *Mr. Aloysisus C. Alday, Jr. was appointed Non-Director ExCom Member from 15 December 2022 until 20 June 2024. Thereafter, he was appointed as ExCom Resource Person from 20 June 2024 until 19 December 2024. He was elected as Regular Director of the Bank and member of the ExCom effective 19 December 2024.*

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. **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*

f. **Nomination Committee** is responsible for reviewing and evaluating the qualifications of all persons nominated to the Board and other appointments that require Board approval. 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*

g. **Remuneration Committee** provides a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of all Bank personnel. It provides oversight over remuneration of all personnel, ensuring that compensation is consistent with the interest of all stakeholders and 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*

h. **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*

For the period January to December 2024, 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	**25**	**10**	**6**	**6**	**9**	**14**	**1**	**1**
1. Ricardo R. Chua	-	-	-	-	-	-	-	-
2. Nancy D. Yang	100%	-	-	-	-	-	-	-
3. Romeo D. Uyan, Jr.	84%	-	-	-	-	-	-	-
4. James Christian T. Dee	100%	-	-	-	-	-	100%	100%
5. Jose L. Osmeña, Jr. [1]	91.62%	-	-	-	-	-	-	-
6. Aloysius C. Alday, Jr. [2]	88%	-	-	-	-	-	-	-
7. Patrick D. Cheng	-	-	-	-	-	-	-	-
8. Herbert T. Sy, Jr.[3]	71.42%	-	-	-	-	-	-	-
9. Philip S. L. Tsai	-	100%	-	100%	100%	100%	100%	-
10. Claire Ann T. Yap	-	100%	100%	100%	-	100%	-	-
11. Genaro V. Lapez	-	-	83.33%	-	100%	-	100%	100%
12. Antonio S. Espedido, Jr.	-	100%	100%	100%	100%	100%	-	100%

Note:

1. *Mr. Jose L. Osmeña, Jr. was a Regular Director and member of the ExCom until the Regular Board Meeting on 19 December 2024.*
2. *Mr. Aloysisus C. Alday, Jr. was appointed Non-Director ExCom Member from 15 December 2022 until 20 June 2024. Thereafter, he was appointed as ExCom Resource Person from 20 June 2024 until 19 December 2024. He was elected as Regular Director of the Bank and member of the ExCom effective 19 December 2024.*
3. *Mr. Herbert T. Sy, Jr. was appointed member of the ExCom effective 20 June 2024.*

OTHER MANAGEMENT COMMITTEES *(Board Approved on 20 June 2024)*

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
	FVP I Atty. Josephine F. Fernandez - Human Resources Division Head
	SAVP Brenda S. Santiago – SME Lending Group 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
	FVP II Niel C. Jumawan - APD Lending Group Head
	VP I Raymond C. Apo - Risk Management Division Head
	SAVP Brenda S. Santiago – SME 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
	VP II Mary Grace F. Guzman - Asset Recovery Group Head
	SAVP Julius Joseph L. Romabiles - SME Credit Division Head
Ex-Officio	VP II Atty. Roberto M. Buenaventura - Legal Services Division Head
	VP I Raymond C. Apo - Risk Management Division Head
	SAVP Brenda S. Santiago – SME Lending Group Head
	VP I Ma. Jerreza D. Cabusao - Collections Services Division 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	VP II Atty. Corazon T. Llagas - Chief Compliance Officer
	SAVP Grace Z. Floresca – Consumer Credit Division Head
	SM Rachelle A. Acosta - Branch Operation Support Head
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	VP II Atty. Roberto M. Buenaventura - Legal Services Division Head
Members	FVP II Luis Bernardo A. Puhawan – Controller
	VP II 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 II Atty. Corazon T. Llagas – Chief Compliance Officer
Vice Chairman	VP I Raymond C. Apo - Risk Management Division Head
Members	VP II 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 II Atty. Corazon T. Llagas – Chief Compliance Officer
	SAVP Warren Augustus D. De Guzman, CEM Marketing Services & Sustainability Division Head

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 on the board as well as those nominated for 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 the 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 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 a 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 interests 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 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 2024, 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 Division, which reports directly to the Corporate Governance Committee. Compliance Division 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 Division (implementation of the compliance program)
- 3rd level - Internal Audit Department (post audit)

The Compliance Division, in particular, has an approved manpower count of 21 members including the CCO, Deputy Division Head, Department Heads for AML Compliance Department, Compliance Testing Department, and Regulatory and Corporate Governance Department including a total of 16 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 Division 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 Division 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 Related Party Transactions Committee on June 06, 2024 and ratified by the Board on July 18, 2024.

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 favourable 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 Division 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.

Every CBS employee and officer contributes to a safe and healthy workplace by following safety protocols, promptly reporting incidents and unsafe conditions, and fostering a respectful environment free from violence.

Responding to Evolving Health Challenges

The CSHC plays a vital role in keeping our employees informed and prepared for various health challenges:

- **COVID-19:** While the pandemic's peak has subsided, the CSHC remains vigilant, providing updates on emerging variants and reinforcing the importance of hygiene practices to minimize workplace transmission.

- **Extreme Heat:** With rising temperatures, the CSHC has issued guidance on staying hydrated, dressing appropriately, and recognizing signs of heat-related illnesses, especially for field employees working outdoors.

- **Respiratory Illnesses:** The CSHC monitors the prevalence of respiratory illnesses, encouraging preventative measures such as vaccination, mask-wearing, and good hygiene to protect employees.

- **Emerging Health Concerns:** The CSHC promptly addresses new health threats like the recent rise in whooping cough cases, providing information on symptoms, prevention, and the importance of vaccination.

Proactive Safety Measures

The CSHC takes a proactive stance on safety, addressing potential hazards and promoting preparedness:

- **Natural Disasters:** In response to recent volcanic activity and heavy rainfall warnings, the CSHC has issued advisories on safety precautions, emphasizing preparedness and vigilance during natural disasters.

- **Workplace Safety:** The CSHC continuously promotes safety awareness, encouraging employees to be mindful of potential hazards in the workplace and to report any unsafe conditions.

A Culture of Safety and Well-being

The CSHC remains dedicated to protecting the well-being of CBS employees. By fostering a culture of safety, prioritizing employee health, and adapting to evolving challenges, CBS strives 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 the CBS employees 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, except 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 salary in addition to the corresponding improvements 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 2024 and 2023.

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.

China Bank Savings has a functioning Consumer Protection Risk Management System (CPRMS), administered by the Customer Experience Management Department in cooperation with the entire Bank; to identify, measure, monitor, and control 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, the Customer Experience Management Department, 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.

The Sustaining Achievable Goal as one (SAG1) principles of Teamwork, Accountability & Unity, and Self-Improvement are also part of the Bank’s efforts to ensure the highest Customer Service and Consumer Welfare standards for all CBS clients.

Corporate Social Responsibility Initiatives

As a responsible corporate citizen, CBS pursues corporate social responsibility (CSR) efforts devoted to community investment and engagement, and employee volunteerism programs.

By pursuing a “good neighbor” approach and sinking deep roots in the communities where we operate, CBS enhances our brand value and safeguards the ability to continuously pursue our shareholder goals.

These efforts are guided by principles of teamwork, accountability and unity and self-improvement at the heart of our SAG1 (Sagwan) or Sustaining Achievable Goals as One culture at CBS.

Build & Rise Initiative
In 2024, CBS enhanced our *Build & Rise Initiative*, the campaign which focuses on financial inclusion, consumer empowerment, and promoting entrepreneurship. The Bank organized forums and workshops on financial wellness, financial planning, and related topics, reaching various sectors of society

Targeting underserved sectors, CBS projects aim to boost financial literacy and savings awareness within communities, support government programs for learners and teachers, promote SME development, and contribute to overall community growth.

Financial Inclusion
Our Financial Wellness forums and Financial Literacy training seminars engaged 1,714 participants nationwide.

CBS conducted 14 Financial Wellness forums involving 734 CBS depositors, SME owners, and employees from various sectors, including engineering, telecommunications, energy management, health and medical services, hotel and restaurant, warehouse and storage, and print and broadcast media.

We also organized eight learning sessions for 860 public school faculty and DepEd non-teaching personnel as part of the CBS Financial Wellness Road Show, which our Bank relaunched in School Year 2024-2025. From July to August, CBS teams brought the message of savings and responsible use of credit in school divisions of Digos, Davao, and Gen. Santos cities in Mindanao; Lapu-Lapu, Mandaue, and Cebu cities in the Visayas; and Las Piñas in Metro Manila.

CBS also organized two CBS Financial WYFi (Wellness for Young Filipinos) forums this year. As part of our Kits of Kindness project in December, the Bank sponsored a CBS Financial WYFi forum for 100 senior high school students and 20 of their teachers at Sampaguita High School, Quezon City.

Aligned with the DepEd MATATAG Agenda, these transformative programs are designed to help teachers and learners become discerning consumers. By promoting ways to make smart decisions about their money, protect their assets, and safeguard themselves against scams, CBS is helping secure a brighter future for Filipinos.

Brigada Eskwela
Since 2016, CBS has been a proud supporter of the annual Department of Education (DepEd) Brigada Eskwela campaign, a nationwide initiative aimed at ensuring public schools are clean, safe, and learner-friendly, thereby enhancing the quality of education in the country.

In 2024, CBS took its support to new heights by distributing construction materials, housekeeping supplies, digital devices, office equipment, sanitation kits, and school and office supplies. Additionally, CBS employees enthusiastically volunteered their time and effort to assist in the refurbishment and rehabilitation of numerous campuses nationwide.

	2024	2023
Beneficiary Schools	1,012	737
Donations include assorted construction materials, housekeeping supplies, office equipment and digital devices, sanitation kits, school and office supplies.	₱7,934,965.17	₱6,974,033.60

This is the Bank's largest and most extensive contribution to Brigada Eskwela, for which our efforts have been recognized by the Office of the Secretary of Education during the national DepEd *Pagpupugay at Pasasalamat* ceremony in Manila Hotel, and in regional awards ceremonies of the DepEd.

National Teachers Day

CBS proudly took on the role of major sponsor for National Teachers Day, an annual celebration organized by the national government to honor the invaluable contributions of educators. In 2024, this grand fete was held at the SMART Araneta Coliseum in Cubao, Quezon City, and saw a remarkable turnout of administrators, teachers, and other DepEd employees.

Our involvement in National Teachers Day underscores our commitment to supporting education and recognizing the pivotal role that teachers play in shaping the future of our nation. We are proud to stand with the Department of Education and all educators in celebrating their achievements and contributions to the Filipino nation.

	2024 Quezon City	2023 Butuan City
Total Donation	₱11,000,000.00	₱8,500,000.00
Prizes and Giveaways	One brand new multi purpose vehicle, 20 motorcycles, 20 CBS Passbook Savings Accounts with initial deposits of 50,000 Pesos each, 30 laptops, and 7,500 freebies	One brand new multi purpose vehicle, one brand new car, 20 motorcycles, 35 laptops, 10 smart TVs, 500 shirts and 3,000 freebies

SME Advocacy

The Bank actively participates in key business events to enhance its market presence and foster strategic partnerships, especially with SMEs. Guided by the SAG1 principle of teamwork, CBS bankers cooperated across organizational lines and with sister companies in the Chinabank Group to advance this advocacy.

CBS took a more active role in regional business events this year. Our Bank was a major sponsor of the 33rd Mindanao Business Conference (MinBizCon), an annual event that showcases Mindanao's trade and investment opportunities and brings together businesses and investors seeking growth in the region's industries, agro-business, mining, tourism, and property sectors. In addition to being a Trade Fair exhibitor, CBS served as a resource speaker during the SME Finance panel at MinBizCon. Back in Manila, CBS collaborated with the National Capital Region Chamber of Commerce and Industry for the 50th Manila Business Conference, where our Bank participated in the trade fair held at Manila Hotel.

We launched the SME Kapihan speaker series in Cebu City on 22 February. The by-invitation Kapihan is designed to be a venue for SMEs to strengthen networks in their respective communities. This year's pilot SME Kapihan featured our Cebu-based SME account managers. Resource persons from Chinabank Insurance Brokers, Inc., Chinabank Funds Management and Manulife Chinabank Life Assurance Corp. shared insights from decades of experience in the industry. The SME Kapihan was replicated from April to May in centers of entrepreneurial activity, including Legazpi City (Albay), Caloocan City (Metro Manila), Antipolo City (Rizal), and Silang in Cavite.

CBS was invited as a resource speaker at the SME Digitalization Seminar themed *"From Traditional to Digital: The Pathway to Digital Success"* in July. This event attracted 80 entrepreneurs and was sponsored by a USAID initiative through the Urban Connect Project, in collaboration with the local government of General Santos, the Department of Trade and Industry, and the local SME Development Council.

The Bank actively engaged with Paleng-QR PH Plus, a program by the Bangko Sentral ng Pilipinas aimed at developing the country's digital payments ecosystem by promoting QR code transactions in public markets and local transportation. The use of QR codes benefits both merchants and consumers, further strengthening the country's economy. This system allows for fund transfers by simply scanning QR codes using mobile phones, making payments faster, more secure, and more convenient.

Journey Towards the Sustainability

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. Also, to align with the Circular 1128 (ESRM Framework), Circular 1149 (Guidelines on the Integration of Sustainability Principles in Investment Activities of Banks), Circular 1187 (Philippine Sustainable Finance Taxonomy Guidelines or SFTG), and Memorandum No. M-2022-042 which further clarifies the requirements under the Sustainable Finance Framework.

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.

Sustainability Governance

The CBS Environment and Social Risk Management System (ESRMS) established a Sustainability Governance structure within the existing CBS Organization, embedding the highest level of internal sustainability governance under the Sustainability Sub-Committee within the Board Risk Oversight Committee (ROC), and the succeeding level under Sustainability Sub-Committees within the Credit, Collections, and Asset Recovery Committee (CRECOM). The dedicated Sustainability Department meanwhile was established to report to both committees while managing and implementing sustainability-related programs and activities under the ESRMS – including but not limited to semi-annual Environmental and Social (E&S) risk analysis of the CBS loan portfolio, annual sustainability reporting for CBS, China Banking Corporation, and SM Investments Corporation, etc.

The Board of Directors, through the Sustainability Sub-Committee under the Board ROC, sets the strategic Environmental & Social objectives and targets for the Bank's credit operations, covering short, medium, and long-term horizons to integrate E&S principles into lending operations. This includes the formulation and approval of the CBS E&S Risk Appetite Statement, Sustainability Partnerships, and Sustainability related credit products and services.

The Sustainability Department is responsible for the day-to-day management of all sustainability programs and activities across the Bank, developing and implementing strategies aligned with the CBS vision, mission, and core values, and monitoring and informing the Bank of new developments in both local and international sustainability regulations and industry practices.

The ESRMS established in 2024 conforms with BSP & SEC Sustainability regulations and follows industry best practices. CBS engaged Deloitte Philippines consultancy as third-party partner for this program. Deloitte Philippines was chosen for this role because of the company's technical expertise, its extensive involvement in the formulation of BSP Sustainability policies, and its exposure to sustainability regulations and best practices worldwide.

Sustainability Transition Plan

The Sustainability Strategy of CBS is guided by the Bank's Vision and Mission and adheres to the principles of the SAG1 program. A component of the Sustainability Strategy is to ensure that sustainability is embraced by all CBS Bankers as a shared goal and to motivate CBS employees to aspire for self-improvement with a sustainability-oriented mindset. In the past year, CBS bankers participated in sustainability-focused training courses and team-building activities designed to 'upskill' employee roles in various levels of the organization.

CBS recognizes its pivotal role in promoting sustainable development. As a bank, CBS first ensures financial inclusion and financial wellness, so that its stakeholders may be ready for the increasingly extreme consequences of climate change and other related ESG risks. Secondly, CBS ensures that the economic activities it finances contribute to advancing sustainable development goals and do not undermine this purpose. CBS will ingrain sustainability in its business decisions and operations. This way, CBS lending and other financial products and services will ultimately contribute to Sustaining Achievable Sustainability Goals as One.

CBS ESRM Training: Resilience Through Sustainable Banking
As part of the engagement with Deloitte Philippines, a training program was conducted to ensure the CBS ESRMS and Due Diligence Tools are understood and appropriately used by the CBS workforce. In keeping with SAG1 principles, CBS successfully 'upskilled' 214 CBS Bankers in matters related to sustainability. Deloitte Philippines together with CBS Sustainability Department and the CBS Training Academy implemented the program which involved CBS Bankers from the Board level down to the frontline personnel.

Green Initiative
CBS, together with parent Chinabank, engaged with Manila Water Company to plant more trees at the La Mesa Ecopark, the last bastion of green space in Metro Manila, and the main provider of water for over 13 million of its residents. The tree planting activity is part of the CBS' ambitious internal campaign to plant one million trees nationwide, and to engage CBS employees in meaningful, sustainable activities in accordance with our SAG1 principles.

On October 12, CBS mobilized over 70 volunteer "eco-warriors," including family members and a delegation from its parent, Chinabank, to plant 150 native tree saplings in the groves of La Mesa Ecopark. Aside from tree planting, the volunteers also engaged in the weeding out invasive plant life to ensure the survival of the saplings. This activity brings the total number of trees planted by CBS in the La Mesa Watershed area to 900 since July 2023.

This recent activity brings the total number of trees planted by CBS in the La Mesa Watershed area to 900 since July 2023. The La Mesa Watershed is the last rainforest of its size in Metro Manila and serves as the primary source of potable drinking water for over 13 million residents.

CBS has also announced plans for future reforestation trips to target sites in Central and Southern Luzon, Visayas, and Mindanao in the coming months.

This initiative is part of the Bank's contribution to mitigating the impact of climate change and actively participating in the Philippine sustainability agenda.

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, 2024 and 2023
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

<table>
<tr><th></th><th>REPORT</th><th>DATE REPORTED</th></tr>
<tr><td>1</td><td>Board Meeting – March 21, 2024

I. BR 04-03.21.2024-18 approving the setting of the Bank’s Annual Stockholders’ Meeting to June 20, 2024, at 9:00 in the morning, and the also the following:
1. May 20, 2024 – as record date on and for the determination of those entitled to notice of and vote at the Annual Stockholders’ Meeting; and
2. May 31, 2024 – as the closing of the Corporation’s Stock and Transfer books.

II. BD 04-03.21.2024-12 ratifying the Corporate Governance Committee Resolution No. CGC 02-02.15.2024-II.3 approving the Revised AMLCOM Charter with respect to the Composition of AMLCOM Members as follows:

<table>
<tr><th></th><th>2023</th><th>2024 Revised</th></tr>
<tr><td>Chairman:</td><td>Chief Compliance Officer</td><td>Chief Compliance Officer</td></tr>
<tr><td>Vice Chairman:</td><td>Head, Risk Management Division</td><td>Head, Risk Management Division</td></tr>
<tr><td>Member:</td><td>Head, Legal Services Division</td><td>Head, Legal Services Division</td></tr>
<tr><td>Member:</td><td>Head, Centralized Operations Group</td><td>Head, Centralized Operations Group</td></tr>
<tr><td>Member:</td><td>Head, Branch Service Operations Management Division</td><td>Deputy Head, Consumer Lending Group</td></tr>
</table>
III. BD 04-03.21.2024-15 ratifying the Audit Committee Resolution No. AC 02-03.19.2024-4.b approving the Revision of the CBS Audit Department Manual.

IV. BD 04-03.21.2024-10 ratifying the Executive Committee Resolution No. EC 05-03.14.2024-03 approving the revised Asset and Liability Committee (ALCO) Charter.</td><td>March 25, 2024</td></tr>
</table>

<table>
<tr>
<td>2</td>
<td>Board Meeting – April 25, 2024
I. BD 05-04.25.2024-12 approving the Endorsement of Nominations to the Board of Directors of China Bank Savings, Inc. (CBSI)
<table>
<tr><td>Nominees for Re-election as Directors</td><td>Nominator</td></tr>
<tr><td>Mr. Ricardo R. Chua</td><td>Mr. Romeo D. Uyan, Jr., China Banking Corp.</td></tr>
<tr><td>Mrs. Nancy D. Yang</td><td>Mr. Ricardo R. Chua, China Banking Corp.</td></tr>
<tr><td>Mr. James Christian T. Dee</td><td>Mr. Ricardo R. Chua, China Banking Corp.</td></tr>
<tr><td>Mr. Romeo D. Uyan, Jr.</td><td>Mr. Ricardo R. Chua, China Banking Corp.</td></tr>
<tr><td>Mr. Jose L. Osmeña, Jr.</td><td>Mr. Ricardo R. Chua, China Banking Corp.</td></tr>
<tr><td>Mr. Patrick D. Cheng</td><td>Mr. Ricardo R. Chua, China Banking Corp.</td></tr>
<tr><td>Mr. Herbert T. Sy, Jr.</td><td>Mr. Ricardo R. Chua, China Banking Corp.</td></tr>
<tr><td>Nominees for Re-election as Independent Directors</td><td>Nominator</td></tr>
<tr><td>Mr. Philip S. L. Tsai</td><td>Mr. Ricardo R. Chua, China Banking Corp.</td></tr>
<tr><td>Mrs. Claire Ann T. Yap</td><td>Mr. Ricardo R. Chua, China Banking Corp.</td></tr>
<tr><td>Mr. Genaro V. Lapez</td><td>Mr. Ricardo R. Chua, China Banking Corp.</td></tr>
<tr><td>Mr. Antonio S. Espedido, Jr.</td><td>Mr. Ricardo R. Chua, China Banking Corp.</td></tr>
</table>
</td>
<td>April 26, 2024</td>
</tr>
</table>

3	**Stockholders' and Board Meetings – June 20, 2024** **Annual Stockholder's Meeting Resolutions:** I. Resolution No. 06.20.2024.01 approving the Minutes of the Regular Annual Stockholders' Meeting held on June 15, 2023; II. Resolution No. 06.20.2024.02 approving the 2023 Annual Report; III. Resolution No. 06.20.2024.03 approving the Annual Audited Financial Statements for the year ended December 31, 2023; IV. Resolution No. 06.20.2024.04 ratifying all acts and proceedings of the Board of Directors, Executive Committee, and other Board and Management levels committees for the year 2023, including Related Party Transactions (RPTs) Reports; V. Resolution No. 06.20.2024.05 on the Re-election of the following to the Board of Directors:	**June 25, 2024**

No.	Name of Director	Position
1	MR. RICARDO R. CHUA	Director, Chairman
2.	MS. NANCY D. YANG	Director, Vice-Chairman
3.	MR. JAMES CHRISTIAN T. DEE	President/ Director
4.	MR. ROMEO D. UYAN, JR.	Director
5.	MR. PATRICK D. CHENG	Director
6.	MR. JOSE L. OSMEÑA, JR.	Director
7.	MR. HERBERT T. SY, JR.	Director
8.	MR. PHILIP S. L. TSAI	Independent Director
9.	MS. CLAIRE ANN T. YAP	Independent Director
10.	MR. GENARO V. LAPEZ	Independent Director
11.	MR. ANTONIO S. ESPEDIDO, JR.	Independent Director

VI. Resolution No. 06.20.2024.06 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 20, 2024 issued the following Resolutions:

I. BD No. 07-06.20.2024-01.a, for the Appointment of Board-level Committees and Compositions for the ensuing year 2024-2025:

BOARD OVERSIGHT COMMITTEES

EXECUTIVE COMMITTEE

1. Mr. Romeo D. Uyan, Jr., Chairman
2. Ms. Nancy D. Yang, Vice Chairman
3. Mr. James Christian T. Dee, President/Member
4. Mr. Jose L. Osmeña, Jr., Member
5. Mr. Herbert T. Sy, Jr., Member
6. Mr. Aloysius C. Alday, Jr., Resource Person

RISK OVERSIGHT COMMITTEE

1. Mr. Philip S. L. Tsai, Chairman
2. Mr. Antonio S. Espedido, Jr., Vice Chairman
3. Ms. Claire Ann T. Yap, Member

AUDIT COMMITTEE

1. Ms. Claire Ann T. Yap, Chairman
2. Mr. Genaro V. Lapez, Vice Chairman
3. Mr. Antonio S. Espedido, Jr., Member

RELATED PARTY TRANSACTION COMMITTEE

1. Mr. Genaro V. Lapez, Chairman
2. Mr. Philip S. L. Tsai, Vice Chairman
3. Mr. Antonio S. Espedido, Jr., Member

CORPORATE GOVERNANCE COMMITTEE

1. Mr. Antonio S. Espedido, Jr., Chairman
2. Ms. Claire Ann T. Yap, Vice Chairman
3. Mr. Philip S. L. Tsai, Member

NOMINATION COMMITTEE

1. Mr. Antonio S. Espedido, Jr., Chairman
2. Ms. Claire Ann T. Yap, Vice Chairman
3. Mr. Philip S. L. Tsai, Member

RETIREMENT COMMITTEE

1. Mr. Genaro V. Lapez, Chairman
2. Mr. James Christian T. Dee, Vice Chairman/President
3. Mr. Antonio S. Espedido, Jr., Member

REMUNERATION COMMITTEE

1. Mr. Genaro V. Lapez, Chairman
2. Mr. James Christian T. Dee, Vice Chairman/President
3. Mr. Philip S. L. Tsai, Member

II. BD No. 07-06.20.2024-01.b, for the Appointment of Mr. Philip S. L. Tsai as Lead Independent Director.

III. BD No. 07-06.20.2024-01.c approving the following Management-level Committees and Membership for the ensuing year 2024-2025:

MANAGEMENT COMMITTEE (MANCOM)

1	James Christian T. Dee	President	Chairman
2	Jan Nikolai M. Lim	Consumer Lending Group Head	Vice Chairman
3	Luis Bernardo A. Puhawan	Controllership Group Head	Member
4	Mary Grace F. Guzman	Asset Recovery Group Head	Member
5	Brenda S. Santiago	SME Lending Group Head	Member
6	Niel C. Jumawan	APD Lending Group Head	Member
7	Atty. Josephine F. Fernandez	Human Resources Division Head	Member
8	Raymond C. Apo	Risk Management Division Head	Resource Person

ASSET AND LIABILITY COMMITTEE (ALCO)

1	James Christian T. Dee	President	Chairman
2	Charmaine S. Hao	Treasury Group Head	Vice Chairman
3	Luis Bernardo A. Puhawan	Controllership Group Head	Member
4	Brenda S. Santiago	SME Lending Group Head	Member

5	Jan Nikolai M. Lim	Consumer Lending Group Head	Member
6	Raymond C. Apo	Risk Management Division Head	Member
7	Niel C. Jumawan	APD Lending Group Head	Member

CREDIT, COLLECTIONS, AND ASSET RECOVERY COMMITTEE (CRECOM)

1	James Christian T. Dee	President	Chairman
2	Jan Nikolai M. Lim	Consumer Lending Group Head	Vice Chairman
3	Luis Bernardo A. Puhawan	Controllership Group Head	Member
4	Julius Joseph L. Romabiles	SME Credit Division Head	Member
5	Mary Grace F. Guzman	Asset Recovery Group Head	Member
6	Ma. Jerreza D. Cabusao	Collections Services Division Head	Ex-Officio
7	Atty. Roberto M. Buenaventura	Legal Services Division Head	Ex-Officio
8	Raymond C. Apo	Risk Management Division Head	Ex-Officio
9	Brenda S. Santiago	SME Lending Group Head	Ex-Officio

OPERATIONS COMMITTEE (OPCOM)

1	Frederick M. Pineda	Centralized Operations Group Head	Chairman
2	Adonis C. Yap	Digital Business Banking Group Head	Vice Chairman
3	Grace Z. Floresca	Consumer Credit Division Head	Member
4	Rachelle A. Acosta	Branch Operations Support Department Head	Member
5	Atty. Corazon T. Llagas	Chief Compliance Officer	Member
6	Raymond C. Apo	Risk Management Division Head	Ex-Officio
7	Richard V. Manzano	Administrative Services Department Head	Ex-Officio

ADMINISTRATIVE INVESTIGATION COMMITTEE (AIC)

1	Atty. Josephine F. Fernandez	Human Resources Division Head	Chairman
2	Atty. Roberto M. Buenaventura	Legal Services Division Head	Vice Chairman
3	Luis Bernardo A. Puhawan	Controllership Group Head	Member
4	Atty. Corazon T. Llagas	Chief Compliance Officer	Member
5	Raymond C. Apo	Risk Management Division Head	Member

ANTI MONEY LAUNDERING COMMITTEE (AMLACOM)*

1	Atty. Corazon T. Llagas	Chief Compliance Officer	Chairman
2	Raymond C. Apo	Risk Management Division Head	Vice Chairman
3	Atty. Roberto M. Buenaventura	Legal Services Division Head	Member
4	Frederick M. Pineda	Centralized Operations Group Head	Member
5	Kristine Michele C. Broadhurst	Housing Loans Division Head	Member

HUMAN RESOURCES COMMITTEE (HRCOM)*

1	Atty. Josephine F. Fernandez	Human Resources Division Head	Chairman
2	Luis Bernardo A. Puhawan	Controllership Group Head	Vice-Chairman
3	Jan Nikolai M. Lim	Consumer Lending Group Head	Member
4	Frederick M. Pineda	Centralized Operations Group Head	Member
5	Niel C. Jumawan	APD Lending Group Head	Member

SERVICE AND QUALITY ASSURANCE COMMITTEE (SQA)*

1	James Christian T. Dee	President	Chairman
2	Frederick M. Pineda	Centralized Operations Group Head	Vice Chairman
3	Warren Augustus D. De Guzman	CEM Marketing Services and	Member

		Sustainability Division Head	
4	Adonis C. Yap	Digital Business Banking Group Head	Member
5	Atty. Corazon T. Llagas	Chief Compliance Officer	Member

***Project Management Office committees under the Office of the President**

IV. **BD No. 07-06.20.2024-01.d approving the Election of Key Officers of the Bank for the Ensuing Year 2024-2025:**

No.	Position	Name
1.	President	Mr. James Christian T. Dee
2.	Senior Vice-President	Mr. Jan Nikolai M. Lim
3.	Controller	Mr. Luis Bernardo A. Puhawan
4.	Treasurer	Ms. Charmaine S. Hao
5.	Chief Compliance Officer	Atty. Corazon T. Llagas
6.	Corporate Secretary	Atty. Arturo Jose M. Constantino III

V. BD No. 07-06.20.2024-01.e approving the Re-appointment of All Officers with Ranks of Assistant Manager (AM) and Up, including interlocked and seconded Officers of China Banking Corporation (CBC), for the ensuing year 2024-2025.

VI. BD No. 07-06.20.2024-08 ratifying Resolution No. EC 10-05.23.2024-09 approving the request for Application for One (1) New License to Establish a CBS Branch in Panabo City, Davao del Norte, as contained in the Memorandum dated 20 May 2024 submitted by the Retail Banking Group.

VII. BD No. 07-06.20.2024-08 ratifying Resolution No. EC 11-06.13.2024-06 approving the request for Application for One (1) New License to Establish a CBS Branch in Talisay City, Cebu, as contained in the Memorandum dated 10 June 2024 submitted by the Retail Banking Group.

VIII. BD No. 07-06.20.2024-13 ratifying Resolution No. RPT 03 – 06.06.2024-2 approving the Revisions to Related Party Transaction (RPT) Policy.

4.	**Board Meeting – December 13 and 19, 2024** I. BD Spl 13-12.12.2024-01 approving the 2024-2029 CBSI and CBSEU Collective Bargaining Agreement (CBA) II. BD 14-12.19.2024-18 on the Retirement of Mr. Jose L. Osmeña, Jr. as Director of China Bank Savings, Inc. III. BD 14-12.19.2024-19 approving the Appointment of Mr. Aloysius C. Alday, Jr. as Regular Director of China Bank Savings, Inc. IV. BD 14-12.19.2024-20 approving the Appointment of Mr. Aloysius C. Alday, Jr. as member of the Executive Committee of China Bank Savings, Inc., effective 19 December 2024 V. BD 14-12.19.2024-10 ratifying the ExCom Resolution No. EC 24-12.12.2024-02 approving the Recommendation for the Extension of Employment of Atty. Josephine F. Fernandez as CBSI Human Resources Division Head VI. BD 14-12.19.2024-10 ratifying the ExCom Resolution No. EC 24-12.12.2024-03 approving the Appointment of Mr. Rudcen Mark M. Iglesia as Deputy Head of Human Resources Division and his promotion from Senior Assistant Vice President (SAVP) to Vice President I (VPI)	**December 23, 2024**

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 __ day of MAR 20 2025 2025.

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
Senior Assistant Vice President and Corporate Secretary

MAR 20 2025

SUBSCRIBED AND SWORN to before me this __ day of _______ 2025 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. 103;
Page No. 22;
Book No. V;
Series of 2025.

ATTY. JONAS CESAR C. MANGROBANG III
Notary Public Until December 31, 2026
Appointment No. M-021 (2025-2026) for Makati City
Roll No. 59531/IBP Lifetime Member No. 012384
PTR No. 10465524/01.02.2025/Makati City
MCLE Compliance No. VII-0003423
314 Sen. Gil Puyat Avenue, 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 years ended December 31, 2024 and 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.

SyCip Gorres Velayo & Co. (SGV & Co.), the independent auditors appointed by the stockholders, have audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their 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

SUBSCRIBED AND SWORN to before me this ____ day of MAR 20 2025 2025 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. 33-4998867-3
Charmaine S. Hao	P6588111A
Luis Bernardo A. Puhawan	Unified Multi-Purpose ID No. CRN-0033-4600510-6

Doc. No. 105;
Page No. 22;
Book No. V;
Series of 2025.

ATTY. JONAS CESAR C. MANGROBANG III
Notary Public Until December 31, 2026
Appointment No. M-021 (2025-2026) for Makati City
Roll No. 59231/IBP Lifetime Member No. 012384
PTR No. 10465524/01.02.2025/Makati City
MCLE Compliance No. VII-0003423
314 Sen. Gil Puyat Avenue, Makati City

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

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 PUYAT AVENUE, MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	SEC	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
sgv.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

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, 2024 and 2023, 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, 2024, 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, 2024 and 2023, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2024 in accordance with Philippine Financial Reporting Standards (PFRSs) Accounting Standards.

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, 2024, 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, 2024 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.

- 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 in Note 29 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, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-141-2024, April 26, 2024, valid until April 25, 2027
PTR No. 10465364, January 2, 2025, Makati City

March 20, 2025

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
RECEIVED
APR 04 2025
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	
	2024	2023
ASSETS		
Cash and Cash Equivalents (Notes 6 and 23)	**₱27,129,881,265**	₱20,001,169,247
Financial Assets at Fair Value through Profit or Loss (Note 7)	**100,434,809**	50,900,076
Financial Assets at Fair Value through Other Comprehensive Income (Note 7)	**12,028,399,959**	12,411,859,455
Investment Securities at Amortized Cost (Note 7)	**6,827,321,051**	6,258,780,708
Loans and Receivables (Note 8)	**133,690,255,054**	110,315,101,840
Non-current Assets Held for Sale (Note 9)	**567,422,444**	213,368,762
Property and Equipment (Note 10)	**2,096,167,832**	1,965,413,487
Investment Properties (Note 11)	**1,875,111,007**	1,950,006,358
Branch Licenses (Note 12)	**74,480,000**	74,480,000
Software Costs (Note 12)	**53,397,982**	49,440,405
Deferred Tax Asset (Note 22)	**1,727,204,197**	1,495,380,660
Other Assets (Notes 13 and 23)	**2,953,106,574**	2,651,992,262
	₱189,123,182,174	₱157,437,893,260
LIABILITIES AND EQUITY		
Liabilities		
Deposit Liabilities (Notes 15 and 23)		
Demand	**₱27,679,939,125**	₱25,981,327,810
Savings	**22,024,151,961**	21,138,613,497
Time	**117,088,781,450**	90,535,289,647
	166,792,872,536	137,655,230,954
Manager's Checks	**203,678,931**	689,698,725
Accrued Interest and Other Expenses (Note 16)	**1,232,254,903**	1,021,694,150
Income Tax Payable	**503,404**	2,591,417
Other Liabilities (Notes 16 and 24)	**3,056,411,729**	2,419,595,990
	171,285,721,503	141,788,811,236
Equity		
Capital stock (Note 18)	**11,543,579,100**	11,543,579,100
Additional paid-in capital (Note 18)	**475,049,814**	475,049,814
Other equity - stock grants (Note 18)	**17,299,450**	17,299,450
Other equity reserves (Note 27)	**(2,248,520,637)**	(2,248,520,637)
Surplus (Note 18)	**8,034,115,444**	5,863,598,152
Remeasurement gains on retirement benefit (Note 20)	**31,188,724**	20,858,617
Net unrealized losses on financial assets at fair value through other comprehensive income (Note 7)	**(93,526,964)**	(70,830,608)
Cumulative translation adjustment	**78,275,740**	48,048,136
	17,837,460,671	15,649,082,024
	₱189,123,182,174	₱157,437,893,260

See accompanying Notes to Financial Statements.

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

	Years Ended December 31		
	2024	2023	2022
INTEREST INCOME			
Loans and receivables (Notes 8 and 23)	**₱12,532,350,164**	₱10,302,663,084	₱7,494,313,474
Trading and investment securities (Note 7)	**1,289,302,593**	472,994,630	273,068,574
Due from Bangko Sentral ng Pilipinas and other banks (Notes 6 and 23)	**484,857,926**	807,401,467	266,726,823
Interbank loans receivable and securities purchased under resale agreements (Note 6)	**166,663,846**	169,178,245	70,835,452
	14,473,174,529	11,752,237,426	8,104,944,323
INTEREST EXPENSE			
Deposit liabilities (Notes 15 and 23)	**6,277,871,818**	4,590,953,033	1,484,426,834
Lease liabilities (Note 21)	**61,370,207**	52,212,642	39,109,419
	6,339,242,025	4,643,165,675	1,523,536,253
NET INTEREST INCOME	**8,133,932,504**	7,109,071,751	6,581,408,070
Service charges, fees and commissions	**433,707,136**	458,307,082	429,240,918
Gain on asset exchange - net (Notes 9 and 11)	**292,609,625**	379,935,234	376,181,268
Income from property rentals (Notes 11, 21 and 23)	**56,705,284**	49,862,036	49,157,087
Trading and securities gains - net (Note 7)	**20,356,048**	365,441	–
Miscellaneous (Note 19)	**261,964,237**	213,462,182	114,873,080
TOTAL OPERATING INCOME	**9,199,274,834**	8,211,003,726	7,550,860,423
Compensation and fringe benefits (Notes 20 and 23)	**1,761,207,323**	1,519,425,423	1,331,232,664
Provision for impairment and credit losses (Note 14)	**773,248,903**	1,015,498,571	1,507,585,488
Documentary stamp taxes	**730,692,429**	537,823,446	306,664,676
Taxes and licenses	**713,190,951**	636,025,917	417,738,766
Depreciation and amortization (Notes 10, 11 and 12)	**548,758,623**	489,267,845	429,654,413
Insurance	**445,035,212**	344,671,610	261,649,400
Security, clerical, messengerial and janitorial	**374,653,618**	329,390,588	315,748,912
Acquired asset and other litigation expenses	**234,001,264**	192,032,629	288,336,187
Transportation and travel	**205,993,377**	162,311,953	135,525,399
Occupancy costs (Note 21)	**161,384,751**	152,224,055	145,333,551
Utilities	**121,061,077**	113,630,855	108,849,238
Data processing and information technology (Note 23)	**106,186,769**	76,215,660	64,450,418
Entertainment, amusement and recreation (Note 22)	**85,466,851**	90,455,583	88,557,677
Stationery, supplies and postage	**49,913,447**	33,677,936	30,188,618
Management and other professional fees	**8,055,679**	7,399,915	5,063,951
Miscellaneous (Notes 19)	**449,316,333**	376,061,572	391,335,676
TOTAL OPERATING EXPENSES	**6,768,166,607**	6,076,113,558	5,827,915,034
INCOME BEFORE INCOME TAX	**2,431,108,227**	2,134,890,168	1,722,945,389
PROVISION FOR INCOME TAX (Note 22)	**260,590,935**	307,064,762	145,992,126
NET INCOME	**₱2,170,517,292**	₱1,827,825,406	₱1,576,953,263

See accompanying Notes to Financial Statements.

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

	Years Ended December 31		
	2024	2023	2022
NET INCOME	**₱2,170,517,292**	₱1,827,825,406	₱1,576,953,263
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, net of tax (Note 7)	**(35,691,437)**	81,149,047	(133,339,660)
Cumulative translation adjustment	**30,227,604**	(31,100,015)	40,535,812
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)	**12,995,081**	8,459,460	4,683,628
Remeasurement gains (losses) on retirement asset (liability), net of tax (Note 20)	**10,330,107**	(41,705,576)	(3,549,431)
	17,861,355	16,802,916	(91,669,651)
TOTAL COMPREHENSIVE INCOME	**₱2,188,378,647**	₱1,844,628,322	₱1,485,283,612

See accompanying Notes to Financial Statements.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
RECEIVED
APR 04 2025
BY: ROSE MARCIANO
LTDOCUMENT PROCESSING AND QUALITY ASSURANCE DIVISION

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, 2024	**₱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**
Total comprehensive income (loss) for the year	–				**2,170,517,292**	**10,330,107**	**(22,696,356)**	**30,227,604**	**2,188,378,647**
Balances at December 31, 2024	**₱11,543,579,100**	**₱475,049,814**	**₱17,299,450**	**(₱2,248,520,637)**	**₱8,034,115,444**	**₱31,188,724**	**(₱93,526,964)**	**₱78,275,740**	**₱17,837,460,671**
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

See accompanying Notes to Financial Statements.

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

	Years Ended December 31		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱2,431,108,227**	₱2,134,890,168	₱1,722,945,389
Adjustments for:			
Provision for impairment and credit losses (Note 14)	**773,248,903**	1,015,498,571	1,507,585,488
Depreciation and amortization (Notes 10, 11 and 12)	**548,758,623**	489,267,845	429,654,413
Gain on asset exchange (Notes 9, 11 and 23)	**(292,609,625)**	(379,935,234)	(376,181,268)
Interest on lease liabilities (Note 21)	**61,370,207**	52,212,642	39,109,419
Amortization of premium/(discount) on investment securities	**(699,854,342)**	12,995,821	36,511,967
Realized trading gains on financial assets at fair value through other comprehensive income (Note 7)	**(20,356,048)**	(365,441)	–
Stock grants (Note 18)	–	22,050	–
Changes in operating assets and liabilities:			
Decrease (increase) in the amounts of:			
Financial assets at fair value through profit or loss	**(49,534,733)**	(50,900,076)	–
Loans and receivables	**(25,578,695,100)**	(24,568,905,021)	(24,448,446,068)
Other assets (Note 13)	**(242,385,763)**	(457,531,493)	80,588,617
Increase (decrease) in the amounts of:			
Deposit liabilities	**29,137,641,582**	29,458,341,104	26,401,723,835
Manager's checks	**(486,019,794)**	435,139,172	(133,686,911)
Accrued interest and other expenses	**210,560,753**	378,987,053	299,676,353
Other liabilities (Note 16)	**617,398,366**	82,748,602	182,081,322
Net cash generated from (used in) operations	**6,410,631,256**	8,602,465,763	5,741,562,556
Income tax paid (Note 22)	**(497,945,854)**	(446,056,218)	(323,634,787)
Net cash provided by (used in) operating activities	**5,912,685,402**	8,156,409,545	5,417,927,769
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Financial assets at fair value through other comprehensive income	**(79,533,757,836)**	(10,822,787,584)	(149,720,981)
Investment securities at amortized cost	**(1,053,741,820)**	(934,384,243)	(2,674,609,330)
Property and equipment (Note 10)	**(414,592,309)**	(402,502,281)	(388,711,433)
Software costs (Note 12)	**(17,300,392)**	(7,053,232)	(35,863,358)
Proceeds from sale/maturity of:			
Financial assets at fair value through other comprehensive income	**80,531,081,936**	465,089,387	–
Investment properties (Note 11)	**739,419,501**	1,094,062,530	897,932,696
Non-current assets held for sale (Note 9)	**608,017,849**	404,923,249	504,667,774
Investment securities at amortized cost	**549,380,000**	558,658,064	2,067,000,000
Property and equipment (Note 10)	**43,916,762**	93,151,093	137,893,929
Net cash provided by (used in) investing activities	**1,452,423,691**	(9,550,843,017)	358,589,297
CASH FLOWS FROM FINANCING ACTIVITY			
Proceeds from capital infusion (Notes 18 and 23)	–	990,000,000	–
Payments of principal portion of lease liabilities (Note 21)	**(286,796,349)**	(262,454,969)	(233,139,024)
Net cash provided by (used in) investing activities	**(286,796,349)**	727,545,031	(233,139,024)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**50,399,274**	52,237,801	60,668,343
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**7,128,712,018**	(614,650,640)	5,604,046,385
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**20,001,169,247**	20,615,819,887	15,011,773,502
CASH AND CASH EQUIVALENTS AT END OF YEAR	**₱27,129,881,265**	₱20,001,169,247	₱20,615,819,887

OPERATIONAL CASH FLOWS FROM INTEREST			
Interest received	**₱14,286,067,890**	₱11,725,492,904	₱8,198,291,816
Interest paid	**6,040,597,114**	4,290,525,512	1,325,671,162

See accompanying Notes to Financial Statements.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
RECEIVED
APR 04 2025

CHINA BANK SAVINGS, INC.
(A Subsidiary of China Banking Corporation)
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, 2024 and 2023, the Bank has 170 and 168 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, 2024 and 2023, CBC, the ultimate parent bank, has ownership interest in the Bank of 99.64%.

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

2. Summary of Material Accounting Policy Information

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 (OCI) 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) Accounting Standards.

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 amendments to PFRS Accounting Standards which became effective as of January 1, 2024. These changes in the accounting policies did not have any significant impact on the financial position or performance of the Bank.

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

  The amendments clarify:
  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

- *Amendments to PFRS 16, Lease Liability in a Sale and Leaseback*

  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

- *Amendments to PAS 7 and PFRS 7, Disclosures: Supplier Finance Arrangements*

  The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

Material Accounting Policy Information

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.

<u>Fair Value Measurement</u>
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.

<u>Classification, Reclassification and Impairment of Financial Assets</u>
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.

The transfer of risks and rewards is evaluated by comparing the Bank's exposure, before and after the transfer, with the variability in the amounts and timing of the net cash flows of the transferred asset. The Bank has retained substantially all the risks and rewards of ownership of a financial asset if its exposure to the variability in the present value of the future net cash flows from the financial asset does not change significantly as a result of the transfer (e.g., because the entity has sold a financial asset subject to an agreement to buy it back at a fixed price or the sole price plus a lender's return).

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

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

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
Financial liabilities include deposits, manager’s checks, accrued interest and other expenses, and taxes. Financial liabilities are recognized initially at their fair value and when necessary, are subsequently measured at amortized cost using the effective interest method. Deposit liabilities are stated at amounts in which they are to be paid. 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.

<u>Investment in a Subsidiary and an Associate</u>

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, 2024 and 2023, 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.

<u>Equity</u>
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 FVPL and 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.

<u>Retirement Benefits</u>
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.

Income Taxes

Current tax

Current tax assets and current tax liabilities for the current period and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as of the reporting date. 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 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 2024. 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, 2025

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards-Volume 11
    - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
    - Amendments to PFRS 7, *Gain or Loss on Derecognition*
    - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
    - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
    - Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027

- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability*

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. The Bank's business models need not be assessed at the entity level or as a whole but applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by the Bank) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument). In determining the classification of a financial instrument, 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.

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

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 37.24% in 2024 and from 2.13% to 35.70% in 2023.

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, 2024 and 2023 range from 0.13% to 6.88% and from 0.13% to 7.00%, respectively.

Manager's checks accrued interest and other expenses and other liabilities - Carrying amounts approximate 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, 2024 and 2023, 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, 2024				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements					
Financial assets at FVPL					
Government debt securities	**₱100,434,809**	**₱100,434,809**	**₱–**	**₱–**	**₱100,434,809**
Financial assets at FVOCI					
Government debt securities	**11,982,700,787**	**4,514,373,105**	**7,468,327,682**	**–**	**11,982,700,787**
Quoted equity securities	**37,715,576**	**37,715,576**	**–**	**–**	**37,715,576**
	₱12,120,851,172	**₱4,652,523,490**	**₱7,468,327,682**	**₱–**	**₱12,120,851,172**

(Forward)

	December 31, 2024				
	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	**₱6,552,432,008**	**₱4,447,088,285**	**₱1,922,917,539**	**₱–**	**₱6,370,005,824**
Private debt securities	**274,889,043**	**246,621,019**	**–**	**–**	**246,621,019**
Loans and receivables					
Loans and discounts					
Consumer lending	**118,433,277,967**	**–**	**–**	**94,081,922,746**	**94,081,922,746**
Corporate and commercial lending	**13,837,378,594**	**–**	**–**	**13,741,125,699**	**13,741,125,699**
Others	**10,739,726**	**–**	**–**	**11,389,692**	**11,389,692**
Sales contracts receivable	**1,408,858,767**	**–**	**–**	**1,147,669,170**	**1,147,669,170**
	₱140,517,576,105	**₱4,693,709,304**	**₱1,922,917,539**	**₱108,982,107,307**	**₱115,598,734,150**
Fair values of assets carried at cost					
Investment properties					
Land	**₱1,226,786,328**	**₱–**	**₱–**	**₱2,287,102,462**	**₱2,287,102,462**
Condominium properties, buildings and improvements	**648,324,679**	**–**	**–**	**1,598,175,581**	**1,598,175,581**
	₱1,875,111,007	**₱–**	**₱–**	**₱3,885,278,043**	**₱3,885,278,043**
Fair values of liabilities carried at amortized cost					
Deposit liabilities – Time	**₱117,088,781,450**	**₱–**	**₱–**	**₱117,031,252,164**	**₱117,031,252,164**

	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	–	12,379,155,363
Quoted equity securities	24,515,275	24,515,275	–	–	24,515,275
	₱12,454,570,715	₱10,810,377,907	₱1,644,192,807	₱–	₱12,454,570,714
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	₱–	₱–	₱90,494,304,255	₱90,494,304,255

As of December 31, 2024 and 2023, 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 Oversight Committee (ROC).

All Board committees report regularly to the BOD on their activities.

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 BOD has delegated to the ROC the formulation and supervision of the risk management process which includes, among others, determining the appropriate risk mitigating strategies and operating principles, adoption of industry standards, development of risk metrics, monitoring of key risk indicators, and the imposition of risk parameters. The ROC is composed of three members of the BOD, all of whom are independent directors. The Bank's ROC shall be responsible for the oversight and development of all risk management functions within the Bank. The ROC 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 Division (RMD) supports the ROC in fulfilling its responsibilities, including overseeing the implementation of risk management strategies and specific risk control measures as approved by the Board of Directors (BOD). Additionally, the RMD actively monitors material risks on a daily basis, ensuring that the Bank engages only in risk-taking activities authorized by the ROC. The RMD is headed by the Chief Risk Officer (CRO) who reports the results of risk measurements to the ROC. Apart from RMD, each business unit has created and put in place various process controls which ensure that all the external and internal transactions and dealings of the unit are in compliance with the unit's risk management objectives

The 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.

Risk Management Reporting
The ROC discusses risk management issues on a quarterly basis. The ROC 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 ROC and ExeCom.

The Operational Risk Assessment Program and IT Risk Frameworks require the Bank to undergo periodic operational risk assessment and for all business units to conduct risk and control self-assessments. These enable determination of priority risk areas, assessment of mitigating controls in place, and institutionalization of additional measures to ensure both a controlled operating environment and proper handling of IT risk exposures. RMD maintains and updates the Bank's Centralized Loss Database wherein all reported incidents of losses shall be encoded to enable assessment of weaknesses in the processes and come up with viable improvements to avoid recurrence.

Monitoring and controlling risks are primarily performed based on various limits 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, 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):

	2024						
	Loans and receivables	**%**	**Other financial assets***	**%**	**Off-balance sheet exposures**	**%**	**Total**
Consumer	**₱88,228,255**	**64.37**	**₱1,039,422**	**2.26**	**₱–**	**–**	**₱89,267,677**
Government	**–**	**–**	**40,314,347**	**87.63**	**–**	**–**	**40,314,347**
Real estate, renting and business services	**34,996,850**	**25.53**	**412,300**	**0.90**	**239,031**	**10.22**	**35,648,181**
Wholesale and retail trade	**2,560,163**	**1.87**	**30,161**	**0.07**	**166,116**	**7.10**	**2,756,440**
Agriculture	**3,513,582**	**2.56**	**41,394**	**0.09**	**8,000**	**0.34**	**3,562,976**
Financial intermediaries	**202,818**	**0.15**	**2,339,166**	**5.08**	**1,049**	**0.04**	**2,543,033**
Manufacturing	**2,054,205**	**1.50**	**24,201**	**0.05**	**170,048**	**7.27**	**2,248,454**
Electricity, gas, steam and air-conditioning supply	**1,401,411**	**1.02**	**16,510**	**0.04**	**5,000**	**0.21**	**1,422,921**
Transportation, storage and communication	**1,229,412**	**0.90**	**14,484**	**0.03**	**4,004**	**0.17**	**1,247,900**
Construction	**655,084**	**0.48**	**7,718**	**0.02**	**56,683**	**2.42**	**719,485**
Hotels and restaurant	**581,082**	**0.42**	**6,846**	**0.01**	**–**	**–**	**587,928**
Health and social work	**540,657**	**0.39**	**6,370**	**0.01**	**–**	**–**	**547,027**
Education	**492,459**	**0.36**	**5,802**	**0.01**	**450**	**0.02**	**498,711**
Other community, social and personal services	**233,277**	**0.17**	**2,748**	**0.01**	**–**	**–**	**236,025**
Others	**373,780**	**0.28**	**1,743,128**	**3.79**	**1,688,118**	**72.19**	**3,805,026**
Total	**137,063,035**	**100.00**	**46,004,597**	**100.00**	**2,338,499**	**100.00**	**185,406,131**
Allowance for impairment and credit losses	**(3,372,780)**		**(741,563)**		**–**		**(4,114,343)**
Net	**₱133,690,255**		**₱45,263,034**		**₱2,338,499**		**₱181,291,788**

* *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.*

	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	43,396	2.54	31,487,485
Wholesale and retail trade	2,172,497	1.91	27,461	0.07	232,867	13.61	2,432,825
Agriculture	2,548,760	2.24	32,217	0.08	8,000	0.47	2,588,977
Financial intermediaries	202,856	0.18	2,204,272	5.66	–	–	2,407,128
Manufacturing	1,758,285	1.55	22,225	0.06	70,244	4.11	1,850,754
Electricity, gas, steam and air-conditioning supply	1,550,635	1.36	19,600	0.05	16,250	0.95	1,586,485
Transportation, storage and communication	1,293,598	1.14	16,351	0.04	9,821	0.57	1,319,770
Construction	746,080	0.66	9,431	0.02	28,850	1.69	784,361
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	1,301,062	76.06	3,335,566
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 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 Philippine Guarantee Corporation (PGC) amounting to ₱13.61 billion and ₱9.78 billion as of December 31, 2024 and 2023, respectively. PGC 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, 2024		
	Gross maximum exposure	**Net exposure**	**Financial effect of collateral or credit enhancement**
Credit risk exposure relating to on-balance sheet items are as follows:			
Loans and receivables			
Loans and discounts			
Consumer lending	**118,433,277,967**	**69,855,650,913**	**48,577,627,054**
Corporate and commercial lending	**13,837,378,594**	**2,608,855,041**	**11,228,523,553**
Others	**10,739,726**	**–**	**10,739,726**
Sales contract receivable	**1,408,858,767**	**–**	**1,408,858,767**
	₱133,690,255,054	**₱72,464,505,954**	**₱61,225,749,100**

	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

The maximum exposure to credit risks for the other financial assets is limited to the carrying value as of December 31, 2024 and 2023. 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 2024 and 2023 that are still held by the Bank as of December 31, 2024 and 2023 amounted to ₱1.10 billion and ₱757.13 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

	2024			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
Consumer lending	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
High grade	**₱31,884,184,635**	**₱–**	**₱–**	**₱31,884,184,635**
Standard grade	**83,356,623,615**	–	–	**83,356,623,615**
Substandard grade	–	–	–	–
Past due but not impaired	–	**2,551,218,663**	–	**2,551,218,663**
Past due and impaired	–	–	**2,690,755,844**	**2,690,755,844**
Gross carrying amount	**₱115,240,808,250**	**₱2,551,218,663**	**₱2,690,755,844**	**₱120,482,782,757**

	2024			
	ECL Staging			
Corporate and commercial lending	**Stage 1**	**Stage 2**	**Stage 3**	
	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
High grade	**₱980,978,645**	**₱–**	**₱–**	**₱980,978,645**
Standard grade	**10,620,829,017**	–	–	**10,620,829,017**
Substandard grade	–	**1,070,329,370**	**757,709,544**	**1,828,038,914**
Past due but not impaired	–	**306,357,909**	**38,836,081**	**345,193,990**
Past due and impaired	–	–	**1,188,194,369**	**1,188,194,369**
Gross carrying amount	**₱11,601,807,662**	**₱1,376,687,279**	**₱1,984,739,994**	**₱14,963,234,935**

	2024			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
Others	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
High grade	**₱–**	**₱–**	**₱–**	**₱–**
Standard grade	**9,334,552**	–	–	**9,334,552**
Substandard grade	–	–	–	–
Past due but not impaired	–	–	–	–
Past due and impaired	–	–	**3,093,637**	**3,093,637**
Gross carrying amount	**₱9,334,552**	**₱–**	**₱3,093,637**	**₱12,428,189**

Unquoted debt securities	2024 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	2024 ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
High grade	**₱–**	**₱–**	**₱–**	**₱–**
Standard grade	**1,196,527,341**	–	–	**1,196,527,341**
Substandard grade	–	–	–	–
Past due but not impaired	–	–	–	–
Past due and impaired	–	–	**256,225,039**	**256,225,039**
Gross carrying amount	**₱1,196,527,341**	**₱–**	**₱256,225,039**	**₱1,452,752,380**

Other financial assets

Accounts receivable and accrued interest receivable	2024 ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
High grade	**₱230,519,044**	**₱–**	**₱–**	**₱230,519,044**
Standard grade	**1,721,604,137**	**160,853,158**	–	**1,882,457,295**
Substandard grade	–	**26,540,716**	–	**26,540,716**
Past due but not impaired	–	**70,858,682**	–	**70,858,682**
Past due and impaired	–	–	**1,003,060,901**	**1,003,060,901**
Gross carrying amount	**₱1,952,123,181**	**₱258,252,556**	**₱1,003,060,901**	**₱3,213,436,638**

Loans and receivables

Consumer lending	2023 ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 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

Corporate and commercial lending	2023 ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 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

Others	2023 ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 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

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

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

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

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

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

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

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

BBB and below:

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

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

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

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

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

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

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

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.

	2024			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
Financial assets at FVOCI - debt	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
High grade	**₱11,982,700,787**	**₱–**	**₱–**	**₱11,982,700,787**

	2024			
	ECL Staging			
Investment securities at amortized cost	**Stage 1**	**Stage 2**	**Stage 3**	
	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
High grade	**₱6,839,559,119**	**₱–**	**₱–**	**₱6,839,559,119**

	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 amortized cost	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
High grade	₱6,269,609,894	₱–	₱–	₱6,269,609,894

	2024				
	High Grade	**Standard Grade**	**Substandard Grade**	**Unrated**	**Total**
Due from BSP	**₱21,391,651,836**	**₱–**	**₱–**	**₱–**	**₱21,391,651,836**
Due from other banks	**2,336,776,991**	**–**	**–**	**–**	**2,336,776,991**
	₱23,728,428,827	**₱–**	**₱–**	**₱–**	**₱23,728,428,827**

	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

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, equity 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, 2024 and 2023:

	2024	2023
Long-term retail loans with monthly amortization	**89.44%**	88.19%
Commercial loans with monthly or quarterly amortization	**6.09%**	5.88%
Commercial loans payable at maturity (mostly maturing for less than 6 months)	**4.47%**	5.93%
	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, 2024 and 2023:

	2024	2023
Demand	**16.60%**	18.87%
Savings	**13.20%**	15.36%
Time	**70.20%**	65.77%
	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 FVOCI portfolio. Market values of these investments are sensitive to fluctuations in interest rates.

The repricing 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, 2024 and 2023, (in millions):

	December 31, 2024					
	Up to 1 Month	**>1 to 3 Months**	**>3 to 6 Months**	**>6 to 12 Months**	**>12 Months**	**Total**
Financial Assets						
Loans and receivables	**₱7,363**	**₱15,827**	**₱21,172**	**₱40,743**	**₱46,810**	**₱131,915**
Investment securities	**1,000**	**58**	**1,019**	**4,475**	**12,119**	**18,671**
Total financial assets	**8,363**	**15,885**	**22,191**	**45,218**	**58,929**	**150,586**
Financial Liabilities						
Deposit liabilities	**53,309**	**42,736**	**8,481**	**2,440**	**59,826**	**166,792**
Repricing gap	**(₱44,946)**	**(₱26,851)**	**₱13,710**	**₱42,778**	**(₱897)**	**(₱16,206)**

	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)

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, 2024 and 2023 (amounts in thousands):

	December 31, 2024			
	Change in interest rates (in basis points)			
	100bp rise	**50bp rise**	**50bp fall**	**100bp fall**
Change in annualized net interest income	**(₱257,214)**	**(₱128,607)**	**₱128,607**	**₱257,214**
As a percentage of the Bank's net interest income as reported to the BSP	**(3.13%)**	**(1.57%)**	**1.57%**	**3.13%**

	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 as reported to the BSP	(3.45%)	(1.72%)	1.72%	3.45%

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 December 31, 2024 and 2023 (amounts in thousands):

	December 31, 2024			
	Change in interest rates (in basis points)			
	25bp rise	**10bp rise**	**10bp fall**	**25bp fall**
Change in income before tax	**(₱912)**	**(₱366)**	**₱368**	**₱922**
Change in equity	**(₱69,215)**	**(₱27,808)**	**₱27,801**	**₱69,812**
Total impact on net assets	**(₱70,128)**	**(₱28,175)**	**₱28,169**	**₱70,734**

	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

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. Instead of relying solely on contractual maturities profile, the Parent Company uses Behavioral MCO to capture a going concern view. Furthermore, monthly internal liquidity ratio and monitoring of large fund providers have 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 and sensitivity analysis are conducted periodically. The Bank started monitoring and reporting to the BSP the Liquidity Coverage Ratio and the Net Stable Funding Ratio in 2018.

The tables below show the maturity profile of the Bank’s financial assets and financial liabilities, based on contractual undiscounted cash flows:

	December 31, 2024			
	On demand	**Within 1 year**	**Over 1 year**	**Total**
Financial Assets				
Cash and cash equivalents				
Cash and other cash items	**₱3,401,452,438**	**₱–**	**₱–**	**₱3,401,452,438**
Due from BSP	**21,391,651,836**	**–**	**–**	**21,391,651,836**
Due from other banks	**2,336,776,991**	**–**	**–**	**2,336,776,991**
SPURA	**–**	**–**	**–**	**–**
Financial assets at FVPL based on expected disposal dates	**–**	**121,282,031**	**–**	**121,282,031**
Financial assets at FVOCI based on expected disposal dates	**–**	**4,340,847,715**	**9,548,277,840**	**13,889,125,555**
Investment securities at amortized cost	**–**	**3,043,716,770**	**4,726,319,276**	**7,770,036,046**
Loans and receivables	**–**	**20,465,471,053**	**183,071,801,516**	**203,537,272,569**
Other assets				
Accounts receivable	**–**	**1,614,748,378**	**–**	**1,614,748,378**
Accrued interest receivable	**–**	**1,598,688,260**	**–**	**1,598,688,260**
Advance rental deposits	**–**	**99,451,839**	**–**	**99,451,839**
Returned checks and other cash items	**40,585,297**	**–**	**–**	**40,585,297**
Other equity investments	**–**	**–**	**21,792,208**	**21,792,208**
Total financial assets	**₱27,170,466,562**	**₱31,284,206,046**	**₱197,368,190,840**	**₱255,822,863,448**
Financial Liabilities				
Deposit liabilities				
Demand	**₱27,679,939,125**	**₱–**	**₱–**	**₱27,679,939,125**
Savings	**22,024,151,961**	**–**	**–**	**22,024,151,961**
Time	**–**	**112,594,507,125**	**11,391,347,342**	**123,985,854,467**
Manager’s checks	**203,678,931**	**–**	**–**	**203,678,931**
Accrued interest and other expenses	**–**	**1,232,254,903**	**–**	**1,232,254,903**
Other liabilities				
Accounts payable	**–**	**1,993,888,858**	**–**	**1,993,888,858**
Lease liabilities	**–**	**17,735,275**	**889,821,867**	**907,557,142**
Other credits - dormant	**–**	**–**	**16,379,962**	**16,379,962**
Security deposit	**–**	**–**	**12,193,405**	**12,193,405**
Bills purchased	**–**	**–**	**–**	**–**
Total financial liabilities	**₱49,907,770,017**	**₱115,838,386,161**	**₱12,309,742,576**	**₱178,055,898,754**

	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	–	18,499,772,318	149,723,294,086	168,223,066,404
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	₱34,949,854,504	₱160,255,245,464	₱211,777,135,868

(Forward)

	December 31, 2023			
	On demand	Within 1 year	Over 1 year	Total
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	–	7,870,955	885,795,415	893,666,370
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	₱88,733,747,533	₱10,316,256,497	₱146,859,644,062

6. Cash and Cash Equivalents

	2024	2023
Cash and other cash items	**₱3,401,452,438**	₱2,854,548,942
Due from BSP (Note 15)	**21,391,651,836**	11,300,316,184
Due from other banks (Notes 23)	**2,336,776,991**	2,201,708,374
SPURA (Note 26)	**–**	3,644,595,747
	₱27,129,881,265	₱20,001,169,247

Due from BSP

Due from BSP represents the Bank's placements in the term deposit facilities (TDF) of the BSP that have original maturities of seven (7) and fourteen (14) days and the demand deposits maintained by the Bank in compliance with the BSP's reserve requirement (Note 15).

As of December 31, 2024 and 2023, the Bank's demand deposits with the BSP amounted to ₱1.61 billion and ₱2.23 billion, respectively. TDF deposit accounts earn annual interest rates ranging from 5.74% to 6.01% in 2024, from 6.24% to 6.68% in 2023 and from 1.65% to 6.34% in 2022.

Due from other banks

Due from other banks represent savings and demand deposits. USD-denominated deposits amounted to USD8.32 million (₱481.07 million) and USD13.72 million (₱759.42 million) as of December 31, 2024 and 2023, respectively.

Peso-denominated deposits earn interest at annual rates ranging from 0.05% to 0.40% in 2024 and 2023 and from 0.05% to 0.13% in 2022. USD-denominated deposits earn interest at annual rates ranging from 0.05% to 5.23% in 2024 and 2023 and 0.05% to 4.00% in 2022.

SPURA

Deposits in reverse repurchase facility, classified as SPURA, earn interest at annual rates ranging from 5.73% to 6.54% in 2024, from 5.00% to 6.39% in 2023 and 2.00% to 5.50% in 2022 with tenor ranging from one (1) to six (6) days.

7. Trading and Investment Securities

Financial Assets at FVPL

As of December 31, 2024 and 2023, financial assets at FVPL pertain to the peso-denominated government securities of the Bank and include fair value loss of ₱1.93 million and fair value gain of ₱0.37 million, respectively. Effective interest rate is 4.47% in 2024 and 4.97% in 2023.

Financial Assets at FVOCI

This account consists of:

	2024	2023
Quoted government debt securities	**₱11,982,700,787**	₱12,379,155,364
Equity securities		
Quoted equity securities	**37,715,576**	24,515,275
Unquoted equity securities	**7,983,596**	8,188,816
	45,699,172	32,704,091
Total	**₱12,028,399,959**	₱12,411,859,455

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.

Net unrealized losses

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

	2024	2023
Balance at the beginning of the year	**(₱70,830,608)**	(₱160,439,115)
Movements in fair value during the year	**(21,549,344)**	71,053,463
Expected credit losses	**(1,147,012)**	18,555,044
Balance at the end of the year	**(₱93,526,964)**	(₱70,830,608)

Effective interest rates for peso-denominated debt financial assets at FVOCI range from 2.00% to 6.07% in 2024, from 1.65% to 6.77% in 2023 and from 1.47% to 2.13% in 2022.

Effective interest rates for foreign currency-denominated debt financial assets at FVOCI range from 1.37% to 7.02% in 2024, 2023 and 2022.

Trading and securities gains - net

Trading and securities gains - net of the Bank amounted to ₱20.36 million in 2024, ₱0.37 million in 2023 and nil 2022, respectively.

Investment Securities at Amortized Cost
This account consists of:

	2024	2023
Quoted		
Government debt securities (Note 23)	**₱6,563,759,119**	₱5,775,809,894
Private debt securities	**275,800,000**	493,800,000
	6,839,559,119	6,269,609,894
Allowance for credit losses (Note 14)	**(12,238,068)**	(10,829,186)
	₱6,827,321,051	₱6,258,780,708

Peso-denominated government securities and private bonds have effective interest rate ranging from 2.91% to 5.50% in 2024, from 2.86% to 5.50% in 2023 and from 2.60% to 5.50% in 2022, with maturities ranging from 1 to 8 years in 2024 and 2023 and from 1 to 9 years in 2022.

USD-denominated government securities and private bonds have effective interest rate ranging from 1.36% to 3.01% in 2024, 2023 and 2022, with maturities ranging from 1 to 10 years in 2024, from 1 to 11 years in 2023 and from 1 to 12 years in 2022.

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

	2024	2023	2022
Investment securities at amortized cost	**₱284,271,734**	₱281,589,118	₱224,325,861
Financial assets at FVOCI	**1,001,339,366**	190,042,318	48,742,713
Financial assets at FVPL	**3,691,493**	1,363,194	–
	₱1,289,302,593	₱472,994,630	₱273,068,574

8. Loans and Receivables

This account consists of:

	2024	2023
Loans and discounts		
Consumer lending	**₱120,482,782,757**	₱97,409,115,570
Corporate and commercial lending	**14,963,234,935**	14,599,017,775
Others	**12,428,189**	10,388,968
	135,458,445,881	112,018,522,313
Unquoted debt securities	**151,836,309**	151,836,309
Sales contracts receivable	**1,452,752,380**	1,460,193,792
	137,063,034,570	113,630,552,414
Allowance for credit losses (Note 14)	**(3,372,779,516)**	(3,315,450,574)
	₱133,690,255,054	₱110,315,101,840

As of December 31, 2024 and 2023, 24.09% and 32.25% 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 37.24% in 2024 and from 2.13% to 39.42% in 2023 and 2.00% to 39.42% in 2022, 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, 2024 and 2023, 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. In 2022, 2023 and 2024, the accretion on the modified loans amounted to ₱44.09 million, ₱9.95 million and ₱5.38 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:

	2024	2023	2022
Loans and discounts			
Consumer lending	**₱11,331,305,405**	₱9,074,380,009	₱6,300,788,241
Corporate and commercial lending	**1,082,923,665**	1,127,137,448	1,108,669,232
Others	**389,014**	376,234	402,320
Sales contract receivable	**117,732,080**	100,769,393	84,453,681
	₱12,532,350,164	₱10,302,663,084	₱7,494,313,474

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.

	2024	2023
Balance at beginning of year	**₱213,368,762**	₱166,771,807
Additions	**1,004,896,274**	437,485,346
Disposals	**(650,842,592)**	(390,888,391)
Balance at end of year	**₱567,422,444**	₱213,368,762

Gain (Loss) on Asset Exchange
Loss on foreclosure of NCAHS amounted to ₱31.56 million, ₱120.41 million and ₱123.88 million in 2024, 2023 and 2022, respectively.

The Bank realized ₱42.82 million loss in 2024, ₱14.03 million gain in 2023 and ₱40.62 million gain in 2022 on sale of NCAHS.

10. Property and Equipment

The composition of and movements in this account follow:

	December 31, 2024					
	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**	**₱1,056,340,497**	**₱1,378,345,902**	**₱721,535,095**	**₱1,188,026,116**	**₱4,787,642,944**
Additions	**–**	**108,862,028**	**222,852,694**	**82,877,587**	**244,843,515**	**659,435,824**
Disposals/expirations	**–**	**(35,424,980)**	**(91,163,710)**	**(549,200)**	**(113,002,299)**	**(240,140,189)**
Balances at end of year	**443,395,334**	**1,129,777,545**	**1,510,034,886**	**803,863,482**	**1,319,867,332**	**5,206,938,579**
Accumulated Depreciation						
Balances at beginning of year	**–**	**704,597,897**	**1,077,838,195**	**536,719,850**	**503,073,515**	**2,822,229,457**
Depreciation and amortization	**–**	**29,651,818**	**138,616,111**	**84,528,058**	**231,968,730**	**484,764,717**
Disposals/expiration	**–**	**(237,476)**	**(86,063,007)**	**–**	**(109,922,944)**	**(196,223,427)**
Balances at end of year	**–**	**734,012,239**	**1,130,391,299**	**621,247,908**	**625,119,301**	**3,110,770,747**
Net Book Values at End of Year	**₱443,395,334**	**₱395,765,306**	**₱379,643,587**	**₱182,615,574**	**₱694,748,031**	**₱2,096,167,832**

	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

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

	2024	2023	2022
Property and equipment	**₱484,764,717**	₱418,420,882	₱359,413,996
Investment properties (Note 11)	**50,651,091**	54,753,966	57,766,813
Software costs (Note 12)	**13,342,815**	16,092,997	12,473,604
	₱548,758,623	₱489,267,845	₱429,654,413

As of December 31, 2024 and 2023, the gross carrying amount of fully depreciated building and furniture, fixtures and equipment still in use amounted to ₱896.08 million and ₱856.01 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, 2024 and 2023.

11. Investment Properties

The composition of and movements in this account follow:

	December 31, 2024		
	Land	**Condominium Properties, Buildings and Improvements**	**Total**
Cost			
Balances at beginning of year	**₱1,448,476,048**	**₱1,403,866,100**	**₱2,852,342,148**
Additions	**207,231,851**	**190,377,431**	**397,609,282**
Disposals	**(323,659,110)**	**(225,010,508)**	**(548,669,618)**
Balances at end of year	**1,332,048,789**	**1,369,233,023**	**2,701,281,812**
Accumulated Depreciation			
Balances at beginning of year	**−**	**465,419,048**	**465,419,048**
Depreciation (Note 10)	**−**	**50,651,091**	**50,651,091**
Disposals	**−**	**(52,467,398)**	**(52,467,398)**
Balances at end of year	**−**	**463,602,741**	**463,602,741**
Accumulated Impairment Losses (Note 14)			
Balances at beginning of year	**105,262,461**	**331,654,281**	**436,916,742**
Disposal, reclassifications and other movements	**−**	**(74,348,678)**	**(74,348,678)**
Balances at end of year	**₱105,262,461**	**₱257,305,603**	**₱362,568,064**
Net Book Values at End of Year	**₱1,226,786,328**	**₱648,324,679**	**₱1,875,111,007**

	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

Gain on Asset Exchange

Gain on foreclosure of investment properties amounted to ₱123.78 million, ₱166.22 million and ₱87.99 million in 2024, 2023 and 2022, respectively.

The Bank realized gain on sale of investment properties amounting to ₱243.22 million, ₱320.09 million and ₱371.45 million in 2024, 2023 and 2022, respectively.

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

	2024	2023	2022
Rent income on investment properties (included under income from property rentals)	**₱49,855,163**	₱47,563,155	₱49,157,087
Direct operating expenses on investment properties not generating rent income (included under miscellaneous expenses)	**50,412,941**	63,947,420	69,571,257

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 2024 and 2023. As of December 31, 2024 and 2023, the carrying amount of branch licenses amounted to ₱74.48 million. The branch licenses are determined to be not impaired.

Software Costs
Movements in software costs are as follows:

	2024	2023
Cost		
Balance at beginning of year	**₱236,396,932**	₱229,343,700
Additions	**17,300,392**	7,053,232
Balance at end of year	**253,697,324**	236,396,932
Accumulated amortization		
Balance at beginning of year	**186,956,527**	170,863,530
Amortization (Note 10)	**13,342,815**	16,092,997
Balance at end of year	**200,299,342**	186,956,527
Net Book Value at End of Year	**₱53,397,982**	₱49,440,405

13. Other Assets

This account consists of:

	2024	2023
Financial		
Accounts receivable (Note 23)	**₱1,614,748,378**	₱1,413,902,802
Accrued interest receivable	**1,598,688,260**	1,411,581,621
Advance rental deposits	**99,451,839**	89,142,725
Returned checks and other cash items (RCOCI)	**40,585,297**	215,462,400
Other equity investments	**21,792,208**	21,792,208
	3,375,265,982	3,151,881,756
Nonfinancial		
Non-performing Asset Pool (NPAP)	**1,176,678,195**	1,198,123,367
Documentary stamp tax	**110,087,816**	121,088,149
Retirement asset (Note 20)	**49,800,520**	69,384,834
Prepaid expenses	**40,571,909**	35,709,823
Stationery and supplies	**36,661,278**	36,867,292
Creditable withholding taxes (CWT)	**12,164,343**	–
Miscellaneous	**123,870,650**	154,466,959
	1,549,834,711	1,615,640,424
	4,925,100,693	4,767,522,180
Allowance for impairment and credit losses (Note 14)	**(1,971,994,119)**	(2,115,529,918)
	₱2,953,106,574	₱2,651,992,262

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. This also includes receivables from CBC for unpaid rental obligations (Note 23).

Non-Performing Asset Pool (NPAP)
As of December 31, 2024 and 2023, miscellaneous 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):

	2024	2023
Loans and receivables	**₱957,495**	₱978,940
Investment properties	**145,107**	145,107
Other assets*	**74,076**	74,076
	₱1,176,678	₱1,198,123

* *Other assets include various property and equipment, various rental deposits of PDB's branches and other miscellaneous assets.*

As of December 31, 2024 and 2023, 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 the 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. 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 was established to provide web-based solutions to help SME-entrepreneurs manage businesses better and expand to new markets. Its principal place of business is in Makati City, Philippines. PDB SME was dissolved in 2013.

Filrice and PDB SME are non-operating private companies and as such, have no available quoted market prices. As of December 31, 2024 and 2023, 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, 2024 and 2023, 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 ₱729.32 million and ₱851.51 million as of December 31, 2024 and 2023, respectively (Note 14).

14. **Allowance for Impairment and Credit Losses**

Changes in the allowance for impairment and credit losses are as follows:

	2024	2023
Balance at beginning 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
Provisions charged to operations	**773,248,903**	1,015,498,571
Accounts charged off and others	**(932,395,556)**	(890,680,016)
	(159,146,653)	124,818,555
Balance at end of year		
Loans and receivables (Note 8)	**3,372,779,516**	3,315,450,574
Investment properties (Note 11)	**362,568,064**	436,916,742
Investment securities at amortized cost (Note 7)	**12,238,068**	10,829,186
Financial assets at FVOCI (Note 7)	**20,754,832**	21,901,844
Other assets (Note 13)	**1,971,994,119**	2,115,529,918
	₱5,740,334,599	₱5,900,628,264

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:

	2024	2023	2022
Loans and receivables	**₱833,518,146**	₱ 949,572,926	₱1,041,595,669
Investment properties	**–**	(27,206,089)	105,788,444
Investment securities at amortized cost	**1,408,882**	(885,400)	119,614,709
Financial assets at FVOCI (Note 7)	**(1,147,012)**	18,555,044	109,998
Other assets	**(60,531,113)**	75,462,090	240,476,668
	₱773,248,903	₱1,015,498,571	₱1,507,585,488

The tables below illustrate the movements of the allowance for impairment and credit losses of the financial assets for the years ended December 31, 2024 and 2023 (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, 2024	**₱408,462,263**	**₱108,451,051**	**₱1,089,364,722**	**₱1,606,278,036**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	**(4,905,654)**	**47,476,395**	**–**	**42,570,741**
Transfer from Stage 1 to Stage 3	**(3,639,271)**	**–**	**432,233,847**	**428,594,576**
Transfer from Stage 2 to Stage 1	**2,585,077**	**(25,018,101)**	**–**	**(22,433,024)**

(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 3	**₱–**	**(₱17,949,109)**	**₱220,275,650**	**₱202,326,541**
Transfer from Stage 3 to Stage 1	**356,542**	**–**	**(42,346,269)**	**(41,989,727)**
Transfer from Stage 3 to Stage 2	**–**	**1,702,180**	**(20,889,547)**	**(19,187,367)**
New financial assets originated or purchased	**283,093,233**	**43,489,081**	**223,533,215**	**550,115,529**
Changes in PDs/LGDs/EADs	**(59,674,113)**	**111,791,694**	**660,531,824**	**712,649,405**
Financial assets derecognized during the period	**(129,904,859)**	**(42,970,941)**	**(498,088,474)**	**(670,964,274)**
Total net P&L charge during the period	**87,910,955**	**118,521,199**	**975,250,246**	**1,181,682,400**
Other movements without P&L impact				
Write-offs, foreclosures and other movements	**–**	**(123,846,875)**	**(614,608,771)**	**(738,455,646)**
Loss allowance at December 31, 2024	**₱496,373,218**	**₱103,125,375**	**₱1,450,006,197**	**₱2,049,504,790**

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, 2024	**₱67,274,401**	**₱36,416,793**	**₱1,403,466,784**	**₱1,507,157,978**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	**(1,562,752)**	**2,114,962**	**–**	**552,210**
Transfer from Stage 1 to Stage 3	**(173,881)**	**–**	**11,504,487**	**11,330,606**
Transfer from Stage 2 to Stage 1	**10,243,638**	**(13,863,311)**	**–**	**(3,619,673)**
Transfer from Stage 2 to Stage 3	**–**	**(1,075,743)**	**52,590,818**	**51,515,075**
Transfer from Stage 3 to Stage 1	**451,977**	**–**	**(29,904,079)**	**(29,452,102)**
Transfer from Stage 3 to Stage 2	**–**	**4,235,159**	**(207,048,065)**	**(202,812,906)**
New financial assets originated or purchased	**31,616,439**	**2,235,512**	**292,826,154**	**326,678,105**
Changes in PDs/LGDs/EADs	**(19,660,913)**	**48,663,878**	**(103,928,758)**	**(74,925,793)**
Financial assets derecognized during the period	**(26,549,356)**	**(12,331,564)**	**(383,952,681)**	**(422,833,601)**
Total net P&L charge during the period	**(5,634,848)**	**29,978,893**	**(367,912,124)**	**(343,568,079)**
Other movements without P&L impact				
Write-offs, foreclosures and other movements	**–**	**(58,075,397)**	**20,341,839**	**(37,733,558)**
Loss allowance at December 31, 2024	**₱61,639,553**	**₱8,320,289**	**₱1,055,896,499**	**₱1,125,856,341**

Others	ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance at January 1, 2024	**₱67**	**₱–**	**₱1,256,739**	**₱1,256,806**
Movements with P&L impact				
Transfers:				
Transfer from Stage 2 to Stage 3	**–**	**–**	**–**	**–**
New financial assets originated or purchased	**17**	**–**	**–**	**17**
Changes in PDs/LGDs/EADs	**(41)**	**–**	**439,059**	**439,018**
Financial assets derecognized during the period	**(7)**	**–**	**(7,371)**	**(7,378)**
Total net P&L charge during the period	**(31)**	**–**	**431,688**	**431,657**
Loss allowance at December 31, 2024	**₱36**	**₱–**	**₱1,688,427**	**₱1,688,463**

Unquoted debt securities	ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance at January 1, 2024	**₱–**	**₱–**	**₱151,836,309**	**₱151,836,309**
Total net P&L charge during the period	**–**	**–**	**–**	**–**
Loss allowance at December 31, 2024	**₱–**	**₱–**	**₱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, 2024	**₱12,696,017**	**₱–**	**₱36,225,428**	**₱48,921,445**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 3	**(1,265,694)**	**–**	**24,056,772**	**22,791,078**
Transfer from Stage 3 to Stage 1	**436,720**	**–**	**(8,300,639)**	**(7,863,919)**
New financial assets originated or purchased	**3,321,907**	**–**	**2,800,661**	**6,122,568**
Changes in PDs/LGDs/EADs	**98,230**	**–**	**(18,582,048)**	**(18,483,818)**
Financial assets derecognized during the period	**(3,321,907)**	**–**	**(4,271,834)**	**(7,593,741)**
Total net P&L charge during the period	**(730,744)**	**–**	**(4,297,088)**	**(5,027,832)**
Loss allowance at December 31, 2024	**₱11,965,273**	**₱–**	**₱31,928,340**	**₱43,893,613**

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, 2024	**₱21,901,844**	**₱–**	**₱–**	**₱21,901,844**
Movements with P&L impact				
New financial assets originated or purchased	**137,757,740**	**–**	**–**	**137,757,740**
Changes in PDs/LGDs/EADs	**3,575,017**	**–**	**–**	**3,575,017**
Financial assets derecognized during the period	**(142,479,769)**	**–**	**–**	**(142,479,769)**
Total net P&L charge during the period	**(1,147,012)**	**–**	**–**	**(1,147,012)**
Loss allowance at December 31, 2024	**₱20,754,832**	**₱–**	**₱–**	**₱20,754,832**

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, 2024	**₱10,829,186**	**₱–**	**₱–**	**₱10,829,186**
Movements with P&L impact				
New financial assets originated or purchased	**1,885,467**	**–**	**–**	**1,885,467**
Changes in PDs/LGDs/EADs	**472,332**	**–**	**–**	**472,332**
Financial assets derecognized during the period	**(948,917)**	**–**	**–**	**(948,917)**
Total net P&L charge during the period	**1,408,882**	**–**	**–**	**1,408,882**
Other movements without P&L impact				
Write-offs, foreclosures and other movements	–	–	–	–
Loss allowance at December 31, 2024	**₱12,238,068**	**₱–**	**₱–**	**₱12,238,068**

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, 2024	**₱8,717,102**	**₱75,861,332**	**₱766,927,334**	**₱851,505,768**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	**(57,872)**	**2,962,204**	**–**	**2,904,332**
Transfer from Stage 1 to Stage 3	**(28,511)**	**–**	**4,748,410**	**4,719,899**
Transfer from Stage 2 to Stage 1	**168,352**	**(8,617,149)**	**–**	**(8,448,797)**
Transfer from Stage 2 to Stage 3	**–**	**(1,272,747)**	**4,141,206**	**2,868,459**
Transfer from Stage 3 to Stage 1	**9,158**	**-**	**(1,525,262)**	**(1,516,104)**
Transfer from Stage 3 to Stage 2	**-**	**2,408,304**	**(7,836,030)**	**(5,427,726)**
New financial assets originated or purchased	**2,216,456**	**1,029,823**	**10,257,925**	**13,504,204**
Changes in PDs/LGDs/EADs	**(1,474,254)**	**22,927,737**	**22,101,102**	**43,554,585**
Financial assets derecognized during the period	**(1,315,420)**	**(8,446,848)**	**(19,127,168)**	**(28,889,436)**
Total net P&L charge during the period	**(482,091)**	**10,991,324**	**12,760,183**	**23,269,416**
Other movements without P&L impact				
Write-offs, foreclosures and other movements				
Reclassification to other nonfinancial assets	**–**	**(68,656,920)**	**(76,793,274)**	**(145,450,194)**
Loss allowance at December 31, 2024	**₱8,235,011**	**₱18,195,736**	**₱702,894,243**	**₱729,324,990**

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, 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
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	233,712,546	47,551,462	218,036,708	499,300,716
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	₱408,462,262	₱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)
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)
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				
Reclassification to other nonfinancial assets	–	(957,284)	(33,243,771)	(34,201,055)
Loss allowance at December 31, 2023	₱8,717,102	₱75,861,332	₱766,927,334	₱851,505,768

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, 2024	**₱92,780,310,005**	**₱2,545,404,831**	**₱2,083,400,734**	**₱97,409,115,570**
Transfers:				
Transfer from Stage 1 to Stage 2	**(1,114,296,681)**	**1,114,296,681**	–	–
Transfer from Stage 1 to Stage 3	**(826,643,544)**	–	**826,643,544**	–
Transfer from Stage 2 to Stage 1	**587,188,354**	**(587,188,354)**	–	–
Transfer from Stage 2 to Stage 3	–	**(421,275,301)**	**421,275,301**	–
Transfer from Stage 3 to Stage 1	**80,986,878**	–	**(80,986,878)**	–
Transfer from Stage 3 to Stage 2	–	**39,951,081**	**(39,951,081)**	–
New financial assets purchased or originated	**65,724,523,043**	**1,075,876,375**	**414,807,402**	**67,215,206,820**
Movements in outstanding balance	**(12,483,973,081)**	**325,719,816**	**521,596,716**	**(11,636,656,549)**
Financial assets derecognized during the period	**(29,507,286,723)**	**(1,008,551,223)**	**(952,589,955)**	**(31,468,427,901)**
Foreclosures	–	**(533,015,243)**	**(503,439,940)**	**(1,036,455,183)**
Gross carrying amount as at December 31, 2024	**₱115,240,808,251**	**₱2,551,218,663**	**₱2,690,755,843**	**₱120,482,782,757**

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, 2024	**₱8,511,102,156**	**₱3,404,277,436**	**₱2,683,638,183**	**₱14,599,017,775**
Transfers:				
Transfer from Stage 1 to Stage 2	**(197,708,753)**	**197,708,753**	–	–
Transfer from Stage 1 to Stage 3	**(21,998,298)**	–	**21,998,298**	–
Transfer from Stage 2 to Stage 1	**1,295,955,839**	**(1,295,955,839)**	–	–
Transfer from Stage 2 to Stage 3	–	**(100,561,502)**	**100,561,502**	–
Transfer from Stage 3 to Stage 1	**57,181,068**	–	**(57,181,068)**	–
Transfer from Stage 3 to Stage 2	–	**395,906,836**	**(395,906,836)**	–
New financial assets purchased or originated	**5,950,851,878**	**369,891,070**	**550,417,375**	**6,871,160,323**
Movements in outstanding balance	**(634,731,285)**	**(274,523,127)**	**(78,068,978)**	**(987,323,390)**
Financial assets derecognized during the period	**(3,358,844,943)**	**(1,152,766,651)**	**(734,174,893)**	**(5,245,786,487)**
Foreclosures	–	**(167,289,697)**	**(106,543,589)**	**(273,833,286)**
Gross carrying amount as at December 31, 2024	**₱11,601,807,662**	**₱1,376,687,279**	**₱1,984,739,994**	**₱14,963,234,935**

Others	ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount as at January 1, 2024	**₱7,277,079**	**₱–**	**₱3,111,889**	**₱10,388,968**
Transfers:				
Transfer from Stage 2 to Stage 3	–	–	–	–
New financial assets purchased or originated	**4,416,325**	–	–	**4,416,325**
Movements in outstanding balance	**(1,575,493)**	–	–	**(1,575,493)**
Financial assets derecognized during the period	**(783,359)**	–	**(18,252)**	**(801,611)**
Gross carrying amount as at December 31, 2024	**₱9,334,552**	**₱–**	**₱3,093,637**	**₱12,428,189**

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, 2024	**₱–**	**₱–**	**₱151,836,309**	**₱151,836,309**
Financial assets derecognized during the period	–	–	–	–
Gross carrying amount as at December 31, 2024	**₱–**	**₱–**	**₱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, 2024	**₱1,269,601,658**	**₱–**	**₱190,592,134**	**₱1,460,193,792**
Transfers:				
Transfer from Stage 1 to Stage 3	**(126,569,423)**	–	**126,569,423**	–
Transfer from Stage 3 to Stage 1	**43,671,988**	–	**(43,671,988)**	–
New financial assets purchased or originated	**332,190,698**	–	**22,475,316**	**354,666,014**
Movements in outstanding balance	**9,823,117**	–	**(17,264,530)**	**(7,441,413)**
Financial assets derecognized during the period	**(332,190,698)**	–	**(22,475,315)**	**(354,666,013)**
Gross carrying amount as at December 31, 2024	**₱1,196,527,340**	**₱–**	**₱256,225,040**	**₱1,452,752,380**

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, 2024	**₱12,379,155,364**	**₱–**	**₱–**	**₱12,379,155,364**
New financial assets purchased or originated	**79,533,757,836**	**–**	**–**	**79,533,757,836**
Movements in outstanding balance	**600,869,523**	**–**	**–**	**600,869,523**
Financial assets derecognized during the period	**(80,531,081,936)**	**–**	**–**	**(80,531,081,936)**
Gross carrying amount as at December 31, 2024	**₱11,982,700,787**	**₱–**	**₱–**	**₱11,982,700,787**

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, 2024	**₱6,269,609,894**	**₱–**	**₱–**	**₱6,269,609,894**
New financial assets purchased or originated	**1,053,741,820**	**–**	**–**	**1,053,741,820**
Movements in outstanding balance	**65,587,405**	**–**	**–**	**65,587,405**
Financial assets derecognized during the period	**(549,380,000)**	**–**	**–**	**(549,380,000)**
Gross carrying amount as at December 31, 2024	**₱6,839,559,119**	**₱–**	**₱–**	**₱6,839,559,119**

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, 2024	**₱1,663,726,159**	**₱ 282,868,950**	**₱878,889,314**	**₱2,825,484,423**
Transfers:				
Transfer from Stage 1 to Stage 2	**(11,045,359)**	**11,045,359**	**–**	**–**
Transfer from Stage 1 to Stage 3	**(5,441,620)**	**–**	**5,441,620**	**–**
Transfer from Stage 2 to Stage 1	**32,131,310**	**(32,131,310)**	**–**	**–**
Transfer from Stage 2 to Stage 3	**-**	**(4,745,771)**	**4,745,771**	**–**
Transfer from Stage 3 to Stage 1	**1,747,931**	**-**	**(1,747,931)**	**–**
Transfer from Stage 3 to Stage 2	**-**	**8,979,994**	**(8,979,994)**	**–**
New financial assets purchased or originated	**525,414,580**	**14,616,305**	**14,638,508**	**554,669,393**
Movements in outstanding balance	**(3,351,766)**	**16,004,174**	**137,363,551**	**150,015,959**
Financial assets derecognized during the period	**(251,058,054)**	**(31,496,297)**	**(21,919,500)**	**(304,473,851)**
Foreclosures	**–**	**(6,888,848)**	**(5,370,438)**	**(12,259,286)**
Gross carrying amount as at December 31, 2024	**₱1,952,123,181**	**₱258,252,556**	**₱1,003,060,901**	**₱3,213,436,638**

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	(26,112,778)	–	26,112,778	–
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	533,547,434
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

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%. On September 20, 2024, the BSP issued Circular No. 1201 reducing the reserve requirement for deposit liabilities of thrift banks to 1.00%. As of December 31, 2024 and 2023, due from BSP amounting to ₱1.77 billion and ₱3.01 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 4.25% in 2024, from 0.05% to 4.75% in 2023 and from 0.05% to 4.25% in 2022, while peso-denominated deposit liabilities bear interest rates ranging from 0.13% to 6.88% in 2024, from 0.13% to 7.25% in 2023 and from 0.13% to 6.75% in 2022.

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:

	2024	2023
Accrued interest payable	**₱889,396,383**	₱590,751,472
Accrued other expenses	**342,858,520**	430,942,678
	₱1,232,254,903	₱1,021,694,150

Accrued other expenses include accruals for employee benefits, utilities, janitorial and security services.

Other Liabilities
This account consists of:

	2024	2023
Financial		
Accounts payable (Note 23)	**₱1,993,888,858**	₱1,393,565,188
Lease liabilities (Note 21)	**784,672,010**	765,254,637
Due to the Treasurer of the Philippines	**43,630,247**	43,630,247
Other credits - dormant	**16,379,962**	39,894,632
Security deposit (Note 23)	**12,193,405**	12,177,616
Bills purchased	**–**	51,866
	2,850,764,482	2,254,574,186
Nonfinancial		
Taxes payable	**117,451,180**	82,440,880
Miscellaneous	**88,196,067**	82,580,924
	205,647,247	165,021,804
	₱3,056,411,729	₱2,419,595,990

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, 2024 and 2023 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, 2024			December 31, 2023		
	Within twelve months	**Over twelve months**	**Total**	Within twelve months	Over twelve months	Total
Financial assets						
Cash and cash equivalents	**₱27,129,881**	**₱–**	**₱27,129,881**	₱20,001,169	₱–	₱20,001,169
Financial assets at FVPL	**100,435**	**–**	**100,435**	50,900	–	50,900
Financial assets at FVOCI	**3,744,280**	**8,284,120**	**12,028,400**	8,786,049	3,625,810	12,411,859
Investment securities at amortized cost	**2,790,582**	**4,048,977**	**6,839,559**	539,997	5,729,613	6,269,610
Loans and receivables	**8,289,747**	**128,773,288**	**137,063,035**	8,658,249	104,972,303	113,630,552
Other assets						
Accounts receivable	**1,614,748**	**–**	**1,614,748**	1,413,903	–	1,413,903
AIR	**1,598,688**	**–**	**1,598,688**	1,411,582	–	1,411,582
Advance rental deposits	**99,452**	**–**	**99,452**	89,143	–	89,143
RCOCI	**40,585**	**–**	**40,585**	215,462	–	215,462
Other equity investments	**–**	**21,792**	**21,792**	–	21,792	21,792
	45,408,398	**141,128,177**	**186,536,575**	41,166,454	114,349,518	155,515,972
Nonfinancial assets						
NCAHS	**567,422**	**–**	**567,422**	213,369	–	213,369
Property and equipment	**–**	**5,206,939**	**5,206,939**	–	4,787,643	4,787,643
Investment properties	**–**	**2,701,282**	**2,701,282**	–	2,852,342	2,852,342
Branch licenses	**–**	**74,480**	**74,480**	–	74,480	74,480
Software costs	**–**	**253,697**	**253,697**	–	236,397	236,397
Deferred tax asset	**–**	**1,727,204**	**1,727,204**	–	1,495,381	1,495,381
Other assets						
NPAP	**–**	**1,176,678**	**1,176,678**	–	1,198,123	1,198,123
Documentary stamp tax	**110,088**	**–**	**110,088**	121,088	–	121,088
Retirement asset	**–**	**49,801**	**49,801**	–	69,385	69,385
Prepaid expenses	**40,572**	**–**	**40,572**	35,710	–	35,710
Stationery and supplies	**–**	**36,661**	**36,661**	–	36,867	36,867
CWT	**12,164**	**–**	**12,164**	–	–	–
Miscellaneous	**123,871**	**–**	**123,871**	154,466	–	154,466
	854,117	**11,226,742**	**12,080,859**	524,633	10,750,618	11,275,251
	46,262,515	**152,354,919**	**198,617,434**	41,691,087	125,100,136	166,791,223
Allowances for impairment and credit losses (Note 14)			**(5,719,580)**			(5,878,726)
Accumulated depreciation and amortization (Notes 10, 11 and 12)			**(3,774,673)**			(3,474,605)
			(9,494,253)			(9,353,331)
			₱189,123,181			₱157,437,892
Financial liabilities						
Deposit liabilities	**₱156,671,165**	**₱10,121,708**	**₱166,792,873**	₱129,178,665	₱8,476,566	₱137,655,231
Manager's checks	**203,679**	**–**	**203,679**	689,699	–	689,699
Accrued interest and other expenses	**1,232,255**	**–**	**1,232,255**	1,021,694	–	1,021,694
Other liabilities						
Accounts payable	**1,993,889**	**–**	**1,993,889**	1,393,565	–	1,393,565
Lease liabilities	**17,409**	**767,263**	**784,672**	66,172	699,082	765,254
Due to the Treasurer of the Philippines	**43,630**	**–**	**43,630**	43,630	–	43,630
Other credits - dormant	**–**	**16,380**	**16,380**	–	39,895	39,895
Security deposits	**–**	**12,193**	**12,193**	–	12,178	12,178
Bills purchased	**–**	**–**	**–**	52	–	52
	160,162,027	**10,917,544**	**171,079,571**	132,393,477	9,227,721	141,621,198
Nonfinancial liabilities						
Taxes payable	**117,451**	**–**	**117,451**	82,441	–	82,441
Income tax payable	**503**	**–**	**503**	2,591	–	2,591
Other liabilities	**88,196**	**–**	**88,196**	82,581	–	82,581
	206,150	**–**	**206,150**	167,613	–	167,613
	₱160,368,177	**₱10,917,544**	**₱171,285,721**	₱132,561,090	₱9,227,721	₱141,788,811

18. Equity

As of December 31, 2024 and 2023, the Bank has 134 million authorized common shares and 6 million authorized preferred shares.

As of December 31, 2024 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	115,414,149	11,541,414,900
	115,435,791	₱11,543,579,100

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

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, 2024 and 2023, the total number of stockholders is 1,550, 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

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, 2024 and 2023 the Bank appropriated ₱726.94 million and ₱592.93 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, 2024 and 2023.

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 27, 2024. 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.

On August 4, 2006, the BSP, under Circular No. 538, issued the prescribed guidelines implementing the revised risk-based capital adequacy framework for the Philippine banking system to conform to Basel II capital adequacy framework. The new BSP guidelines took effect on July 1, 2007. 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, while PhilRatings were used on peso-denominated exposures to Sovereigns, MDBs, Banks, Local Government Units, Government Corporations and Corporates.

On January 15, 2013, the BSP issued Circular No. 781, *Basel III Implementing Guidelines on Minimum Capital Requirements,* which provides the implementing guidelines on the revised risk-based capital adequacy framework particularly on the minimum capital and disclosure requirements for universal banks and commercial banks, as well as their subsidiary banks and quasi-banks, in accordance with the Basel III standards. The Circular took effect on January 1, 2014.

The Circular sets out a minimum Common Equity Tier 1 (CET1) ratio of 6.00% and Tier 1 capital ratio of 7.50%. It also introduces a capital conservation buffer of 2.50% comprised of CET1 capital. The BSP's existing requirement for Total CAR remains unchanged at 10.00% and this ratio shall be maintained at all times.

Further, existing capital instruments as of December 31, 2010 which do not meet the eligibility criteria for capital instruments under the revised capital framework shall no longer be recognized as capital upon the effectivity of Basel III. Capital instruments issued under BSP Circular Nos. 709 and 716 (the Circulars amending the definition of qualifying capital particularly on Hybrid Tier 1 and Lower Tier 2 capitals), starting January 1, 2011 and before the effectivity of BSP Circular No. 781, shall be recognized as qualifying capital until December 31, 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, 2023 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, 2024 and 2023 are shown in the tables below (amounts in thousands).

	2024	2023
CET 1 capital	**₱15,200,490**	₱13,413,236
Additional Tier 1 capital	**2,164**	2,164
Tier 1 capital	**15,202,654**	13,415,400
Tier 2 capital	**1,297,405**	1,086,362
Total qualifying capital	**16,500,059**	14,501,762
Risk weighted assets	**₱137,133,334**	₱115,170,904
CET 1 capital ratio	**11.08%**	11.65%
Tier 1 capital ratio	**11.09%**	11.65%
Capital adequacy ratio	**12.03%**	12.59%

The regulatory qualifying capital of the Bank consists of Tier 1 (core) capital, which comprises of paid-up common stock, DFFS, hybrid capital securities, deficit 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), deferred income tax, and goodwill. 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, 2024 and 2023 as reported to the BSP are shown in the table below (amounts in thousands).

	2024	2023
Tier 1 Capital	**₱15,202,654**	₱13,415,400
Exposure Measure	**187,937,207**	156,692,322
Leverage Ratio	**8.09%**	8.56%

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, 2024 and 2023, the LCR of the Bank as reported to the BSP, in single currency is 119.89% and 132.20%, 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, 2024 and 2023, the NSFR of the Bank as reported to the BSP is 122.00% and 123.01%, respectively.

19. Miscellaneous Income and Expenses

Miscellaneous income comprises the following:

	2024	2023	2022
Recovery on charged off assets	**₱166,850,350**	₱145,026,793	₱48,569,818
Bancassurance activities (Note 23)	**51,316,372**	42,539,804	48,543,831
Net foreign exchange gain	**1,894,163**	2,487,346	2,241,834
Dividends	**–**	919,149	–
Others	**41,903,352**	22,489,090	15,517,597
	₱261,964,237	₱213,462,182	₱114,873,080

Others include income from the issuance of letters of credits and various non-recurring income transactions.

Miscellaneous expenses consist of:

	2024	2023	2022
Supervision and administrative expenses	**₱73,883,162**	₱60,997,447	₱51,764,839
Repairs and maintenance fees	**46,258,168**	44,235,428	28,550,148
Fines, penalties, and other charges	**33,508,707**	35,001,307	87,021,886
Advertising	**18,841,816**	21,369,444	27,866,395
Athletic or cultural expenses	**5,637,506**	2,113,738	2,537,899
Clearing and processing fees	**3,506,525**	3,477,824	3,432,902
Membership fees and dues	**975,092**	688,105	532,465
Others	**266,705,357**	208,178,279	189,629,142
	₱449,316,333	₱376,061,572	₱391,335,676

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, 2024. The principal actuarial assumptions as of December 31, 2024 and 2023 used in determining the retirement obligation for the Bank’s retirement plans are shown below:

	2024	2023
Discount rate	**5.91%**	5.96%
Salary increase rate	**6.00%**	6.00%

As of December 31, 2024 and 2023, retirement asset is comprised of the following:

	2024	2023
Fair value of plan assets	**₱696,938,713**	₱618,989,924
Present value of defined benefit obligation	**647,138,193**	549,605,090
Net defined benefit asset (Note 13)	**₱49,800,520**	₱69,384,834

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

	2024												
		Net benefit cost					Remeasurements in other comprehensive income						
	January 1, 2024	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, 2024
	(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	₱618,989,924	₱–	₱36,891,799	₱–	₱36,891,799	(₱30,758,148)	₱26,578,339	₱–	₱–	₱–	₱26,578,339	₱45,236,799	₱696,938,713
Present value of defined benefit obligation	549,605,090	82,729,924	32,756,463	–	115,486,387	(30,758,148)	–	(2,272,486)	1,449,025	13,628,325	12,804,864	–	647,138,193
Net defined benefit asset	₱69,384,834	(₱82,729,924)	₱4,135,336	₱–	(₱78,594,588)	₱–	₱26,578,339	₱2,272,486	(₱1,449,025)	(₱13,628,325)	₱13,773,475	₱45,236,799	₱49,800,520

	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

**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 ₱82.03 million to its defined retirement plan in 2025.

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):

	2024	2023
Cash and cash equivalents (Note 23)	**₱98**	₱268
Government and corporate debt instruments	**437,346**	387,297
Equity securities	**154,619**	174,537
Investment in Unit Investment Trust Fund (UITF)	**100,831**	53,668
Accrued interest receivable	**6,465**	5,287
Other accountabilities	**(2,420)**	(2,067)
	₱696,939	₱618,990

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, 2024 and 2023, assuming all other assumptions were held constant (in thousands):

	2024	2023
Discount rate		
1.00%	**(₱29,687)**	(₱22,213)
(1.00%)	**34,628**	27,113
Salary increase rate		
1.00%	**33,177**	26,015
(1.00%)	**(29,165)**	(21,863)

Shown below is the maturity analysis of the undiscounted benefit payments (in thousands):

	2024	2023
Less than five years	**₱239,178**	₱149,478
More than five years to ten years	**657,260**	645,020
More than ten years to fifteen years	**682,982**	661,767
More than fifteen years to twenty years	**1,453,424**	1,282,602
More than twenty years	**12,855,741**	11,310,935

The average duration of the defined benefit obligation as at December 31, 2024 and 2023 is 7 and 6 years respectively.

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:

	2024	2023
Balance at beginning of year	**₱765,254,637**	₱561,976,219
Additions	**244,843,515**	413,520,745
Interest expense	**61,370,207**	52,212,642
Payments	**(286,796,349)**	(262,454,969)
Balance at end of year	**₱784,672,010**	₱765,254,637

Expenses related to short-term leases amounting to ₱161.38 million in 2024, ₱152.22 million in 2023 and ₱145.33 million in 2022, respectively, are included in the ‘Occupancy costs’.

Shown below is the maturity analysis of the undiscounted lease payments:

	2024	2023
Within one year	**₱17,735,275**	₱16,455,235
After one year but not more than five years	**615,862,786**	575,269,561
After more than five years	**273,959,081**	193,332,286
	₱907,557,142	₱785,057,082

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:

	2024	2023
Within one year	**₱43,998,394**	₱8,222,601
After one year but not more than five years	**14,394,310**	28,212,389
After more than five years	**–**	–
	₱58,392,704	₱36,434,990

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 2.00% effective July 01, 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 25.00% corporate tax.

Relevant Tax Updates

TRAIN Law
RA No. 10963, the Tax Reform for Acceleration and Inclusion (TRAIN), is the first package of the comprehensive tax reform program of the government. The bill was signed into law on December 19, 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 by President Rodrigo Duterte 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 Bank applied the provisions of the CREATE Act on its income tax payable, deferred tax assets and deferred tax liabilities as of December 31, 2020.

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. In 2015, the Parent Bank and other member banks of the BAP, filed a case questioning the validity of the said RR. On May 10, 2022, the Supreme Court Decision 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:

	2024	2023	2022
Current			
RCIT	**₱121,032,569**	₱172,796,391	₱210,882,263
Final tax	**374,825,272**	275,839,900	112,617,769
	495,857,841	448,636,291	323,500,032
Deferred	**(235,266,906)**	(141,571,529)	(177,507,906)
	₱260,590,935	₱307,064,762	₱145,992,126

Components of net deferred tax asset are as follows:

	2024	2023
Deferred tax asset on		
Allowance for impairment and credit losses of financial and other assets	**₱1,268,317,645**	₱1,139,841,097
Unamortized service fee income	**403,536,747**	290,594,511
Accumulated depreciation and allowance for impairment of investment properties	**169,157,298**	188,262,861
Lease liabilities net of ROU assets	**23,938,158**	21,532,672
	1,864,949,848	1,640,231,141
Deferred tax liability on		
Fair value adjustment on investment property	**(123,825,583)**	(126,144,567)
Retirement asset	**(12,450,130)**	(17,346,209)
Accrued lease receivable	**(1,469,938)**	(1,359,705)
	(137,745,651)	(144,850,481)
	₱1,727,204,197	₱1,495,380,660

Provision for deferred tax charged directly to OCI amounted to ₱3.44 million and ₱11.90 million in 2024 and 2023, respectively.

The Bank did not set up deferred tax assets on the temporary differences arising from allowance for impairment and credit losses of financial and other assets amounting to ₱0.25 billion and ₱1.00 billion in 2024 and 2023, respectively, as it believes that it is highly probable that these temporary differences will not be realized in the near foreseeable future.

The reconciliation between the statutory income tax and effective income tax follows:

	2024	2023	2022
Statutory income tax	**₱607,777,057**	₱533,722,542	₱430,736,347
Tax effects of			
Movement in unrecognized deferred tax assets	**(57,955,884)**	(38,367,357)	(44,359,508)
Nontaxable and tax-paid income	**(418,737,769)**	(281,142,753)	(294,723,686)
Nondeductible expenses	**132,103,305**	96,554,369	59,057,536
FCDU income	**(2,595,774)**	(3,702,039)	(4,718,563)
Effective income tax	**₱260,590,935**	₱307,064,762	₱145,992,126

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 2024 and 2023 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, 2024 and 2023 amounted to ₱696.94 million and ₱618.99 million, respectively. The details of the assets of the fund as of December 31, 2024 and 2023 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, 2024, cash and cash equivalents of the retirement plan amounting to ₱0.10 million are held by the Bank and earn an annual interest rate of 0.13%. 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%.

Interest income on the retirement plan's cash and cash equivalents amounted to ₱0.01 million and ₱0.20 million in 2024 and 2023, 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):

	2024	2023	2022
Short-term employee benefits	**₱40,577**	₱40,162	₱46,702
Post-employment benefits	**1,761**	1,647	1,537
	₱42,338	₱41,809	₱48,239

In 2024, 2023 and 2022, no remunerations were given to the directors of the Bank who are also occupying key management positions with the 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, 2024		
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Key Management Personnel			
Loans and receivables		**₱2,236,090**	These are loans with an average interest rate of 5.00% and unimpaired.
Issuances	**₱–**		
Repayments	**(424,843)**		
Deposit liabilities		**122,895,920**	These are savings and time deposit accounts with average annual interest rates of 0.17% and 5.24%, respectively.
Deposits	**37,073,049**		
Withdrawals	**(6,558,659)**		
Other Related Party			
Deposit liabilities		**257,173,994**	These are savings and time deposit accounts with average annual interest rate of 0.13% and 5.00%, respectively.
Deposits	**44,796,998**		
Withdrawals	**(61,969,008)**		

	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		274,346,004	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)		

As of December 31, 2024 and 2023, 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, 2024, 2023 and 2022 are as follows:

	2024	2023	2022
Interest income	**₱122,426**	₱143,152	₱162,471
Interest expense	**5,561,033**	4,535,775	4,810,311

Related party transactions of the Bank with the Parent Bank and affiliates are as follows:

	Parent Bank		
	2024	2023	**Nature, Terms and Conditions**
Statements of Financial Position			
Due from other banks	**₱948,657,949**	₱983,522,118	This pertains to cash in bank deposited with CBC that bears annual interest rates ranging from 0.05% to 0.13%.
Net movements	**(34,864,169)**	276,316,394	
Accounts receivable	**1,001,793**	1,148,687	This pertains to receivable from CBC for unpaid rentals.
Security deposit	**9,109,809**	8,794,189	This pertains to the rental deposits for office space leased out to CBC.

	Parent Bank			
	2024	2023	2022	**Nature, Terms and Conditions**
Statements of Income				
Interest income	**₱1,067,410**	₱949,017	₱621,038	This pertains to interest income earned from cash in bank deposited with CBC and loans and receivable
Income from property rentals	**41,040,646**	39,168,377	37,267,241	Certain units of the properties owned by the Bank are being leased to CBC for a term ranging from 3 to 5 years, with an annual escalation rate of 5%.

	Other Related Party		
	2024	2023	**Nature, Terms and Conditions**
Statements of Financial Position			
Accounts payable	**₱51,670,962**	₱49,170,434	These are non-interest-bearing insurance premiums held on behalf of loan borrowers to be subsequently remitted to CIBI.
Security deposit	**1,872,372**	2,159,801	These pertain to rental deposits for office space leased out to CIBI.

	Other Related Parties			
	2024	2023	2022	**Nature, Terms and Conditions**
Statements of Income				
Income from property rentals	**₱8,814,517**	₱8,394,778	₱7,995,026	Certain units of the properties owned by the Bank are being leased to CIBI for a term of 5 years, with 5% annual escalation clause.
Miscellaneous income	**51,316,372**	42,539,804	48,543,831	Bancassurance fees earned based on successful referrals.
Data processing and information technology	**15,312,314**	14,037,336	17,847,329	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:

	2024	2023	2022
Outright purchase	**₱1,226,705,801**	₱21,267,253,155	₱2,839,425,949
Outright sale	**(659,315,012)**	–	–

As of December 31, 2024, government securities with par value of ₱260.00 million and carrying value of ₱259.60 million are pledged to CBC in compliance with DOSRI rules.

As of December 31, 2023, government securities 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, 2024 and 2023, the number of common shares held by the Parent Bank is 115.00 million. The Parent Bank does not hold preferred shares of the Bank in 2024 and 2023.

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.

Commitments and contingencies
The following is a summary of contingencies and commitments of the Bank with the equivalent peso contractual amounts:

	2024	2023
Credit lines	**₱2,278,812,983**	₱1,606,914,018
Standby domestic letters of credit	**53,675,556**	82,681,021
Late deposits/payments received	**3,661,569**	18,430,808
Outward bills for collection	**2,116,827**	2,026,255
Others	**231,924**	438,133
	₱2,338,498,859	₱1,710,490,235

25. Notes to Statements of Cash Flows

The following is a summary of non-cash activities:

	2024	2023	2022
Non-cash operating activities			
Recognition of investment properties from foreclosure of real estate mortgage on loans and receivables (Note 11)	**₱397,609,282**	₱587,491,148	₱515,686,504
Recognition of NCAHS arising from foreclosure of chattel mortgage on loans and receivables (Note 9)	**1,004,896,274**	437,485,346	378,017,211
Remeasurement losses (gains) on retirement plan (Note 20)	**13,773,475**	(55,607,434)	(4,732,575)
Non-cash investing activities			
Fair value gains (losses) on financial assets at FVOCI	**(21,549,344)**	71,053,463	(128,766,030)
Non-cash financing activities			
Additions of right-of-use assets and lease liabilities	**(244,843,515)**	(413,520,745)	(122,355,434)

26. Offsetting of Financial Assets and Liabilities

PFRS 7 requires the Bank 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 as of December 31, 2023 are disclosed in the succeeding table (amounts in thousands). There were no outstanding financial instruments as of December 31, 2024 that are subject to offsetting arrangements.

	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	₱–

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 20, 2025.

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:

	2024	2023	2022
Return on average equity (ROE)	**12.96%**	12.84%	13.06%
Return on average asset (ROA)	**1.25%**	1.30%	1.44%
Net interest margin over average earning assets (NIM)*	**5.04%**	5.47%	6.61%

**Had the Bank excluded the interest expense on lease liabilities, NIM is 5.08%, 5.51% and 6.65% for the years ended December 31, 2024, 2023 and 2022, respectively.*

Description of capital instruments issued
As of December 31, 2024 and 2023, the Bank has two classes of capital stock, 6 million authorized preferred shares and 134 million authorized common shares.

As of December 31, 2024, 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	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.

	2024						
	Loans and receivables	%	Other financial assets*	%	Off-balance sheet exposures	%	Total
Consumer	₱88,228,255	64.37	₱1,039,422	2.26	₱–	–	₱89,267,677
Government	–	–	40,314,347	87.63	–	–	40,314,347
Real estate, renting and business services	34,996,850	25.53	412,300	0.90	239,031	10.22	35,648,181
Wholesale and retail trade	2,560,163	1.87	30,161	0.07	166,116	7.10	2,756,440
Agriculture	3,513,582	2.56	41,394	0.09	8,000	0.34	3,562,976
Financial intermediaries	202,818	0.15	2,339,166	5.08	1,049	0.04	2,543,033
Manufacturing	2,054,205	1.50	24,201	0.05	170,048	7.27	2,248,454
Electricity, gas, steam and air-conditioning supply	1,401,411	1.02	16,510	0.04	5,000	0.21	1,422,921
Transportation, storage and communication	1,229,412	0.90	14,484	0.03	4,004	0.17	1,247,900
Construction	655,084	0.48	7,718	0.02	56,683	2.42	719,485
Hotels and restaurant	581,082	0.42	6,846	0.01	–	–	587,928
Health and social work	540,657	0.39	6,370	0.01	–	–	547,027
Education	492,459	0.36	5,802	0.01	450	0.02	498,711
Other community, social and personal services	233,277	0.17	2,748	0.01	–	–	236,025
Others	373,780	0.28	1,743,128	3.79	1,688,118	72.19	3,805,026
Total	137,063,035	100.00	46,004,597	100.00	2,338,499	100.00	185,406,131
Allowance for impairment and credit losses	(3,372,780)		(741,563)		–		(4,114,343)
Net	₱133,690,255		₱45,263,034		₱2,338,499		₱181,291,788

* *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.*

	2023						
	Loans and receivables	%	Other financial assets*	%	Off-balance sheet exposures	%	Total
Consumer	₱70,166,344	61.75	₱886,920	2.27	₱–	–	**₱71,053,264**
Government	–	–	33,644,577	86.27	–	–	33,644,577
Real estate, renting and business services	31,051,589	27.33	392,500	1.01	43,396	2.54	31,487,485
Wholesale and retail trade	2,172,497	1.91	27,461	0.07	232,867	13.61	2,432,825
Agriculture	2,548,760	2.24	32,217	0.08	8,000	0.47	2,588,977
Financial intermediaries	202,856	0.18	2,204,272	5.65	–	–	2,407,128
Manufacturing	1,758,285	1.55	22,225	0.06	70,244	4.11	1,850,754
Electricity, gas, steam and air-conditioning supply	1,550,635	1.36	19,600	0.05	16,250	0.95	1,586,485
Transportation, storage and communication	1,293,598	1.14	16,351	0.04	9,821	0.57	1,319,770
Construction	746,080	0.66	9,431	0.02	28,850	1.69	784,361
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	4.42	1,301,062	76.06	3,335,566
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 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:

	2024			2023		
	Performing	**Non-Performing**	**Total**	Performing	Non-Performing	Total
Loans and discounts						
Consumer lending	**₱117,940,129,892**	**₱2,542,652,865**	**₱120,482,782,757**	₱95,185,088,073	₱2,224,027,497	₱97,409,115,570
Corporate and commercial lending	**13,626,937,587**	**1,336,297,348**	**14,963,234,935**	13,071,360,232	1,527,657,543	14,599,017,775
Others	**9,334,552**	**3,093,637**	**12,428,189**	7,275,525	3,113,443	10,388,968
	₱131,576,402,031	**₱3,882,043,850**	**₱135,458,445,881**	₱108,263,723,830	₱3,754,798,483	₱112,018,522,313

Loans per security

Information on the amounts of secured and unsecured loans and receivables (gross of allowance for credit losses) follows:

	2024		2023	
	Amounts	**%**	Amounts	%
Loans secured by				
Real estate	**₱40,278,903,761**	**29.39**	₱34,465,872,317	30.33
Chattel mortgage	**22,787,488,305**	**16.63**	16,935,964,022	14.90
Deposit hold out and others	**387,329,489**	**0.28**	329,301,727	0.29
	63,453,721,555	**46.30**	51,731,138,066	45.53
Unsecured loans	**73,609,313,015**	**53.70**	61,899,414,348	54.47
	₱137,063,034,570	**100.00**	₱113,630,552,414	100.00

As of December 31, 2024 and 2022, secured and unsecured NPLs of the Bank follow:

	2024	2023
Secured	**₱1,765,482,274**	₱1,814,560,294
Unsecured	**2,116,561,576**	1,940,238,189
	₱3,882,043,850	₱3,754,798,483

Restructured loans as of December 31, 2024 and 2023 amounted to ₱1.11 billion and ₱593.41 million, respectively. The Bank's loan portfolio includes non-risk loans as defined under BSP regulations totaling ₱13.93 billion and ₱9.99 billion as of December 31, 2024 and 2023, 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, 2024 and 2023, 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:

	2024		2023	
	DOSRI Loans	**Related Party Loans (inclusive of DOSRI Loans)**	DOSRI Loans	Related Party Loans (inclusive of DOSRI Loans)
Total outstanding DOSRI loans*	**₱958,186,711**	**₱1,443,053,958**	₱991,373,501	₱1,007,524,559
Percent of DOSRI/Related Party loans to total loan portfolio**	**0.71%**	**1.06%**	0.86%	0.87%
Percent of unsecured DOSRI/Related Party loans to total loan portfolio	**0.35%**	**0.23%**	0.17%	0.17%
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:

	2024	2023
Credit lines	**₱2,278,812,983**	₱1,606,914,018
Standby domestic letters of credit	**53,675,556**	82,681,021
Late deposits/payments received	**3,661,569**	18,430,808
Outward bills for collection	**2,116,827**	2,026,255
Others	**231,924**	438,133
	₱2,338,498,859	₱1,710,490,235

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 2024.

Taxes and Licenses

Gross receipts tax	₱652,328,316
Local taxes	55,595,644
Others	5,266,991
	₱713,190,951

Withholding Taxes

Details of total remittances of withholding taxes in 2024 and amounts outstanding as of December 31, 2024 are as follows:

	Total Remittances	Amounts Outstanding
Final withholding taxes	₱1,015,557,015	₱99,779,872
Withholding taxes on compensation and benefits	129,280,346	8,316,208
Expanded withholding taxes	91,770,687	4,969,190
	₱1,236,608,048	₱113,065,270

Tax assessments

The Bank has no pending tax case as of December 31, 2024.

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

Tel: (632) 8891 0307
Fax: (632) 8819 0872
sgv.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

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, 2024, on which we have rendered the attached report dated March 20, 2025.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Bank has a total of four hundred twenty-three (423) 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, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-141-2024, April 26, 2024, valid until April 25, 2027
PTR No. 10465364, January 2, 2025, Makati City

March 20, 2025

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
sgv.ph

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, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated March 20, 2025. 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.

Redgienald G. Radam

Redgienald G. Radam
Partner
CPA Certificate No. 118866
Tax Identification No. 249-000-259
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-141-2024, April 26, 2024, valid until April 25, 2027
PTR No. 10465364, January 2, 2025, Makati City

March 20, 2025

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
sgv.ph

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, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated March 20, 2025. 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) Accounting Standards 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, 2024 and no material exceptions were noted.

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, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-141-2024, April 26, 2024, valid until April 25, 2027
PTR No. 10465364, January 2, 2025, Makati City

March 20, 2025

CHINA BANK SAVINGS, INC.
INDEX TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2024

Schedules Required under Securities Regulation Code Rule 68

CHINA BANK SAVINGS, INC.
Schedule A – Financial Assets
December 31, 2024

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	₱100,000,000	₱100,434,809	₱100,434,809	₱24,047,541
Financial assets at fair value through other comprehensive income				
Government bonds	₱11,945,002,245	₱11,982,700,787	₱11,982,700,787	
Quoted equity securities	22 shares	37,715,576	37,715,576	
Unquoted equity securities	30,152,738 shares	7,983,596	7,983,596	
		₱12,028,399,959	₱12,028,399,959	₱1,001,339,366
Investment securities at amortized cost				
Government bonds	₱6,371,976,270	₱6,552,432,008	₱6,370,005,824	
Private debt securities	275,800,000	274,889,043	246,621,019	
	₱6,647,776,270	₱6,827,321,051	₱6,616,626,843	₱284,271,734

CHINA BANK SAVINGS, INC.
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2024

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, 2024

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, 2024

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	49,440,405	17,300,392	13,342,815	–	–	53,397,982

(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, 2024

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, 2024

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, 2024

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, 2024

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.
Schedule I – Auditor Fee-Related Information
December 31, 2024

External Auditor Fee-Related Information

	2024	2023
Audit Fees	**₱3,245,880**	₱3,062,180
Non-Audit Fees	–	–
	₱3,245,880	₱3,062,180

Aside from the annual audit, the Bank did not have any other engagements with the external auditors for the years 2024 and 2023. The Bank also does not have related entities over which it has direct or indirect control on operations.

CHINA BANK SAVINGS, INC.
Financial Indicators
December 31, 2024

	2024	2023
Profitability ratios		
Net income	**₱2,170,517,292**	₱1,827,825,406
Total average assets*	**173,280,537,717**	140,741,558,548
Return on average asset	**1.25%**	1.30%

** Average of beginning and ending total assets*

Net income	**₱2,170,517,292**	₱1,827,825,406
Total average equity*	**16,743,271,348**	14,231,765,006
Return on average equity	**12.96%**	12.84%

** Average of beginning and ending total equity*

Net interest income	**₱8,133,932,504**	₱7,109,071,751
Interest earning-assets**	**161,239,849,411**	129,966,912,936
Net interest margin*	**5.04%**	5.47%

** Had the Bank excluded the interest expense on lease liabilities, NIM is 5.08% and 5.51% for the years ended December 31, 2024 and 2023, 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	**₱5,994,917,704**	₱5,060,614,987
Operating income	**9,199,274,834**	8,211,003,726
Cost to income ratio	**65.17%**	61.63%

Liquidity ratios		
Total liquid assets*	**₱39,258,716,033**	₱32,463,928,778
Total assets	**189,123,182,174**	157,437,893,260
Liquid assets to total assets	**20.76%**	20.62%

** Includes cash and cash equivalents, financial assets at FVPL and financial assets at FVOCI*

Total loans and receivables	**₱133,690,255,054**	₱110,315,101,840
Total deposit liabilities	**166,792,872,536**	137,655,230,954
Loans (net) to deposit ratio	**80.15%**	80.14%

Asset quality ratios		
Total non-performing loans (NPL)	**₱3,882,043,850**	₱3,754,798,484
Total loans and receivables, gross of allowance	**135,458,445,881**	112,018,522,313
Gross non-performing loans ratio	**2.87%**	3.35%

Total allowance for credit losses on loans and receivables	**₱3,177,049,594**	₱3,114,692,820
Total non-performing loans (NPL)	**3,882,043,850**	3,754,798,484
Non-performing loans (NPL) cover	**81.84%**	82.95%

CHINA BANK SAVINGS, INC.
Financial Indicators
December 31, 2024

	2024	2023
Solvency ratios		
Total liability	**₱171,285,721,503**	₱141,788,811,236
Total equity	**17,837,460,671**	15,649,082,024
Debt to equity ratio	**960.26%**	906.05%
Total assets	**₱189,123,182,174**	₱157,437,893,260
Total equity	**17,837,460,671**	15,649,082,024
Asset to equity ratio	**1,060.26%**	1,006.05%
Net income before tax and interest expense	**₱8,770,350,252**	₱6,778,055,843
Interest expense	**6,339,242,025**	4,643,165,675
Interest rate coverage ratio	**138.35%**	145.98%
Capitalization ratios		
CET 1 / Tier 1	**11.09%**	11.65%
Total capital adequacy ratio	**12.03%**	12.59%